

Beijing Shougang Company Limited

2022 Annual Report

19 April 2023

Section I. Important notice, Content, Definitions

The board of directors (the “Board”), the supervisory committee, all directors, supervisors and senior executives of the Company warrant that there are no false representations, misleading statements or material omissions in this annual report; and are jointly and individually responsible for the truthfulness, accuracy and completeness of the information contained in this annual report.

Mr. Zhao Minge, the representative of the Company, Mr. Liu Jianhui, the general manager of the Company, Mr. Li Baizheng, the person overseeing the accounting operations of the Company, and Ms. Gong Juanjuan, head of Accounting Department, made representations in respect of the truthfulness, accuracy and completeness of the financial report contained in the annual report.

Other directors except the following attended the board meeting to consider the annual report in person:

Name of director not present in person	Title of director not present in person	Reasons for not attending in person	Name of principal
Li Jiantao	Director	Other arrangements	Zeng Li
Ye Lin	Independent director	Other arrangements	Liu Shen

Forward-looking statements contained in this annual report do not constitute any substantive commitments to investors by the Company. Investors should be aware of the relevant investment risks.

Certain risks that may exist have been elaborated by the Company in this report. Please refer to Discussion and Analysis of Business Operations for details.

The Company plans not to distribute cash dividends, issue bonus shares, or convert public reserve funds into share capital.

This report is prepared based on Chinese text and is prepared in both Chinese and English versions. In the event of any discrepancy between Chinese and English versions, the Chinese version shall prevail.

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File directory for reference

1. Accounting statements with signatures and seals of Chairman, general manager, chief accountant and person in charge of accounting institution.
2. Original audit report with seals of accounting firm and signature and seals of CPA.
3. All the original documents and announcements publicly disclosed in newspapers designated by China Securities Regulatory Commission during the reporting period.
4. The Articles of Association of the Company, etc.

INTERPRETATION

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Company, the Company or Shougang Co.	Refers to	Beijing Shougang Company Limited
Shougang or Shougang Group	Refers to	Shougang Group (Reforming from an enterprise owned by the whole people to exclusively state-owned companies, name of Shougang Group is changed from Shougang Corporation. The specific content is detailed in 15 June 2017 public announcement.)
Listing Rules of SZSE	Refers to	Listing Rules of Shenzhen Stock Exchange
The Articles of Association	Refers to	The Articles of Association of Beijing Shougang Company Limited
Board of Directors or the Board	Refers to	The board of directors of Beijing Shougang Company Limited
Supervisory Committee	Refers to	The supervisory committee of Beijing Shougang Company Limited
Shareholders' General Meeting	Refers to	The Shareholders' General Meeting of Beijing Shougang Company Limited
Qiangang Co.	Refers to	Shougang Qian'an Iron&Steel Co., Ltd. (Branch of the Company)
Cold-R Co.	Refers to	Beijing Shougang Cold Rolling Co., Ltd. (Holding subsidiary of the Company, the Company holds 70.2806%)
New-E Co.	Refers to	Beijing Shougang New Energy Automobile Material Technology Co., Ltd. (Holding subsidiary of the Company, the Company holds 45.9184%)
Zhixin Co.	Refers to	Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. (Holding subsidiary of the Company, the Company holds 75.3989%, New-E Co. holds 8.9042%)
Steel Trading	Refers to	Beijing Shougang Steel Trading Investment Management Co., Ltd. (Wholly-owned subsidiaries of the Company)
Qianshun Base	Refers to	The integrated production organization and product research and development system formed by Qiangang Co, located in Qian-an, Hebei province, and Cold-R Co., located in Shunyi District, Beijing.
Jingtang Co./Jingtang Base.	Refers to	Shougang Jingtang United Iron&Steel Co., Ltd. (Holding subsidiary of the Company, the Company holds 70.1823%, Steel Trading Co. holds 29.8177%)
First Reorganization, and Previous Major Assets Reorganization	Refers to	Since the shut down of the main process of iron and steel manufacturing in late 2010, which was operated in Shijingshan District, Beijing, a transaction between the Company and Shougang carried out. The transaction event was announced as "Related Party Transactions between Beijing Shougang Co., Ltd. and Shougang Corporation - Major Assets Swap and Asset Purchase through Issue of Shares". The event was unconditional approved by China Securities Regulatory Commission Restructuring Committee on 16 January 2013. On 29 January 2014, the Company received the approval document, named "The Approval of Related Party Transactions between Beijing Shougang Co., Ltd. and Shougang Corporation - Major Assets Reorganization and Asset Purchase through Issue of Shares", which was issued by China Securities Regulatory Commission. On 25 April 2014, the reorganization was accomplished.
Second Reorganization	Refers to	On 23 April 2015, trading in the shares of the Company was suspended and the major assets swap launched. Main content of the swap is: 100% shareholding of Guizhou Investment Co., Ltd. was replaced with 51% shareholding of Jingtang Co., any insufficiency was paid in cash. This major assets swap was accomplished at the end of 2015. On 27 April 2016, re-election of the board of directors and amendment of Articles of Association of Jingtang Co. was accomplished and the Company was qualified to consolidate the financial statements of Jingtang Co. The second swap was then accomplished.
EVI	Refers to	Early Vendor Involvement means involving the downstream users at early stage of product development process and fully understanding users' requirements for raw material so that high-performance materials and personalized services could be offered to users.
Reporting Period	Refers to	From 1 January 2022 to 31 December 2022
Thousand, Million, Billion	Refers to	RMB Thousand, RMB Million, RMB Billion

Section II. Company Profile and Major Financial Indicators

I. Company information

Short name of stock	Shougang Stock	Stock code	000959
Stock exchange for listing of shares	The Shenzhen Stock Exchange		
Statutory Chinese name of the Company	Beijing Shougang Co., Ltd.		
Statutory Chinese name of the Company	Shougang Co.		
Statutory English name of the Company (if any)	Beijing Shougang Co., Ltd.		
Legal representative of the Company	Zhao Minge		
Registered address	Shijingshan Road, Shijingshan District, Beijing, PRC		
Postal code of the registered address	100041		
Historical changes in the company's registered address	N/A		
Office address	No. 99 Shijingshan Road, Shijingshan District, Beijing, PRC		
Postal code of the office address	100041		
The Company's website	www.sggf.com.cn		
Email address	sggf@sgqg.com		

II. Contact information

	Secretary of the board
Name	Chen Yi
Correspondence address	No. 99 Shijingshan Road, Shijingshan District, Beijing, PRC
Telephone	010-88293727
Fax	010-88292055
Email address	Chenyi@shougang.com.cn

III. Information disclosure and place for inspection

Website designated by CSRC for annual report publication	http://www.szse.cn/
Designated media for information disclosure	China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, http://www.cninfo.com.cn
Place for inspection of the annual report	Secretary office of the board of the Company

IV. Changes of registration

Organization code	911100007002343182
Changes of the core business since listing (if any)	No changes
Changes of controlling shareholder (if any)	No changes

V. Other relevant information

Accounting firm engaged by the company

Name of accounting firm	Grant Thornton LLP
Address of accounting firm	5th Floor of Scitech Plaza, No. 22 Jianguomenwai Avenue, Chaoyang District, Beijing
Signed CPA	Qian Bin, Yu Qike

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Non applicable

Name	Office address	Representatives	Supervision period
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Name	Office address	Representatives	Supervision period
Huatai United Securities Co., Ltd.	Room 401, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No.128 guiwan Fifth Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Joint Development Zone, Shenzhen	Chai Qizhi, Zhang Zhanpei	1 May 2021- 31 December 2023
China Securities Co., Ltd.	Building 4, 66 Anli Road, Chaoyang District, Beijing	Lv Jia, Chen Jian	1 May 2021- 31 December 2023

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Non applicable

Name	Office address	Representatives	Supervision period
Huatai United Securities Co., Ltd.	Room 401, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No.128 guiwan Fifth Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Joint Development Zone, Shenzhen	Chai Qizhi, Zhang Zhanpei	1 May 2021- 31 December 2023
China Securities Co., Ltd.	Building 4, 66 Anli Road, Chaoyang District, Beijing	Lv Jia, Chen Jian	1 May 2021- 31 December 2023

VI. Major accounting data and financial indicators

Whether the Company has retroactive adjustment or re-statement on previous accounting data or not

YES NO

Reasons for retroactive adjustment or restatement

Business combination under common control

	2022	2021		Changes over last year After the adjustment	2020	
		Before the adjustment	After the adjustment		Before the adjustment	After the adjustment
Operating revenue	118,142,183,549.47	134,034,486,136.13	132,984,304,668.28	-11.16%	79,951,181,948.10	79,307,013,777.86
Net profit attributable to shareholders of the listed company	1,124,540,659.14	7,014,335,009.45	7,106,480,663.26	-84.18%	1,786,452,832.06	1,860,083,009.29
Net profit attributable to shareholders of the listed company after deducting non-recurring gain and loss	1,052,510,876.43	7,014,226,910.72	7,014,226,910.72	-84.99%	1,714,439,720.83	1,714,439,720.83
Net cash flows from operating activities	10,044,235,497.80	15,043,727,257.76	15,393,189,844.23	-34.75%	10,274,678,796.19	10,585,193,889.71
Basic earnings per share	0.1496	1.1291	1.1439	-86.92%	0.3377	0.3517
Diluted earnings per share	0.1496	1.1291	1.1439	-86.92%	0.3377	0.3517
Weighted average return on net assets	2.42%	19.07%	19.42%	Decrease 17.00%	6.40%	6.66%
	31 December 2022	31 December 2021		Changes over end of last year After the adjustment	31 December 2020	
		Before the adjustment	After the adjustment		Before the adjustment	After the adjustment
Total assets	143,173,445,003.35	147,211,560,696.41	149,442,546,290.82	-4.19%	144,367,221,971.10	146,501,367,231.01
Net assets attributable to shareholders of the listed company	47,947,672,865.42	41,827,745,395.60	41,647,543,198.14	15.13%	28,959,395,268.02	28,779,193,070.56

The Company's net profit before and after deducting non-recurring gain and loss in the last three fiscal years is negative, and the audit profit of the last year presents that the Company's ability of continuing operations is uncertain.

YES NO

The net profit before and after deducting non-recurring profit and loss is negative.

YES NO

VII. Difference of accounting data under accounting rules in and out of China

1. Differences of net profit and net assets in financial statements disclosed according to International Financial Reporting Standards and Chinese Accounting Standards

Applicable Non applicable

There is no difference between the net profit and net assets in the financial statements disclosed in accordance with International Financial Reporting Standards and Chinese Accounting Standards during the reporting period of the Company.

2. Difference of net profit and net assets in financial statements disclosed according to foreign accounting standards and Chinese Accounting Standards

Applicable Non applicable

There is no difference between the net profit and net assets in the financial statements disclosed in accordance with foreign

accounting standards and Chinese Accounting Standards during the reporting period of the Company.

VIII. Major financial indicators by quarter

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Total revenue	31,840,817,169.27	31,990,228,506.28	27,852,802,729.76	26,458,335,144.16
Net profit attributable to shareholders of the listed company	1,053,885,048.28	707,301,393.66	18,365,744.01	-655,011,526.81
Net profit attributable to shareholders of the listed company after deducting non-recurring gain and loss	1,055,880,984.57	696,792,776.64	-4,573,325.97	-695,589,558.81
Net cash flows from operating activities	193,292,850.10	2,091,690,719.74	2,958,070,851.39	4,801,181,076.57

Whether there are significant differences between the above-mentioned financial indicators or the sum and the relevant financial indicators disclosed in the Company's quarterly report and semi-annual report

YES NO

IX. Items and amounts of non-recurring gain and loss

Applicable Non applicable

Unit: RMB Yuan

Item	2022	2021	2020	Note
Gains and losses on disposal of non-current assets (including the write-off that accrued for impairment of assets)	-56,974,152.72	-55,726,886.68	-633,491.79	
Government grant included in the current profit and loss (except for the government grant which are closely related to the normal operation of the company that comply with national policies and regulations and continue to be enjoyed according to certain standards, quotas, or quotas)	67,816,372.72	48,447,356.52	58,640,213.30	
Current net profit and loss of subsidiaries arising from business combinations under the same control from the beginning of the period to the combinations date	55,404,276.08	92,145,653.81	135,152,229.04	
Profit and loss from external entrusted loans	11,275,389.73	10,518,170.49	10,361,268.74	
Other non-operating income and expenses except the above items	10,369,331.96	1,941,256.62	-289,865.40	
Other profit and loss items conforming to the definition of non-recurring gain and loss			-6,922,580.64	
Less: The impact of income tax	7,764,321.72	-950,188.41	7,022,263.80	
The impact on non-controlling interests (post-tax)	8,097,113.34	6,021,986.63	43,642,220.99	
Total	72,029,782.71	92,253,752.54	145,643,288.46	--

Specific situation of other profit and loss items that meet the definition of non-recurring gain and loss:

Applicable Non applicable

The Company has no specific situation of other profit and loss items that meet the definition of non-recurring gain and loss.

Explanation of reclassifying the non-recurring gain and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items as recurring items:

Applicable Non applicable

The Company has no non-recurring profit and loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items is reclassified as recurring item.

Section III. Management Discussion and Analysis

I. The industry situation of the Company during the reporting period

In 2022, due to the turbulence of the international situation, the interest rate hike of the US dollar, and other factors, the demand for steel market will decline more than expected, the steel price will continue to weaken, the raw fuel price will remain relatively high, and the industry benefit will decline significantly year-on-year. At present, the contradiction between supply and demand in the iron and steel industry is prominent, showing the characteristics of higher output, higher inventory, higher cost and low demand, low price and low profit "three high and three low". Steel prices remain sluggish in the second half of the year, resulting in a large proportion of losses in the steel industry.

In 2022, CISA key statistics member iron and steel enterprises achieved operating revenue of RMB6,587.5 billion, down by 6.35% year on year, and total profit of RMB98.2 billion, down by 72.27% year on year. Affected by the policy of dual control of production capacity and output and downstream demand, China's cumulative production of pig iron in 2022 was 864 million tons, down by 0.80% year on year, 1.018 billion tons of crude steel with a year on year decrease of 1.7%, and 1.340 billion tons of steel with a year on year increase of 0.22%.

During the reporting period, the Ministry of Industry and Information Technology and other three ministries and commissions jointly issued the Guiding Opinions on Promoting the High-quality Development of the Iron and Steel Industry, and The State Council issued the Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035). The two documents pointed out the direction for the high-quality development of the iron and steel industry, and the enterprises in the industry will continue to develop in the direction of high-end, intelligent and green.

In 2022, China's electrical steel industry will develop healthily, with the output of oriented electrical steel about 2.17 million tons and non-oriented electrical steel about 10.92 million tons, making it the world's largest electrical steel producer. The use of high-grade materials such as energy-saving transformers and driving motors for new energy vehicles has increased significantly, and high-end electrical steel products have provided strong support for the implementation of the national "dual carbon" policy, the upgrading of the manufacturing industry and the development of the power industry.

II. Main business of the Company during the reporting period

The main business of the Company is the production and sales of steel products and metal soft magnetic materials (electrical steel)

1. Zhixin Co.

Electric steel is an indispensable electromagnetic material in the fields of power, electronics and military industry. It is the core soft magnetic functional material applied in the power industry and serves the generation, transmission and use of electric energy. Electric steel is divided into oriented electric steel and non-oriented electric steel. Oriented electric steel is mainly used in the field of ultra-high voltage, ultra-high voltage and high energy efficiency distribution transformers. It is used to manufacture transformer cores. Non-oriented electric steel is mainly used in new energy vehicles, household appliances, industrial motors, small and medium-sized motors and other industries or fields, used to manufacture motors, frequency conversion compressors and other products.

Zhixin Co is a research and development, manufacturing and sales base of metallic soft magnetic materials (electric steel), and has become the world's leading manufacturer and service provider of electric steel. Products include oriented electric steel and electric steel without orientation two big series, oriented electric steel including high magnetic induction, magnetic domain refinement, low noise, low excitation, no underlying, intermediate frequency six products, independent research and development of low temperature slab reheating technics producing high magnetic induction orientation technology of electric steel, as the world's fourth all cryogenic technology industrialization enterprises. Non-oriented electric steel includes four categories of products including new energy vehicles, stress relief annealing, high efficiency and general, with stable batch production capacity of all grades.

2. Jingtang Co.

Jingtang Co, the large steel base, is a company with international advanced level designed and constructed in accordance with the concept of circular economy. It has the obvious advantages of being near the sea and near the harbor, large equipments, high production efficiency and low cost.

Iron and steel products of Jingtang Base include hot and cold plates. The hot plates mainly contain hot-rolled products, i.e., hot-rolled pickling sheet, weather-resistant steel, automobile structure steel, high-performance construction steel, pipeline steel, etc.; and also contain medium and thick plates products, such as bridge steel, energy steel, pipeline steel, etc. The cold plates mainly contain: automobile sheet, tin sheet, cold-rolled special-use plate, color-coated sheet, etc. four main products series.

3. Qianshun Base

Iron and steel products of Qianshun Base is an important high-end plate production base in China, with world-class equipment and industry-leading clean steel manufacturing technology, with high-end auto plate, high-end household appliance board full range of supply capacity.

Iron and steel products of Qianshun Base include hot and cold plates. The hot plates mainly contain: hot-rolled pickle sheet, weather-resistant steel, automobile structure steel, high-strength construction machinery steel, pipeline steel, etc. The cold plates mainly contain: automobile sheet, cold-rolled special-use plate, etc.

III. Analysis of core competitiveness

1. Market-leading technology

The Company, Jingtang Co., Zhixin Co., Cold-R Co. are high-tech enterprises, R&D investment of RMB5.386 billion in 2022, accounts for 4.56% of the operating revenue. Technological innovation is guided by benefit and demand, relying on the research and

development system of "one institute and multiple centers", making technical research projects, expert workstations and platforms for external cooperation. The cultivation of new products, new technologies and new technological processes is accelerating.

New Product development: 20SW1200H and ESW1230 are the first electrical steels for new energy vehicles in the world, which surpass the performance of conventional electrical steels and can greatly improve the power density and efficiency of motors. Five products, represented by HJAC980B2M with high respreading and ultra-high strength and S100VD with high fatigue performance steel for compressor valve plate, were first launched in China. 16 high-end materials represented by automobile outer plate 490+Z and automobile stabilizer bar steel 34MnB5 have been replaced by localization and supplied in batches.

Key technological breakthroughs: The "large proportion pellet iron making technology" of blast furnace with obvious carbon reduction effect in China can be assembled up to 65% in pellet ore.

Patents: The Company has obtained 654 patents, including 166 invention patents and 488 utility model patents. Two patents "A method and system of electricity, heat and water co-generation" and "R&D and Application of unmanned operation of pellet intelligent control" won gold awards at the 121th International Exhibition of Inventions in Paris.

Standards: The Company establishes the standardization industry benchmark, participates in the formulation of 46 standards at all levels, among which, 22 standards are the lead formulation. Cold-rolled Oriented Electrical Steel Belt won the title of "Leader" of national Enterprise Standards in 2022.

Science and technology awards: The company has won 5 science and technology awards above the provincial and ministerial level (the first enterprise to complete), 18 provincial management innovation awards, among which "the construction and practice of efficient collaborative steel whole process manufacturing control system" won the first prize of metallurgical enterprise management innovation. Deng Zhenyue of iron making Operation Department of the company won the front-line worker Award of Metallurgical Science and Technology Award of China Steel Association and China Metal Society for his innovative achievements of "Research and Application of Stable and long life Technology of blast furnace top Equipment".

2. High-end products

The Company's three strategic products adhere to the development strategy of continuous leadership of electrical steel, refinement and strength of automobile plate, and high-end breakthrough of tin plate, and continuously to optimize the product structure, production line structure and customer structure, and achieve the double improvement of product quality and benefit. During the reporting period, the output of three strategic products (electrical steel, automotive plate, tin (chromium) plate) totaled 5.71 million tons, the output of eight types of key products (cold-rolled special steel, hot-rolled pickling plate, climate resistant steel, energy steel, automotive structural steel, high-strength construction machinery steel, pipeline steel, bridge steel) totaled 8.19 million tons, and the total output of strategic and key products was 13.9 million tons. The above products account for 63% of the company's total steel output.

The output of electrical steel reached 1.48 million tons, with the proportion of high-end products steadily increasing. With the promotion of the national "dual carbon" strategy, the electrification level of the whole society is further improved, and the demand for high-end electrical steel products continues to grow. The company's high-end electrical steel products account for 63%, which is 15% higher than last year.

In terms of high magnetic susceptibility orientation electrical steel, the output of 0.20mm and below ultra-thin specifications high magnetic susceptibility orientation electrical steel products reached 70,000 tons, with a year-on-year growth of about 30%, achieving the first domestic sales for five consecutive years. The product structure of non-oriented electrical steel continued to be optimized, and the output of high-grade non-oriented electrical steel products was 728,000 tons, up 33% year on year, among which the output of high-grade non-oriented electrical steel products for new energy vehicles increased 144% year on year. The stable supply of 7 of the top 10 global sales of new energy vehicles was achieved by all the top 10 domestic sales.

The output of automobile board was 3.61 million tons, up nearly 2% year on year, and new breakthroughs were made in product and channel structure adjustment. The product mix was further optimized, with the output of galvanized, high-strength and outer plate increasing by 5%, 23% and 7% year-on-year respectively. Ultra-high strength and aluminized silicon products increased by 80% and 54% year-on-year respectively. The company is the second enterprise in the world to pass the GA product certification of 980MPa and above of a Japanese automobile enterprise. Zinc-aluminum-magnesium coating products are used in batches for automobile side cladding. UF steel domestic first and realize batch supply. The user structure was further optimized, and the share of core OEMs was stable and rising. The supply of Japanese customers increased by more than 80% year on year, while the supply of joint venture brand customers increased by 28% year on year.

The output of tin-plated (chrome) plates was 620,000 tons, and the proportion of high-end products further increased. The Company bulk supply domestic leading enterprises this product for milk powder cans. The Company has batch supply of deep drawing cupping DI materials for export to the world's largest metal packaging enterprises. The Company's DR Material has achieved 0.14mm ultra-thin specifications of mass production. The Company has successfully trial-produced chromium-free passivated high-end tin plate, the corrosion resistance of this material far exceeds similar chromium-containing products. The Company's "wing steel" products appeared in the Beijing Winter Olympics and the 20th CPC National Congress.

The Company attaches great importance to the product characteristics, differentiation, and in this respect to make new progress. The company's 9Ni steel for Marine LNG fuel tanks and LPG Marine container steel products achieve batch supply. The Company became the first domestic high-strength hydrogen transmission pipeline steel mass production, and the product supplied the first domestic long-distance, high-pressure hydrogen doped pipeline project. The Company's high strength hydropower steel for the first batch supply of Ninghai pumped storage hydropower project.

3. Green and low-carbon

The Company takes the lead in achieving ultra-low emissions in the whole process and is the first enterprise in the world to achieve ultra-low emissions in the whole process, making ultra-low emissions in the steel industry possible. The Company actively leads and participates in the formulation of green product design standards and green production evaluation standards for iron and steel, integrates advanced technical indicators and green manufacturing concepts into industry standards, and guides the high-quality development of enterprises.

Qiangang Co. and Jingtang Co. continue to maintain the "Grade A" enterprises in environmental protection performance evaluation of Hebei Province, and take independent emission reduction measures in accordance with policy requirements; Qian Steel Company promotes ultra-low emission advanced technology and management experience, and has helped nearly 50 iron and steel enterprises improve their environmental performance. The Company has steadily promoted the construction of LCA system, and the EPD platform of hot rolled products in the steel industry has been successfully released. The columns of CCTV's "Morning News" and "Focus Interview" have focused on Shougang Co., which fully affirmed the road of green manufacturing and low-carbon development of Shougang Co.

The Company has been awarded the title of national "Industrial Product Green Design Demonstration Enterprise", awarded the label of "double carbon Best Practice Energy Efficiency Benchmark Demonstration Plant Cultivation Enterprise" by China Iron and Steel Association, and awarded the "2022 Industrial Wastewater Recycling Pilot Enterprise" by the Ministry of Industry and Information Technology. Five types of products, including cold-rolled high-strength steel plate and steel belt for automobiles and oriented electrical steel, have been awarded the green design products of the Ministry of Industry and Information Technology.

4. Intelligent manufacturing

New progress was made in intelligent development. The company has built a cross-regional, multi-base and unified production and marketing integration collaborative management platform, and the evaluation level of the integration of information and industrialization has generally reached the "innovation breakthrough stage". The digital rate of the company's production equipment is more than 90%, the amount of "one-click control" process has reached 50, 129 sets of "industrial robots" have been applied, and 15 unmanned intelligent warehouse areas have been built. During the reporting period, 11 sub-projects including 55 use cases of the first phase of Lighthouse Factory of cold rolling Company were all put into operation. The monthly closed volume of automobile plate products decreased by about 1000 tons, the monthly turnover days of cold rolling inventory decreased by 1 day, and the service response time increased from days to minutes. Jingtang Company was awarded the "2022 Intelligent Manufacturing Demonstration Plant" by four departments including the Ministry of Industry and Information Technology. Shougang's quality digital solution was rated as an excellent case by the Science and Technology Department of the Ministry of Industry and Information Technology and China Steel Association, and the company's digital application practice won the "Best Industry Application Award" and "Silver Award of China Data Productivity Competition" respectively.

5. Supply chain security

The company is the only platform for the development and integration of iron and steel and upstream iron ore resources industry of Shougang Group, the controlling shareholder, in China, and the supply of iron ore, coke and coal resources for production is guaranteed. In terms of iron ore, Shousteel Group owns Shuichang Iron Mine and Xingshan Iron Mine with an annual production capacity of 4 million tons of iron refined powder in China, Peru iron mine with an annual production capacity of 20 million tons of iron refined powder held abroad, and Macheng Iron mine under construction with high reserves, low cost, environmentally friendly and efficient transportation, with an annual production capacity of 7 million tons of iron refined powder, which is expected to be partly put into operation by the end of 2023. The company's iron ore resources security ability will be further improved. In terms of coke, the coke of Qian Steel Company is mainly supplied by Qian 'an Zhonghua Coal Chemical Co., LTD., a joint venture between Shougang Company and Kailuan Company, while the coke of Jingtang Company is supplied by Tangshan Shougang Jingtang Xishan Coking Co., LTD., a joint venture between Jingtang Company and Shanxi Coking Coal, so the supply of coke resources is guaranteed. In terms of coal, the company has signed a long-term agreement with large state-owned coal groups for resources. Shougang Fushan Resources Group Co., LTD., in which Shougang Group is a shareholder, also provides part of high-quality coking coal resources to the company, with strong coal supply guarantee.

6. "Technology + Service" marketing

The company takes the customer as the center to deepen the marketing strategy of "technology + service", and creates Shougang service to enhance the brand value. The company continues to improve the service system, improve service efficiency, strengthen the construction of new energy vehicle service team, meet customers' requirements for quality, delivery, research and development, service, technical marketing continues to strengthen. EVI service capacity was improved year by year. During the reporting period, 64 EVI projects were promoted, EVI supply quantity increased by more than 20% year on year, and the share of new car contracting obtained by automobile board increased by more than 60% year on year. The product advantage analysis model established by the company promotes key products to maintain competitive advantages and strategic products to expand leading advantages by strengthening product research and development and improving manufacturing capacity.

The Company has formed a centralized, unified, rapid response and efficient operation of marketing management network with marketing center as the core, 5 regional steel trade subsidiaries and 11 processing centers and has effectively guaranteed the production stability of downstream customers and consolidated and improved the channel structure combining leading enterprises in the industrial chain with high-quality small and medium-sized customers. Shenyang Shougang Steel Processing and Distribution Co., Ltd. was awarded the "Excellent service provider" of a customer's logistics workshop. By cultivating the comparative advantages of industrial chain cooperation, the Company carries out all-round, multi-level and high-quality cooperation with key customers in the industry, which further enhances the depth of cooperation and improves the viscosity of cooperation, which stabilizes the company's position in the market.

7. Talent thriving enterprise

The company further promotes the strategy of strengthening the enterprise with talents and builds a multi-level training system for all staff. Move the normal production line and Zhixin electromagnetic establish the career development system of the whole life cycle of "voyage" for high-potential talents, hold deep blue special training camp and Azure Blue youth training camp to strengthen talent empowerment. Jingtang Company has built a "four horizontal and three vertical" training system for all staff, steadily promoted the "Qinglan Project", and built a platform for cadre improvement and talent growth. During the reporting period, 1 employee was awarded the Capital Labor Medal, 1 employee was awarded the top ten annual list of "2022 Beijing Model", 3 employees were awarded the "Capital Citizen Learning Star", 4 employees were awarded the "Post Expert" in the national mechanical metallurgy and building materials industry, and 4 employees were awarded the Shougang Scientist.

The Company improves the talent promotion and evaluation mechanism to smooth the career development path of talents. The Company strengthens performance orientation and practical orientation, and refines the vertical development performance evaluation mechanism of the three talent teams of operation and management, professional technology and skill operation, which opens up the channel of horizontal flow of different sequences of talents. By strengthening the training and development of high-level personnel, the proportion of high-tech and highly skilled personnel in the Company has steadily increased in recent years.

IV. Analysis of principal business

1. Overview

In 2022, centering on laying a solid foundation for high-quality development, the Company will actively respond to many difficulties such as stricter environmental protection of major national events and limited logistics, and actively resolve the adverse impact of the market through the implementation of "environmental protection improvement, structural optimization, cost reduction and efficiency improvement, capital control and standard improvement". However, affected by the overall market environment, the company's operating performance during the reporting period still showed a significant year-on-year decrease.

The achievement of major accounting data and financial indicators:

Operating revenue is RMB118.142 billion (11.16% year on year decrease); total profit is RMB1.793 billion (81.90% year on year decrease); net profit attributable to shareholders of the listed company is RMB1.125 billion (84.18% year on year decrease); EPS is RMB0.15 (86.92% year on year decrease); total asset is RMB143.173 billion; equity attributable to shareholders of the listed company is RMB 47.948 billion.

The achievement of major products:

(1) Metallic soft magnetic material (Electric steel)

Zhixin Co.: Electric steel 1.485 million tons, 1.0% year on year decrease, of which the output of non-oriented electric steel is 1.279 million tons, 2.2% year on year decrease, of which the output of oriented electric steel is 206,000 tons, 6.8% year on year increase. Metal soft magnetic materials sales revenue of RMB 13.401 billion, accounts for 11.34 % of the Company's operating income.

(2) Iron and steel products

Qiangang Co.: Iron 8.122 million tons, (1.5% year on year increase); steel 8.457 million tons (0.4% year on year decrease); material 8.109 million tons (including Cold rolling raw material), 1.3% year on year decrease.

Jingtang Co.: Iron 14.096 million tons (1.3% year on year increase); steel 14.77 million tons (3% year on year decrease); material 14.307 million tons (0.2% year on year decrease).

Cold-R Co.: Cold-rolled plate 1.839million tons (9.3% year on year decrease).

Iron and steel products sales revenue RMB 101.202 billion, accounts for 85.66% of the Company's operating revenue.

2. Revenue and cost

(1) Composition of operating revenue

Unit: RMB Yuan

	2022		2021		Year-on-year Changes
	Amount	Proportion of operating revenue	Amount	Proportion of operating revenue	
Total operating revenue	118,142,183,549.47	100%	132,984,304,668.28	100%	-11.16%
According to industries					
Metallurgy	118,142,183,549.47	100.00%	132,984,304,668.28	100.00%	-11.16%
According to products					
Billet	546,474,748.00	0.46%	577,251,931.16	0.43%	-5.33%
Hot-rolled steel	48,304,009,189.85	40.89%	55,678,740,307.61	41.86%	-13.25%
Cold-rolled steel	50,168,306,781.05	42.46%	56,592,919,705.57	42.56%	-11.35%
Metallic soft magnetic material	13,401,000,073.28	11.34%	13,307,346,567.78	10.01%	0.70%
Other steels	2,182,776,642.12	1.85%	3,159,205,203.29	2.38%	-30.91%
Other businesses	3,539,616,115.17	3.00%	3,668,840,952.87	2.76%	-3.52%
According to regions					
North China	45,126,988,057.24	38.20%	48,802,241,326.04	36.71%	-7.53%
Northeast China	2,585,270,587.07	2.19%	4,123,150,971.76	3.10%	-37.30%
East China	40,848,885,782.99	34.58%	49,632,951,146.49	37.32%	-17.70%
Mid-South China	3,246,213,129.88	2.75%	2,623,070,863.28	1.97%	23.76%
South China	15,338,953,399.84	12.98%	19,205,674,818.92	14.44%	-20.13%
Southwest China	2,048,028,590.12	1.73%	1,608,695,620.53	1.21%	27.31%
Northwest China	1,256,111,815.93	1.06%	786,965,070.05	0.59%	59.61%

Export	7,691,732,186.40	6.51%	6,201,554,851.21	4.66%	24.03%
Distribution model					
Direct selling	110,450,451,363.07	93.49%	126,782,749,817.07	95.34%	-12.88%
Sale by proxy	7,691,732,186.40	6.51%	6,201,554,851.21	4.66%	24.03%

(2) Industries, products, or regions that generated operating revenue or operating profit that over 10% of the total operating revenue or operating profit of the Company

Applicable Non applicable

Unit: RMB Yuan

	Operating revenue	Costs of sales	Gross margin	Year-on-year change of operating revenue	Year-on-year change of costs of sales	Year-on-year change of gross margin
According to industries						
Metallurgy	114,602,567,434.30	108,013,843,862.04	5.75%	-11.38%	-5.72%	-5.66%
According to products						
Billet	546,474,748.00	473,163,072.64	13.42%	-5.33%	-10.66%	5.17%
Hot-rolled steel	48,304,009,189.85	46,623,686,161.87	3.48%	-13.25%	-5.12%	-8.27%
Cold-rolled steel	50,168,306,781.05	47,165,512,678.21	5.99%	-11.35%	-6.88%	-4.51%
Metallic soft magnetic material	13,401,000,073.28	11,852,098,130.92	11.56%	0.70%	2.04%	-1.16%
Other steels	2,182,776,642.12	1,899,383,818.40	12.98%	-30.91%	-27.89%	-3.65%
According to regions						
North China	41,587,371,942.07	39,895,374,706.20	4.07%	-7.86%	-2.56%	-5.21%
Northeast China	2,585,270,587.07	2,327,747,756.40	9.96%	-37.30%	-32.92%	-5.88%
East China	40,848,885,782.99	38,501,245,807.59	5.75%	-17.70%	-11.33%	-6.76%
Mid-South China	3,246,213,129.88	2,920,739,182.48	10.03%	23.76%	25.53%	-1.27%
South China	15,338,953,399.84	14,792,037,695.12	3.57%	-20.13%	-11.25%	-9.65%
Southwest China	2,048,028,590.12	1,803,747,281.66	11.93%	27.31%	27.39%	-0.05%
Northwest China	1,256,111,815.93	1,087,317,561.84	13.44%	59.61%	52.15%	4.25%
Export	7,691,732,186.40	6,685,633,870.75	13.08%	24.03%	19.30%	3.45%
Distribution model						
Direct selling	106,910,835,247.90	101,328,209,991.29	5.22%	-13.24%	-7.21%	-6.16%
Sale by proxy	7,691,732,186.40	6,685,633,870.75	13.08%	24.03%	19.30%	3.45%

The adjusted principal business data according to the financial report of the Company under the circumstances that the statistical ranges of the Company's principal business data changed during the reporting period.

Applicable Non applicable

(3) Whether revenue from sales of goods is more than from render of services

Yes No

Industry	Item	Unit	2022	2021	Year-on-year change
Metallurgy	Sales	Ton	22,066,038.00	22,288,362.00	-1.00%
	Output	Ton	22,175,618.00	22,316,080.00	-0.63%
	Storage	Ton	1,007,071.00	897,490.00	12.21%

Explanation in the year-on-year change more than 30% based on aboved data

Applicable Non applicable

(4) Fulfillment of the signed significant sales contracts and purchase contracts during the reporting period

Applicable Non applicable

(5) Composition of costs of sales

Presented as industries

Unit: RMB Yuan

Industry	Item	2022		2021		Year-on-year change
		Amount	Proportion of costs of sales	Amount	Proportion of costs of sales	
Metallurgy	Raw materials	56,640,251,091.58	52.44%	66,316,924,003.84	57.88%	-5.44%
Metallurgy	Fuels	31,007,832,547.47	28.71%	25,364,248,318.11	22.14%	6.57%
Metallurgy	Power cost	1,825,623,929.41	1.69%	1,840,911,083.84	1.61%	0.08%
Metallurgy	Staff cost	3,111,375,214.85	2.88%	3,271,961,950.60	2.86%	0.02%
Metallurgy	Depreciation	7,279,948,522.16	6.74%	7,057,100,771.85	6.16%	0.58%
Metallurgy	Manufacturing cost	8,148,812,556.57	7.54%	10,712,885,107.17	9.35%	-1.81%
Total		108,013,843,862.04	100.00%	114,564,031,235.41	100.00%	0.00%

(6) Whether the scope of consolidation changes during the reporting period

√ Yes □ No

Please refer to the relevant contents of Section X. "VI. Change in the scope of consolidation" for details.

(7) Significant adjustments or changes in businesses, products, or services during the reporting period

□ Applicable √ Non applicable

(8) Major clients and suppliers

Major clients of the Company

Total top five clients in sales (RMB Yuan)	8,806,467,982.21
Proportion of total sales for the top 5 clients in total annual sales	7.46%
Proportion of the sales from related parties in total annual sales among the top five clients	4.10%

Information for top five clients of the Company

Serial	Name	Sales (RMB Yuan)	Proportion of total annual sales
1	Client A	2,901,632,590.54	2.46%
2	Client B	1,942,972,468.05	1.64%
3	Client C	1,638,110,305.32	1.39%
4	Client D	1,227,858,153.88	1.04%
5	Client E	1,095,894,464.42	0.93%
Total	--	8,806,467,982.21	7.46%

Other information for the major customers of the Company

□ Applicable √ Non applicable

Major suppliers

Total purchase amount from top five suppliers (RMB)	80,085,970,883.14
Proportion of total annual purchase amount for top five suppliers	69.18%
Proportion of the purchase from related parties in total annual purchase among the top five suppliers	65.56%

Information for the top five suppliers of the Company

Serial	Name	Procurement (RMB Yuan)	Proportion of total annual procurement
1	Shougang Group Co., Ltd.	49,689,484,312.24	42.92%
2	Supplier B	18,806,466,418.30	16.25%
3	Supplier C	7,398,085,463.60	6.39%
4	Supplier D	2,874,135,975.51	2.48%
5	Supplier E	1,317,798,713.49	1.14%
Total	--	80,085,970,883.14	69.18%

Other information for the major suppliers of the Company

□ Applicable √ Non applicable

3. Expenses

Unit: RMB Yuan

	2022	2021	Year-on-year change	Notes of material changes
Selling expenses	237,997,026.22	213,309,534.38	11.57%	
Administrative expenses	1,271,175,739.06	1,301,197,936.20	-2.31%	
Finance expenses	1,731,584,291.35	2,260,406,032.80	-23.39%	
Research and development expenses	626,923,257.36	652,926,385.56	-3.98%	

4. Research and development investment

√ Applicable □ Non applicable

Name of main R&D project	Project objective	Progress of the project	Goals to be achieved	The expected impact on the company's future development
Co-treatment technology of CO and NOx multi-pollutants in sintering flue gas	Sintering process is the process with the largest air pollution emissions in the iron and steel industry, and its NOx emissions can account for 50% of the total emissions of iron and steel enterprises, so the treatment of sintering flue gas NOx is imminent.	Pilot scale	Develop new technology, new process	The implementation of the project provides theoretical support for similar flue gas treatment, will also open up new ideas for the sustainable emission reduction of CO and NOx in the steel process, and provide technical reserves for the green upgrading of the steel industry in the 14th Five-Year Plan
Basic research on rotary kiln hydrogen metallurgy	The carbon emissions of China's iron and steel industry account for about 18% of the national carbon emissions, and the total energy consumption accounts for about 15% of China's total energy consumption. Among them, the carbon emissions mainly come from the iron making process, and 70% of the energy consumption is concentrated in the iron making process.	Pilot scale	Develop new technology, new process	The metallurgical reduction process is dominated by hydrogen, and the carbon content in the flue gas discharged is also greatly reduced to achieve the effect of energy saving and emission reduction, which is in line with the dual carbon policy of "carbon peak and carbon emission reduction" in China.
Research on optimization technology of slab cooling system	The surface temperature and solidification end point of the casting billet can be maintained within the preset range through the control of two cold water and pulling speed, and the defects such as internal crack, corner crack, bulge, rhomboidal deformation and central segregation of the casting billet can be improved.	Pilot scale	Develop new technology, new process	Improve the familiarity with continuous casting machine, deeply understand the influence of continuous casting machine parameters on product quality, enhance quality control ability, improve product quality, and further enhance the market competitiveness of enterprises.
Research on key control technology of coiled tubing production	Improve the central segregation of coiled tubing slab, reduce the sum of inclusions, ribbon organization and transverse temperature difference control, improve the comprehensive performance of coiled tubing slab, enhance the ability to receive orders, expand the competitiveness and brand effect of Shougang products in the international market, and constantly expand the market share.	Pilot scale	Develop new technology, new process	Improve the profitability of enterprises by developing high and fine end products and new differentiated products.
Development of YS series products with low iron loss for new energy vehicles	This project is dedicated to the development of a high strength and low iron loss non-oriented electrical steel product suitable for the rotor of high speed drive motor for new energy vehicles.	Pilot scale	Develop new product	It is conducive to adjusting product structure, improving technology leading edge, expanding market share and enhancing brand image

Key technology and application demonstration of high strength steel for advanced automobile of Jipa grade	Narrow the gap between the production and application of automotive steel in Hebei province and the level of advanced foreign enterprises, and realize the substantial improvement of the supply capacity of advanced high-strength steel varieties of Jipa grade for automotive.	Finished	Develop new product	Develop Jipa grade advanced automotive high-strength steel, realize the development of high-quality automotive steel, enhance the core competitiveness of the enterprise
Research and development of mechanical expansion axle housing steel in hot rolling line	The drive axle housing is one of the important parts of medium and heavy commercial vehicles. With the progress of material technology and the requirement of lightweight, the mechanical expansion axle housing has been gradually promoted at present. The development of mechanical expansion axle housing steel can meet the market demand.	Finished	Develop new product	The development of lightweight high-strength bridge housing steel, while meeting the needs of the market and users, reduces the cost, and becomes the first product of Shougang Group.
0.5 and 11.2 Coating Study on uniformity and corrosion resistance of tin layer of tin plate	To solve the domestic market sales of tin plating less than 1.1g/m ² of low tin products, can not meet the market requirements of very low tin plate corrosion resistance.	Finished	Develop new technology, new process	Improve the corrosion resistance of extremely low tin-plated plates to meet customer needs and enhance the core competitiveness of enterprises in tin-plated products.
Study on strengthening mechanism and control technology of high nitrogen plated tin plate	The strengthening mechanism and control process of high nitrogen strength tin plate are studied to provide strong theoretical and technical support for the research and development of high nitrogen strength tin plate products.	Finished	Develop new technology, new process	It will help enrich Shougang's metal packaging steel products, improve Shougang's high-strength tin plate production technology level, and fill part of the gap in the domestic market, and achieve industry leadership
Optimization of rolling rhythm and shape control of Jingtang Plate	In order to improve the performance, size and yield of plate, the problem of plate shape control is solved.	Finished	Develop new technology, new process	Form the company's unique thin specification plate shape control core technology and intelligent production rhythm control core technology, greatly improve Shougang intelligent level and market competitiveness.
Research and application of strip production line control technology	Provide strip production line control system, to solve the related technology in the strip production line shutdown, low efficiency of technical problems.	Complete project approval and demand analysis, complete scheme design	Develop new process	The shutdown control of strip production line is realized, and the efficiency of shutdown of strip production line is improved.
Research and application of control technology in strip cold rolling process	The control method of strip in cold rolling process is provided to prevent strip deviation and improve the stability of production line.	Complete project approval and demand analysis, complete scheme design	Develop new process	Effectively solve the strip deviation, greatly improve the strip surface quality, reduce the quality loss.
Study and application of high strength steel containing phosphorus and its preparation method	Development and development of high strength, good formability of stamping steel plate, with excellent molding performance and surface quality.	1. Complete the overall planning and design of the project. 2. Consult relevant technical information.	Develop new process, new product	While improving the safety performance of automobiles, it can increase the sales income of enterprises and improve the economic benefits of enterprises.
2. Refer to relevant technical materials				

Research and application of acid rolling for producing 600MPa grade and 700MPa grade TRIP steel	To solve the existing acid rolling process barrier, improve the mechanical properties of TRIP steel, so as to produce the strength of 600MPa and 700MPa TRIP steel.	1. Complete the overall planning and design of the project. 2. Consult relevant technical information.	Develop new process	It can solve the existing technical problems and realize industrial production, which can bring considerable economic benefits.
2. Refer to relevant technical materials				
Steel for automobile construction and production method thereof	Produce materials with high strength, high elongation, good weldability and other characteristics, improve impact safety and meet the needs of lightweight.	Process curing, batch trial production	Develop new process, new product	Accelerate product structure adjustment, improve product performance, increase sales revenue.
Research and development of high tension coating for oriented silicon steel	Complete the corrosion resistance research of the coating under high temperature and high humidity environment, and put forward the improvement plan to improve the corrosion resistance of the steel strip surface.	Finished	Develop new technology, new process	It is conducive to make up for the shortcomings of Shougang electrical steel in coating, narrow the gap with advanced enterprises in the surface quality of electrical steel, and improve the application capacity of Shougang electrical steel.
Study on the influence of different deoxidation process on inclusions and slag system of oriented silicon steel	The influence of inclusion characteristics (quantity, type, size and distribution) in smelting process is not clear, and the influence of different deoxidation processes on slag composition and slag adsorption capacity has not been studied, so it is necessary to carry out research and technology accumulation.	Pilot scale	Develop new technology, new process	It is beneficial to explore the evolution law of inclusion under different deoxidation processes, determine the deoxidation process and deoxidation conditions of inclusion in stable control oriented steels, and to meet the growing high quality requirements of oriented electrical steels.
Development of YS series products with low iron loss for new energy vehicles	This project is dedicated to the development of a high strength and low iron loss non-oriented electrical steel product suitable for the rotor of high speed drive motor for new energy vehicles.	Pilot scale	Develop new product	It is conducive to adjusting the product structure, improving the leading edge of technology, expanding the market share, and enhancing the brand image.
Research on processing technology of 0.15mm unoriented silicon steel thin strip core	Research 0.15mm material processing, cutting, stamping, core production and other processing technology.	Lab scale	Develop new technology, new process	To meet the needs of more customers, conducive to market development, improve the visibility of enterprises.
Effect of rapid induction heating on the texture of oriented silicon steel	Through the project development, the formation mechanism of the primary recrystallizing tissue was clarified, the influence law of the rapid induction heating process on the texture of the primary recrystallizing tissue was obtained, and the influence law of the rapid induction heating process on the texture and properties of the secondary recrystallizing tissue was obtained by analyzing the structural characteristics of the finished product and the secondary recrystallizing process.	Lab scale	Develop new technology, new process	It is beneficial to improve product quality, improve quality and efficiency, and enhance the market competitiveness of oriented silicon steel.

Research and development investment

	2022	2021	Proportion of changes
Number of R&D staff	2,342	2,295	2.05%

Proportion of R&D staff	12.59%	12.86%	-0.27%
Educational background of R&D personnel			
Bachelor's degree	1,212	1,179	2.80%
Master's degree	670	662	1.21%
Age structure of R&D personnel			
Below 30	105	111	-5.41%
30~40	1,273	1,348	-5.56%

Details about R&D investments:

	2022	2021	Proportion of changes
R&D investments (RMB Yuan)	5,386,070,865.84	5,321,486,664.95	1.21%
R&D investments as % of operating revenue	4.56%	4.00%	0.56%
Capitalized R&D investments (RMB Yuan)	0.00	0.00	0.00%
Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	0.00%

Reasons for any significant change in the composition of R&D personnel and the impact:

Applicable Non applicable

Reasons for any significant YoY change in the percentage of R&D expense in operating revenue:

Applicable Non applicable

Reasons for any sharp variation in the percentage of capitalized R&D expense and rationale:

Applicable Non applicable

5. Analysis of cash flow

Unit: RMB Yuan

Item	2022	2021	Year-on-year changes
Cash inflow from operating activities	61,124,110,070.62	78,330,821,588.46	-21.97%
Cash outflow from operating activities	51,079,874,572.82	62,937,631,744.23	-18.84%
Net cash flow from operating activities	10,044,235,497.80	15,393,189,844.23	-34.75%
Cash inflow from investing activities	266,430,661.79	599,102,178.51	-55.53%
Cash outflow from investing activities	3,428,494,466.51	3,683,994,609.78	-6.94%
Net cash flow from investing activities	-3,162,063,804.72	-3,084,892,431.27	-2.50%
Cash inflow from financing activities	36,440,713,251.59	33,854,046,954.17	7.64%
Cash outflow from financing activities	43,529,541,314.07	42,586,386,910.41	2.21%
Net cash flow from financing activities	-7,088,828,062.48	-8,732,339,956.24	18.82%
Net increase in cash and cash equivalents	-206,656,369.40	3,575,957,456.72	-105.78%

Main reasons for significant year-on-year changes in relevant data

Applicable Non applicable

The decrease in net cash flow from operating activities is mainly due to the decline in steel prices in the current period and the high price of upstream fuel, which leads to a greater decrease in cash received from selling products and providing services than cash paid for purchasing goods and receiving services.

The decrease in cash inflow from investment activities is mainly due to the decrease in cash received from disposal of investments and cash received from investment income.

The decrease in the net increase in cash and cash equivalents is mainly due to the decrease in net cash flow from operating activities.

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

Applicable Non applicable

During the reporting period, the cash flow from operating activities is RMB10.044 billion, and the annual net profit is RMB 1.509 billion, with a difference of RMB 8.535 billion. The main factors causing the difference are: asset impairment provision of RMB 397 million, depreciation and amortization of RMB 7.799 billion, financial expense of RMB 1.732 billion, decrease in receivables from operating activities of RMB 851 million, decrease in payable from operating activities of RMB -2.899 billion, increase in inventory of RMB -344 million, investment losses of RMB 211 million, and others of RMB 788 million.

V. Non-principal business analysis

□ Applicable √ Non Applicable

VI. Assets and liabilities**1. Significant changes in the composition of assets**

Unit: RMB Yuan

	Year-end of 2022		Year-begin of 2022		Proportion changes	Notes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Cash and Cash equivalents	9,470,472,522.05	6.61%	10,284,988,713.99	6.88%	-0.27%	
Accounts receivable	1,450,008,897.10	1.01%	1,678,608,393.71	1.12%	-0.11%	
Inventories	11,960,246,748.15	8.35%	12,425,502,043.91	8.31%	0.04%	
Long-term equity investments	2,724,285,925.35	1.90%	3,065,928,898.28	2.05%	-0.15%	
Fixed assets	93,331,072,969.17	65.19%	97,227,169,862.20	65.06%	0.13%	
Construction in progress	7,673,649,852.77	5.36%	7,186,767,838.55	4.81%	0.55%	
Right-of-use assets	83,107,359.45	0.06%	100,279,997.64	0.07%	-0.01%	
Short-term borrowings	29,580,006,103.39	20.66%	25,278,373,316.25	16.92%	3.74%	
Contract liabilities	4,508,016,725.74	3.15%	5,230,456,327.37	3.50%	-0.35%	
Long-term borrowings	10,594,350,000.00	7.40%	11,692,710,000.00	7.82%	-0.42%	
Lease liabilities	72,439,836.79	0.05%	86,123,210.35	0.06%	-0.01%	

Foreign assets account for a relatively high proportion:

□ Applicable √ Non Applicable

2. Assets and liabilities measured at fair value

√ Applicable □ Non Applicable

Unit: RMB Yuan

Item	Opening balance	Fair value changes in the period	Accumulated fair value changes in equity	Impairment accrual in the period	Amount of purchase in the period	Amount of sales in the period	Other changes	Closing balance
Financial assets								
Other equity instruments investments	264,900,763.97		-32,134,630.16					232,766,133.81
Financing receivables	4,015,188,495.05							3,489,134,871.56
Other non-current financial assets	80,000,000.00	-765,992.40						79,234,007.60
Total	4,360,089,259.02	-765,992.40	-32,134,630.16	0.00	0.00	0.00	0.00	3,801,135,012.97
Financial liabilities	0.00							0.00

Whether the company's main asset measurement attributes have changed significantly during the reporting period

□ YES √ NO

3. Major restricted assets at the end of the reporting period

Item	Carrying amount at 31.12.2022 (RMB)	Restriction reason
Cash and Cash equivalents	1,140,407,749.24	All kinds of deposits
Notes receivable	328,829,159.08	Pledged notes
Accounts receivable	24,223,581.32	Pledged notes
Total	1,493,460,489.64	

(1) As of December 31, 2022, except for RMB 1,090,407,749.24 of security deposit, RMB 50,000,000.00 of fixed term deposit, the Company has no balance of cash and cash equivalents that are pledged, guaranteed or blocked frozen or overseas balances that restricted to remittance back.

(2) Bank deposits include interest receivable from deposits of RMB 849,769.13. This part of interest does not belong to "cash and cash equivalents."

VII. Investment analysis

1. Overall situation

Applicable Non Applicable

Invested amount during the reporting period (RMB Yuan)	Investment amount during the previous reporting period (RMB Yuan)	Change
4,701,092,730.53	3,400,636,748.78	38.24%

2. Significant equity investment during the reporting period

Applicable Non Applicable

3. Significant non-equity investment during the reporting period

Applicable Non Applicable

Unit: RMB Yuan

Project name	Investment method	Fixed asset investment or not (Y/N)	Related industries	Investment amount during the reporting period	Actual investment amount up to the end of reporting period	Capital source	Project schedule	Anticipated benefits	Realized income up to the end of reporting period	Reasons for non-achievement of planned schedule and anticipated income	Date of disclosure (if any)	Index of disclosure (if any)
New energy automotive electrical steel project	Self-built	Y	Iron and steel	665,663,669.96	1,663,048,752.15	Self-raised	94.96%	437,370,000.00	9,678,561.03	During trial production, the project has been provisionally estimated to be transferred to fixed assets		
Zhixin Co. Oriented phase II project	Self-built	Y	Iron and steel	641,119,636.03	1,314,052,905.22	Self-raised	88.23%	391,380,000.00		The devices of the project are being installed		
Zhixin Co. High-end heat treatment engineering project	Self-built	Y	Iron and steel	183,731,602.88	183,731,602.88	Self-raised	10.65%	436,810,000.00		The project is undergoing civil construction		
Total	--	--	--	1,490,514,908.87	3,160,833,260.25	--	--	1,265,560,000.00	9,678,561.03	--	--	--

4. Financial assets investment

(1) Securities investment

Applicable Non Applicable

The Company has no securities investment during the reporting period.

(2) Derivatives investment

Applicable Non Applicable

The Company has no derivatives investment during the reporting period.

5. Use of raised funds

Applicable Non Applicable

(1) Overall use of raised funds

Applicable Non Applicable

Unit: RMB'0,000

Year for fund-raising	Method of fund-raising	Total raised funds	Total raised funds that have been used in the current period	Total raised funds that have been used accumulatively	Total raised funds with altered purposes during the Reporting Period	Total accumulative raised funds with altered purposes	Proportion of total accumulative raised funds with altered purposes	Total raised funds that have not been used yet	Use and ownership change of unused raised funds	Raised funds that have been left unused for over two years
2022	Non-public offering	29,120	21,852.33	21,852.33	0	0	0.00%	6,935.83	Deposit in Jingtang Co. fund raising special account	0
Total	--	29,120	21,852.33	21,852.33	0	0	0.00%	6,935.83	--	0

Explanation of the overall use of raised funds

During the reporting period, the total amount of supporting funds raised by the Company through non-public issuance of ordinary shares is RMB291,199,983.58, and after deducting the underwriting fees of the lead underwriter, the special account of the Company for raising funds received subscription funds of RMB287,603,983.82; After deducting the fees of independent financial advisers and other related fees for the restructuring, the net capital raised is RMB 273,368,221.41.

During the reporting period, the company has used the raised funds of RMB 218,523,294.14.1. The Company has used RMB 151,603,440.25 to supplement working capital and repay debts; 2. The Company transferred RMB 136,149,157.84 to the special account of Jingtang Co. for the comprehensive transformation project of energy saving and consumption reduction of the front railway system, of which, RMB 66,919,853.89 has been used.

As of December 31, 2022, the accumulated interest income generated by the raised funds is RMB 277,617.54, the balance of the special account for the raised funds of the Company is RMB 0.00, and the balance of the special account for the raised funds of Jingtang Co. is RMB69,358,307.22.

(2) Committed projects of raised funds

Applicable Non Applicable

Unit: RMB'0,000

Committed investment projects and investment of	Whether projects	Total committed	Adjusted total	The investment	Accumulative	Investment progress as	Date when the projects	Benefit recorded	Whether the estim	Whether there are
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excessive raised funds	have been altered (including partial alternation)	investment with raised funds	investment amount (1)	amount during the Reporting Period	investment amount as of the end of the Reporting Period (2)	of the end of the Reporting Period (3) = (2)/(1)	are ready for their intended use	during the Reporting Period	ated benefits are reached	material changes in the project feasibility
Committed investment projects										
Jingtang Co. railway front system energy saving and consumption reduction comprehensive transformation project	No	125,000	13,614.92	6,691.99	6,691.99	49.15%			Not applicable	No
Supplementary liquidity	No	125,000	15,160.34	15,160.34	15,160.34	100.00%			Not applicable	No
Subtotal of committed investment projects	--	250,000	28,775.26	21,852.33	21,852.33	--	--	0	--	--
Investment of excessive raised funds										
Not applicable		0	0	0	0	0.00%		0		
Total	--	250,000	28,775.26	21,852.33	21,852.33	--	--	0	--	--
Explain the circumstances and reasons for failing to achieve the planned progress and estimated income by item (including the reasons why "Reach the estimated benefit" is selected as "Not applicable")	Not applicable									
Explanations of the material changes in the project feasibility	Not applicable									
Amount, use, and use progress of excessive raised funds	Not applicable									
Change of the implementation location of the investment project raised funds	Not applicable									
Adjustment of implementation methods of investment projects with raised funds	Not applicable									
Advance investment and replacement of investment projects with raised funds	Not applicable									
Temporary replenishment of working capital with the idle raised funds	Not applicable									
Surplus raised funds for project implementation and reasons for the surplus	Not applicable									
Use of unused raised funds	Deposited in a special fund raising account									
Problems in the use of raised funds and disclosure, or other cases	Not applicable									

(3) Altered projects of raised funds

Applicable Not applicable

The Company has no altered projects of raised funds in the reporting period.

VIII. Material disposal of assets and equity**1. Material disposal of assets**

Applicable Non Applicable

The Company has no disposal of assets during the reporting period.

2. Material disposal of equity

Applicable Non Applicable

IX. Analysis of main holding companies and stock-jointly companies

Applicable Non Applicable

Main subsidiaries and stock-jointly companies that have an impact on the company's net profit of over 10%.

Unit: RMB Yuan

Company Name	Type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
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Shougang Jingtang United Iron & Steel Co., Ltd.	Subsidiary	Iron and steel smelting, steel rolling, other metal smelting and calendaring processing and marketing; Production and sale of sinter, pellet, coke and chemical products; Power generation and supply; Production and sales of secondary and multiple energy and resource reuse products	35,821,676,294.00	79,073,296,194.21	35,454,264,852.74	73,637,550,233.13	1,291,801,366.27	1,122,052,438.96
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Subsidiary	Cold-rolled electrical steel strip manufacturing; Metallurgical special equipment manufacturing; Motor manufacturing; Manufacturing of transmission, distribution and control equipment; Energy-saving technology promotion services; New material technology promotion services; Business management consulting services; Industrial design services; Product quality inspection services; Building materials, non-metallic minerals and products, metal materials, metal products, chemical products (excluding dangerous chemicals) wholesale and retail	9,925,868,384.15	21,220,225,253.82	12,157,609,553.25	13,918,944,889.64	1,176,341,300.51	1,080,892,444.41
Beijing Shougang Cold Rolling Co., Ltd.	Subsidiary	Production of cold rolled sheet, hot dip galvanized steel coil; General freight; Design and sales of cold-rolled sheet, hot-dip galvanized steel coil; Warehousing services; Technical development, technical consultation	2,600,000,000.00	6,153,649,016.46	-1,063,461,207.16	10,781,367,755.25	223,905,580.96	216,492,299.49
Beijing Shougang Steel Trading Investment Management Co., Ltd.	Subsidiary	Investment management; Project investment; Asset management; Warehousing services; Market research; Technology development; Sale of steel	1,136,798,235.00	20,077,500,669.03	12,104,999,464.36	955,028,309.36	403,939,890.69	389,995,788.91
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Subsidiary	Technology development, technology consulting, technology transfer, technology services; Business management consulting; Economic information consulting; Sales of machinery and equipment, steel; Rental of machinery and equipment (except motor vehicles); Import and export of goods; Technology import and export; Agent import and export	980,000,000.00	1,115,103,347.20	1,093,813,618.40	8,618,382.01	134,849,692.29	133,942,647.56
Qian'an Shougang Metallurgical Technology Co., Ltd.	Subsidiary	Metallurgical technology development and consulting services; Environmental protection technology promotion services; Business management consulting services; Security consulting services; Computer application software development; Special equipment for environmental protection, steel slag, water slag, slag, dust removal ash, desulfurization ash, steel, chemical products (excluding hazardous chemicals) wholesale, retail; Domestic advertising design, production, agency, release; Non-owned house leasing services, etc. (within the scope authorized by the owner of the house)	1,900,000.00	212,187,602.54	-85,375,345.88	39,105,861.65	10,558,507.63	10,558,507.63

Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Joint stock	Coking: Coke oven gas, tar, crude benzene, sulfur, ammonium sulfate, ammonium thiocyanate, primary coal chemical products manufacturing; Waste heat utilization; Hardware products, building materials, mining special equipment and spare parts, construction machinery spare parts, rubber products, plastic products, lubricating grease, pig iron, ferroalloy, iron concentrate powder, pellet iron ore, sintered iron ore, iron ore, limestone, quartzite, dolomite, furnace charge, bentonite, coke, coke powder, billet, chemical products (excluding licensed chemical products), coal wholesale, zero Sell; Coking technical consultation and service	992,400,000.00	4,529,177,685.54	1,780,985,407.28	8,253,813,834.07	-409,931,923.56	-414,611,940.11
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Joint stock	Coke, coal tar, benzene, sulfuric acid, ammonium sulfate, gas, CDQ coke waste heat power generation, steam production and sales; Technical consulting services; Labor service (excluding labor dispatch).	2,000,000,000.00	3,587,876,141.47	2,196,287,262.09	13,921,855,400.28	50,756,339.47	54,389,297.30

Acquisition and disposal of subsidiaries during the reporting period

Applicable Non Applicable

X. Structured entity controlled by the Company

Applicable Non Applicable

XI. Future development prospects

1. Industry competition pattern and development trend

In 2023, under the influence of inflation and geopolitics, global economic growth will slow down, and the economic trend of major economies will diverge. China's economic growth rate will show a low before and high after, gradually climbing trend. In the first half of the year, the economic recovery will be relatively slow due to the impact that macroeconomic relaxation policies will take some time to take effect. In the second half of 2023, China's economic upswing will be more obvious. Iron and steel industry will still maintain strong supply and weak demand pattern, the competition situation will be more intense, iron and steel enterprises will still face greater operating pressure.

2. Corporate development strategy

Shougang takes the promotion and implementation of the "Two Strong and three Excellent" project (the steel industry development goal of strong profitability, strong innovation ability, excellent asset quality, excellent operation efficiency, energy conservation and environmental protection) as its strategic focus. Shougang is firmly committed to the strategic focus of "green manufacturing, intelligent manufacturing, high-quality manufacturing, lean manufacturing and precise service", and adheres to the two-wheel drive of "capital + operation" to promote deepening reform and high-quality development of the enterprise. At the same time, Shougang continues to adhere to the development direction of "quality + service", and continues to promote the development of high-end products focusing on electrical steel, automobile plate and tin (chromium) plating plate. By continuously improving the service level and operating efficiency of steel material manufacturing, Shougang will form a group of strategic product customer clusters with international competitiveness, and strive to build the company into a listed steel company with international competitiveness and influence.

3. Operating plans of 2023

(1) Output of Major Products

Iron 21.47 million tons, year-on-year decrease of 3.4%; Steel 22.22 million tons, year-on-year decrease of 4.3%; Material 20.73 million tons, year-on-year decrease of 6.5%. The details are as follows:

- ① Qiangang Co.: 8.00 million tons of iron, year-on-year decrease of 1.5%; 8.42 million tons of steel, year-on-year decrease of 0.4%; 8.10 million tons of steel products, year-on-year decrease of 0.1%.
- ② Jingtang Co.: 13.47 million tons of iron, year-on-year decrease of 4.5%; 13.80 million tons of steel, year-on-year decrease of 6.6%; 13.05 million tons of steel products, year-on-year decrease of 8.8%.
- ③ Zhixin Co.: 1.56 million tons of electric steel, year-on-year increase of 5.1%. Including: 1.30 million tons of non-oriented electric steel, year-on-year increase of 1.6%; 0.26 million tons of oriented electric steel, year-on-year increase of 26.2%.
- ④ Cold-R Co.: 1.80 million tons of cold-rolled steel sheets, year-on-year decrease of 2.1%. Including: 0.85 million tons of continuous annealing line for cold-rolled steel sheets, year-on-year decrease of 2.9%; 0.85 million tons of galvanized sheet, year-on-year decrease of 6.3%, 0.1 million tons of Cold rolled sheet, year-on-year increase of 78.6%.

(2) Budget arrangement for financial indicators

RMB 107.76 billion for operating revenue, year-on-year decrease of 8.8%, including: RMB 37.25 billion for operating revenue of parent company, year-on-year decrease of 4.5%; RMB 65 billion for operating revenue of Jingtang Co., year-on-year decrease of 11.7%; RMB14 billion for operating revenue of Zhixin Co., year-on-year increase of 0.6%; RMB10 billion for operating revenue of Cold-R Co., year-on-year decrease of 7.2%; RMB0.76 billion for operating revenue of Steel Trading, year-on-year decrease of 20%.

(3) Budget arrangement for cashflow

RMB 161.088 billion for cash inflows, including RMB 122.017 billion for cash inflow from operating activities, RMB 76 million for cash inflow from investing activities, RMB 38.994 billion for cash inflow from financing activities.

RMB 162.148 billion for cash outflows, including RMB 110.038 billion for cash outflow from operating activities, RMB 6.240 billion for cash outflow from investing activities, RMB 45.870 billion for cash outflow from financing activities.

(4) Budget arrangement for fixed-assets project capital expenditure

Arrangement of fixed assets investment is RMB 4.808 billion, including: RMB 1.349 billion for Qiangang Co., RMB 2.156 billion for Jingtang Co., RMB 1.164 billion for Zhixin Co., RMB 70 million for Cold-R Co., RMB 68 million for Steel Trading and RMB 1 million for Qian'an Metallurgical Co.

4. Potential risk

(1) Policy and industry risk

According to the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Environment jointly issued the "Guidance on promoting the High-quality development of the iron and Steel Industry" "to control the total amount of iron and steel, achieve safe carbon reduction, ensure 2030 carbon peak" provisions, steel production policy gradually implemented, steel enterprises are facing pressure to limit production generally increased. The capacity utilization rate of some enterprises has been affected, resulting in a pattern of supply exceeding demand in the market. Meanwhile, the price of iron ore and other raw materials remains high, which increases the production cost and operation difficulty of steel enterprises.

In order to cope with the above risks, first, the company actively responds to the external market, strengthens market prediction and analysis, optimizes resource allocation, fully implements the "three and three" business strategy, and improves the ability to resist market risks. Second, the company to improve the very low cost operation capacity, continue to increase cost reduction and efficiency efforts. The company pays close attention to the implementation of measures to improve efficiency and benefit, pays close attention to the target enterprises, systematically, comprehensively and permanently reduces costs, speeds up the creation of comparative advantages, and goes all out to complete the cost control target. Third, the company is promoting in key engineering projects, giving full play to the advantages of production line and green manufacturing, improving the ability of "manufacturing + service", promoting the optimization of product structure, strengthening the market promotion of initial products and new products, and providing support for the realization of high-quality development of the enterprise.

(2) Low carbon environmental risk

Under the background of the policy of "carbon peak and carbon neutral", ultra-low emissions have become the norm, and environmental protection policies in key regions such as Beijing, Tianjin and Hebei are increasingly stricter, putting higher requirements on enterprises to implement green and sustainable development, resulting in unprecedented pressure on enterprises' environmental protection costs.

In order to cope with the above risks, first, the company will further build a solid foundation for high-quality development, improve high-quality development capacity, continue to maintain healthy development, practice the responsibility of the "leader", deeply implement the green action plan, and make green become the background of high-quality development of the enterprise. Second, the company deepens the construction of LCA system, promotes the release of EPD and carbon border tax certification, speeds up the construction of low-carbon management system, and promotes the construction of low-carbon dedicated line of automobile board to meet the needs of customers for carbon reduction. Third, the company continues to build a green supply chain system, promote the selection of green materials, promote the whole process of procurement, production, transportation and other green process.

(3) Horizontal competition risk

Shougang Group and its related parties have a certain degree of horizontal competition with the Company.

In order to solve the horizontal competition, during the first restructuring, Shougang Group issued "the commitment on the settlement measures and avoidance of horizontal competition after the assets restructuring". According to the iron and steel industry development plan of Shougang Group, Shougang Co. will be the only platform for the development and integration of the iron and steel and upstream iron ore resources industry of Shougang Group in China, and eventually achieve the overall listing of Shougang Group's iron and steel and upstream iron ore resources business in China. Since then, Shougang Group has made further commitments on the basis of the above-mentioned commitments of horizontal competition. These commitments are fulfilled on schedule and for details, please refer to "Corporate Governance" in the annual report.

(4) Marketing risk

From the perspective of market environment, China's economic development is facing the triple pressure of shrinking demand, supply shock and weakening expectations. The market fluctuation is increasing, which leads to the increasingly severe competitive environment at home and abroad. From the perspective of industrial environment, overcapacity in the iron and steel industry is still serious, product homogeneity competition is intensifying, and the direction of product structure adjustment is converging.

In order to cope with the above risks, first, the company strengthens market awareness, continues to pay attention to the development trend of advanced enterprises in the industry, and focuses on creating competitive advantages. At the same time, the company stabilizes the cooperation with leading enterprises, closely follows the upgrading and development of the industry, actively and continuously develops the end user market, and extends and expands the full coverage of the middle and high-end user groups. Second, the company adheres to the responsibility and mission of "service creates value", based on meeting user needs and guided by improving user service experience, further improves differentiated service ability and consolidates and enhances service brand image. Third, the company gives full play to the advantages of multiple production lines and rich varieties, promotes the in-depth optimization and adjustment of product structure and channel structure, and improves the contribution of structural adjustment to operating benefits. Finally, the company strengthens internal and external, internal coordination to improve efficiency and increase income and create efficiency, speeds up the market response speed, and supports the improvement of production line efficiency.

(5) Related transactions risk

Related party transactions between Shougang Shares and Shougang Group and its affiliated enterprises, Shougang Co. and Shougang Group signed the framework agreement of related transactions in accordance with the stock listing rules and other provisions for regular related transactions. If the agreement cannot be strictly executed in the future, interests of the Company will be damaged and also the risks of related transactions will emerge.

The above-mentioned regular related transactions are the continuous related transactions in the ordinary operation and production

process of the Company, all of which are signed agreements in accordance with regulations and approved legally, and the transactions will not affect the independence of the Company. The Company will strictly implement the provisions of related transactions, perform the obligation of information disclosure in accordance with the requirements of the stock listing rules and the Articles of Association, ensure the openness, fairness and justice of related transactions, and protect the legitimate rights and interests of the Company and all shareholders.

XII. Reception of research, communication, interview and other activities during the reporting period

√ Applicable □ Non Applicable

Time	Location	Method	Type	Counterparty	Main contents and provided material	Reference for basic information
January 18, 2022	Conference room	Telephone Communication	Institution	China Merchants Securities, Chuangjin Hexin Fund, Fengling Capital, Shaoxia Capital, Zhonghe Capital, and Yaolin Capital and other analysts and institutional investors	Company future product planning, carbon emission reduction measures and electrical steel future development, etc	The details disclosed on the interactive platform on January 20, 2022.
March 17, 2022	Conference room	Telephone Communication	Institution	Nord Fund Liu Gao, Wang Chao, Yin Min, Shaanxi Shiyang Group Fu Gui, Chuanjiang Investment Tu Yulin, Han De Fund Xie Gui, Southern Tianchen Jiang Hao, Weng Kaisong, Dacheng Investment Wan Yan, Lin Zhe, Ivy Capital Xianfeng, Chuanhua Holdings Lu Rongqing, Jin Yuan Asset Management Huang Yizhong, Oriental International Jiang Yumeng, Jin Chen Investment Wu Xiufang, Central African CITIC Bank Lv Shuang, Hunan Light Salt Venture Capital Lei Yu, Shengquan Hengyuan Ouyang Tianyi, Vector Fund Wang Su, Zhao Xueang, Su Min Investment Geng Yan, Suzhou Guoxin Jin Ye, Taiping Asset Shi Jiahuan, Wang Renshuang, Ying Yuxiang, Liu Hao, Shanghai Dehui Investment Prince Heng, Xinda Asset in the Ocean, Ruihua Investment Zhang Xiaobing, Shengquan Hengyuan Zhou Zhou Zhou, Weixing Investment Yang Kehua, Shandong Guohui Xu Qingrui, Dawan Investment Feng Rui, Yi Yi Investment Zhou Gaohua, Hengtaihua Shengli Baicun, Dayan Capital Hua Jie, Huatai Asset Hu Lan, Jincheng Investment Tian Yuan, Wang Xiaoran, Qianhe	Electrical steel, automobile plate and other products, industry forecast, raw material end guarantee, etc	The details disclosed on the interactive platform on March 21, 2022.

				Capital Xie Ping, Xinda Asset Ma He, Yihe Yinfeng Zhao Fangyi, Yingke Capital Zhou Fengchun, Zhuhai Jinteng Huo Yuchen, Shandong Guohui Liu Ke, Shanghai Hanhui Investment Sun Fan, Guoren Insurance Wang Qiong, Beijing Chuanfa Ao Yukun, Su Gaoxin Investment Zou Wenjun, Yongjin Investment Wen Xin, Hunan Caixin Deng Guoyi, Ansteel Group Capital Zhang Fengjiu, Caixin Securities Liang You, Guoxin Securities Min Xiaoping, Guolian Securities Liu Xing, Yuekai Securities Zhuge Xiuzi, Wu Yuchen from Jianghai Securities, Peng Ling and Fu Miaoquan from Huatai United Securities and other 49 institutions and more than 60 institutional investors		
March 18, 2022	Conference room	Telephone Communication	Institution	Nord Fund Liu Gao, Wang Chao, Yin Min, Shaanxi Shiyang Group Fu Gui, Chuanjiang Investment Tu Yulin, Han De Fund Xie Gui, Southern Tianchen Jiang Hao, Weng Kaisong, Dacheng Investment Wan Yan, Lin Zhe, Ivy Capital Xianfeng, Chuanhua Holdings Lu Rongqing, Jin Yuan Asset Management Huang Yizhong, Oriental International Jiang Yumeng, Jin Chen Investment Wu Xiufang, Central African CITIC Bank Lv Shuang, Hunan Light Salt Venture Capital Lei Yu, Shengquan Hengyuan Ouyang Tianyi, Vector Fund Wang Su, Zhao Xueang, Su Min Investment Geng Yan, Suzhou Guoxin Jin Ye, Taiping Asset Shi Jiahuan, Wang Renshuang, Ying Yuxiang, Liu Hao, Shanghai Dehui Investment Prince Heng, Xinda Asset in the Ocean, Ruihua Investment Zhang Xiaobing, Shengquan Hengyuan Zhou Zhou Zhou, Weixing	Electrical steel, automobile plate and other products, industry forecast, raw material end guarantee, etc	The details disclosed on the interactive platform on March 21, 2022.

				Investment Yang Kehua, Shandong Guohui Xu Qingrui, Dawan Investment Feng Rui, Yi Yi Investment Zhou Gaohua, Hengtaihua Shengli Baicun, Dayan Capital Hua Jie, Huatai Asset Hu Lan, Jincheng Investment Tian Yuan, Wang Xiaoran, Qianhe Capital Xie Ping, Xinda Asset Ma He, Yihe Yinfeng Zhao Fangyi, Yingke Capital Zhou Fengchun, Zhuhai Jinteng Huo Yuchen, Shandong Guohui Liu Ke, Shanghai Hanhui Investment Sun Fan, Guoren Insurance Wang Qiong, Beijing Chuanfa Ao Yukun, Su Gaoxin Investment Zou Wenjun, Yongjin Investment Wen Xin, Hunan Caixin Deng Guoyi, Ansteel Group Capital Zhang Fengjiu, Caixin Securities Liang You, Guoxin Securities Min Xiaoping, Guolian Securities Liu Xing, Yuekai Securities Zhuge Xiuzi, Wu Yuchen from Jianghai Securities, Peng Ling and Fu Miaoquan from Huatai United Securities and other 49 institutions and more than 60 institutional investors		
February 22, 2022	Conference room	Telephone Communication	Institution	Xu Rong and Jin Binbin from CICC Asset Management, He Xinzhi from Sunshine Asset Management, Zheng Xiaobing from HSBC Jinxin Fund, Zhu Xiaoling from Shaoxia Capital, Zhang Funing from Lide Investment, Wang Xiaoran from Jincheng Investment, Wang Xing from Shaanxi Zhaorong, Zhang Ya from Shanghai Chunda Fund, Ning Bo Renqing Liyao from Ningbo, Tang Changfu from Yihe Yinfeng, Jiang Hao and Weng Kaisong from Southern Tianchen, Tan Qiang from Dongfang Cangshan, Jin Yifeng from Changzhou Investment, Hu Lina from Guitie Fund, and Li Qiwen from China Africa CITIC Bank,	Company strategic product introduction, dual carbon policy impact, etc	The details disclosed on the interactive platform on March 24, 2022.

				<p>Chang Yulei from China Electronics Technology Investment, Chai Yan from Jimin Trust Group, Liu Yanxi from China State Investment Group, Shen Bohan from Guoxin Investment, Chen Mo from Evergrande Life Insurance, Qin Daocen from Beijing Trust, Hu Yamin from Special Investment, Jin Zhonglei from Greenland Equity Investment, Yang Xuexiang from New Fox Investment, Shen Zhaojun from Huaxi Yinfeng, Zheng Lingqi from China National Science and Technology Reform Fund, Fan Mingkai from Xiamen International Trade, Gao Hongtao and Chang Jing from Yunnan Trust, Gao Yi'an from Donghai Fund, and Guo Qing from Zhongji Taikang, Xingyin Growth Jiang Ming, Qianlu Capital Li Xiang, Golden Eagle Fund Mai Jiahuang, Hengrui Capital Song Qingxiang, Beijing Jinta Wang Dan, Yiluo Capital Qian Lin, CICC Haotian Zhanhui, Jiashi Dayan Cheng Huanqing, Gong Xiaoqin, Marshall Wace Li Li, Shen Wanhongyuan Wu Bin, Ping An Securities Qin Shi, Donghai Securities Ma Ziqiang, CITIC Construction Investment Securities Wang Jiechao, Kou Liyao and other 43 institutions and more than 50 institutional investors</p>		
March 23, 2022	Conference room	Telephone Communication	Institution	<p>Xu Rong and Jin Binbin from CICC Asset Management, He Xinzhi from Sunshine Asset Management, Zheng Xiaobing from HSBC Jinxin Fund, Zhu Xiaoling from Shaoxia Capital, Zhang Funing from Lide Investment, Wang Xiaoran from Jincheng Investment, Wang Xing from Shaanxi Zhaorong, Zhang Ya</p>	Company strategic product introduction, dual carbon policy impact, etc	The details disclosed on the interactive platform on March 24, 2022.

			<p>from Shanghai Chunda Fund, Ning Bo Renqing Liyao from Ningbo, Tang Changfu from Yihe Yinfeng, Jiang Hao and Weng Kaisong from Southern Tianchen, Tan Qiang from Dongfang Cangshan, Jin Yifeng from Changzhou Investment, Hu Lina from Guitie Fund, and Li Qiwen from China Africa CITIC Bank, Chang Yulei from China Electronics Technology Investment, Chai Yan from Jimin Trust Group, Liu Yanxi from China State Investment Group, Shen Bohan from Guoxin Investment, Chen Mo from Evergrande Life Insurance, Qin Daocen from Beijing Trust, Hu Yamin from Special Investment, Jin Zhonglei from Greenland Equity Investment, Yang Xuexiang from New Fox Investment, Shen Zhaojun from Huaxi Yinfeng, Zheng Lingqi from China National Science and Technology Reform Fund, Fan Mingkai from Xiamen International Trade, Gao Hongtao and Chang Jing from Yunnan Trust, Gao Yi'an from Donghai Fund, and Guo Qing from Zhongji Taikang, Xingyin Growth Jiang Ming, Qianlu Capital Li Xiang, Golden Eagle Fund Mai Jiahuang, Hengrui Capital Song Qingxiang, Beijing Jinta Wang Dan, Yiluo Capital Qian Lin, CICC Haotian Zhanhui, Jiashi Dayan Cheng Huanqing, Gong Xiaoqin, Marshall Wace Li Li, Shen Wanhongyuan Wu Bin, Ping An Securities Qin Shi, Donghai Securities Ma Ziqiang, CITIC Construction Investment Securities Wang Jiechao, Kou Liyao and other 43 institutions and more than 50 institutional investors</p>	
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April 29, 2022	Panorama Network studio (http://ir.p5w.net)	Others	Institution	All investors	Explain the company's performance in 2021 and the first quarter of 2022, and answer the questions concerned by investors	The details disclosed on the interactive platform on May 6, 2022.
May 12, 2022	Conference room	Telephone Communication	Institution	Picc Wang Hui, China Life Pension Yu Lei, Shanghai Investment Morgan Xing Da, Chengtong Fund Liu Bo, Huaxia Fund Mao Ying, Huaxia Wealth Management Lv Meng'en, Shenzhen Chuangfu Zhaoye Liu Zhengke, Shanghai Shenzhi Asset Li Haotian, Pengyang Fund Luo Cheng, Ruiyuan Fund Wu Fei, Shenzhen Red Chip Investment Wang Zhidong, Chunhou Fund Wu Ruozong, Danshui Quanjian Yueqiang, Ye Zhishen, Fuanda Zhang Yixin, ICBC Ansheng Fan Yanjun, Guojin Fund Wu Peiwei, Han Qing Hongru Yan Xin, Hangzhou Weiman Li Qiang, Huamei International Fu Nan, Huarun Yuan Da Su Zhan, Golden Eagle Fund Xi Junfeng, Shanghai Mingda Industrial Prince Heng, Shanghai Qushi Zhang Xiuqi, Tianjin Bank Jiang Yunya, Tibet United Yisheng Pang Yuming, Xingyin Fund Shi Liang, Ordinary (Shanghai) Investment Gong Yiming, China Shandong Expressway Capital Wang Zijian, China Science and Technology Wotu Xu Wei, CITIC Prudential Hu Zhe, Shanghai Oriental Securities Wang Yanfei, Huafu Securities Wei Zhengyu, Zeng Zheng and Wang Han from CITIC Securities, Li Sha from GF Securities and other 35 institutions and more than 40 institutional investors	Electrical steel products future planning, iron ore price trend, reduce crude steel output policy impact, etc	The details disclosed on the interactive platform on May 13, 2022.
June 15, 2022	Conference room	Telephone Communication	Institution	China Taobao Chen Xiaoxiao, ICBC Credit Suisse Yin Yue, Bank of Communications Wealth Management Wang Zhejun, HSBC Jinxin Zheng Xiaobing, CICC Asset Management Xu Rong, Shanghai Guqu Zhao	The sales growth of electrical steel for energy vehicles, the impact of crude steel production policy, and rising raw material prices, etc	The details disclosed on the interactive platform on June 17, 2022.

				Zhen, Guohai Franklin Zhang Dengke, Ruiyuan Fund Cui Lin, Taiping Fund Wei Zhiyu, China National Offshore Fund Ma Tao and Bao Jianglin, Boshi Fund Chen Xi, Guoshou Asset Cui Xinyang, Taibao Asset Zhang Zhe and Wei Wei, Jingshun Great Wall Li Jianlin, Runhui Investment Jiang Yangjing, Rongtong Fund Zhao Yixiang, Zhu Min from Changxin Fund, Ma Rui from Changjiang Pension, He Xinzhi from Sunshine Asset, Wang Huixian from CITIC Securities (self operated), Pang Xinghua from Yanhang Investment, Ma Zhefeng from Heyong Investment (Beijing), Chen Yongqiang from Tailin Investment, Yang Liyuan from Jianxin Fund, Tong Wei from Huaxia Fund, Jiao Yun from Jiashi Fund, Gu Liping from Everbright Baode Trust, Fan Yaoyu from Shenzhen Qiyuan Wealth, Zhang Tingjian from Yingfeng Capital, Wei Hua from Yuanxin (Zhuhai) Private Equity Fund, and Li Xiang from Hangzhou Qianlu Investment, Chongyang Investment He Jianqing, Zhengyuan Investment Tang Zhe, Everbright Securities Dai Mo, Guotai Junan Li Pengfei, Wei Yudi, Wang Hongyu		
June 16, 2022	Conference room	Telephone Communication	Institution	China Taibao Chen Xiaoxiao, ICBC Credit Suisse Yin Yue, Bank of Communications Wealth Management Wang Zhejun, HSBC Jinxin Zheng Xiaobing, CICC Asset Management Xu Rong, Shanghai Guqu Zhao Zhen, Guohai Franklin Zhang Dengke, Ruiyuan Fund Cui Lin, Taiping Fund Wei Zhiyu, China National Offshore Fund Ma Tao and Bao Jianglin, Boshi Fund Chen Xi, Guoshou Asset Cui Xinyang, Taibao Asset Zhang Zhe and Wei Wei, Jingshun Great	The sales growth of electrical steel for energy vehicles, the impact of crude steel production policy, and rising raw material prices, etc	The details disclosed on the interactive platform on June 17, 2022.

				Wall Li Jianlin, Runhui Investment Jiang Yangjing, Rongtong Fund Zhao Yixiang, Zhu Min from Changxin Fund, Ma Rui from Changjiang Pension, He Xinzhi from Sunshine Asset, Wang Huixian from CITIC Securities (self operated), Pang Xinghua from Yanhang Investment, Ma Zhefeng from Heyong Investment (Beijing), Chen Yongqiang from Tailin Investment, Yang Liyuan from Jianxin Fund, Tong Wei from Huaxia Fund, Jiao Yun from Jiashi Fund, Gu Liping from Everbright Baode Trust, Fan Yaoyu from Shenzhen Qiyuan Wealth, Zhang Tingjian from Yingfeng Capital, Wei Hua from Yuanxin (Zhuhai) Private Equity Fund, and Li Xiang from Hangzhou Qianlu Investment, Chongyang Investment He Jianqing, Zhengyuan Investment Tang Zhe, Everbright Securities Dai Mo, Guotai Junan Li Pengfei, Wei Yudi, Wang Hongyu		
July 7, 2022	Conference room	Telephone Communication	Institution	Danshui Spring (Beijing) Investment Management Cao Yang, Guohua Xingyi Insurance Asset Management Co., Ltd. Han Dongwei, Guanfeng Asset Tang Zhe, Chongyang Investment He Jianqing, 3w Fund Liu Siming, Zhanbo Investment Xiao Bin, Leike Asset Management Guo Jiayi, Yinyou Asset Sun Jiaqi, China Merchants Securities Yue Hengyu, Tang Xiao	Competitive advantage of electrical steel products, impact of crude steel output policy, etc	The details disclosed on the interactive platform on July 8, 2022.
July 13, 2022	Conference room	Telephone Communication	Institution	Guohua Xingyi Insurance Asset Han Dongwei, Zhongcheng Automobile Insurance Yang Zhi, Dongwu Securities Research Institute Wang Qinyang	Electrical steel product future planning, technical barriers, automotive plate, galvanized plate orders, etc	The details disclosed on the interactive platform on July 14, 2022.
August 24, 2022	8:00am-12:00 am: Panorama Network studio (http://ir.p5w.net) 1:00pm-5:00p	Others	Others	8:00am-12:00am: Small and medium investors 1:00pm-5:00pm: Dai Mo, Shen Yuting, Fan Qin from Everbright Securities, Chen Qiwei	Explain the company's 2022 semi-annual performance and answer the questions concerned by investors	The details disclosed on the interactive platform on August 25, 2022.

	m: Conference room			from Guangfa Securities, Li Pengfei and Wang Hongyu from Guotai Jun'an, Fu Lianxi from Huatai Securities, Zhang Hao from Industrial Securities, Wang Jiechao and Guo Yanzhe from CITIC Securities, Yue Hengyu from China Merchants Securities, Lv Shicheng from Changjiang Securities, Liu Yaoqi, Wu Yuan, Song Hanqing from Zhongtai Securities, Zhao Yutian from Northeast Securities, Xu Xinzhe from China Europe Fund, Xu Rong from CICC Asset Management, and Zhang Zexun from China Canada Fund, Yu Lei from China Life Pension Insurance, Li Jianlin from Jingshun Great Wall, Huang Jingwen from Southern Fund, Zhang Zhe from Pacific Asset Management, Li Weifeng from Pengyang Fund, Yao Xuzeng from Guangfa Fund, Lu Heng from Huabao Fund, Wang Xiaodan from Hua'an Fund, Han Dongwei from Guohua Xingyi Insurance, Han Chenhao from Fuguo Fund, Hu Xiao from Dongzheng Asset Management, Chen Lirui and Zhang Baiyang from ICBC Credit Suisse, Gong Runhua from Boshi Fund etc.		
October 28, 2022	8:00am-12:00 am: Panorama Network studio (http://ir.p5w.net) 1:00pm-5:00pm: Conference room	Others	Others	8:00am-12:00am: Small and medium investors 1:00pm-5:00pm: Dai Mo and Liu Na from Everbright Securities, Ma Ye from Zhejiang Securities, Li Pengfei and Wang Hongyu from Guotai Junan, Yue Hengyu from China Merchants Securities, Su Xiaojie from CITIC Securities, Wang Le and Chen Qiwei from Guangfa Securities, Liu Yaoqi from Zhongtai Securities, Hu Xiao from Dongfang Securities, Luo Weiyu from Changjiang Securities, Zhao Liming and Zhao	Explain the company's performance in the first three quarters of 2022 and answer investors' questions	The details disclosed on the interactive platform on October 31, 2022.

				Yutian from Northeast Securities, Xu Rong from CICC Asset Management, Chen Lirui from ICBC Credit Suisse, Guo Chen from Dice Investment, Zhao Jun from Shanghai Shangjin Investment, and Gao Yunfei from Capital Management, Taikang Pension Insurance Bi Yunpeng and Xu Dong etc.		
December 28, 2022	Conference room	Telephone Communication	Institution	Analysts and institutional investors such as Huitianfu Fund, Danshui Spring (Beijing) Investment Management Co., Ltd., Bank of China Fund, Hengyue Fund, Qushi Asset Management, Zhonghe Capital, Teda Hongli Fund, Beijing Jingxi Venture Capital Fund Management Co., Ltd., Fidelity Funds, China Post Securities, Changjiang Securities, Huachuang Securities, CITIC Securities, etc	Electrical steel production situation, future supply and demand situation, automobile plate output situation, etc	The details disclosed on the interactive platform on December 30, 2022.
December 29, 2022	Conference room	Telephone Communication	Institution	Analysts and institutional investors such as Huitianfu Fund, Danshui Spring (Beijing) Investment Management Co., Ltd., Bank of China Fund, Hengyue Fund, Qushi Asset Management, Zhonghe Capital, Teda Hongli Fund, Beijing Jingxi Venture Capital Fund Management Co., Ltd., Fidelity Funds, China Post Securities, Changjiang Securities, Huachuang Securities, CITIC Securities, etc	Electrical steel production situation, future supply and demand situation, automobile plate output situation, etc	The details disclosed on the interactive platform on December 30, 2022.

Section IV. Corporate Governance

I. Information of corporate governance

In accordance with the Company Law of People's Republic of China, the Securities Law of People's Republic of China, the Code of Corporate Governance for Listed Companies, Self-regulatory Guide for Listed Companies of Shenzhen Stock Exchange No. 1 - Business Management, the Articles of Association and other applicable regulations and laws, the Company establishes a sound internal control system, actively promotes the improvement of corporate governance structure, continuously deepens standardized operation, improves the level and quality of corporate governance, innovates interactive communication channels, maintains good investor relations, and protects the legitimate rights and interests of the Company and all shareholders

According to the Articles of Association and Rules of Procedures of the General Shareholders Meeting, the Board of Directors, the Supervisory Committee, the company organizes the General Shareholders Meeting, the meeting of director board, and the meeting of supervisory committee. Directors and supervisors are assiduous and dutiful, complying with the applicable rules and regulations, diligently safeguarding the lawful rights and interests of the company and its all shareholders. The management regularly operates the company, and faithfully abide by the rules of internal system. In accordance with the relevant regulations such as the Listing Rules of Shenzhen Stock Exchange, the Company perform the duty of information disclosure, and guarantee the truthiness, accuracy and completeness of the prepared information, without any false record, misleading or major omission.

During the reporting period, the Company did its corporate governance work in the following aspects: First, the articles of Association shall be amended according to the fact that issuance of shares to purchase assets leads to an increase in the total share capital. Second, according to operational needs, the Company has formulated 48 systems such as Authorization Management System of the Board of Directors to Managers and Compliance Management System and revised 78 systems such as Rules of Procedure of the Board of Directors Fund Management System. Thirdly, in response to business adjustments and system updates, the Company organised internal control self-evaluation in conjunction with the Risk Control Process Manual and the Risk Control Evaluation Manual. Fourthly, the company carries out the construction of compliance management system centering on organizational responsibilities, risk identification, system construction and operation mechanism, and establishes a three-database business management mode guided by risk management and promoted with the "compliance obligation list database" as the core. The contract legal audit rate and system compliance audit rate have achieved 100%, and no major compliance risk has occurred. Finally, in accordance with the Articles of Association, the Rules of Procedure for General Meetings and relevant regulations, the General Meetings were held by way of "on-site + online voting" to ensure that the matters submitted to the General Meetings for consideration and approval were in compliance with the law.

As at the end of the reporting period, the Company has 529 systems, among which 516 systems are formulated and implemented by the company and 13 systems are forwarded to the government and regulatory authorities

Whether there are material differences between the actual state of corporate governance and the regulatory documents issued by the CSRC on the governance of listed companies.

Yes No

There is no material difference between the fact of corporate governance and the regulations for listing companies required by the CSRC.

II. Independence of the Company from the controlling shareholder and actual controller in terms of assets, personnel, finance, organization, business

The Company has established a corporate governance structure that conforms to the characteristics of the iron and steel industry process, supports the strategic development of the enterprise, and ADAPTS to the company's operation and production, and plans and operates in strict accordance with the law. The company and the controlling shareholders remain completely independent in business, personnel, assets, institutions, finance and other aspects. The company has a complete procurement, production, marketing and operation management system, product research and development institutions and personnel are complete, and has the ability of independent production and operation.

1. Business: The Company has a complete raw fuel procurement, product manufacturing, product marketing and management system, an independent business system, conducts its business independently, operates independently and bears its own risks.

2. Personnel: The Company has a complete human resources management system, which operates independently and has a sound and effective system. The directors and supervisors of the Company are elected in accordance with the statutory approval procedures such as shareholders' meetings or corresponding democratic elections; senior management personnel are appointed or dismissed by the Board of Directors, and there are no irregularities in their concurrent positions with controlling shareholders and related parties.

3. Assets: The Company has a production system and its supporting facilities that are independent of the controlling shareholder and its related parties. The Company's assets are independent and complete, with clear ownership.

4. Institutions: The Company has a general meeting of shareholders, the board of directors, the board of supervisors, managers and other corporate governance structure, a complete organizational system, independent operation, independent exercise of power. And there is no subordinate relationship with the controlling shareholder and its related parties.

5. Financial: The Company has an independent financial management department, equipped with full-time financial personnel, with a complete internal financial accounting and management system and perfect financial management system, which is sound and capable of making independent financial decisions, and the Company is independently and legally subject to taxation.

III. Horizontal competition

√ Applicable □ Not applicable

Type	Type of association with the Company	Name of controlling shareholder	Nature of controlling shareholder	Causes	Solutions	Work progress and follow-up plan
Competition in the same industry	The controlling shareholder	Shougang Group Co., Ltd.	Local SASAC	<p>Since the listing of the Company, there has been inter-sector competition and connected transactions resulting from the partial conversion to listing.</p>	<p>1. Shougang Group undertakes in respect of measures to resolve inter-sector competition and avoid inter-sector competition after the First Reorganisation</p> <p>(1) Except for the situation of inter-sector competition existing prior to the date of this Letter of Undertaking, if the Company obtains opportunities for acquisition, development and investment in the same or similar business as Shougang Co., the Company will immediately notify Shougang Co and offer them to Shougang Co for selection on a priority basis and make its best efforts to make such business opportunities available for transfer to Shougang Co.</p> <p>(2) In integrating and operating existing steel assets not yet transferred to Shougang Co., the Company will select the appropriate platform and means to achieve resource integration in a manner that is conducive to the future transfer to Shougang Co. and will not include provisions in the relevant agreements or arrangements with partners or third parties that restrict or prohibit the injection of such assets or businesses into Shougang Co.</p> <p>(3) The Company will, as far as possible, safeguard the normal operation and profitability of the existing steel assets not injected into Shougang Co. and ensure that the aforesaid assets and businesses do not fall into operational difficulties due to the Company or other circumstances that prevent the ultimate injection into Shougang Co. or render such injection legally impeded.</p> <p>(4) Each commitment made by the Company in eliminating or avoiding competition in the same line of business shall also apply to other enterprises under the direct or indirect control of the Company other than Shougang Co. and its subsidiaries, and the Company is obliged to supervise and ensure that the other subsidiaries of the Company implement the arrangements for each of the matters described in this document and strictly comply with all the commitments.</p> <p>2. As approved by the second extraordinary general meeting of the Company for 2018 on 27 December 2018, Shougang Group undertakes to:</p> <p>(1) According to the development plan of Shougang's steel industry, Shougang shares will serve as the sole platform for the development and integration of Shougang Group's steel and upstream iron ore resources industries in the PRC, and ultimately realise the overall listing of Shougang Group's steel and upstream iron ore resources businesses in the PRC.</p> <p>(2) In the event that Shougang Group's other companies engaged in steel operations and production further optimise and adjust their product structure through active implementation of national industrial policies and environmental protection requirements, and achieve profits for three consecutive years, and that the overall situation of the industry does not fluctuate significantly, Shougang Group will, in accordance with the requirements of securities laws and regulations and industry</p>	<p>In December 2021, Shougang Co., Ltd. and Shougang Group signed the "Management Service Agreement between Shougang Group Co., Ltd. And Beijing Shougang Co., Ltd. On The Affiliated Enterprises of Shougang Group Co., Ltd. ". Shougang Co., Ltd. provides management services for a total of 14 target enterprises in the steel sector of Shougang Group. Shougang shares will continue to negotiate with Shougang Group and actively promote the follow-up work in accordance with the commitment to resolve horizontal competition.</p>

Type	Type of association with the Company	Name of controlling shareholder	Nature of controlling shareholder	Causes	Solutions	Work progress and follow-up plan
					policies, initiate a process including but not limited to acquisition, merger, restructuring and other means in the interests of shareholders of the listed company The injection of relevant high-quality assets into Shougang will be completed within 36 months after the commencement of the relevant matters.	

IV. General shareholders' meetings and extraordinary shareholders' general meeting during the reporting period

1. Information on the general shareholders meeting

Sessions	Type	Investor participation ratio	Date	Date of Disclosure	Conference resolution
2022 First Extraordinary General Meeting	Extraordinary General Shareholders Meeting	81.73%	March 18, 2022	March 19, 2022	Please refer to the company announcement on the disclosure date of the meeting resolution
2021 Annual General Meeting	Annual General Shareholders Meeting	83.64%	June 29, 2022	June 30, 2022	Please refer to the company announcement on the disclosure date of the meeting resolution
2022 Extraordinary Meeting	Second General Meeting	83.35%	September 09, 2022	September 10, 2022	Please refer to the company announcement on the disclosure date of the meeting resolution
2022 Extraordinary Meeting	Third General Meeting	27.96%	November 15, 2022	November 16, 2022	Please refer to the company announcement on the disclosure date of the meeting resolution
2022 Extraordinary Meeting	Fourth General Meeting	83.98%	December 23, 2022	December 24, 2022	Please refer to the company announcement on the disclosure date of the meeting resolution

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

Applicable Not applicable

V. Directors, Supervisors, Senior Management

I. General information

Name	Post	Status of employment	Gender	Age	Start date of term	End date of term	Number of shares held at the beginning of the period	Number of shares increased in the current period	Number of shares reduced in the current period (shares)	Other changes	Number of shares held at the end of the period	Reasons for changes in the increase or decrease of shares
Zhao Mingge	Chairman	Incumbent	Male	56	2022/12/23	2025/12/22	0	0	0	0	0	
Liu Jianhui	Director	Incumbent	Male	57	2022/12/23	2025/12/22	290,000	0	0	0	290,000	
Zeng Li	Director	Incumbent	Male	51	2022/12/23	2025/12/22	290,000	0	0	0	290,000	
Li Jiantao	Director	Incumbent	Male	44	2022/12/23	2025/12/22	0	0	0	0	0	
Ye Lin	Independent director	Incumbent	Male	59	2022/12/23	2025/12/22	0	0	0	0	0	
Gu Wenxian	Independent director	Incumbent	Male	61	2022/12/23	2025/12/22	0	0	0	0	0	
Yu Xingxi	Independent director	Incumbent	Male	64	2022/12/23	2025/12/22	0	0	0	0	0	
Liu Shen	Independent director	Incumbent	Male	47	2022/12/23	2025/12/22	0	0	0	0	0	
Peng Feng	Independent director	Incumbent	Male	43	2022/12/23	2025/12/22	0	0	0	0	0	
Sun Yi	Supervisory board chairman	Incumbent	Male	57	2022/12/23	2025/12/22	0	0	0	0	0	
Guo Liyan	Supervisory	Incumbent	Female	47	2022/12/23	2025/12/22	0	0	0	0	0	
Chang Haiyu	Supervisory	Incumbent	Female	38	2022/12/23	2025/12/22	0	0	0	0	0	

Name	Post	Status of employment	Gender	Age	Start date of term	End date of term	Number of shares held at the beginning of the period	Number of shares increased in the current period	Number of shares reduced in the current period (shares)	Other changes	Number of shares held at the end of the period	Reasons for changes in the increase or decrease of shares
Wang Xingtao	Employee representative supervisor	Incumbent	Male	44	2022/12/23	2025/12/22	0	0	0	0	0	
Qu Erlong	Employee representative supervisor	Incumbent	Male	41	2022/12/23	2025/12/22	0	0	0	0	0	
Liu Jianhui	General manager	Incumbent	Male	57	2022/12/23	2025/12/22	0	0	0	0	0	
Zhang Binglong	Vice general manager	Incumbent	Male	46	2022/12/23	2025/12/22	232,000	0	0	0	232,000	
Li Baizheng	Chief accountant	Incumbent	Male	57	2022/12/23	2025/12/22	261,000	0	0	0	261,000	
Sun Maolin	Vice general manager	Incumbent	Male	46	2022/12/23	2025/12/22	261,000	0	0	0	261,000	
Li Jingchao	Vice general manager	Incumbent	Male	57	2022/12/23	2025/12/22	261,000	0	0	0	261,000	
Chen yi	Vice general manager/ secretary of the Board	Incumbent	Male	55	2022/12/23	2025/12/22	261,000	0	0	0	261,000	
Xie Tianwei	Vice general manager	Incumbent	Male	41	2022/12/23	2025/12/22	203,300	0	0	0	203,300	
Wang Kai	Vice general manager	Incumbent	Male	40	2022/12/23	2025/12/22	203,000	0	0	0	203,000	
Qiu Yinfu	Director	Dismissed	Male	55	2019/12/23	2022/08/16	290,000	0	0	0	290,000	
Wu Dongying	Director	Dismissed	Male	59	2019/12/23	2022/12/22	0	0	0	0	0	
Yin Tian	Independent director	Dismissed	Male	68	2019/12/23	2022/1/6	0	0	0	0	0	
Yang Mulin	Supervisory	Dismissed	Male	51	2019/12/23	2022/12/22	0	0	0	0	0	
Cui Aimin	Employee representative supervisor	Dismissed	Female	54	2021/7/7	2022/12/22	0	0	0	0	0	
Peng Kaiyu	Vice general manager	Dismissed	Male	42	2019/12/23	2022/08/05	261,000	0	0	0	261,000	
Li Ming	Vice general manager	Dismissed	Male	48	2019/12/23	2021/10/20	261,000	0	0	0	261,000	
Ma Jiayi	Chief engineer	Dismissed	Male	59	2019/12/23	2022/10/20	0	0	0	0	0	
Total	--	--	--	--	--	--	3,074,300	0	0	0	3,074,300	--

During the reporting period, did any directors and supervisors resign and was any members of the senior management dismissed during their term of office

√ Yes □ No

For details, please refer to "Changes in directors, supervisors and senior manager".

Changes in directors, supervisors and senior manager

√Applicable □Not applicable

Name	Post	Type	Date	Reason of changes
Qiu Yinfu	Director	Dismissed	2022/08/16	Resignation upon transfer of work
Wu Dongying	Director	Dismissed	2022/12/22	Resignation upon expiration of term
Yin Tian	Independent director	Dismissed	2022/01/06	Resignation upon expiration of term
Yang Mulin	Supervisory	Dismissed	2022/12/22	Resignation upon expiration of term
Cui Aimin	Employee representative supervisor	Dismissed	2022/12/22	Resignation upon expiration of term
Peng Kaiyu	Vice general manager	Dismissed	2022/08/05	Resignation upon transfer of work
Li Ming	Vice general manager	Dismissed	2022/10/20	Resignation upon transfer of work
Ma Jiayi	Chief engineer	Dismissed	2022/10/20	Resignation upon transfer of work

II. Current position

Professional background, main work experience and main responsibilities of the current board members, supervisors, and senior manager of the Company

A. Board members

1. Zhao Ming: The chairman of the Company, the professor-level senior engineer, being a PhD of Engineering with doctoral education. The major employment history of Mr. Zhao is as follows: a teacher of mining and metallurgy department of Beijing Iron and Steel College; a deputy director of teaching section of educational division, a deputy director (in charge of daily routine) of educational division, the vice president of the college; a deputy director of Shougang Training Centre; a deputy director of Shougang Ironmaking Factory; a deputy director of the No.2 Ironmaking Plant of Shougang Co.; the secretary of CPC Committee of Beijing Shougang Oxygen Factory; a director of Shougang Training Center (Training Department); the head (first vice president of the Institute) of Technical Quality Department (Technical Research Institute, Xingang Technical Quality Department); a deputy secretary of CPC Committee and deputy general manager of Xingang Co.; a member of the board and general manager of Shougang Changzhi Steel&Iron Co., Ltd.; a director and general manager of Shougang Changzhi Steel&Iron Co., Ltd. (assistant level of the headquarter); the assistant of general manager of Shougang Corporation, the deputy chief engineer and president of Shougang Technology Research Institute; later, concurrently, the deputy secretary of the CPC Committee and executive deputy general manager of Shougang Jingtang United Iron&Steel Co., Ltd.; a standing member of CPC Committee, director, vice general manager of Shougang Co., at the same time, appointed as the director of Beijing Shougang Co., Ltd. and Shougang Jingtang United Iron & Steel Co., Ltd. In addition, Mr. Zhao also is a standing member of CPC Committee, director, vice general manager of Shougang Group. Mr. Zhao served as Chairman of Beijing Shougang Co., Ltd. Also, Mr. Zhao is the deputy secretary of the Party, the director and the general manager of Shougang Group.

2. Liu Jianhui: The director and general manager of the Company, the professor-level senior engineer, being a master of engineering with postgraduate education. The major employment history of Mr. Liu is as follows: a professional in the steel-making section of Beigang Technology Office and deputy director of the steel-making inspection station; a student of Lugou Engineering School of Shougang; a deputy director of the No.1 Steel-making Plant of Shougang and director of the Shougang' Research Institute; the chief engineer, technical assistant of factory manager and technical section director of the No.2 Steelmaking Plant of Shougang and director of the Research Institute; a technical assistant of the factory manager and director of the technical section and technical deputy director of the No.2 Steel-making Plant of Shougang Corporation; a deputy director of the No.2 Steelmaking Plant of Beijing Shougang Co., Ltd.; the assistant of general manager and head of steelmaking department of Shouqin Co.; the assistant of general manager and deputy general manager of Qiangang Co.; the deputy general manager (acting general manager) and general manager of sales company of Shougang Corporation; the deputy secretary of CPC Committee, general manager and director of marketing management department of Shougang Co.; the deputy secretary of CPC Committee of Shougang Co., director, general manager and director of marketing management department; the deputy secretary of CPC Committee, director and general manager of Shougang Co., concurrently served as secretary of CPC Committee and director of Jingtang Co. At present, Mr. Liu is the secretary of CPC Committee, director and general manager of Beijing Shougang Co., Ltd.

3. Zeng Li: The director of the Company, the senior engineer, being a master of engineering with postgraduate education. The major employment history of Mr. Zeng is as follows: Mr. Zeng used to be a technician, head of technical section, deputy chief of technical section, deputy chief of technical section (in charge of work), chief of technical section and deputy director of steelmaking workshop of Shougang No. 3 Steelmaking Plant, director of No. 2 Steelmaking Plant of the Company, director and Secretary of General Party Branch of Qiangang Co., director of the Second Steelmaking Plant of the Company, director of the Steelmaking Branch of Qiangang Co., Secretary of the General Party Branch and Deputy Director of the Steelmaking Operation Department of Jingtang Co., assistant to the general manager and director of the steelmaking plant of Tangshan Shougang Baoye Iron and Steel Co., Ltd., director of the Second Steelmaking plant of the Company, deputy director of the steelmaking Operation Department of Jingtang Co., deputy chief engineer and director of the chief Engineer's Office (Chief Engineer's Office of Beijing Shougang New Steel Company) of Shougang Corporation, Director of the deputy chief Engineer and chief Engineer's Office of Shougang Corporation (Beijing Shougang New Steel Company Chief Engineer's Office), director of the manufacturing Department of Jingtang Co., deputy chief engineer of Shougang Corporation and director of the Manufacturing Department of Jingtang Co., deputy chief engineer of Shougang Corporation, deputy general manager of Jingtang Co., deputy chief engineer of Shougang Corporation, director and deputy general manager of Jingtang Co., director and deputy general manager of Jingtang Co., deputy Secretary of the Party Committee, director and general manager of Jingtang Co. At present, Mr. Zeng is currently a director of Beijing Shougang Co., Ltd., Secretary of the Party Committee and Chairman of Jingtang Co.

4. Li Jiantao: The director of the Company, the intermediate economist with Bachelor's Degree. The major employment history of Mr. Li is as follows: Mr. Li used to be a member of Finance Department of Baosteel Group Shanghai No. 1 Iron and Steel Co., Ltd., a member of Finance Department of Shanghai No. 1 Iron and Steel Co., Ltd., a member of asset Management Section, Deputy Director of Finance Department and Deputy Director of Finance Department of Baosteel Group Shanghai No. 1 Iron and Steel Co., Ltd., a deputy director of Finance Department and Deputy Director of Transportation Reform Department of Baosteel Group Shanghai No. 1 Iron and Steel Co., Ltd., Senior Manager of expense Management of Operating Finance Department of Baosteel Group (Head Office), Senior Manager of expense Management of Operating Finance Department of China Baowu Iron and Steel Group Co., L Ltd., Senior Manager of Fund Management of Finance Department of China Baowu Iron and Steel Group Co., L Ltd., and Fund Director of Finance Department of China Baowu Iron and Steel Group Co., Ltd. Currently, Mr. Li is director of capital Operation Department and Capital Operation Center of China Baowu Iron and Steel Group Co., Ltd., and director of Beijing Shougang Co., Ltd.

5. Ye Lin: independent director, professor and doctoral supervisor, doctor in law, Ye Lin was serving Law School of Renmin University of China (hereinafter "RUC") as an assistant, lecturer, associate professor and professor, successively. At present, he is the director, professor and doctoral supervisor of Civil & Commercial Law Teaching and Research Agency of RUC Law School. He is also an independent director of China Life Asset Management Co., Ltd., an independent director of Founder Securities Co., Ltd., and

a part-time lawyer of Beijing Shengang Law Firm. Major part-time jobs include: the vice president of China Commercial Law Society under China Law Society, the vice president of Civil and Commercial Law Society under Beijing Law Society, the president of Beijing Consumer Rights Protection Law Society; a legislative consultant of Financial and Economic Affairs Committee of the National People's Congress of PRC, a consultant of drafting group to Futures Law, a consultant of Administrative Punishment Committee of CSRC, a consumer rights protection social supervisor of China Insurance Regulatory Commission, a consultant of the Legal Professional Committee of the Insurance Society of China, a member of the Advisory Committee of Beijing High People's Court, a consultant of the Company Law Committee of China Lawyers Association, a consultant of the Company Law Committee of Beijing Lawyers Association, a member of the Professional Committee of Shanghai Stock Exchange and China Financial Futures Exchange, an arbitrator and expert of the Advisory Committee of China International Economic and Trade Arbitration Commission. Ye Lin serves Shougang Co. as an independent director from 26 December, 2017.

6. Gu Wenxian: The independent director of the Company, a senior accountant and Certified Public Accountant in China with bachelor's degree. He used to be a teacher of Shanghai Railway Medical College, a teacher of Shanghai Fisheries University, a senior manager of Dahua Certified Public Accountants LLP, a senior manager of Ernst & Young Da Hua Certified Public Accountants, and a member of the first, second and third mergers and acquisitions Committee of China Securities Regulatory Commission. Mr. Gu is now a senior partner and director of BDO China Shu Lun Pan Certified Public Accountants LLP. Gu Wenxian serves Shougang Co. as an independent director from 20 December, 2021.

7. Yu Xingxi: The independent director of the Company, a senior accountant with master's degree of Management. He used to be a soldier of recruit Company 1 of 46 Regiment of 10th Railway Division, a soldier of logistics service Agency of New Management Department of 10th Railway Division, a soldier of Finance Department of New Management Department of Qinghai-Tibet Line of Railway soldier, an assistant of finance Department (platoon) of New Management Department of Qinghai-Tibet Line of Railway soldier, a director of the 4th police Station (deputy company) of New Management Department of Qinghai-Tibet Line of Railway soldier, an accountant of finance Department (deputy battalion) of new Management Department of Qinghai-Tibet Line of Railway soldier, Accountant of Finance Department of New Management Department of Railway 10 Division, member of Finance Department (Deputy section) of New Railway Transportation Department of Railway 20 Bureau, Deputy chief of Planning and Statistics Department and Deputy chief of Finance Department of Railway 20 Bureau 5, Deputy Chief and chief of Finance Department of Construction Engineering Department of Railway 20 Bureau, Deputy chief Accountant of Construction Engineering Department of Railway 20 Bureau, Deputy chief accountant and accountant of Construction Engineering Department of Railway 20 Bureau, Chief Accountant and accountant of Construction Department of Railway 20 Bureau, Chief Accountant and senior accountant of Finance Department of China Railway Construction Corporation, Deputy Minister of Finance Department of China Railway Construction Corporation, Director of Capital Settlement Center and senior accountant of China Railway Construction Corporation, Manager and Senior meeting of Investment Department of China Railway Construction Corporation, Minister and senior meeting of Finance Department of China Railway Construction Corporation, Director of Finance Department and senior Accountant of China Railway Construction Corporation Limited, Secretary of the Board of Directors, joint secretary of the Company, press spokesperson and senior accountant of China Railway Construction Corporation Limited. He is currently the secretary general of Beijing Association of Listed Companies, independent director of Ruitai Technology Co., Ltd., independent director of Beijing Kerui International Co., Ltd., and independent director of Sinopharm Pharmaceutical Co., Ltd. He has been an independent director of Beijing Shougang Co., Ltd. since December 23, 2022.

8. Liu Shen: The independent director of the Company with doctor's degree. The major employment history of Mr. Liu is as follows: Once served as an employee of the real estate credit department of Shanghai Branch of China Construction Bank, assistant manager, manager and senior manager of the listed company Department of Shanghai Stock Exchange, executive manager and assistant director of the office of Shanghai Stock Exchange, assistant director of the second Supervision Department of listed company of Shanghai Stock Exchange, deputy director of the issuance and listing business center of Shanghai Stock Exchange and member Department of Shanghai Stock Exchange Deputy director. During the period, Mr. Liu worked in the issuance Supervision Department of China Securities Regulatory Commission (CSRC), and is a member of the 16th main board stock issuance examination committee of CSRC. At present, Mr. Liu is the vice general manager of Shanghai Xinfugang Real Estate Development Co., Ltd., an independent director of Shanghai Kangheng environment Co., Ltd. (unlisted company) and an independent director of Guizhou Guotai Liquor Co., Ltd. (unlisted company). Mr. Liu serves as an independent director of Beijing Shougang Co., Ltd. since 23 June 2020.

9. Peng Feng: The independent director of the Company, a professor level senior engineer with master's degree. The major employment history of Mr. Peng is as follows: Mr. Peng once served as assistant engineer, engineer and deputy director of Smelting raw materials department of Metallurgical Industry Planning and Research Institute, chief designer and vice director of smelting raw materials department of Metallurgical Industry Planning and Research Institute, chief designer and director of smelting raw materials department of Metallurgical Industry Planning and Research Institute. At present, Mr. Peng is vice chief engineer and chief designer of Metallurgical Industry Planning and Research Institute, director of smelting raw materials department, vice chairman of ferroalloy branch of China Society for metals, and executive deputy secretary of Zhongguancun Stainless Steel and Special Alloy New Material Industry Technology Innovation Alliance. Mr. Peng serves as an independent director of Beijing Shougang Co., Ltd. since 23 June 2020.

B. Supervisors

1. Sun Yi: The chairman of supervisory Board of the Company, a senior economist with doctor's degree of Economics. The major employment history of Mr. Sun is as follows: A cadre of machinery workshop of Changchun Bus Factory in Jilin Province, a research secretary in the factory director's office, a staff member, section member, deputy director section member of Jilin Provincial Labor Department labor Management Office, a deputy director of the First General Affairs Department, a director of the first General Affairs Department, chief secretary of the secretariat and deputy secretary of the Secretariat of jilin Provincial Government general Office, Director, deputy general manager, chairman of the trade union, standing member of the Party Committee, secretary of the Discipline inspection Commission and Secretary of the Party Committee of Tonghua Iron & Steel Co., Ltd. Mr. Sun is currently the Director of the Work Office of the Supervisory Board of Shougang Group Co., Ltd., and the Chairman of the Supervisory Board of Beijing Shougang Co., Ltd.

2. Guo Liyan: The supervisor of the Company, a senior accountant with master's degree. The major employment history of Mrs. Guo is as follows: She has served as a member of finance Department of Machinery Factory of Shougang Mechanical and Electrical Company, auditor of Audit Office of Shougang Mechanical and Electrical Company, chief of Finance Department of Hydraulic Center of Shougang Mechanical and Electrical Company, Deputy Director of Fund Department of Finance Department of Shougang Mechanical and Electrical Company, Deputy Director of Cost Department of Finance Department of Shougang Mechanical and Electrical Company, Deputy station chief of financial dispatch station of Technical Research Institute of Finance Department of Shougang Mechanical and Electrical Company, Deputy Director of Audit Division I (in charge of work) of the Audit Department of Shougang Corporation, Assistant Director and Deputy Director of the Audit Department of Shougang Corporation, Director of the audit Department of Shougang Corporation and supervisor of Beijing Shougang Co., Ltd. Mrs. Guo is the current director of audit department of Shougang Group and the current supervisor of Shougang Co.

3. Chang Haiyu: The supervisor of the Company, an intermediate economist with master's degree. The major employment history of Mr. Chang is as follows: He used to be senior manager of Financing Management Department of Beijing State-owned Capital Operation Management Co., Ltd., senior manager of key Account Department of head office of Zheshang Bank Co., Ltd., and assistant to general manager of Capital Operation Department of Beijing Financial Holding Group Co., Ltd. Currently, he is the investment director of Beijing Jingguorui Equity Investment Fund Management Co., Ltd., and the supervisor of Beijing Shougang Co., Ltd.

4. Wang Xingtiao: The employee representative supervisor of the Company, a senior marketer with bachelor's degree. The major employment history of Mr. Wang is as follows: He used to be a member of supply and Marketing Department of Shougang First-line material Factory, a salesman of Sales Department of high-quality Profile Sales Department of Shougang Sales Company, a researcher of price Management Department of Marketing Management Department of Shougang Sales Company, a deputy chief of price Management Department of Marketing Management Department of Shougang Sales Company (probation period of one year), a deputy chief of price Management Department of Marketing Management Department of Shougang Sales Company, and a professional manager of marketing Management Department of Marketing Management Department. Currently, he is the professional manager of marketing Office of Marketing Management Department of Marketing Center and the employee representative supervisor of Beijing Shougang Co., Ltd.

5. Qu Erlong: The employee representative supervisor of the Company, a senior marketer with bachelor's degree. The major employment history of Mr. Qu is as follows: Mr. Qu worked as a worker in Shougang High-speed Wire Mill, Shougang Equipment Maintenance Center, Qiangang Co. Equipment Maintenance Center, Qiangang Company Equipment Maintenance Center, Beijing Shougang Co., Ltd. Equipment Department, hot-rolling Operation Department.

C. Senior manager

1. Liu Jianhui: The director and general manager of the Company, a professor-level senior engineer with master's degree of engineering. The major employment history of Mr. Liu is as follows: a professional in the steel-making section of Beigang Technology Office and deputy director of the steel-making inspection station; a student of Lugou Engineering School of Shougang; a deputy director of the No.1 Steel-making Plant of Shougang and director of the Shougang' Research Institute; the chief engineer, technical assistant of factory manager and technical section director of the No.2 Steelmaking Plant of Shougang and director of the Research Institute; a technical assistant of the factory manager and director of the technical section and technical deputy director of the No.2 Steel-making Plant of Shougang Corporation; a deputy director of the No.2 Steelmaking Plant of Beijing Shougang Co., Ltd.; the assistant of general manager and head of steelmaking department of Shouqin Co.; the assistant of general manager and deputy general manager of Qiangang Co.; the deputy general manager (acting general manager) and general manager of sales company of Shougang Corporation; the deputy secretary of CPC Committee, general manager and director of marketing management department of Shougang Co.; the deputy secretary of CPC Committee of Shougang Co., director, general manager and director of marketing management department; the deputy secretary of CPC Committee, director and general manager of Shougang Co., concurrently served as secretary of CPC Committee and director for Jingtang Co. At present, he is the secretary of CPC Committee, director and general manager of Beijing Shougang Co., Ltd.

2. Zhang Binglong: The deputy General Manager, a senior engineer with master's degree of engineering. The major employment history of Mr. Zhang is as follows: He used to be the prefurnace worker and professional of technical department of steelmaking workshop of Shougang No. 1 Steelmaking Plant, researcher and deputy sectional-level researcher of Chief Engineer Office of Shougang, professional engineer of Production technology Office of Jingtang Steelmaking Operation Department of Shougang, deputy director, Assistant minister, deputy minister and minister of steelmaking area, Party Secretary, Discipline Inspection Commission secretary, union chairman and minister of Jingtang Steelmaking Operation Department of Shougang. Secretary of the Party Committee and Minister of the Steelmaking Operation Department of Shougang Jingtang, Assistant to the general manager and Minister of the Manufacturing Department of Shougang Jingtang, Deputy Secretary of the Party Committee and Secretary of the Discipline Inspection Commission of Shougang Shuicheng Iron and Steel (Group) Co., Ltd., Deputy Secretary of the Party Committee of Beijing Shougang Co., Ltd. Deputy Secretary of the Party Committee and deputy General Manager of Beijing Shougang Co., Ltd.

3. Li Baizheng: The chief accountant of the Company, an accountant with bachelor's degree. The major employment history of Mr. Li is as follows: the planning controller of No.1 Steelmaking Factory; the dispatcher of production section, the planning controller of steelmaking workshop, the planning controller of production section, the chief controller of production section, the planner of production section, the director of billet area, the deputy director of production section, the director of finance and accounting section, planning person in charge of production and planning section, in No. 2 Steelmaking Factory; the deputy director and then director of finance and accounting department of Qiangang Co.; the director of finance and accounting department of Qiangang Co.; the chief accountant of Shougang Co. Li Baizheng is the current chief accountant of Shougang Co., the board member of Beijing Shougang Cold Rolling Co., Ltd. and Shougang Jingtang United Iron & Steel Co., Ltd.

4. Sun Maolin: The deputy general manager of the Company, an engineer with master's degree. The major employment history of Mr. Sun is as follows: when serving Shougang Medium and Heavy Plate Factory, a professional in the technical section, the deputy

secretary of CPC Branch and deputy director of hot rolling section, the secretary of CPC Branch of operation zone B, the deputy director of technical research section; the deputy director of technical section under technical quality division, an assistant to the director of technical quality division, the executive deputy director of silicon steel department, the standing deputy director of silicon steel department in Qiangang Co.; the executive deputy director and then director of silicon steel business department of Shougang Co.; the director of Silicon Steel Engineering Research Center; the secretary of CPC Committee and director of silicon steel business department, and an assistant to the general manager of Shougang Co.; the director of silicon steel business department. Sun is the current deputy general manager of Shougang Co. and director of Silicon Steel Engineering Research Center. He also serves Zhixin Co. as the executive director, Minmetals Special Steel (Dongguan) Co., Ltd. as the vice chairman of the board, and Minmetals Tianwei Steel Co., Ltd. as a director.

5. Li Jingchao: The deputy general manager of the Company, an engineer with bachelor's degree. The major employment history of Mr. Li is as follows: a milling worker of rail workshop in Shougang Middle-sized Factory; an electrician of electrical apparatus workshop in Shougang Power Factory; the person in charge of the Youth League Committee of Shougang Testing Branch; in Shougang No. 3 Steel Mill, the worker of steelmaking workshop, the administrative person in charge of the billet cast machine workshop, the production deputy director of power workshop, the director (leading roles of sections or equivalents) of power workshop, the director (leading roles of sections or equivalents) of spare parts section, the deputy director (leading roles of sections or equivalents) of mobile section, the deputy director (leading roles of sections or equivalents) of equipment section, the deputy director (leading roles of sections or equivalents) of equipment section and director (leading roles of sections or equivalents) of power workshop, the deputy director (leading roles of sections or equivalents) of equipment section; an assistant to the director, the deputy director, the director of equipment division and the director of equipment department of Qiangang Co.; an assistant to the general manager and the director of equipment department of Qiangang Co.; an assistant to the general manager of Qiangang Co.; an assistant to the general manager of Qiangang Co. and the secretary of CPC Committee and the director of equipment department of Shougang Co.; an assistant to the general manager of Qiangang Co.; an assistant to the general manager of Qiangang Co., and the secretary of CPC Committee and the director of equipment department of Shougang Co., the director of intelligent application department of Shougang Co.; an assistant to the general manager of Qiangang Co., and secretary of CPC Committee and the director of equipment department of Shougang Co. At present, Li Jingchao is the deputy general manager of Shougang Co., and concurrently vice chairman of Qian'an Sinochem Coal Chemical Industrial Co., Ltd. and the director of Qian'an China Petroleum Kunlun Gas Co., Ltd.

6. Chen Yi: The deputy general manager of the Company, and the board secretary of the Company, a senior economist with doctor's degree of Management. The major employment history of Mr. Chen is as follows: a professional in the mobile section, an assistant to the director of the maintenance workshop, the deputy director of the mobile section of Shougang Medium-sized Rolling Mill; the secretary of the CPC Committee office; a trainee of the overseas training course of Shougang University; the deputy director of the engineering division of the Jichai technical transformation leading group of Shougang; the deputy director of the Office (CPC Office) under the Shougang Economy & Trade Department; the deputy director of the board secretary office of Beijing Shougang Xinganglian Technology&Trade Co., Ltd.; the deputy manager of Shougang Marketing Co.; the deputy director of marketing management department, the deputy director of marketing management department and the person in charge of the board secretary office, in Shougang Co.; the board secretary and the director of the board secretary office of Shougang Co.; the general counsel, board secretary and director of the board secretary office of Shougang Co., and director of Cold-R Co. and Jingtang Co. At the end of the reporting report, Chen Yi was the deputy general manager, board secretary, general counsel of Shougang Co., and director of Cold-R Co. and Jingtang Co.

7. Xie Tianwei: The deputy general manager of the Company, a senior engineer with master's degree of Management. The major employment history of Mr. Xie is as follows: He used to be an intern of Shougang Medium thick Plate Factory, a member of Shougang 2160 preparatory Group, chief operation officer (seconded) of Operation Area A, chief operation officer of Operation Area A, director of production technology Office, assistant director of hot rolling operation Department, Assistant director of Production Department and deputy director of hot rolling Operation Department of Shougang Relocated Steel Company, Vice Minister of hot rolling Operation Department, Vice Minister of Production Department, Vice Minister of Manufacturing Department, Vice Minister of Manufacturing Department and Vice Minister of System Innovation Department, Vice Minister of Manufacturing Department and Director of Contract Planning Room of Marketing Center of Beijing Shougang Co., Ltd., Assistant to general manager of Marketing Center of Beijing Shougang Co., Ltd., director (director) of Contract Planning Office of Marketing Management Department, Deputy Director of Manufacturing Department of Beijing Shougang Co., Ltd. Deputy General manager of Beijing Shougang Co., Ltd.

8. Wang Kai: The deputy general manager of the Company, a senior engineer with master's degree of Management. The major employment history of Mr. Wang is as follows: He used to be deputy foreman of 1# blast furnace, deputy foreman of 2# blast furnace, chief foreman of 2# blast furnace, technician of 2# blast furnace, deputy foreman of 2# blast furnace operation area, chief operator of 1# blast furnace operation area (one-year probation), chief operator of 1# blast furnace operation area, assistant minister (temporary vice minister) and deputy minister (in charge of work) of Iron Making Division of Shouqin Company. Deputy Minister, Deputy minister (in charge of work) and minister of the Iron making Operation Department of Shougang Jingtang Company, assistant to the general manager and head of the Iron making Operation Department of Shougang Jingtang Company. Deputy General manager of Beijing Shougang Co., Ltd.

Employment at the shareholder of the Company

√Applicable □Not applicable

Name	Entity	Position in shareholder company	Start date of term	End date of term	Received remuneration from other entity (Y/N)
Zhao Minge	Shougang Group Co., Ltd.	Deputy secretary of the Party Committee, Director and General Manager	June 2020		Y
Sun Yi	Shougang Group Co., Ltd.	Executive director of the office of the board of supervisors	January 2021		Y

Name	Entity	Position in shareholder company	Start date of term	End date of term	Received remuneration from other entity (Y/N)
Guo Liyan	Shougang Group Co., Ltd.	Director of audit department	June 2017		Y
Li Jiantao	China Baowu Steel Group Corporation Ltd.	Capital Operation Department, Director of capital Operation of Industry and Finance Center	March 2021		Y
Chang Hiyu	Beijing Jingguorui Equity Investment Fund Management Co., Ltd.	Investment director	November 2011		Y
Notes to the position in the shareholders' company	None				

Position in other entity

Applicable Not applicable

Notes for any punishment from securities review and management authorities, on resigned or current directors, supervisors, and senior managers within the three years

Applicable Not applicable

II I . Remuneration of directors, supervisors and senior management

Decision making procedure, determination basis and actual payment of remuneration for directors, supervisors and senior managers:

Remuneration for directors: the independent directors of the Company collect the allowance of independent directors, and the allowance standard of independent directors is determined by the general meeting of shareholders; the director who concurrently serves as the general manager does not collect the remuneration of directors; director Qiu Yinfu collects remuneration in Jingtang Co., which is not the director remuneration; other directors do not collect remuneration from the Company.

Remuneration for supervisors: employee representative supervisors collect remuneration from the Company, while other supervisors do not collect remuneration from the Company. The employee representative supervisor shall be remunerated according to the position of non-supervisor in the Company.

Remuneration of senior management personnel: The remuneration and Appraisal Committee of the Board of Directors of the company shall, in accordance with the provisions, formulate the Distribution Measures for the Remuneration and Appraisal of the General Manager in 2022, and put forward the appraisal opinions, which shall be submitted to the annual board of Directors for deliberation and approval before implementation. The remuneration of the deputy general manager and other senior management personnel in 2022 shall be assessed and distributed by the general manager (and director) according to the completion of the work tasks of each senior management personnel including the deputy general manager as authorized by the board of directors.

Remuneration of directors, supervisors and senior management during the reporting period

Unit: RMB 0,000

Name	Position	Gender	Age	Status of employment	Total pretax remuneration received from the company	Whether to get remuneration from related parties of the company
Zhao Minge	Chairman	Male	56	Incumbent	0	Yes
Liu Jianhui	Director	Male	57	Incumbent	0	No
Zeng Li	Director	Male	51	Incumbent	12.52	No
Li Jiantao	Director	Male	44	Incumbent	0	Yes
Ye Lin	Independent director	Male	59	Incumbent	12	No
Gu Wenxian	Independent director	Male	61	Incumbent	12	No
Yu Xingxi	Independent director	Male	64	Incumbent	0	No
Liu Shen	Independent director	Male	47	Incumbent	12	No
Peng Feng	Independent director	Male	43	Incumbent	0	No
Sun Yi	Supervisory board chairman	Male	57	Incumbent	0	No
Guo Liyan	Supervisory	Female	47	Incumbent	0	No
Chang Haiyu	Supervisory	Female	38	Incumbent	0	Yes
Wang Xingtao	Employee representative supervisor	Male	44	Incumbent	0	No
Qu Erlong	Employee representative supervisor	Male	41	Incumbent	25.79	No
Liu Jianhui	General manager	Male	57	Incumbent	89.43	No
Zhang Binglong	Vice general manager	Male	46	Incumbent	8.83	No

Name	Position	Gender	Age	Status of employment	Total pretax remuneration received from the company	Whether to get remuneration from related parties of the company
Li Baizheng	Chief accountant	Male	57	Incumbent	80.83	No
Sun Maolin	Vice general manager	Male	46	Incumbent	81.01	No
Li Jingchao	Vice general manager	Male	57	Incumbent	81.45	No
Chen yi	Vice general manager/ secretary of the Board	Male	55	Incumbent	74.19	No
Xie Tianwei	Vice general manager	Male	41	Incumbent	7.78	No
Wang Kai	Vice general manager	Male	40	Incumbent	7.29	No
Qiu Yinfu	Director	Male	55	Dismissed	66.72	Yes
Yin Tian	Independent director	Male	68	Dismissed	0	No
Yang Mulin	Supervisory	Male	51	Dismissed	0	Yes
Cui Aimin	Employee representative supervisor	Female	54	Dismissed	23.62	No
Peng Kaiyu	Vice general manager	Male	42	Dismissed	57.48	No
Li Ming	Vice general manager	Male	48	Dismissed	75.73	No
Ma Jiayi	Chief engineer	Male	59	Dismissed	138.14	No
Total	--	--	--	--	866.81	--

VI. Performance of Directors during the reporting period

1. Board meetings during the reporting period

Meeting	Convening date	Disclosure date	Resolutions of meeting
The seventh meeting of the twelfth session of the Board	February 28, 2022	March 1, 2023	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The first Extraordinary General Meeting of the year 2022	March 31, 2023	April 1, 2023	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The seventh meeting of the thirteenth session of the Board	April 27, 2023	April 28, 2023	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The second Extraordinary General Meeting of 2022	May 20, 2022	May 21, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The seventh meeting of the fourteenth session of the Board	June 7, 2022	June 8, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The third Extraordinary General Meeting of shareholders in 2022	August 22, 2022	August 22, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The fourth Extraordinary General Meeting of shareholders in 2022	September 5, 2022	September 6, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The fifth Extraordinary General Meeting of shareholders of 2022	October 27, 2022	October 28, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The eleventh meeting of the fifteenth session of the Board	December 6, 2022	December 7, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The sixth Extraordinary General Meeting of shareholders of 2021	December 16, 2022	December 17, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The eighth meeting of the first session of the Board	December 23, 2022	December 24, 2022	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution

2. Attendance of Directors at Board meetings and general meetings

Attendance of Directors at Board meetings and general meetings							
Name of Directors	Number of attendance required for Board meetings during the reporting period	Attendance at Board meetings in person	Attendance at Board meetings by communication	Attendance at Board meetings by proxy	Absence from Board meetings	Absent from Board meetings twice in a row (in person)	Attendance at general meetings

Zhao Minge	11	4	7	0	0	No	4
Liu Jianhui	11	2	9	0	0	No	5
Zeng Li	4	0	4	0	0	No	2
Li Jiantao	1	0	1	0	0	No	1
Ye Lin	11	0	11	0	0	No	0
Gu Wenxian	11	0	11	0	0	No	0
Yu Xingxi	1	0	1	0	0	No	1
Liu Shen	11	0	11	0	0	No	0
Peng Feng	11	1	10	0	0	No	0
Qiu Yinfu	5	3	2	0	0	No	2
Wu Dongying	10	0	10	0	0	No	0

Explanation for absent from Board meetings twice in a row (in person)

Not applicable

3. Objections from Directors on related issues of the Company

Whether the directors raise any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

4. Other details about the performance of duties by Directors

Whether the directors' suggestions on the Company have been adopted

Yes No

Explanation on the adoption or non-adoption with related suggestions from the directors

Applicable Not applicable

VII. Special committees under the board of directors during the reporting period

Name of the committee	Member	Number of meeting convened	Convening date	Details of the meeting	Important opinion and advice	Other performance of duty	Details of objection (if any)
Strategic and Risk Management Committee	Composed by 5 directors, including 2 independent directors.	0				Independent directors express independent opinions in accordance with regulations	
Audit Committee	Composed by 3 independent directors.	2	February 28, 2022	Summary of communication between CPA and audit committee (independent director) before audit	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
			April 8, 2022	The communication letter between the CPA participating in the annual report and the independent directors and the audit committee of the board of directors after issuing preliminary audit opinions on the audit report of the company's financial final accounts in 2021	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
Remuneration and Assessment Committee	Composed by 3 independent directors.	1	April 8, 2022	Proposal on the general manager's salary cashing in 2021 and the salary and assessment distribution method in 2022	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
Nomination Committee	Composed by 3 directors, including 2 independent directors.	2				Independent directors express independent opinions in accordance with regulations	

VIII. Performance of duties by the supervisory committee

Whether the board of supervisors found any risks in the company during the supervision activities during the reporting period

Yes No

None of those issues under the supervision was objected by the supervisory committee during the reporting period.

IX. Personnel of the Company

1. Number of employees, professional composition and education background

Number of employees in the parent company	6,374
Number of employees in the main subsidiary	12,234
Total number of employees	18,608
Total number of employees receiving salary in the current period	18,608
Number of retired employees to be borne by parent company and main subsidiary	1,242
Professional composition	
Professional composition category	Number of professional composition
Production	12,619
Salesman	679
Technician	2,196
Finance	294
Administrative	2,329
Services and other	491
Total	18,608
Education background	
Type	Quantity
Master degree or above	1,497
Bachelor's degree	7,895
College	5,809
Vocational secondary and below	3,407
Total	18,608

2. Remuneration policies

The middle-level employees of the company implement the annual salary system, and the annual salary structure includes three parts: basic annual salary, performance annual salary and term incentive. The basic salary is paid monthly. The performance bonus links to the performing duty monthly or annually, and is distributed monthly and annually in terms of the Responsible Agreement of Business Objectives. After performance appraisal at the end of employment term according to the Responsible Agreement of Objective during The Employment Term, the incentives bonuses to employment term will be afforded flowing the assessment results.

The salary system of front-line and blow staff is composed of occupation salary and benefit salary. The occupation salary is influenced by the attendance, and the benefit salary is distributed as the monthly performance on the duty.

3. Training program

In accordance with the national and Beijing Municipal Vocational Skills Improvement action plan, combined with the overall requirements of the construction of the workforce, Qianshun Base and Zhixin Co. take quality improvement, ability training and talent value-added as the core, adhere to the combination of theory and practice, learning and summary, and establish the "voyage" development system for the whole life cycle career of high-potential talents. According to the talent positioning needs of different levels, such as training reserve, backbone, core, key and strategy, Qianshun Base and Zhixin Co. design talent development and training projects at five levels, such as "wave, sail, set sail, pilot and pilot", to form a continuous and progressive high-potential talent training and development map, which is continuously promoted in stages and levels. Qianshun Base and Zhixin Co. formulate a series of talent training implementation projects according to the characteristics of talent ability and growth factors at different stages, effectively realize the unified guidance of high-potential talent training of the three talent sequences and accelerate talent growth. Qianshun Base and Zhixin Co. organized and completed more than 130 training programs at all levels throughout the year, realizing full coverage of the three talent teams of operation and management, professional technology and skill operation, providing strong support for building a team of employees with both political integrity and ability and excellent quality, and constantly enhancing enterprise cohesion and high-quality development.

Jingtang Co. focuses on improving the quality and ability of the staff and continues to expand and grow into a talent platform. Jingtang Co. establishes the correct orientation of personnel selection and employment, pays attention to practical training in undertaking urgent, difficult and heavy tasks, holds training classes for middle management personnel and rotation training classes for grassroots management personnel, implements "seedling" training and "hanging up" learning for young backbone, and strengthens the construction of management personnel. Jingtang Co. gives full play to the advantages of school-enterprise joint training, and holds the second phase of high-end compound technical personnel training class to improve the ability of professional and technical personnel. Jingtang Co. continues to carry out skills competition and hierarchical training of team leaders to improve the operation skills of staff. Jingtang Co. explores the differentiated training path of graduates, focuses on the "Qinglan" training plan, and strengthens the training of reserve force.

4. Outsourcing of labor source

Applicable Not applicable

X. Proposal for profit distribution and transfer of capital reserve to share capital

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the reporting period

Applicable Not applicable

1. Since the establishment, the Company highly valued the investment return for shareholders, the protection for legitimate rights and interests of all shareholders, especially for the small and medium shareholders. According to various regulations and relevant requirements issued by the regulatory authority, the Company timely revised and improved the provisions of the profit distribution policy in the Articles of Association of the Company, and the standard and proportion of cash dividends shall be explicit and clarity.

2. During the reporting period, profit distribution proposal complied with the provision of profit distribution in the Articles of Association of the Company, complied with the provisions of normative documents issued by CSRC and other regulatory agencies and fulfilled the procedures for independent directors to issue independent opinions and legal approval.

Special description on cash dividend policy	
Whether it meets the requirements of the Article of Association or the Resolution of the General Meeting (Y/N):	Y
Whether the bonus standards and proportion is clear and well-defined (Y/N):	Y
Whether has a completed relevant decision-making procedures and mechanism (Y/N):	Y
Whether independent directors fulfill duties and play a due role (Y/N):	Y
Minority shareholders whether has opportunity of full expression and appeals, the legal interest of the minority are being protected adequately (Y/N):	Y
As for the adjustment and change of cash bonus policy, the condition and procedures whether meets regulations and transparent (Y/N):	Y

The Company was profitable during the reporting period and the Parent Company's profit available for distribution to shareholders was positive, but no cash dividend distribution plan was proposed

Applicable Not applicable

Profit distribution and conversion of capital reserves into share capital during the reporting period

Applicable Not applicable

The Company plans not to distribute cash dividends, bonus shares or increase share capital with provident fund.

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company.

Applicable Not applicable

1. Equity incentive

According to the "Reply on The Implementation of Equity Incentive Plan for Beijing Shougang Co., Ltd." issued by State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government (Jingguozi [2021] No. 140) and the resolution of the Company's first interim general Meeting of shareholders in 2021, the Company implemented the 2021 restricted stock Incentive plan. 64,901,800 shares were issued to 386 directors, senior management personnel, core technical personnel and management backbones. The restricted stock grant date is December 9, 2021, and the restricted stock is booked as of December 23, 2021.

Information on share option scheme provided to directors and senior management during the reporting period

√Applicable □Not applicable

Unit: share

Name	Position	Number of Restricted shares held at the beginning of the period	Number of newly granted restricted shares during the reporting period	Number of shares exercisable during the reporting period	Number of shares exercised during the reporting period	Exercise price of the shares exercised during the reporting period (RMB/share)	Number of restricted shares held at the end of the period	Market price at the end of the reporting period (RMB/share)	Number of restricted shares held at the beginning of the period	Number of unlocked shares during the current period	Number of newly granted restricted shares during the reporting period	Grant price of restricted shares (RMB/share)	Number of restricted shares held at the end of the period
Liu Jianhui	Director, General manager	0	0	0	0		0	3.77	290,000	0	0		290,000
Zeng Li	Director	0	0	0	0		0	3.77	290,000	0	0		290,000
Zhang Binglong	Vice General Manager	0	0	0	0		0	3.77	232,000	0	0		232,000
Li Baizheng	Chief accountant	0	0	0	0		0	3.77	261,000	0	0		261,000
Sun Maolin	Vice General Manager	0	0	0	0		0	3.77	261,000	0	0		261,000
Li Jingchao	Vice General Manager	0	0	0	0		0	3.77	261,000	0	0		261,000
Chen Yi	Vice General Manager, Company secretary	0	0	0	0		0	3.77	261,000	0	0		261,000
Xie Tianwei	Vice General Manager	0	0	0	0		0	3.77	203,300	0	0		203,300
Wang Kai	Vice General Manager	0	0	0	0		0	3.77	203,000	0	0		203,000
Total	--	0	0	0	0	--	0	--	2,262,300	0	0	--	2,262,300
Notes (if any)													

Evaluation mechanism and incentive of senior management

The general manager of the company shall implement the annual salary system (including base salary, performance-based annual salary and term incentive). The Compensation and Appraisal Committee of the Board of Directors shall, in accordance with the provisions, formulate the 2022 General Manager Salary Appraisal and Distribution Method and put forward the appraisal and implementation opinions, which shall be submitted to the board of Directors for deliberation and approval before implementation. The assessment of the deputy general manager and other senior management personnel in 2022 shall be assessed and allocated by the general manager (and director) according to the completion of the work tasks of each senior management personnel including the deputy general manager as authorized by the board of directors.

With the approval of Beijing State-owned Assets Supervision and Administration Commission and the approval of the general meeting of shareholders of the Company, the Company implements restricted stock incentive for senior managers. According to the 2021 Restricted Stock Incentive Plan of Beijing Shougang Co., Ltd. (Revised Draft), the Company's 2022 annual indicators do not meet the performance assessment conditions of the incentive plan. If 15 incentive objects no longer meet the incentive conditions due to organizational or personal reasons, the board of Directors of the Company intends to repurchase and cancel the corresponding restricted shares. Please refer to the relevant announcements disclosed by the company for the above repurchase cancellation matters.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentive measures

Applicable Not applicable

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

1. Construction and implementation of internal control system

The Company has established a sound internal control system, and timely revised and improved according to the actual operation, giving full play to its institutional guarantee role. During the reporting period, the Company formulated 48 systems including the Board of Directors' Authorization Management System for Managers and Compliance Management System, and revised 78 systems including the Articles of Association and Rules of Procedure of the Board of Directors. By the end of the report period, the Company has 529 systems, among which 516 systems are formulated and implemented by the company and 13 systems are forwarded to the government and regulatory authorities.

2. Particulars of material deficiencies in internal control detected during the reporting period

Yes No

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

Not applicable

XIV. Self-assessment report on internal control or auditor's report on internal control

1. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	21 April 2023	
Disclosure index of full internal control evaluation report	Beijing Shougang Co., Ltd. 2022 Internal Control Self-Assessment Report, disclosed on CNINFO Website (http://www.cninfo.com.cn/).	
Proportion of total assets included in internal control evaluation report accounting for the total assets in the consolidated financial statements	99.22%	
Proportion of operating revenue included in internal control evaluation report accounting for operating revenue in the consolidated financial statements	99.99%	
Defect identification criteria		
Type	Financial Reports	Non-financial reporting
Qualitative criteria	<p>1. General deficiency: it may or has caused slight impact on business activities, which is not an objective reason and has exceeded the budget by 1% - 5% in terms of time, manpower or cost without proper approval;</p> <p>2. Significant deficiency: it may or has slowed down the business operation, or unable to achieve some business</p>	<p>1. General deficiency: it may or has temporarily affected the health of employees or the public; may or has caused slight impact on business activities, which is not an objective reason and has exceeded the budget by 1% - 5% in terms of time, manpower or cost without proper approval; negative news may or has caused slight impact on the company, spreading within the company or locally, and will not attract the attention of stakeholders; violation of the company or relevant rules and regulations or conflict with self-made rules and regulations may have caused slight social impact, basically will not lead to the attention of regulators.</p>

	<p>objectives, or not exceeding the budget by 6% - 20% in terms of time, manpower or cost for non-objective reasons and without proper approval;</p> <p>3. Material deficiency: (1) it may or has made the company unable to achieve all operating objectives, resulting in business suspension. It is not an objective reason and has exceeded the budget by more than 20% in terms of time, manpower or cost without proper approval, and has exceeded the level of importance; (2) The company has financial related fraud, which affects the accuracy of financial statements.</p>	<p>2. Significant deficiency: it may or has had a negative impact; it may or has seriously affected the health of many employees or the public, or caused general environmental damage, and the situation needs external support to be controlled; may or has slowed down the business operation, or unable to achieve some business objectives, or not exceeding the budget by 6% - 20% in terms of time, manpower or cost for non-objective reasons and without proper approval; the negative news may or has caused a greater impact on the company, and disseminates in a certain region It has attracted the attention of relevant stakeholders, such as the suspension of cooperation by partners, low efficiency of employees, reduction of customer loyalty, etc.; it has violated national and regional laws and regulations or industry norms, faced with legal proceedings, economic compensation, which may or has caused general social impact, attracted the attention of regulatory agencies, and required regular rectification.</p> <p>3. Material deficiency: there is causing casualties of many employees and local residents, causing serious damage to the environment and out of control of the situation; may or has made the company unable to achieve all operating objectives, resulting in business suspension. It is not an objective reason and has exceeded the budget by more than 20% in terms of time, manpower or cost without proper approval, and has exceeded the level of importance; the negative information may or has caused significant impact on the company, which is widely spread, causing significant damage to the reputation of the enterprise. The government or regulatory authorities conduct investigation, causing public concern and irreparable damage to the reputation of the enterprise; violating laws and regulations, in the face of business suspension, legal proceedings or economic compensation,; it may or has caused serious social impact; it has been notified or publicly condemned by regulatory authorities, or even ordered to suspend business for rectification.</p>
Quantitative criteria	<p>1. General misstatement: amount of misstatement < 0.5% of total assets</p> <p>2. Significant misstatement: 0.5% of total assets ≤ amount of misstatement < 1% of total assets</p> <p>3. Material misstatement: 1% of total assets ≤ amount of misstatement</p>	<p>1. General misstatement: RMB 100,000 ≤ amount of direct loss < RMB 5,000,000</p> <p>2. Significant misstatement: RMB 5,000,000 ≤ amount of direct loss < RMB 10,000,000</p> <p>3. Material misstatement: RMB 10,000,000 ≤ amount of direct loss</p>
Number of material defects in financial reports		0
Number of material defects in non-financial reports		0
Number of significant defects in financial reports		0
Number of significant defects in non-financial reports		0

2. Audit report for internal control

√ Applicable □ Not applicable

Audit opinion on internal control
Shougang Co. has kept the effective internal control over financial reporting in all material matters on 31 December 2022, in accordance with the “Basic Standards for Internal Control of Enterprises” and other relevant regulations.

Disclosure of internal control audit report	Disclosed
Date of disclosure of the internal control audit report	21 April 2023
Source for the internal control audit report	Searching for: http://www.cninfo.com.cn/ .
Audit opinion on internal control	Standard unqualified opinion
Whether material deficiency over non-financial reporting	No

Whether non-standard unqualified opinion from independent auditors in the audit report on internal control

Yes No

Whether there is consistent opinion between the audit report on internal control and the self-assessment report on internal control

Yes No

XV. Rectification of problems found in self-inspection under the special initiative on corporate governance of the listed company

The Company has no problems found in self-inspection under the special initiative on corporate governance of the listed company.

Section V. Environment and Social Responsibility

I. Major environmental protection matters

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

Yes No

Environmental protection related policies and industry standards

The policies and industry standards related to environmental protection implemented by the Company and its subsidiaries mainly include: Environmental Protection Law of the People's Republic of China, Cleaner Production Promotion Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Environmental Pollution Prevention and Control Law of the People's Republic of China by Solid Waste, Noise Pollution Prevention and Control Law of the People's Republic of China, Soil Pollution Prevention and Control Law, Environmental Impact Assessment Law of the People's Republic of China, Regulations on the Administration of Pollutant Emission Permits, Regulations of Hebei Province on Ecological and Environmental Protection, Ultra-Low Emission Standards of Air Pollutants for the Iron and Steel Industry, Regulations of Tangshan City on Ecological and Environmental Protection, etc.

Administrative license for environmental protection

During the reporting period, Qiangang Co. successively completed the transformation project of steel slag production line pressing ball line drying equipment and the EIA approval work of nine general decline project, which ensured the compliance of environmental protection projects in accordance with the law. In September 2017, Qiangang Co. obtained a new version of sewage discharge permit issued by Tangshan Ecological Environment Bureau of Hebei Province. In November 2022, Qiangang Co. extended the sewage discharge permit and obtained a new version of the sewage discharge permit, which is valid until 29 November 2027.

Jingtang Co. adheres to the principle of attaching equal importance to production development and environmental protection, so it carries out environmental impact assessment of construction projects strictly in accordance with the Environmental Impact Assessment Law of the People's Republic of China. In the process of project implementation, Jingtang Co. carries out construction strictly in accordance with the EIA approval, and all construction projects are supporting the construction of environmental protection facilities, environmental protection approval procedures are complete, which meets the requirements of "three simultaneous" management of environmental protection. In August 2017, Jingtang Co. obtained a new version of the sewage discharge permit issued by Tangshan Environmental Protection Bureau, which enabled the construction of the second-phase one-step project to proceed smoothly. In April 2019, Jingtang Co. completed the change of sewage discharge permit and obtained relevant certificates, and incorporated the sewage discharge outlet of the second-phase one-step project into standardized management. In August 2020, Jingtang Co. completed the extension of the sewage discharge permit, with the validity period extended to August 2025. In February 2023, the permit was renewed again, this time extending until February 2028.

In strict accordance with the Environmental Impact Assessment Law of the People's Republic of China, Regulations on Pollutant Emission Permit Management and other laws and regulations, according to the requirements of pollutant emission permit and EIA management, Zhixin Co. continues to improve the post-emission permit management work, and continues to do a good job in EIA and acceptance. In August 2022, Zhixin Co. went through the procedures for changing the sewage discharge permit, which is valid until July 2026. In July 2022, Zhixin Co. completed the approval procedures for the environmental impact report form of the construction project of the environmental protection capacity improvement project of the wastewater station.

In October 2017, Cold-R Co. obtained the first pollutant emission permit for key enterprises in Shunyi District, Beijing. In September 2020, Cold-R Co. submitted an application for the renewal of the sewage permit in accordance with relevant regulations, and in October 2022, the application passed the government review, which extended the validity of the permit to October 2025.

Industrial discharge standards and details of the discharge of pollutants involved in production and business activities

Name of Company or Subsidiary	Types of major pollutants and characteristic contaminants	Names of major pollutants and characteristic contaminants	Way of Discharge	No. of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Emissions exceed the standard
Qiangang Co.	Water pollutant	COD (Chemical Oxygen Demand)	Direct	1	Wastewater discharge port	3.64mg/L	50mg/L	1.5596	648.399	No
Qiangang Co.	Water pollutant	Ammonia Nitrogen	Direct	1	Wastewater discharge port	0.197mg/L	5mg/L	0.086025	64.899	No
Qiangang Co.	Air pollutants	Sulfur Dioxide	Organized	32	Power station boiler chimney, sintering machine head flue gas outlet, pellet roasting flue gas outlet, CCPP combustion exhaust gas, blast furnace hot blast furnace outlet, steel rolling heating furnace outlet, white ash kiln roof, sleeve kiln roof	Sintering, pelletizing < 9.54mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 24mg/m ³ power generation < 22mg/m ³	Sintering, pelletizing < 35mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 50mg/m ³ power generation < 35mg/m ³	883.6218	1698.055	No
Qiangang Co.	Air pollutants	Nitrogen Oxides	Organized	32	Power station boiler chimney, sintering machine head flue gas outlet, pellet roasting flue gas outlet, CCPP combustion exhaust gas, blast furnace hot blast furnace outlet, steel rolling heating furnace outlet, white ash kiln roof, sleeve kiln roof	Sintering, pelletizing < 38mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 34mg/m ³ power generation < 33mg/m ³	Sintering, pelletizing < 50mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 150mg/m ³ power generation < 100mg/m ³	1545.339	3493.843	No
Qiangang Co.	Air pollutants	Particulate Matter	Organized	129	Power station boiler chimney, sintering machine head flue gas outlet, pellet roasting flue gas outlet, blast furnace iron field dust removal, blast furnace silo dust removal, steelmaking converter secondary dust removal, converter primary dust removal, CCPP combustion exhaust gas, hot rolling heating furnace exhaust gas, environmental dust removal, material transfer exhaust gas	Sintering, pelletizing < 3.5mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln, other environment < 7.5mg/m ³ power generation < 4mg/m ³	Sintering, pelletizing < 10mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 10mg/m ³ power generation < 5mg/m ³	2036.834	2524.85	No
Jingtang Co.	Air pollutants	Sulfur Dioxide	Organized	42	Boiler chimney of power station of thermoelectric branch plant, flue gas outlet of sintering machine head, flue gas outlet of pellet roasting, primary flue gas dust removal 1#, primary flue gas dust removal 2#, secondary flue gas dust removal 2#, secondary flue gas dust removal on silo of 1# and 2# blast furnace, secondary dust removal from 1# decarbonization converter, secondary dust removal from 2# decarbonization converter, coke oven chimney 3 emissions Port, coke pushing machine ground station discharge port, coke dust removal 3 discharge port, dry extinguishing dust removal 3 discharge port, dry extinguishing dust removal 4 discharge port, 7# converter secondary dust removal, CCPP combustion exhaust gas, 6# converter secondary dust removal, etc	Sintering, pelletizing < 15mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 25mg/m ³ coke oven flue gas < 15mg/m ³ coal-fired power generation < 10mg/m ³	Sintering, pelletizing < 35mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 50mg/m ³ coke oven flue gas < 30mg/m ³ coal-fired power generation < 35mg/m ³	2022.4	2965.74	No
Jingtang Co.	Air pollutants	Nitrogen Oxides	Organized	38	Boiler chimney of power station of thermoelectric branch plant, flue gas outlet of sintering machine head, flue gas outlet of pellet roasting, primary flue gas dust removal 1#, primary flue gas dust removal 2#, secondary flue gas dust removal 2#, secondary flue gas dust removal on silo of 1# and 2# blast furnace, secondary dust removal from 1# decarbonization converter, secondary dust removal from 2# decarbonization converter, coke oven chimney 3 emissions Port, coke pushing machine ground station discharge port, coke dust removal 3 discharge port, dry extinguishing dust removal 3 discharge port, dry extinguishing dust removal 4 discharge port, 7# converter secondary dust removal, CCPP combustion exhaust gas, 6# converter secondary dust removal, etc	Sintering < 25mg/m ³ pelletizing < 30mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 50mg/m ³ coke oven flue gas < 45mg/m ³ coal-fired power generation < 30mg/m ³	Sintering, pelletizing < 50mg/m ³ blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 150mg/m ³ coke oven flue gas < 130mg/m ³ coal-fired power generation < 50mg/m ³	5231.9	6379.92	No

Name of Company or Subsidiary	Types of major pollutants and characteristic contaminants	Names of major pollutants and characteristic contaminants	Way of Discharge	No. of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Emissions exceed the standard
Jingtang Co.	Air pollutants	Particulate Matter	Organized	176	Boiler chimney of power station of thermoelectric branch plant, flue gas outlet of sintering machine head, flue gas outlet of pellet roasting, primary flue gas dust removal 1#, primary flue gas dust removal 2#, secondary flue gas dust removal 2#, secondary flue gas dust removal on silo of 1# and 2# blast furnace, secondary dust removal from 1# decarbonization converter, secondary dust removal from 2# decarbonization converter, coke oven chimney 3 emissions Port, coke pushing machine ground station discharge port, coke dust removal 3 discharge port, dry extinguishing dust removal 3 discharge port, dry extinguishing dust removal 4 discharge port, 7# converter secondary dust removal, CAPP combustion exhaust gas, 6# converter secondary dust removal, etc	Sintering, pelletizing < 5mg/m ³ ; blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 8mg/m ³ ; coke oven flue gas < 8mg/m ³ ; coal-fired power generation < 5mg/m ³	Sintering, pelletizing < 10mg/m ³ ; blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 10mg/m ³ ; coke oven flue gas < 10mg/m ³ ; coal-fired power generation < 10mg/m ³	2745.5	4330.44	No
Zhixin Co.	Air pollutants	Sulfur Dioxide	Organized	50	Continuous annealing furnace, regular annealing furnace, decarbonization annealing furnace, ring furnace, hot drawing furnace	<30mg/m ³	30mg/m ³	5.048	45	No
Zhixin Co.	Air pollutants	Nitrogen Oxides	Organized	50	Continuous annealing furnace, regular annealing furnace, decarbonization annealing furnace, ring furnace, hot drawing furnace	<100mg/m ³	100mg/m ³	33.978	131.649	No
Zhixin Co.	Air pollutants	Particulate Matter	Organized	69	Acid regeneration, continuous annealing furnace, constant annealing furnace, decarbonization annealing furnace, ring furnace, hot drawing furnace, scoring	Acid regeneration < 30 mg/m ³ , heat treatment furnace, score < 10 mg/m ³	Heat treatment furnace, pull straightening machine, finishing and shot blasting: 10 mg/m ³ , acid regeneration: 30 mg/m ³	16.31	19	No
Cold-R Co.	Water pollutant	COD	Organized	1	Wastewater stations	8.36-15.93 mg/m ³	30mg/m ³	21.345	67.5	No
Cold-R Co.	Water pollutant	Ammonia Nitrogen	Organized	1	Wastewater stations	0.01-0.71 mg/m ³	1.5(2.5) mg/m ³	0.1681	3.937	No
Cold-R Co.	Air pollutants	Sulfur Dioxide	Organized	8	Around the plant	3 mg/m ³	Furnace and dust removal chamber: 20 mg/m ³ ; boiler room: 10 mg/m ³	3.8524	18	No
Cold-R Co.	Air pollutants	Nitrogen Oxides	Organized	8	Around the plant	Furnace and dust removal chamber: 1-97 mg/m ³ ; boiler room: 1-79 mg/m ³	Furnace and dust removal chamber: 100 mg/m ³ ; boiler room: 80 mg/m ³	49.326	99.58	No
Cold-R Co.	Air pollutants	Particulate Matter	Organized	10	Around the plant	Furnace and dust removal chamber: 1-9 mg/m ³ ; boiler room: 1-4.43 mg/m ³	Furnace and dust removal chamber: 10 mg/m ³ ; boiler room: 5 mg/m ³	18.5014	18.75	No

Treatment of pollutants

Each production process of Qiangang Co. is equipped with perfect environmental protection facilities, which will be regularly monitored by qualified testing departments. The test results prove that all dust removal facilities achieve ultra-low emission and the emission concentration of bag dust collector reaches less than 10 mg/m³. The key pollution sources of Qiangang Co. are equipped with 56 sets of online monitoring systems, including 1 set of online monitoring system for water pollution, which are all connected with the ecological environment department. The online monitoring system is compared and monitored quarterly by a qualified monitoring company, which ensures that the data is true and reliable. Qiangang Co. attaches great importance to saving water resources and reducing wastewater discharge, so it has invested in the construction of two sewage treatment plants, and the construction of deep water desalting station, which adopts the international advanced membrane treatment process, can all the wastewater generated in the production process after treatment and recycling, so the water recycling rate of Qiangang Co. reaches 98.4%.

Jingtang Co. has desulfurization denitrification and other waste gas treatment facilities, which can be highly efficient treatment of all kinds of waste gas, but also built complete dust removal facilities, the measures using bag dust removal, plastic burning plate dust removal, electric dust removal and other ways to remove particulate matter; Coke oven flue gas is removed by moving bed calcium desulfurization +SCR denitration process. The sintering and pellet were removed by circulating fluidized bed desulfurization and SCR denitration process. Desulfurization of self-built power plant adopts seawater desulfurization +SCR denitration process to remove, and dense coherent tower desulfurization +SCR denitration process to blast furnace hot blast furnace. Jingtang Co. has complete wastewater treatment facilities, including coking phenol cyanide sewage treatment system, continuous casting wastewater treatment system, hot rolling, cold rolling, medium thickness plate, steel rolling wastewater treatment system and comprehensive sewage treatment station, etc. At the same time, the production wastewater generated by steelmaking and other processes is treated into the comprehensive sewage treatment station for treatment, so as to achieve coupling zero discharge of wastewater. Jingtang Co. has complete solid waste treatment facilities, including the construction of rotary hearth furnace - zinc resource recycling project, slag fine grinding cement production line, etc., to achieve comprehensive utilization of solid waste. During the reporting period, all the above environmental protection facilities ran well, and all processes in the whole process reached ultra-low emission standards.

Zhixin Co. continues to promote pollutant emission reduction. According to the "Green project" transformation plan, Zhixin Co. has completed the denitrification transformation of source treatment project CA1/2/4, which effectively reduces nitrogen oxide emissions. Zhixin Co. reached the ultra-low emission standard of Hebei Province, thanks to the continuous environmental protection capacity improvement project. According to the requirements, Zhixin Co. has completed the networking of 5 video monitoring systems and 3 CEMS, which provides data support for improving the level of environmental protection management.

During the reporting period, the pollution prevention and control facilities of Cold-R Co. maintained efficient operation, and all combustion exhaust gas was generated by using clean fuel natural gas through low nitrogen burners, which minimized the concentration of pollutants. The dust generated in the production of Cold-R Co. is disposed of by coated bag dust collector, and the filtration effect reaches 99.99%. The wastewater generated by the cold rolling company is treated by physical, chemical, biochemical and membrane processes and discharged after treatment. The emission concentration of all pollutants of Cold-R Co. maintains the leading level in China, and the emissions are far lower than the permitted emissions.

Environmental self-monitoring programme

According to the Measures for Self-Monitoring and Information Disclosure of State Key Monitoring Enterprises (Trial), Measures for Supervisory Monitoring and Information Disclosure of Pollution Sources of State Key Monitoring Enterprises (Trial) and other relevant provisions, Qiangang Co. has established and improved the pollution source monitoring and information disclosure system and formulated the Pollutant Emission Monitoring Plan for 2022, and strictly implemented it. In 2022, all environmental monitoring projects were entrusted to qualified third-party institutions for monitoring, and Qiangang Co. actively organized and coordinated self-monitoring work and completed monthly monitoring tasks, which strengthened the management of online monitoring operation and maintenance units and achieved 100% annual monitoring completion rate in 2022. Qiangang Co. fully completed the annual national pollution source monitoring information disclosure work, up to 100%.

The environmental monitoring system of Jingtang Co. consists of automatic monitoring and manual monitoring. The manual monitoring system is entrusted to a third-party testing institution. The automatic monitoring regularly conducts environmental monitoring on pollution sources, waste gas, waste water, noise, radioactive sources and other items in the plant according to the Self-Monitoring Plan of Key Monitoring Enterprises in 2022, and forms monitoring data and reports at the same time. The monitoring plan for 2022 has been completed, and all environmental control indicators have reached the standard.

Zhixin Co. adheres to green development, strictly observes the bottom line of environmental protection, and fully implements the main responsibility of enterprise environmental protection. In 2022, Zhixin Co. will achieve zero pollution of environmental protection, 100% synchronous operation of environmental protection facilities, and 100% smooth passing of environmental protection inspection. According to relevant laws and regulations, Zhixin Co. formulates self-monitoring plans and strictly implements them. While entrusting qualified third-party institutions to conduct monitoring, Zhixin Co. also actively organizes self-monitoring work. In 2022, Zhixin Co. carried out self-monitoring 75 times, reaching the standard rate of 100%.

Cold-R Co. shall formulate its own monitoring plan in accordance with the requirements of laws and regulations and sewage discharge permit, entrust a qualified third-party organization to monitor pollutants on a weekly, monthly and quarterly basis, and upload the data to the government-designated information disclosure system. The emission targets of pollution sources will all meet the standards in 2022.

Contingency plan

No ecological and environmental emergencies occurred in the Company and its holding subsidiaries in 2022.

In accordance with the Environmental Protection Law of the People's Republic of China and other laws, regulations, rules and normative documents, Qiangang Co. has formulated the Emergency Plan for Environmental Emergencies. On this basis, Qiangang Co. also formulated three special plans respectively: Atmospheric Special Emergency Plan for Environmental Emergencies, Water Special Emergency Plan for Environmental Emergencies and Hazardous Waste Special Emergency Plan for Environmental

Emergencies, which further improved the emergency disposal capacity of air pollution, water pollution and hazardous waste emergencies.

Jingtang Co. identified gas storage cabinets, pipelines, benzene storage tanks, acid storage tanks, liquid ammonia storage tanks and other dangerous chemicals and toxic and harmful substances production and storage areas as emergency rescue dangerous targets. According to the requirements of Shougang Jingtang United Iron&Steel Co., Ltd. 's Emergency Treatment Plan for Environmental Emergencies (Fourth Edition), in 2022, Jingtang Co. carried out 25 emergency drills such as oil leakage emergency drill, oily sludge leakage emergency drill and radiation accident emergency drill, which ensures that Jingtang Co. can effectively carry out rescue in accordance with the requirements of the Plan. At the same time, the emergency drills also improve the skills and actual combat ability of preventing and dealing with sudden environmental pollution accidents.

In accordance with the requirements of laws and regulations, Zhixin Co. has prepared and put on record the Emergency Plan for Environmental Emergencies, which mainly consists of atmospheric special plan, water special plan, hazardous waste disposal, risk assessment, emergency resource investigation, on-site disposal plan and other plans. In 2022, Zhixin Co. mainly conducted drills for acid leakage, gas leakage and other risk points. Through the drill, Zhixin Co. found problems and rectifies them in time, which enhanced the company's ability to deal with environmental emergencies.

In accordance with the requirements of laws and regulations, Cold-R Co. has prepared and put on record the Emergency Plan for Environmental Emergencies. According to the plan, Cold-R Co. organizes drills in each workshop every year according to the requirements of the plan, through which problems are found and rectifies in time, which enhances Cold-R Co.'s ability to deal with environmental emergencies.

Environmental protection input and environmental protection tax

During the reporting period, Qiangang Co. continued to implement 29 continuous improvement projects such as flue gas treatment of blast furnace hot blast furnace, increase of denitration facilities for heating furnace of hot rolling section, denitration improvement of three-fired particulate matter emission and desulfurization ash transformation, new electric dust removal and fan for the primary line of desulfurization in recycling industrial park, with an annual investment of RMB785 million. In 2022, Qiangang Co. paid RMB10.2702 million of environmental protection tax, with a reduction of RMB5.8853 million.

Jingtang Co. promoted the implementation of 13 key environmental protection and deep treatment projects, including hot rolling furnace desulfurization, blast furnace hot blast furnace flue gas denitrification, and sleeve kiln flue gas denitrification, with the annual investment of RMB 436 million. In 2022, RMB23.21 million of environmental protection tax was paid, with a reduction of RMB9.4064 million.

Zhixin Co. effectively reduced pollutant emissions by increasing environmental protection treatment facilities, with an annual investment of RMB9.8 million. In 2022, RMB759,100 was paid for environmental protection tax, with a reduction of RMB143,800.

Cold-R Co. actively promoted environmental management and protection work, with an annual investment of RMB52.636 million. In 2022, RMB698,300 was paid for environmental protection tax, with a reduction of RMB207,400.

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

Applicable Not applicable

In order to accelerate the implementation of national industrial policies in the company, the Company scientifically and standardized to promote the development of "carbon management" activities, the company organized the preparation of Shougang Low-carbon Action Plan and Shougang Low-carbon Development Organization Implementation Plan, including the formulation of phased goals, clear realization path and determined the schedule and roadmap. This undoubtedly accelerated the company to build a green and low-carbon development pattern. The company actively carries out carbon reduction tests, builds LCA basic models for carbon reduction technology, and carries out carbon reduction effect accounting. The Company has completed the environmental product statement (EPD) report and release of hot rolled steel plate and steel strip products in two bases, which strongly supports the green manufacturing of products. The Company started the third-party low-carbon certification work in response to the policies related to the carbon border adjustment mechanism.

Jingtang Co. focuses on the implementation of the "dual carbon" strategy and actively promotes the clean development of energy structure. Jingtang Co. continues to strengthen the basic capacity construction of carbon management, vigorously promote the green upgrading of low-carbon process, steadily layout revolutionary deep decarbonization technology research, simultaneously promote process carbon reduction and source carbon reduction, and enter the green electricity market transaction and purchase green electricity for the first time. To meet customers' carbon reduction needs, Jingtang Co. has steadily promoted the construction of LCA system, released EPD of weathering steel, completed the application of green products of key brands such as high-strength steel, and created a brand image of green manufacturing.

Zhixin Co. focuses on the implementation of the "dual carbon" strategy and actively promotes the clean development of energy structure. Zhixin Co. continues to strengthen the basic capacity construction of carbon management, promote the transformation of burner and SCR, vigorously promote the green upgrading of low-carbon process, and steadily layout revolutionary deep decarbonization technology. Zhixin Co. simultaneously promotes process carbon reduction and source carbon reduction, and actively promotes green electricity use and photovoltaic construction. In 2022, photovoltaic power generation was 2,594,800kwh. To meet customers' carbon reduction needs, Zhixin Co. has steadily promoted the construction of LCA system, completed the green design product application of two series of non-oriented electrical steel and oriented electrical steel for new energy vehicles and obtained national recognition, and created a green manufacturing brand image.

Cold-R Co. adheres to the concept of green development and integrates carbon reduction into the whole process of development and into all links of production and operation. By adjusting the product structure in 2022, Cold-R Co. increased the proportion of high value-added products and further reduced energy consumption, meanwhile, the carbon emissions decreased by 4.3% year-on-year through such as market procurement of green electricity and photovoltaic power generation and other measures.

Administrative penalties imposed due to environmental problems during the reporting period

During the reporting period, neither the Company nor its holding subsidiaries were punished by regulatory authorities in respect of

environmental protection. At the same time, the Company urges the shareholding companies to abide by the Environmental Protection Law of the People's Republic of China and other laws, regulations, rules and normative documents.

Other environmental information that shall be disclosed

On the basis of adhering to the work of environmental protection, Qiangang Co., Jingtang Co., Zhixin Co. and Cold-R Co. monitor and manage the national pollution source information and sharing platform and the website of the government environmental protection department, as well as establish the information publication platform by themselves. This propagates and displays environmental protection information such as enterprise environmental protection projects, operation of environmental protection facilities, name and emissions of main pollution sources, monitoring methods, name of monitoring indicators, comprehensive utilization of solid waste and so on. This is one of the ways that the company takes the initiative to accept social supervision.

Other environmental protection related information

In order to develop circular economy and low-carbon economy, build resource-saving, environment-friendly and low-carbon oriented enterprises, and achieve sound and rapid development of the company, the Company started the preparation of environmental responsibility report at the end of 2016, covering the preparation scope of Qiangang Co., Jingtang Co., Zhixin Co. and Cold-R Co. and other subsidiaries. In April 2022, the Company's website (<http://www.sggf.com.cn>) released the 2021 Annual Environmental Responsibility Report of Beijing Shougang Co., Ltd.

II. Social responsibility

The Company independently prepared the 2022 annual social responsibility report and submit it to the second board meeting of the eighth session for deliberation. Please refer to the company announcement on 21 April 2023 for details.

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

1. According to the Opinions of the Central Committee of the Communist Party of China on Continuously Appointing the First Secretary and Task Force to Key Villages, the deployment of the Organization Department of the Party Committee of Beijing Municipal Committee and the deployment of the State-owned Assets Supervision and Administration Commission of Beijing, and the arrangement of the Organization Department of the Party Committee of Shougang Group Co., Ltd., the Company and Jingtang Co. each appoint a staff member to serve as the first secretary of the collective economically weak villages of Beijing. Under the leadership of the local Party committee and government, they conscientiously performed their duties and contributed to the implementation of the rural revitalization strategy.

2. The Company actively fulfills its social responsibilities, expands the achievements of poverty alleviation, implements poverty alleviation through consumption, and helps rural revitalization. In 2022, the Company purchased RMB3.387 million of agricultural materials for poverty alleviation in paired assistance areas.

Section VI. Significant Events

I. Implementation of commitment

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

√ Applicable □ Not applicable

Commitment	Commitment party	Type	Contents	Commitment date	Commitment term	Implementation
Commitment in assets restructuring	Shougang Group Co., Ltd.		<p>1. According to the iron and steel industry development plan of Shougang Group, Shougang Co. will be the only platform for the development and integration of the iron and steel and upstream iron ore resources industry of Shougang Group in China, and eventually achieve the overall listing of Shougang Group's iron and steel and upstream iron ore resources business in China</p> <p>2. As for the other companies of Shougang Group engaged in iron and steel production business, if the profits could be achieved for three consecutive years through optimizing and adjusting the product structure and actively implementing national industrial policies and environmental protection requirements, and the overall situation of the industry does not appear large fluctuation, Shougang Group will activate the manners in line with the interests of shareholders of listed companies, including but not limited to acquisition, merger, reorganization, etc. to invest relevant high-quality assets in Shougang Co. in accordance with the requirements of securities laws, regulations and industrial policies, and will complete the investment within 36 months after start-up.</p>	27 Dec. 2018	Refer to contents of commitment	Implementing. In December 2021, Shougang Co., Ltd. and Shougang Group signed the "Management Service Agreement between Shougang Group Co., Ltd. And Beijing Shougang Co., Ltd. On The Affiliated Enterprises of Shougang Group Co., Ltd. ". Shougang Co., Ltd. provides management services for a total of 14 target enterprises in the steel sector of Shougang Group.
	Shougang Group Co., Ltd.		When the market improves in the future, Shougang Mining Corporation achieves stable profits for two consecutive years, and the overall situation of the industry is not fluctuated greatly, Shougang Corporation will start the injection of Shougang Mining Corporation in Shougang Co. and complete it within 36 months. Before Shougang Mining Corporation joined in Shougang Co., Shougang Group will urge Shougang Mining Corporation to conduct necessary related party transactions with Shougang Co. in accordance with fair and reasonable market price, strictly conform to the requirements of laws and regulations, normative documents, the articles of association of Shougang Co. and related transaction management system, and perform the corresponding review, approval and information disclosure procedures for the necessary related transactions between Shougang Co. and Shougang Mining Corporation.	20 Apr. 2017	Refer to contents of commitment	Implementing.
	Shougang Group Co., Ltd.		The company will not damage the independence of Shougang Co. due to the increase of the proportion of shares held by Shougang Co. after the completion of the reorganization. The company will maintain "the five-aspect separation principle", which means assets, personnel, financial affairs, institution and business should be independent of Shougang Co., strictly conform to relevant provisions of the CSRC on the independence of listed companies, not illegally utilize Shougang Co. to provide guarantees, not illegally occupy the assets of Shougang Co. and keep and maintain the independence of Shougang Co.	20 Jul. 2012	After the completion of assets reorganization (completion date: 25 April 2014)	Implementing of the long-term commitment.

	Shougang Group Co., Ltd.	<p>Shougang Group is the largest shareholder and controlling shareholder of Shougang.</p> <p>On July 17, 2012, Shougang Group issued the "Letter of Commitment of Shougang Corporation on Reducing and Standardizing Related Party Transactions" (i.e. the commitments listed above, hereinafter referred to as the "original letter of commitment"), and promised that after the completion of major asset replacement purchase of assets by issuing shares between Shougang Co., and Shougang Group [hereinafter referred to as "the previous major asset restructuring (completed on April 25, 2014)", Shougang Group will take relevant measures including joining Shougang Mining Company into Shougang Co., to reduce and standardize related party transactions with Shougang Co. In order to reduce and standardize the related party transactions after the major asset replacement and related party transactions of Shougang Co. and safeguard the legitimate rights and interests of Shougang Co. and its public shareholders, the company promises to continue to fulfill the contents of the original commitment letter after the major asset replacement, and further promises as follows:</p> <ol style="list-style-type: none"> 1. The company will perform its obligations as the controlling shareholder of Shougang Co. in good faith, try to avoid and reduce the related transactions with Shougang Co. (including the enterprises it controls); as for the related transactions, which are unavoidable or occur for reasonable reasons between the company and other enterprises under the control of the company, and Shougang Co. and the enterprises it controls, the company will not require or accept the more favorable conditions provided by Shougang Co. than the conditions to an independent third party in any fair market transaction. The company and other enterprises under the control of the company will sign a standardized related party transaction agreement with Shougang Co. in accordance with the law, follow the market principles of openness, fairness and justice, in accordance with fair and reasonable market price, conform to relevant provisions of laws, regulations and normative documents in the decision-making procedures of related transactions and disclose information in accordance with the law. 2. The company and other enterprises controlled by the company will not obtain any improper benefits or make Shougang Co. bear any improper obligations through related party transactions with Shougang Co. or the enterprises controlled by Shougang Co. 3. The company will be liable for the losses to Shougang Co. and the enterprise controlled by Shougang Co. due to the related party transactions with them in violation of the above commitments. 	29 Sep. 2015	During and after the assets replacement	Implementing
	Shougang Group Co., Ltd.	<p>In respect of the purchase of 51% equity of Jingtang Co. by Shougang Co., Shougang Group made the following commitments in urging Jingtang Co. and its holding subsidiary, Tangshan Shougang Jingtang Caofeidian Port Co., Ltd. (hereinafter referred to as Port Co.) to complete relevant matters:</p> <ol style="list-style-type: none"> 1. The company promises to urge Jingtang Co. not to actually carry out port operation business of general bulk cargo berth project (552-meter shoreline wharf project) without obtaining formal or temporary port operation license. 2. The company promises to urge Port Co. not to actually carry out port operation business of general wharf project (1600-meter shoreline wharf project) without obtaining formal or temporary port operation license. 	29 Sep. 2015	Refer to contents of commitment	Implementing
	Shougang Group Co., Ltd.	<p>In respect of the purchase of 51% of the equity of Jingtang Co. by Shougang Co., Shougang Group made the following commitments in urging Jingtang Co. and its holding subsidiary, Tangshan Shougang Jingtang Caofeidian Port Co., Ltd. (hereinafter referred to as Port Company) to complete relevant matters:</p> <ol style="list-style-type: none"> 1. Shougang Group promises to urge Jingtang Co. to complete the overall acceptance procedures of supporting wharf project (1240-meter shoreline wharf project) and obtain the formal port operation license before 31 December 2022, and carry out port operation business in accordance with the requirements of relevant competent departments. 2. Shougang Group promises to urge Jingtang Co. to complete the application of ownership certificate of all self-built houses of Jingtang Co. before 31 December 2022. 	23 Dec. 2022	Refer to contents of commitment	Implementing
	Shougang Group Co., Ltd.	<p>In respect of the purchase of 51% of the equity of Jingtang Co. by Shougang Co., the company made the following commitments in urging Jingtang Co. and its holding subsidiary, Port Company, to complete the relevant matters of obtaining land use right certificate: The company promises to urge Jingtang Co. to obtain state-owned land use right certificate of all the land used before 31 December 2023, including but not limited to the land used by Jingtang Co. Phase I project, Jingtang Co. supporting wharf project (1240-meter shoreline wharf project), general bulk cargo berth project (552-meter shoreline wharf project) and Jingtang Co. Phase II project.</p>		31 Dec. 2023	Implementing

	Beijing Jingtou Investment Holding Co., Ltd.	<p>1. When the company obtains the shares of the listed company through the issuance of shares to purchase assets, if the equity interests of Jingtang Co. held by the company have reached 12 months, the shares of the listed company acquired by the company in this transaction shall not be traded or transferred in any way within 12 months from the end of the issuance of shares; If the equity interests of Jingtang Co. held by the company are less than 12 months, the shares of the listed company acquired by the company in this transaction shall not be transferred within 36 months from the date of the end of share issuance. If such shares are increased due to the listed company's granting of bonus shares, conversion of capital stock and other reasons, the additional shares of the listed company shall be locked in accordance with the above lockup period.</p> <p>2. If the aforementioned commitment to lock up shares is inconsistent with the latest regulatory opinions of the securities regulatory authorities, the company will adjust the aforementioned commitment according to the regulatory opinions of the relevant securities regulatory authorities.</p>	21 May. 2021	20 May. 2022	<p>The performance has been completed.</p> <p>The restricted shares held by Beijing Jingtou Investment Holding Co., Ltd. were lifted from the restriction on May 23, 2022</p>
	Beijing Jing Guorui Soe Reform and Development Fund(L.P.)	The shares of the listed company acquired by the Fund as a result of the purchase of assets through the issuance of shares shall not be transferred within 36 months from the date of the completion of the issuance of shares. If such shares are increased due to the listed company's granting of bonus shares, conversion of capital stock and other reasons, the additional shares of the listed company shall be locked in accordance with the above lockup period.	21 May. 2021	20 May. 2024	Implementing
	Shougang Group Co., Ltd.	<p>1. The shares of the listed company acquired by the company in this transaction shall not be transferred within 36 months from the date when the shares are issued. However, transfers permitted by applicable law are not subject to this restriction. Within six months after completion of the transaction, if the closing price of the shares of the listed company for 20 consecutive trading days is lower than the issuing price of the shares, or the closing price at the end of six months after the completion of this transaction is lower than the issue price of this share, the locking period of shares obtained by the company through this transaction will be automatically extended for six months on the basis of the above locking period. If such shares are increased due to the listed company's granting of bonus shares, conversion of capital stock and other reasons, the additional shares of the listed company shall be locked in accordance with the above lockup period.</p> <p>2. If the aforementioned commitment to lock up shares is inconsistent with the latest regulatory opinions of the securities regulatory authority, the company shall adjust the aforementioned commitment according to the regulatory opinions of the relevant securities regulatory authority.</p>	20 Dec.2021	19 Apr. 2025	Implementing
	Shougang Group Co., Ltd.	<p>The Asset Appraisal Report evaluates partial of intellectual property rights of Jingtang Co. and Shanxi Coking Co., Ltd. (hereinafter referred to as "performance commitment assets") based on future earnings expectations. The appraisal value of 1,346 patent rights, 190 proprietary technologies, 32 software copyrights and other assets of Jingtang Co. is RMB 242.8 million, and the appraisal value of 57 patent rights assets of Shanxi Coking Co., Ltd. is RMB 40 million.</p> <p>In accordance with the forecast income sharing of the performance committed assets, if the purchase of assets by issuing shares is completed before 31 December 2022, Shougang Group commitments that, in 2022, 2023 and 2024, the total income sharing of performance commitment assets in the current period shall be no less than RMB 90.9182 million, RMB 79.414 million and RMB 61.5618 million respectively.</p> <p>If the above performance commitments are not met, please refer to "Performance Commitments and Impairment Compensation Arrangements" in Beijing Shougang Co., Ltd. 's Report on Issuing Shares to Purchase Assets and Raising Supporting Funds and Related Party Transactions issued by the Company for detailed compensation methods and arrangements.</p>	20 Dec.2021	31 Dec. 2024	<p>Implementing.</p> <p>The commitments for 2022 have been fulfilled</p>
Completed on time	Yes				

2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

II. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party during the reporting period.

III. External guarantees against the rules and regulations

Applicable Not applicable

No external guarantee provided by the Company which against the rules and regulations during the reporting period.

IV. Opinions of the Directors regarding the latest modified auditor's report

Applicable Not applicable

V. Explanation from board of directors, supervisory committee and independent directors (if applicable) for audit report with modified opinion.

Applicable Not applicable

VI. Changes in accounting policies, accounting estimates or correction of major accounting errors as compared to the financial report for the prior year

Applicable Not applicable

Please refer to Section X, Changes in Significant Accounting Policies and Estimates for details.

VII. Explanation on the change in the scope of consolidated financial statements during the reporting period as compared to financial report of the previous year

Applicable Not applicable

Please refer to Section X, Changes in the Scope of Consolidation for details.

VIII. Appointment and non-reappointment (dismissal) of CPA

Current accounting firm

Name of domestic accounting firm	Grant Thornton LLP.
Remuneration for domestic accounting firm (RMB 0,000)	180
Continuous life of auditing service for domestic accounting firm (year)	23
Name of domestic CPA	Qian Bin, Yu Qike
Continuous life of auditing service for domestic accounting firm (year)	5

Whether to change the accounting firm during the audit period

Yes No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable Not applicable

During the reporting period, the Company engaged Grant Thornton LLP. as the auditor for internal control of the Company for 2022.

IX. Suspension and termination of listing after disclosure of annual report

Applicable Not applicable

X. Insolvency or restructuring related matters

Applicable Not applicable

No insolvency or restructuring related matters during the reporting period

XI. Material litigation or arbitration cases

Applicable Not applicable

No material litigation or arbitration cases during the reporting period.

XII. Punishment or rectification

Applicable Not applicable

No punishment or rectification during the reporting period.

XIII. Integrity of the Company and its controlling shareholders and actual controllers during the reporting period

Applicable Not applicable

XIV. Material related party transactions**1. Related transaction with routine operation concerned**

Applicable Not applicable

Related parties	Relationship	Transaction type	Transaction content	Pricing principle of transaction	Transaction price	Related transaction price (RMB'0,000)	Proportion in similar transactions	Approved transaction quota (RMB'0,000)	Whether it exceeds the approved quota(Y/N)	Related transaction settlement methods	Available market prices for similar transactions	Date of disclosure	Disclosure index
Shougang Group and its subsidiaries	Parent company	Related purchase	Raw fuel, power energy, production services, etc	Market price	Market price	4,968,948		6,233,440	N	Cash at bank and on hand	Market price	1 April 2022	"China Securities Journal", "Securities Times", "Shanghai Securities News", Juchao Information Network (http://www.cninfo.com.cn)
Shougang Group and its subsidiaries	Parent company	Related sales	Steel, solid waste,	Market price	Market price	290,163		442,928	N	Cash at bank and on hand	Market price	1 April 2022	Ditto

subsidiaries			power energy, etc										
Other related parties	Joint venture and associates	Related purchase	Raw fuel, power energy, production services, etc	Market price	Market price	2,689,401		2,504,924	N	Cash at bank and on hand	Market price	1 April 2022	Ditto
Other related parties	Joint venture and associates	Related sales	Steel, power energy, etc	Market price	Market price	402,571		532,738	N	Cash at bank and on hand	Market price	1 April 2022	Ditto
Total				--	--	8,351,083	--	9,714,030	--	--	--	--	--
Details of large sales returns				No									
The Company classifies the daily related transactions by category and estimates the transaction amount that will take place in the current period, and discloses the actual transaction amount (if any)				The Company estimates the daily related Party transactions to occur based on the total amount. The Proposal on the Daily Related Party Transactions in January-February 2022 and the Expected Daily Related Party Transactions in 2022 was deliberated and approved by the first interim meeting of the Board of Directors of the Company in 2022 on March 31, 2022, and submitted to the company's 2021 Annual General Meeting of shareholders on June 29, 2022 for approval. The total amount of transactions approved by the general meeting of shareholders in the current period was RMB 9,7140.3 million, and RMB 8,3510.83 million occurred in the current period, which did not exceed the approved quota. For details of the related parties and related party transactions, please refer to Section X.									
The reason for the material difference between the transaction price and the market reference price (if applicable)				Not Applicable									

2. Related party transactions by assets or equity acquisition and sold

Applicable Not applicable

Related parties	Relationship	Transaction type	Transaction content	Pricing principle of transaction	Carry value of assets transferred (RMB'0,000)	Evaluation value of assets transferred (RMB'0,000)	Transfer price (RMB'0,000)	Related transaction settlement methods	Profit or loss of the transaction (RMB'0,000)	Date of disclosure	Disclosure index
Shougang Group Co., Ltd.	The controlling shareholder of the Company	Asset purchase	Purchase 49% equity of Steel Trading Co. held by Shougang Group Co., Ltd. by issuing shares	Evaluation price	527,388.42	585,895.82	585,895.82	Issue shares to purchase assets	0	19 March 2022	"China Securities Journal", "Securities Times", "Shanghai Securities News", Juchao Information Network (http://www.cninfo.com.cn)
Shougang Group Co., Ltd.	The controlling shareholder of the Company	Asset purchase	Acquisition of pellet-sintering assets held by Shougang Mining Corp. for cash	Evaluation price	105,815.03	130,032.58	130,032.58	Cash purchase	0	16 November 2022	"China Securities Journal", "Securities Times", "Shanghai Securities News", Juchao Information Network (http://www.cninfo.com.cn)
The reason for the material difference between the transfer price and the carrying value or evaluation value (if applicable)				Not applicable							
Impact on the operation results and financial position of the Company				(1) The transaction of "Purchasing 49% equity of Steel Trading Company held by Shougang Group Co., Ltd. by issuing shares" aims to fulfill the commitment of Shougang Group to build Shougang Shares into the only listing platform of the group's steel sector, realize the agglomeration of main steel assets of Shougang Shares, and improve the overall profitability. Through this transaction, the independence of listed companies can be further enhanced in terms of equity structure, the control and decision-making efficiency of listed companies over subsidiaries can be improved, so as to better realize the optimal allocation of resources within the listed company system, and ensure the long-term steady development of the main steel industry of listed companies. (2) The transaction of "Acquisition of pellet-sintering assets held by Shougang Mining Corp. for cash." is to fulfill the commitment made by Shougang Group during the material assets restructuring of Shougang Shares in 2014. After the completion of this related party transaction, the related party transaction between Shougang Shares and Shougang Group will be effectively reduced, the coordination of the whole process of the company will be strengthened, the steel production process will be more perfect, which will help improve the management efficiency and enhance the overall profitability and comprehensive strength of the Company.							
Performance achievement during the reporting period if there is any performance agreement attached in related transaction				Not applicable							

3. Related transactions of mutual investment outside

Applicable Not applicable

No related party transactions in respect of jointly investment during the reporting period.

4. Related creditor's rights and debts

Applicable Not applicable

Whether the Company had non-operating contact of related credit and debt

Applicable Not applicable

No related creditor's rights and debts in the reporting period

5. Transactions with related financial companies

Applicable Not applicable

Deposit

Related party	Relationship with the Company	Maximum daily deposit limit (RMB'0,000)	Range of deposit interest rate	Beginning balance (RMB'0,000)	Current amount		Closing balance (RMB'0,000)
					Total deposit amount of current period (RMB'0,000)	Total withdrawal amount of current period (RMB'0,000)	

Shougang Group Finance Co., Ltd.	Under the control of the same parent company	1,600,000	1.40%-2.05%	999,359.98	16,634,650.5	16,755,744.15	878,266.33
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Loan

Related party	Relationship with the Company	Amount (RMB'0,000)	Loan interest rate range	Beginning balance (RMB'0,000)	Current amount		Closing balance (RMB'0,000)
					Total loan amount of current period (RMB'0,000)	Total repayment amount of current period (RMB'0,000)	
Shougang Group Finance Co., Ltd.	Under the control of the same parent company	3,200,000	2.35%-4.05%	1,598,419.9	2,312,109.54	2,108,840.02	1,801,689.43

Credit granting or other financial services

Related party	Relationship with the Company	Business types	Total amount(RMB'0,000)	Actual amount(RMB'0,000)
Shougang Group Finance Co., Ltd.	Under the control of the same parent company	Credit	3,200,000	1,801,689.43

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

Applicable Not applicable

The Company has no deposits, loans, credits, or other financial services between the financial companies controlled by the Company and the related parties

7. Other significant related party transactions

Applicable Not applicable

No other significant related party transaction of the Company during the reporting period.

XV. Material contracts and implementation**1. Entrustment, contract and leasing****(1) Entrustment**

Applicable Not applicable

No entrustment during the reporting period.

(2) Contract

Applicable Not applicable

No contract during the reporting period.

(3) Leasing

Applicable Not applicable

No leasing during the reporting period.

2. Material guarantees

Applicable Not applicable

Unit: RMB0,000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term	Fulfilled or not	Guarantee to related parties or not
Shougang (Qingdao) Steel Industry Co., Ltd.	8 June 2022	21,000	20 September 2022	18,200	Guarantee of joint and several liability			One year	No	Yes
Ningbo Shougang Zhejin Steel Co., Ltd.	8 June 2022	4,400	29 August 2022	2,400	Guarantee of joint and several liability			One year	No	Yes
Total external guarantees approved during the reporting period (A1)		25,400		Total actual external guarantees during the reporting period (A2)		20,600				
Total external guarantees approved at the end of the reporting period (A3)		25,400		Balance of total actual guarantees at the end of the reporting period (A4)		20,600				
Guarantees between the Company and its subsidiaries										

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral (if any)	Counterguarantee (if any)	Term	Fulfilled or not	Guarantee to related parties or not
Shanghai Shougang Steel & Iron Trading Co., Ltd.	8 June 2022	16,050		0	Guarantee of joint and several liability			One year	No	Yes
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)		16,050		Total amount of guarantee provided for subsidiaries during the reporting period (B2)		0				
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)		16,050		Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)		0				
Guarantees between subsidiaries										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral (if any)	Counterguarantee (if any)	Term	Fulfilled or not	Guarantee to related parties or not
Total amount of guarantee provided (i.e. sum of the above three guarantee amount)										
Total amount of guarantee approved during the reporting period (A1+B1+C1)		41,450		Total amount of guarantee during the reporting period (A2+B2+C2)		20,600				
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		41,450		Total balance of guarantee as at the end of the reporting period (A4+B4+C4)		20,600				
The percentage of total amount of guarantee provided (i.e. A4+B4+C4) to the net assets of the Company				0.43%						
Including:										

Explanation of the specific situation of using composite guarantee

3. Entrusted asset management, entrusted loans and other wealth management and derivatives investment

(1) Entrusted asset management and other wealth management and derivatives investment

Applicable Not applicable

No entrusted asset management and other wealth management and derivatives investment during the reporting period.

(2) Entrusted loans

Applicable Not applicable

No entrusted loan during the reporting period.

4. Other material contracts

Applicable Not applicable

No other material contracts during the reporting period.

XVI. Explanation of other significant matters

Applicable Not applicable

On March 18, 2022, the Company received the reply of Approval for Beijing Shougang Co., Ltd. to issue shares to Shougang Group Co., Ltd. to purchase assets and raise supporting funds (CSRC License [2022] No. 553) issued by China Securities Regulatory Commission.

On April 20, 2022, the Company completed the issuance of 1,015,417,369 shares to Shougang Group Co., Ltd. to purchase the remaining 49% equity of Beijing Shougang Steel Trading Investment Management Co., Ltd. On June 7, 2022, the Company completed the issuance and listing of 54,126,391 non-publicly offering shares with supporting raised funds. The total share capital of the Company increased to 7,819,869,170 shares.

XVII. Significant matters of subsidiaries of the Company

Applicable Not applicable

1. In April 2022, Zhixin Co. and New-E Co. and its wholly-owned subsidiary Shougang Qian'an New Energy Automobile Electrical Steel Co., Ltd. (hereinafter referred to as "Qian'an Electrical Steel") signed the "Absorption and Merger Agreement between Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., Shougang Qian'an New Energy Automobile Electrical Steel Co., Ltd., and Beijing Shougang New Energy Automobile Material Technology Co., Ltd.". The agreement stipulates the relevant content of zhixin electromagnetic absorption and Qian'an Electrical Steel. After the completion of the merger, the New-E Co. became the shareholder of Zhixin Electromagnetic, with the equity ratio of 8.9042%, and the equity ratio of Zhixin Co. held by the Company changed to 75.3989%.

2. In December 2022, the Company signed the "Capital Increase Agreement on Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd." with Zhixin Co., the original shareholders of Zhixin Co. and all investors participating in the capital increase, and the investors jointly invested RMB 2 billion to become the strategic investors of Zhixin Co. After the completion of the project, the Company holds 68.0293% of the shares of Zhixin Co.

Section VII. Movements in share capital and shareholders

I. Share movement

1. Share movement

Unit: share

	Before change		Increase (/decrease) during the year					After change	
	Amount	Ratio	New shares issued	Bonus issue	Converted from reserves	Others	Subtotal	Amount	Ratio
I. Restricted shares	1,693,222,164	25.08%	1,069,543,760			-956,202,095	113,341,665	1,806,563,829	23.10%
1. State ownership									
2. State-owned corporation shares	1,467,185,339	21.74%	1,015,417,369			-740,940,679	274,476,690	1,741,662,029	22.27%
3. Shares held by other domestic investors	190,420,387	2.82%	54,126,391			-179,644,978	-125,518,587	64,901,800	0.83%
Of which: Shares held by domestic legal persons	125,518,587	1.86%	54,126,391			-179,644,978	-125,518,587		
Shares held by domestic natural persons	64,901,800	0.96%						64,901,800	0.83%
4. Foreign ownership	35,616,438	0.53%				-35,616,438	-35,616,438		
Of which: Shares held by overseas legal persons	35,616,438	0.53%				-35,616,438	-35,616,438		
Shares held by overseas natural persons									
II. Non-restricted shares	5,057,103,246	74.92%				956,202,095	956,202,095	6,013,305,341	76.90%
1. RMB ordinary shares	5,057,103,246	74.92%				956,202,095	956,202,095	6,013,305,341	76.90%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	6,750,325,410	100.00%	1,069,543,760				1,069,543,760	7,819,869,170	100.00%

Reasons of shares movements

√ Applicable □ Not applicable

Beijing Shougang Co., Ltd. issued shares to purchase assets and raised supporting funds according to the "Reply on Approval for Beijing Shougang Co., Ltd. to issue shares to Shougang Group Co., Ltd. to purchase assets and raise supporting funds" issued by China Securities Regulatory Commission (CSRC License [2022] No. 553). As of the close of market on 19 April 2022, the company purchased 1,015,417,369 shares issued by Shougang Group Co., Ltd. holding 49% equity of Beijing Shougang Steel Trading Investment Management Co., Ltd. and registered them in the account, which were listed on 20 April 2022; As of the close of the market on 6 June 2022, 54,126,391 non-publicly offering shares of the Company's supporting funds have been registered and listed on 7 June 2022.

Approval of share movements

√ Applicable □ Not applicable

On 18 March 2022, the Company received the reply of Approval for Beijing Shougang Co., Ltd. to issue shares to Shougang Group Co., Ltd. to purchase assets and raise supporting funds (CSRC License [2022] No. 553) issued by China Securities Regulatory Commission, and the Company completed the work of purchasing assets by issuing shares and raising supporting funds accordingly.

Transfer of shares arising from changes in shareholding

□ Applicable √ Not applicable

Influences of shares movements on basic EPS, diluted EPS, net assets per share attributable to common shareholders of the company and other financial indicators for both the latest year and the latest period

√ Applicable □ Not applicable

During the reporting period, after the Company completed the above issuing shares to purchase assets and raising supporting funds, the earnings per share and net asset per share of the Company during the reporting period and the latest period has been diluted due to the expansion of the total share capital of the Company.

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

□ Applicable √ Not applicable

2. Movements of restricted shares

√ Applicable □ Not applicable

Unit: share

Name of shareholders	Restricted shares at the beginning of period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of period	Reason for restriction	Date of release from restriction
Shougang Group Co., Ltd.	232,286,354	1,015,417,369	0	1,247,703,723	Reasons for restricted sales of 232,286,354 shares: The commitment made by Shougang Group when the Company was first restructured. For details, please refer to the company's announcements in "China Securities Journal" "Securities Times" "Shanghai Securities News", CNINFO (http://www.cninfo.com.cn) on 28 September 2019. Reasons for restricted sales of other shares: Share lock up commitment made as the counterparty to the company's issuance of shares to purchase assets.	The restriction can be lifted after the performance of the commitment; 19 April 2025
Beijing Jingtou Investment Holding Co., Ltd.	740,940,679	0	740,940,679	0	For details, please refer to the relevant announcement issued by the Company on 20 May 2021. Share lock up commitment made as the counterparty to the company's issuance of shares to purchase assets.	23 May 2022
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)	493,958,306	0	0	493,958,306	For details, please refer to the relevant announcement issued by the Company on 20 May 2021. Share lock up commitment made as the counterparty to the company's issuance of shares to purchase assets.	20 May 2024
Shanxi Coking Coal Group Finance Co., Ltd.	39,138,943	0	39,138,943	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Qingdao Haidayuan Procurement Service Co., Ltd.	39,138,943	18,587,360	57,726,303	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021 and 2 June 2022.	5 January 2022; 7 December 2022
UBS AG	35,616,438	0	35,616,438	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022

Name of shareholders	Restricted shares at the beginning of period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of period	Reason for restriction	Date of release from restriction
Shanghai Blueink Investment Management Co., Ltd.-Blueink exclusive No. 5 private equity investment fund	19,569,471	0	19,569,471	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Shanghai C&D Material Co., Ltd.	9,784,735	0	9,784,735	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Qianhe Capital Management Co., Ltd.-Yun Jin No. 2 private equity investment fund	6,007,827	0	6,007,827	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Qianhe Capital Management Co., Ltd.-Yun Jin No. 3 private equity investment fund	6,007,827	0	6,007,827	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Shanghai Boshen Investment LP-Boshen No. 21 securities investment private equity fund	5,870,841	0	5,870,841	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Xin'an Growth Investment Partnership(LP) No.9 private equity investment fund	0	3,717,472	3,717,472	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 June 2022.	7 December 2022
Xin'an Growth Investment Partnership(LP) No.1 private equity investment fund	0	3,717,472	3,717,472	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 June 2022.	7 December 2022

Name of shareholders	Restricted shares at the beginning of period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of period	Reason for restriction	Date of release from restriction
Zhong Ou Asset Management Company Limited	0	6,505,576	6,505,576	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 June 2022.	7 December 2022
Sunshine Asset - Industrial and Commercial Bank of China - actively allocate No. 2 asset management product	0	3,717,472	3,717,472	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 June 2022.	7 December 2022
Huashi Haorui (Wuhan) Asset Management Co., Ltd. - Wuhan Hua Shijinhong Private Equity Investment Fund Partnership (Limited Partnership)	0	7,434,944	7,434,944	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 June 2022.	7 December 2022
Lord Abbert China Asset Management Co., Ltd.	0	3,754,646	3,754,646	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 June 2022.	7 December 2022
Caitong Fund Management Co., Ltd.	0	6,691,449	6,691,449	0	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the transfer the shares within 6 months after the completion of the issue is prohibited according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 June 2022.	7 December 2022
Shougang Directors, senior executives and other equity incentive objects (386 persons in total)	64,901,800	0	0	64,901,800	In accordance with relevant regulations, the Company's 2021 restricted stock incentive plan will arrange the lock-up period of the restricted stock grants. For details, please refer to the relevant announcement issued by the Company on 13 November 2021.	The restricted shares granted will be restricted for 24, 36 and 48 months from the date of registration of the grant, i.e., 24 December 2023, 24 December 2024 and 24 December 2025, respectively.
Total	1,693,222,164	1,069,543,760	956,202,095	1,806,563,829	--	--

II. Securities issuance and listing

1. Security offering (without preferred stock) in reporting period

√ Applicable □ Not applicable

Name of Stock and derivative securities thereof	Issue date	Issue price (interest)	Issue amount	Listing date	Approved amount for listing	Termination date for trading	Disclosure index	Disclosure date
Stock								
Ordinary A-share	7 April 2022	RMB 5.77 per share	1,015,417,369	20 April 2022	1,015,417,369		For details, please refer to "Beijing Shougang Co., Ltd.'s Implementation of Issuing Shares to Purchase Assets and Raising Supporting Funds and Related Party Transactions & Listing Notice of Newly Added Shares" disclosed by the company on http://www.cninfo.com.cn .	19 April 2022
Ordinary A-share	25 May 2022	RMB 5.38 per share	54,126,391	7 June 2022	54,126,391		For details, please refer to the Announcement of Beijing Shougang Co., Ltd. on completion of registration for Restricted Stock Grants under the 2021 Restricted Stock Incentive Plan in "China Securities Journal", "Securities Times", "Shanghai Securities News", Juchao Information Network.	2 June 2022

Description of securities issuance (excluding preference shares) during the reporting period

Beijing Shougang Co., Ltd. issued shares to purchase assets and raised supporting funds according to the "Reply on Approving Beijing Shougang Co., Ltd. to issue shares to Shougang Group Co., Ltd. to purchase assets and raise supporting funds (CSRC License [2022] No. 553) issued by China Securities Regulatory Commission. As of the close of market on April 19, 2022, the Company purchased 1,015,417,369 shares issued by Shougang Group Co., Ltd. holding 49% equity of Beijing Shougang Steel Trading Investment Management Co., Ltd. and registered them in the account, which were listed on April 20, 2022; As of the close of the market on June 6, 2022, 54,126,391 non-publicly offering shares of the Company's supporting funds have been registered and listed on June 7, 2022.

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable Not applicable

Beijing Shougang Co., Ltd. issued shares to purchase assets and raised supporting funds according to the "Reply on Approving Beijing Shougang Co., Ltd. to issue shares to Shougang Group Co., Ltd. to purchase assets and raise supporting funds (CSRC License [2022] No. 553) issued by China Securities Regulatory Commission. As of the close of market on April 19, 2022, the company purchased 1,015,417,369 shares issued by Shougang Group Co., Ltd. holding 49% equity of Beijing Shougang Steel Trading Investment Management Co., Ltd. and registered them in the account, which were listed on April 20, 2022; As of the close of the market on June 6, 54,126,391 non-publicly offering shares of the Company's supporting funds have been registered and listed on June 7, 2022. The above shares were listed on June 7, 2022, increasing the total share capital of the company from 7,765,742,779 shares to 7,819,869,170 shares and changing the shareholder structure.

The Company's issuance of shares to purchase assets has no effect on the Company's assets and liabilities; Additional issuance of shares to raise matching funds increased current assets and owners' equity.

3. Current internal staff shares

Applicable Not applicable

III. Shareholders and the actual controller

1. Amount of shareholders and shareholding

Unit: Share

Total common stock shareholders in reporting period-end	100,134	Total common stock shareholders at end of last month before annual report disclosed	0	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable) (found in note 8)	0	
Shareholders holding above 5% or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of unrestricted shares held	Shares pledged or frozen	
							Status	Amount

Shougang Group	State-owned corporation	56.53%	4,420,769,800	1,015,417,3690	1,247,703,723	3,173,066,077		
Baowu Group	State-owned corporation	10.15%	793,408,440		0	793,408,440		
Beijing Jingtou Investment Holding Co., Ltd.		9.48%	740,940,679		0	740,940,679		
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)		6.32%	493,958,306		493,958,306	0		
Sunshine Life Insurance Co., Ltd. - Traditional insurance products		0.98%	76,692,529		0	76,692,529		
National Social Security Fund - Eight combinations		0.86%	67,547,683		0	67,547,683		
Sunshine Life Insurance Co., Ltd. - Dividend insurance products		0.72%	56,159,243		0	56,159,243		
Liu Wei		0.69%	54,000,000		0	54,000,000		
Hong Kong Securities Clearing Company Limited		0.56%	43,730,398		0	43,730,398		
Beijing Yizhen Technology Development Co., Ltd.		0.49%	38,206,800		0	38,206,800		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (found in note 10)	Not applicable							
Related or acting-in-concert parties among the shareholders above	Shougang Group holds 0.68% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 62.30% of Baosteel Co. In addition, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; The relationship between other shareholders or the relationship of cooperators is unknown.							
Above shareholders involved in entrusting / being entrusted with voting rights and giving up voting rights	Not applicable							
Special account for share repurchases (if any) among the top 10 shareholders(found in note 10)	Not applicable							
Shareholding of the top 10 shareholders unrestricted shares held								
Name of shareholders	Amount of unrestricted shares held at period-end	Type of shares						
		Type	Amount					
Shougang Group	3,173,066,077							
Baowu Group	793,408,440							
Beijing Jingtou Investment Holding Co., Ltd.	740,940,679							
Sunshine Life Insurance Co., Ltd.- Traditional insurance products	76,692,529							
National Social Security Fund - eight combinations	67,547,683							
Sunshine Life Insurance Co., Ltd. - Dividend insurance products	56,159,243							
Liu Wei	54,000,000							
Hong Kong Securities Clearing Company Limited	43,730,398							
Beijing Yizhen Technology Development Co., Ltd.	38,206,800							
Shanxi Coking Coal Group Finance Co., Ltd.	32,155,928							
Connected associated relationship or acting in concert among the top 10 shareholders holding tradable shares without selling restrictions, and between the top 10 shareholders holding tradable shares without selling restrictions and the top 10 shareholders	Shougang Group holds 0.68% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 62.30% of Baosteel Co. In addition, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; The relationship between other shareholders or the relationship of cooperators is unknown.							
Top 10 ordinary shareholders involved in securities margin trading (if any)	Liu Wei holds 54,000,000 shares of the company through its credit securities account; Beijing Yizhen Technology Development Co., Ltd. holds 38,206,800 shares of the Company through credit securities account.							

Whether top ten common stock shareholders or top ten common stock shareholders with unrestricted shares have a buy-back agreement dealing during the reporting period

Yes No

The top ten common stock shareholders or top ten common stock shareholders with unrestricted shares of the Company have no buy-back agreement dealing during the reporting period.

2. Controlling shareholders

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Name of controlling shareholders	Legal representative / person in charge of the company	Date of establishment	Organization code	Main businesses
Shougang Group	Zhang Gongyan	13 May 1981	911100001011200015	Industry, construction, geological examination, transportation, foreign trade, post and telecommunications, finance and insurance, scientific research and comprehensive technical services, domestic commerce, public catering, material supply and marketing, warehousing, real estate, residential services, consulting services, leasing, agriculture, forestry, animal husbandry and fishery (excluding business without special permission); authorized operation and management of state-owned assets; hosted Shougang Daily newspaper; design and production of TV advertisements; use of self-owned TV stations to publish advertisements; design and production of print advertising; use of self-owned Shougang Daily to publish advertisements; sewage treatment and recycling; seawater desalination; literary and artistic creation and performance; sports project management (excluding high-risk sports projects); stadium management; Internet information services; Municipal solid waste treatment. (enterprises shall independently choose business projects and carry out business activities in accordance with the law; municipal solid waste treatment, Internet information services and projects subject to approval in accordance with the law after licensing; they shall not engage in business projects prohibited or restricted by local policies)
Shareholdings of controlling shareholders who have control or hold shares in other domestic or overseas listed companies during the reporting period	1. Domestic: (1) Hua Xia Bank Co., Ltd., holding 21.68%; (2) Beiqi Foton Motor Co., Ltd., holding 0.15%; (3) Bank of Communications Co., Ltd., holding 0.01%; (4) China Galaxy Securities Co., Ltd., holding 0.02%; (5) BAIC MOTOR Corporation., Ltd. (H-share), holding 12.83%. 2. Overseas: (1) Success Yiu Global Company Limited, holding 60.88%; (2) Shoucheng Holdings Limited, holding 24.98%; (3) Shougang Fushan Resources Group Ltd., holding 17.09%; (4) Shougang Century Holdings Limited, holding 49.68%; (5) Global Digital Creations Holdings Limited, holding 41.05%.			

Controlling shareholder turnover during the reporting period

Applicable Not applicable

There were no changes of controlling shareholders during the reporting period.

3. Actual controller of the company and persons acting in concert

Nature of actual controller: local management agency of state-owned assets

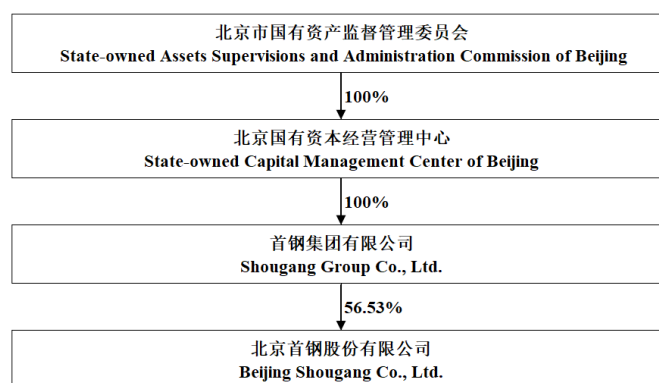
Type of actual controller:

Actual controller turnover during the reporting period

Applicable Not applicable

The actual controller of the company was not changed during the reporting period.

Block diagram of property rights and controlling relations between the Company and actual controllers



Actual controller controlling the company through trust or other asset management methods

Applicable Not applicable

4. The number of shares pledged by the controlling shareholder or the largest shareholder of the Company and persons acting in concert with it reaches 80% of the number of shares held by them in aggregate

Applicable Not applicable

5. Other legal person shareholders with over 10% shares held

Applicable Not applicable

Name of legal person shareholders	Legal representative / person in charge of the company	Date of establishment	Registered capital	Main businesses
China Baowu Steel Group Corporation Ltd.	Chen Derong	1 Jan. 1992	RMB 52,791,101,000	State-owned assets operation within the scope authorized by the State Council and investment and operation of state-owned capital. (if necessary, carrying out business activities only after approval of government agencies)

6. Limitation on reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects

Applicable Not applicable

IV. The implementation of share repurchase during the reporting period

Progress of share repurchase

Applicable Not applicable

Progress of decrease in the holding of repurchased shares by way of bidding

Applicable Not applicable

Section VIII. Preferred Shares

Applicable Not applicable

No preferred shares issued by the Company during the reporting period.

Section IX. Bonds

√ Applicable □ Not applicable

I. Enterprise bonds

□ Applicable √ Not applicable

The Company had no enterprise bonds during the reporting period.

II. Corporate Bonds

√ Applicable □ Not applicable

1. Basic information on Corporate Bonds

Unit: RMB

Name of bond	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Outstanding amount of the bonds	Interest rate	Payment method	Trading venue
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	20 Shouqian 01	149236	15 Sep. 2020	17 Sep. 2020	17 Sep. 2025	2,500,000,000.00	3.98%	Interest is calculated on an annual basis, not compound. The interest is paid once a year, and the principal is repaid once it is due. The last installment of interest is paid together with the repayment of the principal.	Shenzhen Stock Exchange
Investor eligibility arrangement (if any)			Public offering for professional investors						
Applicable trading mechanism			Bidding, quotation, inquiry and agreement trading methods						
Whether there are delisting risks (if any) and counter-measures			No						

Overdue and outstanding bonds

□ Applicable √ Not applicable

2. Triggering and execution of issuer's or investor's option clause or investor protection clause

√ Applicable □ Not applicable

The bond (20 Shouqian 01) has a five-year maturity with an issuer option to adjust the coupon rate at the end of the third year and an investor recall option. It has not yet reached the exercise period.

3. Particulars of intermediary organisations

Bond Name	Name of the intermediary organisation	Business address	Name of signing accountant	Contact person of the intermediary organisation	Tel.
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, China	Qian Bin, Yu Qike, Long Chuanxi	Qian Bin, Yu Qike, Long Chuanxi	010-85665231
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	Huatai United Securities Co., Ltd.	6F, Building A, Fengming International Building, 22 Fengsheng Hutong, Xicheng District, Beijing		Jiang Jiexiang	010-56839300
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	China Securities Co., Ltd.	16F, Building B, Kaiheng Center, No.2 Chaonei Street, Dongcheng District, Beijing, China		Liu Chuyu	010-65608485
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	China International Capital Corporation Limited	33F, Tower 2, Guomao Building, Jianguomenwai Street, Chaoyang District, Beijing, China		Wang Hongtai	010-65051166

Bond Name	Name of the intermediary organisation	Business address	Name of signing accountant	Contact person of the intermediary organisation	Tel.
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	Capital Securities Corporation Limited	11-21/F, Building A, Building 13, Yard 5, Anding Road, Chaoyang District, Beijing, China		Li Kang	010-81152595
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	Beijing Jingtian Gongcheng Law Firm	34F, Office Building No.3, Huamao Center, 77 Jianguo Road, Chaoyang District, Beijing, China		Deng Qing, Yang Yao	010-58091281 010-58091048
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	Dagong Global Credit Rating Co., Ltd.	3F, China Foreign Language Building, 89 Xisanhuan North Road, Haidian District, Beijing, China		Jia Yuehua	010-67413364

Change of the above intermediary organisations during the reporting period

Yes No

4. Use of proceeds

Unit: RMB

Bond Name	Total amount of proceeds	Utilised amount	Unutilised amount	Operation of special account for the proceeds (if any)	Rectification of irregularities in the use of proceeds (if any)	Is the use of proceeds consistent with the use of proceeds guaranteed under the prospectus, proposed use of proceeds and other agreement?
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	2,500,000,000.00	2,500,000,000.00	0.00	During the reporting period, the operation of the Company's special account for raised funds conforms to the standard	No	Consistent

Proceeds to be used for construction projects

Applicable Not applicable

5. Adjustment of credit rating results during the reporting period

Applicable Not applicable

6. Implementation of and changes in guarantee, debt repayment plan and other repayment guarantee measures during the reporting period and their impacts on the rights and interests of bond investors

Applicable Not applicable

III. Non-financial corporate debt financing instruments

Applicable Not applicable

1. Basic information of non-financial corporate debt financing instruments

Unit: RMB

Name of bond	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Outstanding amount of the bonds	Interest rate	Payment method	Trading venue
Beijing Shougang Co., Ltd.2022 Ultra-short-term financing note (Phase II) (Kechuang Bill)	22Shouganggufen SCP002 (Kechuang Bill)	012282924	18 August 2022	19 August 2022	24 April 2023	1,000,000,000.00	1.68%	Repayment of principal and interest once due	National inter-bank bond market
Investor eligibility arrangement (if any)			Institutional investors in the national inter-bank bond market (except purchasers prohibited by national laws and regulations)						
Applicable trading mechanism			Non-financial enterprise debt financing instrument trading system						
Whether there are delisting risks (if any) and countermeasures			No						

Overdue and outstanding bonds

Applicable Not applicable

2. Triggering and execution of issuer's or investor's option clause or investor protection clause

Applicable Not applicable

3. Particulars of intermediary organisations

Bond Name	Name of the intermediary organisation	Business address	Name of signing accountant	Contact person of the intermediary organisation	Tel
Beijing Shougang Co., Ltd.2022 Ultra-short-term financing note (Phase II) (Kechuang Bill)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, China	Qian Bin, Yu Qike, Long Chuanxi	Qian Bin, Yu Qike, Long Chuanxi	010-85665231
Beijing Shougang Co., Ltd.2022 Ultra-short-term financing note (Phase II) (Kechuang Bill)	Beijing Jingtian Gongcheng Law Firm	34F, Office Building no.3, Huamao Center, 77 Jianguo Road, Chaoyang District, Beijing, China		Deng Qing, Yang Yao	010-58091281 010-58091048
Beijing Shougang Co., Ltd.2022 Ultra-short-term financing note (Phase II) (Kechuang Bill)	Bank of Beijing Co., Ltd.	No. 17 C, Financial Street, Xicheng District, Beijing		Zhang Guoxia	010-66223400

Change of the above intermediary organisations during the reporting period

Yes No

4. Use of proceeds

Unit: RMB

Bond Name	Total amount of proceeds	Utilised amount	Unutilised amount	Operation of special account for the proceeds (if any)	Rectification of irregularities in the use of proceeds (if any)	Is the use of proceeds consistent with the use of proceeds guaranteed under the prospectus, proposed use of proceeds and other agreement
Beijing Shougang Co., Ltd.2022 Ultra-short-term financing note (Phase II) (Kechuang Bill)	1,000,000,000.00	1,000,000,000.00	0.00	During the reporting period, the operation of the Company's special account for raised funds conforms to the standard	No	Consistent

Proceeds to be used for construction projects

Applicable Not applicable

Change in the use of proceeds from the above bonds during the reporting period

Applicable Not applicable

5. Adjustment of credit rating results during the reporting period

Applicable Not applicable

6. Implementation of and changes in guarantee, debt repayment plan and other repayment guarantee measures during the reporting period and their impacts on the rights and interests of bond investors

Applicable Not applicable

IV. Convertible bonds

Applicable Not applicable

The Company has no convertible bonds during the reporting period.

V. The loss in the scope of the consolidated financial statements during the reporting period exceeding 10% of the net assets as at the end of the prior year

Applicable Not applicable

VI. Overdue interest-bearing debts other than bonds at the end of the reporting period

Applicable Not applicable

VII. Breaches of the regulations during the reporting period

Yes No

VIII. Major accounting data and financial indicators of the Company over the past two years as at the end of the reporting period

Unit: RMB0'000

Items	As at the end of the reporting period	As at the end of the prior year	Increase/decrease as at the end of the reporting period as compared to the end of the prior year
Current ratio	0.45	0.46	-2.17%
Gearing ratio	65.03%	67.21%	-2.18%
Quick ratio	0.30	0.31	-3.23%
	The reporting period	The corresponding period of the prior year	Increase/decrease of the reporting period as compared to corresponding period of the prior year
Net profit after extraordinary gains or losses	105,251.09	701,422.69	-84.99%
Proportion of EBITDA to total debts	12.28%	19.58%	-7.30%
Interest coverage ratio	1.95	5.15	-62.14%
Cash interest coverage ratio	6.92	8.15	-15.09%
EBITDA interest coverage ratio	6.08	8.33	-27.01%
Loans payment ratio	100.00%	100.00%	0.00%
Interest payment ratio	100.00%	100.00%	0.00%

Section X. Financial Report

(This section is translated based on the Chinese version of the full audit report of the Company. Immaterial difference may exist between this section in Chinese version annual report and English version annual report. The difference is due to the specific template required by the Shenzhen Stock Exchange in Chinese version which is not applied in English version.)

Auditor's Report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	19 April 2023
Name of audit institution	Grant Thornton LLP
Number of audit report	GTSZ (2023) No. 110A012340
Chinese Certified Public Accountant	Qian Bin, Yu Qike

Main Body of Audit Report

To the Shareholders of Beijing Shougang Company Limited:

I. Opinion

We have audited the financial statements of Beijing Shougang Company Limited (the Company), which are comprised of the consolidated and company statements of financial position as of 31 December 2022, and the consolidated and company income statements, statements of changes in equity and statements of cash flows 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 financial position of the Company as of 31 December 2022, and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

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

III. 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.

(I) The provision for inventory impairments

The disclosures related to the impairment of inventories are disclosed in Notes III.11 and V.7 to the financial statements.

1. Description of the matter

As of 31 December 2022, the carry value of inventory of the Company amounted to RMB 12.303 billion with an impairment of RMB 343 million in the consolidated financial statements. Inventory had been regarded as the material part of the current assets of the Company at the end of the period, and the provision for inventory impairment referred to the application of management's accounting estimates. Hence, we have identified the provision for inventory impairments as a key audit matter.

According to the accounting policy of the Company, if the cost is in excess of the net realizable value, impairment of inventories is recognized on the date of balance sheet. Net realizable value is determined based on the estimated selling price on normal business terms deducted by the estimated costs to completion and the related expenses.

2. How our audit addressed the Key Audit Matter

Our main procedures in relation to provision for inventory impairment includes:

- (1) Understanding and assessing the management's internal controls related to impairment testing of inventories, and testing the effectiveness of key control executions.
- (2) Testing, on a sample basis during the inventory monitoring procedure, observing the inventory status and checking the inventory age
- (3) Recalculating the impairment of inventories at the end of the reporting period
- (4) Implementing the analysis procedure to determine whether there is a significant difference between the estimated selling price and the market price, and examining whether there is a significant difference between the post-period selling price and the estimated price in conjunction with a subsequent-event audit.
- (5) Evaluating the reasonableness of carrying value of the inventory as at 31 December 2022 by analyzing manufacturing costs of current inventories.
- (6) Inspecting whether the related information of inventory impairments provision is properly, appropriately and adequately presented and disclosed in the financial statements.

(II) Recognition of Revenue

The disclosures related to the recognition of revenue are disclosed in Notes III.25 and V.41 to the financial statements.

1. Descriptions of the matter

In 2022, the revenue was RMB 118.142 billion in the consolidated financial statements. Considering that the revenue has a significant impacted on the financial

statements of the Company and steel price could exert a great influence on the profits of the Company since the steel industry is a pro-cyclical industry, we regarded the recognition of revenue as a key audit matter.

2. How our audit addressed the Key Audit Matter

Our main procedures in relation to recognition of revenue includes:

- (1) Understanding and assessing the management's internal controls related to recognition of revenue, and testing the effectiveness of key control executions.
- (2) Assessing whether the revenue recognition conditions, methods and time complied with the related standards in Accounting Standards for Business Enterprises.
- (3) Selecting revenue transaction samples, checking the supporting documents of revenue recognition such as sales contracts, orders, delivery records, etc. to evaluate the authenticity of revenue recognition.
- (4) Selecting major customers to perform the confirmation procedures on annual sales to evaluate the completeness of revenue recognition.
- (5) Implementing cut-off tests to the sales transactions before and after balance sheet date.
- (6) Checking the adequacy and appropriateness of disclosures in relation to revenue in the financial statements.

IV. Other Information

The management of the Company is responsible for the other information. The other information comprises the information included in the Annual Report of 2022, 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.

Based on the work we have performed on other information we obtained before the audit report date, if we conclude that there is material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

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

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business

Enterprises, and designing, implementing and maintaining 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate 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.

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

As part of an audit in accordance with China Standards on Auditing, 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 understanding 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 the 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 the Company'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, further events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content 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 the Company to express an opinion on the 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 the governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards (if any).

From the matters communicated with the 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.

Consolidated and Parent Company Statement of Financial Position

Beijing Shougang Co., Ltd. as at 31 December 2022

Unit: RMB Yuan

Item	Notes	31 December 2022		31 December 2021	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and Cash equivalents	V. 1	9,470,472,522.05	1,973,471,254.47	10,284,988,713.99	1,426,549,662.05
Notes receivable	V. 2	6,691,086,020.85	898,640,149.83	6,830,376,685.96	1,311,383,591.78
Accounts receivable	V. 3	1,450,008,897.10	1,396,660,925.53	1,678,608,393.71	1,917,892,195.00
Financing receivables	V. 4	3,489,134,871.56	835,526,685.55	4,015,188,495.05	1,285,597,772.66
Prepayments	V. 5	636,469,216.98	326,340,746.62	1,192,569,996.90	789,330,458.38
Other receivables	V. 6	13,168,697.56	1,163,994,995.68	16,992,715.92	1,017,482,945.07
Including: Interest receivable					
Dividends receivable		200,000.00	9,713,244.06		
Inventories	V. 7	11,960,246,748.15	1,904,197,806.47	12,425,502,043.91	2,457,421,238.04
Other current assets	V. 8	1,025,942,949.49	565,959,166.92	864,665,729.52	397,054,514.15
Total current assets		34,736,529,923.74	9,064,791,731.07	37,308,892,774.96	10,602,712,377.13
Non-current assets:					
Long-term equity investments	V. 9	2,724,285,925.35	37,687,890,460.88	3,065,928,898.28	31,996,332,940.16
Other equity instruments investments	V. 10	232,766,133.81	232,766,133.81	264,900,763.97	264,900,763.97
Other non-current financial assets	V. 11	79,234,007.60	79,234,007.60	80,000,000.00	80,000,000.00
Investment properties					
Fixed assets	V. 12	93,331,072,969.17	19,254,378,866.41	97,227,169,862.20	20,124,641,301.41
Construction in progress	V. 13	7,673,649,852.77	1,490,601,326.57	7,186,767,838.55	1,509,116,630.96
Right-of-use assets	V. 14	83,107,359.45	27,014,444.30	100,279,997.64	36,019,259.06
Intangible assets	V. 15	3,906,907,128.11	1,702,786,981.19	4,017,658,268.36	1,747,376,604.69
Development expenditures					
Goodwill					
Long-term prepaid expenses	V. 16	3,535,748.04		1,226,463.57	
Deferred tax assets	V. 17	402,355,955.31	205,022,924.46	189,721,423.29	26,622,171.77
Other non-current assets					
Total non-current assets		108,436,915,079.61	60,679,695,145.22	112,133,653,515.86	55,785,009,672.02
Total assets		143,173,445,003.35	69,744,486,876.29	149,442,546,290.82	66,387,722,049.15

Consolidated and Parent Company Statement of Financial Position (Continued)

Beijing Shougang Co., Ltd. as at 31 December 2022

Unit: RMB Yuan

Item	Notes	31 December 2022		31 December 2021	
		Consolidated	Consolidated	Consolidated	Company
Current liabilities:					
Short-term borrowings	V. 18	29,580,006,103.39	10,586,336,291.69	25,278,373,316.25	11,063,960,704.04
Notes payable	V. 19	7,261,510,000.00	989,500,000.00	7,488,930,793.77	987,600,000.00
Accounts payable	V. 20	19,810,594,484.05	9,833,463,235.41	20,197,494,619.65	9,348,168,380.88
Receipts in advance					
Contract liabilities	V. 21	4,508,016,725.74	521,402,199.01	5,230,456,327.37	756,726,439.51
Payroll and employee benefits	V. 22	620,796,429.60	207,863,353.07	519,564,874.98	164,419,821.76
Taxes payable	V. 23	172,300,416.40	22,570,197.17	425,210,314.30	19,217,188.00
Other payables	V. 24	2,761,819,276.69	1,100,551,048.35	3,082,192,028.33	2,370,468,929.04
Including: Interest payable					
Dividend payable		11,440,046.38			
Liabilities classified as held for sale					
Current portion of non-current liabilities	V. 25	4,038,768,022.60	3,419,903,869.77	10,451,293,628.20	61,012,464.36
Other current liabilities	V. 26	8,088,749,910.74	1,927,653,981.82	8,222,007,536.63	2,296,975,448.24
Total current liabilities		76,842,561,369.21	28,609,244,176.29	80,895,523,439.48	27,068,549,375.83
Non-current liabilities:					
Long-term borrowings	V. 27	10,594,350,000.00	1,267,120,000.00	11,692,710,000.00	1,792,710,000.00
Bonds payable	V. 28			2,500,000,000.00	2,500,000,000.00
Lease liabilities	V. 29	72,439,836.79	19,284,063.32	86,123,210.35	28,263,649.37
Long-term payable	V. 30	2,300,000.00	2,300,000.00	14,659,657.85	14,659,657.85
Long-term payroll and employee benefits	V. 31	82,565,651.02	82,565,651.02	81,120,000.00	81,120,000.00
Provisions					
Deferred income	V. 32	472,861,881.90	85,269,577.62	404,010,785.39	79,906,503.16
Deferred tax liabilities	V. 17	502,268,362.26	365,393,047.63	208,958,292.75	208,958,292.75
Other non-current liabilities	V. 33	4,532,018,467.20		4,563,283,607.60	
Total non-current liabilities		16,258,804,199.17	1,821,932,339.59	19,550,865,553.94	4,705,618,103.13
Total liabilities		93,101,365,568.38	30,431,176,515.88	100,446,388,993.42	31,774,167,478.96
Shareholders' equity:					
Share capital	V. 34	7,819,869,170.00	7,819,869,170.00	6,750,325,410.00	6,750,325,410.00
Capital reserve	V. 35	29,644,048,551.50	22,176,353,536.77	24,861,776,641.72	17,070,281,351.14
Less: treasury shares	V. 36	210,930,850.00	210,930,850.00	210,930,850.00	210,930,850.00
Other comprehensive income	V. 37	158,251,774.94	158,251,774.94	185,566,210.59	185,566,210.59
Special reserve	V. 38	31,852,310.79		21,054,371.78	
Surplus reserve	V. 39	1,908,883,208.67	1,908,883,208.67	1,908,883,208.67	1,908,883,208.67
Retained earnings	V. 40	8,595,698,699.52	7,460,883,520.03	8,130,868,205.38	8,909,429,239.79
Equity attributable to shareholders of the Company		47,947,672,865.42	39,313,310,360.41	41,647,543,198.14	34,613,554,570.19
Non-controlling interests		2,124,406,569.55		7,348,614,099.26	
Total shareholders' equity		50,072,079,434.97	39,313,310,360.41	48,996,157,297.40	34,613,554,570.19
Total liabilities and shareholders' equity		143,173,445,003.35	69,744,486,876.29	149,442,546,290.82	66,387,722,049.15

Consolidated and Parent Company Income Statement

Beijing Shougang Co., Ltd. for the year ended 31 December 2022

Unit: RMB Yuan

Item	Notes	2022		2021	
		Consolidated	Company	Consolidated	Company
I. Operating revenue	V. 41	118,142,183,549.47	39,004,809,105.09	132,984,304,668.28	44,037,155,561.17
Less: Cost of sales	V. 41	111,067,555,320.28	38,195,755,653.87	117,394,695,070.53	41,325,543,005.37
Taxes and surcharges	V. 42	823,261,082.93	215,684,348.68	1,064,429,887.98	295,122,175.34
Selling expenses	V. 43	237,997,026.22	147,362,228.16	213,309,534.38	129,253,892.82
General and administrative expenses	V. 44	1,271,175,739.06	533,105,120.91	1,301,197,936.20	565,748,773.19
R&D expenses	V. 45	626,923,257.36	207,810,181.56	652,926,385.56	242,853,866.40
Financial expenses	V. 46	1,731,584,291.35	460,293,091.81	2,260,406,032.80	592,635,561.68
Including: Interest expense		1,863,709,861.13	507,359,008.32	2,353,346,784.74	625,241,774.26
Interest income		132,829,545.65	27,521,639.77	131,307,065.33	31,270,904.41
Add: Other income	V. 47	76,142,005.96	11,800,586.33	54,544,488.92	9,859,440.42
Investment income/ (loss)	V. 48	-211,209,023.35	59,234,973.72	106,379,717.79	240,889,493.89
Including: Share of profits or loss of associates and joint ventures		-227,515,854.43	-178,256,786.93	93,142,769.92	203,181,607.90
Gain/ (loss) on the changes in fair value	V. 49	-765,992.40	-765,992.40		
Credit impairment losses	V. 50	5,643,463.88	337,922.33	-127,539,908.64	-1,593,807.77
Assets impairment losses	V. 51	-402,994,496.88	-63,210,278.38	-167,567,546.04	-66,598,535.40
Gain/ (loss) from disposal of assets	V. 52	-611,088.11	-611,088.11	3,716,485.22	3,820,932.50
II. Operating profit/ (loss)		1,849,891,701.37	-748,415,396.41	9,966,873,058.08	1,072,375,810.01
Add: Non-operating income	V. 53	11,304,199.78	4,718,009.36	6,554,194.97	2,854,654.64
Less: Non-operating expenses	V. 54	68,082,023.32	51,970,642.22	65,521,293.40	37,535,685.19
III. Profit/ (loss) before tax		1,793,113,877.83	-795,668,029.27	9,907,905,959.65	1,037,694,779.46
Less: Income tax expense	V. 55	283,698,478.31	-6,832,474.51	1,489,229,219.26	143,495,502.68
IV. Net profit / (loss)		1,509,415,399.52	-788,835,554.76	8,418,676,740.39	894,199,276.78
(1) Categorized by operation continuity:					
Including: Net profit/ (loss) from continuing operations		1,509,415,399.52	-788,835,554.76	8,418,676,740.39	894,199,276.78
Net profit/ (loss) from discontinuing operations					
(2) Categorized by ownership:					
Including: Net profit/ (loss) attributable to shareholders of the Company		1,124,540,659.14		7,106,480,663.26	
Net profit/ (loss) attributable to non-controlling interests		384,874,740.38		1,312,196,077.13	
V. Other comprehensive income, net of tax		-27,314,435.65	-27,314,435.65	-9,644,034.23	-9,644,034.23
Other comprehensive income, net of tax, attributable to shareholders of the company		-27,314,435.65	-27,314,435.65	-9,644,034.23	-9,644,034.23
(1) Other comprehensive income that will not be reclassified to profit or loss		-27,314,435.65	-27,314,435.65	-9,644,034.23	-9,644,034.23
Changes in fair value of other equity instrument investments		-27,314,435.65	-27,314,435.65	-9,644,034.23	-9,644,034.23
(2) Other comprehensive income to be reclassified to profit or loss					
Other comprehensive income, net of tax, attributable to non-controlling interests					
VI. Total comprehensive income		1,482,100,963.87	-816,149,990.41	8,409,032,706.16	884,555,242.55
Total comprehensive income attributable to shareholders of the company		1,097,226,223.49		7,096,836,629.03	
Total comprehensive income attributable to non-controlling interests		384,874,740.38		1,312,196,077.13	
VII. Earnings per share					
(1) Basic earnings per share		0.1496		1.1439	
(2) Diluted earnings per share					

Consolidated and Parent Company Statement of Cash Flows

Beijing Shougang Co., Ltd. for the year ended 31 December 2022

Unit: RMB Yuan

Items	Note	2022		2021	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash receipts from the sale of goods and the rendering of services		60,167,389,548.82	16,484,868,626.13	78,204,394,163.17	18,990,463,340.31
Tax refunds received		189,506,469.09	42,188,257.67	63,091,299.47	
Cash received relating to other operating activities	V. 56	767,214,052.71	20,415,777.73	63,336,125.82	144,818,152.82
Sub-total of cash inflows		61,124,110,070.62	16,547,472,661.53	78,330,821,588.46	19,135,281,493.13
Cash paid for purchase of goods and services		43,094,229,128.26	11,560,257,021.52	51,897,231,678.90	13,549,077,636.55
Cash paid to and on behalf of employee		4,581,065,361.90	1,542,021,128.22	4,679,450,437.00	1,587,524,293.24
Cash paid for taxes		3,011,630,025.15	471,766,716.43	5,508,114,238.05	1,223,075,074.28
Cash paid relating to other operating activities	V. 56	392,950,057.51	200,956,450.23	852,835,390.28	382,575,353.81
Sub-total of cash outflows		51,079,874,572.82	13,775,001,316.40	62,937,631,744.23	16,742,252,357.88
Net cash flows from operating activities		10,044,235,497.80	2,772,471,345.13	15,393,189,844.23	2,393,029,135.25
II. Cash flows from investing activities					
Cash received from disposal of investments		38,609,883.16		212,000,000.00	2,700,000,000.00
Cash received from investment income		82,626,235.37	242,968,827.72	210,139,106.61	814,127,544.38
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		12,405,207.57	9,996,517.46	46,031,802.86	39,106,972.93
Cash received from disposal of subsidiaries and other business units					
Cash received relating to other investing activities	V. 56	132,789,335.69	28,160,581.65	130,931,269.04	31,252,743.28
Sub-total of cash inflows		266,430,661.79	281,125,926.83	599,102,178.51	3,584,487,260.59
Purchase of property, plant and equipment, intangible assets and other non-current assets		2,639,013,873.80	493,955,501.86	3,270,336,323.78	1,584,616,246.57
Cash paid for investments		789,480,592.71	781,780,592.71	113,658,286.00	306,616,735.00
Net cash paid for acquisition of a subsidiary and other operating units					
Cash paid relating to other investing activities	V. 56		153,910,000.00	300,000,000.00	
Sub-total of cash outflows		3,428,494,466.51	1,429,646,094.57	3,683,994,609.78	1,891,232,981.57
Net cash flows from investing activities		-3,162,063,804.72	-1,148,520,167.74	-3,084,892,431.27	1,693,254,279.02
III. Cash flows from financing activities					
Cash received from investment		1,278,391,712.18	287,603,983.82	3,003,858,828.08	1,023,858,828.08
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		990,787,728.36		1,980,000,000.00	
Proceeds from borrowings		33,162,321,539.41	13,549,741,539.41	28,850,188,126.09	13,447,283,452.18
Proceeds from issuing bonds		2,000,000,000.00	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00
Cash receipts relating to other financing activities					
Sub-total of cash inflows		36,440,713,251.59	15,837,345,523.23	33,854,046,954.17	16,471,142,280.26
Repayments for debts		40,872,794,754.59	15,706,004,754.59	38,534,214,910.91	18,072,850,237.00
Cash payments for distribution of dividends or profit and interest expenses		2,519,777,625.43	1,150,312,727.17	3,088,089,392.94	1,401,619,756.90
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries		45,895,343.51			
Cash payments relating to other financing activities	V. 55	136,968,934.05	163,699,124.52	964,082,606.56	946,843,330.04
Sub-total of cash outflows		43,529,541,314.07	17,020,016,606.28	42,586,386,910.41	20,421,313,323.94
Net cash flows from financing activities		-7,088,828,062.48	-1,182,671,083.05	-8,732,339,956.24	-3,950,171,043.68
IV. Effect of exchange rate changes on cash and cash equivalents					
V. Net increase in cash and cash equivalents		-206,656,369.40	441,280,094.34	3,575,957,456.72	136,112,370.59
Add: Cash and cash equivalents as at the beginning of year		8,535,871,373.08	1,022,866,541.00	4,959,913,916.36	886,754,170.41
VI. Cash and cash equivalent as at the end of year		8,329,215,003.68	1,464,146,635.34	8,535,871,373.08	1,022,866,541.00

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2022

Unit: RMB Yuan

Item	2022								Total shareholders' equity
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Non-controlling interests	
I. Balance at the end of previous year	6,750,325,410.00	24,861,776,641.72	210,930,850.00	185,566,210.59	21,054,371.78	1,908,883,208.67	8,130,868,205.38	7,348,614,099.26	48,996,157,297.40
Add: Changes in accounting policies									
Corrections of prior period errors									
Business combination under common control									
Others									
II. Balance at the beginning of the year	6,750,325,410.00	24,861,776,641.72	210,930,850.00	185,566,210.59	21,054,371.78	1,908,883,208.67	8,130,868,205.38	7,348,614,099.26	48,996,157,297.40
III. Increase/(decrease) during the period	1,069,543,760.00	4,782,271,909.78		-27,314,435.65	10,797,939.01		464,830,494.14	-5,224,207,529.71	1,075,922,137.57
(1) Total comprehensive income				-27,314,435.65			1,124,540,659.14	384,874,740.38	1,482,100,963.87
(2) Shareholders' contributions and reduction	1,069,543,760.00	4,795,867,598.63						-5,544,665,254.82	320,746,103.81
(i) Shareholders' contributions in ordinary share	1,069,543,760.00	4,738,436,210.82						-5,544,665,254.82	263,314,716.00
(ii) Amount of share-based payments recognized in equity		36,147,743.13							36,147,743.13
(iii) Others		21,283,644.68							21,283,644.68
(3) Profit distribution							-659,710,165.00	-57,585,389.89	-717,295,554.89
(i) Transfer to surplus reserve									
(ii) Distribution to shareholders							-625,589,533.60	-57,585,389.89	-683,174,923.49
(iii) Others							-34,120,631.40		-34,120,631.40
(4) Transfer within equity									
(i) Capital reserves converted to share capital									
(ii) Surplus reserves converted to share capital									
(iii) Loss made up by surplus reserves									
(iv) Other comprehensive income transferred to retained earnings									
(v) Others									
(5) Special reserve		7,687,955.83			10,797,939.01			-6,831,625.38	11,654,269.46
(i) Additions		7,687,955.83			10,797,939.01			-6,831,625.38	11,654,269.46
(ii) Utilisation									
(6) Others		-21,283,644.68							-21,283,644.68
IV. Balance at the end of the year	7,819,869,170.00	29,644,048,551.50	210,930,850.00	158,251,774.94	31,852,310.79	1,908,883,208.67	8,595,698,699.52	2,124,406,569.55	50,072,079,434.97

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2022

Unit: RMB Yuan

Item	2021								
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Non-controlling interests	Total shareholders' equity
I. Balance at the end of previous year	5,289,389,600.00	19,759,259,120.40		195,210,244.82	21,577,537.20	1,828,677,846.37	1,865,280,919.23	9,871,784,638.95	38,831,179,906.97
Add: Changes in accounting policies									
Corrections of prior period errors									
Business combination under common control		-180,202,197.46							-180,202,197.46
Others									
II. Balance at the beginning of the year	5,289,389,600.00	19,579,056,922.94		195,210,244.82	21,577,537.20	1,828,677,846.37	1,865,280,919.23	9,871,784,638.95	38,650,977,709.51
III. Increase/(decrease) during the period	1,460,935,810.00	5,282,719,718.78	210,930,850.00	-9,644,034.23	-523,165.42	80,205,362.30	6,265,587,286.15	-2,523,170,539.69	10,345,179,587.89
(1) Total comprehensive income				-9,644,034.23			7,106,480,663.26	1,312,196,077.13	8,409,032,706.16
(2) Shareholders' contributions and reduction	1,460,935,810.00	5,284,171,993.19	210,930,850.00					-3,822,775,473.29	2,711,401,479.90
(i) Shareholders' contributions in ordinary share	1,396,034,010.00	5,132,245,332.82						-5,618,843,879.35	909,435,463.47
(ii) Amount of share-based payments recognized in equity	64,901,800.00	151,926,660.37	210,930,850.00						5,897,610.37
(iii) Others								1,796,068,406.06	1,796,068,406.06
(3) Profit distribution						80,205,362.30	-840,893,377.11		-760,688,014.81
(i) Transfer to surplus reserve						80,205,362.30	-80,205,362.30		
(ii) Distribution to shareholders							-668,542,361.00		-668,542,361.00
(iii) Others							-92,145,653.81		-92,145,653.81
(4) Transfer within equity									
(i) Capital reserves converted to share capital									
(ii) Surplus reserves converted to share capital									
(iii) Loss made up by surplus reserves									
(iv) Other comprehensive income transferred to retained earnings									
(v) Others									
(5) Special reserve		-1,452,274.41			-523,165.42			-12,591,143.53	-14,566,583.36
(i) Additions		-1,452,274.41			-523,165.42			-12,591,143.53	-14,566,583.36
(ii) Utilisation									
(6) Others									
IV. Balance at the end of the year	6,750,325,410.00	24,861,776,641.72	210,930,850.00	185,566,210.59	21,054,371.78	1,908,883,208.67	8,130,868,205.38	7,348,614,099.26	48,996,157,297.40

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2022

Unit: RMB Yuan

Item	2022							
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the end of previous year	6,750,325,410.00	17,070,281,351.14	210,930,850.00	185,566,210.59		1,908,883,208.67	8,909,429,239.79	34,613,554,570.19
Add: Changes in accounting policies								
Corrections of prior period errors								
Business combination under common control								
Others								
II. Balance at the beginning of the year	6,750,325,410.00	17,070,281,351.14	210,930,850.00	185,566,210.59		1,908,883,208.67	8,909,429,239.79	34,613,554,570.19
III. Increase/(decrease) during the period	1,069,543,760.00	5,106,072,185.63		-27,314,435.65			-1,448,545,719.76	4,699,755,790.22
(1) Total comprehensive income				-27,314,435.65			-788,835,554.76	-816,149,990.41
(2) Shareholders' contributions and reduction	1,069,543,760.00	5,127,355,830.31						6,196,899,590.31
(i) Shareholders' contributions in ordinary share	1,069,543,760.00	5,062,782,685.03						6,132,326,445.03
(ii) Amount of share-based payments recognized in equity		43,289,500.60						43,289,500.60
(iii) Others		21,283,644.68						21,283,644.68
(3) Profit distribution							-659,710,165.00	-659,710,165.00
(i) Transfer to surplus reserve								
(ii) Distribution to shareholders							-625,589,533.60	-625,589,533.60
(iii) Others							-34,120,631.40	-34,120,631.40
(4) Transfer within equity								
(i) Capital reserves converted to share capital								
(ii) Surplus reserves converted to share capital								
(iii) Loss made up by surplus reserves								
(iv) Other comprehensive income transferred to retained earnings								
(v) Others								
(5) Special reserve								
(i) Additions								
(ii) Utilisation								
(6) Others		-21,283,644.68						-21,283,644.68
IV. Balance at the end of the year	7,819,869,170.00	22,176,353,536.77	210,930,850.00	158,251,774.94		1,908,883,208.67	7,460,883,520.03	39,313,310,360.41

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2022

Unit: RMB Yuan

Item	2021							
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the end of previous year	5,289,389,600.00	12,129,563,493.89		195,210,244.82		1,828,677,846.37	8,856,123,340.12	28,298,964,525.20
Add: Changes in accounting policies								
Corrections of prior period errors								
Business combination under common control		-180,202,197.46						-180,202,197.46
Others								
II. Balance at the beginning of the year	5,289,389,600.00	11,949,361,296.43		195,210,244.82		1,828,677,846.37	8,856,123,340.12	28,118,762,327.74
III. Increase/(decrease) during the period	1,460,935,810.00	5,120,920,054.71	210,930,850.00	-9,644,034.23		80,205,362.30	53,305,899.67	6,494,792,242.45
(1) Total comprehensive income				-9,644,034.23			894,199,276.78	884,555,242.55
(2) Shareholders' contributions and reduction	1,460,935,810.00	5,120,920,054.71	210,930,850.00					6,370,925,014.71
(i) Shareholders' contributions in ordinary share	1,396,034,010.00	5,113,754,895.99						6,509,788,905.99
(ii) Amount of share-based payments recognized in equity	64,901,800.00	7,165,158.72	210,930,850.00					-138,863,891.28
(iii) Others								
(3) Profit distribution						80,205,362.30	-840,893,377.11	-760,688,014.81
(i) Transfer to surplus reserve						80,205,362.30	-80,205,362.30	
(ii) Distribution to shareholders							-668,542,361.00	-668,542,361.00
(iii) Others							-92,145,653.81	-92,145,653.81
(4) Transfer within equity								
(i) Capital reserves converted to share capital								
(ii) Surplus reserves converted to share capital								
(iii) Loss made up by surplus reserves								
(iv) Other comprehensive income transferred to retained earnings								
(v) Others								
(5) Special reserve								
(i) Additions								
(ii) Utilisation								
(6) Others								
IV. Balance at the end of the year	6,750,325,410.00	17,070,281,351.14	210,930,850.00	185,566,210.59		1,908,883,208.67	8,909,429,239.79	34,613,554,570.19

Notes to the Financial Statements

I. General Information of the Company

1. Company profile

Beijing Shougang Company Limited (hereinafter referred to as the Company) is a joint stock limited company established by means of raising, which is approved by Beijing Municipal People's Government Jingzhenghan [1998] No. 34 and exclusively initiated by Shougang Group Co., Ltd. With the approval of zjxz [1999] No. 91 document issued by China Securities Regulatory Commission, the Company was the first to issue 350,000.00 thousand ordinary shares (A shares) to the public in Shenzhen Stock Exchange from 21 to 27 September, 1999 by the combination of legal person placement and online issuance, with par value of RMB 1 per share and issue price of RMB 5.15 per share, with the stock code of 000959. The Company registered with approval of Beijing Administration for Industry and Commerce on 15 October, 1999. The Company holds the business license with unified social credit code of 1100001028663 (1-1), with the registered capital of RMB 2,310,000,000.00.

The Company issued the convertible corporate bonds worth RMB 2,000,000 thousand on 16 December, 2003 upon the approval of zjfxz [2003] No. 107 document issued by China Securities Regulatory Commission. On 31 December, 2003, the convertible bond was listed and traded in Shenzhen Stock Exchange. The bond is abbreviated as "Shougang Convertible Bond" with the bond code of "125959". The convertible bonds were converted into shares since June 16, 2004, and met the redemption conditions until 26 February 2007. Accordingly, the board of directors of the company issued the redemption announcement. As of 6 April, 2007, the date of convertible bond redemption, the total amount of Shougang convertible bonds was RMB1,950,217,500.00, which was converted into the Company's shares, with an accumulated increase of RMB 656,526,057.00 in share capital. The Company obtained a new business license of legal entity on November 20, 2008, with the registration number 110000000286633 (1-1), and the registered capital changed to RMB 2,966,526,057.00.

On 16 January, 2013, the Company's material assets reorganization was reviewed by the reorganization committee of CSRC and passed unconditionally. On 29 January, 2014, China Securities Regulatory Commission issued "Reply on approving material assets reorganization of Beijing Shougang Co., Ltd. and shares issuance to Shougang Group to purchase assets". As of 25 April, 2014, the implementation of material assets reorganization of the Company has been completed. In the material assets reorganization, the private placement to Shougang Group was 2,322,863,543 shares, with par value of RMB 1 each and issue price of RMB 4.29 each. The Company obtained the new business license of legal entity after capital increment on 9 July, 2014, with the registration number of 110000000286633, and the registered capital changed to RMB 5,289,389,600.

On 21 April 2021, the event of "Share Issuing to Beijing Jingtou Investment Holding Co., Ltd. etc. for Assets Purchase and Fundraising" has been approved by the CSRC (CSRC Permit No. [2021] 1400). According to the approval, the Company issued 1,234,898,985.00 shares to Beijing Jingtou Investment Holding Co., Ltd. and Beijing Jing Guorui Soe Reform and Development Fund(L.P.) for acquiring 19.1823% shares of Shougang Jingtang United Iron & Steel Co., Ltd. (hereinafter referred to as the Jingtang Co.) on 23 April 2021. On 17 June 2021, the Company issued 161,135,025 shares to 8 investors at the price of RMB 5.11 per share, and RMB 823,399,977.75 were collected. After this issuing, the registered capital of the Company is RMB 6,685,423,610.00.

On 9 December 2021, by the approval of 2021 First Extraordinary General Meeting and State Owned Assets Supervision and Administration Commission (hereinafter referred to as “SASAC”), the Company has completed the 2021 restricted stock incentive plan. There were 64,901,800.00 shares issued to 386 directors, senior management, key technicians and management backbone with the issue price of RMB 3.25 per share. After this offering, the registered capital of the Company changes to RMB 6,750,325,410.00.

On March 18, 2022, the Company obtained the Reply on the Approval for Beijing Shougang Co., Ltd. 's to Issue Shares to Shougang Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (CSRC License [2022] No. 553) issued by China Securities Regulatory Commission. On March 31, 2022, the Company issued 1,015,417,369 shares to Shougang Group Co., Ltd. to purchase 49.00% equity of Beijing Shougang Steel Trade Investment Management Co., Ltd. held by Shougang according to the approval document. On May 20, 2022, the Company issued 54,126,391 shares to eight investors at an issue price of RMB5.38 per share and the total amount of raised funds is RMB291,199,983.58. After this offering, the registered capital of the Company changes to RMB 7,819,869,170.00.

The Company obtained the new business license of legal entity on 22 December, 2016 after the integration of five certificates, with the unified social credit code 911100007002343182.

The statutory address is Shijingshan Road, Shijingshan District, Beijing.

The Company has established the corporate governance structure of the general meeting of shareholders, the board of directors and the board of supervisors. At present, the Company sets up several functional departments, for instance, secretary office of the board of directors, the planning and financing department, the manufacturing department, the marketing center, the purchasing center, the human resources department, the equipment department, the energy department, the environmental protection department, the quality inspection department, the office, etc, as well as the subordinate factories such as Shougang Qian'an Iron&Steel Co., Ltd. and auxiliary production department, like the technical center. The company has six subsidiaries: Shougang Jingtang United Iron&Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Qian'an Shougang Metallurgical Technology Co., Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., Beijing Shougang New Energy Automobile Material Technology Co., Ltd., and Beijing Shougang Steel Trade Investment Management Co., Ltd.

The business scope of the Company includes iron and steel smelting, steel calendaring processing, copper smelting and calendaring processing and sales; manufacturing and sales of sinter, coke and chemical products; blast furnace residual pressure power generation and production and sales of gas; processing and sales of industrial waste; sales of metal materials, coke, chemical products, mechanical and electrical equipment, building materials, general equipment, hardware, furniture and decorative materials; equipment leasing (excluding automobiles); telecommunications services; insurance agency services; insurance broker services; loading, unloading and handling services; software development; advertising design and agency; warehousing services; technology development, technical consultation, technology transfer, technical service and technical training; investment and investment management.

The financial statements and notes were approved by the second meeting of the eighth Board of Directors on 19 April 2023.

2. Scope of consolidated financial statements

The scope of the consolidated financial statements is determined on the control basic, the scope

includes six subsidiaries, which are Shougang Jingtang United Iron&Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Qian'an Shougang Metallurgical Technology Co., Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., Beijing Shougang New Energy Automobile Material Technology Co., Ltd., and Beijing Shougang Steel Trade Investment Management Co., Ltd.

The details refer to Note VI. Changes in the scope of consolidation and VII. Interests in other entities.

II. Basis of preparation

The financial statements are prepared in accordance with the latest “China Accounting Standards for Business Enterprises” and other issued application guidance, interpretations and other related regulations (collectively known as the “CASBE”) issued by the Ministry of Finance of the PRC (MOF). Additionally, the Company discloses relevant financial information in accordance with requirements in the “Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15—General Rules on Financial Reporting” (2014 revised) issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The Company adopts the accrual basis of accounting. The financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made in accordance with related regulations.

III. Significant accounting policies and estimates

The Company has determined the accounting policies and accounting estimates based on the characteristics of the operation, especially those related to depreciation of fixed assets, amortization of intangible assets, capitalization conditions of R&D expenses and revenue recognition policies, the detailed accounting policies refer to Note III. 14, Note III. 18, Note III. 19 and Note III. 25.

1. Statement of compliance with the CAS

The financial statements have been prepared in accordance with CAS, and present truly and completely the financial position of the consolidated and the Company as at 31 December 2022, and the financial performance and cash flows for the year ended 31 December 2022.

2. Accounting period

The accounting year of the Company is from 1 January to 31 Decemeber of each calendar year.

3. Operating cycle

The operating cycle of the Company is 12 months.

4. Functional currency

The Company and domestic subsidiaries use Renminbi (“RMB”) as functional currency.

The financial statements of the Company have been prepared in RMB.

5. Accounting treatments for business combination involving entities under common control and

business combination involving entities not under common control.

(1) Business combination involving entities under common control

For the business combination involving entities under common control, the assets and liabilities that are obtained in the business combination shall be measured at original carrying amounts at the combination date as recorded by the party being combined. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination shall be adjusted to capital reserve (equity premium), if the capital reserve (equity premium) is not sufficient to absorb the difference, any excess shall be adjusted to retained earnings.

Business combinations involving entities under common control through multiple transactions to achieve in stages

In the separate financial statements, the initial investment cost is calculated based on the shareholding portion of net assets of the consolidated party in the carrying amount of the ultimate controlling party's consolidated financial statement at the acquisition date. The difference between the initial investment cost and the sum of the carrying amount of the original investment cost and the carrying amount of consideration paid for the combination is adjusted to the capital reserve (equity premium), if the capital reserve is not sufficient to absorb the difference, the excess shall be adjusted to retained earning.

In the consolidated financial statements, the assets and liabilities obtained at the combination shall be measured at the carrying value as recorded by the ultimate controlling party at the acquisition date. The difference between the sum of the carrying value from original shareholding portion and the new consideration incurred at the acquisition date and the carrying value of net assets obtained at acquisition date shall be adjusted to capital reserve (equity premium), if the balance of capital reserve is not sufficient to absorb the differences, any excess is adjusted to retained earnings. The long-term investment held by combining party before acquisition of control, the profit or loss, comprehensive income and other change of shareholder's equity recongnized at the closer date of the acquisition date and combination date under common control shall separately offset the opening balance of retained earnings and profit or loss during comparative statements.

(2) Business combinations involving entities not under common control

For business combinations involving entities not under common control, the consideration costs include acquisition-date fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer in exchange for control of the acquiree. The acquirer shall recognize the acquiree's identifiable asset, liabilities and contingent liabilities that satisfy the recognition criteria at fair values at the date of acquisition.

The excess of combination costs and the acquirer's interest in the fair value of the acquiree's identifiable net assets is recognized as goodwill, which is measured at cost less any accumulated impairment losses subsequently. If the acquirer's interest in the net fair value of the acquiree's identifiable net assets exceeds the combination costs, the acquirer shall reassess the measurement and recognize any excess remaining in profit or loss after reassessment.

Business combinations involving entities not under common control through multiple transactions to achieve in stages

In the separate financial statements, the initial investment cost is the sum of the carrying amount of the equity investment held by the entity prior to the acquisition date and the additional investment

cost at the acquisition date. The disposal accounting policy of other comprehensive income related with equity investment prior to the purchase date recognized under equity method shall be compliance with the method when the acquire disposes the related assets or liabilities. Shareholder's equity due to the changes of other shareholder's equity other than the changes of net profit, other comprehensive income and profit distribution shall be transferred to profit or loss for current period when disposed. If the equity investment held by the entity prior to the acquisition date is measured at fair value, the cumulative change in fair value recognized in other comprehensive income shall be transferred to retained earnings for current period under cost accounting method.

In the consolidated financial statements, the combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity held prior to acquisition date; the equity of the acquiree held prior to acquisition date shall be re-measured at the fair value at acquisition date, the difference between the fair value and book value shall be recognized as investment gain or loss for the current period. Other comprehensive income and changes of other shareholder's equity related with acquiree's equity held prior to acquisition date shall be transferred to profit or loss for current period at acquisition date, besides the other comprehensive income incurred by the changes of net assets or net liabilities due to the re-measurement of defined benefit plan.

(3) Transaction costs for business combination

The overheads for the business combination, including the expenses of audit, legal services, valuation advisory, and other related administrative expenses, are recorded in profit or loss for the current period when expenditure incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

6. Method of preparing consolidated financial statements

(1) Scope of consolidated financial statements

The scope of consolidated financial statements is determined on the control basis. Control exists when the Company has power over the investee, rights to variable returns from involvement with related activities of investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including separable parts of an enterprise or investee and structured entities controlled by the Company, etc).

(2) Method of preparing consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the Company in accordance with other relevant information. In preparing the consolidated financial statements, the Company and its subsidiaries are required to apply consistent accounting policy and accounting period, intra-group transactions and balances shall be offset.

The subsidiary acquired through a business combination involving entities under common control in the reporting period shall be included in the scope of the consolidation from the beginning of the combination date, the subsidiary's income, expenses and profits should be included in the consolidated results of operations and cash flows from the acquisition date respectively.

The subsidiary acquired through a business combination involving entities not under common control in the reporting period, the subsidiary's income, expenses and profits are included in the consolidated results of operations, and cash flows are included in the consolidated cash flow statement from the acquisition date to the end of the reporting date.

The portion of the subsidiary's equity that is not attributable to the Company is treated as non-controlling interests and separately presented in the consolidated balance sheet within shareholders' equity. The portion of a subsidiary's profit or loss that is attributable to non-controlling interests presented in the consolidated income statement of net profit or loss as "net profit attributable to non-controlling interests". Where the amount of losses of a subsidiary attributable to the non-controlling shareholders in the current period exceeds the share of the opening balance of owner's equity of the subsidiary, the excess shall offset non-controlling interests.

(3) Purchase of the minority equity in the subsidiary

The difference between the long-term equity investments costs acquired by the purchase of minority equity and the share of the net assets that the subsidiaries have to continue to calculate from the date of purchase or the date of consolidation in proportion to the new shareholding ratio is adjusted to the capital reserve (equity premium), if the capital reserve is not sufficient, any excess is adjusted to retained earning. The difference between disposal of partial equity investment without losing control over its subsidiary and the disposal of long-term equity investment corresponding to the share of the net assets of the subsidiaries from the date of purchase or the date of consolidation is as well.

(4) Loss of control of subsidiaries

If the control right is lost due to disposal of partial equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of losing control. The difference between the summary of consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the difference between the share of the original assets and the share of the net assets that have been continuously calculated from the date of purchase from the date of the original shareholding, is included in the current period profit or loss and; if there is a goodwill for the subsidiary, the amount of the goodwill also shall be deducted.

The other comprehensive income related to the original subsidiary's equity investment shall be transferred to current period profit and loss when control is lost, except for the other comprehensive income arising from the movement of net liabilities or assets investee's re-measurement of defined benefit plan.

(5) Treatment of step disposal until the loss of control of subsidiaries

By stepping through multiple transactions to dispose of the equity investment in the subsidiary until it loses control, if the clauses, conditions and economic impacts of the transaction satisfy one or more of the following criteria, the Company will consider the transactions as a package transaction for the accounting treatment:

- ① The transactions are entered simultaneously or in consideration of the mutual influence;
- ② Only the transactions as a whole can achieve one complete business outcome;
- ③ The occurrence of a transaction is depending on the occurrence of at least one of other

transactions;

④The transaction alone is not economical, however, it becomes economical to consider the other transactions together.

In the separate financial statements, by stepping through multiple transactions to dispose of the equity investment in the subsidiary until it loses control, when it is not a package transaction, carrying forward the book value of each disposal of equity relative to the corresponding long-term equity investment, and the difference between the considerations and the book value of the disposal of long-term equity investment is recognized in the current period investment income or loss. When it is a package transaction, the price difference between the disposal price and the disposal investment before the loss of control is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the current period profit or loss of control when the control is lost.

In the consolidated financial statements, the measurement of the remaining equity and treatment of the loss of disposal is in accordance to “Treatment of loss of control of subsidiaries” as described above. The difference between the disposal consideration and the related share of net assets of the subsidiaries, which has been continuously calculated since the purchase date corresponding to the equity disposal should be treated as follows:

①When it is a package transaction, the difference shall be recognized as the other comprehensive income and transferred to the current period profit or loss of control when the control is lost

②When it is not a package transaction, the difference shall be recorded to capital reserve (share premium) as equity transaction and could not be transferred to the current period profit or loss of control when the control is lost.

7. Joint arrangement and joint operations

Joint arrangement refers to an arrangement under the joint control of two or more entities. The joint arrangement of the Company is classified as either a joint operation or a joint venture.

(1) Joint operation

Joint operation is a joint arrangement whereby the Company have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items in relation to its interest in a joint operation in accordance with CAS:

- A. its solely-held assets, and its share of any assets held jointly;
- B. its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- C. its revenue from the sale of its share of the output arising from the joint operation;
- D. its share of the revenue from the sale of the output by the joint operation;
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.

(2) Joint venture

A joint venture is a type of joint arrangement whereby the Company that has joint control of the arrangement has rights to the net assets of the joint venture.

The Company conducts accounting treatment for the investment of joint ventures in accordance with the provisions of equity method accounting related to long-term equity investment.

8. Cash and cash equivalents

Cash represents the cash on hand and deposits which are readily available for payment. Cash equivalents represent the Company's short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and derecognition of financial instruments

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

A financial asset will be derecognized when it satisfies one or more of the following conditions:

- ① The contractual rights to receive cash flows from the financial asset expire;
- ② The financial asset has been transferred, and it satisfies the following conditions for derecognition.

The financial liability (or part of it) is derecognized when its contractual rights (or part of it) expire. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability shall be derecognized and a new financial liability shall be recognized.

All financial assets purchased or sold in regular way are recognised or derecognised on the trading date when the Company commits to purchase or sell the asset.

(2) Classification and measurement of financial assets

The Company classifies its financial assets, based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

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

- The financial asset is held whose objective is to collect contractual cash flows;

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, this type of financial asset using effective interest rate method to be measured at amortized cost. The gain or loss generated by the financial assets measured at amortized cost and not part of any hedging relationship shall be accounted in the profit or loss for the year when the financial assets are derecognized, amortized by effective interest method or recognized impairment.

Financial assets measured at fair value through other comprehensive income

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through profit or loss as financial assets measured at fair value through other comprehensive income:

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

After initial recognition, the financial assets are subsequently measured at fair value. Interest, impairment loss/gain and exchange loss/gain calculated by the effective interest rate method are recognised in profit or loss, while other profit or loss shall be recognised in other comprehensive income. When derecognized, the accumulated profit or loss previously recognised in other comprehensive gains shall be transferred to current profit or loss.

Financial assets measured at fair value through profit or loss

In addition to the aboving financial assets which are measured at amortized cost or at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. In order to eliminate and significantly reduce accounting mismatches, the Company irrevocably designates some financial assets that should be measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss during the initial recognition.

After initial recognition, the financial assets are subsequently measured at fair value, and the profit or loss (including interest and dividend income) generated shall be recognised in current profit or loss, unless the financial assets are part of the hedging relationship.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flow. The business model determines if the source of cash flow for financial assets managed by the Company is collecting contract cash flow, selling financial assets or both of them. The Company determines the business model of financial assets management on the basis of objective facts and the specific business goals of financial assets management decided by key managers.

The Company evaluates the characteristics of the contract cash flow of financial assets to determine whether the contract cash flow generated by the relevant financial assets on a specific date is only to pay principal and the interest, which is based on the amount of unpaid principal. Among them, principal refers to the fair value of financial assets at initial recognition; interest includes the consideration of time value of money, credit risk related to the unpaid principal in a specific period,

and other basic credit risks, costs and profits. Additionally, the Company evaluates the terms and conditions of the contracts that may alter time distribution or amount of cash flow in financial asset contracts to determine whether they satisfy the requirements of the aboving contract cash flow's characteristics.

Only when the Company changes its business model of managing financial assets, all the financial assets affected shall be reclassified on the first day of the first reporting period after the business model alteration, otherwise, financial assets shall not be reclassified after initial recognition.

A financial asset is measured at its fair value at initial recognition. For financial assets measured at fair value thorough profit or loss, the relevant transaction costs are charged to profit or loss; for other financial assets, the relevant transaction costs are recognized as initial investment costs. For the trade receivables arising from the sale of goods or services provided do not contain or take into account significant financing components, the initial investment costs shall be the consideration, which the Company is entitled to receive with the expectation.

(3) Classification and measurement of financial liabilities

The Company classifies its financial liabilities at initial recognition as financial liabilities measured at fair value through profit or loss and financial liabilities at amortized cost. With respect to financial liabilities not classified as at fair value through profit or loss, transactions costs are charged to initial recognition cost.

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including financial liabilities held for trading and those are designated as at fair value through profit or loss at initial recognition. For these financial liabilities, they are subsequently measured at fair value and gains or lossess from the change of fair value and related dividend and interest expense are recognized in profit or loss for the year.

Financial liabilities measured at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, the gains and losses arising from derecognition or amortization is recognised in profit or loss for the year.

Distinction between financial liabilities and equity instruments

The financial liability is the liability that satisfies one of following cateria:

- ① Contractual obligation to deliver cash or other financial instruments to another entity.
- ② Under potential adverse conditions, contractual obligation to exchange financial assets or financial liabilities with other entity.
- ③ The contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.
- ④ The derivative contract that will or may be settled in the entity's own equity instruments other than by the exchange of a fixed number of the entity's own equity instruments for a fixed amount of cash or other financial assets.

Equity instrument is the contract that evidences the residual equity in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of financial liability.

If the financial instrument must or could be settled by the Company's own equity instrument, the Company should consider whether the Company's equity instrument as the settlement instrument is a substitute of cash or other financial assets or the residual equity in the assets of an entity after deducting all of its liabilities. If it is the former one, the financial instrument is the Company's financial liability; if it is the latter one, the tool is the equity instrument of the Company.

(4) Fair value of financial instruments

For the determination method of fair value of financial assets and financial liabilities, please refer to Note III.10.

(5) Impairment of financial assets

The Company performs impairment assessment and recognizes loss allowance for the following financial assets based on the expected credit losses.

- Financial assets measured at amortized cost;
- Debt investment and trade receivables measured at fair value through other comprehensive income;
- Contract assets as defined in Accounting Standards for Enterprises No.14- Revenues;
- Lease receivables;
- Financial guarantee contracts (except for the contracts measured at fair value through profit or loss, financial assets transformation not qualify for derecognition and continuing involvement of transferred financial assets).

Measurement of expected credit loss

The expected credit loss refers to the weighted average of the credit loss of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contracts and all cash flows expected to be received, that is, the present value of all cash shortages.

The Company considers the reasonable and basis information about past events, current situation and forecast of future economic situation, calculates the probability weighted amount of the present value of the difference between the receivable cash flow of the contract and the expected cash flow with the risk of default as the weight, and confirms the expected credit loss.

The Company separately measures the expected credit losses of financial instruments at different stages. The credit risk on a financial instrument has not increased significantly since initial recognition, which is in Stage I. The Company measures the loss provision in accordance with expected credit losses for the next 12 months. If the credit risk of financial instruments has increased significantly since the initial recognition, but no credit impairment has occurred, which is in Stage II. The Company measures the loss provision in accordance with the expected credit losses

for the whole lifetime of the financial instrument. If the financial instrument has occurred credit impairment since initial recognition, which is in Stage III, and the Company measures the loss provision in accordance with the expected credit losses for the whole lifetime of the financial instrument.

For the financial instruments with lower credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss provision in accordance with expected credit losses for the next 12 months.

The whole lifetime expected credit loss, refers to the expected credit loss caused by all possible defaults during the whole expected lifetime. The 12-month expected credit losses, refer to the expected credit loss caused by all possible defaults during the next 12 months after balance sheet date (if the expected duration of financial instrument is less than 12 months, then for the expected duration), which is part of the whole lifetime expected credit losses.

When measuring the expected credit loss, the maximum maturity period that the Company needs to consider is the maximum contract maturity period (including the consideration of option of renewal) the enterprise facing credit risk.

For financial instruments in Stage I, Stage II and with lower credit risk, the Company calculates interest income on the basis of the book balances without deduction of impairment provisions and with effective interest rates. For financial instruments in Stage III, the Company calculates interest income on the basis of the book balances minus the impairment provision and with effective interest rate.

Notes receivable, Accounts receivable, and Contract assets

For notes receivable, accounts receivable and contract assets, whether or not there are significant financing elements, the Company always measures the loss provision in accordance with the whole lifetime expected credit losses.

If the expected credit loss information of the the independent financial asset cannot be evaluated by a reasonable cost, the Company divides and combines notes receivable and accounts receivable according to the characteristics of credit risk. On the basis of the combination, the Company calculates the expected credit losses. The basis of determining combination is as follows:

A. Notes receivable

- Combination 1: Bank acceptances
- Combination 2: Bank acceptances with lower credit rating and Commercial acceptances

B. Accounts receivable: Accounts of receivable-trade

Other receivables

According to the characteristics of credit risk, the Company divides other receivables into several combinations. On the basis of the combination, the Company calculates the expected credit losses. The basis of determining the combination is as follows:

- Other receivables Combination 1: Imprest and deposit, etc.
- Other receivables Combination 2: Other current account

For the other receivables combination, the Company calculates the expected credit losses through the exposure on default and the next 12-month or the whole lifetime expected credit loss rate.

Debt investments and other debt investments

For debt investments and other debt investments, the Company calculates the expected credit losses through the exposure on default and the next 12-month or the whole lifetime expected credit loss rate, according to the nature of the investment, the types of counterparty and risk exposure.

Assessment of Significant Increase in Credit Risk

By comparing the default risk of financial instruments on balance sheet date with the default risk on initial recognition date, the Company determines the relative change of default risk of financial instruments during the expected lifetime of financial instruments to evaluate whether the credit risk of financial instruments has increased significantly since the initial recognition.

When determining whether credit risk has increased significantly since the initial recognition, the Company considers reasonable and valid information, including forward-looking information, which can be obtained without unnecessary additional costs or efforts. Information considered by the Company includes:

- The debtor cannot pay principal and interest on the expiration date of the contract;
- Serious deterioration of external or internal credit ratings (if any) of financial instruments that have occurred or are expected to occur;
- Serious deterioration of the debtor's operating results that have occurred or are expected to occur;
- Changes in the existing or anticipated technological, market, economic or legal environment will have the significant negative impact on the debtor's repayment capacity.

According to the nature of financial instruments, the Company evaluates whether credit risk has increased significantly on the basis of an independent financial instrument or a combination of financial instruments. When assessing on the basis of the combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

If the delay exceeds 30 days, the Company determines that the credit risk of financial instruments has increased significantly.

Financial assets that have occurred credit impairment

On the balance sheet date, the Company assesses whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When one or more events adversely affect the expected future cash flow of the financial assets occur, the financial assets transfer to the financial assets with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- Issuer or debtor suffer from significant financial difficulties;

- Debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;
- In consideration of economic situation and contract related to the financial difficulties of the debtor, the Company grants concessions to the debtor that will not be made under any other circumstances.
- Debtor is probable to go bankrupt or undergo other financial restructuring.
- Financial difficulties of issuer or debtor lead to the disappearance of financial assets active market.

Presentation of expected credit loss reserve

In order to reflect the changes happened to the credit risk of financial instruments since the initial recognition, the Company recalculates the expected credit loss on each balance sheet date. The increase or reversal of the loss provision resulting therefrom is recognised as an impairment loss or gain in the current profit or loss. For financial assets measured at amortized cost, loss provision offsets the carrying amount of the financial assets presented on the balance sheet; for debt investments measured at fair value through other comprehensive income, the Company recognizes its loss provision through other comprehensive income and does not offset the financial assets' carrying amount.

Write off

If the Company no longer reasonably expects that the financial assets contract cash flow can be recovered fully or partially, the financial assets book balance will be reduced directly. Such reduction constitutes derecognition of the financial assets. The situation usually occurs when the Company determines that the debtor has no assets or income to generate sufficient cash flows to pay the amount to be reduced. However, in accordance with the Company's procedures for recovering due payment, the financial assets reduced may still be affected by enforcement activities.

If the reduced financial assets can be recovered later, the returns as impairment losses shall be recorded in the profit or loss.

(6) Transfer of financial assets

Transfer of financial assets is the transfer or delivery of financial assets to another entity (the transferee) other than the issuer of financial assets.

A financial asset is derecognised when the Company has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognised when the Company retains substantially all the risks and rewards of the financial asset.

When the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the transferred asset to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability.

(7) Offsetting of financial assets and financial liabilities

When the Company has currently enforceable legal rights to offset the recognized financial assets

and financial liabilities, and there is an intention to settle on a net basis or to realize the financial assets and settle the financial liabilities, the financial assets and financial liabilities shall be presented in balance sheet with the amount after offsets. Besides, the financial assets and financial liabilities shall be presented separately in balance sheet and are not allowed to be offset.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures related assets or liabilities at fair value and assumes that selling assets or transferring liabilities in an orderly transaction in the principal market of related assets or liabilities; in the absence of a principal market, the Company assumes the transaction in the most advantageous market. Principal market (or the most advantageous market) is the market that the Company can enter into on measurement date. The Company adopts the presumptions used by market participants in achieving the maximum economic value of pricing the assets or liabilities.

For financial assets or financial liabilities in the active market, the Company uses the quoted price in active market as fair value. Otherwise, the Company uses valuation technique to determine the fair value.

Fair value measurement of non-financial assets considers market participants' ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company adopts the valuation techniques that are appropriate under current circumstances and for which sufficient data and other supporting information are available to measure fair value, giving priority to the use of relevant observable inputs, and using unobservable inputs only if the observable inputs are unavailable or not feasible to obtain.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities; Level 2 inputs are observable inputs for related assets or liabilities, either directly or indirectly other than the inputs within Level 1; Level 3 inputs are unobservable inputs for related assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

11. Inventories

(1) Classification

Inventories of the Company include raw materials, finished goods, lower-valued consumables and self-made semi-finished goods

(2) Measurement method of cost of delivered inventories

Inventories are quoted at actual costs when acquired. Raw materials, finished goods and self-made semi-finished goods are determined on the weighted average basis.

(3) Basis for determining the net realisable value and method for inventories provision

Net realisable value is the estimated selling price deducted by the estimated costs to completion, the estimated selling expenses and related taxes. The net realisable value is measured on the basis of obtained verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

At the end of each reporting period, if the cost is in excess of net realisable value, provision for inventories is recognized in profit or loss. The Company usually recognizes provision according to the independent inventory item. When the circumstances that previously caused inventories to be written down below cost no longer exist, the original amount of the write-down is reversed.

(4) Inventory system

Inventories are accounted for using the perpetual inventory system.

(5) Amortization method for consumables and packaging

Low-valued consumables are charged with the one-off amortization method and multi-stage amortization method at consumption.

12. Assets classified as held for sale and discontinued operations

(1) Classification and measurement of non-current assets or disposal groups held for sale

The Company classifies the non-current asset or disposal group as held for sale when the carrying amount of the non-current asset or disposal group will be recovered through sale (including exchange transactions of non-monetary assets with commercial substance) rather than through continuing use.

Above mentioned non-current assets not include investment properties subsequently measured with the fair value model, biological assets measured at fair value less cost of sales, assets arising from employee benefits, financial assets, deferred tax assets and contractual rights under insurance contracts.

The disposal group is the group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Under certain circumstances, disposal group included goodwill acquired in the business combination.

The non-current asset or disposal group is classified as held for sale when all the following criteria are satisfied: According to the trading routine of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in current circumstance; the sale is highly probable to occur, that is, the Company has made a resolution on a sale plan and obtained the assured purchase agreement. The sale is expected to be completed within one year. If the control of the subsidiary is lost due to the sale of investment on the subsidiary and the investment intended to be sold satisfies all conditions for the classification of assets held for sale, the Company classifies all the investment in that subsidiary as held for sale in separate financial

statements, and classifies all the assets and liabilities of that subsidiary as held for sale in consolidated financial statements no matter whether the Company will keep part of the equity investment.

Excess of the carrying amount over the fair value less costs to sell is recognized as assets impairment losses in the initial recognition or remeasurement on balance sheet date of non-current asset or disposal group. The carrying amount of goodwill allocated to the disposal group shall be deducted firstly by the impairment loss recognized for the disposal group, and then the carrying amount of each non-current asset in the disposal group shall be proportionately deducted in accordance with the proportion of the carrying value of the non-current assets in the disposal group.

If net amount of fair value of the non-current asset or disposal group less costs to sell increases, the amount of the write-down will be recovered but not in excess of the cumulative impairment loss that has been recognised after classified as held for sale. The reverse amount is recorded in the current profit or loss. Additionally, the reduced carrying amount of goodwill could not be recovered.

The Company does not depreciate (or amortise) the non-current assets classified as held for sale or assets of the disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group classified as held for sale continue to be recognised. If an investment or a part of the investment in an associate or a joint venture is classified as held for sale, equity method is not used for the part classified as held for sale, while equity method is used for the rest part (the part not classified as held for sale) continually. When the Company does not have material impact on an associate or a joint venture due to the sale transaction, equity method will be discontinued.

Where a non-current asset or disposal group is classified as held for sale but no longer meets the conditions for holding for sale classification, the Company discontinues its classification as held for sale and counts it according to the lower of:

- ① The carrying amount of the asset and disposal group before classification as held for sale, adjusted for any depreciation, amortisation or impairment recognised under the assumption that the asset or disposal group has not been classified as held for sale;
- ② Recoverable amount

(2) Discontinued operations

Discontinued operation refers to the separately identifiable component that has been disposed or been classified as held for sale and satisfies one of the following conditions:

- ① It represents an independent major business line or a separate geographical area of operations;
- ② It is part of a single co-ordinated plan to dispose of an independent major business or a separate geographical area of operations;
- ③ It is a subsidiary acquired exclusively with a view to resale.

(3) Presentation

The Company presents the non-current assets classified as held for sale and the assets of disposal group classified as held for sale as “Assets classified as held for sale” in balance sheet. The liabilities of disposal group classified as held for sale is presented as “Liabilities classified as held for sale” in balance sheet.

The Company presents profit or loss from discontinued operations separately from profit or loss from continuing operations in income statement. Impairment loss and reversal amount and any disposal gain or loss of the non-current asset or disposal group classified as held for sale that does not satisfy the definition of a discontinued operation is presented in profit or loss from continuing operations. Any impairment loss and reversal amount belongs to discontinued operations, and disposal gain or loss is presented in profit or loss from discontinued operations.

The disposal group which is planned to cease use rather than for sale, and satisfies the conditions of components of discontinued operation, the Company presents it as discontinued operation from the date of cessation.

For the discontinued operation presented in the current period, former profit or loss of continuing operations will be presented as discontinued operations for comparative accounting period in the current financial statements. If the discontinued operations no longer satisfy the conditions to be classified as held for sale, former profit or loss of discontinued operations will be presented as continuing operations for comparative accounting period in the current financial statements.

13. Long-term equity investments

Long-term equity investments consist of equity investments in subsidiaries, joint ventures and associates. An associate is an enterprise over which the Company has significant influence.

(1) Recognition of initial investment cost

Long-term equity investment from the business combination: For a long-term equity investment acquired through a business combination under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. For business combination involving entities not under common control, the initial investment cost of long-term equity should be the cost of acquisition.

Long-term equity investment from other methods: for a long-term equity investment acquired by paying cash, the initial investment cost shall be the actual purchase price paid; for those acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

The cost method is applied for the investment of subsidiaries unless the investment satisfies the conditions of held for sale; the equity method is applied for the investment of joint ventures and associates.

When the cost method is adopted in long-term equity investments, except for cash dividends or profit distributions declared but not yet distributed in the purchase price or consideration of obtaining the investment, profits or cash dividends declared to be distributed by the investee should be recognised as investment income in the current period.

When the equity method is adopted in long-term equity investments, the initial cost of an investment in excess of the share of investee's fair value on identifiable net assets remains unchanged; the initial cost of the investment that falls short of the share of investee's fair value on identifiable net assets shall be adjusted, for the difference which had been charged to current profit or loss.

When the equity method is adopted, the Company recognises its share of the investee's profit or loss, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly; the investor's share of profit distributions or cash dividends declared by the investee is deducted from the carrying amount of the investment. For the changes of equity in an investee other than profit or loss, the investor adjusts the carrying amount of the investment and recognised it in capital reserve (other capital reserves). The recognition of the investee's results should be based on the fair values of the individual identifiable assets of the investee according to the Company's accounting policies and accounting period. Additionally, the recognition should be based on the adjusted net profit of the investee.

If the Company has significant influences or can implement joint control over investees due to additional investment, the initial investment cost is recognized as the sum of the fair value of the original portion of equity investment and the additional investment cost under equity method on the transformation date. The accumulated fair value changes accounted in other comprehensive income of non tradable equity instrument investment which is initially classified as fair value through other comprehensive income are transferred to retained earnings while accounting by equity method instead.

If the Company loses control of an investee with joint control or significant influence retained after partial disposal of its shares, the remaining equity after disposal should be accounted in accordance with the rules "CASBE 22-Recognition and Measurement of Financial Instruments" and the difference between the fair value on the day of losing control and the book value is recognised in profit or loss. For the other comprehensive income recognized by equity investment under the equity method, the basis of the accounting treatment is the same as that on disposal of related assets or liabilities by the investee, the amount recognised in the equity on the changes in other equity movements should be all charged to the profit or loss for the year.

If the Company loses control of an investee after partial disposal of its shares, the remaining equity after disposal has joint control or significant influence over the investee, the equity method shall be adopted and the remaining equity shall be deemed to be recognized under equity method since the acquisition date; if the remaining equity has no joint control or significant influence over the investee, the remaining equity after disposal should be accounted in accordance with the rules "CASBE 22-Recognition and Measurement of Financial Instruments" and the difference between the fair value on the day of losing control and the book value is recognised in profit or loss.

If the shareholding ratio of the Company is reduced due to the increase of investments of other investors and thus the control is lost, but the joint control or significant influence can be exerted on the investee, the Company should recognize the incremental shares of net assets according to the new investments. The difference between the original book value of the long-term equity investment corresponding to the decrease in the shareholding ratio should be included in the current profit or loss; then, the equity shall be deemed to be recognized under equity method since the investment date and adjusted according to the new shareholding ratio.

Unrealised profit or loss resulting from transactions between the Company and its associates or

joint ventures shall be calculated according to the proportion of its shareholding, which is attributable to the Company, and then to be recognized in investment income after offset. While unrealised profit or loss resulting from transactions between the Company and investee belongs to impairment loss of transferred assets cannot be offset.

(3) Basis of determining the existence of joint control or significant influence over an investee

Joint control is the agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. In determining whether there is a joint control, the first judge is determining whether the relevant arrangement is controlled collectively by all the participants involved or the group of the participants involved and then to determine whether the decisions related to the basic operating activities should require the unanimous consent of the participants involved. If all participants or the group of the participants involved must act consistently to determine the relevant arrangement, it is considered that all participants or the group of the participants control the arrangement. If two or more participants in the collectively control of certain arrangement, it shall not be considered as joint control. Protection of rights shall not be considered in determining whether there is joint control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether there is the significant influence over the investee, the voting rights held by the investors or the other entities and the effect of potential voting rights if it can be converted into the equity of investee, including the effect of current convertible warrants, security option and convertible bonds.

When the Company, directly or indirectly through subsidiaries, owns 20% of the investee (including 20%) or more but less than 50% of the voting shares, it has significant impact on the investee unless there is clear evidence to show that in this case the Company cannot participate in the production and business decisions of the investee, and has no significant influence; when the Company owns 20% (excluding) or less of the voting shares, it is not considered to have significant impacts on the investee in general, unless there is clear evidence to show that in this case the Company can participate in the production and business decisions of the investee so as to have the significant influence.

(4) Held-for-sale equity investments

Accounting treatment for the entity investment, or a portion of an equity investment, in associates or joint ventures that is classified as held for sale refers to Note III, 12.

Any remaining equity investment that has not been classified as held for sale shall be accounted under the equity method.

When the equity investment in associates or joint ventures previously classified as held for sale and no longer satisfies the conditions to be classified as held for sale, it will be adjusted under equity method retrospectively as from the date of classification as held for sale.

(5) Method of impairment testing and impairment provision

For investment in subsidiaries, associates and joint ventures, refers to Note III, 20 for the method of asset impairment provision.

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are recognised when it is probable that the related future economic benefits will flow into the company, and the cost can be measured reliably.

Fixed assets of the Company are initially measured at actual costs in acquisition.

The subsequent expenditure related to fixed assets is included in cost of the fixed assets when the relevant economic benefits are likely to flow into the Company and its cost can be measured reliably; routine repair expenditure of fixed assets that do not meet the conditions for capitalization is included in the profit and loss or the cost of relevant assets according to the beneficiaries when it occurs. The book value of the replaced part shall be derecognized.

(2) Depreciation of fixed assets

Depreciation of the fixed assets is calculated on the straight-line basis. The fixed asset is depreciated since the state of intended use and no longer depreciated when recognition is terminated or being classified as non-current assets held for sale. Without considering impairment provision, the estimated useful lifetime, estimated residual values, and the annual depreciation rates of each category of fixed assets are as follows:

Category	Estimated useful life	Estimated residual value	Annual depreciation rate
Pant and buildings	25-43 years	5%	3.80-2.21%
Machinery and equipment	12-28 years	5%	7.92-3.39%
Vehicles	10 years	5%	9.50%
Electronic equipment	10 years	5%	9.50%
Industrial furnace	13 years	5%	7.31%
Metallurgical equipment	19 years	5%	5.00%
Others	14-22 years	5%	6.79-4.32%

The fixed assets that have been withdrawn for impairment provision shall also be deducted from the accumulative amount of impairment provision to recognize depreciation rate.

(3) Impairment test and impairment provision of fixed assets refer to Note III, 20.**(4) Useful lives, residual values and the depreciation method are reviewed by the Company at least at each financial year end.**

Useful lives are adjusted if the expected useful lives are different from the original estimates; the estimated net residual values are adjusted if they are different from the original estimates.

(5) Disposal of fixed assets

The fixed assets are derecognized when the fixed assets are disposed or when it is not expected to generate economic benefits through use or disposal of the fixed assets. The amount of the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and relevant taxes shall be included in the current profit and loss.

15. Construction in progress

Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction.

Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

Impairment provision of construction in progress refers to Note III. 20.

16. Materials for construction of fixed assets

The materials for construction of fixed assets of the Company refers to the material prepared for construction in progress, including engineering materials, equipments not yet installed and tools prepared for production, etc.

Purchase measured at cost, the recipients transfer to construction in progress, and the remaining transfer to inventory after the completion of construction.

Impairment provision of materials for construction of fixed assets refers to Note III, 20.

Closing balance of materials for construction of fixed assets is presented in “Construction in progress” in balance sheet.

17. Borrowing costs

(1) Principles of capitalising borrowing costs

All the borrowing costs that are directly attributable to construction or production of all qualifying assets are capitalized and recorded in relevant assets costs. Other borrowing costs are treated as an expense and recorded in the profit or loss. The capitalization of borrowing costs commences when:

- ① Expenditures for the assets are incurred, including paying cash, transferring non-cash assets or undertaking interest-bearing debt for acquisition or construction of the assets, which could be capitalized;
- ② Borrowing costs are incurred; or
- ③ The acquisition and construction activities that are necessary to bring the assets to get ready for the intended use or sale have commenced.

(2) Capitalization period of borrowing costs

The capitalization of borrowing costs ceases when the asset being acquired or constructed is substantially ready for its intended use or sale and borrowing costs incurred thereafter are treated as an expense to be recorded in the profit or loss.

Capitalization of borrowing costs is suspended during extended periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than three months until the acquisition or construction is resumed; borrowing costs in normal interruption period continue to be capitalized.

(3) Calculation of capitalization rate and amount of borrowing costs.

For specific borrowings, the borrowing costs eligible for capitalization are the actual borrowing costs incurred during the current period deducted by any temporary interest or investment income; for general borrowings, the borrowing costs eligible for capitalization are determined by applying a capitalization rate to the weighted average of capital expenditure that exceeds the specific borrowings. The capitalization rate is calculated based on the weighted average interest rate of general borrowings.

During the capitalization period, exchange differences on foreign currency specific borrowings shall be capitalized; exchange differences on foreign currency general borrowings shall be recognized as current profit or loss.

18. Intangible assets

(1) Valuation method, service life and impairment test

Intangible assets include land use rights, software and etc.

Intangible assets are measured at cost initially and its useful lifetime shall be analyzed and recognized when obtained. An intangible asset with finite useful lifetime shall be amortized over the expected useful life using method which can reflect the expected recognition of economic benefits related to the assets when the intangible asset is available for use; an intangible asset whose expected recognition cannot be reliably determined is amortized at straight-line amortization method; an intangible asset with indefinite useful lifetime shall not be amortized.

The amortization method of intangible assets with limited service life is as follows:

Intangible assets with finite useful lives are amortized over the useful lives on the straight-line basis according to the category, expected useful lifetime and estimated residual value. The annual amortization rates of each category of intangible assets are as follows:

Category	Useful lifetime	Amortisation method	Annual amortization rate
Software	5-10 years	Straight line method	10.00-20.00%
Land use rights	40-50 years	Straight line method	2.00-2.50%

The Company reviews the useful lives and amortization method of intangible assets with finite useful lifetime, adjusts original estimated amount and processes according to the accounting estimate change if there are any differences with original estimated, at least at the end of each reporting period.

The Company estimates an intangible asset can no longer bring future economic benefits at the

balance sheet date, and then the carrying amount of the intangible asset should be reversed to the current profit or loss.

For the impairment provision of intangible assets, refers to Note III, 20.

19. Development expenditure

Expenditure on internal research and development projects is classified into expenditure on the research stage and expenditure on the development stage.

Expenditure on the research stage is recognised in the profit or loss when incurred.

Expenditure on the development stage is capitalized only when: the technical feasibility of completing the intangible asset so that it is available for use or sale; the intention to complete the intangible asset is to use or sell it; the method of generating economic benefits by the intangible assets, including that the intangible asset can be proved that the output or the intangible asset itself has market or, if it is to be used internally, the usefulness of the intangible asset also need to be proved; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; the expenditure attributable to the development stage can be measured reliably. Otherwise, it shall be presented in the profit or loss.

The research and development projects of the Company will enter into the development stage after meeting the above conditions and passing through the studies of technical feasibility and economic feasibility, and the projects approval.

Capitalized expenditure on the development stage is presented as “Development expenditures” in the balance sheet and shall be transferred to intangible assets when the project is completed to its intended use state.

20. Impairment of assets

The impairment for the long-term equity investments, fixed assets, construction in progress, right-of-use asset, intangible assets, etc. (excluding inventories, investment property measured at fair value model, deferred income tax assets and financial assets) of subsidiaries, associates and joint ventures are determined as follows:

The Company assesses whether any indicator of impairment exists as of the end of each reporting period, and, if yes, performs impairment test by estimation of the asset’s recoverable amount. For goodwill acquired in business combinations, intangible assets with indefinite lives and intangible assets without intended use state, an annual impairment test is performed no matter whether there is any indicator of impairment.

An asset’s recoverable amount is calculated as the higher of the asset’s fair value less costs to sell and the present value of estimated future cash flows generated from the use of assets. The recoverable amount is calculated on individual basis unless it is not applicable, in which case the recoverable amount is determined for the asset group to which the asset belongs. An asset group is recognized based on whether the cash inflows generated by the asset group are largely independent to those of other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction amount is charged to profit or loss and an impairment allowance is provided.

In terms of impairment test of the goodwill, the carrying amount of the goodwill arising from business combination shall be allocated to the related asset group in accordance with a reasonable basis at acquisition date. Those that are difficult to be allocated to relevant assets shall be allocated to relevant assets groups. Relevant assets or assets groups refer to those that can benefit from the synergies of business combination and are not larger than the Company's recognized reporting segment.

When there is an indication that the goodwill related asset and asset group are prone to impair, the Company should execute impairment test for the asset and asset group excluding goodwill, calculate the recoverable amount and recognize the corresponding impairment loss. The Company should execute impairment test for the asset or asset group including goodwill and compare the recoverable amount with carrying amount, provision for impairment of assets shall be recognized when the recoverable amount of assets is lower than its carrying amount.

Impairment losses cannot be reversed in subsequent accounting periods after recognition.

21. Long-term prepaid expenses

The long-term prepaid expenses of the Company are recorded as the actual cost and evenly amortized on straight-line basis over the expected beneficial period. For the long-term prepaid expense items that cannot benefit the later accounting period, the amortized value is recognized in the profit or loss.

22. Payroll and employee benefits payable

(1) The scope of employee benefits payable

Payroll and employee benefits payable are all forms of consideration given by an entity in exchange for service rendered by employees or the termination of employment, including short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits that the Company provides to the spouses, children and dependents of employees, the late employees' family and other beneficiaries also shall be deemed as payroll and employee benefits payable.

According to liquidity, employment benefits are presented separately as "Payroll and employee benefits payable" and "Long-term payroll and employee benefits payable" in the balance sheet.

(2) Short-term employee benefits payable

A liability when an employee has provided service in exchange for employee benefits, such as wages, bonuses, social security contributions (including medical insurance, injury insurance, maternity insurance, etc.) and house funding to be paid is recognized as the current profit or loss or costs of related assets.

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plan and defined benefit plan. Defined contribution plan is the post-employment benefit plan under which the Company pays fixed contributions into a separate fund and will have no future obligations to pay the contributions.

Defined benefit plan is the post-employment benefit plan other than defined contribution plan.

Defined contribution plan

Defined contribution plan includes basic pension insurance, unemployment insurance, etc.

During the accounting period of service provided by the employee, the Company shall recognise the contribution payable according to the defined contribution plan as the liability and record the corresponding amount in the current profit or loss or the cost of the relevant asset.

(4) Termination benefits

The Company is required to recognize termination benefits with a corresponding charge to profit or loss at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs.

For implementing the internal retirement plan, the economic compensation before the official retirement date belongs to termination benefits. From the date of ceasing service to the normal retirement date, the wages of the internally retired employees and the social insurance premiums to be paid are included in the current profit or loss one time. Economic compensation after the official retirement date (such as normal pension) should be treated as post-employment benefits.

23. Provisions

If the contingent considerations or contingent liabilities satisfy the following conditions simultaneously, a provision will be recognized by the Company:

- (1) The obligation is a present obligation assumed by the Company; and
- (2) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (3) A reliable estimate can be made of the amount of the obligation.

Provisions are initially measured at the best estimate of the expenditure required to settle the present obligation, after considering risks, uncertainties, present value, etc. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If the settlement of provision is fully or partially compensated by a third party or the others, and the compensated amount can be definitely received, then the provision can be recognised as asset separately. The compensated amount shall not be greater than the carrying amount of the recognized liability.

24. Share-based payments and equity instruments

(1) Category of share-based payments

The Company's share-based payment is either equity-settled share-based payment or cash-settled share-based payment.

(2) Determination of fair value of equity instruments

For the existence of an active market for options and other equity instruments granted by the Company, the fair value is determined at the quoted price in the active market. For options and other equity instruments with no active market, option pricing model shall be used to estimate the fair value of the equity instruments. The following factors shall be taken into account using option pricing models: A. the exercise price of the option; B. the validity period of the option; C. the current market price of the share; D. the expected volatility of the share price; E. predicted dividend of the share; and F. risk-free rate of the option within the validity period.

(3) Recognition of vesting of equity instruments based on the best estimate

On each balance sheet date within the vesting period, the estimated number of equity instruments expected to vest is revised based on the best estimate made by the Company according to the latest available subsequent information as to changes in the number of employees with exercisable rights. On the vesting date, the final estimated number of equity instruments expected to vest should equal the actual number of equity instruments expected to vest.

(4) Accounting treatment of implementation, modification and termination of share-based payment

Equity-settled share-based payment shall be measured at the fair value of the equity instruments granted to employees. If the right may be exercised immediately after the grant, the fair value of equity instrument shall, on the date of the grant, be included in the relevant costs or expenses, and the capital reserve shall be increased accordingly. If the right can not be exercised until the vesting period comes to an end or until the specified performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserve at the fair value of the equity instrument on the date of the grant. After the vesting date, the Company make no adjustment to the relevant costs or expenses as well as the total amount of the owner's equities which have been confirmed.

Cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and recognised based on the shares or other equity instruments undertaken by the Company. If the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. On each balance sheet date and on each account date prior to the settlement of the relevant liabilities, the Company re-measures the fair value of the liabilities and include the changes in the current profits and losses.

When there are changes in Company's share-based payment plans, if the modification increases the fair value of the equity instruments granted, corresponding recognition of service increase in accordance with the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the increase in fair value of the equity instruments is recognised as a corresponding increase in service achieved. Increase in the fair value of equity instruments refer to the difference between the fair values of the modified date. If the modification reduces the total fair value of shares paid or not conducive to the use of other employees share-based payment plans to modify the terms and conditions of service, it will

continue to be accounted for in the accounting treatment as if the change had not occurred, unless the Company cancelled some or all of the equity instruments granted.

During the vesting period, if the cancelled equity instruments (except for failure to meet the conditions of the non-market vesting conditions) granted by the Company to cancel the equity instruments granted amount treated as accelerated vesting of the remaining period should be recognised immediately in profit or loss, while recognising capital reserves. If employees or other parties can choose to meet non-vesting conditions but they are not met in the vesting period, the Company will treat them as cancelled equity instruments granted.

25. Revenue

(1) General principle

Revenue is recognized when the Company has satisfied its performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Company determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Company recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The Company satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- ① The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- ② The customer can control the asset created or enhanced during the Company's performance;
- ③ The Company's performance does not create an asset with an alternative use to it and the Company has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognises 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 obligation satisfied at a point in time, the Company recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indicators:

- ① The Company has a present right to payment for the goods or services, as the customer obtains the current payment obligation for the goods.
- ② The Company has transferred the legal title of the goods, as the customer has obtained the legal title of the goods.

- ③ The Company has transferred physical possession of the goods to the customer, as the customer has obtained the physical possession of the goods.
- ④ The Company has transferred the significant risks and rewards of legal title of the goods to the customer, as the customer has obtained the significant risks and rewards of legal title of the goods.
- ⑤ The customer has accepted the goods or services.
- ⑥ Other indications that the customer has obtained control of goods.

A contract asset is the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on factors other than the passage of time. The Company recognises loss allowances for expected credit loss on contract assets. The Company's right to consideration that is unconditional (only the passage of time is required) shall be presented as accounts receivable. The Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer shall be presented as the contract liability.

The Company offsets the contract assets and contract liabilities under the same contract and presents the net amount. If the net amount is the debit balance, it is presented under "contract assets" or "other non-current assets" according to its liquidity; if the net amount is the credit balance, it is presented under "contract liabilities" or "other non-current liabilities" according to its liquidity.

(2) Specific recognition methods

The specific revenue recognition methods of the company are as follows:

Contracts for the sale of goods

Contracts for the sale of goods between the Company and its customers usually only involves the performance obligations of the transferring of the goods. The Company generally recognizes revenue based on the following considerations, taking into account the timing of control transfer. This includes obtaining the current collection rights of the goods, the transfer of the main risks and rewards of the ownership of the goods, the transfer of the legal ownership of the goods, the transfer of the physical assets of the goods, and the acceptance of the goods by the customer.

Contracts for rendering of services

The service contract between the Company and its customers usually includes performance obligations for labor services, technical consulting or technical services. As a result of the satisfaction of the performance obligation the Company, the customers obtain and consume the economic benefits of the service while the Company provides the service simultaneously. The Company is entitled to recover from the accumulative performance of the contract that has been completed to date, except when progress of the performance cannot be reasonably determined. The Company determines the progress of the performance of the services provided in accordance with the input method. When the progress of the performance cannot be reasonably determined, and the costs incurred by the Company are expected to be compensated, the revenue will be recognized based on the amount of costs incurred, until the progress of the performance can be reasonably determined.

26. Contract cost

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- ① The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
- ② The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- ③ The costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfill a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- ① Remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less
- ② The costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The contract performance cost recognized as an asset shall be shown in the "Inventories" item with an amortization period of no more than one year or one normal operating cycle at the time of initial recognition, while the amortization period exceeding one year or one normal operating cycle at the time of initial recognition shall be shown in the item of "Other non-current assets".

The contract acquisition cost recognized as an asset shall be listed in the item of "Other current assets" when the amortization period does not exceed one year or one normal operating cycle at the time of initial recognition, and listed in the item of "other non-current assets" when the amortization period exceeds one year or one normal operating cycle at the time of initial recognition.

27. Government grants

Government grants are recognized in profit or loss, when they are highly probable to be received and all conditions are fulfilled.

If a government grant is in form of monetary asset, it is measured at the amount received or receivable. If a government grant is in form of nonmonetary asset, it is measured at fair value of the asset. If the fair value cannot be reliably determined, it is measured at the nominal amount as RMB 1.

Asset-related government grants are recognized when the government document designates that the government grants are used for constructing or forming long-term assets. Otherwise, the government grants should be income-related.

If the government document is inexplicit, the Company should recognize the part corresponding to assets value of government grants as asset-related government grants if the conditions are to form long-term assets and the remaining part as income-related grants. As for indistinguishable government grants, the whole should be recognized as income-related grants.

Asset-related government grants can be accounted by offsetting the carrying amount of related assets or being recognized as deferred income, and amortized systematically and reasonably to profit or loss over the useful life of the related asset. If the income-related grant is a compensation for related incurred expenses or losses, the grant shall be recognized in the current profit or loss or offset related costs immediately; if the grant is a compensation for related expenses or losses in future period, the grant is recognized as deferred income and should be recognized in profit or loss for the period when the expenses or losses are incurred. For the government grant measured at the nominal amount, it should be recognized in profit or loss immediately for the period. The Company adopts a consistent approach to the same or similar government grants.

The government grants related to daily activities shall be recognized in other income or offset related expenses. Otherwise, it shall be recognized in non-operating income and expenses.

When the recognized government grants need to be returned, the carrying amount of the assets shall be adjusted if the carrying amount of related assets is written down during the initial recognition; if there is the balance of related deferred income, the book balance of related deferred income shall be written off, and the excess part shall be recognized in the current profit or loss; for the other circumstances, the government grants shall be recognized in the current profit or loss directly.

28. Deferred tax assets and deferred tax liabilities

Income tax comprises current tax and deferred tax, and is normally recognized as income tax expense in profit or loss, except for goodwill generated in a business combination or related deferred tax items that have been recognized directly in equity.

Based on the differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, the Company adopts the liability method for the provision of deferred tax.

A deferred tax liability is recognized in respect of all taxable temporary differences except those arising from the following transactions:

- (1) The initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit; and
- (2) As for the temporary differences associated with subsidiaries, joint ventures and associates: the Company is able to control the timing of the reversal of the temporary difference and it is probable

that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized in respect of all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference will be utilized except those arising from the initial recognition of an asset or liability in a transaction which:

(1) The transaction is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit; and

(2) As for deductible temporary differences associated with subsidiaries, joint ventures and associates: a deferred tax asset is recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future, and taxable profit will be available against which the temporary difference can be utilized.

At the end of each reporting period, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, taking into account the income tax effect of expected asset realization or liability settlement at the end of each reporting period.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

29. Lease

(1) Identification of lease

On the commencement date of the contract, as the lessee or lessor, the Company evaluates whether the customer in the contract has the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and has the right to dominate the use of the identified assets during the use period. 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 Company recognizes the contract as lease or includes lease.

(2) The Company as lessee

On the beginning date of the lease, the Company recognises right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

For the right-of-use assets, refers to Note III.30.

Lease liabilities are initially measured according to the present value of the unpaid lease payments at the beginning of the lease term calculated by the embedded interest rate of the lease. Where the embedded interest rate cannot be determined, the incremental loan interest rate shall be used as the discount rate. Lease payments includes: fixed payments and in-substance fixed payments, and where the lease incentives exists, the lease payment is the payment amount less any lease incentives receivable; variable lease payments depending on index or ratio; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising that option of terminating; and amounts expected to be payable by the lessee under residual value guarantees. Subsequently, the interest expense on the lease liability for each period during the lease term is calculated using a constant periodic rate of

interest and is recognised in current profit or loss. The variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss when actually incurred.

Short-term lease

Short-term leases refer to leases with a lease term of less than 12 months from the commencement date, except for those with a purchase option.

Lease payments of short-term leases are recognised in the cost of related assets or current profit or loss on a straight-line basis over the lease term.

For short-term leasing, the Company selects the following types of assets that meet the conditions for short-term leasing based on the category of leased assets and adopts the simplified processing method mentioned above.

Low-value asset lease

Low-value asset lease refers to the lease with lower value when the single leased asset is a brand-new asset.

Lease payments of low-value asset lease are recognised in the cost of related assets or current profit or loss on a straight-line basis over the lease term.

For a low-value asset lease, the Company chooses to adopt the above simplified approach according to the specific conditions of each lease.

Lease modification

The Company accounts for a lease modification as a separate lease when the modification occurs and the following conditions are met: ① the lease modification expands the scope of lease by adding the right to use one or more of the leased assets; and ② the increased consideration is equivalent to the amount of the separate price for the expansion of the lease scope adjusted according to the conditions of the contract.

Where the lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Company will reallocate the consideration of the contract after the modification, redefine the lease term, and remeasure the lease liability based on the present value of the lease payments after the modification and the revised discount rate.

If a lease modification results in reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying amount of the right-of-use asset accordingly and includes the profit or loss related to the partial or complete termination of the lease in the current profits and losses.

Other lease modifications result in a remeasurement of the lease liability, the Company adjusts the carrying amount of the right-of-use asset accordingly.

(3) The Company as lessor

When the Company is a lessor, a lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee. All leases other than financial leases are classified as operating leases.

Finance lease

Under finance lease, the Company accounts for finance lease receivables at the beginning of the lease term at the net lease investment, which is the sum of the unsecured residual value and the present value of the lease receipts outstanding at the commencement date of the lease, discounted at the interest rate implicit in the lease. The Company as lessor calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net measurement of lease investments are included in profit or loss for the period when actually incurred.

Derecognition and impairment of finance lease receivables are accounted for in accordance with the requirements under the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

Operating lease

Lease payments under operating lease are recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in relation to operating leases are capitalised and amortised over the lease term on the same basis as rental income and recognised in profit or loss for the according period. The variable lease payments obtained in relation to operating leases that are not included in the lease payments are recognised in profit or loss in the period when actually incurred.

Lease modification

Where the operating lease is modified, the Company accounts for the modification as a new lease from the effective date of the modification. The amount of lease receipts received in advance or receivable in respect of the lease prior to the modification is treated as a receipt under the new lease.

Where a finance lease is modified and the following conditions are met, the Company accounts for the modification as a separate lease: ① the lease modification expands the scope of lease by adding the right to use one or more of the leased assets; and ② the increased consideration is equivalent to the amount of the separate price for the expansion of the lease scope adjusted according to the conditions of the contract.

Where a finance lease is modified and not accounted for as a separate lease, the Company accounts for the modified lease in the following circumstances: ① If the modification effectiveness on the lease commencement date, the lease will be classified as an operating lease, the Company accounts as a new lease from the effective date of the lease modification, and the net amount of the lease investment before the effective date of the lease modification shall be taken as the book value of the leased asset; ② If the modification effectiveness on the lease commencement date, the lease will be classified as a finance lease, and the Company conducts accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments on modifying or renegotiating contracts.

30. Use-right assets

(1) Recognition conditions of use-right assets

Right-of-use assets refer to the right of the Company as the lessee to use the leased assets during the lease term.

On the commencement date of the lease term, the use-right assets shall be initially measured at cost. The cost includes: the initial measurement amount of the lease liability; The lease payment made on or before the commencement date of the lease term, if there is a lease incentive, shall be deducted from the amount related to the lease incentive already enjoyed; Initial direct expenses incurred by the Company as the lessee; The costs expected to be incurred by the Company, as the lessee, to dismantle and remove the leased assets, restore the leased assets to the site where they are located or restore the leased assets to the state specified in the lease terms. As the lessee, the Company shall recognize and measure the costs of demolition and restoration in accordance with the rules “CASBE 13- Contingencies”. Subsequent adjustments are made for any remeasurement of lease liabilities.

(2) Depreciation method of use-right assets

The Company uses the straight-line method of depreciation. If the Company, as the lessee, can reasonably determine the ownership of the leased asset at the end of the lease term, depreciation shall be calculated and withdrawn during the remaining service life of the leased asset. Where it is not reasonably certain that the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be calculated and withdrawn during the period during which the lease term and the remaining service life of the leased asset are shorter.

(3) For the impairment test method and impairment provision method of use-right assets, please refer to Note III. 20.

31. Safety fund and maintenance fee

According to the relevant provisions of CQ [2012] No. 16 document issued by Ministry of Finance, National Development and Reform Commission, State Administration of Work Safety, the actual operating income of metallurgical and transportation enterprises in the preceding year is the basis for the provision of safety fund and maintenance fee of the Company, and the method of excess retirement shall be adopted for the provision.

Safety funds and maintenance fees are included in the cost of relevant products or recognized in the current profit or loss for the related products, and credited to the special reserve at the same time.

When safety funds and maintenance fees are utilized in compliance with relevant regulations, if the costs incurred can be categorized as expenditure, the costs incurred should be charged against the special reserve; if the reserve is used to build up fixed assets, the costs should be charged to construction in progress, and reclassified to fixed assets when the projects reach the status ready for intended use. Meantime, expenditures in building up fixed assets are directly charged against the special reserve with the accumulated depreciation recognized at the same amount and the fixed assets will not be depreciated in the future.

32. Restricted stock

In the equity incentive plan, the Company grants restricted stock to the incentivied. The incentivied first subscribe for the stock. If the unlocking conditions specified in the equity incentive plan are not met, the Company repurchases the stock at the price agreed in advance. Where the restricted stock issued to the employees has gone through registration and other capital increase procedures in accordance with relevant provisions, the Company shall, on the grant date, confirm the share capital and capital reserve (capital premium) according to the subscription payment received from the employees, also recognize treasury shares and other payables with respect to repurchase obligations.

33. Significant accounting judgments and estimates

The Company provides continuous assessment of the reasonable expectations of future events, the critical accounting estimates and key assumptions based on the historical experience and other factors. The critical accounting estimates and key assumptions that are likely to lead to significant adjustment risks of the carrying amount of assets and liabilities for the next accounting period are listed as follows:

Classification of financial assets

The major judgments of the Company involved in determining the classification of financial assets includes the analysis of business models and the characteristics of contract cash flows, etc.

At the level of financial assets portfolio, the Company determines the business model for managing financial assets, taking into account factors such as methods of evaluating and reporting financial assets performance to key managers, the risks of affecting financial assets performance and risk management methods, and the way in which relevant business managers are paid.

In assessing whether the contract cash flow of financial assets is consistent with the basic lending arrangements, the Company has the following judgments: whether the principal's time distribution or amount may change during the lifetime for early repayment and other reasons; whether the interest only includes the time value of money, credit risk, other basic lending risks and the consideration with cost and profit. For example, whether the advance payment only reflects the unpaid principals and interests based on the unpaid principal, and reasonable compensation paid for the early termination of the contract.

Measurement of expected credit loss of account receivables

The Company calculates the expected credit losses of accounts receivable through default risk exposure and expected credit losses rate, and determines the expected credit losses rate on the basis of default probability and default loss rate. In determining the expected credit losses rate, the Company uses the experience of internal historical credit loss, and adjusts the historical data with current situation and forward-looking information. In considering forward-looking information, the indicators include the risks of economic downturn, external market environment, technological environment and changes of customer conditions. The Company monitors and reviews regularly the assumptions related to the calculation of expected credit losses.

Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and unused tax credit can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with tax planning strategies.

Determination of unlisted equity investment fair value

The fair value of unlisted equity investment is the estimated future cash flow discounted by the current discount rate of the project with similar terms and risk characteristics. The valuation requires the Company to estimate the expected future cash flow and discount rate and is therefore uncertain. Under limited circumstances, if the information used to determine the fair value is insufficient, or the possible estimates of the fair value are widely distributed, and the cost represents

the best estimate of the fair value within the range, the cost could represent the appropriate estimate of the fair value within the distribution range.

34. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

① Accounting Standards for Business Enterprises Interpretation No. 15

The Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 15" (Cai Kuai [2021] No. 35) in December 2021 (hereinafter referred to as "Interpretation No. 15")

Interpretation No. 15 stipulates that, in case an enterprise conducts external sales of products or by-products produced before fixed assets reaching the intended use or during the R&D process (collectively, "Trial Sales"), the accounting treatment shall be carried out separately in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue and the Accounting Standards for Business Enterprises No. 1 – Inventories.

The Interpretation No. 15 is effected since 1 January 2022, and the Company shall retroactively adjust the trial sales that occurred between the beginning of the earliest period for financial statement presentation and January 1, 2022.

Interpretation No. 15 stipulates that when determining a loss contract, the cost of fulfilling the contract by the enterprise includes the incremental cost of fulfilling the contract and the allocation amount of other costs directly related to fulfilling the contract. Among them, the incremental cost of fulfilling the contract includes direct labor, direct materials, etc; The allocation amount of other costs directly related to the performance of the contract includes the depreciation expense allocation amount of fixed assets used for the performance of the contract. The Interpretation No. 15 is effected since 1 January 2022, and the Company shall implement this provision for contracts that have not fulfilled all the obligations by January 1, 2022. The cumulative impact shall be adjusted to the retained earnings and other related financial statement items at the beginning of the year on the implementation date, without adjusting the comparative financial statement data in the previous period.

The adoption of Interpretation No. 15 had no material impact on the financial position and operating performance of the Company.

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

The Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31) ("Interpretation No. 16") in November 2022.

Interpretation No. 16 stipulates that, for financial instruments such as perpetual bonds classified as equity instruments, the enterprise shall recognise the income tax effect related to dividends when recognising dividend receivables. For distributed profits from transactions or events that previously generated profit or loss, the income tax effect of the dividend shall be included in profit or loss for the period; for distributed profits from transactions or events that was previously recognised in owner's equity, the income tax effect of the dividend shall be included in owner's equity. The above regulations were implemented since November 30, 2022. Companies shall adjust the impact of income tax on financial instruments retrospectively that occurred before January 1, 2022 and the relevant financial instruments have not been derecognized as of January 1, 2022.

Interpretation No. 16 stipulates that, if an enterprise replaces cash-settled share-based payment with equity-settled share-based payment in accordance with terms and conditions under cash-settled share-based payment agreement, on the date of change, equity-settled share-based payment shall be measured at the fair value as at the date of grant of such equity instrument, with services received to be included in capital reserve. Meanwhile, recognised liability in relation to cash-settled share-based payment as at the date of change shall be derecognised, with difference thereof to be included in profit or loss for the current period. If the vesting period is extended or shortened due to the revision, the enterprise shall perform the above accounting treatment according to the revised vesting period. The above regulations were implemented since November 30, 2022. Companies shall adjust retained earnings and other related financial statement items for transactions that occurred before January 1, 2022, and do not adjust comparable period information.

The adoption of Interpretation No. 16 had no material impact on the financial position and operating performance of the Company.

(2) Changes in significant accounting estimates

The Company did not have any change in significant accounting estimates during the year.

IV. Tax

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate%
Value-added tax	Taxable Revenue	13/9/6
City construction and maintenance tax	Turnover tax payable	7/5
Education surcharge	Turnover tax payable	3
Local education surcharge	Turnover tax payable	2
Income tax	Taxable Income	25

2. Tax preferential benefits and approvals

On 25 October 2021, the Company obtained the high-tech enterprise certificate issued by Beijing Municipal Science and Technology Commission with the certificate number of GR202111003103 and the certificate is valid for three years.

On 14 September 2021, Beijing Shougang Cold Rolling Co., Ltd., a subsidiary of the Company obtained the high-tech enterprise certificate issued by Beijing Municipal Science and Technology Commission with the certificate number of GR202111000699 and the certificate is valid for three years.

On 18 September 2021, Shougang Jingtang United Iron & Steel Co., Ltd., a subsidiary of the Company, obtained the high-tech enterprise certificate issued by Hebei Science and Technology Commission with the certificate number of GR202113000808 and the certificate is valid for three years.

On 18 October 2022, Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., a subsidiary of the Company, obtained the high-tech enterprise certificate issued by Hebei Science and Technology Commission with the certificate number of GR202213001060 and the certificate is valid for three

years.

In accordance to relevant regulations, above companies enjoy a preferential income tax rate at 15% in 2021.

Since 1 January 2019, according to Cai Shui [2019] No.13 “Notice of the State Administration of Taxation on implementing policy of tax reduction for small and low-profit enterprises”, for the part of annual taxable income less than RMB 1 million of small and low-profit enterprises, tax reduction of 25% shall be included, and then income tax shall be paid at 20%. Since 1 January 2021 to 31 December 2022, according to Cai Shui [2021] No.12 “Announcement on the implementation of preferential income tax policies for small and micro enterprises and individual industrial and commercial households”, for the part of annual taxable income less than RMB 1 million of small and low-profit enterprises, the enterprise income tax is reduced by half on the base of the preferential policies of Cai Shui [2019] No.13. Wuhan Shougang Automobile Material Co., Ltd., the sub-subsidiary of the Company, satisfies the requirements of small and low-profit enterprise declaration and its income taxes have been declared as the policy of small and low-profit enterprise.

V. Notes to consolidated financial statements

1. Cash and Cash equivalents

Item	2022.12.31	2021.12.31
Cash on hand	23,581.90	53,404.48
Bank deposits	8,330,041,178.17	8,536,627,515.03
Including: financial companies deposited	7,693,973,274.02	8,496,270,996.46
Other monetary assets	1,140,407,761.98	1,748,307,794.48
Including: financial companies deposited	1,088,690,000.00	1,497,328,783.36
Total	9,470,472,522.05	10,284,988,713.99

Others: (1) As at December 31, 2022, except for RMB 1,090,407,749.24 of security deposit, RMB 50,000,000.00 of fixed term deposit, the Company has no balance of cash and cash equivalents that are pledged, guaranteed or blocked frozen or overseas balances that restricted to remittance back.

(2) Bank deposits include interest receivable from deposits of RMB 849,769.13. This part of interest does not belong to "cash and cash equivalents."

2. Notes receivable

Item	2022.12.31		
	Book balance	Bad debt provision	Carrying value
Bank acceptance notes	1,096,900,639.55	1,096,900.64	1,095,803,738.91
Commercial acceptance notes	5,600,883,165.11	5,600,883.17	5,595,282,281.94
Total	6,697,783,804.66	6,697,783.81	6,691,086,020.85

Continued:

Item	2021.12.31		
	Book balance	Bad debt provision	Carrying value
Bank acceptance notes	606,890,114.70	606,890.11	606,283,224.59
Commercial acceptance notes	6,230,323,785.17	6,230,323.80	6,224,093,461.37
Total	6,837,213,899.87	6,837,213.91	6,830,376,685.96

(1) The pledged notes receivable of the Company at the end of the year

Item	Amount pledged at the end of the year
Commercial acceptance notes	6,190,000.00

(2) Outstanding endorsed or discounted notes that have not matured at the end of the year

Item	Amount derecognized as of December 31, 2022	Amount not-derecognized as of December 31, 2022
------	---	---

Bank acceptance notes	--	950,045,846.29
Commercial acceptance notes	--	5,408,779,162.42
Total	--	6,358,825,008.71

(3) Notes transferred to accounts receivable due to non-performance of the issuers at the end of the year

Item	Amount transferred to accounts receivable as of December 31, 2022
Commercial acceptance notes	5,673,594.85

(4) Classified by bad debt provision method

Category	2022.12.31				
	Book balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	6,697,783,804.66	100.00	6,697,783.81	0.10	6,691,086,020.85
Portfolio 1	--	--	--	--	--
Portfolio 2	6,697,783,804.66	100.00	6,697,783.81	0.10	6,691,086,020.85
Total	6,697,783,804.66	100.00	6,697,783.81	0.10	6,691,086,020.85

Continued:

Category	2021.12.31				
	Book balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	6,837,213,899.87	100.00	6,837,213.91	0.10	6,830,376,685.96
Portfolio 1	--	--	--	--	--
Portfolio 2	6,837,213,899.87	100.00	6,837,213.91	0.10	6,830,376,685.96
Total	6,837,213,899.87	100.00	6,837,213.91	0.10	6,830,376,685.96

(5) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 1 January 2022	6,837,213.91
Provision	--

Item	Bad debt provision
Recovery or reversal	139,430.10
As at 31 December 2022	6,697,783.81

(6) There is no notes receivable written off during the reporting period.

3. Accounts receivable

(1) Disclosed by the ageing

Ageing	2022.12.31	2021.12.31
Within 1 year	1,492,629,056.11	1,734,897,859.01
1 – 2 years	13,542,310.43	5,469,120.72
2 – 3 years	3,980,837.55	7,533,727.52
Over 3 years	13,036,557.92	8,900,931.48
Subtotal	1,523,188,762.01	1,756,801,638.73
Less: provision for bad debts	73,179,864.91	78,193,245.02
Total	1,450,008,897.10	1,678,608,393.71

(2) Disclosed by bad debt provision

Category	Book balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	13,036,557.92	0.86	13,036,557.92	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,510,152,204.09	99.14	60,143,306.99	3.98	1,450,008,897.10
Total	1,523,188,762.01	100.00	73,179,864.91	4.80	1,450,008,897.10

Disclosed by bad debt provision (continued):

Category	Book balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	12,828,816.67	0.73	12,828,816.67	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,743,972,822.06	99.27	65,364,428.35	3.75	1,678,608,393.71
Total	1,756,801,638.73	100.00	78,193,245.02	4.45	1,678,608,393.71

Assessed bad debt provision individually:

2022.12.31				
Accounts receivable (by debtor)	Book balance	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Accounts receivable over 3 years	7,362,963.07	7,362,963.07	100.00	Long aging
Overdue recourse notes	5,673,594.85	5,673,594.85	100.00	Overdue recourse notes
Total	13,036,557.92	13,036,557.92	100.00	

Continued:

2021.12.31				
Accounts receivable (by debtor)	Book balance	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Accounts receivable over 3 years	3,377,121.82	3,377,121.82	100.00	Long aging
Overdue recourse notes	9,451,694.85	9,451,694.85	100.00	Overdue recourse notes
Total	12,828,816.67	12,828,816.67	100.00	

Assessed bad debt provision in portfolios:

2022.12.31			
Item	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,492,629,056.11	53,147,749.56	3.56
1 – 2 years	13,542,310.43	4,032,265.53	29.78
2 – 3 years	3,980,837.55	2,963,291.90	74.44
Over 3 years	--	--	--
Total	1,510,152,204.09	60,143,306.99	3.98

Continued:

2021.12.31			
Item	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,734,897,859.01	60,842,691.31	3.51
1 – 2 years	4,469,120.72	1,253,706.63	28.05
2 – 3 years	4,605,842.33	3,268,030.41	70.95
Over 3 years	--	--	--
Total	1,743,972,822.06	65,364,428.35	3.75

(3) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 1 January 2022	78,193,245.02
Provision	--

Recovery or reversal	5,013,380.11
As at 31 December 2022	73,179,864.91

(4) There is no accounts receivable write-off during reporting period.

(5) The top five accounts receivable classified by debtors are as follows:

During the year, the total amount of the top five accounts receivable collected by debtors at the end of the period is RMB 796,180,178.42, accounts for 52.28% of the total amount of accounts receivable at the end of the period, and the total amount of the corresponding bad debt provision at the end of the period is RMB 28,348,972.41.

Company Name	Closing balance	Percentage of total accounts receivable (%)	Closing balance of bad debt provision
Shougang Casey Steel Co., Ltd.	290,361,751.31	19.06	10,336,878.35
BYD (Shenzhen)Supply Chain Management Co., Ltd.	181,675,741.56	11.93	6,470,080.15
Shanghai Zhenhua Heavy Industries Co., Ltd.	134,179,518.89	8.81	4,776,790.86
China Petrochemical International Co., Ltd.	102,744,407.80	6.75	3,659,071.64
China First Automobile Co., Ltd.	87,218,758.86	5.73	3,106,151.41
Total	796,180,178.42	52.28	28,348,972.41

4. Financing receivable

Item	2022.12.31	2021.12.31
Notes receivable	3,489,134,871.56	4,015,188,495.05
Less: Other comprehensive income - fair value changes	--	--
Closing balance of fair value	3,489,134,871.56	4,015,188,495.05

The Company discounts and endorses most bank acceptance notes in accordance with routine fund management, therefore the bank acceptance notes are classified as financial assets at fair value through other comprehensive income.

(1) Classified by bad debt provision method

Category	2022.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	3,489,832,838.11	100.00	697,966.55	0.02	3,489,134,871.56

Portfolio 1	3,489,832,838.11	100.00	697,966.55	0.02	3,489,134,871.56
Portfolio 2	--	--	--	--	--
Total	3,489,832,838.11	100.00	697,966.55	0.02	3,489,134,871.56

Continued:

Category	2021.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	4,015,991,400.14	100.00	802,905.09	0.02	4,015,188,495.05
Portfolio 1	4,015,991,400.14	100.00	802,905.09	0.02	4,015,188,495.05
Portfolio 2	--	--	--	--	--
Total	4,015,991,400.14	100.00	802,905.09	0.02	4,015,188,495.05

(2) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 1 January 2022	802,905.09
Provision	--
Recovery or reversal	104,938.54
Written-off	--
As at 31 December 2022	697,966.55

(3) The pledged notes receivable of the Company at the end of the year

Item	Pledged amount at the end of the year
Bank acceptance notes	322,639,159.08

(4) Outstanding endorsed or discounted notes that have not matured at the end of the year

Item	Amount derecognized at the end of the year	Amount not-derecognized at the end of the year
Bank acceptance notes	26,363,006,094.32	--
Commercial acceptance notes	--	--
Total	26,363,006,094.32	--

5. Prepayments

(1) Disclosed by the ageing of prepayments

Ageing	2022.12.31		2021.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	630,526,142.92	99.07	1,187,511,241.63	99.58
1 – 2 years	4,353,052.19	0.68	2,390,257.98	0.20
2 – 3 years	859,392.60	0.14	1,787,907.90	0.15
Over 3 years	730,629.27	0.11	880,589.39	0.07
Total	636,469,216.98	100.00	1,192,569,996.90	100.00

(2) As at December 31, 2022, there is no material prepayment with an aging of over 1 year.

(3) The top five prepayments classified by debtors are as follows:

During the year, the total amount of the top five prepayments classified by debtors at the end of the period is RMB 279,454,502.98, accounts for 43.90% of the total amount of prepayments at the end of the period.

Company Name	2022.12.31	Percentage of total prepayments (%)
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	87,043,657.93	13.68
Shougang Group Co., Ltd.	74,027,519.11	11.63
Tianjin Freight Center of China Beijing RAILWAY Administration	44,372,578.76	6.97
Tianjin Jintie Xincheng Freight Forwarding Co., Ltd.	37,899,945.34	5.95
Beijing Hegang Steel Trade Co., Ltd.	36,110,801.84	5.67
Total	279,454,502.98	43.90

6. Other receivables

Item	2022.12.31	2021.12.31
Dividends receivable	200,000.00	--
Other receivables	12,968,697.56	16,992,715.92
Total	13,168,697.56	16,992,715.92

(1) Dividends receivable

Item	2022.12.31	2021.12.31
Guangzhou Jinghai Shipping Co., Ltd.	200,000.00	--
Less: bad debt provision	--	--
Total	200,000.00	--

(2) Other receivables

① Disclosed by the ageing of other receivables

Ageing	2022.12.31	2021.12.31
Within 1 year	9,880,237.95	9,257,052.78
1 – 2 years	3,309,333.81	7,918,680.72
2 – 3 years	143,721.00	649,678.57
3 – 4 years	1,074,861.94	587,104.55
4 – 5 years	813,907.90	503,460.47
Over 5 years	5,143,256.32	5,859,075.32
Subtotal	20,365,318.92	24,775,052.41
Less: provision for bad debts	7,396,621.36	7,782,336.49
Total	12,968,697.56	16,992,715.92

② Disclosed by nature of other receivables

Item	2022.12.31		
	Closing balance	Provision for bad debts	Carrying value
Petty cash	1,550,710.10	483,358.60	1,067,351.50
Deposits	11,399,556.26	864,254.76	10,535,301.50
Due from other companies	5,110,002.96	3,743,958.40	1,366,044.56
Court debit	2,305,049.60	2,305,049.60	--
Total	20,365,318.92	7,396,621.36	12,968,697.56

Continued:

Item	2021.12.31		
	Closing balance	Provision for bad debts	Carrying value
Petty cash	2,928,009.49	423,868.66	2,504,140.83
Deposits	12,643,770.00	812,188.50	11,831,581.50
Due from other companies	6,381,935.32	3,724,941.73	2,656,993.59
Court debit	2,821,337.60	2,821,337.60	--
Total	24,775,052.41	7,782,336.49	16,992,715.92

③ Provision for bad debts

As at 31 December 2022, Phase I bad debts provision:

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	9,880,237.95	5.00	494,011.88	9,386,226.07	
Petty cash and deposits	9,046,161.66	5.00	452,308.08	8,593,853.58	

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Due from other companies	834,076.29	5.00	41,703.80	792,372.49	
Total	9,880,237.95	5.00	494,011.88	9,386,226.07	

As at 31 December 2022, Phase II bad debts provision:

Category	Book balance	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	4,327,962.65	17.22	745,491.16	3,582,471.49	
Petty cash and deposits	3,532,303.64	14.82	523,504.28	3,008,799.36	
Due from other companies	795,659.01	27.90	221,986.88	573,672.13	
Total	4,327,962.65	17.22	745,491.16	3,582,471.49	

As at 31 December 2022, Phase III bad debts provision:

Category	Book balance	Expected credit loss over the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually					
People's Court of Muye District, Xinxiang City, Henan Province	2,305,049.60	100.00	2,305,049.60	--	
Petty cash over 5 years	370,720.00	100.00	370,720.00	--	
Due from other companies over 5 years	3,481,348.72	100.00	3,481,348.72	--	
Total	6,157,118.32	100.00	6,157,118.32	--	

As at 31 December 2021, Phase I bad debts provision:

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	9,237,576.78	5.00	461,878.85	8,775,697.93	
Petty cash and deposits	7,797,303.58	5.00	389,865.18	7,407,438.40	
Due from other companies	1,440,273.20	5.00	72,013.67	1,368,259.53	
Total	9,237,576.78	5.00	461,878.85	8,775,697.93	

As at 31 December 2021, Phase II bad debts provision:

Category	Book balance	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
----------	--------------	--	-------------------------	----------------	----------------------

Assessed bad debt provision individually	--	--	--	--
Assessed bad debt provision in portfolios	9,142,636.31	10.12	925,618.32	8,217,017.99
Petty cash and deposits	7,603,755.91	8.88	675,471.97	6,928,283.94
Due from other companies	1,538,880.40	16.26	250,146.35	1,288,734.05
Total	9,142,636.31	10.12	925,618.32	8,217,017.99

As at 31 December 2021, Phase III bad debts provision:

Category	Book balance	Expected credit loss over the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually					
Yinchuan Intermediate People's Court	516,288.00	100.00	516,288.00	--	
People's Court of Muye District, Xinxiang City, Henan Province	2,305,049.60	100.00	2,305,049.60	--	
Petty cash over 5 years	170,720.00	100.00	170,720.00	--	
Due from other companies over 5 years	3,402,781.72	100.00	3,402,781.72	--	
Total	6,394,839.32	100.00	6,394,839.32	--	

④ Provision, recovery or reversal of bad debt

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss within 12 months	Expected credit loss over the lifetime (no credit impairment)	Expected credit loss over the lifetime (credit impairment occurred)	
As at 1 January 2022	461,878.85	925,618.32	6,394,839.32	7,782,336.49
Changes during the year				
-- Shift to Phase II	--	--	--	--
-- Shift to Phase III	--	--	--	--
-- Back to Phase II	--	--	--	--
-- Back to Phase I	--	--	--	--
Provision	32,133.03	--	--	32,133.03
Reversal	--	180,127.16	237,721.00	417,848.16
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 31 December 2022	494,011.88	745,491.16	6,157,118.32	7,396,621.36

⑤ There is no write-off of provision for bad debts during reporting period.

⑥The top five other receivables classified by debtors are as follows:

Company Name	Nature	Closing balance	Ageing	Percentage of total other receivable (%)	Closing balance of bad debt provision
BMW Brilliance Automotive Ltd.	Security fund	6,000,000.00	Within 1 years	29.46	300,000.00
Lawsuit of Henan Taihang Vibrating Machinery Co., Ltd.	Court debit	2,305,049.60	over 5 years	11.32	2,305,049.60
Due from other companies over 5 years	Due from other companies	2,000,000.00	over 5 years	9.82	2,000,000.00
Petty cash	Petty cash	1,550,710.10	1-5 years	7.61	483,358.60
China Petrochemical International Co., Ltd.	Security fund	1,039,331.06	Within 1 years	5.10	51,966.55
Total		12,895,090.76		63.31	5,140,374.75

7. Inventories

(1) Classification of inventories

Item	2022.12.31		
	Book balance	Provision for impairment	Carrying value
Raw materials	2,887,646,758.41	42,207,819.20	2,845,438,939.21
Finished goods	5,232,868,448.19	300,694,621.62	4,932,173,826.57
Consumables	605,976,815.09	--	605,976,815.09
Self-made semi-finished goods	3,576,657,167.28	--	3,576,657,167.28
Total	12,303,149,188.97	342,902,440.82	11,960,246,748.15

Continued:

Item	2021.12.31		
	Book balance	Provision for impairment	Carrying value
Raw materials	3,773,690,951.92	44,544,258.60	3,729,146,693.32
Finished goods	4,461,908,245.34	102,584,159.77	4,359,324,085.57
Consumables	528,353,704.73	--	528,353,704.73
Self-made semi-finished goods	3,808,677,560.29	--	3,808,677,560.29
Total	12,572,630,462.28	147,128,418.37	12,425,502,043.91

(2) Impairment provision for inventories or performance costs

Item	2021.12.31	Increase		Decrease		2022.12.31
		Provision	Others	Reversal or Write-off	Others	
Raw materials	44,544,258.60	--	--	2,336,439.40	--	42,207,819.20
Finished goods	102,584,159.77	402,994,496.88	--	204,884,035.03	--	300,694,621.62
Total	147,128,418.37	402,994,496.88	--	207,220,474.43	--	342,902,440.82

8. Other current assets

Item	2022.12.31	2021.12.31
Input value added tax	2,814,012.14	267,822,797.14
Input value added tax to be certified	655,944,515.37	429,476,806.82
Prepaid income tax	200,264,001.14	20,063,782.91
Entrusted Loans	166,880,103.67	147,227,500.00
Carbon emission rights assets	40,317.17	74,842.65
Total	1,025,942,949.49	864,665,729.52

9. Long-term equity investments

Company Name	2022.1.1	Movements during the year								2022.12.31	Impairment at the end of the year
		Additional investment	Reduce investment	Investment gains and losses confirmed under the equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend or profit declared	Provision for impairment	Others		
①Joint ventures											
Tangshan Guoxing Industrial Co., Ltd.	36,287,575.86	--	--	3,895,285.46	--	385.62	2,000,000.00	--	--	38,183,246.94	--
Tangshan Zhonghong Carbon Chemical Co., Ltd.	21,536,229.44	--	--	-11,895,926.23	--	--	--	--	--	9,640,303.21	--
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,113,168,103.04	--	--	28,070,751.94	--	2,904,776.06	46,000,000.00	--	--	1,098,143,631.04	--
Subtotal	1,170,991,908.34	--	--	20,070,111.17	--	2,905,161.68	48,000,000.00	--	--	1,145,967,181.19	--
②Associates											
Tangshan Tangcao Railway Co., Ltd.	382,410,987.12	--	--	-69,780,414.90	--	115,080.97	--	--	--	312,745,653.19	--
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	79,041,891.73	--	--	925,107.71	--	--	12,500,000.00	--	--	67,466,999.44	--
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	1,098,085,352.91	--	--	-206,574,842.59	--	--	--	--	--	891,510,510.32	--
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	112,715,820.57	--	--	24,947,007.16	--	--	15,232,424.74	--	--	122,430,402.99	--
Beijing Dingshengcheng Packaging Materials Co., Ltd.	13,987,090.36	--	--	2,843,468.38	--	--	--	--	--	16,830,558.74	--
Ningbo Shougang Zhejin Steel Co., Ltd.	20,677,157.68	--	--	13,516.21	--	--	479,668.99	--	--	20,211,004.90	--

Company Name	2022.1.1	Movements during the year								2022.12.31	Impairment at the end of the year
		Additional investment	Reduce investment	Investment gains and losses confirmed under the equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend or profit declared	Provision for impairment	Others		
Guangzhou Jinghai Shipping Co., Ltd.	30,589,124.00	--	--	-1,522,712.70	--	--	200,000.00	--	--	28,866,411.30	--
Shougang (Qingdao) Steel Industry Co., Ltd.	56,603,361.76	--	--	1,397,364.48	--	--	--	--	--	58,000,726.24	--
Ordos Baotou Steel Shourui Material Technology Co., Ltd.	39,028,999.74	--	39,193,323.93	164,324.19	--	--	--	--	--	--	--
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	20,347,151.86	--	--	-3,703,264.02	--	49,241.27	--	--	--	16,693,129.11	--
Hebei Jingji Industry & Trading Co., Ltd.	7,451,138.24	--	--	3,176,900.36	--	--	2,799,259.52	--	--	7,828,779.08	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	33,998,913.97	1,208,074.76	--	527,580.12	--	--	--	--	--	35,734,568.85	--
Subtotal	1,894,936,989.94	1,208,074.76	39,193,323.93	-247,585,965.60	--	164,322.24	31,211,353.25	--	--	1,578,318,744.16	--
Total	3,065,928,898.28	1,208,074.76	39,193,323.93	-227,515,854.43	--	3,069,483.92	79,211,353.25	--	--	2,724,285,925.35	--

10. Other equity instrument investments

Item	2022.12.31	2021.12.31
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	197,880,464.00	226,566,944.00
Minmetals Special Steel (Dongguan) Co., Ltd.	4,103,981.86	3,608,571.79
Qian'an Shoujia Construction Material Co., Ltd.	5,456,139.10	13,765,068.94
Qian'an PetroChina Kunlun Gas Co., Ltd	19,084,152.28	14,937,088.81
Minmetals Tianwei Steel Co., Ltd.	6,241,396.57	6,023,090.43
Total	232,766,133.81	264,900,763.97

Continued:

Item	Dividend recognized during the year	Accumulated gain	Accumulated loss	Other comprehensive income transferred to retained earnings	Reasons
Beijing Shougang TIEKE RAILWAY-TECH Co., Ltd.	2,812,400.00	188,179,264.00	--	--	
Minmetals Special Steel (Dongguan) Co., Ltd.	--	--	896,018.14	--	
Qian'an Shoujia Construction Material Co., Ltd.	--	--	17,410,235.90	--	
Qian'an PetroChina Kunlun Gas Co., Ltd	2,802,482.12	17,284,152.28	--	--	
Minmetals Tianwei Steel Co., Ltd.	--	--	978,603.43	--	
Total	5,614,882.12	205,463,416.28	19,284,857.47	--	

11. Other non-current financial assets

Item	2022.12.31	2021.12.31
Financial assets measured at fair value and recorded into current profit and loss	79,234,007.60	80,000,000.00

Continued:

Item	2022.12.31	2021.12.31
Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership)	79,234,007.60	80,000,000.00

Note: The fair value and investment of Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership) refer to Note VII. 3 and Note IX.

12. Fixed assets

Item	2022.12.31	2021.12.31
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Fixed assets	93,331,072,969.17	97,227,169,862.20
Fixed assets to be disposed	--	--
Total	93,331,072,969.17	97,227,169,862.20

Fixed assets

①Details of fixed assets

Item	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Industrial furnace	Metallurgical equipment	Other tools	Total
Cost:								
1. At 1 January 2022	37,792,567,408.57	42,412,123,945.38	2,546,920,936.91	9,616,910,484.31	1,247,475,999.21	66,252,907,958.61	1,051,560,125.71	160,920,466,858.70
2. Increase	1,206,275,181.97	5,185,702,944.01	289,943,324.55	694,317,859.88	80,643,283.20	-3,741,466,309.74	75,623,199.43	3,791,039,483.30
(1) Purchase	3,195,623.52	32,138,396.08	17,093,084.36	44,511,939.02	188,000.00	26,232,007.07	840,248.86	124,199,298.91
(2) Transferred from construction in progress	1,203,079,558.45	5,153,564,547.93	272,850,240.19	649,805,920.86	80,455,283.20	-3,767,698,316.81	74,782,950.57	3,666,840,184.39
3. Decrease	64,302,967.36	51,477,877.89	18,411,599.67	5,544,101.52	--	45,714,201.08	679,033.27	186,129,780.79
(1) Disposal or retirement	64,302,967.36	44,287,490.10	18,411,599.67	5,544,101.52	--	30,535,620.54	679,033.27	163,760,812.46
(2) Other decreases	--	7,190,387.79	--	--	--	15,178,580.54	--	22,368,968.33
4. At 31 December 2022	38,934,539,623.18	47,546,349,011.50	2,818,452,661.79	10,305,684,242.67	1,328,119,282.41	62,465,727,447.79	1,126,504,291.87	164,525,376,561.21
Accumulated depreciation:								
1. At 1 January 2022	10,205,522,708.98	14,974,748,302.71	1,654,267,578.30	5,435,628,418.41	578,655,337.28	30,482,174,232.58	362,300,418.24	63,693,296,996.50
2. Increase	2,069,060,491.97	4,635,493,944.85	359,545,483.57	1,130,503,478.30	66,285,323.87	-782,296,390.70	127,894,550.33	7,606,486,882.19
(1) Depreciation	1,159,589,038.26	2,394,221,623.58	200,256,415.24	652,504,341.83	65,980,588.15	2,997,697,043.63	136,237,831.50	7,606,486,882.19
(2) Other increases	909,471,453.71	2,241,272,321.27	159,289,068.33	477,999,136.47	304,735.72	-3,779,993,434.33	-8,343,281.17	--
3. Decrease	22,414,353.38	35,688,387.94	15,527,506.98	5,101,660.72	--	26,106,271.48	642,106.15	105,480,286.65
(1) Disposal or retirement	22,414,353.38	32,298,406.98	15,527,506.98	5,101,660.72	--	19,695,172.80	642,106.15	95,679,207.01
(2) Other decreases	--	3,389,980.96	--	--	--	6,411,098.68	--	9,801,079.64
4. At 31 December 2022	12,252,168,847.57	19,574,553,859.62	1,998,285,554.89	6,561,030,235.99	644,940,661.15	29,673,771,570.40	489,552,862.42	71,194,303,592.04

Item	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Industrial furnace	Metallurgical equipment	Other tools	Total
Impairment								
1. At 1 January 2022	--	--	--	--	--	--	--	--
2. Increase	--	--	--	--	--	--	--	--
3. Decrease	--	--	--	--	--	--	--	--
4. At 31 December 2022	--	--	--	--	--	--	--	--
Carrying value								
1. 31 December 2022	26,682,370,775.61	27,971,795,151.88	820,167,106.90	3,744,654,006.68	683,178,621.26	32,791,955,877.39	636,951,429.45	93,331,072,969.17
2. 1 January 2022	27,587,044,699.59	27,437,375,642.67	892,653,358.61	4,181,282,065.90	668,820,661.93	35,770,733,726.03	689,259,707.47	97,227,169,862.20

Note: As at 31 December 2022, there is no mortgaged or guaranteed fixed assets.

②As at 31 December 2022, there is no temporarily idle fixed assets.

③As at 31 December 2022, fixed assets leased through operating leases are as follows:

Item	Carrying value
Plant and buildings	54,375,551.85

④Fixed assets pending certificates of ownership

Item	Carrying value	Reasons for pending certificates
Building of Beijing Shougang Cold Rolling Co., Ltd.	34,888,371.00	Property certificate is in the process
Building of Shougang Jingtang United Iron & Steel Co., Ltd.	10,452,783,176.18	To be handled after completing the relevant procedures of the occupied phase I project land
Building of Beijing Shougang Steel Trading Investment Management Co., Ltd.	175,670,446.03	Property certificate is in the process

13. Construction in progress

Item	2022.12.31	2021.12.31
Construction in progress	7,598,541,035.50	6,566,873,922.61
Construction materials	75,108,817.27	619,893,915.94
Total	7,673,649,852.77	7,186,767,838.55

(1) Construction in progress

①Details of construction in progress

Item	2022.12.31		
	Book balance	Provision for impairment	Carrying value
Jingtang Co. Phase-I project	3,076,233,760.72	--	3,076,233,760.72
New energy automotive electrical steel project	37,653,248.54	--	37,653,248.54
Zhixin Co. Oriented phase II project	1,314,052,905.22	--	1,314,052,905.22
Zhixin Co. High-end heat treatment engineering project	183,731,602.88	--	183,731,602.88
Other projects	2,986,869,518.14	--	2,986,869,518.14
Total	7,598,541,035.50	--	7,598,541,035.50

Continued:

Item	2021.12.31		
	Book balance	Provision for impairment	Carrying value
Jingtang Co. Phase-I project	2,042,734,311.07	--	2,042,734,311.07
Jingtang Co. Phase-II project	21,094,822.03	--	21,094,822.03

Item	2021.12.31		
	Book balance	Provision for impairment	Carrying value
New energy automotive electrical steel project	997,385,082.19	--	997,385,082.19
Zhixin Co. Oriented phase II project	672,933,269.19	--	672,933,269.19
Other projects	2,832,726,438.13	--	2,832,726,438.13
Total	6,566,873,922.61	--	6,566,873,922.61

②The major construction projects in progress are as follows:

Project name	2022.1.1	Additions	Transferred to fixed assets	Other deduction	Accumulated interest capitalization	Capitalized Interest during reporting year	% of interest capitalization	2022.12.31
New energy automotive electrical steel project	997,385,082.19	665,663,669.96	1,625,395,503.61	--	19,983,166.66	12,335,416.66	4.05	37,653,248.54
Zhixin Co. Oriented phase II project	672,933,269.19	641,119,636.03	--	--	--	--	--	1,314,052,905.22
Zhixin Co. High-end heat treatment engineering project	--	183,731,602.88	--	--	--	--	--	183,731,602.88
Total	1,670,318,351.38	1,490,514,908.87	1,625,395,503.61	--	19,983,166.66	12,335,416.66	4.05	1,535,437,756.64

The major construction projects in progress are as follows (continued): (Unit: RMB hundred million)

Project name	Budget	The propotion of projects investment account for budget %	Progress (%)	Source of fund
New energy automotive electrical steel project	19.79	94.96	The project has been provisionally estimated to be transferred to fixed assets	Selfraised
Zhixin Co. Oriented phase II project	16.83	88.23	The devices of the project are being installed	Selfraised
Zhixin Co. High-end heat treatment engineering project	19.49	10.65	The project is undergoing civil construction	Selfraised

③As at 31 December 2022, there is no provision for impairment of construction in progress.

(2) Construction materials

Item	2022.12.31	2021.12.31
Specific materials	12,234,976.71	17,081,983.66
Specific equipments	62,873,840.56	602,811,932.28
Subtotal	75,108,817.27	619,893,915.94
Provision for impairment of construction materials	--	--
Total	75,108,817.27	619,893,915.94

14. Right-of-use assets

Item	Plant and buildings	Land use rights	Motor vehicles	Total
Cost:				
1. At 1 January 2022	116,101,586.50	311,888.26	474,802.94	116,888,277.70
2. Increase during the period	-124,860.87	--	--	-124,860.87
Adjustment of lease liabilities	-124,860.87	--	--	-124,860.87
3. Decrease during the period	--	--	--	--
4. At 31 December 2022	115,976,725.63	311,888.26	474,802.94	116,763,416.83
Accumulated depreciation				
1. At 1 January 2022	16,440,339.87	55,860.60	112,079.59	16,608,280.06
2. Increase during the period	16,774,378.68	55,860.60	217,538.04	17,047,777.32
(1) Provision	16,774,378.68	55,860.60	217,538.04	17,047,777.32
3. Decrease during the period	--	--	--	--
4. At 31 December 2022	33,214,718.55	111,721.20	329,617.63	33,656,057.38
Impairment				
1. At 1 January 2022	--	--	--	--
2. Increase during the period	--	--	--	--
3. Decrease during the period	--	--	--	--
4. At 31 December 2022	--	--	--	--
Carrying value				
1. 31 December 2022	82,762,007.08	200,167.06	145,185.31	83,107,359.45
2. 1 January 2022	99,661,246.63	256,027.66	362,723.35	100,279,997.64

Note: As of December 31, 2022, the Company recognizes lease expenses related to short-term leases and leases of low value assets as shown in Note XIV, 2.

15. Intangible assets

Details of intangible assets

Item	Software	Land use rights	Total
Cost			
1. At 1 January 2022	435,479,121.74	4,589,498,925.91	5,024,978,047.65
2. Increase	61,996,396.65	1,946,285.00	63,942,681.65
(1) Purchase	61,996,396.65	1,946,285.00	63,942,681.65
3. Decrease	--	--	--
4. At 31 December 2022	497,475,518.39	4,591,445,210.91	5,088,920,729.30
Accumulated amortization			
1. At 1 January 2022	122,249,951.73	885,069,827.56	1,007,319,779.29

Item	Software	Land use rights	Total
2. Increase	79,524,948.65	95,168,873.25	174,693,821.90
Provision	79,524,948.65	95,168,873.25	174,693,821.90
3. Decrease	--	--	--
4. At 31 December 2022	201,774,900.38	980,238,700.81	1,182,013,601.19
Impairment			
1. At 1 January 2022	--	--	--
2. Increase	--	--	--
3. Decrease	--	--	--
4. At 31 December 2022	--	--	--
Carrying value			
1. 31 December 2022	295,700,618.01	3,611,206,510.10	3,906,907,128.11
2. 1 January 2022	313,229,170.01	3,704,429,098.35	4,017,658,268.36

Notes for land use rights without completed property rights certificates

Item	Carrying value	Reason for not completing the property rights certificate
Land of Shougang Qiangang	61,973,257.95	In processing

16. Long-term prepaid expenses

Item	2022.1.1	Increase	Decrease		2022.12.31
			Amortization	Others	
Renovation costs	1,226,463.57	2,898,000.00	588,715.53	--	3,535,748.04

17. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities without offsetting

Item	2022.12.31		2021.12.31	
	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
Deferred tax assets:				
Asset impairment provision	505,555,574.09	79,322,751.40	337,661,843.04	54,026,814.61
The actual payment amount of payroll payable less than the withdrawal amount	11,804,882.71	1,770,732.41	11,854,543.71	1,778,181.56
Deffered income	376,219,302.71	56,819,612.63	222,651,867.20	33,808,482.45
Asset amortization difference	5,629,387.82	844,408.16	6,443,561.93	966,534.25
Unrealized internal transaction	269,210,907.64	40,381,636.15	323,189,435.59	48,478,415.34
Joint commissioning cost	311,745,046.78	46,761,757.02	330,082,990.71	49,512,448.61
Differences in amortization of right-of-use assets	3,523,175.04	755,873.27	2,078,979.09	437,933.60

Item	2022.12.31		2021.12.31	
	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
Equity Incentive	6,855,496.85	1,052,157.60	4,643,140.32	712,612.87
Deferred income assets for loss provision	1,164,313,511.12	174,647,026.67	--	--
Subtotal	2,654,857,284.76	402,355,955.31	1,238,606,361.59	189,721,423.29
Deferred tax liabilities:				
Joint commissioning cost	1,085,461,580.60	162,819,237.09	1,174,742,095.80	176,211,314.37
Changes in fair value of in other equity instruments investments	186,178,558.81	27,926,783.87	218,313,188.97	32,746,978.38
New-E Co. disposal subsidiary Electrical Steel Co. investment income	83,212,329.87	20,803,082.47	--	--
Fourth quarter equipment additional deduction	1,938,128,392.15	290,719,258.83	--	--
Subtotal	3,292,980,861.43	502,268,362.26	1,393,055,284.77	208,958,292.75

(2) Details of unrecognized deferred tax assets from deductible temporary differences and deductible tax losses:

Item	2022.12.31	2021.12.31
Deductible temporary differences	56,162,050.68	111,280,769.32
Deductible tax losses	2,051,259,102.58	136,319,094.41
Total	2,107,421,153.26	247,599,863.73

(3) Unrecognized deferred tax liabilities from deductible tax losses will expire in the following years:

Years	2022.12.31	2021.12.31	Note
2022	—	32,710,500.17	
2023	33,894,110.96	33,894,110.96	
2024	34,063,776.18	34,359,166.04	
2025	18,967,253.01	20,479,539.98	
2026	14,769,965.09	14,875,777.26	
2027	1,949,563,997.34	—	
Total	2,051,259,102.58	136,319,094.41	

18. Short-term loans

Classification of short-term loans

Item	2022.12.31	2021.12.31
Pledged loans	1,090,000.00	19,753,215.18

Guaranteed loans	6,907,003,333.35	8,787,335,054.82
Credit loans	22,671,912,770.04	16,471,285,046.25
Total	29,580,006,103.39	25,278,373,316.25

Note: The loan of RMB 1,090,000.00 is pledged by a discounted but unmatured and non-terminatingly recognized note with a carrying value of RMB 1,090,000.00.

19. Notes payable

Item	2022.12.31	2021.12.31
Commercial acceptance notes	7,141,510,000.00	6,915,076,896.08
Bank acceptances	120,000,000.00	573,853,897.69
Total	7,261,510,000.00	7,488,930,793.77

20. Accounts payable

Item	2022.12.31	2021.12.31
Payables for goods	17,215,600,362.40	16,618,588,143.52
Payables for construction	2,594,994,121.65	3,578,906,476.13
Total	19,810,594,484.05	20,197,494,619.65

Among which, the material trade payables aged over 1 year was as follows:

Company name	2022.12.31	Reason for non-settlement
Beijing Shougang Special Steel Co., Ltd.	94,949,940.33	In the execution
Beijing Teyu Plate Co., Ltd.	85,095,430.63	In the execution
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	57,690,426.64	In the execution
Fujian Longking Co., Ltd.	33,069,015.00	In the execution
Ansteel Construction Group Corp.,Ltd.	25,027,906.68	In the execution
Total	295,832,719.28	

21. Contract liabilities

Item	2022.12.31	2021.12.31
Advance from product sales	4,508,016,725.74	5,230,456,327.37
Less: contractual liabilities included in other non-current liabilities	--	--
Total	4,508,016,725.74	5,230,456,327.37

22. Payroll and employee benefits payable

Item	2022.1.1	Increase	Decrease	2022.12.31
Short-term employee benefits	492,938,709.78	4,336,724,255.42	4,236,525,787.96	593,137,177.24

Item	2022.1.1	Increase	Decrease	2022.12.31
Post-employment benefits (defined contribution plans)	21,456,165.20	497,033,781.76	496,720,694.60	21,769,252.36
Termination benefits	--	70,727,831.32	70,727,831.32	--
Other retirement benefits due within one year	5,170,000.00	5,890,000.00	5,170,000.00	5,890,000.00
Total	519,564,874.98	4,910,375,868.50	4,809,144,313.88	620,796,429.60

(1) Short-term employee benefits

Item	2022.1.1	Increase	Decrease	2022.12.31
Salaries, bonuses and subsidies	97,121,464.93	3,124,590,654.26	3,075,947,905.03	145,764,214.16
Welfare	--	358,005,240.87	358,005,240.87	--
Social insurance	149,464,466.92	345,078,313.01	318,211,452.87	176,331,327.06
Including:				
1. Medical insurance	149,116,813.18	305,743,729.80	278,737,241.72	176,123,301.26
2. Work-related injury insurance	346,094.64	39,244,991.20	39,384,555.19	206,530.65
3. Maternity insurance	1,559.10	89,592.01	89,655.96	1,495.15
Housing fund	50,567.00	343,748,321.29	343,746,789.29	52,099.00
Labor union fee and employee education fee	246,302,210.93	121,444,215.02	96,756,888.93	270,989,537.02
Equity incentive	--	43,289,500.60	43,289,500.60	--
Short-term profit-sharing plan	--	--	--	--
Non-monetary benefits	--	--	--	--
Other short-term employee benefits	--	568,010.37	568,010.37	--
Total	492,938,709.78	4,336,724,255.42	4,236,525,787.96	593,137,177.24

(2) Defined contribution plans

Item	2022.1.1	Increase	Decrease	2022.12.31
Post-employment benefits	21,456,165.20	497,033,781.76	496,720,694.60	21,769,252.36
Including:				
1. Pension insurance	9,325,670.10	479,074,594.41	478,745,713.64	9,654,550.87
2. Unemployment insurance	12,130,495.10	17,959,187.35	17,974,980.96	12,114,701.49
Total	21,456,165.20	497,033,781.76	496,720,694.60	21,769,252.36

(3) Termination benefits

Item	2022.1.1	Increase	Decrease	2022.12.31
Compensation for employee resettlement	--	70,727,831.32	70,727,831.32	--

23. Taxes payable

Item	2022.12.31	2021.12.31
------	------------	------------

Item	2022.12.31	2021.12.31
Value-added tax	112,823,148.09	62,122,718.96
City construction and maintenance tax	939,514.85	8,001,876.62
Corporate income tax	6,615,902.30	317,223,625.65
Land use tax	440,536.03	440,536.03
Real estate tax	1,014,521.32	869,141.45
Education surcharge	681,006.31	6,022,083.47
Resource tax	4,912,568.40	7,531,618.50
Stamp duty	33,470,591.03	8,864,862.42
Individual income tax	2,812,207.41	3,797,661.67
Environment protection tax	8,567,976.00	10,336,189.53
Other taxes	22,444.66	--
Total	172,300,416.40	425,210,314.30

24. Other payables

Item	2022.12.31	2021.12.31
Dividends payable	11,440,046.38	--
Other payables	2,750,379,230.31	3,082,192,028.33
Total	2,761,819,276.69	3,082,192,028.33

(1) Dividends payable

Item	2022.12.31	2021.12.31
Shougang Group Co., Ltd.	2,806,049.55	--
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	6,475,498.15	--
Qian'an Jingji Equity Investment Fund (Limited Partnership)	2,158,498.68	--
Total	11,440,046.38	--

(2) Other payables

Item	2022.12.31	2021.12.31
Deposits	6,137,315.23	6,242,141.60
Guarantee	35,705,705.74	35,537,715.10
Due from Shougang Group	56,575,231.05	57,154,287.37
Due from Shougang Mining Corp.	796,194,091.55	2,066,250,402.53
Restricted stock repurchase obligations	210,930,850.00	210,930,850.00
Zhixin Co's second round of financing	990,787,728.36	--

Item	2022.12.31	2021.12.31
Due from other companies	654,048,308.38	706,076,631.73
Total	2,750,379,230.31	3,082,192,028.33

25. Current portion of non-current liabilities

Item	2022.12.31	2021.12.31
Long-term loans due within one year	1,480,490,424.42	10,404,580,520.24
Bonds payable due within one year	2,528,468,055.61	28,468,055.61
Long-term payables due within one year	15,781,907.85	3,407,794.44
Lease liabilities due within one year	14,027,634.72	14,837,257.91
Total	4,038,768,022.60	10,451,293,628.20

(1) Long-term loans due within one year

Item	2022.12.31	2021.12.31
Guaranteed loans	613,355,833.34	413,924,166.67
Credit loans	867,134,591.08	9,990,656,353.57
Total	1,480,490,424.42	10,404,580,520.24

(2) Bonds payable due within one year

Item	2022.12.31	2021.12.31
20 shouqian 01 (Accrued interest)	2,528,468,055.61	28,468,055.61

(3) Long-term payables due within one year

Item	2022.12.31	2021.12.31
Finance lease payables	15,781,907.85	3,407,794.44

26. Other current liabilities

Item	2022.12.31	2021.12.31
Short-term bonds payable	1,006,213,698.66	1,007,299,452.05
Tax to be exported	724,801,203.37	901,212,275.43
Backed notes	6,357,735,008.71	6,313,495,809.15
Total	8,088,749,910.74	8,222,007,536.63

Short-term bonds payable:

Bond name	Nominal value	Issue date	Maturity of bond	Issue amount
SCP1	1,000,000,000.00	2021/9/16	239 days	1,000,000,000.00
SCP2	1,000,000,000.00	2022/5/20	188 days	1,000,000,000.00

Bond name	Nominal value	Issue date	Maturity of bond	Issue amount
SCP3	1,000,000,000.00	2022/8/19	248 days	1,000,000,000.00
Subtotal	3,000,000,000.00			3,000,000,000.00

Short-term Bonds Payable (continued):

Bond name	2022.1.1	Issued during current period	Interest accrued per nominal value	Amortization of premium and discount	Repaid in the current period	2022.12.31
SCP1	1,007,299,452.05	--	9,004,931.51	--	1,016,304,383.56	--
SCP2	--	1,000,000,000.00	10,301,369.86	--	1,010,301,369.86	--
SCP3	--	1,000,000,000.00	6,213,698.66	--	--	1,006,213,698.66
Total	1,007,299,452.05	2,000,000,000.00	25,520,000.03	--	2,026,605,753.42	1,006,213,698.66

27. Long-term loans

Item	2022.12.31	Range of interest rate	2021.12.31	Range of interest rate
Guaranteed loans	9,413,355,833.34	4.65%	9,813,924,166.67	4.75%-4.90%
Credit loans	2,661,484,591.08	2.85%-3.85%	12,283,366,353.57	3.5%-4.90%
Subtotal	12,074,840,424.42		22,097,290,520.24	
Less: Long-term loans due within one year	1,480,490,424.42	2.85%-4.65%	10,404,580,520.24	3.5%-4.90%
Total	10,594,350,000.00		11,692,710,000.00	

28. Bonds payable

Item	2022.12.31	2021.12.31
Common bond	--	2,500,000,000.00

Increase or decrease in bonds payable

Bond name	Par value	Issue date	Term to maturity	Amount on offer
20 shouqian 01	2,500,000,000.00	2020/9/15	5 years	2,500,000,000.00

Bonds payable (continued):

Bond name	2022.1.1	Current year issuance	Accrued interest by par value	Amortisation of discount	Current year repayment	2022.12.31
20 shouqian 01	2,528,468,055.61	--	99,500,000.00	--	99,500,000.00	2,528,468,055.61
Less: Long-term loans due within one year	28,468,055.61	--	--	--	--	2,528,468,055.61
Total	2,500,000,000.00	--	--	--	--	--

29. Lease liabilities

Item	2022.12.31	2021.12.31
Lease liabilities	86,467,471.51	100,960,468.26
Less: lease liabilities due within one year	14,027,634.72	14,837,257.91
Total	72,439,836.79	86,123,210.35

Note: The amount of interest expense of lease liabilities in 2022 is RMB 4,408,691.60, which is included in financial expense - interest costs.

30. Long-term payables

Item	2022.12.31	2021.12.31
Long-term payables	--	12,359,657.85
Special payables	2,300,000.00	2,300,000.00
Total	2,300,000.00	14,659,657.85

(1) Long-term payables

Item	2022.12.31	2021.12.31
Finance lease payables	15,781,907.85	15,767,452.29
Less: Long-term payables due within one year	15,781,907.85	3,407,794.44
Total	--	12,359,657.85

(2) Special payables

Item	2022.1.1	Increase	Decrease	2022.12.31	Reason
Research and development funds	2,300,000.00	--	--	2,300,000.00	

31. Long-term employee benefits payables

Item	2022.12.31	2021.12.31
Termination benefits	23,239,569.30	21,310,000.00
Other long-term benefits	65,216,081.72	64,980,000.00
Subtotal	88,455,651.02	86,290,000.00
Less: Long-term Employee benefits payables due within one year	5,890,000.00	5,170,000.00
Total	82,565,651.02	81,120,000.00

32. Deferred revenue

Item	2022.1.1	Increase	Decrease	2022.12.31	Reason
Government grant	404,010,785.39	108,685,396.00	39,834,299.49	472,861,881.90	

Note: The government grants which recognized as deferred revenue refer to Note V. 60 government grants.

33. Other non-current liabilities

Item	2022.12.31	2021.12.31
Shougang Group advance payment for construction	4,532,018,467.20	4,563,283,607.60

34. Share capital

Item	2022.1.1	Changes in current (+/-)				Subtotal	2022.12.31
		Shares issued	Bonus issue	Shares transferred from reserves	Others		
Total amount of shares	6,750,325,410.00	1,069,543,760.00	--	--	--	1,069,543,760.00	7,819,869,170.00

Note: ①On March 31, 2022, the Company issued 1,015,417,369.00 new shares to purchase 49.00% shares of Beijing Shougang Steel Trade Investment Management Co., Ltd held by Shougang Group Co., Ltd. Grant Thornton LLP examined the newly added share capital and issued the capital verification report of GTYZ (2022) No.110C000177; ②On May 20, 2022, the Company issued a total of 54,126,391 new shares in the non-public offering to eight subjects, with a price of RMB 5.38 per share. After this offering, the registered capital of the Company changed to RMB 7,819,869,170.00. Grant Thornton LLP examined the newly added share capital and issued the capital verification report GTYZ (2022) No.110C000271.

35. Capital reserve

Item	2022.1.1	Increase	Decrease	2022.12.31
Share premium	24,856,733,491.93	4,738,436,210.82	--	29,595,169,702.75
Other capital reserve	5,043,149.79	43,835,698.96	--	48,878,848.75
Total	24,861,776,641.72	4,782,271,909.78	--	29,644,048,551.50

Note: the movement of other capital reserve is the change in other equity of joint ventures recognized by the Company in accordance with shareholding ratio and equity incentive amortization expense.

36. Treasury shares

Item	2022.1.1	Increase	Decrease	2022.12.31
Restricted stock incentive plan	210,930,850.00	--	--	210,930,850.00

37. Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	2022.1.1	During the period		2022.12.31
		Attributable to the parent company after tax	Less: Transferred from other comprehensive income in prior periods to retained earnings during the period	
I. Other comprehensive income which cannot be reclassified into profits or losses	185,566,210.59	-27,314,435.65	--	158,251,774.94

Changes in fair value of other equity instrument investments	185,566,210.59	-27,314,435.65	--	158,251,774.94
II. Other comprehensive income to be reclassified into profits or losses	--	--	--	--
Total other comprehensive incomes	185,566,210.59	-27,314,435.65		158,251,774.94

Other comprehensive income attributable to the parent company in the income statement:

Item	During the period				
	Incurring before income tax for the period	Less: Transferred from other comprehensive income in prior periods to profit or loss during the period	Less: Income tax expenses	Less: Attributable to minority shareholders after tax	Attributable to parent company after tax
I. Other comprehensive income which cannot be reclassified into profits or losses	-32,134,630.16	--	-4,820,194.51	--	-27,314,435.65
Changes in fair value of other equity instrument investments	-32,134,630.16	--	-4,820,194.51	--	-27,314,435.65
II. Other comprehensive income to be reclassified into profits or losses	--	--	--	--	--
Total other comprehensive incomes	-32,134,630.16	--	-4,820,194.51	--	-27,314,435.65

Note: The net-of-tax amount of other comprehensive income for the period is RMB -27,314,435.65, Among which, the net-of-tax amount of other comprehensive income attributable to the parent company is RMB -27,314,435.65; and net-of-tax amount of other comprehensive income attributable to minority shareholders is RMB 0.00.

38. Special reserve

Item	2022.1.1	Increase	Decrease	2022.12.31
Safety fund	21,054,371.78	110,550,791.17	99,752,852.16	31,852,310.79

39. Surplus reserve

Item	2022.1.1	Increase	Decrease	2021.12.31
Statutory reserve	1,908,883,208.67	--	--	1,908,883,208.67
Discretionary surplus reserve	--	--	--	--
Total	1,908,883,208.67	--	--	1,908,883,208.67

40. Retained earnings

Item	2022	2021	Appropriation/ Distribution ratio
Retained earnings at previous year before adjustment	8,130,868,205.38	1,865,280,919.23	--
Adjustment of total retained earnings at previous year (Increase in "+", decrease in "-")	--	--	--
Retained earnings at previous year after adjustment	8,130,868,205.38	1,865,280,919.23	
Add: Net profit attributable to shareholders of the company	1,124,540,659.14	7,106,480,663.26	--
Less: Transfer to statutory surplus reserve	--	80,205,362.30	
Transfer to discretionary surplus reserve	--	--	
Common Stock dividends payable	625,589,533.60	668,542,361.00	
Dividends payable to other equity holders	34,120,631.40	92,145,653.81	
Retained earnings at current year	8,595,698,699.52	8,130,868,205.38	
Including: Surplus reserve attributable to shareholders of the company extracted by subsidiaries	--	--	

41. Revenue and cost of sales

(1) Revenue and cost of sales

Item	2022		2021	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	114,602,567,434.30	108,013,843,862.04	129,315,463,715.41	114,564,031,235.41
Other business	3,539,616,115.17	3,053,711,458.24	3,668,840,952.87	2,830,663,835.12
Total	118,142,183,549.47	111,067,555,320.28	132,984,304,668.28	117,394,695,070.53

(2) Revenue and cost of sales presented as products

Item	2022		2021	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	546,474,748.00	473,163,072.64	577,251,931.16	529,612,988.15
Hot-rolled steel	48,304,009,189.85	46,623,686,161.87	55,678,740,307.61	49,137,279,925.26
Cold-rolled steel	63,569,306,854.33	59,017,610,809.13	69,900,266,273.35	62,263,262,571.46
Other steels	2,182,776,642.12	1,899,383,818.40	3,159,205,203.29	2,633,875,750.54
Subtotal	114,602,567,434.30	108,013,843,862.04	129,315,463,715.41	114,564,031,235.41
Other business				
Power	1,386,026,949.59	1,380,897,100.66	1,151,297,257.25	1,090,178,413.66
Solid waste	1,338,134,781.31	1,199,982,844.66	1,705,579,006.40	1,385,103,949.54
Others	815,454,384.27	472,831,512.92	811,964,689.22	355,381,471.92
Subtotal	3,539,616,115.17	3,053,711,458.24	3,668,840,952.87	2,830,663,835.12

Item	2022		2021	
	Revenue	Cost of sales	Revenue	Cost of sales
Total	118,142,183,549.47	111,067,555,320.28	132,984,304,668.28	117,394,695,070.53

(3) Breakdown of revenue information

Item	2022
Revenue from main business	114,602,567,434.30
Including: recognised at a certain point in time	114,602,567,434.30
recognised during a certain period of time	--
Revenue from other business	3,539,616,115.17
Total	118,142,183,549.47

As of 31 December 2022, the amount of revenue corresponding to the performance obligations that the company has signed but not yet fulfilled is RMB 4,396.548 million. The Company expects to recognize all the revenue in 2023.

42. Taxes and surcharges

Item	2022	2021
Environmental protection tax	33,744,422.88	39,374,373.13
Urban maintenance and construction tax	101,654,296.06	240,494,550.69
Education surcharge	74,499,878.54	173,874,358.48
Resources duty	41,927,760.60	51,626,025.36
Property tax	197,700,840.52	196,202,384.06
Land usage tax	221,682,543.86	223,625,023.01
Vehicle and vessel usage tax	336,360.10	336,864.01
Stamp duty	151,537,114.35	138,546,538.99
Other taxes	177,866.02	349,770.25
Total	823,261,082.93	1,064,429,887.98

Note: The provision and payment standards of taxes and surcharges refer to Note IV. Taxation.

43. Selling and distribution expenses

Item	2022	2021
Staff costs	183,609,735.80	174,833,606.06
Depreciation and amortization	107,397.02	131,640.69
Other regular expenses	54,279,893.40	38,344,287.63
Total	237,997,026.22	213,309,534.38

44. General and administrative expenses

Item	2022	2021
Staff costs	668,044,773.52	700,517,923.75
Depreciation and amortization	336,647,438.61	310,789,699.88
Other regular expenses	266,483,526.93	289,890,312.57
Total	1,271,175,739.06	1,301,197,936.20

45. Research and development expenses

Item	2022	2021
Staff costs	575,278,177.87	600,350,698.99
Other regular expenses	51,645,079.49	52,575,686.57
Total	626,923,257.36	652,926,385.56

46. Financial expenses

Item	2022	2021
Interest costs	1,876,045,277.79	2,360,994,534.74
Including: Interest expenses on lease liabilities	4,408,691.60	4,895,508.99
Less: interest capitalized	12,335,416.66	7,647,750.00
Interest expenses	1,863,709,861.13	2,353,346,784.74
Less: interest income	132,829,545.65	131,307,065.33
Discount on notes acceptance	22,128,963.88	31,976,398.68
Exchange losses and gains	-29,489,525.05	9,582,515.98
Bank charges and others	8,064,537.04	-3,192,601.27
Total	1,731,584,291.35	2,260,406,032.80

Note: Capitalized interest amounts have been accounted for construction in progress. The capitalization rate used to calculate and determine the capitalization amount of borrowing costs in the current period is 4.05% (previous period: 4.05%).

47. Other income

Item	2022	2021
Related to assets	39,401,467.49	24,060,120.26
Related to income	33,934,028.23	24,387,236.26
Value added tax deduction	646,083.96	4,210,393.94
Tax refund	2,160,426.28	1,886,738.46
Total	76,142,005.96	54,544,488.92

Note: (1) The details of government grants refer to Note V. 60 Government grants.

(2) The specific reasons for government grants recognized as recurring gains or losses, please refer

to Note XVI. 1.

48. Investment income

Item	2022	2021
Investment income from long-term equity investments under the equity method	-227,515,854.43	93,142,769.92
Investment income on disposal of long-term equity investments	-583,440.77	--
Dividend from other equity instruments investments	5,614,882.12	2,718,777.38
Interest income from entrusted loans	11,275,389.73	10,518,170.49
Total	-211,209,023.35	106,379,717.79

49. Gains from changes in fair value

Sources of gains from changes in fair value	2022	2021
Other non-current financial assets: designated as measured at fair value and whose changes are recorded in current profit or loss	-765,992.40	--

50. Credit impairment losses (loss in “-”)

Item	2022	2021
Provision for bad debts of notes receivable	139,430.10	-713,475.06
Provision for bad debts of accounts receivable	5,013,380.11	-9,079,090.99
Provision for bad debts of financing receivable	104,938.54	103,604.74
Provision for bad debts of other receivables	385,715.13	282,710.81
Provision for bad debts of other current assets	--	-118,133,658.14
Total	5,643,463.88	-127,539,908.64

51. Impairment losses on assets (loss in “-”)

Item	2022	2021
Provision for inventory impairment	-402,994,496.88	-167,567,546.04

52. Gains on disposal of assets

Item	2022	2021
Gains from disposal of fixed assets (loss in “-”)	-611,088.11	385,299.27
Gains from disposal of intangible assets (loss in “-”)	--	3,331,185.95
Total	-611,088.11	3,716,485.22

53. Non-operating income

Item	2022	2021	Recognised as non-recurring gains or losses in 2022
------	------	------	---

Gains on disposal of assets	5,051,368.61	4,449,256.58	5,051,368.61
Compensation payments	243,985.86	10,638.10	243,985.86
Others	6,008,845.31	2,094,300.29	6,008,845.31
Total	11,304,199.78	6,554,194.97	11,304,199.78

54. Non-operating expenses

Item	2022	2021	Recognised as non-recurring gains or losses in 2022
Losses on disposal of assets	61,414,433.22	63,892,628.48	61,414,433.22
Compensation and penalty	17,550.00	727.98	17,550.00
Carbon emission quota trading	5,264,317.89	1,464,983.15	5,264,317.89
Others	407,108.31	162,953.79	407,108.31
Donation	978,613.90	--	978,613.90
Total	68,082,023.32	65,521,293.40	68,082,023.32

55. Income tax expenses

(1) Details of income tax expenses

Item	2022	2021
Current tax in accordance with tax laws and related regulations	219,005,828.78	1,578,636,762.92
Deffered income tax expenses	64,692,649.53	-89,407,543.66
Total	283,698,478.31	1,489,229,219.26

(2) Reconciliation between income tax expenses and profit before income tax is as follows:

Item	2022	2021
Profit before tax	1,793,113,877.83	9,907,905,959.65
Tax at the applicable tax rate of 15%	268,967,081.67	1,486,185,893.95
Taxation effect of different tax rates of subsidiaries	9,416,049.20	9,147,288.50
Adjustment of income tax in the prior year	-167,423.08	10,277,388.90
Share of profit or loss of joint ventures and associates under the equity method	37,956,945.34	-5,776,903.71
Income not subject to tax (expressed in“-”)	-842,232.32	-407,816.61
Non-deductible costs, expenses and losses	9,328,763.06	3,816,854.15
Taxation effect of the change in the applicable tax rate on the beginning disclosure of the deffered income tax	--	--
Taxation effect of utilizing previous unrecognized tax losses and deductible temporary differences (expressed in“-”)	-39,016,139.47	-28,888,868.85
Taxation effect of unrecognized tax losses and deductible temporary differences	296,879,494.17	6,106,882.02

Item	2022	2021
Taxation effect of research and development expenses (expressed in “-”)	-7,022,222.63	--
Others	-291,801,837.63	8,768,500.91
Income tax expenses	283,698,478.31	1,489,229,219.26

56. Notes to cash flow statement

(1) Proceeds from other operating activities

Item	2022	2021
Government grants received	144,356,668.51	54,359,336.26
Security deposit received	7,797,264.28	3,208,000.00
Other non-operating income received	6,252,831.17	2,104,938.39
Other receivables received	907,256.25	3,663,851.17
Restricted funds received	607,900,032.50	--
Total	767,214,052.71	63,336,125.82

(2) Payments for other operating activities

Item	2022	2021
Expenses paid	386,282,467.41	435,051,105.11
Non-operating expenses paid	6,667,590.10	1,628,664.92
Restricted funds paid	--	416,155,620.25
Total	392,950,057.51	852,835,390.28

(3) Proceeds from other investing activities

Item	2022	2021
Interest income	132,789,335.69	130,931,269.04

(4) Payment for other investing activities

Item	2022	2021
Jinshi Investment Co., Ltd.	--	300,000,000.00

(5) Payment for other financing activities

Item	2022	2021
Financial commissions	1,087,113.74	1,735,566.18
Paying back the borrowings from Shougang Group	102,661,561.32	917,013,635.51
Lease payments	18,776,827.47	18,974,740.74
Non-public offering fees paid	14,443,431.52	18,562,551.86

Return the loan to Wuhan Zhongxin	--	2,800,000.00
Return Liuzhou Shougang Automobile Co. minority shareholders investment funds	--	4,996,112.27
Total	136,968,934.05	964,082,606.56

57. Supplements to statement of cash flows

(1) Supplementary information

Supplementary information	2022	2021
1. Reconciliation of net profit to net cash flows from operating activities:		
Net profit	1,509,415,399.52	8,418,676,740.39
Add: Impairment losses on assets	402,994,496.88	167,567,546.04
Credit impairment losses	-5,643,463.88	127,539,908.64
Depreciation of fixed assets	7,606,486,882.19	7,378,106,118.45
Depreciation of right-of-use assets	17,047,777.32	16,608,280.06
Amortization of intangible assets	174,693,821.90	138,072,177.23
Amortization of long-term deferred expenses	588,715.53	345,030.83
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gains as in "--")	611,088.11	-3,716,485.22
Losses on written-off fixed assets (Gains as in "--")	56,363,064.61	59,443,371.90
Losses on fair value changes (Gain as in "--")	765,992.40	--
Financial expenses (Income as in "--")	1,731,584,291.35	2,260,406,032.80
Investment losses (Income as in "--")	211,209,023.35	-106,379,717.79
Decrease in deferred tax assets (Increase as in "--")	-212,634,532.02	-41,819,052.19
Increase in deferred tax liabilities (Decrease as in "--")	277,327,181.55	-47,588,491.47
Decrease in inventories (Increase as in "--")	-344,414,864.08	-1,447,427,404.02
Decrease in receivables from operating activities (Increase as in "--")	850,893,260.68	-2,744,997,757.88
Increase in payables from operating activities (Decrease as in "--")	-2,898,834,775.85	1,627,023,348.36
Others	665,782,138.24	-408,669,801.90
Net cash flow from operating activities	10,044,235,497.80	15,393,189,844.23
2. Significant non-cash payments for investing and financing activities:		
Conversion of debt into capital	--	--
Convertible bonds due within one year	--	--
Newly added right-of-use assets in the current period	--	--
3. Net changes in cash and cash equivalents:		
Closing balance of cash	8,329,215,003.68	8,535,871,373.08
Less: Opening balance of cash	8,535,871,373.08	4,959,913,916.36

Supplementary information	2022	2021
Add: Closing balance of cash equivalents	--	--
Less: Opening balance of cash equivalents	--	--
Net increase in cash and cash equivalents	-206,656,369.40	3,575,957,456.72

Note: The amount of endorsement and transfer of acceptance notes received from goods sales of the Company is RMB 79,259,034,500.00.

(2) Components of cash and cash equivalents

Item	2022.12.31	2021.12.31
1. Cash	8,329,215,003.68	8,535,871,373.08
Including: Cash on hand	23,581.90	53,404.48
Balances in banks without restriction	8,329,191,409.04	8,535,817,955.86
Digital currency without restriction	--	--
Other monetary funds without restriction	12.74	12.74
2. Cash equivalents	--	--
Including: bonds investment due within three months	--	--
3. Closing balance of cash and cash equivalents	8,329,215,003.68	8,535,871,373.08
Including: restricted cash and cash equivalents from the parent company or its subsidiaries	--	--

58. Notes to Statement of Changes in Shareholders' Equity

Note: Item with material amounts in 'VI. Others' is the transitional net profit of the pelletizing -sintering business of Shougang Mining Corporation from July to November 2022 under common control of RMB 21,283,644.68. The above event increases the combined capital reserve of RMB -21,283,644.68.

59. Restricted assets

Item	2022.12.31	Restricted reasons
Cash and cash balances	1,140,407,749.24	Security deposits, fixed term deposits
Notes receivable	328,829,159.08	Pledge billing
Accounts receivable	24,223,581.32	Pledge billing
Total	1,493,460,489.64	

60. Government grants

(1) Government grants recognized as deferred income and subsequently measured via gross method.

Item	Type	2022.1.1	Increase	Transfer to profit or loss	Other changes	2022.12.31	Item recognized in income statement	Related to assets/ Related to income
Discount funds for imported equipments	Financial appropriation	13,335,340.67	--	1,229,110.56	--	12,106,230.11	Other income	Related to assets
Government grants for engineering informationization project (Qian'an Iron and Steel, Cold-R Co.)	Financial appropriation	375,000.24	--	99,999.96	--	275,000.28	Other income	Related to assets
Government grants for energy central project from the Ministry of Industry and Information Technology of the People's Republic of China	Financial appropriation	4,000,000.24	--	2,000,000.36	--	1,999,999.88	Other income	Related to assets
Special government grants from the Finance Bureau of Qian'an	Financial appropriation	4,200,000.00	--	60,869.58	--	4,139,130.42	Other income	Related to assets
Government grants for hot-rolled steel strip TMCP project	Financial appropriation	1,368,421.04	--	105,263.16	--	1,263,157.88	Other income	Related to assets
Government grants for dedusting system upgrading project (Qian'an Iron and Steel)	Financial appropriation	26,105,263.24	--	1,631,578.92	--	24,473,684.32	Other income	Related to assets
Government grants for advanced sewage treatment	Financial appropriation	5,161,851.80	--	342,222.24	--	4,819,629.56	Other income	Related to assets
Special government grants for denitration engineering from the Hebei Provincial Finance Department	Financial appropriation	735,000.00	--	245,000.00	--	490,000.00	Other income	Related to assets
Government grants for online environmental monitoring project from the Finance Bureau of Caofeidian	Financial appropriation	3,000,000.00	--	500,000.00	--	2,500,000.00	Other income	Related to assets
The steelmaking technology and facilities demonstration project through carbon dioxide-oxygen mixed injection, funded by University of Science and Technology Beijing	Financial appropriation	3,929,824.56	--	210,526.32	--	3,719,298.24	Other income	Related to assets
National funds for the national 863 project	Financial appropriation	834,600.00	--	278,200.00	--	556,400.00	Other income	Related to assets
Government grants for Phase II seawater dsalination project	Financial appropriation	17,894,736.88	--	1,052,631.56	--	16,842,105.32	Other income	Related to assets
Government grants for cold-rolled intelligent manufacturing project	Financial appropriation	11,587,500.00	11,470,000.00	1,832,947.36	--	21,224,552.64	Other income	Related to assets
Government grants for R & D and demonstration projects of seawater dsalination based on reuse of steelmaking waste heat	Financial appropriation	8,700,000.00	--	8,700,000.00	--	--	Other income	Related to assets
Government grants for the desulfurization of pelletizing flue gas	Financial appropriation	22,291,578.94	--	1,486,105.28	--	20,805,473.66	Other income	Related to assets
Environmental protection government grants for closing limestone yards	Financial appropriation	1,680,000.00	--	80,000.00	--	1,600,000.00	Other income	Related to assets
Government grants for intelligent interface closed-loop control technology in multi-target optimize steelmaking and ironmaking	Financial appropriation	2,400,000.00	--	2,400,000.00	--	--	Other income	Related to assets
Government grants for new metal, ceramic composite powder, and refractory anticorrosion coating	Financial appropriation	838,100.00	--	838,100.00	--	--	Other income	Related to assets

Item	Type	2022.1.1	Increase	Transfer to profit or loss	Other changes	2022.12.31	Item recognized in income statement	Related to assets/ Related to income
Government grants for intelligent collaborative allocation technology about material flow and power flow in steelmaking program	Financial appropriation	2,350,000.00	--	2,350,000.00	--	--	Other income	Related to assets
Government grants for energy-saving incentive for No.3 hydrogen generator	Financial appropriation	1,018,184.17	--	67,878.96	--	950,305.21	Other income	Related to assets
Government grants for cold rolling operation department aluminized silicon high strength steel automotive plate renovation project	Financial appropriation	3,065,263.13	--	191,578.96	--	2,873,684.17	Other income	Related to assets
Government grants for cold rolling operation department high strength steel 18 roll single stand project	Financial appropriation	11,900,000.00	--	449,056.60	--	11,450,943.40	Other income	Related to assets
Government grants for the operation-control system of production-marketing integration	Financial appropriation	20,390,000.00	--	617,878.80	--	19,772,121.20	Other income	Related to assets
Government grants for green and intelligent collaborative mechanism of steel process and comprehensive energy efficiency assessment	Financial appropriation	580,000.00	--	580,000.00	--	--	Other income	Related to assets
Government grants for the specialized production line project of Zinc-plated high-strength auto sheet	Financial appropriation	89,473,684.24	--	5,263,157.88	--	84,210,526.36	Other income	Related to assets
Government grants for reforming of sinter desulfurization and denitrification	Financial appropriation	25,789,473.70	--	1,578,947.36	--	24,210,526.34	Other income	Related to assets
Government grants for thin slab casting and rolling engineering	Financial appropriation	5,000,000.00	322,500.00	142,857.14	--	5,179,642.86	Other income	Related to assets
Government grants for reform project of reducing oxynitride concentration in emitted flue gas from annealing furnace	Financial appropriation	6,161,842.15	--	331,578.84	--	5,830,263.31	Other income	Related to assets
Government grants for industrial mechanism model base	Financial appropriation	4,800,000.00	--	--	--	4,800,000.00	Other income	Related to assets
Government grants for 10,000 tons/d desalination project	Financial appropriation	8,431,578.95	--	468,421.04	--	7,963,157.91	Other income	Related to assets
Government grants for enhancing the core competitiveness of the manufacturing industry	Financial appropriation	78,540,000.00	--	--	--	78,540,000.00	Other income	Related to assets
Government grants for sintering waste heat power generation project	Financial appropriation	--	20,000,000.00	663,716.81	--	19,336,283.19	Other income	Related to assets
Government grants for comprehensive optimization and upgrading project of hot blast furnace system in Phase I of ironmaking Department	Financial appropriation	--	24,450,900.00	767,517.04	--	23,683,382.96	Other income	Related to assets
Government grants for energy conservation and emission reduction optimization and improvement projects	Financial appropriation	--	13,489,900.00	60,606.06	--	13,429,293.94	Other income	Related to assets
Government grants for Zinc containing solid waste disposal project	Financial appropriation	--	5,000,000.00	121,359.22	--	4,878,640.78	Other income	Related to assets
Government grants for high-tech industry development projects	Financial appropriation	--	7,000,000.00	--	--	7,000,000.00	Other income	Related to assets
Government grants for new energy automotive electrical steel project	Financial appropriation	--	698,509.00	347,537.32	--	350,971.68	Other income	Related to assets
Government grants for high performance oriented silicon steel project	Financial appropriation	--	19,640,000.00	--	--	19,640,000.00	Other income	Related to assets
Other government grants related to assets	Financial appropriation	17,683,541.44	6,530,755.00	2,306,820.16	--	21,907,476.28	Other income	Related to assets

Item	Type	2022.1.1	Increase	Transfer to profit or loss	Other changes	2022.12.31	Item recognized in income statement	Related to assets/ Related to income
Other government grants related to income	Financial appropriation	390,000.00	82,832.00	432,832.00	--	40,000.00	Other income	Related to income
Total		404,010,785.39	108,685,396.00	39,834,299.49	--	472,861,881.90		

(2) Government grants directly recorded as profit or loss for the current period and measured via gross method.

Item	Type	Amount recognised in profit or loss in prior period	Amount recognised in profit or loss in the period	Item recognized in income statement	Related to assets/ Related to income
Government grants for steady post	Financial appropriation	7,773,848.31	7,645,337.02	Other income	Related to income
Government grants for promoting the development of enterprises operate in the region	Financial appropriation	--	2,700,000.00	Other income	Related to income
Other government grants related to income	Financial appropriation	25,727,347.92	14,041,899.24	Other income	Related to income
Total		33,501,196.23	24,387,236.26		

VI. Changes in the scope of consolidation

Business combination under common control

(1) Business combination under common control occurring in the current period. (Unit: RMB 0,000)

Name of the combined party	The proportion of equity acquired in business combination	The basis for the business combinations under the common control	Combination date	Revenue of the combined party from the beginning of the consolidation period to the date of consolidation	Net profit of the combined party from the beginning of the consolidation period to the date of consolidation	Revenue of the combined party in the previous period	Net profit of the combined party in the previous period
The pelletizing -sintering business of Shougang Mining Corporation	100.00%	Under the control of the same parent company	2022/11/30	1,024,765.19	5,540.43	1,307,612.22	9,214.57

On November 15, 2022, upon the approval of the third interim shareholders' meeting in 2022, the Company acquired the effective operating assets and liabilities of the pelletizing and sintering (pelletizing-sintering) process held by the Shougang Mining Corporation (hereinafter referred to as Shougang Mining Corp.) in cash. The pelletizing -sintering business is evaluated on June 30, 2022 as the base date, and its net assets are evaluated at RMB 1,300,325,799.36. On November 28, 2022, the Company signed the Asset Purchase Agreement with Shougang Mining Corp., which determined November 30, 2022 as the delivery date of the acquisition. The final price of the assets purchased is RMB 1,300,325,799.36. The Company has paid the initial purchase price of RMB 650,162,899.68 on December 7, 2022, and the remaining purchase price will be paid in accordance with the agreement.

The pelletizing -sintering business was originally a subsidiary of Shougang Group, the parent company of the Company. Since both parties were controlled by Shougang Group before and after the combination and the control was not temporary, this acquisition is a combination of businesses under common control. The Company completed the delivery and continuation of the assets, liabilities and personnel of the pelletizing -sintering business on November 30, 2022, and therefore the combination date was determined to be November 30, 2022. All assets and liabilities acquired by the Company in the acquisition of the ball-burning business is measured at the book value of the combined party on the combination date.

(2) Acquisition costs

Item	The pelletizing -sintering business of Shougang Mining Corporation
Cash	1,300,325,799.36
Book value of debt assumed	
The total of the acquisition costs	1,300,325,799.36

(3) Assets and liabilities of the merged party

Item	The pelletizing -sintering business of Shougang Mining Corporation	
	2022.11.30	2021.12.31
Assets:		
Accounts receivable	--	136,824,254.72

The pelletizing -sintering business of Shougang Mining Corporation

Item	2022.11.30	2021.12.31
	Other receivable	21,283,644.68
Inventories	386,071,523.33	524,883,808.40
Fixed assets	1,545,167,347.75	1,594,344,450.58
Construction in progress	211,170,008.86	49,784,077.48
Intangible assets	63,235,836.57	61,973,257.95
Total assets	2,226,928,361.19	2,367,809,849.13
Liabilities:		
Accounts payable	981,170,128.23	382,223,910.42
Payroll and employee benefits	15,580,986.38	13,247,733.64
Other payables	--	765,924,603.17
Long-term payables	88,770,000.00	86,290,000.00
Total liabilities	1,085,521,114.61	1,247,686,247.23
Total equity	1,141,407,246.58	1,120,123,601.90
Net assets acquired on consolidation	1,141,407,246.58	1,120,123,601.90
Acquisition costs (cash paid to Shougang Mining Corp.)	1,300,325,799.36	
Difference (recognised in equity)	-158,918,552.78	

VII. Interests in other entities

1. Interests in subsidiaries

(1) Composition of the Company

Subsidiary	Main Operation place	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Shougang Jingtang United Iron & Steel Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Production and sales	70.18	29.82	Business combination under common control
Beijing Shougang Cold Rolling Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	70.28	--	Establish or investment, etc.
Qian'an Shougang Metallurgical Technology Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Consulting service	100.00	--	Business combination under common control
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Production and sales	75.40	8.90	Establish or investment, etc.
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Production and sales	45.92	--	Establish or investment, etc.
Beijing Shougang Steel Trading Investment Management Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	100.00	--	Business combination under common control

(2) Significant non-wholly owned subsidiaries

Unit: RMB

Subsidiary	Proportion of minority shareholders (%)	Net profit/ (loss) attributable to non-controlling interests in reporting period	Dividends declared and distributed to non-controlling interests in reporting period	Non-controlling interests at the end of reporting period
Beijing Shougang Cold Rolling Co., Ltd.	29.72	64,341,511.41	--	-317,199,002.85
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	15.70	180,688,410.18	45,895,343.51	1,914,326,127.88

(3) Major financial information of significant non-wholly owned subsidiaries

Unit: RMB

Subsidiary	2022.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Beijing Shougang Cold Rolling Co., Ltd.	2,317,199,255.15	3,836,449,761.31	6,153,649,016.46	2,646,502,899.97	4,570,607,323.65	7,217,110,223.62
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	5,760,507,592.72	15,459,717,661.10	21,220,225,253.82	7,660,663,373.94	1,401,952,326.63	9,062,615,700.57

Continued (1):

Subsidiary	2021.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Beijing Shougang Cold Rolling Co., Ltd.	2,292,638,370.58	3,982,540,841.55	6,275,179,212.13	2,987,915,522.96	4,574,607,301.55	7,562,522,824.51
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	4,815,349,946.90	13,874,497,322.96	18,689,847,269.86	7,183,851,434.42	1,118,800,705.05	8,302,652,139.47

Continued (2):

Subsidiary	2022				2021			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Beijing Shougang Cold Rolling Co., Ltd.	10,781,367,755.25	216,492,299.49	216,492,299.49	92,949,448.40	12,553,753,097.50	164,435,553.57	164,435,553.57	1,166,412,291.28
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	13,918,944,889.64	1,080,892,444.41	1,080,892,444.41	1,658,031,259.27	13,857,367,585.59	1,082,906,520.97	1,082,906,520.97	2,337,657,467.37

2. Interests in joint ventures and associates

(1) Significant joint ventures and associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Shareholding proportion (%)		Accounting method
				Direct	Indirect	
① Joint ventures						
Tangshan Guoxing Industrial Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Manufacturing	50.00		Equity method

Joint ventures or associates	Main operating place	Place of registration	Business nature	Shareholding proportion (%)		Accounting method
				Direct	Indirect	
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Chemical	50.00		Equity method
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Coking	50.00		Equity method
②Associates						
Tangshan Tangcao Railway Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Transportation	16.19		Equity method
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Building Material	25.00		Equity method
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Coking	49.82		Equity method
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Beijing, PRC	Beijing, PRC	Investment	20.00		Equity method
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Beijing, PRC	Beijing, PRC	Manufacturing	45.00		Equity method
Ningbo Shougang Zhejin Steel Co., Ltd.	Ningbo, PRC	Ningbo, PRC	Manufacturing	40.00		Equity method
Guangzhou Jinghai Shipping Co., Ltd.	Guangzhou, PRC	Guangzhou, PRC	Transportation	20.00		Equity method
Shougang (Qingdao) Steel Industry Co., Ltd.	Qingdao, PRC	Qingdao, PRC	Manufacturing	35.00		Equity method
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Tianjin, PRC	Tianjin, PRC	Manufacturing	35.00		Equity method
Hebei Jingji Industry & Trading Co., Ltd.	Shijiazhuang, PRC	Shijiazhuang, PRC	Manufacturing	35.71		Equity method
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Tianjin, PRC	Tianjin, PRC	Building Material	35.00		Equity method

(2) Primary financial information of significant joint ventures

Item	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Current assets	81,326,897.38	68,956,595.25	4,453,756.17	1,866,851.04	2,203,316,115.22	3,190,992,791.00
Including: Cash and cash equivalents	15,459,879.44	4,077,794.50	4,153,756.17	1,564,673.04	909,643,194.30	1,254,139,718.41
Non-current assets	76,981,144.98	75,006,601.75	595,492,113.45	590,178,060.36	1,384,560,026.25	1,522,676,202.64
Total assets	158,308,042.36	143,963,197.00	599,945,869.62	592,044,911.40	3,587,876,141.47	4,713,668,993.64
Current liabilities	75,404,455.29	66,004,351.88	580,665,263.21	548,972,452.52	1,384,913,879.38	2,480,101,537.56
Non-current liabilities	6,537,093.21	5,383,693.40	--	--	6,675,000.00	7,231,250.00
Total liabilities	81,941,548.50	71,388,045.28	580,665,263.21	548,972,452.52	1,391,588,879.38	2,487,332,787.56
Net assets	76,366,493.86	72,575,151.72	19,280,606.41	43,072,458.88	2,196,287,262.09	2,226,336,206.08
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	76,366,493.86	72,575,151.72	19,280,606.41	43,072,458.88	2,196,287,262.09	2,226,336,206.08
Net assets calculated by shareholding proportion	38,183,246.94	36,287,575.86	9,640,303.21	21,536,229.44	1,098,143,631.04	1,113,168,103.04
Adjustment						

Item	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Including: Goodwill	--	--	--	--	--	--
Unrealized profit or loss of internal transaction	--	--	--	--	--	--
Impairment	--	--	--	--	--	--
Others	--	--	--	--	--	--
Carrying value of equity investment in the joint venture	38,183,246.94	36,287,575.86	9,640,303.21	21,536,229.44	1,098,143,631.04	1,113,168,103.04
Fair value of equity investment with quoted market price	--	--	--	--	--	--

Continued:

Item	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	2022	2021	2022	2021	2022	2021
Operating revenue	164,773,046.58	72,575,151.72	--	--	13,921,855,400.28	10,931,089,729.11
Financial expenses	188,156.32	277,191.32	23,772,275.17	22,071,333.99	32,965,577.94	59,540,904.10
Income tax expense	3,565,111.77	4,668,092.98	--	--	-5,515,983.23	23,671,445.98
Net profit	7,790,570.91	10,753,141.86	-23,791,852.47	-174,429,403.75	56,141,503.88	56,774,860.49
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	7,790,570.91	10,753,141.86	-23,791,852.47	-174,429,403.75	56,141,503.88	56,774,860.49
Dividends received from joint venture	2,000,000.00	2,000,000.00	--	--	46,000,000.00	--

(3) Primary financial information of significant associates

Item	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Current assets	37,615,636.69	200,714,996.01	77,330,625.86	126,804,287.51	2,071,780,230.13	1,965,253,903.76
Non-current assets	8,175,281,488.59	8,400,213,950.72	224,215,514.07	235,304,874.32	2,457,397,455.41	2,255,751,305.36
Total assets	8,212,897,125.28	8,600,928,946.73	301,546,139.93	362,109,161.83	4,529,177,685.54	4,221,005,209.12
Current liabilities	1,026,481,331.40	1,189,477,610.98	31,678,142.16	45,941,594.92	2,727,774,901.17	2,014,924,895.69
Non-current liabilities	5,254,694,650.00	5,049,431,650.00	--	--	20,417,377.09	10,482,966.04
Total liabilities	6,281,175,981.40	6,238,909,260.98	31,678,142.16	45,941,594.92	2,748,192,278.26	2,025,407,861.73
Net assets	1,931,721,143.88	2,362,019,685.75	269,867,997.77	316,167,566.91	1,780,985,407.28	2,195,597,347.39
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	1,931,721,143.88	2,362,019,685.75	269,867,997.77	316,167,566.91	1,780,985,407.28	2,195,597,347.39

Item	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Net assets calculated by shareholding proportion	312,745,653.19	382,410,987.12	67,466,999.44	79,041,891.73	887,363,090.11	1,093,937,932.70
Adjustment						
Including: Goodwill	--	--	--	--	4,147,420.21	4,147,420.21
Unrealized profit or loss of internal transaction	--	--	--	--	--	--
Impairment	--	--	--	--	--	--
Others	--	--	--	--	--	--
Carrying value of equity investment in the associates	312,745,653.19	382,410,987.12	67,466,999.44	79,041,891.73	891,510,510.32	1,098,085,352.91
Fair value of equity investment with quoted market price	--	--	--	--	--	--

Continued:

Item	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)		Beijing Dingshengcheng Packaging Materials Co., Ltd.		Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Current assets	63,963,941.09	204,542,687.73	59,655,006.56	46,604,298.17	32,667,291.24	65,438,102.92
Non-current assets	694,420,798.63	492,971,452.05	618,495.73	560,866.81	214,254,258.49	34,618,324.64
Total assets	758,384,739.72	697,514,139.78	60,273,502.29	47,165,164.98	246,921,549.73	100,056,427.56
Current liabilities	152,354,244.94	139,570,827.95	22,971,249.27	16,181,730.58	56,004,281.62	2,916,673.38
Non-current liabilities	--	--	--	--	88,818,500.00	--
Total liabilities	152,354,244.94	139,570,827.95	22,971,249.27	16,181,730.58	144,822,781.62	2,916,673.38
Net assets	606,030,494.78	557,943,311.83	37,302,253.02	30,983,434.40	102,098,768.11	97,139,754.18
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	606,030,494.78	557,943,311.83	37,302,253.02	30,983,434.40	102,098,768.11	97,139,754.18
Net assets calculated by shareholding proportion	122,430,402.99	112,715,820.57	16,786,013.86	13,942,545.49	35,734,568.85	33,998,913.97
Adjustment						
Including: Goodwill	--	--	44,544.87	44,544.87	--	--
Unrealized profit or loss of internal transaction	--	--	--	--	--	--
Impairment	--	--	--	--	--	--
Others	--	--	--	--	--	--
Carrying value of equity investment in the associates	122,430,402.99	112,715,820.57	16,830,558.74	13,987,090.36	35,734,568.85	33,998,913.97
Fair value of equity investment with	--	--	--	--	--	--

Item	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)		Beijing Dingshengcheng Packaging Materials Co., Ltd.		Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31	2022.12.31	2021.12.31

quoted market price

Continued:

Item	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	2022	2021	2022	2021	2022	2021
Operating revenue	93,455,166.47	104,729,545.83	440,890,510.08	578,541,511.89	8,253,813,834.07	6,295,880,462.27
Net profit	-431,009,356.99	-418,134,678.91	3,700,430.86	32,185,557.39	-414,611,940.11	292,507,527.36
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	-431,009,356.99	-418,134,678.91	3,700,430.86	32,185,557.39	-414,611,940.11	292,507,527.36
Dividend received from associates	--	--	12,500,000.00	12,500,000.00	--	--

Continued:

Item	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)		Beijing Dingshengcheng Packaging Materials Co., Ltd.		Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	
	2022	2021	2022	2021	2022	2021
Operating income	167,658,027.20	334,174,126.04	147,636,999.45	128,110,940.82	34,551,131.55	16,867,497.02
Net profit	123,487,685.42	258,828,753.79	6,318,818.62	5,792,411.77	1,507,371.77	591,396.34
Net profit from discontinuing operation	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	123,487,685.42	258,828,753.79	6,318,818.62	5,792,411.77	1,507,371.77	591,396.34
Dividend received from associates	15,232,424.74	173,716,946.85	--	--	--	--

(4) Summary financial information of no significant joint ventures and associates

Item	2022.12.31 or Current period	2021.12.31 or Pervious period
Associates		
Total carrying value of investment	131,600,050.63	174,696,933.28
Items calculated according to shareholding ratio		
Net profit	-473,871.48	3,061,477.93
Other comprehensive income		
Total comprehensive income	-473,871.48	3,061,477.93

3. Interests in unconsolidated structured entities

(1) Basic information of unconsolidated structured entities

The unconsolidated structured entities are the Limited Partnership initiated by the Company-Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership) (Hereinafter referred to as Shouxin Jinyuan Fund or the Partnership) and Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership) (Hereinafter referred to as Shouxin Jin'an Fund or the Partnership). In accordance with the provisions of the limited partnership agreement, the Company has no control over the Partnership.

① The purpose of establishing Shouxin Jinyuan Fund is combining the relevant policies of Beijing on the development of sophisticated industry with the market-oriented operation of M&A investment, actively responding to the strategic goal of Beijing to build a sophisticated industrial structure, promoting the upgrading and development of Beijing's sophisticated industry, contributing to the local economic development and industrial structure adjustment of Beijing, and creating satisfactory return on investment for investors.

The total subscribed capital of all partners to Shouxin Jinyuan Fund is no less than RMB 1 billion. The partners of the Fund are divided into general partner and limited partner, the contribution agreement is as follows: Beijing Shouyuan New Energy Investment Management Co., Ltd., the general partner, contributes RMB 10,000 thousand; and among the limited partners, the Company agrees to contribute RMB 200,000 thousand, and the other limited partners agrees to contribute RMB 790,000 thousand in total.

As at 31 December 2022, Shouxin Jinyuan Fund has conducted investment activities and three external investment projects has been invested with the amount of RMB 829,432.10 thousand. No financing activity has been conducted by the Fund.

② The purpose of establishing Shouxin Jin'an Fund is to focus on investment in shougang Group system of leading enterprises, to enlarge and strengthen shougang Group new material industry, to focus on the advanced electrical steel materials, casting superalloys and precision alloys, as well as high performance special steel and other metal new materials that Shougang Group has advantages in.

The total subscribed capital of all partners to Shouxin Jin'an Fund is no less than RMB 2,070.5455 million. The partners of the Fund are divided into general partner and limited partner, the contribution agreement is as follows: Beijing Shouyuan Xinneng Investment Management Co., Ltd., the general partner, contributes RMB 20.7055 million; and among the limited partners, the Company agrees to contribute RMB 200,000 thousand, and the other limited partners agrees to contribute RMB 1,849.84 million in total.

As at 31 December 2022, Shouxin Jin'an Fund has completed fund raising and registered on The Chinese Association of Securities Investment Funds and two external investment projects has been invested with the amount of RMB 230 million. No financing activity has been conducted by the Fund.

(2) Carrying value and maximum loss exposure of interests related assets and liabilities

As at 31 December 2022, no assets and liabilities related to the interests in Shouxin Jinyuan Fund recognized are recognized in the financial statements of the Company except for the partner contribution agreed in the partner agreement. The maximum loss exposure of the Company's interests in Shouxin Jinyuan Fund is RMB 105.8864 million. The maximum loss exposure of the Company's interests in Shouxin Jin'an Fund is RMB 22.2164 million.

(3) The support provided to the unconsolidated structured entities

As at 31 December 2022, the Company had no intention to provide financial support or other support for Shouxin Jinyuan Fund and Shouxin Jin'an Fund.

(4) Additional information disclosure of unconsolidated structured entities

As at 31 December 2022, no additional information related to Shouxin Jinyuan Fund and Shouxin Jin'an Fund should be disclosed by the Company.

VIII. Financial instruments and risk management

The major financial instruments of the Company include cash and cash equivalents, notes receivable, accounts receivable, financing receivables, other receivables, current portion of non-current assets, other current assets, other equity instrument investments, other non-current financial assets, long-term receivables, notes payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, current portion of non-current liabilities, long-term borrowings and bond payables, lease liabilities and long-term payables. The details of financial instruments are disclosed in the respective notes. Risks relate to these financial instruments and risk management policies used by the Company to minimize the risks are disclosed as below. Management of the Company manages and monitors the risk exposures to ensure the risks are controlled in the limited range.

1. Objectives and policies of risk management

The objective of the Company in risk management is to obtain an appropriate equilibrium between risk and return, and also focuses on minimizing potential adverse effects on the financial performance of the Company bring by the unpredictability of financial risk. Based on the objectives of risk management, certain policies are established to recognize and analyze the risk. Also, in order to monitor the risk position of the Company, internal control procedures are designed according to acceptable level of risk. Both the policies and internal control procedures are reviewed and revised regularly to adapt the changes of the market and business activities of the Company.

The primary risks caused by the financial instruments of the Company are credit risk and liquidity risk.

(1) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company.

The Company manages the credit risk on portfolio basis. Credit risks are mainly caused by cash and cash equivalents, notes receivable, accounts receivable, other receivables.

The Company mainly deposits in financial institutions with good reputation and high credit rating therefore no significant credit risk associated with cash and cash equivalents is expected.

In addition, policies related to limit the credit risk exposure on notes receivable, accounts receivable and other receivables are established by the Company. The Company evaluates credit quality and sets credit limits on customers by taking into account the financial position, credit records and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

The highest credit risk exposure to the Company is limited to the carrying value of each financial instrument illustrated in the financial statements. The Company has not provided any guarantee that might cause credit risk to the Company.

Among the accounts receivable of the Company, the accounts receivable of the top five customers

accounted for 52.28% (2021: 45.99%); among the other receivables of the Company, the other receivables of the top five customers accounted for 63.31% (2021: 59.06%)

(2) Liquidity risk

Liquidity risk refers to the risks that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company maintains and monitors sufficient level of cash and cash equivalents as considered by the management while managing liquidity risk in order to meet operational needs of the Company and reduce the effect of floating cash flow. The usage of bank loan is monitored by the management of the Company and the loan covenants are ensured to be complied. Meanwhile, primary financial institution commits to provide sufficient reserve funds to satisfy the short term and long term fund requirement of the Company.

2. Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other related parties and to maintain the best capital structure to minimize the cost of capital.

To the maintenance or adjustment of the capital structure, the Company might adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments, or make an asset disposal to reduce debt liabilities.

The Company monitors the capital structure on the basis of leverage ratio (total liabilities divided total assets). As at 31 December 2022, the leverage ratio of the Company is 65.03% (31 December 2021: 67.21%).

IX. Fair value

Fair value hierarchies are categorized into three levels as the lowest level input that is significant to the entire fair value measurement.

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the asset or liability.

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

As at 31 December 2022, assets and liabilities measured at fair value are shown as follows:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(1) Financing receivable	--	--	3,489,134,871.56	3,489,134,871.56
(2) Other equity instrument investment	197,880,464.00	--	34,885,669.81	232,766,133.81
(3) Other non-current financial assets	--	--	79,234,007.60	79,234,007.60

Total assets measured at fair value on a recurring basis	197,880,464.00	--	3,603,254,548.97	3,801,135,012.97
--	----------------	----	------------------	------------------

(2) Fair values of items not measured at fair value

Financial assets and financial liabilities measured at amortized cost include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year, long-term borrowings and bonds payable, etc.

No additional details of financial assets and financial liabilities should be disclosed since the difference between the fair value and carrying value of financial assets and financial liabilities of the Company is approximately equal.

X. Related parties and related party transactions

1. Information about the parent company of the Company

Parent company	Registration place	Business nature	Registered capital (RMB 0,000)	Shareholding percentage (%)	Percentage of voting rights (%)
Shougang Group Co., Ltd.	Beijing	Company with limited liability(wholly state-owned)	2,875,502.50	56.53	56.53

The ultimate controlling party of the Company is State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

During the reporting period, the change of the registered capital of the parent company is as follows (Unit: RMB 0,000):

As at 31 December 2021	Increase	Decrease	As at 31 December 2022
2,875,502.50	--	--	2,875,502.50

2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII, 1.

3. Information about joint ventures and associates of the Company

For information about joint ventures and associates of the Company, refer to Note VII, 2.

Joint ventures and associates that have related transactions with the Company in current period or the previous period are as follows:

Name of joint venture or associate	Relationship with the Company
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Joint ventures of the Company
Tangshan Guoxing Industrial Co., Ltd.	Joint ventures of the Company
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Joint ventures of the Company
Tangshan Tangcao Railway Co., Ltd.	Associates of the Company
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Associates of the Company
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Associates of the Company

Name of joint venture or associate	Relationship with the Company
Guangzhou Jinghai Shipping Co., Ltd.	Associates of the Company
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Associates of the Company
Ningbo Shougang Zhejin Steel Co., Ltd.	Associates of the Company
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Associates of the Company
Hebei Jingji Industry & Trading Co., Ltd.	Associates of the Company
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Associates of the Company
Shougang (Qingdao) Steel Industry Co., Ltd.	Associates of the Company
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Associates of the Company

4. Information about other related parties

Related party	Relationship with the Company
Shougang Group Finance Co., Ltd.	Under the control of the same parent company
Shougang Mining Corporation	Under the control of the same parent company
China Shougang International Trade&Engineering Corporation	Under the control of the same parent company
Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	Under the control of the same parent company
Beijing Shougang Construction Group Co., Ltd.	Under the control of the same parent company
Beijing Shougang Gas Co., Ltd.	Under the control of the same parent company
Beijing Shougang Automation Information Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Machinery&Electric Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Machinery Co., Ltd.	Under the control of the same parent company
Qian'an Shouxin Automation Information Technology Co., Ltd.	Under the control of the same parent company
Qian'an First Real Packaging Service Co., Ltd.	Under the control of the same parent company
Qian'an Shougang Equipment Structure Co., Ltd.	Under the control of the same parent company
Beijing Soly Technology Co., Ltd.	Under the control of the same parent company
Beijing Shouye Instruments&Meters Co., Ltd.	Under the control of the same parent company
Beijing Shoujian Equipment Maintenance Co., Ltd.	Under the control of the same parent company
Beijing Shoujian Hengxin Labor Service Co., Ltd.	Under the control of the same parent company
Beijing Shoujian Hengji Construction Engineering Co., Ltd.	Under the control of the same parent company
Beijing Shougang Landscaping Co., Ltd.	Under the control of the same parent company
Beijing Shougang International Engineering&Technology Co., Ltd.	Under the control of the same parent company
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Under the control of the same parent company
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Under the control of the same parent company
Beijing Huaxia Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Catering Co., Ltd.	Under the control of the same parent company

Related party	Relationship with the Company
Beijing Shoujia Steel Construction Co., Ltd.	Under the control of the same parent company
Beijing Shougang Ferroalloy Co., Ltd.	Under the control of the same parent company
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Under the control of the same parent company
Yantai Shougang Mining 3D Co., Ltd.	Under the control of the same parent company
Tianjin Shougang Electric Equipment Co., Ltd.	Under the control of the same parent company
Beijing Chengxin Engineering Supervision Co., Ltd.	Under the control of the same parent company
Beijing Shoucheng Packaging Service Co., Ltd.	Under the control of the same parent company
Beijing Shougang Materials Trading Co., Ltd.	Under the control of the same parent company
Beijing Shougang Futong Elevator Co., Ltd.	Under the control of the same parent company
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Under the control of the same parent company
Tonghua Iron and Steel Co., Ltd.	Under the control of the same parent company
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Under the control of the same parent company
Shougang Environmental Industry Co., Ltd.	Under the control of the same parent company
Beijing Teyu Plate Co., Ltd.	Under the control of the same parent company
Qinhuangdao Zhongshou Logistics Co., Ltd.	Under the control of the same parent company
Beijing Shougang Mining Construction Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Under the control of the same parent company
Beijing Shougang Industrial Group Co., Ltd.	Under the control of the same parent company
Beijing Shougang Cultural Development Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Under the control of the same parent company
Shougang Casey Steel Co., Ltd.	Under the control of the same parent company
Tangshan Caofeidian First Real Industrial Co., Ltd.	Under the control of the same parent company
Qiangang Hotel.	Under the control of the same parent company
Beijing Shougang Special Steel Co., Ltd.	Under the control of the same parent company
Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	Under the control of the same parent company
Bohai International Conference Center Co., Ltd.	Under the control of the same parent company
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Under the control of the same parent company
Shougang Guiyang Special Steel Co., Ltd.	Under the control of the same parent company
Tangshan Shoukuang Cleaning Iron Co., Ltd.	Under the control of the same parent company
Beijing Shougang Park Comprehensive Service Co., Ltd.	Under the control of the same parent company
Shougang Changzhi Steel&Iron Co., Ltd.	Under the control of the same parent company
Beijing Beiye Functional Materials Co., Ltd.	Under the control of the same parent company
Beijing Shougang Metal Co., Ltd.	Under the control of the same parent company

Related party	Relationship with the Company
Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	Under the control of the same parent company
Guizhou Bohong Industrial Co., Ltd.	Under the control of the same parent company
Dachang Shougang Machinery&Electric Co., Ltd.	Under the control of the same parent company
Beijing Shougang Lanzatech Co., Ltd.	Under the control of the same parent company
South China International Leasing Co., Ltd	Under the control of the same parent company
Beijing Shouxinsheng Trading Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Plate Mill Co., Ltd.	Under the control of the same parent company
Beijing Shougang Fulushi Color Coated Plate Co., Ltd.	Under the control of the same parent company
Beijing Shougang International Travel Co., Ltd.	Under the control of the same parent company
Hebei Shougang Jingtang Machinery Co., Ltd.	Under the control of the same parent company
Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	Under the control of the same parent company
Tonggang Jilin Welded Pipe Co., Ltd	Under the control of the same parent company
Beijing Shougang Mining Investment Co., Ltd	Under the control of the same parent company
Qinhuangdao Shougang Racing Valley Co., Ltd	Under the control of the same parent company
Beijing Shougang Property Management Co., Ltd.	Under the control of the same parent company
Beijing Shouao Real Estate Co., Ltd	Under the control of the same parent company
Beijing Shouronghui Technology Development Co., Ltd.	Under the control of the same parent company
Shougang Shuicheng Steel (Group) Saide Construction Co., Ltd.	Under the control of the same parent company
Beijing Shougang Environmental Engineering Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Gas Tangshan Co., Ltd.	Under the control of the same parent company
Guizhou Shuigang Logistics Co., Ltd.	Under the control of the same parent company
Beijing Shouke Xingye Engineering Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Construction Investment Co., Ltd.	Under the control of the same parent company
Shougang Commercial Factoring Co., Ltd.	Under the control of the same parent company
Guizhou Liupanshui Shenghongda Mechanical Equipment Manufacturing Co., Ltd	Under the control of the same parent company
Guiyang Steel Mills I/E Corp.	Under the control of the same parent company
Qinhuangdao Shoufang Property Service Co., Ltd.	Under the control of the same parent company
Beijing Shouyi Mining Hospital Co., Ltd.	Under the control of the same parent company
Peking University Shougang Hospital	Under the control of the same parent company
Shougang Yili Steel Co., Ltd.	Under the control of the same parent company
Mine Hospital of Shougang Group Co. Ltd.	Under the control of the same parent company
Tangshan Shougang Malanzhuang Iron Ore Co., Ltd.	Under the control of the same parent company
Beijing Shougang Gitane New Materials Co., Ltd.	Under the control of the same parent company

Related party	Relationship with the Company
Beijing Shougang Shape Metal Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Jingxi Supply Chain Management Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Joint ventures or associates of the Company's parent company
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shoushe Metallurgical Technology Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shouyu Industry and Trade Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	Joint ventures or associates of the Company's parent company
Chaoyang Shougang Beifang Machinery Co., Ltd.	Joint ventures or associates of the Company's parent company
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	Joint ventures or associates of the Company's parent company
Tangshan Caofeidian Industry Port Co., Ltd.	Joint ventures or associates of the Company's parent company
YASKAWA Shougang Robert Co., Ltd.	Joint ventures or associates of the Company's parent company
Cmi Engineering (Beijing) Co., Ltd.	Joint ventures or associates of the Company's parent company
Qian'an Shoujia Construction Material Co., Ltd.	Joint ventures or associates of the Company's parent company
Sanhe Shoujia Construction Material Co., Ltd.	Joint ventures or associates of the Company's parent company
Hua Xia Bank Co.,Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	Joint ventures or associates of the Company's parent company
Jingxi Shoutang Supply Chain Management Co., Ltd	Joint ventures or associates of the Company's parent company
Beijing Shoubang New Material Co., Ltd.	Joint ventures or associates of the Company's parent company
Jingtang Port Shougang Terminal Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shoutegang Yuandong Magnesium Alloy Products Co., Ltd.	Joint ventures or associates of the Company's parent company
Suzhou Tonggang Shunye Steel Materials Processing Distribution Co., Ltd.	Joint ventures or associates of the Company's parent company
Shougang Shuicheng Iron and Steel (Group) Xingyuan Development Investment Co., Ltd.	Joint ventures or associates of the Company's parent company
Chengde Xintong Shoucheng Mining Co., Ltd.	Joint ventures or associates of the Company's parent company
Gansu Province, Wenxian Million Litie Alloy Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shoutaizhongxin Science & Technology Co., Ltd	Joint ventures or associates of the Company's parent company
Directors, Supervisors, CFO and Board Secretary	Key management personnel

5. Information about related party transactions

(1) Details of related purchase and sales

①Purchase of goods and receiving of services from related parties

Related party	Nature of transaction	2022	2021
Shougang Group Co., Ltd.	Raw material	30,738,244,970.15	38,213,705,218.31
Shougang Group Co., Ltd.	Fuel material	1,755,484,533.11	1,436,079,743.96
Shougang Group Co., Ltd.	Engineering equipment	--	107,886,266.97
Shougang Group Co., Ltd.	Spare parts	288,719.70	61,664,063.35
Shougang Group Co., Ltd.	Production service	24,483,467.94	25,846,478.94
Shougang Group Co., Ltd.	Fund usage charges	71,217,912.21	75,407,530.12
Shougang Group Finance Co., Ltd.	Fund usage charges	308,397,762.40	292,800,216.58
Shougang Mining Corporation	Raw material	3,801,893,028.27	4,609,820,903.85
Shougang Mining Corporation	Spare parts	5,484,172.00	3,778,051.70
Shougang Mining Corporation	Production service	113,846,405.24	130,707,744.54
Shougang Mining Corporation	Engineering equipment	1,904,158.00	626,686.00
Shougang Mining Corporation	Fund usage charges	2,210,553.86	--
China Shougang International Trade&Engineering Corporation	Export cost	82,530,156.00	71,055,095.49
China Shougang International Trade&Engineering Corporation	Raw material	2,531,173,902.66	4,089,317,261.70
China Shougang International Trade&Engineering Corporation	Fuel material	96,591,728.29	--
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Fuel material	7,005,052,052.73	5,465,442,208.53
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	393,033,410.87	362,255,517.37
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Production service	1,458,000.00	3,758,115.00
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Engineering service	6,000,851.01	10,770,342.75
Beijing Shougang Construction Group Co., Ltd.	Production service	473,493,304.04	622,929,389.39
Beijing Shougang Construction Group Co., Ltd.	Spare parts	26,646,250.93	16,630,652.40
Beijing Shougang Construction Group Co., Ltd.	Engineering equipment	--	61,946.00
Beijing Shougang Construction Group Co., Ltd.	Engineering service	704,479,068.44	930,940,085.69
Beijing Shougang Gas Co., Ltd.	Spare parts	3,642,954.04	1,635,395.19
Beijing Shougang Gas Co., Ltd.	Production service	51,120,800.84	57,272,804.78
Beijing Shougang Gas Co., Ltd.	Power energy	94,449,984.15	109,544,662.97
Beijing Shougang Gas Co., Ltd.	Auxiliary material	4,742,161.45	9,208,242.96

Related party	Nature of transaction	2022	2021
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	314,726,062.22	345,978,795.76
Beijing Shougang Automation Information Technology Co., Ltd.	Spare parts	6,119,863.00	7,529,718.33
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering service	164,940,165.69	115,338,195.80
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering equipment	56,830,246.32	76,320,731.33
Beijing Shougang Machinery&Electric Co., Ltd.	Spare parts	108,341,720.51	113,462,788.79
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	291,903,126.80	271,132,744.28
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering equipment	33,623,091.14	26,536,094.40
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering service	2,106,619.54	8,184,437.70
Qinhuangdao Shougang Machinery Co., Ltd.	Spare parts	49,708,124.60	53,445,297.00
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	164,741,681.95	161,443,825.72
Qinhuangdao Shougang Machinery Co., Ltd.	Auxiliary material	534,000.00	181,612.00
Qinhuangdao Shougang Machinery Co., Ltd.	Engineering equipment	2,849,600.00	631,639.35
Qian'an Shouxin Automation Information Technology Co., Ltd.	Production service	123,198,193.34	119,293,169.06
Qian'an First Real Packaging Service Co., Ltd.	Production service	330,518,074.43	354,866,870.91
Qian'an First Real Packaging Service Co., Ltd.	Raw material	--	288,102.67
Qian'an Shougang Equipment Structure Co., Ltd.	Spare parts	16,770,235.00	20,007,338.00
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	74,615,037.69	109,479,534.70
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering equipment	6,099,531.07	1,604,206.84
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering service	688,292.46	825,909.00
Qian'an Shougang Equipment Structure Co., Ltd.	Raw material	216,797,429.95	519,943,875.16
Huludao Shougang Donghua Machinery Co., Ltd.	Spare parts	--	1,271,577.00
Huludao Shougang Donghua Machinery Co., Ltd.	Production service	--	5,814,300.00
Beijing Soly Technology Co., Ltd.	Engineering equipment	612,341.00	830,868.00
Beijing Shouye Instruments&Meters Co., Ltd.	Spare parts	30,692,578.79	37,559,656.13
Beijing Shouye Instruments&Meters Co., Ltd.	Engineering equipment	4,608,458.59	5,208,510.00
Beijing Shoujian Maintenance Co., Ltd.	Equipment	45,870,911.70	90,841,047.04
Beijing Shoujian Maintenance Co., Ltd.	Equipment	5,154,000.00	5,659,200.00

Related party	Nature of transaction		2022	2021
Beijing Shoujian Maintenance Co., Ltd.	Equipment	Engineering service	5,962,127.57	1,128,873.68
Beijing Shoujian Maintenance Co., Ltd.	Equipment	Engineering equipment	9,790,200.00	355,200.76
Beijing Shoujian Hengxin Labor Service Co., Ltd.		Production service	1,785,000.00	1,925,000.00
Beijing Shoujian Hengji Engineering Co., Ltd.	Construction	Spare parts	573,207.00	939,736.80
Beijing Shougang Landscaping Co., Ltd.		Life service	25,701,356.25	26,567,532.41
Beijing Shougang Landscaping Co., Ltd.		Engineering service	--	733,072.00
Beijing Shougang International Engineering&Technology Co., Ltd.		Spare parts	13,777,316.00	12,607,597.00
Beijing Shougang International Engineering&Technology Co., Ltd.		Engineering equipment	197,970,778.68	72,137,555.51
Beijing Shougang International Engineering&Technology Co., Ltd.		Engineering service	475,003,098.49	537,616,321.63
Beijing Shougang International Engineering&Technology Co., Ltd.		Production service	664,296.23	17,945,708.90
Beijing Jinanyuan Transportation Co., Ltd.	Automobile	Production service	67,493,491.20	76,299,884.11
Beijing Shougang Technology&Trade Co., Ltd.	Xinganglian	Production service	--	10,852,343.50
Beijing Huaxia Technology Co., Ltd.		Spare parts	3,781,380.33	5,512,346.85
Beijing Huaxia Technology Co., Ltd.		Engineering equipment	--	57,216.00
Beijing Huaxia Technology Co., Ltd.		Production service	86,000.00	1,239,998.00
Beijing Shougang Catering Co., Ltd.		Life service	14,014,372.50	32,281,673.78
Beijing Shoujia Steel Construction Co., Ltd.		Production service	44,258,026.72	43,447,842.27
Beijing Shougang Ferroalloy Co., Ltd.		Raw material	436,896,664.79	448,631,993.28
Lujiashan Shougang Beijing Co., Ltd.	Limestone Mining of	Raw material	350,495,042.52	254,273,652.15
Lujiashan Shougang Beijing Co., Ltd.	Limestone Mining of	Production service	53,344,775.21	59,356,273.21
Lujiashan Shougang Beijing Co., Ltd.	Limestone Mining of	Auxiliary material	8,312,204.20	8,208,732.96
Qinhuangdao Refractory Co., Ltd.	Shougang Krosaki	Auxiliary material	128,141,883.61	108,337,207.14
Qinhuangdao Refractory Co., Ltd.	Shougang Krosaki	Engineering equipment	--	2,287,610.62
Yantai Shougang Mining 3D Co., Ltd.		Spare parts	577,091.09	1,172,351.11
Tianjin Shougang Electric Co., Ltd.	Electric Equipment	Engineering equipment	19,847,769.10	14,876,285.81
Tianjin Shougang Electric Co., Ltd.	Electric Equipment	Spare parts	4,465,189.00	10,249,090.00
Beijing Chengxin Supervision Co., Ltd.	Engineering	Engineering service	7,529,528.15	5,839,707.47
Beijing Chengxin Supervision Co., Ltd.	Engineering	Production service	3,717,879.25	1,044,069.80

Related party	Nature of transaction	2022	2021
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	107,663,074.01	121,321,417.29
Beijing Shougang Materials Trading Co., Ltd.	Fuel material	269,025,918.47	309,682,912.34
Beijing Shougang Materials Trading Co., Ltd.	Raw material	996,216,356.30	927,016,812.76
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	1,063,798,684.12	961,379,395.21
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Fuel material	17,586,534,301.71	13,163,464,122.66
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Raw material	3,610,282.21	3,021,523.41
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	152,523,150.26	248,887,913.91
Beijing Shougang Futong Elevator Co., Ltd.	Spare parts	177,460.00	91,115.00
Beijing Shougang Futong Elevator Co., Ltd.	Production service	884,800.00	869,600.00
Tangshan Guoxing Industrial Co., Ltd.	Production service	145,637,666.86	117,579,964.30
Tangshan Guoxing Industrial Co., Ltd.	Engineering service	2,236,643.61	4,552,565.46
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Production service	386,060,741.11	457,270,718.97
Tonghua Iron and Steel Co., Ltd.	Engineering equipment	--	3,236,416.51
Tonghua Iron and Steel Co., Ltd.	Raw material	358,614,209.66	66,026,550.32
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Production service	--	94,339.62
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Engineering equipment	--	1,362,800.00
Shougang Environmental Industry Co., Ltd.	Production service	4,790,641.42	4,282,264.11
Qinhuangdao Zhongshou Logistics Co., Ltd.	Production service	--	587,690.19
Beijing Shougang Mining Construction Co., Ltd.	Engineering service	32,202,238.47	61,119,047.72
Beijing Shougang Mining Construction Co., Ltd.	Production service	3,124,511.85	8,300,086.81
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Engineering equipment	2,640,623.65	1,618,385.43
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Raw material	--	1,268,839.82
Beijing Shougang Industrial Group Co., Ltd.	Life service	5,463,312.46	8,354,159.55
Beijing Shougang Shape Metal Co., Ltd.	Raw material	1,157,199.12	1,114,889.38
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Production service	132,716,435.98	117,572,234.28
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Auxiliary material	2,588,730.00	2,330,402.40
Beijing Shougang Cultural Development Co., Ltd.	Production service	580,274.11	149,009.43
Jingxi Commercial Factoring Co., Ltd.	Raw material	2,294,124.34	--

Related party	Nature of transaction	2022	2021
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Steel Spare parts	202,712.00	261,453.00
Shougang Casey Steel Co., Ltd.	Production service	99,663,335.28	102,954,696.79
Tangshan Caofeidian First Industrial Co., Ltd.	Real Life service	103,510,367.58	23,414,022.52
Tangshan Caofeidian First Industrial Co., Ltd.	Real Spare parts	2,092,860.00	--
Qiangang Hotel.	Production service	20,138,607.00	25,876,769.55
Beijing Shougang Special Steel Co., Ltd.	Production service	--	426,234.71
Beijing Shougang Special Steel Co., Ltd.	Power energy	--	20,612.25
Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	Spare parts	8,985,583.27	478,270.00
Bohai International Conference Center Co., Ltd.	Life service	872,777.64	103,046.23
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	5,228,810.04	2,721,359.52
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Auxiliary material	46,730,677.66	47,844,677.06
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Heat Spare parts	21,599,664.94	19,576,171.83
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Heat Production service	11,997,608.00	13,757,098.00
Guangzhou Jinghai Shipping Co., Ltd.	Production service	355,036,509.27	407,924,922.93
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Spare parts	61,667,449.21	51,088,635.32
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Production service	810,772.36	802,443.04
Beijing Shoushe Metallurgical Technology Co., Ltd.	Engineering equipment	255,912.13	690,603.97
Beijing Shouyu Industry and Trade Co., Ltd.	Auxiliary material	11,422,545.27	10,603,136.18
Chaoyang Shougang Beifang Machinery Co., Ltd.	Spare parts	9,600.00	15,262.00
Shougang Guiyang Special Steel Co., Ltd.	Auxiliary material	--	13,263,605.26
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	Production service	179,731,432.37	187,299,390.37
Tangshan Caofeidian Industry Port Co., Ltd.	Production service	476,275,284.06	442,226,204.61
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Steel Production service	3,093,058.92	3,771,028.94
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Steel Raw material	137,219.49	2,598,673.80
Beijing Shoutaizhongxin Science & Technology Co., Ltd	Spare parts	20,983,879.94	1,556,522.23
Chengde Xintong Shoucheng Mining Co., Ltd.	Raw material	180,923,753.72	287,802,331.88
Shougang (Qingdao) Steel Industry Co., Ltd.	Raw material	908,220.09	28,003,765.33

Related party	Nature of transaction	2022	2021
Beijing Shougang Park Comprehensive Service Co., Ltd.	Life service	1,477,352.85	1,458,695.68
YASKAWA Shougang Robert Co., Ltd.	Production service	141,500.00	99,190.00
Beijing Shouxinsheng Trading Co., Ltd.	Raw material	--	660,000.00
Qinhuangdao Shougang Racing Valley Co., Ltd	Production service	431,358.48	593,547.16
Hebei Shougang Jingtang Machinery Co., Ltd.	Production service	37,269,512.82	8,612,479.50
Beijing Shouao Real Estate Co., Ltd	Life service	23,794.00	65,373.00
Cmi Engineering (Beijing) Co., Ltd.	Engineering equipment	12,892,700.00	2,350,492.00
Ningbo Shougang Zhejin Steel Co., Ltd.	Production service	--	137,342.41
South China International Leasing Co., Ltd	Fund usage charges	751,226.41	408,154.27
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Fund usage charges	21,900,000.00	14,223,287.67
Shougang Changzhi Steel&Iron Co., Ltd.	Fuel material	--	6,491,155.75
Shougang Changzhi Steel&Iron Co., Ltd.	Raw material	1,509,854.85	--
Qinhuangdao Shoufang Property Service Co., Ltd.	Life service	861,700.00	903,720.00
Beijing Shougang International Travel Co., Ltd.	Life service	--	186,162.47
Beijing Shougang Environmental Engineering Technology Co., Ltd.	Raw material	--	10,514,058.58
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Production service	23,335,032.81	5,440,692.45
Beijing Shougang Property Management Co., Ltd.	Production service	2,935,902.84	2,903,326.07
Guiyang Steel Mills I/E Corp.	Production service	13,153,495.39	3,371,370.88
Gansu Province, Wenxian Million Litie Alloy Co., Ltd.	Raw material	936,100,776.46	812,062,129.47
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	1,858,061.44	1,554,416.90
Beijing Shouyi Mining Hospital Co., Ltd.	Production service	3,486,466.50	1,953,842.62
Peking University Shougang Hospital	Production service	122,228.18	631,300.18
Beijing Shougang Construction Investment Co., Ltd.	Production service	15,000.00	--
Shougang Yili Steel Co., Ltd.	Engineering equipment	2,096,637.16	--
Tangshan Shougang Malanzhuang Iron Ore Co., Ltd.	Raw material	407,104,956.47	395,735,341.91
Jingtang Port Shougang Terminal Co., Ltd.	Production service	6,091,794.34	1,296,226.42

②Sale of goods and rendering of services to related parties

Related party	Nature of transaction	2022	2021
Shougang Group Co., Ltd.	Management service	233,378,200.00	322,856,073.40
Shougang Group Co., Ltd.	Production service	16,202,255.66	16,384,180.19
Shougang Mining Corporation	Steel	2,076,407.04	9,657,678.23
Shougang Mining Corporation	Raw fuel material	11,262,064.60	17,317,593.28
Shougang Mining Corporation	Power energy	127,160.60	93,318.05
Shougang Mining Corporation	Production service	15,600,062.87	16,106,593.88
Shougang Group Finance Co., Ltd.	Interest income	130,624,439.00	129,218,534.77
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	247,263,882.72	277,517,105.35
Shougang Casey Steel Co., Ltd.	Steel	535,645,904.62	872,744,622.51
Shougang Casey Steel Co., Ltd.	Production service	1,136,801.76	1,821,488.40
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Steel	--	52,568.33
Beijing Shougang Construction Group Co., Ltd.	Power energy	3,264,125.51	2,519,371.08
Beijing Shougang Construction Group Co., Ltd.	Steel	9,098,035.59	37,736,546.55
Beijing Shougang Construction Group Co., Ltd.	Production service	1,985,086.15	977,440.97
Beijing Shougang Gas Co., Ltd.	Power energy	110,053,446.78	151,854,252.56
Beijing Shougang Machinery&Electric Co., Ltd.	Steel	613,930,630.06	147,153,949.07
Beijing Shougang Machinery&Electric Co., Ltd.	Power energy	3,913,938.59	3,337,782.11
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	1,604,228.13	1,513,633.98
Beijing Shougang Machinery&Electric Co., Ltd.	Spare parts	--	180,310.18
Beijing Shougang Ferroalloy Co., Ltd.	Power energy	3,676,369.55	2,829,746.71
Beijing Shougang Ferroalloy Co., Ltd.	Raw fuel material	21,241,039.12	20,619,652.70
Beijing Shougang Ferroalloy Co., Ltd.	Production service	473,569.14	484,625.75
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	707,298,397.35	600,722,568.59
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	221,751,315.34	214,700,900.89
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Raw material	1,041,626.43	--
Beijing Beiye Functional Materials Co., Ltd.	Billet	8,300,691.98	14,900,608.66
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Raw fuel material	6,901,691.83	56,998,443.29
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Production service	118,539.00	118,539.00
Beijing Shoucheng Packaging Service Co., Ltd.	Steel	3,649,548.62	36,292,975.72

Related party	Nature of transaction	2022	2021
Beijing Shoucheng Packaging Service Co., Ltd.	Power energy	359,523.37	296,380.80
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	1,872,706.78	1,868,192.00
Qian'an First Real Packaging Service Co., Ltd.	Steel	102,754,677.80	39,934,460.63
Beijing Shouronghui Technology Development Co., Ltd.	Steel	41,264,142.20	1,966,033.60
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Raw fuel material	167,597,204.04	281,348,426.05
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Power energy	139,527,704.49	120,645,752.67
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	28,288,337.62	27,043,499.52
Beijing Shougang International Engineering&Technology Co., Ltd.	Steel	--	622,011.63
Beijing Shougang International Engineering&Technology Co., Ltd.	Power energy	--	34,249.96
Beijing Shougang International Engineering&Technology Co., Ltd.	Production service	1,342,075.48	452,830.19
Beijing Shougang Metal Co., Ltd.	Steel	40,394,334.29	42,108,282.48
Beijing Shougang Metal Co., Ltd.	Power energy	1,445,681.43	1,453,606.94
Beijing Shougang Metal Co., Ltd.	Production service	2,754,311.93	2,756,334.23
Beijing Shougang Mining Construction Co., Ltd.	Steel	9,394.34	1,241,277.67
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Steel	--	41,892,931.70
Qinhuangdao Shougang Machinery Co., Ltd.	Raw fuel material	579,784,184.94	937,014,959.13
Qinhuangdao Shougang Machinery Co., Ltd.	Power energy	541,746.35	508,092.44
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	653,463.03	1,888,757.36
Qian'an Shougang Equipment Structure Co., Ltd.	Power energy	--	21,000.00
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	221,876.15	164,068.27
Qian'an Shougang Equipment Structure Co., Ltd.	Steel	3,027,566.84	223,401.77
Tangshan Guoxing Industrial Co., Ltd.	Power energy	1,720,010.15	812,139.20
Tangshan Guoxing Industrial Co., Ltd.	Raw fuel material	1,253,595.05	4,072,506.20
Tangshan Guoxing Industrial Co., Ltd.	Production service	1,736,728.31	1,962,692.75
Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	Power energy	55,369.38	125,248.13
Tangshan Caofeidian First Real Industrial Co., Ltd.	Power energy	920,768.85	873,443.01
Beijing Shougang Automation Information Technology Co., Ltd.	Power energy	23,403.49	1,305,678.06
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	1,045,424.53	237,735.85

Related party	Nature of transaction	2022	2021
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	123,024,177.15	93,846,906.81
Hebei Shoulang New Energy Technology Co., Ltd.	Production service	2,142,857.14	1,714,285.71
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	1,188,957.33	198,165.14
Tonghua Iron and Steel Co., Ltd.	Raw fuel material	283,018.87	778,164.50
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Raw fuel material	2,764,398.78	12,677,501.44
Beijing Shougang Materials Trading Co., Ltd.	Raw fuel material	--	10,752,760.18
Beijing Shougang Materials Trading Co., Ltd.	Production service	54,194.35	--
Beijing Shougang Materials Trading Co., Ltd.	Steel	--	31,365,842.84
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Raw fuel material	--	46,410.02
Shougang Changzhi Steel&Iron Co., Ltd.	Production service	141,509.43	330,188.68
Tangshan Caofeidian Industry Port Co., Ltd.	Power energy	3,778,635.00	3,390,814.00
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Interest income	11,275,389.73	10,518,170.49
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Production service	--	613,153.25
Ningbo Shougang Zhejin Steel Co., Ltd.	Steel	432,375,321.23	733,790,833.50
Shougang (Qingdao) Steel Industry Co., Ltd.	Steel	1,935,625,780.26	2,635,744,920.56
Shougang (Qingdao) Steel Industry Co., Ltd.	Production service	7,346,687.79	--
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Steel	27,569,222.18	12,410,581.55
Ordos Baotou Steel Shourui Material Technology Co., Ltd.	Steel	--	20,147,152.24
Qian'an Shoujia Construction Material Co., Ltd.	Power energy	22,884,203.10	26,424,700.75
Qian'an Shoujia Construction Material Co., Ltd.	Raw fuel material	36,514,508.74	78,768,061.55
Qian'an Shoujia Construction Material Co., Ltd.	Production service	248,418.37	270,782.37
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Power energy	44,068.34	72,289.19
Guizhou Bohong Industrial Co., Ltd.	Production service	129,836.50	88,038.87
Beijing Shougang Landscaping Co., Ltd.	Power energy	1,430.47	4,162.17
Dachang Shougang Machinery&Electric Co., Ltd.	Steel	1,547,925.87	2,382,335.68
Guangzhou Jinghai Shipping Co., Ltd.	Production service	50,495,018.05	46,548,850.68
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Power energy	32,357.74	25,414.27

Related party	Nature of transaction	2022	2021
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Steel	65,202,291.10	125,306,810.27
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Steel	35,007,815.91	50,832,468.42
Beijing Shougang Gas Tangshan Co., Ltd.	Production service	235,714.29	565,714.29
Beijing Shougang Catering Co., Ltd.	Power energy	524,090.49	706,148.05
Beijing Jingxi Supply Chain Management Co., Ltd.	Steel	64,207,092.86	--
Guizhou Liupanshui Shenghongda Mechanical Equipment Manufacturing Co., Ltd	Production service	65,725.38	22,871.70
Guizhou Shuigang Logistics Co., Ltd.	Production service	157,558.15	9,040.57
Shougang Shuicheng Iron and Steel (Group) Xingyuan Development Investment Co., Ltd.	Production service	26,335.85	81,484.90
Hebei Jingji Industry & Trading Co., Ltd.	Steel	8,578,020.68	13,707,273.61
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Raw fuel material	3,096,681.58	5,670,282.21
Jingtang Port Shougang Terminal Co., Ltd.	Production service	327,224.25	286,751.34
Beijing Shouke Xingye Engineering Technology Co., Ltd.	Production service	--	1,681,415.93
Tonggang Jilin Welded Pipe Co., Ltd	Steel	--	17,830.09
Shoujia Huanke (Qian'an) Co., Ltd.	Raw fuel material	26,345,440.31	23,094,037.69
Beijing Shoujian Equipment Maintenance Co., Ltd.	Production service	--	19,018.87
Beijing Shoujia Steel Construction Co., Ltd.	Power energy	1,160,424.21	--
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Production service	8,962.26	--
Beijing Shougang Lanzatech Co., Ltd.	Production service	727,265.93	--
Tangshan Tangcao Railway Co., Ltd.	Production service	3,323,611.75	--

(2) Details of related party leases

① The Company as a lessor

Lessee	Type of assets leased	Lease income recognized in 2022	Lease income recognized in 2021
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Land use right	1,065,067.58	824,536.83
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Land use right	25,046,418.55	25,046,418.55
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Land use right	2,380,761.90	2,380,761.90
Beijing Shougang Lanzatech Co., Ltd.	Land use right	165,333.33	165,333.33

② The Company as a lessee

Lessor	Type of assets leased	Lease expenses recognized in 2022	Lease expenses recognized in 2021
Beijing Shougang Investment Co., Ltd.	Construction Property	10,139,897.90	10,139,897.90
Shougang Group Co., Ltd.	Property	2,856,131.74	3,198,777.88
Beijing Shougang Special Steel Co., Ltd.	Property	--	11,333.33

Newly added right-of-use assets during the reporting period

Lessor	Type of assets leased	Increase in the current period	Increase in the previous period
Beijing Shougang Investment Co., Ltd.	Construction Plant and buildings	--	45,024,073.82

Interest expenses incurred on lease liabilities during the reporting period

Lessor	Type of assets leased	Interest expenses of the current period	Interest expenses of the previous period
Shougang Group Co., Ltd.	Plant and buildings	1,470,426.80	1,493,817.76
Beijing Shougang Investment Co., Ltd.	Construction Plant and buildings	1,566,004.04	1,953,367.31

(3) Details of related party guarantees

① The Company as a guarantor

Guarantee	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Shougang (Qingdao) Steel Industry Co., Ltd.	182,000,000.00	2022/9/20	2023/11/18	Incomplete
Ningbo Shougang Zhejin Steel Co., Ltd.	24,000,000.00	2022/8/29	2023/8/28	Incomplete

② The Company as a guaranteee

Guarantor	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Shougang Group Co., Ltd.	75,000,000.00	2022/9/6	2023/3/19	Incomplete
Shougang Group Co., Ltd.	6,907,003,333.35	2022/1/5	2023/10/24	Incomplete
Shougang Group Co., Ltd.	9,413,355,833.34	2019/9/6	2031/9/3	Incomplete

(4) Details of related party funding

Related party	Closing balance	Beginning date	Maturity date	Note
Shougang Group Co., Ltd.	195,126,863.30	2020/3/25	2025/9/6	Entrust loans
Shougang Group Finance Co., Ltd.	10,582,321,996.95	2022/1/28	2023/12/23	Short-term loans
Shougang Group Finance Co., Ltd.	500,435,416.67	2022/11/4	2025/11/4	Long-term loans
Shougang Group Finance Co., Ltd.	6,739,010,000.00	2022/7/5	2023/6/26	Notes payable
South China International Leasing Co., Ltd	15,781,907.85	2020/1/7	2023/3/5	Long-term payable

Related party	Closing balance	Beginning date	Maturity date	Note
Tangshan Zhonghong Carbon Chemical Co., Ltd.	285,013,761.81	—	—	Other current assets

(5) Asset transfer and debt restructuring of related parties

Related party	Content of related party transactions	2022	2021
Shougang Mining Corporation	The pelletizing -sintering business	1,300,325,799.36	--

(6) Remuneration of key management personnel

The Company has 21 key management personnel in 2022, and 22 key management personnel in 2021. The remuneration payment is as follows:

Item	2022	2021
Remuneration of key management personnel (excluding share payment)	8.6681 million	12.3913 million

6. Receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	As at 31 December 2022		As at 31 December 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bank deposits	Shougang Group Finance Co., Ltd.	8,782,663,274.02	--	9,993,599,779.82	--
Bank deposits	Hua Xia Bank Co.,Ltd.	6,713,364.79	--	92,946,504.55	--
Accounts receivable	Beijing Shougang Gas Co., Ltd.	--	--	3,870,237.73	135,713.01
Accounts receivable	Shougang Group Co., Ltd.	57,479.37	2,047.03	57,219.54	2,006.45
Accounts receivable	Shougang Casey Steel Co., Ltd.	290,361,751.31	10,336,878.35	259,971,350.16	9,116,105.40
Accounts receivable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	1,748,412.19	487,967.75	1,623,946.24	56,944.99
Accounts receivable	Hebei Shoulang New Energy Technology Co., Ltd.	34,418,648.92	1,225,303.90	23,052,262.12	808,346.19
Accounts receivable	Qian'an Shoujia Construction Material Co., Ltd.	56,221,363.06	2,002,230.58	61,221,363.06	2,146,776.55
Accounts receivable	Sanhe Shoujia Construction Material Co., Ltd.	8,775,968.24	8,214,183.99	9,275,968.24	6,437,863.04
Accounts receivable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	1,438,064.93	1,070,495.53	1,438,064.93	403,415.27
Accounts receivable	Tonghua Iron and Steel Co., Ltd.	506,248.00	17,810.17	810,000.00	28,403.30
Accounts receivable	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	--	--	4,028.00	141.25
Accounts receivable	Beijing Shougang International Engineering&Technology Co., Ltd.	428,540.00	297,559.83	412,800.00	401,297.79
Accounts receivable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	6,617,509.64	235,583.34	9,607,053.73	336,879.10
Accounts receivable	Beijing Shougang Mining Construction Co., Ltd.	9,958.00	349.19	--	--
Accounts receivable	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	--	--	1,261,607.93	44,239.30
Accounts receivable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	734.50	218.70	734.50	25.76

Item	Related party	As at 31 December 2022		As at 31 December 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Beijing Shougang Machinery&Electric Co., Ltd.	100,000.00	3,561.33	42,400.00	1,486.79
Accounts receivable	Beijing Shouke Xingye Engineering Technology Co., Ltd.	400,000.00	112,210.59	900,000.00	31,559.23
Accounts receivable	Tangshan Tangcao Railway Co., Ltd.	3,523,028.46	125,419.81	--	--
Accounts receivable	Beijing Shougang Construction Group Co., Ltd.	37,260.00	1,306.55	--	--
Accounts receivable	Beijing Shougang Automation Information Technology Co., Ltd.	771,150.00	27,041.00	--	--
Prepayments	Tonghua Iron and Steel Co., Ltd.	20,254,497.50	--	16,968,576.00	--
Prepayments	Tangshan Caofeidian Ganglian Logistics Co., Ltd.	87,043,657.93	--	262,876,222.88	--
Prepayments	Qinhuangdao Shouqin Metal Materials Co., Ltd.	--	--	763,907.90	--
Prepayments	Tangshan Caofeidian Industry Port Co., Ltd.	1,760,930.71	--	--	--
Prepayments	Beijing Jinanyuan Automobile Transportation Co., Ltd.	4,996,705.97	--	671,424.66	--
Prepayments	Chengde Xintong Shoucheng Mining Co., Ltd.	--	--	10,522,946.92	--
Prepayments	Shougang Group Co., Ltd.	74,027,519.11	--	--	--
Prepayments	Cmi Engineering (Beijing) Co., Ltd.	50,850.00	--	--	--
Prepayments	China Shougang International Trade&Engineering Corporation	7,633,348.80	--	--	--
Prepayments	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	4,171,441.39	--	--	--
Prepayments	Shougang Changzhi Steel&Iron Co., Ltd.	7,609.04	--	--	--
Dividend receivable	Guangzhou Jinghai Shipping Co., Ltd.	200,000.00	--	--	--
Other current assets	Tangshan Zhonghong Carbon Chemical Co., Ltd.	285,013,761.81	118,133,658.14	265,361,158.14	118,133,658.14

(2) Payables to related parties

Item	Related party	As at 31 December 2022	As at 31 December 2021
Accounts payable	Shougang Group Co., Ltd.	655,732,407.11	1,384,249,837.28
Accounts payable	Shougang Mining Corporation	4,125,595,337.09	4,522,110,751.63
Accounts payable	Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	470,845,391.07	580,911,994.24
Accounts payable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,859,004,046.73	502,790,483.78
Accounts payable	Beijing Shoucheng Packaging Service Co., Ltd.	13,350,654.51	13,987,818.77
Accounts payable	Beijing Shougang Automation Information Technology Co., Ltd.	182,889,510.51	206,945,927.88
Accounts payable	Beijing Shougang Construction Group Co., Ltd.	618,622,996.56	815,350,440.40
Accounts payable	Beijing Shoujian Equipment Maintenance Co., Ltd.	25,594,363.58	22,827,921.30
Accounts payable	Beijing Shougang Landscaping Co., Ltd.	23,883,634.56	19,375,454.67
Accounts payable	Beijing Shougang Catering Co., Ltd.	1,327,588.66	1,276,876.62
Accounts payable	Beijing Huaxia Technology Co., Ltd.	5,762,815.76	5,949,926.35
Accounts payable	Qinhuangdao Shougang Machinery Co., Ltd.	64,415,151.43	77,660,313.32
Accounts payable	Beijing Shougang Machinery&Electric Co., Ltd.	162,405,176.47	132,681,857.63
Accounts payable	Beijing Shouye Instruments&Meters Co., Ltd.	13,442,009.63	13,682,200.89
Accounts payable	Tianjin Shougang Electric Equipment Co., Ltd.	9,099,757.38	16,682,673.00
Accounts payable	Beijing Shougang Gas Co., Ltd.	66,619,195.56	51,211,959.35
Accounts payable	Beijing Shougang International Engineering&Technology Co., Ltd.	310,818,935.04	512,869,667.60
Accounts payable	Beijing Jinanyuan Automobile Transportation Co., Ltd.	15,100,355.24	10,002,976.59
Accounts payable	Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	158,972,406.25	68,994,235.34
Accounts payable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	--	174,964.00
Accounts payable	Qian'an Shougang Equipment Structure Co., Ltd.	85,360,764.98	79,254,052.59
Accounts payable	Yantai Shougang Mining 3D Co., Ltd.	313,811.63	337,462.12
Accounts payable	Beijing Shoujian Hengji Construction Engineering Co., Ltd.	1,602,115.93	1,355,139.65
Accounts payable	Beijing Soly Technology Co., Ltd.	210,904.43	1,322,967.10
Accounts payable	Qian'an Shouxin Automation Information Technology Co., Ltd.	25,515,132.74	18,536,805.29
Accounts payable	Qian'an First Real Packaging Service Co., Ltd.	96,388,811.17	108,038,561.30
Accounts payable	Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	--	15,421,690.84
Accounts payable	Beijing Shoujia Steel Construction Co., Ltd.	14,995,775.16	5,451,674.96
Accounts payable	Beijing Shougang Ferroalloy Co., Ltd.	73,607,022.86	56,826,692.95
Accounts payable	Beijing Shougang Materials Trading Co., Ltd.	426,891,995.64	218,553,880.01

Item	Related party	As at 31 December 2022	As at 31 December 2021
Accounts payable	Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	57,690,426.64	57,690,426.64
Accounts payable	Shougang Environmental Industry Co., Ltd.	334,080.00	829,080.00
Accounts payable	China Shougang International Trade&Engineering Corporation	663,787,332.95	402,434,528.89
Accounts payable	Beijing Chengxin Engineering Supervision Co., Ltd.	6,127,851.86	4,895,538.32
Accounts payable	Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	61,808,291.36	53,995,540.32
Accounts payable	Tangshan Shoukuang Cleaning Iron Co., Ltd.	--	137,489,080.84
Accounts payable	Tangshan Guoxing Industrial Co., Ltd.	40,465,093.70	37,617,722.80
Accounts payable	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	138,903,339.92	162,441,310.98
Accounts payable	Beijing Shougang Futong Elevator Co., Ltd.	310,319.85	178,815.55
Accounts payable	Beijing Teyu Plate Co., Ltd.	85,095,430.63	85,095,430.63
Accounts payable	Jingxi Shoutang Supply Chain Management Co., Ltd	9,289,106.10	888,650.02
Accounts payable	Beijing Shougang Mining Construction Co., Ltd.	3,354,289.89	27,209,286.63
Accounts payable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	19,824,419.55	17,970,896.72
Accounts payable	Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	466,070.62	361,229.80
Accounts payable	Beijing Shoushe Metallurgical Technology Co., Ltd.	14,002.60	42,036.40
Accounts payable	Beijing Shougang Fulushi Color Coated Plate Co., Ltd.	--	10,950,942.80
Accounts payable	Beijing Shougang Industrial Group Co., Ltd.	24,377,193.66	10,454,655.52
Accounts payable	Beijing Shougang International Travel Co., Ltd.	8,688.00	144,566.00
Accounts payable	Beijing Shougang Cultural Development Co., Ltd.	--	157,950.00
Accounts payable	Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	3,664,099.23	2,396,999.79
Accounts payable	Qiangang Hotel.	8,662,628.97	12,384,514.68
Accounts payable	Beijing Dingshengcheng Packaging Materials Co., Ltd.	17,452,797.76	14,641,606.12
Accounts payable	Beijing Shougang Special Steel Co., Ltd.	94,949,940.33	101,949,940.33
Accounts payable	Hebei Shougang Jingtang Machinery Co., Ltd.	18,999,797.17	4,208,507.88
Accounts payable	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	7,330,595.55	7,313,225.55
Accounts payable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	4,945,999.84	10,413,229.91
Accounts payable	Bohai International Conference Center Co., Ltd.	--	104,450.00
Accounts payable	Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	25,442,826.43	26,612,943.68
Accounts payable	Beijing Shouyi Mining Hospital Co., Ltd.	1,958,389.00	3,630,791.00
Accounts payable	Beijing Shouyu Industry and Trade Co., Ltd.	7,177,859.06	7,359,998.22
Accounts payable	PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	14,973,290.67	11,432,572.79
Accounts payable	YASKAWA Shougang Robert Co., Ltd.	235,384.79	388,207.98

Item	Related party	As at 31 December 2022	As at 31 December 2021
Accounts payable	Beijing Shoubang New Material Co., Ltd.	2,927,759.28	1,685,368.21
Accounts payable	Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	1,845,155.82	1,056,900.10
Accounts payable	Chaoyang Shougang Beifang Machinery Co., Ltd.	931,110.35	1,019,783.85
Accounts payable	Chengde Xintong Shoucheng Mining Co., Ltd.	851,714.56	--
Accounts payable	Guangzhou Jinghai Shipping Co., Ltd.	102,688,729.55	113,750,687.97
Accounts payable	Jingtang Port Shougang Terminal Co., Ltd.	--	2,927.40
Accounts payable	Tangshan Caofeidian Industry Port Co., Ltd.	55,335,586.91	62,255,892.01
Accounts payable	Shougang Guiyang Special Steel Co., Ltd.	6,975,000.00	10,488,904.44
Accounts payable	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	149,948.85	208,116.72
Accounts payable	Cmi Engineering (Beijing) Co., Ltd.	552,200.00	--
Accounts payable	Beijing Shoutegang Yuandong Magnesium Alloy Products Co., Ltd.	200,408.00	200,408.00
Accounts payable	Shougang (Qingdao) Steel Industry Co., Ltd.	1,545,599.81	1,673,343.05
Accounts payable	Beijing Shougang Mining Investment Co., Ltd	--	175,708,332.43
Accounts payable	Qinhuangdao Shougang Racing Valley Co., Ltd	95,860.00	229,160.00
Accounts payable	Beijing Shougang Property Management Co., Ltd.	--	1,957,224.08
Accounts payable	Beijing Shougang Park Comprehensive Service Co., Ltd.	2,300.00	4,700.00
Accounts payable	Beijing Shouao Real Estate Co., Ltd	--	33,960.00
Accounts payable	Guangdong Shougang Zhongshan Metal Steel Processing&Distribution Co., Ltd.	--	29,597.98
Accounts payable	Tonghua Iron and Steel Co., Ltd.	--	3,754,243.16
Accounts payable	Beijing Shougang Environmental Engineering Technology Co., Ltd.	1,109,886.20	1,039,146.20
Accounts payable	Guiyang Steel Mills I/E Corp.	4,161,841.55	6,450,970.10
Accounts payable	Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	5,274,968.79	1,650,945.20
Accounts payable	Mine Hospital of Shougang Group Co. Ltd.	--	411,453.00
Accounts payable	Shougang Commercial Factoring Co., Ltd.	17,148,576.40	94,520.31
Accounts payable	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	1,888,425.49	757,423.42
Accounts payable	Tangshan Shougang Malanzhuang Iron Ore Co., Ltd.	132,159,697.12	68,415,101.59
Accounts payable	Beijing Shoutaizhongxin Science & Technology Co., Ltd	6,185,421.93	--
Accounts payable	Peking University Shougang Hospital	3,088,704.96	--
Contract liabilities	Beijing Shoucheng Packaging Service Co., Ltd.	53,217.02	716,930.07
Contract liabilities	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	1,494,914.05	5,245,386.29
Contract liabilities	Beijing Beiye Functional Materials Co., Ltd.	34,194.22	1,060,401.14

Item	Related party	As at 31 December 2022	As at 31 December 2021
Contract liabilities	Beijing Shougang Gitane New MATERIALS Co., Ltd.	45,093.66	45,093.66
Contract liabilities	Beijing Shouronghui Technology Development Co., Ltd.	6,564,678.23	5,659,780.67
Contract liabilities	Beijing Shougang Machinery&Electric Co., Ltd.	9,143,010.03	9,900,333.17
Contract liabilities	Beijing Shougang Construction Group Co., Ltd.	385,946.71	112,823.19
Contract liabilities	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	--	5,000,915.64
Contract liabilities	Qinhuangdao Shougang Machinery Co., Ltd.	1,031,671.69	858,701.10
Contract liabilities	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	50,000.00	31,485.93
Contract liabilities	Tangshan Guoxing Industrial Co., Ltd.	--	28,189.37
Contract liabilities	Beijing Shougang International Engineering&Technology Co., Ltd.	--	312,038.71
Contract liabilities	Qian'an First Real Packaging Service Co., Ltd.	2,164,319.43	781,919.64
Contract liabilities	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	1,901,697.48	1,325,363.50
Contract liabilities	Beijing Jinanyuan Automobile Transportation Co., Ltd.	341,185.21	50,000.00
Contract liabilities	Qian'an Shougang Equipment Structure Co., Ltd.	14,753.10	--
Contract liabilities	Qinhuangdao Shougang Plate Mill Co., Ltd.	13,028.81	13,028.81
Contract liabilities	Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	182,697.15	182,697.15
Contract liabilities	Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	1,378,893.98	1,378,594.00
Contract liabilities	Qian'an Shougang Xingkuang Industrial Co., Ltd.	50,000.00	50,000.00
Contract liabilities	Beijing Shougang Materials Trading Co., Ltd.	188,861.00	188,861.00
Contract liabilities	Guizhou Bohong Industrial Co., Ltd.	50,000.00	50,000.00
Contract liabilities	Beijing Shougang Mining Construction Co., Ltd.	52,088.04	52,088.04
Contract liabilities	Tianjin Shougang Electric Equipment Co., Ltd.	169.19	169.19
Contract liabilities	Shougang Shuicheng Steel (Group) Saide Construction Co., Ltd.	805.61	805.61
Contract liabilities	Dachang Shougang Machinery&Electric Co., Ltd.	2,503.67	2,280.20
Contract liabilities	Ningbo Shougang Zhejin Steel Co., Ltd.	18,320,032.79	18,370,671.65
Contract liabilities	Guangzhou Jinghai Shipping Co., Ltd.	810,846.20	5,311,397.37
Contract liabilities	Suzhou Tonggang Shunye Steel Materials Processing Distribution Co., Ltd.	2,046.68	2,046.68
Contract liabilities	Beijing Shougang Shape Metal Co., Ltd.	995,551.60	10,095,842.56
Contract liabilities	Ordos Baotou Steel Shourui Material Technology Co., Ltd.	--	3,865,016.99
Contract liabilities	PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	7,184,262.58	12,452,455.41
Contract liabilities	Shougang Casey Steel Co., Ltd.	51,682.17	645,198.15
Contract liabilities	Shougang (Qingdao) Steel Industry Co., Ltd.	154,086,174.29	82,388,551.58

Item	Related party	As at 31 December 2022	As at 31 December 2021
Contract liabilities	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	--	38,202.45
Contract liabilities	Chaoyang Shougang Beifang Machinery Co., Ltd.	114.02	114.02
Contract liabilities	Beijing Shouyu Industry and Trade Co., Ltd.	58,437.91	58,437.91
Contract liabilities	Hebei Jingji Industry & Trading Co., Ltd.	487,472.16	572,635.52
Contract liabilities	Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	50,000.00	50,000.00
Contract liabilities	Beijing Shoujian Equipment Maintenance Co., Ltd.	50,000.00	50,000.00
Contract liabilities	Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	111,022.04	105,416.50
Contract liabilities	Shoujia Huanke (Qian'an) Co., Ltd.	200,000.00	200,000.00
Contract liabilities	Beijing Shoujia Steel Construction Co., Ltd.	198,653.22	--
Contract liabilities	Beijing Huaxia Technology Co., Ltd.	50,000.00	--
Contract liabilities	Beijing Jingxi Supply Chain Management Co., Ltd.	747,440.91	--
Other payables	Shougang Group Co., Ltd.	56,575,231.05	57,154,287.37
Other payables	Shougang Mining Corporation	796,194,091.55	2,066,250,402.53
Other payables	Beijing Shougang Automation Information Technology Co., Ltd.	--	749,720.20
Other payables	Beijing Shougang Construction Group Co., Ltd.	3,450,000.00	3,458,000.00
Other payables	Beijing Shougang Landscaping Co., Ltd.	--	19,893.26
Other payables	Beijing Chengxin Engineering Supervision Co., Ltd.	--	269,324.00
Other payables	Beijing Shougang Industrial Group Co., Ltd.	3,865,587.23	3,865,587.23
Other payables	Tangshan Guoxing Industrial Co., Ltd.	4,450,973.55	4,450,973.55
Other payables	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	--	190,000.00
Other payables	Guangzhou Jinghai Shipping Co., Ltd.	--	311,320.00
Other payables	Beijing Shougang Gas Co., Ltd.	1,123,099.67	1,650,000.00
Other payables	Hebei Shougang Jingtang Machinery Co., Ltd.	2,776,577.52	2,776,577.52
Other payables	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	341,400,000.00	319,500,000.00
Other payables	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	2,910,814.91	--
Other non-current liabilities	Shougang Group Co., Ltd.	4,532,018,467.20	4,563,283,607.60

XI. Share-based payment

1. General information of share-based payment

Total equity instruments of the Company granted during the period	None
Total exercised equity instruments of the Company during the period	
Total invalid equity instruments of the Company during the period	

Total equity instruments of the Company granted during the period	None
Range of exercise prices and contractual remaining period for share options issued by the Company at the end of the period	
Range of exercise prices and remaining contractual maturity of other equity instruments issued by the Company at the end of the period	

2. Equity-settled share-based payment

The method of determining the fair value of equity instrument on the grant date	The price of restricted stock shall be determined at the closing price on the grant date
Basis for determining the quantity of exercisable equity instruments	The actual unlocked quantity is determined according to the performance assessment
Reasons for significant difference between the current estimate and previous estimate	None
Accumulated amount of equity settled share-based payments recognized in capital reserve	36,147,743.13
The total amount of expenses recognized for equity settled share-based payments in this period	43,289,500.60

Note: On 29 November 2021, approved by Beijing State Owned Assets Supervision and Administration Commission, confirmed with no objection and recorded by China Securities Regulatory Commission, Proposal on Beijing Shougang Co., Ltd.2021 Restricted Stock Incentive Plan (Draft Amendment)and its Summary, Proposal of Beijing Shougang Co., Ltd.2021 Restricted Stock Incentive Plan Implementation Assessment Management Method (Revised), Beijing Shougang Co., Ltd. 's Proposal on requesting the General Meeting of Shareholders to authorize the Board of Directors to handle matters related to 2021 Restricted stock Incentive Plan were considered and approved at the seventh meeting of the eleventh Board of Directors and the first extraordinary General Meeting of the year 2021 of the Company. The grant date was 9 December 2021 and a total of 64,901,800.00 restricted stock shares were granted to 386 incentive objects. The grant price of the restricted stock is RMB3.25 per share. After the completion of subscription of this incentive plan, as a result of additional issuance of new shares, the Company's share capital (Note V ,34) and capital reserve (Note V ,35) increased by RMB 64,901,800.00 and RMB 146,029,050.00 respectively, and treasury shares increased by RMB 210,930,850.00. At the same time, equity incentive repurchase obligations are recognized in RMB 210,930,850.00 in other payables (Note V , 24). The restriction period of restricted shares granted by the incentive plan shall be 24 months, 36 months and 48 months respectively from the registration date of the corresponding partial equity grant. The restricted shares granted under this incentive Plan shall not be transferred, used for security or debt repayment during the restricted sale period.

The Company has provided lock-up periods and unlock-up conditions for the stock granted to the incentive subjects by way of non-public offering, and the Company has fully recognized other payables - restricted stock repurchase obligations and treasury share in respect of the repurchase obligations based on the subscription amounts received. If the unlocking conditions specified in the final Equity Incentive Plan are not met, the Company will repurchase the shares at the grant price and write down the outstanding shares. The portion of restricted stock that meets the unlocking conditions is offset from the treasury share.

The cost and expense recognized during the waiting period of this period is RMB 43,289,500.60, and the consolidated capital reserve is increased by RMB 36,147,743.13 according to the shareholding ratio of the subsidiaries.

XII. Commitments and contingencies

1. Material commitments

As at 31 December 2022, the Company has no commitments that should be disclosed.

2. Contingencies

As at 31 December 2022, the Company has no pending litigation, external guarantees or other contingencies that should be disclosed.

XIII. Events after balance sheet date

As at 19 April 2023, the Company has no undisclosed event that should be disclosed after the balance sheet date.

XIV. Other significant events

1. Segment information

According to internal organizational structure, management requirement and requirement of internal reporting system, the Company divides businesses into iron and steel segment. The segment information is determined based on the financial information required by routine internal management of the Company. The management periodically evaluates the operating results of the segment to determine its allocation of resources and evaluate the performance of the segment.

The segment information of the Company includes: iron and steel segment.

The segment information is disclosed in accordance with the accounting policies and measurement basis used in the reports of the management, which are in line with those adopted in financial statements.

(1) Segment profit or loss, assets and liabilities

Current period or end of current period	Iron and steel Segment	Offset	Total
Operating revenue	118,142,183,549.47	--	118,142,183,549.47
Including: External revenue	118,142,183,549.47	--	118,142,183,549.47
Inter-segment revenue	--	--	--
Including: Main operating revenue	114,602,567,434.30	--	114,602,567,434.30
Cost of sales	111,067,555,320.28	--	111,067,555,320.28
Including: Main operating cost of sales	108,013,843,862.04	--	108,013,843,862.04
Operating expenses	2,959,357,105.57	--	2,959,357,105.57
Operating profit/(loss)	1,849,891,701.37	--	1,849,891,701.37
Total assets	143,173,445,003.35	--	143,173,445,003.35
Total liabilities	93,101,365,568.38	--	93,101,365,568.38
Supplementary information:			
1.Capital expenditure	2,639,013,873.80	--	2,639,013,873.80

Current period or end of current period	Iron and steel Segment	Offset	Total
2. Depreciation and amortisation	7,798,817,196.94	--	7,798,817,196.94
3. Non-cash expenses other than depreciation and amortisation	--	--	--
4. Assets impairment losses	397,351,033.00	--	397,351,033.00

Prior period or end of prior period	Iron and steel Segment	Offset	Total
Operating revenue	132,984,304,668.28	--	132,984,304,668.28
Including: External revenue	132,984,304,668.28	--	132,984,304,668.28
Inter-segment revenue	--	--	--
Including: Main operating revenue	129,315,463,715.41	--	129,315,463,715.41
Cost of sales	117,394,695,070.53	--	117,394,695,070.53
Including: Main operating cost of sales	114,564,031,235.41	--	114,564,031,235.41
Operating expenses	3,231,863,744.12	--	3,231,863,744.12
Operating profit/(loss)	9,966,873,058.08	--	9,966,873,058.08
Total assets	149,442,546,290.82	--	149,442,546,290.82
Total liabilities	100,446,388,993.42	--	100,446,388,993.42
Supplementary information:			
1. Capital expenditure	3,270,336,323.78	--	3,270,336,323.78
2. Depreciation and amortisation	7,533,131,606.57	--	7,533,131,606.57
3. Non-cash expenses other than depreciation and amortisation	--	--	--
4. Assets impairment losses	295,107,454.68	--	295,107,454.68

(2) Other segment information

① External revenue of goods and services

Item	2022	2021
Iron and steel	118,142,183,549.47	132,984,304,668.28

② Geographical information

No more details of geographical information should be disclosed as the production and sales of the Company are all located in mainland China.

2. Lease

The Company as lessee

Additional information on rental fees

① The Company simplifies the treatment of short-term leases and low-value leases, and unrecognized right-of-use assets and lease liabilities. The information of short-term leases, low-value leases and variable lease payments measured outside lease liabilities included in the

current profit and loss are as follows:

Item	2022
short-term leases	1,524,402.52
low-value leases	--
variable lease payments measured outside lease liabilities	--

The Company as lessor

Formation of operating leases:

② lease revenue, and separately disclose income related to variable lease payments not included in lease receipts;

Item	2022
lease revenue	38,048,285.06
income related to variable lease payments not included in lease receipts	--

③ The amount of undiscounted lease receipts that will be received in each of the five consecutive fiscal years after the balance sheet date and the total amount of undiscounted lease receipts that will be received in the remaining fiscal years.

Item	2022.12.31
Within 1 year	33,328,200.36
1 – 2 years	1,793,773.33
2 – 3 years	--
3 – 4 years	--
4 – 5 years	--
Over 5 years	--
Total	35,121,973.69

XV. Notes to the financial statements of parent company

1. Notes receivable

Item	2022.12.31		
	Book balance	Bad debt provision	Net carrying value
Bank acceptances	--	--	--
Commercial acceptances	899,539,689.52	899,539.69	898,640,149.83
Total	899,539,689.52	899,539.69	898,640,149.83

Item	2021.12.31
------	------------

	Book balance	Bad debt provision	Net carrying value
Bank acceptances	--	--	--
Commercial acceptances	1,312,696,288.07	1,312,696.29	1,311,383,591.78
Total	1,312,696,288.07	1,312,696.29	1,311,383,591.78

(1) The pledged notes receivable of the Company at the end of the year

Item	Amount pledged as of December 31, 2022
Commercial acceptances	1,090,000.00

(2) Outstanding endorsed or discounted notes that have not matured at the end of the year

Item	Amount derecognized as of December 31, 2022	Amount not-derecognized as of December 31, 2022
Bank acceptances	--	--
Commercial acceptances	--	854,747,997.30
Total	--	854,747,997.30

(3) Notes transferred to accounts receivable due to non-performance of the issuers at the end of the year

Item	Amount transferred to accounts receivable as of December 31, 2022
Commercial acceptance notes	2,000,000.00

(4) Classified by bad debt provision method

Category	2022.12.31				Net carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	899,539,689.52	100.00	899,539.69	0.10	898,640,149.83
Portfolio 1	--	--	--	-	--
Portfolio 2	899,539,689.52	100.00	899,539.69	0.10	898,640,149.83
Total	899,539,689.52	100.00	899,539.69	0.10	898,640,149.83

Continued:

Category	2021.12.31				Net carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	

Category	2021.12.31				Net carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,312,696,288.07	100.00	1,312,696.29	0.10	1,311,383,591.78
Group 1	--	--	--	-	--
Group 2	1,312,696,288.07	100.00	1,312,696.29	0.10	1,311,383,591.78
Total	1,312,696,288.07	100.00	1,312,696.29	0.10	1,311,383,591.78

(5) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 1 January 2022	1,312,696.29
Provision	--
Recovery or reversal	413,156.60
Written-off	--
As at 31 December 2022	899,539.69

(6) The Company has no notes receivable actually written off in reporting period.

2. Accounts receivable

(1) Disclosed by ageing of account receivables

Ageing	2022.12.31	2021.12.31
Within 1 year	1,398,579,212.14	1,917,663,119.14
1 – 2 years	--	3,197,756.62
2 – 3 years	2,197,756.62	6,327,199.80
Over 3 years	8,578,211.62	2,751,011.82
Subtotal	1,409,355,180.38	1,929,939,087.38
Less: provision for bad debts	12,694,254.85	12,046,892.38
Total	1,396,660,925.53	1,917,892,195.00

(2) Disclosed by bad debt provision

Category	2022.12.31				Net carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	

Category	2022.12.31					Net carrying value
	Book balance		Bad debt provision		Expected credit loss (%)	
	Amount	Proportion (%)	Amount			
Assessed bad debt provision individually	8,578,211.62	0.61	8,578,211.62	100.00	--	
Assessed bad debt provision in portfolios based on credit risk characteristics	1,400,776,968.76	99.39	4,116,043.23	0.29	1,396,660,925.53	
Portfolio of aging analysis	71,836,571.46	5.10	4,116,043.23	5.73	67,720,528.23	
Portfolio of consolidation scope	1,328,940,397.30	94.29	--	--	1,328,940,397.30	
Total	1,409,355,180.38	100.00	12,694,254.85	0.90	1,396,660,925.53	

Continued:

Category	2021.12.31					Net carrying value
	Book balance		Bad debt provision		Expected credit loss (%)	
	Amount	Proportion (%)	Amount			
Assessed bad debt provision individually	5,751,011.82	0.30	5,751,011.82	100.00	--	
Assessed bad debt provision in portfolios based on credit risk characteristics	1,924,188,075.56	99.70	6,295,880.56	0.33	1,917,892,195.00	
Portfolio of aging analysis	80,928,756.18	4.19	6,295,880.56	7.78	74,632,875.62	
Portfolio of consolidation scope	1,843,259,319.38	95.51	--	--	1,843,259,319.38	
Total	1,929,939,087.38	100.00	12,046,892.38	0.62	1,917,892,195.00	

Assessed bad debt provision individually:

Accounts receivable (by debtor)	2022.12.31				Reason for bad debts
	Book balance	Bad debt provision	Expected credit loss (%)		
Accounts receivable over 3 years	6,578,211.62	6,578,211.62	100.00		Long aging
Recourse for overdue bills	2,000,000.00	2,000,000.00	100.00		Recourse for overdue bills
Total	8,578,211.62	8,578,211.62	100.00		

Continued:

Accounts receivable (by debtor)	2021.12.31				Reason for bad debts
	Book balance	Bad debt provision	Expected credit loss (%)		

Accounts receivable (by debtor)	2021.12.31			Reason for bad debts
	Book balance	Bad debt provision	Expected credit loss (%)	
Accounts receivable over 3 years	2,751,011.82	2,751,011.82	100.00	Long aging
Recourse for overdue bills	3,000,000.00	3,000,000.00	100.00	Recourse for overdue bills
Total	5,751,011.82	5,751,011.82	100.00	

Assessed bad debt provision in portfolios:

Item	2022.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,398,579,212.14	2,480,070.86	0.18
1 – 2 years	--	--	--
2 – 3 years	2,197,756.62	1,635,972.37	74.44
Over 3 years	--	--	--
Total	1,400,776,968.76	4,116,043.23	0.29

Continued:

Item	2021.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,917,663,119.14	2,609,029.34	0.14
1 – 2 years	2,197,756.62	616,528.89	28.05
2 – 3 years	4,327,199.80	3,070,322.33	70.95
Over 3 years	--	--	--
Total	1,924,188,075.56	6,295,880.56	0.33

(3) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 1 January 2022	12,046,892.38
Provision	647,362.47
Recovery or reversal	--
Written-off	--
As at 31 December 2022	12,694,254.85

(4) The Company has no accounts receivable write-off during the reporting period.

(5) The top five accounts receivable classified by debtors are as follows:

During the year, the total amount of the top five accounts receivable collected by debtors at the end of the period is RMB 1,397,675,296.54, accounting for 99.18% of the total amount of accounts

receivable at the end of the period, and the total amount of the corresponding bad debt provision at the end of the period is RMB 10,349,521.85.

Company Name	Closing balance of accounts receivable	Percentage %	Closing balance of provision
Beijing Shougang Cold Rolling Co., Ltd.	1,303,469,746.34	92.49	--
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	25,470,650.96	1.81	--
Qian'an Shoujia Construction Material Co., Ltd.	56,221,363.06	3.99	2,002,230.58
Nantong Zhongji Energy Equipment Co., Ltd..	3,737,567.94	0.27	133,107.28
Sanhe Shoujia Construction Material Co., Ltd.	8,775,968.24	0.62	8,214,183.99
Total	1,397,675,296.54	99.18	10,349,521.85

3. Financing receivables

Item	2022.12.31	2021.12.31
Notes receivable	835,526,685.55	1,285,597,772.66
Less: Other comprehensive income - fair value changes	--	--
Closing balance of fair value	835,526,685.55	1,285,597,772.66

(1) Classified by bad debt provision method

Category	2022.12.31				
	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually					
Assessed bad debt provision in portfolios based on credit risk characteristics	835,693,824.31	100.00	167,138.76	0.02	835,526,685.55
Portfolio 1	835,693,824.31	100.00	167,138.76	0.02	835,526,685.55
Portfolio 2	--	--	--	--	--
Total	835,693,824.31	100.00	167,138.76	0.02	835,526,685.55

Continued:

Category	2021.12.31				
	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually					

Assessed bad debt provision in portfolios based on credit risk characteristics	1,285,854,943.65	100.00	257,170.99	0.02	1,285,597,772.66
Portfolio 1	1,285,854,943.65	100.00	257,170.99	0.02	1,285,597,772.66
Portfolio 2	--	--	--	--	--
Total	1,285,854,943.65	100.00	257,170.99	0.02	1,285,597,772.66

(2) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 1 January 2022	257,170.99
Provision	--
Recovery or reversal	90,032.23
Written-off	--
As at 31 December 2022	167,138.76

(3) The company has no pledged notes receivable at the end of the year

(4) Outstanding endorsed or discounted notes that have not matured at the end of the year

Item	Amount derecognized as of December 31, 2022	Amount not-derecognized as of December 31, 2022
Bank acceptance notes	4,382,619,253.99	--
Commercial acceptance notes	--	--
Total	4,382,619,253.99	--

4. Other receivables

Item	2022.12.31	2021.12.31
Dividends receivable	9,713,244.06	--
Other receivables	1,154,281,751.62	1,017,482,945.07
Total	1,163,994,995.68	1,017,482,945.07

(1) Dividends receivable

Item	2022.12.31	2021.12.31
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	9,713,244.06	--
Less: Bad debt provision	--	--
Total	9,713,244.06	--

(2) Other receivables

① Disclosed by the ageing of other receivables

Ageing	2022.12.31	2021.12.31
Within 1 year	1,154,320,981.69	1,017,487,983.11
1 – 2 years	--	516,288.00
2 – 3 years	--	--
Over 3 years	--	--
Subtotal	1,154,320,981.69	1,018,004,271.11
Less: provision for bad debts	39,230.07	521,326.04
Total	1,154,281,751.62	1,017,482,945.07

② Disclosed by nature of other receivables

Item	2022.12.31		
	Book balance	Provision for bad debts	Carrying value
Petty cash	282,590.68	14,129.53	268,461.15
Deposits	500,000.00	25,000.00	475,000.00
Due from other companies	2,010.86	100.54	1,910.32
Due from intra-companies	1,153,536,380.15	--	1,153,536,380.15
Total	1,154,320,981.69	39,230.07	1,154,281,751.62

Continued:

Item	2021.12.31		
	Book balance	Provision for bad debts	Carrying value
Petty cash	98,749.98	4,937.50	93,812.48
Deposits	--	--	--
Due from other companies	2,010.86	100.54	1,910.32
Due from intra-companies	1,017,387,222.27	--	1,017,387,222.27
Court attachment	516,288.00	516,288.00	--
Total	1,018,004,271.11	521,326.04	1,017,482,945.07

③ Provision for bad debts

As at 31 December 2022, bad debts provision for Phase I:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	1,154,320,981.69	--	39,230.07	1,154,281,751.62	
Petty cash and deposits	782,590.68	5.00	39,129.53	743,461.15	

Due from other companies	2,010.86	5.00	100.54	1,910.32
Due from intra-companies	1,153,536,380.15	--	--	1,153,536,380.15
Total	1,154,320,981.69	--	39,230.07	1,154,281,751.62

As at 31 December 2022, the Company has no other receivables in Phase II

As at 31 December 2022, the Company has no other receivables in Phase III

As at 31 December 2021, bad debts provision for Phase I:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	1,017,487,983.11	--	5,038.04	1,017,482,945.07	
Petty cash and deposits	98,749.98	5.00	4,937.50	93,812.48	
Due from other companies	2,010.86	5.00	100.54	1,910.32	
Due from intra-companies	1,017,387,222.27	--	--	1,017,387,222.27	
Total	1,017,487,983.11	--	5,038.04	1,017,482,945.07	

As at 31 December 2021, the Company has no other receivables in Phase II

As at 31 December 2021, bad debts provision for Phase III:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Assessed bad debt provision individually					
Yinchuan Intermediate People's Court	516,288.00	100.00	516,288.00	--	

④ Provision, recovery or reversal of bad debt

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss within 12 months	Expected credit loss over the lifetime (no credit impairment)	Expected credit loss over the lifetime (credit impairment occurred)	
As at 1 January 2022	5,038.04	--	516,288.00	521,326.04
Changes during the year:				
-- Shift to Phase II	--	--	--	--
-- Shift to Phase III	--	--	--	--
-- Back to Phase II	--	--	--	--
-- Back to Phase I	--	--	--	--

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss within 12 months	Expected credit loss over the lifetime (no credit impairment)	Expected credit loss over the lifetime (credit impairment occurred)	
Provision	34,192.03	--	--	34,192.03
Reversal	--	--	516,288.00	516,288.00
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 31 December 2022	39,230.07	--	--	39,230.07

⑤ No write-off of provision for bad debts during the reporting period.

⑥ The top five other receivables classified by debtors are as follows:

Company Name	Nature of transaction	Closing balance	Ageing	Percentage (%)	Closing balance of provisions
Shougang Jingtang United Iron & Steel Co., Ltd.	Due from intra-companies	1,147,536,380.15	Within 1 year	99.41	--
Shenyang Shougang steel processing and Distribution Co., Ltd.	Due from intra-companies	6,000,000.00	Within 1 year	0.52	--
China Petroleum Materials Company Limited	Deposits	500,000.00	Within 1 year	0.04	25,000.00
Petty cash	Petty cash	282,590.68	Within 1 year	0.02	14,129.53
Total		1,154,318,970.83		99.99	39,129.53

5. Long-term equity investments

Item	2022.12.31			2021.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	36,621,384,419.98	--	36,621,384,419.98	30,737,545,762.35	--	30,737,545,762.35
Investment associates	1,066,506,040.90	--	1,066,506,040.90	1,258,787,177.81	--	1,258,787,177.81
Total	37,687,890,460.88	--	37,687,890,460.88	31,996,332,940.16	--	31,996,332,940.16

(1) Investments in subsidiaries

Subsidiaries	2022.1.1	Increase	Decrease	2022.12.31	Provision for impairment	Impairment at the end of the year
Shougang Jingtang United Iron & Steel Co., Ltd.	16,288,241,360.88	19,967,378.70	--	16,308,208,739.58	--	--
Beijing Shougang Cold Rolling Co., Ltd.	1,831,251,988.00	1,063,865.00	--	1,832,315,853.00	--	--

Subsidiaries	2022.1.1	Increase	Decrease	2022.12.31	Provision for impairment	Impairment at the end of the year
Qian'an Shougang Metallurgical Technology Co., Ltd.	1,900,000.00	--	--	1,900,000.00	--	--
Shougang Zhixin Qian'an Electromagnetic materials Co., Ltd.	7,484,303,856.61	1,802,434.10	--	7,486,106,290.71	--	--
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	450,022,411.20	135,401.00	--	450,157,812.20	--	--
Beijing Shougang Steel Trading Investment Management Co., Ltd.	4,681,826,145.66	5,860,869,578.83	--	10,542,695,724.49	--	--
Total	30,737,545,762.35	5,883,838,657.63	--	36,621,384,419.98	--	--

Note: the long-term equity investments of RMB 24,880,434.00 was increased due to equity incentive during the reporting period.

(2) Investments in associates

Associates	2022.1.1	Changes during the year								2022.12.31	Impairment at the end of the year
		Increase	Decrease	Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend	Provision for impairment	Others		
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	1,098,085,352.91	--	--	-206,574,842.59	--	--	--	--	--	891,510,510.32	--
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	112,715,820.57	--	--	24,947,007.16	--	--	15,232,424.74	--	--	122,430,402.99	--
Beijing Dingshengcheng Packaging Materials Co., Ltd.	13,987,090.36	--	--	2,843,468.38	--	--	--	--	--	16,830,558.74	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	33,998,913.97	1,208,074.76	--	527,580.12	--	--	--	--	--	35,734,568.85	--
Total	1,258,787,177.81	1,208,074.76	--	-178,256,786.93	--	--	15,232,424.74	--	--	1,066,506,040.90	--

6. Operating revenue and costs of sales

(1) Operating revenue and costs of sale

Item	2022		2021	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	37,952,493,407.65	37,315,733,518.02	42,977,859,406.94	40,552,466,616.01
Other business	1,052,315,697.44	880,022,135.85	1,059,296,154.23	773,076,389.36
Total	39,004,809,105.09	38,195,755,653.87	44,037,155,561.17	41,325,543,005.37

(2) Operating revenue and operating costs of sale by product

Product type	2022	2021
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	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	546,474,748.00	473,163,072.64	576,652,349.47	524,683,887.65
Hot rolled	36,748,637,995.88	36,218,585,936.96	41,398,472,411.41	39,093,488,700.61
Cold rolled	--	--	--	--
Other steel products	657,380,663.77	623,984,508.42	1,002,734,646.06	934,294,027.75
Subtotal	37,952,493,407.65	37,315,733,518.02	42,977,859,406.94	40,552,466,616.01
Other business:				
power	603,897,153.58	692,208,727.34	514,071,930.10	564,622,140.71
Solid waste	16,142,266.98	14,549,025.28	36,702,556.92	32,811,328.92
Others	432,276,276.88	173,264,383.23	508,521,667.21	175,642,919.73
Subtotal	1,052,315,697.44	880,022,135.85	1,059,296,154.23	773,076,389.36
Total	39,004,809,105.09	38,195,755,653.87	44,037,155,561.17	41,325,543,005.37

(3) Breakdown of operating revenue

Item	2022
Main operating revenue	37,952,493,407.65
Including: recognized at a certain point	37,952,493,407.65
Recognized during a certain period of time	--
Other revenue	1,052,315,697.44
Total	39,004,809,105.09

7. Investment income

Item	2022	2021
Investment income from long-term investment under cost method	230,168,137.37	--
Investment income from long-term investment under equity method	-178,256,786.93	203,181,607.90
Dividend from other equity instruments investments	5,614,882.12	2,718,777.38
Interest income from entrusted loans	1,708,741.16	34,989,108.61
Total	59,234,973.72	240,889,493.89

XVI. Supplementary information

1. Non-recurring gains or losses

Item	2022	Note
Gains or losses on disposal of non-current assets	-56,974,152.72	
Government grants recognized in profit or loss during reporting period (excluding those close related to the Company's normal business, conforming to the national policies and regulations and enjoying ongoing fixed amount or quantity according to certain standard)	67,816,372.72	

Item	2022	Note
Current net profit or loss of subsidiary from the beginning of the period to the date of the combination under the same control	55,404,276.08	
Gains or losses from external entrusted loans	11,275,389.73	
Non-operating income/(expenses) except the above	10,369,331.96	
Other items that conform to the definition of non-recurring profit or loss	--	
Total non-recurring gains or losses	87,891,217.77	
Less: income tax effect on non-recurring gains or losses	7,764,321.72	
Net non-recurring gains or losses	80,126,896.05	
Less: non-recurring gains or losses attributable to non-controlling interests of the Company (after tax)	8,097,113.34	
Non-recurring gains or losses attributable to shareholders of the Company	72,029,782.71	

2. Return on net assets and earnings per share

Profit of reporting period	Weighted average return on net assets %	Earnings per share	
		Basic	Diluted
Net profit/ (loss) attributable to shareholders of the company	2.42	0.1496	--
Net profit/ (loss) attributable to shareholders of the Company excluding non-recurring gains or losses	2.26	0.1400	--

Board of Directors of Beijing Shougang Company Limited
19 April 2023