

Beijing Shougang Company Limited

2023 Annual Report

18 April 2024

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.

Chairman Qiu Yinfu, General Manager Sun Maolin, Chief Accountant Liu Tonghe, and Accounting Officer Gong Juanjuan declare that they guarantee the authenticity, accuracy, and completeness of the financial reports in this year's report.

All directors have attended the board meeting to review this report.

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 profit distribution plan approved by the board of directors is as follows: based on 7,794,611,605, cash dividends of RMB 0.3 (including tax) will be distributed to all shareholders for every 10 shares, and 0 bonus shares (including tax) will be issued and there is no conversion of reserve into share capital.

CONTENTS

SECTION I. IMPORTANT NOTICE, CONTENT, DEFINITIONS	2
SECTION II. COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS	6
SECTION III. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS	8
SECTION IV. CORPORATE GOVERNANCE	29
SECTION V. ENVIRONMENT AND SOCIAL RESPONSIBILITY	46
SECTION VI. SIGNIFICANT EVENTS	52
SECTION VII. MOVEMENTS IN SHARE CAPITAL AND SHAREHOLDERS	59
SECTION VIII. PREFERRED SHARES	65
SECTION IX. BONDS	66
SECTION X. FINANCIAL REPORT	72

File directory for reference

1. Accounting statements signed and stamped by the Chairman, General Manager, Chief Accountant, and Head of Accounting Institution.
2. Original audit report with the seal of the accounting firm, signature and seal of the CPA.
3. Original copies of all company documents and announcements publicly disclosed in newspapers designated by the 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/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%)
Zhixin Co.	Refers to	Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. (Holding subsidiary of the Company, the Company holds 66.2310%)
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 2023 to 31 December 2023
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	北京首钢股份有限公司		
The Chinese abbreviation of the Company	首钢股份		
English name of the Company (if any)	Beijing Shougang Co., Ltd.		
Legal representative of the Company	Qiu yinfu		
Registered address	Shijingshan Road, Shijingshan District, Beijing, PRC		
Postal code of the registered address	100041		
Historical changes in the registered address of the Company	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	Qiao yufei
Correspondence address	No. 99 Shijingshan Road, Shijingshan District, Beijing, PRC
Telephone	010-88293727
Fax	010-88292055
Email address	qiaoyf1827@sgqg.com

III. Information disclosure and place for inspection

Stock exchange website for the disclosure of the annual report	http://www.szse.cn/
Media and website for disclosure of the annual report	China Securities Journal, Securities Times, Shanghai Securities Journal, 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	Li Dan, Yu Qike

Sponsor 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

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
CITIC Securities Co., Ltd	Building 4, 66 Anli Road, Chaoyang District, Beijing	Lv Jia, Chen Jian	1 May 2021- 31 December 2023

Financial advisors engaged by the company to perform continuous supervision duties during the 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
CITIC 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

	2023	2022		Changes over last year	2021	
		Before the adjustment	After the adjustment	After the adjustment	Before the adjustment	After the adjustment
Operating revenue	113,761,443,633.43	118,142,183,549.47	118,142,183,549.47	-3.71%	132,984,304,668.28	132,984,304,668.28
Net profit attributable to shareholders of the listed company	663,754,519.41	1,124,540,659.14	1,124,540,659.14	-40.98%	7,106,480,663.26	7,106,480,663.26
Net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss	527,672,139.72	1,052,510,876.43	1,052,510,876.43	-49.87%	7,014,226,910.72	7,014,226,910.72
Net cash flows from operating activities	6,154,306,071.82	10,044,235,497.80	10,044,235,497.80	-38.73%	15,393,189,844.23	15,393,189,844.23
Basic earnings per share	0.0856	0.1496	0.1496	-42.78%	1.1439	1.1439
Diluted earnings per share	0.0856	0.1496	0.1496	-42.78%	1.1439	1.1439
Weighted average return on net assets	1.35%	2.42%	2.42%	Reduce by 1.07 %	19.42%	19.42%
	31 December 2023	31 December 2022		Changes over end of last year	31 December 2021	
		Before the adjustment	After the adjustment	After the adjustment	Before the adjustment	After the adjustment
Total assets	137,519,661,128.33	143,173,445,003.35	143,191,520,398.78	-3.96%	149,442,546,290.82	149,464,014,364.33
Net assets attributable to shareholders of the listed company	49,473,789,412.65	47,947,672,865.42	47,947,672,865.42	3.18%	41,647,543,198.14	41,647,543,198.14

Changes in accounting policies and correction of accounting errors

The reasons for changes in accounting policies are detailed in Section X, Changes in significant accounting policies and estimates. The Company's net profit before and after deducting non-recurring profit 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 in 2023

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Total revenue	28,714,734,639.43	28,653,361,389.94	27,651,662,460.34	28,741,685,143.72
Net profit attributable to shareholders of the listed company	-58,476,560.35	468,833,955.24	540,042,760.11	-286,645,635.59
Net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss	-69,047,203.90	454,125,213.88	521,212,828.24	-378,618,698.50
Net cash flows from operating activities	-1,747,495,508.81	2,103,046,586.41	3,112,332,929.20	2,686,422,065.02

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 profit and loss

☒ Applicable ☐ Non applicable

Unit: RMB Yuan

Item	2023	2022	2021	Note
Gains and losses on disposal of non-current assets (including the write-off that accrued for impairment of assets)	-22,066,115.49	-56,974,152.72	-55,726,886.68	
Government grant included in the current profit and loss (except for the government grant which are closely related to the business of the company and are in accordance with the national unified standard quota)	137,487,616.66	67,816,372.72	48,447,356.52	
Profit and loss from external entrusted loans	8,990,991.36	11,275,389.73	10,518,170.49	
Reversal of impairment provisions for accounts receivable subject to separate impairment testing	33,127,315.83			
Current net profit and loss of subsidiaries from the beginning of the period to the date of business combination under the common control		55,404,276.08	92,145,653.81	
Other non-operating income and expenses except the above items	4,157,902.31	10,369,331.96	1,941,256.62	

Less: The impact of income tax	21,652,772.59	7,764,321.72	-950,188.41	
The impact on non-controlling interests (post-tax)	3,962,558.39	8,097,113.34	6,021,986.63	
Total	136,082,379.69	72,029,782.71	92,253,752.54	--

Particulars about other items that meet the definition of exceptional gain/loss:

☐ Applicable ☒ Non applicable

During the reporting period, there is no other item that meet the definition of exceptional gain/loss.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

☐ Applicable ☒ Non applicable

During the reporting period, there is no non-recurring profit and loss item defined and listed in "Explanatory Announcement No. 1 of Information Disclosure of Companies offering securities to the public non-recurring profit and loss" as recurring profit and loss items.

Section III. Discussion and Analysis of Business Operations

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

In 2023, China's economy maintained a positive trend of recovery and the growth of GDP was 5.2%. The upstream raw fuel prices in the steel industry remain relatively high, while downstream demand has recovered less than expected. The year-on-year decline in steel market prices is greater than that of the raw material end. Steel enterprises are facing significant pressure in production and operation, and the industry as a whole is showing a trend of "weakened demand, price decline, high costs, and declining profits".

According to data from the National Bureau of Statistics, in 2023, the production of crude steel and steel in China was 1.019 billion tons and 1.363 billion tons, respectively, with a year-on-year growth of 5.2%. According to data from China Steel Association, the average value of China Steel Price Index (CSPI) in 2023 was 111.60 points, a year-on-year decrease of 9.02%. Among them, the average value of the board index was 111.53 points, a year-on-year decrease of 8.12%; The average value of the long material index is 115.00 points, a year-on-year decrease of 10.24%.

On the upstream side, raw fuel costs fluctuate and differentiate. The procurement costs of main raw materials for key statistical enterprises of China Steel Association have fluctuated, with domestic iron concentrate and imported fine ore procurement costs increasing by 4.37% and 5.34% year-on-year, respectively. The procurement costs of coking coal, metallurgical coke, and scrap steel have decreased by 18.75%, 21.57%, and 14.11% year-on-year, respectively.

Downstream, there has been a change in the consumption structure of steel. The demand for steel in the green and low-carbon driven new energy industry is increasing, while the demand for traditional steel in industries such as automobiles, shipbuilding, and household appliances is improving. Among them, the automotive industry has performed well driven by new energy vehicles and exports, the shipbuilding industry has maintained a good development momentum, the wind power and photovoltaic industries have maintained growth, the home appliance industry has recovered in line with expectations, and the real estate industry has continued to be sluggish. Steel exports have significantly increased, while imports have maintained a downward trend. According to statistics from the General Administration of Customs, China's cumulative steel exports in 2023 were 90.264 million tons, a year-on-year increase of 36.2%; The cumulative import volume of steel was 7.645 million tons, a year-on-year decrease of 27.6%.

II. Main business of the Company during the reporting period

The Company continues to benchmark against world-class enterprises, firmly adheres to the strategic determination of "green manufacturing, intelligent manufacturing, boutique manufacturing, lean manufacturing, and precision services", adheres to innovation driven, and promotes technological innovation to become the company's first competitive advantage. Adhering to the development direction of "boutique+service", continuously improving "manufacturing+service" capabilities, continuously optimizing product structure, production line structure, and customer structure, and continuously promoting high-end product research and development with a focus on electrical steel, automotive panels, and tin plated (chromium plated) plate. The Company has transformed from a high-quality bar and wire production enterprise with a production capacity of 4 million tons in the early stage of listing to a technology leading, green, and low-carbon technology company with a high-end plate production capacity of 21.7 million tons.

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

1. Zhixin Co.

Zhixin Co. is a research and development, manufacturing, and sales base for metal soft magnetic materials (electrical steel), and is a leading global manufacturer and service provider of electrical steel.

The products include two major series: oriented electrical steel and non oriented electrical steel. Among them, oriented electrical steel includes six categories of products: high magnetic induction, magnetic domain refinement, low noise, low excitation, no bottom layer, and medium frequency. Zhixin Co. has independently developed low-temperature slab heating technology to produce high magnetic induction oriented electrical steel, becoming the fourth enterprise in the world to industrialize all low-temperature processes; Non oriented electrical steel includes four major categories of products: new energy vehicles, stress relief annealing, high-efficiency, and general-purpose, with stable batch production capacity for all grades.

The world's first high-grade non oriented electrical steel production line for new energy vehicles was completed in August 2022, and the world's first specialized production line with 100% thin specification and high magnetic induction oriented electrical steel was completed in April 2023.

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, shipboard, marine 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. Leading level of technology

The Company adheres to innovation driven approach and promotes technological innovation as its primary competitive advantage. The Company and its subsidiaries Jingtang Co., Zhixin Co., Cold-R Co. are all high-tech enterprises, with R&D investment of RMB5.022 billion during the reporting period, accounting for 4.41% of operating revenue. Relying on the "one institute, multiple centers" R&D system, the company carries out in-depth technical research projects, optimize expert workstations, and solidify external cooperation platforms. The incubation and efficiency creation of new products, technologies, and processes are constantly accelerating. The significant progress made during the reporting period includes:

Patents: The Company has obtained 685 patent authorizations, including 229 invention patents. Zhixin Electromagnetic won the Excellent Award at the 24th China Patent Award for two patents: "A Method and Device for Determining the Transmission Torque of Cold Rolling Mills" and "A Non oriented Electrical Steel and Its Preparation Method and Application". "A Low temperature High Magnetic Induction Oriented Silicon Steel Manufacturing Method with Excellent Bottom Layer" won the Excellent Award at the 1st Hebei Provincial Patent Award.

Standards: The Company established the participated in the formulation and publication of 21 international, national, industry, and group standards, with 6 of them leading the development.

Science and technology awards: The Company has received 21 provincial and ministerial level scientific and technological awards and 8 provincial management innovation awards. Among them, 6 key technologies and applications for enhancing formability of dual phase steel manufacturing won the first prize of Metallurgical Science and Technology Award, "New high-performance weather resistant bridge steel and key application technologies" won the first prize of Hebei Province Science and Technology Award, and "Development and operation management of high-end electrical steel products for steel enterprises to build global competitiveness" won the first prize of National Management Innovation Achievement Award.

2. High-end products

The company adheres to the development strategy of continuously leading the way in electrical steel, refining and strengthening automotive panels, and breaking through the high-end of tin plated (chromium plated) plate. It continuously increases the proportion of strategic and key products, promoting both product quality and efficiency improvement. During the reporting period, the production of the three major strategic products (electrical steel, automotive panels, and tinned (chrome) panels) increased by about 12% year-on-year, while the production of key products increased by about 17% year-on-year.

The production of electrical steel is 1.695 million tons, a year-on-year increase of about 14%, and the proportion of high-end products is steadily increasing. In the electrical steel category, high-end products accounted for 65%, an increase of 2% year-on-year. The production of high magnetic induction oriented electrical steel is 300,000 tons, an increase of about 46% year-on-year. Ultra thin specifications of high magnetic induction oriented electrical steel with a thickness of 0.20mm and below continue to maintain the top sales position in China. The structure of non oriented electrical steel products continues to be optimized, with a production volume of 808,000 tons of high-grade non oriented electrical steel products, a year-on-year increase of about 11%. Among them, the production volume of high-grade non oriented electrical steel products for new energy vehicles increased by about 29% year-on-year. 8 of the top 10 global sales companies for new energy vehicles have stable supply, and all of the top 10 domestic sales companies have achieved stable supply.

The production of automotive panels reached 4.025 million tons, a year-on-year increase of about 12%, and new breakthroughs were made in the adjustment of product structure and user structure. The product structure has been further optimized, with the production of galvanized, high-strength, and outer panels increasing by about 21%, 15%, and 24% year-on-year, respectively. The production of ultra-high strength and aluminum-silicon products has increased by about 6% and 39%, respectively. The supply of UF steel has doubled year-on-year. The user structure has been further upgraded, with a steady increase in the number and supply of core host factories. The supply of Japanese users has increased by about 38% year-on-year, while the supply of new energy clients has increased by about 51% year-on-year.

The production of tin (chromium) plates reached 656,000 tons, a year-on-year increase of about 6%. The Company has completed the industrial trial production of the DR-10 product for secondary cold rolling, achieved full coverage of DR material brand numbers, stable mass production of 0.13mm food cans, and further improved manufacturing capabilities. The production of functional drinks and easy to open lid products has reached a historic high, and the proportion of high-end varieties is steadily increasing. Intensify overseas market development efforts and supply high sulfur resistant food cans to the Latin American market.

New progress has been made in promoting the specialization and differentiation of key products, serving national key projects. Marine LNG fuel tanks were produced using 9Ni steel in 10 consecutive heats, with delivery volume tripling year-on-year; High grade hydrogen pipeline steel is produced in bulk, and the product has achieved a demonstration application of tens of thousands of tons in the first hydrogen blending pipeline in China; Successfully developed 18m ultra long pipeline steel in collaboration with downstream pipeline factories, filling the gap in domestic ultra long pipelines; The photovoltaic bracket is made of weather resistant steel to achieve full coverage of 490-800MPa level; Wind power steel achieved batch supply of 420MPa level products, with a 6-fold increase in supply volume compared to the same period last year; Enamel steel (SRT550) has been successfully applied in the 28,500 square meter ultra large tank project in the Dominican Republic.

3. Green and low-carbon

As the world's first steel enterprise to achieve full process ultra-low emissions, the Company has deeply promoted ultra-low emission governance and maintained an A-level environmental performance evaluation in Hebei Province. The company adheres to the high-quality development path of green and low-carbon, and actively promotes the practice of extreme energy efficiency and carbon reduction technology around the national low-carbon strategy and customer carbon reduction needs.

The Company participated in the development of the TCISA 293-2022 Energy Efficiency Benchmarking Guidelines for Key

Processes in Steel Enterprises and the Demonstration Acceptance Standards and Methods for Energy Efficiency Benchmarks, contributing to the promotion of the industry's ultimate energy efficiency engineering.

The Company has been awarded the titles of "Benchmark Enterprise for Green Development of Steel", "Advanced Collective for Three Year Action Organization and Promotion of Energy Efficiency Benchmark for Ultimate Energy Efficiency Engineering of Steel in 2023", and "Provincial Water saving Enterprise in 2023". Jingtang Co. has been awarded the first batch of "Pilot Demonstration Units for Carbon Management System Construction" in Hebei Province. The EPD products of the company and its subsidiaries, including hot-rolled steel plates and strips, cold-rolled steel plates and strips, hot-dip galvanized aluminum magnesium alloy coated steel plates and strips, have been successfully released on the EPD platform in the steel industry. Five categories of products, including oriented electrical steel, pipeline steel, non oriented electrical steel for new energy vehicles, hot-rolled high-strength steel plates and strips for automobiles, and cold-rolled high-strength steel plates and strips for automobiles, have been selected for the "Green Design Product List" of the Ministry of Industry and Information Technology.

4. Intelligent manufacturing

The Company has established a cross regional, multi base, and consistent integrated production and sales collaborative management platform, with a digitalization rate of over 90% for production equipment, 51 "one click control" processes, 203 sets of "industrial robots" and 26 "RPA process robots" applied, and 15 unmanned intelligent storage areas built.

During the reporting period, the focus was on promoting digital transformation and improving the level of intelligent manufacturing around "integration of railway front", "construction of cold rolling lighthouse factories", and "Jingtang Smart Logistics Control Platform". Complete the construction of the "Iron Front Integration" management system project, achieve data monitoring, collection, and analysis of pellet, sintering, and blast furnace processes, and provide important support for reducing iron costs and improving iron front integration collaborative control; The temperature drop control system for molten iron has been officially launched, realizing functions such as visual tracking of torpedo tanks, on-demand iron production, and torpedo tank lifecycle management, helping to improve the efficiency of molten iron logistics. The turnover rate of torpedo tanks has increased by one time per day compared to the previous year. The second phase of the "Cold Rolling Lighthouse Factory" will launch 25 applications, realizing the deepening application of intelligent manufacturing scenarios. The Jingtang Intelligent Logistics Control Platform achieves automation and intelligence in transportation planning, vehicle scheduling, and route planning, resulting in an overall improvement of 15% in logistics efficiency.

5. Supply chain security

The Company is the only platform for the development and integration of the steel and upstream iron ore resources industry of Shougang Group, the controlling shareholder, in China. The supply of iron ore, coke, and coal resources for production is guaranteed to be safe. In terms of iron ore, Shougang Group owns Shuichang Iron Mine and Xingshan Iron Mine with an annual production capacity of 4 million tons of iron concentrate powder. At the same time, it controls Peru Iron Mine with an annual production capacity of 20 million tons of iron concentrate powder. The annual production capacity of the iron concentrate powder at the ongoing construction of Macheng Iron Mine is 7 million tons, which has the characteristics of high reserves, low cost, and efficient transportation. After being put into operation, the company's iron ore resource guarantee capacity will be further improved. In terms of coke, Qiangang Co.'s coke is mainly supplied by Qian'an Zhonghua Coal Chemical Co., Ltd., a joint venture between Shougang Group and Kailuan Group, while Jingtang Co.'s coke is supplied by Tangshan Shougang Jingtang Xishan Coking Co., Ltd., a joint venture between Jingtang Co. and Shanxi Coking Coal. The supply of coke resources is strongly guaranteed. In terms of coal, the Company has signed long-term agreement with state-owned large coal groups, and Shougang Fushan Resources Group Co., Ltd., in which Shougang Group holds shares, also provides the Company with some high-quality coking coal resources, providing 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, EVI supply increased by 17% 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.

A centralized, unified, rapid response, and efficient marketing management network has been formed, with a marketing center as the core and a combination of 5 regional steel trading subsidiaries and 11 processing centers, effectively ensuring stable supply to downstream customers. 15 large customer service teams have been established to consolidate and improve the channel structure that combines leading enterprises in the industry chain with high-quality small and medium-sized customers. Cultivate comparative advantages in industrial chain cooperation, carry out comprehensive, multi-level, and high-quality cooperation with key customers in the industry, further enhance cooperation depth, enhance cooperation viscosity, and stabilize market share.

During the reporting period, the Company successfully held 5 product technology forums, including automotive panels and electrical steel, and held "Shougang Day" activities in 5 main engine factories, including Nissan and Honda. It won 21 awards, including the "Best Service Provider Award" from BMW Brilliance and the "Best Partner Award" from BYD. The Company also received 23 thank-you letters for efficient services from users such as the National Pipeline Network and FAW Volkswagen. The recognition of Shougang's "Manufacturing+Service" continues to increase.

7. Talent thriving enterprise

The Company has deeply promoted the strategy of strengthening enterprises with talents, build a multi-level and comprehensive training system for all employees, improved the talent promotion and evaluation mechanism, and facilitated the career development path of talents. A career development system for high potential talents throughout their entire life cycle has been established, and solidly promoted the "four horizontal and three vertical" training system for all employees, held training programs such as Deep Blue Special Training Camp and Future Craftsman Youth Training Camp, strengthen talent empowerment, and build a platform for cadres

to improve and grow; Develop the Implementation Plan for the Incentive Mechanism of the Three Talent Teams of Shougang Co. in 2023, strengthen performance oriented and practical oriented, strengthen the training and development of high-level personnel, and steadily increase the proportion of high-tech and high skilled talents.

During the reporting period, 1 position of the company was awarded the "National May Day Women's Model", 1 person was awarded the "National May Day Labor Medal" and "National May Day Women's Model", 1 person was awarded the "Capital Labor Medal", 1 person was awarded the "Beijing Great Craftsman", 2 people were awarded the "National Steel Industry Technical Expert", 2 people were awarded the "National Machinery and Metallurgical Building Materials Industry Craftsman", 1 person was awarded the "Capital Most Beautiful Women's Struggler", and 1 person was elected the "Capital Citizen Learning Star".

IV. Analysis of principal business

1. Overview

(1) Completion status of the Company's main business indicators

During the reporting period, the Company's operating revenue was RMB 113.761 billion, a year-on-year decrease of 3.71%; The total profit was RMB 900 million, a year-on-year decrease of 49.79%; The net profit attributable to shareholders of the listed company was RMB 664 million, a year-on-year decrease of 40.98%; Earnings per share was RMB 0.0856, a year-on-year decrease of 42.78%; The total assets was RMB 137.520 billion, and the equity attributable to the shareholders of the listed company was RMB 49.474 billion.

(2) Completion status of the Company's main product output and other indicators

① Metal soft magnetic materials (electrical steel)

Zhixin Co.: The production of metal soft magnetic materials (electrical steel) reached 1.695 million tons, a year-on-year increase of 14.2%. Among them, the production of oriented electrical steel were 300,000 tons, a year-on-year increase of 46.3%; 587,000 tons of low to medium grade products without orientation, a year-on-year increase of 6.5%; 808,000 tons of non oriented high-grade products, a year-on-year increase of 11.0%.

The sales volume of metal soft magnetic materials (electrical steel) is 1.7481 million tons, with a revenue of RMB 13.792 billion, accounting for 12.12% of the Company's operating revenue.

② Iron and steel products

Qiangang Co. produced 8.708 million tons of steel, a year-on-year increase of 7.4%; Jingtang Co. produced 14.368 million tons of steel, a year-on-year increase of 0.4%; The Cold-R Co. produced 1.83 million tons of cold-rolled sheets, a decrease of 0.5% year-on-year. The sales revenue of steel products was RMB96.568 billion, accounting for 84.89% of the Company's operating revenue.

No.	Type	Sales volume (tons in 0,000)
1	Billet	11.94
2	Hot rolling	1207.53
3	Cold rolling	934.86

(3) Highlights of the Company

In 2023, the company's business and production were smooth and stable, with stable and rising technical and economic indicators. Significant achievements were made in product structure, technological innovation, green and low-carbon, and cost reduction and efficiency improvement.

① Continuous optimization of product structure

The Company closely monitors changes in downstream demand, seizes opportunities for structural demand growth in industries such as automobiles, wind power, and photovoltaics, focuses on efficiency, continuously promotes product structure optimization and upgrading, and increases the proportion of strategic and key products.

During the reporting period, the total production of 3 strategic products (electrical steel, automotive plate, and tin (chromium) plate) and 9 key products (cold-rolled special steel, hot-rolled pickling plate, weather resistant steel, energy steel, automotive structural steel, high-strength engineering machinery steel, pipeline steel, bridge steel, and ship plate marine steel) was 15.93 million tons, accounting for 69% of the company's total steel production, an increase of 6 percentage points year-on-year.

No.	Types	Sales volumes (tons in '0000)
1	Metal soft magnetic materials (electrical steel)	170
2	Automobile board	403
3	Tin plated (chromium plated) plate	66
4	Special steel for cold rolled	280
5	Weathering resistant steel	91
6	Automotive structural steel	78
7	Hot rolled pickled plate	213
8	High strength steel for construction machinery	59
9	Pipeline steel	33
10	Energy steel	93
11	Bridge steel	20
12	Shipboard marine engineering steel	89

The data in this table is rounded to the nearest whole number

③ Comprehensive promotion of technological innovation

The company is led by technological innovation, focusing on forging key core technology strengths. It continues to make new breakthroughs in new product research and development, key process technologies, and promotes the transformation of enterprise development quality towards higher efficiency, resilience, and sustainability.

In terms of new product development, 6 new products, including oriented electrical steel 15SQF1250, non oriented electrical steel ESW1021, and high-strength automotive steel 980TBF, have been launched. Among them, the 15SQF1250 product is a new intermediate frequency oriented electrical steel product for the future, providing key core materials for new energy generation technologies such as wind power and photovoltaic, and meeting the development requirements of flexible exchange between AC and DC in the future power grid; High strength and low iron loss non oriented electrical steel ESW1021, supporting the high-quality development of the high-speed motor industry; 980TBF for high-strength automobiles has higher strength and better performance, meeting the higher demands of downstream customers. Focusing on solving the "bottleneck" problem, we will continue to promote 26 localization projects of "substitute imports", resulting in a supply of 80000 tons.

In terms of key process technology, the company has pioneered the process equipment technology for cold rolling high-grade silicon steel using a six stand six roll rolling mill, achieving a breakthrough in continuous rolling of non oriented electrical steel for new energy vehicle drive motors and oriented electrical steel for high-efficiency energy-saving transformers. 96% of products with a lateral thickness difference of less than or equal to 5μ , which reaching the world's leading level; Pioneering the multi-mode continuous rolling process for hot-rolled ultra-thin and high-strength steel strips, achieving efficient production of products with a thickness of 1.1mm and a grade of 980MPa in headless mode, improving the rolling efficiency of thin and high-strength steel strips, and enhancing the flexibility of production organization.

③ Green and low-carbon benchmark leading

The company has released and implemented the "Shougang Group Low Carbon Action Plan", building a carbon management platform and a steel production full process LCA data collection system to achieve visualization of steel product carbon footprint and steel production carbon emissions data. Through international certification bodies (SGS) carbon emissions certification, it is steadily promoting low-carbon practices and forming a differentiated competitive advantage in products.

Steady progress has been made in reducing carbon emissions at the source. Jingtang Co's blast furnace operates stably with a 55% proportion of pellet ore, reducing carbon emissions by 10% compared to traditional processes. Qiangang Co has steadily promoted the smelting experiment of 50% pellet ore in the blast furnace, and completed the industrial test of injecting biomass rich hydrogen micro powder into the blast furnace at the hundred-ton level, which is a breakthrough in the use of biomass energy in steel metallurgy in China.

The capacity of low carbon production achieve promotion. Carry out low-carbon product dedicated line experiments to enhance technical carbon reduction capabilities, and achieve mass production of low-carbon automotive plate coating products with a comprehensive carbon reduction of over 40% by adopting a 50% scrap steel ratio steel making process; For the first time in the industry, a full series of GA low-carbon products, including IF steel, low-carbon aluminum killed steel, and ultra-high strength steel, have been produced and customer formed trial production has been carried out. The comprehensive application evaluation from automotive inner panels to outer panels has been completed, and low-carbon products have achieved the same quality as conventional process flow.

Recycling and going up the stairs. The comprehensive utilization rate of solid secondary resources by Jingtang Co. and Qiangang Co. has reached 99%. Jingtang Co. has established a new model of efficient conversion and cascading utilization of metallurgical energy through the "combustion heat electricity water salt" five effect integrated high-efficiency recycling system, with a power generation efficiency of over 47% and an annual emission reduction of about 400,000 tons of CO₂.

④ Lowering costs and increasing efficiency to a new level

The Company strengthens benchmarking analysis, deeply explores the potential for cost reduction throughout the entire process and all factors, constructs a sustainable cost reduction system, rolls forward key tasks of cost reduction and efficiency improvement, effectively hedges external market profit reduction factors, and takes consumption cost reduction, technology cost reduction, management cost reduction, and product structure efficiency improvement to a new level.

In terms of cost reduction in consumption, the Company strengthens the operation of the integrated platform for iron and steel production. Qiangang Co. and Jingtang Co. adhere to the principles of economic material utilization, resource coordination and mutual preparation, and focus on key indicators such as coal blending and ore blending costs and steel material consumption. The cost of iron and steel processes continues to decrease; Breaking the process interface, the iron and steel system collaborates to control sulfur economically, and the iron temperature drop of Qiangang Co. is below 100 °C, breaking a new historical record.

In terms of cost reduction in technology, the Company has deepened the work of alloy substitution and process optimization, and promote the optimal application of manganese based alloys; Through technological breakthroughs to improve control accuracy, optimize product material design, and steadily increase product yield.

In terms of cost reduction management, the Company has established a collaborative mechanism between production and supply, and carry out comprehensive and all factor material cost reduction; Strengthen equipment cost control, reduce operating costs through measures such as negotiating cost reductions, domestic conversion, and self repair; the Company firmly pursue ultimate energy efficiency, achieve full gas recovery and efficient utilization, and enhance the ability to balance and optimize the entire energy system.

In terms of product structure efficiency enhancement, the Company adhere to the direction of high-end, distinctive, and differentiated development, expand product competitive advantages, take product profitability as the guide, coordinate production and sales, dynamically optimize product structure, and achieve an annual output of over 4 million tons of automotive panels.

2. Revenue and cost

(1) Composition of operating revenue

Unit: RMB Yuan

	2023		2022		Year-on-year Changes
	Amount	Proportion of operating	Amount	Proportion of operating	

		revenue		revenue	
Total operating revenue	113,761,443,633.43	100%	118,142,183,549.47	100%	-3.71%
According to industries					
Metallurgy	113,761,443,633.43	100.00%	118,142,183,549.47	100.00%	-3.71%
According to products					
Billet	420,010,787.22	0.37%	546,474,748.00	0.46%	-23.14%
Hot-rolled steel	47,572,138,080.78	41.82%	48,304,009,189.85	40.89%	-1.52%
Cold-rolled steel	46,496,393,503.18	40.87%	50,168,306,781.05	42.46%	-7.32%
Metallic soft magnetic material	13,791,974,212.14	12.12%	13,401,000,073.28	11.34%	2.92%
Other steels	2,079,869,284.47	1.83%	2,182,776,642.12	1.85%	-4.71%
Other businesses	3,401,057,765.64	2.99%	3,539,616,115.17	3.00%	-3.91%
According to regions					
North China	46,411,595,797.83	40.80%	45,126,988,057.24	38.20%	2.85%
Northeast China	3,134,806,205.43	2.76%	2,585,270,587.07	2.19%	21.26%
East China	38,582,031,420.60	33.91%	40,848,885,782.99	34.58%	-5.55%
Mid-South China	3,280,219,730.18	2.88%	3,246,213,129.88	2.75%	1.05%
South China	11,147,846,153.45	9.80%	15,338,953,399.84	12.98%	-27.32%
Southwest China	1,954,223,073.95	1.72%	2,048,028,590.12	1.73%	-4.58%
Northwest China	978,909,209.78	0.86%	1,256,111,815.93	1.06%	-22.07%
Export	8,271,812,042.21	7.27%	7,691,732,186.40	6.51%	7.54%
Distribution model					
Direct selling	105,489,631,591.22	92.73%	110,450,451,363.07	93.49%	-4.49%
Sale by proxy	8,271,812,042.21	7.27%	7,691,732,186.40	6.51%	7.54%

(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	110,360,385,867.79	105,336,679,879.43	4.55%	-3.70%	-2.48%	-1.20%
According to products						
Billet	420,010,787.22	419,214,964.92	0.19%	-23.14%	-11.40%	-13.23%
Hot-rolled steel	47,572,138,080.78	45,948,593,124.43	3.41%	-1.52%	-1.45%	-0.07%
Cold-rolled steel	46,496,393,503.18	43,955,471,030.68	5.46%	-7.32%	-6.81%	-0.53%
Metallic soft magnetic material	13,791,974,212.14	13,112,850,675.32	4.92%	2.92%	10.64%	-6.64%
Other steels	2,079,869,284.47	1,900,550,084.08	8.62%	-4.71%	0.06%	-4.36%
According to regions						
North China	43,010,538,032.19	41,290,877,791.82	4.00%	3.42%	3.50%	-0.07%
Northeast China	3,134,806,205.43	2,719,914,779.53	13.23%	21.26%	16.85%	3.27%
East China	38,582,031,420.60	37,298,563,933.51	3.33%	-5.55%	-3.12%	-2.42%

Mid-South China	3,280,219,730.18	2,856,713,754.97	12.91%	1.05%	-2.19%	2.88%
South China	11,147,846,153.45	10,849,438,123.11	2.68%	-27.32%	-26.65%	-0.89%
Southwest China	1,954,223,073.95	1,674,246,176.87	14.33%	-4.58%	-7.18%	2.40%
Northwest China	978,909,209.78	887,536,495.72	9.33%	-22.07%	-18.37%	-4.11%
Export	8,271,812,042.21	7,759,388,823.90	6.19%	7.54%	16.06%	-6.89%
Distribution model						
Direct selling	102,088,573,825.58	97,577,291,055.53	4.42%	-4.51%	-3.70%	-0.80%
Sale by proxy	8,271,812,042.21	7,759,388,823.90	6.19%	7.54%	16.06%	-6.89%

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	2023	2022	Year-on-year change
Metallurgy	Sales	Ton	23, 291, 347	22,066,038	5.55%
	Output	Ton	23, 175, 391	22,175,618	4.51%
	Storage	Ton	1,004,500	1,007,071	-0.26%

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	2023		2022		Year-on-year change
		Amount	Proportion of costs of sales	Amount	Proportion of costs of sales	
Metallurgy	Raw materials	56,884,575,720.35	54.00%	56,640,251,091.58	52.44%	1.56%
Metallurgy	Fuels	25,130,337,808.09	23.86%	31,007,832,547.47	28.71%	-4.85%
Metallurgy	Power cost	2,999,386,938.56	2.85%	1,825,623,929.41	1.69%	1.16%
Metallurgy	Staff cost	3,340,122,566.08	3.17%	3,111,375,214.85	2.88%	0.29%
Metallurgy	Depreciation	7,517,928,617.89	7.14%	7,279,948,522.16	6.74%	0.40%
Metallurgy	Manufacturing cost	9,464,328,228.47	8.98%	8,148,812,556.57	7.54%	1.44%
Total		105,336,679,879.43	100.00%	108,013,843,862.04	100.00%	

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

☒ Yes ☐ No

Please refer to the relevant contents of Section X. Changes in the scope of consolidation due to other reasons 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)	17,768,470,868.55
Proportion of total sales for the top 5 clients in total annual sales	15.62%
Proportion of the sales from related parties in total annual sales among the top five clients	2.25%

Information for top five clients of the Company

Serial	Name	Sales (RMB Yuan)	Proportion of total annual sales
1	Client A	7,030,467,047.75	6.18%
2	Client B	4,332,334,910.05	3.81%

3	Client C	2,561,415,297.70	2.25%
4	Client D	2,161,815,227.57	1.90%
5	Client E	1,682,438,385.48	1.48%
Total	--	17,768,470,868.55	15.62%

Other information for the major customers of the Company

☐ Applicable ☒ Non applicable

Major suppliers

Total purchase amount from top five suppliers (RMB)	74,129,568,481.66
Proportion of total annual purchase amount for top five suppliers	65.93%
Proportion of the purchase from related parties in total annual purchase among the top five suppliers	62.12%

Information for the top five suppliers of the Company

Serial	Name	Procurement (RMB Yuan)	Proportion of total annual procurement
1	Shougang Group Co., Ltd.	46,426,530,213.29	41.29%
2	Supplier B	16,448,935,240.07	14.63%
3	Supplier C	6,960,115,662.67	6.19%
4	Supplier D	3,123,463,522.59	2.78%
5	Supplier E	1,170,523,843.04	1.04%
Total	--	74,129,568,481.66	65.93%

Other information for the major suppliers of the Company

☐ Applicable ☒ Non applicable

3. Expenses

Unit: RMB Yuan

	2023	2022	Year-on-year change	Notes of material changes
Selling expenses	247,978,613.12	237,997,026.22	4.19%	
Administrative expenses	1,289,613,009.53	1,271,175,739.06	1.45%	
Finance expenses	1,353,210,253.87	1,731,584,291.35	-21.85%	
Research and development expenses	491,078,795.33	626,923,257.36	-21.67%	

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
Development of Optimization and Repair Technology for Burner Structure of Internal Combustion Hot Air Stove	The flue gas emitted by the blast furnace hot blast stove during the combustion process contains pollutants such as CO and NOx. In order to adapt to the current severe environmental situation, the flue gas treatment work of the hot blast stove is imperative.	Pilot stage	Developing new technologies and equipment	The implementation of this project provides improvement direction and technical support for the flue gas treatment of similar internal combustion hot blast furnaces, provides experience and solutions for the online transformation of internal combustion hot blast furnaces into top combustion hot blast furnaces, and also provides new methods for reducing CO and NOx emissions in steel processes.
Development and application of a prediction model for the temperature of molten steel inside the ladle at the endpoint of converter steelmaking	The temperature of molten steel during the steelmaking process of the converter is affected by factors such as the ladle and alloy, resulting in significant fluctuations and higher control of the steelmaking temperature. Therefore, through mechanism research, big data statistics, and other methods, the variation pattern of molten steel	Development stage	Develop new models	The purpose of this project is to implement a temperature model, provide better guidance for steelmaking positions, reduce the tapping temperature of the converter, help improve the scrap ratio, and reduce carbon emissions.

	temperature is clarified to provide better guidance for job operations.			
Research on Reducing Burning Loss and Decarbonization during the Heating Process of Slabs	This project aims to improve the yield and product quality by conducting research on reducing burning loss and decarbonization during the heating process of slab.	R&D stage	Developing new processes and technologies	The implementation of the project helps to suppress the oxidation and decarburization behavior during the heating process of the slab, improve the product yield, improve product quality, and further enhance the market competitiveness of the enterprise.
Research on Key Control Technologies for Cold Used Special Steel Production	This project conducts research on customer processes, uses, and usage needs, and designs production processes accordingly. Based on the characteristics of special steel varieties, the composition is integrated, the production process is optimized, and the customer experience and product profitability are enhanced.	Pilot stage	Developing new processes and technologies	This project provides guidance for the production process of similar products through targeted process design, assists customers in optimizing annealing processes, enhances product performance, and lays a solid foundation for further enhancing the market competitiveness of the enterprise.
Ultimate Energy Consumption and Energy Efficiency Improvement of Main Processes and Process Systems	This project aims to construct a full process energy efficiency evaluation system and develop an implementation plan for full process energy efficiency improvement technology, which can analyze the theoretical energy-saving potential of each process. Provide reference for future disruptive technology research and development.	Pilot stage	Developing new processes and technologies	The implementation of this project helps to clarify the key factors and influencing laws that affect the energy consumption of the entire process, comprehensively improve the energy efficiency level of the entire steel process, and provide a theoretical basis for the construction of a smart industrial energy brain system in the future.
Research on the technology of combining LF and VD processes to produce cold series clean steel	The Jingtang Phase II steelmaking process is the first large-scale converter plant in China to adopt VD as a single vacuum refining equipment and incorporate it into normal production, achieving stable operation of the two major production lines of medium and thick plates and MCCR. Research is conducted on the production of cold series clean steel using the VD process in the Jingtang Phase II steelmaking project, clarifying the issue of mechanical rationality and providing the correct direction and reliable basis for optimizing the production process.	Completion	Developing new processes and technologies	To achieve high cleanliness and high-quality coil production on the wide and thick plate casting machine production line, flexible and flexible production organization of different production lines can be achieved. The product structure and capacity allocation can be adjusted in a timely manner according to market conditions, reducing production costs and providing a good model for the industry.
Research and development of hole and edge crack detection technology for 1420 No. 7 heavy coil steel strip	Considering the characteristics of thin specifications and high surface quality requirements of tinplate products, with low cost and strong practicality as the starting point, we independently developed and designed a multifunctional online detection equipment that can detect both steel strip holes and edge tearing defects.	Completion	Developing new processes and technologies	Realize automatic re inspection of steel coils with missing hole information on the acid rolling production line, reduce the low work efficiency and risk of missed inspections caused by manual re inspection, improve product quality reliability, and thus enhance the market competitiveness of hot-rolled products.
Research and development of MR T-3 BA in tin plating production line for milk powder	The preparation process of milk powder shaped cans is complex and special. The composition system of the substrate and various stages of the production	Completion	Developing new processes and technologies	To meet the performance requirements of users and provide reference and guidance for the development of high-performance ultra-high strength tinplate by Shougang.

shaped cans	process will affect its microstructure, and have a significant impact on the final performance of the tin plated plate. Exploring the strengthening process of high elongation DR tinplate, providing reference and guidance for the development of high-performance ultra-high strength tinplate by Shougang.			
Research and Development of High Grade Bridge Steel in Medium and Heavy Plate Production Line	Solve quality issues such as low strength, high yield to strength ratio, and inadequate impact of Q500qE high-performance bridge steel plates.	Completion	Developing new processes and technologies	The Q500qE high-performance bridge steel plate developed has been applied in batches to key projects such as Wuhu Yangtze River Bridge and Changtai Yangtze River Bridge, with a cumulative supply of over 30000 tons. The performance control is stable, and the use effect has been highly praised by users, making significant contributions to China's transportation power strategy.
Research on the Mechanism and Process Optimization of Oxidation Layer Fracture and Crushing in the Straightening Unit	The project is based on a scanning electron microscope in situ stretching equipment, conducting in-situ tensile compression bending experiments. Based on the deformation theory of strip steel during the stretching and straightening process, a combination of theoretical analysis and experimental research is used to dynamically observe and analyze the micro deformation morphology and fracture mechanism of iron oxide scale. The fracture, fragmentation, and scaling mechanism of different steel grades of oxide scale under the stretching and straightening process conditions are precisely explained, and the scaling effect is taken into account. At the same time, research on improving the shape of raw materials is carried out, and relevant modeling calculations and analysis are carried out to guide the formulation, evaluation, and optimization of existing stretching and straightening process parameters.	R&D stage	Developing new processes	Based on the research results, carry out large-scale production application research, improve the evaluation and testing of pickling effect under different steel grades, different process parameters, and different degrees of iron sheet cracking, improve and solidify the straightening process system, improve product quality, and reduce the consumption of recycled acid per ton of steel.
Research on the closed-loop feedback control system for the shape of the cold rolling continuous annealing and leveling unit of Shougang Shunyi Cold Rolling	This project adopts a combination of model simulation and computer experiments to conduct experimental research on plate shape recognition and control, and to achieve intelligent recognition of plate shape patterns; Establish a closed-loop control system for the flatness machine, and achieve better closed-loop control of the flatness through precise identification of the flatness. Establish a closed-loop feedback	Pilot stage	Developing new processes	Through in-depth research on intelligent recognition of flatness patterns and flatness control strategies, and combining with on-site conditions, a closed-loop feedback control system for flatness is established to reduce flatness defects and improve the accuracy of plate shape control.

	control model for the flatness, and introduce the model into the production line to verify its effectiveness.			
Research and application of phosphorus containing high-strength steel and its preparation method	Develop and develop stamping steel plates with high strength and good formability, which have excellent formability and surface quality.	Pilot stage	Develop new processes and products	While improving the safety performance of automobiles, it also increases the sales revenue of enterprises and enhances their economic benefits.
Research and application of acid rolling process for producing 600 MPa and 700 MPa TRIP steel	Solve the existing acid rolling process barrier, improve the mechanical properties of TRIP steel, and manufacture TRIP steel with strength reaching 600MPa and 700MPa levels.	Pilot stage	Develop new processes and products	Solved existing technological problems and achieved industrial production, which can bring considerable economic benefits.
Research and Control Application of Digital Model and Intelligent Optimization for Rolling Stability of Pickled Five Continuous Rolling	Research will be conducted around coarse and fine thickness control, thickness compensation control, inter frame tension control, and thickness tension coordination optimization control. Advanced intelligent theories and technologies in the field of data and algorithms will be applied to explore intelligent solutions for thickness quality control and achieve intelligent quality control.	R&D stage	Develop new processes	Developing core technologies for rolling stability control of cold continuous rolling mills with independent intellectual property rights, improving thickness control accuracy and production process stability, in order to improve product quality, reduce scrap rates, and increase operational rates, thereby enhancing the market competitiveness of enterprises and expanding their market share.
Efficient Process Development of Oriented Silicon Steel for Power Transformers	Obtain the influence of steelmaking composition and heat treatment process on the primary and secondary recrystallization of highly efficient oriented silicon steel.	Research stage	Develop new products	Breakthrough improvement in rolling efficiency and product upgrading, development of more environmentally friendly and energy-saving production processes, research and development of greener and more efficient electrical steel products, and support the country's long-term goal of achieving carbon peak and carbon neutrality.
Research and application of high-strength non oriented silicon steel for variable speed pumped storage motors	Developing high-strength non oriented silicon steel products for variable speed pumped storage motors	Research stage	Develop new products	Occupy the market share of high-end manufacturing in the green energy storage industry, fill the gap in domestic variable speed pumped storage motors, and expand the company's non oriented silicon steel social influence.
Research on Preparation of High Strength Non oriented Electrical Steel by High Silicon Method	Develop high silicon high-strength electrical steel products with performance similar to that of Nippon Steel's high-strength electrical steel products.	Research stage	Develop new products	Improve the overall performance level of high-strength non oriented electrical steel products, and provide assistance for the smooth realization of the goal of "carbon peak and carbon neutrality".
Research on the Effect and Control of Decarburization and Nitriding Behavior on the Formation of Oxide Film in Low Temperature Oriented Silicon Steel	Obtain the influence law of nitriding conditions on the oxide film; Guide DCL process optimization and improve the proportion of underlying defects.	Research stage	Developing new processes	Improve the surface quality of oriented silicon steel products, enhance their market competitiveness and profitability.
Development of Low Excitation Products for Oriented Silicon	Developed 23SQGD085 low excitation product	Trial stage	Develop new products	Developing low excitation products to fill market gaps, enhancing the company's manufacturing capabilities for cutting-edge products, and enhancing

Steel 23SQGD085				profitability.
-----------------	--	--	--	----------------

Research and development investment

	2023	2022	Proportion of changes
Number of R&D staff	2,481	2,342	5.94%
Proportion of R&D staff	13.61%	12.59%	1.02%
Educational background of R&D personnel			
Bachelor's degree	1,303	1,212	7.51%
Master's degree	700	670	4.48%
Age structure of R&D personnel			
Below 30	117	105	11.43%
30~40	1,231	1,273	-3.30%

Details about R&D investments:

	2023	2022	Proportion of changes
R&D investments (RMB Yuan)	5,022,121,736.17	5,386,070,865.84	-6.76%
R&D investments as % of operating revenue	4.41%	4.56%	-0.15%
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	2023	2022	Year-on-year changes
Cash inflow from operating activities	65,498,998,275.77	61,124,110,070.62	7.16%
Cash outflow from operating activities	59,344,692,203.95	51,079,874,572.82	16.18%
Net cash flow from operating activities	6,154,306,071.82	10,044,235,497.80	-38.73%
Cash inflow from investing activities	1,486,782,790.69	266,430,661.79	458.04%
Cash outflow from investing activities	2,428,854,960.16	3,428,494,466.51	-29.16%
Net cash flow from investing activities	-942,072,169.47	-3,162,063,804.72	70.21%
Cash inflow from financing activities	36,413,359,368.93	36,440,713,251.59	-0.08%
Cash outflow from financing activities	41,050,137,224.35	43,529,541,314.07	-5.70%
Net cash flow from financing activities	-4,636,777,855.42	-7,088,828,062.48	34.59%
Net increase in cash and cash equivalents	575,445,674.40	-206,656,369.40	378.46%

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

☒ Applicable ☐ Non applicable

- (1) 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.
- (2) The increase in cash inflow from investment activities is mainly due to the impact of New-E Co. disposal of the equity of Zhixin Co. and recovery of investment funds.
- (3) The decrease in cash outflow from investing activities is mainly due to the decrease in the cash received from disposal of property, plant and equipment, intangible assets and other long-term assets.
- (4) The increase in net cash flow from investing activities is due to the impact of New-E Co. disposal of the equity of Zhixin Co. and recovery of investment funds.
- (5) The increase in net cash flow from financing activities is mainly due to the decrease in debt repayment in the current period and

the investment received by Zhixin Co. from absorbing minority shareholder investments.

- (6) The increase in the net increase in cash and cash equivalents is mainly due to the impact of New-E Co. disposal of the equity of Zhixin Co. and recovery of investment funds.

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 generated from operating activities was RMB6.154 billion and the net profit was RMB754 million, the difference was RMB5.4 billion. The main reasons are: assets impairment provision of RMB552 million, depreciation and amortization of RMB7.954 billion, financial expenses of RMB1.353 billion, a RMB-552 million in increase in receivables from operating activities and RMB-4.243 billion in decrease in payables from operating activities, a RMB-764 million in increase in inventory, an investment loss of RMB174 million, and RMB926 million for others.

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 2023		Year-begin of 2023		Proportion changes	Notes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Cash and Cash equivalents	9,153,205,626.37	6.66%	9,470,472,522.05	6.61%	0.05%	
Accounts receivable	1,365,633,725.20	0.99%	1,450,008,897.10	1.01%	-0.02%	
Inventories	12,177,610,585.90	8.86%	11,960,246,748.15	8.35%	0.51%	
Long-term equity investments	2,420,775,096.36	1.76%	2,724,285,925.35	1.90%	-0.14%	
Fixed assets	89,895,037,102.17	65.37%	93,331,072,969.17	65.18%	0.19%	
Construction in progress	5,320,613,251.88	3.87%	7,673,649,852.77	5.36%	-1.49%	
Right-of-use assets	489,044,162.56	0.36%	83,107,359.45	0.06%	0.30%	
Short-term borrowings	26,661,355,641.29	19.39%	29,580,006,103.39	20.66%	-1.27%	
Contract liabilities	4,699,449,813.28	3.42%	4,508,016,725.74	3.15%	0.27%	
Long-term borrowings	12,789,060,000.00	9.30%	10,594,350,000.00	7.40%	1.90%	
Lease liabilities	471,745,760.35	0.34%	72,439,836.79	0.05%	0.29%	

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	232,766,133.81		107,437,958.40					340,204,092.21
Financing receivables	3,489,134,871.56						-1,265,703,445.10	2,223,431,426.46
Other non-current financial assets	79,234,007.60	-4,224,788.99						75,009,218.61
Total	3,801,135,012.97	-4,224,788.99	107,437,958.40	0.00	0.00	0.00	-1,265,703,445.10	2,638,644,737.28
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

Unit: RMB Yuan

Item	Year-end			
	Book balance	Book value	Type of restriction	Restriction reason

Cash and Cash equivalents	246,369,301.95	246,369,301.95	Freeze	All kinds of deposits
Notes receivable	297,201,490.24	297,201,490.24	Pledge	Pledged notes
Total	543,570,792.19	543,570,792.19		

At the end of the period, except for various types of security deposits of RMB196,369,301.95 and fixed deposits of 50,000,000.00, the Company has no funds pledged, guaranteed or blocked frozen or overseas balances that restricted to remittance back.

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
3,977,367,822.54	4,701,092,730.53	-15.39%

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)
Zhixin Co. Oriented phase II project	Self-built	Y	Iron and steel	1,922,416.03	1,315,975,321.25	Self-raised	88.26%	391,380,000.00	136,799,335.98	Fixed asset transferred on estimated value		
Zhixin Co. High-end heat treatment engineering project	Self-built	Y	Iron and steel	1,131,900,137.82	1,315,631,740.70	Self-raised	73.74%	436,810,000.00		The civil foundation has been completed and equipment is being installed gradually		
Total	--	--	--	1,133,822,553.85	2,631,607,061.95	--	--	828,190,000.00	136,799,335.98	--	--	--

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 fundraising	Net fundraising	Total fundraising used in the current period	Total fundraising used accumulatively	Alternation of fundraising purposes during the reporting Period	Accumulative amount of fundraising with altered purposes	Proportion of accumulative amount of fundraising with altered purposes	Total unused fundraising	Purpose and usage of unused fundraising	Raised funds that have been left unused for over two years
2022	Non-public offering	291,200	273,36.82	6,944.03	28,796.50	0	0	0.00%	0	0	0
Total	--	291,200	273,36.82	6,944.03	28,796.50	0	0	0.00%	0	--	0
Explanation of the overall use of raised funds											

In 2022, the total amount of supporting funds raised by the Company through non-public issuance of RMB ordinary shares (A-shares) was RMB291,199,983.58. After deducting the underwriting fees of the lead underwriter, the Company's special account for fundraising received a subscription amount of RMB287,603,983.82; After deducting the independent financial advisor and other related expenses for this restructuring, the net amount of raised funds is RMB273,368,221.41. During the reporting period, RMB69.4403 million of raised funds were used for the comprehensive energy-saving and consumption reducing renovation project of Jingtang Co.'s railway front system. As of December 31, 2023, the raised funds have been fully utilized.

(2) Committed projects of raised funds

√ Applicable □ Non Applicable

Unit: RMB'0,000

Committed investment projects and investment of excessive raised funds	Whether projects have been altered	Total committed investment with raised	Adjusted total investment amount (1)	The investment amount during the	Accumulative investment amount as	Investment progress as of the end of the	Date when the projects are ready for their	Benefits recorded during the Reporting	Whether the estimated benefits are reach	Whether there are material changes in
--	------------------------------------	--	--------------------------------------	----------------------------------	-----------------------------------	--	--	--	--	---------------------------------------

	(including partial alternation)	funds		Reporting Period	of the end of the Reporting Period (2)	Report ing Period (3) = (2)/(1)	intend ed use	Perio d	ed	the proje ct feasib ility
Committed investment projects										
Jingtang Co. railway front system energy saving and consumption reduction comprehensive transformation project	No	125,000	13,636.16	6,944.03	13,636.16	100.00%			Not applicable	No
Supplementary liquidity	No	125,000	15,160.34	0	15,160.34	100.00%			Not applicable	No
Subtotal of committed investment projects	--	250,000	28,796.5	6,944.03	28,796.50	--	--		--	--
Investment of excessive raised funds										
Not applicable										
Total	--	250,000	28,796.5	6,944.03	28,796.50	--	--	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 overraised 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 impleme ntation and reasons for the surplus	Not applicable									
Purpose and usage of unused fundraising	Fully utilized									
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

Counterpa rty	Selling equity	Sale date	Transa ction price (RMB' 0,000)	The net profit contributed by the equity to the listed company from the beginning of this period to the date of sale (RMB'0,000)	Impact of the sale on the company	The proportion of net profit contributed by the sale of equity to the total net profit of the listed company	Pricing principles for equity sales	related party transac tion or not	Related relationship with the counterparty	Has all the equity involved been transferred	Whether it has been implemented as planned as scheduled. If not, explain the reasons and measures taken by the company	Disclos ure date	Discl osure index
8 enterprise s including China National Building Materials (Anhui) New Materials Industry Investmen t Fund Partnershi p Enterprise (Limited Partnershi p)	6,1483 equity shareholding of Zhixin Co. held by New-E Co.	August 11, 2023	126,04 0.15		Realize equity exit and increase cash inflow by RMB706 million.		Asset evaluation	No	N/A	Yes	Yes		

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
Shougang Jingtang United Iron & Steel Co., Ltd.	Subsidiary	Production and sales of steel products and by-products	35,821,676,294.00	75,149,357,110.08	36,006,424,412.55	68,493,729,633.33	640,823,510.40	554,063,170.19
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Subsidiary	Production and sales of steel products and by-products	11,299,828,445.19	21,111,582,247.88	14,481,778,917.31	14,317,006,979.29	356,074,454.21	308,135,956.50

Acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Non Applicable

Company Name	Method of acquiring and disposing of subsidiaries during the reporting period	The impact on overall production, operation, and performance
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Derecognized after separation	Realize equity exit and increase cash inflow by RMB706 million.

X. Structured entity controlled by the Company

□ Applicable √ Non Applicable

XI. Future development prospects

1. Industry pattern and development trend

In 2024, the basic trend of China's economy rebounding and improving has not changed. The global economy is expected to continue a slow recovery trend, with increasing complexity and uncertainty due to currency contraction in major economies, ongoing geopolitical conflicts, and the rise of trade protectionism. The steel industry is expected to continue the pattern of strong supply and weak demand, and market competition will become more intense. However, with the implementation of national industrial policies and measures to promote high-quality development, high-quality steel enterprises may welcome good development opportunities.

2. Development strategy of the Company

Shougang Co. focuses on promoting the construction of world-class enterprises and implementing the "Two Strong and Three Excellent" project (to create a steel industry with strong profitability, innovation ability, asset quality, operational efficiency, and energy conservation and environmental protection). It firmly adheres to the strategic determination of "green manufacturing, intelligent manufacturing, boutique manufacturing, lean manufacturing, and precision services", adheres to the dual drive of "capital+operation" and technological innovation to drive comprehensive innovation, and promotes the deepening of enterprise reform, the improvement of new quality productivity, and the achievement of high-quality development. The steel industry adheres to the development direction of "boutique+service", continuously promotes the research and development of three strategic products: electrical steel, automotive plate, and tin (chromium) plate, continuously improves service level and operational efficiency, forms a group of strategic product customer clusters with international competitiveness, and strives to build Shougang Co. into a steel listed company with global competitiveness and influence.

3. Operating plans of 2024

(1) Output of products

Steel production reached 21.62 million tons, a year-on-year decrease of 6.23%. Among them:

- ① Qiangang Co.: 8.57 million tons of steel, a year-on-year decrease of 0.44%.
- ② Jingtang Co.: 13.05 million tons of steel, a year-on-year decrease of 9.18%.
- ③ Zhixin Co.: 1.81 million tons of electrical steel, a year-on-year increase of 4.68%. Among them: 1.5 million tons without orientation, a year-on-year increase of 7.55%; Targeting 310,000 tons, a year-on-year increase of 3.23%.
- ④ Cold-R Co.: cold rolled sheet metal reached 2.05 million tons, a year-on-year increase of 12.03%. Among them, 950,000 tons of continuous board refunds increased by 10.17% year-on-year; 1 million tons of galvanized sheet, a year-on-year increase of 6.54%; 100,000 tons of cold and hard coils, a year-on-year increase of 246.2%.

(2) Budget arrangement for financial indicators

RMB 108.26 billion for operating revenue, year-on-year decrease of 4.84%, including: RMB 38.63 billion for operating revenue of parent company, year-on-year decrease of 0.76%; RMB 65.5 billion for operating revenue of Jingtang Co., year-on-year decrease of 4.37%; RMB14.3 billion for operating revenue of Zhixin Co., year-on-year decrease of 0.12%; RMB11 billion for operating revenue of Cold-R Co., year-on-year increase of 7.61%; RMB 0.76 billion for operating revenue of Steel Trading, year-on-year decrease of 27.26%.

(3) Budget arrangement for cashflow

RMB 156.817 billion for cash inflows, including RMB 124.928 billion for cash inflow from operating activities, RMB 35 million for cash inflow from investing activities, RMB 31.855 billion for cash inflow from financing activities.

RMB 155.707 billion for cash outflows, including RMB 113.629 billion for cash outflow from operating activities, RMB 4.256 billion for cash outflow from investing activities, RMB 47.823 billion for cash outflow from financing activities.

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

Arrangement of fixed assets investment is RMB 4.123 billion, including: RMB 1.460 billion for Qiangang Co., RMB 2.037 billion

for Jingtang Co., RMB 516 million for Zhixin Co., RMB 71 million for Cold-R Co., RMB 39 million for Steel Trading.

4. Potential risk

(1) Policy and industry risk

In order to consolidate the achievements of supply side reform and establish the goals of "carbon peak and carbon neutrality", the national policy will continue to strictly control the addition of new steel production capacity and continuously eliminate outdated production capacity through capacity replacement. However, due to the fact that capacity replacement mainly focuses on large advanced blast furnaces, electric furnaces, and converters, output efficiency has significantly improved. Therefore, the overcapacity situation in the industry will not change in the short term, and the competitive environment in the industry remains severe.

To cope with the above risks, firstly, it is necessary to enhance the awareness of market entities, closely monitor and timely study macro policies, upstream and downstream industrial chains, and industry development changes, strengthen market prediction and analysis, improve rapid response capabilities, and enhance the ability to resist market risks. The second is to take the market as the lead, fully leverage the advantages of production lines and products, enhance the "manufacturing+service" capabilities, promote deep optimization and adjustment of product and channel structures, strengthen the promotion of first product and new product markets, and organize projects to replace imported products, expanding the high-end product cluster. The third is to enhance market awareness and operational capabilities, deepen system and professional collaboration, enhance production and sales guarantee capabilities, adhere to seeking benefits from the market and collaboration, and continuously improve profitability and market competitiveness; The fourth is to focus on forging the "manufacturing+service" long board, continuously launching overall solutions for different application scenarios, and meeting customer needs with high quality.

(2) Low carbon environmental risk

As the time for the steel industry to be included in the national carbon market for carbon trading compliance approaches, the ecological environment department has put forward higher requirements for annual carbon emission reporting and verification work; Under the background of the "carbon peak and carbon neutrality" policy, downstream customers have put forward higher requirements for the company's carbon reduction work; The EU Carbon Border Adjustment Mechanism (CBAM) bill has officially come into effect, requiring domestic steel product exporting companies to provide carbon emission related data.

To address the aforementioned risks and demands, firstly, the Company will firstly accelerate the construction of a low-carbon management system, promote the implementation of low-carbon action plans, apply comprehensive carbon reduction technologies, and focus on creating low-carbon product dedicated lines to meet customer carbon reduction needs. The second is to deepen the construction of the LCA system, standardize carbon data management, improve data quality, and meet verification and certification requirements. The third is to continuously build a low-carbon supply chain system, select low-carbon raw materials, and promote the low-carbon process of procurement, production, transportation, and other processes.

(3) Horizontal competition risk

There is a certain degree of industry competition between the Company and its controlling shareholder Shougang Group and its affiliates.

In order to address industry competition, during the first restructuring, Shougang Group issued a commitment on measures to resolve industry competition and avoid industry competition after this restructuring. According to the steel industry development plan of Shougang Group, Shougang Co. will serve as the only platform for the development and integration of Shougang Group's steel and upstream iron ore resource industries in China, ultimately achieving the overall listing of Shougang Group's steel and upstream iron ore resource businesses in China. Afterwards, Shougang Group made further commitments based on the aforementioned industry competition commitments. These commitments have been fulfilled on schedule, please refer to the corresponding content of "Corporate Governance" in this annual report for details.

(4) Marketing risk

In 2024, the steel industry is expected to continue the pattern of strong supply and weak demand, and market competition will become more intense. With the decrease in demand for construction steel, the production capacity of long materials is rapidly shifting towards sheet metal, and is constantly spreading towards the subsequent process and high-end products of sheet metal. The supply pressure of sheet metal varieties is increasing, and structural contradictions are accumulating. Enterprises are facing significant pressure in their operations.

To cope with the above risks, firstly, the company will adhere to the principle of asking questions in the market, staying on the spot, seizing opportunities in the structural changes of market demand, continuously paying attention to the development trends of the industry, focusing on building competitive advantages, stabilizing cooperation with leading enterprises, keeping up with industry upgrading and development, continuously developing the end user market, and extending and expanding to the full coverage of mid to high end user groups. The second is to promote the organic combination of technological innovation and marketing services, adhere to the responsibility and mission of "service creates value", based on meeting user needs, guided by improving user service experience, and create comparative advantages in enterprise technology marketing services. The third is to fully leverage the advantages of multiple production lines and rich varieties, promote deep optimization and adjustment of product and channel structures, and improve the contribution of structural adjustments to business efficiency.

(5) Related transactions risk

Related party transactions between Shougang Co. 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 Company will strictly comply with various regulations on related party transactions, fulfill information disclosure obligations in accordance with the Stock Listing Rules and Articles of Association, ensure the openness, fairness, and impartiality of related party transactions, and safeguard the legitimate rights and interests of the company and all shareholders. The above-mentioned daily related party transactions are ongoing related party transactions that exist in the normal operation and production process of the company. Both parties have followed the legal approval procedures and signed in accordance with regulations, which will not affect the independence of the Company.

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
April 21, 2023	AM: Panoramic network studio (http://ir.p5w.net) PM: Company conference room	Others	Others	AM: Small and medium-sized investors. PM: Institutional investors such as Everbright Securities, Guotai Junan Securities, Huachuang Securities, Changjiang Securities, Guangfa Securities, CITIC Securities, Haitong Securities, Guosen Securities, Northeast Securities, etc	Provide an explanation of the company's production and operation situation, as well as the performance results achieved in the first quarter of 2022 and 2023, and answer any questions that investors may be concerned about	The details disclosed on the interactive platform on April 24, 2023
August 14, 2023	Online performance briefing: panoramic network studio (https://rs.p5w.net/html/139408.shtml) Specific Investor Performance Briefing: Company conference room	Others	Others	Online Performance Briefing: All Investors Specific Investor Performance Briefing: Analysts from institutions such as CICC, Huachuang Securities, Everbright Securities, CITIC Securities, Guotai Junan Securities, China Merchants Securities, Changjiang Securities, Guangfa Securities, Industrial Securities, Northeast Securities, Zhongtai Securities, Xingquan Fund, Nanhua Futures, and Securities Daily reporters, etc	Provided an explanation of the company's production and business performance in the first half of 2023, and answered questions of concern to investors	The details disclosed on the interactive platform on August 16, 2023
August 18, 2023	Company conference room	Telephone communication	Institution	Analysts from institutions such as CICC, Yinhua Fund, Penghua Fund, Pengyang Fund, Beijing Yanhang Asset Management, PING AN ASSET MANAGE, and Guangfa Securities	Answering questions from investors regarding the company's main products, performance, future development plans, and environmental control impacts	The details disclosed on the interactive platform on August 22, 2023
October 27, 2023	Online performance briefing: panoramic network studio (https://rs.p5w.net/html/140726.shtml) Specific Investor Performance Briefing: Company conference room	Others	Others	Online Performance Briefing: All Investors Specific Investor Performance Briefing: Analysts from institutions such as CICC, Huachuang Securities, Everbright Securities, Guotai Junan Securities, China Merchants Securities, Changjiang Securities, Guangfa Securities, Industrial Securities, Huatai Securities, Zhongtai Securities, Guoxin Securities, CICC Asset Management, and Dongzheng Asset Management	Provided an explanation of the company's production and business performance for the first three quarters of 2023, and answered questions of concern to investors	The details disclosed on the interactive platform on October 29, 2023
November 17, 2023	Company conference	Field research	Institution	Analysts from institutions such as	Provide answers to investor concerns	The details disclosed on the interactive platform on

	room			Guangfa Securities, China Canada Fund, Defeng Investment, Jiahe Fund, CICC, Danshui Spring (Beijing) Asset Management, Shangcheng Asset Management, Taiyang Asset Management, Zhengyuan Investment, Xueshi Asset Management, Industrial Bank, Zhengxingu Capital, and Yuanxin Investment	regarding the company's electrical steel products, production capacity, demand for automotive panels, development plans, R&D investment, capital expenditures, and raw fuel conditions	November 19, 2023
December 8, 2023	Company conference room	Field research	Institution	Analysts from institutions such as Everbright Securities, Guoshou Asset Investment, Hezhong Asset Management, Jiutai Fund, and Changsheng Fund	Provide answers to future industry demands that investors are concerned about, changes in electrical steel prices, production capacity of automotive panels, future capital expenditures, and raw material costs	The details disclosed on the interactive platform on December 9, 2023

XIII. Implementation of the Action Plan for "Double Improvement of Quality and Return"

Whether the Company disclosed an action plan for "dual improvement of quality and return" or not.

☐ Yes ☒ No

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, the Rules of Procedure of the Shareholders' Meeting, the Rules of Procedure of the Board of Directors, and the Rules of Procedure of the Board of Supervisors, the company shall organize the convening of the Shareholders' Meeting, the Board of Directors Meeting, and the Board of Supervisors Meeting; Directors and supervisors are diligent and responsible, comply with rules and regulations, and actively safeguard the legitimate rights and interests of the company and shareholders; The management operates in accordance with the law and strictly adheres to the company's various internal control systems; The company shall fulfill its information disclosure obligations in accordance with normative documents such as the Stock Listing Rules, and ensure the truthfulness, accuracy, and completeness of the company's information disclosure, without any false records, misleading statements, or significant omissions.

During the reporting period, the company mainly carried out corporate governance work in the following aspects: firstly, based on the company's repurchase and cancellation of stocks, adjustments made to the special committees under the board of directors, and other actual situations, 72 systems such as the Articles of Association and the Regulations on the Work of the Board's Strategy, Risk, ESG and Compliance Management Committee were revised. The second is to develop 20 systems, including the "Management and Evaluation System for Personnel Dispatched to Participating and Holding Enterprises" and the "ESG Work Management System", according to operational needs. The third is to organize internal control self-evaluation based on actual business adjustments, system updates, and other factors, combined with the Risk Control Manual and Internal Control Evaluation Manual. The fourth is to comprehensively promote the construction of the "1+2+N" compliance and legal management system, focusing on the requirements of compliance management, contract management, and legal management, and become the first enterprise in the steel industry to pass compliance certification. Fifthly, in accordance with the relevant provisions of the Articles of Association and the Rules of Procedure of the Shareholders' Meeting, the shareholders' meeting shall be convened through "on-site+online voting" to ensure that the matters submitted for review and approval by the shareholders' meeting are in compliance with the law.

As at the end of the reporting period, the Company has a total of 495 regulations, among which 491 regulations are formulated and implemented by the company and 4 regulations 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 strictly plans and operates in accordance with the law, maintaining complete independence from its controlling shareholders in terms of assets, personnel, finance, institutions, and business. The company has a complete procurement, production, marketing, and business management system, a complete product research and development organization and personnel, and the ability to independently produce and operate.

1. 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.

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. 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.

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. 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.

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	Since the listing of the Company, there has been inter-sector competition and connected transactions resulting from the partial conversion to listing.	<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 policies, initiate a process including but not limited to acquisition, merger, restructuring and other means in the interests of</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.

Type	Type of association with the Company	Name of controlling shareholder	Nature of controlling shareholder	Causes	Solutions	Work progress and follow-up plan
					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 Annual General Meeting	Annual General Shareholders Meeting	84.22%	June 30, 2023	July 1, 2023	Please refer to the company announcement on the disclosure date of the meeting resolution
2023 First Extraordinary General Meeting	Extraordinary General Shareholders Meeting	77.81%	September 28, 2023	September 29, 2023	Please refer to the company announcement on the disclosure date of the meeting resolution
2022 Extraordinary General Meeting	Second Extraordinary General Shareholders Meeting	83.59%	December 28, 2023	December 29, 2023	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	Gender	Age	Position	Status of employment	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
Qiu Yinfu	Male	56	Chairman	Incumbent	2023/12/28	2025/12/22	290,000	0	290,000	0	0	
Zhu Guosen	Male	46	Director	Incumbent	2023/9/28	2024/3/21	0	0	0	0	0	
Zeng Li	Male	52	Director	Incumbent	2022/12/23	2024/3/21	290,000	0	95,700	0	194,300	
Li Jiantao	Male	45	Director	Incumbent	2022/12/23	2025/12/22	0	0	0	0	0	
Gu Wenxian	Male	62	Independent director	Incumbent	2021/12/20	2025/12/22	0	0	0	0	0	
Yu Jiaxi	Male	65	Independent director	Incumbent	2022/12/23	2025/12/22	0	0	0	0	0	
Liu Shen	Male	48	Independent director	Incumbent	2020/6/23	2025/12/22	0	0	0	0	0	
Peng Feng	Male	44	Independent director	Incumbent	2020/6/23	2025/12/22	0	0	0	0	0	
Sun Yi	Male	58	Supervisory board chairman	Incumbent	2021/11/29	2025/12/22	0	0	0	0	0	
Guo Liyan	Female	48	Supervisory	Incumbent	2016/1/7	2024/1/9	0	0	0	0	0	
Chang Haiyu	Female	39	Supervisory	Incumbent	2022/12/23	2025/12/22	0	0	0	0	0	
Wang Xingtao	Male	45	Employee representative supervisor	Incumbent	2022/12/23	2025/12/22	0	0	0	0	0	
Qu Erlong	Male	42	Employee representative supervisor	Incumbent	2021/7/7	2025/12/22	0	0	0	0	0	
Zhu Guosen	Male	46	General manager	Incumbent	2023/8/18	2024/3/21	0	0	0	0	0	
Sun Maolin	Male	47	Vice general manager	Incumbent	2022/12/23	2024/3/21	261,000	0	86,130	0	174,870	
Liu Tonghe	Male	43	Chief accountant	Incumbent	2023/8/18	2025/12/22	0	0	0	0	0	

Xie Tianwei	Male	42	Vice general manager	Incumbent	2022/10/27	2025/12/22	203,300	0	66,990	0	136,310	
Wang Kai	Male	41	Vice general manager	Incumbent	2022/10/27	2025/12/22	203,000	0	66,990	0	136,310	
Qiao Yufei	Female	35	Secretary of the Board of Directors	Incumbent	2023/10/26	2025/12/22	0	0	0	0	0	
Zhao Mingge	Male	57	Chairman	Resignation	2013/5/16	2023/12/28	0	0	0	0	0	
Liu Jianhui	Male	59	Managing Director	Resignation	2014/9/19	2023/8/17	290,000	0	95,700	0	194,300	
Ye Lin	Male	60	Independent director	Resignation	2017/12/26	2023/12/25	0	0	0	0	0	
Zhang Binglong	Male	47	Vice general manager	Resignation	2022/10/27	2023/10/8	232,000	0	232,000	0	0	
Li Baizheng	Male	58	Chief accountant	Resignation	2015/10/28	2023/8/17	261,000	0	86,130	0	174,870	
Li Jingchao	Male	57	Vice general manager	Resignation	2017/10/25	2023/7/21	261,000	0	86,130	0	174,870	
Chen Yi	Male	56	Secretary of the Board of Directors	Resignation	2015/8/26	2023/10/26	0	0	0	0	0	
Chen Yi	Male	56	Vice general manager	Resignation	2019/4/24	2023/11/27	261,000	0	86,130	0	174,870	
Total	-	-	--	--	--	--	2,552,300	0	1,191,900	0	1,360,700	--

During the reporting period, did any directors and supervisors resign and was any members of the senior management resigned 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	Position	Type	Date	Reason of changes
Zhao Mingge	Chairman	Resignation	2023/12/28	Resignation upon transfer of work
Liu Jianhui	Director/ General manager	Resignation	2023/8/17	Resignation upon transfer of work
Ye Lin	Independent director	Resignation upon expiration of term	2023/12/25	Resignation upon expiration of term
Zhang Binglong	Vice general manager	Resignation	2023/10/8	Resignation upon transfer of work
Li Baizheng	Chief accountant	Resignation	2023/8/17	Resignation upon transfer of work
Li Jingchao	Vice general manager	Resignation	2023/7/21	Resignation upon transfer of work
Chen Yi	Secretary of the Board of Directors	Resignation	2023/10/26	Resignation upon transfer of work
Chen Yi	Vice general manager	Resignation	2023/11/27	Resignation upon transfer of work

II. Current position

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

A. Board members

1. Qiu Yinfu: The chairman of the Company, University degree, Master of Business Administration in Senior Management, Senior Engineer. Formerly served as a professional and deputy director of the Mobility Department at Shougang Medium and Thick Plate Plant, deputy director, department head, and party branch secretary of the Mobility Department at Shougang Second Steelmaking Plant, head of the Mobility Department and party branch secretary at Beijing Shougang Co., Ltd. Second Steelmaking Plant, deputy director and director of Shougang Oxygen Plant, director of Shougang Oxygen Plant and director and party branch secretary of Shougang Qiansteel Company's Oxygen Plant, director of Shougang Oxygen Plant and director and party branch secretary of Shougang Qiansteel Company's Oxygen Plant, party branch secretary, and project leader of Jingtang Support, director of Shougang Oxygen Plant and project leader of Jingtang Support, Tangshan Shougang Baoye Company Director of the Oxygen Plant, Leader of the Cold Rolling Preparation Group of Shougang Relocation Company, Director of the Cold Rolling Operations Department of Shougang Relocation Company, Assistant General Manager and Director of the Cold Rolling Operations Department of Shougang

Relocation Company, Assistant General Manager and Director of the Cold Rolling Operations Department and Party Secretary of Shougang Relocation Company, Deputy General Manager and Director of the Cold Rolling Operations Department and Party Secretary of Shougang Relocation Company, Deputy Party Secretary, Director, and General Manager of Beijing Shougang Cold Rolling Thin Plate Co., Ltd., Chairman, Deputy Party Secretary, and General Manager of Beijing Shougang Cold Rolling Thin Plate Co., Ltd, Deputy General Manager of Beijing Shougang Co., Ltd. and Chairman, Deputy Secretary of the Party Committee, and General Manager of Beijing Shougang Cold Rolled Thin Plate Co., Ltd., Deputy Secretary of the Party Committee, Chairman of the Trade Union, and Deputy General Manager of Beijing Shougang Co., Ltd. and Secretary of the Party Committee of Qian'an Iron and Steel Co., Ltd., Deputy Secretary of the Party Committee, Chairman of the Trade Union, Director, and Deputy General Manager of Beijing Shougang Co., Ltd. concurrently serve as Secretary of the Party Committee of Qian'an Iron and Steel Co., Ltd., Secretary and Chairman of the Party Committee of Shougang Jingtang Iron and Steel United Co., Ltd. also serve as Director of Beijing Shougang Co., Ltd., Deputy Secretary and Director of the Party Committee of Shougang Group Co., Ltd. also serve as Director of Beijing Shougang Co., Ltd., Deputy Secretary, Director, and Union of the Party Committee of Shougang Group Co., Ltd. The Chairman concurrently serves as a Director of Beijing Shougang Co., Ltd., Deputy Secretary of the Party Committee, Director, and Chairman of the Trade Union of Shougang Group Co., Ltd., and Deputy Secretary, Director, and General Manager of the Party Committee of Shougang Group Co., Ltd. The current Deputy Secretary of the Party Committee, Director, and General Manager of Shougang Group Co., Ltd., and Chairman of Beijing Shougang Co., Ltd.

2. Zhu Guosen: The director of the Company, Doctoral degree, Doctor of Engineering, Professor level Senior Engineer. Formerly served as a researcher at the Plate and Strip Research Institute of Shougang Technology Research Institute, a researcher, deputy director (deputy director), deputy director (deputy director, in charge of work), and director (chief director) at the Thin Plate Research Institute of Shougang Technology Research Institute, assistant to the president of Shougang Technology Research Institute and director of the Thin Plate Research Institute (chief director), chief engineer (deputy department) of Shougang Jingtang Iron and Steel United Co., Ltd., deputy secretary and first vice president of the Party Committee of Shougang Group Technology Research Institute, secretary and first vice president of the Party Committee of Shougang Group Technology Research Institute, deputy secretary of the Party Committee of Beijing Shougang Co., Ltd., deputy secretary and general manager of the Party Committee of Beijing Shougang Co., Ltd. The current Deputy Secretary of the Party 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. 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.

6. Yu Xingxi: The independent director of the Company. Graduate degree, Master of Management, Senior Accountant. Formerly served as a soldier in the 1st Company of the 46th Regiment of the 10th Division of the Railway, a soldier in the Logistics Service Society of the New Management Department of the 10th Division of the Railway, a soldier in the Finance Department of the New Management Department of the Qinghai Tibet Line of the Railway, an assistant in the Finance Department (platoon) of the New Management Department of the Qinghai Tibet Line of the Railway, the director of the 4th Police Station (deputy company) of the New Management Department of the Qinghai Tibet Line of the Railway, an accountant in the Finance Department (deputy department) of the New Management Department of the 10th Division of the Railway, a clerk in the Finance Department (deputy

department) of the New Railway Transportation Department of the 20th Bureau of the Railway, the deputy head and deputy head of the Finance Department of the Planning and Statistics Department of the 5th Division of the 20th Bureau of the Railway, the deputy head and head of the Finance Department of the Construction Vice President of the Construction Department (Zhengke), Deputy President and Accountant of the Construction Department (Zhengke) of the Railway 20th Bureau, General Manager and Accountant of the Construction Department of the Railway 20th Bureau, General Manager and Senior Manager of the Finance Department and Fund Settlement Center of China Railway Construction Corporation, Deputy Director and Senior Manager of the Finance Department and Fund Settlement Center of China Railway Construction Corporation, Manager and Senior Manager of the Investment Department of China Railway Construction Corporation, Minister and Senior Manager of the Finance Department of China Railway Construction Corporation, Minister and Senior Manager of the Finance Department of China Railway Construction Corporation Limited, Secretary of the Board of Directors and Joint Company of China Railway Construction Corporation, News Speaker and Senior Manager of China Railway Construction Corporation, The Secretary General of the Beijing Listed Companies Association also serves as an independent director of Ruitai Technology Co., Ltd., Beijing Kerui International Co., Ltd., and China National Pharmaceutical Group Co., Ltd. Current independent director of Ruitai Technology Co., Ltd. and independent director of China National Pharmaceutical Group Pharmaceutical Co., Ltd. Appointed as an independent director of Beijing Shougang Co., Ltd. on December 23, 2022.

7. 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.

8. 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 Xingtao: 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. Zhu Guosen: The general manager of the Company, Doctoral degree, Doctor of Engineering, Professor level Senior Engineer. Formerly served as a researcher at the Plate and Strip Research Institute of Shougang Technology Research Institute, a researcher, deputy director (deputy director), deputy director (deputy director, in charge of work), and director (chief director) at the Thin Plate Research Institute of Shougang Technology Research Institute, assistant to the president of Shougang Technology Research Institute and director of the Thin Plate Research Institute (chief director), chief engineer (deputy department) of Shougang Jingtang Iron and Steel United Co., Ltd., deputy secretary and first vice president of the Party Committee of Shougang Group Technology Research Institute, secretary and first vice president of the Party Committee of Shougang Group Technology Research Institute, deputy secretary of the Party Committee of Beijing Shougang Co., Ltd., deputy secretary and general manager of the Party Committee of Beijing Shougang Co., Ltd. The current Deputy Secretary of the Party Committee, Director, and General Manager of Beijing Shougang Co., Ltd.

2. Sun Maolin: The deputy General Manager, University degree, Senior Management Master of Business Administration, Senior Engineer. Formerly served as a professional in the Technical Department of Shougang Medium and Heavy Plate Plant, Deputy Secretary and Deputy Section Chief of the Party Branch of the Hot Rolling Section, Secretary of the Party Branch of the B Operation Area, and Deputy Director of the Technical Research Department; Deputy Director of the Technical Department of Shougang Qiangang Company (in charge of work), Assistant Director of the Technical Quality Department, Deputy Director of the Silicon Steel Department (in charge of work), Executive Deputy Director of the Silicon Steel Department, and Deputy Director of the Silicon Steel Business Unit; Deputy Director and Deputy Director of Silicon Steel Business Unit of Qian'an Iron and Steel Company of Shougang Corporation (in charge of work); Vice Minister (in charge of work) and Minister of Silicon Steel Business Department of Beijing Shougang Co., Ltd; Secretary of the Party Committee and Minister of the Silicon Steel Business Unit of Beijing Shougang Co., Ltd; Secretary of the Party Committee and Minister of the Silicon Steel Business Unit of Beijing Shougang Co., Ltd., and Director of the Silicon Steel Engineering Technology Research Center; Assistant to the General Manager of Beijing Shougang Co., Ltd., Secretary and Minister of the Party Committee of the Silicon Steel Business Unit, and Director of the Silicon Steel Engineering Technology Research Center; Vice General Manager of Beijing Shougang Co., Ltd., Secretary of the Party Committee of the Silicon Steel Business Unit, and Director of the Silicon Steel Engineering Technology Research Center; Deputy General Manager of Beijing Shougang Co., Ltd., Director of Silicon Steel Engineering Technology Research Center, Party Secretary and Executive Director of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd; Vice General Manager of Beijing Shougang Co., Ltd., Director of Silicon Steel Engineering Technology Research Center, and Executive Director of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd; Member of the Party Committee and Deputy General Manager of Beijing Shougang Co., Ltd., Director of Silicon Steel Engineering Technology Research Center, and Executive Director of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd; Member of the Party Committee and Deputy General Manager of Beijing Shougang Co., Ltd., Director of Silicon Steel Engineering Technology Research Center, and Chairman of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd; Member of the Party Committee and Deputy General Manager of Beijing Shougang Co., Ltd., Deputy Secretary and General Manager of the Party Committee of the Marketing Center, and Chairman of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd; Member of the Party Committee and Deputy General Manager of Beijing Shougang Co., Ltd., Deputy Secretary and General Manager of the Party Committee of the Marketing Center, Chairman of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., Executive Director and General Manager of Beijing Shougang Steel Trade Investment Management Co., Ltd., and Director of Shougang Jingtang Steel United Co., Ltd. Currently serving as a member of the Party Committee and Deputy General Manager of Beijing Shougang Co., Ltd., Deputy Secretary and General Manager of the Party Committee of the Marketing Center, Executive Director and General Manager of Beijing Shougang Steel Trade Investment Management Co., Ltd., and Director of Shougang Jingtang Steel United Co., Ltd.

3. Liu Tonghe: The chief accountant of the Company, university degree, senior accountant. Formerly served as the Financing Administrator of the Finance Department of Shougang Corporation, the Chief Engineer and Deputy Director of the Finance Department of Shougang Corporation (New Steel Company), the Director of Fund Management (Deputy Director) of the Finance Department of Shougang Corporation, the Director of Fund Management of the Finance Department of Shougang Group Co., Ltd., the Deputy General Manager of Shougang Group Finance Co., Ltd., and the Secretary and Deputy General Manager of the Party Branch of Shougang Group Finance Co., Ltd. Current Chief Accountant of Beijing Shougang Co., Ltd.

4. 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.

5. 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 Co., assistant to the general manager and head of the Iron making Operation Department of Jingtang Co.. Deputy General manager of Beijing Shougang Co., Ltd.

6. Qiao Yufei: Secretary of the Board of Directors. Master's degree. Formerly served as Senior Manager and Vice President of the Investment Banking Committee and Equity Investment Department of CITIC Securities Co., Ltd; Senior Vice President of China Minsheng Financial Investment Department; General Manager of Post Investment Management and Service Department of Shougang Fund Co., Ltd., Director and General Manager of Beijing Shouxi Investment Management Co., Ltd., concurrently serving as a supervisor of Beijing Automotive Co., Ltd., director of Shouhui Industrial Financial Services Group Co., Ltd., director of Beijing Chuangye Industrial Operation Management Co., Ltd., supervisor of Beijing Shougang Green Festival Entrepreneurship Investment Co., Ltd., and senior manager of the Board Secretary Office of Beijing Shougang Co., Ltd. The current Secretary of the Board of Directors 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)
Qiu Yinfu	Shougang Group Co., Ltd.	Deputy secretary of the Party Committee, Director and General Manager	September 2023		Y
Sun Yi	Shougang Group Co., Ltd.	Executive director of the office of the board of supervisors	January 2021		Y
Guo Liyan	Shougang Group Co., Ltd.	Director of audit department	June 2017	January 2024	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

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

III. 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 of senior management personnel such as the general manager shall be formulated by the Remuneration and Assessment Committee of the Board of Directors of the company in accordance with regulations, and the "Annual General Manager Remuneration Assessment and Allocation Method" shall be formulated. Assessment and allocation opinions shall be proposed based on the completion of annual tasks and division of responsibilities, and shall be submitted to the annual board of directors for review and approval before settling and realizing all performance-based annual salaries. The specific remuneration situation for the year 2023 is shown in the table below.

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

Unit: RMB 0,000

Name	Gender	Age	Position	Status	Total pretax remuneration received from the company	Whether to get remuneration from related parties of the company
Qiu Yinfu	Male	56	Chairman	Incumbent	0	Yes
Zhu Guosen	Male	46	Director	Incumbent	0	No
Zeng Li	Male	52	Director	Incumbent	75.77	No
Li Jiantao	Male	45	Director	Incumbent	0	Yes

Gu Wenxian	Male	62	Independent director	Incumbent	12	No
Yu Xingxi	Male	65	Independent director	Incumbent	12	No
Liu Shen	Male	48	Independent director	Incumbent	12	No
Peng Feng	Male	44	Independent director	Incumbent	0	No
Sun Yi	Male	58	Chairman of supervisory board	Incumbent	0	Yes
Guo Liyan	Female	48	Supervisor	Incumbent	0	Yes
Chang Haiyu	Female	39	Supervisor	Incumbent	0	Yes
Wang Xingtao	Male	45	Employee representative supervisor	Incumbent	27.91	No
Qu Erlong	Male	42	Employee representative supervisor	Incumbent	22.58	No
Zhu Guosen	Male	46	General Manager	Incumbent	17.99	No
Sun Maolin	Male	47	Vice general manager	Incumbent	64.97	No
Liu Tonghe	Male	43	Chief Accountant	Incumbent	14.72	No
Xie Tianwei	Male	42	Vice general manager	Incumbent	59.17	No
Wang Kai	Male	41	Vice general manager	Incumbent	54.01	No
Qiao Yufei	Female	35	Secretary of the Board of Directors	Incumbent	13.72	No
Zhao Mingge	Male	57	Chairman	Resignation	0	Yes
Liu Jianhui	Male	59	Director/General Manager	Resignation	53.03	Yes
Ye Lin	Male	60	Independent director	Resignation	12.00	No
Zhang Binglong	Male	47	Vice general manager	Resignation	48.73	Yes
Li Baizheng	Male	58	Chief Accountant	Resignation	48.32	Yes
Li Jingchao	Male	57	Vice general manager	Resignation	38.35	Yes
Chen Yi	Male	56	Deputy General Manager and Secretary of the Board of Directors	Resignation	58.46	Yes
Total	--	--	--	--	645.73	--

Explanation of other situations

☐ Applicable ☒ Not applicable

VI. Performance of Directors during the reporting period

1. Board meetings during the reporting period

Meeting	Convening date	Disclosure date	Resolutions of meeting
The first extraordinary meeting of the board of directors for the year 2023	2023/3/10	2023/3/11	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The Second Board Meeting of the Eighth Board of Directors	2023/4/19	2023/4/21	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The Second Extraordinary Meeting of the Board of Directors for the Year 2023	2023/6/9	2023/6/10	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The Third Extraordinary Meeting	2023/8/10	2023/8/11	Detailed information can be found in the company's

of the Board of Directors for the Year 2023			announcement on the date of disclosure of the meeting resolution
The Fourth Extraordinary Meeting of the Board of Directors for the Year 2023	2023/8/18	2023/8/19	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The Third Meeting of the Eighth Board of Directors	2023/9/12	2023/9/13	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The Fifth Extraordinary Meeting of the Board of Directors for the Year 2023	2023/9/28	2023/9/29	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The 6th Extraordinary Meeting of the Board of Directors in 2023	2023/10/26	2023/10/27	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The 7th Extraordinary Meeting of the Board of Directors in 2023	2023/12/12	2023/12/13	Detailed information can be found in the company's announcement on the date of disclosure of the meeting resolution
The Fourth Meeting of the Eighth Board of Directors	2023/12/28	2023/12/29	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
Qiu Yinfu	1	1	0	0	0	否	1
Zhu Guosen	4	1	3	0	0	否	2
Zeng Li	10	3	7	0	0	否	3
Li Jiantao	10	3	7	0	0	否	2
Gu Wenxian	10	2	7	1	0	否	0
Yu Xingxi	10	3	7	0	0	否	2
Liu Shen	10	3	7	0	0	否	0
Peng Feng	10	3	7	0	0	否	0

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		N/A	N/A	N/A	
Audit Committee	Composed by 3 independent directors.	1	February 28, 2023	Minutes of communication between the CPA and the audit committee (independent director) before the audit entry	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	

			March 31, 2023	Communication letters with independent directors and the audit committee of the board of directors regarding the issuance of preliminary audit opinions by the annual audit certified public accountant on the company's 2022 financial settlement report	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.		March 31, 2023	Proposal on the general manager's salary cashing in 2022 and the salary and assessment distribution method in 2023	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
Nomination Committee	Composed by 3 independent directors		0			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	6,078
Number of employees in the main subsidiary	12,148
Total number of employees	18,226
Total number of employees receiving salary in the current period	18,226
Number of retired employees to be borne by parent company and main subsidiary	1,388
Professional composition	
Professional composition category	Number of professional composition
Production	12,351
Salesman	672
Technician	2,242
Finance	288
Administrative	2,245
Services and other	428
Total	18,226
Education background	
Type	Quantity
Master degree or above	1,631
Bachelor's degree	7,935
College	5,573
Vocational secondary and below	3,087
Total	18,226

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 (70% of annual salary standard) links to the performing duty monthly or annually, and annual assessment and settlement based on the

completion of the Business Objective Responsibility Agreement. The term incentive shall be assessed and distributed at the end of the term in accordance with the provisions of the Term Target Responsibility Agreement, based on the business and production performance during the term.

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

Qianshun Base and Zhixin Co. focus on the national and Beijing vocational skills improvement action plan, combined with the overall requirements of employee team construction, with quality improvement, ability cultivation, and talent appreciation as the core, adhering to the combination of theory and practice, learning and summary, to establish a "long-distance" development system for the full life cycle of high potential talents. According to the positioning needs of different levels of talents, such as training reserves, backbone, core, key, and strategy, design five levels of talent development and training projects, including "waves, sailing, sailing, piloting, and navigation", to form a continuous and progressive map of high potential talent cultivation and development. This is continuously promoted in stages and levels, and a series of talent development projects are formulated based on the characteristics and growth elements of talent abilities at different stages. The talent training implementation project effectively achieves unified guidance for the cultivation of high potential talents in three talent sequences, accelerating talent growth. Throughout the year, we organized and completed 193 key training projects at all levels, achieving full coverage of three talent teams: business management, professional technology, and skill operation. This provides strong support for building a team of employees with both moral integrity and excellent quality, continuously enhancing the cohesion and high-quality development of the enterprise.

Jingtang Co. focuses on improving the quality and ability of the staff, continuously expanding its growth and talent platform. Establish a correct orientation for selecting and employing personnel, focus on practical training in undertaking urgent, difficult, and heavy tasks, hold leadership lecture halls and grassroots leadership rotation classes, select pilot units to promote competition for leadership positions, and strengthen the construction of management personnel teams. Utilize the advantages of school enterprise joint training, hold the second high-end composite technical talent training course, and enhance the abilities of professional and technical personnel. Continuously carry out skill competitions and graded training for team leaders to enhance the operational skills of employees in their positions. Establish a differentiated training path for graduates, implement a "blue and blue" consistent training plan, and strengthen the cultivation of reserve forces.

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

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
If the company does not distribute cash dividends, specific reasons should be disclosed, as well as the measures to be taken next to enhance investor returns:	N/A
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):	N/A

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

Number of bonus shares per 10 shares	0
Dividend payout per 10 shares (RMB yuan) (including tax)	0.3
Number of shares converted for every 10 shares	0
Distribution plan's share capital base (shares)	7,794,611,605
Cash dividends (RMB yuan) (including tax)	233,838,348.15
Cash dividend amount in other ways (such as repurchase of shares) (RMB yuan)	0.00

Total cash dividends (including other methods) (RMB yuan)	233,838,348.15
Distributable profit (RMB yuan)	317,765,555.82
The proportion of total cash dividends (including other methods) to total profit distribution	74%
Current cash dividend situation	
Others	
Detailed explanation of profit distribution or capital reserve conversion plan	
Not increasing share capital through the conversion of 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 (Jingguozhi [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.

According to the Incentive Plan, if the company's 2022 performance indicators do not meet the performance evaluation conditions at the company level for the first period of lifting restrictions as stipulated in the Incentive Plan, and 15 incentive targets have undergone changes due to organizational or personal reasons and no longer meet the incentive conditions, the company needs to repurchase and cancel 23,418,884 restricted stocks granted to the aforementioned 15 incentive targets that have not yet been lifted from restrictions; Considering the actual implementation of the employee stock ownership plan by Zhixin Co., and considering that both the employee stock ownership plan and equity incentives are medium and long-term incentives, the company allows related personnel of Zhixin Co. to choose to participate in one of the two incentive methods and repurchase 1,838,681 restricted stocks held by 18 incentive targets (employees of Zhixin Co.) who withdrew from the incentive plan. With the approval of the company's shareholders meeting, as of December 5, 2023, the company has repurchased and cancelled a total of 25,257,565 shares of the aforementioned restricted shares.

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 d	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
Zeng Li	Director	0	0	0	0		0	3.46	290,000	0	0	3.17	194,300
Sun Maolin	Vice General Manager	0	0	0	0		0	3.46	261,000	0	0	3.17	174,870
Xie Tianwei	Vice General Manager	0	0	0	0		0	3.46	203,300	0	0	3.17	136,310
Wang Kai	Vice General Manager	0	0	0	0		0	3.46	203,300	0	0	3.17	136,310
Total	--	0	0	0	0	--	0	--	957,600	0	0	--	641,790
Notes (if any)													

Evaluation mechanism and incentive of senior management

Evaluation of senior management personnel such as the general manager: The general manager and other senior management personnel implement an annual salary system consisting of three parts: base salary, performance-based annual salary, and term incentives. Among them: the base salary ratio is 30%, paid monthly; The performance-based annual salary ratio is 70%, with a monthly advance payment of 50%. The annual assessment and allocation opinions shall be proposed by the Compensation and Assessment Committee of the Board of Directors of the company in accordance with regulations, based on the completion of annual tasks and division of responsibilities in the "Salary Assessment and Allocation Method for General Managers and Senior Management Personnel". After being reviewed and approved by the annual board meeting, all performance-based annual salaries shall be settled and fulfilled; The term incentive is determined based on an annual salary standard of 30%, and will be assessed and fulfilled at the end of the term according to the "Term Target Responsibility Agreement".

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 and improved its internal control system, and has revised and improved it in conjunction with actual operations, fully leveraging its institutional guarantee role. During the reporting period, the company formulated 20 regulations, including the "ESG Work Management System of Beijing Shougang Co., Ltd." and the "Management and Evaluation System for Personnel Dispatched to Participating and Holding Enterprises of Beijing Shougang Co., Ltd.", and revised 72 regulations, including the "Articles of Association of Beijing Shougang Co., Ltd." and the "Work Regulations of the Strategy, Risk, ESG and Compliance Management Committee of the Board of Directors of Beijing Shougang Co., Ltd."; As of the end of 2023, the company has a total of 495 regulations, including 491 regulations formulated and implemented by the company, and 4 regulations forwarded to the government and regulatory agencies.

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

Internal Control Self-Assessment Report of Internal Control		
Disclosure date of full internal control evaluation report	22 April 2024	
Disclosure index of full internal control evaluation report	Beijing Shougang Co., Ltd. 2023 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	100.00%	
Proportion of operating revenue included in internal control evaluation report accounting for operating revenue in the consolidated financial statements	100.00%	
Defect identification criteria		
Type	Financial Reports	Non-financial reporting
Qualitative criteria	1. 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.	1. Material deficiency: there is causing multiple casualties among employees and citizens, causing serious damage to the environment, and the situation spiraling out of control; May or has prevented the company from achieving all operational goals, resulting in business suspension, non objective reasons, and exceeding the budget by more than 20% in terms of time, manpower, or cost without appropriate approval, and exceeding the level of importance; May or has already caused significant impact on the company, negative news is widely circulated, causing significant damage to the reputation of the enterprise, government or regulatory agencies conduct investigations, attracting public attention, and causing irreparable damage to the reputation of the enterprise; Violating national laws and regulations, facing business

	<p>2. Significant deficiency: it 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;</p> <p>3. 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>suspension, legal litigation or economic compensation, which may or have already caused serious social impact, being notified or publicly condemned by regulatory agencies, or even ordered to suspend business for rectification.</p> <p>2. Significant deficiency: failure to establish a "three major and one major" decision-making process, or inadequate or inadequate implementation of the decision-making process, which may or has already had negative impacts; May or has seriously affected the health of multiple employees or citizens, or caused general environmental damage, which requires external support to be controlled; May or has already slowed down business operations, unable to achieve some business objectives, and not exceeding the budget by 6% -20% in terms of time, manpower, or cost due to objective reasons and without appropriate approval; Negative news may or has already had a significant impact on the company, spreading in a certain region and attracting the attention of relevant stakeholders, such as partners suspending cooperation, low employee efficiency, and reduced customer loyalty; Violation of national or regional regulations or industry norms, facing legal proceedings, economic compensation, which may or have already caused general social impact, has attracted the attention of regulatory agencies, and requires regular rectification.</p> <p>3. General deficiency: it may or has temporarily affected the health of employees or citizens; May or has already caused a slight impact on business activities, exceeding the budget by 1% -5% in terms of time, manpower, or cost due to non objective reasons and without appropriate approval; Negative news may or has already had a slight impact on the company, spreading within the company or locally, and will not attract the attention of stakeholders; Violation of company regulations or conflicts with self established rules and regulations may have caused minor social impact and will not attract the attention of regulatory authorities.</p>
Quantitative criteria	<p>1. Material misstatement: amount of misstatement\geq1% of total assets</p> <p>2. Significant misstatement: 0.5% of total assets\leqamount of misstatement < 1% of total assets</p> <p>3. General misstatement: amount of misstatement < 0.5% of total assets</p>	<p>1. Material misstatement: amount of direct property losses\geqRMB 10,000,000</p> <p>2. Significant misstatement: RMB 5,000,000\leq amount of direct property losses < RMB 10,000,000</p> <p>3. General misstatement: RMB 100,000\leqamount of property losses < RMB 5,000,000</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 2023, 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	22 April 2024
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 opinions 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

1. 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.

2. Administrative license for environmental protection

During the reporting period, Qiangang Co. has completed environmental protection acceptance work for three projects, including the 15MWCCPP project of the Ministry of Energy and the renovation project of the steel slag pressing ball line drying equipment. It has organized and carried out environmental impact assessment procedures for 14 construction projects, including the new supporting white ash kiln project and the thawing warehouse project, to ensure that environmental protection projects comply with laws and regulations. In October 2023, Qiangang Co. obtained a new version of the pollution discharge permit issued by the Tangshan Ecological Environment Bureau, which is valid until October 2028.

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 and May 2023, and January 2024, the re application for the pollution discharge permit was completed, and the validity period was extended to January 2029.

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. Apply for a new pollution discharge permit in February 2023, which is valid until February 2028; Complete the environmental acceptance procedures for the new energy vehicle electrical steel project of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. in March 2023, and the environmental acceptance procedures for the wastewater station environmental capacity improvement project of Zhixin Co. in April 2023; Apply for a new pollution discharge permit in October 2023, which is valid until October 2028. In August 2023, the approval procedures for the environmental impact report form of the high-end silicon steel heat treatment project (re submitted) of Zhixin Co. were completed.

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.

3. 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	1# wastewater discharge port	4.131mg/L	50mg/L	1.5866	648.990	No
Qiangang Co.	Water pollutant	Ammonia Nitrogen	Direct	1	1# wastewater discharge port	0.185mg/L	5mg/L	0.0689	64.899	No
Qiangang Co.	Air pollutants	Sulfur Dioxide	Organized	28	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 < 10.87mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 28.3mg/m ³ , power generation < 26.35mg/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	932.52	1465.98	No
Qiangang Co.	Air pollutants	Nitrogen Oxides	Organized	28	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 < 30.9mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 37.76mg/m ³ , power generation < 34.79mg/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	1027.14	3032.405	No
Qiangang Co.	Air pollutants	Particulate Matter	Organized	124	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, pelleting < 3.42mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln, other environment < 3.26mg/m ³ , power generation < 2.55mg/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	1655.93	2302.92902	No
Jingtang Co.	Air pollutants	Sulfur Dioxide	Organized	50	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	1089	3031	No
Jingtang Co.	Air pollutants	Nitrogen Oxides	Organized	46	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	2735	6110	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	219	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 < 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	3541	3969	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	5.53	53.7	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	42.375	164.118	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	20.34	32.5	No
Cold-R Co.	Water pollutant	COD	Organized	1	Wastewater stations	1.3891-24.1182 mg/m3	30mg/m ³	13.796	67.5	No
Cold-R Co.	Water pollutant	Ammonia Nitrogen	Organized	1	Wastewater stations	0.01304-0.861182mg/m3	1.5(2.5) mg/m ³	0.157	3.937	No
Cold-R Co.	Air pollutants	Sulfur Dioxide	Organized	8	Continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace, acid regeneration calcination furnace, hydrogen production conversion furnace, 1 # boiler room, 2 # boiler room, 3 # boiler room	3 mg/m3	Continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace, acid regeneration calcination furnace, hydrogen production conversion furnace: 20 mg/m3; 1 #, 2 #, and 3 # boiler rooms: 10 mg/m3	3.8646	18	No
Cold-R Co.	Air pollutants	Nitrogen Oxides	Organized	8	Continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace, acid regeneration calcination furnace, hydrogen production conversion furnace, 1 # boiler room, 2 # boiler room, 3 # boiler room	Continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace: 0.02-99.31 mg/m3; Acid regeneration furnace: 35-48 mg/m3; 2 # boiler room: 1 # boiler room, 3 # boiler room: 0.004-78.055 mg/m3; Hydrogen production conversion furnace 26-33mg/m3	Continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace, acid regeneration calcination furnace, hydrogen production conversion furnace: 100 mg/m3; 1 #, 2 #, and 3 # boiler rooms: 80 mg/m3	59.603	99.587	No
Cold-R Co.	Air pollutants	Particulate Matter	Organized	10	Continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace, acid regeneration calcination furnace, hydrogen production conversion furnace, 1 # boiler room, 2 # boiler room, 3 # boiler room	Exhaust gas from straightening machine:<2.4mg/m3; Continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace, acid regeneration calcination furnace, hydrogen production conversion furnace<4.8mg/m3; Waste acid regeneration iron oxide powder silo<2.3 mg/m3; 1 #, 2 #, and 3 # boiler rooms:<4.979mg/m3	Waste gas from straightening machine, continuous annealing furnace, 1 # galvanized annealing furnace, 2 # galvanized annealing furnace, acid regeneration and calcination furnace, hydrogen production conversion furnace, waste acid regeneration iron oxide powder bin: 10 mg/m3; 1 #, 2 #, and 3 # boiler rooms: 5 mg/m3	18.722	18.75	No

4. 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, full solid waste cementitious material 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.

All environmental protection facilities of Zhixin Co. are operating well, and the production line is equipped with waste gas treatment facilities such as dust removal and denitrification. After regular monitoring by qualified testing departments, particulate matter is collected through bag dust removal, plastic firing plate dust removal, and other methods. All dust removal facilities achieve ultra-low emissions, and the concentration of particulate matter emissions reaches 10mg/m³. Below, 4 sets of online monitoring systems are equipped and have been connected to the ecological environment department. The online monitoring system is compared and monitored quarterly by qualified monitoring units to ensure the authenticity and reliability of data. The emission concentrations of the three pollutants are all at the optimal level, and the emissions are far below the permitted emissions.

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.

5. 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 2023, and strictly implemented it. In 2023, 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 2023. 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 plant 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 2023, and forms monitoring data and reports at the same time. The monitoring plan for 2023 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 2023, 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 2023, Zhixin Co. carried out self-monitoring 98 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 daily, 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 2023.

6. Contingency plan

No ecological and environmental emergencies occurred in the Company and its holding subsidiaries in 2023.

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 2023, 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 2023, 20 drills were organized and completed around sudden environmental incidents such as acid leakage, liquid ammonia leakage, and gas leakage. 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. Cold-R Co. organized acid rolling, continuous annealing, galvanizing operation areas, and public auxiliary areas to carry out contingency plans annually according to the requirements of the plan, through which the problems are found and rectifies in time so that the ability to deal with environmental emergencies of Cold-R Co. is enhanced.

7. Environmental protection input and environmental protection tax

During the reporting period, Qiangang Co. continues to implement four projects, including flue gas treatment with roasted pellets, improvement of dust removal system in sintering finished product warehouse, upgrading and renovation of dust removal in hot rolling section and rolling line, and desulfurization improvement of second blast furnace hot blast furnace, with a total investment of RMB202 million completed throughout the year. In 2023, Qiangang Company paid an environmental protection tax of RMB8.623 million, with a reduction of RMB4.603 million.

Jingtang Co. has implemented 3 environmental protection deep treatment projects, including the renovation of the 1700 acid regeneration flue gas purification system, with a total investment of RMB31.43 million completed throughout the year. In 2023, environmental protection tax of RMB19.4 million was paid, with a reduction of RMB9.09 million.

The total environmental protection investment of Zhixin Co. in 2023 is RMB11.35 million. By increasing environmental governance facilities to effectively reduce pollutant emissions, the taxable factors for environmental protection tax of Zhixin Co. mainly includes dust, nitrogen oxides, toluene, chromic acid mist, sulfur dioxide, sulfuric acid mist, smoke, hydrogen chloride, etc. A total of RMB1.0099 million of environmental protection tax was paid, with a reduction of RMB155,600.

Cold-R Co. actively promoted environmental management and protection work, with an annual investment of RMB52.2864 million. In 2023, RMB839,500 was paid for environmental protection tax, with a reduction of RMB13,700.

8. 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 enterprises and promote Shougang Co.'s "carbon management" activities in a scientific and standardized manner, in 2023, Qiangang Co. was strengthened the construction of a low-carbon management system, actively promoted the implementation of low-carbon action plans, and focused on creating low-carbon product dedicated lined to meet the carbon reduction needs of key customers. Organized the preparation and official release of the "Low Carbon Action Plan of Shougang Co." and its implementation plan, sort out and vigorously promote carbon reduction measures projects, and accelerated the construction of a green and low-carbon development pattern. The company comprehensively applied carbon reduction technology, focused on creating low-carbon product dedicated lines, organized the trial production of low-carbon products with a large proportion of converter scrap steel, conducted experiments on blast furnace large proportion pellets and biomass rich hydrogen injection, and prepared technical reserves for the company's future low-carbon development. Successfully completed the annual greenhouse gas emission report and verification work. Participated in the development of multiple low-carbon standards, among which the international standard "Application of Green Electricity Identification Based on Blockchain" was officially released on December 6th. Successfully shortlisted as a pilot demonstration unit for carbon management system construction in Hebei Province. Actively respond to customer needs for sustainable and low-carbon development, and achieve 100% green electricity for key customer products. Actively respond to CBAM, establish a special working group to conduct research on data accounting rules and key product data accounting, and successfully complete export product declaration. Organized carbon emission certification and EPD released to establish a good image of green and low-carbon development for enterprises.

Jingtang Co. focuses on the ultimate goal of long-term carbon reduction and actively promotes the clean development of energy structure. In 2023, it purchased 355 million kilowatt hours of green electricity, accounting for 18.8% of all externally purchased electricity. It fulfilled its commitment to provide 100% green electricity to BMW products, completed the targeted cancellation of 26,000 international I-REC green certificates, and orderly promoted and phased implementation of distributed photovoltaic power generation projects in the factory. Deepen the construction of the LCA system, successfully pass the organizational level carbon certification of the International Certification Body (SGS), complete the EPD release of hot-rolled steel plates and strips, and evaluate weather resistant steel and medium thick plate X80 pipeline steel products as provincial-level green products. Automotive plates have a comprehensive carbon reduction capacity of 40%. In 2023, the 1 # sintering machine and the 5 # converter respectively won the championship of the 2022 National Key Large Energy consuming Steel Production Equipment Energy Conservation and Consumption Reduction Competition, maintaining their position as industry energy consumption benchmarks. Jingtang CO. has been

listed as one of the first pilot demonstration units for carbon management system construction in Hebei Province. The China Environmental Monitoring Station has sent a thank-you letter, expressing high recognition for the carbon monitoring pilot work of Jingtang Co.

Zhixin Co. focuses on the implementation of the "dual carbon" strategy and actively promotes the clean development of energy structure. Continuously strengthen the construction of carbon management infrastructure, promote the transformation of heat treatment production line burners and SCR, vigorously promote the green upgrading of low-carbon process flow, and steadily layout revolutionary deep decarbonization technology research and development; Simultaneously promoting process carbon reduction and source carbon reduction, actively promoting the use of green electricity and photovoltaic construction. Existing projects will generate 5.2 million Kwh of photovoltaic power in 2023, and a new high-end heat treatment plant of Zhixin Co. is built to install a photovoltaic power generation system project. Docking with customer carbon reduction needs, solidly promoting the construction of LCA system, two series of products for new energy vehicles, non oriented electrical steel and oriented electrical steel, have been evaluated as green design products by the Energy Conservation Department of the Ministry of Industry and Information Technology, creating 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. In 2023, an investment of RMB9 million is made to construct a photovoltaic capacity increase project of 1.9656mwp, with an average annual power generation of 2.1443 million kWh. According to the construction and operation of thermal power with a coal consumption of 305g/kWh (standard coal), approximately 603 tons of standard coal can be saved each year, correspondingly reducing the emissions of various atmospheric pollutants such as carbon dioxide, sulfur oxides, and nitrogen oxides.

9. 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.

10. 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. regularly release environmental protection information on the national key monitoring enterprise self monitoring information disclosure platform in accordance with the requirements of the environmental protection department, and actively accept social supervision.

11. 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 2023, the Company's website (<http://www.sggf.com.cn>) released the 2022 Annual Environmental Responsibility Report of Beijing Shougang Co., Ltd.

II. Social responsibility

The Company has independently prepared the "2023 Sustainable Development Report" and submitted it for review at the 7th meeting of the 8th Board of Directors. The specific content is detailed in the company announcement on April 22, 2024.

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 Selecting the First Secretary and Work Team for Key Villages, as well as the deployment of the Organization Department of the Beijing Municipal Party Committee and the Beijing State owned Assets Supervision and Administration Commission, and in combination with the arrangement of the Organization Department of the Party Committee of Shougang Group, Shougang Co. and Jingtang Co. each selected one staff member to serve as the First Secretary of Beijing's Collective Economy Weak Villages. In 2023, under the leadership of the local Party Committee and government, they conscientiously fulfilled 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 2023, the Company purchased RMB3.7088 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.		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 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.	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> <p>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.</p> <p>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.</p> <p>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.</p>	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> <p>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.</p> <p>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.</p>	29 Sep. 2015	Refer to contents of commitment	Jingtang Co. and the Port Co. have obtained relevant port operation licenses, and this commitment has been fulfilled.
	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> <p>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.</p> <p>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.</p>	23 Dec. 2022	Refer to contents of commitment	The operating license for the 1240m port supporting the terminal of Jingtang Co. was completed on April 18, 2023; The property ownership certificates for Jingtang Co. and the Port Co. have been completed on October 31, 2023.
	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>	23 Dec. 2022	31 Dec. 2023	The land ownership certificate for Jingtang Co. and the Port Co. have been completed on January 31, 2023.
	Beijing Jing Guorui Soe Reform and Development Fund(L.P.)	<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.</p>	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.2022	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	Implementing. The commitments for 2022 and 2023 have been fulfilled
Completed on time	Yes				
If the commitment is not fulfilled on time, the specific reasons for the unfulfilled performance and the next step of the work plan should be explained in detail	N/A				

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. Explanation from board of directors on the latest modified auditor's report

☐ Applicable ☒ Not applicable

V. Explanation from board of directors, supervisory committee and independent directors (if applicable) on the current 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

On November 30, 2022, the Ministry of Finance issued Interpretation No. 16 of the Enterprise Accounting Standards (Finance and Accounting [2022] No. 31), which stipulates that deferred income tax related to assets and liabilities arising from individual transactions is not subject to the accounting treatment of initial recognition exemption. The above accounting treatment regulations will be implemented from January 1, 2023.

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

In April 2023, the Company completed the separation of its subsidiary Beijing Shougang New Energy Automobile Material Technology Co., Ltd. and completed the clear deregistration procedures of the separated Beijing Shougang New Energy Automobile Material Technology Co., Ltd. in December. After deregistration, the number of subsidiaries within the scope of consolidation in current period changed from 6 to 5. The 5 subsidiaries are: Shougang Jingtang United Iron & Steel Co., Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Beijing Shougang Steel Trading Investment Management Co., Ltd., and Qian'an Shougang Metallurgical Technology Co., Ltd.

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)	24
Name of domestic CPA	Li Dan, Yu Qike
Continuous life of auditing service for domestic accounting firm (year)	2

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 2023.

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	4,642,653		4,758,480	N	Cash at bank and on hand	Market price	7 Dec. 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, power energy, etc	Market price	Market price	256,142		375,508	N	Cash at bank and on hand	Market price	7 Dec. 2022	Ditto
Other related parties	Joint venture and associates	Related purchase	Raw fuel, power energy, production	Market price	Market price	2,565,419		2,978,818	N	Cash at bank and on hand	Market price	7 Dec. 2022	Ditto

			services, etc										
Other related parties	Joint venture and associates	Related sales	Steel, power energy, etc	Market price	Market price	419,447		393,643	Y	Cash at bank and on hand	Market price	7 Dec. 2022	Ditto
Total				--	--	7,883,661	--	8,506,449	--	--	--	--	--
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's proposal on the re signing of the Framework Agreement between Shougang Group Co., Ltd. and Beijing Shougang Co., Ltd. on Related Party Transactions and the Estimated Amount of Daily Related Party Transactions for the Year 2023, based on the estimated total amount of daily related party transactions, was reviewed and approved by the 15th meeting of the 7th Board of Directors of the company on December 7, 2022, and submitted for approval at the 4th Extraordinary General Meeting of Shareholders of the company for the year 2022 on December 24, 2022. The total transaction amount approved by the shareholders' meeting for this period is RMB85,064.49 million, with a total amount of RMB78,836.61 million incurred, which does not exceed the approved limit. Please refer to Section 10 for specific information on related parties and related transactions.									
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

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	Opening 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	1.15%-1.90%	878,266.33	15,520,954.47	15,486,359.93	912,860.87

Loan

Related party	Relationship with the Company	Amount (RMB'0,000)	Loan interest rate range	Opening 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	3,025,660	1.85%-2.87%	1,801,689.43	2,142,679.28	2,405,447.59	1,538,921.11

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	3,025,660	1,538,921.11

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)	Counterguarantee (if any)	Term	Fulfilled or not	Guarantee to related parties or not
Shougang (Qingdao) Steel Industry Co., Ltd.	10 June 2023	21,000	18 September 2023	14,203	Guarantee of joint and several liability			One year	No	Yes
Ningbo Shougang Zhejin Steel Co., Ltd.	10 June 2023	4,400	15 February 2023	3,275.52	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)		17,478.52				
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)		17,478.52				
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.	10 June 2023	16,050	17 July 2023	4,875	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)		4,875				
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)		4,875				
Total approved guarantee amount during the reporting period (A1+B1)		41,450		Total actual amount of guarantees incurred during the reporting period (A2+B2)		22,353.52				
Total approved guarantee amount at the end of the reporting period (A3+B3)		41,450		Total actual guarantee balance at the end of the reporting period (A4+B4)		22,353.52				
The percentage of total amount of guarantee provided (i.e. A4+B4) to the net assets of the Company				0.45%						

Explanation of the specific situation of using composite guarantee

Not applicable

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

1. Ye Lin, an independent director, served for 6 consecutive years in the company and resigned on December 25, 2023; Supervisor Guo Liyan resigned from position as supervisor on January 9, 2024 due to job transfer. On February 22, 2024, the first extraordinary general meeting of shareholders of the Company elected Comrade Wang Cuimin as an independent director and Dai Jun as the supervisor of the Company.
2. Zhu Guosen resigned from the position of General Manager on March 21, 2024 due to work transfer. On March 22, 2024, the 6th meeting of the 8th Board of Directors of the Company appointed Sun Maolin as the new General Manager of the Company.
3. Zhu Guosen and Zeng Li both resigned from positions as directors of the Company on March 21, 2024 due to job transfers. On April 8, 2024, the second extraordinary general meeting of shareholders of the Company elected Sun Maolin and Li Ming as directors of the Company.
4. On April 18, 2024, the seventh session of the eighth board of directors of the Company appointed Zhao Peng as the deputy general manager of the Company.

XVII. Significant matters of subsidiaries of the Company

☒ Applicable ☐ Not applicable

1. About Zhixin Co.
 - (1) 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. On January 28, 2023, Zhixin Co. completed the industrial and commercial registration procedures for the capital increase and obtained a new business license. The company's shareholding in Zhixin Co. changed to 68.0293%.
 - (2) According to the resolution of the 5th extraordinary meeting of the board of directors of Shougang Co. in 2023, the company, together with Shougang Group and Zhixin Co.'s employee shareholding platform jointly increased capital to Zhixin Co. On November 28, 2023, Zhixin Co. completed the industrial and commercial registration procedures for the capital increase and obtained a new business license. The company's shareholding in Zhixin Co. changed to 66.2310%.
 - (3) According to the resolution of the 5th meeting of the 8th Board of Directors of Shougang Co., Zhixin Co. was undergoing a shareholding reform, and its registered capital changed from RMB 11.29982844519 billion to RMB 300 million. The founding meeting was held on March 22, 2024. On March 27, 2024, Zhixin Co. completed the industrial and commercial registration change, and the name was changed to Shougang Zhixin Electromagnetic Materials (Qian'an) Co., Ltd. The company still holds 66.2310% equity in the Zhixin Co.
2. About Beijing Shougang New Energy Automobile Material Technology Co., Ltd.
 - (1) According to the resolution of the first extraordinary meeting of the board of directors of Shougang Co., Ltd. in 2023, the controlling subsidiary of the company, Beijing Shougang New Energy Automobile Material Technology Co., Ltd. (hereinafter referred to as "New-E Co."), was implementing a continuing separation. After the separation, New-E Co. became the surviving company, with its shareholders changed to Shougang Group Co., Ltd. and Qian'an Jingji Equity Investment Fund (Limited Partnership), and a new Beijing Shougang New Energy Materials Technology Co., Ltd. (hereinafter referred to as "New Energy Materials") was established, with its shareholders being Shougang Co., Ltd. and Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership). As of April 25, 2023, the industrial and commercial registration procedures for the current separation have been completed, and New-E Co. and New Energy Materials have obtained their respective business licenses.
 - (2) According to the resolution of the 5th extraordinary meeting of the board of directors of Shougang Co., Ltd. in 2023, New Energy Materials plans to dissolve and liquidate. As of December 22, 2023, New Energy Materials have obtained the "Cancellation Approval Notice" and "Cancellation Registration Notice" issued by the Shunyi District Market Supervision Administration of Beijing, and have completed tax cancellation, bank account cancellation, and industrial and commercial deregistration.

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	1,806,563,829	23.10%				-25,257,565	-25,257,565	1,781,306,264	22.85%
1. State ownership									
2. State-owned corporation shares	1,741,662,029	22.27%						1,741,662,029	22.34%
3. Shares held by other domestic investors	64,901,800	0.83%				-25,257,565	-25,257,565	39,644,235	0.51%
Of which: Shares held by domestic legal persons									
Shares held by domestic natural persons	64,901,800	0.83%				-25,257,565	-25,257,565	39,644,235	0.51%
4.Foreign ownership									
Of which: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted shares	6,013,305,341	76.90%						6,013,305,341	77.15%
1. RMB ordinary shares	6,013,305,341	76.90%						6,013,305,341	77.15%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4.Others									
III. Total number of shares	7,819,869,170	100.00%				-25,257,565	-25,257,565	7,794,611,605	100.00%

Reasons of shares movements

√Applicable □ Not applicable

According to the Incentive Plan, with the approval of the company's shareholders meeting, the company has repurchased and cancelled 25,257,565 restricted shares during the reporting period, and share capital of the company have been reduced from 7,819,869,170 shares to 7,794,611,605 shares.

Approval of share movements

√Applicable □ Not applicable

The restricted stocks repurchased and cancelled by the company during the reporting period have been reviewed and approved at the 2022 annual shareholders meeting on June 30, 2023 and the first extraordinary shareholders meeting on September 28, 2023.

Transfer of shares arising from changes in shareholding

√Applicable □ Not applicable

The restricted shares repurchased by the company have been cancelled in accordance with regulations.

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 completed the repurchase and cancellation of the restricted shares mentioned above, the total share capital of the company decreased, which resulted in an increase in earnings per share and net assets per share for the most recent year and period.

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.	1,247,703,723	0	0	1,247,703,723	Reasons for restricted sales of 232,286,354 shares: The commitments made by Shougang Group when the Company was first restructured are still being fulfilled. 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 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
Shougang Directors, senior executives and other equity incentive targets	64,901,800	0	25,257,565	39,644,235	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.	According to the Incentive Plan, the Company has repurchased and cancelled the restricted stocks corresponding to the first period of lifting restrictions; The restricted period for the remaining restricted stocks is 36 months and 48 months from the date of completion of grant registration, namely December 24, 2024 and December 24, 2025, respectively
Total	1,806,563,829	0	25,257,565	1,781,306,264	--	--

II. Securities issuance and listing**1. Security offering (without preferred stock) in reporting period**

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

According to the Incentive Plan, with the approval of the company's shareholders meeting, a total of 25,257,565 shares of restricted stock have been repurchased and cancelled by the company during the reporting period. There has been a change in shareholder structure and the decrease in the total number of shares of the Company. There is no impact on the asset and liability structure of the Company.

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	93,835	Total common stock shareholders at end of last month before annual report disclosed	94,900	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 legal entity	56.72%	4,420,769,800	0	1,247,703,723	3,173,066,077	N/A	0
Baowu Group	State-owned legal entity	10.18%	793,408,440	0	0	793,408,440	N/A	0
Beijing Jingtou Investment Holding Co., Ltd.	State-owned legal entity	9.51%	740,940,679	0	0	740,940,679	N/A	0
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)	State-owned legal entity	6.34%	493,958,306	0	493,958,306	0	N/A	0
Sunshine Life Insurance Co., Ltd. - Traditional insurance products	Others	0.98%	76,692,529	0	0	76,692,529	N/A	0
Liu Wei	Domestic natural person	0.87%	682,000,000	+14,200,000	0	68,200,000	N/A	0
Sunshine Life Insurance Co., Ltd. - Dividend insurance products	Others	0.72%	56,159,243	0	0	56,159,243	N/A	0
Hong Kong Securities Clearing Company Limited	Overseas legal entity	0.72%	55,782,302	+12,051,904	0	55,782,302	N/A	0
Shanxi Coking Coal Group Finance Co., Ltd.	State-owned legal entity	0.41%	32,155,928	0		32,155,928	N/A	0
National Social Security Fund - Eight combinations	Others	0.35%	27,661,700	-39,885,983	0	27,661,700	N/A	0
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	Subsidiary of Shougang Group holds 0.68% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 62.30%of Baosteel Co. Except which, 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					RMB ordinary shares	3,173,066,077	
Baowu Group	793,408,440					RMB ordinary shares	793,408,440	
Beijing Jingtou Investment Holding Co., Ltd.	740,940,679					RMB ordinary shares	740,940,679	
Sunshine Life Insurance Co., Ltd.- Traditional insurance products	76,692,529					RMB ordinary shares	76,692,529	
Liu Wei	68,200,000					RMB ordinary shares	68,200,000	
Sunshine Life Insurance Co., Ltd. - Dividend insurance products	56,159,243					RMB ordinary shares	56,159,243	
Hong Kong Securities Clearing Company Limited	55,782,302					RMB ordinary shares	55,782,302	
Shanxi Coking Coal Group Finance Co., Ltd.	32,155,928					RMB ordinary shares	32,155,928	

National Social Security Fund - eight combinations	27,661,700	RMB ordinary shares	27,661,700
Guoshou Pension Strategy No. 4 Stock based Pension Product - Industrial and Commercial Bank of China Limited	22,036,104	RMB ordinary shares	22,036,104
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	Subsidiary of Shougang Group holds 0.68% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 62.30% of Baosteel Co. Except which, 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 68,200,000 shares of the company through its credit securities account.		

The top ten shareholders participating in the lending of shares through refinancing business

☐ Applicable ☒ Not applicable

Changes of the top ten shareholders compared to the previous period

☒ Applicable ☐ Not applicable

Unit: Share

Changes in the top 10 shareholders compared to the end of the previous period					
Shareholder Name	New additions/exits during this reporting period	At the end of the period, the number of shares lent through refinancing and not yet repaid		The number of shares held in the ordinary account and credit account of shareholders at the end of the period, as well as the shares lent through refinancing, that have not yet been returned	
		Total quantity	Proportion to total share capital	Total quantity	Proportion to total share capital
Shougang Group Co., Ltd.	New addition	0	0.00%	0	0.00%
China Baowu Steel Group Corporation Ltd.	New addition	0	0.00%	0	0.00%
Beijing Jingtou Investment Holding Co., Ltd.	New addition	0	0.00%	0	0.00%
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)	New addition	0	0.00%	0	0.00%
Sunshine Life Insurance Co., Ltd.- Traditional insurance products	New addition	0	0.00%	0	0.00%
Liu Wei	New addition	0	0.00%	0	0.00%
Sunshine Life Insurance Co., Ltd. - Dividend insurance products	New addition	0	0.00%	0	0.00%
Hong Kong Securities Clearing Company Limited	New addition	0	0.00%	0	0.00%
Shanxi Coking Coal Group Finance Co., Ltd.	New addition	0	0.00%	0	0.00%
National Social Security Fund - eight combinations	New addition	0	0.00%	0	0.00%

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	Zhao Ming	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., holds 21.68%; (2) Beiqi Foton Motor Co., Ltd., holds 0.15%; (3) BAIC MOTOR Corporation., Ltd. (H-share), holds 12.83%. 2. Overseas: (1) Capital Industrial Financial Services Group Limited, holds 60.88%; (2) Shoucheng Holdings Limited, holds 24.66%; (3) Shougang Fushan Resources Group Ltd., holds 33.24%; (4) Shougang Century Holdings Limited, holds 49.71%; (5) Global Digital Creations Holdings Limited, holds 41.18%; (6) CWT International Limited, holds 3.11%; (7) Newton Resources Limited, holds 27.46%; (8) Sunshine Insurance Group Co., Ltd., holds 0.58%.			

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 is as follows:



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.	Hu Wangming	1 Jan. 1992	RMB 52,791,101,000	Licensed project: Retail of publications; Wholesale of publications. (For projects that require approval according to law, business activities can only be carried out with the approval of relevant departments. The specific business projects shall be subject to the approval documents or licenses of relevant departments.) General projects: engaging in investment activities with self owned funds; Investment management; Asset management services for self owned fund investment; Enterprise headquarters management; Land use right leasing; Non residential real estate leasing; Tax services; Human resources services (excluding occupational intermediary activities and labor dispatch services); Registration and agency of market entities; Business agency services; Undertake outsourcing of archival services; Tendering and bidding agency services; Big data services; Enterprise management consulting. (Except for projects that require approval according to law, business activities shall be conducted independently based on the business license in accordance with the law)
--	-------------	-------------	--------------------	---

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

Implementation progress of reducing and repurchasing shares through centralized 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'0,000

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 September 2020	17 September 2020	17 September 2025	0	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			Matching transaction, click transaction, inquiry transaction, bidding transaction, negotiation transaction						
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 investors' put option. In September 2023, the bondholders of 20 Shouqian 01 chose to sell all their bonds back to the issuer. After the issuer completed the redemption payment process, 20 Shouqian 01 was delisted on September 18, 2023.

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 Jiaxiang	010-56839300
Beijing Shougang Co., Ltd.2020 Public Offering of corporate bonds to Professional Investors (Phase I)	CITIC 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		Liu Yinling	010-67413322

Change of the above intermediary organisations during the reporting period

☐ Yes ☒ No

4. Use of proceeds

Unit: RMB'0,000

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)	250,000	250,000	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

During the reporting period, the company changed the purpose of raising funds through the aforementioned bonds

☐ 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'0,000

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 Note)	22Shougang SCP002 (Kechuang Note)	012282924	18 August 2022	19 August 2022	24 April 2023	0	1.68%	Repayment of principal and interest once due	National inter-bank bond market
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase I)	23Shougang SCP001	012381548	14 April 2023	17 April 2023	20 October 2023	0	2.37%	Repayment of principal and interest once due	National inter-bank bond market

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. 2023 Ultra-short-term financing note (Phase II)	22Shougang SCP002	012383409	7 September 2023	8 September 2023	22 December 2023	0	2.21%	Repayment of principal and interest once due	National inter-bank bond market
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase III) (Kechuang Note)	23Shougang SCP003 (Kechuang Note)	012384132	15 November 2023	16 November 2023	19 April 2024	100,000	2.56%	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 Note)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, PRC.	Qian Bin, Liu Yiwei	Qian Bin, Liu Yiwei	010-85665231
Beijing Shougang Co., Ltd. 2022 Ultra-short-term financing note (Phase II) (Kechuang Note)	Beijing Jingtian Gongcheng Law Firm	34F, Office Building no.3, Huamao Center, 77 Jianguo Road, Chaoyang District, Beijing, PRC.		Deng Qing, Yang Yao	010-58091281 010-58091048
Beijing Shougang Co., Ltd. 2022 Ultra-short-term financing note (Phase II) (Kechuang Note)	Bank of Beijing Co., Ltd.	No. 17 C, Financial Street, Xicheng District, Beijing, PRC.		Zhang Guoxia	010-66223400
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase I)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, PRC	Qian Bin, Liu Yiwei	Qian Bin, Liu Yiwei	010-85665231
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase I)	Beijing Jingtian Gongcheng Law Firm	34F, Office Building no.3, Huamao Center, 77 Jianguo Road, Chaoyang District, Beijing, PRC		Deng Qing, Yang Yao	010-58091281 010-58091048
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase I)	Bank of Ningbo Co., Ltd.	345 Ningdong Road, Yinzhou District, Ningbo, Zhejiang Province, PRC		Hu Qiang	0574-87002735
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase I)	Bank of Beijing Co., Ltd.	No. 17 C, Financial Street, Xicheng District, Beijing, PRC		Zhang Guoxia	010-66223400
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase II)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, PRC	Qian Bin, Yu Qike	Qian Bin, Yu Qike	010-85665231

Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase II)	Beijing Jingtian Gongcheng Law Firm	345 Ningdong Road, Yinzhou District, Ningbo, Zhejiang Province, PRC		Deng Qing, Yang Yao	010-58091281 010-58091048
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase II)	Beijing Rural Commercial Bank Co., Ltd	Building 2, No.1, Yuetan South Street, Xicheng District, Beijing, PRC		Guan Yuming, Niu Caiping	010-632299793
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase II)	China Construction Bank Co., Ltd	25 Financial Street, Xicheng District, Beijing, PRC		Wang Wenjun	010-67594276
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase III) (Kechuang Note)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, PRC	Qian Bin, Yu Qike	Qian Bin, Yu Qike	010-85665231
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase III) (Kechuang Note)	Beijing Jingtian Gongcheng Law Firm	345 Ningdong Road, Yinzhou District, Ningbo, Zhejiang Province, PRC		Deng Qing, Yang Yao	010-58091281 010-58091048
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase III) (Kechuang Note)	Bank of Beijing Co., Ltd.	No. 17 C, Financial Street, Xicheng District, Beijing, PRC.		Zhang Guoxia	010-66223400
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase III) (Kechuang Note)	Beijing Rural Commercial Bank Co., Ltd	Building 2, No.1, Yuetan South Street, Xicheng District, Beijing, PRC		Guan Yuming, Niu Caiping	010-632299793

Change of the above intermediary organisations during the reporting period

☐ Yes ☒ No

4. Use of proceeds

Unit: RMB0,000

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 Note)	100,000	100,000	0.00	During the reporting period, the operation of the Company's special account for raised funds conforms to the standard	No	Consistent
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase I)	100,000	100,000	0	During the reporting period, the operation of the Company's special account for raised funds conforms to the standard	No	Consistent

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. 2023 Ultra-short-term financing note (Phase II)	100,000	100,000	0	During the reporting period, the operation of the Company's special account for raised funds conforms to the standard	No	Consistent
Beijing Shougang Co., Ltd. 2023 Ultra-short-term financing note (Phase III) (Kechuang Note)	100,000	100,000	0	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	0.50	0.45	11.11%
Gearing ratio	60.43%	65.03%	-4.60%
Quick ratio	0.32	0.30	6.67%
	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	52,767.21	105,251.09	-49.87%

Proportion of EBITDA to total debts	12.37%	12.28%	0.09%
Interest coverage ratio	1.62	1.95	-16.92%
Cash interest coverage ratio	5.18	6.92	-25.14%
EBITDA interest coverage ratio	7.04	6.08	15.79%
Loans payment ratio	100.00%	100.00%	
Interest payment ratio	100.00%	100.00%	

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	18 April 2024
Name of audit institution	Grant Thornton LLP
Number of audit report	GTSZ (2024) No. 110A011630
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 2023, 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 2023, 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.13 and V.7 to the financial statements.

1. Description of the matter

As of 31 December 2023, the carry value of inventory of the Company amounted to RMB 12.413 billion with an impairment of RMB 235 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 2023 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.26 and V.42 to the financial statements.

1. Descriptions of the matter

In 2023, the revenue was RMB 113.761 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 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 truthfulness of revenue recognition.
- (4) Selecting major customers to perform the confirmation procedures on annual sales to evaluate the accuracy of revenue recognition.
- (5) Implementing cut-off tests on revenue recognition 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 2023, 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 2023

Unit: RMB Yuan

Item	Notes	31 December 2023		31 December 2022	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash at bank and on hand	V. 1	9,153,205,626.37	1,806,064,978.27	9,470,472,522.05	1,973,471,254.47
Notes receivable	V. 2	3,958,135,183.83	825,606,179.97	6,691,086,020.85	898,640,149.83
Accounts receivable	V. 3	1,365,633,725.20	1,433,327,640.47	1,450,008,897.10	1,396,660,925.53
Financing receivables	V. 4	2,223,431,426.46	823,200,805.55	3,489,134,871.56	835,526,685.55
Prepayments	V. 5	2,111,891,544.80	534,795,080.00	636,469,216.98	326,340,746.62
Other receivables	V. 6	9,509,909.78	136,314,481.16	13,168,697.56	1,163,994,995.68
Including: Interest receivable					
Dividends receivable		2,407,634.67		200,000.00	9,713,244.06
Inventories	V. 7	12,177,610,585.90	1,967,980,821.94	11,960,246,748.15	1,904,197,806.47
Other current assets	V. 8	1,529,327,917.77	720,044,580.92	1,025,942,949.49	565,959,166.92
Total current assets		32,528,745,920.11	8,247,334,568.28	34,736,529,923.74	9,064,791,731.07
Non-current assets:					
Long-term equity investments	V. 9	2,420,775,096.36	37,020,179,840.15	2,724,285,925.35	37,687,890,460.88
Other equity instruments investments	V. 10	340,204,092.21	340,204,092.21	232,766,133.81	232,766,133.81
Other non-current financial assets	V. 11	75,009,218.61	75,009,218.61	79,234,007.60	79,234,007.60
Investment properties					
Fixed assets	V. 12	89,895,037,102.17	18,294,054,760.24	93,331,072,969.17	19,254,378,866.41
Construction in progress	V. 13	5,320,613,251.88	2,096,054,577.18	7,673,649,852.77	1,490,601,326.57
Right-of-use assets	V. 14	489,044,162.56	18,009,629.54	83,107,359.45	27,014,444.30
Intangible assets	V. 15	6,004,370,080.22	1,650,621,035.40	3,906,907,128.11	1,702,786,981.19
Development expenditures					
Goodwill					
Long-term prepaid expenses	V. 16	4,791,419.09		3,535,748.04	
Deferred tax assets	V. 17	441,070,785.12	191,520,829.30	402,355,955.31	205,022,924.46
Other non-current assets					
Total non-current assets		104,990,915,208.22	59,685,653,982.63	108,436,915,079.61	60,679,695,145.22
Total assets		137,519,661,128.33	67,932,988,550.91	143,173,445,003.35	69,744,486,876.29

Consolidated and Parent Company Statement of Financial Position (Continued)

Beijing Shougang Co., Ltd. as at 31 December 2023

Unit: RMB Yuan

Item	Notes	31 December 2023		31 December 2022	
		Consolidated	Consolidated	Consolidated	Company
Current liabilities:					
Short-term borrowings	V. 19	26,661,355,641.29	9,697,875,763.85	29,580,006,103.39	10,586,336,291.69
Notes payable	V. 20	3,433,752,366.00	50,000,000.00	7,261,510,000.00	989,500,000.00
Accounts payable	V. 21	20,734,040,709.58	9,850,290,958.06	19,810,594,484.05	9,833,463,235.41
Receipts in advance					
Contract liabilities	V. 22	4,699,449,813.28	1,036,301,337.72	4,508,016,725.74	521,402,199.01
Employee benefits payable	V. 23	762,360,797.04	278,758,236.87	620,796,429.60	207,863,353.07
Taxes payable	V. 24	184,929,853.68	30,265,576.48	172,300,416.40	22,570,197.17
Other payables	V. 25	431,690,700.91	218,440,824.20	2,761,819,276.69	1,100,551,048.35
Including: Interest payable					
Dividend payable				11,440,046.38	
Liabilities classified as held for sale					
Current portion of non-current liabilities	V. 26	1,337,686,760.50	513,180,977.19	4,038,768,022.60	3,419,903,869.77
Other current liabilities	V. 27	6,207,392,240.67	2,016,969,625.15	8,088,749,910.74	1,927,653,981.82
Total current liabilities		64,452,658,882.95	23,692,083,299.52	76,842,561,369.21	28,609,244,176.29
Non-current liabilities:					
Long-term borrowings	V. 28	12,789,060,000.00	3,946,830,000.00	10,594,350,000.00	1,267,120,000.00
Bonds payable	V. 29				
Lease liabilities	V. 30	471,745,760.35	9,850,828.20	72,439,836.79	19,284,063.32
Long-term payable	V. 31	2,300,000.00	2,300,000.00	2,300,000.00	2,300,000.00
Long-term payroll and employee benefits	V. 32	77,050,280.88	77,050,280.88	82,565,651.02	82,565,651.02
Provisions					
Deferred income	V. 33	852,384,301.36	99,843,517.79	472,861,881.90	85,269,577.62
Deferred tax liabilities	V. 17	554,522,851.81	359,787,326.79	502,268,362.26	365,393,047.63
Other non-current liabilities	V. 34	3,899,674,951.80		4,532,018,467.20	
Total non-current liabilities		18,646,738,146.20	4,495,661,953.66	16,258,804,199.17	1,821,932,339.59
Total liabilities		83,099,397,029.15	28,187,745,253.18	93,101,365,568.38	30,431,176,515.88
Shareholders' equity:					
Share capital	V. 35	7,794,611,605.00	7,794,611,605.00	7,819,869,170.00	7,819,869,170.00
Capital reserve	V. 36	30,359,081,190.35	22,108,845,278.76	29,644,048,551.50	22,176,353,536.77
Less: treasury shares	V. 37	130,627,194.09	130,627,194.09	210,930,850.00	210,930,850.00
Other comprehensive income	V. 38	249,573,973.65	249,574,039.56	158,251,774.94	158,251,774.94
Special reserve	V. 39	32,813,410.14		31,852,310.79	
Surplus reserve	V. 40	1,944,190,492.65	1,944,190,492.65	1,908,883,208.67	1,908,883,208.67
Retained earnings	V. 41	9,224,145,934.95	7,778,649,075.85	8,595,698,699.52	7,460,883,520.03
Equity attributable to shareholders of the Company		49,473,789,412.65	39,745,243,297.73	47,947,672,865.42	39,313,310,360.41
Non-controlling interests		4,946,474,686.53		2,124,406,569.55	
Total shareholders' equity		54,420,264,099.18	39,745,243,297.73	50,072,079,434.97	39,313,310,360.41
Total liabilities and shareholders' equity		137,519,661,128.33	67,932,988,550.91	143,173,445,003.35	69,744,486,876.29

Consolidated and Parent Company Income Statement

Beijing Shougang Co., Ltd. for the year ended 31 December 2023

Unit: RMB Yuan

Item	Notes	2023		2022	
		Consolidated	Company	Consolidated	Company
I. Operating revenue	V. 42	113,761,443,633.43	38,926,306,222.11	118,142,183,549.47	39,004,809,105.09
Less: Cost of sales	V. 42	108,450,939,228.35	37,636,422,870.72	111,067,555,320.28	38,195,755,653.87
Taxes and surcharges	V. 43	773,788,277.52	186,759,975.87	823,261,082.93	215,684,348.68
Selling expenses	V. 44	247,978,613.12	145,715,400.04	237,997,026.22	147,362,228.16
General and administrative expenses	V. 45	1,289,613,009.53	511,892,492.19	1,271,175,739.06	533,105,120.91
R&D expenses	V. 46	491,078,795.33	188,022,863.16	626,923,257.36	207,810,181.56
Financial expenses	V. 47	1,353,210,253.87	412,626,659.67	1,731,584,291.35	460,293,091.81
Including: Interest expense		1,459,986,955.71	472,742,471.44	1,863,709,861.13	507,359,008.32
Interest income		107,859,174.95	16,560,676.53	132,829,545.65	27,521,639.77
Add: Other income	V. 48	497,165,799.61	192,257,211.40	76,142,005.96	11,800,586.33
Investment gain/ (loss)	V. 49	-173,640,314.78	468,027,906.62	-211,209,023.35	59,234,973.72
Including: Share of profits or loss of associates and joint ventures		-192,776,595.40	-132,155,436.66	-227,515,854.43	-178,256,786.93
Gain/ (loss) on the changes in fair value	V. 50	-4,224,788.99	-4,224,788.99	-765,992.40	-765,992.40
Credit impairment losses	V. 51	48,197,342.07	8,342,561.87	5,643,463.88	337,922.33
Assets impairment losses	V. 52	-600,099,065.24	-151,383,222.76	-402,994,496.88	-63,210,278.38
Gain/ (loss) from disposal of assets	V. 53	567,839.38	5,475,499.08	-611,088.11	-611,088.11
II. Operating profit/ (loss)		922,802,267.76	363,361,127.68	1,849,891,701.37	-748,415,396.41
Add: Non-operating income	V. 54	6,975,486.44	1,803,907.74	11,304,199.78	4,718,009.36
Less: Non-operating expenses	V. 55	29,457,854.70	20,311,515.08	68,082,023.32	51,970,642.22
III. Profit/ (loss) before tax		900,319,899.50	344,853,520.34	1,793,113,877.83	-795,668,029.27
Less: Income tax expense	V. 56	146,515,055.29	-8,219,319.46	283,698,478.31	-6,832,474.51
IV. Net profit / (loss)		753,804,844.21	353,072,839.80	1,509,415,399.52	-788,835,554.76
(1) Categorized by operation continuity:					
Including: Net profit/ (loss) from continuing operations		753,804,844.21	353,072,839.80	1,509,415,399.52	-788,835,554.76
Net profit/ (loss) from discontinuing operations					
(2) Categorized by ownership:					
Including: Net profit/ (loss) attributable to shareholders of the Company		663,754,519.41		1,124,540,659.14	
Net profit/ (loss) attributable to non-controlling interests		90,050,324.80		384,874,740.38	
V. Other comprehensive income, net of tax		91,322,198.71	91,322,264.62	-27,314,435.65	-27,314,435.65
Other comprehensive income, net of tax, attributable to shareholders of the company		91,322,198.71	91,322,264.62	-27,314,435.65	-27,314,435.65
(1) Other comprehensive income that will not be reclassified to profit or loss		91,322,264.62	91,322,264.62	-27,314,435.65	-27,314,435.65
Changes in fair value of other equity instrument investments		91,322,264.62	91,322,264.62	-27,314,435.65	-27,314,435.65
(2) Other comprehensive income to be reclassified to profit or loss		-65.91			
Foreign currency translation differences		-65.91			
Other comprehensive income, net of tax, attributable to non-controlling interests					
VI. Total comprehensive income		845,127,042.92	444,395,104.42	1,482,100,963.87	-816,149,990.41
Total comprehensive income attributable to shareholders of the company		755,076,718.12		1,097,226,223.49	
Total comprehensive income attributable to non-controlling interests		90,050,324.80		384,874,740.38	
VII. Earnings per share					
(1) Basic earnings per share		0.0856		0.1496	
(2) Diluted earnings per share					

Consolidated and Parent Company Statement of Cash Flows

Beijing Shougang Co., Ltd. for the year ended 31 December 2023

Unit: RMB Yuan

Items	Note	2023	2022		
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash receipts from the sale of goods and the rendering of services		64,299,847,202.27	20,828,679,035.96	60,167,389,548.82	16,484,868,626.13
Tax refunds received		123,551,111.37	9,607,663.70	189,506,469.09	42,188,257.67
Cash received relating to other operating activities	V. 57	1,075,599,962.13	522,648,828.19	767,214,052.71	20,415,777.73
Sub-total of cash inflows		65,498,998,275.77	21,360,935,527.85	61,124,110,070.62	16,547,472,661.53
Cash paid for purchase of goods and services		51,471,616,413.84	18,321,312,770.37	43,094,229,128.26	11,560,257,021.52
Cash paid to and on behalf of employee		4,527,216,997.76	1,506,335,099.63	4,581,065,361.90	1,542,021,128.22
Cash paid for taxes		2,863,616,678.56	810,940,804.12	3,011,630,025.15	471,766,716.43
Cash paid relating to other operating activities	V. 57	482,242,113.79	133,600,503.19	392,950,057.51	200,956,450.23
Sub-total of cash outflows		59,344,692,203.95	20,772,189,177.31	51,079,874,572.82	13,775,001,316.40
Net cash flows from operating activities		6,154,306,071.82	588,746,350.54	10,044,235,497.80	2,772,471,345.13
II. Cash flows from investing activities					
Cash received from disposal of investments		1,260,401,500.00	702,413,695.89	38,609,883.16	
Cash received from investment income		115,230,658.40	591,297,147.99	82,626,235.37	242,968,827.72
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		4,617,334.55	8,667,874.82	12,405,207.57	9,996,517.46
Cash received from disposal of subsidiaries and other business units					
Cash received relating to other investing activities	V. 57	106,533,297.74	16,548,922.08	132,789,335.69	28,160,581.65
Sub-total of cash inflows		1,486,782,790.69	1,318,927,640.78	266,430,661.79	281,125,926.83
Purchase of property, plant and equipment, intangible assets and other non-current assets		1,766,380,951.48	302,621,704.63	2,639,013,873.80	493,955,501.86
Cash paid for investments		662,474,008.68	650,162,899.68	789,480,592.71	781,780,592.71
Net cash paid for acquisition of a subsidiary and other operating units					
Cash paid relating to other investing activities					153,910,000.00
Sub-total of cash outflows		2,428,854,960.16	952,784,604.31	3,428,494,466.51	1,429,646,094.57
Net cash flows from investing activities		-942,072,169.47	366,143,036.47	-3,162,063,804.72	-1,148,520,167.74
III. Cash flows from financing activities					
Cash received from investment		1,565,806,677.81		1,278,391,712.18	287,603,983.82
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		1,565,806,677.81		990,787,728.36	
Proceeds from borrowings		31,847,552,691.12	13,583,351,200.88	33,162,321,539.41	13,549,741,539.41
Proceeds from issuing bonds		3,000,000,000.00	3,000,000,000.00	2,000,000,000.00	2,000,000,000.00
Cash receipts relating to other financing activities			1,039,800,000.00		
Sub-total of cash inflows		36,413,359,368.93	17,623,151,200.88	36,440,713,251.59	15,837,345,523.23
Repayments for debts		38,229,681,200.88	17,654,331,200.88	40,872,794,754.59	15,706,004,754.59
Cash payments for distribution of dividends or profit and interest expenses		1,731,838,601.55	490,762,007.33	2,519,777,625.43	1,150,312,727.17
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries		245,520,943.15		45,895,343.51	
Cash payments relating to other financing activities	V. 57	1,088,617,421.92	91,365,753.67	136,968,934.05	163,699,124.52
Sub-total of cash outflows		41,050,137,224.35	18,236,458,961.88	43,529,541,314.07	17,020,016,606.28
Net cash flows from financing activities		-4,636,777,855.42	-613,307,761.00	-7,088,828,062.48	-1,182,671,083.05
IV. Effect of exchange rate changes on cash and cash equivalents		-10,372.53			
V. Net increase in cash and cash equivalents		575,445,674.40	341,581,626.01	-206,656,369.40	441,280,094.34
Add: Cash and cash equivalents as at the beginning of year		8,329,215,003.68	1,464,146,635.34	8,535,871,373.08	1,022,866,541.00
VI. Cash and cash equivalent as at the end of year		8,904,660,678.08	1,805,728,261.35	8,329,215,003.68	1,464,146,635.34

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2023

Unit: RMB Yuan

2023									
Item	Equity attributable to shareholders of the parent							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		
I. Balance at the end of previous 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
Add: Changes in accounting policies									
Corrections of prior period errors									
Others									
II. Balance at the beginning 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
III. Increase/(decrease) during the period	-25,257,565.00	715,032,638.85	-80,303,655.91	91,322,198.71	961,099.35	35,307,283.98	628,447,235.43	2,822,068,116.98	4,348,184,664.21
(1) Total comprehensive income				91,322,198.71			663,754,519.41	90,050,324.80	845,127,042.92
(2) Shareholders' contributions and reduction	-25,257,565.00	714,657,637.11	-80,303,655.91					2,969,269,451.03	3,738,973,179.05
(i) Shareholders' contributions in ordinary share	-25,257,565.00	-55,046,090.91	-80,303,655.91					2,969,269,451.03	2,969,269,451.03
(ii) Amount of share-based payments recognized in equity		-11,692,261.51							-11,692,261.51
(iii) Others		781,395,989.53							781,395,989.53
(3) Profit distribution						35,307,283.98	-35,307,283.98	-234,080,896.77	-234,080,896.77
(i) Transfer to surplus reserve						35,307,283.98	-35,307,283.98		
(ii) Distribution to shareholders								-234,080,896.77	-234,080,896.77
(iii) Others									
(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		375,001.74			961,099.35			-3,170,762.08	-1,834,660.99
(i) Additions		375,001.74			961,099.35			-3,170,762.08	-1,834,660.99
(ii) Utilisation									
(6) Others									
IV. Balance at the end of the year	7,794,611,605.00	30,359,081,190.35	130,627,194.09	249,573,973.65	32,813,410.14	1,944,190,492.65	9,224,145,934.95	4,946,474,686.53	54,420,264,099.18

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2023

Unit: RMB Yuan

Item	2022								
	Equity attributable to shareholders of the parent							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		
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									
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

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2023

Unit: RMB Yuan

Item	2023							
	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	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
Add: Changes in accounting policies								
Corrections of prior period errors								
Others								
II. Balance at the beginning 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
III. Increase/(decrease) during the period	-25,257,565.00	-67,508,258.01	-80,303,655.91	91,322,264.62		35,307,283.98	317,765,555.82	431,932,937.32
(1) Total comprehensive income				91,322,264.62			353,072,839.80	444,395,104.42
(2) Shareholders' contributions and reduction	-25,257,565.00	-67,508,258.01	-80,303,655.91					-12,462,167.10
(i) Shareholders' contributions in ordinary share	-25,257,565.00	-55,046,090.91	-80,303,655.91					
(ii) Amount of share-based payments recognized in equity		-12,462,167.10						-12,462,167.10
(iii) Others								
(3) Profit distribution						35,307,283.98	-35,307,283.98	
(i) Transfer to surplus reserve						35,307,283.98	-35,307,283.98	
(ii) Distribution to shareholders								
(iii) Others								
(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	7,794,611,605.00	22,108,845,278.76	130,627,194.09	249,574,039.56		1,944,190,492.65	7,778,649,075.85	39,745,243,297.73

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2023

Unit: RMB Yuan

2022								
Item	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								
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

Notes to the Financial Statements

I. General Information of the Company

Beijing Shougang Co., Ltd. (hereinafter referred to as the Company) is a limited liability company established solely by Shougang Group Co., Ltd. through fundraising and with the approval of Beijing Municipal Government's Jingzheng Letter [1998] No. 34. The Company was approved and registered by the Beijing Administration for Industry and Commerce on October 15, 1999, with a unified social credit code of 91110007002343182. The registered address is Shijingshan Road, Shijingshan District, Beijing.

After years of equity changes such as issuing new shares, as of December 31, 2023, the cumulative total issued share capital of the Company is 7,794,611,605 shares. Among them, there are 6,013,305,341 unrestricted RMB ordinary shares and 1,781,306,264 restricted RMB ordinary shares.

The Company and its subsidiaries are mainly engaged in the production and sales of steel products and by-products.

This financial statement and its notes have been approved by the 7th meeting of the 8th Board of Directors of the Company on April 18, 2024.

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). In addition, the Company also discloses relevant financial information in accordance with the General Provisions on Financial Reporting (Revised in 2023) of the Compilation Rules for Information Disclosure of Companies Issuing Securities to the Public No. 15 of 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, construction in progress converted to fixed assets, amortization of intangible assets, capitalization conditions of R&D expenses and revenue recognition policies, the detailed accounting policies refer to Note III. 15, Note III. 16, Note III. 19, Note III. 20 and Note III. 26.

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 2023, and the financial performance and cash flows for FY 2023.

2. Accounting period

The accounting year of the Company is from 1 January to 31 December 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 overseas subsidiaries use the currency of the main economic environment in which the business operate as the functional currency.

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

5. Method for determination and selection criteria of the materiality level

Item	Materiality Level
Material accounts receivable with individual provision for bad debts	≥RMB 10 million
Material accounts receivable written off during current period	≥RMB 10 million
Material construction in progress	1% of the latest audited net assets attributable to the parent company
Material non wholly-owned subsidiary	Single contribution amount exceeding 500 million yuan (inclusive)
Material investing activities	1% of the latest audited net assets attributable to the parent company

6. 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 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 recognized 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 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 arising from the remeasurement of net liabilities or changes in net assets of the defined benefit plan by the invested party, as well as other comprehensive income related to non trading equity instrument investments originally designated to be measured at fair value through other comprehensive income.

(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.

7. Criteria of control and method of preparing consolidated financial statements

(1) Criteria of control

The consolidation scope of the consolidated financial statements is determined based on control. Control refers to the company having the power over the invested entity, enjoying variable returns through participating in related activities of the invested entity, and having the ability to use the power over the invested entity to influence its return amount. When changes in relevant facts and circumstances result in changes in the relevant elements involved in the definition of control, the Company will conduct a reassessment.

When determining whether to include a structured entity in the scope of consolidation, the Company takes into account all facts and circumstances, including evaluating the purpose and design of the establishment of the structured entity, identifying the types of variable returns, and evaluating whether to control the structured entity by participating in its related activities and assuming some or all of the variability of returns.

(2) 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 earnings. 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.

Other comprehensive income related to equity investments in the original subsidiary should be accounted for on the same basis as the direct disposal of related assets or liabilities by the original subsidiary when control is lost. Other changes in other shareholders' equity related to the original subsidiary should be transferred to the current period's profit and loss when control is lost.

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

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:

- ① When 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
- ② When 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.

8. 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.

9. 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.

10. Foreign currency transactions and foreign currency statement translation

(1) Foreign currency transactions

When the foreign currency transactions are engaged, the amount shall be converted into the functional currency at the spot exchange rate on the transaction date (or using an exchange rate determined by a system reasonable method that is similar to the spot exchange rate on the transaction date).

On the balance sheet date, foreign currency monetary items are converted using the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the initial recognition or the spot exchange rate on the previous balance sheet date shall be recognized in the current period's profit and loss; For foreign currency non monetary items measured at historical cost, the spot exchange rate on the transaction date shall still be used for translation; For foreign currency non-monetary items measured at fair value, the spot exchange rate on the date of fair value determination is used for translation. The difference between the converted amount in the functional currency and the original amount in the functional currency is recognized in the current period's profit or loss or other comprehensive income based on the nature of the non-monetary item.

(2) Foreign currency statement translation

On the balance sheet date, when converting the foreign currency financial statements of overseas subsidiaries, the asset and liability items in the balance sheet are converted using the spot exchange rate on the balance sheet date. Except for "undistributed profits", other items in shareholder equity are converted using the spot exchange rate on the date of occurrence.

The income and expense items in the income statement are converted using the spot exchange rate on the transaction date (or using an exchange rate determined by a systematic and reasonable method that is similar to the spot exchange rate on the transaction date).

All items in the cash flow statement are converted at the spot exchange rate on the date of cash flow occurrence (or an exchange rate determined by a reasonable system method that is similar to the spot exchange rate on the date of cash flow occurrence). The impact of exchange rate changes on cash is treated as an adjustment item and is separately reflected in the cash flow statement under the item "Impact of exchange rate changes on cash and cash equivalents".

The difference arising from the conversion of financial statements is reflected in the "other comprehensive income" item under the shareholder's equity item on the balance sheet.

When disposing of overseas operations and losing control, the foreign currency translation differences related to the overseas operations listed under the shareholder's equity item in the balance sheet shall be fully or proportionally transferred to the current profit and loss for disposal.

11. 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 are measured at fair value at initial recognition. For financial assets measured at fair value with changes recognized in the current period's profit or loss, the relevant transaction costs are directly recognized in the current period's profit or loss; For other categories of financial assets, relevant transaction costs are included in the initial recognition amount. The initial recognition amount of accounts receivable arising from the sale of products or provision of services, which do not include or consider significant financing components, shall be the expected amount of consideration that the company is entitled to receive.

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 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.

(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.12.

(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.

For accounts receivable such as notes receivable, accounts receivable, accounts receivable financing, and other receivables, if the credit risk characteristics of a certain customer are significantly different from those of other customers in the portfolio, or if there is a significant change in the credit risk characteristics of that customer, the Company will make a provision for bad debts on a single item for that receivables. Except for accounts receivable with individual provision for bad debts, the Company divides accounts receivable into combinations based on credit risk characteristics and calculates bad debt provisions on the basis of the combination.

Notes Receivable and Accounts Receivable

For notes receivable, accounts receivable, 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

- Notes receivable combination 1: Bank acceptances notes with higher credit ratings

- Notes receivable combination 2: Bank acceptances notes with lower credit ratings and Commercial acceptances

B. Accounts receivable: Accounts of receivable-trade

For the notes receivable divided into portfolios, the Company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, calculates expected credit losses through default risk exposure and expected credit loss rate over the entire duration.

For accounts receivable divided into combinations, the Company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, and prepares a comparison table between the aging/overdue days of accounts receivable and the expected credit loss rate for the entire existence period to calculate the expected credit loss. The age of accounts receivable shall be calculated from the date of recognition.

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 other receivables divided into portfolios, the Company calculates expected credit losses based on default risk exposure and expected credit loss rate over the next 12 months or the entire duration. For other receivables grouped by aging, the aging shall be calculated from the date of recognition.

Debt investments and other debt investments

For debt investments and other debt investments, the Company calculates expected credit losses based on the nature of the investment, various types of counterparty and risk exposure, default risk exposure, and expected credit loss rate for the next 12 months or the entire duration.

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.

12. 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.

13. Inventories

(1) Classification

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

(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) Determination basis and provision method for inventory impairment provision

On the balance sheet date, inventory is measured at the lower of cost and net realizable value. When its net realizable value is lower than cost, a provision for inventory impairment is made.

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.

The Company usually makes provisions for inventory impairment based on individual inventory items. For inventory with a large quantity and low unit price, provision for inventory impairment shall be made according to the inventory category.

On the balance sheet date, if the factors affecting the previous write down of inventory value have disappeared, the provision for inventory impairment shall be reversed within the originally provisioned amount.

(4) Inventory system

Inventories are accounted for using the perpetual inventory system.

(5) Amortization method for consumables

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

14. 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) Method of impairment testing and impairment provision

For investment in subsidiaries, associates and joint ventures, refers to Note III, 21 for the method of asset impairment provision.

15. 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 (year)	Estimated residual rate (%)	Annual depreciation rate (%)
Pant and buildings	25-43	5	3.80-2.21
Machinery and equipment	12-28	5	7.92-3.39
Vehicles	10	5	9.50
Electronic equipment	10	5	9.50
Industrial furnace	13	5	7.31

Metallurgical equipment	19	5	5.00
Others	14-22	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, 21.
- (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.

16. Construction in progress

Cost of construction in progress is determined based on actual project expenses, including necessary project expenses incurred during the construction period, borrowing costs that should be capitalized before the project reaches its intended usable state, and other related expenses.

Self-built fixed assets are transferred to fixed assets while reaching the intended usable state, which were recognised in construction in progress before transfer to fixed assets and are not subject to depreciation.

When the construction in progress reaches the predetermined usable state, it shall be transferred to fixed assets based on the actual cost of the project. For those that have reached the predetermined usable state but have not yet processed the final accounts for completion, it shall be transferred to fixed assets based on the estimated value. After the final accounts for completion are processed, the original estimated value shall be adjusted based on the actual cost, but the depreciation already provisioned shall not be adjusted.

Types	Standards and timing for transferring construction in progress to fixed assets
Machinery and equipment	Achieving the design requirements or contractual standards after installation and debugging
Plant and buildings	Preliminary acceptance is qualified and meets the predetermined usable state or the standards specified in the contract

Impairment provision of construction in progress refers to Note III, 21.

17. 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, 21.

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

18. 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.

19. 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 useful life, determination basis, and amortization method of various intangible assets are:

Category	Useful life (years)	Amortisation method	Basis for determining useful life
Software	5-10	Straight line method	Expected period for bringing economic benefits to the company
Land use rights	40-50	Straight line method	Legal useful life

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, 21.

20. Research and development expenditure

The Company's R&D expenses are directly related to the R&D activities, including employee salaries, technical service fees, testing fees, etc. The salaries of R&D personnel are allocated to R&D expenses based on project working hours.

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.

21. 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, 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.

22. 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.

23. 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, and corporate pension plans, etc.

In addition to basic pension insurance, the Company has established an enterprise pension plan ("Pension Plan") in accordance with the relevant policies of the national enterprise pension system, and employees can voluntarily participate in this pension plan. Except above, the Company has no other significant employee social security commitments.

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.

24. 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.

25. 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.

(5) Restricted stock

In the equity incentive plan, the Company grants restricted stocks to the incentivized objects, and the incentivized objects first subscribe to the stocks. If the unlocking conditions specified in the equity incentive plan are not met in the future, the Company will repurchase the stocks at the pre agreed price. If the restricted stocks issued to employees have completed the registration and capital increase procedures in accordance with relevant regulations, on the grant date, the Company shall

confirm the share capital and capital reserve (share premium) based on the subscription payments received from employees; Simultaneously, recognize treasury shares and other payables for repurchase obligations.

26. 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.

If one of the following conditions is met, it belongs to fulfilling the performance obligation within a certain period of time; Otherwise, it belongs to fulfilling the performance obligation at a certain 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.

(2) Specific recognition methods

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.

27. 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.

28. 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.

Government grants related to assets are recognized as deferred income and are recognized in profit or loss in a reasonable and systematic manner over the useful life of the relevant assets. Government grants related to income, used to compensate for related costs or losses that have already occurred, shall be included in the current period's profit and loss; If it is used to compensate for related costs or losses in the future period, it shall be recognized in deferred income and recognized in the current period's profit or loss or offset against related costs during the recognition period of related costs or losses. Government grants measured at nominal amounts are directly recognized in the current period's profit and loss. The Company adopts a consistent approach for handling the same or similar government grants businesses.

Government grants related to daily activities are recognized in other income based on the essence of economic transactions. Government grants unrelated to daily activities are included in non operating income.

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.

29. 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 (Excluding individual transactions that result in equal taxable temporary differences and deductible temporary differences due to initially recognized assets and liabilities);
- (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 (Excluding individual transactions that result in equal taxable temporary differences and deductible temporary differences due to initially recognized assets and liabilities);
- (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.

On the balance sheet date, the Company measures deferred income tax assets and liabilities at the applicable tax rate during the expected period of asset recovery or liability settlement, and reflects the income tax impact of the expected method of asset recovery or liability settlement on the balance sheet date.

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

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are

presented at the net amount after offsetting when they simultaneously meet the following conditions:

- (1) The taxpayer within the company has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- (2) Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer within the company.

30. 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.31.

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.

31. 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.

32. Safety fund and maintenance fee

The Company has accrued safety production fees in accordance with the relevant provisions of the Ministry of Finance and the Ministry of Emergency Management's Cai Zi [2022] No. 136. The safety production expenses and maintenance expenses are included in the cost of relevant products or current profit and loss when accrued, and are also included in the "special reserve" account.

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.

33. Share repurchase

The shares repurchased by the Company shall be managed as treasury shares before cancellation or transfer, and all expenses related to repurchased shares shall be transferred to the cost of treasury shares. The consideration and transaction costs paid in share repurchase reduce owner's equity, and no gains or losses are recognized when repurchasing, transferring, or canceling the company's shares.

When transferring treasury shares, the difference between the actual amount received and the book value of the treasury shares shall be included in the capital reserve. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profits shall be offset. Cancellation of treasury shares shall reduce the share capital based on the face value and number of cancelled shares, and offset the capital reserve based on the difference between the book balance and face value of cancelled treasury shares. If the capital reserve is insufficient to offset, offset the surplus reserve and undistributed profits.

34. 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.

35. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

① Accounting Standards for Business Enterprises Interpretation No. 16

The Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Enterprises (Caihui [2022] No. 31) in November 2022 (hereinafter referred to as "Interpretation No. 16").

Interpretation No. 16 stipulates that for a single transaction that is not a business merger, does not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and results in equal taxable temporary differences and deductible temporary differences due to the initial recognition of assets and liabilities, the corresponding deferred income tax liabilities and deferred income tax assets shall be recognized separately at the time of transaction in accordance

with relevant provisions such as Enterprise Accounting Standard No. 18- Income Tax. For the above-mentioned transactions that occurred between the beginning of the earliest period for the first implementation of the above regulations in financial statement presentation and the date of implementation of this interpretation, the enterprise shall adjust the cumulative impact to the beginning retained earnings and other related financial statement items in the earliest period for financial statement presentation in accordance with the above regulations. The above accounting treatment regulations will be implemented from January 1, 2023.

For the taxable temporary differences and deductible temporary differences arising from the recognition of lease liabilities and right of use assets by the Company for leasing business, adjustments shall be made in accordance with the provisions of Interpretation No. 16.

The impact of implementing the above accounting policies on the consolidated balance sheet as of December 31, 2023 and the consolidated income statement for the year 2023 is as follows:

Consolidated balance sheet items (December 31, 2023)	Affected amount
Deferred tax assets	86,977,838.59
Deferred tax liabilities	85,684,032.63

Consolidated income statement items (FY 2023)	Affected amount
Income tax expense	-1,293,805.96

The impact of implementing the above accounting policies on the consolidated balance sheet as of December 31, 2022 and the consolidated income statement for the year 2022 is as follows:

Consolidated balance sheet items (December 31, 2022)	Before adjustment	Adjustment	After adjustment
Deferred tax assets	402,355,955.31	18,075,395.43	420,431,350.74
Deferred tax liabilities	502,268,362.26	18,075,395.43	520,343,757.69

Consolidated income statement items (FY 2022)	Before adjustment	Adjustment	After adjustment
Income tax expense	283,698,478.31	--	283,698,478.31

The impact of implementing the above accounting policies on the consolidated balance sheet as of January 1, 2022 is as follows:

Consolidated balance sheet items (January 1, 2022)	Before adjustment	Adjustment	After adjustment
Deferred tax assets	189,721,423.29	21,468,073.51	211,189,496.80
Deferred tax liabilities	208,958,292.75	21,468,073.51	230,426,366.26

② The cumulative impact of changes in accounting policies in this period

The implementation of the above accounting policies has not had a significant impact on the financial statements 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 Value Added (The taxable amount is calculated by multiplying the taxable sales amount by the applicable tax rate and deducting the input tax allowed for deduction in the current period)	13/9/6
City construction and maintenance tax	Levy based on the actual paid value-added tax	7/5
Education surcharge	Levy based on the actual paid value-added tax	3
Local education surcharge	Levy based on the actual paid value-added tax	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.

On September 3, 2023, the Ministry of Finance and the State Administration of Taxation issued a notice on the policy of adding and deducting value-added tax for advanced manufacturing enterprises (Caishui [2023] No. 43), allowing advanced manufacturing enterprises to add 5% of the current deductible input tax to offset the payable value-added tax from January 1, 2023 to December 31, 2027. According to this policy, our company will enjoy the above preferential policies for the year 2023.

V. Notes to consolidated financial statements

1. Cash at bank and on hand

Item	2023.12.31	2022.12.31
Cash on hand	33,669.68	23,581.90
Bank deposits	8,906,802,642.00	8,330,041,178.17
Including: financial companies deposited	8,900,208,670.91	7,693,973,274.02
Other monetary assets	246,369,314.69	1,140,407,761.98
Including: financial companies deposited	228,400,000.00	1,088,690,000.00
Total	9,153,205,626.37	9,470,472,522.05
Including: total amount of funds stored overseas	1,898,333.02	--

(1) As at December 31, 2023, except for RMB 196,369,301.95 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 2,175,646.34. This part of interest does not belong to "cash and cash equivalents."

2. Notes receivable

Item	2023.12.31		
	Book balance	Bad debt provision	Carrying value
Bank acceptance notes	1,435,554,918.92	1,435,554.92	1,434,119,364.00
Commercial acceptance notes	2,526,542,362.18	2,526,542.35	2,524,015,819.83
Total	3,962,097,281.10	3,962,097.27	3,958,135,183.83

Continued:

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

(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	284,201,490.24

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

Item	Amount derecognized as of December 31, 2023	Amount not-derecognized as of December 31, 2023
Bank acceptance notes	--	1,102,142,826.07
Commercial acceptance notes	--	2,354,044,085.43
Total	--	3,456,186,911.50

(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, 2023
Commercial acceptance notes	4,123,997.19

(3) Classified by bad debt provision method

2023.12.31					
Category	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	3,962,097,281.10	100.00	3,962,097.27	0.10	3,958,135,183.83
Portfolio 1	--	--	--	--	--
Portfolio 2	3,962,097,281.10	100.00	3,962,097.27	0.10	3,958,135,183.83
Total	3,962,097,281.10	100.00	3,962,097.27	0.10	3,958,135,183.83

Continued:

2022.12.31					
Category	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

(5) Provision, recovery or reversal of bad debt

Item	Bad debt provision
------	--------------------

Item	Bad debt provision
Opening balance	6,697,783.81
Provision	--
Recovery or reversal	2,735,686.54
Closing balance	--

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

3. Accounts receivable

(1) Disclosed by the ageing

Ageing	2023.12.31	2022.12.31
Within 1 year	1,411,727,072.17	1,492,629,056.11
1 – 2 years	3,579,859.18	13,542,310.43
2 – 3 years	7,373,272.12	3,980,837.55
Over 3 years	4,770,547.62	13,036,557.92
Subtotal	1,427,450,751.09	1,523,188,762.01
Less: provision for bad debts	61,817,025.89	73,179,864.91
Total	1,365,633,725.20	1,450,008,897.10

(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	4,770,547.62	0.33	4,770,547.62	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,422,680,203.47	99.67	57,046,478.27	4.01	1,365,633,725.20
Total	1,427,450,751.09	100.00	61,817,025.89	4.33	1,365,633,725.20

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	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

Category	2022.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Total	1,523,188,762.01	100.00	73,179,864.91	4.80	1,450,008,897.10

Assessed bad debt provision individually:

Accounts receivable (by debtor)	2023.12.31				Reason for bad debts
	Book balance	Bad debt provision	Expected credit loss (%)		
Accounts receivable over 3 years	646,550.43	646,550.43	100.00		Long aging
Overdue recourse notes	4,123,997.19	4,123,997.19	100.00		Overdue recourse notes
Total	4,770,547.62	4,770,547.62	100.00		

Continued:

Accounts receivable (by debtor)	2022.12.31				Reason for bad debts
	Book balance	Bad debt provision	Expected credit loss (%)		
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		

Assessed bad debt provision in portfolios:

Item	2023.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,411,727,072.17	50,467,105.47	3.57
1 – 2 years	3,579,859.18	1,069,967.11	29.89
2 – 3 years	7,373,272.12	5,509,405.69	74.72
Over 3 years	--	--	--
Total	1,422,680,203.47	57,046,478.27	4.01

Continued:

Item	2022.12.31		
	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	--	--	--

Item	2022.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
Total	1,510,152,204.09	60,143,306.99	3.98

(3) Provision, recovery or reversal of bad debt

Item	Bad debt provision
Opening balance	73,179,864.91
Provision	--
Recovery or reversal	11,362,839.02
Closing balance	--

(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 RMB735,908,803.70, accounts for 51.55% 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 26,307,625.57.

Company Name	Closing balance	Percentage of total accounts receivable (%)	Closing balance of bad debt provision
Shougang Casey Steel Co., Ltd.	264,947,857.43	18.56	9,471,484.77
China First Automobile Co., Ltd.	188,849,244.42	13.23	6,751,074.57
BYD (Shenzhen)Supply Chain Management Co., Ltd.	100,538,266.93	7.04	3,594,090.83
BMW Brilliance Automotive Ltd.	94,541,837.25	6.62	3,379,727.55
Chongqing Procurement Branch of Great Wall Motors Co., Ltd	87,031,597.67	6.10	3,111,247.85
Total	735,908,803.70	51.55	26,307,625.57

4. Financing receivable

Item	2023.12.31	2022.12.31
Notes receivable	2,223,431,426.46	3,489,134,871.56
Less: Other comprehensive income - fair value changes	--	--
Closing balance of fair value	2,223,431,426.46	3,489,134,871.56

The Company discounts and endorses a portion of bank acceptance bills based on the needs of daily 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

2023.12.31					
Category	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	2,223,876,201.69	100.00	444,775.23	0.02	2,223,431,426.46
Portfolio 1	2,223,876,201.69	100.00	444,775.23	0.02	2,223,431,426.46
Portfolio 2	--	--	--	--	--
Total	2,223,876,201.69	100.00	444,775.23	0.02	2,223,431,426.46

Continued:

2022.12.31					
Category	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	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

(2) Provision, recovery or reversal of bad debt

Item	Bad debt provision
Opening balance	697,966.55
Provision	--
Recovery or reversal	253,191.32
Written-off	--
Closing balance	444,775.23

(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	13,000,000.00

(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	34,352,891,721.24	--
Commercial acceptance notes	--	--
Total	34,352,891,721.24	--

5. Prepayments

(1) Disclosed by the ageing of prepayments

Ageing	2023.12.31		2022.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,095,132,119.83	99.21	630,526,142.92	99.07
1 – 2 years	16,029,793.14	0.76	4,353,052.19	0.68
2 – 3 years	--	--	859,392.60	0.14
Over 3 years	729,631.83	0.03	730,629.27	0.11
Total	2,111,891,544.80	100.00	636,469,216.98	100.00

(2) As at December 31, 2023, 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 1,632,577,027.17, accounts for 77.31% of the total amount of prepayments at the end of the period.

Company Name	2023.12.31	Percentage of total prepayments (%)
Shougang Group Co., Ltd.	959,767,074.26	45.45
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	312,574,923.41	14.80
Beijing Hegang Steel Trade Co., Ltd.	256,760,387.02	12.16
Shanxi Coking Co., Ltd.	53,668,861.21	2.54
Wuhan Hongda Ruike Automotive Parts Co., Ltd	49,805,781.27	2.36
Total	1,632,577,027.17	77.31

6. Other receivables

Item	2023.12.31	2022.12.31
Dividends receivable	2,407,634.67	200,000.00
Other receivables	7,102,275.11	12,968,697.56
Total	9,509,909.78	13,168,697.56

(1) Dividends receivable

Item	2023.12.31	2022.12.31
Guangzhou Jinghai Shipping Co., Ltd.	--	200,000.00
Hebei Jingji Industry & Trading Co., Ltd.	2,407,634.67	--
Subtotal	2,407,634.67	200,000.00
Less: bad debt provision	--	--
Total	2,407,634.67	200,000.00

(2) Other receivables

① Disclosed by the ageing of other receivables

Ageing	2023.12.31	2022.12.31
Within 1 year	5,120,670.55	9,880,237.95
1 – 2 years	79,076.40	3,309,333.81
2 – 3 years	2,293,030.11	143,721.00
3 – 4 years	1,395.00	1,074,861.94
4 – 5 years	30,999.94	813,907.90
Over 5 years	6,255,415.11	5,143,256.32
Subtotal	13,780,587.11	20,365,318.92
Less: provision for bad debts	6,678,312.00	7,396,621.36
Total	7,102,275.11	12,968,697.56

② Disclosed by nature of other receivables

Item	2023.12.31		
	Closing balance	Provision for bad debts	Carrying value
Petty cash	250,018.71	20,250.95	229,767.76
Deposits	6,418,024.34	785,678.17	5,632,346.17
Due from other companies	4,807,494.46	3,567,333.28	1,240,161.18
Court debit	2,305,049.60	2,305,049.60	--
Total	13,780,587.11	6,678,312.00	7,102,275.11

Continued:

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

Item	2022.12.31		
	Closing balance	Provision for bad debts	Carrying value
Court debit	2,305,049.60	2,305,049.60	--
Total	20,365,318.92	7,396,621.36	12,968,697.56

③Provision for bad debts

As at 31 December 2023, Phase I bad debts provision:

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value
Assessed bad debt provision individually	--	--	--	--
Assessed bad debt provision in portfolios	5,120,670.55	5.00	256,033.52	4,864,637.03
Petty cash and deposits	4,360,962.05	5.00	218,048.12	4,142,913.93
Due from other companies	759,708.50	5.00	37,985.40	721,723.10
Total	5,120,670.55	5.00	256,033.52	4,864,637.03

As at 31 December 2023, Phase II bad debts provision:

Category	Book balance	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying value
Assessed bad debt provision individually	--	--	--	--
Assessed bad debt provision in portfolios	3,118,409.35	28.24	880,771.27	2,237,638.08
Petty cash and deposits	2,306,000.00	25.45	586,800.00	1,719,200.00
Due from other companies	812,409.35	36.19	293,971.27	518,438.08
Total	3,118,409.35	28.24	880,771.27	2,237,638.08

As at 31 December 2023, Phase III bad debts provision:

Category	Book balance	Expected credit loss over the lifetime (%)	Provision for bad debts	Carrying value
Assessed bad debt provision individually				
Henan Taihang Vibrating Machinery Co., Ltd.	2,305,049.60	100.00	2,305,049.60	--
Due from other companies over 5 years	3,236,457.61	100.00	3,236,457.61	--
Total	5,541,507.21	100.00	5,541,507.21	--

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
----------	--------------	---	-------------------------	----------------

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value
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
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
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
Assessed bad debt provision individually				
Henan Taihang Vibrating Machinery Co., Ltd.	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	--

④Provision, recovery or reversal of bad debt

	Phase I	Phase II	Phase III	Total
Provision for bad debts	Expected credit loss within 12 months	Expected credit loss over the lifetime (no credit impairment)	Expected credit loss over the lifetime (credit impairment occurred)	
Beginning balance	494,011.88	745,491.16	6,157,118.32	7,396,621.36
Changes during the year	--	--	--	--
-- Shift to Phase II	--	--	--	--
-- Shift to Phase III	--	--	--	--
-- Back to Phase II	--	--	--	--

	Phase I	Phase II	Phase III	
Provision for bad debts	Expected credit loss within 12 months	Expected credit loss over the lifetime (no credit impairment)	Expected credit loss over the lifetime (credit impairment occurred)	Total
-- Back to Phase I	--	--	--	--
Provision	--	135,280.11	--	135,280.11
Reversal	237,978.36	--	615,611.11	853,589.47
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
Closing balance	256,033.52	880,771.27	5,541,507.21	6,678,312.00

⑤ There is no write-off of provision for bad debts during reporting period.

⑥ The 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
Henan Taihang Vibrating Machinery Co., Ltd.	Court debit	2,305,049.60	Over 5 years	16.73	2,305,049.60
China Petrochemical International Co., Ltd.	Security fund	1,875,361.36	Within 1 year	13.61	93,768.07
China National Chemical Construction International Tendering Co., Ltd	Security fund	600,000.00	Within 1 year	4.35	30,000.00
China Railway Major Bridge Engineering Group Co., Ltd.	Security fund	600,000.00	Within 1 year	4.35	30,000.00
Zhuzhou Geckor Group Co., Ltd.	Security fund	525,000.00	2-3 years	3.81	52,500.00
Total		5,905,410.96		42.85	2,511,317.67

7. Inventories

(1) Classification of inventories

Item	2023.12.31		
	Book balance	Provision for impairment	Carrying value
Raw materials	2,646,014,681.91	38,073,815.60	2,607,940,866.31
Finished goods	5,140,798,217.37	80,895,474.59	5,059,902,742.78
Consumables	673,837,073.34	--	673,837,073.34
Self-made semi-finished goods	3,952,354,739.89	116,424,836.42	3,835,929,903.47
Total	12,413,004,712.51	235,394,126.61	12,177,610,585.90

Continued:

2022.12.31		
Item		

	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	109,101,783.90	5,123,766,664.29
Consumables	605,976,815.09	--	605,976,815.09
Self-made semi-finished goods	3,576,657,167.28	191,592,837.72	3,385,064,329.56
Total	12,303,149,188.97	342,902,440.82	11,960,246,748.15

(2) Impairment provision for inventories or performance costs

Item	2023.1. 1	Increase		Decrease		2023.12.31
		Provision	Others	Reversal or Write-off	Others	
Raw materials	42,207,819.20	500,634.69	--	4,634,638.29	--	38,073,815.60
Finished goods	109,101,783.90	238,193,699.44	--	266,400,008.75	--	80,895,474.59
Self-made semi-finished goods	191,592,837.72	361,404,731.11	--	436,572,732.41	--	116,424,836.42
Total	342,902,440.82	600,099,065.24	--	707,607,379.45	--	235,394,126.61

8. Other current assets

Item	2023.12.31	2022.12.31
Input value added tax	3,993,436.29	2,814,012.14
Input value added tax to be certified	1,027,726,549.40	655,944,515.37
Prepaid income tax	42,916,429.07	200,264,001.14
Entrusted Loans	--	166,880,103.67
Transfer payment for special steel debt	109,717,639.69	--
Carbon emission rights assets	263,718.45	40,317.17
Value added tax deduction	344,710,144.87	--
Total	1,529,327,917.77	1,025,942,949.49

9. Long-term equity investments

Company Name	2023.1.1	Impairment at the beginning of the year	Movements during the year								2023.12.31	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.	38,183,246.93	--	--	--	5,996,978.58	--	2,852.23	1,500,000.00	--	--	42,683,077.74	--	
Tangshan Zhonghong Carbon Chemical Co., Ltd.	9,640,303.21	--	--	1,083,075.06	-8,557,228.15	--	--	--	--	--	--	--	
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,098,143,631.05	--	--	--	14,406,512.87	--	368,993.07	20,000,000.00	--	--	1,092,919,136.99	--	
Subtotal	1,145,967,181.19	--	--	1,083,075.06	11,846,263.30	--	371,845.30	21,500,000.00	--	--	1,135,602,214.73	--	
②Associates													
Tangshan Tangcao Railway Co., Ltd.	312,745,653.19	--	--	--	-70,627,099.55	--	46,580.93	--	--	--	242,165,134.57	--	
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	67,466,999.44	--	--	--	-5,227,673.16	--	--	5,000,000.00	--	--	57,239,326.28	--	
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	891,510,510.32	--	--	--	-218,489,120.70	--	--	--	--	--	673,021,389.62	--	
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	122,430,402.99	--	--	--	84,209,307.09	--	--	77,539,284.02	--	--	129,100,426.06	--	
Beijing Dingshengcheng Packaging Materials Co., Ltd.	16,830,558.74	--	--	--	4,597,037.20	--	--	--	--	--	21,427,595.94	--	
Ningbo Shougang Zhejin Steel Co., Ltd.	20,211,004.90	--	--	--	-1,317,064.73	--	5,816.78	--	--	--	18,899,756.95	--	
Guangzhou Jinghai Shipping Co., Ltd.	28,866,411.30	--	--	--	22,950.04	--	--	200,000.00	--	--	28,689,361.34	--	
Shougang (Qingdao) Steel Industry Co., Ltd.	58,000,726.24	--	--	--	1,414,158.20	--	--	700,000.00	--	--	58,714,884.44	--	
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	16,693,129.11	--	--	--	47,862.59	--	-49,241.27	--	--	--	16,691,750.43	--	

Company Name	2023.1.1	Movements during the year									2023.12.31	Impairment at the end of the year
		Impairment at the beginning 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		
Hebei Jingji Industry & Trading Co., Ltd.	7,828,779.08	--	--	--	3,219,444.57	--	--	5,086,876.25	--	--	5,961,347.40	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	35,734,568.85	--	--	--	-2,472,660.25	--	--	--	--	--	33,261,908.60	--
Subtotal	1,578,318,744.16	--	--	--	-204,622,858.70	--	3,156.44	88,526,160.27	--	--	1,285,172,881.63	--
Total	2,724,285,925.35	--	--	1,083,075.06	-192,776,595.40	--	375,001.74	110,026,160.27	--	--	2,420,775,096.36	--

10. Other equity instrument investments

Item	2023.12.31	2022.12.31
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	310,601,456.00	197,880,464.00
Minmetals Special Steel (Dongguan) Co., Ltd.	1,786,138.70	4,103,981.86
Qian'an Shoujia Construction Material Co., Ltd.	--	5,456,139.10
Qian'an PetroChina Kunlun Gas Co., Ltd	21,342,418.64	19,084,152.28
Minmetals Tianwei Steel Co., Ltd.	6,474,078.87	6,241,396.57
Total	340,204,092.21	232,766,133.81

Continued:

Item	Dividend recognized during the year	Accumulated gain	Accumulated loss	Other comprehensive income transferred to retained earnings	Reasons
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	95,812,843.18	255,765,217.54	3,937,360.00	--	
Minmetals Special Steel (Dongguan) Co., Ltd.	-1,970,166.69	-2,731,782.11	--	--	
Qian'an Shoujia Construction Material Co., Ltd.	-4,637,718.24	-19,436,418.75	--	--	
Qian'an PetroChina Kunlun Gas Co., Ltd	1,919,526.41	16,611,055.84	3,474,772.80	--	
Minmetals Tianwei Steel Co., Ltd.	197,779.96	-634,032.96	--	--	
Total	91,322,264.62	249,574,039.56	7,412,132.80		

11. Other non-current financial assets

Item	2023.12.31	2022.12.31
Financial assets measured at fair value through profit and loss	75,009,218.61	79,234,007.60

Continued:

Item	2023.12.31	2022.12.31
Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership)	75,009,218.61	79,234,007.60

Note: The fair value and investment of Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership) refer to Note VII. 4 and Note X.

12. Fixed assets

Item	2023.12.31	2022.12.31
Fixed assets	89,895,037,102.17	93,331,072,969.17
Fixed assets to be disposed	--	--

Total	89,895,037,102.17	93,331,072,969.17
--------------	--------------------------	--------------------------

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 2023	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
2. Increase	483,862,736.98	5,615,025,448.74	1,047,612,440.92	1,384,890,184.51	111,758,777.97	-4,355,222,086.31	41,185,038.90	4,329,112,541.71
(1) Purchase	79,581,348.67	84,459,549.14	7,627,492.79	48,414,764.43		84,938,332.04	6,277,432.81	311,298,919.88
(2) Transferred from construction in progress	404,281,388.31	5,530,565,899.60	1,039,984,948.13	1,336,475,420.08	111,758,777.97	-4,440,160,418.35	34,907,606.09	4,017,813,621.83
3. Decrease	16,606,436.19	31,967,740.43	46,441,470.62	15,779,198.32	--	31,039,860.38	4,464,790.86	146,299,496.80
(1) Disposal or retirement	16,606,436.19	31,967,740.43	46,441,470.62	15,779,198.32	--	31,039,860.38	4,464,790.86	146,299,496.80
4. At 31 December 2023	39,401,795,923.97	53,129,406,719.81	3,819,623,632.09	11,674,795,228.86	1,439,878,060.38	58,079,465,501.10	1,163,224,539.91	168,708,189,606.12
Accumulated depreciation:								
1. At 1 January 2023	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
2. Increase	1,301,080,521.41	5,058,474,034.97	723,463,167.87	1,314,428,653.33	94,509,563.18	-849,506,621.19	93,089,819.07	7,735,539,138.64
(1) Depreciation	1,281,394,033.31	2,494,347,069.38	191,390,881.97	611,822,015.14	75,737,384.05	2,994,337,918.40	86,509,836.39	7,735,539,138.64
(2) Other increases	19,686,488.10	2,564,126,965.59	532,072,285.90	702,606,638.19	18,772,179.13	-3,843,844,539.59	6,579,982.68	--
3. Decrease	3,477,194.33	23,692,641.77	43,718,891.01	14,700,251.00	--	27,679,841.04	3,421,407.58	116,690,226.73
(1) Disposal or retirement	3,477,194.33	23,692,641.77	43,718,891.01	14,700,251.00	--	27,679,841.04	3,421,407.58	116,690,226.73
4. At 31 December 2023	13,549,772,174.65	24,609,335,252.82	2,678,029,831.75	7,860,758,638.32	739,450,224.33	28,796,585,108.17	579,221,273.91	78,813,152,503.95
Impairment								
1. At 1 January 2023	--	--	--	--	--	--	--	--

Item	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Industrial furnace	Metallurgical equipment	Other tools	Total
2. Increase	--	--	--	--	--	--	--	--
3. Decrease	--	--	--	--	--	--	--	--
4. At 31 December 2023	--	--	--	--	--	--	--	--
Carrying value								
1. 31 December 2023	25,852,023,749.32	28,520,071,466.99	1,141,593,800.34	3,814,036,590.54	700,427,836.05	29,282,880,392.93	584,003,266.00	89,895,037,102.17
2. 1 January 2023	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

Note: As at 31 December 2023, there is no mortgaged or guaranteed fixed assets.

②As at 31 December 2023, there is no temporarily idle fixed assets.

③As at 31 December 2023, fixed assets leased through operating leases are as follows:

Item	Carrying value
Plant and buildings	104,212,352.21

④Fixed assets pending certificates of ownership

Item	Carrying value	Reasons for pending certificates
Property of Beijing Shougang Cold Rolling Co., Ltd.	34,888,371.00	Property certificate is in the process
Property of Beijing Shougang Co., Ltd.	105,814,346.03	Property certificate is in the process
Property of Beijing Shougang Steel Trading Investment Management Co., Ltd.	72,550,845.23	Property certificate is in the process

13. Construction in progress

Item	2023.12.31	2022.12.31
Construction in progress	5,279,317,813.90	7,598,541,035.50
Construction materials	41,295,437.98	75,108,817.27
Total	5,320,613,251.88	7,673,649,852.77

(1) Construction in progress

①Details of construction in progress

Item	2023.12.31		
	Book balance	Provision for impairment	Carrying value
Jingtang technical renovation project	714,355,677.48	--	714,355,677.48
New energy automotive electrical steel project	84,878,191.46	--	84,878,191.46
Zhixin Co. oriented phase II project	71,554,023.86	--	71,554,023.86
Zhixin Co. high-end heat treatment engineering project	1,315,631,740.70	--	1,315,631,740.70
Qiangang technical renovation project	2,094,608,579.82	--	2,094,608,579.82
Other projects	998,289,600.58	--	998,289,600.58
Total	5,279,317,813.90	--	5,279,317,813.90

Continued:

Item	2022.12.31		
	Book balance	Provision for impairment	Carrying value
Jingtang technical renovation project	3,076,233,760.72	--	3,076,233,760.72

Item	2022.12.31		
	Book balance	Provision for impairment	Carrying value
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
Qiangang technical renovation project	1,484,877,863.66	--	1,484,877,863.66
Other projects	1,501,991,654.48	--	1,501,991,654.48
Total	7,598,541,035.50	--	7,598,541,035.50

②The major construction projects in progress are as follows:

Project name	2023.1.1	Additions	Transferred to fixed assets	Other deduction	Accumulated interest capitalization	Capitalized Interest during reporting year	% of interest capitalization	2023.12.31
Zhixin Co. oriented phase II project	1,314,052,905.22	1,922,416.03	1,244,421,297.39	--	--	--	--	71,554,023.86
Zhixin Co. high-end heat treatment engineering project	183,731,602.88	1,131,900,137.82	--	--	--	--	--	1,315,631,740.70
Total	1,497,784,508.10	1,133,822,553.85	1,244,421,297.39	--	--	--	--	1,387,185,764.56

The major construction projects in progress are as follows (continued): (Unit: RMB hundred million)

Project name	Budget	The proportion of projects investment account for budget %	Progress (%)	Source of fund
Zhixin Co. oriented phase II project	16.83	88.26	Transfer to fixed assets on estimate value	Selfraised
Zhixin Co. high-end heat treatment engineering project	19.49	73.74	The project is undergoing civil construction	Selfraised

③As at 31 December 2023, there is no provision for impairment of construction in progress.

(2) Construction materials

Item	2023.12.31	2022.12.31
Specific materials	3,298,486.36	12,234,976.71
Specific equipments	37,996,951.62	62,873,840.56
Subtotal	41,295,437.98	75,108,817.27
Provision for impairment of construction materials	--	--
Total	41,295,437.98	75,108,817.27

14. Right-of-use assets

Item	Plant and buildings	Land use rights	Motor vehicles	Total
Cost:				
1. At 1 January 2023	115,976,725.63	311,888.26	474,802.94	116,763,416.83
2. Increase during the period	439,100,685.41	--	--	439,100,685.41
(1) Additional lease	436,316,890.81	--	--	436,316,890.81
(2) Adjustment of lease liabilities	2,783,794.60	--	--	2,783,794.60
3. Decrease during the period	155,885.58	--	--	155,885.58
Other decrease	155,885.58	--	--	155,885.58
4. At 31 December 2023	554,921,525.46	311,888.26	474,802.94	555,708,216.66
Accumulated depreciation				
1. At 1 January 2023	33,214,718.55	111,721.20	329,617.63	33,656,057.38
2. Increase during the period	32,979,389.24	55,860.60	128,632.46	33,163,882.30
Provision	32,979,389.24	55,860.60	128,632.46	33,163,882.30
3. Decrease during the period	155,885.58	--	--	155,885.58
Other decrease	155,885.58	--	--	155,885.58
4. At 31 December 2023	66,038,222.21	167,581.80	458,250.09	66,664,054.10
Impairment				
1. At 1 January 2023	--	--	--	--
2. Increase during the period	--	--	--	--
3. Decrease during the period	--	--	--	--
4. At 31 December 2023	--	--	--	--
Carrying value				
1. 31 December 2023	488,883,303.25	144,306.46	16,552.85	489,044,162.56
2. 1 January 2023	82,762,007.08	200,167.06	145,185.31	83,107,359.45

Note: As of December 31, 2023, the Company recognizes lease expenses related to short-term leases and leases of low value assets as shown in Note V, 61.

15. Intangible assets

Details of intangible assets

Item	Software	Land use rights	Total
Cost			
1. At 1 January 2023	497,475,518.39	4,591,445,210.91	5,088,920,729.30
2. Increase	16,806,990.57	2,265,472,559.74	2,282,279,550.31
(1) Purchase	--	3,502,128.00	3,502,128.00
(2) Transfer from construction in progress	16,806,990.57	2,261,970,431.74	2,278,777,422.31

Item	Software	Land use rights	Total
3. Decrease	--	--	--
4. At 31 December 2023	514,282,508.96	6,856,917,770.65	7,371,200,279.61
Accumulated amortization			
1. At 1 January 2023	201,774,900.38	980,238,700.81	1,182,013,601.19
2. Increase	41,434,224.14	143,382,374.06	184,816,598.20
Provision	41,434,224.14	143,382,374.06	184,816,598.20
3. Decrease	--	--	--
4. At 31 December 2023	243,209,124.52	1,123,621,074.87	1,366,830,199.39
Impairment			
1. At 1 January 2023	--	--	--
2. Increase	--	--	--
3. Decrease	--	--	--
4. At 31 December 2023	--	--	--
Carrying value			
1. 31 December 2023	271,073,384.44	5,733,296,695.78	6,004,370,080.22
2. 1 January 2023	295,700,618.01	3,611,206,510.10	3,906,907,128.11

As of December 31, 2023, the Company has no intangible assets with any mortgage, guarantee, impairment or other situations.

16. Long-term prepaid expenses

Item	2023.1.1	Increase	Decrease		2023.12.31
			Amortization	Others	
Renovation costs	3,535,748.04	2,228,940.09	973,269.04	--	4,791,419.09

17. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities without offsetting

Item	2023.12.31		2022.12.31	
	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
Deferred tax assets:				
Asset impairment provision	269,626,906.31	43,837,995.70	505,555,574.09	79,322,751.40
Withdrawal amount of payroll payable	11,968,784.40	1,795,317.66	11,804,882.71	1,770,732.41
Deffered income	418,032,946.24	63,168,702.02	376,219,302.71	56,819,612.63
Asset amortization difference	27,650,565.49	4,147,584.81	5,629,387.82	844,408.16
Unrealized internal transaction	221,305,036.64	33,195,755.50	269,210,907.64	40,381,636.15

Item	2023.12.31		2022.12.31	
	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
Joint commissioning cost	293,407,102.85	44,011,065.43	311,745,046.78	46,761,757.02
Lease liabilities	493,493,671.39	86,977,838.59	3,523,175.04	755,873.27
Equity Incentive	2,074,225.79	320,280.51	6,855,496.85	1,052,157.60
Deferred income assets for loss provision	1,090,774,966.00	163,616,244.90	1,164,313,511.12	174,647,026.67
Subtotal	2,828,334,205.11	441,070,785.12	2,654,857,284.76	402,355,955.31
Deferred tax liabilities:				
Joint commissioning cost	996,181,065.40	149,427,159.81	1,085,461,580.60	162,819,237.09
Other equity instruments investments	293,616,517.21	44,042,477.65	186,178,558.81	27,926,783.87
Gain on equity disposal	--	--	83,212,329.87	20,803,082.47
Equipment additional deduction	1,835,794,544.82	275,369,181.72	1,938,128,392.15	290,719,258.83
Right-use assets	488,963,025.70	85,684,032.63	--	--
Subtotal	3,614,555,153.13	554,522,851.81	3,292,980,861.43	502,268,362.26

(2) Details of unrecognized deferred tax assets from deductible temporary differences and deductible tax losses:

Item	2023.12.31	2022.12.31
Deductible temporary differences	49,549,392.54	56,162,050.68
Deductible tax losses	1,817,836,980.09	2,051,259,102.58
Total	1,867,386,372.63	2,107,421,153.26

(3) Unrecognized deferred tax liabilities from deductible tax losses will expire in the following years:

Years	2023.12.31	2022.12.31	Note
2023	—	33,894,110.96	
2024	33,903,321.35	34,063,776.18	
2025	17,290,511.03	18,967,253.01	
2026	13,437,096.04	14,769,965.09	
2027	1,749,623,032.87	1,949,563,997.34	
2028	3,583,018.80	—	
Total	1,817,836,980.09	2,051,259,102.58	

18. Restricted assets

Item	2023.12.31			
	Book balance	Carrying value	Type of restriction	Reason of restriction

Item	2023.12.31			
	Book balance	Carrying value	Type of restriction	Reason of restriction
Monetary funds	246,369,301.95	246,369,301.95	Frozen	Security deposits, fixed term deposits
Notes receivable	297,201,490.24	297,201,490.24	Pledged	Pledge guarantee
Total	543,570,792.19	543,570,792.19		

Continued:

Item	2022.12.31			
	Book balance	Carrying value	Type of restriction	Reason of restriction
Monetary funds	1,140,407,749.24	1,140,407,749.24	Frozen	Security deposits, fixed term deposits
Notes receivable	328,829,159.08	328,829,159.08	Pledged	Pledge guarantee
Accounts receivable	24,223,581.32	24,223,581.32	Pledged	Pledge guarantee
Total	1,493,460,489.64	1,493,460,489.64		

19. Short-term loans

Classification of short-term loans

Item	2023.12.31	2022.12.31
Credit loans	21,282,738,873.29	22,671,912,770.04
Pledged loans	284,201,490.24	1,090,000.00
Guaranteed loans	5,094,415,277.76	6,907,003,333.35
Total	26,661,355,641.29	29,580,006,103.39

20. Notes payable

Item	2023.12.31	2022.12.31
Commercial acceptance notes	3,368,752,366.00	7,141,510,000.00
Bank acceptances	65,000,000.00	120,000,000.00
Total	3,433,752,366.00	7,261,510,000.00

21. Accounts payable

Item	2023.12.31	2022.12.31
Payables for goods	18,592,628,297.35	17,215,600,362.40
Payables for construction	2,141,412,412.23	2,594,994,121.65
Total	20,734,040,709.58	19,810,594,484.05

Among which, the material trade payables aged over 1 year was as follows:

Company name	2023.12.31	Reason for non-settlement
Beijing Shougang Resources Comprehensive	46,579,401.86	In the execution

Utilization Technology Development Co., Ltd.		
Chengdu Huaxi Chemical Technology Co., Ltd	16,663,590.20	In the execution
Qinhuangdao Shouqin Metal Materials Co., Ltd.	13,303,698.08	In the execution
MCC CCID Engineering Technology Co., Ltd	10,006,250.69	In the execution
Beijing Jingcheng Phoenixfurnace Engineering Technology Co., Ltd	11,891,531.00	In the execution
Total	98,444,471.83	

22. Contract liabilities

Item	2023.12.31	2022.12.31
Advance from product sales	4,699,449,813.28	4,508,016,725.74
Less: contractual liabilities included in other non-current liabilities	--	--
Total	4,699,449,813.28	4,508,016,725.74

23. Employee benefits payable

Item	2023.1.1	Increase	Decrease	2023.12.31
Short-term employee benefits	593,137,177.24	4,035,324,305.25	3,902,233,288.64	726,228,193.85
Post-employment benefits (defined contribution plans)	21,769,252.36	683,416,368.60	674,943,017.77	30,242,603.19
Termination benefits	--	111,933,739.84	111,933,739.84	--
Other retirement benefits due within one year	5,890,000.00			5,890,000.00
Total	620,796,429.60	4,830,674,413.69	4,689,110,046.25	762,360,797.04

(1) Short-term employee benefits

Item	2023.1.1	Increase	Decrease	2023.12.31
Salaries, bonuses and subsidies	145,764,214.16	2,903,844,347.32	2,825,179,927.78	224,428,633.70
Welfare	--	344,895,431.38	344,895,431.38	--
Social insurance	176,331,327.06	341,669,161.11	314,282,422.65	203,718,065.52
Including:				
1. Medical insurance	176,123,301.26	314,484,192.70	287,285,145.28	203,322,348.68
2. Work-related injury insurance	206,530.65	27,096,032.02	26,908,764.85	393,797.82
3. Maternity insurance	1,495.15	88,936.39	88,512.52	1,919.02
Housing fund	52,099.00	358,587,957.02	358,582,481.02	57,575.00
Labor union fee and employee education fee	270,989,537.02	97,057,060.52	70,022,677.91	298,023,919.63
Equity incentive	--	-12,462,167.10	-12,462,167.10	--
Short-term profit-sharing plan	--	--	--	--
Non-monetary benefits	--	--	--	--

Item	2023.1.1	Increase	Decrease	2023.12.31
Other short-term employee benefits	--	1,732,515.00	1,732,515.00	--
Total	593,137,177.24	4,035,324,305.25	3,902,233,288.64	726,228,193.85

(2) Defined contribution plans

Item	2023.1.1	Increase	Decrease	2023.12.31
Post-employment benefits				
Including:				
1. Pension insurance	9,654,550.87	480,833,554.81	481,828,073.14	8,660,032.54
2. Unemployment insurance	12,114,701.49	17,379,338.57	17,576,106.45	11,917,933.61
3. Enterprise Pension	--	185,203,475.22	175,538,838.18	9,664,637.04
Total	21,769,252.36	683,416,368.60	674,943,017.77	30,242,603.19

(3) Termination benefits

Item	2023.1.1	Increase	Decrease	2023.12.31
Compensation for employee resettlement	--	111,933,739.84	111,933,739.84	--

24. Taxes payable

Item	2023.12.31	2022.12.31
Value-added tax	137,714,492.68	112,823,148.09
City construction and maintenance tax	777,178.34	939,514.85
Corporate income tax	6,189,412.20	6,615,902.30
Land use tax	440,536.03	440,536.03
Real estate tax	1,361,531.20	1,014,521.32
Education surcharge	600,520.73	681,006.31
Resource tax	1,214,784.40	4,912,568.40
Stamp duty	29,910,115.63	33,470,591.03
Individual income tax	872,184.15	2,812,207.41
Environment protection tax	5,828,540.94	8,567,976.00
Other taxes	20,557.38	22,444.66
Total	184,929,853.68	172,300,416.40

25. Other payables

Item	2023.12.31	2022.12.31
Dividends payable	--	11,440,046.38
Other payables	431,690,700.91	2,750,379,230.31
Total	431,690,700.91	2,761,819,276.69

(1) Dividends payable

Item	2023.12.31	2022.12.31
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	2023.12.31	2022.12.31
Deposits	5,749,390.63	6,137,315.23
Guarantee	24,646,861.86	35,705,705.74
Due from Shougang Group	56,517,064.49	56,575,231.05
Due from Shougang Mining Corp.	--	796,194,091.55
Restricted stock repurchase obligations	130,627,194.09	210,930,850.00
Zhixin Co's second round of financing	--	990,787,728.36
Due from other companies	214,150,189.84	654,048,308.38
Total	431,690,700.91	2,750,379,230.31

26. Current portion of non-current liabilities

Item	2023.12.31	2022.12.31
Long-term loans due within one year	1,315,853,024.03	1,480,490,424.42
Bonds payable due within one year	--	2,528,468,055.61
Long-term payables due within one year	--	15,781,907.85
Lease liabilities due within one year	21,833,736.47	14,027,634.72
Total	1,337,686,760.50	4,038,768,022.60

(1) Long-term loans due within one year

Item	2023.12.31	2022.12.31
Guaranteed loans	811,562,222.22	613,355,833.34
Credit loans	504,290,801.81	867,134,591.08
Total	1,315,853,024.03	1,480,490,424.42

(2) Bonds payable due within one year

Item	2023.12.31	2022.12.31
20 shouqian 01	--	2,528,468,055.61

(3) Long-term payables due within one year

Item	2023.12.31	2022.12.31
Long-term payables	--	15,781,907.85

27. Other current liabilities

Item	2023.12.31	2022.12.31
Short-term bonds payable	1,003,296,438.41	1,006,213,698.66
Tax to be exported	875,183,618.12	724,801,203.37
Undue backed notes	3,171,985,421.26	6,357,735,008.71
Shougang Jing Notes	1,156,926,762.88	--
Total	6,207,392,240.67	8,088,749,910.74

Short-term bonds payable:

Bond name	Nominal value	Coupon rate	Issue date	Maturity of bond	Issue amount
SCP1	1,000,000,000.00	2.56%	2023/11/16	155 Days	1,000,000,000.00
SCP2	1,000,000,000.00	2.21%	2023/9/8	105 Days	1,000,000,000.00
SCP3	1,000,000,000.00	1.68%	2022/8/19	248 Days	1,000,000,000.00
SCP4	1,000,000,000.00	2.37%	2023/4/17	186 Days	1,000,000,000.00
Subtotal	4,000,000,000.00				4,000,000,000.00

Short-term Bonds Payable (continued):

Bond name	2023.1.1	Issued during current period	Interest accrued per nominal value	Amortization of premium and discount	Repaid in the current period	2023.12.31	Breached or not
SCP1	--	1,000,000,000.00	3,296,438.41	--	--	1,003,296,438.41	No
SCP2	--	1,000,000,000.00	6,340,163.93	--	1,006,340,163.93	--	No
SCP3	1,006,213,698.66	--	5,201,095.86	--	1,011,414,794.52	--	No
SCP4	--	1,000,000,000.00	12,044,262.30	--	1,012,044,262.30	--	No
Total	1,006,213,698.66	3,000,000,000.00	26,881,960.50	--	3,029,799,220.75	1,003,296,438.41	

28. Long-term loans

Item	2023.12.31	Range of interest rate	2022.12.31	Range of interest rate
Credit loans	5,293,350,801.81	2.6%-3.7%	2,661,484,591.08	2.85%-3.85%
Guaranteed loans	8,811,562,222.22	4.65%	9,413,355,833.34	4.65%
Subtotal	14,104,913,024.03		12,074,840,424.42	
Less: Long-term loans due within one year	1,315,853,024.03		1,480,490,424.42	
Total	12,789,060,000.00		10,594,350,000.00	

29. Bonds payable

Item	2023.12.31	2022.12.31
20 shouqian 01	--	--

Increase or decrease in bonds payable

Bond name	Par value	Coupon rate	Issue date	Term to maturity	Amount on offer
20 shouqian 01	2,500,000,000.00	3.98%	2020/9/15	5 years	2,500,000,000.00

Bonds payable (continued):

Bond name	2023.1.1	Current year issuance	Accrued interest by par value	Amortisation of discount	Current year repayment	2023.12.31	Breached or not
20 shouqian 01	2,528,468,055.61	--	71,031,944.39	--	2,599,500,000.00	--	No
Less: Long-term loans due within one year	2,528,468,055.61	--	--	--	--	--	
Total	--	--	--	--	--	--	

30. Lease liabilities

Item	2023.12.31	2022.12.31
Lease liabilities	493,579,496.82	86,467,471.51
Less: lease liabilities due within one year	21,833,736.47	14,027,634.72
Total	471,745,760.35	72,439,836.79

Note: The amount of interest expense of lease liabilities in 2023 is RMB19,884,783.97, which is included in financial expense - interest costs.

31. Long-term payables

Item	2023.12.31	2022.12.31
Special payables	2,300,000.00	2,300,000.00

Special payables

Item	2023.1.1	Increase	Decrease	2023.12.31
Research and development funds	2,300,000.00	--	--	2,300,000.00

32. Long-term employee benefits payables

Item	2023.12.31	2022.12.31
Termination benefits	19,620,436.48	23,239,569.30
Other long-term benefits	63,319,844.40	65,216,081.72
Subtotal	82,940,280.88	88,455,651.02
Less: Long-term Employee benefits payables due within one year	5,890,000.00	5,890,000.00
Total	77,050,280.88	82,565,651.02

33. Deferred revenue

Item	2023.1.1	Increase	Decrease	2023.12.31	Reason
Government grant	472,861,881.90	70,475,200.00	35,662,925.41	507,674,156.49	
Value added tax additional deduction	--	702,817,741.40	358,107,596.53	344,710,144.87	
Total	472,861,881.90	773,292,941.40	393,770,521.94	852,384,301.36	

Note: The government grants which recognized as deferred revenue refer to Note VIII. government grants.

34. Other non-current liabilities

Item	2023.12.31	2022.12.31
Shougang Group advance payment for construction	3,899,674,951.80	4,532,018,467.20

35. Share capital

Item	2023.1.1	Changes in current (+/-)					2023.12.31
		Shares issued	Bonus issue	Shares transferred from reserves	Others	Subtotal	
Total amount of shares	7,819,869,170.00	-25,257,565.00	--	--	--	-25,257,565.00	7,794,611,605.00

Note: On October 18, 2023, through the resolution of the Company's 2022 annual general meeting and the first extraordinary general meeting of shareholders in 2023, a total of 25,257,565 shares of restricted stock in the 2021 restricted stock incentive plan were repurchased and cancelled. Grant Thornton LLP has conducted an audit on the reduction of share capital and issued a capital verification report with GTYZ (2023) No. 110C000511.

36. Capital reserve

Item	2023.1.1	Increase	Decrease	2023.12.31
Share premium	29,595,169,702.75	--	55,046,090.91	29,540,123,611.84
Other capital reserve	48,878,848.75	770,078,729.76	--	818,957,578.51
Total	29,644,048,551.50	770,078,729.76	55,046,090.91	30,359,081,190.35

Note: The change in share capital premium refers to the repurchase and cancellation of restricted stocks granted in 2021 by the Company; ② Other changes in capital reserves refer to changes in equity of joint ventures and associates recognized by the company based on shareholding ratios, amortization expenses for equity incentives, and changes in equity ratios of subsidiaries.

37. Treasury shares

Item	2023.1.1	Increase	Decrease	2023.12.31
Restricted stock incentive plan	210,930,850.00	--	80,303,655.91	130,627,194.09

Note: Due to the failure of the performance evaluation indicators for the 2022 fiscal year to meet the Company level of performance evaluation conditions for the first period of lifting restrictions as

stipulated in the Incentive Plan, changes in some incentive objects due to organizational or personal reasons that do not meet the incentive conditions, and the implementation of the employee stock ownership plan by Zhixin Co., the Company repurchased and cancelled a total of 25,257,565 shares of restricted stocks that have been granted but have not yet been released, and paid RMB 80,303,655.91 for equity incentive repurchase.

38. Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	2023.1.1	During the period		2023.12.31
		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				
Changes in fair value of other equity instrument investments	158,251,774.94	91,322,264.62	--	249,574,039.56
II. Other comprehensive income to be reclassified into profits or losses				
Translation difference of foreign currency financial statements	--	-65.91	--	-65.91
Total other comprehensive incomes	158,251,774.94	91,322,198.71	--	249,573,973.65

Other comprehensive income attributable to the parent company in the income statement:

Item	Incurred before income tax for the period	During the period			Attributable to parent company after tax
		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	
I. Other comprehensive income which cannot be reclassified into profits or losses					
Changes in fair value of other equity instrument investments	107,437,958.40	--	16,115,693.78	--	91,322,264.62
II. Other comprehensive income to be reclassified into profits or losses					
Translation difference of foreign currency financial statements	-65.91	--	--	--	-65.91
Total other comprehensive incomes	107,437,892.49	--	16,115,693.78	--	91,322,198.71

The net-of-tax amount of other comprehensive income for the period is RMB91,322,198.71, among which, the net-of-tax amount of other comprehensive income attributable to the parent company is RMB91,322,198.71; and net-of-tax amount of other comprehensive income attributable to minority shareholders is RMB 0.00.

39. Special reserve

Item	2023.1.1	Increase	Decrease	2023.12.31
Safety fund	31,852,310.79	166,839,138.29	165,878,038.94	32,813,410.14

40. Surplus reserve

Item	2023.1.1	Increase	Decrease	2023.12.31
Statutory reserve	1,908,883,208.67	35,307,283.98	--	1,944,190,492.65
Discretionary surplus reserve	--	--	--	--
Total	1,908,883,208.67	35,307,283.98	--	1,944,190,492.65

41. Retained earnings

Item	2023	2022	Appropriation/ Distribution ratio
Retained earnings at previous year before adjustment	8,595,698,699.52	8,130,868,205.38	--
Adjustment of total retained earnings at previous year (Increase in "+", decrease in "-")	--	--	--
Retained earnings at previous year after adjustment	8,595,698,699.52	8,130,868,205.38	
Add: Net profit attributable to shareholders of the company	663,754,519.41	1,124,540,659.14	--
Less: Transfer to statutory surplus reserve	35,307,283.98	--	
Transfer to discretionary surplus reserve	--	--	
Common Stock dividends payable	--	625,589,533.60	
Dividends payable to other equity holders	--	34,120,631.40	
Common stock dividends converted into share capital	--	--	
Retained earnings at current year	9,224,145,934.95	8,595,698,699.52	
Including: Surplus reserve attributable to shareholders of the company extracted by subsidiaries			

42. Revenue and cost of sales

(1) Revenue and cost of sales

Item	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	110,360,385,867.79	105,336,679,879.43	114,602,567,434.30	108,013,843,862.04
Other business	3,401,057,765.64	3,114,259,348.92	3,539,616,115.17	3,053,711,458.24

Total	113,761,443,633.43	108,450,939,228.35	118,142,183,549.47	111,067,555,320.28
--------------	---------------------------	---------------------------	---------------------------	---------------------------

(2) Revenue and cost of sales presented as products

Item	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	420,010,787.22	419,214,964.92	546,474,748.00	473,163,072.64
Hot-rolled steel	47,572,138,080.78	45,948,593,124.43	48,304,009,189.85	46,623,686,161.87
Cold-rolled steel	60,288,367,715.32	57,068,321,706.00	63,569,306,854.33	59,017,610,809.13
Other steels	2,079,869,284.47	1,900,550,084.08	2,182,776,642.12	1,899,383,818.40
Subtotal	110,360,385,867.79	105,336,679,879.43	114,602,567,434.30	108,013,843,862.04
Other business				
Power	1,438,721,205.53	1,548,462,791.82	1,386,026,949.59	1,380,897,100.66
Solid waste	1,254,710,199.53	1,092,896,195.57	1,338,134,781.31	1,199,982,844.66
Others	707,626,360.58	472,900,361.53	815,454,384.27	472,831,512.92
Subtotal	3,401,057,765.64	3,114,259,348.92	3,539,616,115.17	3,053,711,458.24
Total	113,761,443,633.43	108,450,939,228.35	118,142,183,549.47	111,067,555,320.28

(3) Breakdown of revenue information

Item	2023
Revenue from main business	110,360,385,867.79
Including: recognised at a certain point in time	110,360,385,867.79
recognised during a certain period of time	--
Revenue from other business	3,401,057,765.64
Total	113,761,443,633.43

As of 31 December 2023, the amount of revenue corresponding to the performance obligations that the company has signed but not yet fulfilled is RMB 4,585.0989 million. The Company expects to recognize all the revenue in 2024.

(4) Sales revenue for pilot run

Item	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Sales revenue for fixed assets pilot run	727,577,085.52	570,215,586.70	902,657,089.87	897,638,764.80

43. Taxes and surcharges

Item	2023	2022
Environmental protection tax	29,378,169.09	33,744,422.88

Urban maintenance and construction tax	82,829,113.41	101,654,296.06
Education surcharge	60,232,484.87	74,499,878.54
Resources duty	42,514,815.04	41,927,760.60
Property tax	200,940,588.26	197,700,840.52
Land usage tax	222,030,070.11	221,682,543.86
Vehicle and vessel usage tax	339,296.12	336,360.10
Stamp duty	135,239,940.90	151,537,114.35
Other taxes	283,799.72	177,866.02
Total	773,788,277.52	823,261,082.93

Note: The provision and payment standards of taxes and surcharges refer to Note IV. Taxation.

44. Selling and distribution expenses

Item	2023	2022
Staff costs	177,495,001.31	183,609,735.80
Depreciation and amortization	101,427.85	107,397.02
Other regular expenses	70,382,183.96	54,279,893.40
Total	247,978,613.12	237,997,026.22

45. General and administrative expenses

Item	2023	2022
Staff costs	662,496,839.12	668,044,773.52
Depreciation and amortization	336,502,316.28	336,647,438.61
Other regular expenses	290,613,854.13	266,483,526.93
Total	1,289,613,009.53	1,271,175,739.06

46. Research and development expenses

Item	2023	2022
Staff costs	418,054,111.94	575,278,177.87
Other regular expenses	73,024,683.39	51,645,079.49
Total	491,078,795.33	626,923,257.36

47. Financial expenses

Item	2023	2022
Interest costs	1,459,986,955.71	1,876,045,277.79
Including: Interest expenses on lease liabilities	19,884,783.97	4,408,691.60
Less: interest capitalized	--	12,335,416.66

Interest expenses	1,459,986,955.71	1,863,709,861.13
Less: interest income	107,859,174.95	132,829,545.65
Discount on notes acceptance	69,038,764.98	22,128,963.88
Exchange losses and gains	-11,596,478.72	-29,489,525.05
Bank charges and others	-56,359,813.15	8,064,537.04
Total	1,353,210,253.87	1,731,584,291.35

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 previous period is 4.05%.

48. Other income

Item	2023	2022
Related to assets	35,422,925.41	39,401,467.49
Related to income	102,064,691.25	33,934,028.23
Value added tax deduction	358,107,596.53	646,083.96
Refund of personal income tax commission	1,570,586.42	2,160,426.28
Total	497,165,799.61	76,142,005.96

The details of government grants refer to Note VIII government grants.

49. Investment gain

Item	2023	2022
Investment gain from long-term equity investments under the equity method	-192,776,595.40	-227,515,854.43
Gain on disposal of long-term equity investments	-1,083,074.06	-583,440.77
Dividend from other equity instruments investments	7,412,132.80	5,614,882.12
Interest gain from entrusted loans	8,990,991.36	11,275,389.73
Others	3,816,230.52	--
Total	-173,640,314.78	-211,209,023.35

50. Gains from changes in fair value

Sources of gains from changes in fair value	2023	2022
Other non-current financial assets designated as measured at fair value through profit or loss	-4,224,788.99	-765,992.40

51. Credit impairment losses (loss in “-”)

Item	2023	2022
Provision for bad debts of notes receivable	2,735,686.54	139,430.10
Provision for bad debts of accounts receivable	11,362,839.02	5,013,380.11

Provision for bad debts of financing receivable	253,191.32	104,938.54
Provision for bad debts of other receivables	718,309.36	385,715.13
Provision for bad debts of other current assets	33,127,315.83	--
Total	48,197,342.07	5,643,463.88

52. Impairment losses on assets (loss in “-”)

Item	2023	2022
Provision for inventory impairment	-600,099,065.24	-402,994,496.88

53. Gains on disposal of assets

Item	2023	2022
Gains from disposal of fixed assets (loss in “-”)	567,839.38	-611,088.11

54. Non-operating income

Item	2023	2022	Recognised as non-recurring gains or losses in 2023
Gains on assets scrapping or damage	908,690.98	5,051,368.61	908,690.98
Compensation payments	1,861,990.05	243,985.86	1,861,990.05
Others	4,204,805.41	6,008,845.31	4,204,805.41
Total	6,975,486.44	11,304,199.78	6,975,486.44

55. Non-operating expenses

Item	2023	2022	Recognised as non-recurring gains or losses in 2023
Losses on assets scrapping or damage	23,542,645.85	61,414,433.22	23,542,645.85
Compensation and penalty	1,493,872.04	17,550.00	1,493,872.04
Carbon emission quota trading	4,006,315.70	5,264,317.89	--
Others	415,021.11	407,108.31	415,021.11
Donation	--	978,613.90	--
Total	29,457,854.70	68,082,023.32	25,451,539.00

56. Income tax expenses

(1) Details of income tax expenses

Item	2023	2022
Current tax in accordance with tax laws and related regulations	112,909,545.39	219,005,828.78
Deffered income tax expenses	33,605,509.90	64,692,649.53

Total	146,515,055.29	283,698,478.31
--------------	-----------------------	-----------------------

(2) Reconciliation between income tax expenses and profit before income tax is as follows:

Item	2023	2022
Profit before tax	900,319,899.50	1,793,113,877.83
Tax at the applicable tax rate of 15%	135,047,984.93	268,967,081.67
Taxation effect of different tax rates of subsidiaries	6,900,203.08	9,416,049.20
Adjustment of income tax in the prior year	5,401,974.76	-167,423.08
Share of profit or loss of joint ventures and associates under the equity method	41,547,885.35	37,956,945.34
Income not subject to tax (expressed in "-")	-1,111,819.92	-842,232.32
Non-deductible costs, expenses and losses	3,612,674.67	9,328,763.06
Taxation effect of the change in the applicable tax rate on the Opening balance of the deferred tax	--	--
Taxation effect of utilizing previous unrecognized tax losses and deductible temporary differences (expressed in "-")	-23,524,321.54	-39,016,139.47
Taxation effect of unrecognized tax losses and deductible temporary differences	9,405,358.55	296,879,494.17
Taxation effect of research and development expenses (expressed in "-")	-8,264,888.30	-7,022,222.63
Others	-22,499,996.29	-291,801,837.63
Income tax expenses	146,515,055.29	283,698,478.31

57. Notes to cash flow statement

(1) Proceeds from other operating activities

Item	2023	2022
Government grants received	173,870,477.67	144,356,668.51
Security deposit received	1,714,500.00	7,797,264.28
Other non-operating income received	5,610,435.02	6,252,831.17
Other receivables received	366,102.15	907,256.25
Restricted funds received	894,038,447.29	607,900,032.50
Total	1,075,599,962.13	767,214,052.71

(2) Payments for other operating activities

Item	2023	2022
Expenses paid	469,828,037.02	386,282,467.41
Non-operating expenses paid	5,914,076.77	6,667,590.10
Restricted funds paid	6,500,000.00	--
Total	482,242,113.79	392,950,057.51

(3) Proceeds from material investing activities

Item	2023	2022
Proceeds from disposal of equity of Zhixin Co. by New-E Co.	1,260,401,500.00	--
Proceeds from disposal of Ordos Baotou Steel Shourui Material Technology Co., Ltd. by Steel Trading	--	38,609,883.16
Total	1,260,401,500.00	38,609,883.16

(4) Proceeds from other investing activities

Item	2023	2022
Interest income	106,533,297.74	132,789,335.69

(5) Payment for material investing activities

Item	2023	2022
Entrusted loan payment to Zhonghong	12,311,109.00	7,700,000.00
Purchase payment for ball burning	650,162,899.68	781,780,592.71
Total	662,474,008.68	789,480,592.71

(6) Payment for other financing activities

Item	2023	2022
Financial expenses-commissions fee	1,203,876.70	1,087,113.74
Paying back the borrowings from Shougang Group	590,000,000.00	102,661,561.32
Lease payments	51,873,444.07	18,776,827.47
Payment for non-public offering fees	--	14,443,431.52
Investment funds payment to minority shareholders	364,349,130.58	--
Payment for equity incentive repurchasement	80,303,655.91	--
Cash payment for New Energy Materials Co. splitting	887,314.66	--
Total	1,088,617,421.92	136,968,934.05

(7) Changes in liabilities arising from financing activities (Unit: RMB 0,000)

Item	Opening balance	Cash movement		Non-cash movement			Closing balance
		Cash inflow	Cash outflow	Accrued interest	Fair value changes	Others	
Short-term borrowing	2,958,000.61	2,814,572.27	3,188,867.58	82,430.26	--	--	2,666,135.56
Long-term borrowing	1,207,484.04	370,183.00	218,477.13	51,301.39	--	--	1,410,491.30
Bonds payable	353,468.18	300,000.00	562,929.93	9,791.39	--	--	100,329.64
Lease Liabilities	8,646.75	--	5,187.35	1,988.48	--	43,910.07	49,357.95
Total	4,527,599.58	3,484,755.27	3,975,461.99	145,511.52	--	43,910.07	4,226,314.45

Note: Others refer to the additional lease liabilities for the current period.

58. Supplements to statement of cash flows

(1) Supplementary information

Supplementary information	2023	2022
1. Reconciliation of net profit to net cash flows from operating activities:		
Net profit	753,804,844.21	1,509,415,399.52
Add: Impairment losses on assets	600,099,065.24	402,994,496.88
Credit impairment losses	-48,197,342.07	-5,643,463.88
Depreciation of fixed assets	7,735,539,138.64	7,606,486,882.19
Depreciation of right-of-use assets	33,163,882.30	17,047,777.32
Amortization of intangible assets	184,816,598.20	174,693,821.90
Amortizaition of long-term deferred expenses	973,269.04	588,715.53
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gains as in “-”)	-567,839.38	611,088.11
Losses on written-off fixed assets (Gains as in “-”)	22,633,954.87	56,363,064.61
Losses on fair value changes (Gain as in “-”)	4,224,788.99	765,992.40
Financial expenses (Income as in “-”)	1,353,210,253.87	1,731,584,291.35
Investment losses (Income as in “-”)	173,640,314.78	211,209,023.35
Decrease in deferred tax assets (Increase as in “-”)	-38,714,829.81	-212,634,532.02
Increase in deferred tax liabilities (Decrease as in “-”)	56,941,878.24	277,327,181.55
Decrease in inventories (Increase as in “-”)	-764,110,188.47	-344,414,864.08
Decrease in receivables from operating activities (Increase as in “-”)	-551,504,080.80	850,893,260.68
Increase in payables from operating activities (Decrease as in “-”)	-4,243,063,771.00	-2,898,834,775.85
Others	881,416,134.97	665,782,138.24
Net cash flow from operating activities	6,154,306,071.82	10,044,235,497.80
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	436,316,890.81	--
3. Net changes in cash and cash equivalents:		
Closing balance of cash	8,904,660,678.08	8,329,215,003.68
Less: Opening balance of cash	8,329,215,003.68	8,535,871,373.08
Add: Closing balance of cash equivalents	--	--
Less: Opening balance of cash equivalents	--	--
Net increase in cash and cash equivalents	575,445,674.40	-206,656,369.40

Note: The amount of endorsement and transfer of acceptance notes received from goods sales of the

Company is RMB 7,075,729.08.

(2) Components of cash and cash equivalents

Item	2023.12.31	2022.12.31
1. Cash	8,904,660,678.08	8,329,215,003.68
Including: Cash on hand	33,669.68	23,581.90
Digital currency	--	--
Balances in banks without restriction	8,904,626,995.66	8,329,191,409.04
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	8,904,660,678.08	8,329,215,003.68
Including: restricted cash and cash equivalents from the parent company or its subsidiaries	--	--

(3) Monetary funds not belong to cash and cash equivalents

Item	2023.12.31	2022.12.31	Reasons for monetary funds not belong to cash and cash equivalents
Other monetary funds	246,369,301.95	1,140,407,749.24	Security deposit
Accrued interest	2,175,646.34	849,769.13	Accruing interest based on actual interest rate
Total	248,544,948.29	1,141,257,518.37	

59. Notes to Statement of Changes in Shareholders' Equity

Note: There is no amount in the "Other" item of the statement of changes in shareholder equity VI for the current period.

60. Foreign currency monetary items

(1) Foreign currency monetary items

Item	Closing balance for foreign currency	Exchange rate	Closing balance converted to RMB
Cash at bank and on hand			
Including: USD	268,023.92	7.0827	1,898,333.02
Accounts payable			
Including: USD	2,020.88	7.0827	14,313.29

(2) Overseas operating entities

Subsidiary of the Company, Zhixin Electromagnetic (Hong Kong) Trading Co., Ltd., mainly operates in Hong Kong with the Hong Kong dollar as the functional currency. The functional currency has not changed.

61. Lease

(1) The Company as lessee

Item	2023
Short-term leases	2,949,195.71
Low-value leases	--
Variable lease payments not measured as lease liabilities	-

(2) The Company as lessor

Operating leases:

① lease revenue

Item	2023
Lease revenue	38,277,615.46
Including: income related to variable lease payments not included in lease receipts	--

② 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	2023.12.31	2022.12.31
Within 1 year	35,735,251.77	33,328,200.36
1 – 2 years	6,920,087.96	1,793,773.33
2 – 3 years	4,658,975.20	--
Over 3 years	37,660,049.61	--
Total	84,974,364.53	35,121,973.69

VI. R&D expenses

Item	2023		2022	
	Expensed amount	Capitalized amount	Expensed amount	Capitalized amount
Employee benefits payable expenses	418,054,111.94	--	575,278,177.87	--
Other expenses	73,024,683.39	--	51,645,079.49	--
Total	491,078,795.33	--	626,923,257.36	--

VII. Interests in other entities

1. Interests in subsidiaries

(1) Composition of the Company

							Unit: RMB
Subsidiary	Registered Capital	Main Operation place	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
					Directly	Indirectly	

Subsidiary	Registered Capital	Main Operation place	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
					Directly	Indirectly	
Shougang Jingtang United Iron & Steel Co., Ltd.	3,582,167.63	Tangshan, PRC	Tangshan, PRC	Production and sales	70.18	29.82	Business combination under common control
Beijing Shougang Cold Rolling Co., Ltd.	260,000.00	Beijing, PRC	Beijing, PRC	Production and sales	70.28	--	Establish or investment, etc.
Qian'an Shougang Metallurgical Technology Co., Ltd.	190.00	Qian'an, PRC	Qian'an, PRC	Consulting service	100.00	--	Business combination under common control
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	1,129,982.84	Qian'an, PRC	Qian'an, PRC	Production and sales	66.23	--	Establish or investment, etc.
Beijing Shougang Steel Trading Investment Management Co., Ltd.	113,679.82	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	7,621,479.70	--	-309,021,464.85
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	33.77	87,355,475.30	155,505,996.34	4,906,442,911.49

(3) Major financial information of significant non-wholly owned subsidiaries

Unit: RMB

Subsidiary	2023.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Beijing Shougang Cold Rolling Co., Ltd.	1,523,555,615.93	3,650,902,283.79	5,174,457,899.72	2,216,553,392.64	3,993,850,445.05	6,210,403,837.69
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	5,315,471,057.37	15,796,111,190.51	21,111,582,247.88	5,228,317,348.03	1,401,485,982.54	6,629,803,330.57

Continued (1):

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 (2):

Subsidiary	2023	2022
------------	------	------

	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.	10,222,499,759.89	25,644,278.95	25,644,278.95	490,942,970.07	10,781,367,755.25	216,492,299.49	216,492,299.49	92,949,448.40
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	14,317,006,979.29	308,135,956.50	308,135,856.97	1,097,996,701.35	13,918,944,889.64	1,080,892,444.41	1,080,892,444.41	1,658,031,259.27

2. Changes in the scope of consolidation due to other reasons

In April 2023, the Company completed the separation of its subsidiary Beijing Shougang New Energy Automobile Material Technology Co., Ltd. and completed the clear deregistration procedures of the separated Beijing Shougang New Energy Materials Technology Co., Ltd. in December. After the deregistration, the number of subsidiaries within the scope of consolidation for current period reduced from 6 to 5.

3. 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	
①Jiont ventures						
Tangshan Guoxing Industrial Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Manufacturing	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.	
	2023.12.31	2022.12.31	2023.12.31	2022.12.31	2023.12.31	2022.12.31

Item	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	2023.12.31	2022.12.31	2023.12.31	2022.12.31	2023.12.31	2022.12.31
Current assets	87,762,250.00	81,326,897.38	--	4,453,756.17	2,415,667,328.21	2,203,316,115.22
Including: Cash and cash equivalents	11,831,560.37	15,459,879.44	--	4,153,756.17	921,218,575.78	909,643,194.30
Non-current assets	67,486,657.73	76,981,144.98	--	595,492,113.45	1,124,868,967.63	1,384,560,026.25
Total assets	155,248,907.73	158,308,042.36	--	599,945,869.62	3,540,536,295.84	3,587,876,141.47
Current liabilities	64,953,492.81	75,404,455.29	--	580,665,263.21	1,340,411,421.87	1,384,913,879.38
Non-current liabilities	4,929,259.45	6,537,093.21	--	--	14,286,600.00	6,675,000.00
Total liabilities	69,882,752.26	81,941,548.50	--	580,665,263.21	1,354,698,021.87	1,391,588,879.38
Net assets	85,366,155.47	76,366,493.86	--	19,280,606.41	2,185,838,273.97	2,196,287,262.09
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	85,366,155.47	76,366,493.86	--	19,280,606.41	2,185,838,273.97	2,196,287,262.09
Net assets calculated by shareholding proportion	42,683,077.74	38,183,246.93	--	9,640,303.21	1,092,919,136.99	1,098,143,631.05
Adjustment						
Including: Goodwill	--	--	--	--	--	--
Unrealized profit or loss of internal transaction	--	--	--	--	--	--
Impairment	--	--	--	--	--	--
Others	--	--	--	--	--	--
Carrying value of equity investment in the joint venture	42,683,077.74	38,183,246.93	--	9,640,303.21	1,092,919,136.99	1,098,143,631.05
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.	
	2023	2022	2023	2022	2023	2022
Operating revenue	152,846,388.61	164,773,046.58	--	--	11,913,406,274.48	13,921,855,400.28
Financial expenses	67.65	188,156.32	17,095,669.83	23,772,275.17	18,636,499.11	32,965,577.94
Income tax expense	4,299,552.60	3,565,111.77	--	--	21,449,766.52	-5,515,983.23
Net profit	11,993,957.13	7,790,570.91	-17,114,456.30	-23,791,852.47	28,813,025.73	56,141,503.88
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	11,993,957.13	7,790,570.91	-17,114,456.30	-23,791,852.47	28,813,025.73	56,141,503.88
Dividends received from joint venture	1,500,000.00	2,000,000.00	--	--	20,000,000.00	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.	
	2023.12.31	2022.12.31	2023.12.31	2022.12.31	2023.12.31	2022.12.31
Current assets	11,997,404.09	37,615,636.69	57,009,150.19	77,330,625.86	1,684,760,023.03	2,071,780,230.13
Non-current assets	7,954,587,079.21	8,175,281,488.59	210,901,577.81	224,215,514.07	2,454,695,383.56	2,457,397,455.41
Total assets	7,966,584,483.30	8,212,897,125.28	267,910,728.00	301,546,139.93	4,139,455,406.59	4,529,177,685.54
Current liabilities	2,276,603,433.89	1,026,481,331.40	23,294,131.49	31,678,142.16	2,778,212,894.87	2,727,774,901.17
Non-current liabilities	4,194,211,225.00	5,254,694,650.00	15,659,291.41	--	18,781,936.85	20,417,377.09
Total liabilities	6,470,814,658.89	6,281,175,981.40	38,953,422.90	31,678,142.16	2,796,994,831.72	2,748,192,278.26
Net assets	1,495,769,824.41	1,931,721,143.88	228,957,305.10	269,867,997.77	1,342,460,574.87	1,780,985,407.28
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	1,495,769,824.41	1,931,721,143.88	228,957,305.10	269,867,997.77	1,342,460,574.87	1,780,985,407.28
Net assets calculated by shareholding proportion	242,165,134.57	312,745,653.19	57,239,326.28	67,466,999.44	668,873,969.41	887,363,090.11
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	242,165,134.57	312,745,653.19	57,239,326.28	67,466,999.44	673,021,389.62	891,510,510.32
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.	
	2023.12.31	2022.12.31	2023.12.31	2022.12.31	2023.12.31	2022.12.31
Current assets	49,953,014.72	63,963,941.09	71,276,041.71	59,655,006.56	38,020,972.68	32,667,291.24
Non-current assets	748,940,871.51	694,420,798.63	503,489.11	618,495.73	243,292,858.01	214,254,258.49
Total assets	798,893,886.23	758,384,739.72	71,779,530.82	60,273,502.29	281,313,830.69	246,921,549.73
Current liabilities	159,846,777.25	152,354,244.94	24,261,639.55	22,971,249.27	27,238,639.49	56,004,281.62
Non-current liabilities	--	--	--	--	159,041,166.67	88,818,500.00
Total liabilities	159,846,777.25	152,354,244.94	24,261,639.55	22,971,249.27	186,279,806.16	144,822,781.62
Net assets	639,047,108.98	606,030,494.78	47,517,891.27	37,302,253.02	95,034,024.53	102,098,768.11
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the	639,047,108.98	606,030,494.78	47,517,891.27	37,302,253.02	95,034,024.53	102,098,768.11

Item	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)		Beijing Dingshengcheng Packaging Materials Co., Ltd.		Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	
	2023.12.31	2022.12.31	2023.12.31	2022.12.31	2023.12.31	2022.12.31
company						
Net assets calculated by shareholding proportion	129,100,426.06	122,430,402.99	21,383,051.07	16,786,013.87	33,261,908.60	35,734,568.85
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	129,100,426.06	122,430,402.99	21,427,595.94	16,830,558.74	33,261,908.60	35,734,568.85
Fair value of equity investment with 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.	
	2023	2022	2023	2022	2023	2022
Operating revenue	95,540,290.94	93,455,166.47	298,428,204.39	440,890,510.08	7,607,961,864.64	8,253,813,834.07
Net profit	-436,239,033.71	-431,009,356.99	-20,910,692.67	3,700,430.86	-438,524,832.41	-414,611,940.11
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	-436,239,033.71	-431,009,356.99	-20,910,692.67	3,700,430.86	-438,524,832.41	-414,611,940.11
Dividend received from associates	--	--	5,000,000.00	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.	
	2023	2022	2023	2022	2023	2022
Operating income	534,343,438.59	167,658,027.20	183,268,726.98	147,636,999.45	83,963,345.96	34,551,131.55
Net profit	416,836,070.09	123,487,685.42	10,215,638.25	6,318,818.62	-7,064,743.58	1,507,371.77
Net profit from discontinuing operation	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	416,836,070.09	123,487,685.42	10,215,638.25	6,318,818.62	-7,064,743.58	1,507,371.77
Dividend received from associates	77,539,284.02	15,232,424.74	--	--	--	--

(4) Summary financial information of no significant joint ventures and associates

Item	2023.12.31 or Current period	2022.12.31 or Pervious period
Associates		
Total carrying value of investment	128,957,100.56	131,600,050.63
Items calculated according to shareholding ratio	--	--
Net profit	3,387,350.67	-473,871.48
Other comprehensive income	--	--
Total comprehensive income	3,387,350.67	-473,871.48

4. 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 2023, 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 of 31 December 2023, 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 of 31 December 2023, 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 45.8864 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 of 31 December 2023, 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 of 31 December 2023, no additional information related to Shouxin Jinyuan Fund and Shouxin Jin'an Fund should be disclosed by the Company.

VIII. Government grants

1. Government grants recognized as deferred income

Items			Opening balance	Increase	Decrease	Closing balance	Reasons
Deferred income	-		472,861,881.90	70,475,200.00	35,662,925.41	507,674,156.49	
Government grants							

Government grants recognized as deferred income and subsequently measured via gross method.

Item	Type	2023.1.1	Increase	Transfer to profit or loss	Other changes	2023.12.31	Item recognized in income statement	Related to assets/ Related to income
Discount funds for imported equipments	Financial appropriation	12,106,230.11	--	1,229,110.56	--	10,877,119.55	Other income	Related to assets
Government grants for engineering informationization project (Qian'an Iron and Steel, Cold-R Co.)	Financial appropriation	275,000.28	--	99,999.96	--	175,000.32	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	1,999,999.88	--	1,000,000.00	--	999,999.88	Other income	Related to assets
Special government grants from the Finance Bureau of Qian'an	Financial appropriation	4,139,130.42	--	243,478.32	--	3,895,652.10	Other income	Related to assets
Government grants for hot-rolled steel strip TMCP project	Financial appropriation	1,263,157.88	--	105,263.16	--	1,157,894.72	Other income	Related to assets
Government grants for dedusting system upgrading project (Qian'an Iron and Steel)	Financial appropriation	24,473,684.32	--	1,631,578.92	--	22,842,105.40	Other income	Related to assets
Government grants for advanced sewage treatment	Financial appropriation	4,819,629.56	--	342,222.24	--	4,477,407.32	Other income	Related to assets
Special government grants for denitration engineering from the Hebei Provincial Finance Department	Financial appropriation	490,000.00	--	245,000.00	--	245,000.00	Other income	Related to assets
Government grants for online environmental monitoring project from the Finance Bureau of Caofeidian	Financial appropriation	2,500,000.00	--	500,000.00	--	2,000,000.00	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	3,719,298.24	--	210,526.32	--	3,508,771.92	Other income	Related to assets
National funds for the national 863 project	Financial appropriation	556,400.00	--	278,200.00	--	278,200.00	Other income	Related to assets
Government grants for Phase II seawater dsalination project	Financial appropriation	16,842,105.32	--	1,052,631.56	--	15,789,473.76	Other income	Related to assets
Government grants for cold-rolled intelligent manufacturing project	Financial appropriation	21,224,552.64	2,030,000.00	3,026,931.98	--	20,227,620.66	Other income	Related to assets
Government grants for the desulfurization of pelletizing flue gas	Financial appropriation	20,805,473.66	--	1,486,105.28	--	19,319,368.38	Other income	Related to assets
Environmental protection government grants for closing limestone yards	Financial appropriation	1,600,000.00	--	80,000.00	--	1,520,000.00	Other income	Related to assets
Government grants for energy-saving incentive for No.3 hydrogen generator	Financial appropriation	950,305.21	--	67,878.96	--	882,426.25	Other income	Related to assets
Government grants for cold rolling operation department aluminized silicon high strength steel automotive plate renovation project	Financial appropriation	2,873,684.17	--	191,578.96	--	2,682,105.21	Other income	Related to assets
Government grants for cold rolling operation department high strength steel 18 roll single stand project	Financial appropriation	11,450,943.40	2,100,000.00	726,884.37	--	12,824,059.03	Other income	Related to assets
Government grants for the operation-control system of production-marketing integration	Financial appropriation	19,772,121.20	--	2,471,515.20	--	17,300,606.00	Other income	Related to assets

Item	Type	2023.1.1	Increase	Transfer to profit or loss	Other changes	2023.12.31	Item recognized in income statement	Related to assets/Related to income
Government grants for the specialized production line project of Zinc-plated high-strength auto sheet	Financial appropriation	84,210,526.36	--	5,263,157.88	--	78,947,368.48	Other income	Related to assets
Government grants for reforming of sinter desulfurization and denitrification	Financial appropriation	24,210,526.34	--	1,578,947.36	--	22,631,578.98	Other income	Related to assets
Government grants for thin slab casting and rolling engineering	Financial appropriation	5,179,642.86	187,500.00	285,714.28	--	5,081,428.58	Other income	Related to assets
Government grants for reform project of reducing oxynitride concentration in emitted flue gas from annealing furnace	Financial appropriation	5,830,263.31	--	331,578.84	--	5,498,684.47	Other income	Related to assets
Government grants for industrial mechanism model base	Financial appropriation	4,800,000.00	--	306,382.98	--	4,493,617.02	Other income	Related to assets
Government grants for 10,000 tons/d desalination project	Financial appropriation	7,963,157.91	--	468,421.04	--	7,494,736.87	Other income	Related to assets
Government grants for sintering waste heat power generation project	Financial appropriation	19,336,283.19	--	1,074,237.92	--	18,262,045.27	Other income	Related to assets
Government grants for comprehensive optimization and upgrading project of hot blast furnace system in Phase I of ironmaking Operation Department	Financial appropriation	23,683,382.96	--	1,315,743.48	--	22,367,639.48	Other income	Related to assets
Government grants for energy conservation and emission reduction optimization and improvement projects	Financial appropriation	13,429,293.94	1,500,000.00	798,604.47	--	14,130,689.47	Other income	Related to assets
Government grants for Zinc containing solid waste disposal project	Financial appropriation	4,878,640.78	--	291,262.12	--	4,587,378.66	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	78,890,971.68	7,000,000.00	4,451,697.84	--	81,439,273.84	Other income	Related to assets
Government grants for high performance oriented silicon steel project	Financial appropriation	19,640,000.00	--	258,421.05	--	19,381,578.95	Other income	Related to assets
Government grants for hot rolling heating furnace flue gas purification project	Financial appropriation	--	30,000,000.00	377,497.81	--	29,622,502.19	Other income	Related to assets
Government grants for technical transformation of deep flue gas treatment by adding hot blast furnaces to blast furnaces	Financial appropriation	--	23,945,000.00	376,113.64	--	23,568,886.36	Other income	Related to assets
Other government grants related to assets	Financial appropriation	21,907,476.28	3,312,700.00	3,256,238.91	--	21,963,937.37	Other income	Related to assets
Other government grants related to income	Financial appropriation	40,000.00	400,000.00	240,000.00	--	200,000.00	Other income	Related to income
Total		472,861,881.90	70,475,200.00	35,662,925.41	--	507,674,156.49		

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	677,779.73	7,773,848.31	Other income	Related to income
Government grants for promoting the development of enterprises operate in the region	Financial appropriation	3,900,000.00	--	Other income	Related to income
Technology innovation support funds	Financial appropriation	70,883,400.00	--	Other income	Related to income
Other government grants related to income	Financial appropriation	26,363,511.52	25,727,347.92	Other income	Related to income
Total		101,824,691.25	33,501,196.23		

IX. 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 51.55% (2022: 52.28%); among the other receivables of the Company, the other receivables of the top five customers accounted for 42.85% (2022: 63.31%).

(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 2023, the leverage ratio of the Company is 60.43% (31 December 2022: 65.03%).

X. 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 2023, 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
Recurring fair value measurement				
Financing receivable	--	--	2,223,431,426.46	2,223,431,426.46
Other equity instrument investment	310,601,456.00	--	29,602,636.21	340,204,092.21
Other non-current financial assets	--	--	75,009,218.61	75,009,218.61
Total assets measured at fair value on a recurring basis	310,601,456.00	--	2,328,043,281.28	2,638,644,737.28

(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.

XI. 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	56.72	56.72

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):

Opening balance	Increase	Decrease	Closing balance
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, 3.

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 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
Guangzhou Jinghai Shipping Co., Ltd.	Associates of the Company
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Associates of the Company

Name of joint venture or associate	Relationship with 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 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
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
Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	Under the control of the same parent company

Related party	Relationship with the Company
Qinhuangdao Shounai New Materials 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
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
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
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

Related party	Relationship with the Company
Jingxi Commercial Factoring 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 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
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) 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
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
Beijing Shougang Chengyun Holdings Co., Ltd.	Under the control of the same parent company
Beijing Shoufang Commercial Management Co., Ltd.	Under the control of the same parent company
Beijing Aidi Geological Engineering Technology Co., Ltd.	Under the control of the same parent company
Geological Research Institute of Shougang Geological Exploration Institute	Under the control of the same parent 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

Related party	Relationship with the 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
Shoujia Huanke (Qian'an) 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
Tangshan Zhonghong Carbon Chemical 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

The following transactions with related parties are conducted at market prices or prices agreed upon in relevant agreements.

①Purchase of goods and receiving of services from related parties

Related party	Nature of transaction	2023	2022
Shougang Group Co., Ltd.	Raw material	21,943,134,524.17	30,738,244,970.15
Shougang Group Co., Ltd.	Fuel material	33,925,140.63	1,755,484,533.11
Shougang Group Co., Ltd.	Spare parts	--	288,719.70
Shougang Group Co., Ltd.	Production service	4,971,874.94	24,483,467.94
Shougang Group Co., Ltd.	Fund usage charges	63,104,733.91	71,217,912.21
Shougang Group Finance Co., Ltd.	Fund usage charges	363,628,875.86	308,397,762.40
Shougang Mining Corporation	Raw material	3,890,862,501.60	3,801,893,028.27
Shougang Mining Corporation	Power energy	66,992,366.05	--
Shougang Mining Corporation	Spare parts	62,655,062.81	5,484,172.00
Shougang Mining Corporation	Production service	281,362,511.82	113,846,405.24
Shougang Mining Corporation	Engineering equipment	1,427,460.00	1,904,158.00
Shougang Mining Corporation	Fund usage charges	910,228.06	2,210,553.86
China Shougang International Trade&Engineering Corporation	Export cost	102,473,113.40	82,530,156.00
China Shougang International Trade&Engineering Corporation	Raw material	6,657,720.00	2,531,173,902.66
China Shougang International Trade&Engineering Corporation	Fuel material	--	96,591,728.29
China Shougang International Trade&Engineering Corporation	Production service	96,393.44	--
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Fuel material	6,501,547,316.63	7,005,052,052.73
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	458,568,346.04	393,033,410.87
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Production service	--	1,458,000.00
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Engineering service	--	6,000,851.01
Beijing Shougang Construction Group Co., Ltd.	Production service	548,842,653.85	473,493,304.04
Beijing Shougang Construction Group Co., Ltd.	Spare parts	35,407,572.28	26,646,250.93
Beijing Shougang Construction Group Co., Ltd.	Engineering equipment	5,292,280.97	--
Beijing Shougang Construction Group Co., Ltd.	Engineering service	802,524,280.03	704,479,068.44
Beijing Shougang Gas Co., Ltd.	Spare parts	3,630,225.01	3,642,954.04
Beijing Shougang Gas Co., Ltd.	Production service	65,472,431.39	51,120,800.84
Beijing Shougang Gas Co., Ltd.	Power energy	98,773,465.58	94,449,984.15
Beijing Shougang Gas Co., Ltd.	Auxiliary material	4,766,510.38	4,742,161.45
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	302,133,356.71	314,726,062.22

Related party	Nature of transaction	2023	2022
Beijing Shougang Automation Information Technology Co., Ltd.	Spare parts	13,606,491.82	6,119,863.00
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering service	217,757,953.54	164,940,165.69
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering equipment	77,516,317.08	56,830,246.32
Beijing Shougang Machinery&Electric Co., Ltd.	Spare parts	105,629,947.66	108,341,720.51
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	269,364,838.83	269,594,626.52
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering equipment	26,087,727.28	33,623,091.14
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering service	--	2,106,619.54
Beijing Shougang Machinery&Electric Co., Ltd.	Fuel material	36,602,521.60	22,308,500.28
Qinhuangdao Shougang Machinery Co., Ltd.	Spare parts	46,579,351.41	49,708,124.60
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	134,396,914.04	164,741,681.95
Qinhuangdao Shougang Machinery Co., Ltd.	Auxiliary material	3,459,776.00	534,000.00
Qinhuangdao Shougang Machinery Co., Ltd.	Engineering equipment	6,418,986.00	2,849,600.00
Qian'an Shouxin Automation Information Technology Co., Ltd.	Production service	126,551,235.38	123,198,193.34
Qian'an First Real Packaging Service Co., Ltd.	Production service	318,627,092.06	330,518,074.43
Qian'an First Real Packaging Service Co., Ltd.	Raw material	3,473,060.09	--
Qian'an Shougang Equipment Structure Co., Ltd.	Spare parts	15,910,347.80	16,770,235.00
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	77,276,252.02	74,615,037.69
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering equipment	4,509,802.74	6,099,531.07
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering service	1,228,547.58	688,292.46
Qian'an Shougang Equipment Structure Co., Ltd.	Raw material	191,600,192.02	216,797,429.95
Beijing Soly Technology Co., Ltd.	Engineering equipment	--	612,341.00
Beijing Shouye Instruments&Meters Co., Ltd.	Spare parts	34,462,950.17	30,692,578.79
Beijing Shouye Instruments&Meters Co., Ltd.	Engineering equipment	6,651,902.00	4,608,458.59
Beijing Shoujian Maintenance Co., Ltd.	Equipment	62,908,007.32	45,870,911.70
Beijing Shoujian Maintenance Co., Ltd.	Equipment	5,037,420.00	5,154,000.00
Beijing Shoujian Maintenance Co., Ltd.	Equipment	--	5,962,127.57
Beijing Shoujian Maintenance Co., Ltd.	Equipment	35,208,132.15	9,790,200.00

Related party	Nature of transaction	2023	2022
Beijing Shoujian Hengxin Labor Service Co., Ltd.	Production service	1,688,340.00	1,785,000.00
Beijing Shoujian Hengji Construction Engineering Co., Ltd.	Spare parts	861,565.70	573,207.00
Beijing Shougang Landscaping Co., Ltd.	Life service	23,862,457.96	25,701,356.25
Beijing Shougang International Engineering&Technology Co., Ltd.	Spare parts	16,500,348.33	13,777,316.00
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering equipment	337,374,815.61	197,970,778.68
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering service	424,371,608.45	475,003,098.49
Beijing Shougang International Engineering&Technology Co., Ltd.	Production service	5,998,467.72	664,296.23
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	73,364,927.54	67,493,491.20
Beijing Huaxia Technology Co., Ltd.	Spare parts	6,797,312.96	3,781,380.33
Beijing Huaxia Technology Co., Ltd.	Engineering equipment	7,514,099.00	--
Beijing Huaxia Technology Co., Ltd.	Production service	1,085,300.00	86,000.00
Beijing Shougang Catering Co., Ltd.	Life service	13,270,186.01	14,014,372.50
Beijing Shoujia Steel Construction Co., Ltd.	Production service	29,492,635.04	44,258,026.72
Beijing Shougang Ferroalloy Co., Ltd.	Raw material	448,730,252.54	436,896,664.79
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Raw material	368,906,926.36	350,495,042.52
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Production service	92,165,010.94	53,344,775.21
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Auxiliary material	9,649,790.64	8,312,204.20
Qinhuangdao Shounai New Materials Co., Ltd	Auxiliary material	119,255,741.87	128,141,883.61
Yantai Shougang Mining 3D Co., Ltd.	Spare parts	--	577,091.09
Tianjin Shougang Electric Equipment Co., Ltd.	Engineering equipment	15,148,231.00	19,847,769.10
Tianjin Shougang Electric Equipment Co., Ltd.	Spare parts	12,392,235.00	4,465,189.00
Tianjin Shougang Electric Equipment Co., Ltd.	Production service	750,000.00	--
Beijing Chengxin Engineering Supervision Co., Ltd.	Engineering service	6,919,560.20	7,529,528.15
Beijing Chengxin Engineering Supervision Co., Ltd.	Production service	512,000.00	3,717,879.25
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	103,974,097.61	107,663,074.01
Beijing Shougang Materials Trading Co., Ltd.	Fuel material	1,027,466,982.41	269,025,918.47
Beijing Shougang Materials Trading Co., Ltd.	Raw material	11,693,600,440.83	996,216,356.30
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	1,511,756,089.09	1,063,798,684.12

Related party	Nature of transaction	2023	2022
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Fuel material	14,807,402,881.55	17,586,534,301.71
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Raw material	8,375,359.37	3,610,282.21
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	121,400,910.06	152,523,150.26
Beijing Shougang Futong Elevator Co., Ltd.	Spare parts	161,610.00	177,460.00
Beijing Shougang Futong Elevator Co., Ltd.	Production service	795,660.00	884,800.00
Tangshan Guoxing Industrial Co., Ltd.	Production service	139,969,704.64	145,637,666.86
Tangshan Guoxing Industrial Co., Ltd.	Engineering service	3,882,874.50	2,236,643.61
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Production service	365,061,060.71	386,060,741.11
Tonghua Iron and Steel Co., Ltd.	Steels	--	10,109,524.29
Tonghua Iron and Steel Co., Ltd.	Raw material	3,802,885.87	348,504,685.37
Shougang Environmental Industry Co., Ltd.	Production service	5,359,304.37	4,790,641.42
Beijing Shougang Mining Construction Co., Ltd.	Engineering service	45,415,792.24	32,202,238.47
Beijing Shougang Mining Construction Co., Ltd.	Production service	2,561,705.00	3,124,511.85
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Engineering equipment	--	2,640,623.65
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Raw material	4,858,002.24	--
Beijing Shougang Industrial Group Co., Ltd.	Life service	2,497,949.85	5,463,312.46
Beijing Shougang Shape Metal Co., Ltd.	Raw material	84,278.76	1,157,199.12
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Production service	139,524,911.82	132,716,435.98
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Auxiliary material	21,935,504.47	2,588,730.00
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Engineering equipment	3,991,680.00	--
Beijing Shougang Cultural Development Co., Ltd.	Production service	--	580,274.11
Jingxi Commercial Factoring Co., Ltd.	Raw material	34,907,834.40	2,294,124.34
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Spare parts	125,823.00	202,712.00
Shougang Casey Steel Co., Ltd.	Production service	89,931,464.45	99,663,335.28
Tangshan Caofeidian First Real Industrial Co., Ltd.	Life service	92,796,533.86	103,510,367.58
Tangshan Caofeidian First Real Industrial Co., Ltd.	Spare parts	899,038.00	2,092,860.00
Qiangang Hotel.	Production service	19,213,783.47	20,138,607.00
Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	Spare parts	698,000.00	8,985,583.27

Related party	Nature of transaction	2023	2022
Bohai International Conference Center Co., Ltd.	Life service	1,709,776.21	872,777.64
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	6,469,733.18	5,228,810.04
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Auxiliary material	46,113,178.52	46,730,677.66
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Spare parts	18,071,736.05	21,599,664.94
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Production service	12,965,317.00	11,997,608.00
Guangzhou Jinghai Shipping Co., Ltd.	Production service	287,392,610.41	355,036,509.27
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Spare parts	53,721,366.22	61,667,449.21
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Production service	757,558.65	810,772.36
Beijing Shoushe Metallurgical Technology Co., Ltd.	Engineering equipment	1,221,243.79	255,912.13
Beijing Shouyu Industry and Trade Co., Ltd.	Auxiliary material	15,867,277.30	11,422,545.27
Chaoyang Shougang Beifang Machinery Co., Ltd.	Spare parts	--	9,600.00
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	Production service	224,986,462.57	179,731,432.37
Tangshan Caofeidian Industry Port Co., Ltd.	Production service	484,456,068.34	476,275,284.06
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Production service	3,193,694.14	3,093,058.92
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Raw material	439,639,719.08	137,219.49
Beijing Shoutaizhongxin Science & Technology Co., Ltd	Spare parts	14,541,804.30	20,983,879.94
Chengde Xintong Shoucheng Mining Co., Ltd.	Raw material	--	180,923,753.72
Shougang (Qingdao) Steel Industry Co., Ltd.	Raw material	4,013,015.40	908,220.09
Beijing Shougang Park Comprehensive Service Co., Ltd.	Life service	2,102,293.89	1,477,352.85
YASKAWA Shougang Robert Co., Ltd.	Production service	--	141,500.00
Qinhuangdao Shougang Racing Valley Co., Ltd	Production service	377,358.48	431,358.48
Hebei Shougang Jingtang Machinery Co., Ltd.	Production service	82,765,129.40	37,269,512.82
Beijing Shouao Real Estate Co., Ltd	Life service	93,085.00	23,794.00
Cmi Engineering (Beijing) Co., Ltd.	Engineering equipment	17,268,900.00	12,892,700.00
Shougang Changzhi Steel&Iron Co., Ltd.	Raw material	--	1,509,854.85
South China International Leasing Co., Ltd	Fund usage charges	373,598.24	751,226.41
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Fund usage charges	--	21,900,000.00

Related party	Nature of transaction	2023	2022
Qinhuangdao Shoufang Property Service Co., Ltd.	Life service	--	861,700.00
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Production service	26,093,417.36	23,335,032.81
Beijing Shougang Property Management Co., Ltd.	Production service	2,907,210.97	2,935,902.84
Guiyang Steel Mills I/E Corp.	Production service	8,011,169.36	13,153,495.39
Gansu Province, Wenxian Million Litie Alloy Co., Ltd.	Raw material	326,252,685.09	936,100,776.46
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	2,918,833.30	1,858,061.44
Beijing Shouyi Mining Hospital Co., Ltd.	Production service	2,417,059.93	3,486,466.50
Peking University Shougang Hospital	Production service	512,567.00	122,228.18
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	215,116,886.67	407,104,956.47
Jingtang Port Shougang Terminal Co., Ltd.	Production service	2,384,905.66	6,091,794.34
Beijing Shoufang Commercial Management Co., Ltd	Production service	783,360.00	--

②Sale of goods and rendering of services to related parties

Related party	Nature of transaction	2023	2022
Shougang Group Co., Ltd.	Management service	122,756,957.25	233,378,200.00
Shougang Group Co., Ltd.	Production service	16,392,473.96	16,202,255.66
Shougang Mining Corporation	Steel	576,096.86	2,076,407.04
Shougang Mining Corporation	Raw fuel material	19,618,852.83	11,262,064.60
Shougang Mining Corporation	Power energy	615,727.71	127,160.60
Shougang Mining Corporation	Production service	14,472,724.25	15,600,062.87
Shougang Group Finance Co., Ltd.	Interest income	105,646,555.72	130,624,439.00
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	233,075,163.68	247,263,882.72
Shougang Casey Steel Co., Ltd.	Steel	288,823,600.47	535,645,904.62
Shougang Casey Steel Co., Ltd.	Production service	1,285,724.26	1,136,801.76
Beijing Shougang Construction Group Co., Ltd.	Power energy	5,179,677.62	3,264,125.51
Beijing Shougang Construction Group Co., Ltd.	Steel	15,705,817.85	9,098,035.59
Beijing Shougang Construction Group Co., Ltd.	Production service	642,905.16	1,985,086.15

Related party	Nature of transaction	2023	2022
Beijing Shougang Gas Co., Ltd.	Power energy	132,914,533.68	109,972,645.95
Beijing Shougang Gas Co., Ltd.	Production service	126,600.27	80,800.83
Beijing Shougang Machinery&Electric Co., Ltd.	Steel	615,820,168.93	613,930,630.06
Beijing Shougang Machinery&Electric Co., Ltd.	Power energy	3,496,581.23	3,913,938.59
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	1,568,551.19	1,604,228.13
Beijing Shougang Ferroalloy Co., Ltd.	Power energy	4,263,420.65	3,676,369.55
Beijing Shougang Ferroalloy Co., Ltd.	Raw fuel material	17,872,976.23	21,241,039.12
Beijing Shougang Ferroalloy Co., Ltd.	Production service	515,191.79	473,569.14
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	943,495,390.00	707,298,397.35
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	242,927,266.39	221,751,315.34
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Raw material	--	1,041,626.43
Beijing Beiye Functional Materials Co., Ltd.	Billet	1,714,757.18	8,300,691.98
Beijing Shougang Gitane New Materials Co., Ltd.	Production service	141,509.43	--
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Raw fuel material	6,302,931.53	6,901,691.83
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Production service	--	118,539.00
Beijing Shoucheng Packaging Service Co., Ltd.	Steel	4,424.78	3,649,548.62
Beijing Shoucheng Packaging Service Co., Ltd.	Power energy	306,515.16	359,523.37
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	1,868,192.00	1,872,706.78
Qian'an First Real Packaging Service Co., Ltd.	Steel	124,456,820.34	102,754,677.80
Beijing Shouronghui Technology Development Co., Ltd.	Steel	18,339,265.07	41,264,142.20
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Raw fuel material	66,729,964.35	167,597,204.04
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Power energy	134,503,437.66	139,527,704.49
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	29,024,124.84	28,288,337.62
Beijing Shougang International Engineering&Technology Co., Ltd.	Production service	28,301.89	1,342,075.48
Beijing Shougang Metal Co., Ltd.	Steel	841,013.59	40,394,334.29
Beijing Shougang Metal Co., Ltd.	Power energy	1,090,805.84	1,445,681.43
Beijing Shougang Metal Co., Ltd.	Production service	2,754,311.93	2,754,311.93
Beijing Shougang Mining Construction Co., Ltd.	Steel	420,015.67	9,394.34

Related party	Nature of transaction	2023	2022
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Steel	7,901,199.61	--
Qinhuangdao Shougang Machinery Co., Ltd.	Raw fuel material	624,127,356.87	579,784,184.94
Qinhuangdao Shougang Machinery Co., Ltd.	Power energy	1,246,694.69	541,746.35
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	1,060,194.56	653,463.03
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	256,293.58	221,876.15
Qian'an Shougang Equipment Structure Co., Ltd.	Steel	2,302,743.68	3,027,566.84
Tangshan Guoxing Industrial Co., Ltd.	Power energy	2,013,000.88	1,720,010.15
Tangshan Guoxing Industrial Co., Ltd.	Raw fuel material	739,083.24	1,253,595.05
Tangshan Guoxing Industrial Co., Ltd.	Production service	1,810,872.92	1,736,728.31
Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	Power energy	--	55,369.38
Tangshan Caofeidian First Real Industrial Co., Ltd.	Power energy	855,939.30	906,051.87
Tangshan Caofeidian First Real Industrial Co., Ltd.	Production service	78,840.97	14,716.98
Tangshan Caofeidian First Real Industrial Co., Ltd.	Raw fuel material	20,024.23	--
Beijing Shougang Automation Information Technology Co., Ltd.	Power energy	86,227.79	23,403.49
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	1,469,843.53	1,045,424.53
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	118,774,891.36	123,024,177.15
Hebei Shoulang New Energy Technology Co., Ltd.	Production service	--	2,142,857.14
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	198,165.14	198,165.14
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Power energy	1,536,753.62	990,792.19
Tonghua Iron and Steel Co., Ltd.	Raw fuel material	410,849.06	283,018.87
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Raw fuel material	--	2,764,398.78
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Raw fuel material	99,056.60	--
Beijing Shougang Materials Trading Co., Ltd.	Production service	5,578.30	54,194.35
Qinhuangdao Shounai New Materials Co., Ltd	Steel	6,370,392.42	--
Qinhuangdao Shounai New Materials Co., Ltd	Raw fuel material	41,493.59	--
Shougang Changzhi Steel&Iron Co., Ltd.		10,970,355.00	--
Shougang Changzhi Steel&Iron Co., Ltd.	Production service	707,547.16	141,509.43

Related party	Nature of transaction	2023	2022
Tangshan Caofeidian Industry Port Co., Ltd.	Power energy	3,464,678.00	3,778,635.00
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Interest income	8,990,991.36	11,275,389.73
Ningbo Shougang Zhejin Steel Co., Ltd.	Steel	228,910,735.54	432,375,321.23
Shougang (Qingdao) Steel Industry Co., Ltd.	Steel	1,587,159,531.37	1,935,625,780.26
Shougang (Qingdao) Steel Industry Co., Ltd.	Production service	212.37	7,346,687.79
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Steel	478,621,811.95	27,569,222.18
Qian'an Shoujia Construction Material Co., Ltd.	Power energy	22,655,171.59	22,884,203.10
Qian'an Shoujia Construction Material Co., Ltd.	Raw fuel material	18,526,007.89	36,514,508.74
Qian'an Shoujia Construction Material Co., Ltd.	Production service	248,418.37	248,418.37
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Power energy	34,272.49	24,442.68
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Production service	238,634.36	19,625.66
Guizhou Bohong Industrial Co., Ltd.	Production service	97,762.04	129,836.50
Beijing Shougang Landscaping Co., Ltd.	Power energy	1,625.67	1,430.47
Dachang Shougang Machinery&Electric Co., Ltd.	Steel	--	1,547,925.87
Guangzhou Jinghai Shipping Co., Ltd.	Production service	40,174,324.26	50,495,018.05
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Power energy	25,430.60	32,357.74
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Steel	31,946,816.54	65,202,291.10
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Steel	30,810,804.11	35,007,815.91
Beijing Shougang Gas Tangshan Co., Ltd.	Production service	565,714.29	235,714.29
Beijing Shougang Catering Co., Ltd.	Power energy	270,031.08	524,090.49
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
Guizhou Shuigang Logistics Co., Ltd.	Production service	137,151.19	157,558.15
Shougang Shuicheng Iron and Steel (Group) Xingyuan Development Investment Co., Ltd.	Production service	--	26,335.85
Hebei Jingji Industry & Trading Co., Ltd.	Steel	4,690,630.50	8,578,020.68
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Raw fuel material	22,281,604.59	2,194,885.15
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Power energy	31,498,960.08	901,796.43

Related party	Nature of transaction	2023	2022
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.		34,105.09	--
Jingtang Port Shougang Terminal Co., Ltd.	Production service	372,689.61	327,224.25
Shoujia Huanke (Qian'an) Co., Ltd.	Raw fuel material	30,939,313.95	26,345,440.31
Beijing Shoujian Equipment Maintenance Co., Ltd.	Production service	2,343.39	--
Beijing Shoujia Steel Construction Co., Ltd.	Power energy	1,436,870.97	1,160,424.21
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Production service	12,974.53	8,962.26
Beijing Shougang Lanzatech Co., Ltd.	Production service	--	727,265.93
Tangshan Tangcao Railway Co., Ltd.	Production service	323,773.56	3,323,611.75
Beijing Shougang Chengyun Holdings Co., Ltd	Steels	218,448,717.31	--
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	Raw fuel material	510,865.44	--
Shougang Shuicheng Steel (Group) Co., Ltd	Production service	471,698.12	--

(2) Details of related party leases

① The Company as a lessor

Lessee	Type of assets leased	Lease income recognized in 2023	Lease income recognized in 2022
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Land use right	1,065,067.58	1,065,067.58
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	1,879,619.04	165,333.33
Hebei Shoulang New Energy Technology Co., Ltd.	Plant and buildings	2,208,517.11	--

② The Company as a lessee

Lessor	Type of assets leased	Lease expenses recognized in 2023	Lease expenses recognized in 2022
Shougang Group Co., Ltd.	Plant and buildings	25,987,077.88	2,856,131.74
Beijing Shougang Construction Investment Co., Ltd.	Plant and buildings	10,139,897.90	10,139,897.90

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
Shougang Group Co., Ltd.	Plant and buildings	363,355,681.31	--

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	17,135,143.96	1,470,426.80
Beijing Shougang Construction Investment Co., Ltd.	Plant and buildings	1,160,311.85	1,566,004.04

(3) Details of related party guarantees

① The Company as a guarantor

Guarantee	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Ningbo Shougang Zhejin Steel Co., Ltd.	32,755,200.00	2023/2/15	2024/8/28	Incomplete
Shougang (Qingdao) Steel Industry Co., Ltd.	142,030,000.00	2023/9/18	2024/12/25	Incomplete
Shanghai Shougang Steel & Iron Trading Co., Ltd.	48,750,000.00	2023/7/17	2024/3/22	Incomplete

② The Company as a guarantee

Guarantor	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Shougang Group Co., Ltd.	5,094,415,277.76	2023/3/27	2024/11/29	Incomplete
Shougang Group Co., Ltd.	8,811,562,222.22	2019/9/6	2031/9/6	Incomplete

(4) Related party financing

Related party	Closing balance	Beginning date	Maturity date	Note
Shougang Group Co., Ltd.	54,107,510.15	2022/3/21	2026/11/24	Entrust loans
Shougang Group Finance Co., Ltd.	10,475,231,798.30	2023/1/28	2024/12/27	Short-term loans
Shougang Group Finance Co., Ltd.	1,601,119,444.44	2022/11/4	2026/12/22	Long-term loans
Shougang Group Finance Co., Ltd.	3,258,752,366.00	2023/7/21	2024/6/27	Notes payable

(5) Asset transfer and debt restructuring of related parties

Related party	Content of related party transactions	2023	2022
Beijing Shougang Special Steel Co., Ltd.	Sale of equity and debt of Zhonghong Co.	221,871,680.02	--
Hebei Shoulang New Energy Technology Co., Ltd.	Purchase of plant and buildings	49,809,259.88	--
Shougang Mining Corporation	Purchase of the pelletizing-sintering business	--	1,300,325,799.36

(6) Remuneration of key management personnel

The Company has 21 key management personnel in 2023, and 22 key management personnel in 2022. The remuneration payment is as follows:

Item	2023	2022
------	------	------

Item	2023	2022
Remuneration of key management personnel (excluding share payment)	6.4573 million	8.6681 million

6. Receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	As at 31 December 2023		As at 31 December 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bank deposits	Shougang Group Finance Co., Ltd.	9,128,608,670.91	--	8,782,663,274.02	--
Bank deposits	Hua Xia Bank Co.,Ltd.	1,453,039.82	--	6,713,364.79	--
Accounts receivable	Shougang Group Co., Ltd.	--	--	57,479.37	2,047.03
Accounts receivable	Shougang Casey Steel Co., Ltd.	264,947,857.43	9,471,484.77	290,361,751.31	10,336,878.35
Accounts receivable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	1,748,412.19	1,245,897.88	1,748,412.19	487,967.75
Accounts receivable	Hebei Shoulang New Energy Technology Co., Ltd.	--	--	34,418,648.92	1,225,303.90
Accounts receivable	Qian'an Shoujia Construction Material Co., Ltd.	50,221,363.06	1,795,337.69	56,221,363.06	2,002,230.58
Accounts receivable	Sanhe Shoujia Construction Material Co., Ltd.	--	--	8,775,968.24	8,214,183.99
Accounts receivable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	--	--	1,438,064.93	1,070,495.53
Accounts receivable	Tonghua Iron and Steel Co., Ltd.	382,500.00	13,673.79	506,248.00	17,810.17
Accounts receivable	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	1,185,255.36	42,195.09	--	--
Accounts receivable	Beijing Shougang International Engineering&Technology Co., Ltd.	354,540.00	259,370.68	428,540.00	297,559.83
Accounts receivable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	8,776,606.90	313,750.41	6,617,509.64	235,583.34
Accounts receivable	Beijing Shougang Mining Construction Co., Ltd.	--	--	9,958.00	349.19
Accounts receivable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	--	--	734.50	218.70
Accounts receivable	Beijing Shougang Machinery&Electric Co., Ltd.	53,000.00	1,887.51	100,000.00	3,561.33
Accounts receivable	Beijing Shouke Xingye Engineering Technology Co., Ltd.	400,000.00	298,885.25	400,000.00	112,210.59

Item	Related party	As at 31 December 2023		As at 31 December 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Tangshan Tangcao Railway Co., Ltd.	3,866,228.46	138,211.81	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.	1,285,250.00	45,945.74	771,150.00	27,041.00
Accounts receivable	Jingtang Port Shougang Terminal Co., Ltd.	30,209.98	1,079.96	--	--
Accounts receivable	Guangzhou Jinghai Shipping Co., Ltd.	7,594,241.02	270,354.98	--	--
Prepayments	Tonghua Iron and Steel Co., Ltd.	15,507,934.68	--	20,254,497.50	--
Prepayments	Tangshan Caofeidian Ganglian Logistics Co., Ltd.	312,574,923.41	--	87,043,657.93	--
Prepayments	Tangshan Caofeidian Industry Port Co., Ltd.	268,987.95	--	1,760,930.71	--
Prepayments	Beijing Jinanyuan Automobile Transportation Co., Ltd.	--	--	4,996,705.97	--
Prepayments	Shougang Group Co., Ltd.	959,767,074.26	--	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.	2,045,860.74	--	4,171,441.39	--
Prepayments	Shougang Changzhi Steel&Iron Co., Ltd.	7,609.04	--	7,609.04	--
Prepayments	Beijing Shougang International Engineering&Technology Co., Ltd.	8,894,098.32	--	--	--
Dividend receivable	Guangzhou Jinghai Shipping Co., Ltd.	--	--	200,000.00	--
Dividend receivable	Hebei Jingji Industry & Trading Co., Ltd.	2,407,634.67	--	--	--
Other current assets	Tangshan Zhonghong Carbon Chemical Co., Ltd.	--	--	285,013,761.81	118,133,658.14
Other current assets	Beijing Shougang Special Steel Co., Ltd.	109,717,639.69	--	--	--

(2) Payables to related parties

Item	Related party	As at 31 December 2023	As at 31 December 2022
Accounts payable	Shougang Group Co., Ltd.	617,236,361.47	655,732,407.11
Accounts payable	Shougang Mining Corporation	4,100,739,052.40	4,125,595,337.09
Accounts payable	Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	348,423,301.67	470,845,391.07
Accounts payable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,621,788,863.85	1,859,004,046.73
Accounts payable	Beijing Shoucheng Packaging Service Co., Ltd.	21,962,155.16	13,350,654.51
Accounts payable	Beijing Shougang Automation Information Technology Co., Ltd.	214,716,103.28	182,889,510.51
Accounts payable	Beijing Shougang Construction Group Co., Ltd.	759,749,400.49	618,622,996.56
Accounts payable	Beijing Shoujian Equipment Maintenance Co., Ltd.	29,907,449.12	25,594,363.58
Accounts payable	Beijing Shougang Landscaping Co., Ltd.	14,095,207.11	23,883,634.56
Accounts payable	Beijing Shougang Catering Co., Ltd.	1,302,386.27	1,327,588.66
Accounts payable	Beijing Huaxia Technology Co., Ltd.	7,672,411.53	5,762,815.76
Accounts payable	Qinhuangdao Shougang Machinery Co., Ltd.	75,135,460.40	64,415,151.43
Accounts payable	Beijing Shougang Machinery&Electric Co., Ltd.	119,512,621.21	162,405,176.47
Accounts payable	Beijing Shouye Instruments&Meters Co., Ltd.	14,752,752.88	13,442,009.63
Accounts payable	Tianjin Shougang Electric Equipment Co., Ltd.	10,175,030.28	9,099,757.38
Accounts payable	Beijing Shougang Gas Co., Ltd.	71,674,494.52	66,619,195.56
Accounts payable	Beijing Shougang International Engineering&Technology Co., Ltd.	92,902,894.43	310,818,935.04
Accounts payable	Beijing Jinanyuan Automobile Transportation Co., Ltd.	20,439,879.74	15,100,355.24
Accounts payable	Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	258,149,223.68	158,972,406.25
Accounts payable	Qian'an Shougang Equipment Structure Co., Ltd.	88,296,034.17	85,360,764.98
Accounts payable	Yantai Shougang Mining 3D Co., Ltd.	93,301.72	313,811.63
Accounts payable	Beijing Shoujian Hengji Construction Engineering Co., Ltd.	1,080,783.29	1,602,115.93
Accounts payable	Beijing Soly Technology Co., Ltd.	174,438.35	210,904.43
Accounts payable	Qian'an Shouxin Automation Information Technology Co., Ltd.	22,896,773.32	25,515,132.74
Accounts payable	Qian'an First Real Packaging Service Co., Ltd.	156,728,118.14	96,388,811.17
Accounts payable	Beijing Shoujia Steel Construction Co., Ltd.	10,670,314.99	14,995,775.16
Accounts payable	Beijing Shougang Ferroalloy Co., Ltd.	141,480,547.64	73,607,022.86
Accounts payable	Beijing Shougang Materials Trading Co., Ltd.	2,525,304,259.02	426,891,995.64
Accounts payable	Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	47,067,143.46	57,690,426.64
Accounts payable	Shougang Environmental Industry Co., Ltd.	1,216,050.02	334,080.00

Item	Related party	As at 31 December 2023	As at 31 December 2022
Accounts payable	China Shougang International Trade&Engineering Corporation	686,572,104.40	663,787,332.95
Accounts payable	Beijing Chengxin Engineering Supervision Co., Ltd.	6,158,477.69	6,127,851.86
Accounts payable	Qinhuangdao Shounai New Materials Co., Ltd	54,520,129.50	61,808,291.36
Accounts payable	Tangshan Guoxing Industrial Co., Ltd.	57,113,565.06	40,465,093.70
Accounts payable	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	161,334,340.20	138,903,339.92
Accounts payable	Beijing Shougang Futong Elevator Co., Ltd.	259,255.15	310,319.85
Accounts payable	Beijing Teyu Plate Co., Ltd.	--	85,095,430.63
Accounts payable	Jingxi Shoutang Supply Chain Management Co., Ltd	926,863.54	9,289,106.10
Accounts payable	Beijing Shougang Mining Construction Co., Ltd.	10,935,689.65	3,354,289.89
Accounts payable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	13,995,879.69	19,824,419.55
Accounts payable	Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	75,377.84	466,070.62
Accounts payable	Beijing Shoushe Metallurgical Technology Co., Ltd.	326,107.50	14,002.60
Accounts payable	Beijing Shougang Industrial Group Co., Ltd.	17,093,147.98	24,377,193.66
Accounts payable	Beijing Shougang International Travel Co., Ltd.	--	8,688.00
Accounts payable	Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	1,341,229.23	3,664,099.23
Accounts payable	Qiangang Hotel.	10,105,306.58	8,662,628.97
Accounts payable	Beijing Dingshengcheng Packaging Materials Co., Ltd.	22,330,278.82	17,452,797.76
Accounts payable	Beijing Shougang Special Steel Co., Ltd.	--	94,949,940.33
Accounts payable	Hebei Shougang Jingtang Machinery Co., Ltd.	22,699,470.87	18,999,797.17
Accounts payable	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	--	7,330,595.55
Accounts payable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	11,977,326.09	4,945,999.84
Accounts payable	Bohai International Conference Center Co., Ltd.	435,200.00	--
Accounts payable	Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	15,751,115.32	25,442,826.43
Accounts payable	Beijing Shouyi Mining Hospital Co., Ltd.	2,340,923.44	1,958,389.00
Accounts payable	Beijing Shouyu Industry and Trade Co., Ltd.	8,789,176.18	7,177,859.06
Accounts payable	PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	15,920,554.74	14,973,290.67
Accounts payable	YASKAWA Shougang Robert Co., Ltd.	--	235,384.79
Accounts payable	Beijing Shoubang New Material Co., Ltd.	2,280,758.30	2,927,759.28
Accounts payable	Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	757,903.49	1,820,277.82
Accounts payable	Chaoyang Shougang Beifang Machinery Co., Ltd.	377,661.07	931,110.35
Accounts payable	Chengde Xintong Shoucheng Mining Co., Ltd.	--	851,714.56
Accounts payable	Guangzhou Jinghai Shipping Co., Ltd.	119,729,190.80	102,688,729.55

Item	Related party	As at 31 December 2023	As at 31 December 2022
Accounts payable	Jingtang Port Shougang Terminal Co., Ltd.	2,177,836.25	--
Accounts payable	Tangshan Caofeidian Industry Port Co., Ltd.	38,098,492.55	55,335,586.91
Accounts payable	Shougang Guiyang Special Steel Co., Ltd.	--	6,975,000.00
Accounts payable	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	183,740.76	149,948.85
Accounts payable	Cmi Engineering (Beijing) Co., Ltd.	3,842,825.00	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.	991,395.09	1,545,599.81
Accounts payable	Qinhuangdao Shougang Racing Valley Co., Ltd	--	95,860.00
Accounts payable	Beijing Shougang Park Comprehensive Service Co., Ltd.	39,144.42	2,300.00
Accounts payable	Beijing Shouao Real Estate Co., Ltd	27,360.00	--
Accounts payable	Beijing Shougang Environmental Engineering Technology Co., Ltd.	1,109,886.20	1,109,886.20
Accounts payable	Guiyang Steel Mills I/E Corp.	3,941,759.44	4,161,841.55
Accounts payable	Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	5,848,743.70	5,274,968.79
Accounts payable	Shougang Commercial Factoring Co., Ltd.	4,360.34	17,148,576.40
Accounts payable	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	--	1,888,425.49
Accounts payable	Tangshan Shougang Malanzhuang Iron Ore Co., Ltd.	160,584,083.43	132,159,697.12
Accounts payable	Beijing Shoutaizhongxin Science & Technology Co., Ltd	10,432,612.75	6,185,421.93
Accounts payable	Peking University Shougang Hospital	3,337,370.93	3,088,704.96
Accounts payable	Beijing Aidi Geological Engineering Technology Co., Ltd	251,381.00	--
Accounts payable	Beijing Shoufang Commercial Management Co., Ltd	354,240.00	--
Accounts payable	Hebei Shoulang New Energy Technology Co., Ltd.	1,428,942.18	--
Accounts payable	Geological Research Institute of Shougang Geological Exploration Institute	1,635,972.59	--
Contract liabilities	Beijing Shoucheng Packaging Service Co., Ltd.	53,217.02	53,217.02
Contract liabilities	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	2,081,061.25	1,494,914.05
Contract liabilities	Beijing Beiye Functional Materials Co., Ltd.	62,368.53	34,194.22
Contract liabilities	Beijing Shougang Gitane New MATERIALS Co., Ltd.	69,810.40	45,093.66
Contract liabilities	Beijing Shouronghui Technology Development Co., Ltd.	4,246,745.24	6,564,678.23
Contract liabilities	Beijing Shougang Machinery&Electric Co., Ltd.	17,532,836.64	9,143,010.03
Contract liabilities	Beijing Shougang Construction Group Co., Ltd.	129,036.27	385,946.71
Contract liabilities	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	173,402.08	--
Contract liabilities	Qinhuangdao Shougang Machinery Co., Ltd.	1,488,091.21	1,031,671.69

Item	Related party	As at 31 December 2023	As at 31 December 2022
Contract liabilities	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	--	50,000.00
Contract liabilities	Qian'an First Real Packaging Service Co., Ltd.	2,145,700.29	2,164,319.43
Contract liabilities	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	1,901,702.22	1,901,697.48
Contract liabilities	Beijing Shougang Industrial Group Co., Ltd.	17,356.29	--
Contract liabilities	Beijing Jinanyuan Automobile Transportation Co., Ltd.	248,913.41	341,185.21
Contract liabilities	Qian'an Shougang Equipment Structure Co., Ltd.	17,453.73	14,753.10
Contract liabilities	Qinhuangdao Shougang Plate Mill Co., Ltd.	--	13,028.81
Contract liabilities	Qinhuangdao Shounai New Materials Co., Ltd.	1,329,141.87	182,697.15
Contract liabilities	Shougang Changzhi Steel&Iron Co., Ltd.	33,498.85	--
Contract liabilities	Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	1,378,893.98	1,378,893.98
Contract liabilities	Qian'an Shougang Xingkuang Industrial Co., Ltd.	--	50,000.00
Contract liabilities	Beijing Shougang Materials Trading Co., Ltd.	188,861.00	188,861.00
Contract liabilities	Guizhou Bohong Industrial Co., Ltd.	52,093.30	50,000.00
Contract liabilities	Beijing Shougang Mining Construction Co., Ltd.	203,221.14	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	2,503.67
Contract liabilities	Ningbo Shougang Zhejin Steel Co., Ltd.	3,069,243.35	18,320,032.79
Contract liabilities	Guangzhou Jinghai Shipping Co., Ltd.	--	810,846.20
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
Contract liabilities	PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	2,026,489.96	7,184,262.58
Contract liabilities	Shougang Casey Steel Co., Ltd.	9,932.40	51,682.17
Contract liabilities	Shougang (Qingdao) Steel Industry Co., Ltd.	173,809,379.60	154,086,174.29
Contract liabilities	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	1,999,256.25	--
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
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.	252,503.72	111,022.04

Item	Related party	As at 31 December 2023	As at 31 December 2022
Contract liabilities	Shoujia Huanke (Qian'an) Co., Ltd.	200,000.00	200,000.00
Contract liabilities	Beijing Shoujia Steel Construction Co., Ltd.	249,169.44	198,653.22
Contract liabilities	Beijing Huaxia Technology Co., Ltd.	50,848.96	50,000.00
Contract liabilities	Beijing Jingxi Supply Chain Management Co., Ltd.	--	747,440.91
Contract liabilities	Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	50,000.00	--
Contract liabilities	Hebei Shoulang New Energy Technology Co., Ltd.	26,158,105.48	--
Contract liabilities	Shougang Mining Corporation	474,597.55	--
Contract liabilities	Beijing Shougang Chengyun Holdings Co., Ltd.	4,808.33	--
Other payables	Shougang Group Co., Ltd.	56,517,064.49	56,575,231.05
Other payables	Shougang Mining Corporation	--	796,194,091.55
Other payables	Beijing Shougang Construction Group Co., Ltd.	3,450,000.00	3,450,000.00
Other payables	Beijing Shougang Industrial Group Co., Ltd.	4,114,347.23	3,865,587.23
Other payables	Tangshan Guoxing Industrial Co., Ltd.	4,450,973.55	4,450,973.55
Other payables	Beijing Shougang Gas Co., Ltd.	1,123,099.67	1,123,099.67
Other payables	Hebei Shougang Jingtang Machinery Co., Ltd.	2,776,577.52	2,776,577.52
Other payables	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	2,910,814.91	2,910,814.91
Other payables	Qinhuangdao Shougang Machinery Co., Ltd.	536,392.00	--
Other payables	Guangzhou Jinghai Shipping Co., Ltd.	357,800.00	--
Other payables	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	--	341,400,000.00
Other current liabilities	Shougang Commercial Factoring Co., Ltd.	1,147,263,122.85	--
Other non-current liabilities	Shougang Group Co., Ltd.	3,899,674,951.80	4,532,018,467.20

XII. Share-based payment

1. General information of share-based payment

Types of object	Current period grants		Current period exercises		Current period unlock		Current period invalid	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Staff	--	--	--	--	--	--	25,257,565.00	80,303,655.91

Stock options or other equity instruments issued to the public at the end of the period

Types of object	Stock options issued		Other equity instruments issued	
	Range of exercise price	Remaining term of the contract	Range of exercise price	Remaining term of the contract
Staff	--	--	3.25	11 months (33%), 23 months (34%)

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
Important parameters of fair value of equity instruments on grant date	N/A
Basis for determining the number of exercisable equity instruments	Based on the latest changes in the number of employees with exercisable rights and subsequent information, make the best estimate of the number of equity instruments with feasible rights and interests
Reasons for significant difference between the current estimate and previous estimate	Performance conditions not met
Accumulated amount of equity settled share-based payments recognized in capital reserve	37,992,492.22
The total amount of expenses recognized for equity settled share-based payments in this period	-12,462,167.10

3. Current share based payment expenses

Notes: 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 and capital reserve 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. 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.

Due to the performance in 2022 and 2023 did not meet the incentive conditions, the cost and expense recognized during current waiting period is RMB -12,462,167.10, and the consolidated capital reserve is decreased by RMB 11,692,261.51 according to the shareholding ratio of the subsidiaries.

4. Current share based payment expenses

Modification of share-based payment	N/A
Termination of share-based payment	N/A

XIII. Commitments and contingencies

1. Material commitments

As of 31 December 2023, the Company has no commitments that should be disclosed.

2. Contingencies

As of 31 December 2023, the Company has no pending litigation, external guarantees or other contingencies that should be disclosed.

XIV Events after balance sheet date

1. Profit distribution after the balance sheet date

Proposed profits or dividends to be distributed	233,838,348.15
Approved profit or dividend declared for distribution	--

According to the resolution of the 7th meeting of the 8th board of directors on April 18, 2024, the board of directors proposes that the Company distribute cash dividends to all shareholders based on the share capital on the equity registration date when the annual equity distribution is implemented in 2023, and distribute cash dividends of RMB233,838,348.15 (including tax) to all shareholders. If calculated based on the share capital of 7,794,611,605 shares as of April 18, 2024, which is RMB0.3 (including tax) per 10 shares, the remaining undistributed profits will be carried forward to the next year.

If there is a change in the total number of shares of the Company entitled to distribution rights before the implementation of the distribution plan, based on the principle that the total amount of cash distribution remains unchanged, the cash dividend per share will be adjusted based on the total number of shares entitled to distribution rights on the registration date of dividend distribution equity.

The proposed dividend distribution is yet to be approved by the shareholders' meeting and has not been recognized as a liability in this financial statement.

2. Explanation of other events after the balance sheet date

As of April 18, 2024, there are no other post balance sheet events that should be disclosed by the Company.

XV. Other significant events

1. The main content and significant changes of pension plans

In order to ensure and improve the level of benefits for employees after retirement, and to stimulate their labor enthusiasm, the Company has decided to establish an enterprise pension plan. The enterprise annuity established by the Company belongs to the defined contribution plan. The expenses required for raising enterprise annuities shall be jointly borne by the company and employees. The payment channels for unit contributions shall be implemented in accordance with

relevant national regulations, and individual employee contributions shall be withheld and paid by the company from the employee's salary.

2. Segment information

According to internal organizational structure, management requirement and requirement of internal reporting system, the Company divides businesses into iron and steel segment. Therefore, there is no need to present more detailed information on operating segments.

① External revenue of goods and services

Item	2023	2022
Iron and steel	113,761,443,633.43	118,142,183,549.47

② Geographical information

Current period or end of current period	Mainland China	Hong Kong	Offset	Total
External trading revenue	113,761,182,300.41	1,914,228.76	-1,652,895.74	113,761,443,633.43
Non-current assets	104,990,915,208.22	--	--	104,990,915,208.22

Continued:

Prior period or end of prior period	Mainland China	Hong Kong	Offset	Total
External trading revenue	118,142,183,549.47	--	--	118,142,183,549.47
Non-current assets	108,436,915,079.61	--	--	108,436,915,079.61

XVI. Notes to the financial statements of parent company

1. Notes receivable

Item	2023.12.31		
	Book balance	Bad debt provision	Net carrying value
Bank acceptances	--	--	--
Commercial acceptances	826,432,612.58	826,432.61	825,606,179.97
Total	826,432,612.58	826,432.61	825,606,179.97

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

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

Item	Amount derecognized as of December 31, 2023	Amount not-derecognized as of December 31, 2023
------	---	---

Item	Amount derecognized as of December 31, 2023	Amount not-derecognized as of December 31, 2023
Commercial acceptances	--	756,922,960.96

(2) 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, 2023
Commercial acceptance notes	2,000,000.00

(3) Classified by bad debt provision method

2023.12.31					
Category	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	826,432,612.58	100.00	826,432.61	0.10	825,606,179.97
Portfolio 1	--	--	--	--	--
Portfolio 2	826,432,612.58	100.00	826,432.61	0.10	825,606,179.97
Total	826,432,612.58	100.00	826,432.61	0.10	825,606,179.97

Continued:

2022.12.31					
Category	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	899,539,689.52	100.00	899,539.69	0.10	898,640,149.83
Group 1	--	--	--	--	--
Group 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

(4) Provision, recovery or reversal of bad debt

Item	Bad debt provision
Opening balance	899,539.69
Provision	--
Recovery or reversal	73,107.08

Item	Bad debt provision
Written-off	--
Closing balance	826,432.61

(5) The Company has no notes receivable actually written off in reporting period.

2. Accounts receivable

(1) Disclosed by ageing of account receivables

Ageing	2023.12.31	2022.12.31
Within 1 year	1,435,785,435.03	1,398,579,212.14
1 – 2 years	--	--
2 – 3 years	--	2,197,756.62
Over 3 years	2,000,000.00	8,578,211.62
Subtotal	1,437,785,435.03	1,409,355,180.38
Less: provision for bad debts	4,457,794.56	12,694,254.85
Total	1,433,327,640.47	1,396,660,925.53

(2) Disclosed by bad debt provision

Category	2023.12.31				
	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	2,000,000.00	0.14	2,000,000.00	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,435,785,435.03	99.86	2,457,794.56	0.17	1,433,327,640.47
Portfolio of aging analysis	68,752,409.77	4.78	2,457,794.56	3.57	66,294,615.21
Portfolio of consolidation scope	1,367,033,025.26	95.08	--	--	1,367,033,025.26
Total	1,437,785,435.03	100.00	4,457,794.56	0.31	1,433,327,640.47

Continued:

Category	2022.12.31				
	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	8,578,211.62	0.61	8,578,211.62	100.00	--

2022.12.31					
Category	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
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

Assessed bad debt provision individually:

2023.12.31				
Accounts receivable (by debtor)	Book balance	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Recourse for overdue bills	2,000,000.00	2,000,000.00	100.00	Recourse for overdue bills

Continued:

2022.12.31				
Accounts receivable (by debtor)	Book balance	Bad debt provision	Expected credit loss (%)	Reason for bad debts
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	

Assessed bad debt provision in portfolios:

2023.12.31			
Item	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,435,785,435.03	2,457,794.56	0.17
1 – 2 years	--	--	--
2 – 3 years	--	--	--
Over 3 years	--	--	--
Total	1,435,785,435.03	2,457,794.56	0.17

Continued:

2022.12.31			
Item	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,398,579,212.14	2,480,070.86	0.18

Item	2022.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
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

(3) Provision, recovery or reversal of bad debt

Item	Bad debt provision
Opening balance	12,694,254.85
Provision	--
Recovery or reversal	8,236,460.29
Written-off	--
Closing balance	4,457,794.56

(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 1,412,087,165.65, accounting for 98.21% 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 2,139,000.61.

Company Name	Closing balance of accounts receivable	Percentage %	Closing balance of provision
Beijing Shougang Cold Rolling Co., Ltd.	1,327,107,169.50	92.30	--
Qian'an Shoujia Construction Material Co., Ltd.	50,221,363.06	3.49	1,795,337.69
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	25,145,277.41	1.75	--
Xinhui CIMC Container Co., Ltd.	6,720,973.91	0.47	240,264.64
Zhangjiagang CIMC Shengdayin Low Temperature Equipment Co., Ltd.	2,892,381.77	0.20	103,398.27
Total	1,412,087,165.65	98.21	2,139,000.60

3. Financing receivables

Item	2023.12.31	2022.12.31
Notes receivable	823,200,805.55	835,526,685.55
Less: Other comprehensive income - fair value changes	--	--
Closing balance of fair value	823,200,805.55	835,526,685.55

(1) Classified by bad debt provision method

2023.12.31					
Category	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	823,365,478.65	100.00	164,673.10	0.02	823,200,805.55
Portfolio 1	823,365,478.65	100.00	164,673.10	0.02	823,200,805.55
Portfolio 2	--	--	--	--	--
Total	823,365,478.65	100.00	164,673.10	0.02	823,200,805.55

Continued:

2022.12.31					
Category	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

(2) Provision, recovery or reversal of bad debt

Item	Bad debt provision
Opening balance	167,138.76
Provision	--
Recovery or reversal	2,465.66
Written-off	--
Closing balance	164,673.10

(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, 2023	Amount not-derecognized as of December 31, 2023
Bank acceptance notes	6,233,990,659.20	--

Item	Amount derecognized as of December 31, 2023	Amount not-derecognized as of December 31, 2023
Commercial acceptance notes	--	--
Total	6,233,990,659.20	--

4. Other receivables

Item	2023.12.31	2022.12.31
Dividends receivable	--	9,713,244.06
Other receivables	136,314,481.16	1,154,281,751.62
Total	136,314,481.16	1,163,994,995.68

(1) Dividends receivable

Item	2023.12.31	2022.12.31
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	2023.12.31	2022.12.31
Within 1 year	136,323,182.39	1,154,320,981.69
Less: provision for bad debts	8,701.23	39,230.07
Total	136,314,481.16	1,154,281,751.62

② Disclosed by nature of other receivables

Item	2023.12.31		
	Book balance	Provision for bad debts	Carrying value
Petty cash	74,024.55	3,701.23	70,323.32
Deposits	100,000.00	5,000.00	95,000.00
Due from intra-companies	136,149,157.84	--	136,149,157.84
Total	136,323,182.39	8,701.23	136,314,481.16

Continued:

Item	2022.12.31		
	Book balance	Provision for bad debts	Carrying value
Petty cash	282,590.68	14,129.53	268,461.15

Item	2022.12.31		
	Book balance	Provision for bad debts	Carrying value
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

③ Provision for bad debts

As at 31 December 2023, bad debts provision for Phase I:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value
Assessed bad debt provision individually				
Assessed bad debt provision in portfolios	136,323,182.39	0.01	8,701.23	136,314,481.16
Petty cash and deposits	174,024.55	5.00	8,701.23	165,323.32
Due from intra-companies	136,149,157.84	--		136,149,157.84
Total	136,323,182.39	0.01	8,701.23	136,314,481.16

As at 31 December 2023, the Company has no other receivables in Phase II

As at 31 December 2023, the Company has no other receivables in Phase III

As at 31 December 2022, bad debts provision for Phase I:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value
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

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 2023	39,230.07	--	--	39,230.07
Changes during the year:	--	--	--	--
-- Shift to Phase II	--	--	--	--
-- Shift to Phase III	--	--	--	--
-- Back to Phase II	--	--	--	--
-- Back to Phase I	--	--	--	--
Provision	--	--	--	--
Reversal	30,528.84	--	--	30,528.84
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 31 December 2023	8,701.23	--	--	8,701.23

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	136,149,157.84	Within 1 year	99.88	--
China Petroleum Materials Company Limited	Deposits	100,000.00	Within 1 year	0.07	5,000.00
Petty cash	Petty cash	74,024.55	Within 1 year	0.05	3,701.23
Total		136,323,182.39		100.00	8,701.23

5. Long-term equity investments

Item	2023.12.31			2022.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	36,163,368,519.93	--	36,163,368,519.93	36,621,384,419.98	--	36,621,384,419.98
Investment associates	856,811,320.22	--	856,811,320.22	1,066,506,040.90	--	1,066,506,040.90
Total	37,020,179,840.15	--	37,020,179,840.15	37,687,890,460.88	--	37,687,890,460.88

(1) Investments in subsidiaries

Subsidiaries	2023.1.1	Increase	Decrease	2023.12.31	Provision for impairment	Impairment at the end of the year
--------------	----------	----------	----------	------------	--------------------------	-----------------------------------

Subsidiaries	2023.1.1	Increase	Decrease	2023.12.31	Provision for impairment	Impairment at the end of the year
Shougang Jingtang United Iron & Steel Co., Ltd.	16,308,208,739.58	--	5,449,033.64	16,302,759,705.94	--	--
Beijing Shougang Cold Rolling Co., Ltd.	1,832,315,853.00	--	142,337.81	1,832,173,515.19	--	--
Qian'an Shougang Metallurgical Technology Co., Ltd.	1,900,000.00	--	--	1,900,000.00	--	--
Shougang Zhixin Qian'an Electromagnetic materials Co., Ltd.	7,486,106,290.71	--	1,954,794.69	7,484,151,496.02	--	--
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	450,157,812.20	--	450,157,812.20	--	--	--
Beijing Shougang Steel Trading Investment Management Co., Ltd.	10,542,695,724.49	--	311,921.71	10,542,383,802.78	--	--
Total	36,621,384,419.98	--	458,015,900.05	36,163,368,519.93	--	--

(2) Investments in associates

		Changes during the year										
Associates		2023.1.1			Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend	Provision for impairment	Others	2023.12.31	Impairment at the end of the year
			Increase	Decrease								
Qian'an Coal Industrial Co., Ltd.	Sinochemical Co., Ltd.	891,510,510.32	--	--	-218,489,120.70	--	--	--	--	--	673,021,389.62	--
Beijing Jinyuan Management Consulting Center (Limited Partnership)		122,430,402.99	--	--	84,209,307.09	--	--	77,539,284.02	--	--	129,100,426.06	--
Beijing Dingshengcheng Packaging Materials Co., Ltd.		16,830,558.74	--	--	4,597,037.20	--	--	--	--	--	21,427,595.94	--
Qian'an Shougang Environmental Protection Technology Co., Ltd.		35,734,568.85	--	--	-2,472,660.25	--	--	--	--	--	33,261,908.60	--
Total		1,066,506,040.90	--	--	-132,155,436.66	--	--	77,539,284.02	--	--	856,811,320.22	--

6. Operating revenue and costs of sales

(1) Operating revenue and costs of sale

Item	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	37,731,133,730.37	36,510,420,909.92	37,952,493,407.65	37,315,733,518.02
Other business	1,195,172,491.74	1,126,001,960.80	1,052,315,697.44	880,022,135.85
Total	38,926,306,222.11	37,636,422,870.72	39,004,809,105.09	38,195,755,653.87

(2) Operating revenue and operating costs of sale by product

Product type	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales

Product type	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	420,010,787.22	419,214,964.92	546,474,748.00	473,163,072.64
Hot rolled	36,572,541,034.81	35,338,824,605.16	36,748,637,995.88	36,218,585,936.96
Cold rolled	232,556,455.45	200,135,560.77	--	--
Other steel products	506,025,452.89	552,245,779.07	657,380,663.77	623,984,508.42
Subtotal	37,731,133,730.37	36,510,420,909.92	37,952,493,407.65	37,315,733,518.02
Other business:				
Power	734,868,775.06	832,154,398.91	603,897,153.58	692,208,727.34
Solid waste	89,176,748.38	82,967,188.13	16,142,266.98	14,549,025.28
Others	371,126,968.30	210,880,373.76	432,276,276.88	173,264,383.23
Subtotal	1,195,172,491.74	1,126,001,960.80	1,052,315,697.44	880,022,135.85
Total	38,926,306,222.11	37,636,422,870.72	39,004,809,105.09	38,195,755,653.87

(3) Breakdown of operating revenue

Item	2023
Main operating revenue	37,731,133,730.37
Including: recognized at a certain point	37,731,133,730.37
Recognized during a certain period of time	--
Other revenue	1,195,172,491.74
Total	38,926,306,222.11

7. Investment income

Item	2023	2022
Investment income from long-term investment under cost method	492,295,603.66	230,168,137.37
Investment income from long-term investment under equity method	-132,155,436.66	-178,256,786.93
Investment income from disposal of long-term equity investments	96,523,695.89	--
Dividend from other equity instruments investments	7,412,132.80	5,614,882.12
Interest income from entrusted loans	3,951,910.93	1,708,741.16
Total	468,027,906.62	59,234,973.72

XVII. Supplementary information

1. Non-recurring gains or losses

Item	2023	Note
Gains or losses on disposal of non-current assets	-22,066,115.49	

Item	2023	Note
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)	137,487,616.66	
Reversal of impairment provisions for separate impairment testing	33,127,315.83	
Gains or losses from external entrusted loans	8,990,991.36	
Non-operating income/(expenses) except the above	4,157,902.31	
Total non-recurring gains or losses	161,697,710.67	
Less: income tax effect on non-recurring gains or losses	21,652,772.59	
Net non-recurring gains or losses	140,044,938.08	
Less: non-recurring gains or losses attributable to non-controlling interests of the Company (after tax)	3,962,558.39	
Non-recurring gains or losses attributable to shareholders of the Company	136,082,379.69	

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	1.35%	0.0856	
Net profit/ (loss) attributable to shareholders of the Company excluding non-recurring gains or losses	1.07%	0.0680	

Board of Directors of Beijing Shougang Company Limited
18 April 2024