

Beijing Shougang Company Limited
2023 Semi-Annual Report

10 August 2023

Section I. Important notice, Content, Definitions

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

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

All Directors have attended the Board meeting to consider this semi-annual report in person.

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

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

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

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File directory for reference

- 1.The semi-annual report with the signature and seal of Chairman of the Board.
- 2.Accounting statements with signatures and seals of general manager, chief accountant and person in charge of accounting institution.
3. All the original documents and announcements publicly disclosed in newspapers designated by China Securities Regulatory Commission during the reporting period.
4. The Articles of Association of the Company, etc.
- 5.Other relevant information.

INTERPRETATION

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Company, the Company or Shougang Co.	Refers to	Beijing Shougang Company Limited
Shougang or Shougang Group	Refers to	Shougang Group (Reforming from an enterprise owned by the whole people to exclusively state-owned companies, name of Shougang Group is changed from Shougang Corporation. The specific content is detailed in 15 June 2017 public announcement.)
Listing Rules of SZSE	Refers to	Listing Rules of Shenzhen Stock Exchange
The Articles of Association	Refers to	The Articles of Association of Beijing Shougang Company Limited
Board of Directors or the Board	Refers to	The board of directors of Beijing Shougang Company Limited
Supervisory Committee	Refers to	The supervisory committee of Beijing Shougang Company Limited
Shareholders' General Meeting	Refers to	The Shareholders' General Meeting of Beijing Shougang Company Limited
Qiangang Co.	Refers to	Shougang Qian'an Iron&Steel Co., Ltd. (Branch of the Company)
Cold-R Co.	Refers to	Beijing Shougang Cold Rolling Co., Ltd. (Holding subsidiary of the Company, the Company holds 70.2806%)
New-E Co.	Refers to	Beijing Shougang New Energy Automobile Material Technology Co., Ltd. (Holding subsidiary of the Company, the Company holds 60%)
Zhixin Co.	Refers to	Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. (Holding subsidiary of the Company, the Company holds 68.0293%, New-E Co. holds 6.1483%)
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 30 June 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	Beijing Shougang Co., Ltd.		
Statutory Chinese name of the Company	Shougang Co.		
Statutory English name of the Company (if any)	Beijing Shougang Co., Ltd.		
Legal representative of the Company	Zhao Ming		

II. Contact information

	Secretary of the board
Name	Chen Yi
Correspondence address	No. 99 Shijingshan Road, Shijingshan District, Beijing, PRC
Telephone	010-88293727
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III. Other

1. Way to contact the Company

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

☐ Applicable ☒ Non applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2022 Annual Report.

2. Did any change occur to information disclosure media and where this report is placed during the reporting period?

☐ Applicable ☒ Non applicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2022 Annual Report.

3. Other relevant information

Did any change occur to other relevant information during the reporting period?

☐ Applicable ☒ Non applicable

IV. 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

	Amount of the current period	Amount of the prior period		Changes over last year
		Before the adjustment	After the adjustment	After the adjustment
Operating revenue	57,368,096,029.37	63,831,045,675.55	63,194,115,447.56	-9.22%
Net profit attributable to shareholders of the listed company	410,357,394.89	1,761,186,441.94	1,795,307,073.34	-77.14%
Net profit attributable to shareholders of the listed company after deducting non-recurring gain and loss	385,078,009.98	1,752,673,761.21	1,752,673,761.21	-78.03%
Net cash flows from operating activities	355,551,077.60	2,284,983,569.84	2,417,964,155.29	-85.30%
Basic earnings per share	0.0548	0.2442	0.2490	-77.99%
Diluted earnings per share	0.0548	0.2442	0.2490	-77.99%
Weighted average return on net assets	0.84%	3.87%	3.94%	3.10% decrease year-on-year

	30 June 2023	31 December 2022		Changes over end of last year
		Before the adjustment	After the adjustment	After the adjustment
Total assets	141,596,926,689.81	143,173,445,003.35	143,173,445,003.35	-1.10%
Net assets attributable to shareholders of the listed company	49,106,218,376.50	47,947,672,865.42	47,947,672,865.42	2.42%

V. 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.

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

☒ Applicable ☐ Non applicable

Unit: RMB Yuan

Item	Amount of the current period	Note
Gains and losses on disposal of non-current assets (including the write-off that accrued for impairment of assets)	-2,234,959.49	
Government grant included in the current profit and loss (except for the government grant which are closely related to the normal operation of the company that comply with national policies and regulations and continue to be enjoyed according to certain standards, quotas, or quotas)	26,836,052.96	
Profit and loss from external entrusted loans	5,922,896.67	
Other non-operating income and expenses except the above items	1,156,972.21	
Less: The impact of income tax	2,483,528.09	
The impact on non-controlling interests (post-tax)	3,918,049.35	
Total	25,279,384.91	--

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

☐ Applicable ☒ Non applicable

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

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

☐ Applicable ☒ Non applicable

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

Section III. Management Discussion and Analysis

I. Main business of the Company during the reporting period

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

In the first half of 2023, China's economy showed a recovery trend, but the market demand is still insufficient. The rapid recovery of steel industry production, raw material cost has declined, due to downstream demand recovery less than expected, steel market prices fell year-on-year, the decline is greater than the raw material end, the steel industry presents "high supply, low demand, low profitability" characteristics.

Data from the National Bureau of Statistics show that in the first half of the year, ferrous metal smelting and rolling processing industry increased by 5.5% year-on-year, and the national iron, steel and material production was 452 million tons, 536 million tons and 677 million tons, up 2.7%, 1.3% and 4.4% respectively. Cisa data show that the average value of the China Steel Price Index (CSPI) was 113.21 points, down 15.4 per cent year-on-year. Among them, the average price index of long materials was 117.53 points, down 15.5% year-on-year; The average plate price index was 113.51 points, down 13.9% year-on-year.

Cisa key statistics member steel enterprises in the first half of the operating income of RMB 3.19 trillion, down 5.56% year-on-year, operating costs down 3.06% year-on-year, revenue decline is greater than the cost of 2.5 percentage points; Total profit was RMB 33 billion, down 68.8% year on year; The average sales profit margin was 1.03%, down 2.1 percentage points year-on-year; The loss reached 44.6 percent, 17.4 percentage points higher than the same period last year.

In terms of suppliers, China imported 576 million tons of iron ore in the first half of the year, an increase of 7.7%, and the average import price was 114.5 US dollars per ton, down 11.7%. Cisa key statistics of the main raw material procurement costs of enterprises decreased year-on-year, including domestic iron concentrate, imported powder ore, coking coal, metallurgical coke, scrap steel procurement costs decreased by 7.2%, 3.9%, 18.0%, 25.2%, 19.5%.

In terms of customers, the steel consumption structure changed in the first half of the year, the proportion of steel used in the construction industry declined, and the proportion of steel used in ships, automobiles, home appliances, wind power and photovoltaic increased. Among them, the automobile industry in the new energy vehicles and export driven performance is better, the shipbuilding industry to maintain a good momentum of development, wind power, photovoltaic industry to maintain rapid growth, the overall demand of the home appliance industry to remain stable, the real estate industry continues to slump.

Overall, the long-term fundamentals of China's economy have not changed, the economic recovery process presents the characteristics of wave-like development and zigzag forward, and the steel industry will still be a challenge and opportunity in the second half of the year. On the one hand, the contradiction between supply and demand will continue, the market competition will become more and more fierce, and the enterprise operation is still facing greater pressure; On the other hand, the state has introduced policies and measures to promote the transformation of urban villages and the construction of "dual use" public infrastructure, and boost the bulk consumption of automobiles, electronic products, home furnishing, etc., and relevant policies and measures will also bring structural demand to the steel industry.

2. The company's development positioning, main business, main products

The company is a world-class enterprise, firmly committed to the strategy of "green manufacturing, intelligent manufacturing, high-quality manufacturing, lean manufacturing, accurate service", adhere to the development direction of "high-quality + service", continue to improve the ability of "manufacturing + service", continue to optimize the product structure, production line structure and customer structure, and continue to promote high-end product research and development focusing on electrical steel, automotive plate, tinplate. From the initial listing of 4 million tons of high-quality rod and wire production enterprises, the company has transformed into a leading technology, green and low-carbon technology company with 21.7 million tons of high-end plate production capacity.

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

After building the world's first high-grade non-oriented electrical steel production line for new energy vehicles in August 2022, Zhixin Co. built the world's first professional production line for electrical steel with 100% thin specifications and high magnetic induction orientation 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.

The products include two series of hot and cold plate products, of which the hot plate products form hot rolled sheet products based on hot rolled pickling plate, weathering steel, automotive structural steel, high-strength engineering machinery steel, pipeline steel, bridge steel, energy steel, pipeline steel, ship plate, Marine steel, medium and thick plate product series; The cold series products are

mainly automobile plate, tinned (chrome) plate, cold rolled special plate and color coated plate.

(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.

3. Overview

The Company focuses on the main business, seize the key links, key tasks continue to follow up. The company with effective and competitive supply, to achieve accurate docking with downstream customer demand, at the same time, the company with internal extreme work to hedge external adverse effects, the ultimate efficiency, extreme energy efficiency, extremely low cost concept throughout the whole process of operation and production. Therefore, in the first half of the year, a number of production and operation indicators reached the best level in history, and operational capacity and asset quality continued to improve.

(1) Completion of the Company's main operating indicators

During the reporting period, the Company's operating income was RMB 57.368 billion, a decrease of 9.22% year-on-year; Total profit was RMB 566 million, a decrease of 76.49% compared with the same period last year; Net profit attributable to shareholders of listed companies was RMB 410 million, down 77.14% year-on-year; Earnings per share of RMB 0.05, down 77.97%; The total assets are RMB 141.597 billion, and the equity attributable to shareholders of listed company was RMB 49.106 billion.

In the second quarter, the Company's operating income was RMB 28.653 billion, down 0.22% from the previous quarter. The total profit was RMB 579 million, an increase of 4553.85% from the previous quarter; Net profit attributable to shareholders of the listed company was RMB 468 million, an increase of 906.90% from the previous quarter; and the earnings per share was RMB 0.0623, up 930.67% from the previous quarter.

(2) The achievement of major products:

i. Metallic soft magnetic material (Electric steel)

Zhixin Co.: Metal soft magnetic materials (electrical steel) production 848,200 tons, an increase of 18.23%. Among them, 135,500 tons, an increase of 39.24%; Non-oriented medium and low grade 31,700 tons, an increase of 15.68%; Non-oriented high grade 40.09 million tons, an increase of 14.39%.

The sales volume of metal soft magnetic material (Electrical steel) was 839,100 tons, and the operating income was RMB 6.976 billion, accounts for 12.16% of the Company's operating income.

ii. Iron and steel products

Qiangang Co.: Iron 4.302,800 tons, an increase of 3.13%; Steel 4.52 million tons, an increase of 2.68%; 4.384,900 tons of materials (including cold-rolled raw materials), an increase of 4.54%. Jingtang Co.: 7,310,600 tons of iron, an increase of 2.69%; Steel 7.715 million tons, an increase of 0.12%; 7,332,100 tons of material, an increase of 0.99%. Cold-R Co: cold rolled sheet 926,300 tons, down 8.42%. The sales revenue of steel products was RMB 48.623 billion, accounts for 84.76% of the Company's operating income.

Item	Categories	Sales volume (tons in 0,000)
1	Billet	3.68
2	Hot rolling	610.23
3	Cold rolling	467.35

4. The company's business highlights

(1) Continuously optimized product mix

The Company's three strategic products adhere to the development strategy of continuous leadership of electrical steel, fine and strong automotive plate, and high-end breakthrough of tinplate, to achieve double improvement of product quality and efficiency. During the reporting period, the total output of the three strategic products (electrical steel, automotive plate, tin-plated (chromium) plate) was 3.13 million tons, the output of nine key products (cold-rolled steel, hot-rolled pickling plate, weathering steel, energy steel, automotive structural steel, high-strength engineering machinery steel, pipeline steel, bridge steel, ship plate Marine steel) was 4.61 million tons, and the total output of strategic and key products was 7.74 million tons. Accounted for 66% of the company's total steel production, an increase of 4 percentage points.

Item	Categories	Sales volume (tons in 0,000)
1	Metal soft magnetic materials (electrical steel)	85
2	Automobile sheet	195
3	Tin-plated (chrome) plate	33
4	Special steel for cold rolling	140

5	Weathering resistant steel	35
6	Automotive structural steel	42
7	Hot rolled pickling plate	104
8	High strength steel for construction machinery	33
9	Pipeline steel	17
10	Energy steel	36
11	Bridge steel	12
12	Ship plate Marine steel	42

Note: The above data are rounded data.

(2) Reduce costs and increase efficiency

The Company continues to explore cost reduction measures, actively respond to market changes, and vigorously promote process cost reduction, technology cost reduction, collaborative cost reduction, product structure efficiency. Qiangang Co. to develop 107 key work to reduce costs and increase efficiency, and Jingtang Co. set up 18 reduce costs and increase efficiency research group, step by step breakdown of detailed measures 1303, through the weekly promotion, monthly supervision, special supervision, tons of steel to reduce costs and increase efficiency exceeded the plan.

In terms of process cost reduction, strengthen the operation of the integrated platform before iron, Qiangang Co. and Jingtang Co. carry out research on coal and ore blending, adhere to economic materials, resource coordination and mutual availability, reduce inventory costs, Qiangang Co.'s iron cost decreased by 14% year-on-year, and Jingtang Co.'s iron cost decreased by 12% year-on-year; Breaking the process interface, the iron water temperature of Qiangang Co. decreased by 7.7℃ compared with the previous year, hitting a new low. In terms of technology cost reduction, we carried out in-depth alloy replacement and composition optimization, improved the control accuracy level through technical research, optimized product material design, and steadily increased the product yield, among which the product yield of non-oriented electrical steel products for new energy vehicles increased by 4.5% over the previous year. In terms of collaborative cost reduction, the formation of a production and supply coordination mechanism to carry out comprehensive and all-factor material cost reduction; Strengthen supplier negotiations, extend the pressure forward, and reduce costs at the source; Strengthen the control of equipment costs, reduce single maintenance and outsourcing, and reduce the purchase price of spare parts. In terms of product structure efficiency, guided by product profitability, production and marketing coordination, dynamic optimization of product structure, the market demand for pickling products increased in May, and the company's pickling products increased by 30,000 tons more than planned.

(3) Production line efficiency improved

The company dug deep into the ultimate efficiency of the production line, the whole process of production continues to be efficient and stable, and the production efficiency of each production process of iron, steel and materials has improved significantly in the second quarter compared with the first quarter. The coke load of Qiangang Co. No. 3 blast furnace was stable at 6.0, refreshing the historical record, and the iron output exceeded the best level for 3 times; Steelmaking achieved daily production and daily production "double records", pickling product production in May hit the best monthly production level in history, and the comprehensive hot charge heat delivery rate increased by 8% over the previous year. The utilization coefficient of Jingtang Co. 's three blast furnaces was 2.45, maintaining the industry leading; Monthly production records were refreshed 17 times in each production line. The comprehensive hot-charging and hot-delivery rate of hot-rolled and medium-thick plate products was 10% higher than that of the previous year; The MCCR production line continued to improve efficiency, and the maximum number of cast furnaces was increased to 27. Zhixin Co.'s overall output of electrical steel in May refreshed the monthly production record.

In April, Zhixin Company built the world's first professional production line of electrical steel with 100% thin specifications and high magnetic induction orientation, 5 months ahead of the planned period, and contributed about RMB 150 million to the profit of the second quarter's oriented product increase. The key equipment of the production line is 100% independent integration, independent installation and independent debugging of the ring furnace. The localization rate of the equipment is as high as 95%, and the unit efficiency is improved by more than 30% compared with the original design of the foreign party, creating the best operating level of similar units in China. Through continuous research and comprehensive optimization, the process speed of the decarbonizing annealing unit has set a new record, and the efficiency of the machine has increased by more than 27%. The process speed of the hot drawing flat breaks the bottleneck, and the efficiency of the machine is increased by 15%. The new production line provides a strong support for Shougang electrical steel product innovation research and development and upgrade iteration.

(4) Process energy consumption to pursue the ultimate

At the end of 2022, Qiangang Co. and Jingtang Co. were awarded the first batch of "Double carbon Best Practice Energy Efficiency Benchmarking Demonstration Plant Cultivation Enterprises" by CISA. During the reporting period, the company formulated the "Beijing Shougang Co., Ltd. energy cost reduction and extreme energy Efficiency integrated promotion Plan", established institutions and improved mechanisms, determined the ultimate energy efficiency goals and tasks of each process according to the relevant national standard bank benchmark values, and promoted the "extreme energy efficiency" project in steps.

The cumulative energy consumption of the coking process of Qiangang Co. completed 109.6kgce/t, reaching the benchmark value continuously from March to June, the cumulative energy consumption of the blast furnace process completed 388.5kgce/t, of which the No. 3 blast furnace reached the benchmark value in 3 months, and the cumulative energy consumption of the converter process

completed -29.5kgce/t, reaching the benchmark value from June.

The cumulative energy consumption of the coking process of Jingtang Co. completed 100.9kgce/t, which was stable and better than the benchmark level; the cumulative energy consumption of the 3# blast furnace process completed 358.2kgce/t, which was better than the benchmark value in 5 months; the cumulative energy consumption of the converter process completed -29.3kgce/t, which was better than the benchmark value in 4 months.

II. Analysis of core competitiveness

1. Market-leading technology

The Company, Jingtang Co., Zhixin Co., Cold-R Co. are high-tech enterprises, R&D investment of RMB 1.868 billion during the reporting period, accounts for 3.26% of the operating revenue. Technological innovation is guided by benefit and demand, relying on the research and development system of "one institute and multiple centers", making technical research projects, expert workstations and platforms for external cooperation. The cultivation of new products, new technologies and new technological processes is accelerating.

New Product development: 23SQGD085LS and 15SQF1250 oriented electrical steel products are the world's first. Compared with conventional products, 23SQGD085LS product reduces the excitation power by 25%, meeting the special requirements of "two networks" high-quality transformers with low no-load loss and low reactive power, which can further improve the safety of the power grid and support the needs of low-carbon development of the power grid. 15SQF1250 is a future-oriented medium frequency oriented electrical steel new product, is the world's thinnest oriented electrical steel products, compared with the traditional deep processing ultra-thin strip 0.15mm the highest grade, the performance level increased by 7 grades, to reach the world's leading level, to meet the power industry under complex conditions of large capacity, high energy efficiency, high safety, low noise requirements. It provides the key core materials for the new DC convergence technology of wind power, photovoltaic and other new energy power generation, and meets the development requirements of AC/DC flexible interchange of the future power grid. Focus on solving the "stuck neck" problem, continue to promote the "alternative import" localization of 26 projects, the first half of the supply of nearly 40,000 tons.

Patents: The Company has obtained 330 patents, including 137 invention patents, 192 utility model patents, and 1 design patent.

Standards: As a standard industry benchmark, the Company has participated in the development of 60 standards at all levels, including leading the development of 24.

Science and technology awards: The Company organized the application of Hebei Province science and technology awards 3, which has successively passed the formal review and network review, is about to enter the evaluation stage. At the same time, the Company declared 2 metallurgical industry science and technology awards, which has completed the jury review.

2. High-end products

The company's electrical steel production of 848,200 tons, an increase of about 18%, of which high-end products accounted for 63%, an increase of 1 percentage point. Among them, the output of high magnetic induction oriented electrical steel was 135,500 tons, an increase of about 39%, and 0.20mm and below ultra-thin specifications of high magnetic induction oriented electrical steel continued to maintain the first position in domestic sales. The company continued to optimize the structure of non-oriented electrical steel products, and the output of high-grade non-oriented electrical steel products was 400,900.00 tons, an increase of about 14%. Among them, the production of high-grade non-oriented electrical steel products for new energy vehicles increased by about 59% year-on-year, which stabilized the supply of 8 of the top 10 car companies in the global sales of new energy vehicles.

The company's automotive plate production of 1,946,800 tons, an increase of about 8%. The product structure was further optimized, and the output of galvanized, high-strength and outer plate increased by 18%, 18% and 21%, respectively. Ultra-high strength and aluminized silicon products increased by 11% and 71%, respectively. The user structure was further upgraded, and the share of core Oems increased steadily; Shipments to Japanese customers increased by 7% year-on-year; The supply of new energy users increased by 85% year-on-year.

The company's tin (chromium) plate production of 329,700 tons, an increase of about 11%. This increases the company's efforts to develop overseas markets, the product is mainly made of high-sulfur resistance food cans to supply the Latin American market; Orders for functional beverage cans increased by 29% year-on-year, and orders for high-end varieties further increased.

The company's key product features, differentiation promotion has also made new progress. Record deliveries of 9Ni steel for Marine LNG fuel tanks. High steel grade hydrogen pipeline steel mass production, the product in the first hydrogen doped pipeline in China to achieve 10,000-ton demonstration application. Photovoltaic bracket with weathering steel to achieve 490-800MPa level full coverage; The product achieves 420MPa level product batch supply. Enamelled steel (SRT550) was successfully applied to the 28,500 square meter very large tank project in Dominica, Spain.

3. Green and low-carbon

The company actively promotes low-carbon management and LCA management around national low-carbon requirements and customer carbon reduction needs. To carry out the construction of low-carbon management system, combined with the company's low-carbon practice, the company has formulated low-carbon action plans and planning implementation plans.

The blast furnace of Jingtang Company with 55% proportion of pellets runs stably, and the smelting experiment of 35% proportion of pellets is carried out steadily in Qiangang Company, and the carbon reduction at source is steadily promoted. Carry out experiments on low-carbon products, improve the carbon reduction capacity of technology, and achieve mass production of low-carbon automotive plate coating products with comprehensive carbon emissions reduced by more than 30% by using the continuous casting process of 40% scrap ratio; For the first time in the industry, the production of a full range of GA low-carbon products such as IF steel, low-carbon aluminum sedated steel and ultra-high strength steel and the trial production of client molding have been carried out, and the comprehensive application evaluation from the inner plate to the outer plate of the automobile has been completed, reaching the same quality as the conventional process. Hot continuous rolling steel sheet and steel strip products were successfully released on the EPD platform of the steel industry, and 4 categories of oriented electrical steel, pipeline steel, non-oriented electrical steel for new energy vehicles, hot rolled high-strength steel sheet and steel strip for automobiles were selected into the "Green Design Product

List" of the Ministry of Industry and Information Technology. During the reporting period, Zhixin Electromagnetic's high-end oriented and non-oriented electrical steel products were applied to transformers, new energy vehicles, industrial motors, and home appliances industries, which could reduce downstream carbon dioxide emissions by about 2 million tons by improving energy efficiency and motor efficiency.

4. Intelligent manufacturing

The company has a cross-regional, multi-base, unified production and marketing integration collaborative management platform, and the evaluation level of the integration of the two has reached the "innovation breakthrough stage". The digitization rate of the company's production equipment exceeds 90%, the "one-button control" process reaches 50, the application of 129 sets of "industrial robots", and the unmanned intelligent reservoir area is 15. During the reporting period, the company focused on promoting digital transformation and intelligent manufacturing around "iron integration" and "Shunleng Lighthouse Factory construction". After the company completed the construction of the "Integrated iron Management Information System" project, the basic data monitoring, collection and analysis of pellet, sintering and blast furnace areas were realized, which effectively reduced the cost of iron and provided important support for improving the integrated collaborative management and control of iron pre-production areas. During the reporting period, the company's "iron water temperature drop control" system was officially launched to achieve visual tracking of torpedo tanks, on-demand iron production, torpedo tank life cycle management and other functions, which helped improve the efficiency of molten iron logistics, and achieved a daily increase in the number of torpedo tank turnover compared with the previous year and a further decrease in iron water temperature of about 8%.

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, and the supply of iron ore, coke and coal resources for production is guaranteed. In terms of iron ore, Shougang Group has an annual production capacity of 4 million tons of iron fine iron ore in China, Xingshan iron ore, foreign holding iron fine iron ore with an annual production capacity of 20 million tons of Peru iron ore, under construction of the Macheng iron ore reserves, low cost, environmental protection and efficient transportation, iron fine iron powder annual production capacity of 7 million tons, after the company's iron ore resources security capacity will be further improved. In terms of coke, the coke of Qiangang Co. is mainly supplied by Qian'an Zhonghua Coal Chemical Co., Ltd., a joint venture between Shougang and Kailuan, and the coke of Jingtang Co. is supplied by Tangshan Shougang Jingtang Xishan Coking Co., Ltd., a joint venture between Beijing Tang Company and Shanxi Coking Coal. The supply of coke resources is guaranteed. In terms of coal, the company has signed long-term association resources with large state-owned coal groups, and Shougang Fushan Resources Group Co., Ltd. which is a share of Shougang Group also provides some high-quality coking coal resources to the company, and the coal supply guarantee is strong.

6. "Technology + Service" marketing

The company takes the customer as the center to deepen the "technology + service" marketing strategy, and build Shougang service to enhance brand value. The company has continuously improved the service system, improved the service efficiency, and strengthened the construction of the new energy vehicle service team, which meets the customer's requirements for quality, delivery, research and development, and service, resulting in the continuous strengthening of technical marketing capabilities. The Company has increased its EVI service capabilities year by year, and the EVI supply increased by approximately 19% year over year during the reporting period. Establish a product advantage analysis model, strengthen product research and development, improve manufacturing capabilities, promote key products to maintain competitive advantages, strategic products to expand the leading edge.

The company formed a marketing center as the core, 5 regional steel trade subsidiaries and 11 processing center combination of centralized, rapid response, efficient operation of the marketing management network, which effectively guaranteed the stability of downstream customers, while consolidating and enhancing the industry chain leading enterprises and high-quality small and medium-sized customers combined channel structure. The company cultivates the comparative advantage of industrial chain cooperation, and carries out all-round, multi-level and high-quality cooperation with key customers in the industry, which further enhances the depth of cooperation, improves the viscosity of cooperation, and maintains the market share.

7. Talent thriving enterprise

The company has further promoted the strategy of strong talent and built a multi-level training system for all staff. Qianshun Base and Zhixin Co. have established a full-life career development system of "Voyage" for high-potential talents, and organized training programs such as Deep Blue Special training camp, Future Artisan Youth training camp and TTT internal trainer to strengthen talent empowerment. Jingtang Co. constructs the "four horizontal and three vertical" full staff training system, and solidly promotes the "blue project" to build a platform for the growth of cadres and talents. During the reporting period, 1 person was awarded the National May 1 Labor Medal, 1 person was awarded the third "Beijing Great Craftsman", and 1 person was awarded the "National Craftsman of Machinery, metallurgy and building Materials Industry".

The company has improved the talent promotion evaluation mechanism and smooth the career development path of talents. Therefore, the company formulated the "Shougang Stock 2023 Three talent team incentive mechanism Implementation Plan", which further subdivides the job family and job category, improves the accuracy of evaluation, thus strengthening the performance orientation, practical orientation and strengthening the training and development of high-level position personnel. Finally, the proportion of high-tech and high-skilled talents in the company has steadily increased.

III. Main business analysis

Summary

Refer to relevant contents of "I. Main business of the Company during the reporting period".

Changes in the financial data

Unit: RMB Yuan

	Amount of the current period	Amount of the prior period	Year-on-year	Reasons
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			Changes	
Operating income	57,368,096,029.37	63,194,115,447.56	-9.22%	
Operating cost	54,320,153,167.23	58,297,262,097.99	-6.82%	
Sale expenses	108,676,549.88	110,681,490.14	-1.81%	
Administrative expenses	579,477,011.71	589,064,385.23	-1.63%	
Financial expenses	770,889,994.30	894,145,156.20	-13.78%	
Income tax expenses	93,166,930.51	366,144,984.98	-74.55%	It is mainly caused by the decrease of taxable income.
R&D Investment	1,868,781,554.78	3,651,308,942.31	-48.82%	Mainly, the research and development projects of this year will be carried out successively in the second half of the year according to the arrangement.
Net cash flow generated by business operation	355,551,077.60	2,417,964,155.29	-85.30%	It is mainly caused by the high level of raw fuel operation of suppliers, resulting in a substantial increase in cash paid for goods and services.
Net cash flow generated by Investment	-1,296,355,964.90	-1,137,710,502.32	-13.94%	
Net cash flow generated by financing	-373,104,745.76	-2,916,354,643.50	87.21%	It is mainly due to the increase in investment from minority shareholders absorbed by the subsidiary and the decrease in repayment of bank loans during the period.
Net increasing of cash and cash equivalents	-1,313,909,633.06	-1,636,100,990.53	19.69%	

Major changes in profit composition or sources during the report period

☐ Applicable ☒ Non applicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Component of operating revenue

Unit: RMB Yuan

	Current period		Prior period		Increase/decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	57,368,096,029.37	100%	63,194,115,447.56	100%	-9.22%
According to industries					
Metallurgy	57,368,096,029.37	100.00%	63,194,115,447.56	100.00%	-9.22%
According to products					
Billet	137,297,135.04	0.24%	302,806,719.26	0.48%	-54.66%
Hot-rolled steel	24,421,717,115.92	42.57%	26,182,194,086.24	41.43%	-6.72%
Cold-rolled steel	23,064,792,967.98	40.20%	27,084,614,994.85	42.86%	-14.84%
Metallic soft magnetic material	6,976,487,451.49	12.16%	6,497,901,339.57	10.28%	7.37%
Other steels	998,828,157.40	1.74%	1,212,459,321.71	1.92%	-17.62%
Other business	1,768,973,201.54	3.08%	1,914,138,985.93	3.03%	-7.58%
According to regions					
North China	20,185,444,818.01	35.19%	22,741,321,643.12	35.99%	-11.24%
Northeast China	1,415,574,393.06	2.47%	1,549,861,970.51	2.45%	-8.66%
East China	16,566,019,818.33	28.88%	18,474,324,546.46	29.23%	-10.33%
Mid-South China	7,476,690,712.67	13.03%	8,251,345,045.82	13.06%	-9.39%
South China	5,550,606,810.75	9.68%	6,186,370,946.79	9.79%	-10.28%
Southwest China	1,395,468,272.81	2.43%	1,560,928,967.74	2.47%	-10.60%
Northwest China	127,111,951.10	0.22%	138,827,907.08	0.22%	-8.44%
Export	4,651,179,252.64	8.11%	4,291,134,420.04	6.79%	8.39%

Situation of industry, product and district occupying the company's operating revenue and operating profits with profit over 10%

☒ 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	Year-on-year change of gross
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					sales	margin
According to industries						
Metallurgy	55,599,122,827.83	52,725,471,888.88	5.17%	-9.27%	-6.98%	-2.33%
According to products						
Billet	137,297,135.04	134,524,608.66	2.02%	-54.66%	-47.55%	-13.28%
Hot-rolled steel	24,421,717,115.92	23,123,065,070.53	5.32%	-6.72%	-5.49%	-1.24%
Cold-rolled steel	23,064,792,967.98	22,041,998,760.18	4.43%	-14.84%	-13.14%	-1.88%
Metallic soft magnetic material	6,976,487,451.49	6,540,864,298.44	6.24%	7.37%	17.93%	-8.41%
Other steels	998,828,157.40	885,019,151.07	11.39%	-17.62%	-15.02%	-2.72%
According to regions						
North China	18,416,471,616.47	17,603,447,258.41	4.41%	-11.57%	-9.41%	-2.29%
Northeast China	1,415,574,393.06	1,406,777,554.82	0.62%	-8.66%	-7.59%	-1.16%
East China	16,566,019,818.33	15,650,232,369.37	5.53%	-10.33%	-8.31%	-2.08%
Mid-South China	7,476,690,712.67	7,056,814,329.93	5.62%	-9.39%	-9.16%	-0.24%
South China	5,550,606,810.75	5,150,939,156.61	7.20%	-10.28%	-9.25%	-1.05%
Southwest China	1,395,468,272.81	1,309,519,511.26	6.16%	-10.60%	-7.49%	-3.16%
Northwest China	127,111,951.10	125,235,120.17	1.48%	-8.44%	-8.90%	0.50%
Export	4,651,179,252.64	4,422,506,588.31	4.92%	8.39%	20.72%	-9.71%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

☐ Applicable ☒ Non applicable

IV. Non-principal business analysis

☐ Applicable ☒ Non applicable

V. Assets and liabilities

1. Significant changes in the composition of assets

Unit: RMB Yuan

	30 June 2023		31 December 2022		Proportion changes	Notes
	Amount	Proportion	Amount	Proportion		
Cash and Cash equivalents	7,498,105,524.69	5.30%	9,470,472,522.05	6.61%	-1.31%	
Accounts receivable	1,561,766,163.98	1.10%	1,450,008,897.10	1.01%	0.09%	
Inventories	12,216,145,045.92	8.63%	11,960,246,748.15	8.35%	0.28%	
Long-term equity investments	2,566,256,714.59	1.81%	2,724,285,925.35	1.90%	-0.09%	
Fixed assets	90,739,924,821.37	64.08%	93,331,072,969.17	65.19%	-1.11%	
Construction in progress	5,710,993,798.69	4.03%	7,673,649,852.77	5.36%	-1.33%	
Right-of-use assets	74,922,597.56	0.05%	83,107,359.45	0.06%	-0.01%	
Short-term borrowings	28,483,601,889.04	20.12%	29,580,006,103.39	20.66%	-0.54%	
Contract liabilities	5,043,291,760.66	3.56%	4,508,016,725.74	3.15%	0.41%	
Long-term borrowings	10,914,950,000.00	7.71%	10,594,350,000.00	7.40%	0.31%	
Lease liabilities	63,956,202.06	0.05%	72,439,836.79	0.05%	0.00%	

2. Major overseas assets

☐ Applicable ☒ Non applicable

3. 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		276,593,703.74					509,359,837.55
Other non-current financial assets	79,234,007.60	0.00						79,234,007.60
Financing receivables	3,489,134,871.56							6,325,120,221.92
Total	3,801,135,012.97	0.00	276,593,703.74	0.00	0.00	0.00	0.00	6,913,714,067.07
Financial liabilities	0.00							0.00

Other changes

Whether the measurement attributes of the company's main assets have changed significantly during the reporting period.

☐ Yes ☒ No**4. Major restricted assets at the end of the reporting period**

Item	Carrying amount at 30 June 2023	Restriction reason
Cash and Cash equivalents	482,089,076.86	All kinds of deposits
Notes receivable	87,759,217.36	Pledged notes
Accounts receivable	44,772,339.34	Pledged notes
Total	614,620,633.56	

VI. 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
1,401,733,364.15	2,252,874,010.20	-37.78%

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	0.00	1,314,052,905.22	Self-raised	88.23%	391,380,000.00	0.00	The devices of the project are being installed		
Zhixin Co. High-end heat treatment engineering project	Self-built	Y	Iron and steel	453,152,107.98	636,883,710.86	Self-raised	36.93%	436,810,000.00	0.00	The project is undergoing civil construction		
Total	--	--	--	453,152,107.98	1,950,936,616.08	--	--	828,190,000.00	0.00	--	--	--

4. Financial assets investment**(1) Securities investment**☐ Applicable ☒ Non applicable

The Company has no securities investment during the reporting period.

(2) Derivatives investment☐ Applicable ☒ Non applicable

The Company has no derivatives investment during the reporting period.

5. Use of raised funds☒ Applicable ☐ Non applicable**(1) Overall use of raised funds**☒ Applicable ☐ Non applicable

Unit: RMB'0,000

Year for fund-raising	Method of fund-raising	Total raised funds	Total raised funds that have been used in the current period	Total raised funds that have been used accumulatively	Total raised funds with altered purposes during the Reporting Period	Total accumulative raised funds with altered purposes	Proportion of total accumulative raised funds with altered purposes	Total raised funds that have not been used yet	Use and ownership change of unused raised funds	Raised funds that have been left unused for over two years
2022	Non-public offering	29,120	3,246.3	25,098.63	0	0	0.00%	3,696.13	Deposit in Jingtang Co. fund raising special account	0
Total	--	29,120	3,246.3	25,098.63	0	0	0.00%	3,696.13	--	0
Explanation of the overall use of raised funds										
<p>In 2022, the total amount of supporting funds raised by the Company through non-public issuance of ordinary shares is RMB 291,199,983.58, and after deducting the underwriting fees of the lead underwriter, the special account of the Company for raising funds received subscription funds of RMB 287,603,983.82; After deducting the fees of independent financial advisers and other related fees for the restructuring, the net capital raised is RMB 273,368,221.41.</p> <p>As of 30 June 2023, the company has used the raised funds of RMB 250,986,264.39, among which, a. the Company has used RMB 151,603,440.25 to supplement working capital and repay debts; and b. transferred RMB 136,149,157.84 to the special account of Jingtang Co. for the comprehensive transformation project of energy saving and consumption reduction of the front railway system, of which, RMB 99,382,824.14 has been used.</p> <p>As of 30 June 2023, the accumulated interest income generated by the raised funds is RMB 343,568.22, the balance of the special account for the raised funds of the Company is RMB 0.00, and the balance of the special account for the raised funds of Jingtang Co. is RMB 36,961,287.65.</p>										

(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 (including partial alternation)	Total committed investment with raised funds	Adjusted total investment amount (1)	The investment amount during the Reporting Period	Accumulative investment amount as of the end of the Reporting Period (2)	Investment progress as of the end of the Reporting Period (3) = (2)/(1)	Date when the projects are ready for their intended use	Benefit recorded during the Reporting Period	Whether the estimated benefits are reached	Whether there are material changes in the project feasibility
Committed investment projects										
Jingtang Co. railway front system energy saving and consumption reduction comprehensive transformation project	No	125,000	13,614.92	3,246.3	9,938.28	73.00%			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	28,775.26	3,246.3	25,098.62	--	--	0	--	--
Investment of excessive raised funds										
None										
Total	--	250,000	28,775.26	3,246.3	25,098.62	--	--	0	--	--
Explain the circumstances and reasons for failing to achieve the planned progress and estimated income by item (including the reasons why "Reach the estimated benefit" is selected as "Not applicable")	Not applicable									
Explanations of the material changes in the project feasibility	Not applicable									
Amount, use, and use progress of excessive raised funds	Not applicable									
Change of the implementation location of the investment project raised funds	Not applicable									
Adjustment of implementation methods of investment projects with raised funds	Not applicable									
Advance investment and replacement of investment projects with raised funds	Not applicable									
Temporary replenishment of working capital with the idle raised funds	Not applicable									
Surplus raised funds for project implementation and reasons for the surplus	Not applicable									
Use and destination of unutilized raised funds	It is mainly used for the cost of oxygen enrichment and oxygen production equipment before the new pressure swing adsorption machine of the iron front system energy saving and consumption reduction comprehensive renovation project, which is deposited in the special account of Jingtang Co. for raising funds.									

Problems in the use of raised funds and disclosure, or other cases	Not applicable
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(3) Altered projects of raised funds

☐ Applicable ☒ Non applicable

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

VII. 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

VIII. 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	Iron and steel smelting, steel rolling, other metal smelting and calendaring processing and marketing; Production and sale of sinter, pellet, coke and chemical products; Power generation and supply; Production and sales of secondary and multiple energy and resource reuse products	35,821,676,294.00	77,936,070,714.91	35,590,575,383.81	34,562,573,418.57	153,024,916.13	120,338,896.99
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Subsidiary	Cold-rolled electrical steel strip manufacturing; Metallurgical special equipment manufacturing; Motor manufacturing; Manufacturing of transmission, distribution and control equipment; Energy-saving technology promotion services; New material technology promotion services; Business management consulting services; Industrial design services; Product quality inspection services; Building materials, non-metallic minerals and products, metal materials, metal products, chemical products (excluding dangerous chemicals) wholesale and retail	11,001,137,201.36	21,045,965,268.27	13,880,886,140.91	7,253,294,653.45	247,133,456.12	211,419,481.66
Beijing Shougang Cold Rolling Co., Ltd.	Subsidiary	Production of cold rolled sheet, hot dip galvanized steel coil; General freight; Design and sales of cold-rolled sheet, hot-dip galvanized steel coil; Warehousing services; Technical development, technical consultation	2,600,000,000.00	5,869,037,167.20	-1,056,925,279.55	5,133,807,057.85	1,089,593.59	1,023,195.52
Beijing Shougang Steel Trading Investment Management Co., Ltd.	Subsidiary	Investment management; Project investment; Asset management; Warehousing services; Market research; Technology development; Sale of steel	1,136,798,235.00	20,290,248,903.42	12,173,925,133.19	485,715,805.45	72,441,937.92	63,237,265.06
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Subsidiary	Technology development, technology consulting, technology transfer, technology services; Business management consulting; Economic information consulting; Sales of machinery and equipment, steel; Rental of machinery and equipment (except motor vehicles); Import and export of goods; Technology import and export; Agent import and export	750,000,000.00	886,239,096.69	886,238,664.90	0.00	7,093,138.50	7,092,706.71
Qian'an Shougang Metallurgical Technology Co., Ltd.	Subsidiary	Metallurgical technology development and consulting services; Environmental protection technology promotion services; Business management consulting services; Security consulting services; Computer application software development; Special equipment for environmental protection, steel slag, water slag, slag, dust removal ash, desulfurization ash, steel, chemical products (excluding hazardous chemicals) wholesale, retail; Domestic advertising design, production, agency, release; Non-owned house leasing services, etc. (within the scope authorized by the owner of the house)	1,900,000.00	211,079,353.59	-82,015,806.09	19,007,560.91	3,359,539.79	3,359,539.79
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Joint stock	Coking; Coke oven gas, tar, crude benzene, sulfur, ammonium sulfate, ammonium thiocyanate, primary coal chemical products manufacturing; Waste heat utilization; Hardware products, building materials, mining special equipment and spare parts, construction machinery spare parts, rubber products, plastic products, lubricating grease, pig iron, ferroalloy, iron concentrate powder, pellet iron ore, sintered iron ore, iron ore, limestone, quartzite, dolomite, furnace charge, bentonite, coke, coke powder, billet, chemical products (excluding licensed chemical products), coal wholesale, zero Sell; Coking technical consultation and service	992,400,000.00	4,206,826,582.33	1,523,700,609.13	4,114,928,997.89	-258,679,755.26	-259,578,672.13
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Joint stock	Coke, coal tar, benzene, sulfuric acid, ammonium sulfate, gas, CDQ coke waste heat power generation, steam production and sales; Technical consulting services; Labor service (excluding labor dispatch).	2,000,000,000.00	3,578,464,565.18	2,212,267,132.18	6,192,335,209.86	31,093,408.05	8,705,677.85

Acquisition and disposal of subsidiaries during the reporting period

☐ Applicable ☒ Non applicable

Description of the main holding and participating companies

Not Applicable

IX. Structured entity controlled by the Company

☐ Applicable ☒ Non applicable

X. Risks facing the Company and countermeasures

During the reporting period, there were no significant changes in the main businesses, performance drivers and operating environment of the Company and its major holding subsidiaries. The Company will continue to face changes in various risk factors such as policy and industry risks, low-carbon environmental protection risks, industry competition risks, marketing risks, affiliated transaction risks, etc. The Company will take active measures to deal with these risks, as detailed in the 2022 annual report.

Section IV. Corporate Governance

I. 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%	30 June 2023	1 July 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

II. Change in shares held by directors, supervisors and senior executives

☐ Applicable ☒ Not applicable

There was no changes in the directors, supervisors and senior management of the Company during the reporting period, as detailed in the 2022 Annual Report.

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

☐ Applicable ☒ Not applicable

The Company planned not to distribute cash dividends, bonus shares or increase share capital with provident fund in half year.

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

☒ Applicable ☐ Not applicable

1. Equity incentive

In 2021, the company implemented equity incentives for 386 directors, executive officers and other personnel, as detailed in the relevant announcement issued by the company on November 13, 2021.

On April 19, 2023, the Company held the eighth session of the second board of Directors meeting, the eighth session of the second Board of Supervisors meeting, and the 2022 annual general meeting of shareholders on June 30, 2023, respectively, deliberated and passed the "Beijing Shougang Co., Ltd. on the purchase and cancellation of some restricted Shares of the 2021 Restricted Stock Incentive Plan and other matters." Because the company's 2022 annual performance assessment indicators do not meet the company-level performance assessment conditions of the lifting restriction conditions of the first lifting restriction period stipulated in the Beijing Shougang Co., Ltd. 2021 Restricted Stock Incentive Plan (Draft Revision), and 15 incentive objects do not meet the incentive conditions due to organizational or personal reasons, The Company will repurchase and cancel a total of 23,418,884 restricted shares that have been granted but have not yet been lifted. Participate in the relevant announcement issued by the company on April 21, 2023.

2. Implementation of employee stock ownership plan

☐ Applicable ☒ Not applicable

3. Other employee incentive measures

☐ Applicable ☒ Not applicable

Section V. Environment and Social Responsibility

I. Major environmental protection matters

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

√ Yes ☐ No

Environmental protection related policies and industry standards

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

Administrative license for environmental protection

During the reporting period, Qiangang Co. successively completed the transformation project of steel slag production line pressing ball line drying equipment and the EIA approval work of nine general decline project, which ensured the compliance of environmental protection projects in accordance with the law. In February 2023, the second series of pellets, two 360 flat sintering machines and their affiliated facilities were transferred from the Mining company's discharge permit to the Qian Steel Company's discharge permit, valid until July 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 2023, the permit was renewed again, this time extending until February 2028.

In strict accordance with the Environmental Impact Assessment Law of the People's Republic of China, Regulations on Pollutant Emission Permit Management and other laws and regulations, according to the requirements of pollutant emission permit and EIA management, Zhixin Co. continues to improve the post- emission permit management work, and continues to do a good job in EIA and acceptance. In February 2023, Zhixin Co. handled the re-application of pollution permit, handled the change of pollution permit in May 2023, and the valid period was extended to February 2028. In March 2023, the environmental acceptance procedures for the completion acceptance of the Zhixin Electromagnetic new energy automotive electrical steel project will be completed, and the environmental acceptance procedures for the completion acceptance of the environmental protection ability improvement project of the Zhixin electromagnetic wastewater station will be completed in April 2023.

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

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

Name of Company or Subsidiary	Types of major pollutants and characteristic contaminants	Names of major pollutants and characteristic contaminants	Way of Discharge	No. of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Emissions exceed the standard
Qiangang Co.	Water pollutant	COD (Chemical Oxygen Demand)	Direct	1	Wastewater discharge port	5.62mg/L	50mg/L	1.217	648.399	No
Qiangang Co.	Water pollutant	Ammonia Nitrogen	Direct	1	Wastewater discharge port	0.16mg/L	5mg/L	0.0366	64.899	No
Qiangang Co.	Air pollutants	Sulfur Dioxide	Organized	32	Power station boiler chimney, sintering machine head flue gas outlet, pellet roasting flue gas outlet, CCPP combustion exhaust gas, blast furnace hot blast furnace outlet, steel rolling heating furnace outlet, white ash kiln roof, sleeve kiln roof	Sintering, pelletizing < 9.54mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 24mg/m ³ , power generation < 22mg/m ³	Sintering, pelletizing < 35mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 50mg/m ³ , power generation < 35mg/m ³	507.4	732.99	No
Qiangang Co.	Air pollutants	Nitrogen Oxides	Organized	32	Power station boiler chimney, sintering machine head flue gas outlet, pellet roasting flue gas outlet, CCPP combustion exhaust gas, blast furnace hot blast furnace outlet, steel rolling heating furnace outlet, white ash kiln roof, sleeve kiln roof	Sintering, pelletizing < 38mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 34mg/m ³ , power generation < 33mg/m ³	Sintering, pelletizing < 50mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 150mg/m ³ , power generation < 100mg/m ³	580.46	1516.2	No
Qiangang Co.	Air pollutants	Particulate Matter	Organized	133	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 < 3.5mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln, other environment < 7.5mg/m ³ , power generation < 4mg/m ³	Sintering, pelletizing < 10mg/m ³ , blast furnace hot blast furnace, rolling steel heating furnace, lime kiln < 10mg/m ³ , power generation < 5mg/m ³	853.46	1151.46	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#	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	305.9	1448.11	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
					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					
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	684	2958.36	No
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#	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	914.8	2106.12	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
					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					
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	2.815	45	No
Zhixin Co.	Air pollutants	Nitrogen Oxides	Organized	50	Continuous annealing furnace, regular annealing furnace, decarbonization annealing furnace, ring furnace, hot drawing furnace	<100mg/m ³	100mg/m ³	21.204	131.649	No
Zhixin Co.	Air pollutants	Particulate Matter	Organized	69	Acid regeneration, continuous annealing furnace, constant annealing furnace, decarbonization annealing furnace, ring furnace, hot drawing furnace, scoring	Acid regeneration < 30 mg/m ³ , heat treatment furnace, score < 10 mg/m ³	Heat treatment furnace, pull straightening machine, finishing and shot blasting: 10 mg/m ³ , acid regeneration: 30 mg/m ³	10.178	19	No
Cold-R Co.	Water pollutant	COD	Organized	1	Wastewater stations	1.39-24.12 mg/m3	30mg/m ³	6.4516	67.5	No
Cold-R Co.	Water pollutant	Ammonia Nitrogen	Organized	1	Wastewater stations	0.01-0.86mg/m3	1.5(2.5) mg/m ³	0.0848	3.937	No
Cold-R Co.	Air pollutants	Sulfur Dioxide	Organized	8	Around the plant	3 mg/m3	Furnace and dust removal chamber: 20 mg/m ³ ; boiler room: 10 mg/m ³	1.9401	18	No
Cold-R Co.	Air pollutants	Nitrogen Oxides	Organized	8	Around the plant	Furnace and dust removal chamber: 1-97 mg/m ³ ; boiler room: 1-79 mg/m ³	Furnace and dust removal chamber: 100 mg/m ³ ; boiler room: 80 mg/m ³	31.0166	148.184	No
Cold-R Co.	Air pollutants	Particulate Matter	Organized	10	Around the plant	Furnace and dust removal chamber: 1-9 mg/m ³ ; boiler room: 1-4.43 mg/m ³	Furnace and dust removal chamber: 10 mg/m ³ ; boiler room: 5 mg/m ³	9.7469	18.75	No

Treatment of pollutants

Each production process of Qiangang Co. is equipped with perfect environmental protection facilities, which will be regularly monitored by qualified testing departments. The test results prove that all dust removal facilities achieve ultra-low emission and the emission concentration of bag dust collector reaches less than 10 mg/m³. The key pollution sources of Qiangang Co. are equipped with 57 sets of online monitoring systems, including 1 set of online monitoring system for water pollution, which are all connected with the ecological environment department. The online monitoring system is compared and monitored quarterly by a qualified monitoring company, which ensures that the data is true and reliable. Qiangang Co. attaches great importance to saving water resources and reducing wastewater discharge, so it has invested in the construction of two sewage treatment plants, and the construction of deep water desalting station, which adopts the international advanced membrane treatment process, can all the wastewater generated in the production process after treatment and recycling, so the water recycling rate of Qiangang Co. reaches 98.4%.

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

Zhixin Co. continues to promote the emission reduction of pollutants, in accordance with the "green project" transformation plan, in May 2023 to complete the source management project CA5 denitrification transformation, effectively reduce nitrogen oxide emissions. Continue to carry out environmental protection capacity improvement projects, all meet the ultra-low emission standards of Hebei Province, in order to eliminate the odor of waste water station odor removal projects have completed acceptance work, Zhixin electromagnetic independent control and management measures through the construction of efficient car wash and continue to improve the automatic function, effectively reduce the atmospheric dust pollution in the plant.

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.

Contingency plan

No ecological and environmental emergencies occurred in the Company and its holding subsidiaries in first half of 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 first half of 2023, Jingtang Co. carried out 8 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 first half of 2023, Zhixin Co. mainly conducted drills for acid leakage, gas leakage and other risk points. Through the drill, Zhixin Co. found problems and rectifies them in time, which enhanced the company's ability to deal with environmental emergencies.

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

Environmental protection input and environmental protection tax

During the reporting period, Qiangang Co. continued to implement flue gas desulfurization treatment of blast furnace hot blast furnace, increase desulfurization facilities of hot rolling heating furnace, and continue to improve 5 projects, and completed an investment of RMB 210 million in the year. In first half of 2023, Qiangang Co. paid RMB 4.6733 million of environmental protection tax, with a reduction of RMB 2.6050 million.

Jingtang Company promoted the implementation of No. 1 and No. 3 blast furnace shutdown air release gas purification project and other four key environmental protection projects in depth, have been completed as planned. In first half of 2023, RMB 12.805 million of environmental protection tax was paid, with a reduction of RMB 4.781 million.

Zhixin Co. effectively reduced pollutant emissions by increasing environmental protection treatment facilities, completed investment of RMB 9.7 million in first half of 2023 and paid for environmental protection tax, with a reduction of RMB 72,800.

Cold-R Co. actively promoted environmental management and protection work, with an investment of RMB 27.3896 million. In first half of 2023, RMB 437,000 was paid for environmental protection tax, with a reduction of RMB 10,300.

Environmental self-monitoring programme

In accordance with the relevant provisions of the "Measures for Self-Monitoring and Information Disclosure of National Key Monitoring Enterprises (Trial)" and "Measures for Supervisory Monitoring and information Disclosure of National Key Monitoring Enterprises (Trial)", Qiangang Co. has established and improved the monitoring and information disclosure system of pollution sources, formulated the "2023 Pollutant Emission Monitoring Plan", and strictly implemented it. In the first half of 2023, all environmental monitoring is entrusted to qualified third-party institutions for monitoring, and actively organize and coordinate the self-monitoring work, strengthen the management of online monitoring operation and maintenance units, complete the monthly monitoring task, achieve the monitoring completion rate of 100% in the first half of 2023, and fully complete the national pollution source monitoring information disclosure work, the standard rate of 100%.

The environmental monitoring system of Jingtang Co. is composed of automatic monitoring and manual monitoring. The manual monitoring system is commissioned by a third-party testing institution to carry out environmental monitoring of waste gas, waste water, noise and other projects of factory pollution sources regularly according to the "2023 Key monitoring enterprise self-monitoring Plan" to form monitoring data and reports. In the first half of 2023, the monitoring plan was completed, and all environmental control indicators reached normal standards.

Zhixin Co. adheres to green development, strictly adheres to the bottom line of environmental protection, and fully implements the main responsibility of corporate environmental protection. In the first half of 2023, we will achieve zero environmental pollution, 100% synchronous operation of environmental protection facilities, and 100% smooth passage of environmental protection inspections. In accordance with relevant laws and regulations, develop self-monitoring plans and strictly implement them, entrust all qualified third-party institutions to monitor, and actively organize self-monitoring work, and carry out self-monitoring 38 times in the first half of 2023, with a 100% compliance rate.

Cold-R Co. shall develop its own monitoring plan in accordance with laws and regulations and emission permit requirements, and entrust qualified third-party institutions to monitor pollutants weekly, monthly and quarterly, and upload the data to the government-designated information disclosure system. In the first half of 2023, all emission targets of pollution sources met the standards.

Administrative penalties imposed due to environmental problems during the reporting period

During the reporting period, neither the Company nor its holding subsidiaries were punished by regulatory authorities in respect of environmental protection. At the same time, the Company urges the shareholding companies to abide by the Environmental Protection Law of the People's Republic of China and other laws, regulations, rules and normative documents.

Other environmental information that shall be disclosed

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

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, scientifically and normally promote the "carbon management" activities of Shougang shares, further improve and optimize the "low-carbon Action Plan of Shougang Shares" and "low-carbon Development Organization Implementation Plan of Shougang Shares" in the first half of 2023, and actively carry out low-carbon management and LCA management around the national low-carbon requirements and customer carbon reduction needs. During the reporting period, completed two EPD releases of hot strip steel sheet and steel strip products; Organized the construction of special lines for low-carbon products, carried out comprehensive technology low-carbon tests, and the test products have covered all varieties from mild steel to ultra-high strength steel, and the comprehensive carbon emissions of the test products have been reduced by more than 30%; Carry out low-carbon hot metal accounting and certification related work, improve the low carbon line No. 2 blast furnace system data collection; The practical tool of "Low carbon smelting process condition calculation model" is developed to calculate the carbon reduction effect under various low carbon metallurgical process conditions, which provides a powerful calculation tool for subsequent low carbon metallurgical planning and decision-making.

Focusing on the landing of the "double carbon" strategy, actively promote the clean development of the energy structure, continue to strengthen the basic capacity building of carbon management, vigorously promote the green upgrading of low-carbon processes, steadily layout revolutionary deep decarbonization technology, and simultaneously promote the process of carbon reduction and source carbon reduction, the first half of 2023 through the State grid green electricity direct procurement system to achieve about 220 million direct purchase of green electricity. Docking with customers' carbon reduction needs, solidly promote the construction of LCA system, carry out CBAM carbon inventory and verification, and carry out the carbon footprint accounting and verification of DD12 and 355MC brands. Continue to promote the research and development of green products, complete the LCA report of medium and thick plate pipeline steel X80 grade, complete the submission of provincial green product declaration materials, and

create a green manufacturing brand image.

Zhixin company focuses on the implementation of the "double carbon" strategy and actively promotes the clean development of energy structure. Continue to strengthen the basic capacity building of carbon management, promote the transformation of the burner and SCR of the continuous production line, vigorously promote the green upgrading of low-carbon processes, and steadily layout the revolutionary deep decarbonization technology; Simultaneously promote the process of carbon reduction and source carbon reduction, actively promote the use of green electricity and photovoltaic construction, has built the project in the first half of 2023 photovoltaic power generation 2,594,800kwh, new Zhixin electromagnetic high-end heat treatment plant installation of photovoltaic power generation system project, and signed a contract in June 2023. Docking the carbon reduction needs of customers, steadily promote the construction of LCA system, complete the green design product declaration of oriented electrical steel and non-oriented electrical steel for new energy vehicles and obtain national recognition, and create a green manufacturing brand image.

Cold-R Co. adheres to the concept of green development and integrates carbon reduction into the whole process of development and into all links of production and operation. By adjusting the product structure in first half of 2023, Cold-R Co. increased the proportion of high value-added products and further reduced energy consumption, meanwhile, the carbon emissions decreased by 5.6% year-on-year through such as market procurement of green electricity and photovoltaic power generation and other measures.

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 June 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

1, according to the Central Committee of the Communist Party of China "Opinions on the continuous selection of the first village Secretary and the work team to key villages" and the deployment of the Beijing Municipal Party Committee Organization Department and the Beijing SASAC, combined with the organization Department of the Party Committee of Shougang Group Co., LTD., Shougang Shares and Jingtang Company each selected a staff member to serve as the first secretary of the collective economic weak village in Beijing. During the reporting period, under the leadership of the local Party committee and government, the two staff members conscientiously performed their duties and contributed to the implementation of the rural revitalization strategy.

2. Actively fulfill social responsibilities, expand the achievements of poverty alleviation, implement consumption poverty alleviation, and help rural revitalization. In the first half of 2023, RMB 2.807 million yuan of agricultural materials for poverty alleviation in the counterpart help area was purchased.

Section VI. Significant Events

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

√ Applicable □ Not applicable

Commitment	Commitment party	Type	Contents	Commitment date	Commitment term	Implementation
Commitment in assets restructuring	Shougang Group Co., Ltd.		<p>1. According to the iron and steel industry development plan of Shougang Group, Shougang Co. will be the only platform for the development and integration of the iron and steel and upstream iron ore resources industry of Shougang Group in China, and eventually achieve the overall listing of Shougang Group's iron and steel and upstream iron ore resources business in China</p> <p>2. As for the other companies of Shougang Group engaged in iron and steel production business, if the profits could be achieved for three consecutive years through optimizing and adjusting the product structure and actively implementing national industrial policies and environmental protection requirements, and the overall situation of the industry does not appear large fluctuation, Shougang Group will activate the manners in line with the interests of shareholders of listed companies, including but not limited to acquisition, merger, reorganization, etc. to invest relevant high-quality assets in Shougang Co. in accordance with the requirements of securities laws, regulations and industrial policies, and will complete the investment within 36 months after start-up.</p>	27 Dec. 2018	Refer to contents of commitment	Implementing. In December 2021, Shougang Co., Ltd. and Shougang Group signed the "Management Service Agreement between Shougang Group Co., Ltd. and Beijing Shougang Co., Ltd. On The Affiliated Enterprises of Shougang Group Co., Ltd.". Shougang Co., Ltd. provides management services for a total of 14 target enterprises in the steel sector of Shougang Group.
	Shougang Group Co., Ltd.		When the market improves in the future, Shougang Mining Corporation achieves stable profits for two consecutive years, and the overall situation of the industry is not fluctuated greatly, Shougang Corporation will start the injection of Shougang Mining Corporation in Shougang Co. and complete it within 36 months. Before Shougang Mining Corporation joined in Shougang Co., Shougang Group will urge Shougang Mining Corporation to conduct necessary related party transactions with Shougang Co. in accordance with fair and reasonable market price, strictly conform to the requirements of laws and regulations, normative documents, the articles of association of Shougang Co. and related transaction management system, and perform the corresponding review, approval and information disclosure procedures for the necessary related transactions between Shougang Co. and Shougang Mining Corporation.	20 Apr. 2017	Refer to contents of commitment	Implementing.
	Shougang Group Co., Ltd.		The company will not damage the independence of Shougang Co. due to the increase of the proportion of shares held by Shougang Co. after the completion of the reorganization. The company will maintain "the five-aspect separation principle", which means assets, personnel, financial affairs, institution and business should be independent of Shougang Co., strictly conform to relevant provisions of the CSRC on the independence of listed companies, not illegally utilize Shougang Co. to provide guarantees, not illegally occupy the assets of Shougang Co. and keep and maintain the independence of Shougang Co.	20 Jul. 2012	After the completion of assets reorganization (completion date: 25 April 2014)	Implementing of the long-term commitment.
	Shougang Group Co., Ltd.		<p>Shougang Group is the largest shareholder and controlling shareholder of Shougang.</p> <p>On July 17, 2012, Shougang Group issued the "Letter of Commitment of Shougang Corporation on Reducing and Standardizing Related Party Transactions" (i.e. the commitments listed above, hereinafter referred to as the "original letter of commitment"), and promised that after the completion of major asset replacement purchase of assets by issuing shares between Shougang Co., and Shougang Group [hereinafter referred to as "the previous major asset restructuring (completed on April 25, 2014)", Shougang Group will take relevant measures including joining Shougang Mining Company into Shougang Co., to reduce and standardize related party transactions with Shougang Co. In order to reduce and standardize the related party transactions after the major asset replacement and related party transactions of Shougang Co. and safeguard the legitimate rights and interests of Shougang Co. and its public shareholders, the company promises to continue to fulfill the contents of the original commitment letter after the major asset replacement, and further promises as follows:</p> <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</p>	29 Sep. 2015	During and after the assets replacement	Implementing

		<p>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>			
	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	Implementing
	Shougang Group Co., Ltd.	<p>In respect of the purchase of 51% of the equity of Jingtang Co. by Shougang Co., Shougang Group made the following commitments in urging Jingtang Co. and its holding subsidiary, Tangshan Shougang Jingtang Caofeidian Port Co., Ltd. (hereinafter referred to as Port Company) to complete relevant matters:</p> <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	Implementing
	Shougang Group Co., Ltd.	<p>In respect of the purchase of 51% of the equity of Jingtang Co. by Shougang Co., the company made the following commitments in urging Jingtang Co. and its holding subsidiary, Port Company, to complete the relevant matters of obtaining land use right certificate: The company promises to urge Jingtang Co. to obtain state-owned land use right certificate of all the land used before 31 December 2023, including but not limited to the land used by Jingtang Co. Phase I project, Jingtang Co. supporting wharf project (1240-meter shoreline wharf project), general bulk cargo berth project (552-meter shoreline wharf project) and Jingtang Co. Phase II project.</p>	21 May 2021	31 Dec. 2023	Implementing
	Beijing Jing Guorui Soc 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.2021	19 Apr. 2025	Implementing
	Shougang Group Co., Ltd.	<p>The Asset Appraisal Report evaluates partial of intellectual property rights of Jingtang Co. and Shanxi Coking Co., Ltd. (hereinafter referred to as "performance commitment assets") based on future earnings expectations. The appraisal value of 1,346 patent rights, 190 proprietary technologies, 32 software copyrights and other assets of Jingtang Co. is RMB 242.8 million, and the appraisal value of 57 patent rights assets of Shanxi Coking Co., Ltd. is RMB 40 million.</p> <p>In accordance with the forecast income sharing of the performance committed assets, if the purchase of assets by issuing shares is completed before 31 December 2022, Shougang Group commitments</p>	20 Dec.2021	31 Dec. 2024	Implementing. The commitments for 2022 have been fulfilled

			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. 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.			
Completed on time	Yes					
If the commitment is overdue and not completed, it shall specify the specific reasons for the failure to complete the performance and the next step of the work plan	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. Engagement and disengagement of CPAs firm

Whether the semi-annual financial report has been audited

☐ Yes ☒ No

The semi-annual financial report of the Company has not been audited.

V. Notes for “non-standard audit report” of CPAs firm during the Reporting Period by board of directors and supervisory board

☐ Applicable ☒ Not applicable

VI. Notes for the related information of “non-standard audit reports” last year by board of directors

☐ Applicable ☒ Not applicable

VII. Insolvency or restructuring related matters

☐ Applicable ☒ Not applicable

No insolvency or restructuring related matters during the reporting period

VIII. Litigation or arbitration

Material litigation or arbitration cases

☐ Applicable ☒ Not applicable

No material litigation or arbitration cases during the reporting period.

Other litigation or arbitration cases

☐ Applicable ☒ Not applicable

IX. Punishment or rectification

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

XI. 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	2,251,793		4,758,480	N	Cash at bank and on hand	Market price	7 December 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	Market price	Market price	129,125		375,508	N	Cash at bank and on hand	Market price	7 December 2022	Ditto

subsidiaries			energy, etc										
Other related parties	Joint venture and associates	Related purchase	Raw fuel, power energy, production services, etc	Market price	Market price	1,287,623		2,978,818	N	Cash at bank and on hand	Market price	7 December 2022	Ditto
Other related parties	Joint venture and associates	Related sales	Steel, power energy, etc	Market price	Market price	191,831		393,643	N	Cash at bank and on hand	Market price	7 December 2022	Ditto
Total				--	--	3,860,372	--	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 daily related transactions are expected to occur in accordance with the total amount, after deliberation and approval by the 15th Board of Directors of the seventh session of the Company on December 6, 2022, and submitted to the fourth extraordinary shareholders' meeting of the Company in 2022 for deliberation and approval on December 23, 2022. The total amount of transactions approved by the shareholders' meeting was 85,064.49 million yuan, and RMB 38,603.72 million yuan occurred in the current period, which did not exceed the approved limit. For details about related parties and related transactions, see Section X, Item 12.									
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

No related party transactions by assets or equity acquisition and sold during the reporting period.

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 during 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 ultimate controlling party	1,600,000	1.49%-1.9%	878,266.33	7,606,367.47	7,747,785.77	736,848.02

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 ultimate controlling party	3,200,000	2.35%-3.85%	1,801,689.43	1,071,469.51	1,334,419.75	1,538,739.18

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 ultimate controlling party	Credit	3,200,000	1,538,739.18

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

☐ Applicable ☒ Not applicable

7. Other significant related party transactions

☐ Applicable ☒ Not applicable

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

XII. 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	20 September 2022	21,000	Guarantee of joint and several liability			One year	No	Yes
Ningbo Shougang Zhejin Steel Co., Ltd.	10 June 2023	4,400	29 August 2022	4,400	Guarantee of joint and several liability			One year	No	Yes
Total external guarantees approved during the reporting period		25,400		Total amount of actual external guarantees during the reporting period		25,400				
Total external guarantees approved at the end of the reporting period		25,400		Total balance of actual external guarantee as at the end of the reporting period		25,400				
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 January 2023	16,050	Guarantee of joint and several liability			One year	No	Yes
Total amount of guarantee provided for subsidiaries approved during the reporting period		16,050		Total amount of guarantee provided for subsidiaries during the reporting period		16,050				
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period		16,050		Total balance of guarantee provided for subsidiaries as at the end of the reporting period		16,050				
Guarantees between subsidiaries (i.e. the sum of the above two items)										
Total amount of guarantee approved during the reporting period		41,450		Total amount of actual guarantee during the reporting period		41,450				
Total amount of guarantee approved as at the end of the reporting period		41,450		Total balance of actual guarantee as at the end of the reporting period		41,450				
The percentage of total amount of guarantee provided to the net assets of the Company				0.84%						
Including:										
Balance of guarantees provided to shareholders, actual controllers, and their related parties										
Debt guarantee balance provided directly or indirectly for guaranteed objects with an asset liability ratio exceeding 70%				41,450						

The amount of the total guarantee amount exceeding 50% of net assets	0
The total amount of the above three guarantees	41,450
Explanation of situations where there is a guarantee liability or evidence indicating the possibility of assuming joint and several liability for the unexpired guarantee contract during the reporting period (if any)	
Explanation of providing external guarantees in violation of prescribed procedures (if any)	

3. Entrusted financing

☐ Applicable ☒ Not applicable

No entrusted financing during the reporting period.

4. Other material contracts

☐ Applicable ☒ Not applicable

No other material contract during the reporting period.

XIII. Explanation of other significant matters

☐ Applicable ☒ Not applicable

No other significant matters that need to be explained during the reporting period.

XIV. Significant matters of subsidiaries of the Company

☒ Applicable ☐ Not applicable

1. In December 2022, the Company signed the Capital Increase Agreement on Shougang Zhixin Qian 'an Electromagnetic Materials Co., Ltd. with Zhixin Co., original shareholders of Zhixin Co. and all investors who participated in the capital increase, and all investors who participated in the capital increase jointly invested 2 billion yuan to become strategic investors of Zhixin Co. On January 28, 2023, Zhixin Co. completed the registration procedures for industrial and commercial changes of this capital increase, and obtained a new business license, and the Company's holding of Zhixin Co. shares changed to 68.0293%.

2. According to the resolution of the first interim meeting of the Board of Directors of Shougang in 2023, the holding subsidiary of the company, Beijing Shougang New Energy Automotive Material Technology Co., Ltd. (hereinafter referred to as "Beijing New Energy"), will be separated. After the completion of the separation, Beijing New Energy as a surviving company, its shareholders changed to Shougang Group Co., Ltd and Qian 'an Beijing-Ji 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, whose shareholders are Shougang shares and Beijing Shouxin Jinyuan Management Consulting Center (limited partnership). As of April 25, 2023, the registration procedures for the industrial and commercial change of the existing division have been completed, and Beijing New Energy and New energy materials have obtained their respective business licenses.

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%						1,806,563,829	23.10%
1. State ownership									
2. State-owned corporation shares	1,741,662,029	22.27%						1,741,662,029	22.27%
3. Shares held by other domestic investors	64,901,800	0.83%						64,901,800	0.83%
Of which: Shares held by domestic legal persons									
Shares held by domestic natural persons	64,901,800	0.83%						64,901,800	0.83%
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	76.90%
1. RMB ordinary shares	6,013,305,341	76.90%						6,013,305,341	76.90%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4.Others									
III. Total number of shares	7,819,869,170	100.00%						7,819,869,170	100.00%

Reasons of shares movements

☐ Applicable ☒ Not applicable

Approval of share movements

☐ Applicable ☒ Not applicable

Ownership transfer of share changes

☐ Applicable ☒ Not applicable

Progress of the implementation of share repurchase

☐ Applicable ☒ Not applicable

Progress of the implementation of reducing and repurchasing shares by means of centralized bidding

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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 commitment made by Shougang Group when the Company was first restructured. For details, please refer to the company's announcements in "China Securities Journal" "Securities Times" "Shanghai Securities News", CNINFO (http://www.cninfo.com.cn) on 28 September 2019. Reasons for restricted sales of other shares: Share lock up commitment made as the counterparty to the company's issuance of shares to purchase assets.	The restriction can be lifted after the performance of the commitment; 19 April 2025
Beijing 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 objects (386 persons in total)	64,901,800	0	0	64,901,800	In accordance with relevant regulations, the Company's 2021 restricted stock incentive plan will arrange the lock-up period of the restricted stock grants. For details, please refer to the relevant announcement issued by the Company on 13 November 2021.	Due to the fact that the Company's performance assessment indicators for 2022 do not meet the company-level performance assessment conditions of the conditions for lifting the restriction during the first lifting period, all restricted shares shall not be lifted during the first lifting period, and the Company will carry out buyback cancellation. The subsequent two release periods (i.e. 36 months and 48 months from the date of completion of grant registration) are scheduled in accordance with the incentive plan.
Total	1,806,563,829	0	0	1,806,563,829	--	--

II. Securities issuance and listing

☐ Applicable ☒ Not applicable

III. Amount of shareholders and shareholding

Unit: Share

Total common stock shareholders in reporting period-end	98,345	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note 8)	0
Shareholders holding above 5% or top 10 shareholders			

Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of unrestricted shares held	Shares pledged or frozen	
							Status	Amount
Shougang Group	State-owned corporation	56.53	4,420,769,800		1,247,703,723	3,173,066,077		
Baowu Group	State-owned corporation	10.15	793,408,440			793,408,440		
Beijing Jingtou Investment Holding Co., Ltd.		9.48	740,940,679			740,940,679		
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)		6.32	493,958,306		493,958,306	0		
Sunshine Life Insurance Co., Ltd. - Traditional insurance products		0.98	76,692,529			76,692,529		
National Social Security Fund - Eight combinations		0.86	67,547,683			67,547,683		
Sunshine Life Insurance Co., Ltd. - Dividend insurance products		0.72	56,159,243			56,159,243		
Liu Wei		0.71	55,500,000			55,500,000		
Beijing Yizhen Technology Development Co., Ltd.		0.61	47,580,500			47,580,500		
Hong Kong Securities Clearing Company Limited		0.52	40,643,754			40,643,754		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (reference to note 3)	Not applicable							
Related or acting-in-concert parties among the shareholders above	Shougang Group holds 0.68% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 62.30%of Baosteel Co. In addition, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; The relationship between other shareholders or the relationship of cooperators is unknown.							
Above shareholders involved in entrusting / being entrusted with voting rights and giving up voting rights	Not applicable							
Special account for share repurchases (if any) among the top 10 shareholders(reference to note 11)	Not applicable							
Shareholding of the top 10 shareholders unrestricted shares held								
Name of shareholders	Amount of unrestricted shares held at period-end					Type of shares		
						Type	Amount	
Shougang Group	3,173,066,077							
Baowu Group	793,408,440							
Beijing Jingtou Investment Holding Co., Ltd.	740,940,679							
Sunshine Life Insurance Co., Ltd.- Traditional insurance products	76,692,529							
National Social Security Fund - eight combinations	67,547,683							
Sunshine Life Insurance Co., Ltd. - Dividend insurance products	56,159,243							
Liu Wei	55,500,000							
Beijing Yizhen Technology Development Co., Ltd.	47,580,500							
Hong Kong Securities Clearing Company Limited	40,643,754							
Shanxi Coking Coal Group Finance Co., Ltd.	32,155,928							
Connected associated relationship or acting in concert among the top 10 shareholders holding tradable shares without selling restrictions, and between the top 10 shareholders holding tradable shares without selling restrictions and the top 10 shareholders	Shougang Group holds 0.68% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 62.30%of Baosteel Co. In addition, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; The relationship between other shareholders or the relationship of cooperators is unknown.							

Top 10 ordinary shareholders involved in securities margin trading (if any) (reference to note 4)	Not applicable
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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.

IV. Changes in the shareholding of directors, supervisors and senior management

☐ Applicable ☒ Not applicable

There was no change in the shareholding status of the company's directors, supervisors and senior management during the reporting period, as detailed in the 2022 annual report.

V. Change of controlling shareholder or actual controller

Change of controlling shareholder in reporting period

☐ Applicable ☒ Not applicable

The controlling shareholder of the company has not changed during the reporting period.

Actual controller changes during reporting period

☐ Applicable ☒ Not applicable

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

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 Sep. 2020	17 Sep. 2020	17 Sep. 2025	250,000.00	3.98%	Interest is calculated on an annual basis, not compound. The interest is paid once a year, and the principal is repaid once it is due. The last installment of interest is paid together with the repayment of the principal.	Shenzhen Stock Exchange
Investor eligibility arrangement (if any)			Public offering for professional investors						
Applicable trading mechanism			Bidding, quotation, inquiry and agreement trading methods						
Whether there are delisting risks (if any) and counter-measures			No						

Overdue and outstanding bonds

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

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

3. Adjustment of credit rating results during the reporting period

□ Applicable √ Not applicable

4. 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.2023 Ultra-short-term financing note (Phase I)	23Shouganggufen SCP001	012381548	14 April 2023	17 April 2023	20 October 2023	100,000.00	2.37%	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. Adjustment of credit rating results during the reporting period

☐ Applicable ☒ Not applicable

4. 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. 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	0.49	0.45	8.89%
Gearing ratio	62.72%	65.03%	-2.31%
Quick ratio	0.32	0.3	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	38,507.8	175,267.38	-78.03%
Proportion of EBITDA to total debts	5.96%	7.36%	-1.40%
Interest coverage ratio	1.71	3.48	-50.86%
Cash interest coverage ratio	1.22	4.24	-71.23%
EBITDA interest coverage ratio	6.68	7.48	-10.70%
Loans payment ratio	100.00%	100.00%	0.00%
Interest payment ratio	100.00%	100.00%	0.00%

Section X. Financial Report

I. Audit report

Has the semi-annual report been audited?

☐ Yes ☒ No

The Company's semi-annual financial report has not been audited.

II. Financial statement

The unit of the financial statements in the financial notes is: RMB yuan.

Consolidated and Parent Company Statement of Financial Position

Beijing Shougang Co., Ltd. as at 30 June 2023

Unit: RMB Yuan

Item	Notes	30 June 2023		31 December 2022	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and Cash equivalents	V. 1	7,498,105,524.69	1,571,549,526.78	9,470,472,522.05	1,973,471,254.47
Notes receivable	V. 2	5,185,604,148.01	857,624,790.52	6,691,086,020.85	898,640,149.83
Accounts receivable	V. 3	1,561,766,163.98	1,705,831,150.96	1,450,008,897.10	1,396,660,925.53
Financing receivables	V. 4	6,325,120,221.92	1,815,794,055.75	3,489,134,871.56	835,526,685.55
Prepayments	V. 5	1,869,313,064.06	446,306,027.66	636,469,216.98	326,340,746.62
Other receivables	V. 6	15,739,741.91	1,174,163,351.39	13,168,697.56	1,163,994,995.68
Including: Interest receivable					
Dividends receivable		200,000.00		200,000.00	9,713,244.06
Inventories	V. 7	12,216,145,045.92	1,700,913,629.27	11,960,246,748.15	1,904,197,806.47
Other current assets	V. 8	764,033,804.92	463,658,893.96	1,025,942,949.49	565,959,166.92
Total current assets		35,435,827,715.41	9,735,841,426.29	34,736,529,923.74	9,064,791,731.07
Non-current assets:					
Long-term equity investments	V. 9	2,566,256,714.59	37,575,948,825.12	2,724,285,925.35	37,687,890,460.88
Other equity instruments investments	V. 10	509,359,837.55	509,359,837.55	232,766,133.81	232,766,133.81
Other non-current financial assets	V. 11	79,234,007.60	79,234,007.60	79,234,007.60	79,234,007.60
Investment properties					
Fixed assets	V. 12	90,739,924,821.37	18,692,108,948.71	93,331,072,969.17	19,254,378,866.41
Construction in progress	V. 13	5,710,993,798.69	1,744,349,537.15	7,673,649,852.77	1,490,601,326.57
Right-of-use assets	V. 14	74,922,597.56	22,512,036.92	83,107,359.45	27,014,444.30
Intangible assets	V. 15	6,097,009,376.18	1,681,798,822.29	3,906,907,128.11	1,702,786,981.19
Development expenditures					
Goodwill					
Long-term prepaid expenses	V. 16	3,718,028.18		3,535,748.04	
Deferred tax assets	V. 17	379,679,792.68	203,566,412.45	402,355,955.31	205,022,924.46
Other non-current assets					
Total non-current assets		106,161,098,974.40	60,508,878,427.79	108,436,915,079.61	60,679,695,145.22
Total assets		141,596,926,689.81	70,244,719,854.08	143,173,445,003.35	69,744,486,876.29
Current liabilities:					
Short-term borrowings	V. 18	28,483,601,889.04	9,970,323,284.20	29,580,006,103.39	10,586,336,291.69
Notes payable	V. 19	4,340,700,000.00	482,900,000.00	7,261,510,000.00	989,500,000.00
Accounts payable	V. 20	21,841,975,227.62	10,040,371,537.44	19,810,594,484.05	9,833,463,235.41
Receipts in advance					
Contract liabilities	V. 21	5,043,291,760.66	768,556,762.97	4,508,016,725.74	521,402,199.01

Payroll and employee benefits	V. 22	615,825,783.26	197,517,444.05	620,796,429.60	207,863,353.07
Taxes payable	V. 23	384,155,495.50	81,510,481.69	172,300,416.40	22,570,197.17
Other payables	V. 24	981,016,774.08	319,624,614.14	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. 25	4,662,647,767.10	3,945,256,557.52	4,038,768,022.60	3,419,903,869.77
Other current liabilities	V. 26	6,221,185,107.68	1,981,769,230.88	8,088,749,910.74	1,927,653,981.82
Total current liabilities		72,574,399,804.94	27,787,829,912.89	76,842,561,369.21	28,609,244,176.29
Non-current liabilities:					
Long-term borrowings	V. 27	10,914,950,000.00	1,987,720,000.00	10,594,350,000.00	1,267,120,000.00
Bonds payable	V. 28				
Lease liabilities	V. 29	63,956,202.06	14,649,576.83	72,439,836.79	19,284,063.32
Long-term payable	V. 30	2,300,000.00	2,300,000.00	2,300,000.00	2,300,000.00
Long-term payroll and employee benefits	V. 31	80,255,894.60	80,255,894.60	82,565,651.02	82,565,651.02
Provisions					
Deferred income	V. 32	467,972,852.62	82,841,384.92	472,861,881.90	85,269,577.62
Deferred tax liabilities	V. 17	546,572,519.43	398,089,302.53	502,268,362.26	365,393,047.63
Other non-current liabilities	V. 33	4,164,819,920.40		4,532,018,467.20	
Total non-current liabilities		16,240,827,389.11	2,565,856,158.88	16,258,804,199.17	1,821,932,339.59
Total liabilities		88,815,227,194.05	30,353,686,071.77	93,101,365,568.38	30,431,176,515.88
Shareholders' equity:					
Share capital	V. 34	7,819,869,170.00	7,819,869,170.00	7,819,869,170.00	7,819,869,170.00
Capital reserve	V. 35	30,149,085,572.33	22,200,783,194.58	29,644,048,551.50	22,176,353,536.77
Less: treasury shares	V. 36	210,930,850.00	210,930,850.00	210,930,850.00	210,930,850.00
Other comprehensive income	V. 37	393,356,423.11	393,356,423.11	158,251,774.94	158,251,774.94
Special reserve	V. 38	39,898,757.98	2,255,199.14	31,852,310.79	
Surplus reserve	V. 39	1,908,883,208.67	1,908,883,208.67	1,908,883,208.67	1,908,883,208.67
Retained earnings	V. 40	9,006,056,094.41	7,776,817,436.81	8,595,698,699.52	7,460,883,520.03
Equity attributable to shareholders of the Company		49,106,218,376.50	39,891,033,782.31	47,947,672,865.42	39,313,310,360.41
Non-controlling interests		3,675,481,119.26		2,124,406,569.55	
Total shareholders' equity		52,781,699,495.76	39,891,033,782.31	50,072,079,434.97	39,313,310,360.41
Total liabilities and shareholders' equity		141,596,926,689.81	70,244,719,854.08	143,173,445,003.35	69,744,486,876.29

Consolidated and Parent Company Income Statement

Beijing Shougang Co., Ltd. for the year ended 30 June 2023

Unit: RMB Yuan

Item	Notes	Amount of the current period		Amount of the prior period	
		Consolidated	Company	Consolidated	Company
I. Operating revenue	V. 41	57,368,096,029.37	19,873,152,144.53	63,194,115,447.56	21,084,411,087.65
Less: Cost of sales	V. 41	54,320,153,167.23	19,017,870,812.88	58,297,262,097.99	20,322,512,831.66
Taxes and surcharges	V. 42	383,925,331.08	86,621,033.52	456,719,481.10	116,182,277.23
Selling expenses	V. 43	108,676,549.88	62,830,702.50	110,681,490.14	71,598,311.64
General and administrative expenses	V. 44	579,477,011.71	231,356,983.91	589,064,385.23	244,437,111.75
R&D expenses	V. 45	196,136,003.69	53,338,549.19	328,517,365.88	111,510,633.39
Financial expenses	V. 46	770,889,994.30	239,745,298.74	894,145,156.20	242,528,674.14
Including: Interest expense		792,670,794.80	246,351,625.84	952,442,895.30	261,192,881.28
Interest income		54,953,200.51	8,762,865.98	59,554,515.51	10,954,720.09
Add: Other income	V. 47	28,554,859.98	5,239,871.25	20,821,000.27	6,768,885.19
Investment income/ (loss)	V. 48	-147,517,069.99	214,093,601.73	-20,652,118.80	204,417,656.82
Including: Share of profits or loss of associates and joint ventures		-161,991,793.90	-126,412,070.01	-28,953,471.03	-18,896,580.08
Gain/ (loss) on the changes in fair value	V. 49				
Credit impairment losses	V. 50	6,485,743.85	8,123,531.49	7,605,686.77	-2,331,366.56
Assets impairment losses	V. 51	-329,243,536.55	-98,534,797.49	-105,263,662.32	-13,433,886.77
Gain/ (loss) from disposal of assets	V. 52	169,700.65	169,700.65	-200,808.44	-631,771.10
II. Operating profit/ (loss)		567,287,669.42	310,480,671.42	2,420,035,568.50	170,430,765.42
Add: Non-operating income	V. 53	3,781,142.35	1,090,746.71	2,243,343.70	820,332.73
Less: Non-operating expenses	V. 54	5,028,830.28	2,973,790.01	14,787,420.23	4,914,061.55
III. Profit/ (loss) before tax		566,039,981.49	308,597,628.12	2,407,491,491.97	166,337,036.60
Less: Income tax expense	V. 55	93,166,930.51	-7,336,288.66	366,144,984.98	248,547.24
IV. Net profit / (loss)		472,873,050.98	315,933,916.78	2,041,346,506.99	166,088,489.36
(1) Categorized by operation continuity:					
Including: Net profit/ (loss) from continuing operations		472,873,050.98	315,933,916.78	2,041,346,506.99	166,088,489.36
Net profit/ (loss) from discontinuing operations					
(2) Categorized by ownership:					
Including: Net profit/ (loss) attributable to shareholders of the Company		410,357,394.89		1,795,307,073.34	
Net profit/ (loss) attributable to non-controlling interests		62,515,656.09		246,039,433.65	
V. Other comprehensive income, net of tax		235,104,648.17	235,104,648.17	-14,214,734.41	-14,214,734.41
Other comprehensive income, net of tax, attributable to shareholders of the company		235,104,648.17	235,104,648.17	-14,214,734.41	-14,214,734.41
(1) Other comprehensive income that will not be reclassified to profit or loss		235,104,648.17	235,104,648.17	-14,214,734.41	-14,214,734.41
Changes in fair value of other equity instrument investments		235,104,648.17	235,104,648.17	-14,214,734.41	-14,214,734.41
(2) Other comprehensive income to be reclassified to profit or loss					
Other comprehensive income, net of tax, attributable to non-controlling interests					
VI. Total comprehensive income		707,977,699.15	551,038,564.95	2,027,131,772.58	151,873,754.95
Total comprehensive income attributable to shareholders of the company		645,462,043.06		1,781,092,338.93	
Total comprehensive income attributable to non-controlling interests		62,515,656.09		246,039,433.65	
VII. Earnings per share					
(1) Basic earnings per share		0.0548		0.2490	
(2) Diluted earnings per share		0.0548		0.2490	

Consolidated and Parent Company Statement of Cash Flows

Beijing Shougang Co., Ltd. for the year ended 30 June 2023

Unit: RMB Yuan

Items	Note	Amount of the current period		Amount of the prior period	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash receipts from the sale of goods and the rendering of services		28,962,980,003.28	9,679,107,598.01	28,616,896,674.28	8,191,770,992.14
Tax refunds received		123,551,111.37	9,607,663.70	168,408,484.31	65,355,674.44
Cash received relating to other operating activities	V. 56	687,592,386.53	514,982,646.71	759,202,921.56	158,382,493.60
Sub-total of cash inflows		29,774,123,501.18	10,203,697,908.42	29,544,508,080.15	8,415,509,160.18
Cash paid for purchase of goods and services		25,895,251,722.23	9,067,851,562.92	22,742,324,109.98	6,366,773,107.57
Cash paid to and on behalf of employee		2,168,428,268.90	719,475,070.66	2,279,498,146.94	753,281,596.21
Cash paid for taxes		1,105,119,465.38	264,420,582.68	1,908,611,908.27	263,897,447.95
Cash paid relating to other operating activities	V. 56	249,772,967.07	102,245,689.70	196,109,759.67	66,860,594.07
Sub-total of cash outflows		29,418,572,423.58	10,153,992,905.96	27,126,543,924.86	7,450,812,745.80
Net cash flows from operating activities		355,551,077.60	49,705,002.46	2,417,964,155.29	964,696,414.38
II. Cash flows from investing activities					
Cash received from disposal of investments					
Cash received from investment income		8,312,132.80	350,362,170.08	38,792,068.99	2,862,470.89
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		1,980,659.88	1,844,496.26	47,116,791.47	
Cash received from disposal of subsidiaries and other business units					
Cash received relating to other investing activities	V. 56	55,091,892.43	8,718,636.69	59,811,342.73	10,935,336.61
Sub-total of cash inflows		65,384,685.11	360,925,303.03	145,720,203.19	13,797,807.50
Purchase of property, plant and equipment, intangible assets and other non-current assets		702,577,750.33	22,552,482.40	1,280,730,705.51	105,134,696.73
Cash paid for investments		659,162,899.68	650,162,899.68	2,700,000.00	
Net cash paid for acquisition of a subsidiary and other operating units					
Cash paid relating to other investing activities					
Sub-total of cash outflows		1,361,740,650.01	672,715,382.08	1,283,430,705.51	105,134,696.73
Net cash flows from investing activities		-1,296,355,964.90	-311,790,079.05	-1,137,710,502.32	-91,336,889.23
III. Cash flows from financing activities					
Cash received from investment		1,009,212,271.64		287,603,983.82	287,603,983.82
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		1,009,212,271.64			
Proceeds from borrowings		18,992,121,200.88	6,277,121,200.88	20,693,851,539.41	8,390,251,539.41
Proceeds from issuing bonds		1,000,000,000.00	1,000,000,000.00		
Cash receipts relating to other financing activities					
Sub-total of cash inflows		21,001,333,472.52	7,277,121,200.88	20,981,455,523.23	8,677,855,523.23
Repayments for debts		20,178,290,000.00	6,685,690,000.00	22,816,523,215.18	8,671,363,215.18
Cash payments for distribution of dividends or profit and interest expenses		885,433,446.60	216,927,189.79	923,822,373.95	267,457,236.21
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries					
Cash payments relating to other financing activities	V. 56	310,714,771.68	5,385,080.44	157,464,577.60	52,530,543.73
Sub-total of cash outflows		21,374,438,218.28	6,908,002,270.23	23,897,810,166.73	8,991,350,995.12
Net cash flows from financing activities		-373,104,745.76	369,118,930.65	-2,916,354,643.50	-313,495,471.89
IV. Effect of exchange rate changes on cash and cash equivalents					
V. Net increase in cash and cash equivalents		-1,313,909,633.06	107,033,854.06	-1,636,100,990.53	559,864,053.26
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		7,015,305,370.62	1,571,180,489.40	6,899,770,382.55	1,582,730,594.26

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 30 June 2023

Unit: RMB Yuan

Item	Amount of the current period							Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the parent company								
	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									
Business combination under common control									
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		505,037,020.83		235,104,648.17	8,046,447.19		410,357,394.89	1,551,074,549.71	2,709,620,060.79
(1)Total comprehensive income				235,104,648.17			410,357,394.89	62,515,656.09	707,977,699.15
(2)Shareholders' contributions and reduction		496,706,556.73						1,612,933,798.87	2,109,640,355.60
(i) Shareholders' contributions in ordinary share		477,100,023.33						1,612,933,798.87	2,090,033,822.20
(ii) Amount of share-based payments recognized in equity		19,606,533.40							19,606,533.40
(iii) Others									
(3) Profit distribution								-126,180,896.77	-126,180,896.77
(i) Transfer to surplus reserve									
(ii) Distribution to shareholders								-126,180,896.77	-126,180,896.77
(iii) Others									-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		8,330,464.10			8,046,447.19			1,805,991.52	18,182,902.81
(i) Additions		8,330,464.10			8,046,447.19			1,805,991.52	18,182,902.81
(ii) Utilisation									
(6) Others									
IV. Balance at the end of the year	7,819,869,170.00	30,149,085,572.33	210,930,850.00	393,356,423.11	39,898,757.98	1,908,883,208.67	9,006,056,094.41	3,675,481,119.26	52,781,699,495.76

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 30 June 2022

Unit: RMB Yuan

Item	Amount of the prior period							Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the parent company								
	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									
Business combination under common control									
Others									
II. Balance at the beginning of the year	6,750,325,410.00	24,861,776,641.72	210,930,850.00	185,566,210.59	21,054,371.78	1,908,883,208.67	8,130,868,205.38	7,348,614,099.26	48,996,157,297.40
III. Increase/(decrease) during the period	1,069,543,760.00	4,799,342,378.64		-14,214,734.41	7,679,916.40		1,761,186,441.94	-5,350,288,538.65	2,273,249,223.92
(1)Total comprehensive income				-14,214,734.41			1,795,307,073.34	246,039,433.65	2,027,131,772.58
(2)Shareholders' contributions and reduction	1,069,543,760.00	4,791,525,313.14						-5,601,857,595.00	259,211,478.14
(i) Shareholders' contributions in ordinary share	1,069,543,760.00	4,755,696,587.97						-5,601,857,595.00	223,382,752.97
(ii) Amount of share-based payments recognized in equity		35,828,725.17							35,828,725.17
(iii) Others									
(3) Profit distribution							-34,120,631.40		-34,120,631.40
(i) Transfer to surplus reserve									
(ii) Distribution to shareholders									
(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		7,817,065.50			7,679,916.40			5,529,622.70	21,026,604.60
(i) Additions		7,817,065.50			7,679,916.40			5,529,622.70	21,026,604.60
(ii) Utilisation									
(6) Others									
IV. Balance at the end of the year	7,819,869,170.00	29,661,119,020.36	210,930,850.00	171,351,476.18	28,734,288.18	1,908,883,208.67	9,892,054,647.32	1,998,325,560.61	51,269,406,521.32

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 30 June 2023

Unit: RMB Yuan

Item	Amount of the current period							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	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								
Business combination under common control								
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		24,429,657.81		235,104,648.17	2,255,199.14		315,933,916.78	577,723,421.90
(1) Total comprehensive income				235,104,648.17			315,933,916.78	551,038,564.95
(2) Shareholders' contributions and reduction		23,286,765.84						23,286,765.84
(i) Shareholders' contributions in ordinary share								
(ii) Amount of share-based payments recognized in equity		23,286,765.84						23,286,765.84
(iii) Others								
(3) Profit distribution								
(i) Transfer to surplus reserve								
(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		1,142,891.97			2,255,199.14			3,398,091.11
(i) Additions		1,142,891.97			2,255,199.14			3,398,091.11
(ii) Utilisation								
(6) Others								
IV. Balance at the end of the year	7,819,869,170.00	22,200,783,194.58	210,930,850.00	393,356,423.11	2,255,199.14	1,908,883,208.67	7,776,817,436.81	39,891,033,782.31

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 30 June 2022

Unit: RMB Yuan

Item	Amount of the prior period							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	17,070,281,351.14	210,930,850.00	185,566,210.59		1,908,883,208.67	8,909,429,239.79	34,613,554,570.19
Add: Changes in accounting policies								
Corrections of prior period errors								
Business combination under common control								
Others								
II. Balance at the beginning of the year	6,750,325,410.00	17,070,281,351.14	210,930,850.00	185,566,210.59		1,908,883,208.67	8,909,429,239.79	34,613,554,570.19
III. Increase/(decrease) during the period	1,069,543,760.00	5,123,853,239.92	-	-14,214,734.41	835,587.07		131,967,857.96	6,311,985,710.54
(1) Total comprehensive income				-14,214,734.41			166,088,489.36	151,873,754.95
(2) Shareholders' contributions and reduction	1,069,543,760.00	5,123,034,014.50	-					6,192,577,774.50
(i) Shareholders' contributions in ordinary share	1,069,543,760.00	5,080,043,062.18						6,149,586,822.18
(ii) Amount of share-based payments recognized in equity		18,056,494.08						18,056,494.08
(iii) Others		24,934,458.24						24,934,458.24
(3) Profit distribution							-34,120,631.40	-34,120,631.40
(i) Transfer to surplus reserve								
(ii) Distribution to shareholders								
(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		819,225.42			835,587.07			1,654,812.49
(i) Additions		819,225.42			835,587.07			1,654,812.49
(ii) Utilisation								
(6) Others								
IV. Balance at the end of the year	7,819,869,170.00	22,194,134,591.06	210,930,850.00	171,351,476.18	835,587.07	1,908,883,208.67	9,041,397,097.75	40,925,540,280.73

Notes to the Financial Statements

I. General Information of the Company

1. Company profile

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

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

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

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

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

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

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

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

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

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

This financial statement and its accompanying notes were approved by the third extraordinary meeting of the board of directors of the company for the year 2023 on 10 August, 2023.

2. Scope of consolidated financial statements

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

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

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

II. Basis of preparation

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

The financial statements are prepared on a going concern basis.

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

III. Significant accounting policies and estimates

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

1. Statement of compliance with the CAS

The financial statements have been prepared in accordance with CAS, and present truly and completely the financial position of the consolidated and the Company as at 30 June 2023, and the financial performance and cash flows from January to June 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 financial statements of the Company have been prepared in RMB.

5. Accounting treatments for business combination involving entities under common control and business combination involving entities not under common control.

(1) Business combination involving entities under common control

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

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

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

In the consolidated financial statements, the assets and liabilities obtained at the combination shall be measured at the carrying value as recorded by the ultimate controlling party at the acquisition date. The difference between the sum of the carrying value from original shareholding portion and the new consideration incurred at the acquisition date and the carrying value of net assets obtained at acquisition date shall be adjusted to capital reserve (equity premium), if the balance of capital reserve is not sufficient to absorb the differences, any excess is adjusted to retained earnings. The long-term investment held by combining party before acquisition of control, the profit or loss, comprehensive income and other change of shareholder's equity 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 separate financial statements, the initial investment cost is the sum of the carrying amount of the equity investment held by the entity prior to the acquisition date and the additional investment cost at the acquisition date. The disposal accounting policy of other comprehensive income related with equity investment prior to the purchase date recognized under equity method shall be

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

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

(3) Transaction costs for business combination

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

6. Method of preparing consolidated financial statements

(1) Scope of consolidated financial statements

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

(2) Method of preparing consolidated financial statements

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

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

The subsidiary acquired through a business combination involving entities not under common

control in the reporting period, the subsidiary's income, expenses and profits are included in the consolidated results of operations, and cash flows are included in the consolidated cash flow statement from the acquisition date to the end of the reporting date.

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

(3) Purchase of the minority equity in the subsidiary

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

(4) Loss of control of subsidiaries

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

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

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

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

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

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

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

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

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.

7. Joint arrangement and joint operations

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

(1) Joint operation

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

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

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

(2) Joint venture

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

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

8. Cash and cash equivalents

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

9. Financial instruments

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

(1) Recognition and derecognition of financial instruments

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

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

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

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

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

(2) Classification and measurement of financial assets

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

Financial assets measured at amortized cost

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

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

After initial recognition, this type of financial asset using effective interest rate method to be

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

Financial assets measured at fair value through other comprehensive income

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

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

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

Financial assets measured at fair value through profit or loss

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

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

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

The Company evaluates the characteristics of the contract cash flow of financial assets to determine whether the contract cash flow generated by the relevant financial assets on a specific date is only to pay principal and the interest, which is based on the amount of unpaid principal. Among them, principal refers to the fair value of financial assets at initial recognition; interest includes the consideration of time value of money, credit risk related to the unpaid principal in a specific period, and other basic credit risks, costs and profits. Additionally, the Company evaluates the terms and conditions of the contracts that may alter time distribution or amount of cash flow in financial asset contracts to determine whether they satisfy the requirements of the aboving contract cash flow's characteristics.

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

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

(3) Classification and measurement of financial liabilities

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

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including financial liabilities held for trading and those are designated as at fair value through profit or loss at initial recognition. For these financial liabilities, they are subsequently measured at fair value and gains or losses 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 criteria:

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

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

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash

or other financial assets, the contractual obligation satisfies the definition of financial liability.

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

(4) Fair value of financial instruments

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

(5) Impairment of financial assets

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

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

Measurement of expected credit loss

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

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

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

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

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

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

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

Notes receivable, Accounts receivable, and Contract assets

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

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

A. Notes receivable

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

B. Accounts receivable: Accounts of receivable-trade

Other receivables

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

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

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

Debt investments and other debt investments

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

Assessment of Significant Increase in Credit Risk

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

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

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

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

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

Financial assets that have occurred credit impairment

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

- Issuer or debtor suffer from significant financial difficulties;
- Debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;
- In consideration of economic situation and contract related to the financial difficulties of the debtor, the Company grants concessions to the debtor that will not be made under any other circumstances.

- Debtor is probable to go bankrupt or undergo other financial restructuring.
- Financial difficulties of issuer or debtor lead to the disappearance of financial assets active market.

Presentation of expected credit loss reserve

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

Write off

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

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

(6) Transfer of financial assets

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

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

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

(7) Offsetting of financial assets and financial liabilities

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

10. Fair value measurement

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

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

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

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

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

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

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

11. Inventories

(1) Classification

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

(2) Measurement method of cost of delivered inventories

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

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

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

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

(4) Inventory system

Inventories are accounted for using the perpetual inventory system.

(5) Amortization method for consumables and packaging

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

12. Assets classified as held for sale and discontinued operations

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

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

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

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

The non-current asset or disposal group is classified as held for sale when all the following criteria are satisfied: According to the trading routine of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in current circumstance; the sale is highly probable to occur, that is, the Company has made a resolution on a sale plan and obtained the assured purchase agreement. The sale is expected to be completed within one year. If the control of the subsidiary is lost due to the sale of investment on the subsidiary and the investment intended to be sold satisfies all conditions for the classification of assets held for sale, the Company classifies all the investment in that subsidiary as held for sale in separate financial statements, and classifies all the assets and liabilities of that subsidiary as held for sale in consolidated financial statements no matter whether the Company will keep part of the equity investment.

Excess of the carrying amount over the fair value less costs to sell is recognized as assets impairment losses in the initial recognition or remeasurement on balance sheet date of non-current

asset or disposal group. The carrying amount of goodwill allocated to the disposal group shall be deducted firstly by the impairment loss recognized for the disposal group, and then the carrying amount of each non-current asset in the disposal group shall be proportionately deducted in accordance with the proportion of the carrying value of the non-current assets in the disposal group.

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

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

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

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

(2) Discontinued operations

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

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

(3) Presentation

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

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

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

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

13. Long-term equity investments

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

(1) Recognition of initial investment cost

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

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

(2) Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Held-for-sale equity investments

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

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

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

(5) Method of impairment testing and impairment provision

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

14. Fixed assets

(1) Recognition of fixed assets

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

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

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

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

(2) Depreciation of fixed assets

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

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

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

(3) Impairment test and impairment provision of fixed assets refer to Note III, 20.

(4) Useful lives, residual values and the depreciation method are reviewed by the Company at least at each financial year end.

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

(5) Disposal of fixed assets

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

15. Construction in progress

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

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

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

16. Materials for construction of fixed assets

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

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

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

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

17. Borrowing costs

(1) Principles of capitalising borrowing costs

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

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

(2) Capitalization period of borrowing costs

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

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

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

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

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

18. Intangible assets

(1) Valuation method, service life and impairment test

Intangible assets include land use rights, software and etc.

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

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

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

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

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

The Company estimates an intangible asset can no longer bring future economic benefits at the balance sheet date, and then the carrying amount of the intangible asset should be reversed to the current profit or loss.

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

19. Development expenditure

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

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

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

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

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

20. Impairment of assets

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

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

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

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

In terms of impairment test of the goodwill, the carrying amount of the goodwill arising from business combination shall be allocated to the related asset group in accordance with a reasonable

basis at acquisition date. Those that are difficult to be allocated to relevant assets shall be allocated to relevant assets groups. Relevant assets or assets groups refer to those that can benefit from the synergies of business combination and are not larger than the Company's recognized reporting segment.

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

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

21. Long-term prepaid expenses

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

22. Payroll and employee benefits payable

(1) The scope of employee benefits payable

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

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

(2) Short-term employee benefits payable

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

(3) Post-employment benefits

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

Defined contribution plan

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

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

(4) Termination benefits

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

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

23. Provisions

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

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

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

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

24. Share-based payments and equity instruments

(1) Category of share-based payments

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

(2) Determination of fair value of equity instruments

For the existence of an active market for options and other equity instruments granted by the Company, the fair value is determined at the quoted price in the active market. For options and other equity instruments with no active market, option pricing model shall be used to estimate the

fair value of the equity instruments. The following factors shall be taken into account using option pricing models: A. the exercise price of the option; B. the validity period of the option; C. the current market price of the share; D. the expected volatility of the share price; E. predicted dividend of the share; and F. risk-free rate of the option within the validity period.

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

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

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

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

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

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

During the vesting period, if the cancelled equity instruments (except for failure to meet the conditions of the non-market vesting conditions) granted by the Company to cancel the equity

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

25. Revenue

(1) General principle

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

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

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

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

For performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Company recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indicators:

- ① The Company has a present right to payment for the goods or services, as the customer obtains the current payment obligation for the goods.
- ② The Company has transferred the legal title of the goods, as the customer has obtained the legal title of the goods.
- ③ The Company has transferred physical possession of the goods to the customer, as the customer has obtained the physical possession of the goods.
- ④ The Company has transferred the significant risks and rewards of legal title of the goods to the customer, as the customer has obtained the significant risks and rewards of legal title of the goods.

- ⑤ The customer has accepted the goods or services.
- ⑥ Other indications that the customer has obtained control of goods.

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

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

(2) Specific recognition methods

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

Contracts for the sale of goods

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

Contracts for rendering of services

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

26. Contract cost

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

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g.

an incremental sales commission. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

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

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

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

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

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

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

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

27. Government grants

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

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

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

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

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

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

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

28. Deferred tax assets and deferred tax liabilities

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

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

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

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

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

a transaction which:

- (1) The transaction is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit; and
- (2) As for deductible temporary differences associated with subsidiaries, joint ventures and associates: a deferred tax asset is recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future, and taxable profit will be available against which the temporary difference can be utilized.

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

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

29. Lease

(1) Identification of lease

On the commencement date of the contract, as the lessee or lessor, the Company evaluates whether the customer in the contract has the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and has the right to dominate the use of the identified assets during the use period. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the Company recognizes the contract as lease or includes lease.

(2) The Company as lessee

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

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

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

Short-term lease

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

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

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

Low-value asset lease

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

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

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

Lease modification

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

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

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

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

(3) The Company as lessor

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

Finance lease

Under finance lease, the Company accounts for finance lease receivables at the beginning of the lease term at the net lease investment, which is the sum of the unsecured residual value and the present value of the lease receipts outstanding at the commencement date of the lease, discounted at

the interest rate implicit in the lease. The Company as lessor calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net measurement of lease investments are included in profit or loss for the period when actually incurred.

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

Operating lease

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

Lease modification

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

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

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

30. Use-right assets

(1) Recognition conditions of use-right assets

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

On the commencement date of the lease term, the use-right assets shall be initially measured at cost. The cost includes: the initial measurement amount of the lease liability; The lease payment made on or before the commencement date of the lease term, if there is a lease incentive, shall be deducted from the amount related to the lease incentive already enjoyed; Initial direct expenses incurred by

the Company as the lessee; The costs expected to be incurred by the Company, as the lessee, to dismantle and remove the leased assets, restore the leased assets to the site where they are located or restore the leased assets to the state specified in the lease terms. As the lessee, the Company shall recognize and measure the costs of demolition and restoration in accordance with the rules “CASBE 13- Contingencies”. Subsequent adjustments are made for any remeasurement of lease liabilities.

(2) Depreciation method of use-right assets

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

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

31. Safety fund and maintenance fee

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

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

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

32. Restricted stock

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

33. Significant accounting judgments and estimates

The Company provides continuous assessment of the reasonable expectations of future events, the critical accounting estimates and key assumptions based on the historical experience and other

factors. The critical accounting estimates and key assumptions that are likely to lead to significant adjustment risks of the carrying amount of assets and liabilities for the next accounting period are listed as follows:

Classification of financial assets

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

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

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

Measurement of expected credit loss of account receivables

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

Deferred tax assets

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

Determination of unlisted equity investment fair value

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

34. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

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

(2) Changes in significant accounting estimates

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

IV. Tax

1. Main types of taxes and corresponding tax rates

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

2. Tax preferential benefits and approvals

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

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

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

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

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

Since 1 January 2019, according to Cai Shui [2019] No.13 "Notice of the State Administration of Taxation on implementing policy of tax reduction for small and low-profit enterprises", for the part of annual taxable income less than RMB 1 million of small and low-profit enterprises, tax reduction of 25% shall be included, and then income tax shall be paid at 20%. Since 1 January 2021 to 31 December 2022, according to Cai Shui [2021] No.12 "Announcement on the implementation of preferential income tax policies for small and micro enterprises and individual industrial and

commercial households”, for the part of annual taxable income less than RMB 1 million of small and low-profit enterprises, the enterprise income tax is reduced by half on the base of the preferential policies of Cai Shui [2019] No.13. Wuhan Shougang Automobile Material Co., Ltd., the sub-subsidiary of the Company, satisfies the requirements of small and low-profit enterprise declaration and its income taxes have been declared as the policy of small and low-profit enterprise.

V. Notes to consolidated financial statements

1. Cash and Cash equivalents

Item	2023.06.30	2022.12.31
Cash on hand	21,492.00	23,581.90
Bank deposits	7,015,994,943.09	8,330,041,178.17
Including: financial companies deposited	6,962,224,236.16	7,693,973,274.02
Other monetary assets	482,089,089.60	1,140,407,761.98
Including: financial companies deposited	406,255,993.08	1,088,690,000.00
Total	7,498,105,524.69	9,470,472,522.05

Others: (1) As at 30 June 2023, except for RMB 432,089,076.86 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 711,077.21. This part of interest does not belong to "cash and cash equivalents."

2. Notes receivable

Item	2023.06.30		
	Book balance	Bad debt provision	Carrying value
Bank acceptance notes	1,316,683,619.71	1,316,683.62	1,315,366,936.09
Commercial acceptance notes	3,874,111,323.25	3,874,111.33	3,870,237,211.92
Total	5,190,794,942.96	5,190,794.95	5,185,604,148.01

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 30 June 2023
Commercial acceptance notes	6,521,200.88

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

Item	Amount derecognized as at 30 June 2023	Amount not-derecognized as at 30 June 2023
Bank acceptance notes	--	1,055,722,923.23
Commercial acceptance notes	--	2,996,516,194.06
Total	--	4,052,239,117.29

(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 at 30 June 2023
Commercial acceptance notes	5,015,492.69

(4) Classified by bad debt provision method

2023.06.30					
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	5,190,794,942.96	100.00	5,190,794.95	0.10	5,185,604,148.01
Portfolio 1	--	--	--	--	--
Portfolio 2	5,190,794,942.96	100.00	5,190,794.95	0.10	5,185,604,148.01
Total	5,190,794,942.96	100.00	5,190,794.95	0.10	5,185,604,148.01

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
Opening balance	6,697,783.81
Provision	--
Recovery or reversal	1,506,988.86
Closing balance	5,190,794.95

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

3. Accounts receivable

(1) Disclosed by the ageing

Ageing	2023.06.30	2022.12.31
Within 1 year	1,610,135,174.77	1,492,629,056.11
1 – 2 years	12,094,822.12	13,542,310.43
2 – 3 years	2,139,564.93	3,980,837.55
Over 3 years	5,682,043.12	13,036,557.92
Subtotal	1,630,051,604.94	1,523,188,762.01
Less: provision for bad debts	68,285,440.96	73,179,864.91
Total	1,561,766,163.98	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	5,682,043.12	0.35	5,682,043.12	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,624,369,561.82	99.65	62,603,397.84	3.85	1,561,766,163.98
Total	1,630,051,604.94	100.00	68,285,440.96	4.19	1,561,766,163.98

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				
	Book balance		Bad debt provision		Carrying value
	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)	2023.06.30				Reason for bad debts
	Book balance	Bad debt provision	Expected credit loss (%)		
Accounts receivable over 3 years	666,550.43	666,550.43	100.00		Long aging
Overdue recourse notes	5,015,492.69	5,015,492.69	100.00		Overdue recourse notes
Total	5,682,043.12	5,682,043.12	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	2023.06.30		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,610,135,174.77	57,409,446.40	3.57
1 – 2 years	12,094,822.12	3,601,271.33	29.78
2 – 3 years	2,139,564.93	1,592,680.11	74.44
Over 3 years	--	--	--
Total	1,624,369,561.82	62,603,397.84	3.85

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	4,894,423.95
Closing balance	68,285,440.96

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

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

During the year, the total amount of the top five accounts receivable collected by debtors at the end of the period is RMB 618,447,749.89, accounts for 37.94% 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 22,020,618.31.

Company Name	Closing balance	Percentage of total accounts receivable (%)	Closing balance of bad debt provision
Shougang Casey Steel Co., Ltd.	105,527,619.05	6.47	3,756,783.24
BYD (Shenzhen)Supply Chain Management Co., Ltd.	206,512,171.53	12.67	7,351,833.31
Great Wall Motor Company Limited	99,659,549.16	6.11	3,549,000.11
BMW Brilliance AUTOMOTIVE Ltd.	81,947,125.54	5.03	2,918,410.93
China First Automobile Co., Ltd.	124,801,284.61	7.66	4,444,590.72
Total	618,447,749.89	37.94	22,020,618.31

4. Financing receivable

Item	2023.06.30	2022.12.31
Notes receivable	6,325,120,221.92	3,489,134,871.56
Less: Other comprehensive income - fair value changes	--	--
Closing balance of fair value	6,325,120,221.92	3,489,134,871.56

The Company discounts and endorses most bank acceptance notes in accordance with routine fund management, therefore the bank acceptance notes are classified as financial assets at fair value through other comprehensive income.

(1) Classified by bad debt provision method

2023.06.30					
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	6,326,385,499.03	100.00	1,265,277.11	0.02	6,325,120,221.92
Portfolio 1	6,326,385,499.03	100.00	1,265,277.11	0.02	6,325,120,221.92
Portfolio 2	--	--	--	--	--
Total	6,326,385,499.03	100.00	1,265,277.11	0.02	6,325,120,221.92

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	567,310.56
Recovery or reversal	--
Written-off	--
Closing balance	1,265,277.11

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

Item	Pledged amount at 30 June 2023
Bank acceptance notes	81,238,016.48

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

Item	Amount derecognized at 30 June 2023	Amount not-derecognized at 30 June 2023
Bank acceptance notes	31,912,298,420.72	--
Commercial acceptance notes	--	--
Total	31,912,298,420.72	--

5. Prepayments

(1) Disclosed by the ageing of prepayments

Ageing	2023.06.30		2022.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,868,500,434.79	99.96	630,526,142.92	99.07
1 – 2 years	70,000.00	0.00	4,353,052.19	0.68
2 – 3 years	12,000.00	0.00	859,392.60	0.14
Over 3 years	730,629.27	0.04	730,629.27	0.11
Total	1,869,313,064.06	100.00	636,469,216.98	100.00

(2) As at 30 June 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 1,447,543,803.49, accounts for 77.43% of the total amount of prepayments at the end of the period.

Company Name	2023.06.30	Percentage of total prepayments (%)
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	250,891,785.89	13.42
Shougang Group Co., Ltd.	910,421,696.63	48.70
Glencore China Ltd	33,271,464.88	1.78
Tianjin Jintie Xincheng Freight Forwarding Co., Ltd.	74,631,038.39	3.99
Beijing Hegang Steel Trade Co., Ltd.	178,327,817.70	9.54
Total	1,447,543,803.49	77.43

6. Other receivables

Item	2023.06.30	2022.12.31
Dividends receivable	200,000.00	200,000.00
Other receivables	15,539,741.91	12,968,697.56
Total	15,739,741.91	13,168,697.56

(1) Dividends receivable

Item	2023.06.30	2022.12.31
Guangzhou Jinghai Shipping Co., Ltd.	200,000.00	200,000.00
Less: bad debt provision	--	--
Total	200,000.00	200,000.00

(2) Other receivables

① Disclosed by the ageing of other receivables

Ageing	2023.06.30	2022.12.31
Within 1 year	13,275,910.21	9,880,237.95
1 – 2 years	2,687,241.66	3,309,333.81
2 – 3 years	62,326.00	143,721.00
3 – 4 years	595,903.89	1,074,861.94
4 – 5 years	757,707.90	813,907.90
Over 5 years	4,905,632.01	5,143,256.32
Subtotal	22,284,721.67	20,365,318.92
Less: provision for bad debts	6,744,979.76	7,396,621.36
Total	15,539,741.91	12,968,697.56

② Disclosed by nature of other receivables

Item	2023.06.30		
	Closing balance	Provision for bad debts	Carrying value
Petty cash	1,538,817.44	561,432.72	977,384.72
Deposits	13,132,898.20	935,921.86	12,196,976.34
Due from other companies	5,307,956.43	2,942,575.58	2,365,380.85
Court debit	2,305,049.60	2,305,049.60	--
Total	22,284,721.67	6,744,979.76	15,539,741.91

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
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 30 June 2023, Phase I bad debts provision:

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	13,275,910.21	5.00	663,795.53	12,612,114.68	
Petty cash and deposits	11,391,319.09	5.00	569,565.93	10,821,753.16	
Due from other companies	1,884,591.12	5.00	94,229.60	1,790,361.52	
Total	13,275,910.21	5.00	663,795.53	12,612,114.68	

As at 30 June 2023, Phase II bad debts provision:

Category	Book balance	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	3,605,870.50	18.81	678,243.27	2,927,627.23	
Petty cash and deposits	2,808,595.55	16.24	455,987.64	2,352,607.91	
Due from other companies	797,274.95	27.88	222,255.63	575,019.32	
Total	3,605,870.50	18.81	678,243.27	2,927,627.23	

As at 30 June 2023, Phase III bad debts provision:

Category	Book balance	Expected credit loss over the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
People's Court of Muye District, Xinxiang City, Henan Province	2,305,049.60	100.00	2,305,049.60	--	
Petty cash over 5 years	471,801.00	100.00	471,801.00	--	
Due from other companies over 5 years	2,626,090.36	100.00	2,626,090.36	--	
Total	5,402,940.96	100.00	5,402,940.96	--	

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

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	9,880,237.95	5.00	494,011.88	9,386,226.07	
Petty cash and deposits	9,046,161.66	5.00	452,308.08	8,593,853.58	

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Due from other companies	834,076.29	5.00	41,703.80	792,372.49	
Total	9,880,237.95	5.00	494,011.88	9,386,226.07	

As at 31 December 2022, Phase II bad debts provision:

Category	Book balance	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	4,327,962.65	17.22	745,491.16	3,582,471.49	
Petty cash and deposits	3,532,303.64	14.82	523,504.28	3,008,799.36	
Due from other companies	795,659.01	27.90	221,986.88	573,672.13	
Total	4,327,962.65	17.22	745,491.16	3,582,471.49	

As at 31 December 2022, Phase III bad debts provision:

Category	Book balance	Expected credit loss over the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
People's Court of Muye District, Xinxiang City, Henan Province	2,305,049.60	100.00	2,305,049.60	--	
Petty cash over 5 years	370,720.00	100.00	370,720.00	--	
Due from other companies over 5 years	3,481,348.72	100.00	3,481,348.72	--	
Total	6,157,118.32	100.00	6,157,118.32	--	

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)	
As at 1 January 2023	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	--	--	--	--
-- Back to Phase I	--	--	--	--
Provision	169,783.65	--	--	169,783.65
Reversal	--	67,247.89	754,177.36	821,425.25

	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
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 30 June 2023	663,795.53	678,243.27	5,402,940.96	6,744,979.76

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
BMW Brilliance Automotive Ltd.	Security fund	6,000,000.00	Within 1 year	26.92	300,000.00
Lawsuit of Henan Taihang Vibrating Machinery Co., Ltd.	Court debit	2,305,049.60	over 5 years	10.34	2,305,049.60
Beijing Guodian Engineering Bidding Co., Ltd.	Security fund	1,580,044.00	Within 1 year	7.09	79,002.20
Petty cash	Petty cash	1,538,817.44	1-5 years	6.91	561,432.72
Due from other companies over 5 years	Due from other companies	2,626,090.36	over 5 years	11.78	2,626,090.36
Total		14,050,001.40		63.04	5,871,574.88

7. Inventories

(1) Classification of inventories

Item	2023.06.30		
	Book balance	Provision for impairment	Carrying value
Raw materials	2,800,043,212.87	42,207,819.20	2,757,835,393.67
Finished goods	5,448,703,247.77	196,592,681.92	5,252,110,565.85
Consumables	652,012,956.73	--	652,012,956.73
Self-made semi-finished goods	3,554,186,129.67	--	3,554,186,129.67
Total	12,454,945,547.04	238,800,501.12	12,216,145,045.92

Continued:

Item	2022.12.31		
	Book balance	Provision for impairment	Carrying value
Raw materials	2,887,646,758.41	42,207,819.20	2,845,438,939.21
Finished goods	5,232,868,448.19	300,694,621.62	4,932,173,826.57
Consumables	605,976,815.09	--	605,976,815.09

Item	2022.12.31		
	Book balance	Provision for impairment	Carrying value
Self-made semi-finished goods	3,576,657,167.28	--	3,576,657,167.28
Total	12,303,149,188.97	342,902,440.82	11,960,246,748.15

(2) Impairment provision for inventories or performance costs

Item	2023.01.01	Increase		Decrease		2023.06.30
		Provision	Others	Reversal or Write-off	Others	
Raw materials	42,207,819.20	--	--	--	--	42,207,819.20
Finished goods	300,694,621.62	329,243,536.55	--	433,345,476.25	--	196,592,681.92
Total	342,902,440.82	329,243,536.55	--	433,345,476.25	--	238,800,501.12

8. Other current assets

Item	2023.06.30	2022.12.31
Input value added tax	1,456,128.07	2,814,012.14
Input value added tax to be certified	580,373,314.84	655,944,515.37
Prepaid income tax	--	200,264,001.14
Prepaid other taxes	3,486.62	--
Entrusted Loans	182,160,558.22	166,880,103.67
Carbon emission rights assets	40,317.17	40,317.17
Total	764,033,804.92	1,025,942,949.49

9. Long-term equity investments

Company Name	2023.01.01	Movements during the year								2023.06.30	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.	38,183,246.94	--	--	3,304,892.38	--	22,891.98	--	--	--	41,511,031.30	--	
Tangshan Zhonghong Carbon Chemical Co., Ltd.	9,640,303.21	--	--	-6,327,579.29	--	--	--	--	--	3,312,723.92	--	
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,098,143,631.04	--	--	4,352,838.92	--	3,637,096.12	--	--	--	1,106,133,566.08	--	
Subtotal	1,145,967,181.19	--	--	1,330,152.01	--	3,659,988.10	--	--	--	1,150,957,321.30	--	
②Associates												
Tangshan Tangcao Railway Co., Ltd.	312,745,653.19	--	--	-34,510,577.64	--	58,411.47	--	--	--	278,293,487.02	--	
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	67,466,999.44	--	--	-2,223,895.43	--	--	--	--	--	65,243,104.01	--	
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	891,510,510.32	--	--	-129,331,594.55	--	1,142,891.97	--	--	--	763,321,807.74	--	
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	122,430,402.99	--	--	80,036.00	--	--	--	--	--	122,510,438.99	--	
Beijing Dingshengcheng Packaging Materials Co., Ltd.	16,830,558.74	--	--	2,787,741.21	--	--	--	--	--	19,618,299.95	--	
Ningbo Shougang Zhejin Steel Co., Ltd.	20,211,004.90	--	--	-530,220.21	--	47,164.52	--	--	--	19,727,949.21	--	

Company Name	2023.01.01	Movements during the year								2023.06.30	Impairment at the end of the year
		Additional investment	Reduce investment	Investment gains and losses confirmed under the equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend or profit declared	Provision for impairment	Others		
Guangzhou Jinghai Shipping Co., Ltd.	28,866,411.30	--	--	-408,831.40	--	--	200,000.00	--	--	28,257,579.90	--
Shougang (Qingdao) Steel Industry Co., Ltd.	58,000,726.24	--	--	710,439.39	--	--	700,000.00	--	--	58,011,165.63	--
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	16,693,129.11	--	--	-1,607,969.05	--	-45,872.92	--	--	--	15,039,287.14	--
Hebei Jingji Industry & Trading Co., Ltd.	7,828,779.08	--	--	1,661,178.44	--	--	--	--	--	9,489,957.52	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	35,734,568.85	--	--	51,747.33	--	--	--	--	--	35,786,316.18	--
Subtotal	1,578,318,744.16	--	--	-163,321,945.91	--	1,202,595.04	900,000.00	--	--	1,415,299,393.29	--
Total	2,724,285,925.35	--	--	-161,991,793.90	--	4,862,583.14	900,000.00	--	--	2,566,256,714.59	--

10. Other equity instrument investments

Item	2023.06.30	2022.12.31
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	473,270,672.00	197,880,464.00
Minmetals Special Steel (Dongguan) Co., Ltd.	4,268,422.64	4,103,981.86
Qian'an Shoujia Construction Material Co., Ltd.	6,446,615.23	5,456,139.10
Qian'an PetroChina Kunlun Gas Co., Ltd	19,011,317.67	19,084,152.28
Minmetals Tianwei Steel Co., Ltd.	6,362,810.01	6,241,396.57
Total	509,359,837.55	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.	3,937,360.00	463,569,472.00	--	--	
Minmetals Special Steel (Dongguan) Co., Ltd.	--	--	731,577.36	--	
Qian'an Shoujia Construction Material Co., Ltd.	--	--	16,419,759.77	--	
Qian'an PetroChina Kunlun Gas Co., Ltd	3,474,772.80	17,211,317.67	--	--	
Minmetals Tianwei Steel Co., Ltd.	--	--	857,189.99	--	
Total	7,412,132.80	480,780,789.67	18,008,527.12	--	

11. Other non-current financial assets

Item	2023.06.30	2022.12.31
Financial assets measured at fair value and recorded into current profit and loss	79,234,007.60	79,234,007.60

Continued:

Item	2023.06.30	2022.12.31
Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership)	79,234,007.60	79,234,007.60

Note: The fair value and investment of Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership) refer to Note VII. 3 and Note IX.

12. Fixed assets

Item	2023.06.30	2022.12.31
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Fixed assets	90,739,924,821.37	93,331,072,969.17
Fixed assets to be disposed	--	--
Total	90,739,924,821.37	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	-386,416,227.78	4,307,241,861.11	805,108,154.30	862,073,181.98	142,370,597.99	-4,489,295,391.44	14,135,219.29	1,255,217,395.45
(1) Purchase	76,305,827.05	22,969,721.20	2,561,890.54	32,142,360.00	--	39,315,989.00	3,073,136.12	176,368,923.91
(2) Transferred from construction in progress	-462,722,054.83	4,284,272,139.91	802,546,263.76	829,930,821.98	142,370,597.99	-4,528,611,380.44	11,062,083.17	1,078,848,471.54
3. Decrease	4,136,866.36	17,330,056.88	13,703,944.41	2,006,984.48	--	--	804,459.94	37,982,312.07
Disposal or retirement	4,136,866.36	17,330,056.88	13,703,944.41	2,006,984.48	--	--	804,459.94	37,982,312.07
4. At 30 June 2023	38,543,986,529.04	51,836,260,815.73	3,609,856,871.68	11,165,750,440.17	1,470,489,880.40	57,976,432,056.35	1,139,835,051.22	165,742,611,644.59
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	434,723,075.67	3,331,481,941.12	541,084,534.04	918,425,350.14	64,418,526.03	-1,497,341,480.63	49,581,056.99	3,842,373,003.36
(1) Depreciation	574,421,054.78	1,203,822,721.68	81,165,405.43	300,455,515.43	35,778,138.70	1,603,850,180.82	42,879,986.52	3,842,373,003.36
(2) Other increases	-139,697,979.11	2,127,659,219.44	459,919,128.61	617,969,834.71	28,640,387.33	-3,101,191,661.45	6,701,070.47	--
3. Decrease	2,263,598.20	16,085,946.79	12,969,454.13	1,906,635.27	--	--	764,137.79	33,989,772.18
(1) Disposal or retirement	2,263,598.20	16,085,946.79	12,969,454.13	1,906,635.27	--	--	764,137.79	33,989,772.18
4. At 30 June 2023	12,684,628,325.04	22,889,949,853.95	2,526,400,634.80	7,477,548,950.86	709,359,187.18	28,176,430,089.77	538,369,781.62	75,002,686,823.22
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 30 June 2023	--	--	--	--	--	--	--	--
Carrying value								
1. 30 June 2023	25,859,358,204.00	28,946,310,961.78	1,083,456,236.88	3,688,201,489.31	761,130,693.22	29,800,001,966.58	601,465,269.60	90,739,924,821.37
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 30 June 2023, there is no mortgaged or guaranteed fixed assets.

②As at 30 June 2023, there is no temporarily idle fixed assets.

③As at 30 June 2023, fixed assets leased through operating leases are as follows:

Item	Carrying value
Plant and buildings	84,254,394.05

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 Shougang Jingtang United Iron & Steel Co., Ltd.	7,966,323,665.38	To be handled after completing the relevant procedures of the occupied phase I project land
Property of Beijing Shougang Steel Trading Investment Management Co., Ltd.	175,126,409.33	Property certificate is in the process

13. Construction in progress

Item	2023.06.30	2022.12.31
Construction in progress	5,642,648,505.80	7,598,541,035.50
Construction materials	68,345,292.89	75,108,817.27
Total	5,710,993,798.69	7,673,649,852.77

(1) Construction in progress

①Details of construction in progress

Item	2023.06.30		
	Book balance	Provision for impairment	Carrying value
Jingtang Co. Phase-I project	364,239,395.76	--	364,239,395.76
Zhixin Co. Oriented phase II project	1,278,700,467.21	--	1,278,700,467.21
Zhixin Co. High-end heat treatment engineering project	636,883,710.86	--	636,883,710.86
Other projects	3,362,824,931.97	--	3,362,824,931.97
Total	5,642,648,505.80	--	5,642,648,505.80

Continued:

Item	2022.12.31		
	Book balance	Provision for impairment	Carrying value
Jingtang Co. Phase-I project	3,076,233,760.72	--	3,076,233,760.72
New energy automotive electrical steel project	37,653,248.54	--	37,653,248.54
Zhixin Co. Oriented phase II project	1,314,052,905.22	--	1,314,052,905.22

Zhixin Co. High-end heat treatment engineering project	183,731,602.88	--	183,731,602.88
Other projects	2,986,869,518.14	--	2,986,869,518.14
Total	7,598,541,035.50	--	7,598,541,035.50

②The major construction projects in progress are as follows:

Project name	2023.01.01	Additions	Transferred to fixed assets	Other deduction	Accumulated interest capitalization	Capitalized Interest during reporting year	% of interest capitalization	2023.06.30
Zhixin Co. Oriented phase II project	1,314,052,905.22	--	--	35,352,438.01	--	--	--	1,278,700,467.21
Zhixin Co. High-end heat treatment engineering project	183,731,602.88	453,152,107.98	--	--	--	--	--	636,883,710.86
Total	1,497,784,508.10	453,152,107.98	--	35,352,438.01	--	--	--	1,915,584,178.07

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

Project name	Budget	The propotion of projects investment account for budget %	Progress (%)	Source of fund
Zhixin Co. Oriented phase II project	16.83	88.23	The devices of the project are being installed	Selfraised
Zhixin Co. High-end heat treatment engineering project	19.49	36.93	The project is undergoing civil construction	Selfraised

③As at 30 June 2023, there is no provision for impairment of construction in progress.

(2) Construction materials

Item	2023.06.30	2022.12.31
Specific materials	2,845,648.30	12,234,976.71
Specific equipments	65,499,644.59	62,873,840.56
Subtotal	68,345,292.89	75,108,817.27
Provision for impairment of construction materials	--	--
Total	68,345,292.89	75,108,817.27

14. Right-of-use assets

Item	Plant and buildings	Land use rights	Motor vechiles	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	133,048.52	--	--	133,048.52
Adjustment of lease liabilities	133,048.52	--	--	133,048.52

Item	Plant and buildings	Land use rights	Motor vehicles	Total
3. Decrease during the period	155,885.58	--	--	155,885.58
4. At 30 June 2023	115,953,888.57	311,888.26	474,802.94	116,740,579.77
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	8,181,111.07	27,930.30	108,769.04	8,317,810.41
(1) Provision	8,181,111.07	27,930.30	108,769.04	8,317,810.41
3. Decrease during the period	155,885.58	--	--	155,885.58
4. At 30 June 2023	41,239,944.04	139,651.50	438,386.67	41,817,982.21
Impairment				
1. At 1 January 2023	--	--	--	--
2. Increase during the period	--	--	--	--
3. Decrease during the period	--	--	--	--
4. At 30 June 2023	--	--	--	--
Carrying value				
1. 30 June 2023	74,713,944.53	172,236.76	36,416.27	74,922,597.56
2. 1 January 2023	82,762,007.08	200,167.06	145,185.31	83,107,359.45

Note: The Company recognizes lease expenses related to short-term leases and leases of low value assets as shown in Note XIV, 2.

15. Intangible assets

Details of intangible assets

Item	Software	Land use rights	Total
Cost			
1. At 1 January 2023	497,475,518.39	4,591,445,210.91	5,088,920,729.30
2. Increase	16,806,990.57	2,265,471,459.74	2,282,278,450.31
(1) Purchase	16,806,990.57	2,265,471,459.74	2,282,278,450.31
3. Decrease	--	--	--
4. At 30 June 2023	514,282,508.96	6,856,916,670.65	7,371,199,179.61
Accumulated amortization			
1. At 1 January 2023	201,774,900.38	980,238,700.81	1,182,013,601.19
2. Increase	20,909,784.45	71,266,417.79	92,176,202.24
Provision	20,909,784.45	71,266,417.79	92,176,202.24
3. Decrease	--	--	--
4. At 30 June 2023	222,684,684.83	1,051,505,118.60	1,274,189,803.43

Item	Software	Land use rights	Total
Impairment			
1. At 1 January 2023	--	--	--
2. Increase	--	--	--
3. Decrease	--	--	--
4. At 30 June 2023	--	--	--
Carrying value			
1. 30 June 2023	291,597,824.13	5,805,411,552.05	6,097,009,376.18
2. 1 January 2023	295,700,618.01	3,611,206,510.10	3,906,907,128.11

Notes for land use rights without completed property rights certificates

Item	Carrying value	Reason for not completing the property rights certificate
Land of Shougang Qiangang	61,973,257.95	In processing

16. Long-term prepaid expenses

Item	2023.1.1	Increase	Decrease		2023.06.30
			Amortization	Others	
Renovation costs	3,535,748.04	552,675.52	370,395.38	--	3,718,028.18

17. Deferred income tax assets and deferred income tax liabilities

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

Item	2022.12.31		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	407,072,431.06	64,481,762.97	505,555,574.09	79,322,751.40
The actual payment amount of payroll payable less than the withdrawal amount	12,112,937.93	1,816,940.69	11,804,882.71	1,770,732.41
Deffered income	374,418,442.92	56,537,491.08	376,219,302.71	56,819,612.63
Asset amortization difference	28,499,905.20	4,274,985.78	5,629,387.82	844,408.16
Unrealized internal transaction	134,056,941.98	20,108,541.29	269,210,907.64	40,381,636.15
Joint commissioning cost	302,576,074.82	45,386,411.22	311,745,046.78	46,761,757.02
Differences in amortization of right-of-use assets	78,173,854.44	17,156,738.09	3,523,175.04	755,873.27
Equity Incentive	4,818,482.88	743,462.46	6,855,496.85	1,052,157.60
Deferred income assets for loss provision	1,127,823,060.67	169,173,459.10	1,164,313,511.12	174,647,026.67
Subtotal	2,469,552,131.90	379,679,792.68	2,654,857,284.76	402,355,955.31

Item	2022.12.31		2022.12.31	
	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
Deferred tax liabilities:				
Joint commissioning cost	1,040,821,323.00	156,123,198.45	1,085,461,580.60	162,819,237.09
Changes in fair value of in other equity instruments investments	462,772,262.55	69,415,839.44	186,178,558.81	27,926,783.87
New-E Co. disposal subsidiary Electrical Steel Co. investment income	83,212,329.87	20,803,082.47	83,212,329.87	20,803,082.47
Fourth quarter equipment additional deduction	1,892,876,172.32	283,931,425.84	1,938,128,392.15	290,719,258.83
Variance in amortization of lease assets	74,200,707.69	16,298,973.23	--	--
Subtotal	3,553,882,795.43	546,572,519.43	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	2023.06.30	2022.12.31
Deductible temporary differences	43,608,883.90	56,162,050.68
Deductible tax losses	1,830,270,085.53	2,051,259,102.58
Total	1,873,878,969.43	2,107,421,153.26

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

Years	2023.06.30	2022.12.31	Note
2022	—	—	
2023	28,607,141.76	33,894,110.96	
2024	35,927,468.91	34,063,776.18	
2025	18,586,868.98	18,967,253.01	
2026	13,437,096.04	14,769,965.09	
2027	1,721,450,069.81	1,949,563,997.34	
2028	12,261,440.03	--	
Total	1,830,270,085.53	2,051,259,102.58	

18. Short-term loans

Classification of short-term loans

Item	2023.06.30	2022.12.31
Pledged loans	6,521,200.88	1,090,000.00
Guaranteed loans	4,909,697,916.68	6,907,003,333.35

Credit loans	23,567,382,771.48	22,671,912,770.04
Total	28,483,601,889.04	29,580,006,103.39

Note: The loan of RMB 6,521,200.88 is pledged by a discounted but unmatured and non-terminatingly recognized note with a carrying value of RMB 6,521,200.88.

19. Notes payable

Item	2023.06.30	2022.12.31
Commercial acceptance notes	4,106,700,000.00	7,141,510,000.00
Bank acceptances	234,000,000.00	120,000,000.00
Total	4,340,700,000.00	7,261,510,000.00

20. Accounts payable

Item	2023.06.30	2022.12.31
Payables for goods	19,607,497,316.90	17,215,600,362.40
Payables for construction	2,234,477,910.72	2,594,994,121.65
Total	21,841,975,227.62	19,810,594,484.05

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

Company name	2023.06.30	Reason for non-settlement
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	57,690,426.64	In the execution
Beijing Shougang Special Steel Co., Ltd.	94,949,940.33	In the execution
Ansteel Construction Group Corp., Ltd.	18,878,181.68	In the execution
Ceri Phoenix Industrial Furnace Co., Ltd.	11,891,531.00	In the execution
Chongqing CISDI Thermal & Environmental Engineering Co., Ltd.	20,496,817.59	In the execution
Total	203,906,897.24	

21. Contract liabilities

Item	2023.06.30	2022.12.31
Advance from product sales	5,043,291,760.66	4,508,016,725.74
Less: contractual liabilities included in other non-current liabilities	--	--
Total	5,043,291,760.66	4,508,016,725.74

22. Payroll and employee benefits payable

Item	2023.1.1	Increase	Decrease	2023.06.30
Short-term employee benefits	593,137,177.24	1,971,501,908.56	1,991,407,481.50	573,231,604.30
Post-employment benefits (defined contribution plans)	21,769,252.36	259,324,736.18	244,389,809.58	36,704,178.96

Item	2023.1.1	Increase	Decrease	2023.06.30
Termination benefits	--	37,489,195.95	37,489,195.95	--
Other retirement benefits due within one year	5,890,000.00	--	--	5,890,000.00
Total	620,796,429.60	2,268,315,840.69	2,273,286,487.03	615,825,783.26

(1) Short-term employee benefits

Item	2023.1.1	Increase	Decrease	2023.06.30
Salaries, bonuses and subsidies	145,764,214.16	1,383,437,754.26	1,453,025,895.37	76,176,073.05
Welfare	--	143,793,184.58	143,793,184.58	--
Social insurance	176,331,327.06	183,951,188.06	157,171,959.62	203,110,555.50
Including:				
1. Medical insurance	176,123,301.26	163,469,938.62	137,469,607.94	202,123,631.94
2. Work-related injury insurance	206,530.65	20,436,657.40	19,658,005.87	985,182.18
3. Maternity insurance	1,495.15	44,592.04	44,345.81	1,741.38
Housing fund	52,099.00	186,026,343.36	186,027,148.36	51,294.00
Labor union fee and employee education fee	270,989,537.02	49,877,949.00	26,974,844.27	293,892,641.75
Equity incentive	--	23,286,765.84	23,286,765.84	--
Short-term profit-sharing plan	--	--	--	--
Non-monetary benefits	--	--	--	--
Other short-term employee benefits	--	1,128,723.46	1,127,683.46	1,040.00
Total	593,137,177.24	1,971,501,908.56	1,991,407,481.50	573,231,604.30

(2) Defined contribution plans

Item	2023.1.1	Increase	Decrease	2023.06.30
Post-employment benefits	--	--	--	--
Including:				
1. Pension insurance	9,654,550.87	250,073,626.25	235,526,098.21	24,202,078.91
2. Unemployment insurance	12,114,701.49	9,251,109.93	8,863,711.37	12,502,100.05
Total	21,769,252.36	259,324,736.18	244,389,809.58	36,704,178.96

(3) Termination benefits

Item	2023.1.1	Increase	Decrease	2023.06.30
Compensation for employee resettlement	--	37,489,195.95	37,489,195.95	--

23. Taxes payable

Item	2023.06.30	2022.12.31
Value-added tax	283,331,050.47	112,823,148.09

Item	2023.06.30	2022.12.31
City construction and maintenance tax	2,137,646.76	939,514.85
Corporate income tax	56,389,506.38	6,615,902.30
Land use tax	293,068.03	440,536.03
Real estate tax	892,734.40	1,014,521.32
Education surcharge	1,547,997.84	681,006.31
Resource tax	4,647,712.80	4,912,568.40
Stamp duty	23,833,007.47	33,470,591.03
Individual income tax	1,237,785.18	2,812,207.41
Environment protection tax	9,760,160.00	8,567,976.00
Other taxes	84,826.17	22,444.66
Total	384,155,495.50	172,300,416.40

24. Other payables

Item	2023.06.30	2022.12.31
Dividends payable	--	11,440,046.38
Other payables	981,016,774.08	2,750,379,230.31
Total	981,016,774.08	2,761,819,276.69

(1) Dividends payable

Item	2023.06.30	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	2023.06.30	2022.12.31
Deposits	6,345,115.23	6,137,315.23
Guarantee	27,467,019.09	35,705,705.74
Due from Shougang Group	56,575,231.05	56,575,231.05
Due from Shougang Mining Corp.	12,202,944.99	796,194,091.55
Restricted stock repurchase obligations	210,930,850.00	210,930,850.00
Zhixin Co's second round of financing	--	990,787,728.36
Due from other companies	667,495,613.72	654,048,308.38

Item	2023.06.30	2022.12.31
Total	981,016,774.08	2,750,379,230.31

25. Current portion of non-current liabilities

Item	2023.06.30	2022.12.31
Long-term loans due within one year	2,069,108,695.94	1,480,490,424.42
Bonds payable due within one year	2,578,218,055.63	2,528,468,055.61
Long-term payables due within one year	--	15,781,907.85
Lease liabilities due within one year	15,321,015.53	14,027,634.72
Total	4,662,647,767.10	4,038,768,022.60

(1) Long-term loans due within one year

Item	2023.06.30	2022.12.31
Guaranteed loans	710,869,444.44	613,355,833.34
Credit loans	1,358,239,251.50	867,134,591.08
Total	2,069,108,695.94	1,480,490,424.42

(2) Bonds payable due within one year

Item	2023.06.30	2022.12.31
20 shouqian 01 (Accrued interest)	2,578,218,055.63	2,528,468,055.61

(3) Long-term payables due within one year

Item	2023.06.30	2022.12.31
Finance lease payables	--	15,781,907.85

26. Other current liabilities

Item	2023.06.30	2022.12.31
Short-term bonds payable	1,004,869,863.06	1,006,213,698.66
Tax to be exported	829,487,851.56	724,801,203.37
Backed notes	4,045,717,916.41	6,357,735,008.71
Corporate bonds issued by Shougang	341,109,476.65	--
Total	6,221,185,107.68	8,088,749,910.74

Short-term bonds payable:

Bond name	Nominal value	Issue date	Maturity of bond	Issue amount
SCP2	1,000,000,000.00	2022/8/19	248 days	1,000,000,000.00
SCP3	1,000,000,000.00	2023/4/17	186 days	1,000,000,000.00

Bond name	Nominal value	Issue date	Maturity of bond	Issue amount
Subtotal	2,000,000,000.00			2,000,000,000.00

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	2023.06.30
SCP1	1,006,213,698.66	--	5,201,095.86	--	1,011,414,794.52	--
SCP2	--	1,000,000,000.00	4,869,863.06	--	--	1,004,869,863.06
Total	1,006,213,698.66	1,000,000,000.00	10,070,958.92	--	1,011,414,794.52	1,004,869,863.06

27. Long-term loans

Item	2023.06.30	Range of interest rate	2022.12.31	Range of interest rate
Guaranteed loans	9,110,869,444.44	4.65%	9,413,355,833.34	4.65%
Credit loans	3,873,189,251.50	2.85%-3.85%	2,661,484,591.08	2.85%-3.85%
Subtotal	12,984,058,695.94		12,074,840,424.42	
Less: Long-term loans due within one year	2,069,108,695.94	2.85%-4.65%	1,480,490,424.42	2.85%-4.65%
Total	10,914,950,000.00		10,594,350,000.00	

28. Bonds payable

Item	2023.06.30	2022.12.31
Common bond	--	--

Increase or decrease in bonds payable

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

Bonds payable (continued):

Bond name	2023.1.1	Current year issuance	Accrued interest by par value	Amortisation of discount	Current year repayment	2023.06.30
20 shouqian 01	2,528,468,055.61	--	49,750,000.02	--	--	2,578,218,055.63
Less: Long-term loans due within one year	2,528,468,055.61	--	--	--	--	2,578,218,055.63
Total	--	--	--	--	--	--

29. Lease liabilities

Item	2023.06.30	2022.12.31
Lease liabilities	79,277,217.59	86,467,471.51

Less: lease liabilities due within one year	15,321,015.53	14,027,634.72
Total	63,956,202.06	72,439,836.79

Note: The amount of interest expense of lease liabilities in the first half of 2023 is RMB 1,960,102.79, which is included in financial expense - interest costs.

30. Long-term payables

Item	2023.06.30	2022.12.31
Long-term payables	--	--
Special payables	2,300,000.00	2,300,000.00
Total	2,300,000.00	2,300,000.00

(1) Long-term payables

Item	2023.06.30	2022.12.31
Finance lease payables	--	15,781,907.85
Less: Long-term payables due within one year	--	15,781,907.85
Total	--	--

(2) Special payables

Item	2023.1.1	Increase	Decrease	2023.06.30	Reason
Research and development funds	2,300,000.00	--	--	2,300,000.00	

31. Long-term employee benefits payables

Item	2023.06.30	2022.12.31
Termination benefits	22,117,269.87	23,239,569.30
Other long-term benefits	64,028,624.73	65,216,081.72
Subtotal	86,145,894.60	88,455,651.02
Less: Long-term Employee benefits payables due within one year	5,890,000.00	5,890,000.00
Total	80,255,894.60	82,565,651.02

32. Deferred revenue

Item	2023.1.1	Increase	Decrease	2023.06.30	Reason
Government grant	472,861,881.90	11,132,200.00	16,021,229.28	467,972,852.62	

Note: The government grants which recognized as deferred revenue refer to Note V. 59 government grants.

33. Other non-current liabilities

Item	2023.06.30	2022.12.31
Shougang Group advance payment for construction	4,164,819,920.40	4,532,018,467.20

34. Share capital

Item	2023.1.1	Changes in current (+/-)					2023.06.30
		Shares issued	Bonus issue	Shares transferred from reserves	Others	Subtotal	
Total amount of shares	7,819,869,170.00	--	--	--	--	--	7,819,869,170.00

35. Capital reserve

Item	2023.1.1	Increase	Decrease	2023.06.30
Share premium	29,595,169,702.75	--	--	29,595,169,702.75
Other capital reserve	48,878,848.75	505,037,020.83	--	553,915,869.58
Total	29,644,048,551.50	505,037,020.83	--	30,149,085,572.33

Note: the movement of other capital reserve is the change in other equity of joint ventures recognized by the Company in accordance with shareholding ratio and equity incentive amortization expense.

36. Treasury shares

Item	2023.1.1	Increase	Decrease	2023.06.30
Restricted stock incentive plan	210,930,850.00	--	--	210,930,850.00

37. Other comprehensive income

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

Item	2023.1.1	During the period		2023.06.30
		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	158,251,774.94	235,104,648.17	--	393,356,423.11
Changes in fair value of other equity instrument investments	158,251,774.94	235,104,648.17	--	393,356,423.11
II. Other comprehensive income to be reclassified into profits or losses	--	--	--	--
Total other comprehensive incomes	158,251,774.94	235,104,648.17	--	393,356,423.11

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

Item	During the period				
	Incurred before income tax for the	Less: Transferred from other	Less: Income tax expenses	Less: Attributable to minority	Attributable to parent company

	period	comprehensive income in prior periods to profit or loss during the period	shareholders after tax	after tax
I. Other comprehensive income which cannot be reclassified into profits or losses				
	276,593,703.74	--	41,489,055.57	--
Changes in fair value of other equity instrument investments	276,593,703.74	--	41,489,055.57	--
II. Other comprehensive income to be reclassified into profits or losses	--	--	--	--
Total other comprehensive incomes	276,593,703.74	--	41,489,055.57	--

Note: The net-of-tax amount of other comprehensive income for the period is RMB 235,104,648.17, Among which, the net-of-tax amount of other comprehensive income attributable to the parent company is RMB 235,104,648.17; and net-of-tax amount of other comprehensive income attributable to minority shareholders is RMB 0.00.

38. Special reserve

Item	2023.1.1	Increase	Decrease	2023.06.30
Safety fund	31,852,310.79	71,629,935.51	63,583,488.32	39,898,757.98

39. Surplus reserve

Item	2023.1.1	Increase	Decrease	2023.06.30
Statutory reserve	1,908,883,208.67	--	--	1,908,883,208.67
Discretionary surplus reserve	--	--	--	--
Total	1,908,883,208.67	--	--	1,908,883,208.67

40. Retained earnings

Item	Current period	Prior period	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	410,357,394.89	1,795,307,073.34	--
Less: Transfer to statutory surplus reserve	--	--	
Transfer to discretionary surplus reserve	--	--	
Common Stock dividends payable	--	--	

Dividends payable to other equity holders	--	34,120,631.40
Retained earnings at current year	9,006,056,094.41	9,892,054,647.32
Including: Surplus reserve attributable to shareholders of the company extracted by subsidiaries	--	--

41. Revenue and cost of sales

(1) Revenue and cost of sales

Item	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	55,599,122,827.83	52,725,471,888.88	61,279,976,461.63	56,684,778,266.42
Other business	1,768,973,201.54	1,594,681,278.35	1,914,138,985.93	1,612,483,831.57
Total	57,368,096,029.37	54,320,153,167.23	63,194,115,447.56	58,297,262,097.99

(2) Revenue and cost of sales presented as products

Item	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	137,297,135.04	134,524,608.66	302,806,719.26	256,485,057.73
Hot-rolled steel	24,421,717,115.92	23,123,065,070.53	26,182,194,086.24	24,465,345,607.23
Cold-rolled steel	30,041,280,419.47	28,582,863,058.62	33,582,516,334.42	30,921,535,017.99
Other steels	998,828,157.40	885,019,151.07	1,212,459,321.71	1,041,412,583.47
Subtotal	55,599,122,827.83	52,725,471,888.88	61,279,976,461.63	56,684,778,266.42
Other business				
Power	735,603,333.93	794,413,867.32	751,215,118.93	735,503,944.60
Solid waste	637,465,489.28	560,603,496.48	742,703,360.89	656,634,462.05
Others	395,904,378.33	239,663,914.55	420,220,506.11	220,345,424.92
Subtotal	1,768,973,201.54	1,594,681,278.35	1,914,138,985.93	1,612,483,831.57
Total	57,368,096,029.37	54,320,153,167.23	63,194,115,447.56	58,297,262,097.99

(3) Breakdown of revenue information

Item	Current period
Revenue from main business	55,599,122,827.83
Including: recognised at a certain point in time	55,599,122,827.83
recognised during a certain period of time	--
Revenue from other business	1,768,973,201.54
Total	57,368,096,029.37

As of 30 June 2023, the amount of revenue corresponding to the performance obligations that the company has signed but not yet fulfilled is RMB 4,954.9508 million. The Company expects to recognize all the revenue in 2023.

42. Taxes and surcharges

Item	Current period	Prior period
Environmental protection tax	18,343,720.18	15,908,172.94
Urban maintenance and construction tax	40,652,211.96	77,967,892.43
Education surcharge	29,679,818.99	56,726,117.52
Resources duty	20,832,075.60	20,250,120.20
Property tax	99,488,568.55	98,695,510.19
Land usage tax	111,002,226.40	110,812,386.29
Vehicle and vessel usage tax	40,334.86	42,404.04
Stamp duty	63,765,765.74	76,282,142.98
Other taxes	120,608.80	34,734.51
Total	383,925,331.08	456,719,481.10

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

43. Selling and distribution expenses

Item	Current period	Prior period
Staff costs	79,951,366.28	93,930,363.62
Depreciation and amortization	50,936.58	56,094.74
Other regular expenses	28,674,247.02	16,695,031.78
Total	108,676,549.88	110,681,490.14

44. General and administrative expenses

Item	Current period	Prior period
Staff costs	310,695,125.00	326,037,150.47
Depreciation and amortization	171,588,633.63	161,324,338.37
Other regular expenses	97,193,253.08	101,702,896.39
Total	579,477,011.71	589,064,385.23

45. Research and development expenses

Item	Current period	Prior period
Staff costs	158,852,822.87	311,623,960.32
Other regular expenses	37,283,180.82	16,893,405.56
Total	196,136,003.69	328,517,365.88

46. Financial expenses

Item	Current period	Prior period
Interest costs	792,670,794.80	962,553,311.97
Including: Interest expenses on lease liabilities	1,960,102.79	2,690,554.84
Less: interest capitalized	--	10,110,416.67
Interest expenses	792,670,794.80	952,442,895.30
Less: interest income	54,953,200.51	59,554,515.51
Discount on notes acceptance	41,324,051.62	10,534,443.56
Exchange losses and gains	-5,170,055.53	-11,231,904.59
Bank charges and others	-2,981,596.08	1,954,237.44
Total	770,889,994.30	894,145,156.20

47. Other income

Item	Current period	Prior period
Related to assets	15,981,229.28	9,688,324.41
Related to income	10,854,823.68	8,716,309.36
Value added tax deduction	148,220.60	271,465.97
Tax refund	1,570,586.42	2,144,900.53
Total	28,554,859.98	20,821,000.27

Note: (1) The details of government grants refer to Note V. 59 Government grants.

(2) The specific reasons for government grants recognized as recurring gains or losses, please refer to Note XVI. 1.

48. Investment income

Item	Current period	Prior period
Investment income from long-term equity investments under the equity method	-161,991,793.90	-28,953,471.03
Investment income on disposal of long-term equity investments	--	--
Dividend from other equity instruments investments	7,412,132.80	2,812,400.00
Interest income from entrusted loans	5,922,896.67	5,488,952.23
Others	1,139,694.44	--
Total	-147,517,069.99	-20,652,118.80

49. Gains from changes in fair value

Sources of gains from changes in fair value	Current period	Prior period
Other non-current financial assets: designated as measured	--	--

at fair value and whose changes are recorded in current profit or loss

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

Item	Current period	Prior period
Provision for bad debts of notes receivable	1,506,988.86	-223,343.36
Provision for bad debts of accounts receivable	4,894,423.95	7,238,831.57
Provision for bad debts of financing receivable	-567,310.56	-630,726.77
Provision for bad debts of other receivables	651,641.60	1,220,925.33
Total	6,485,743.85	7,605,686.77

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

Item	Current period	Prior period
Provision for inventory impairment	-329,243,536.55	-105,263,662.32

52. Gains on disposal of assets

Item	Current period	Prior period
Gains from disposal of fixed assets (loss in “-”)	169,700.65	-200,808.44
Gains from disposal of intangible assets (loss in “-”)	--	--
Total	169,700.65	-200,808.44

53. Non-operating income

Item	Current period	Prior period	Recognised as non-recurring gains or losses in 2023
Gains on disposal of assets s	740,746.71	1,253,691.98	740,746.71
Compensation payments	831,077.04	42,466.00	831,077.04
Others	2,209,318.60	947,185.72	2,209,318.60
Total	3,781,142.35	2,243,343.70	3,781,142.35

54. Non-operating expenses

Item	Current period	Prior period	Recognised as non-recurring gains or losses in 2023
Losses on disposal of assets	3,145,406.85	13,808,806.33	3,145,406.85
Compensation and penalty	1,493,322.32	--	1,493,322.32
Others	390,101.11	--	390,101.11
Donation	--	978,613.90	--
Total	5,028,830.28	14,787,420.23	5,028,830.28

55. Income tax expenses

(1) Details of income tax expenses

Item	Current period	Prior period
Current tax in accordance with tax laws and related regulations	52,297,204.81	380,151,992.76
Deffered income tax expenses	40,869,725.70	-14,007,007.78
Total	93,166,930.51	366,144,984.98

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

Item	Current period	Prior period
Profit before tax	566,039,981.49	2,407,491,491.97
Tax at the applicable tax rate of 15%	84,905,997.22	361,123,723.80
Taxation effect of different tax rates of subsidiaries	4,330,222.62	4,988,095.44
Adjustment of income tax in the prior year	5,707,925.74	-21,330.95
Share of profit or loss of joint ventures and associates under the equity method	24,310,774.48	4,823,143.55
Income not subject to tax (expressed in "-")	-1,111,819.92	-421,860.00
Non-deductible costs, expenses and losses	-1,024,312.98	1,375,729.75
Taxation effect of the change in the applicable tax rate on the beginning disclosure of the deffered income tax	--	--
Taxation effect of utilizing previous unrecognized tax losses and deductible temporary differences (expressed in "-")	-24,468,624.78	-13,115,011.55
Taxation effect of unrecognized tax losses and deductible temporary differences	2,034,667.84	7,392,494.94
Taxation effect of research and development expenses (expressed in "-")	-1,517,899.71	--
Others	--	--
Income tax expenses	93,166,930.51	366,144,984.98

56. Notes to cash flow statement

(1) Proceeds from other operating activities

Item	Current period	Prior period
Government grants received	23,557,610.10	52,635,019.89
Security deposit received	113,500.00	2,914,958.17
Other non-operating income received	2,584,035.20	989,651.72
Other receivables received	3,018,568.85	--
Restricted funds received	658,318,672.38	702,663,291.78
Total	687,592,386.53	759,202,921.56

(2) Payments for other operating activities

Item	Current period	Prior period
Expenses paid	239,443,701.70	192,888,072.40
Non-operating expenses paid	1,883,423.43	978,660.73
Other payable paid	--	2,243,026.54
Restricted funds paid	8,445,841.94	--
Total	249,772,967.07	196,109,759.67

(3) Proceeds from other investing activities

Item	Current period	Prior period
Interest income	55,091,892.43	59,811,342.73

(4) Payment for other financing activities

Item	Current period	Prior period
Financial commissions	544,051.79	614,594.34
Paying back the borrowings from Shougang Group	300,000,000.00	146,870,077.89
Lease payments	9,283,405.23	9,374,237.24
Non-public offering fees paid	--	605,668.13
Cash retained by the continuing company	887,314.66	--
Total	310,714,771.68	157,464,577.60

57. Supplements to statement of cash flows

(1) Supplementary information

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to net cash flows from operating activities:		
Net profit	472,873,050.98	2,041,346,506.99
Add: Impairment losses on assets	329,243,536.55	105,263,662.32
Credit impairment losses	-6,485,743.85	-7,605,686.77
Depreciation of fixed assets	3,842,373,003.36	3,802,519,336.62
Depreciation of right-of-use assets	8,317,810.41	8,523,888.66
Amortization of intangible assets	92,176,202.24	68,968,045.19
Amortization of long-term deferred expenses	370,395.38	270,513.76
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gains as in "-")	-169,700.65	200,808.44
Losses on written-off fixed assets (Gains as in "-")	2,404,660.14	12,555,114.35
Losses on fair value changes (Gain as in "-")	--	--
Financial expenses (Income as in "-")	770,889,994.30	894,145,156.20

Supplementary information	Current period	Prior period
Investment losses (Income as in “-”)	147,517,069.99	20,652,118.80
Decrease in deferred tax assets (Increase as in “-”)	19,037,317.48	-7,310,969.14
Increase in deferred tax liabilities (Decrease as in “-”)	6,453,946.75	-6,696,038.64
Decrease in inventories (Increase as in “-”)	-580,497,435.31	-1,530,410,940.95
Decrease in receivables from operating activities (Increase as in “-”)	-3,395,064,493.78	-2,026,306,571.42
Increase in payables from operating activities (Decrease as in “-”)	-2,046,430,080.78	-1,713,810,484.02
Others	692,541,544.39	755,659,694.90
Net cash flow from operating activities	355,551,077.60	2,417,964,155.29
2. Significant non-cash payments for investing and financing activities:		
Conversion of debt into capital	---	---
Convertible bonds due within one year	---	---
Newly added right-of-use assets in the current period	---	---
3. Net changes in cash and cash equivalents:		
Closing balance of cash	7,015,305,370.62	6,899,770,382.55
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	-1,313,909,633.06	-1,636,100,990.53

Note: The amount of endorsement and transfer of acceptance notes received from goods sales of the Company is RMB 34,429,184,800.

(2) Components of cash and cash equivalents

Item	2023.06.30	2022.12.31
1. Cash	7,015,305,370.62	8,329,215,003.68
Including: Cash on hand	21,492.00	23,581.90
Balances in banks without restriction	7,015,283,865.88	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	7,015,305,370.62	8,329,215,003.68
Including: restricted cash and cash equivalents from the parent company or its subsidiaries	--	--

58. Assets with restricted ownership or use rights

Item	2023.06.30	Restricted reasons
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Cash and cash balances	482,089,076.86	Security deposits, fixed term deposits
Notes receivable	87,759,217.36	Pledge billing
Accounts receivable	44,772,339.34	Pledge billing
Total	614,620,633.56	

59. Government grants

(1) 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	2023.06.30	Item recognized in income statement	Related to assets/ Related to income
Discount funds for imported equipments	Financial appropriation	12,106,230.11	--	614,555.28	--	11,491,674.83	Other income	Related to assets
Government grants for engineering informationization project (Qian'an Iron and Steel, Cold-R Co.)	Financial appropriation	275,000.28	--	49,999.98	--	225,000.30	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	--	500,000.00	--	1,499,999.88	Other income	Related to assets
Special government grants from the Finance Bureau of Qian'an	Financial appropriation	4,139,130.42	--	121,739.16	--	4,017,391.26	Other income	Related to assets
Government grants for hot-rolled steel strip TMCP project	Financial appropriation	1,263,157.88	--	52,631.58	--	1,210,526.30	Other income	Related to assets
Government grants for dedusting system upgrading project (Qian'an Iron and Steel)	Financial appropriation	24,473,684.32	--	815,789.46	--	23,657,894.86	Other income	Related to assets
Government grants for advanced sewage treatment	Financial appropriation	4,819,629.56	--	171,111.12	--	4,648,518.44	Other income	Related to assets
Special government grants for denitration engineering from the Hebei Provincial Finance Department	Financial appropriation	490,000.00	--	122,500.00	--	367,500.00	Other income	Related to assets
Government grants for online environmental monitoring project from the Finance Bureau of Caofeidian	Financial appropriation	2,500,000.00	--	250,000.00	--	2,250,000.00	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	--	105,263.16	--	3,614,035.08	Other income	Related to assets
National funds for the national 863 project	Financial appropriation	556,400.00	--	139,100.00	--	417,300.00	Other income	Related to assets
Government grants for Phase II seawater dsalination project	Financial appropriation	16,842,105.32	--	526,315.78	--	16,315,789.54	Other income	Related to assets
Government grants for cold-rolled intelligent manufacturing project	Financial appropriation	21,224,552.64	2,030,000.00	1,490,657.00	--	21,763,895.64	Other income	Related to assets
Government grants for the desulfurization of pelletizing flue gas	Financial appropriation	20,805,473.66	--	743,052.64	--	20,062,421.02	Other income	Related to assets
Environmental protection government grants for closing limestone yards	Financial appropriation	1,600,000.00	--	40,000.00	--	1,560,000.00	Other income	Related to assets
Government grants for energy-saving incentive for No.3 hydrogen generator	Financial appropriation	950,305.21	--	33,939.48	--	916,365.73	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	--	95,789.48	--	2,777,894.69	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	--	336,792.44	--	11,114,150.96	Other income	Related to assets

Item	Type	2023.1.1	Increase	Transfer to profit or loss	Other changes	2023.06.30	Item recognized in income statement	Related to assets/ Related to income
Government grants for the operation-control system of production-marketing integration	Financial appropriation	19,772,121.20	--	1,235,757.60	--	18,536,363.60	Other income	Related to assets
Government grants for the specialized production line project of Zinc-plated high-strengthen auto sheet	Financial appropriation	84,210,526.36	--	2,631,578.94	--	81,578,947.42	Other income	Related to assets
Government grants for reforming of sinter desulfurization and denitrification	Financial appropriation	24,210,526.34	--	789,473.68	--	23,421,052.66	Other income	Related to assets
Government grants for thin slab casting and rolling engineering	Financial appropriation	5,179,642.86	187,500.00	142,857.14	--	5,224,285.72	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	--	165,789.42	--	5,664,473.89	Other income	Related to assets
Government grants for industrial mechanism model base	Financial appropriation	4,800,000.00	--	--	--	4,800,000.00	Other income	Related to assets
Government grants for 10,000 tons/d desalination project	Financial appropriation	7,963,157.91	--	234,210.52	--	7,728,947.39	Other income	Related to assets
Government grants for sintering waste heat power generation project	Financial appropriation	19,336,283.19	--	537,118.96	--	18,799,164.23	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	--	657,871.74	--	23,025,511.22	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	382,854.87	--	14,546,439.07	Other income	Related to assets
Government grants for Zinc containing solid waste disposal project	Financial appropriation	4,878,640.78	--	145,631.06	--	4,733,009.72	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	2,178,973.92	--	83,711,997.76	Other income	Related to assets
Government grants for high performance oriented silicon steel project	Financial appropriation	19,640,000.00	--	--	--	19,640,000.00	Other income	Related to assets
Other government grants related to assets	Financial appropriation	21,907,476.28	14,700.00	669,874.87	--	21,252,301.41	Other income	Related to assets
Other government grants related to income	Financial appropriation	40,000.00	400,000.00	40,000.00	--	400,000.00	Other income	Related to income
Total		472,861,881.90	11,132,200.00	16,021,229.28	--	467,972,852.62		

(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 current period	Amount recognised in profit or loss in prior period	Item recognized in income statement	Related to assets/ Related to income
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Government grants for steady post	Financial appropriation	159,769.69	3,803,072.64	Other income	Related to income
Other government grants related to income	Financial appropriation	10,695,053.99	4,913,236.72	Other income	Related to income
Total		10,854,823.68	8,716,309.36		

VI. Changes in the scope of consolidation

On April 25, 2023, the Company's subsidiary, Beijing Shougang New Energy Automotive Material Technology Co., Ltd., was split into Beijing Shougang New Energy Automotive Material Technology Co., Ltd. (the "Surviving Company") and Beijing Shougang New Energy Material Technology Co., Ltd. (the "New Company") on a continuing basis.

The registered capital and paid-in capital of Beijing Shougang New Energy Automotive Material Technology Co., Ltd. before the division were both 980 million yuan, of which 45.9% was held by Beijing Shougang Co., Ltd. ("Shougang Shares") and 30.6% was held by Beijing Shougang Xinjinyuan Management Consulting Center (Limited Partnership) ("Shougang Xinjinyuan"). Shougang Group Co., Ltd. ("Shougang Group") holds 13.3%, and Qian'an Beijing-Hebei Equity Investment Fund (Limited Partnership) ("Qian'an Fund") holds 10.2%.

After the division, the registered capital and paid-in capital of Beijing Shougang New Energy Automobile Material Technology Co., Ltd. (surviving company) are RMB 230 million, and the shareholders are Shougang Group (holding 56.5217%) and Qian'an Fund (holding 43.4783%); The registered capital and share capital of Beijing Shougang New Energy Material Technology Co., Ltd. (newly established company) are both RMB 750 million, and the shareholders are Shougang Shares (60%) and Shouxin Jinyuan (40%).

After this division, the Company will continue to merge Beijing Shougang New Energy Material Technology Co., LTD. (a new company) with the shareholding ratio of 60%.

VII. Interests in other entities

1. Interests in subsidiaries

(1) Composition of the Company

Subsidiary	Main Operation place	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Shougang Jingtang United Iron & Steel Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Production and sales	70.18	29.82	Business combination under common control
Beijing Shougang Cold Rolling Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	70.28	--	Establish or investment, etc.
Qian'an Shougang Metallurgical Technology Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Consulting service	100.00	--	Business combination under common control

Subsidiary	Main Operation place	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Production and sales	68.03	6.15	Establish or investment, etc.
Beijing Shougang New Energy Material Technology Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	60	--	Establish or investment, etc.
Beijing Shougang Steel Trading Investment Management Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	100.00	--	Business combination under common control

(2) Significant non-wholly owned subsidiaries

Unit: RMB

Subsidiary	Proportion of minority shareholders (%)	Net profit/ (loss) attributable to non-controlling interests in reporting period	Dividends declared and distributed to non-controlling interests in reporting period	Non-controlling interests at the end of reporting period
Beijing Shougang Cold Rolling Co., Ltd.	29.72	304,093.71	--	-315,256,525.16
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	25.82	53,828,968.42	125,600,566.77	3,596,332,377.60

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

Unit: RMB

2023.06.30						
Subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Beijing Shougang Cold Rolling Co., Ltd.	2,134,974,093.87	3,734,063,073.33	5,869,037,167.20	2,722,985,473.09	4,202,976,973.66	6,925,962,446.75
Shougang Zhixin Qian'an Electromagnetic Materials	5,606,099,101.37	15,439,866,166.90	21,045,965,268.27	6,830,760,323.39	334,318,803.97	7,165,079,127.36

Co., Ltd.

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	Current period				Prior period			
	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.	5,133,807,057.85	1,023,195.52	1,023,195.52	218,642,621.85	6,016,545,773.96	61,520,529.94	61,520,529.94	32,581,875.82
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	7,253,294,653.45	211,419,481.66	211,419,481.66	485,506,003.09	6,767,049,388.20	646,719,729.82	646,719,729.82	1,042,619,075.80

2. Interests in joint ventures and associates

(1) Significant joint ventures and associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Shareholding proportion (%)		Accounting method
				Direct	Indirect	
①Jiont ventures						
Tangshan Guoxing Industrial Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Manufacturing	50.00		Equity method

Joint ventures or associates	Main operating place	Place of registration	Business nature	Shareholding proportion (%)		Accounting method
				Direct	Indirect	
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Chemical	50.00		Equity method
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Coking	50.00		Equity method
② Associates						
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.	
	2023.06.30	2022.12.31	2023.06.30	2022.12.31	2023.06.30	2022.12.31
Current assets	84,601,136.61	81,326,897.38	19,532,576.05	4,453,756.17	2,310,250,784.60	2,203,316,115.22
Including : Cash and cash equivalents	9,604,863.62	15,459,879.44	19,232,576.05	4,153,756.17	944,009,086.92	909,643,194.30
Non-current assets	71,766,473.82	76,981,144.98	598,368,186.00	595,492,113.45	1,268,213,780.58	1,384,560,026.25

Item	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	2023.06.30	2022.12.31	2023.06.30	2022.12.31	2023.06.30	2022.12.31
Total assets	156,367,610.43	158,308,042.36	617,900,762.05	599,945,869.62	3,578,464,565.18	3,587,876,141.47
Current liabilities	66,808,454.65	75,404,455.29	611,275,314.21	580,665,263.21	1,359,522,433.00	1,384,913,879.38
Non-current liabilities	6,537,093.21	6,537,093.21	--	--	6,675,000.00	6,675,000.00
Total liabilities	73,345,547.86	81,941,548.50	611,275,314.21	580,665,263.21	1,366,197,433.00	1,391,588,879.38
Net assets	83,022,062.57	76,366,493.86	6,625,447.84	19,280,606.41	2,212,267,132.18	2,196,287,262.09
Including:						
Non-controlling interests		--		--	--	--
Equity attributable to shareholders of the company	83,022,062.57	76,366,493.86	6,625,447.84	19,280,606.41	2,212,267,132.18	2,196,287,262.09
Net assets calculated by shareholding proportion	41,511,031.30	38,183,246.94	3,312,723.92	9,640,303.21	1,106,133,566.08	1,098,143,631.04
Adjustment						
Including: Goodwill	--	--	--	--	--	--
Unrealized profit or loss of internal transaction	--	--	--	--	--	--
Impairment	--	--	--	--	--	--
Others	--	--	--	--	--	--
Carrying value of equity investment in the joint venture	41,511,031.30	38,183,246.94	3,312,723.92	9,640,303.21	1,106,133,566.08	1,098,143,631.04
Fair value of equity investment with quoted market price	--	--	--	--	--	--

Continued:

Item	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Operating revenue	69,936,812.72	79,412,274.03	--	--	6,192,335,209.86	7,025,126,606.79
Financial expenses	-7,983.14	159,412.06	12,636,372.10	11,588,169.37	10,483,064.19	16,444,053.05
Income tax expense	2,463,490.17	3,288,633.87	--	--	16,748,316.30	-7,453,324.89
Net profit	6,609,784.74	6,837,122.31	-12,655,158.57	-11,607,339.67	8,705,677.85	45,903,466.36

Item	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	6,609,784.74	6,837,122.31	-12,655,158.57	-11,607,339.67	8,705,677.85	45,903,466.36
Dividends received from joint venture	--	--	--	--	--	23,000,000.00

(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.	
	2023.06.30	2022.12.31	2023.06.30	2022.12.31	2023.06.30	2022.12.31
Current assets	16,119,048.38	37,615,636.69	81,848,474.01	77,330,625.86	1,799,242,859.81	2,071,780,230.13
Non-current assets	8,068,928,508.03	8,175,281,488.59	213,359,169.31	224,215,514.07	2,407,583,722.52	2,457,397,455.41
Total assets	8,085,047,556.41	8,212,897,125.28	295,207,643.32	301,546,139.93	4,206,826,582.33	4,529,177,685.54
Current liabilities	2,116,515,587.41	1,026,481,331.40	34,235,227.30	31,678,142.16	2,663,953,364.33	2,727,774,901.17
Non-current liabilities	4,249,609,875.00	5,254,694,650.00	--	--	19,172,608.87	20,417,377.09
Total liabilities	6,366,125,462.41	6,281,175,981.40	34,235,227.30	31,678,142.16	2,683,125,973.20	2,748,192,278.26
Net assets	1,718,922,094.00	1,931,721,143.88	260,972,416.02	269,867,997.77	1,523,700,609.13	1,780,985,407.28
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	1,718,922,094.00	1,931,721,143.88	260,972,416.02	269,867,997.77	1,523,700,609.13	1,780,985,407.28
Net assets calculated by shareholding proportion	278,293,487.02	312,745,653.19	65,243,104.01	67,466,999.44	759,174,387.53	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	278,293,487.02	312,745,653.19	65,243,104.01	67,466,999.44	763,321,807.74	891,510,510.32

Item	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	2023.06.30	2022.12.31	2023.06.30	2022.12.31	2023.06.30	2022.12.31
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.	
	2023.06.30	2022.12.31	2023.06.30	2022.12.31	2023.06.30	2022.12.31
Current assets	458,842,530.68	63,963,941.09	70,854,290.53	59,655,006.56	44,050,648.00	32,667,291.24
Non-current assets	300,037,431.81	694,420,798.63	550,753.94	618,495.73	220,122,170.83	214,254,258.49
Total assets	758,879,962.49	758,384,739.72	71,405,044.47	60,273,502.29	264,172,818.83	246,921,549.73
Current liabilities	152,453,289.49	152,354,244.94	27,907,810.98	22,971,249.27	47,002,701.17	56,004,281.62
Non-current liabilities	--	--	--	--	114,923,500.00	88,818,500.00
Total liabilities	152,453,289.49	152,354,244.94	27,907,810.98	22,971,249.27	161,926,201.17	144,822,781.62
Net assets	606,426,673.00	606,030,494.78	43,497,233.49	37,302,253.02	102,246,617.66	102,098,768.11
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	606,426,673.00	606,030,494.78	43,497,233.49	37,302,253.02	102,246,617.66	102,098,768.11
Net assets calculated by shareholding proportion	122,510,438.99	122,430,402.99	19,573,755.08	16,786,013.86	35,786,316.18	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	122,510,438.99	122,430,402.99	19,618,299.95	16,830,558.74	35,786,316.18	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.	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Operating revenue	47,251,529.46	46,840,353.28	159,071,080.74	257,353,085.06	4,114,928,997.89	3,797,208,740.99

Item	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Net profit	-213,159,837.20	-216,098,611.44	-8,895,581.75	14,598,703.92	-259,578,672.13	-48,127,352.30
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	-213,159,837.20	-216,098,611.44	-8,895,581.75	14,598,703.92	-259,578,672.13	-48,127,352.30
Dividend received from associates	--	--	--	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.	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Operating income	7,044,718.77	26,354,735.19	93,572,226.95	76,849,792.54	58,232,832.22	19,491,662.15
Net profit	396,178.22	15,844,055.54	6,194,980.47	3,131,409.36	147,849.55	1,349,356.27
Net profit from discontinuing operation	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	396,178.22	15,844,055.54	6,194,980.47	3,131,409.36	147,849.55	1,349,356.27
Dividend received from associates	--	--	--	--	--	--

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

Item	2023.06.30 or Current period	2022.12.31 or Prior period
Associates		
Total carrying value of investment	130,525,939.40	131,600,050.63

Items calculated according to shareholding ratio

Net profit	-175,402.83	713,173.76
Other comprehensive income	--	--
Total comprehensive income	-175,402.83	713,173.76

3. Interests in unconsolidated structured entities

(1) Basic information of unconsolidated structured entities

The unconsolidated structured entities are the Limited Partnership initiated by the Company- Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership) (Hereinafter referred to as Shouxin Jinyuan Fund or the Partnership) and Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership) (Hereinafter referred to as Shouxin Jin'an Fund or the Partnership). In accordance with the provisions of the limited partnership agreement, the Company has no control over the Partnership.

① The purpose of establishing Shouxin Jinyuan Fund is combining the relevant policies of Beijing on the development of sophisticated industry with the market-oriented operation of M&A investment, actively responding to the strategic goal of Beijing to build a sophisticated industrial structure, promoting the upgrading and development of Beijing's sophisticated industry, contributing to the local economic development and industrial structure adjustment of Beijing, and creating satisfactory return on investment for investors.

The total subscribed capital of all partners to Shouxin Jinyuan Fund is no less than RMB 1 billion. The partners of the Fund are divided into general partner and limited partner, the contribution agreement is as follows: Beijing Shouyuan New Energy Investment Management Co., Ltd., the general partner, contributes RMB 10,000 thousand; and among the limited partners, the Company agrees to contribute RMB 200,000 thousand, and the other limited partners agrees to contribute RMB 790,000 thousand in total.

As at 30 June 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. Taking Zhixin Electromagnetic, Beiye, Guigang and other advanced metal material enterprises as the platform, the company focuses on Shougang Group's advantages in advanced electrical steel materials, cast superalloys and precision alloys, and high-performance special steel and other new metal materials.

The total subscribed capital of all partners to Shouxin Jin'an Fund is no less than RMB 2,070.5455 million. The partners of the Fund are divided into general partner

and limited partner, the contribution agreement is as follows: Beijing Shouyuan Xinneng Investment Management Co., Ltd., the general partner, contributes RMB 20.7055 million; and among the limited partners, the Company agrees to contribute RMB 200,000 thousand, and the other limited partners agrees to contribute RMB 1,849.84 million in total.

As at 30 June 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 at 30 June 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 105.8864 million. The maximum loss exposure of the Company's interests in Shouxin Jin'an Fund is RMB 22.2164 million.

(3) The support provided to the unconsolidated structured entities

As at 30 June 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 at 30 June 2023, no additional information related to Shouxin Jinyuan Fund and Shouxin Jin'an Fund should be disclosed by the Company.

VIII. Financial instruments and risk management

The major financial instruments of the Company include cash and cash equivalents, notes receivable, accounts receivable, financing receivables, other receivables, current portion of non-current assets, other current assets, other equity instrument investments, other non-current financial assets, long-term receivables, notes payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, current portion of non-current liabilities, long-term borrowings and bond payables, lease liabilities and long-term payables. The details of financial instruments are disclosed in the respective notes. Risks relate to these financial instruments and risk management policies used by the Company to minimize the risks are disclosed as below. Management of the Company manages and monitors the risk exposures to ensure the risks are controlled in the limited range.

1. Objectives and policies of risk management

The objective of the Company in risk management is to obtain an appropriate equilibrium between risk and return, and also focuses on minimizing potential adverse effects on the financial performance of the Company bring by the unpredictability of

financial risk. Based on the objectives of risk management, certain policies are established to recognize and analyze the risk. Also, in order to monitor the risk position of the Company, internal control procedures are designed according to acceptable level of risk. Both the policies and internal control procedures are reviewed and revised regularly to adapt the changes of the market and business activities of the Company.

The primary risks caused by the financial instruments of the Company are credit risk and liquidity risk.

(1) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company.

The Company manages the credit risk on portfolio basis. Credit risks are mainly caused by cash and cash equivalents, notes receivable, accounts receivable, other receivables.

The Company mainly deposits in financial institutions with good reputation and high credit rating therefore no significant credit risk associated with cash and cash equivalents is expected.

In addition, policies related to limit the credit risk exposure on notes receivable, accounts receivable and other receivables are established by the Company. The Company evaluates credit quality and sets credit limits on customers by taking into account the financial position, credit records and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

The highest credit risk exposure to the Company is limited to the carrying value of each financial instrument illustrated in the financial statements. The Company has not provided any guarantee that might cause credit risk to the Company.

Among the accounts receivable of the Company, the accounts receivable of the top five customers accounted for 37.94% (2022: 52.28%); among the other receivables of the Company, the other receivables of the top five customers accounted for 63.04% (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 30 June 2023, the leverage ratio of the Company is 62.72% (31 December 2022: 65.03%).

IX. Fair value

Fair value hierarchies are categorized into three levels as the lowest level input that is significant to the entire fair value measurement.

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the asset or liability.

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

As at 31 December 2022, assets and liabilities measured at fair value are shown as follows:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(1) Financing receivable	--	--	6,325,120,221.92	6,325,120,221.92
(2) Other equity instrument	473,270,672.00	--	36,089,165.55	509,359,837.55

investment				
(3) Other non-current financial assets	--	--	79,234,007.60	79,234,007.60
Total assets measured at fair value	473,270,672.00	--	6,440,443,395.07	6,913,714,067.07
on a recurring basis				

(2) Fair values of items not measured at fair value

Financial assets and financial liabilities measured at amortized cost include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year, long-term borrowings and bonds payable, etc.

No additional details of financial assets and financial liabilities should be disclosed since the difference between the fair value and carrying value of financial assets and financial liabilities of the Company is approximately equal.

X. Related parties and related party transactions

1. Information about the parent company of the Company

Parent company	Registration place	Business nature	Registered capital (RMB 0,000)	Shareholding percentage (%)	Percentage of voting rights (%)
Shougang Group Co., Ltd.	Beijing	Company with limited liability(wholly state-owned)	2,875,502.50	56.53	56.53

The ultimate controlling party of the Company is State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

During the reporting period, the change of the registered capital of the parent company is as follows (Unit: RMB 0,000):

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, 2.

Joint ventures and associates that have related transactions with the Company in current period or the prior period are as follows:

Name of joint venture or associate	Relationship with the Company
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Joint ventures of the Company
Tangshan Guoxing Industrial Co., Ltd.	Joint ventures of the Company
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Joint ventures of the Company
Tangshan Tangcao Railway Co., Ltd.	Associates of the Company
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Associates of the Company
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Associates of the Company
Guangzhou Jinghai Shipping Co., Ltd.	Associates of the Company
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Associates of the Company
Ningbo Shougang Zhejin Steel Co., Ltd.	Associates of the Company
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Associates of the Company
Hebei Jingji Industry & Trading Co., Ltd.	Associates of the Company
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Associates of the Company
Shougang (Qingdao) Steel Industry Co., Ltd.	Associates of the Company
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Associates of the Company

4. Information about other related parties

Related party	Relationship with the Company
Shougang Group Finance Co., Ltd.	Under the control of the same parent company
Shougang Mining Corporation	Under the control of the same parent company
China Shougang International Trade&Engineering Corporation	Under the control of the same parent company
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Under the control of the same parent company
Beijing Shougang Construction Group Co., Ltd.	Under the control of the same parent company
Beijing Shougang Gas Co., Ltd.	Under the control of the same parent company
Beijing Shougang Automation Information Technology Co., Ltd.	Under the control of the same parent company

Related party	Relationship with the 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
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Under the control of the same parent company

Related party	Relationship with the 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

Related party	Relationship with the 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
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
Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Racing Valley Co., Ltd	Under the control of the same parent company

Related party	Relationship with the Company
Beijing Shougang Property Management Co., Ltd.	Under the control of the same parent company
Beijing Shouronghui Technology Development Co., Ltd.	Under the control of the same parent company
Shougang Shuicheng Steel (Group) Saide Construction Co., Ltd.	Under the control of the same parent company
Beijing Shougang Environmental Engineering Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Gas Tangshan Co., Ltd.	Under the control of the same parent company
Guizhou Shuigang Logistics Co., Ltd.	Under the control of the same parent company
Beijing Shouke Xingye Engineering Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Construction Investment Co., Ltd.	Under the control of the same parent company
Shougang Commercial Factoring Co., Ltd.	Under the control of the same parent company
Guizhou Liupanshui Shenghongda Mechanical Equipment Manufacturing Co., Ltd	Under the control of the same parent company
Guiyang Steel Mills I/E Corp.	Under the control of the same parent company
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
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
Jingxi Commercial Factoring 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 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

Related party	Relationship with the Company
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Joint ventures or associates of the Company's parent company
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shoushe Metallurgical Technology Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shouyu Industry and Trade Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	Joint ventures or associates of the Company's parent company
Chaoyang Shougang Beifang Machinery Co., Ltd.	Joint ventures or associates of the Company's parent company
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	Joint ventures or associates of the Company's parent company
Tangshan Caofeidian Industry Port Co., Ltd.	Joint ventures or associates of the Company's parent company
YASKAWA Shougang Robert Co., Ltd.	Joint ventures or associates of the Company's parent company
Cmi Engineering (Beijing) Co., Ltd.	Joint ventures or associates of the Company's parent company
Qian'an Shoujia Construction Material Co., Ltd.	Joint ventures or associates of the Company's parent company
Sanhe Shoujia Construction Material Co., Ltd.	Joint ventures or associates of the Company's parent company
Shoujia Huanke (Qian'an) 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

Related party	Relationship with the 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 Litic Alloy Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shoutaizhongxin Science & Technology Co., Ltd	Joint ventures or associates of the Company's parent company
Directors, Supervisors, CFO and Board Secretary	Key management personnel

5. Information about related party transactions

(1) Details of related purchase and sales

①Purchase of goods and receiving of services from related parties

Related party	Nature of transaction	Current period	Prior period
Shougang Group Co., Ltd.	Raw material	11,068,944,447.34	15,812,441,439.56
Shougang Group Co., Ltd.	Fuel material	33,920,747.42	850,771,562.07
Shougang Group Co., Ltd.	Spare parts	--	288,719.70
Shougang Group Co., Ltd.	Production service	2,235,247.17	475,760.52
Shougang Group Co., Ltd.	Fund usage charges	35,745,338.87	34,969,724.91
Shougang Group Finance Co., Ltd.	Fund usage charges	201,948,042.69	153,237,793.51
Shougang Mining Corporation	Raw material	1,926,559,892.67	2,099,761,084.04
Shougang Mining Corporation	Power energy	33,142,695.62	--
Shougang Mining Corporation	Spare parts	32,099,434.72	3,202,556.00
Shougang Mining Corporation	Production service	150,457,234.49	54,367,334.62
Shougang Mining Corporation	Engineering equipment	1,427,460.00	231,780.00
Shougang Mining Corporation	Fund usage charges	910,228.06	--
China Shougang International Trade&Engineering Corporation	Export cost	34,538,588.30	30,613,231.65
China Shougang International Trade&Engineering Corporation	Raw material	5,139,000.00	1,733,274,763.68
China Shougang International Trade&Engineering Corporation	Fuel material	--	96,591,728.29
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Fuel material	3,552,528,494.93	3,254,253,797.34
Qian'an Sinochem Coal Chemical	Power energy	240,431,015.30	180,226,703.10

Related party	Nature of transaction	Current period	Prior period
Industrial Co., Ltd.			
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Production service	--	1,458,000.00
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Engineering service	--	6,163,561.10
Beijing Shougang Construction Group Co., Ltd.	Production service	300,447,167.99	251,776,778.38
Beijing Shougang Construction Group Co., Ltd.	Spare parts	9,858,739.08	13,489,674.64
Beijing Shougang Construction Group Co., Ltd.	Engineering service	236,173,424.69	136,295,065.42
Beijing Shougang Gas Co., Ltd.	Spare parts	3,200,799.01	3,354,070.98
Beijing Shougang Gas Co., Ltd.	Production service	33,977,201.66	27,586,525.02
Beijing Shougang Gas Co., Ltd.	Power energy	50,768,925.53	53,595,767.15
Beijing Shougang Gas Co., Ltd.	Auxiliary material	3,120,360.38	4,682,391.45
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	141,704,854.15	139,713,525.44
Beijing Shougang Automation Information Technology Co., Ltd.	Spare parts	7,205,892.14	1,208,517.00
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering service	76,489,735.52	41,581,898.02
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering equipment	30,712,548.34	65,611,045.55
Beijing Shougang Machinery&Electric Co., Ltd.	Spare parts	43,885,046.44	126,174,342.16
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	136,479,217.42	140,207,175.40
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering equipment	13,802,749.16	16,345,148.79
Beijing Shougang Machinery&Electric Co., Ltd.	Fuel material	36,602,521.60	--
Qinhuangdao Shougang Machinery Co., Ltd.	Spare parts	24,998,009.60	24,611,795.80
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	55,531,690.93	89,270,254.32
Qinhuangdao Shougang Machinery Co., Ltd.	Auxiliary material	67,370.00	144,724.00
Qinhuangdao Shougang Machinery Co., Ltd.	Engineering equipment	814,000.00	165,000.00
Qian'an Shouxin Automation Information Technology Co., Ltd.	Production service	63,886,655.00	60,593,120.00
Qian'an First Real Packaging	Production service	144,432,292.06	178,122,270.58

Related party	Nature of transaction	Current period	Prior period
Service Co., Ltd.			
Qian'an First Real Packaging Service Co., Ltd.	Raw material	1,195,811.49	--
Qian'an Shougang Equipment Structure Co., Ltd.	Spare parts	7,552,701.68	8,846,318.00
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	36,483,912.17	37,679,377.37
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering equipment	--	145,631.07
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering service	--	519,211.73
Qian'an Shougang Equipment Structure Co., Ltd.	Raw material	109,827,070.32	158,799,232.71
Beijing Shouye Instruments&Meters Co., Ltd.	Spare parts	16,182,291.22	16,346,051.76
Beijing Shouye Instruments&Meters Co., Ltd.	Engineering equipment	993,058.00	1,276,704.59
Beijing Shoujian Equipment Maintenance Co., Ltd.	Production service	34,490,733.22	20,762,791.10
Beijing Shoujian Equipment Maintenance Co., Ltd.	Auxiliary material	2,055,560.00	2,723,200.00
Beijing Shoujian Equipment Maintenance Co., Ltd.	Engineering equipment	19,094,172.47	777,099.03
Beijing Shoujian Hengxin Labor Service Co., Ltd.	Production service	844,500.00	915,000.00
Beijing Shoujian Hengji Construction Engineering Co., Ltd.	Spare parts	772,337.55	224,551.00
Beijing Shougang Landscaping Co., Ltd.	Life service	17,849,883.43	13,080,973.10
Beijing Shougang International Engineering&Technology Co., Ltd.	Spare parts	9,102,312.33	9,632,190.00
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering equipment	1,202,212.39	--
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering service	125,194,942.99	458,858,687.48
Beijing Shougang International Engineering&Technology Co., Ltd.	Production service	5,122,720.55	194,900.00
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	35,310,117.57	33,397,531.26
Beijing Huaxia Technology Co., Ltd.	Spare parts	3,745,828.06	1,690,465.59
Beijing Huaxia Technology Co.,	Engineering	2,075,133.00	--

Related party	Nature of transaction	Current period	Prior period
Ltd.	equipment		
Beijing Shougang Catering Co., Ltd.	Life service	5,952,307.96	6,597,640.95
Beijing Shoujia Steel Construction Co., Ltd.	Production service	16,574,840.79	22,160,417.70
Beijing Shougang Ferroalloy Co., Ltd.	Raw material	221,729,419.38	196,563,104.18
Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	Raw material	180,609,531.71	182,687,593.53
Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	Production service	40,350,564.25	30,168,667.91
Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	Auxiliary material	7,228,477.02	1,902,399.75
Qinhuangdao Shounai New Material Co., Ltd	Auxiliary material	13,539,928.09	65,408,513.30
Yantai Shougang Mining 3D Co., Ltd.	Spare parts	--	372,223.76
Tianjin Shougang Electric Equipment Co., Ltd.	Engineering equipment	5,891,877.00	8,603,286.07
Tianjin Shougang Electric Equipment Co., Ltd.	Spare parts	3,228,328.00	2,698,081.00
Beijing Chengxin Engineering Supervision Co., Ltd.	Engineering service	6,358,854.58	6,965,677.24
Beijing Chengxin Engineering Supervision Co., Ltd.	Production service	470,200.00	2,735,679.25
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	33,538,765.42	61,219,713.91
Beijing Shougang Materials Trading Co., Ltd.	Fuel material	547,672,053.69	225,712,360.18
Beijing Shougang Materials Trading Co., Ltd.	Raw material	4,702,909,170.72	538,212,672.10
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	755,857,551.98	524,240,136.08
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Fuel material	8,000,548,210.12	8,950,680,568.54
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	53,096,252.89	--
Beijing Shougang Futong Elevator Co., Ltd.	Spare parts	74,060.00	154,110.00
Beijing Shougang Futong Elevator Co., Ltd.	Production service	459,500.00	400,800.00
Tangshan Guoxing Industrial Co.,	Production service	57,556,793.88	77,793,837.74

Related party	Nature of transaction	Current period	Prior period
Ltd.			
Tangshan Guoxing Industrial Co., Ltd.	Engineering service	--	2,236,643.61
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Production service	152,049,198.80	207,653,177.98
Tonghua Iron and Steel Co., Ltd.	Steels	3,802,885.87	133,941,619.60
Shougang Environmental Industry Co., Ltd.	Production service	1,646,709.62	1,915,094.29
Beijing Shougang Mining Construction Co., Ltd.	Engineering service	17,531,728.65	13,312,717.97
Beijing Shougang Mining Construction Co., Ltd.	Production service	458,486.00	1,630,972.26
Beijing Shougang Industrial Group Co., Ltd.	Life service	1,221,575.75	11,626,269.25
Beijing Shougang Shape Metal Co., Ltd.	Raw material	84,278.76	528,252.21
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Production service	68,474,875.13	70,884,192.54
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Auxiliary material	2,315,146.00	552,870.00
Beijing Shougang Cultural Development Co., Ltd.	Production service	--	580,274.11
Jingxi Commercial Factoring Co., Ltd	Raw material	34,907,834.40	--
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Spare parts	125,823.00	179,380.00
Shougang Casey Steel Co., Ltd.	Production service	43,364,760.22	52,927,482.03
Tangshan Caofeidian First Real Industrial Co., Ltd.	Life service	42,874,283.75	41,904,796.94
Tangshan Caofeidian First Real Industrial Co., Ltd.	Spare parts	677,418.00	--
Qiangang Hotel.	Production service	9,778,036.37	9,481,071.36
Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	Spare parts	484,000.00	17,688.00
Bohai International Conference Center Co., Ltd.	Life service	661,300.00	--
Beijing Shougang Lanzatech Co., Ltd.	Power energy	3,693,882.56	2,059,676.23
Beijing Shougang Lanzatech Co., Ltd.	Engineering service	49,809,259.88	--
Qian'an Shougang Xingkuang	Auxiliary material	24,957,584.67	26,714,170.78

Related party	Nature of transaction	Current period	Prior period
Industrial Co., Ltd.			
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Spare parts	9,765,991.05	13,600,870.54
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Production service	6,350,350.00	6,954,102.00
Guangzhou Jinghai Shipping Co., Ltd.	Production service	128,099,079.43	186,551,736.65
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Spare parts	23,872,881.22	33,949,641.62
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Production service	403,724.29	417,866.35
Beijing Shoushe Metallurgical Technology Co., Ltd.	Engineering equipment	675,290.00	781.13
Beijing Shouyu Industry and Trade Co., Ltd.	Auxiliary material	4,238,547.63	4,576,121.90
Chaoyang Shougang Beifang Machinery Co., Ltd.	Spare parts	--	9,600.00
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	Production service	99,978,846.49	15,505,687.69
Tangshan Caofeidian Industry Port Co., Ltd.	Production service	251,375,939.87	201,482,854.02
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Production service	1,265,257.35	1,695,986.90
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Raw material	4,333,260.81	--
Beijing Shoutaizhongxin Science & Technology Co., Ltd	Spare parts	4,688,568.56	3,470,297.39
Shougang (Qingdao) Steel Industry Co., Ltd.	Raw material	342,039.82	2,995.58
Beijing Shougang Park Comprehensive Service Co., Ltd.	Life service	572,688.63	958,908.50
Hebei Shougang Jingtang Machinery Co., Ltd.	Production service	28,746,408.58	207,398.66
Cmi Engineering (Beijing) Co., Ltd.	Engineering equipment	7,440,989.91	231,700.00
South China International Leasing Co., Ltd	Fund usage charges	373,598.24	375,329.71
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Fund usage charges	--	10,132,191.78
Shougang Changzhi Steel&Iron Co., Ltd.	Raw material	--	1,509,854.85

Related party	Nature of transaction	Current period	Prior period
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Production service	8,461,576.13	13,926,963.02
Beijing Shougang Property Management Co., Ltd.	Production service	--	858,173.99
Guiyang Steel Mills I/E Corp.	Production service	2,970,042.21	8,416,379.32
Gansu Province, Wenxian Million Litie Alloy Co., Ltd.	Raw material	326,252,685.09	--
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	2,918,833.30	1,018,184.09
Beijing Shouyi Mining Hospital Co., Ltd.	Production service	47,492.43	17,250.47
Peking University Shougang Hospital	Production service	87,000.00	--
Tangshan Shougang Malanzhuang Iron Ore Co., Ltd.	Raw material	197,077,674.61	282,648,175.75
Jingtang Port Shougang Terminal Co., Ltd.	Production service	1,192,452.83	--

②Sale of goods and rendering of services to related parties

Related party	Nature of transaction	Current period	Prior period
Shougang Mining Corporation	Steel	--	1,892,789.48
Shougang Mining Corporation	Raw fuel material	9,241,798.22	16,167,302.25
Shougang Mining Corporation	Power energy	343,444.78	65,118.20
Shougang Mining Corporation	Production service	8,937,128.86	8,550,486.22
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	115,838,012.89	141,819,751.69
Shougang Casey Steel Co., Ltd.	Steel	54,564,705.92	279,607,574.70
Shougang Casey Steel Co., Ltd.	Production service	620,236.80	--
Beijing Shougang Construction Group Co., Ltd.	Power energy	945,464.96	1,987,180.90
Beijing Shougang Construction Group Co., Ltd.	Steel	1,717,553.21	--
Beijing Shougang Construction Group Co., Ltd.	Production service	296,607.92	1,693,846.18
Beijing Shougang Gas Co., Ltd.	Power energy	65,271,726.53	50,568,488.85
Beijing Shougang Machinery&Electric Co., Ltd.	Steel	344,920,644.23	28,771,158.06
Beijing Shougang Machinery&Electric Co., Ltd.	Power energy	1,853,417.89	1,934,832.18
Beijing Shougang	Production service	795,431.19	1,535,761.47

Related party	Nature of transaction	Current period	Prior period
Machinery&Electric Co., Ltd.			
Beijing Shougang Ferroalloy Co., Ltd.	Power energy	2,053,563.99	1,600,589.47
Beijing Shougang Ferroalloy Co., Ltd.	Raw fuel material	10,545,043.68	8,155,967.97
Beijing Shougang Ferroalloy Co., Ltd.	Production service	449,154.05	449,154.05
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	484,146,525.18	352,743,305.52
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	120,724,400.11	106,912,003.10
Beijing Beiye Functional Materials Co., Ltd.	Billet	1,714,757.18	6,404,612.46
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Raw fuel material	1,356,766.61	--
Beijing Shoucheng Packaging Service Co., Ltd.	Steel	--	3,384,484.97
Beijing Shoucheng Packaging Service Co., Ltd.	Power energy	140,070.48	192,071.90
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	957,448.40	938,610.78
Qian'an First Real Packaging Service Co., Ltd.	Steel	63,796,367.40	82,015,743.49
Beijing Shouronghui Technology Development Co., Ltd.	Steel	8,818,653.83	37,212,138.92
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Raw fuel material	42,368,581.63	113,217,212.93
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Power energy	66,415,506.75	67,283,007.37
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	13,424,107.22	13,336,395.41
Beijing Shougang Metal Co., Ltd.	Steel	841,013.59	25,015,735.61
Beijing Shougang Metal Co., Ltd.	Power energy	294,190.90	423,862.40
Qinhuangdao Shougang Machinery Co., Ltd.	Raw fuel material	298,910,811.61	352,658,801.28
Qinhuangdao Shougang Machinery Co., Ltd.	Power energy	268,162.33	265,138.97
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	238,869.63	--
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	256,293.58	221,876.15
Qian'an Shougang Equipment Structure Co., Ltd.	Steel	1,836,050.94	1,252,437.21

Related party	Nature of transaction	Current period	Prior period
Tangshan Guoxing Industrial Co., Ltd.	Power energy	1,107,952.34	707,796.15
Tangshan Guoxing Industrial Co., Ltd.	Raw fuel material	677,577.93	243,642.67
Tangshan Guoxing Industrial Co., Ltd.	Production service	855,983.08	1,259,047.62
Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	Power energy	--	55,369.38
Tangshan Caofeidian First Real Industrial Co., Ltd.	Power energy	374,939.81	370,582.77
Beijing Shougang Automation Information Technology Co., Ltd.	Power energy	41,468.41	--
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	67,245.28	789,703.89
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	821,083.87	595,599.93
Tonghua Iron and Steel Co., Ltd.	Production service	50,000.00	--
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Raw fuel material	--	1,342,898.54
Tangshan Caofeidian Industry Port Co., Ltd.	Power energy	2,320,570.00	2,419,158.00
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Interest income	5,922,896.67	5,488,952.23
Ningbo Shougang Zhejin Steel Co., Ltd.	Steel	160,626,440.02	229,785,614.25
Shougang (Qingdao) Steel Industry Co., Ltd.	Steel	809,865,140.43	1,177,017,052.92
Shougang (Qingdao) Steel Industry Co., Ltd.	Production service	212.37	--
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Steel	22,516,403.45	26,416,151.05
Qian'an Shoujia Construction Material Co., Ltd.	Power energy	13,384,733.24	9,244,055.41
Qian'an Shoujia Construction Material Co., Ltd.	Raw fuel material	14,991,381.04	25,145,851.19
Qian'an Shoujia Construction Material Co., Ltd.	Production service	248,418.37	248,418.37
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Power energy	29,150.09	--
Guizhou Bohong Industrial Co., Ltd.	Production service	42,883.39	45,952.11
Shougang Group Co., Ltd.	Production service	104,880,000.00	138,060,000.00
Beijing Shougang Landscaping Co., Ltd.	Power energy	438.3	691.88

Related party	Nature of transaction	Current period	Prior period
Guangzhou Jinghai Shipping Co., Ltd.	Production service	24,620,249.30	24,332,714.23
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Power energy	14,446.67	19,027.65
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Steel	23,282,150.23	40,593,541.40
Shougang Group Finance Co., Ltd.	Interest income	53,273,081.46	58,041,420.19
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Steel	15,452,898.93	19,271,308.07
Beijing Shougang Gas Tangshan Co., Ltd.	Production service	282,857.16	--
Beijing Shougang Catering Co., Ltd.	Power energy	169,813.86	292,663.17
Guizhou Liupanshui Shenghongda Mechanical Equipment Manufacturing Co., Ltd	Production service	--	34,181.68
Guizhou Shuigang Logistics Co., Ltd.	Production service	105,043.02	17,949.06
Shougang Shuicheng Iron and Steel (Group) Xingyuan Development Investment Co., Ltd.	Production service	--	10,830.19
Hebei Jingji Industry & Trading Co., Ltd.	Steel	4,690,630.50	3,105,020.40
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Raw fuel material	30,561,741.67	--
Jingtang Port Shougang Terminal Co., Ltd.	Production service	167,361.48	--
Shoujia Huanke (Qian'an) Co., Ltd	Raw fuel material	17,684,714.70	11,675,057.67
Beijing Shoujia Steel Construction Co., Ltd.	Power energy	694,677.71	553,212.75
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Production service	1,183.02	--
Beijing Shougang Lanzatech Co., Ltd.	Power energy	67,702,085.08	67,033,212.67
Beijing Shougang Lanzatech Co., Ltd.	Production service	736,172.37	
Tangshan Tangcao Railway Co., Ltd.	Production service	161,886.78	--
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	Raw fuel material	510,865.44	--
Qinhuangdao Shounai New Material Co., Ltd	Raw fuel material	31,225.06	--

Related party	Nature of transaction	Current period	Prior period
Hebei Shougang Jingtang Machinery Co., Ltd.	Production service	594.34	--
Beijing Shougang Chengyun Holdings Co., Ltd	Steel	91,853,232.24	--
Ordos Baotou Steel Shourui Material Technology Co., Ltd.	Steel	--	7,321,222.63

(2) Details of related party leases

① The Company as a lessor

Lessee	Type of assets leased	Lease income recognized in current period	Lease income recognized in prior period
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Land use right	493,140.39	412,268.42
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Land use right	12,071,833.13	12,071,833.13
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Land use right	1,190,380.97	1,190,380.97
Beijing Shougang Lanzatech Co., Ltd.	Land use right	82,666.67	82,666.67

② The Company as a lessee

Lessor	Type of assets leased	Lease expenses recognized in current period	Lease expenses recognized in prior period
Beijing Shougang Construction Investment Co., Ltd.	Property	5,028,278.14	5,028,278.14
Shougang Group Co., Ltd.	Property	1,753,757.51	1,711,281.61
Beijing Shougang Special Steel Co., Ltd.	Property	--	--

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 prior period
Shougang Group Co., Ltd.	Property and buildings	726,524.57	751,069.25
Beijing Shougang Construction Investment Co., Ltd.	Property and buildings	631,884.02	832,385.74

(3) Details of related party guarantees

① The Company as a guarantor

Guarantee	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Shougang (Qingdao) Steel Industry Co., Ltd.	210,000,000.00	2021/11/25	2023/11/18	Incomplete
Ningbo Shougang Zhejin Steel Co., Ltd.	44,000,000.00	2023/2/15	2024/2/15	Incomplete
Shanghai Shougang Steel & Iron Trading Co., Ltd.	160,500,000.00	2022/12/14	2023/12/13	Incomplete

② The Company as a guarantee

Guarantor	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Shougang Group Co., Ltd.	4,909,697,916.68	2021/8/13	2023/5/5	Incomplete
Shougang Group Co., Ltd.	9,110,869,444.44	2019/9/6	2031/9/3	Incomplete

(4) Details of related party funding

Related party	Closing balance	Beginning date	Maturity date	Note
Shougang Group Co., Ltd.	195,112,584.84	2020/3/25	2025/5/18	Entrust loans
Shougang Group Finance Co., Ltd.	11,082,283,378.61	2022/7/7	2024/6/16	Short-term loans
Shougang Group Finance Co., Ltd.	500,395,833.33	2022/11/4	2025/11/4	Long-term loans
Shougang Group Finance Co., Ltd.	3,609,600,000.00	2023/1/16	2023/12/27	Notes payable

Related party	Closing balance	Beginning date	Maturity date	Note
Tangshan Zhonghong Carbon Chemical Co., Ltd.	300,294,216.36	—	—	Other current assets

(5) Remuneration of key management personnel

The Company has 15 key management personnel in current period, and 21 key management personnel in prior period. The remuneration payment is as follows:

Item	Current period (RMB 0,000)	Prior period (RMB 0,000)
Remuneration of key management personnel (excluding share payment)	402.22	603.72

6. Receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	As at 30 June 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.	7,368,480,229.24	--	8,782,663,274.02	--
Bank deposits	Hua Xia Bank Co.,Ltd.	2,693,537.75	--	6,713,364.79	--
Accounts receivable	Shougang Group Co., Ltd.	--	--	57,479.37	2,047.03
Accounts receivable	Shougang Casey Steel Co., Ltd.	105,527,619.05	3,756,783.24	290,361,751.31	10,336,878.35
Accounts receivable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	1,748,412.19	487,967.05	1,748,412.19	487,967.75
Accounts receivable	Beijing Shougang Lanzatech Co., Ltd.	--	--	34,418,648.92	1,225,303.90
Accounts receivable	Qian'an Shoujia Construction Material Co., Ltd.	53,221,363.06	1,974,825.21	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	1,438,064.93	1,070,495.53
Accounts receivable	Tonghua Iron and Steel Co., Ltd.	400,000.00	14,245.34	506,248.00	17,810.17
Accounts receivable	Beijing Shougang International Engineering&Technology Co., Ltd.	354,540.00	223,634.15	428,540.00	297,559.83
Accounts receivable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	8,201,983.52	291,990.61	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	--	--	734.5	218.7

Item	Related party	As at 30 June 2023		As at 31 December 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Co., Ltd.				
Accounts receivable	Beijing Shougang Machinery&Electric Co., Ltd.	100,000.00	14,676.06	100,000.00	3,561.33
Accounts receivable	Beijing Shouke Xingye Engineering Technology Co., Ltd.	400,000.00	119,101.26	400,000.00	112,210.59
Accounts receivable	Tangshan Tangcao Railway Co., Ltd.	3,694,628.46	131,528.77	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.	471,150.00	140,286.39	771,150.00	27,041.00
Accounts receivable	Jingtang Port Shougang Terminal Co., Ltd.	177,403.20	6,315.55	--	--
Accounts receivable	Guangzhou Jinghai Shipping Co., Ltd.	13,106,921.61	--	--	--
Accounts receivable	Beijing Shoucheng Packaging Service Co., Ltd.	336,403.98	11,980.47	--	--
Accounts receivable	Beijing Shougang Shape Metal Co., Ltd.	52,282.54	1,861.96	--	--
Prepayments	Tonghua Iron and Steel Co., Ltd.	15,957,236.47	--	20,254,497.50	--
Prepayments	Tangshan Caofeidian Ganglian Logistics Co., Ltd.	250,891,785.89	--	87,043,657.93	--
Prepayments	Tangshan Caofeidian Industry Port Co., Ltd.	--	--	1,760,930.71	--
Prepayments	Beijing Jinanyuan Automobile Transportation Co., Ltd.	1,393,617.12	--	4,996,705.97	--
Prepayments	Shougang Group Co., Ltd.	910,421,696.63	--	74,027,519.11	--
Prepayments	Cmi Engineering (Beijing) Co., Ltd.	--	--	50,850.00	--
Prepayments	China Shougang International Trade&Engineering Corporation	7,247,815.06	--	7,633,348.80	--

Item	Related party	As at 30 June 2023		As at 31 December 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Prepayments	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	--	--	4,171,441.39	--
Prepayments	Shougang Changzhi Steel&Iron Co., Ltd.	7,609.04	--	7,609.04	--
Dividend receivable	Guangzhou Jinghai Shipping Co., Ltd.	200,000.00	--	200,000.00	--
Other current assets	Tangshan Zhonghong Carbon Chemical Co., Ltd.	300,294,216.36	118,133,658.14	285,013,761.81	118,133,658.14

(2) Payables to related parties

Item	Related party	As at 30 June 2023	As at 31 December 2022
Accounts payable	Shougang Group Co., Ltd.	611,122,119.38	655,732,407.11
Accounts payable	Shougang Mining Corporation	4,282,630,457.79	4,125,595,337.09
Accounts payable	Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	285,839,236.62	470,845,391.07
Accounts payable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	2,283,598,733.85	1,859,004,046.73
Accounts payable	Beijing Shoucheng Packaging Service Co., Ltd.	--	13,350,654.51
Accounts payable	Beijing Shougang Automation Information Technology Co., Ltd.	192,778,148.92	182,889,510.51
Accounts payable	Beijing Shougang Construction Group Co., Ltd.	537,392,157.34	618,622,996.56
Accounts payable	Beijing Shoujian Equipment Maintenance Co., Ltd.	30,131,534.47	25,594,363.58
Accounts payable	Beijing Shougang Landscaping Co., Ltd.	19,979,233.57	23,883,634.56
Accounts payable	Beijing Shougang Catering Co., Ltd.	1,294,140.81	1,327,588.66
Accounts payable	Beijing Huaxia Technology Co., Ltd.	7,003,905.42	5,762,815.76
Accounts payable	Qinhuangdao Shougang Machinery Co., Ltd.	65,898,841.91	64,415,151.43
Accounts payable	Beijing Shougang Machinery&Electric Co., Ltd.	126,109,195.02	162,405,176.47
Accounts payable	Beijing Shouye Instruments&Meters Co., Ltd.	14,969,828.46	13,442,009.63
Accounts payable	Tianjin Shougang Electric Equipment Co., Ltd.	7,887,602.99	9,099,757.38
Accounts payable	Beijing Shougang Gas Co., Ltd.	71,826,275.30	66,619,195.56
Accounts payable	Beijing Shougang International Engineering&Technology Co., Ltd.	254,019,444.70	310,818,935.04
Accounts payable	Beijing Jinanyuan Automobile Transportation Co., Ltd.	15,403,891.85	15,100,355.24
Accounts payable	Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	207,702,766.72	158,972,406.25
Accounts payable	Qian'an Shougang Equipment Structure Co., Ltd.	75,939,831.02	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.	1,445,062.82	1,602,115.93
Accounts payable	Beijing Soly Technology Co., Ltd.	228,488.43	210,904.43
Accounts payable	Qian'an Shouxin Automation Information Technology Co., Ltd.	24,251,856.38	25,515,132.74
Accounts payable	Qian'an First Real Packaging Service Co., Ltd.	143,013,704.30	96,388,811.17
Accounts payable	Beijing Shoujia Steel Construction Co., Ltd.	10,674,760.30	14,995,775.16
Accounts payable	Beijing Shougang Ferroalloy Co., Ltd.	131,980,532.62	73,607,022.86
Accounts payable	Beijing Shougang Materials Trading Co., Ltd.	3,012,881,194.41	426,891,995.64
Accounts payable	Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	57,690,426.64	57,690,426.64
Accounts payable	Shougang Environmental Industry Co., Ltd.	277,500.00	334,080.00
Accounts payable	China Shougang International Trade&Engineering Corporation	730,653,175.29	663,787,332.95
Accounts payable	Beijing Chengxin Engineering Supervision Co., Ltd.	7,957,308.86	6,127,851.86
Accounts payable	Qinhuangdao Shounai New Material Co., Ltd	23,069,319.66	61,808,291.36
Accounts payable	Tangshan Guoxing Industrial Co., Ltd.	50,405,198.32	40,465,093.70
Accounts payable	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	136,332,682.88	138,903,339.92
Accounts payable	Beijing Shougang Futong Elevator Co., Ltd.	225,346.75	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.	6,975,969.73	3,354,289.89

Item	Related party	As at 30 June 2023	As at 31 December 2022
Accounts payable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	15,938,323.06	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.	--	14,002.60
Accounts payable	Beijing Shougang Industrial Group Co., Ltd.	15,325,916.09	24,377,193.66
Accounts payable	Beijing Shougang International Travel Co., Ltd.	8,688.00	8,688.00
Accounts payable	Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	1,646,329.23	3,664,099.23
Accounts payable	Qiangang Hotel.	6,739,595.28	8,662,628.97
Accounts payable	Beijing Dingshengcheng Packaging Materials Co., Ltd.	27,565,618.72	17,452,797.76
Accounts payable	Beijing Shougang Special Steel Co., Ltd.	94,949,940.33	94,949,940.33
Accounts payable	Hebei Shougang Jingtang Machinery Co., Ltd.	23,842,283.43	18,999,797.17
Accounts payable	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	7,326,808.55	7,330,595.55
Accounts payable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	6,533,423.23	4,945,999.84
Accounts payable	Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	18,867,228.07	25,442,826.43
Accounts payable	Beijing Shouyi Mining Hospital Co., Ltd.	--	1,958,389.00
Accounts payable	Beijing Shouyu Industry and Trade Co., Ltd.	5,734,439.62	7,177,859.06
Accounts payable	PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	15,696,768.02	14,973,290.67
Accounts payable	YASKAWA Shougang Robert Co., Ltd.	--	235,384.79
Accounts payable	Beijing Shoubang New Material Co., Ltd.	1,925,907.54	2,927,759.28
Accounts payable	Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	646,001.04	1,845,155.82
Accounts payable	Chaoyang Shougang Beifang Machinery Co., Ltd.	893,561.07	931,110.35
Accounts payable	Chengde Xintong Shoucheng Mining Co., Ltd.	--	851,714.56
Accounts payable	Guangzhou Jinghai Shipping Co., Ltd.	100,170,229.65	102,688,729.55
Accounts payable	Tangshan Caofeidian Industry Port Co., Ltd.	45,265,404.27	55,335,586.91
Accounts payable	Shougang Guiyang Special Steel Co., Ltd.	6,975,000.00	6,975,000.00
Accounts payable	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	930,220.49	149,948.85
Accounts payable	Cmi Engineering (Beijing) Co., Ltd.	1,356,712.00	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.	966,223.85	1,545,599.81
Accounts payable	Qinhuangdao Shougang Racing Valley Co., Ltd	--	95,860.00
Accounts payable	Beijing Shougang Park Comprehensive Service Co., Ltd.	14,068.00	2,300.00
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.	2,805,808.03	4,161,841.55
Accounts payable	Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	4,982,477.71	5,274,968.79
Accounts payable	Shougang Commercial Factoring Co., Ltd.	19,360,574.68	17,148,576.40
Accounts payable	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	531,903.57	1,888,425.49
Accounts payable	Tangshan Shougang Malanzhuang Iron Ore Co., Ltd.	159,498,210.56	132,159,697.12
Accounts payable	Beijing Shoutaizhongxin Science & Technology Co., Ltd	4,857,604.28	6,185,421.93
Accounts payable	Peking University Shougang Hospital	21,892.66	3,088,704.96
Accounts payable	Beijing Shougang Lanzatech Co., Ltd.	13,705,740.13	--
Contract liabilities	Beijing Shoucheng Packaging Service Co., Ltd.	--	53,217.02
Contract liabilities	Beijing Shougang Huaxia Engineering&Technology	1,630,143.70	1,494,914.05

Item	Related party	As at 30 June 2023	As at 31 December 2022
	Co., Ltd.		
Contract liabilities	Beijing Beiye Functional Materials Co., Ltd.	62,368.53	34,194.22
Contract liabilities	Beijing Shougang Gitane New Materials Co., Ltd.	45,093.66	45,093.66
Contract liabilities	Beijing Shouronghui Technology Development Co., Ltd.	1,752,834.01	6,564,678.23
Contract liabilities	Beijing Shougang Machinery&Electric Co., Ltd.	13,718,819.97	9,143,010.03
Contract liabilities	Beijing Shougang Construction Group Co., Ltd.	157,354.04	385,946.71
Contract liabilities	Qinhuangdao Shougang Machinery Co., Ltd.	787,562.83	1,031,671.69
Contract liabilities	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	50,000.00	50,000.00
Contract liabilities	Tangshan Guoxing Industrial Co., Ltd.	436,549.63	--
Contract liabilities	Beijing Shougang Automation Information Technology Co., Ltd.	3,504.15	--
Contract liabilities	Qian'an First Real Packaging Service Co., Ltd.	2,958,850.05	2,164,319.43
Contract liabilities	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	534,811.19	1,901,697.48
Contract liabilities	Beijing Shougang Industrial Group Co., Ltd.	23,723.72	--
Contract liabilities	Beijing Jinanyuan Automobile Transportation Co., Ltd.	214,144.17	341,185.21
Contract liabilities	Qian'an Shougang Equipment Structure Co., Ltd.	544,816.53	14,753.10
Contract liabilities	Qinhuangdao Shougang Plate Mill Co., Ltd.	13,028.81	13,028.81
Contract liabilities	Qinhuangdao Shounai New Material Co., Ltd.	1,333,453.31	182,697.15
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	50,000.00
Contract liabilities	Beijing Shougang Materials Trading Co., Ltd.	188,861.00	188,861.00
Contract liabilities	Guizhou Bohong Industrial Co., Ltd.	50,000.00	50,000.00
Contract liabilities	Beijing Shougang Mining Construction Co., Ltd.	52,088.04	52,088.04
Contract liabilities	Tianjin Shougang Electric Equipment Co., Ltd.	169.19	169.19
Contract liabilities	Shougang Shuicheng Steel (Group) Saide Construction Co., Ltd.	805.61	805.61
Contract liabilities	Dachang Shougang Machinery&Electric Co., Ltd.	52,503.67	2,503.67
Contract liabilities	Ningbo Shougang Zhejin Steel Co., Ltd.	25,230,297.22	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.	3,912,228.96	7,184,262.58
Contract liabilities	Shougang Casey Steel Co., Ltd.	600,163.89	51,682.17
Contract liabilities	Shougang (Qingdao) Steel Industry Co., Ltd.	176,799,641.10	154,086,174.29
Contract liabilities	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	6,997,214.33	--
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.	187,059.69	487,472.16
Contract liabilities	Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	52,466.00	50,000.00
Contract liabilities	Beijing Shoujian Equipment Maintenance Co., Ltd.	52,484.00	50,000.00
Contract liabilities	Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	150,984.95	111,022.04
Contract liabilities	Shoujia Huanke (Qian'an) Co., Ltd.	200,000.00	200,000.00

Item	Related party	As at 30 June 2023	As at 31 December 2022
Contract liabilities	Beijing Shoujia Steel Construction Co., Ltd.	95,027.11	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 Dingshengcheng Packaging Materials Co., Ltd.	35,700.00	--
Contract liabilities	Beijing Shougang Lanzatech Co., Ltd.	82,666.66	--
Contract liabilities	Beijing Shougang Gas Tangshan Co., Ltd.	282,857.13	--
Contract liabilities	Beijing Shougang Chengyun Holdings Co., Ltd.	70,060.17	--
Other payables	Shougang Group Co., Ltd.	56,575,231.05	56,575,231.05
Other payables	Shougang Mining Corporation	12,202,944.99	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.	3,865,587.23	3,865,587.23
Other payables	Tangshan Guoxing Industrial Co., Ltd.	4,450,973.55	4,450,973.55
Other payables	Guangzhou Jinghai Shipping Co., Ltd.	57,800.00	--
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	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	341,400,000.00	341,400,000.00
Other payables	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	2,910,814.91	2,910,814.91
Other non-current liabilities	Shougang Group Co., Ltd.	4,164,819,920.40	4,532,018,467.20

XI. Share-based payment

1. General information of share-based payment

Total equity instruments of the Company granted during the period	None
Total exercised equity instruments of the Company during the period	
Total invalid equity instruments of the Company during the period	
Range of exercise prices and contractual remaining period for share options issued by the Company at the end of the period	
Range of exercise prices and remaining contractual maturity of other equity instruments issued by the Company at the end of the period	

2. Equity-settled share-based payment

The method of determining the fair value of equity instrument on the grant date	The price of restricted stock shall be determined at the closing price on the grant date
Basis for determining the quantity of exercisable equity instruments	The actual unlocked quantity is determined according to the performance assessment
Reasons for significant difference between the current estimate and previous estimate	None
Accumulated amount of equity settled share-based payments recognized in capital reserve	61,651,886.90
The total amount of expenses recognized for equity settled share-based payments in this period	23,286,765.84

Note: On 29 November 2021, approved by Beijing State Owned Assets Supervision and Administration Commission, confirmed with no objection and recorded by China Securities Regulatory Commission, Proposal on Beijing Shougang Co., Ltd.2021 Restricted Stock Incentive

Plan (Draft Amendment) and its Summary, Proposal of Beijing Shougang Co., Ltd. 2021 Restricted Stock Incentive Plan Implementation Assessment Management Method (Revised), Beijing Shougang Co., Ltd.'s Proposal on requesting the General Meeting of Shareholders to authorize the Board of Directors to handle matters related to 2021 Restricted stock Incentive Plan were considered and approved at the seventh meeting of the eleventh Board of Directors and the first extraordinary General Meeting of the year 2021 of the Company. The grant date was 9 December 2021 and a total of 64,901,800.00 restricted stock shares were granted to 386 incentive objects. The grant price of the restricted stock is RMB3.25 per share. After the completion of subscription of this incentive plan, as a result of additional issuance of new shares, the Company's share capital (Note V,34) and capital reserve (Note V,35) increased by RMB 64,901,800.00 and RMB 146,029,050.00 respectively, and treasury shares increased by RMB 210,930,850.00. At the same time, equity incentive repurchase obligations are recognized in RMB 210,930,850.00 in other payables (Note V, 24). The restriction period of restricted shares granted by the incentive plan shall be 24 months, 36 months and 48 months respectively from the registration date of the corresponding partial equity grant. The restricted shares granted under this incentive Plan shall not be transferred, used for security or debt repayment during the restricted sale period.

The Company has provided lock-up periods and unlock-up conditions for the stock granted to the incentive subjects by way of non-public offering, and the Company has fully recognized other payables - restricted stock repurchase obligations and treasury share in respect of the repurchase obligations based on the subscription amounts received. If the unlocking conditions specified in the final Equity Incentive Plan are not met, the Company will repurchase the shares at the grant price and write down the outstanding shares. The portion of restricted stock that meets the unlocking conditions is offset from the treasury share.

The cost and expense recognized during the waiting period of this period is RMB 23,286,765.84, and the consolidated capital reserve is increased by RMB 19,606,533.40 according to the shareholding ratio of the subsidiaries.

XII. Commitments and contingencies

1. Material commitments

As at 30 June 2023, the Company has no commitments that should be disclosed.

2. Contingencies

As at 30 June 2023, the Company has no pending litigation, external guarantees or other contingencies that should be disclosed.

XIII. Events after balance sheet date

As at 30 June 2023, the Company has no undisclosed event that should be disclosed after the balance sheet date.

XIV. Other significant events

1. Segment information

According to internal organizational structure, management requirement and requirement of internal reporting system, the Company divides businesses into iron and steel segment. The segment information is determined based on the financial information required by routine internal management of the Company. The management periodically evaluates the operating results of the

segment to determine its allocation of resources and evaluate the performance of the segment.

The segment information of the Company includes: iron and steel segment.

The segment information is disclosed in accordance with the accounting policies and measurement basis used in the reports of the management, which are in line with those adopted in financial statements.

(1) Segment profit or loss, assets and liabilities

Current period or end of current period	Iron and steel Segment	Offset	Total
Operating revenue	57,368,096,029.37	--	57,368,096,029.37
Including: External revenue	57,368,096,029.37	--	57,368,096,029.37
Inter-segment revenue	--	--	--
Including: Main operating revenue	55,599,122,827.83	--	55,599,122,827.83
Cost of sales	54,320,153,167.23	--	54,320,153,167.23
Including: Main operating cost of sales	52,725,471,888.88	--	52,725,471,888.88
Operating expenses	1,268,214,896.36	--	1,268,214,896.36
Operating profit/(loss)	567,287,669.42	--	567,287,669.42
Total assets	141,596,926,689.81	--	141,596,926,689.81
Total liabilities	88,815,227,194.05	--	88,815,227,194.05
Supplementary information:			
1.Capital expenditure	702,577,750.33	--	702,577,750.33
2.Depreciation and amortisation	3,943,237,411.39	--	3,943,237,411.39
3.Non-cash expenses other than depreciation and amortisation	--	--	--
4. 4.Assets impairment losses	322,757,792.70	--	322,757,792.70

Prior period or end of prior period	Iron and steel Segment	Offset	Total
Operating revenue	63,194,115,447.56	--	63,194,115,447.56
Including: External revenue	63,194,115,447.56	--	63,194,115,447.56
Inter-segment revenue	--	--	--
Including: Main operating revenue	61,279,976,461.63	--	61,279,976,461.63
Cost of sales	58,297,262,097.99	--	58,297,262,097.99
Including: Main operating cost of sales	56,684,778,266.42	--	56,684,778,266.42
Operating expenses	1,484,982,722.35	--	1,484,982,722.35
Operating profit/(loss)	2,420,035,568.50	--	2,420,035,568.50
Total assets	143,173,445,003.35	--	143,173,445,003.35
Total liabilities	93,101,365,568.38	--	93,101,365,568.38

Prior period or end of prior period	Iron and steel Segment	Offset	Total
Supplementary information:			
1.Capital expenditure	1,280,730,705.51	--	1,280,730,705.51
2.Depreciation and amortisation	3,880,281,784.23	--	3,880,281,784.23
3.Non-cash expenses other than depreciation and amortisation	--	--	--
4.Assets impairment losses	97,657,975.55	--	97,657,975.55

(2) Other segment information

① External revenue of goods and services

Item	Current period	Prior period
Iron and steel	57,368,096,029.37	63,194,115,447.56

② Geographical information

No more details of geographical information should be disclosed as the production and sales of the Company are all located in mainland China.

2. Lease

The Company as lessee

Additional information on rental fees

① The Company simplifies the treatment of short-term leases and low-value leases, and unrecognized right-of-use assets and lease liabilities. The information of short-term leases, low-value leases and variable lease payments measured outside lease liabilities included in the current profit and loss are as follows:

Item	Current period
Short-term leases	1,215,937.69
Low-value leases	--
Variable lease payments measured outside lease liabilities	--

The Company as lessor

Formation of operating lease:

② lease revenue, and separately disclose income related to variable lease payments not included in lease receipts;

Item	Current period
Lease revenue	16,974,910.21
Income related to variable lease payments not included in lease receipts	--

③ The amount of undiscounted lease receipts that will be received in each of the five consecutive

fiscal years after the balance sheet date and the total amount of undiscounted lease receipts that will be received in the remaining fiscal years.

Item	Closing balance
Within 1 year	20,333,329.94
1 – 2 years	5,205,802.28
2 – 3 years	4,271,706.28
Over 3 years	--
Total	29,810,838.50

XV. Notes to the financial statements of parent company

1. Notes receivable

Item	2023.06.30		
	Book balance	Bad debt provision	Net carrying value
Bank acceptances	--	--	--
Commercial acceptances	858,483,273.79	858,483.27	857,624,790.52
Total	858,483,273.79	858,483.27	857,624,790.52

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

Item	Amount pledged as of 30 June 2023
Commercial acceptances	6,521,200.88

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

Item	Amount derecognized as of June 30, 2023	Amount not-derecognized as of June 30, 2023
Bank acceptances	--	--
Commercial acceptances	--	808,358,430.36
Total	--	808,358,430.36

(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 June 30, 2023
------	---

Item	Amount transferred to accounts receivable as of June 30, 2023
Commercial acceptance notes	2,000,000.00

(4) Classified by bad debt provision method

2023.06.30					
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	858,483,273.79	100.00	858,483.27	0.10	857,624,790.52
Portfolio 1	--	--	--	--	--
Portfolio 2	858,483,273.79	100.00	858,483.27	0.10	857,624,790.52
Total	858,483,273.79	100.00	858,483.27	0.10	857,624,790.52

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

(5) Provision, recovery or reversal of bad debt

Item	Bad debt provision
Opening balance	899,539.69
Provision	-41,056.42
Recovery or reversal	--
Written-off	--
As at 31 December 2022	858,483.27

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

2. Accounts receivable

(1) Disclosed by ageing of account receivables

Ageing	2023.06.30	2022.12.31
Within 1 year	1,708,247,806.47	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	1,710,247,806.47	1,409,355,180.38
Less: provision for bad debts	4,416,655.51	12,694,254.85
Total	1,705,831,150.96	1,396,660,925.53

(2) Disclosed by bad debt provision

Category	2023.06.30				
	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	2,000,000.00	0.11	2,000,000.00	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,708,247,806.47	99.89	2,416,655.51	0.14	1,705,831,150.96
Portfolio of aging analysis	65,627,677.14	3.84	2,416,655.51	3.68	63,211,021.63
Portfolio of consolidation scope	1,642,620,129.33	96.05	--	--	1,642,620,129.33
Total	1,710,247,806.47	100.00	4,416,655.51	0.26	1,705,831,150.96

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	--
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:

2023.06.30				
Accounts receivable (by debtor)	Book balance	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Accounts receivable over 3 years	--	--	--	--
Recourse for overdue bills	2,000,000.00	2,000,000.00	100.00	Recourse for overdue bills
Total	2,000,000.00	2,000,000.00	100.00	

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:

2023.06.30			
Item	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,708,247,806.47	2,416,655.51	0.14
1 – 2 years	--	--	--
2 – 3 years	--	--	--
Over 3 years	--	--	--
Total	1,708,247,806.47	2,416,655.51	0.14

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

Item	Bad debt provision
Opening balance	12,694,254.85
Provision	--
Recovery or reversal	8,277,599.34
Written-off	--
As at 31 December 2022	4,416,655.51

(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 1,700,813,464.53, accounting for 99.45% 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 2,225,140.23.

Company Name	Closing balance of accounts receivable	Percentage %	Closing balance of provision
Beijing Shougang Cold Rolling Co., Ltd.	1,605,328,052.61	93.87	--
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	35,235,362.16	2.06	--
Qian'an Shoujia Construction Material Co., Ltd.	53,221,363.06	3.11	1,974,825.22
Nantong Zhongji Energy Equipment Co., Ltd..	3,073,439.61	0.18	109,455.45
Zhangjiagang CIMC Sanctum Cryogenic Equipment Co.,Ltd.	3,955,247.09	0.23	140,859.56
Total	1,700,813,464.53	99.45	2,225,140.23

3. Financing receivables

Item	2023.06.30	2022.12.31
Notes receivable	1,815,794,055.75	835,526,685.55
Less: Other comprehensive income - fair value changes	--	--
Closing balance of fair value	1,815,794,055.75	835,526,685.55

(1) Classified by bad debt provision method

Category	2023.06.30				
	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually					
Assessed bad debt provision in portfolios based on credit risk characteristics	1,816,157,287.21	100.00	363,231.46	0.02	1,815,794,055.75

2023.06.30					
Category	Book balance		Bad debt provision		Net carrying value
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Portfolio 1	1,816,157,287.21	100.00	363,231.46	0.02	1,815,794,055.75
Portfolio 2	--	--	--	--	--
Total	1,816,157,287.21	100.00	363,231.46	0.02	1,815,794,055.75

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	196,092.70
Recovery or reversal	--
Written-off	--
As at 31 December 2022	363,231.46

(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 June 30, 2023	Amount not-derecognized as of June 30, 2023
Bank acceptance notes	5,116,865,601.81	--
Commercial acceptance notes	--	--
Total	5,116,865,601.81	--

4. Other receivables

Item	2023.06.30	2022.12.31
Dividends receivable	--	9,713,244.06
Other receivables	1,174,163,351.39	1,154,281,751.62
Total	1,174,163,351.39	1,163,994,995.68

(1) Dividends receivable

Item	2023.06.30	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	2023.06.30	2022.12.31
Within 1 year	1,174,201,613.03	1,154,320,981.69
1 – 2 years	--	--
2 – 3 years	--	--
Over 3 years	--	--
Subtotal	1,174,201,613.03	1,154,320,981.69
Less: provision for bad debts	38,261.64	39,230.07
Total	1,174,163,351.39	1,154,281,751.62

② Disclosed by nature of other receivables

Item	2023.06.30		
	Book balance	Provision for bad debts	Carrying value
Petty cash	251,232.86	12,561.64	238,671.22
Deposits	500,000.00	25,000.00	475,000.00
Due from other companies	14,000.00	700.00	13,300.00
Due from intra-companies	1,173,436,380.17	--	1,173,436,380.17
Total	1,174,201,613.03	38,261.64	1,174,163,351.39

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 year-end, bad debts provision for Phase I:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	1,174,201,613.03	--	38,261.64	1,174,163,351.39	
Petty cash and deposits	751,232.86	5.00	37,561.64	713,671.22	
Due from other companies	14,000.00	5.00	700.00	13,300.00	
Due from intra-companies	1,173,436,380.17	--	--	--	
Total	1,174,201,613.03	--	38,261.64	1,174,163,351.39	

As at year-end, the Company has no other receivables in Phase II.

As at year-end, 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	Reasons
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	1,154,320,981.69	--	39,230.07	1,154,281,751.62	
Petty cash and deposits	782,590.68	5.00	39,129.53	743,461.15	
Due from other companies	2,010.86	5.00	100.54	1,910.32	
Due from intra-companies	1,153,536,380.15	--	--	1,153,536,380.15	
Total	1,154,320,981.69	--	39,230.07	1,154,281,751.62	

As at 31 December 2022, the Company has no other receivables in Phase II.

As at 31 December 2022, the Company has no other receivables in Phase III.

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)	
Opening balance	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	968.43	--	--	968.43
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
Closing balance	38,261.64	--	--	38,261.64

⑤ No write-off of provision for bad debts during the reporting period.

⑥ The top five other receivables classified by debtors are as follows:

Company Name	Nature of transaction	Closing balance	Ageing	Percentage (%)	Closing balance of provisions
Shougang Jingtang United Iron & Steel Co., Ltd.	Due from intra-companies	1,167,436,380.17	Within 1 year	99.42	--
Shenyang Shougang Steel Processing and Distribution Co., Ltd.	Due from intra-companies	6,000,000.00	Within 1 year	0.51	--
China Petroleum Materials Company Limited	Deposits	500,000.00	Within 1 year	0.04	25,000.00
Petty cash	Petty cash	251,232.86	Within 1 year	0.02	12,561.64
Total		1,174,187,613.03		99.99	37,561.64

5. Long-term equity investments

Item	2023.06.30			2022.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	36,634,711,962.26	--	36,634,711,962.26	36,621,384,419.98	--	36,621,384,419.98
Investment in associates	941,236,862.86	--	941,236,862.86	1,066,506,040.90	--	1,066,506,040.90
Total	37,575,948,825.12	--	37,575,948,825.12	37,687,890,460.88	--	37,687,890,460.88

(1) Investments in subsidiaries

Subsidiaries	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Impairment at the end of the year
Shougang Jingtang United Iron & Steel Co., Ltd.	16,308,208,739.58	10,655,175.96	--	16,318,863,915.54	--	--
Beijing Shougang Cold Rolling Co., Ltd.	1,832,315,853.00	584,425.40	--	1,832,900,278.40	--	--
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	1,006,003.44	--	7,487,112,294.15	--	--
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	450,157,812.20	36,418.20	--	450,194,230.40	--	--
Beijing Shougang Steel Trading Investment Management Co., Ltd.	10,542,695,724.49	1,045,519.28	--	10,543,741,243.77	--	--
Total	36,621,384,419.98	13,327,542.28	--	36,634,711,962.26	--	--

Note: the long-term equity investments of RMB 13,327,542.28 was increased due to equity incentive during the reporting period.

(2) Investments in associates

Associates	Opening balance	Changes during the year								Closing balance	Impairment at the end of the year
		Increase	Decrease	Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend	Provision for impairment	Others		
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	891,510,510.32	--	--	-129,331,594.55	--	1,142,891.97	--	--	--	763,321,807.74	--
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	122,430,402.99	--	--	80,036.00	--	--	--	--	--	122,510,438.99	--
Beijing Dingshengcheng Packaging Materials Co., Ltd.	16,830,558.74	--	--	2,787,741.21	--	--	--	--	--	19,618,299.95	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	35,734,568.85	--	--	51,747.33	--	--	--	--	--	35,786,316.18	--
Total	1,066,506,040.90	--	--	-126,412,070.01	--	1,142,891.97	--	--	--	941,236,862.86	--

6. Operating revenue and costs of sales

(1) Operating revenue and costs of sale

Item	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	19,255,985,540.04	18,475,904,244.24	20,542,603,095.03	19,898,779,133.82
Other business	617,166,604.49	541,966,568.64	541,807,992.62	423,733,697.84
Total	19,873,152,144.53	19,017,870,812.88	21,084,411,087.65	20,322,512,831.66

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

Product type	Current period		Prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	137,297,135.04	134,524,608.66	302,806,719.26	255,427,599.98
Hot rolled	18,765,347,188.22	18,004,030,284.51	19,875,237,278.37	19,290,178,373.75
Cold rolled	90,136,314.48	68,084,185.09	--	--
Other steel products	263,204,902.30	269,265,165.98	364,559,097.40	353,173,160.09
Subtotal	19,255,985,540.04	18,475,904,244.24	20,542,603,095.03	19,898,779,133.82
Other business:				
Power	354,823,601.91	401,754,301.78	294,902,506.73	329,556,855.25
Solid waste	40,318,807.89	38,195,413.28	4,482,609.21	3,532,508.82
Others	222,024,194.69	102,016,853.58	242,422,876.68	90,644,333.77
Subtotal	617,166,604.49	541,966,568.64	541,807,992.62	423,733,697.84
Total	19,873,152,144.53	19,017,870,812.88	21,084,411,087.65	20,322,512,831.66

(3) Breakdown of operating revenue

Item	Current period
Main operating revenue	19,255,985,540.04
Including: recognized at a certain point	19,255,985,540.04
Recognized during a certain period of time	--
Other revenue	617,166,604.49
Total	19,873,152,144.53

7. Investment income

Item	Current period	Prior period
Investment income from long-term investment under cost method	330,895,603.66	220,454,893.31
Investment income from long-term investment under equity method	-126,412,070.01	-18,896,580.08
Dividend from other equity instruments investments	7,412,132.80	2,812,400.00
Interest income from entrusted loans	2,197,935.28	46,943.59
Total	214,093,601.73	204,417,656.82

XVI. Supplementary information

1. Non-recurring gains or losses

Item	Current period	Note
Gains or losses on disposal of non-current assets	-2,234,959.49	

Item	Current period	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)	26,836,052.96	
Current net profit or loss of subsidiary from the beginning of the period to the date of the combination under the same control	--	
Gains or losses from external entrusted loans	5,922,896.67	
Non-operating income/(expenses) except the above	1,156,972.21	
Other items that conform to the definition of non-recurring profit or loss	--	
Total non-recurring gains or losses	31,680,962.35	
Less: income tax effect on non-recurring gains or losses	2,483,528.09	
Net non-recurring gains or losses	29,197,434.26	
Less: non-recurring gains or losses attributable to non-controlling interests of the Company (after tax)	3,918,049.35	
Non-recurring gains or losses attributable to shareholders of the Company	25,279,384.91	

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	0.84	0.0548	0.0548
Net profit/ (loss) attributable to shareholders of the Company excluding non-recurring gains or losses	0.79	0.0515	0.0515

Board of Directors of Beijing Shougang Company Limited
10 August 2023