

Beijing Shougang Company Limited

2021 Annual Report

27 April 2022

Section I. Important notice, Content, Definitions

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

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

All directors have attended the board meeting to review of and deliberate on this report.

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

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

Notes to the profit distribution plan or the plan for converting capital reserve into share capital during the report period:

On 18 March 2022, the Company has received the “Approval for Beijing Shougang Co., Ltd. to Issue Shares to Shougang Group Co., Ltd. to Purchase Assets and Raise Supporting Funds” (zjxk [2022] No. 553) from China Securities Regulatory Commission.

The Company is proceeding with this transaction in accordance with the regulations of Measures for the Administration of Securities Issuance and Underwriting issued by the China Securities Regulatory Commission. The Company neither distributes cash nor convert capital reserve into share capital this year.

The Company intends to review and arrange related profit distribution plan in accordance with the provisions of relevant laws, regulations, rules, normative documents and Articles of Association as soon as this transaction is completed.

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, please subject to the Chinese text.

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File directory for reference

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

INTERPRETATION

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Company, the Company or Shougang Co.	Refers to	Beijing Shougang Company Limited
Shougang or Shougang Group	Refers to	Shougang Group (Reforming from an enterprise owned by the whole people to exclusively state-owned companies, name of Shougang Group is changed from Shougang Corporation. The specific content is detailed in 15 June 2017 public announcement.)
Listing Rules of SZSE	Refers to	Listing Rules of Shenzhen Stock Exchange
The Articles of Association	Refers to	The Articles of Association of Beijing Shougang Company Limited
Board of Directors or the Board	Refers to	The board of directors of Beijing Shougang Company Limited
Supervisory Committee	Refers to	The supervisory committee of Beijing Shougang Company Limited
Shareholders' General Meeting	Refers to	The Shareholders' General Meeting of Beijing Shougang Company Limited
Qiangang Co.	Refers to	Shougang Qian'an Iron&Steel Co., Ltd. (Branch of the Company)
Cold-R Co.	Refers to	Beijing Shougang Cold Rolling Co., Ltd. (Holding subsidiary of the Company, holds 70.2806%)
Zhixin Co.	Refers to	Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. (Holding subsidiary of the Company, holds 82.7688%)
New-E Co.	Refers to	Beijing Shougang New Energy Automobile Material Technology Co., Ltd. (Holding subsidiary of the Company, holds 45.9184%)
Steel Trading	Refers to	Beijing Shougang Steel Trading Investment Management Co., Ltd. (Holding subsidiary of the Company, holds 51%)
Qianshun production line	Refers to	Qiangang Co, Zhixin Co., located in Qian-an, Hebei province, and Cold-R Co., located in Shunyi District, Beijing, establishing an upstream and downstream integrate production management system and research and development system.
Jingtang Co.	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 clients' requirements for raw material so that high-performance materials and personalized services could be offered to users.
Reporting Period	Refers to	From 1 January 2021 to 31 December 2021
Thousand, Million, Billion	Refers to	RMB Thousand, RMB Million, RMB Billion

Section II. Company Profile and Major Financial Indicators

I. Company information

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

II. Contact information

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

III. Information disclosure and place for inspection

The website of the stock exchange for disclosing the annual report of the Company	China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily
The media name and website for disclosing the annual report of the Company	http://www.cninfo.com.cn
Place for inspection of the annual report	Secretary office of the board of the Company, The Shenzhen Stock Exchange

IV. Changes of registration

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

V. Other relevant information

Accounting firm engaged by the company

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

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

☒ Applicable ☐ Not applicable

Name	Office address	Representatives	Supervision period
Huatai United Securities Co., Ltd.	Room 401, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No.128 guiwan Fifth Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Joint Development Zone, Shenzhen	Chai Qizhi, Zhang Zhanpei	1 May 2021- 31 December 2022
China Securities Co., Ltd.	Building 4, 66 Anli Road, Chaoyang District, Beijing	Wang Bo, Lv Jia	1 May 2021- 31 December 2022

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

☒ Applicable ☐ Not applicable

Name	Office address	Representatives	Supervision period
Huatai United Securities Co., Ltd.	Room 401, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No.128 guiwan Fifth Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Joint Development Zone, Shenzhen	Chai Qizhi, Zhang Zhanpei	1 May 2021- 31 December 2022
China Securities Co., Ltd.	Building 4, 66 Anli Road, Chaoyang District, Beijing	Wang Bo, Lv Jia	1 May 2021- 31 December 2022

VI. Major accounting data and financial indicators

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

☐ YES ☒ NO

Reasons for retroactive adjustment or restatement

Business combination under common control

	2021	2020	Changes over last year	2019
Operating revenue	134,034,486,136.13	79,951,181,948.10	67.65%	68,841,307,821.91
Net profit attributable to shareholders of the listed company	7,014,335,009.45	1,786,452,832.06	292.64%	1,185,589,702.44
Net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss	7,014,226,910.72	1,714,439,720.83	309.13%	1,237,189,576.69
Net cash flows from operating activities	15,043,727,257.76	10,274,678,796.19	46.42%	3,415,002,015.35
Basic earnings per share	1.1291	0.3377	234.35%	0.2241
Diluted earnings per share	1.1291	0.3377	234.35%	0.2241
Weighted average return on net assets	19.07%	6.40%	Increase 12.67%	4.52%
	31 December 2021	31 December 2020	Changes over end of last year	31 December 2019
Total assets	147,211,560,696.41	144,367,221,971.10	1.97%	146,872,471,898.20
Net assets attributable to shareholders of the listed company	41,827,745,395.60	28,959,395,268.02	44.44%	26,881,935,733.01

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

☐ YES ☒ NO

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

☐ YES ☒ NO

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

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

☐ Applicable ☒ Not 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 ☒ Not applicable

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

VIII. Major financial indicators by quarter in 2021

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Total revenue	29,273,170,720.26	34,104,708,653.01	36,173,744,194.09	34,482,862,568.77
Net profit attributable to shareholders of the listed company	1,043,625,582.45	2,389,794,383.86	2,383,191,483.97	1,197,723,559.17
Net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss	1,037,069,586.95	2,381,580,854.14	2,370,740,330.95	1,224,836,138.68
Net cash flows from operating activities	1,489,334,634.79	3,340,766,089.66	5,041,958,026.41	5,171,668,506.90

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

☐ YES ☒ NO

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

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	2021	2020	2019	Note
Gains and losses on disposal of non-current assets (including the write-off that accrued for impairment of assets)	-55,726,886.68	-633,491.79	-7,684,491.35	
Government grant included in the current profit and loss (except for the government grant which are closely related to the business of the company and are in accordance with the national unified standard quota)	48,447,356.52	58,640,213.30	42,102,501.30	
Current net profit and loss of subsidiaries from the beginning of the period to the date of business combination under the common control		61,522,051.81	5,124,466.43	
Profit and loss from external entrusted loans	10,518,170.49	10,361,268.74	8,187,426.69	
Other non-operating income and expenses except the above items	1,941,256.62	-289,865.40	-18,673,930.68	
Other profit and loss items conforming to the definition of non-recurring profit and loss		-6,922,580.64	-66,820,816.33	
Less: The impact of income tax	-950,188.41	7,022,263.80	4,039,236.83	
The impact on non-controlling interests(post-tax)	6,021,986.63	43,642,220.99	9,795,793.48	
Total	108,098.73	72,013,111.23	-51,599,874.25	--

Details of other profit and loss items that meet the definition of non recurring profit and loss:

☐ Applicable ☒ Not applicable

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

Explanation of reclassifying the non-recurring profit 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 ☒ Not applicable

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

Section III. Management Discussion and Analysis

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

In 2021, the development of electrical steel industry is healthy and stable, the output of oriented and non-oriented electrical steel achieves double growth, including in which, the output of oriented electrical steel is about 1.83 million and the output of non-oriented electrical steel is about 11.46 million, which indicates that China is the world's first producer of electrical steel. Significant growth of high-grade materials such as energy-saving transformers and driving motors of new energy automotive is achieved. High-end electrical steel products provide strong support for the national "dual carbon" policy landing, manufacturing upgrade and power industry development.

In 2021, the overall performance of the steel industry in the first three quarters was in good situation and a dynamic balance between supply and demand was achieved. Through tapping potential for efficiency and overcoming the impact of high crude fuel prices, the industry benefits created the historic best level. Entering the fourth quarter, affected by the shrinking demand, steel prices generally fell and the reduction rate is greater than the decline of raw fuel.

During the reporting period, major adjustments have taken place in national industrial policies. First, the control of production capacity and output is implemented, steel export tax rebate policy is cancelled, and carbon peak, carbon neutral target are launched; Second, ultra-low emission transformation and strict assessment of double control of energy consumption put an impact on the guarantee of production factors; Third, the domestic and foreign markets fluctuate greatly, the commodity prices rise and fall sharply, and the market environment is complicated; Fourth, the industrial efficiency improved significantly and the structure of assets and liabilities was further optimized.

Affected by the capacity and output policies, the cumulative production of iron in China is 869 million tons, decreases of 43% year on year; the cumulative production of crude steel is 1.033 billion tons, decreases of 3.0% year on year; the cumulative production of steel 1.337 billion tons, increases of 0.6% year-on-year.

II. Main business of the Company during the reporting period

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

1. Zhixin Co.

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

Zhixin Co. is a research and development, manufacturing and sales base of metallic soft magnetic materials (electric steel), and has become the world's leading manufacturer and service provider of electric steel. Products include oriented and non-oriented electrical steel. The oriented electric steel includes high magnetic induction, magnetic domain refinement, low noise, low excitation, no underlying, intermediate frequency six products. Independent researching and developing of low temperature slab reheating technics producing high magnetic induction orientation technology of electric steel and becoming the world's fourth all cryogenic technology industrialization enterprises. Non-oriented electric steel includes four categories of products including new energy vehicles, stress relief annealing, high efficiency and general, with stable batch production capacity of all grades.

2. Jingtang Co.

Jingtang Co. is a large steel base with advanced international level designed and constructed in full accordance with the concept of

circular economy. It has the obvious advantages of being near the sea and near the harbor, large equipments, high production efficiency and low cost.

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

3. Qianshun production line

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

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

III. Analysis of core competitiveness

1. Market-leading technology

The Company, Jingtang Co., Zhixin Co., Cold-R Co. are high-tech enterprises, the R&D investment of RMB 5.3 billion in 2021 accounts for 3.97% of the operating revenue. Technological innovation is guided by benefit and demand, making technical research projects, expert workstations and platforms for external cooperation rely on the research and development system of "one institute and multiple centers". The cultivation of new products, new technologies and new technological processes is accelerating.

New Product development: Six new products represented by CR290Y490T-DP-GI dual-phase high-strength outer panel for automobiles has launched in China; 29 high-end materials represented by DP500 of automobile exterior panel have been replaced by domestic products; High grade non-oriented electric steel represented by high strength and low iron loss product 15SW1100H has completed 12 new product development projects.

Key technological breakthroughs: Nine complete sets of technologies have been completed, including "technology for smooth stability and longevity of blast furnaces", the No. 1 blast furnace of Jingtang Co. have reached the first place in China by using the coefficient and coke ratio, "Large proportion pelletizing iron making technology" is in the leading place in China, the pelletizing ore ratio is up to 60%, and the carbon reduction effect is obvious.

Patents: The Company has obtained 450 patents, including 182 invention patents and 268 utility model patents. 75 projects won the "National Invention Exhibition Invention Entrepreneurship Award and Project Award".

Standards: The Company has set up standard industry benchmark, presided over the formulation of 24 standards at all levels, including "Evaluation Standard of Green Production Management in Iron and Steel Industry" and "Technical Specifications for High Precision Filtration of Converter Flue Gas Emission", and participated in the formulation and revision of 44 standards at all levels.

Science and technology awards: The project of "Carbon dioxide green and Clean steelmaking Technology and Application" and "Low-carbon clean and efficient iron-making process and Technology integration" won the special prize and the first prize of metallurgical science and technology respectively, and the second prize and the third prize of metallurgical Science and technology were respectively awarded for "High grade non-oriented silicon Steel ultra-low Identical Plate Difference Control Technology" and "Ultra-thin tinplate Efficient green Manufacturing Technology and Application".

2. High-end products

The Company continues to optimize the product structure, production line structure and customer structure, so as to achieve both product quality and efficiency improvement, to achieve three development strategies, including adhere to the continuous leadership of electric steel, automotive board to do more refined and stronger, breakthrough into the tin plate high-end market. During the reporting period, the total output of the three strategic products was 5.68 million tons, accounting for 26% of steel output and

contributes about 40% to profit. The total output of eight key products of the Company (cold-rolled special steel, hot-rolled pickling plate, weather-resistant steel, energy steel, automotive structural steel, high-strength construction machinery steel, pipeline steel, bridge steel) was 9.47 million tons. The total output of key and strategic products accounts for 68% of steel output and contributes about 85% to profit.

Production 1.5 million tons of electric steel, and the dimensional accuracy and composition control have reached the world-class level. With the promotion of the national "dual carbon" strategy, the electrification level of the whole society has been further improved, the demand for high-end electric steel products continues to grow, and the company's high-end electric steel products account for 48%.

In terms of high magnetic orientation electric steel, the output of 0.20mm and below ultra-thin high magnetic orientation electric steel products reached 54,000 tons, increasing 74% year-on-year, and the market share reached 60%, achieving the first domestic sales volume for four consecutive years. Manufacturing 983 new standard level I energy efficiency transformers; The Baihetan-Jiangsu ± 800 kV UHVDC transmission project has 4 rheological converters, realizing full coverage of AC and DC transformers. Continuous optimization of non oriented electrical steel product structure, the output of high-grade non-oriented electric steel products reached 547,000 tons, increasing 28% year on year, among which, the output of high-grade non-oriented electric steel products for new energy vehicles increased 231% year on year; 5 of the top 10 global sales companies of new energy vehicles are stably supplied, and nine of the top 10 domestic sales companies are stably supplied.

Production 3.55 million tons of automobile plate, increasing 5% year on year, and the products cover all types of automobiles.

The product structure was further optimized, and the output of galvanized sheet, high-strength sheet, outer sheet increases by 18%, 20% and 14% year-on-year respectively. Zinc aluminum magnesium coating products were the first to successfully replace electro galvanized products, which catching up with competitors and the annual order quantity exceeded 120,000 tons, with a year-on-year growth of 93%. The customer structure was further upgraded. OEM orders accounts for 43% and the share of core OEM is stable and rising. The supply of Japanese cars increased by 58% year on year; Joint venture car brand customer supply increased by 3% year on year; Shougang BMW Brilliance Alliance Innovation Studio has been jointly established by the Company to achieve cross-professional, cross-field and cross-enterprise in-depth cooperation.

Production 630,000 tons of tinned (chrome) plate, increasing 8% year on year, capacity utilization rate reached 120%.

Tinplate deep drawing cupping DI material to achieve the widest specification coverage (width up to 1202mm), exporting to the North American market in batches; Developing 0.19mm t5 Red Bull iron products with customers, and the replacement of 0.2mm t4 product was realized for the first time; The 0.12mm "Cicanyi steel" was first used to make postcards and became the cultural and creative product of the Beijing Winter Olympics. The market share of high-extension easy-open lid and high-surface milk powder cans is in leading place, and the output of easy-open lid, iron milk powder and two-can products has increased by more than 50% year on year, and the advantageous products continue to increase.

3. Safety supply chain

The Company is the only platform for Shougang Group, the controlling shareholder, to develop and integrate the iron and steel and upstream iron ore resource industry in China. Shougang Group owns Shuichang Iron Mine and Xingshan Iron Mine with an annual production capacity of 4 million tons of iron powder in domestic and owns Peruvian Iron Mine with an annual production capacity of 20 million tons of iron powder overseas. Macheng Iron Mine under construction has high reserves, low cost, environmentally friendly and efficient transportation, with an annual production capacity of 7 million tons of iron powder, which is expected to be put into operation by the end of 2023, and the iron ore resource guarantee capacity of the Company will be further improved. Coke resources supply is guaranteed because the coke of Qiangang Co. is mainly supplied by Qian'an Sinochem Coal Chemical Industrial Co., Ltd., a joint venture of the Company and Kailuan Energy Chemical Co., Ltd, and the coke of Jingtang Co. is supplied by Tangshan Shougang Jingtang Xishan Coking Co., Ltd., a joint venture of Jingtang Co. and Shanxi Xishan Coal and Electricity Power Co., Ltd. The Company has signed long-term agreements with large state-owned coal groups, among which Shougang Fushan Resources Group Co. Ltd., a joint venture of Shougang Group, provides part of high-quality coking coal resources to the Company that ensuring

sufficient coal supply.

4. Green and low-carbon

According to the policy requirements, Qiangang Co. and Jingtang Co. take independent emission reduction measures to continually maintain the "A level" enterprises under Hebei Province environmental performance evaluation. Through the sharing of ultra-low emission advanced technology and management experience, Qiangang Co. has served more than 30 steel enterprises. CCTV news Broadcast, Xinhua News Agency and Phoenix TV praised Shougang's green and low-carbon transformation development respectively.

Through the establishment of green manufacturing committee, the Company carries out energy-saving and carbon reduction technology research and establishes LCA data acquisition system, and provides product life cycle evaluation reports according to customer requirements. Jingtang Co. is the first demonstration iron and steel enterprise in China that applies carbon dioxide to converter top and bottom double blowing system. Meanwhile, its large proportion pellet iron-making technology replaces sinter with pellet, which realizes high efficiency, low energy consumption, low emissions, carbon reduction and environmental protection advantages.

The "burning - heat - electricity - water - salt" five-effect integrated high efficiency recycling system of Jingtang Co. won the first prize of China Energy Conservation Association energy-saving and Emission Reduction Science and Technology progress, and also, Jingtang Co. won a number of awards such as green and low-carbon excellent brand enterprise, green manufacturing standardization support unit, green development benchmark enterprise in the steel industry. The "cold rolling high strength steel plate and strip for automobile" of Cold-R Co. has been recognized as national "green design product" by the Ministry of Industry and Information Technology.

5. "Technology + Service" marketing

The Company takes customers as the center to deepen the marketing strategy of "technology + service" and create service to enhance the brand value of Shougang. By improving the three-level service system and improving service efficiency, the Company meets customers' requirements for quality, delivery time, research and development, and service. The Company has improved EVI service capacity year by year, and the EVI supply increased by 26.1% year on year. By establishing product advantage analysis model, strengthening product research and development, and improving manufacturing capacity, the Company has promoted key products to maintain competitive advantages and expanded the leading edge of strategic products.

The Company has established a centralized, unified, fast response and efficient marketing management network with marketing center as the core, 5 regional steel trading subsidiaries and 11 processing centers, to further consolidate and enhance the channel structure of the combination of leading enterprises in the industrial chain and high-quality small and medium-sized customers. In order to stabilize the market-share and improve the comparative advantage of industrial chain cooperation, enhance the depth of cooperation and enhance the viscosity of cooperation, the company carries out all-round, multi-level and high-quality cooperation with key customers in the industry.

6. Talent thriving enterprise

The Company has further promoted the strategy of strengthening enterprises with talents and built a multi-level training system for all staff. Iron and steel products of Qianshun production line and Zhixin Co. has established the career development system of the whole life cycle of high potential talents, and held deep Blue special training camp and Blue green training camp to strengthen the ability of talents. Jingtang Co. has established the "four horizontal and three vertical" training system for all staff, and implemented the "Blue Project" to build a platform for cadres to improve quality and talent growth. In 2021, two employees of the Company won the "National May 1 Labor Medal", one won the "Capital Labor Certificate", one won the second "Beijing Grand Craftsman", and one won the "Nominated person of Beijing Great craftsman".

The Company perfects talent promotion evaluation mechanism, smoothes talent career development path. The Company attaches great importance to performance-oriented and result-oriented, refining the performance evaluation mechanism for vertical development of three talent teams of operation management, professional technology and skill operation, opening up the channel for

horizontal flow of talents from different sequences, strengthening the training and development of high-level personnel, and steadily increasing the proportion of high-tech and high-skilled personnel.

II. Analysis of principal business

1. Overview

The Company has precisely implemented COVID-19 prevention and control measures to achieve the "3-zero" elimination target. Qiangang Co. and Jingtang Co. are stable and orderly in their production and operation under the condition of keeping the environmental performance evaluation of class A. The Company adheres to the innovation-driven and "manufacturing + service" strategy, seizes the market opportunity, efficiently coordinates the production line with the market, and continuously optimizes the product mix, thus continuously enhancing the profitability of the company. The Company takes benefit as the center, deepens the potential to explore the standard, increases the cost control, digs the impact of the material price rise of suppliers, and continuously improves the management efficiency. The Company through capital operation for enterprises to empower, optimize the quality of the company's assets, to achieve a substantial year-on-year growth in operating performance in 2021.

The achievement of major accounting data and financial indicators:

Operating revenue is RMB 134.034 billion (67.65% year on year increase); total profit is RMB 9.799 billion (252.76% year on year increase); net profit attributable to shareholders of the listed company is RMB 7.014 billion (year on year increase 292.64%); EPS is RMB 1.1291 (234.35% year on year increase); total asset is RMB 147.212 billion; equity attributable to shareholders of the listed company is RMB 41.828 billion.

The achievement of major products:

(1) Metallic soft magnetic material (Electric steel)

Zhixin Co.: Electric steel 1.501 million tons, 2.7% year on year decrease, of which the output of oriented electric steel is 0.193 million tons, 0.2% year on year increase, and the output of non-oriented electric steel is 1.308 million tons, 3.1% year on year decrease. The output of thin specification oriented steel is 163,000 tons, 26% year on year increase, and the output of high grade non-oriented steel is 547,000 tons, 28% year on year increase. Sales revenue of metal soft magnetic materials is RMB 13.307 billion, accounts for 9.93% of operating income of the Company.

(2) Iron and steel products

Qiangang Co.: iron 8.001 million tons, (0.3% year on year decrease); steel 8.490 million tons (flat year-on-year); Hot-rolled steel 8.213 million tons (including raw materials supplied), flat year-on-year.

Jingtang Co.: iron 13.909 million tons (8.1% year on year increase); steel 15.229 million ton (35% year on year increase); material 14.333 million ton (41.6% year on year increase).

Cold-R Co.: Cold-rolled plate 2.028 million tons (10% year on year increase). Sales revenue of iron and steel products is RMB 116.113 billion, accounts for 86.63% of operating revenue of the Company.

Highlights of Operating indicators

Net profit attributable to shareholders of listed companies is RMB 7.014 billion, 292.64% year on year increase;

Net cash flow from operating activities is RMB 15.044 billion, 46.42% year on year increase;

The weighted average return on net assets is 19.07%, 12.67 percentage points year on year increase;

The leverage ratio is 66.59%, 6.51 percentage points year on year decrease;

The profit margin of cost and expense is 7.90%, 4.32 percentage points year on year increase;

Inventory turnover rate is 10.42 times, 39.49% year on year increase;

Financial cost per ton of steel is RMB 95.18, 12.97% year on year decrease;

Depreciation expense per ton of steel is RMB 307.23, 5.14% year on year decrease;

Strategic products are 5.68 million tons, 2.90% year on year increase.

2. Revenue and cost

(1) Composition of operating revenue

Unit: RMB Yuan

	2021		2020		Year-on-year Changes
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	134,034,486,136.13	100%	79,951,181,948.10	100%	67.65%
According to industries					
Metallurgy	134,034,486,136.13	100.00%	79,951,181,948.10	100.00%	67.65%
According to products					
Billet	577,251,931.16	0.43%	265,307,282.20	0.33%	117.58%
Hot-rolled steel	55,678,740,307.61	41.54%	32,142,438,742.64	40.20%	73.23%
Cold-rolled steel	56,592,919,705.57	42.22%	32,788,063,652.98	41.01%	72.60%
Metallic soft magnetic material	13,307,346,567.78	9.93%	8,967,862,684.34	11.22%	48.39%
Other steels	3,268,139,872.13	2.44%	2,040,682,356.91	2.55%	60.15%
Other businesses	4,610,087,751.88	3.44%	3,746,827,229.03	4.69%	23.04%
According to regions					
North China	49,852,422,793.89	37.19%	31,963,143,971.62	39.98%	55.97%
Northeast China	4,123,150,971.76	3.08%	2,018,512,234.99	2.52%	104.27%
East China	49,632,951,146.49	37.03%	26,099,070,246.72	32.64%	90.17%
Mid-South China	2,623,070,863.28	1.96%	1,723,422,495.05	2.16%	52.20%
South China	19,205,674,818.92	14.33%	12,862,722,449.82	16.09%	49.31%
Southwest China	1,608,695,620.53	1.20%	1,147,368,135.20	1.44%	40.21%
Northwest China	786,965,070.05	0.59%	310,725,864.94	0.39%	153.27%
Export	6,201,554,851.21	4.63%	3,826,216,549.76	4.79%	62.08%
Distribution model					
Direct selling	127,832,931,284.92	95.37%	76,124,965,398.34	95.21%	67.93%
Sales by agents	6,201,554,851.21	4.63%	3,826,216,549.76	4.79%	62.08%

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

√ Applicable □ Not applicable

Unit: RMB Yuan

	Operating revenue	Costs of sales	Gross margin	Year-on-year changes of operating revenue	Year-on-year changes of costs of sales	Year-on-year changes of gross margin
According to industries						
Metallurgy	129,424,398,384.25	114,806,306,669.92	11.29%	69.84%	63.95%	3.18%
According to products						
Billet	577,251,931.16	529,612,988.15	8.25%	117.58%	120.92%	-1.39%
Hot-rolled steel	55,678,740,307.61	49,137,279,925.26	11.75%	73.23%	65.54%	4.10%
Cold-rolled steel	56,592,919,705.57	50,648,101,932.66	10.50%	72.60%	68.43%	2.22%
Metallic soft magnetic material	13,307,346,567.78	11,615,160,638.80	12.72%	48.39%	40.83%	4.69%
Other steels	3,268,139,872.13	2,876,151,185.05	11.99%	60.15%	61.37%	-0.67%
According to regions						
North China	45,242,335,042.01	41,186,401,259.65	8.96%	60.34%	55.73%	2.69%
Northeast China	4,123,150,971.76	3,470,176,637.61	15.84%	104.27%	100.35%	1.65%
East China	49,632,951,146.49	43,421,918,754.68	12.51%	90.17%	83.51%	3.17%
Mid-South China	2,623,070,863.28	2,326,790,746.73	11.30%	52.20%	46.17%	3.67%

South China	19,205,674,818.92	16,666,254,350.73	13.22%	49.31%	43.05%	3.80%
Southwest China	1,608,695,620.53	1,415,904,770.64	11.98%	40.21%	40.13%	0.05%
Northwest China	786,965,070.05	714,624,354.70	9.19%	153.27%	157.11%	-1.36%
Export	6,201,554,851.21	5,604,235,795.18	9.63%	62.08%	53.43%	5.09%
Distribution model						
Direct selling	123,222,843,533.04	109,202,070,874.74	11.38%	70.25%	64.53%	3.08%
Sales by agents	6,201,554,851.21	5,604,235,795.18	9.63%	62.08%	53.43%	5.09%

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

☐ Applicable ☒ Not applicable

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

☒ Yes ☐ No

Industry	Item	Unit	2021	2020	Year-on-year changes
Metallurgy	Sales	Ton	22,288,362	18,031,678	23.61%
	Output	Ton	22,316,080	18,063,304	23.54%
	Storage	Ton	817,590	789,872	3.51%

Explanation in the year-on-year changes over 30% based on aboved data

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(5) Composition of costs of sales

Presented as industries

Unit: RMB Yuan

Industry	Item	2021		2020		Year-on-year changes
		Amount	Proportion in costs of sales	Amount	Proportion in costs of sales	
Metallurgy	Raw materials	66,559,199,438.35	57.98%	37,771,414,049.42	53.94%	4.04%
Metallurgy	Fuels	25,364,248,318.11	22.09%	16,254,776,211.68	23.21%	-1.12%
Metallurgy	Power cost	1,840,911,083.84	1.60%	1,124,364,629.16	1.61%	-0.01%
Metallurgy	Staff cost	3,271,961,950.60	2.85%	2,130,681,593.97	3.04%	-0.19%
Metallurgy	Depreciation	7,057,100,771.85	6.15%	5,093,233,457.87	7.27%	-1.12%
Metallurgy	Manufacturing cost	10,712,885,107.17	9.33%	7,650,707,122.66	10.93%	-1.60%
Total		114,806,306,669.92	100.00%	70,025,177,064.76	100.00%	0.00%

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

☐ Yes ☒ No

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

☐ Applicable ☒ Not applicable

(8) Major clients and suppliers

Major clients of the Company

Total sales of the top 5 clients (RMB)	14,704,089,556.15
Proportion of total sales for the top 5 clients in total annual sales	10.97%
Proportion of sales from related parties in total sales among the top 5 clients	5.21%

Information for top 5 clients of the Company

Serial	Name	Sales (RMB Yuan)	Proportion in total annual sales
1	Client A	4,346,619,581.89	3.24%
2	Client B	4,133,903,346.48	3.08%
3	Client C	2,635,744,920.56	1.97%
4	Client D	2,038,332,494.68	1.52%
5	Client E	1,549,489,212.54	1.16%
Total	--	14,704,089,556.15	10.97%

Other information for the major clients of the Company

☐ Applicable ☒ Not applicable

Major suppliers

Total purchase amount from top 5 suppliers (RMB)	87,083,467,022.55
Proportion of total purchase amount for top 5 suppliers in total annual purchases	70.24%
Proportion of purchase from related parties in total purchases among the top 5 suppliers	67.20%

Information for the top five suppliers of the Company

Serial	Name	Procurement (RMB Yuan)	Proportion of total annual procurement
1	Shougang Group Co., Ltd.	63,205,704,037.14	50.98%
2	Supplier B	14,376,752,955.19	11.60%
3	Supplier C	5,732,766,394.84	4.62%
4	Supplier D	2,641,469,541.30	2.13%
5	Supplier E	1,126,774,094.08	0.91%
Total	--	87,083,467,022.55	70.24%

Other information for the major suppliers of the Company

☐ Applicable ☒ Not applicable**3. Expenses**

Unit: RMB Yuan

	2021	2020	Year-on-year changes	Notes of material changes
Selling expenses	213,309,534.38	167,040,690.13	27.70%	The year-on-year increase in selling expenses is mainly caused by the increase in staff compensation
Administrative expenses	1,299,881,734.32	976,426,260.85	33.13%	The year-on-year increase in administrative expenses is mainly caused by the increase in staff compensation.
Finance expenses	2,257,586,032.80	2,163,091,932.82	4.37%	
Research and development expenses	652,926,385.56	480,487,074.39	35.89%	Mainly due to the increase in labor costs of research and development personnel

4. Research and development investment☒ Applicable ☐ Not applicable

Name of main R&D project	Project objective	Progress of the project	Goals to be achieved	The expected impact on the company's future development
Inhibitor strengthening and high reduction rate control of low temperature oriented silicon steel containing Cu	Optimizing process parameters and establishing database for cold rolling reduction rate of thin specification oriented silicon steel.	Finished	Develop new technology, new process	It is beneficial to the establishment of inhibitor, texture and organization evaluation mechanism for each process of new cu-containing oriented silicon products, and provides theoretical support for the realization process of thin specification oriented silicon steel products.
Isolation additive technology for high temperature annealing of low temperature high magnetic orientation silicon steel	Improving the surface quality of products and studying the mechanism of different additives in the process of high temperature annealing.	Pilot stage	Develop new technology, new process	It is beneficial to improve product quality, quality and efficiency, and enhance market competitiveness of oriented silicon steel.
Effect of application conditions on properties of non-oriented silicon steel for new energy vehicles	Understanding the influence of application conditions such as stress and temperature on magnetic and mechanical properties.	Pilot stage	Develop new technology, new process	It is helpful to make up the deficiency of Shougang electric steel in application technology, narrow the gap with advanced enterprises in the field of application technology of electric steel, and improve the ability of application technology service of Shougang electric steel.
Research on comprehensive characterization technology of inclusions and precipitates in non oriented electrical steel	Determine the best parameters of equipment and instruments in sample preparation process, develop a set of scientific and reasonable testing methods, avoid repetitive testing work, and improve testing efficiency.	Bench-scale test	Develop new technology, new process	It is helpful to make up the deficiency of precipitate detection statistical technology of Shougang electric steel and narrow the gap with advanced enterprises in the field of microscopic detection of electrical steel. It is of great significance to meet the increasing requirements of high quality scientific research of non-oriented electrical steels.
Development and mechanism research of low cost and high efficiency non-oriented electrical steel for high-end compressor	Increase production capacity of the machine and reduce consumption of medium energy resource by promoting the high grade of acid rolling.	Bench-scale test	Develop new product	It is beneficial to adjust the product structure, improve the leading edge of technology, expand the market share and improve the brand image of Shougang products.
Research on oxygen activity control technology of automobile plate before aluminum addition	Reduce the oxygen activity of automobile inner plate before adding aluminum, and stabilize in a certain range, improve the internal quality of automobile.	Finished	Develop new technology	It is conducive to stable and smooth production of automobile inner plate, improve the quality of automobile inner plate, reduce the alloy cost, meet the needs of more customers, and help to expand the market and improve the visibility of enterprises.
Technological development of medium and high carbon alloy tool steel	Explore the market of special steel industry, improve the core technology level of smelting and rolling in the field of special steel, and improve the comprehensive competitiveness of shougang special steel products.	Batch trial production	Develop new technology, new process	It is beneficial to accelerate the adjustment of variety structure, reduce production cost and enhance product profitability
Optimization of continuous casting process for automobile outer plate and development of steel defect reduction	Reduce the incidence of steel genetic defects, improve the surface quality of automobile exterior panels, meet the needs of high-end customers.	Finished	Develop new technology, new process	It is beneficial to improve the quality control level of exterior panel surface of the company, reduce quality loss, improve customer recognition, and increase the market competitiveness of exterior panel of the company.

technology				
Research and application of integrated control technology of forming reinforced dual phase steel	Solve the low number of continuous casting furnace in steelmaking process, high cost, the problems of sheet color difference and flat roll in hot rolling process, surface numbing problem in galvanizing process, etc., ensure the stable batch system of the whole process and stable production. Product competitiveness is in improving.	Batch trial production	Develop new technology	Reduce production cost and improve product profitability
Development and application of advanced high strength steel structure and segregation control technology	Determining the formation mechanism of macro/micro segregation of advanced high strength steel continuous casting billet and forming the corresponding control technology. Clarifying the genetic evolution of solidification structure and segregation of slab during reheating and the formation mechanism and quantitative evaluation method of banded structure.	Batch trial production	Develop new technology, new process	It is beneficial to speed up the variety structure adjustment, increase enterprise sales income and improve enterprise economic benefit.
Intelligent closed-loop control technology for iron - steel - making interface with multi-objective optimization	Solve the problems of low energy efficiency, high energy consumption and heavy pollution, and realize the high integration of green and intelligent steel process.	Finished	The operation efficiency and stability of material flow and energy flow at the iron-steel-making interface are significantly improved	Promote the production efficiency and energy utilization efficiency of the whole process.
Research on temperature control deformation coupling performance matching and intelligent surface quality control technology in hot rolling process	Solve the problem that the surface quality of hot rolled flat material is difficult to control in the preparation process.	Finished	A new method was developed to reduce the fluctuation of mechanical properties of hot rolled products and improve the accuracy of thickness prediction error $\leq \pm 2\mu\text{m}$	Realize the intelligent control of the whole process of flat material, reduce production cost and improve production efficiency.
Multi-objective optimization of clean and low carbon integrated iron making technology	Aiming at the problems of high energy consumption and pollutant emission in sintering and ironmaking processes in the iron and steel process, promoting the development of green iron and steel process.	Finished	Establish a 5500m ³ high proportion pellet application demonstration project, the proportion of pellet ore into the furnace $\geq 50\%$, the energy consumption per ton of iron reduced by over 5kgce	The steel industry to achieve low-carbon green development has a leading demonstration role, reduce carbon emissions, to achieve efficient production.
The invention relates to a treatment method for edge folding defect of cold rolled strip steel	Reduce the defect of edge folding printing, improve the surface quality of strip steel, which is conducive to the subsequent processes such as stamping, phosphating, painting	Curing process, batch trial production	Develop new process	Effectively solve strip edge printing defects, greatly improve strip surface quality, reduce quality loss.

	etc.			
The invention relates to a control method for emulsion trace on the surface of cold rolled strip steel	Reduce emulsion trace on strip surface, improve product grade and avoid loss of economic benefit of the company.	Curing process, batch trial production	Develop new technology, new process	Reduce emulsion trace on strip surface, improve strip surface quality and improve production efficiency.
The invention relates to a production method of DP steel for drum washing machine and automobile	Improve the mechanical properties of products, so as to meet the needs of collision resistance and achieve the successful manufacturing of automotive structural parts.	Follow up and verify DP steel process and quality stability	Develop new process	Reduce unqualified products, improve production efficiency, increase enterprise sales income, improve enterprise economic benefits.
Automobile structural steel and its production method	Produce materials with high strength, high elongation and good weldability, improve impact safety while meeting the needs of lightweight.	Curing process, batch trial production	Develop new technology, new process	Accelerate product structure adjustment, improve product performance, increase sales revenue.
Development of a method for manufacturing dual phase steel	Dual-phase steel has the characteristics of high strength and light weight, which can be used in the automobile industry to reduce the weight of cars and improve the impact safety.	Follow up and verify production process	Develop new technology, new process	Accelerate product structure adjustment, increase market share, increase sales revenue.
A continuous annealing furnace dew point control device	Design humidification system in furnace area, control dew point in furnace area.	Curing process, batch trial production	Develop new technology, new process	Improve response speed, easy to operate, greatly improve production efficiency and surface quality, with good application value.

Information of R&D personnel of the Company

	2021	2020	Proportion of changes
Number of R&D staff	2,295	2,454	-6.48%
Proportion of R&D staff	12.86%	13.51%	-0.65%
Educational background of R&D personnel	—	—	—
Bachelor's degree	1,179	1,059	11.33%
Master's degree	662	578	14.53%
Age structure of R&D personnel	—	—	—
Below 30	111	93	19.35%
30~40	1,348	1,260	6.98%

Details about R&D investments:

	2021	2020	Proportion of changes
R&D investments (RMB)	5,321,486,664.95	3,271,192,781.46	62.68%
R&D investments as % in operating revenue	3.97%	4.09%	-0.12%
Capitalized R&D investments (RMB)	0.00	0.00	0.00%
Capitalized R&D investments as % in total R&D investments	0.00%	0.00%	0.00%

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

5. Cash flow analysis

Unit: RMB Yuan

Item	2021	2020	Year-on-year changes
Cash inflow from operating activities	78,330,821,588.46	46,210,312,179.99	69.51%
Cash outflow from operating activities	63,287,094,330.70	35,935,633,383.80	76.11%
Net cash flow from operating activities	15,043,727,257.76	10,274,678,796.19	46.42%
Cash inflow from investing activities	599,102,178.51	796,378,617.06	-24.77%
Cash outflow from investing activities	3,429,497,677.12	3,561,628,500.42	-3.71%
Net cash flow from investing activities	-2,830,395,498.61	-2,765,249,883.36	-2.36%
Cash inflow from financing activities	33,854,046,954.17	38,819,178,840.00	-12.79%
Cash outflow from financing activities	42,491,421,256.60	45,772,207,230.67	-7.17%
Net cash flow from financing activities	-8,637,374,302.43	-6,953,028,390.67	-24.22%
Net increase in cash and cash equivalents	3,575,957,456.72	556,400,522.16	542.69%

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

☒ Applicable ☐ Not applicable

The increase in cash inflow and cash outflow from operating activities is mainly due to: 1. the increase in steel price and upstream raw fuel price; 2. The sales volume of steel increased after the Jingtang phase II was put into operation and the increasing in operating revenue and purchase volume leads to the corresponding increase in cash inflow and outflow.

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

☒ Applicable ☐ Not applicable

During the reporting period, the net cash flow from operating activities of the Company is RMB 15.043 billion, the annual net profit of the Company is RMB 8.327 billion, the difference is RMB 6.716 billion. The main factors causing the difference are: depreciation and amortization of RMB 7.442 billion, finance cost of 2.258 billion, increase in payables from operating activities of RMB 1.528 billion, increase in receivables from operating activities of RMB -2.80 billion, increase in inventory of RMB -1.458 billion.

V. Non-principal business analysis

☐ Applicable ☒ Not applicable

VI. Assets and liabilities analysis

1. Significant changes in the composition of assets

Unit: RMB Yuan

	End of the year 2021		Beginning of the year 2021		Proportion changes	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash and Cash equivalents	10,284,988,713.99	6.99%	6,292,499,840.73	4.36%	2.63%	
Accounts receivable	1,678,608,393.71	1.14%	1,424,092,844.92	0.99%	0.15%	
Inventories	11,900,618,235.51	8.08%	10,599,731,052.28	7.34%	0.74%	
Long-term equity investments	3,065,928,898.28	2.08%	3,341,208,164.76	2.31%	-0.23%	
Fixed assets	95,632,825,411.62	64.96%	96,220,769,301.39	66.65%	-1.69%	
Construction in progress	7,136,983,761.07	4.85%	8,297,181,948.62	5.75%	-0.90%	

Right-of-use assets	100,279,997.64	0.07%	62,492,294.21	0.04%	0.03%	
Short-term borrowings	25,278,373,316.25	17.17%	23,712,391,440.25	16.43%	0.74%	
Contract liabilities	5,230,456,327.37	3.55%	4,659,444,741.25	3.23%	0.32%	
Long-term borrowings	11,692,710,000.00	7.94%	20,639,300,000.00	14.30%	-6.36%	
Lease liabilities	86,123,210.35	0.06%	56,687,860.68	0.04%	0.02%	

Foreign assets account for a relatively high proportion:

☐ Applicable ☒ Not applicable

2. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Opening balance	Profit and loss from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrual in the period	Amount of purchase in the period	Sales amount in current period	Other changes	Closing balance
Financial assets								
4. Other equity instruments investments	276,246,686.56		-11,345,922.59					264,900,763.97
Financing receivables	4,532,592,689.43							4,015,188,495.05
Other non-current financial assets	0							80,000,000.00
Total	4,808,839,375.99		-11,345,922.59					4,360,089,259.02
Financial liabilities	0.00							0.00

Whether the main asset measurement attributes of the Company changed significantly during the reporting period

☐ YES ☒ NO

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

Items	Carrying amount at 31.12.2021(RMB)	Restriction reason
Cash and Cash equivalents	1,748,307,781.74	Various deposits and frozen by court
Notes receivable	1,030,885,929.77	Pledged notes
Total	2,779,193,711.51	

(1) As of 31 December 2021, the cash and cash equivalents include various cash deposits of RMB1,637,798,719.24, fixed term deposit of RMB 10,000,000.00, court attachment of RMB 100,509,062.50.

(2) As of 31 December 2021, the restricted note receivables include pledged notes amounting to RMB1,030,885,929.77.

VII. Investment analysis

1. Overall situation

☒ Applicable ☐ Not applicable

Invested amount during the reporting period (RMB Yuan)	Investment amount during the previous reporting period (RMB Yuan)	Change
3,400,636,748.78	5,650,066,189.27	-39.81%

2. Significant equity investment during the reporting period

☐ Applicable ☒ Not applicable

3. Significant non-equity investment during the reporting period

☒ Applicable ☐ Not 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	Disclosure date (if any)	Disclosure reference (if any)
New energy vehicle electrician steel project	Self-built	Y	Iron and steel	897,109,488.20	1,523,115,164.43	Self-raised	86.97%	437,370,000.00	0.00	The devices of the project are being installed		
Shougang Jingtang-Phase II	Self-built	Y	Iron and steel	492,352,675.34	23,278,773,190.34	Self-raised	98.00%	1,361,360,000.00	2,146,299,539.88	The project has been transferred to fixed assets		
Total	--	--	--	1,389,462,163.54	24,801,888,354.77	--	--	1,798,730,000.00	2,146,299,539.88	--		

4. Financial assets investment**(1) Securities investment**
☐ Applicable ☒ Not applicable

The Company has no securities investment during the reporting period.

(2) Derivatives investment
☐ Applicable ☒ Not applicable

The Company has no derivatives investment during the reporting period.

5. Use of raised funds
☒ Applicable ☐ Not applicable
(1) Overall use of raised funds
☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Fund-raising year	Fund-raising method	Total raised funds	Total amount of raised funds used in the current period	Total accumulated used raised funds in current period	Total amount of raised funds with changed purposes during the reporting period	Accumulated total amount of raised funds with changed purposes	Proportion of total raised funds with accumulative change of purpose	Total amount of unused raised funds	Purpose and destination of unused raised funds	Amount of raised funds idle for more than two years
2021	Non-public offering	82,340.00	82,340.00	82,340.00	0	0	0.00%	0	Non	0
Total	--	82,340.00	82,340.00	82,340.00	0	0	0.00%	0	--	0

Explanation of the overall use of raised funds

During the reporting period, the total amount of supporting funds raised by the Company's non-public issuance of RMB common shares (A shares) was RMB 823,399,977.75. After deducting the underwriting expenses of the lead underwriter, the subscription amount received by the company's special account for raised funds was RMB 812,927,978.08. After deducting the independent financial adviser and other relevant expenses of this restructuring, the net amount of raised funds was RMB 794,365,426.24.

Up to 31 December 2021, the total interest income generated from the raised funds is RMB 277,802.62. The total amount of raised funds and interest income of RMB 794,643,228.86 have been used to supplement working capital, and the balance of the raised funds special account is RMB 0.

(2) Committed projects of raised funds
☒ Applicable ☐ Not 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)	Investment amount during the reporting period	Accumulative investment amount up to the end of the current period (2)	Investment progress up to the end of the current period (3) = (2)/(1)	Date when the projects are ready for their intended use	Benefits realized during the reporting period	Whether the expected benefits are achieved	Is there any significant change in the feasibility of the project
Committed investment projects										
Supplementary liquidity	No	125,000.00	79,464.32	79,464.32	79,464.32	100.00%		0	Not applicable	No
Subtotal of committed investment projects	--	125,000.00	79,464.32	79,464.32	79,464.32	--	--	0	--	--
Investment of excessive raised funds										
None										

Total	--	125,000.00	79,464.32	79,464.32	79,464.32	--	--	0	--	--
Circumstances and reasons for not reaching the planned progress or expected income (by specific projects)	Not applicable									
Description of major changes in project feasibility	Not applicable									
Amount, purpose and use progress of over raised funds	Not applicable									
Changes in the implementation location of the project invested by raised funds	Not applicable									
Adjustment of implementation mode 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 idle raised funds	Not applicable									
Amount and reasons for the balance of raised funds in the implementation of the project	Not applicable									
Purpose and destination of unused raised funds	None									
Problems or other situations in the use and disclosure of raised funds	None									

(3) Altered projects of raised funds

☐ Applicable ☒ Not applicable

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

VIII. Material disposal of assets and equity

1. Material disposal of assets

☐ Applicable ☒ Not applicable

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

2. Material disposal of equity

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not 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 profits	Net profits
Shougang Jingtang United Iron & Steel Co., Ltd.	Subsidiary	Steel smelting, steel rolling, other metal smelting and rolling processing and sales; Production and sales of sinter, pellet, coke and chemical products; Power generation and power supply; Production and sales of secondary and multiple energy and resource reuse products, etc.	35,821,676,294.00	84,207,686,148.29	34,308,190,211.85	82,544,910,369.15	7,446,461,231.47	6,283,543,011.04
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Subsidiary	Manufacture of cold rolled electrical steel sheet and strip; Manufacturing of special metallurgical equipment; Motor manufacturing; Manufacturing of power transmission and distribution and control equipment; Energy saving technology promotion services; Enterprise management consulting services; Industrial design services; Product quality inspection service; Wholesale and retail of building materials, non-metallic minerals and products, metal materials, metal products and chemical products (excluding hazardous chemicals).	9,042,054,084.39	18,689,847,269.86	10,387,195,130.39	13,857,367,585.59	1,274,862,927.11	1,082,906,520.97
Beijing Shougang Cold Rolling Co., Ltd.	Subsidiary	Production of cold-rolled sheet and hot-dip galvanized steel coil; General freight; Design and sell cold-rolled sheet and hot-dip galvanized steel coil; Warehousing services; Technical development and consultation.	2,600,000,000.00	6,275,179,212.13	-1,287,343,612.38	12,553,753,097.50	166,764,077.72	164,435,553.57
Beijing Shougang Steel Trading Investment Management Co., Ltd.	Subsidiary	Investment management; Project investment; Asset management; Warehousing services; Market Research; Technology development; Selling steel.	1,136,798,235.00	19,647,690,465.71	11,708,267,014.47	968,858,246.21	1,945,467,564.08	1,924,919,227.71
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Subsidiary	Technology development, technical consultation, technology transfer and technical services; Enterprise management consulting; Economic information consultation; Sales of mechanical equipment and steel; Machinery and equipment leasing (excluding automobiles); Import and export of goods; Technology import and export; Acting import and export.	980,000,000.00	1,757,620,456.12	978,064,081.10	0.00	-757,900.08	-853,605.04
Qian'an Shougang Metallurgical Technology Co., Ltd.	Subsidiary	Metallurgical technology development and consulting services; Environmental protection technology promotion services; Enterprise management consulting services; Safety consulting services; Computer application software development; Wholesale and retail of special equipment for environmental protection, steel slag, water slag, slag, dust removal ash, desulfurization ash, steel and chemical products	1,900,000.00	215,927,482.12	-95,933,853.51	32,147,582.35	3,635,863.70	3,636,263.70

		(excluding hazardous chemicals); Domestic advertising design, production, agency and release; Non self owned house leasing services, etc. (within the scope of authorization of the house owner).						
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Joint stock	Metallurgical technology development and consulting services; Environmental protection technology promotion services; Enterprise management consulting services; Safety consulting services; Computer application software development; Wholesale and retail of special equipment for environmental protection, steel slag, water slag, slag, dust removal ash, desulfurization ash, steel and chemical products (excluding hazardous chemicals); Domestic advertising design, production, agency and release; Coking of non owned house leasing services (within the scope of authorization of the house owner); Manufacture of coke oven gas, tar, crude benzene, sulfur, ammonium sulfate, ammonium thiocyanate and primary coal chemical products; Waste heat utilization; Hardware products, building materials, special mining equipment and spare parts, construction machinery spare parts, rubber products, plastic products, lubricating grease, pig iron, ferroalloy, iron concentrate powder, pelletized iron ore, sintered iron ore, iron ore, limestone, quartz, dolomite, charge, bentonite, coke, coke powder, billet, chemical products (excluding licensed chemical products), coal wholesale and retail; Coking technology consultation and service	992,400,000.00	4,221,005,209.00	2,195,597,347.39	6,295,880,462.27	409,971,879.87	292,507,527.36
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Joint stock	Coke, coal tar, benzene, sulfuric acid, ammonium sulfate, gas, CDQ waste heat power generation, steam production and sales; Technical advisory services; Labor services (excluding labor dispatch).	2,000,000,000.00	4,746,955,771.56	2,228,088,412.66	10,931,089,729.11	80,177,449.92	58,527,067.07

Acquisition and disposal of subsidiaries during the reporting period

☐ Applicable ☒ Not applicable

Notes of major holding and joint stock companies

None

X. Structured entity controlled by the Company

☐ Applicable ☒ Not applicable

XI. Future development prospects

1. Industry competition pattern and development trend

In 2022, the recovery of the global economy slowed down due to COVID-19 and uncertainties in the international environment. At present, China's economy is under the triple pressure of shrinking demand, delayed supply, and weakening expectations. However, the Chinese economy has given top priority to ensuring stability and making progress while maintaining stability. We have kept the economy operating within a reasonable range, and the fundamentals of strong resilience, full potential, and long-term sound growth will not change. As the "double control" policy of energy consumption will shift to the "double control" policy of total carbon emission and intensity, the incentive and constraint mechanism of pollution reduction and carbon reduction will accelerate the formation, resulting in the continuous constraint of steel supply. Energy prices such as electricity and coal and ferrous resource prices such as iron ore, scrap steel and ferroalloy keep stable, which forming a multi-dimensional challenge to steel production costs. However, under the influence of the domestic policy of steady growth, the demand for steel driven by infrastructure development and the trend growth of manufacturing industry may accelerate the release, which will effectively support the domestic steel consumption to remain high. It is expected that the steel demand of electric power, automobile, shipbuilding, infrastructure and other industries will maintain growth.

2. Corporate development strategy

The strategic focus of the Company is to promote and implement the "two strong and three excellent" project (the development goal of the iron and steel industry with strong profitability, strong innovation ability, excellent asset quality, excellent operation efficiency and excellent energy conservation and environmental protection) to promote the enterprise to deepen reform and high-quality development. Adhering to the development direction of "quality + service", the company continues to promote the development of high-end products focusing on electrical steel, automobile board and tin (chrome) plate, and constantly improve the service level and operation efficiency of steel material manufacturing, forming a group of strategic product customer clusters with international competitiveness. Strive to build the Company into a large, comprehensive and diversified steel listed company with international

competitiveness and influence.

3. Operating plans of 2022

(1) Capacity of main products

①Qiangang Co.: 7.95 million tons of iron, year-on-year decrease of 0.6%; 8.49 million tons of steel, basically equal on a year-on-year basis; 8.20 million tons of steel products, year-on-year decrease of 0.2%.

②Jingtang Co.: 13.80 million tons of iron, year-on-year decrease of 0.8%; 15.00 million tons of steel, year-on-year decrease of 1.5%; 14.00 million tons of steel products, year-on-year decrease of 2.3%.

③Zhixin Co.: 1.64 million tons of electric steel, year-on-year rise of 9.3%. Including: 1.45 million tons of non-oriented electric steel, year-on-year rise of 14.9% and 0.19 million tons of oriented electric steel, year-on-year decrease of 1.6%.

④Cold-R Co.: 1.95 million tons of cold-rolled steel sheets, year-on-year decrease of 3.8%. Including: 0.93 million tons of continuous annealing line for cold-rolled steel sheets, year-on-year decrease of 9.2%; 0.92 million tons of galvanized sheet, year-on-year decrease of 0.1%, 0.1 million tons of Cold rolled sheet, year-on-year rise of 2.1%.

(2) Budget arrangement of financial indicators

RMB 121.4 billion for operating revenue, year-on-year decrease of 12.6 billion (in proportion of 9.4%). Including in which, RMB 42.8 billion for operating revenue of parent company, year-on-year decrease of 5.1%; RMB 73.0 billion for operating revenue of Jingtang Co., year-on-year decrease of 11.6%; RMB 14.5 billion for operating revenue of Zhixin Co., year-on-year rise of 4.6%; RMB 11.5 billion for operating revenue of Cold-R Co., year-on-year decrease of 8.4%; RMB 820 million for operating revenue of Steel Trading Co., year-on-year decrease of 15.4%.

(3) Budget arrangement of capital income and expenditure

RMB 173.264 billion for capital inflows, including RMB 139.078 billion capital inflows from operating activities, RMB 93 million capital inflows from investing activities, RMB 34.093 billion capital inflows from financing activities.

RMB 171.531 billion for capital outflows, including RMB 124.97 billion capital outflows for production activities, RMB 5.014 billion capital outflows for investing activities, RMB 41.547 billion capital outflows for financing activities.

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

Arrangement of fixed assets is RMB 4.364 billion, including: RMB 698 million for Qiangang Co., RMB 2.389 billion for Jingtang Co., RMB 874 million for Zhixin Co., RMB 58 million for Cold-R Co., RMB 195 million for New-E Co. and RMB 150 million for Steel Trading.

4. Potential risks

(1) Policy and industry risk

Due to the implementation of the iron and steel industry output "double control" policy, the capacity utilization rate of some enterprises has been affected, and the market shows a strong supply and weak demand pattern, resulting in iron ore and other raw fuel prices remain high and promote the cost of steel production, which will further increase the difficulty of enterprise operation.

To deal with the above risk, first, strengthen market prediction and analysis, optimize resource allocation, and take active actions to deal with uncertainties by strengthening the construction of supply chains and industrial chains; Second, continuing to promote cost reform, strengthen the "overall scheduling" of cost control, adhere to the dual control of "material consumption" and "price", and spare no effort to achieve the target of cost control; Third, giving full play to the advantages of production lines and products, improves the ability of "manufacturing + service", promotes the in-depth optimization and adjustment of product structure and channel structure, strengthens the organization of the project of initial products, marketing of new products and substitute imported products, and expands the cluster of high-end products.

(2) Low carbon environmental risk

As "the implementation of ultra-low emissions in the iron and steel industry" has become the norm, "carbon neutrality, carbon peak" policy, concept of "lucid waters and lush mountains are invaluable assets" deeply rooted in the hearts of the people, all these put forward higher requirements for the implementation of green and sustainable iron and steel enterprises, resulting in unprecedented

pressure on environmental protection costs.

To address the above risk, first, further building a solid foundation for sustainable development, continuing to maintain healthy development, practicing responsibility as a "pacesetter", carrying out the green action plan, and making green the underpinning of high-quality development of enterprises. Second, actively driving on the work of "dual carbon" and "dual control", refining the assessment indicators, improving the LCA online data collection platform, promoting the steel low-carbon technology verification project, and continuing to standardize the way and content of "carbon management" activities. Third, continuing to build a green supply chain system, pushing on the selection of green materials, and promoting green procurement, production, transportation and other processes.

(3) Horizontal competition risk

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

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

(4) Marketing risk

From the perspective of market environment, China's economic development is facing triple pressure of demand contraction, supply delay and weakening expectation, and the market volatility is intensified. Therefore, the domestic and foreign competition environment is becoming more and more severe. In the industrial environment, overcapacity is still serious, leading to intensified product homogenization competition and product structure adjustment direction convergence.

In order to cope with the above risk, first, strengthen the awareness of market players, pay close attention to and timely studying macro policies and the development and changes of upstream and downstream industrial chains and industries, which can improve the rapid response capacity of enterprises. Second, paying more attention to customer needs and appeals, give full play to the synergistic advantages of the system to improve the strength and level of customer service, and mobilizing production lines and R&D resources to quickly solve product quality problems, so as to improve user experience. At the same time, improving supporting supply capacity, improve delivery cycle, reducing logistics costs, enhancing user stickiness and the core competitiveness of Shougang service. Third, transforming the marketing management business of standard advanced steel mills, and promote the construction of information system, system application and promotion and application innovation centering on improving management efficiency. Fourth, actively adapting to the requirements of the new development pattern, promoted the export of competitive products, strengthened cooperation with multinational enterprises and joint ventures, and increased the international influence of products.

(5) Related transactions risk

Related transactions exist among Shougang Co., Shougang Group and the affiliated companies, Shougang Co. and Shougang Group signed the framework agreement of related transactions in accordance with the stock listing rules and other provisions for regular related transactions. If the agreement cannot be strictly executed in the future, interests of the company will be damaged and also the risks of related transactions will emerge.

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

XII. Reception of research, communication and interview

√ Applicable □ Not applicable

Time	Location	Method	Type	Counterparty	Main contents and provided material	Reference for basic information
1 Feb. 2021	Conference room	Telephone Communication	Institution	More than 10 institutional analysts include: Huatai Securities Co., Ltd., Haitong Securities Co., Ltd., Huabao Securities Co., Ltd., Nanhua Futures Co., Ltd., Foresight Fund Co., Ltd., Icgc Credit Suisse Asset Management Co., Ltd.	Mainly explains the Company's operation and production, variety structure optimization, cost reduction and efficiency increase and answers questions that investors are concerned about.	Hold a telephone communication session for institutional investors, and the details were disclosed on the interactive platform on 2 Feb. 2021.
17 Mar. 2021	Conference room	On-site investigation	Institution	More than 10 institutional analysts include: GF Securities Co., Ltd., Orient Securities Company Limited, Qianhe Capital Management Co., Ltd., Bank of China Investment Management, China Merchants Fund Management Co., Ltd., National Council of Social Security Fund	Communicates about the Company's basic operating conditions, and answers questions that investors are concerned about.	Receiving investors for on-site investigation, details were disclosed on the interactive platform on 19 Mar. 2021.
29 Apr. 2021	Panorama Network broadcast room (http://ir.p5w.net)	Other	Other	All investors	Mainly explains the performance of the Company in 2020 and the first quarter of 2021 and answers questions that investors are concerned about.	Hold the company performance presentation for 2020 and the first quarter of 2021, and the details were disclosed on the interactive platform on 30 Apr. 2021.
8 Jul. 2021	Jingtang Co., Qiangang Co.	On-site investigation	Institution	24 institutional investors include: China Securities Co., Ltd., Zheshang Securities Co., Ltd., GF Securities Co., Ltd., Changjiang Securities Company Limited, China Merchants Securities Co., Ltd., Ping An Securities Ltd., The Pacific Securities Co., Ltd., Haitong Securities Co., Ltd., Pingan Asset Management Co., Ltd., Wanjia Asset Management Co., Ltd., The China Orient Asset Management Co., Ltd., PICC Funds, Icgc Credit Suisse Asset Management Co., Ltd., Zhongjin Asset Management Co., Ltd., Italian Asset Management Co., Ltd., Gome Finance Technology Co., Ltd., Shenzhen Kaifeng Investment Management Co., Ltd., Shenzhen Hongchou Investment Co., Ltd., Shanghai Yinsheng Asset Management Co., Ltd., Changsheng Fund Management Co., Ltd., Xiandai Resource Co. Ltd., Beijing Siyi Aier Intelligent Technology Co., Ltd., Beijing Bull Riding Swallow	Introduces the operation of the Company and answers questions that investors are concerned about.	Receiving investors for on-site investigation, details were disclosed on the interactive platform on 12 Jul. 2021.

				Investment Management Co., Ltd., Hebei Donghong Investment Management Co., Ltd. etc.		
3 Aug. 2021	Corporate office	Telephone Communication	Institution	17 institutional investors include: Comein Finance Co., Ltd., Zheshang Securities Co., Ltd., Xiniu Investment Co., Ltd., ABC Huili Asset Management Co., Ltd., PICC Health Pension Co., Ltd., Taiping Pension Co., Ltd., HSBC Jintrust Fund Management Co. Ltd., HFT, Wanjia Asset Management Co., Ltd., CMS, Guotai Yuanxin Asset Management Co., Ltd., Panjing Investment, Morgan Stanley Huaxin Fund Management Co., Ltd., Lingze Investment, Donghai Funds Co., Ltd., Ping An Credit Evaluation, Galaxy Asset Management Co., Ltd. etc.	Explains the equity incentive plan of the Company and answers questions that investors are concerned about.	Hold a telephone communication session for institutional investors, and the details were disclosed on the interactive platform on 5 Aug. 2021
20 Aug. 2021	Conference room	Telephone Communication	Institution	More than 10 institutional investors include: GF Securities Co., Ltd., Everbright Securities Co. Ltd., Zheshang Securities Co., Ltd., Foresight Fund Co., Ltd., PICC Asset Management Co., Ltd., PICC Health Pension Co., Ltd., CCB Pension Management Co., Ltd., China Southern Asset Management Co., Ltd., Ping An Annuity Insurance Company of China, Ltd., Qianhai Kaiyuan Fund Management Co., Ltd., Invesco Great Wall Fund Management Co. Ltd. etc.	Explains the Company's half-year performance in 2021 and answers questions that investors are concerned about.	Hold the 2021 semi-annual performance presentation and details were disclosed on the interactive platform on 23 Aug. 2021
13 Sep. 2021	Conference room	Telephone Communication	Institution	More than 10 institutional investors include: Zheshang Securities Co., Ltd., Taikang Pension Insurance Co., Ltd., Zhongjin Asset Management Co., Ltd., China Southern Asset Management Co., Ltd., Xingyin Fund Management Co., Ltd., Ruihua Holding Co., Ltd., Pingan Asset Management Co., Ltd., Taiping Pension, Shanghai Yinsheng Asset Management Co., Ltd., Beijing Kaidu Investment Management Co., Ltd., Comein Finance Technology Co., Ltd. etc.	Explains the situation of the Company's purchase of assets by issuing shares and answers the questions investors are concerned about.	Hold a telephone communication session for institutional investors, and the details were disclosed on the interactive platform on 14 Sep. 2021.
1 Nov. 2021	Conference room	Other	Institution	More than 10 institutional investors include: Zheshang Securities Co., Ltd., Guotai Junan, Kaiyuan Securities Co., Ltd., Huatai Securities Co., Ltd., Everbright Securities Co. Ltd., Guosen Securities Co., Ltd., GF Securities Co., Ltd., Orient Securities Co., Ltd., Loyal Valley Capital, Beijing Taozhu Capital Management Co., Ltd., Orient Securities Asset Management Co., Ltd.,	Explains the Company's performance for the first three quarters of 2021 and answers questions investors are concerned about.	The performance presentation for the first three quarters of 2021 will be held in the manner of Tencent conference, and details were disclosed on the interactive platform on 2 Nov. 2021

				Kaifeng Investment Management Co., Ltd., CICC Assets Management Co., Ltd., Shanghai Tongan Investment Management Co., Ltd., E Fund Management, Guotai Asset Management Co., Ltd., Qianhai Kaiyuan Fund Management Co., Ltd., Invesco Great Wall Fund Management Co., Ltd., Zhejiang Shaoxia Investment Management Co., Ltd., etc.		
8 Dec. 2021	Conference room	Telephone Communication	Institution	More than 40 analysts and institutional investors include: GF Securities Co., Ltd., Zheshang Securities Co., Ltd., Haitong Securities Co., Ltd., Changxin Fund Management Co., Ltd., Huaan Fund Management Co. Ltd., Dacheng Fund Management Co., Ltd., Zhong Ou Asset Management Co., Ltd., Zhonghai Fund Management Co., Ltd., Minsheng Royal Fund Management Co., Ltd., ABC-CA Fund Management Co., Ltd., XA SPDB Investment Managers Co., Ltd., China Life Insurance Security Fund Management Co., Ltd., HongNuo Fund Management Co., Ltd., Guangdong Yuancheng Private Equity Investment Fund Management Co., Ltd., Picc Asset Management Co. Ltd., China Life Pension Co. Ltd., Changjiang Pension Insurance Co., Ltd., Cathay Insurance Co. Ltd., Guang Dong Silver Stone Investment Co., Ltd., Shanghai Silver Leaf Investment Co., Ltd., Beijing Huixin Juying Private Fund Management Co., Ltd., Citic Capital Investment Co. Ltd., Beijing Greatfund Asset Management Co., Ltd., Guangzhou Zhujiang Asset Management Co., Ltd., Beijing Jiangyi Capital Management Co., Ltd., Shanghai Tuling Asset Management Co., Ltd., Shenzhen Fengling Capital Management Co., Ltd., Weixing Asset Management (Shanghai) Co., Ltd., Guangzhou Zhujiang Asset Management Co., Ltd., Fuge Investment Co., Ltd., Cephei Capital Management Co., Ltd., Shenzhen Shanshi Fund Management Co., Ltd. etc.	Answers the questions investors are concerned about.	Hold a telephone communication session for institutional investors, and the details were disclosed on the interactive platform on 13 Dec. 2021
15 Dec. 2021	Conference room	Telephone Communication	Institution	Bank of Communications Schroder Fund Management Co., Ltd.: Xu Senzhou, Tan Xingxing	Answers questions that investors are concerned about.	Hold a telephone communication session for institutional investors, and the details were disclosed on the interactive platform on

						16 Dec. 2021.
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Section IV. Corporate Governance

I. Information of corporate governance

In accordance with the Company Law of People's Republic of China, the Securities Law of People's Republic of China, the Code of Corporate Governance for Listed Companies, Self-regulatory Guide for Listed Companies of Shenzhen Stock Exchange No. 1 - Business Management, the Articles of Association and other applicable regulations and laws, the Company has established a perfect internal control system, actively promoted and improved the corporate governance structure and continued to deepen and standardize the operation, Improve the quality of corporate governance and maintain good communication with all shareholders.

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

During the reporting period, the Company did its corporate governance work well in the following aspects: first, the articles of Association is amended according to the fact that issuance of shares to purchase assets leads to an increase in the total share capital. Second, according to operational needs, the Company has formulated 51 systems such as the Economic Responsibility Audit Management System and revised 66 systems such as the Scientific and Technological Achievements Management System. Thirdly, in response to business adjustments and system updates, the Company organised internal control self-evaluation in conjunction with the Risk Control Process Manual and the Risk Control Evaluation Manual. Fourthly, in accordance with the Articles of Association, the Rules of Procedure for General Meetings and relevant regulations, the General Meetings were held by way of "on-site + online voting" to ensure that the matters submitted to the General Meetings for consideration and approval were in compliance with the law.

As of the end of the reporting period, the Company has a total of 504 internal control systems, of which 491 systems are formulated and implemented by the Company and 13 systems are forwarded to the government and regulatory authorities.

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

☐ Yes ☒ No

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

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

The Company plans and operates in strict accordance with the law and maintains complete independence from the controlling shareholders in terms of business, personnel, assets, institutions and finance. The Company has a complete procurement, production, marketing and operation management system, perfect product R & D institutions and personnel, and the ability of independent production and operation.

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

2. Personnel: The Company has a complete human resources management system, which operates independently and has a sound and effective system. The directors and supervisors of the Company are elected in accordance with the statutory approval procedures such as shareholders' meetings or corresponding democratic elections; senior management personnel are appointed or dismissed by

the Board of Directors, and there are no irregularities in their concurrent positions with controlling shareholders and related parties.

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

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

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

III. Horizontal competition

√ Applicable □ Not applicable

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

Type	Type of association with the Company	Name of controlling shareholder	Nature of controlling shareholder	Causes	Solutions	Work progress and follow-up plan
					<p>plan of Shougang's steel industry, Shougang shares will serve as the sole platform for the development and integration of Shougang Group's steel and upstream iron ore resources industries in the PRC, and ultimately realise the overall listing of Shougang Group's steel and upstream iron ore resources businesses in the PRC.</p> <p>(2) In the event that Shougang Group's other companies engaged in steel operations and production further optimise and adjust their product structure through active implementation of national industrial policies and environmental protection requirements, and achieve profits for three consecutive years, and that the overall situation of the industry does not fluctuate significantly, Shougang Group will, in accordance with the requirements of securities laws and regulations and industry policies, initiate a process including but not limited to acquisition, merger, restructuring and other means in the interests of shareholders of the listed company. The injection of relevant high-quality assets into Shougang will be completed within 36 months after the commencement of the relevant matters.</p>	

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

1. Information on the general shareholders' meeting

Sessions	Type	Investor participation ratio	Date	Date of Disclosure	Meeting resolution
2020 Annual General Meeting	Annual General Shareholders Meeting	77.05%	29 June 2021	30 June 2021	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
2021 First Extraordinary General Meeting	Extraordinary General Shareholders Meeting	75.19%	29 November 2021	30 November 2021	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
2021 Extraordinary Second General Meeting	Extraordinary General Shareholders Meeting	81.93%	20 December 2021	21 February 2022	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details

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

☐ Applicable ☒ Not applicable

V. Directors, Supervisors, Senior Management

I. General information

Name	Post	Status of employment	Gender	Age	Start date of term	End date of term	Number of shares held at the beginning of the period	Number of shares increased in the current period	Number of shares reduced in the current period (shares)	Other changes	Number of shares held at the end of the period	Reasons for changes in the increase or decrease of shares
Zhao Ming	Chairman	Incumbent	Male	55	2013/05/16	2022/12/22	0	0	0	0	0	
Liu Jianhui	Director	Incumbent	Male	57	2014/09/19	2022/12/22	0	0	0	0	290,000	Restricted stocks granted
Qiu Yinfu	Director	Incumbent	Male	54	2014/09/19	2022/12/22	0	0	0	0	290,000	Restricted stocks granted

Name	Post	Status of employment	Gender	Age	Start date of term	End date of term	Number of shares held at the beginning of the period	Number of shares increased in the current period	Number of shares reduced in the current period (shares)	Other changes	Number of shares held at the end of the period	Reasons for changes in the increase or decrease of shares
Wu Dongying	Director	Incumbent	Male	58	2019/12/23	2022/12/22	0	0	0	0	0	
Yin Tian	Independent director	Incumbent	Male	67	2016/01/07	2022/1/6	0	0	0	0	0	
Ye Lin	Independent director	Incumbent	Male	58	2017/12/26	2022/12/22	0	0	0	0	0	
Gu Wenxian	Independent director	Incumbent	Male	60	2021/12/20	2022/12/22	0	0	0	0	0	
Liu Shen	Independent director	Incumbent	Male	46	2020/6/23	2022/12/22	0	0	0	0	0	
Peng Feng	Independent director	Incumbent	Male	42	2020/6/23	2022/12/22	0	0	0	0	0	
Sun Yi	Supervisory board chairman	Incumbent	Male	56	2021/11/29	2022/12/22	0	0	0	0	0	
Guo Liyan	Supervisory	Incumbent	Female	46	2016/1/7	2022/12/22	0	0	0	0	0	
Yang Mulin	Supervisory	Incumbent	Male	50	2019/12/23	2022/12/22	0	0	0	0	0	
Liang Wangnan	Supervisory	Incumbent	Male	47	2021/6/29	2022/12/22	0	0	0	0	0	
Cui Aimin	Employee representative supervisor	Incumbent	Female	53	2021/7/7	2022/12/22	0	0	0	0	0	
Qu Erlong	Employee representative supervisor	Incumbent	Male	40	2021/7/7	2022/12/22	0	0	0	0	0	
Liu Jianhui	General manager	Incumbent	Male	57	2014/8/29	2022/12/22	0	0	0	0	0	
Peng Kaiyu	Vice general manager	Incumbent	Male	41	2019/4/24	2022/12/22	0	0	0	0	261,000	Restricted stocks granted
Li Ming	Vice general manager	Incumbent	Male	47	2015/1/27	2022/12/22	0	0	0	0	261,000	Restricted stocks granted
Li Baizheng	Chief accountant	Incumbent	Male	56	2015/10/28	2022/12/22	0	0	0	0	261,000	Restricted stocks granted
Sun Maolin	Vice general manager	Incumbent	Male	45	2017/10/25	2022/12/22	0	0	0	0	261,000	Restricted stocks granted
Li Jingchao	Vice general manager	Incumbent	Male	55	2017/10/25	2022/12/22	0	0	0	0	261,000	Restricted stocks granted
Ma Jiaji	Chief engineer	Incumbent	Male	58	2019/12/23	2022/12/22	0	0	0	0	0	
Chen yi	Vice general manager	Incumbent	Male	54	2019/4/24	2022/12/22	0	0	0	0	261,000	Restricted stocks granted
	Secretary of the board of directors	Incumbent	Male	54	2015/8/26	2022/12/22	0	0	0	0	0	
Yang Guipeng	Independent director	Retired	Male	49	2016/1/7	2021/12/30	0	0	0	0	0	
Shao Wence	Supervisory board chairman	Retired	Male	58	2019/12/23	2021/8/17	0	0	0	0	0	
Chen Xiaowei	Employee representative supervisor	Retired	Female	48	2019/12/23	2021/7/7	0	0	0	0	0	

Name	Post	Status of employment	Gender	Age	Start date of term	End date of term	Number of shares held at the beginning of the period	Number of shares increased in the current period	Number of shares reduced in the current period (shares)	Other changes	Number of shares held at the end of the period	Reasons for changes in the increase or decrease of shares
Guo Yuming	Employee representative supervisor	Retired	Male	54	2019/12/23	2021/7/7	0	0	0	0	0	
Total	--	--	--	--	--	--	0	0	0	0	2,146,000	--

During the reporting period, whether there was any resignation of directors and supervisors and dismissal of senior managers during their term of office

√ Yes □ No

Please refer to "Changes in directors, supervisors and senior manager" for details.

Yin Tian has completed his six-year term as an independent director of the Company from 7 January 2016 to 6 January 2022. According to the regulations on the tenure of independent directors of listed companies, Yin Tian resigned as an independent director on 6 January 2022.

Changes in directors, supervisors and senior manager

√Applicable □Not applicable

Name	Post	Type	Date	Reason of changes
Yang Guipeng	Independent director	Retired	2021/12/20	Resigned for personal reasons.
Shao Wence	Supervisory board chairman	Retired	2021/08/17	Resigned due to job changes.
Chen Xiaowei	Employee representative supervisor	Retired	2021/07/07	Resigned for personal reasons.
Guo Yuming	Employee representative supervisor	Retired	2021/07/07	Resigned for personal reasons.

II. Current position

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

A. Board members

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

CPC Committee, director, vice general manager of Shougang Group. Mr. Zhao served as Chairman of Beijing Shougang Co., Ltd. Also, Mr. Zhao is the deputy secretary of the Party, the director and the general manager of Shougang Group.

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

3. Qiu Yinfu: director, university education. The major employment history of Mr. Qiu is as follows: a professional and person in charge of the mobile section of Shougang' Medium and Heavy Plate Plant; the deputy director, director, or director and secretary of CPC Branch of mobile division of the Shougang's No.2 Steelmaking Plant; a director and secretary of CPC Committee of the No.2 Steelmaking Plant of Beijing Shougang Co., Ltd.; the deputy director to director of Shougang Oxygen Factory; the director and secretary of CPC Branch of Oxygen Production Division and director of the Oxygen Factory of Shougang; the director of the Oxygen Factory of Shougang and head of Jingtang Integration Project; the director of the Oxygen Factory of Shougang and head of Jingtang Integration Project, director of Oxygen Production Branch of Tangshan Shougang Baoye Steel & Iron Co., Ltd.; the director of cold rolling operation department and assistant to general manager in Qiangang Co.; director and secretary of CPC Committee of cold rolling operation department, and assistant to general manager of Qiangang Co.; the director and secretary of CPC Committee of cold rolling operation department, and deputy general manager of Qiangang Co.; the deputy secretary of CPC Committee, director of the board and general manager of Cold-R Co.; deputy secretary of CPC Committee, chairman and general manager of Cold-R Co.; deputy secretary of CPC Committee, chairman and general manager of Cold-R Co., and deputy general manager of Shougang Co.; the deputy secretary of the CPC Committee, chairman of labor union, deputy general manager of Shougang Co., and secretary of CPC Committee of Qiangang Co.; the deputy secretary of the CPC Committee, chairman of labor union, deputy general manager of Shougang Co., secretary of CPC Committee of Qiangang Co., director of BAIC Motor Corporation., Ltd., director of Beijing Automobile Investment Co., Ltd.; At present, he is the secretary of CPC Committee and chairman of Jingtang Co., director of Shougang Co., and director of BAIC Motor Co., Ltd.

4. Wu Dongying: director, PhD candidate. The major employment history of Mr. Wu is as follows: a teacher of Hefei University of Technology; a researcher, person in charge and deputy director of strategic research agency of Baosteel; the director of strategic section under planning & development department of Baosteel Group; the director of strategic development department of Baosteel Group; the director of economy and management institute of Baosteel Group; the general manager of planning & development department and director of economy & planning institute of Baosteel Group; the general manager of planning & development department and director of economy & planning institute of Baowu Group. At present, he is the general manager (president) of strategic planning department (economic & planning institute) of Baowu Group and director of Shougang Co.

5. Yin Tian: independent director, university education, professor, PhD supervisor. Once served as assistant professor, lecturer and associate professor of Southwest University of political science and law, and visiting scholar sent by the State Education Commission to Toulouse University of Social Sciences, director and professor of French law research center of Southwest University of political science and law, and director, professor and doctoral supervisor of Law Department of Southwest University of political science and

law. Now Mr. Yin is a professor, doctoral supervisor and director of the civil law research center of Peking University, and also serves as the director of China law society, vice president of China Civil Law Research Association, President of China Insurance Law Research Association, special supervisor of the Supreme People's court, consulting expert of the Supreme People's Procuratorate, and independent director of Skyworth Digital Co., Ltd. On 7 January 2016, Mr. Yin served as an independent director of Beijing Shougang Co., Ltd.

6. Ye Lin: independent director, professor and doctoral supervisor, doctor in law, Ye Lin was serving Law School of Renmin University of China (hereinafter "RUC") as an assistant, lecturer, associate professor and professor, successively. At present, he is the director, professor and doctoral supervisor of Civil & Commercial Law Teaching and Research Agency of RUC Law School. He is also an independent director of China Life Asset Management Co., Ltd., an independent director of Founder Securities Co., Ltd., and a part-time lawyer of Beijing Shengang Law Firm. Major part-time jobs include: the vice president of China Commercial Law Society under China Law Society, the vice president of Civil and Commercial Law Society under Beijing Law Society, the president of Beijing Consumer Rights Protection Law Society; a legislative consultant of Financial and Economic Affairs Committee of the National People's Congress of PRC, a consultant of drafting group to Futures Law, a consultant of Administrative Punishment Committee of CSRC, a consumer rights protection social supervisor of China Insurance Regulatory Commission, a consultant of the Legal Professional Committee of the Insurance Society of China, a member of the Advisory Committee of Beijing High People's Court, a consultant of the Company Law Committee of China Lawyers Association, a consultant of the Company Law Committee of Beijing Lawyers Association, a member of the Professional Committee of Shanghai Stock Exchange and China Financial Futures Exchange, a arbitrator and expert of the Advisory Committee of China International Economic and Trade Arbitration Commission. Ye Lin serves Shougang Co. as an independent director from 26 December, 2017.

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

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

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

B. Supervisors

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

2. Guo Liyan: Supervisor, university education, MBA, senior accountant. The major employment history of Mrs. Guo is as follows: a member of the financial section of the Mechanical Factory of Beijing Shougang Machinery& Electric Co., Ltd.; an auditor of the audit administration of Beijing Shougang Machinery& Electric Co., Ltd., the director of the accounting section under the Hydraulic Center of Beijing Shougang Machinery& Electric Co., Ltd., the deputy director of the finance division under Shougang Corporation finance & accounting department; the deputy director of the cost division under Shougang Corporation finance & accounting department; the deputy director of the financial station of the Technical Research Institute under Shougang Corporation finance & accounting department; the executive deputy director of the first division under audit department of Shougang Corporation; an assistant to the director and deputy director of Shougang Corporation audit department; the director of Shougang Corporation audit department and supervisor of Shougang Co. Mrs. Guo is the current director of audit department of Shougang Group and the current supervisor of Shougang Co.,.

3. Yang Mulin: Supervisor, university education, master of engineering, senior economist. The major employment history of Mr. Yang is as follows: the dispatcher and production planner of production department of Qinhuangdao Shougang Plate Mill Co., Ltd. (hereinafter "Qinhuangdao Plate Co.") the production manager of comprehensive department of Qinhuangdao Branch of Zhongshou, the secretary and deputy director of factory affairs office of Qinhuangdao Plate Co.; the executive deputy director of human resources department and the deputy director of factory affairs office of Qinhuangdao Plate Co.; the director of human resources department and the director of factory affairs office of Qinhuangdao Plate Co.; assistant to the general manager of Qinhuangdao Plate Co.; the director of human resources department of Qinhuangdao Plate Co.; assistant to the director and duty director of human resources department of Jingtang Co.; the secretary of CPC Committee, secretary of CDI and chairman of labor union of cold-rolled operation department of Jingtang Co.; the director of organization department and human resources department under CPC Committee of Jingtang Co.; the deputy director of labor & salary department of Shougang Corporation; the deputy director of labor & salary department of Shougang Corporation; the director of system optimization department of Shougang Corporation. Besides serving Shougang Co. as a supervisor, Yang Mulin is the head of system optimization department of Shougang Group Co., Ltd

4. Liang Wangnan: Supervisor, university education, an engineer. Mr. Liang used to be a cadre of the Labor and Finance Department and Organization Department of the West Suburb Grain Depot of Beijing Grain Group Co., Ltd., a cadre of Beijing Municipal Committee of Commerce and Trade, a section member, a deputy director member, a director member of Enterprise Leadership Management Office of Beijing State-owned Assets Supervision and Administration Commission, a deputy General Manager of General Management Department, Deputy General Manager of Human Resources Department, General Manager of Human Resources Department, Deputy General Manager of Fund Investment Department, Minister of Organization Department, Deputy General Manager of Fund Investment Department, General Manager of Fund Investment Department, General manager of The Second Fund Investment Department, Secretary of the Sixth Party Branch Beijing State-owned Capital Operation and Management Center, a member of investment decision-making committee Department of Beijing State-owned Capital Operation and Management Center. Beijing Jing Guorui Soe Reform and Development Fund(L.P.), a director of Jingtang Co. Currently, Mr. Liang is the secretary of the Sixth Party Branch of the Headquarters and the general manager of the Second Fund Investment Department, of Beijing

State-owned Capital Operation and Management Center, a member of the Investment decision-making Committee of Beijing Jing Guorui Soe Reform and Development Fund(L.P.), and a supervisor of Beijing Shougang Co., Ltd.

5. Cui Aimin: Employee representative supervisor, university education, master degree, senior engineer. Mr. Cui used to be a professional in the Technology Department of the Second Steelmaking Plant of Shougang Co., a director of the Production Technology Room of the Steelmaking Operation Department of Qiangang Co., a deputy Section chief of the Management Department of the Technical Quality Department. Beijing Shougang Co., Ltd., a deputy director of Hot-Rolled Product Room of Technical Quality Department, a director of Management Innovation Room of Operation Improvement Department, a director of Operation Management Room of Operation Planning Department, a deputy Secretary of party Committee, a secretary of Discipline Inspection Commission, the chairman of labor Union, the director of office research Office, an inspector of Party Committee Inspection Office of Shougang Group Co., Ltd. Mr. Cui is the director of research Office of Beijing Shougang Co., Ltd., and the supervisor of employee representative of Beijing Shougang Co., Ltd.

6. Qu Erlong: Employee representative supervisor, university education, senior technician, engineer. Mr. Qu worked as a worker in Shougang High-speed Wire Mill, Shougang Equipment Maintenance Center, Qiangang Co. Equipment Maintenance Center, Qian Steel Company Equipment Maintenance Center, Beijing Shougang Co., Ltd. Equipment Department, hot-rolling Operation Department.

C. Senior manager

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

2. Peng Kaiyu: vice general manager, postgraduate education, master of engineering, MBA, senior engineer. The major employment history of Mr. Peng is as follows: a technician in the production technology office of the Qiangang Co. Steelmaking Branch; the chief deputy operator (training on duty), the chief deputy operator and the chief operator, in No.1 steelmaking refining operation area under steelmaking operation department of Shougang Co.; the assistant to the director under the steelmaking operation department of Qiangang Co.; the assistant to the director and the deputy director of steelmaking operation department of Qiangang Co.; the deputy director (presiding over work) and director of steelmaking operation department of Shougang Co.; the secretary of CPC Committee, the secretary of CDI, chairman in labor union and director of steelmaking operation department of Shougang Co.; the secretary of CPC Committee, the secretary of CDI and the chairman in labor union, under steelmaking operation department of Shougang Co.; the deputy secretary of CPC Committee of Shougang Co. Mr. Peng is the current deputy secretary of CPC Committee and the deputy general manager of Shougang Co.

3. Li Ming: vice general manager, university education, doctoral candidate, professor level senior engineer. The major employment history of Mr. Li is as follows: a technician, person in charge of refining workshop, the deputy director of refining workshop, the executive deputy director of refining workshop, the director of refining workshop, the deputy director (leading roles of sections or

equivalents) of technical research section; an assistant to the director of the technical quality division and the director of the technical section under technical quality division, the deputy director of technical quality division, in Qiangang Co.; an assistant to the manager and then the deputy manager of Qiangang Co.; the deputy manager of Qiangang Co.; the deputy secretary of CPC Committee and director of marketing management department of Shougang Co.; the deputy secretary of CPC Committee and director of Marketing Management Department, and the deputy general manager of Shougang Co.; the deputy secretary of CPC Committee and director of marketing management department, and the deputy general manager and director of Shougang Co. At present, he is the deputy secretary of CPC Committee and director of marketing management department, and the deputy general manager and director of Shougang Co. Executive director and general manager of Beijing Shougang Steel Trading Investment Management Co., Ltd.

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

5. Sun Maolin: university education, MBA, engineer. The major employment history of Mr. Sun is as follows: when serving Shougang Medium and Heavy Plate Factory, a professional in the technical section, the deputy secretary of CPC Branch and deputy director of hot rolling section, the secretary of CPC Branch of operation zone B, the deputy director of technical research section; the deputy director of technical section under technical quality division, an assistant to the director of technical quality division, the executive deputy director of silicon steel department, the standing deputy director of silicon steel department in Qiangang Co.; the executive deputy director and then director of silicon steel business department of Shougang Co.; the director of Silicon Steel Engineering Research Center; the secretary of CPC Committee and director of silicon steel business department, and an assistant to the general manager of Shougang Co.; the director of silicon steel business department. Sun is the current deputy general manager of Shougang Co. and director of Silicon Steel Engineering Research Center. He also serves Zhixin Co. as the executive director, Minmetals Special Steel (Dongguan) Co., Ltd. as the vice chairman of the board, and Minmetals Tianwei Steel Co., Ltd. as a director.

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

Chemical Industrial Co., Ltd. and the director of Qian'an China Petroleum Kunlun Gas Co., Ltd.

7. Ma Jiaji: Chief engineer, master degree, professor level senior engineer. The major employment history of Mr. Ma is as follows: a professional in the technical section of Shougang No.2 Wire Rod Coil Factory; a professional in the steel rolling section under the technical division of Shougang Beigang Co., a designer in the rolling process section of Shougang Design Institute, a deputy group leader and group leader of the first group of the rolling section under steel rolling division of Shougang Design Institute; the deputy director of the steel rolling section under steel rolling department of Shougang Design Institute; a deputy chief in the steel rolling design office of Beijing Shougang Design Institute; a production deputy director in Shougang Small-sized Factory; the production deputy director of No. 1 Plate Factory of Shougang Corporation. The director of Shougang No.2 Wire Rod Coil Factory; the director of Beijing Shougang Fulu Shicai Coated Plate Co., Ltd.; the leader of cold-rolled preparation group, the general manager of Beijing Shougang Fulu Shicai Coated Plate Co., Ltd.; the leader of cold-rolled preparation group, the director and general manager of Beijing Shougang Fulu Shicai Coated Plate Co., Ltd., and the deputy general manager of Shougang Co.; leader of cold-rolled preparation group, the director and general manager of Beijing Shougang Fulu Shicai Coated Plate Co., Ltd., and the director of Cold Rolled Sheet Steel Department and the deputy general manager of Shougang Co.; the manager of Shunyi Cold Rolled Branch and the deputy general manager of Shougang Co.; the manager and board member of Cold-R Co. and the deputy general manager of Shougang Co.; the deputy general manager of Shougang Co.; the deputy chief engineer of Qiangang Co. Ma is the current deputy chief engineer of Shougang Co.

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

Position in the shareholders' company

√Applicable □Not applicable

Name	Entity	Position in shareholder company	Start date of term	End date of term	Received remuneration from other entity (Y/N)
Zhao Ming	Shougang Group Co., Ltd.	vice secretary of the Party Committee, Director and General Manager	2020/07		Y
Sun Yi	Shougang Group Co., Ltd.	Director of the office of the board of supervisors	2021/01		Y
Guo Liyan	Shougang Group Co., Ltd.	Director of audit department	2017/06		Y
Yang Mulin	Shougang Group Co., Ltd.	Director of system optimization department	2017/06		Y
Wu Dongying	China Baowu Steel Group Corporation Ltd.	General manager (president) of strategic planning department (Institute of economics and planning)	2019/12		Y
Notes to the position in the shareholders' company	None				

Position in other entity

□ Applicable √ Not applicable

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

☐ Applicable ☒ Not applicable

III. Remuneration of directors, supervisors and senior management

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

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

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

Remuneration for senior management: the remuneration committee under the board of directors is responsible for organizing the performance assessment to the general manager and proposes remuneration, in terms of the Annual Measures for Assessment and Distribution of General Manager Salary, and reports the performance and deserved remuneration of general manager to the board. After the consideration and approval from the board of directors, the company actually affords the remuneration. Other senior management remuneration is afforded monthly, in accordance with performing duties assessed by the general manager and director under the Board's authorization.

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

Unit: RMB 0,000

Name	Position	Gender	Age	Status of employment	Total pretax remuneration received from the company	Whether to get remuneration from related parties of the company
Zhao Ming	Chairman	Male	55	Incumbent	0	Yes
Liu Jianhui	Director	Male	57	Incumbent	0	No
Qiu Yinfu	Director	Male	54	Incumbent	128.01	No
Wu Dongying	Director	Male	58	Incumbent	0	Yes
Yin Tian	Independent director	Male	67	Incumbent	12	No
Ye Lin	Independent director	Male	58	Incumbent	12	No
Gu Wenxian	Independent director	Male	60	Incumbent	0	No
Liu Shen	Independent director	Male	46	Incumbent	12	No
Peng Feng	Independent director	Male	42	Incumbent	0	No
Sun Yi	Supervisory board chairman	Male	56	Incumbent	0	Yes
Guo Liyan	Supervisory	Female	46	Incumbent	0	Yes
Yang Mulin	Supervisory	Male	50	Incumbent	0	Yes
Liang Wangnan	Supervisory	Male	47	Incumbent	0	Yes
Cui Aimin	Employee representative supervisor	Female	53	Incumbent	14.64	No
Qu Erlong	Employee representative supervisor	Male	40	Incumbent	12.32	No
Liu Jianhui	General manager	Male	57	Incumbent	129.98	No

Name	Position	Gender	Age	Status of employment	Total pretax remuneration received from the company	Whether to get remuneration from related parties of the company
Peng Kaiyu	Vice general manager	Male	41	Incumbent	113.17	No
Li Ming	Vice general manager	Male	47	Incumbent	118.58	No
Li Baizheng	Chief accountant	Male	56	Incumbent	114.79	No
Sun Maolin	Vice general manager	Male	45	Incumbent	116.36	No
Li Jingchao	Vice general manager	Male	55	Incumbent	117.85	No
Ma Jiaji	Chief engineer	Male	58	Incumbent	119.72	No
Chen yi	Vice general manager, Secretary of the board of directors	Male	54	Incumbent	112.77	No
Yang Guipeng	Independent director	Male	49	Retired	12	No
Shao Wence	Supervisory board chairman	Male	58	Retired	0	Yes
Chen Xiaowei	Employee representative supervisor	Female	48	Retired	67.6	No
Guo Yuming	Employee representative supervisor	Male	54	Retired	25.34	No
Total	--	--	--	--	1,239.13	--

VI. Performance of Directors during the reporting period

1. Board meetings during the reporting period

Meeting	Convening date	Disclosure date	Resolutions of meeting
The first Extraordinary General Meeting of the year 2021	2021/3/31	2021/4/1	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The seventh meeting of the seventh session of the Board	2021/4/28	2021/4/29	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The second Extraordinary General Meeting of 2021	2021/6/1	2021/6/2	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The eighth meeting of the seventh session of the Board	2021/8/2	2021/8/3	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The ninth meeting of the seventh session of the Board	2021/8/18	2021/8/19	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The tenth meeting of the seventh session of the Board	2021/9/10	2021/9/11	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The third Extraordinary General Meeting of shareholders in 2021	2021/9/17	2021/9/18	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The fourth Extraordinary General Meeting of shareholders in 2021	2021/10/29	2021/10/30	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The fifth Extraordinary General Meeting of shareholders of 2021	2021/11/12	2021/11/13	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details

Meeting	Convening date	Disclosure date	Resolutions of meeting
The eleventh meeting of the seventh session of the Board	2021/11/29	2021/12/1	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The sixth Extraordinary General Meeting of shareholders of 2021	2021/12/9	2021/12/10	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details
The seventh Extraordinary General Meeting of shareholders of 2021	2021/12/17	2021/12/18	Refers to the company's announcement on the disclosure date of the resolution of the meeting for details

2. Attendance of Directors at Board meetings and general meetings

Attendance of Directors at Board meetings and general meetings							
Name of Directors	Number of attendance required for Board meetings during the reporting period	Attendance at Board meetings in person	Attendance at Board meetings by communication	Attendance at Board meetings by proxy	Absence from Board meetings	Absent from Board meetings in person for two consecutive times	Attendance at general meetings
Zhao Ming	12	5	7	0	0	No	3
Liu Jianhui	12	5	7	0	0	No	3
Qiu Yinfu	12	5	7	0	0	No	3
Wu Dongying	12	0	12	0	0	No	0
Yin Tian	12	2	10	0	0	No	0
Ye Lin	12	3	9	0	0	No	1
Yang Guipeng	12	4	8	0	0	No	3
Liu Shen	12	0	12	0	0	No	0
Peng Feng	12	4	8	0	0	No	1
Gu Wenxian	0	0	0	0	0	No	1

Explanation for the absent from board meetings in person for two consecutive times

Not applicable

3. Objections from Directors on related issues of the Company

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

☐ Yes ☒ No

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

4. Other instructions for directors to perform their duties

Whether the directors' suggestions on the Company have been adopted

☒ Yes ☐ No

Explanation of the directors on the adoption or non adoption of relevant suggestions of the Company

Not applicable

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

Name of the committee	Member	Number of meeting convened	Convening date	Details of the meeting	Important opinion and advice	Other performance of duty	Details of objection (if any)
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Name of the committee	Member	Number of meeting convened	Convening date	Details of the meeting	Important opinion and advice	Other performance of duty	Details of objection (if any)
Strategic Risk Management Committee	It is composed of 5 directors, including 2 independent directors.	0				Independent directors express independent opinions in accordance with regulations	
Audit Committee	It is composed of 3 independent directors.	2	2021/2/25	Summary of communication between CPA and audit committee (independent director) before audit	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
			2021/4/9	Annual audit: communication letter with independent directors and the audit committee of the board of directors after the certified public accountant issued preliminary audit opinions on the company's 2020 annual financial statement report	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
Remuneration and Assessment Committee	It is composed of 3 independent directors.	2	2021/4/9	Proposal on the general manager's salary cashing in 2020 and the salary and assessment distribution method in 2021	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
			2021/7/23	Report on Beijing Shougang Co., Ltd. 2021 Restricted Stock Incentive Plan (Draft) and its abstract	Agreed to submit to the Board for review	Independent directors express independent opinions in accordance with regulations	
Nomination Committee	It is composed of 3 directors, including 2 independent directors.	0				Independent directors express independent opinions in accordance with regulations	

VIII. Performance of duties by the Supervisory Committee

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

☐ Yes ☒ No

The board of supervisors has no objection to the supervision matters during the reporting period.

IX. Company employees

1. Number of employees, professional composition and education background

Number of active employees in the parent company	5,646
Number of active employees in the main subsidiary	12,203
Total number of active employees at the end of the reporting period	17,846
Total number of employees receiving salary in the current period	17,846
Number of retired employees to be borne by the parent company and major subsidiaries	446
Professional composition	

Professional composition category	Number of professional composition
Production	12,126
Salesman	671
Technician	2,034
Finance	283
Administrative	2,343
Services and others	389
Total	17,846
Education background	
Type	Quantity
Master degree or above	1,549
Bachelor's degree	7,165
College	5,821
Vocational secondary and below	3,311
Total	17,846

2. Remuneration policies

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

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

3. Training program

According to the national and Beijing municipal vocational skills improve action plan and the needs of the Company to the worker team, Qianshun production line and Zhixin Co., establish a whole life cycle of high potential talent "sail" career development system. The system emphasizes pertinence, practicability and value to theory and practice, study and summary, which improves the quality of the company's talents, exercises the ability of the company's talents, so that the company's talents quickly accumulated. According to the company's talent needs at different levels such as reserve, backbone, core, key and strategy, the company designs five levels of talent development and cultivation projects of "wave, sail, set sail, pilot and pilot", which creates a continuous and advanced map of talent cultivation and development with high potential. This project divides talents into different stages and levels, and formulates different systematic talent training plans according to the ability characteristics and growth factors of talents at different stages, which effectively realizes the cultivation and guidance of talents and accelerates the growth of talents. The company organized and completed more than 150 kinds of training projects throughout the year, which fully covered the three talent teams of operation management, professional technology and skill operation. The training projects enhanced the cohesion of the enterprise and the staff and provided strong support for the high-quality development of the company.

Jingtang Co. constructs "four horizontal and three vertical" training system for all staff, which smoothen the path of talent career development. The lecture hall for leaders, the rotation training class for middle-level leaders and the training class for young backbone also accelerate the improvement of the comprehensive quality of leaders and backup backbone. In the training plan of

"Qinglan Project" (a platform for the growth of technical skills and talents), 148 teachers are selected to teach and cultivate 148 employees, which gives full play to the role of staff innovation studio. Systematic training was carried out for team leaders at different levels, and 21 "gold medal team leaders" were awarded. The company adheres to the principle of "internal training as the main, external employment as the auxiliary" to build a teaching staff, the establishment of internal trainer selection, training, incentive closed-loop management mechanism, mining and training professional internal trainer team. Through continuous improvement of the competition system, the company has established an independent identification mechanism of vocational skills, which has been completed by 1635 employees. The long-term mechanism of rapid growth of the company's employees is more perfect.

4. Outsourcing of labor source

☐ Applicable ☒ Not applicable

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

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

☒ Applicable ☐ Not applicable

1. The Company since its inception, highly valued the investment return for shareholders, the protection for legitimate rights and interests of all shareholders, especially for the small and medium shareholders. According to various regulations and relevant requirements issued by the regulatory authority, the Company timely revised and improved the provisions of the profit distribution policy in the Articles of Association of the Company, and the standard and proportion of cash dividends shall be explicit and clarity.
2. During the reporting period, profit distribution proposal complied with the provision of profit distribution in the Articles of Association of the Company, complied with the provisions of normative documents issued by CSRC and other regulatory agencies and fulfilled the procedures for independent directors to issue independent opinions and legal approval.

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

The Company was profitable during the reporting period and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

☒ Applicable ☐ Not applicable

Explanation on why it was profitable during the reporting period and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed	Purpose and use plan of undistributed profits of the Company
<p>Audited by Grant Thornton LLP, in 2021, the net profit of parent company is RMB 802,053,622.97, withdraw 10% of legal surplus reserve RMB 80,205,362.30, the profit available for distribution for the year is RMB 721,848,260.67.</p> <p>In view of the fact that the Company is currently promoting the issue of "issuing shares to purchase assets, raising supporting funds and related party transactions", according to the relevant provisions of the Administrative Measures on Securities Issuance and Underwriting issued by China Securities Regulatory Commission, the Company is not going to distribute cash this time, nor convert capital reserve into share capital.</p>	<p>The Company intends to review and arrange matters related to profit distribution of the Company in accordance with relevant laws, regulations, rules, normative documents and the articles of association as soon as possible after the implementation of "Purchasing Assets through Issuing Shares, Raising Supporting Funds and Related transactions".</p>

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

☐ Applicable ☒ Not applicable

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

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

☒ Applicable ☐ Not applicable

1. Equity incentive

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

Equity incentives obtained by directors and senior managers of the Company

√Applicable □Not applicable

Unit: share

Name	Position	Number of share options held at the beginning of the period	Number of new share options during the reporting period	Number of shares exercisable during the reporting period	Number of shares exercised during the reporting period	Exercise price of the shares exercised during the reporting period (RMB yuan/ share)	Number of share options held at the end of the period	Market price at the end of the reporting period (RMB yuan/ share)	Number of restricted shares held at the beginning of the period	Number of unlocked shares during the current period	Number of newly granted restricted shares during the reporting period	Grant price of restricted shares (RMB yuan/ share)	Number of restricted shares held at the end of the period
Liu Jianhui	Director, General manager	0	0	0	0	0	0	5.73	0	0	290,000	3.25	290,000
Qiu Yinfu	Director	0	0	0	0	0	0	5.73	0	0	290,000	3.25	290,000
Peng Kaiyu	Vice General Manager	0	0	0	0	0	0	5.73	0	0	261,000	3.25	261,000
Li Ming	Vice General Manager	0	0	0	0	0	0	5.73	0	0	261,000	3.25	261,000
Li Baizheng	Chief accountant	0	0	0	0	0	0	5.73	0	0	261,000	3.25	261,000
Sun Maolin	Vice General Manager	0	0	0	0	0	0	5.73	0	0	261,000	3.25	261,000
Li Jingchao	Vice General Manager	0	0	0	0	0	0	5.73	0	0	261,000	3.25	261,000
Chen Yi	Vice General Manager, Secretary of the board of directors	0	0	0	0	0	0	5.73	0	0	261,000	3.25	261,000
Total	--	0	0	0	0	--	0	--	0	0	2,146,000	--	2,146,000

Evaluation mechanism and incentive of senior managers

In order to condense and stimulate the enthusiasm of core talents and effectively combine the interests of shareholders, the Company and core employees, restricted stock incentives are implemented for directors, senior managers, core technicians and management backbones of the Company (including holding subsidiaries) with the approval of Beijing SASAC and the deliberation and approval of the Company's general meeting of shareholders. In order to give full play to the role of equity incentive, strictly standardize the qualification conditions of personnel within the scope during the implementation, clarify the company performance conditions and individual performance standards for granting restricted shares, and determine the conditions for lifting the restrictions on the sale of restricted shares with the return on net assets, growth rate of operating profit, asset liability ratio, growth rate of strategic product output, proportion of science and technology investment in operating income as evaluation indicators. It is closely linked with the interests of the Company and the incentive object. The implementation of equity incentive policy has played a great positive role in attracting and retaining talents, supporting the long-term development of the Company and maintaining and increasing the value of state-owned capital.

2. Implementation of employee stock ownership plan

☐ Applicable ☒ Not applicable

3. Other employee incentive measures

☐ Applicable ☒ Not applicable

XII. Construction and implementation of internal control system during the reporting period**1. Construction and implementation of internal control system**

The Company has established a sound internal control system, and combined with the actual operation of timely revision and improvement, which gives full play to its guarantee role. During the reporting period, according to operational needs, the Company has formulated 51 systems such as the Economic Responsibility Audit Management System and revised 66 systems such as the Scientific and Technological Achievements Management System. As of the end of the reporting period, the Company has a total of 504 internal control systems, of which 491 systems are formulated and implemented by the Company and 13 systems are forwarded to the government and regulatory authorities.

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

☐ Yes ☒ No

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

Not applicable

XIV. Self-assessment report on internal control or auditor's report on internal control**1. Appraisal Report of Internal Control**

Disclosure date of full internal control evaluation report	29 April 2022	
Disclosure index of full internal control evaluation report	Beijing Shougang Co., Ltd. 2021 Internal Control Self-Assessment Report, disclosed on CNINFO Website (http://www.cninfo.com.cn/).	
Proportion of total assets included in internal control evaluation report accounting for the total assets in the consolidated financial statements	99.85%	
Proportion of operating revenue included in internal control evaluation report accounting for operating revenue in the consolidated financial statements	99.94%	
Defect identification criteria		
Type	Financial Reports	Non-financial reporting

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

2. Audit report for internal control

√ Applicable □ Not applicable

Audit opinion on internal control
Shougang Co. has kept the effective internal control over financial reporting in all material matters on 31 December 2021, in accordance with the "Basic Standards for Internal Control of Enterprises" and other relevant regulations.

Disclosure of internal control audit report	Disclosed
Date of disclosure of the full internal control audit report	29 April 2022
Source for the full internal control audit report	Searching for: http://www.cninfo.com.cn/ .
Audit opinion on internal control	Standard unqualified opinion
Whether material deficiency over non-financial reporting	No

Whether the accounting firm has issued an internal control audit report with unqualified opinion

☐ Yes ☒ No

Is the internal control audit report issued by the accounting firm consistent with the self-evaluation report of the board of directors

☒ Yes ☐ No

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

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

Section V. Environment and Social Responsibility

I. Major environmental protection matters

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

√ Yes ☐ No

Name of the company or subsidiary	Names of major pollutants and characteristic contaminants	Emission method	Number of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Exceed the standard or not
QiangangCo.	COD (Chemical Oxygen Demand)	Discharge to rivers and lakes after treatment	1	Total wastewater discharge port of the Company	1-5mg/L	50mg/L	0.6	648.99	No
QiangangCo.	Ammonia Nitrogen	Discharge to rivers and lakes after treatment	1	Total wastewater discharge port of the Company	0.05-1mg/L	5mg/L	0.02	64.899	No
QiangangCo.	Sulfur Dioxide	Organized	69	Energy, Ironmaking, Steelmaking, Hot Roll, Roll.	0-20mg/m3	Energy、Ironmaking、Steelmaking、Hot Roll 35mg/m3 , Cold Roll 50mg/m3	849.2	926.402	No
QiangangCo.	Nitrogen Oxides	Organized	69	Energy, Ironmaking, Steelmaking, Hot Roll, Roll.	5~35mg/m3	Energy、Ironmaking、Steelmaking、Hot Roll 50mg/m3 , Cold Roll 150mg/m3	1129.1	2220.565	No
QiangangCo.	Particulate Matter	Organized	153	Energy, Ironmaking, Steelmaking, Hot Roll, Roll.	1-3mg/m3	Energy 、 Ironmaking 5mg/m3 Steelmaking、Hot Roll, Cold Roll 10mg/m3	1356.7	1414.607	No

Name of the company or subsidiary	Names of major pollutants and characteristic contaminants	Emission method	Number of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Exceed the standard or not
Jingtang Co.	Sulfur Dioxide	Organized	42	Coke oven chimney, coke pushing, coke outlet, CDQ outlet, outlet of baghouse system after desulphurization of sintering machine, outlet of hot blast stove of no.1 and no.2 bf, lime kiln roasting, heat treatment furnace, 2 × 300mw generating units chimney exit, gas boiler chimney exit.	Coke oven chimney :<10 mg/m ³ ; Coke pushing :<30 mg/m ³ ; Coke outlet :<70 mg/m ³ ; CDQ outlet :<80 mg/m ³ ; Sintering desulfurization:<30 mg/m ³ ; Lime kiln roasting: < 50 mg/m ³ ; Heat treatment furnace:<50 mg/m ³ ; Coal-fired and gas-fired generating units:<20 mg/m ³ .	Coke oven chimney:30 mg/m ³ ;Coke pushing: 30 mg/m ³ 、Coke outlet:70 mg/m ³ ; CDQ outlet: 80 mg/m ³ ; Sintering desulfurization: 35 mg/m ³ ; Hot blast stove: 50mg/m ³ ; Lime kiln roasting: 35 mg/m ³ ; Cold rolled furnace: 50 mg/m ³ ; Annealing furnace for continuous annealing unit and hot-dip galvanizing unit: 50 mg/m ³ ; Coal-fired and gas-fired generating units: 35mg/m ³ ; Gas boiler: 50 mg/m ³	1140.70	2965.74	No
Jingtang Co.	Nitrogen Oxides	Organized	38	Coke oven chimney, outlet of baghouse system after desulphurization of sintering machine, outlet of hot blast stove of no.1 and no.2 bf, lime kiln roasting, heat treatment furnace, 2 × 300mw generating units chimney exit, gas boiler chimney exit.	Coke oven chimney :<100 mg/m ³ ; Sintering desulfurization :<50mg/m ³ ; Outlet of hot blast stove of No.1 and No.2 BF :<150mg/m ³ ; Continuous annealing line of cold rolling mill and hot rolling mill、annealing furnace of HDG line :<150 mg/m ³ ; Coal-fired and gas-fired generating units :<40 mg/m ³ .	Coke oven chimney :130mg/m ³ ; Sintering desulfurization :50 mg/m ³ ; Outlet of hot blast stove of No.1 and No.2 BF、heating furnace of hot rolling mill 、continuous annealing line、annealing furnace of HDG line、Roasting device of waste acid regeneration station:150mg/m ³ ; Lime kiln roasting: 150 mg/m ³ ; Coal-fired and gas-fired generating units:50 mg/m ³ ; Gas boiler:150 mg/m ³	3533.23	6379.92	No

Name of the company or subsidiary	Names of major pollutants and characteristic contaminants	Emission method	Number of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Exceed the standard or not
Jingtang Co.	Particulate Matter	Organized	176	Coke pushing, coke outlet, CDQ outlet, coke oven chimney, dust removal outlet of stock ground transfer station, dust removal outlet of sintering machine batching, crushing, finished products screening, dust removal outlet of sintering machine tail and ring cooler, dust removal outlet of primary flue gas of bf tapping field, secondary flue gas of bf tapping field, dust removal outlet below the blast furnace bunker, dust removal outlet of cast iron machine, dust removal outlet of blast furnace pulverized coal production, dust removal outlet of hot blast stove of bf, steelmaking electric dust removal, steelmaking secondary dedusting, dust removal outlet of flame descaling, lime kiln top dust collector outlet, heat treatment furnace, dust removal of finishing mill, dust removal exit of tension leveler and welder of PLTCM, dust removal exit of iron powder warehouse, 2 × 300mw generating units chimney exit, gas boiler chimney exit.	Coke pushing, Coke outlet, CDQ outlet, Coke oven chimney: <10 mg/m ³ ; The transfer point of stock ground: <10 mg/m ³ ; Sintering machine batching, crushing, finished products screening, sintering machine tail and ring cooler: <10 mg/m ³ ; primary flue gas and Secondary flue gas of BF tapping field: <10 mg/m ³ ; Below the blast furnace bunker, cast iron machine, blast furnace pulverized coal production, hot blast stove of BF: <10 mg/m ³ ; Steelmaking electric dust removal: <20 mg/m ³ ; Steelmaking secondary dedusting, flame descaling, Lime kiln top dust collector: <10 mg/m ³ ; Heat treatment furnace, finishing mill, tension leveler and welder of PLTCM: <10 mg/m ³ ; Iron powder warehouse: <10 mg/m ³ ; Coal-fired and gas-fired generating units: <10 mg/m ³ .	Coke pushing, Coke outlet, CDQ outlet, Coke oven chimney: 10 mg/m ³ ; The transfer point of stock ground: 10 mg/m ³ ; Sintering machine batching, crushing, finished products screening, sintering machine tail and ring cooler: 10 mg/m ³ ; Primary flue gas and Secondary flue gas of BF tapping field: 10 mg/m ³ ; Below the blast furnace bunker, cast iron machine, blast furnace pulverized coal production: 10 mg/m ³ ; Hot blast stove of BF: 10 mg/m ³ ; Steelmaking electric dust removal: 50 mg/m ³ ; Steelmaking secondary dedusting: 10 mg/m ³ ; Dust removal of Lime kiln top and flame descaling: 10 mg/m ³ ; Heat treatment furnace: 10 mg/m ³ ; Finishing mill 10 mg/m ³ ; Tension leveler and welder of PLTCM: 10 mg/m ³ ; Iron powder warehouse: 10 mg/m ³ ; Coal-fired and gas-fired generating units: 10 mg/m ³ ; Gas boiler: 10 mg/m ³	4320.49	4330.44	No

Name of the company or subsidiary	Names of major pollutants and characteristic contaminants	Emission method	Number of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Exceed the standard or not
Zhixin Co.	PM	Organized	69	Acid regeneration, continuous annealing furnace, normalizing annealing furnace, decarburization annealing furnace, annular furnace, hot drawing furnace, scoring	Acid regeneration $\leq 30\text{mg/m}^3$, heat treatment furnace and scoring $\leq 10\text{mg/m}^3$	Heat treatment furnace, tension leveler, finishing and shot blasting 10 mg/m^3 , acid regeneration 30 mg/m^3	18.005	27.793	No
Zhixin Co.	Sulfur Dioxide	Organized	50	Continuous annealing furnace, normalizing annealing furnace, decarburization annealing furnace, annular furnace and hot drawing furnace	$\leq 30\text{mg/m}^3$	30mg/m^3	5.685	81	No
Zhixin Co.	Nitrogen Oxide	Organized	50	Continuous annealing furnace, normalizing annealing furnace, decarburization annealing furnace, annular furnace and hot drawing furnace	$\leq 100\text{mg/m}^3$	100mg/m^3	37.512	131.649	No
Cold-R Co.	COD (Chemical Oxygen Demand)	Organized	1	Wastewater stations	$10\text{-}24.2\text{ mg/m}^3$	30mg/m^3	21.4511	67.5	No
Cold-R Co.	Ammonia Nitrogen	Organized	1	Wastewater stations	$0.002\text{-}2.46\text{ mg/m}^3$	$1.5(2.5)\text{ mg/m}^3$	0.42035	3.937	No
Cold-R Co.	Sulfur Dioxide	Organized	8	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, roaster of acid regeneration station, hydrogen production generator, 1# boiler room, 2# boiler room, 3# boiler room.	$3\text{-}5\text{mg/m}^3$	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, Roaster of acid regeneration station, Hydrogen production generator: 20 mg/m^3 ; 1# boiler room, 2# boiler room, 3# boiler room: 10 mg/m^3	4.0452	18	No

Name of the company or subsidiary	Names of major pollutants and characteristic contaminants	Emission method	Number of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Exceed the standard or not
Cold-R Co.	Nitrogen oxides	Organized	8	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, roaster of acid regeneration station, hydrogen production generator, 1# boiler room, 2# boiler room, 3# boiler room.	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line: 7-50 mg/m ³ ; Roaster of acid regeneration station: 12-59 mg/m ³ ; 2# boiler room: 23 mg/m ³ ; 1# boiler room, Hydrogen production generator, 3# boiler room: 14-56 mg/m ³	Continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, Roaster of acid regeneration station, Hydrogen production generator: 100 mg/m ³ ; 1# boiler room, 2# boiler room, 3# boiler room: 80 mg/m ³	53.0158	148.184	No
Cold-R Co.	Particulate matter	Organized	10	Exhaust gas of tension leveler, continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, roaster of acid regeneration station, hydrogen production generator, iron powder warehouse at acid regeneration station, 1# boiler room, 2# boiler room, 3# boiler room.	Exhaust gas of tension leveler: 3.7-4.1 mg/m ³ ; continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, roaster of acid regeneration station, hydrogen production generator: 1.3-5.6 mg/m ³ ; iron powder warehouse at acid regeneration station, 1# boiler room, 2# boiler room, 3# boiler room: 1.5-2.8 mg/m ³	Exhaust gas of tension leveler, continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, Roaster of acid regeneration station, Hydrogen production generator, iron powder warehouse at acid regeneration station: 10 mg/m ³ ; 1# boiler room, 2# boiler room, 3# boiler room: 5 mg/m ³	18.6915	18.75	No

Construction and operation of pollution prevention facilities

Qiangang Co., strengthened the level of environmental protection governance, led the industry, maintained the sustainability of environmental governance, and continued to promote the green action plan for the iron and steel sector based on the ultra-low emission and performance class A basic platform. In 2021, Qiangang Co., started 52 environmental protection special treatment projects, established a project leading group, held regular project promotion meetings regularly, coordinated and solved existing problems and promoted the progress of green projects. By the end of the reporting period, 48 items had been completed, and the remaining 4 items continued to be implemented.

Through a series of measures such as improving the environmental protection management system, adhering to daily inspection and implementing problem rectification, the Company has continuously strengthened the control of environmental protection facilities and daily production operation, and the environmental protection facilities and production facilities operate synchronously and stably. Strengthen the maintenance management of environmental protection facilities, and conduct simultaneous maintenance of environmental protection facilities such as desulfurization and denitration, dust removal and wastewater treatment with the main production facilities. Through self-monitoring and supervision and monitoring by the environmental protection department, 100% of all pollutants are discharged up to the standard.

Jingtang Co., has built 225 sets of waste gas treatment facilities such as dust removal, desulfurization and denitration to effectively treat all kinds of waste gas. The dust adopts bag dust removal, plastic burning plate dust removal, electric dust removal and other methods; Coke oven flue gas adopts ammonia desulfurization + medium and low temperature SCR denitration process; Sintering and pelletizing adopt circulating fluidized bed desulfurization + medium and low temperature SCR denitration process; Seawater desulfurization + SCR denitration process is adopted for desulfurization of self-owned power plant. A total of 12 sets of main wastewater treatment facilities is built. It includes coking phenol cyanogen wastewater treatment system, continuous casting wastewater treatment system, hot rolling, cold rolling, medium and heavy plate, steel rolling wastewater treatment system and comprehensive wastewater treatment station. After treatment, the clean water is mixed with rich seawater desalination water for reuse to realize coupled zero discharge of wastewater. A total of five types of solid waste treatment facilities, briquette comprehensive utilization facilities and 6 × 600000 ton / p.a. slag fine grinding cement production line is build, converting the blast furnace slag of iron and steel plant into high-quality cement raw materials by adopting new processing technology; Dust removal ash and iron oxide scale from raw materials, ironmaking, hot rolling and other processes are returned to sintering ingredients for utilization. At present, all environmental protection facilities of Jingtang Co., operate well, and all processes in the whole process meet ultra-low emission standards.

The Cold-R Co., builds annealing furnace and gas-fired boiler with natural gas as fuel to reduce waste gas pollution from the source. 11 sets of waste gas treatment facilities including oil mist purification system, acid mist purification system, bag dust removal system and alkali mist treatment system is built, and all waste gas was discharged up to standard; 1 wastewater station was built to discharge all wastewater up to standard after treatment through four systems: acid containing wastewater treatment, dilute alkali wastewater treatment, oil-bearing and finishing liquid wastewater treatment. By selecting low-noise equipment and taking vibration reduction measures, effectively do a good job in noise prevention and control, and install silencers at the discharge of iron oxide powder bin; The air compressor, booster, nitrogen compressor and other equipment were set in the plant, and the sound insulation cover was set. The silencing tower was built at the outlet of the nitrogen generating unit. The above environmental protection facilities operate well, and all pollutants are discharged up to the standard.

By upgrading the oil mist removal system of acid rolling, Zhixin Co., has solved the problem of oil mist overflow and insufficient flue height; The construction of high-efficiency car washing station has effectively reduced the atmospheric dust pollution in the plant; In order to avoid the problems such as the open-air stacking of bagged iron red, the displacement of iron red and the scattering of iron red caused by the damage of iron red bag during hoisting, a rain proof shed for iron red storage under closed storage and hoisting and loading conditions has been built. All the existing environmental protection facilities of the Company operate stably, and the pollutants are discharged up to the standard.

Construction of environmental impact assessment of projects and other environmental protection administrative permits

In order to further implement energy conservation and emission reduction as well as enhance the corporate environmental image, the Company invested various projects such as Qiangang Co. Dust-removing Environmental Management Project and Qiangang Co. Whitening Water and Exhausted Steam for Blast Furnace Slag Project, which have been registered on the registration form of construction project environmental impacts. In September 2017, the Company obtained a new version of the sewage permit issued by the Tangshan Environmental Protection Bureau. In August 2020, the extension of the pollution discharge permit was completed, and the validity period was extended to 2025.

Jingtang Co. adheres to the equally importance principle of production development and environmental protection, evaluates the environmental impact assessment project strictly in accordance with the Environment Impact Assessment Act of China, constructs strictly in accordance with the EIA approval during the implementation of the project. All construction projects are supported by construction of environmental protection facilities, to meet the “Three Simultaneous” management requirements for environmental protection. In April 2006, the Company obtained the environmental impact assessment approval from the Ministry of Environmental Protection (formerly the State Environmental Protection Administration (State Environmental Assessment [2006] No. 181). In May 2010, it obtained the approval of the Ministry of Environmental Protection to change the environmental impact assessment (State Environmental Assessment [2010] No. 11). In January 2012, it obtained the trial production approval from Hebei Provincial Environmental Protection Department (Hubei Environmental Assessment [2012] No. 17). In January 2014, it obtained the environmental protection acceptance approval for the completion of the first phase of the Ministry of Environmental Protection (State Environmental Assessment [2014] No. 4). In December 2014, it obtained a pollutant emission permit issued by the Hebei Provincial Environmental Protection Department. In October 2015, it obtained the environmental impact assessment approval for the second phase of the Hebei Provincial Department of Environmental Protection (Hebei Environmental Assessment [2015] No. 359). In August 2017, the Company obtained a new version of the pollution discharge permit issued by the Tangshan Environmental Protection Bureau; it combined with the second-stage one-step construction project, the pollutant discharge permit was changed in April 2019, and the sewage outlet of the second-stage one-step project was included in standardized management. In April 2019, the Reply Letter on the Opinions on the Changes of the One Step of the Second Phase of Jingtang Co. (Hebei Environmental Assessment Letter [2019] No.465) was obtained from Hebei Provincial Department of Ecology and Environment. In April 2019, the certificate of pollutant discharge permit change was completed, and the sewage outlets of phase II one-step project was included in standardized management. The environmental protection acceptance of phase II one-step project was completed in October 2020. The extension of the pollutant discharge permit has been completed in August 2020, and the validity period was extended to 2025.

In October 2017, Cold-R Co. is the first company that obtained the pollution discharge permit in Shunyi District, Beijing. In September 2020, it submitted an application for renewal of the pollution discharge permit in accordance with relevant regulations. It passed the government review at the end of October and the validity period was extended to 2025.

Zhixin Co. completed the environmental impact assessment of the High Performance Oriented-steel Project of Shougang Zhixin Qian'an Electromagnetic Material Co., Ltd. in 2021. The pollutant discharge permit was obtained according to law in July 2018, and the modification and extension of the pollutant discharge permit were completed in July 2021.

Emergency plans for environmental emergencies

In accordance with the Environmental Protection Law of the People's Republic of China and other laws and regulations and normative documents, Qiangang Co. has formulated the Emergency Plan for Environmental Emergencies. The plan focuses on strengthening the daily management and safety prevention of production, strictly prevents all kinds of sudden environmental events, regulates and strengthens the abilities to deal with environmental emergencies, focuses on preventing the occurrence of sudden environmental events, gradually improves the mechanism of early warning, disposal and rehabilitation of environmental emergencies, and establishes the Company's emergency disposal system, which would be strong, orderly, efficient, unified and coordinated, for

emergency environmental emergencies. On this basis, Qiangang Co. also formulated three special plans, namely Sudden Environmental Event Emergency Plan Special for Atmospheric, Sudden Environmental Event Emergency Plan Special for Water and Sudden Emergency Plan for Hazardous Wastes in Environmental Incidents, to further improve the air pollution and water pollution emergency response capacities.

According to the requirements of the Emergency Treatment Plan for Environmental Emergencies (Third Edition), Jingtang Co. identifies gas storage tanks, pipelines and benzene tanks, acid storage tanks, liquid ammonia storage tanks and other dangerous chemicals and toxic and harmful substances production, storage areas as dangerous target for emergency rescue. In accordance with the requirements of the Emergency Response Plan for Environmental Emergencies of Shougang Jingtang United Iron & Steel Co., Ltd. (Third Edition), 24 emergency drills were carried out in 2021, including waste oil leakage, radioactive source leakage emergency drills, waste water exceeding the standard, waste acid leakage, wharf ship offshore oil spill emergency drills, so as to ensure the effective implementation of rescue in accordance with the requirements of the Plan and improve the skills of preventing and dealing with sudden environmental pollution accidents and the actual combat capability.

According to relevant laws and regulations, Cold-R Co., formulated a new version of Emergency Plan for Environmental Emergencies and put it on record. According to the requirements of the Plan, Cold-R Co., organized and carried out the plan drill, timely rectify the problems found in the drill, and enhanced the emergency response ability of environmental emergencies.

Zhixin Co. organized the preparation of Emergency Plan for Environmental Emergencies (version 2021) and complete the filing. In addition, organized all units to carry out 12 emergency drills for environmental emergencies throughout the year, covering water, gas, sound, slag, radiation and other projects.

Environmental self-monitoring program

In accordance with the relevant provisions of the National Key Monitoring Enterprises Self-Monitoring and Information Disclosure Measures (Trial) and National Key Monitoring Enterprises Pollution Source Supervision and Information Disclosure Measures (Trial) and other relevant regulations, Qiangang Co. establishes and improves the pollution source monitoring and information disclosure system, formulates the Pollutant Emission Monitoring Plan 2021 and strictly implements it. In 2021, 1380 monitoring of PM, flue gas, air quality, plant boundary noise, etc. are organized and completed as planned. The monitoring results showed that 100% of the pollutants are up to the standard.

The environmental monitoring system of Jingtang Co. consists of two parts: automatic monitoring and manual monitoring. The manual monitoring system entrusts a qualified third-party testing organization to regularly monitor the environment of waste gas, waste water, noise, radioactive sources and other items of pollution sources in the plant according to the Annual Self-monitoring Plan for Key Monitoring Enterprises, so as to form monitoring data and reports. The annual monitoring plan for 2021 has been completed, and all environmental protection control indicators have reached the standard normally.

Cold-R Co., formulated self-monitoring plan according to the requirements of pollutant discharge permit, and supervise and test each discharge point on a daily, monthly and quarterly basis. In 2021, the company's emission indicators of pollution sources will all meet the standards.

In accordance with the requirements of relevant national regulations, Zhixin Co., formulated the Self-Monitoring Plan for 2021, strengthen internal control, and entrust a qualified third-party monitoring organization to monitor according to the monitoring plan and plan every week, month and quarter. Through the development of intelligent application software, locate the monitoring points, achieve real-time monitoring and real-time data management, and ensure the discharge of pollutants up to the standard.

Administrative penalties for environmental problems during the reporting period

There is no administrative penalty for environmental problems during the reporting period.

Other environmental information that should be disclosed

On the basis of adhering to the environmental protection work, Qiangang Co., Jingtang Co., Cold-R Co., and Zhixin Co. use the national key monitoring enterprises' self-monitoring information disclosure platform, website of government environmental protection department and self-established information disclosure platform, to publicize and display the environmental protection projects, operation of environmental protection facilities, names and emissions of major pollution sources, monitoring methods, monitoring indicator names, solid waste comprehensive utilization, etc. and actively accepts social supervision.

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

☐ Applicable ☒ Not applicable

Other environmental related information

In order to develop circular economy and low-carbon economy, build resource-saving, environment-friendly and low-carbon oriented company, and also achieve a good and rapid development of the Company, Shougang Co. launched the preparation of environmental responsibility report at the end of 2016. The scope of the environmental responsibility report includes Qiangang Co., Jingtang Co., Cold-R Co., and other subsidiaries. In April 2020, the 2020 Environmental Responsibility Report of Beijing Shougang Co., Ltd. was released on the website of Shougang Co. (<http://www.sggf.com.cn>).

During the reporting period, the Company and its subsidiaries have not been punished by any regulator in aspect of environmental protection. Meanwhile, the Company supervising and urging related shareholding companies to operates in an environmentally friendly way and in compliance with the Law of the People's Republic of China on Environmental Protection and other related laws, regulations, rules and normative documents.

II.Social responsibility

The Company independently prepared the 2021 annual social responsibility report and submit it to the thirteenth board meeting of the seventh session for deliberation. Please refer to the company announcement on 29 April 2022 for details.

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

The Company has actively fulfilled social responsibilities, expand the achievements of poverty alleviation, implement consumption poverty alleviation, and help rural revitalization. Purchase agricultural products such as potatoes in Yangyuan County, Zhangjiakou City, Hebei Province, and sets of jujube, raisins and other poverty alleviation products in Xinjiang, with a total amount of RMB 1.3768 million.

Section VI. Significant Events

I. Implementation of commitment

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

	Shougang Group Co., Ltd.		<p>Shougang Group is the largest shareholder and controlling shareholder of Shougang.</p> <p>On July 17, 2012, Shougang Group issued the "Letter of Commitment of Shougang Corporation on Reducing and Standardizing Related Party Transactions" (i.e. the commitments listed above, hereinafter referred to as the "original letter of commitment"), and promised that after the completion of major asset replacement purchase of assets by issuing shares between Shougang Co., and Shougang Group [hereinafter referred to as "the previous major asset restructuring (completed on April 25, 2014)", Shougang Group will take relevant measures including joining Shougang Mining Company into Shougang Co., to reduce and standardize related party transactions with Shougang Co. In order to reduce and standardize the related party transactions after the major asset replacement and related party transactions of Shougang Co. and safeguard the legitimate rights and interests of Shougang Co. and its public shareholders, the company promises to continue to fulfill the contents of the original commitment letter after the major asset replacement, and further promises as follows:</p> <p>1. The company will perform its obligations as the controlling shareholder of Shougang Co. in good faith, try to avoid and reduce the related transactions with Shougang Co. (including the enterprises it controls); as for the related transactions, which are unavoidable or occur for reasonable reasons between the company and other enterprises under the control of the company, and Shougang Co. and the enterprises it controls, the company will not require or accept the more favorable conditions provided by Shougang Co. than the conditions to an independent third party in any fair market transaction. The company and other enterprises under the control of the company will sign a standardized related party transaction agreement with Shougang Co. in accordance with the law, follow the market principles of openness, fairness and justice, in accordance with fair and reasonable market price, conform to relevant provisions of laws, regulations and normative documents in the decision-making procedures of related transactions and disclose information in accordance with the law.</p> <p>2. The company and other enterprises controlled by the company will not obtain any improper benefits or make Shougang Co. bear any improper obligations through related party transactions with Shougang Co. or the enterprises controlled by Shougang Co.</p> <p>3. The company will be liable for the losses to Shougang Co. and the enterprise controlled by Shougang Co. due to the related party transactions with them in violation of the above commitments.</p>	29 Sep. 2015	During and after the assets replacement	Implementing
	Shougang Group Co., Ltd.		<p>In respect of the purchase of 51% equity of Jingtang Co. by Shougang Co., Shougang Group made the following commitments in urging Jingtang Co. and its holding subsidiary, Tangshan Shougang Jingtang Caofeidian Port Co., Ltd. (hereinafter referred to as Port Co.) to complete relevant matters:</p> <p>1. The company promises to urge Jingtang Co. not to actually carry out port operation business of general bulk cargo berth project (552-meter shoreline wharf project) without obtaining formal or temporary port operation license.</p> <p>2. The company promises to urge Port Co. not to actually carry out port operation business of general wharf project (1600-meter shoreline wharf project) without obtaining formal or temporary port operation license.</p>	29 Sep. 2015	Refer to contents of commitment	Implementing
	Shougang Group Co., Ltd.		<p>In respect of the purchase of 51% equity of Jingtang Co. by Shougang Co., Shougang Group made the following commitments in urging Jingtang Co. and its holding subsidiary, Tangshan Shougang Jingtang Caofeidian Port Co., Ltd. (hereinafter referred to as Port Co.) to complete relevant matters:</p> <p>1. 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>	18 Dec. 2020	31 Dec. 2022	Implementing
	Shougang Group Co., Ltd.		<p>In respect of the purchase of 51% equity of Jingtang Co. by Shougang Co., Shougang Group made commitments in urging Jingtang Co. and its holding subsidiary, Port Co., Ltd., to complete the relevant matters of obtaining land use right certificate: Shougang Group promises to urge Jingtang Co. to obtain state-owned land use right certificate of all the land used before 31 December 2022, 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 related land used by Jingtang Co. Phase II project.</p>	18 Dec. 2020	31 Dec. 2022	Implementing

	Beijing Jingtou Investment Holding Co., Ltd.		1. When the company obtains the shares of the listed company through the issuance of shares to purchase assets, if the equity interests of Jingtang Co. held by the company have reached 12 months, the shares of the listed company acquired by the company in this transaction shall not be traded or transferred in any way within 12 months from the end of the issuance of shares; If the equity interests of Jingtang Co. held by the company are less than 12 months, the shares of the listed company acquired by the company in this transaction shall not be transferred within 36 months from the date of the end of share issuance. If such shares are increased due to the listed company's granting of bonus shares, conversion of capital stock and other reasons, the additional shares of the listed company shall be locked in accordance with the above lockup period. 2. If the aforementioned commitment to lock up shares is inconsistent with the latest regulatory opinions of the securities regulatory authorities, the company will adjust the aforementioned commitment according to the regulatory opinions of the relevant securities regulatory authorities.	21 May. 2021	20 May. 2022	Implementing
	Beijing Jing Guorui Soe Reform and Development Fund(L.P.)		The shares of the listed company acquired by the Fund as a result of the purchase of assets through the issuance of shares shall not be transferred within 36 months from the date of the completion of the issuance of shares. If such shares are increased due to the listed company's granting of bonus shares, conversion of capital stock and other reasons, the additional shares of the listed company shall be locked in accordance with the above lockup period.	21 May. 2021	20 May. 2024	Implementing
	Shougang Group Co., Ltd.		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. 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.	20 Dec. 2021	19 Apr. 2025	Implementing
	Shougang Group Co., Ltd.		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. In accordance with the forecast income sharing of the performance committed assets, if the purchase of assets by issuing shares is completed before 31 December 2022, Shougang Group commitments that, in 2022, 2023 and 2024, the total income sharing of performance commitment assets in the current period shall be no less than RMB 90.9182 million, RMB 79.414 million and RMB 61.5618 million respectively. 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.	20 Dec. 2021	31 Dec. 2024	Implementing
Commitments made in IPO or refinancing						
Equity incentive commitment						
Other commitments to small and medium shareholders of the Company						
Whether the commitment is fulfilled on time	Yes					

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

III. External guarantees against the rules and regulations

☐ Applicable ☒ Not applicable

There was no external guarantee provided by the Company which was against the rules and regulations during the reporting period.

IV. Description of the board of directors on the latest audit report with qualified opinion

☐ Applicable ☒ Not applicable

V. Description of the board of directors, the board of supervisors and independent directors (if any) on the audit report with qualified opinion in the reporting period

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Refer to Section X. V. 34, changes in significant accounting policies and accounting estimates for details.

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

☐ Applicable ☒ Not applicable

There was no change in the scope of consolidated statements during the reporting period.

VIII. Appointment and non-reappointment (dismissal) of accounting firms

Current accounting firms

Name of domestic accounting firm	Grant Thornton LLP.
Remuneration for domestic accounting firm (RMB 0,000)	180
Continuous life of auditing service for domestic accounting firm (year)	22
Name of domestic CPAs	Qian Bin, Liu Yiwei
Continuous life of auditing service for domestic CPAs (year)	4

Whether to change the accounting firm during the audit period

☐ Yes ☒ No

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

☒ Applicable ☐ Not applicable

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

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

☐ Applicable ☒ Not applicable

X. Insolvency or restructuring related matters

☐ Applicable ☒ Not applicable

No insolvency or restructuring related matters during the reporting period

XI. Material litigation or arbitration cases

☐ Applicable ☒ Not applicable

No material litigation or arbitration cases during the reporting period.

XII. Punishment or rectification

☐ Applicable ☒ Not applicable

No punishment or rectification during the reporting period.

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

☐ Applicable ☒ Not applicable

XIV. Material related party transactions

1. Related transaction with routine operation concerned

☒ Applicable ☐ Not applicable

Related parties	Relationship	Transaction type	Transaction content	Pricing principle of transaction	Transaction price	Amount of 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, daily life services, engineering services, etc	Market price	Market price	6,320,571		6,391,108	N	Monetary Fund Settlement	Market price	1 March 2022	"China Securities Journal", "Securities Times", "Shanghai Securities News", CNINFO (http://www.cninfo.com.cn)
Shougang Group and its subsidiaries	Parent company	Related sales	Steel, solid waste, power energy, etc	Market price	Market price	434,662		446,260	N	Monetary Fund Settlement	Market price	1 March 2022	"China Securities Journal", "Securities Times", "Shanghai Securities News", CNINFO (http://www.cninfo.com.cn)
Other related parties	Joint venture and associates	Related purchase	Raw fuel, power energy, production services, etc	Market price	Market price	2,080,084		2,100,707	N	Monetary Fund Settlement	Market price	1 March 2022	"China Securities Journal", "Securities Times", "Shanghai Securities News", CNINFO (http://www.cninfo.com.cn)
Other related parties	Joint venture and associates	Related sales	Steel, power energy, etc	Market price	Market price	503,629		553,740	N	Monetary Fund Settlement	Market price	1 March 2022	"China Securities Journal", "Securities Times", "Shanghai Securities News", CNINFO (http://www.cninfo.com.cn)
Total				--	--	9,338,946	--	9,491,815	--	--	--	--	--
Details of large sales returns				No									
If the total amount of routine related party transactions to occur in the current period is estimated by category, the actual performance in the reporting period (if any)				<p>The Company estimates the total amount of routine related party transactions.</p> <p>The Proposal on Adjusting the Estimated Amount of Routine Related Party Transactions in 2021 was deliberated and approved by the twelfth session of the seventh board of directors of the Company on 28 February 2022 and submitted to the 2022 first extraordinary general meeting of shareholders of the Company on 18 March 2022 for deliberation and approval.</p> <p>The total amount of transactions approved by the general meeting of shareholders in the current period was RMB 94,918.15 million, and the actual occurrence was RMB 93,389.46 million, which did not exceed the approved limit. For details of the related parties and related party transactions, please refer to Section X.</p>									
The reason for the material difference between the transaction price and the market reference price (if applicable)				Not Applicable									

2. Related party transactions arising from the acquisition and sale of assets or equity

☒ Applicable ☐ Not applicable

Related parties	Relationship	Transaction type	Transaction content	Pricing principle of transaction	Carry value of transferred assets (RMB'0,000)	Evaluation value of transferred assets (RMB'0,000)	Transfer price (RMB'0,000)	Related transaction settlement methods	Profit or loss of transaction (RMB'0,000)	Date of disclosure	Disclosure index
Beijing Jingtou Investment Holding Co.,	Shareholders holding more than 5%	Asset purchase	Purchase 11.5094% equity of Jingtang Co.	Evaluation price	306,982.27	334,164.25	334,164.25	Issue shares to purchase assets	0	19 December 2020	"China Securities Journal", "Securities Times", "Shanghai Securities News", CNINFO

Ltd.			held by Beijing Jingtou Investment Holding Co., Ltd. through issuing of shares								(http://www.cninfo.com.cn)
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)	Shareholders holding more than 5%	Asset purchase	Purchase 7.6729% equity of Jingtang Co. held by Beijing Jing Guorui Soe Reform and Development Fund(L.P.) through issuing of shares	Evaluation price	204,653.96	222,775.2	222,775.2	Issue shares to purchase assets	0	19 December 2020	"China Securities Journal", "Securities Times", "Shanghai Securities News", CNINFO (http://www.cninfo.com.cn)
The reason for the material difference between the transfer price and the carrying value or evaluation value (if applicable)				Not applicable							
Impact on the operation results and financial position of the Company				This transaction related to the acquisition of minority interests of Jingtang Co. (the holding subsidiary) by Shougang Co., Ltd. After the completion of this transaction, Shougang Co., Ltd. controls 100% of the equity of Jingtang Co.,directly and indirectly, which will further consolidate and strengthen the main business.							
Performance achievement during the reporting period if there is any performance agreement attached in related transaction				Not applicable							

3. Related transactions of jointoutward investment

☐ Applicable ☒ Not applicable

The Company has no related party transactions in respect of joint outward investment during the reporting period.

4. Related creditor's rights and debtstransactions

☐ Applicable ☒ Not applicable

The Company has no related creditor's rights and debts transactions 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	Beginning balance (RMB'0,000)	Current amount		Closing balance (RMB'0,000)
					Total deposit amount for current period (RMB'0,000)	Total withdrawal amount for current period (RMB'0,000)	
Shougang Group Finance Co., Ltd.	Under the control of the same final controller	1,600,000	1.41%-2.05%	584,005.35	19,121,242.29	18,705,887.66	999,359.98

Loan

Related party	Relationship with the Company	Loan limit (RMB'0,000)	Range of loan interest rate	Beginning balance (RMB'0,000)	Current amount		Closing balance (RMB'0,000)
					Total loan amount for current period (RMB'0,000)	Total repayment amount for current period (RMB'0,000)	
Shougang Group Finance Co., Ltd.	Under the control of the same parent company	3,200,000	2.8%-4.05%	1,465,485.77	2,359,168.93	2,226,234.8	1,598,419.9

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 final controller	Credit	3,200,000	1,598,419.9

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

☐ Applicable ☒ Not applicable

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

7. Other significant related party transactions

☐ Applicable ☒ Not applicable

The Company has no other significant related party transaction of the Company during the reporting period.

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

☐ Applicable ☒ Not applicable

The Company has no entrustment during the reporting period.

(2) Contract

☐ Applicable ☒ Not applicable

The Company has no contract during the reporting period.

(3) Leasing

☐ Applicable ☒ Not applicable

The Company has no leasing during the reporting period.

2. Material guarantees

☐ Applicable ☒ Not applicable

The Company has no guarantees during the reporting period.

3. Cash assets management entrusted to others**(1) Entrusted financing**

☐ Applicable ☒ Not applicable

The Company has no entrusted financing during the reporting period.

(2) Entrusted loans

☐ Applicable ☒ Not applicable

The Company has no entrusted loan during the reporting period.

4. Other material contracts

☐ Applicable ☒ Not applicable

The Company has no other material contracts during the reporting period.

XVI. Other material events

☒ Applicable ☐ Not applicable

On 18 March 2022, the Company received “Approval for Beijing Shougang Co., Ltd. to Issue Shares to Shougang Group Co., Ltd. to Purchase Assets and Raise Supporting Funds” (zjxk [2022] No. 553) from China Securities Regulatory Commission.

On 20 April 2022, the Company completed the work of issuing 1,015,417,369 shares to Shougang Group Co., Ltd. to purchase 49% of the remaining equity of Beijing Shougang Steel Trading Investment Management Co., Ltd. On 25 April 2022, Huatai United Securities Co., Ltd., the co-lead underwriter of the Company's raised funds, have received the subscription for 54,126,391 shares of the Company's non-public offering of new shares by investors, and the subsequent share listing registration is in progress.

XVII. Material events of subsidiaries of the Company√ Applicable ☐ Not applicable

In September 2021, The Company signed "The Capital Increase Agreement of Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. " with 6 enterprises, which were ICBC Financial Assets Investment Co., Ltd., Beijing Chengtong ICBC Equity Investment Fund(L.P.), Guokai Manufacturing Transformation and Upgrading Fund (L.P.), Beijing - Tianjin - Hebei Industrial Cooperative Development Investment Fund (L.P.), Central Enterprises Poor Regions Industry Investment Fund Co., Ltd., and Beijing Shougang Fund Co., Ltd. The above 6 enterprises jointly invested RMB 1.7 billion in Zhixin Co., and became the strategic investor of Zhixin Co. The Company holds 82.7688% shares of Zhixin Co., which means that the wholly-owned subsidiary of Zhixin Co. became the holding subsidiary of the Company.

Section VII. Movements in share capital and shareholders

I. Share movement

1. Share movement

Unit: share

	Before the movement		Increase (/decrease) during the year					After the movement	
	Amount	Proportion	New shares issued	Bonus issue	Converted from reserves	Others	Subtotal	Amount	Proportion
I. Restricted shares	232,286,354	4.39%	1,460,935,810				1,460,935,810	1,693,222,164	25.08%
1. State ownership									
2. State-owned corporation shares	232,286,354		1,234,898,985				1,234,898,985	1,467,185,339	
3. Shares held by other domestic investors			190,420,387				190,420,387	190,420,387	
Of which: Shares held by domestic legal persons			125,518,587				125,518,587	125,518,587	
Shares held by domestic natural persons			64,901,800				64,901,800	64,901,800	
4.Foreign ownership			35,616,438				35,616,438	35,616,438	
Of which: Shares held by overseas legal persons			35,616,438				35,616,438	35,616,438	
Shares held by overseas natural persons									
II. Non-restricted shares	5,057,103,246	95.61%						5,057,103,246	74.92%
1. RMB ordinary shares	5,057,103,246							5,057,103,246	
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4.Others									
III. Total number of shares	5,289,389,600	100.00%	1,460,935,810				1,460,935,810	6,750,325,410	100.00%

Reasons of shares movements

√Applicable □ Not applicable

(1) Beijing Shougang Co., Ltd. actively promoted the event of issuing shares to purchase assets and raised supporting funds according to the "Reply on Approving Beijing Shougang Co., Ltd. to Issue Shares to Beijing Jingtou Investment Holding Co., Ltd. to Purchase Assets and Raise Supporting Funds" issued by China Securities Regulatory Commission (zjxk [2021] No. 1400). As of the close of market on 20 May 2021, the Company had purchased 11.5094% equity of Jingtang Co. held by Beijing Jingtou Investment Holding Co., Ltd. and 7.6729% equity of Jingtang Co. held by Beijing Jing Guorui Soe Reform and Development Fund(L.P.). The issued 1,234,898,985 shares were registered in the account as of 20 May 2021, and became effective on 21 May 2021. As of the close of the market on 2 July 2021, 161,135,025 non-publicly offering shares with matching raised funds of the Company's were registered in the

account, and became effective on 5 July 2021.

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

Approval of share movements

☒ Applicable ☐ Not applicable

(1) On 21 April 2021, the Company received the "Reply on Approving Beijing Shougang Co., Ltd. to Issue Shares to Beijing Jingtou Investment Holding Co., Ltd. to Purchase Assets and Raise Supporting Funds" (zjxk [2021] No. 1400) issued by China Securities Regulatory Commission, and the Company completed the work of purchasing assets by issuing shares and raising supporting funds accordingly.

(2) On 4 November 2021, the Company received the "Reply on the Implementation of the Equity Incentive Plan of Beijing Shougang Co., Ltd. " (Jingguozi [2021] No. 140) from State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government. According to the reply, the Company implemented the 2021 restricted stock incentive plan by the approval of the first extraordinary general meeting of shareholders in 2021.

Transfer of shares arising from changes in shareholding

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

After the completion of the above issuing shares to purchase assets and raising supporting funds, and the implementation of equity incentive plan, although the profitability of the Company is further enhanced, the EPS and Net Assets Per Share of the Company in 2020 and 2021 was diluted due to the expansion of the total share capital of the Company.

Other contents deemed necessary by the Company or required to be disclosed by the securities regulatory authority

☐ Applicable ☒ Not applicable

2. Movements of restricted shares

☒ Applicable ☐ Not applicable

Unit: share

Name of shareholders	Restricted shares at the beginning of period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of period	Reason for restriction	Date of release from restriction
Shougang Group Co., Ltd.	232,286,354	0	0	232,286,354	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.	After the completion of the commitment
Beijing Jingtou Investment Holding Co., Ltd.	0	740,940,679	0	740,940,679	A commitment made by transaction party on the event of issuing shares to purchase assets. For details, please refer to the relevant announcement issued by the Company on 20 May 2021.	20 May 2022

Name of shareholders	Restricted shares at the beginning of period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of period	Reason for restriction	Date of release from restriction
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)	0	493,958,306	0	493,958,306	A commitment made by transaction party on the event of issuing shares to purchase assets. For details, please refer to the relevant announcement issued by the Company on 20 May 2021.	20 May 2024
Shanxi Coking Coal Group Finance Co., Ltd.	0	39,138,943	0	39,138,943	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Qingdao Haidayuan Procurement Service Co., Ltd.	0	39,138,943	0	39,138,943	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
UBS AG	0	35,616,438	0	35,616,438	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Shanghai Blueink Investment Management Co., Ltd.-Blueink exclusive No. 5 private equity investment fund	0	19,569,471	0	19,569,471	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Shanghai C&D Material Co., Ltd.	0	9,784,735	0	9,784,735	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Qianhe Capital Management Co., Ltd.-Yun Jin No. 2 private equity investment fund	0	6,007,827	0	6,007,827	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022

Name of shareholders	Restricted shares at the beginning of period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of period	Reason for restriction	Date of release from restriction
Qianhe Capital Management Co., Ltd.-Yun Jin No. 3 private equity investment fund	0	6,007,827	0	6,007,827	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Shanghai Boshen Investment LP-Boshen No. 21 securities investment private equity fund	0	5,870,841	0	5,870,841	As the subscriber of the non-public offering of shares issued by the company to purchase assets and raise supporting funds, the shares shall not be transferred within 6 months after the completion of the issue according to relevant regulations. For details, please refer to the relevant announcement issued by the Company on 2 July 2021.	5 January 2022
Shougang Directors, senior executives and other equity incentive targets (386 persons in total)	0	64,901,800	0	64,901,800	In accordance with relevant regulations, the Company arranged the lock-up periods for the granted restricted shares under the 2021 restricted stock incentive plan. For details, please refer to the relevant announcement issued by the Company on 13 November 2021.	The lock-up periods of the granted restricted shares are 24, 36 and 48 months from the date of registration completed, i.e., 24 December 2023, 24 December 2024 and 24 December 2025, respectively.
Total	232,286,354	1,460,935,810	0	1,693,222,164	--	--

II. Securities issuance and listing

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

√ Applicable □ Not applicable

Name of Stock and derivative securities thereof	Issue date	Issue price (or interest)	Issue amount	Listing date	Approved amount for listing	Termination date for trading	Disclosure index	Disclosure date
Stock								
A Common stock	18 May 2021	RMB 4.51 per share	1,234,898,985	21 May 2021			For details, please refer to "Report on the Implementation of Issuing Shares to Purchase Assets and Raising Supporting Funds and Related Party Transactions and Issuing New Shares of Beijing Shougang Co., Ltd." disclosed by the Company on http://www.cninfo.com.cn .	20 May 2021
A Common stock	23 June 2021	RMB 5.11 per share	161,135,025	5 July 2021			For details, please refer to "Report on the Implementation of Issuing Shares to Purchase Assets and Raising Supporting Funds and Related Party Transactions and Issuing New Shares of Beijing Shougang Co., Ltd." disclosed by the Company on http://www.cninfo.com.cn .	2 July 2021

Name of Stock and derivative securities thereof	Issue date	Issue price (or interest)	Issue amount	Listing date	Approved amount for listing	Termination date for trading	Disclosure index	Disclosure date
Stock								
A Common stock	9 December 2021	RMB 3.25 per share	64,901,800	24 December 2021			For details, please refer to the "Announcement of Beijing Shougang Co., Ltd. on the Completion of Registration for the Granted Restricted Shares under the 2021 Restricted Stock Incentive Plan" in "China Securities Journal", "Securities Times", "Shanghai Securities News", and CNINFO (http://www.cninfo.com.cn)	23 December 2021

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

(1) Beijing Shougang Co., Ltd. actively promoted the event of issuing shares to purchase assets and raised supporting funds according to the "Reply on Approving Beijing Shougang Co., Ltd. to Issue Shares to Beijing Jingtou Investment Holding Co., Ltd. to Purchase Assets and Raise Supporting Funds" issued by China Securities Regulatory Commission (zjxk [2021] No. 1400). As of the close of market on 20 May 2021, the Company had purchased 11.5094% equity of Jingtang Co. held by Beijing Jingtou Investment Holding Co., Ltd. and 7.6729% equity of Jingtang Co. held by Beijing Jing Guorui Soe Reform and Development Fund(L.P.). The issued 1,234,898,985 shares were registered in the account as of 20 May 2021, and became effective on 21 May 2021. As of the close of the market on 2 July 2021, 161,135,025 non-publicly offering shares with matching raised funds of the Company's were registered in the account, and became effective on 5 July 2021.

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

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

☒ Applicable ☐ Not applicable

(1) The Company issued shares to purchase assets and raise supporting funds, of which, 1,234,898,985 shares were issued to Beijing Jingtou Investment Holding Co., Ltd. and Beijing Jing Guorui Soe Reform and Development Fund(L.P.) and became effective on 21 May 2021. The total share capital of the Company increased from 5,289,389,600 shares to 6,524,288,585 shares, which caused the changes of shareholders' structure; On 5 July 2021, 161,135,025 non-public offering shares with supporting funds became effective. The total share capital of the Company changed from 6,524,288,585 shares to 6,685,423,610 shares, which caused the changes of shareholders' structure;

The event of issuing shares to purchase assets had no effect on the Company's assets and liabilities; the issuing additional shares to raise supporting funds increased current assets and stockholders' equity.

(2) The Company implemented 2021 restricted stock incentive plan and issued 64,901,800 restricted shares. The total share capital of the Company changed from 6,685,423,610 shares to 6,750,325,410 shares, which caused the changes of shareholders' structure.

The implementation of restricted stock incentive plans and issued restricted shares increased current assets and current liabilities

3. Current internal staff shares

☐ Applicable ☒ Not applicable

III. Shareholders and the actual controller

1. Amount of shareholders and shareholding

Unit: Share

Total number of common shareholders at the end of the reporting period	99,240	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	106,722	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (refer to note 8)	0	Total number of preferred shareholders whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (if any) (refer to note 8)	0	
Shareholding of shareholders holding more than 5% or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting period	Changes in reporting period	Number of shares with limited sales conditions	Number of shares with unlimited sales conditions	Pledge, marking or freezing	
							Status	Amount
Shougang Group	State-owned corporation	50.45	3,405,352,431	0	232,286,354	3,173,066,077		
Baosteel Group Corporation	State-owned corporation	11.75	793,408,440	0	0	793,408,440		
Beijing Jingtou Investment Holding Co., Ltd.		10.98	740,940,679	740,940,679	740,940,679	0		
Beijing Jing Guorui Soe Reform and Development Fund(L.P.)		7.32	493,958,306	493,958,306	493,958,306	0		
Beijing Yizhen Technology Development Co., Ltd.		1.40	94,220,000	-65,570,000	0	94,220,000		
Hong Kong Securities Clearing Company Ltd.		0.74	49,906,133	6,594,339	0	49,906,133		
Bank of China - Guotai Jiangyuan advantage selection and flexible allocation of hybrid securities investment funds		0.70	47,196,029	47,196,029	0	47,196,029		
Beijing Xiaojian Technology Development Co., Ltd.		0.59	39,608,700	-9,661,300	0	39,608,700		
Shanxi Coking Coal Group Finance Co., Ltd.		0.58	39,138,943	39,138,943	39,138,943	0		
Qingdao Haidayuan Procurement Service Co., Ltd.		0.58	39,138,943	39,138,943	39,138,943	0		
Strategic investor or general legal person become the top 10 ordinary shareholders due to allocation of new shares (if any) (refer to notes 3)		Beijing Jingtou Investment Holding Co., Ltd. and Beijing Jing Guorui Soe Reform and Development Fund (L.P.) became the top 10 shareholders of the Company because of the acquisition of newly issued shares of the Company when the Company issued shares to purchase 19.1823% equity of Jingtang Co. Shanxi Coking Coal Group Finance Co., Ltd. and Qingdao Haidayuan Procurement Service Co., Ltd. became the top 10 shareholders of the Company because of the acquisition of shares issued by the Company through participating in the Company's events of raising supporting funds.						
Description of the related or acting-in-concert parties among the above shareholders		Shougang Group holds 0.68% equity of Baosteel Co. Ltd. and Baosteel Group Corporation and its persons acting in concert hold 62.30%equity of Baosteel Co. Ltd., besides of which, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; Beijing Yizhen Technology Development Co., Ltd. and Beijing Xiaojian Technology Development Co., Ltd. are persons act in concert.						
Description of the above shareholders involved in entrusting / being entrusted with voting rights and giving up voting rights		Not applicable						
Special instructions on the existence of special repurchase account among the top 10 shareholders (if any) (refer to note 10)		Not applicable						

Shareholding of the top 10 shareholders with unlimited sales conditions			
Name of shareholders	Number of shares with unlimited sales conditions at the end of the reporting period	Type of shares	
		Type	Amount
Shougang Group	3,173,066,077		
Baosteel Group Corporation	793,408,440		
Beijing Yizhen Technology Development Co., Ltd	94,220,000		
Hong Kong Securities Clearing Company Ltd.	49,906,133		
Bank of China - Guotai Jiangyuan advantage selection and flexible allocation of hybrid securities investment funds	47,196,029		
Beijing Xiaojian Technology Development Co., Ltd.	39,608,700		
Liu Wei	35,000,000		
Bank of China - Guotai Zhiyuan advantageous hybrid securities investment fund	29,000,005		
Sun Qingjun	13,156,667		
China Construction Bank - Zhejiang Feng Li enhanced bond securities investment fund	10,000,000		
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% equity of Baosteel Co. Ltd. and Baosteel Group Corporation and its persons acting in concert hold 62.30% equity of Baosteel Co. Ltd., besides of which, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; Beijing Yizhen Technology Development Co., Ltd. and Beijing Xiaojian Technology Development Co., Ltd. are persons act in concert.		
Description of the top 10 ordinary shareholders' participation in margin trading (if any) (refer to note 4)	Beijing Yizhen Technology Development Co., Ltd. holds 94,220,000 shares of the Company through credit securities account; Beijing Xiaojian Technology Development Co., Ltd. holds 39,608,700 shares of the Company through its credit securities account.		

Whether top 10 common stock shareholders or top 10 common stock shareholders with unlimited sales conditions conducted agreed repurchase transactions during the reporting period

☐ Yes ☒ No

The top 10 common stock shareholders or top 10 common stock shareholders with unlimited sales conditions have no agreed repurchase transactions during the reporting period.

2. Controlling shareholders

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: corporate

Name of controlling shareholders	Legal representative / person in charge of the company	Date of establishment	Organization code	Main businesses
Shougang Group	Zhang Gongyan	13 May 1981	911100001011200015	Industry, construction, geological examination, transportation, foreign trade, post and telecommunications, finance and insurance, scientific research and comprehensive technical services, domestic commerce, public catering, material supply and marketing, warehousing, real estate, residential services, consulting services, leasing, agriculture, forestry, animal husbandry and fishery (excluding business without special permission); authorized operation and management of state-owned assets; hosted Shougang Daily newspaper; design and production of TV advertisements; use of self-owned TV stations to publish advertisements; design

				and production of print advertising; use of self-owned Shougang Daily to publish advertisements; sewage treatment and recycling; seawater desalination; literary and artistic creation and performance; sports project management (excluding high-risk sports projects); stadium management; Internet information services; Municipal solid waste treatment. (enterprises shall independently choose business projects and carry out business activities in accordance with the law; municipal solid waste treatment, Internet information services and projects subject to approval in accordance with the law after licensing; they shall not engage in business projects prohibited or restricted by local policies)
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Change of controlling shareholder during the reporting period

☐ Applicable ☒ Not applicable

The controlling shareholder of the Company has not changed during the reporting period

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

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

Type of actual controller:

Change of actual controller during the reporting period

☐ Applicable ☒ Not applicable

The actual controller of the Company has not changed during the reporting period

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



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

☐ Applicable ☒ Not applicable

4. The cumulative number of pledged shares of the company's controlling shareholder or the largest shareholder and its concerted actors accounts for 80% of the company's shares

☐ Applicable ☒ Not applicable

5. Other corporate shareholders holding more than 10%√ Applicable ☐ Not applicable

Name of corporate shareholders	Legal representative / person in charge of the company	Date of establishment	Registered capital	Main businesses
Baosteel Group Corporation	Chen Derong	1 Jan. 1992	RMB 52,791,101,000.00	State-owned assets operation within the scope authorized by the State Council and investment and operation of state-owned capital. (if necessary, carrying out business activities only after approval of government agencies)
Beijing Investment Co., Ltd.	Jingtou Holding Ren Yuhang	14 Nov. 2019	RMB 5,000,000,000.00	Equity investment; Project investment; Asset management; Investment management; Investment consulting; Business management. (Enterprises independently choose business projects and carry out business activities in accordance with the law; For projects subject to approval according to law, business activities shall be carried out according to the approved contents after approval by relevant departments; Shall not engage in business activities of projects prohibited or restricted by the municipal industrial policies.)

6. Limitation on reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects☐ Applicable ☒ Not applicable**IV. Implementation of share repurchase during the reporting period**

Implementation progress of share repurchase

☐ Applicable ☒ Not applicable

Implementation progress of reducing and repurchasing shares by means of centralized bidding.

☐ Applicable ☒ Not applicable

Change of controlling shareholder during reporting period.

☐ Applicable ☒ Not applicable

The controlling shareholder 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 Related Information

√ Applicable □ Not applicable

I. Enterprise bonds

□ Applicable √ Not applicable

The Company had no enterprise bonds during the reporting period.

II. Corporate Bonds

√ Applicable □ Not applicable

1. Basic information on corporate bonds

Unit: RMB

Name of bond	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Bond balance	Interest rate	Repayment method	Trading place
Beijing Shougang Co., Ltd. 2020 Public Offering of Corporate Bonds to Professional Investors (Phase I)	20 Shouqian 01	149236	15 Sep. 2020	17 Sep. 2020	17 Sep. 2025	2,500,000,000.00	3.98%	Interest is calculated on an annual basis, not compound. The interest is paid annually, and the principal is repaid at maturity. The last installment of interest is paid together with the repayment of the principal.	Shenzhen Stock Exchange
Investor eligibility arrangement (if any)			Public offering to professional investors						
Applicable trading mechanism			Bidding, quotation, inquiry and agreement trading methods						
Is there any risk of terminating listing (if any) and countermeasures			No						

Overdue and outstanding bonds

□ Applicable √ Not applicable

2. Trigger and implementation of issuer's or investor's option clauses and investor protection clauses

√ Applicable □ Not applicable

The bond term of "20 Shouqian 01" is 5 years, with the issuer's option to adjust the coupon rate and the investor's resale option at the end of the third year. It has not yet reached the exercise period.

3. Information on intermediaries

Bond Name	Name of the intermediary organisation	Office address	Name of signing accountant	Contact person of the intermediary organisation	Contact tel.
Beijing Shougang Co., Ltd. 2020 Public Offering of Corporate Bonds to Professional Investors (Phase I)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, China	Qian Bin, Yu Qike, Long Chuanxi	Qian Bin, Yu Qike, Long Chuanxi	010-85665231

Change of the above intermediary organisations during the reporting period

□ Yes √ No

4. Use of raised funds

Unit: RMB

Bond Name	Total amount of raised funds	Utilised amount	Unutilised amount	Operation of special account for the raised funds (if any)	Rectification of irregularities in the use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
Beijing Shougang Co., Ltd.2020 Public Offering of Corporate Bonds to Professional Investors (Phase I)	2,500,000,000.00	2,500,000,000.00	0.00	During the reporting period, the operation of the Company's special account for raised funds conforms to the standard	No	Yes

Raised funds for construction projects

☐ Applicable ☒ Not applicable

Change in the purpose of the funds raised by the above bonds during the reporting period

☐ Applicable ☒ Not applicable

5. Adjustment of credit rating results during the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

III. Debt financing instruments of non-financial enterprises

☒ Applicable ☐ Not applicable

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

Unit: RMB

Name of bond	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Bond balance	Interest rate	Repayment method	Trading place
Beijing Shougang Co., Ltd.2021 Ultra-short-term financing note (Phase II)	21 Shougang Co. SCP002	012103435.IB	15 September 2021	16 September 2021	13 May 2022	1,000,000,000.00	2.49%	Repayment of principal and interest at maturity	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			Debt financing instrument trading system of non-financial enterprise						
Is there any risk of terminating listing (if any) and countermeasures			No						

Overdue and outstanding bonds

☐ Applicable ☒ Not applicable

2. Trigger and implementation of issuer's or investor's option clauses and investor protection clauses

☐ Applicable ☒ Not applicable

3. Information on intermediaries

Bond Name	Name of the intermediary organisation	Business address	Name of signing accountant	Contact person of the intermediary organisation	Contact no.
Beijing Shougang Co., Ltd.2021 Ultra-short-term financing note (Phase II)	Grant Thornton LLP	5F, Saite Plaza, 22 Jianguomenwai Dajie, Chaoyang District, Beijing, China	Qian Bin, Yu Qike, Long Chuanxi	Qian Bin, Yu Qike, Long Chuanxi	010-85665231

Change of the above intermediary organisations during the reporting period

☐ Yes ☒ No

4. Use of raised funds

Unit: RMB

Bond Name	Total amount of raised funds	Utilised amount	Unutilised amount	Operation of special account for raised funds (if any)	Rectification of irregularities in the use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
Beijing Shougang Co., Ltd. 2021 Ultra-short-term financing note (Phase II)	1,000,000,000.00	1,000,000,000.00	0.00	During the reporting period, the operation of the Company's special account for raised funds conforms to the standard	No	Yes

Raised funds for construction projects

☐ Applicable ☒ Not applicable

Change in the purpose of the funds raised by the above bonds during the reporting period

☐ Applicable ☒ Not applicable

5. Adjustment of credit rating results during the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

IV. Convertible bonds

☐ Applicable ☒ Not applicable

The Company had no convertible bonds during the reporting period.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VII. Breaches of the regulations during the reporting period

☐ Yes ☒ No

VIII. Main 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	0.47	0.39	20.51%
Gearing ratio	66.59%	73.10%	Decreased by 6.51 percentage points
Quick ratio	0.32	0.25	28.00%

	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	701,422.69	171,443.97	309.13%
EBITDA total debt ratio	19.97%	11.11%	8.86%
Interest cover ratio	5.15	1.8	186.11%
Cash interest coverage ratio	8	4.87	64.27%
EBITDA interest coverage ratio	8.29	4.1	102.20%
Loans payment ratio	100.00%	100.00%	0.00%
Interest payment ratio	100.00%	100.00%	0.00%

Section X. Financial Report

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

I. Auditor's Report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	27 April 2022
Name of audit institution	Grant Thornton LLP
Number of audit report	GTSZ (2022)No.110A013808
Chinese Certified Public Accountant	Qian Bin, Liu Yiwei

Main Body of Audit Report

To the Shareholders of Beijing Shougang Company Limited :

I. Opinion

We have audited the financial statements of Beijing Shougang Company Limited (the Company), which are comprised of the consolidated and company statements of financial position as of 31 December 2021, and the consolidated and company income statements, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements.

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

II. Basis for Opinion

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

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) The provision for inventory impairments

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

1. Description of the matter

As of 31 December 2021, the carry value of inventory of the Company amounted to RMB 12.047 billion with an impairment of RMB 147 million in the consolidated financial statements. Inventory had been regarded as the material part of the current assets of the Company at the end of the period, and the provision for inventory impairment referred to the application of management's accounting estimates. Hence, we have identified the provision for inventory impairments as a key audit matter.

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

2. How our audit addressed the Key Audit Matter

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

- (1) Understanding and assessing the management's internal controls related to impairment testing of inventories, and testing the effectiveness of key control executions.
- (2) Testing, on a sample basis during the inventory monitoring procedure, observing the inventory status and checking the inventory age
- (3) Recalculating the impairment of inventories at the end of the reporting period
- (4) Implementing the analysis procedure to determine whether there is a significant difference between the estimated selling price and the market price, and examining whether there is a significant difference between the post-period selling price and the estimated price in conjunction with a subsequent-event audit.
- (5) Evaluating the reasonableness of carrying value of the inventory as at 31 December 2021 by analyzing manufacturing costs of current inventories.
- (6) Inspecting whether the related information of inventory impairments provision is properly, appropriately and adequately presented and disclosed in the financial statements.

(II) Recognition of Revenue

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

1. Descriptions of the matter

In 2021, the revenue was RMB 134.034 billion in the consolidated financial statements. Considering that the revenue has a significant impact on the financial statements of the Company and steel price could exert a great influence on the profits of the Company since the steel industry is a pro-cyclical industry, we regarded the recognition of revenue as a key audit matter.

2. How our audit addressed the Key Audit Matter

Our main procedures in relation to recognition of revenue includes:

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

IV. Other Information

The management of the Company is responsible for the other information. The other information comprises the information included in the Annual Report of 2021, other than the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is material

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness

of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Consolidated and Parent Company Statement of Financial Position

Beijing Shougang Co., Ltd. as at 31 December 2021

Unit: RMB Yuan

Item	Notes	31 December 2021		31 December 2020	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and Cash equivalents	V. 1	10,284,988,713.99	1,426,549,662.05	6,292,499,840.73	1,087,088,671.35
Notes receivable	V. 2	6,830,376,685.96	1,311,383,591.78	6,119,547,878.33	2,837,221,424.75
Accounts receivable	V. 3	1,678,608,393.71	1,917,892,195.00	1,424,092,844.92	1,615,425,644.29
Financing receivables	V. 4	4,015,188,495.05	1,285,597,772.66	4,532,592,689.43	1,199,574,277.29
Prepayments	V. 5	1,192,569,996.90	789,330,458.38	352,355,542.50	195,404,837.38
Other receivables	V. 6	16,992,715.92	1,017,482,945.07	21,895,246.57	1,618,249,934.67
Including: Interest receivable					
Dividends receivable				4,892,288.48	600,000,000.00
Inventories	V. 7	11,900,618,235.51	1,932,537,429.64	10,599,731,052.28	1,538,862,616.03
Other current assets	V. 8	864,665,729.52	397,054,514.15	719,079,065.59	1,812,574,287.01
Total current assets		36,784,008,966.56	10,077,828,568.73	30,061,794,160.35	11,904,401,692.77
Non-current assets:					
Long-term equity investments	V. 9	3,065,928,898.28	31,996,332,940.16	3,341,208,164.76	26,337,249,446.06
Other equity instruments investments	V. 10	264,900,763.97	264,900,763.97	276,246,686.56	276,246,686.56
Other non-current financial assets	V. 11	80,000,000.00	80,000,000.00		
Investment properties					
Fixed assets	V. 12	95,632,825,411.62	18,530,296,850.83	96,220,769,301.39	18,771,870,988.72
Construction in progress	V. 13	7,136,983,761.07	1,459,332,553.48	8,297,181,948.62	1,976,744,021.21
Right-of-use assets	V. 14	100,279,997.64	36,019,259.06	—	—
Intangible assets	V. 15	3,955,685,010.41	1,685,403,346.74	4,055,279,867.49	1,743,860,610.95
Development expenditures					
Goodwill					
Long-term prepaid expenses	V. 16	1,226,463.57		1,122,060.45	
Deferred tax assets	V. 17	189,721,423.29	26,622,171.77	147,902,371.10	27,925,001.56
Other non-current assets	V. 18			1,965,717,410.38	1,130,014,156.73
Total non-current assets		110,427,551,729.85	54,078,907,886.01	114,305,427,810.75	50,263,910,911.79
Total assets		147,211,560,696.41	64,156,736,454.74	144,367,221,971.10	62,168,312,604.56

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Consolidated and Parent Company Statement of Financial Position(Continued)

Beijing Shougang Co., Ltd. as at 31 December 2021

Unit: RMB Yuan

Item	Notes	31 December 2021		31 December 2020	
		Consolidated	Consolidated	Consolidated	Company
Current liabilities:					
Short-term borrowings	V. 19	25,278,373,316.25	11,063,960,704.04	23,712,391,440.25	11,100,674,376.49
Notes payable	V. 20	7,488,930,793.77	987,600,000.00	6,804,810,000.00	784,260,000.00
Accounts payable	V. 21	26,265,590,773.10	10,294,070,284.28	26,539,354,380.68	11,218,645,086.80
Receipts in advance					
Contract liabilities	V. 22	5,230,456,327.37	756,726,439.51	4,659,444,741.25	1,049,617,570.23
Payroll and employee benefits	V. 23	501,147,141.34	146,002,088.12	466,319,382.02	140,481,468.09
Taxes payable	V. 24	425,210,314.30	19,217,188.00	572,640,856.00	115,612,678.08
Other payables	V. 25	1,015,941,625.80	304,218,526.51	2,104,822,314.59	1,010,689,017.67
Including: Interest payable					
Dividend payable					
Liabilities classified as held for sale					
Current portion of non-current liabilities	V. 26	10,451,293,628.20	61,012,464.36	11,273,123,385.05	4,075,978,467.70
Other current liabilities	V. 27	1,908,511,727.48	1,105,673,889.14	1,106,922,816.36	637,645,284.13
Total current liabilities		78,565,455,647.61	24,738,481,583.96	77,239,829,316.20	30,133,603,949.19
Non-current liabilities:					
Long-term borrowings	V. 28	11,692,710,000.00	1,792,710,000.00	20,639,300,000.00	883,210,000.00
Bonds payable	V. 29	2,500,000,000.00	2,500,000,000.00	2,500,000,000.00	2,500,000,000.00
Lease liabilities	V. 30	86,123,210.35	28,263,649.37	—	—
Long-term payable	V. 31	14,659,657.85	14,659,657.85	8,941,452.29	8,941,452.29
Provisions					
Deferred income	V. 32	404,010,785.39	79,906,503.16	398,098,805.65	85,344,005.30
Deferred tax liabilities	V. 17	208,958,292.75	208,958,292.75	258,248,672.58	258,248,672.58
Other non-current liabilities	V. 33	4,563,283,607.60		4,491,623,817.41	
Total non-current liabilities		19,469,745,553.94	4,624,498,103.13	28,296,212,747.93	3,735,744,130.17
Total liabilities		98,035,201,201.55	29,362,979,687.09	105,536,042,064.13	33,869,348,079.36
Shareholders' equity:					
Share capital	V. 34	6,750,325,410.00	6,750,325,410.00	5,289,389,600.00	5,289,389,600.00
Capital reserve	V. 35	24,924,487,245.09	17,250,483,548.60	19,759,259,120.40	12,129,563,493.89
Less:treasuryshares	V. 36	210,930,850.00	210,930,850.00		
Other comprehensive income	V. 37	185,566,210.59	185,566,210.59	195,210,244.82	195,210,244.82
Special reserve	V. 38	21,054,371.78		21,577,537.20	
Surplus reserve	V. 39	1,908,883,208.67	1,908,883,208.67	1,828,677,846.37	1,828,677,846.37
Retained earnings	V. 40	8,130,868,205.38	8,909,429,239.79	1,865,280,919.23	8,856,123,340.12
Equity attributable to shareholders of the Company		41,710,253,801.51	34,793,756,767.65	28,959,395,268.02	28,298,964,525.20
Non-controlling interests		7,466,105,693.35		9,871,784,638.95	
Total shareholders' equity		49,176,359,494.86	34,793,756,767.65	38,831,179,906.97	28,298,964,525.20
Total liabilities and shareholders' equity		147,211,560,696.41	64,156,736,454.74	144,367,221,971.10	62,168,312,604.56

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Consolidated and Parent Company Income Statement
Beijing Shougang Co., Ltd. for the year ended 31 December 2021

Unit: RMB Yuan

Item	Notes	2021		2020	
		Consolidated	Company	Consolidated	Company
I. Operating revenue	V. 41	134,034,486,136.13	45,087,337,029.02	79,951,181,948.10	30,977,295,936.58
Less: Cost of sales	V. 41	118,578,217,304.05	42,509,065,238.89	73,072,708,322.14	29,451,902,404.58
Taxes and surcharges	V. 42	1,043,631,975.73	274,324,263.09	774,074,513.76	292,475,174.88
Selling expenses	V. 43	213,309,534.38	129,253,892.82	167,040,690.13	117,875,525.89
General and administrative expenses	V. 44	1,299,881,734.32	564,432,571.31	976,426,260.85	398,756,799.72
R&D expenses	V. 45	652,926,385.56	242,853,866.40	480,487,074.39	148,097,166.55
Financial expenses	V. 46	2,257,586,032.80	589,815,561.68	2,163,091,932.82	775,191,836.71
Including: Interest expense		2,353,346,784.74	625,241,774.26	2,361,047,341.52	845,716,781.33
Interest income		131,307,065.33	31,270,904.41	133,289,009.17	47,733,269.34
Add: Other income	V. 47	54,544,488.92	9,859,440.42	61,194,281.43	6,705,258.54
Investment income/ (loss)	V. 48	106,379,717.79	240,889,493.89	567,720,738.87	1,226,651,114.41
Including: Share of profits or loss of associates and joint ventures		93,142,769.92	203,181,607.90	379,578,180.14	339,539,916.15
Gain/ (loss) on the changes in fair value					
Credit impairment losses	V. 49	-127,539,908.64	-1,593,807.77	-11,350,686.26	5,222,959.55
Assets impairment losses	V. 50	-167,567,546.04	-66,598,535.40	-156,492,924.46	-22,707,758.30
Gain/ (loss) from disposal of assets	V. 51	3,716,485.22	3,820,932.50	75,385.37	1,165,254.29
II. Operating profit/ (loss)		9,858,466,406.54	963,969,158.47	2,778,499,948.96	1,010,033,856.74
Add: Non-operating income	V. 52	6,554,194.97	2,854,654.64	1,999,362.24	397,904.00
Less: Non-operating expenses	V. 53	65,521,293.40	37,535,685.19	2,546,940.80	282,294.54
III. Profit/ (loss) before tax		9,799,499,308.11	929,288,127.92	2,777,952,370.40	1,010,149,466.20
Less: Income tax expense	V. 54	1,472,968,221.53	127,234,504.95	366,809,564.93	18,461,559.09
IV. Net profit / (loss)		8,326,531,086.58	802,053,622.97	2,411,142,805.47	991,687,907.11
(1) Categorized by operation continuity:					
Including: Net profit/ (loss) from continuing operations		8,326,531,086.58	802,053,622.97	2,411,142,805.47	991,687,907.11
Net profit/ (loss) from discontinuing operations					
(2) Categorized by ownership:					
Including: Net profit/ (loss) attributable to shareholders of the Company		7,014,335,009.45		1,786,452,832.06	
Net profit/ (loss) attributable to non-controlling interests		1,312,196,077.13		624,689,973.41	
V. Other comprehensive income, net of tax		-9,644,034.23	-9,644,034.23	247,100,524.21	247,100,524.21
Other comprehensive income, net of tax, attributable to shareholders of the company		-9,644,034.23	-9,644,034.23	247,100,524.21	247,100,524.21
(1) Other comprehensive income that will not be reclassified to profit or loss		-9,644,034.23	-9,644,034.23	247,100,524.21	247,100,524.21
Changes in fair value of other equity instrument investments		-9,644,034.23	-9,644,034.23	247,100,524.21	247,100,524.21
(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		8,316,887,052.35	792,409,588.74	2,658,243,329.68	1,238,788,431.32
Total comprehensive income attributable to shareholders of the company		7,004,690,975.22		2,033,553,356.27	
Total comprehensive income attributable to non-controlling interests		1,312,196,077.13		624,689,973.41	
VII. Earnings per share					
(1) Basic earnings per share		1.1291		0.3377	
(2) Diluted earnings per share					

Consolidated and Parent Company Statement of Cash Flows

Beijing Shougang Co., Ltd. for the year ended 31 December 2021

Unit: RMB Yuan

Items	Note	2021	2020		
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash receipts from the sale of goods and the rendering of services		78,204,394,163.17	18,990,463,340.31	45,987,505,850.26	14,409,246,784.43
Tax refunds received		63,091,299.47		90,640,776.86	14,213,134.10
Cash received relating to other operating activities	V. 55	63,336,125.82	144,818,152.82	132,165,552.87	152,964,143.22
Sub-total of cash inflows		78,330,821,588.46	19,135,281,493.13	46,210,312,179.99	14,576,424,061.75
Cash paid for purchase of goods and services		52,461,118,824.55	14,112,964,782.20	29,466,850,532.83	9,739,289,081.03
Cash paid to and on behalf of employee		4,519,419,087.34	1,427,492,943.58	3,528,273,379.46	1,094,840,587.78
Cash paid for taxes		5,453,721,028.53	1,168,681,864.76	2,333,221,933.94	866,247,125.28
Cash paid relating to other operating activities	V. 55	852,835,390.28	382,575,353.81	607,287,537.57	241,961,081.41
Sub-total of cash outflows		63,287,094,330.70	17,091,714,944.35	35,935,633,383.80	11,942,337,875.50
Net cash flows from operating activities		15,043,727,257.76	2,043,566,548.78	10,274,678,796.19	2,634,086,186.25
II. Cash flows from investing activities					
Cash received from disposal of investments		212,000,000.00	2,700,000,000.00		500,000,000.00
Cash received from investment income		210,139,106.61	814,127,544.38	362,658,569.01	433,865,503.86
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		46,031,802.86	39,106,972.93	339,801.76	180,825.40
Cash received from disposal of subsidiaries and other business units					
Cash received relating to other investing activities	V. 55	130,931,269.04	31,252,743.28	433,380,246.29	47,624,492.20
Sub-total of cash inflows		599,102,178.51	3,584,487,260.59	796,378,617.06	981,670,821.46
Purchase of property, plant and equipment, intangible assets and other non-current assets		3,015,839,391.12	1,330,119,313.91	3,032,549,847.59	733,618,776.68
Cash paid for investments		113,658,286.00	306,616,735.00	16,145,000.00	315,000,000.00
Net cash paid for acquisition of a subsidiary and other operating units				512,933,652.83	521,656,810.78
Cash paid relating to other investing activities	V. 55	300,000,000.00			
Sub-total of cash outflows		3,429,497,677.12	1,636,736,048.91	3,561,628,500.42	1,570,275,587.46
Net cash flows from investing activities		-2,830,395,498.61	1,947,751,211.68	-2,765,249,883.36	-588,604,766.00
III. Cash flows from financing activities					
Cash received from investment		3,003,858,828.08	1,023,858,828.08	100,000,000.00	
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries					
Proceeds from borrowings		28,850,188,126.09	13,447,283,452.18	35,570,540,000.00	12,589,030,000.00
Proceeds from issuing bonds		2,000,000,000.00	2,000,000,000.00	3,000,000,000.00	3,000,000,000.00
Cash receipts relating to other financing activities	V. 55			148,638,840.00	148,638,840.00
Sub-total of cash inflows		33,854,046,954.17	16,471,142,280.26	38,819,178,840.00	15,737,668,840.00
Repayments for debts		38,534,214,910.91	18,072,850,237.00	42,806,970,000.00	16,857,920,000.00
Cash payments for distribution of dividends or profit and interest expenses		2,993,123,739.13	1,306,654,103.09	2,654,054,934.85	783,654,392.12
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries					
Cash payments relating to other financing activities	V. 55	964,082,606.56	946,843,330.04	311,182,295.82	1,009,464,211.36
Sub-total of cash outflows		42,491,421,256.60	20,326,347,670.13	45,772,207,230.67	18,651,038,603.48
Net cash flows from financing activities		-8,637,374,302.43	-3,855,205,389.87	-6,953,028,390.67	-2,913,369,763.48
IV. Effect of exchange rate changes on cash and cash equivalents					
V. Net increase in cash and cash equivalents		3,575,957,456.72	136,112,370.59	556,400,522.16	-867,888,343.23
Add: Cash and cash equivalents as at the beginning of year		4,959,913,916.36	886,754,170.41	4,403,513,394.20	1,754,642,513.64
VI. Cash and cash equivalent as at the end of year		8,535,871,373.08	1,022,866,541.00	4,959,913,916.36	886,754,170.41

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2021

Unit: RMB Yuan

Item	2021								
	Share capital	Capital reserve	Less: treasury shares	Equity attributable to shareholders of the parent				Non-controlling interests	Total shareholders' equity
				Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		
I. Balance at the end of previous year	5,289,389,600.00	19,759,259,120.40		195,210,244.82	21,577,537.20	1,828,677,846.37	1,865,280,919.23	9,871,784,638.95	38,831,179,906.97
Add:Changes in accounting policies									
Corrections of prior period errors									
Business combination under common control									
Others									
II. Balance at the beginning of the year	5,289,389,600.00	19,759,259,120.40		195,210,244.82	21,577,537.20	1,828,677,846.37	1,865,280,919.23	9,871,784,638.95	38,831,179,906.97
III. Increase/(decrease) during the period	1,460,935,810.00	5,165,228,124.69	210,930,850.00	-9,644,034.23	-523,165.42	80,205,362.30	6,265,587,286.15	-2,405,678,945.60	10,345,179,587.89
(1)Total comprehensive income				-9,644,034.23			7,014,335,009.45	1,312,196,077.13	8,316,887,052.35
(2)Shareholders' contributions and reduction	1,460,935,810.00	5,166,680,399.10	210,930,850.00					-3,705,283,879.20	2,711,401,479.90
(i) Shareholders' contributions in ordinary share	1,396,034,010.00	5,014,753,738.73						-5,618,843,879.35	791,943,869.38
(ii) Amount of share-based payments recognized in equity	64,901,800.00	151,926,660.37	210,930,850.00						5,897,610.37
(iii) Others								1,913,560,000.15	1,913,560,000.15
(3) Profit distribution						80,205,362.30	-748,747,723.30		-668,542,361.00
(i) Transfer to surplus reserve						80,205,362.30	-80,205,362.30		
(ii) Distribution to shareholders							-668,542,361.00		-668,542,361.00
(iii) Others									
(4) Transfer within equity									
(i) Capital reserves converted to share capital									
(ii) Surplus reserves converted to share capital									
(iii) Loss made up by surplus reserves									
(iv) Other comprehensive income transferred to retained earnings									
(v) Others									
(5)Special reserve		-1,452,274.41			-523,165.42			-12,591,143.53	-14,566,583.36
(i) Additions		-1,452,274.41			-523,165.42			-12,591,143.53	-14,566,583.36
(ii) Utilisation									
(6) Others									
IV. Balance at the end of theyear	6,750,325,410.00	24,924,487,245.09	210,930,850.00	185,566,210.59	21,054,371.78	1,908,883,208.67	8,130,868,205.38	7,466,105,693.35	49,176,359,494.86

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2021

Unit: RMB Yuan

Item	2020								
	Share capital	Capital reserve	Less: treasury shares	Equity attributable to shareholders of the parent				Non-controlling interests	Total shareholders' equity
				Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		
I. Balance at the end of previous year	5,289,389,600.00	20,074,865,467.56		1,952,319,928.42	15,749,165.64	1,729,509,055.66	-2,179,897,484.27	13,284,798,671.53	40,166,734,404.54
Add:Changes in accounting policies									
Corrections of prior period errors									
Business combination under common control									
Others									
II. Balance at the beginning of the year	5,289,389,600.00	20,074,865,467.56		1,952,319,928.42	15,749,165.64	1,729,509,055.66	-2,179,897,484.27	13,284,798,671.53	40,166,734,404.54
III. Increase/(decrease) during the period		-315,606,347.16		-1,757,109,683.60	5,828,371.56	99,168,790.71	4,045,178,403.50	-3,413,014,032.58	-1,335,554,497.57
(1)Total comprehensive income				247,100,524.21			1,786,452,832.06	624,689,973.41	2,658,243,329.68
(2)Shareholders' contributions and reduction		-285,762,662.22						-4,038,902,019.61	-4,324,664,681.83
(i) Shareholders' contributions in ordinary share									
(ii) Amount of share-based payments recognized in equity									
(iii) Others		-285,762,662.22						-4,038,902,019.61	-4,324,664,681.83
(3) Profit distribution						99,168,790.71	-99,168,790.71		
(i) Transfer to surplus reserve						99,168,790.71	-99,168,790.71		
(ii) Distribution to shareholders									
(iii) Others									
(4) Transfer within equity				-2,004,210,207.81			2,357,894,362.15		353,684,154.34
(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				-2,004,210,207.81			2,357,894,362.15		353,684,154.34
(v) Others									
(5) Special reserve		1,979,013.15			5,828,371.56			1,198,013.62	9,005,398.33
(i) Additions		1,979,013.15			5,828,371.56			1,198,013.62	9,005,398.33
(ii) Utilisation									
(6) Others		-31,822,698.09							-31,822,698.09
IV. Balance at the end of theyear	5,289,389,600.00	19,759,259,120.40		195,210,244.82	21,577,537.20	1,828,677,846.37	1,865,280,919.23	9,871,784,638.95	38,831,179,906.97

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2021

Unit: RMB Yuan

Item	2021							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	5,289,389,600.00	12,129,563,493.89		195,210,244.82		1,828,677,846.37	8,856,123,340.12	28,298,964,525.20
Add: Changes in accounting policies								
Corrections of prior period errors								
Others								
II. Balance at the beginning of the year	5,289,389,600.00	12,129,563,493.89		195,210,244.82		1,828,677,846.37	8,856,123,340.12	28,298,964,525.20
III. Increase/(decrease) during the period	1,460,935,810.00	5,120,920,054.71	210,930,850.00	-9,644,034.23		80,205,362.30	53,305,899.67	6,494,792,242.45
(1) Total comprehensive income				-9,644,034.23			802,053,622.97	792,409,588.74
(2) Shareholders' contributions and reduction	1,460,935,810.00	5,120,920,054.71	210,930,850.00					6,370,925,014.71
(i) Shareholders' contributions in ordinary share	1,396,034,010.00	5,113,754,895.99						6,509,788,905.99
(ii) Amount of share-based payments recognized in equity	64,901,800.00	7,165,158.72	210,930,850.00					-138,863,891.28
(iii) Others								
(3) Profit distribution						80,205,362.30	-748,747,723.30	-668,542,361.00
(i) Transfer to surplus reserve						80,205,362.30	-80,205,362.30	
(ii) Distribution to shareholders							-668,542,361.00	-668,542,361.00
(iii) Others								
(4) Transfer within equity								
(i) Capital reserves converted to share capital								
(ii) Surplus reserves converted to share capital								
(iii) Loss made up by surplus reserves								
(iv) Other comprehensive income transferred to retained earnings								
(v) Others								
(5) Special reserve								
(i) Additions								
(ii) Utilisation								
(6) Others								
IV. Balance at the end of theyear	6,750,325,410.00	17,250,483,548.60	210,930,850.00	185,566,210.59		1,908,883,208.67	8,909,429,239.79	34,793,756,767.65

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2021

Unit: RMB Yuan

Item	2020							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	5,289,389,600.00	12,415,326,156.11		1,952,319,928.42		1,729,509,055.66	5,605,709,861.57	26,992,254,601.76
Add: Changes in accounting policies								
Corrections of prior period errors								
Others								
II. Balance at the beginning of the year	5,289,389,600.00	12,415,326,156.11		1,952,319,928.42		1,729,509,055.66	5,605,709,861.57	26,992,254,601.76
III. Increase/(decrease) during the period		-285,762,662.22		-1,757,109,683.60		99,168,790.71	3,250,413,478.55	1,306,709,923.44
(1) Total comprehensive income				247,100,524.21			991,687,907.11	1,238,788,431.32
(2) Shareholders' contributions and reduction		-285,762,662.22						-285,762,662.22
(i) Shareholders' contributions in ordinary share								
(ii) Amount of share-based payments recognized in equity								
(iii) Others		-285,762,662.22						-285,762,662.22
(3) Profit distribution						99,168,790.71	-99,168,790.71	
(i) Transfer to surplus reserve						99,168,790.71	-99,168,790.71	
(ii) Distribution to shareholders								
(iii) Others								
(4) Transfer within equity				-2,004,210,207.81			2,357,894,362.15	353,684,154.34
(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				-2,004,210,207.81			2,357,894,362.15	353,684,154.34
(v) Others								
(5) Special reserve								
(i) Additions								
(ii) Utilisation								
(6) Others								
IV. Balance at the end of the year	5,289,389,600.00	12,129,563,493.89		195,210,244.82		1,828,677,846.37	8,856,123,340.12	28,298,964,525.20

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 Company Jingtang Co. or Jingtang Base) 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.

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, together with its six subsidiaries, which are Shougang Jingtang United Iron&Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Qian'an Shougang Metallurgical Technology Co., Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., Beijing Shougang New Energy Automobile Material Technology Co., Ltd., and Beijing Shougang Steel Trade Investment Management Co., Ltd., is principally engaged in the manufacture and sale of iron and steel products and related by-products.

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

The financial statements and notes were approved by the seventh meeting of the thirteenth Board of Directors on 27 April 2022.

2. Scope of consolidated financial statements

The scope of the consolidated financial statements is determined on the control basic, the scope includes six subsidiaries, which are Shougang Jingtang United Iron&Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Qian'an Shougang Metallurgical Technology Co., Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd., Beijing Shougang New Energy Automobile Material Technology Co., Ltd., and Beijing Shougang Steel Trade Investment Management Co., Ltd.

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

II. Basis of preparation

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

The financial statements are prepared on a going concern basis.

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

III. Significant accounting policies and estimates

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

1. Statement of compliance with the CAS

The financial statements have been prepared in accordance with CAS, and present truly and completely the financial position of the consolidated and the Company as at 31 December 2021, and the financial performance and cash flows for the year ended 31 December 2021.

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 their 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 their original carrying amounts at the combination date as recorded by the party being combined, except for the adjustments of different accounting policies. 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 earnings.

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, except for adjustments of different accounting policies. 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 their fair values at the date of acquisition.

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

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

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

comprehensive income shall be transferred to retained earnings for current period under cost accounting method.

In the consolidated financial statements, the combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity held prior to acquisition date; the equity of the acquiree held prior to acquisition date shall be re-measured at the fair value at acquisition date, the difference between the fair value and book value shall be recognized as profit 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. 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 their share of the opening balance of owner's equity of the subsidiary, the excess shall offset non-controlling interests.

(3) Purchase of the minority equity in the subsidiary

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

(4) Loss of control of subsidiaries

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

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

Recognition of fair value of financial assets and financial liabilities please refers 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 their 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 their 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 and Accounts receivable

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

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

A. Notes receivable

- 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 their 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

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 movementssould 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 their related future economic benefits will flow into the company, and their 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 their 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

Intangible assets include software and land use rights.

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	Residuals rate	Annual amortization rate
Software	5-10 years	--	10.00-20.00%
Land use rights	40-50 years	--	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 expenditures

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, 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) Scope of payroll and 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. If the short-term employee benefits are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service and have significant financial impact, the liability shall be measured as the discounted amounts.

(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.

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.

With the exception of the simplified approach to contract modifications directly arising from COVID-19, where a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Company reallocates the consideration of the modified contract, redetermines the lease term and remeasures 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

Except for contract modifies directly caused by COVID-19 where a simplified approach is adopted, when the operating lease is modified, the Company accounts for a 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.

Except for contract modifies directly caused by COVID-19, the Company accounts for a modification in a finance lease 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 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. Right-of-use assets

(1) Conditions for recognition of right-of-use assets.

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

Right-of-use assets are initially measured at cost at the commencement date of the lease. The cost includes: the amount of the initial measurement of lease liability; lease payments made at or before the inception of the lease less any lease incentives enjoyed; initial direct costs incurred by the Company as lessee; costs to be incurred in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease incurred by the Company as lessee. As a lessee, the Company recognises and measures the costs of dismantling and restoration in accordance with the Accounting Standard for Business Enterprises No. 13 – Contingencies. Subsequently, the lease liability is adjusted for any remeasurement of the lease liability.

(2) Depreciation method of right-of-use assets

The Company uses the straight-line method for depreciation. Where the Company, as a lessee, is reasonably certain to obtain ownership of the leased asset at the end of the lease term, such asset is depreciated over the remaining useful life of the leased asset. Where ownership of the lease assets during the lease term cannot be reasonably determined, right-of-use assets are depreciated over the lease term or the remainder of useful lives of the lease assets, whichever is shorter.

(3) For the methods of impairment test and impairment provision of right-of-use assets, 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

① New Lease Standard

In 2018, the Ministry of Finance published the Accounting Standard for Business Enterprises No. 21 – Leases (Revised), which requires the enterprises that listed on both domestic and overseas markets and the enterprises listed on overseas markets and adopt the International Financial Reporting Standards or Accounting Standards for Business Enterprises to implement this new lease standard since 1 January 2019. Other enterprises implement this new lease standard since 1 January 2021. The Company implements this new lease standard since 1 January 2021 and revises the relevant accounting policies. Details of the revised accounting policies refer to Note V. 29.

For contracts that existed before the date of initial application, the Company chose not to reassess whether it is, or contains, a lease at the date of initial application. For contracts signed or modified after the date of initial application, the Company evaluates whether the contract is a lease or includes a lease in accordance with the definition of new lease standard.

No significant impact is imposed on the scope of the Company's contracts that meet the definition of lease under the new lease standard.

As lessee

The new lease standard requires a lessee to recognise right-of-use assets and lease liabilities and recognizes depreciation and interest expense respectively for all leases, except for short-term lease and low-value asset lease with simplified approach.

The new lease standard allows lessees to choose one of the following methods for the transitional accounting of leases:

- The retroactive adjustment method shall be adopted in accordance with the provisions of the Accounting Standard for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Correction of Errors.
- The amount of retained earnings and other relevant items in the financial statements at the beginning of the year in which the standards are first implemented shall be adjusted according to the cumulative impact of the first implementation of the standards, and the information of comparable periods shall not be adjusted.
- As for the finance leases before the date of initial application, the Company measured the right-of-use assets and lease liabilities according to the carrying amount of the finance lease assets and finance lease payments payable respectively.
- For operating leases before the date of initial application, the Company measured the lease liabilities based on the present value of the remaining lease payments discounted using the incremental loan rate at the date of initial application, and measured the right-of-use assets for all leases at an amount equal to the lease liabilities, adjusted by the prepaid lease payments where necessary.

- At the date of initial application, the Company performed impairment test on the right-of-use assets and carried out corresponding accounting treatment in accordance with Note III. 14.

For operating leases of low-value assets and short-term leases within 12 months before the date of initial application, the Company implements the simplified approach and unrecognizes the right-of-use assets and lease liabilities.

The Company adopted the following simplified approach for operating leases before the date of initial application:

While measuring lease liabilities, the same discount rate adopts to leases with similar characteristics which uses the weighted average of incremental borrowing interest rate at 4.65%. The measurement of right-of-use assets may exclude initial direct costs.

When there is an option to renew or terminate the lease, the Company determined the lease term based on the actual exercise of the option before the date of initial application and other latest conditions.

As an alternative to the impairment test for right-of-use assets, the Company assessed whether a contract contains lease is a loss contract before the date of initial application and adjusts the value of right-of-use asset based on the amount of loss allowance included in the balance sheet before the date of initial application;

As for the lease modification before the date of initial date, the Company carried out accounting treatment based on the final arrangement of lease modification.

The impacts of the implementation of the new lease standard on items in the consolidated financial position as at 1 January 2021 are as follows:

Item	Carrying amount before adjustment (31 Dec. 2020)	Reclassification	Remeasurement	Carrying amount after adjustment (1 Jan. 2021)
Prepayments	352,355,542.50	-3,372,602.73	--	348,982,939.77
Right-of-use assets	--	62,492,294.21	--	62,492,294.21
Accounts payable	26,539,354,380.68	-530,425.05	--	26,538,823,955.63
Other payables	2,104,822,314.59	-579,100.00	--	2,104,243,214.59
Lease liabilities	--	56,687,860.68	--	56,687,860.68
Current portion of non-current liabilities	11,273,123,385.05	3,541,355.85	--	11,276,664,740.90

For the minimum lease payments under significant operating leases disclosed in the 2020 financial statements, the Company adjusted the outstanding minimum lease payments disclosed under the original lease standard to the lease liabilities recognised under the new lease standard based on the incremental borrowing rate as the lessee on 1 January 2021 as follows:

Minimum lease payments under significant operating leases as at 31 December 2020	A	85,502,862.91
Present value of minimum operating lease payments as at 1 January 2021	I	60,229,216.53
Add : accrued outstanding financial lease as at 31 December 2020	J	--
Lease liabilities as at 1 January 2021	K=I+J	60,229,216.53

Including : Current portion of non-current liabilities

3,541,355.85

The carrying value of the use-right assets on 1 January 2021 are as follows:

Item	2021.01.01
Right-of-use assets:	
The right-of-use assets recognised before the date of initial application by operating leases	62,492,294.21
Finance leased assets recognized under the original lease standard	--
Total:	62,492,294.21

The impacts of the implementation of the new lease standard on items in the financial statements for 2021 are as follows:

Item in consolidated balance sheet	2021.12.31	Assume based on the original lease standard	Increase/ decrease (-)
Right-of-use assets	100,279,997.64	--	100,279,997.64
Lease liabilities	86,123,210.35	--	86,123,210.35
Current portion of non-current liabilities	10,451,293,628.20	10,436,456,370.29	14,837,257.91
Deferred income tax assets	189,721,423.29	189,283,489.69	437,933.60

Item in consolidated income statement	As for 2021	Assume based on the original lease standard	Increase/ decrease (-)
Operating costs	118,578,217,304.05	118,575,688,255.75	2,529,048.30
Finance expenses	2,257,586,032.80	2,252,690,523.82	4,895,508.98
Income tax expenses	1,472,968,221.53	1,473,406,155.13	-437,933.60

As lessor

According to the new lease standard, the Company does not need to adjust its lease as a lessor in accordance with the transitional provisions, but subjects to accounting treatment in accordance with the new lease standard since the date of the first implementation.

(2) Changes in significant accounting estimates

The Company has no significant changes in accounting estimates during the reporting period.

(3) The adjustment of related items in financial statements at the beginning of the first implementation year due to the first implementation of new lease standard.

Consolidated Statement of Financial Position

Item	2020.12.31	2021.01.01	Adjustment
Current assets :			
Cash and Cash equivalents	6,292,499,840.73	6,292,499,840.73	--
Notes receivable	6,119,547,878.33	6,119,547,878.33	--
Accounts receivable	1,424,092,844.92	1,424,092,844.92	--
Financing receivables	4,532,592,689.43	4,532,592,689.43	--

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Item	2020.12.31	2021.01.01	Adjustment
Prepayments	352,355,542.50	348,982,939.77	-3,372,602.73
Other receivables	21,895,246.57	21,895,246.57	--
Including: Interest receivable	--	--	--
Dividends receivable	4,892,288.48	4,892,288.48	--
Inventories	10,599,731,052.28	10,599,731,052.28	--
Contract assets	--	--	--
Other current assets	719,079,065.59	719,079,065.59	--
Total current assets	30,061,794,160.35	30,058,421,557.62	-3,372,602.73
Non-current assets :			
Debt investment	--	--	--
Long-term equity investments	3,341,208,164.76	3,341,208,164.76	--
Other equity instruments investments	276,246,686.56	276,246,686.56	--
Other non-current financial assets	--	--	--
Investment properties	--	--	--
Fixed assets	96,220,769,301.39	96,220,769,301.39	--
Construction in progress	8,297,181,948.62	8,297,181,948.62	--
Right-of-use assets	--	62,492,294.21	62,492,294.21
Intangible assets	4,055,279,867.49	4,055,279,867.49	--
Development expenditures	--	--	--
Goodwill	--	--	--
Long-term prepaid expenses	1,122,060.45	1,122,060.45	--
Deferred tax assets	147,902,371.10	147,902,371.10	--
Other non-current assets	1,965,717,410.38	1,965,717,410.38	--
Total non-current assets	114,305,427,810.75	114,367,920,104.96	62,492,294.21
Total assets	144,367,221,971.10	144,426,341,662.58	59,119,691.48
Current liabilities:			
Short-term borrowings	23,712,391,440.25	23,712,391,440.25	--
Financial liabilities held for trading	--	--	--
Notes payable	6,804,810,000.00	6,804,810,000.00	--
Accounts payable	26,539,354,380.68	26,538,823,955.63	-530,425.05
Receipts in advance	--	--	--
Contract liabilities	4,659,444,741.25	4,659,444,741.25	--
Payroll and employee benefits	466,319,382.02	466,319,382.02	--
Taxes payable	572,640,856.00	572,640,856.00	--
Other payables	2,104,822,314.59	2,104,243,214.59	-579,100.00
Including: Interest payable	--	--	--
Dividend payable	--	--	--
Liabilities classified as held for sale	--	--	--
Current portion of non-current liabilities	11,273,123,385.05	11,276,664,740.90	3,541,355.85

Item	2020.12.31	2021.01.01	Adjustment
Other current liabilities	1,106,922,816.36	1,106,922,816.36	--
Total current liabilities	77,239,829,316.20	77,242,261,147.00	2,431,830.80
Non-current liabilities:			
Long-term borrowings	20,639,300,000.00	20,639,300,000.00	--
Bonds payable	2,500,000,000.00	2,500,000,000.00	--
Lease liabilities	--	56,687,860.68	56,687,860.68
Long-term payable	8,941,452.29	8,941,452.29	--
Provisions	--	--	--
Deferred income	398,098,805.65	398,098,805.65	--
Deferred tax liabilities	258,248,672.58	258,248,672.58	--
Other non-current liabilities	4,491,623,817.41	4,491,623,817.41	--
Total non-current liabilities	28,296,212,747.93	28,352,900,608.61	56,687,860.68
Total liabilities	105,536,042,064.13	105,595,161,755.61	59,119,691.48
Shareholders' equity:			
Share capital	5,289,389,600.00	5,289,389,600.00	--
Capital reserve	19,759,259,120.40	19,759,259,120.40	--
Less:treasury shares	--	--	--
Other comprehensive income	195,210,244.82	195,210,244.82	--
Special reserve	21,577,537.20	21,577,537.20	--
Surplus reserve	1,828,677,846.37	1,828,677,846.37	--
Retained earnings	1,865,280,919.23	1,865,280,919.23	--
Equity attributable to shareholders of the Company	28,959,395,268.02	28,959,395,268.02	--
Non-controlling interests	9,871,784,638.95	9,871,784,638.95	--
Total shareholders' equity	38,831,179,906.97	38,831,179,906.97	--
Total liabilities and shareholders' equity	144,367,221,971.10	144,426,341,662.58	59,119,691.48

Company Statement of Financial Position

Item	2020.12.31	2021.01.01	Adjustment
Current assets:			
Cash and Cash equivalents	1,087,088,671.35	1,087,088,671.35	--
Notes receivable	2,837,221,424.75	2,837,221,424.75	--
Accounts receivable	1,615,425,644.29	1,615,425,644.29	--
Financing receivables	1,199,574,277.29	1,199,574,277.29	--
Prepayments	195,404,837.38	195,404,837.38	--
Other receivables	1,618,249,934.67	1,618,249,934.67	--
Including: Interest receivable	--	--	--
Dividends receivable	600,000,000.00	600,000,000.00	--
Inventories	1,538,862,616.03	1,538,862,616.03	--
Contract assets	--	--	--

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Item	2020.12.31	2021.01.01	Adjustment
Other current assets	1,812,574,287.01	1,812,574,287.01	--
Total current assets	11,904,401,692.77	11,904,401,692.77	--
Non-current assets:			
Long-term equity investments	26,337,249,446.06	26,337,249,446.06	--
Other equity instruments investments	276,246,686.56	276,246,686.56	--
Other non-current financial assets	--	--	--
Investment properties	--	--	--
Fixed assets	18,771,870,988.72	18,771,870,988.72	--
Construction in progress	1,976,744,021.21	1,976,744,021.21	--
Right-of-use assets	--	--	--
Intangible assets	1,743,860,610.95	1,743,860,610.95	--
Development expenditures	--	--	--
Goodwill	--	--	--
Long-term prepaid expenses	--	--	--
Deferred tax assets	27,925,001.56	27,925,001.56	--
Other non-current assets	1,130,014,156.73	1,130,014,156.73	--
Total non-current assets	50,263,910,911.79	50,263,910,911.79	--
Total assets	62,168,312,604.56	62,168,312,604.56	--
Current liabilities:			
Short-term borrowings	11,100,674,376.49	11,100,674,376.49	--
Financial liabilities held for trading	--	--	--
Notes payable	784,260,000.00	784,260,000.00	--
Accounts payable	11,218,645,086.80	11,218,645,086.80	--
Receipts in advance	--	--	--
Contract liabilities	1,049,617,570.23	1,049,617,570.23	--
Payroll and employee benefits payable	140,481,468.09	140,481,468.09	--
Taxes payable	115,612,678.08	115,612,678.08	--
Other payables	1,010,689,017.67	1,010,689,017.67	--
Including: Interest payable	--	--	--
Dividend payable	--	--	--
Liabilities classified as held for sale	--	--	--
Current portion of non-current liabilities	4,075,978,467.70	4,075,978,467.70	--
Other current liabilities	637,645,284.13	637,645,284.13	--
Total current liabilities	30,133,603,949.19	30,133,603,949.19	--
Non-current liabilities:			
Long-term borrowings	883,210,000.00	883,210,000.00	--
Bonds payable	2,500,000,000.00	2,500,000,000.00	--
Lease liabilities	--	--	--
Long-term payable	8,941,452.29	8,941,452.29	--

Item	2020.12.31	2021.01.01	Adjustment
Provisions	--	--	--
Deferred income	85,344,005.30	85,344,005.30	--
Deferred tax liabilities	258,248,672.58	258,248,672.58	--
Other non-current liabilities	--	--	--
Total non-current liabilities	3,735,744,130.17	3,735,744,130.17	--
Total liabilities	33,869,348,079.36	33,869,348,079.36	--
Shareholders' equity:			
Share capital	5,289,389,600.00	5,289,389,600.00	--
Capital reserve	12,129,563,493.89	12,129,563,493.89	--
Less:treasury shares	--	--	--
Other comprehensive income	195,210,244.82	195,210,244.82	--
Special reserve	--	--	--
Surplus reserve	1,828,677,846.37	1,828,677,846.37	--
Retained earnings	8,856,123,340.12	8,856,123,340.12	--
Total shareholders' equity	28,298,964,525.20	28,298,964,525.20	--
Total liabilities and shareholders' equity	62,168,312,604.56	62,168,312,604.56	--

IV. Tax

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate%
Value-added tax	Taxable Revenue	13/9/6/5
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 30 October 2019, 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 GR201913001665 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 the consolidated financial statements

1. Cash and cash equivalents

Items	2021.12.31	2020.12.31
Cash on hand	53,404.48	35,022.81
Bank deposits	8,536,627,515.03	4,960,312,643.69
Includes: financial company deposits	8,496,270,996.46	4,951,388,949.60
Other monetary funds	1,748,307,794.48	1,332,152,174.23
Includes: financial company deposits	1,497,328,783.36	888,664,589.42
Total	10,284,988,713.99	6,292,499,840.73

(1) At year ended 2021, except for RMB 1,637,798,719.24 of security deposits, RMB 10,000,000.00 of fixed term deposits, RMB 100,509,062.50 court frozen funds, 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 809,559.17. This part of interest does not belong to "cash and cash equivalents."

2. Notes receivable

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

Continued:

Items	2020.12.31		
	Book balance	Bad debt provision	Carrying value
Bank acceptance notes	475,034,038.19	475,034.04	474,559,004.15
Commercial acceptance notes	5,650,637,578.99	5,648,704.81	5,644,988,874.18
Total	6,125,671,617.18	6,123,738.85	6,119,547,878.33

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

Items	Pledged amount at the end of the year
Bank acceptance notes	99,819,667.90
Commercial acceptance notes	19,753,215.18
Total	119,572,883.08

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

Items	Amount derecognized at year end	Amount not-derecognized at year end
Bank acceptance notes	--	293,906,654.27
Commercial acceptance notes	--	6,039,342,370.06
Total	--	6,333,249,024.33

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

Items	Amount transferred to accounts receivable at the end of the year
Commercial acceptance notes	9,451,694.85

(4) Classified by bad debt provision method

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

Continued:

Category	2020.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	--	--	--	--	--
Bad debt provision assessed in portfolios	6,125,671,617.18	100.00	6,123,738.85	0.10	6,119,547,878.33
Portfolio 1	--	--	--	--	--
Portfolio 2	6,125,671,617.18	100.00	6,123,738.85	0.10	6,119,547,878.33
Total	6,125,671,617.18	100.00	6,123,738.85	0.10	6,119,547,878.33

(5) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2020	6,123,738.85
Provision	713,475.06
Recovery or reversal	--
Written-off	--
As at 31 December 2021	6,837,213.91

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

3. Accounts receivable

(1) Disclosed by the ageing

Ageing	2021.12.31	2020.12.31
Within 1 year	1,734,897,859.01	1,468,820,426.92
1 – 2 years	5,469,120.72	7,459,500.63
2 – 3 years	7,533,727.52	11,835,039.58
3 – 4 years	5,897,009.66	--
4 – 5 years	--	--
Over 5 years	3,003,921.82	5,092,031.82
Subtotal	1,756,801,638.73	1,493,206,998.95
Less: provision for bad debts	78,193,245.02	69,114,154.03
Total	1,678,608,393.71	1,424,092,844.92

(2) Disclosed by bad debt provision

Category	2021.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	12,828,816.67	0.73	12,828,816.67	100.00	--
Bad debt provision assessed in portfolios	1,743,972,822.06	99.27	65,364,428.35	3.75	1,678,608,393.71
Total	1,756,801,638.73	100.00	78,193,245.02	4.45	1,678,608,393.71

Disclosed by bad debt provision (continued) :

Category	2020.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	16,317,534.36	1.09	16,317,534.36	100.00	--
Bad debt provision assessed in portfolios	1,476,889,464.59	98.91	52,796,619.67	3.57	1,424,092,844.92
Total	1,493,206,998.95	100.00	69,114,154.03	4.63	1,424,092,844.92

Bad debt provision assessed individually:

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

Continued:

Accounts receivable (by debtor)	2020.12.31				Reason for bad debts
	Book balance	Bad debt provision	Expected credit loss (%)		
Accounts receivable over 3 years	5,092,031.82	5,092,031.82	100.00		Long aging
Overdue recourse notes	11,225,502.54	11,225,502.54	100.00		Overdue recourse notes
Total	16,317,534.36	16,317,534.36	100.00		

Bad debt provision assessed in portfolios:

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

Continued:

Items	2020.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,468,820,426.92	49,938,177.48	3.40
1 – 2 years	6,459,500.63	1,750,200.39	27.09
2 – 3 years	1,609,537.04	1,108,241.80	68.85
Over 3 years	--	--	--
Total	1,476,889,464.59	52,796,619.67	3.57

(3) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2020	69,114,154.03
Provision	9,079,090.99
Recovery or reversal	--
Written-off	--
As at 31 December 2021	78,193,245.02

(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 807,834,330.52, accounts for 45.99% of the total amount of accounts receivable at the end of the period, and the total amount of the corresponding bad debt provision at the end of the period is RMB 28,327,363.38.

Company Name	Closing balance	Percentage of total accounts receivable %	Closing balance of bad debt provision
Shougang Casey Steel Co., Ltd.	259,971,350.16	14.80	9,116,105.40
Chongqing Yongchuan Great Wall Automotive Parts Company Limited	209,035,450.77	11.90	7,329,996.95
China First Automobile Co., Ltd.	142,976,470.66	8.14	5,013,585.44
Shanghai Zhenhua Heavy Industries Co., Ltd.	117,233,721.35	6.67	4,110,895.14
Dongguan Southern Cimec Logistics Equipment Manufacture Co., Ltd.	78,617,337.58	4.48	2,756,780.45
Total	807,834,330.52	45.99	28,327,363.38

4. Financing receivable

Items	2021.12.31	2020.12.31
Notes receivable	4,015,188,495.05	4,532,592,689.43
Less : Other comprehensive income - fair value changes	--	--
Closing balance of fair value	4,015,188,495.05	4,532,592,689.43

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

(1) Classified by bad debt provision method

Category	2021.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	--	--	--	--	--
Bad debt provision assessed in portfolios	4,015,991,400.14	100.00	802,905.09	0.02	4,015,188,495.05
Portfolio 1	4,015,991,400.14	100.00	802,905.09	0.02	4,015,188,495.05
Portfolio 2	--	--	--	--	--
Total	4,015,991,400.14	100.00	802,905.09	0.02	4,015,188,495.05

Continued:

Category	2020.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	--	--	--	--	--
Bad debt provision assessed in portfolios	4,533,499,199.26	100.00	906,509.83	0.02	4,532,592,689.43
Portfolio 1	4,533,499,199.26	100.00	906,509.83	0.02	4,532,592,689.43
Portfolio 2	--	--	--	--	--
Total	4,533,499,199.26	100.00	906,509.83	0.02	4,532,592,689.43

(2) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2020	906,509.83
Provision	--
Recovery or reversal	103,604.74
Written-off	--
As at 31 December 2021	802,905.09

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

Items	Pledged amount at the end of the year
Bank acceptance notes	911,313,046.69
Commercial acceptance notes	--
Total	911,313,046.69

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

Items	Amount derecognized at year end	Amount not-derecognized at year end
Bank acceptance notes	29,470,084,885.55	--
Commercial acceptance notes	--	--
Total	29,470,084,885.55	--

5. Prepayments

(1) Disclosed by ageing of prepayments

Ageing	2021.12.31		2020.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,187,511,241.63	99.58	334,913,340.57	95.05
1 – 2 years	2,390,257.98	0.20	14,309,245.03	4.06
2 – 3 years	1,787,907.90	0.15	90,350.00	0.03
Over 3 years	880,589.39	0.07	3,042,606.90	0.86
Total	1,192,569,996.90	100.00	352,355,542.50	100.00

(2) As of 31 December 2021, there is no important prepayment with an account age 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 797,806,692.63, accounts for 66.89% of the total amount of prepayments at the end of the period.

Company name	Closing balance	Percentage of total prepayments %
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	262,876,222.88	22.04
Shanxi Coking Co., Ltd.	237,955,206.32	19.95
Coal and Coke Sales Co., Ltd. of Shanxi Coking Coal Group Co., Ltd.	174,959,347.15	14.67
Tianjin Jintie Xincheng Freight Forwarding Co., Ltd.	73,040,095.45	6.12
Tangshan Zhongrun Coal Chemical Co., Ltd.	48,975,820.83	4.11
Total	797,806,692.63	66.89

6. Other receivables

Items	2021.12.31	2020.12.31
Dividends receivable	--	4,892,288.48
Other receivables	16,992,715.92	17,002,958.09
Total	16,992,715.92	21,895,246.57

(1) Dividends receivable

Items	2021.12.31	2020.12.31
Hebei Jingji Industry & Trading Co., Ltd.	--	4,892,288.48
Less:bad debt provision	--	--
Total	--	4,892,288.48

(2) Other receivables

①Disclosed by ageing of other receivables

Ageing	2021.12.31	2020.12.31
Within 1 year	9,257,052.78	12,915,931.37
1 – 2 years	7,918,680.72	1,922,905.13
2 – 3 years	649,678.57	2,883,929.31
3 – 4 years	587,104.55	722,708.47
4 – 5 years	503,460.47	2,705,793.91
Over 5 years	5,859,075.32	3,916,737.20
Subtotal	24,775,052.41	25,068,005.39
Less: provision for bad debts	7,782,336.49	8,065,047.30
Total	16,992,715.92	17,002,958.09

② Disclosed by nature of other receivables

Items	2021.12.31			2020.12.31		
	Closing balance	Provision for bad debts	Carrying value	Closing balance	Provision for bad debts	Carrying value
Petty cash	2,928,009.49	423,868.66	2,504,140.83	4,090,770.93	1,118,251.50	2,972,519.43
Deposits	12,643,770.00	812,188.50	11,831,581.50	12,043,324.63	760,547.45	11,282,777.18
Due from other companies	6,381,935.32	3,724,941.73	2,656,993.59	6,112,572.23	3,364,910.75	2,747,661.48
Court debit	2,821,337.60	2,821,337.60	--	2,821,337.60	2,821,337.60	--
Total	24,775,052.41	7,782,336.49	16,992,715.92	25,068,005.39	8,065,047.30	17,002,958.09

③ Provision for bad debts

As at 31 December 2021, Phase I bad debts provision:

Category	Book balance	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Bad debt provision assessed individually	--	--	--	--	
Bad debt provision assessed in portfolios	9,237,576.78	5.00	461,878.85	8,775,697.93	
Petty cash and deposits	7,797,303.58	5.00	389,865.18	7,407,438.40	
Due from other companies	1,440,273.20	5.00	72,013.67	1,368,259.53	
Total	9,237,576.78	5.00	461,878.85	8,775,697.93	

As at 31 December 2021, Phase II bad debts provision:

Category	Book balance	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Bad debt provision assessed individually	--	--	--	--	
Bad debt provision assessed in portfolios	9,142,636.31	10.12	925,618.32	8,217,017.99	
Petty cash and deposits	7,603,755.91	8.88	675,471.97	6,928,283.94	
Due from other companies	1,538,880.40	16.26	250,146.35	1,288,734.05	
Total	9,142,636.31	10.12	925,618.32	8,217,017.99	

As at 31 December 2021, Phase III bad debts provision:

Category	Book balance	Expected credit loss s over the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Bad debt provision assessed individually					
Yinchuan Intermediate People's Court	516,288.00	100.00	516,288.00	--	
People's Court of Muye District, Xinxiang City, Henan Province	2,305,049.60	100.00	2,305,049.60	--	
Petty cash over 5 years	170,720.00	100.00	170,720.00	--	
Due from other companies over 5 years	3,402,781.72	100.00	3,402,781.72	--	
Total	6,394,839.32	100.00	6,394,839.32	--	

As at 31 December 2020, Phase I bad debts provision:

Category	Book balance	Expected credit loss s within 12 months (%)	Provision for bad debts	Carrying value	Reason for bad debts
Bad debt provision assessed individually	--	--	--	--	
Bad debt provision assessed in portfolios	12,399,643.37	5.00	619,982.18	11,779,661.19	
Petty cash and deposits	11,001,515.86	5.00	550,075.80	10,451,440.06	
Due from other companies	1,398,127.51	5.00	69,906.38	1,328,221.13	
Total	12,399,643.37	5.00	619,982.18	11,779,661.19	

As at 31 December 2020, Phase II bad debts provision:

Category	Book balance	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Bad debt provision assessed individually	--	--	--	--	
Bad debt provision assessed in portfolios	5,930,287.22	11.92	706,990.32	5,223,296.90	
Petty cash and deposits	4,261,523.91	10.74	457,667.37	3,803,856.54	
Due from other companies	1,668,763.31	14.94	249,322.95	1,419,440.36	
Total	5,930,287.22	11.92	706,990.32	5,223,296.90	

As at 31 December 2020, Phase III bad debts provision:

Category	Book balance	Expected credit loss over the lifetime (%)	Provision for bad debts	Carrying value	Reason for bad debts
Bad debt provision assessed individually	--	--	--	--	
Yinchuan Intermediate People's Court	516,288.00	100.00	516,288.00	--	
People's Court of Muye District, Xinxiang City, Henan Province	2,305,049.60	100.00	2,305,049.60	--	
Petty cash over 5 years	871,055.79	100.00	871,055.79	--	
Due from other companies over 5 years	3,045,681.41	100.00	3,045,681.41	--	
Total	6,738,074.80	100.00	6,738,074.80	--	

④ Provision, 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 31 December 2020	619,982.18	706,990.32	6,738,074.80	8,065,047.30
Changes during the year				
--Shift to Phase II	--	--	--	--
--Shift to Phase III	--	--	--	--
--Back to Phase II	--	--	--	--
--Back to Phase I	--	--	--	--
Provision	--	218,628.00	--	218,628.00
Reversal	158,103.33	--	343,235.48	501,338.81
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 31 December 2021	461,878.85	925,618.32	6,394,839.32	7,782,336.49

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

⑥The top five other receivables classified by debtors are as follows:

Company Name	Nature	Closing balance	Ageing	Percentage of total other receivable (%)	Closing balance of bad debt provision
Bmw Brilliance Automotive Ltd.	Security fund	6,000,000.00	1-2 year	24.22	480,000.00
Petty cash	Petty cash	2,928,009.49	1-5 years	11.82	423,868.66
Henan Taihang Vibrating Machinery Co., Ltd.	Court debit	2,305,049.60	over 5 years	9.30	2,305,049.60
Due from other companies over 5 years	Due from trading	2,000,000.00	over 5 years	8.07	2,000,000.00
China Railway Major Bridge Engineering Group Co., Ltd.	Security fund	1,400,000.00	Within 1 years	5.65	70,000.00
Total		14,633,059.09		59.06	5,278,918.26

7. Inventories

(1) Classification of inventories

Items	2021.12.31			2020.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Raw materials	3,337,802,209.73	44,544,258.60	3,293,257,951.13	3,086,100,265.11	61,148,560.44	3,024,951,704.67
Finished goods	4,372,913,179.13	102,584,159.77	4,270,329,019.36	3,697,587,429.50	47,273,967.29	3,650,313,462.21
Consumables	528,353,704.73	--	528,353,704.73	792,185,183.43	--	792,185,183.43
Self-made semi-finished goods	3,808,677,560.29	--	3,808,677,560.29	3,132,280,701.97	--	3,132,280,701.97
Total	12,047,746,653.88	147,128,418.37	11,900,618,235.51	10,708,153,580.01	108,422,527.73	10,599,731,052.28

(2) Provision for impairment

Items	2021.01.01	Increase		Decrease		2021.12.31
		Provision	Others	Reversal or Write-off	Others	
Raw materials	61,148,560.44	--	--	16,604,301.84	--	44,544,258.60
Finished goods	47,273,967.29	167,567,546.04	--	112,257,353.56	--	102,584,159.77
Total	108,422,527.73	167,567,546.04	--	128,861,655.40	--	147,128,418.37

8. Other current assets

Items	2021.12.31	2020.12.31
Input value added tax	267,822,797.14	128,761,143.08
Input value added tax to be certified	429,476,806.82	329,157,513.74
Prepaid income tax	20,063,782.91	15,705,110.79
Entrusted Loans	147,227,500.00	245,455,297.98
Carbon emission rights assets	74,842.65	--
Total	864,665,729.52	719,079,065.59

9. Long-term equity investments

Company Name	2020.12.31	Movements during the year								2021.12.31	Impairment at the end of the year
		Additional investment	Reduce investment	Investment gains and losses confirmed under the equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend or profit declared	Provision for impairment	Others		
①Joint ventures											
Tangshan Guoxing Industrial Co., Ltd.	32,911,004.94	--	--	5,376,570.92	--	--	2,000,000.00	--	--	36,287,575.86	--
Tangshan Zhonghong Carbon Chemical Co., Ltd.	108,750,931.30	--	--	-87,214,701.86	--	--	--	--	--	21,536,229.44	--
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,087,536,364.97	--	--	28,387,430.23	--	-2,755,692.16	--	--	--	1,113,168,103.04	--
Subtotal	1,229,198,301.21	--	--	-53,450,700.71	--	-2,755,692.16	2,000,000.00	--	--	1,170,991,908.34	--
②Associates											
Tangshan Tangcao Railway Co., Ltd.	450,000,000.00	--	--	-67,696,004.52	--	106,991.64	--	--	--	382,410,987.12	--
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	83,495,502.41	--	--	8,046,389.32	--	--	12,500,000.00	--	--	79,041,891.73	--
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	952,347,397.55	--	--	145,737,955.36	--	--	--	--	--	1,098,085,352.91	--
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	431,802,688.92	--	200,000,000.00	54,630,078.50	--	--	173,716,946.85	--	--	112,715,820.57	--
Beijing Dingshengcheng Packaging Materials Co., Ltd.	11,380,505.05	--	--	2,606,585.31	--	--	--	--	--	13,987,090.36	--

Beijing Shougang Co. Ltd

Notes to the Financial Statements

FY21 (Unit: RMB, unless otherwise specified)

Ningbo Shougang Zhejin Steel Co., Ltd.	20,636,741.37	--	--	525,032.30	--	--	484,615.99	--	--	20,677,157.68	--
Guangzhou Jinghai Shipping Co., Ltd.	30,554,980.75	--	--	634,241.83	--	-98.58	600,000.00	--	--	30,589,124.00	--
Shougang (Qingdao) Steel Industry Co., Ltd.	46,275,722.81	8,750,000.00	--	1,577,638.95	--	--	--	--	--	56,603,361.76	--
Guangdong Shougang Zhongshan Metal Steel Processing&Distribut ion Co., Ltd.	17,098,875.96	--	12,000,000.00	656,416.90	--	--	5,755,292.86	--	--	--	--
Ordos Baotou Steel Shourui Material Technology Co., Ltd.	39,011,380.97	--	--	17,618.77	--	--	--	--	--	39,028,999.74	--
Tianjin Shougang Steel Processing&Distribut ion Co., Ltd.	23,029,268.50	--	--	-2,682,116.64	--	--	--	--	--	20,347,151.86	--
Hebei Jingji Industry & Trading Co., Ltd.	6,376,799.26	--	--	2,332,645.82	--	--	1,258,306.84	--	--	7,451,138.24	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	--	33,791,925.24	--	206,988.73	--	--	--	--	--	33,998,913.97	--
Subtotal	2,112,009,863.55	42,541,925.24	212,000,000.00	146,593,470.63	--	106,893.06	194,315,162.54	--	--	1,894,936,989.94	--
Total	3,341,208,164.76	42,541,925.24	212,000,000.00	93,142,769.92	--	-2,648,799.10	196,315,162.54	--	--	3,065,928,898.28	--

10. Other equity instrument investments

Items	2021.12.31	2020.12.31
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	226,566,944.00	245,378,470.24
Minmetals Special Steel (Dongguan) Co., Ltd.	3,608,571.79	3,442,862.75
Qian'an Shoujia Construction Material Co., Ltd.	13,765,068.94	10,923,584.79
Qian'an PetroChina Kunlun Gas Co., Ltd	14,937,088.81	10,550,949.94
Minmetals Tianwei Steel Co., Ltd.	6,023,090.43	5,950,818.84
Total	264,900,763.97	276,246,686.56

Items	Dividend recognized during the year	Accumulated gain	Accumulated loss	Other comprehensive income transferred to retained earnings	Reasons
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	1,349,952.00	216,865,744.00	--	--	
Minmetals Special Steel (Dongguan) Co., Ltd.	--	--	1,391,428.21	--	
Qian'an Shoujia Construction Material Co., Ltd.	--	--	9,101,306.06	--	
Qian'an PetroChina Kunlun Gas Co., Ltd	1,218,825.38	13,137,088.81	1,196,909.57	--	
Minmetals Tianwei Steel Co., Ltd.	150,000.00	--	--	--	
Total	2,718,777.38	230,002,832.81	11,689,643.84	--	

11. Other non-current financial assets

Items	2021.12.31	2020.12.31
Financial assets measured at fair value through profit and loss	80,000,000.00	--

Continued:

Items	2021.12.31	2020.12.31
Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership)	80,000,000.00	--

Note: The fair value and investment of Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership) are detailed in Notes VII, 3 and Notes IX.

12. Fixed assets

Items	2021.12.31	2020.12.31
Fixed assets	95,632,825,411.62	96,220,769,301.39
Fixed assets to be disposed	--	--
Total	95,632,825,411.62	96,220,769,301.39

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Fixed assets

①Details of fixed assets

Items	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Industrial furnace	Metallurgical equipment	Other tools	Total
I. Cost :								
1. At 31 December 2020	35,291,731,605.92	38,576,931,300.72	2,279,000,791.65	8,492,855,841.26	600,671,077.96	65,404,520,847.03	1,103,207,965.29	151,748,919,429.83
2.Increase	1,664,827,205.55	2,889,108,127.62	130,606,904.28	987,994,414.07	639,571,906.22	516,130,834.76	-48,645,654.12	6,779,593,738.38
(1) Purchase	3,388,588.55	98,367,040.85	17,731,314.89	91,586,687.52	92,120.00	54,615,638.95	8,710,836.50	274,492,227.26
(2) Transferred from construction in progress	1,661,438,617.00	2,790,741,086.77	112,875,589.39	896,407,726.55	639,479,786.22	461,515,195.81	-57,356,490.62	6,505,101,511.12
3.Decrease	63,861,337.42	27,770,421.27	46,732,042.28	26,358,873.48	--	61,749,450.30	3,861,200.10	230,333,324.85
Disposal or retirement	63,861,337.42	27,770,421.27	46,732,042.28	26,358,873.48	--	61,749,450.30	3,861,200.10	230,333,324.85
4. At 31 December 2021	36,892,697,474.05	41,438,269,007.07	2,362,875,653.65	9,454,491,381.85	1,240,242,984.18	65,858,902,231.49	1,050,701,111.07	158,298,179,843.36
II. Accumulated depreciation:								
1. At 31 December 2020	8,531,130,927.72	12,715,228,911.58	1,427,849,690.13	4,450,314,324.34	331,675,314.84	27,778,520,951.93	293,430,007.90	55,528,150,128.44
2.Increase	1,354,047,663.36	1,996,355,251.83	129,257,883.50	893,891,223.20	242,974,717.32	2,600,164,437.64	70,868,074.34	7,287,559,251.19
Depreciation	1,354,047,663.36	1,996,355,251.83	129,257,883.50	893,891,223.20	242,974,717.32	2,600,164,437.64	70,868,074.34	7,287,559,251.19
3.Decrease	19,060,021.41	19,660,860.68	42,799,687.21	23,793,641.40	--	42,257,856.77	2,782,880.42	150,354,947.89
Disposal or retirement	19,060,021.41	19,660,860.68	42,799,687.21	23,793,641.40	--	42,257,856.77	2,782,880.42	150,354,947.89
4.At 31 December 2021	9,866,118,569.67	14,691,923,302.73	1,514,307,886.42	5,320,411,906.14	574,650,032.16	30,336,427,532.80	361,515,201.82	62,665,354,431.74
III. Impairment								

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Items	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Industrial furnace	Metallurgical equipment	Other tools	Total
1.At 31 December 2020	--	--	--	--	--	--	--	--
2.Increase	--	--	--	--	--	--	--	--
3.Decrease	--	--	--	--	--	--	--	--
4.At 31 December 2021	--	--	--	--	--	--	--	--
IV. Carrying value								
1.31 December 2021	27,026,578,904.38	26,746,345,704.34	848,567,767.23	4,134,079,475.71	665,592,952.02	35,522,474,698.69	689,185,909.25	95,632,825,411.62
2.31 December 2020	26,760,600,678.20	25,861,702,389.14	851,151,101.52	4,042,541,516.92	268,995,763.12	37,625,999,895.10	809,777,957.39	96,220,769,301.39

Notes: As of 31 December 2021, there is no mortgaged or guaranteed fixed assets.

②As of 31 December 2021, there is no temporarily idle fixed asset.

③As of 31 December 2021, fixed assets leased through operating leases are as follows:

Items	Carrying value
Plant and buildings	104,985,239.21

④Fixed assets pending certificates of ownership

Items	Carrying value	Reasons for pending certificates
Building of Beijing Shougang Cold Rolling Co., Ltd.	34,888,371.00	Property certificate is in the process
Building of Shougang Jingtang United Iron & Steel Co., Ltd.	10,929,553,956.19	To be handled after completing the relevant procedures of the occupied phase I project land
Building of Beijing Shougang Steel Trading Investment Management Co., Ltd.	139,752,085.12	Property certificate is in the process

13. Construction in progress

Items	2021.12.31	2020.12.31
Construction in progress	6,517,089,845.13	7,895,623,444.81
Construction materials	619,893,915.94	401,558,503.81
Total	7,136,983,761.07	8,297,181,948.62

(1) Construction in progress

①Details of construction in progress

Items	2021.12.31			2020.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Jingtang Co. Phase-I and technical transformation project	2,042,734,311.07	--	2,042,734,311.07	2,408,662,882.37	--	2,408,662,882.37
Jingtang Co. Phase-II project	21,094,822.03		21,094,822.03	1,366,399,728.62	--	1,366,399,728.62
Other projects	4,453,260,712.03	--	4,453,260,712.03	4,120,560,833.82	--	4,120,560,833.82
Total	6,517,089,845.13	--	6,517,089,845.13	7,895,623,444.81	--	7,895,623,444.81

②The movements of major construction projects in progress:

Project name	2020.12.31	Additions	Transferred to fixed assets	Other deduction	Accumulated interest capitalization	Capitalized Interest during reporting year	% of interest capitalization	2021.12.31
New energy vehicle electrician steel project	626,005,676.23	371,379,405.96	--	--	7,647,750.00	7,647,750.00	4.05	997,385,082.19
Jingtang Co. Phase-II project	1,366,399,728.62	255,039,979.40	1,600,344,885.99	--	--	--	--	21,094,822.03
Total	1,992,405,404.85	626,419,385.36	1,600,344,885.99	--	7,647,750.00	7,647,750.00	--	1,018,479,904.22

The movements of major construction projects in progress (continued): (Unit: RMB hundred million)

Project name	Budget	The propotion of projects invest ment account for budget %	Progress (%)	Source of fund
New energy vehicle electrician steel project	19.79	86.97	The devices of the project are being installed	Selfraised
Jingtang Co. Phase-II project	238.77	98.00	The project has been transferred to fixed assets	Selfraised

③As of 31 December 2021, there is no provision for impairment of construction in progress.

(2) Construction materials

Items	2021.12.31	2020.12.31
Specific materials	17,081,983.66	45,008,729.80
Specific equipments	602,811,932.28	356,549,774.01
Subtotal	619,893,915.94	401,558,503.81
Provision for impairment of construction materials	--	--
Total	619,893,915.94	401,558,503.81

14. Right-of-use assets

Items	Plant and buildings	Land use rights	Motor vehicles	Total
I. Cost:				
At 31 December 2020	--	--	--	--
Add: accounting policy alternative	62,180,405.95	311,888.26	--	62,492,294.21
1. At 1 January 2021	62,180,405.95	311,888.26	--	62,492,294.21
2. Increase during the period	53,921,180.55	--	474,802.94	54,395,983.49
Lease	53,921,180.55	--	474,802.94	54,395,983.49
3. Decrease during the period	--	--	--	--
4. At 31 December 2021	116,101,586.50	311,888.26	474,802.94	116,888,277.70
II. Accumulated depreciation				
At 31 December 2020	--	--	--	--
Add: accounting policy alternative	--	--	--	--
1. At 1 January 2021	--	--	--	--
2. Increase during the period	16,440,339.87	55,860.60	112,079.59	16,608,280.06
Provision	16,440,339.87	55,860.60	112,079.59	16,608,280.06
3. Decrease during the period	--	--	--	--
4. At 31 December 2021	16,440,339.87	55,860.60	112,079.59	16,608,280.06
III. Impairment				
1. At 1 January 2021	--	--	--	--
2. Increase during the period	--	--	--	--
3. Decrease during the period	--	--	--	--
4. At 31 December 2021	--	--	--	--
IV. Carrying value				
1. 31 December 2021	99,661,246.63	256,027.66	362,723.35	100,279,997.64
2. 1 January 2021	62,180,405.95	311,888.26	--	62,492,294.21

Note: As of 31 December 2021, lease fees related to short-term leases and leases of low value assets as detailed in Note XIV, 2.

15. Intangible assets

Details of intangible assets

Items	Software	Land use rights	Total
I. Cost			
1. At 31 December 2020	376,144,847.17	4,556,828,461.46	4,932,973,308.63
2. Increase	59,459,544.63	--	59,459,544.63
Purchase	59,459,544.63	--	59,459,544.63
3. Decrease	125,270.06	29,302,793.50	29,428,063.56
Disposal	125,270.06	29,302,793.50	29,428,063.56

Items	Software	Land use rights	Total
4.At 31 December 2021	435,479,121.74	4,527,525,667.96	4,963,004,789.70
II. Accumulated amortization			
1.At 31 December 2020	79,627,203.85	798,066,237.29	877,693,441.14
2.Increase	42,748,017.94	95,324,159.29	138,072,177.23
Provision	42,748,017.94	95,324,159.29	138,072,177.23
3.Decrease	125,270.06	8,320,569.02	8,445,839.08
Disposal	125,270.06	8,320,569.02	8,445,839.08
4.At 31 December 2021	122,249,951.73	885,069,827.56	1,007,319,779.29
III. Impairment			
1.At 31 December 2020	--	--	--
2.Increase	--	--	--
3.Decrease	--	--	--
4.At 31 December 2021	--	--	--
IV. Carrying value			
1.31 December 2021	313,229,170.01	3,642,455,840.40	3,955,685,010.41
2.31 December 2020	296,517,643.32	3,758,762,224.17	4,055,279,867.49

16. Long-term prepaid expenses

Items	2020.12.31	Increase	Decrease		2021.12.31
			Amortization	Others	
Renovation costs	1,122,060.45	449,433.95	345,030.83	--	1,226,463.57

17. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities before offsetting

Items	2021.12.31		2020.12.31	
	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
Deferred tax assets :				
Asset impairment provision	337,661,843.04	54,026,814.61	180,255,923.00	29,932,810.24
The actual payment amount of payroll payable less than the accrued amount	11,854,543.71	1,778,181.56	11,860,973.73	1,779,146.06
Deffered income	222,651,867.20	33,808,482.45	231,572,159.49	35,170,511.45
Asset amortization difference	6,443,561.93	966,534.25	8,225,748.90	1,233,862.32
Unrealized internal transaction	323,189,435.59	48,478,415.34	244,850,723.70	36,727,608.55

Joint commissioning cost	330,082,990.71	49,512,448.61	287,056,216.51	43,058,432.48
Differences in amortization of right-of-use assets	2,078,979.09	437,933.60	--	--
Equity incentive	4,643,140.32	712,612.87	--	--
Subtotal	1,238,606,361.59	189,721,423.29	963,821,745.33	147,902,371.10
Deferred tax liabilities :				
Joint commissioning cost	1,174,742,095.80	176,211,314.37	1,264,022,611.00	189,603,391.65
Changes in fair value of other equity instrument investments included in other comprehensive income	218,313,188.97	32,746,978.38	229,659,111.56	34,448,866.74
Return on investment realized by the partnership	--	--	227,976,094.59	34,196,414.19
Subtotal	1,393,055,284.77	208,958,292.75	1,721,657,817.15	258,248,672.58

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

Items	2021.12.31	2020.12.31
Deductible temporary differences	111,280,769.32	82,690,128.78
Deductible tax losses	136,319,094.41	655,600,345.27
Total	247,599,863.73	738,290,474.05

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

Year	2021.12.31	2020.12.31	Note
2021	—	522,048,520.82	
2022	32,710,500.17	34,487,825.76	
2023	33,894,110.96	35,278,200.93	
2024	34,359,166.04	34,995,102.07	
2025	20,479,539.98	28,790,695.69	
2026	14,875,777.26	—	
Total	136,319,094.41	655,600,345.27	

18. Other non-current assets

Items	2021.12.31	2020.12.31
Phase II coking project	--	1,965,717,410.38

19. Short-term loans

Classification of short-term loans

Items	2021.12.31	2020.12.31
Pledged loans	19,753,215.18	59,260,000.00
Guaranteed loans	8,787,335,054.82	7,736,984,828.91
Credit loans	16,471,285,046.25	15,916,146,611.34
Total	25,278,373,316.25	23,712,391,440.25

Note: The loan of RMB 19,753,215.18 is pledged by a discounted but unmatured and non-terminatingly recognized note with a carrying value of RMB 19,753,215.18.

20. Notes payable

Items	2021.12.31	2020.12.31
Commercial acceptance notes	6,915,076,896.08	6,648,310,000.00
Bank acceptances	573,853,897.69	156,500,000.00
Total	7,488,930,793.77	6,804,810,000.00

21. Accounts payable

Items	2021.12.31	2020.12.31
Payables for goods	22,841,312,053.50	21,105,550,686.36
Payables for construction	3,424,278,719.60	5,433,803,694.32
Total	26,265,590,773.10	26,539,354,380.68

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

Company name	Closing balance	Reason for non-settlement
Beijing Shougang Mining Investment Co., Ltd	175,708,332.43	In the execution
Tangshan Shoukuang Cleaning Iron Co., Ltd.	137,489,080.84	In the execution
Beijing Shougang Special Steel Co., Ltd.	101,949,940.33	In the execution
Beijing Teyu Plate Co., Ltd.	85,095,430.63	In the execution
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	57,690,426.64	In the execution
Total	557,933,210.87	

22. Contract liabilities

Items	2021.12.31	2020.12.31
Advance from product sales	5,230,456,327.37	4,659,444,741.25
Less: contractual liabilities included in other non-current liabilities	--	--
Total	5,230,456,327.37	4,659,444,741.25

23. Payroll and employee benefits

Items	2020.12.31	Increase	Decrease	2021.12.31
Short-term employee benefits	453,649,083.86	4,248,456,762.30	4,222,414,870.02	479,690,976.14
Post-employment benefits (defined contribution plans)	12,670,298.16	418,193,499.23	409,407,632.19	21,456,165.20
Termination benefits	--	34,298,223.48	34,298,223.48	--
Other retirement benefits due within one year	--	--	--	--
Total	466,319,382.02	4,700,948,485.01	4,666,120,725.69	501,147,141.34

(1) Short-term employee benefits

Items	2020.12.31	Increase during the year	Decrease during the year	2021.12.31
Salaries, bonuses and subsidies	120,236,346.19	3,288,180,387.33	3,311,295,268.59	97,121,464.93
Welfare	--	254,962,365.35	254,962,365.35	--
Social insurance	123,230,711.43	290,276,896.28	267,037,535.88	146,470,071.83
Including:				
1. Medical insurance	123,118,996.23	258,526,134.78	235,522,712.92	146,122,418.09
2. Work-related injury insurance	81,461.20	31,574,108.15	31,309,474.71	346,094.64
3. Maternity insurance	30,254.00	176,653.35	205,348.25	1,559.10
Housing fund	45,687.00	293,079,907.38	293,075,027.38	50,567.00
Labor union fee and employee education fee	210,111,184.77	113,524,726.15	87,587,038.54	236,048,872.38
Equity incentive	--	7,165,158.72	7,165,158.72	--
Short-term profit-sharing plan	--	--	--	--
Non-monetary benefits	--	--	--	--
Other short-term employee benefits	25,154.47	1,267,321.09	1,292,475.56	--
Total	453,649,083.86	4,248,456,762.30	4,222,414,870.02	479,690,976.14

(2) Defined contribution plans

Items	2020.12.31	Increase	Decrease	2021.12.31
Post-employment benefits				
Including:				
1. Pension insurance	754,477.10	402,053,111.10	393,481,918.10	9,325,670.10
2. Unemployment insurance	11,915,821.06	16,140,388.13	15,925,714.09	12,130,495.10
Total	12,670,298.16	418,193,499.23	409,407,632.19	21,456,165.20

(3) Termination benefits

Item	2020.12.31	Increase	Decrease	2021.12.31
Compensation for employee resettlement	--	34,298,223.48	34,298,223.48	--

24. Taxes payable

Items	2021.12.31	2020.12.31
Value-added tax	62,122,718.96	328,419,753.24
City construction and maintenance tax	8,001,876.62	8,219,107.89
Corporate income tax	317,223,625.65	204,377,308.95
Land use tax	440,536.03	440,536.03
Real estate tax	869,141.45	662,892.50
Education surcharge	6,022,083.47	6,378,667.56
Resource tax	7,531,618.50	8,728,760.60
Stamp duty	8,864,862.42	4,264,130.68
Individual income tax	3,797,661.67	2,817,099.40
Environment protection tax	10,336,189.53	8,226,691.30
Other taxes	--	105,907.85
Total	425,210,314.30	572,640,856.00

25. Other payables

Items	2021.12.31	2020.12.31
Other payables	1,015,941,625.80	2,104,822,314.59

Other payables

Items	2021.12.31	2020.12.31
Deposits	6,242,141.60	6,832,124.47

Guarantee	35,537,715.10	342,057,412.19
Due from other companies	706,076,631.73	568,204,855.05
Due from companies of Shougang Group	57,154,287.37	1,187,727,922.88
Repurchase obligation of restricted stock	210,930,850.00	--
Total	1,015,941,625.80	2,104,822,314.59

26. Current portion of non-current liabilities

Items	2021.12.31	2020.12.31
Long-term borrowings due within 1 year	10,404,580,520.24	7,216,108,822.29
Bonds payable due within 1 year	28,468,055.61	4,055,334,722.33
Long-term payables due within 1 year	3,407,794.44	1,679,840.43
Lease liabilities due within 1 year	14,837,257.91	--
Total	10,451,293,628.20	11,273,123,385.05

(1) Long-term borrowings due within 1 year

Items	2021.12.31	2020.12.31
Guaranteed loans	413,924,166.67	2,216,958,333.34
Credit loans	9,990,656,353.57	4,999,150,488.95
Total	10,404,580,520.24	7,216,108,822.29

(2) Bonds payable due within 1 year

Bond name	2021.12.31	2020.12.31
20 Shouqian 01 (accrued interest)	28,468,055.61	28,468,055.57
Zhongshixiezhushu No.[2015] MTN688	--	2,013,366,666.76
Zhongshixiezhushu No.[2015] MTN692	--	2,013,500,000.00
Total	28,468,055.61	4,055,334,722.33

(3) Long-term payables due within 1 year

Items	2021.12.31	2020.12.31
Finance lease payables	3,407,794.44	1,679,840.43

27. Other current liabilities

Items	2021.12.31	2020.12.31
Short-term bonds payable	1,007,299,452.05	501,195,000.00
Tax to be exported	901,212,275.43	605,727,816.36
Total	1,908,511,727.48	1,106,922,816.36

Short-term bonds payable:

Bond name	Nominal value	Issue date	Maturity of bond	Issue amount
SCP1	500,000,000.00	2020/11/27	110 days	500,000,000.00
SCP2	500,000,000.00	2021/4/2	180 days	500,000,000.00
SCP3	1,000,000,000.00	2021/9/16	239 days	1,000,000,000.00
Subtotal	2,000,000,000.00			2,000,000,000.00

Short-term Bonds Payable (Continued)

Bond name	2020.12.31	Issued during current period	Interest accrued per nominal value	Amortization of premium and discount	Repaid in the current period	2021.12.31
SCP1	501,195,000.00	--	2,406,369.86	--	503,601,369.86	--
SCP2	--	500,000,000.00	7,101,369.85	--	507,101,369.85	--
SCP3	--	1,000,000,000.00	7,299,452.05	--	--	1,007,299,452.05
Total	501,195,000.00	1,500,000,000.00	16,807,191.76	--	1,010,702,739.71	1,007,299,452.05

28. Long-term borrowings

Items	2021.12.31	Range of interest rate	2020.12.31	Range of interest rate
Guaranteed loans	9,813,924,166.67	4.75%-4.90%	12,016,958,333.34	4.75%-4.90%
Credit loans	12,283,366,353.57	3.5%-4.90%	15,838,450,488.95	3.5%-4.90%
Subtotal	22,097,290,520.24		27,855,408,822.29	
Less: Long-term borrowings due within one year	10,404,580,520.24	3.5%-4.90%	7,216,108,822.29	3.5%-4.90%
Total	11,692,710,000.00		20,639,300,000.00	

29. Bonds payable

Items	2021.12.31	2020.12.31
Common bond	2,500,000,000.00	2,500,000,000.00

Movements in bonds payable

Bond name	Par value	Issue date	Term to maturity	Amount on offer
Zhongshixiezhushu No.[2015] MTN688	2,000,000,000.00	2016/11/3	5 years	2,000,000,000.00

Zhongshixiezhushu No.[2015] MTN692	2,000,000,000.00	2016/11/3	5 years	2,000,000,000.00
20 Shouqian 01	2,500,000,000.00	2020/9/15	5 years	2,500,000,000.00
Subtotal	6,500,000,000.00			6,500,000,000.00

Bonds payable (Continued)

Bond name	2020.12.31	Current year issuance	Accrued interest by par value	Amortisation of premium or discount	Current year repayment	2021.12.31
Zhongshixiezhushu No.[2015] MTN688	2,013,433,333.42	--	66,766,666.58	--	2,080,200,000.00	--
Zhongshixiezhushu No.[2015] MTN692	2,013,433,333.34	--	67,566,666.66	--	2,081,000,000.00	--
20 Shouqian 01	2,528,468,055.57	--	99,500,000.04	--	99,500,000.00	2,528,468,055.61
Subtotal	6,555,334,722.33	--	233,833,333.28	--	4,260,700,000.00	2,528,468,055.61
Less: Long-term loans due within 1 year	4,055,334,722.33					28,468,055.61
Total	2,500,000,000.00					2,500,000,000.00

30. Lease liabilities

Items	2021.12.31	2021.01.01
Lease liabilities	100,960,468.26	60,229,216.53
Less: lease liabilities due within 1 year	14,837,257.91	3,541,355.85
Total	86,123,210.35	56,687,860.68

Note: The interest expense of lease liabilities in 2021 is RMB 4,895,508.98, which is included in financial expenses – interests on lease liabilities.

31. Long-term payables

Items	2021.12.31	2020.12.31
Long-term payables	12,359,657.85	6,641,452.29
Special payables	2,300,000.00	2,300,000.00
Total	14,659,657.85	8,941,452.29

(1) Long-term payables

Items	2021.12.31	2020.12.31
Finance lease payables	15,767,452.29	8,321,292.72
Less: Long-term payables due within 1 year	3,407,794.44	1,679,840.43
Total	12,359,657.85	6,641,452.29

(2) Special payables

Items	2020.12.31	Increase	Decrease	2021.12.31	Reason
Research and development funds	2,300,000.00	--	--	2,300,000.00	

32. Deferred revenue

Items	2020.12.31	Increase During the year	Decrease During the year	2021.12.31	Reason
Government grant	398,098,805.65	29,972,100.00	24,060,120.26	404,010,785.39	

Notes: The government grants which recognized as deferred revenue refer to Note V. 58 government grants.

33. Other non-current liabilities

Items	2021.12.31	2020.12.31
Shougang Group advance payment for construction	4,563,283,607.60	4,491,623,817.41

34. Share capital

Changes in current (+/-)							
Items	2020.12.31	Shares issued	Bonus issue	Shares ransferred from reserves	Others	Subtotal	2021.12.31
Total shares	5,289,389,600.00	1,460,935,810.00	--	--	--	1,460,935,810.00	6,750,325,410.00

Note: ① in 2021, the Company issued 1,396,034,010.00 new shares, Grant Thornton LLP verified and issued capital verification reports of GTYZ (2021) No. 110C000199 and GTYZ (2021) No. 110C000291 ; ② in 2021, the Company issued 64,901,800.00 restricted shares to 386 directors, senior management, key technicians and management backbone. After this offering, the registered capital of the Company changes to RMB 6,750,325,410.00. Grant Thornton LLP verified and issued capital verification report of GTYZ (2021) No. 110C000858.

35. Capital reserve

Items	2020.12.31	Increase	Decrease	2021.12.31
Share premium	19,756,239,749.73	5,280,695,939.66	--	25,036,935,689.39
Other capital reserve	3,019,370.67	2,023,779.12	--	5,043,149.79
Total	19,759,259,120.40	5,282,719,718.78	--	25,041,978,839.18

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

36. Treasury shares

Beijing Shougang Co. Ltd
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Items	2020.12.31	Increase	Decrease	2021.12.31
Restricted stock incentive plan	--	210,930,850.00	--	210,930,850.00

37. Other comprehensive income

Items	2020.12.31	The amount of the year					2021.12.31
		Pre-tax income for the period	Less: previously recognized amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
1. Other comprehensive income that can not be reclassified to profit or loss	195,210,244.82	-11,345,922.59	--	-1,701,888.36	-9,644,034.23	--	185,566,210.59
Changes in fair value of other equity instrument investments	195,210,244.82	-11,345,922.59	--	-1,701,888.36	-9,644,034.23	--	185,566,210.59
2. Other comprehensive income that can be reclassified to profit or loss	--	--	--	--	--	--	--
Total	195,210,244.82	-11,345,922.59		-1,701,888.36	-9,644,034.23	--	185,566,210.59

The net amount of other comprehensive income after tax for the period is RMB-9,644,034.23. The net amount of other comprehensive income after tax for reporting period attributable to the shareholders of parent company is RMB-9,644,034.23; and net amount of other comprehensive income after tax attributable to non-controlling interest is RMB 0.00.

38. Special reserve

Items	2020.12.31	Increase	Decrease	2021.12.31
Safety fund	21,577,537.20	79,954,336.07	80,477,501.49	21,054,371.78
Maintenance costs	--	--	--	--
Total	21,577,537.20	79,954,336.07	80,477,501.49	21,054,371.78

39. Surplus reserve

Items	2020.12.31	Increase	Decrease	2021.12.31
Statutory reserve	1,828,677,846.37	80,205,362.30	--	1,908,883,208.67
Discretionary surplus reserve	--	--	--	--
Total	1,828,677,846.37	80,205,362.30	--	1,908,883,208.67

40. Retained earnings

Items	2021	2020	Appropriation/ Distribution ratio
Retained earnings at previous year before adjustment	1,865,280,919.23	-2,179,897,484.27	--
Adjustment of total retained earnings at previous year (Increase in "+", decrease in "-")	--	--	--
Retained earnings at previous year after adjustment	1,865,280,919.23	-2,179,897,484.27	
Add: Net profit attributable to parent company	7,014,335,009.45	1,786,452,832.06	--
Add: Carry-forward retained earnings of other comprehensive income for current period	--	2,357,894,362.15	
Less: Transfer to statutory surplus reserve	80,205,362.30	99,168,790.71	
Transfer to discretionary surplus reserve	--	--	
Transfer to general reserve	--	--	
Common stock dividends payable	668,542,361.00	--	
Dividends payable to other equity holders	--	--	
Dividends of common stock converted to share capital	--	--	
Retained earnings at current year	8,130,868,205.38	1,865,280,919.23	
Includes: Surplus reserve attributable to parent company extracted by subsidiaries	--	--	

41. Revenue and cost of sales

(1) Revenue and cost of sales

Items	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	129,424,398,384.25	114,806,306,669.92	76,204,354,719.07	70,025,177,064.76
Other business	4,610,087,751.88	3,771,910,634.13	3,746,827,229.03	3,047,531,257.38
Total	134,034,486,136.13	118,578,217,304.05	79,951,181,948.10	73,072,708,322.14

(2) Revenue and cost of sales presented by products

Items	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	577,251,931.16	529,612,988.15	265,307,282.20	239,732,815.06
Hot-rolled steel	55,678,740,307.61	49,137,279,925.26	32,142,438,742.64	29,683,727,128.66
Cold-rolled steel	69,900,266,273.35	62,263,262,571.46	41,755,926,337.32	38,319,410,072.18
Other steels	3,268,139,872.13	2,876,151,185.05	2,040,682,356.91	1,782,307,048.86
subtotal	129,424,398,384.25	114,806,306,669.92	76,204,354,719.07	70,025,177,064.76
Other business				
Power	1,473,362,918.84	1,412,244,075.25	1,710,794,684.40	1,595,246,088.70
Solid waste	2,024,630,753.33	1,704,155,696.47	1,184,134,242.92	1,103,220,630.68
Others	1,112,094,079.71	655,510,862.41	851,898,301.71	349,064,538.00
subtotal	4,610,087,751.88	3,771,910,634.13	3,746,827,229.03	3,047,531,257.38
Total	134,034,486,136.13	118,578,217,304.05	79,951,181,948.10	73,072,708,322.14

(3) Breakdown of revenue

Items	2021
Revenue from main business	129,424,398,384.25
Including: recognised at a certain point in time	129,424,398,384.25
recognised during a certain period of time	--
Revenue from other business	4,610,087,751.88
Total	134,034,486,136.13

As of 31 December 2021, the amount of revenue corresponding to the performance obligations that the company has signed but not yet be fulfilled is RMB 5,115.7185 million. The Company expects to recognize as revenue in 2022.

42. Taxes and surcharges

Items	2021	2020
Environmental protection tax	35,914,541.27	30,905,784.13
Urban maintenance and construction tax	237,806,006.75	96,491,361.42
Education surcharges	171,953,969.95	70,770,584.49
Resources duty	51,626,025.36	53,698,875.92
Property tax	192,496,945.58	183,284,662.68
Land usage tax	218,540,514.92	219,267,210.73
Vehicle and vessel usage tax	336,864.01	361,812.52
Stamp duty	134,607,337.64	119,173,635.91
Other taxes	349,770.25	120,585.96
Total	1,043,631,975.73	774,074,513.76

Note: The criteria of taxes and surcharges refers to Note IV. Tax.

43. Selling expenses

Items	2021	2020
Staff costs	174,833,606.06	129,607,334.56
Depreciation and amortization	131,640.69	129,921.70
Other expenses	38,344,287.63	37,303,433.87
Total	213,309,534.38	167,040,690.13

44. General and administrative expenses

Items	2021	2020
Staff costs	700,517,923.75	509,368,436.44
Depreciation and amortization	310,789,699.88	234,968,386.33
Other expenses	288,574,110.69	232,089,438.08
Total	1,299,881,734.32	976,426,260.85

45. Research and development expenses

Items	2021	2020
Staff costs	600,350,698.99	379,551,768.61
Depreciation and amortization	--	--
Other expenses	52,575,686.57	100,935,305.78
Total	652,926,385.56	480,487,074.39

46. Financial expenses

Items	2021	2020
Interest costs	2,360,994,534.74	2,860,147,718.46
Includes: interests on lease liabilities	4,895,508.99	--
Less: interest capitalized	7,647,750.00	499,100,376.94
Interest expenses	2,353,346,784.74	2,361,047,341.52
Less: interest income	131,307,065.33	133,289,009.17
Discount on notes acceptance	31,976,398.68	4,308,589.40
Exchange losses and gains	9,582,515.98	669,847.63
Bank charges and others	-6,012,601.27	-69,644,836.56
Total	2,257,586,032.80	2,163,091,932.82

Note: The interest capitalization is recognized in construction in progress. The capitalization rate used to calculate and determine the capitalization amount of borrowing costs in the current period is 4.05% (previous period: 4.62%).

47. Other income and gains

Items (sources of other income)	2021	2020	Related to assets/income
Engineering informationization project subsidy (Qiangang Co., cold-rolled)	99,999.96	99,999.96	Related to assets
Government grants for energy central project from the Ministry of Industry and Information Technology of the People's Republic of China	1,999,999.96	1,999,999.96	Related to assets
Government grants of hot-rolled steel strip TMCP project	105,263.16	105,263.16	Related to assets
Government grants for dedusting system upgrading project (Qiangang Co.)	1,631,578.92	1,631,578.92	Related to assets
Government grants for advanced sewage treatment	342,222.24	342,222.24	Related to assets
Special government grants for denitration engineering from the Hebei Provincial Finance Department	245,000.00	245,000.00	Related to assets
Government grants for online environmental monitoring	500,000.00	500,000.00	Related to assets
National funds for the national 863 project	278,200.00	278,200.00	Related to assets
Special government grants for circular economy development from the Finance Bureau of Caofeidian	1,578,947.36	1,578,947.36	Related to assets
Government grants for the desulfurization of pelletizing flue gas	1,486,105.28	1,486,105.28	Related to assets
Environmental protection government grants for closing limestone yards	80,000.00	80,000.00	Related to assets

Items (sources of other income)	2021	2020	Related to assets/income
Government grants for energy-saving incentive for No.3 hydrogen generator	67,878.96	67,878.96	Related to assets
Galvanized high-strength automobile sheet special production line project	5,263,157.88	5,263,157.88	Related to assets
Phase II thermal desalination project	1,052,631.56	1,052,631.56	Related to assets
Government grants for the specialized production line project of Zinc-plated high-strength auto sheet	191,578.96	191,578.96	Related to assets
Government grants for the transformation to reduce nitrogen oxide concentration in exhaust gas of annealing furnace	138,157.85	--	Related to assets
Government grants for high strength steel production temperature control deformation coupling performance matching and oxide sheet intelligent control technology	1,830,000.00	--	Related to assets
Government grants for 10,000 tons/d seawater desalination	468,421.05	--	Related to assets
Government grants for the low emission and high efficiency and low consumption sintering key technology	300,000.00	--	Related to assets
Multi-objective optimization clean and low-carbon comprehensive iron making technology project	2,940,000.00	--	Related to assets
Other government grants related to assets	3,460,977.12	5,375,648.38	Related to assets
Job stabilization subsidy	7,629,337.02	21,027,162.60	Related to income
Government grants for enterprises operat in the region	2,700,000.00	--	Related to income
Other government grants related to income	14,057,899.24	18,303,448.80	Related to income
Tax refund	1,886,738.46	1,000,295.73	Refund of individual income tax
Value added tax deduction	4,210,393.94	565,161.68	VAT plus deduction
Total	54,544,488.92	61,194,281.43	

Notes: (1) The details of government grants refer to Note V. 58 Government grants.

(2) The government subsidy for recurring gains and losses refer to Note XVI. 1 for detail reasons.

48. Investment income

Items	2021	2020
Investment income from long-term equity investments under equity method	93,142,769.92	379,578,180.14
Dividend from other equity instruments investments	2,718,777.38	177,781,289.99
Interest income from entrusted loans	10,518,170.49	10,361,268.74
Total	106,379,717.79	567,720,738.87

49. Credit impairment losses (losses in “-”)

Items	2021	2020
Provision for bad debts of notes receivable	-713,475.06	-772,467.65
Provision for bad debts of accounts receivable	-9,079,090.99	-9,291,195.46
Provision for bad debts of financing receivable	103,604.74	-95,952.27
Provision for bad debts of other receivables	282,710.81	-1,191,070.88
Provision for bad debts of other current assets	-118,133,658.14	--
Total	-127,539,908.64	-11,350,686.26

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

Items	2021	2020
Provision for inventory impairment	-167,567,546.04	-156,492,924.46

51. Gains on disposal of assets

Items	2021	2020
Gains from disposal of fixed assets (loss in “-”)	385,299.27	75,385.37
Gains from disposal of intangible assets (loss in “-”)	3,331,185.95	--
Total	3,716,485.22	75,385.37

52. Non-operating income

Items	2021	2020	Included in non-recurring gains or losses in 2021
Gains on disposal of assets s	4,449,256.58	--	4,449,256.58
Compensation payments	10,638.10	316,237.90	10,638.10
Others	2,094,300.29	1,683,124.34	2,094,300.29
Total	6,554,194.97	1,999,362.24	6,554,194.97

53. Non-operating expenses

Items	2021	2020	Included in non-recurring gains or losses in 2021
Losses on disposal of assets	63,892,628.48	768,699.07	63,892,628.48
Compensation and penalty	727.98	6,907.06	727.98
Tax overdue fine	--	1,738,457.13	--
Carbon emission quota trading	1,464,983.15	--	1,464,983.15
Others	162,953.79	32,877.54	162,953.79
Total	65,521,293.40	2,546,940.80	65,521,293.40

54. Income tax expenses

(1) Breakdown of income tax expenses

Items	2021	2020
Current tax in accordance with tax laws and related regulations	1,562,375,765.19	459,569,391.19
Deffered income tax expenses	-89,407,543.66	-92,759,826.26
Total	1,472,968,221.53	366,809,564.93

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

Items	2021	2020
Profit before tax	9,799,499,308.11	2,777,952,370.40
Tax at the applicable tax rate of 15%	1,469,924,896.22	416,692,855.56
Taxation effect of different tax rates of subsidiaries	9,147,288.50	5,137,238.32
Adjustment of income tax in the prior year	10,277,388.90	-6,929,659.41
Share of profit or loss of joint ventures and associates under the equity method	-5,776,903.71	-22,740,312.83
Income not subject to tax (expressed in“-”)	-407,816.61	-26,667,193.50
Non-deductible costs, expenses and losses	3,816,854.15	888,266.93
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 “-”)	-28,888,868.85	-6,237,897.01
Taxation effect of unrecognized tax losses and deductible temporary differences	6,106,882.02	6,666,266.87
Taxation effect of research and development expenses (expressed in “-”)	--	--
Others	8,768,500.91	--
Income tax expenses	1,472,968,221.53	366,809,564.93

55. Notes to cash flow statement

(1) Proceeds from other operating activities

Items	2021	2020
Government grants received	54,359,336.26	130,166,631.11
Return of security deposit	3,208,000.00	--
Non-operating income	2,104,938.39	1,998,921.76
Other intercouse funds received	3,663,851.17	--
Total	63,336,125.82	132,165,552.87

(2) Payments for other operating activities

Items	2021	2020
Expenses paid	435,051,105.11	595,391,580.99
Non-operating expenses paid	1,628,664.92	1,778,241.73
Restricted funds paid	416,155,620.25	546,622.77
Security deposit paid to BMW Brilliance	--	6,000,000.00
Other intercouse funds paid	--	3,571,092.08
Total	852,835,390.28	607,287,537.57

(3) Proceeds from other investing activities

Items	2021	2020
Interest income	130,931,269.04	132,855,246.29
Zhuzhou Geckor Group Co., Ltd. – security deposits during construction period	--	525,000.00
Jinshi Investment Co., Ltd. security deposits	--	300,000,000.00
Total	130,931,269.04	433,380,246.29

(4) Payment for other investing activities

Items	2021	2020
Jinshi Investment Co., Ltd.	300,000,000.00	--

(5) Proceeds from other financing activities

Items	2021	2020
Borrowings from Shougang Group	--	148,638,840.00

(6) Payment for other financing activities

Items	2021	2020
Financial commissions	1,735,566.18	9,982,295.82
Return the loan to Wuhan Zhongxin	2,800,000.00	1,200,000.00
Paying back the borrowings from Shougang Group	917,013,635.51	300,000,000.00
Lease payments	18,974,740.74	--
Non-public offering fees paid	18,562,551.86	--
Return Liuzhou Shougang Automobile Co. minority shareholders investment funds	4,996,112.27	--
Total	964,082,606.56	311,182,295.82

56. Supplements to statement of cash flows

(1) Supplementary information

Supplementary information	2021	2020
1. Reconciliation of net profit to net cash flows from operating activities:		
Net profit	8,326,531,086.58	2,411,142,805.47
Add: Impairment losses on assets	167,567,546.04	156,492,924.46
Credit impairment losses	127,539,908.64	11,350,686.26
Depreciation of fixed assets	7,287,559,251.19	6,406,432,068.56
Depreciation of right-of-use assets	16,608,280.06	--
Amortization of intangible assets	138,072,177.23	111,491,374.94
Amortization of long-term deferred expenses	345,030.83	365,531.66
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gains as in "--")	-3,716,485.22	-75,385.37
Losses on scrapping of fixed assets (Gains as in "--")	59,443,371.90	768,699.07
Losses on fair value changes (Gain as in "--")	--	--
Financial expenses (Income as in "--")	2,257,586,032.80	2,163,091,932.82
Investment losses (Income as in "--")	-106,379,717.79	-567,720,738.87
Decrease in deferred tax assets (Increase as in "--")	-41,819,052.19	-60,454,804.37
Increase in deferred tax liabilities (Decrease as in "--")	-47,588,491.47	-32,305,021.89
Decrease in inventories (Increase as in "--")	-1,457,868,559.82	-1,956,489,862.36
Decrease in receivables from operating activities (Increase as in "--")	-2,799,546,738.40	-1,780,773,229.64
Increase in payables from operating activities (Decrease as in "--")	1,528,063,419.28	3,403,848,159.38
Others	-408,669,801.90	7,513,656.07
Net cash flow from operating activities	15,043,727,257.76	10,274,678,796.19
2. Significant non-cash payments for investing and financing activities:		
Conversion of debt into capital	--	--
Convertible bonds due within 1 year	--	--
Fixed assets acquired under finance leases	—	--
Right-of-use assets leased during current period	54,395,983.49	—
3. Net changes in cash and cash equivalents:		
Closing balance of cash	8,535,871,373.08	4,959,913,916.36

Supplementary information	2021	2020
Less: Opening balance of cash	4,959,913,916.36	4,403,513,394.20
Add: Closing balance of cash equivalents	--	--
Less: Opening balance of cash equivalents	--	--
Net increase in cash and cash equivalents	3,575,957,456.72	556,400,522.16

Note: The amount of endorsement and transfer of acceptance notes received from goods sales of the company is RMB 78,910.959 million.

(2) Components of cash and cash equivalents

Items	2021.12.31	2020.12.31
1. Cash	8,535,871,373.08	4,959,913,916.36
Including: Cash on hand	53,404.48	35,022.81
Balances in banks without restriction	8,535,817,955.86	4,959,878,880.81
Other monetary funds without restriction	12.74	12.74
2. Cash equivalents	--	--
Including: bonds investment due within three months	--	--
3. Closing balance of cash and cash equivalents	8,535,871,373.08	4,959,913,916.36
Including: restricted cash and cash equivalents from the parent company or its subsidiaries	--	--

57. Restricted assets

Items	2021.12.31	Restricted reasons
Cash and cash equivalents	1,748,307,781.74	Security deposits, fixed term deposits and frozen by court
Notes receivable	1,030,885,929.77	Pledge billing
Total	2,779,193,711.51	

58. Government grants

(1) Government grants recognized as deferred income and subsequently measured via total-value method.

Items	Type	2020.12.31	Increase	Recognition in P/L during 2021	Other changes	2021.12.31	Item recognized in P/L during 2021	Related to assets/income
Finance grants for imported equipments	Financial appropriation	14,564,451.23	--	1,229,110.56	--	13,335,340.67	Other income	Related to assets
Government grants for engineering informationization project (Qian'an Iron and Steel, cold-rolled)	Financial appropriation	475,000.20	--	99,999.96	--	375,000.24	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	6,000,000.20	--	1,999,999.96	--	4,000,000.24	Other income	Related to assets

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Items	Type	2020.12.31	Increase	Recognition in P/L during 2021	Other changes	2021.12.31	Item recognized in P/L during 2021	Related to assets/income
Special government grants from the Finance Bureau of Qian'an	Financial appropriation	4,200,000.00	--	--	--	4,200,000.00	Other income	Related to assets
Government grants for hot-rolled steel strip TMCP project	Financial appropriation	1,473,684.20	--	105,263.16	--	1,368,421.04	Other income	Related to assets
Government grants for dedusting system upgrading project (Qian'an Iron and Steel)	Financial appropriation	27,736,842.16	--	1,631,578.92	--	26,105,263.24	Other income	Related to assets
Government grants for advanced sewage treatment	Financial appropriation	5,504,074.04	--	342,222.24	--	5,161,851.80	Other income	Related to assets
Special government grants for denitration engineering from the Hebei Provincial Finance Department	Financial appropriation	980,000.00	--	245,000.00	--	735,000.00	Other income	Related to assets
Government grants for online environmental monitoring project from the Finance Bureau of CaoFeidian	Financial appropriation	3,500,000.00	--	500,000.00	--	3,000,000.00	Other income	Related to assets
The steelmaking technology and facilities demonstration project through carbon dioxide-oxygen mixed injection, funded by University of Science and Technology Beijing	Financial appropriation	4,000,000.00	--	70,175.44	--	3,929,824.56	Other income	Related to assets
National funds for the national 863 project	Financial appropriation	1,112,800.00	--	278,200.00	--	834,600.00	Other income	Related to assets
Government grants for Phase II seawater desalination project	Financial appropriation	18,947,368.44	--	1,052,631.56	--	17,894,736.88	Other income	Related to assets
Government grants for cold-rolled intelligent manufacturing project	Financial appropriation	12,937,500.00	--	1,350,000.00	--	11,587,500.00	Other income	Related to assets
Government grants for R & D and demonstration projects of seawater desalination based on reuse of steelmaking waste heat	Financial appropriation	8,700,000.00	--	--	--	8,700,000.00	Other income	Related to assets
Government grants for the desulfurization of pelletizing flue gas	Financial appropriation	23,777,684.22	--	1,486,105.28	--	22,291,578.94	Other income	Related to assets
Environmental protection government grants for closing limestone yards	Financial appropriation	1,760,000.00	--	80,000.00	--	1,680,000.00	Other income	Related to assets
Government grants for improvement of deformation coupling matching in high strength steel production	Financial appropriation	1,830,000.00	--	1,830,000.00	--	--	Other income	Related to assets
Government grants for intelligent interface closed-loop control technology in multi-target optimize steelmaking and ironmaking	Financial appropriation	2,400,000.00	--	--	--	2,400,000.00	Other income	Related to assets
Government grants for new metal, ceramic composite powder, and refractory anticorrosion coating	Financial appropriation	838,100.00	--	--	--	838,100.00	Other income	Related to assets
Government grants for intelligent collaborative allocation technology about material flow and power flow in steelmaking program	Financial appropriation	2,350,000.00	--	--	--	2,350,000.00	Other income	Related to assets
Government grants for energy-saving incentive for No.3 hydrogen generator	Financial appropriation	1,086,063.13	--	67,878.96	--	1,018,184.17	Other income	Related to assets
Government grants for cold rolling operation department aluminized silicon high strength steel automotive plate renovation project	Financial appropriation	3,256,842.09	--	191,578.96	--	3,065,263.13	Other income	Related to assets
Government grants for cold rolling operation department high strength steel 18 roll single stand project	Financial appropriation	11,900,000.00	--	--	--	11,900,000.00	Other income	Related to assets
Government grants for multi-targets optimization steelmaking	Financial appropriation	2,940,000.00	--	2,940,000.00	--	--	Other income	Related to assets
Government grants for the operation-control system of production-marketing integration	Financial appropriation	20,390,000.00	--	--	--	20,390,000.00	Other income	Related to assets
Government grants for green and intelligent collaborative mechanism of steel process and comprehensive energy efficiency assessment	Financial appropriation	580,000.00	--	--	--	580,000.00	Other income	Related to assets
Government grants for key technology of low-emission efficient energy-saving sintering and its utilization project	Financial appropriation	300,000.00	--	300,000.00	--	--	Other income	Related to assets
Government grants for the specialized production line project of Zinc-plated high-strength auto sheet	Financial appropriation	94,736,842.12	--	5,263,157.88	--	89,473,684.24	Other income	Related to assets
Government grants for reforming of sinter desulfurization and denitrication	Financial appropriation	27,368,421.06	--	1,578,947.36	--	25,789,473.70	Other income	Related to assets

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Items	Type	2020.12.31	Increase	Recognition in P/L during 2021	Other changes	2021.12.31	Item recognized in P/L during 2021	Related to assets/income
Government grants for thin slab casting and rolling engineering	Financial appropriation	5,000,000.00	--	--	--	5,000,000.00	Other income	Related to assets
Government grants for reform project of reducing oxynitride concentration in emitted flue gas from annealing furnace	Financial appropriation	6,300,000.00	--	138,157.85	--	6,161,842.15	Other income	Related to assets
Government grants for industrial mechanism model base	Financial appropriation	1,800,000.00	3,000,000.00	--	--	4,800,000.00	Other income	Related to assets
Government grants for 10,000 tons/d desalination project	Financial appropriation	8,900,000.00	--	468,421.05	--	8,431,578.95	Other income	Related to assets
Government grants for enhancing the core competitiveness of the manufacturing industry	Financial appropriation	58,510,000.00	20,030,000.00	--	--	78,540,000.00	Other income	Related to assets
Other government grants related to assets	Financial appropriation	11,653,132.56	6,842,100.00	811,691.12	--	17,683,541.44	Other income	Related to assets
Other government grants related to income	Financial appropriation	290,000.00	100,000.00	--	--	390,000.00	Other income	Related to income
Total		398,098,805.65	29,972,100.00	24,060,120.26	--	404,010,785.39		

(2) Government grants which recognized as profit or loss, measured via total-value method.

Items	Type	Recognition in P/L during 2021	Recognition in P/L during 2020	Item recognized in P/L	Related to asset/income
Government grants for steady post	Financial appropriation	7,629,337.02	21,027,162.60	Other income	Related to income
Government grants for enterprises operate in the region	Financial appropriation	2,700,000.00	--	Other income	Related to income
Other government grants related to income	Financial appropriation	14,057,899.24	18,303,448.80	Other income	Related to income
Total		24,387,236.26	39,330,611.40		

VI. Change in the scope of consolidation

There is no change of consolidated scope of the Company during the reporting period.

VII. Interests in other entities

1. Interests in subsidiaries

(1) Composition of the Company

Subsidiary	Main Operation place	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Shougang Jingtang United Iron & Steel Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Production and sales	70.18	29.82	Business combination under common control
Beijing Shougang Cold Rolling Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	70.28	--	Establish or investment, etc.
Qian'an Shougang Metallurgical Technology Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Consulting service	100.00	--	Business combination under common control
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Production and sales	82.77	--	Establish or investment, etc.
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	49.45	--	Establish or investment, etc.
Beijing Shougang Steel Trading Investment Management Co., Ltd.	Beijing, PRC	Beijing, PRC	Production and sales	51.00	--	Business combination under common control

(2) Significant non-wholly owned subsidiaries

Unit : RMB Yuan

Subsidiary	Shareholding of non-controlling interests (%)	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	48,870,246.52	--	-383,736,853.68
Beijing Shougang Steel Trading Investment Management Co., Ltd.	49.00	945,552,305.73	--	5,849,533,818.88
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	17.23	50,267,407.95	--	1,631,920,915.79

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

Unit : RMB Yuan

Subsidiary	31/12/2021							
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities		
Beijing Shougang Cold Rolling Co., Ltd.	2,292,638,370.58	3,982,540,841.55	6,275,179,212.13	2,987,915,522.96	4,574,607,301.55	7,562,522,824.51		
Beijing Shougang Steel Trading Investment Management Co., Ltd.	8,452,490,520.29	11,195,199,945.42	19,647,690,465.71	7,933,294,887.53	6,128,563.71	7,939,423,451.24		
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	4,815,349,946.90	13,874,497,322.96	18,689,847,269.86	8,299,382,139.47	3,270,000.00	8,302,652,139.47		
Continued (1):								
Subsidiary	31/12/2020							
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities		
Beijing Shougang Cold Rolling Co., Ltd.	1,490,147,711.17	4,268,819,475.85	5,758,967,187.02	1,582,846,978.81	5,633,442,048.18	7,216,289,026.99		
Beijing Shougang Steel Trading Investment Management Co., Ltd.	7,412,249,175.07	9,256,712,881.65	16,668,962,056.72	7,300,343,767.67	5,822,605.25	7,306,166,372.92		
Continued (2):								
Subsidiary	2021				2020			
	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.	12,553,753,097.50	164,435,553.57	164,435,553.57	1,166,412,291.28	8,721,456,245.22	40,753,262.67	40,753,262.67	286,447,510.65
Beijing Shougang Steel Trading Investment Management Co., Ltd.	968,858,246.21	1,924,919,227.71	1,924,919,227.71	67,150,841.72	870,677,653.85	450,137,492.87	450,137,492.87	-26,937,175.44
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	13,857,367,585.59	1,082,906,520.97	1,082,906,520.97	2,337,657,467.37	--	--	--	--

2. Interests in joint ventures and associates

(1) Significant joint ventures and associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Shareholding proportion (%)		Accounting method
				Direct	Indirect	
①Jiont ventures						
Tangshan Guoxing Industrial Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Manufacturing	50.00		Equity method
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Chemical	50.00		Equity method
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Coking	50.00		Equity method
②Associates						
Tangshan Tangcao Railway Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Transportation	16.19		Equity method
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Building Material	25.00		Equity method
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Coking	49.82		Equity method
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Beijing, PRC	Beijing, PRC	Investment	20.00		Equity method
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Beijing, PRC	Beijing, PRC	Manufacturing	45.00		Equity method
Ningbo Shougang Zhejin Steel Co., Ltd.	Ningbo, PRC	Ningbo, PRC	Manufacturing	40.00		Equity method
Guangzhou Jinghai Shipping Co., Ltd.	Guangzhou, PRC	Guangzhou, PRC	Transportation	20.00		Equity method
Shougang (Qingdao) Steel Industry Co., Ltd.	Qingdao, PRC	Qingdao, PRC	Manufacturing	35.00		Equity method
Ordos Baotou Steel Shourui Material Technology Co., Ltd.	Ordos, PRC	Ordos, PRC	Manufacturing	39.00		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

Items	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	2021.12.31	2020.12.31	2021.12.31	2020.12.31	2021.12.31	2020.12.31
Current assets	68,956,595.25	60,318,069.68	1,866,851.04	6,787,445.81	3,190,992,791.00	2,530,141,759.70
Includes : Cash and cash equivalents	4,077,794.50	4,039,504.94	1,564,673.04	6,373,445.81	1,254,139,718.41	818,794,651.52
Non-current assets	75,006,601.75	63,563,529.32	590,178,060.36	742,585,489.79	1,522,676,202.64	1,777,873,986.27
Total assets	143,963,197.00	123,881,599.00	592,044,911.40	749,372,935.60	4,713,668,993.64	4,308,015,745.97
Current liabilities	66,004,351.88	55,567,287.83	548,972,452.52	531,871,072.97	2,480,101,537.56	1,825,155,516.05
Non-current liabilities	5,383,693.40	2,492,301.31	--	--	7,231,250.00	307,787,500.00
Total liabilities	71,388,045.28	58,059,589.14	548,972,452.52	531,871,072.97	2,487,332,787.56	2,132,943,016.05
Net assets	72,575,151.72	65,822,009.86	43,072,458.88	217,501,862.63	2,226,336,206.08	2,175,072,729.92
Includes: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	72,575,151.72	65,822,009.86	43,072,458.88	217,501,862.63	2,226,336,206.08	2,175,072,729.92
Net assets calculated by shareholding proportion	36,287,575.86	32,911,004.94	21,536,229.44	108,750,931.30	1,113,168,103.04	1,087,536,364.97

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Adjustment						
Includes: Goodwill	--	--	--	--	--	--
Carrying value of equity investment in the joint venture	36,287,575.86	32,911,004.94	21,536,229.44	108,750,931.30	1,113,168,103.04	1,087,536,364.97
Fair value of equity investment with quoted market price	--	--	--	--	--	--
Continued:						
Items	Tangshan Guoxing Industrial Co., Ltd.		Tangshan Zhonghong Carbon Chemical Co., Ltd.		Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	
	2021	2020	2021	2020	2021	2020
Operating revenue	72,575,151.72	80,117,784.81	--	--	10,931,089,729.11	7,350,697,535.09
Financial expenses	277,191.32	362,993.70	22,071,333.99	21,257,882.90	59,540,904.10	91,108,328.10
Income tax expense	4,668,092.98	2,796,859.12	--	--	23,671,445.98	63,800.99
Net profit	10,753,141.86	8,390,577.37	-174,429,403.75	-21,274,355.01	56,774,860.49	80,485,168.88
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	10,753,141.86	8,390,577.37	-174,429,403.75	-21,274,355.01	56,774,860.49	80,485,168.88
Dividends received from joint venture	2,000,000.00	--	--	--	--	20,000,000.00

(3) Primary financial information of significant associates

Items	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	2021.12.31	2020.12.31	2021.12.31	2020.12.31	2021.12.31	2020.12.31
Current assets	200,714,996.01	196,664,337.03	126,804,287.51	126,778,258.13	1,965,253,903.76	2,142,096,795.97
Non-current assets	8,400,213,950.72	8,493,568,427.67	235,304,874.32	240,277,354.15	2,255,751,305.36	1,905,205,528.96
Total assets	8,600,928,946.73	8,690,232,764.70	362,109,161.83	367,055,612.28	4,221,005,209.12	4,047,302,324.93
Current liabilities	1,189,477,610.98	746,576,333.70	45,941,594.92	33,073,602.76	2,014,924,895.69	2,133,031,958.22
Non-current liabilities	5,049,431,650.00	5,164,162,916.48	--	--	10,482,966.04	11,180,546.68
Total liabilities	6,238,909,260.98	5,910,739,250.18	45,941,594.92	33,073,602.76	2,025,407,861.73	2,144,212,504.90
Net assets	2,362,019,685.75	2,779,493,514.52	316,167,566.91	333,982,009.52	2,195,597,347.39	1,903,089,820.03
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	2,362,019,685.75	2,779,493,514.52	316,167,566.91	333,982,009.52	2,195,597,347.39	1,903,089,820.03
Net assets calculated by shareholding proportion	382,410,987.12	450,000,000.00	79,041,891.73	83,495,502.41	1,093,937,932.70	948,199,977.34
Adjustment						
Includes: Goodwill	--	--	--	--	4,147,420.21	4,147,420.21

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Items	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	2021.12.31	2020.12.31	2021.12.31	2020.12.31	2021.12.31	2020.12.31
Carrying value of equity investment in the associates	382,410,987.12	450,000,000.00	79,041,891.73	83,495,502.41	1,098,085,352.91	952,347,397.55
Fair value of equity investment with quoted market price	--	--	--	--	--	--

Continued:

Items	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)		Beijing Dingshengcheng Packaging Materials Co., Ltd.		Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	
	2021.12.31	2020.12.31	2021.12.31	2020.12.31	2021.12.31	2020.12.31
Current assets	204,542,687.73	598,504,465.05	46,604,298.17	38,077,883.76	65,438,102.92	--
Non-current assets	492,971,452.05	2,044,314,439.69	560,866.81	485,332.49	34,618,324.64	--
Total assets	697,514,139.78	2,642,818,904.74	47,165,164.98	38,563,216.25	100,056,427.56	--
Current liabilities	139,570,827.95	483,805,460.10	16,181,730.58	13,372,193.62	2,916,673.38	--
Non-current liabilities	--	--	--	--	--	--
Total liabilities	139,570,827.95	483,805,460.10	16,181,730.58	13,372,193.62	2,916,673.38	--
Net assets	557,943,311.83	2,159,013,444.64	30,983,434.40	25,191,022.63	97,139,754.18	--
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the company	557,943,311.83	2,159,013,444.64	30,983,434.40	25,191,022.63	97,139,754.18	--
Net assets calculated by shareholding proportion	112,715,820.57	431,802,688.93	13,942,545.49	11,335,960.18	33,998,913.97	--
Adjustment						
Includes: Goodwill	--	--	44,544.87	44,544.87	--	--
Carrying value of equity investment in the associates	112,715,820.57	431,802,688.93	13,987,090.36	11,380,505.05	33,998,913.97	--
Fair value of equity investment with quoted market price	--	--	--	--	--	--

Continued:

Items	Tangshan Tangcao Railway Co., Ltd.		Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.		Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	
	2021	2020	2021	2020	2021	2020
Operating revenue	104,729,545.83	--	578,541,511.89	464,761,681.90	6,295,880,462.27	6,567,974,662.78
Net profit	-418,134,678.91	--	32,185,557.39	37,856,751.55	292,507,527.36	222,110,549.04
Net profit from discontinuing operations	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	-418,134,678.91	--	32,185,557.39	37,856,751.55	292,507,527.36	222,110,549.04
Dividend received from associates	--	--	12,500,000.00	3,750,000.00	--	149,460,000.00

Continued:

Items	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)		Beijing Dingshengcheng Packaging Materials Co., Ltd.		Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	
	2021	2020	2021	2020	2021	2020

	2021	2020	2021	2020	2021	2020
Operating income	334,174,126.04	--	128,110,940.82	126,204,932.84	16,867,497.02	--
Net profit	258,828,753.79	1,139,880,472.97	5,792,411.77	2,000,482.67	591,396.34	--
Net profit from discontinuing operation	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	258,828,753.79	1,139,880,472.97	5,792,411.77	2,000,482.67	591,396.34	--
Dividend received from associates	173,716,946.85	--	--	--	--	--

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

Items	2021.12.31 / Current period	2020.12.31 / Pervious period
Associates		
Total carrying value of investment	174,696,933.28	182,983,769.62
Items calculated according to shareholding ratio		
Net profit	3,061,477.93	-3,226,619.53
Other comprehensive income	--	--
Total comprehensive income	3,061,477.93	-3,226,619.53

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) and the Beijing Shouxin Jin'an Equity Investment Partnership (Limited Partnership) (Hereinafter referred to as Shouxin Jin'an Fund). In accordance with the provisions of the limited partnership agreement, the Company has no control over these two partnerships.

①The 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 one billion. The partners of the Fund are divided into general partner and limited partner, the contribution agreement is as follows: Beijing Shouyuan New Energy Investment Management Co., Ltd., the general partner, contributes RMB 10,000 thousand; and among the limited partners, the Company agrees to contribute RMB 200,000 thousand, and the other limited partners agrees to contribute RMB 790,000 thousand in total.

As at 31 December 2021, Shouxin Jinyuan Fund has completed fund raising and registered on The Chinese Association of Securities Investment Funds.

As at 31 December 2021, Shouxin Jinyuan Fund has conducted investment activities and

three external investment projects has been invested with the amount of RMB 792,092.00 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 leading enterprises of Shougang Group system, promoting and strengthen the new material industry of Shougang Group, taking the advanced metal material enterprise, such as Zhixin Co., Beiye Materials Co. etc., as platforms and making investment focus on the advanced electrical steel materials, casting superalloys and precision alloys, as well as high performance special steel and other metal new materials that Shougang Group has advantages in.

The total subscribed capital of all partners to Shouxin Jin'an Fund is no less than RMB 1.616 billion. The partners of Shouxin Jin'an Fund are divided into general partner and limited partner, and the contribution agreement is as follows: Beijing Shouyuan Xinneng Investment Management Co., Ltd., as the general partner, contributes RMB 16,160 thousand; and among the limited partners, the Company agrees to contribute RMB 200,000 thousand and other limited partners agrees to contribute RMB 1,399,840 thousand in total.

As at 31 December 2021, the fund raising and the filing of fund associations of Shouxin Jin'an Fund are still in process.

(2) Carrying value and maximum loss exposure of interests related assets and liabilities

As at 31 December 2021, 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 98,418.40 thousand.

(3) Support provided to unconsolidated structured entities

As at 31 December 2021, the Company has no intention to provide financial support or other supports for Shouxin Jinyuan Fund and Shouxin Jin'an Fund.

(4) Additional information disclosure of unconsolidated structured entities

As at 31 December 2021, 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, entrusted deposits, long-term borrowings and bond payables, lease liabilities and long-term payable. 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 combination basis. Credit risks are mainly caused by cash and cash equivalents, notes receivable, accounts receivable, other receivables etc.

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 their 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 45.99% (2020: 42.24%); among the other receivables of the Company, the other receivables of the top five customers accounted for 59.06% (2020: 64.41%)

(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 or make an asset disposal to reduce debt liabilities.

The Company monitors the capital structure on the basis of leverage ratio (total liabilities divided total assets). As at 31 December 2021, the leverage ratio of the Company is 66.59% (31 December 2020 is 73.10%).

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 2021, assets and liabilities measured at fair value are shown as follows:

Items	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(1) Financing receivable	--	--	4,015,188,495.05	4,015,188,495.05
(2) Other equity instrument investment	226,566,944.00	--	38,333,819.97	264,900,763.97
(3) Other non-current financial assets	--	--	80,000,000.00	80,000,000.00
Total assets measured at fair value on a recurring basis	226,566,944.00	--	4,133,522,315.02	4,360,089,259.02

(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 (RMB0,000)	Shareholding percentage (%)	Percentage of voting rights (%)
Shougang Group Co., Ltd.	Beijing	Company with limited liability(wholly state-owned)	2,875,502.50	50.45	50.45

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:

As at 31.12.2020	Addition	Reduction	As at 31.12.2021
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 this year or the previous year 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
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
Guangdong Shougang Zhongshan Metal Steel Processing&Distribution Co., Ltd.	Associates of the Company
Ordos Baotou Steel Shourui Material Technology Co., Ltd.	Associates of the Company
Hebei Jingji Industry & Trading Co., Ltd.	Associates of the Company

Name of joint venture or associate	Relationship with the Company
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Associates of the Company
Shougang (Qingdao) Steel Industry Co., Ltd.	Associates of the Company
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Associates of the Company

4. Information about other related parties

Related party	Relationship with the Company
Shougang Group Finance Co., Ltd.	Under the control of the same parent company
Shougang Mining Corporation	Under the control of the same parent company
China Shougang International Trade&Engineering Corporation	Under the control of the same parent company
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Under the control of the same parent company
Beijing Shougang Construction Group Co., Ltd.	Under the control of the same parent company
Beijing Shougang Gas Co., Ltd.	Under the control of the same parent company
Beijing Shougang Automation Information Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Machinery&Electric Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Machinery Co., Ltd.	Under the control of the same parent company
Qian'an Shouxin Automation Information Technology Co., Ltd.	Under the control of the same parent company
Qian'an First Real Packaging Service Co., Ltd.	Under the control of the same parent company
Qian'an Shougang Equipment Structure Co., Ltd.	Under the control of the same parent company
Huludao Shougang Donghua Machinery 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 Huaxia International Trade Co., Ltd.	Under the control of the same parent company
Beijing Shougang International Engineering&Technology Co., Ltd.	Under the control of the same parent company
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Under the control of the same parent company
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Under the control of the same parent company
Beijing Huaxia Technology Co., Ltd.	Under the control of the same parent company
Beijing Shougang Catering Co., Ltd.	Under the control of the same parent company
Beijing Shoujia Steel Construction Co., Ltd.	Under the control of the same parent company
Beijing Shougang Ferroalloy Co., Ltd.	Under the control of the same parent company
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Under the control of the same parent company

Related party	Relationship with the Company
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Under the control of the same parent company
Yantai Shougang Mining 3D Co., Ltd.	Under the control of the same parent company
Tianjin Shougang Electric Equipment Co., Ltd.	Under the control of the same parent company
Beijing Chengxin Engineering Supervision Co., Ltd.	Under the control of the same parent company
Beijing Shoucheng Packaging Service Co., Ltd.	Under the control of the same parent company
Beijing Shougang Materials Trading Co., Ltd.	Under the control of the same parent company
Beijing Shougang Futong Elevator Co., Ltd.	Under the control of the same parent company
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Under the control of the same parent company
Tonghua Iron and Steel Co., Ltd.	Under the control of the same parent company
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Under the control of the same parent company
Shougang Environmental Industry Co., Ltd.	Under the control of the same parent company
Beijing Teyu Plate Co., Ltd.	Under the control of the same parent company
Qinhuangdao Zhongshou Logistics Co., Ltd.	Under the control of the same parent company
Beijing Shougang Mining Construction Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Under the control of the same parent company
Beijing Shougang Industrial Group Co., Ltd.	Under the control of the same parent company
Beijing Shougang Cultural Development Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Under the control of the same parent company
Shougang Casey Steel Co., Ltd.	Under the control of the same parent company
Tangshan Caofeidian First Real Industrial Co., Ltd.	Under the control of the same parent company
Qiangang Hotel.	Under the control of the same parent company
Beijing Shougang Special Steel Co., Ltd.	Under the control of the same parent company
Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	Under the control of the same parent company
Bohai International Conference Center Co., Ltd.	Under the control of the same parent company
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Under the control of the same parent company
Beijing Huayue Aviation Service Co., Ltd.	Under the control of the same parent company
Shougang Guiyang Special Steel Co., Ltd.	Under the control of the same parent company
Tangshan Shoukuang Cleaning Iron Co., Ltd.	Under the control of the same parent company
China Peace International Travel Service Co., Ltd.	Under the control of the same parent company
Beijing Shougang Steel Distribution 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

Related party	Relationship with the 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
Ningbo Shoude Bonded Zone Trading Co., Ltd.	Under the control of the same parent company
Beijing Shougang Lanzatech New Energy Technology Co., Ltd.	Under the control of the same parent company
South China International Leasing Co., Ltd	Under the control of the same parent company
Beijing Shougang Equipment Technology Co., Ltd.	Under the control of the same parent company
Beijing Shouxinsheng Trading Co., Ltd.	Under the control of the same parent company
Shougang Hospital Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Plate Mill Co., Ltd.	Under the control of the same parent company
Beijing Shougang Fulushi Color Coated Plate Co., Ltd.	Under the control of the same parent company
Beijing Shougang Industrial Group 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
Huludao Shougang Donghua Pipe Industry Co., Ltd.	Under the control of the same parent company
Tonggang Jilin Welded Pipe Co., Ltd	Under the control of the same parent company
Beijing Shougang Mining Investment Co., Ltd	Under the control of the same parent company
Qinhuangdao Shougang Racing Valley Co., Ltd	Under the control of the same parent company
Beijing Shougang Property Management Co., Ltd.	Under the control of the same parent company
Beijing Shouao Real Estate Co., Ltd	Under the control of the same parent company
Beijing Shougang Jitaian Alloy Materials 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
Shougang Hospital 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
Qingdao Shouyi Free Trade Zone Logistics Service Co., Ltd.	Under the control of the same parent company
Beijing Shouhua Technology Development Co., Ltd.	Under the control of the same parent company
Jilin Tonggang International Trade 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

Related party	Relationship with the Company
Beijing Shougang Construction Investment Co., Ltd.	Under the control of the same parent company
Shougang Commercial Factoring Co., Ltd.	Under the control of the same parent company
Guizhou Liupanshui Shenghongda Mechanical Equipment Manufacturing Co., Ltd	Under the control of the same parent company
Guiyang Steel Mills I/E Corp.	Under the control of the same parent company
Qinhuangdao Shoufang Property Service Co., Ltd.	Under the control of the same parent company
Beijing Shougang Shape Metal Co., Ltd.	Joint ventures or associates of the Company's parent company
Jingxi (Guizhou) Supply Chain Management Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Jingxi Supply Chain Management Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Joint ventures or associates of the Company's parent company
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shoushe Metallurgical Technology Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shouyu Industry and Trade Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	Joint ventures or associates of the Company's parent company
Chaoyang Shougang Beifang Machinery Co., Ltd.	Joint ventures or associates of the Company's parent company
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	Joint ventures or associates of the Company's parent company
Tangshan Caofeidian Industry Port Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shougang Kuangshan Hospital Co., Ltd	Joint ventures or associates of the Company's parent company
YASKAWA Shougang Robert Co., Ltd.	Joint ventures or associates of the Company's parent company
Cmi Engineering (Beijing) Co., Ltd.	Joint ventures or associates of the Company's parent company
Qian'an Shoujia Construction Material Co., Ltd.	Joint ventures or associates of the Company's parent company
Sanhe Shoujia Construction Material Co., Ltd.	Joint ventures or associates of the Company's parent company
Hua Xia Bank Co.,Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	Joint ventures or associates of the Company's parent company
Jingxi Shoutang Supply Chain Management Co., Ltd	Joint ventures or associates of the Company's parent company
Beijing Shougang 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 Shougang Zhongye Machinery & Electric 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

Related party	Relationship with the Company
	parent company
Jiangsu Capital Holdings Manufacturing Technology Co., Ltd.	Joint ventures or associates of the Company's parent company
Suzhou Tonggang Shunye Steel Materials Processing Distribution Co., Ltd.	Joint ventures or associates of the Company's parent company
Shougang Shuicheng Iron and Steel (Group) Xingyuan Development Investment Co., Ltd.	Joint ventures or associates of the Company's parent company
Chengde Xintong Shoucheng Mining Co., Ltd.	Joint ventures or associates of the Company's parent company
Gansu Province, Wenxian Million Litie Alloy Co., Ltd.	Joint ventures or associates of the Company's parent company
Beijing Shoutaizhongxin Science & Technology Co., Ltd	Joint ventures or associates of the Company's parent company
Directors, Supervisors, CFO and Board Secretary	Key management personnel

5. Information about related party transactions

(1) Details of related purchase and sales

①Purchase of goods and receiving of services from related parties

Related party	Nature of transaction	2021	2020
Shougang Group Co., Ltd.	Raw material	38,213,705,218.31	22,475,432,877.92
Shougang Group Co., Ltd.	Fuel material	1,436,079,743.96	839,111,830.96
Shougang Group Co., Ltd.	Engineering equipment	107,886,266.97	184,224,527.54
Shougang Group Co., Ltd.	Spare parts	61,664,063.35	8,688,006.35
Shougang Group Co., Ltd.	Production service	25,846,478.94	21,908,162.53
Shougang Group Co., Ltd.	Fund usage charges	75,407,530.12	80,236,212.32
Shougang Group Finance Co., Ltd.	Fund usage charges	292,800,216.58	261,805,906.55
Shougang Mining Corporation	Raw material	13,130,822,957.95	10,039,993,073.26
Shougang Mining Corporation	Fuel material	18,970,036.44	--
Shougang Mining Corporation	Power energy	36,655,834.65	46,362,132.70
Shougang Mining Corporation	Spare parts	3,778,051.70	3,279,442.20
Shougang Mining Corporation	Production service	122,369,996.53	101,071,134.26
Shougang Mining Corporation	Engineering equipment	626,686.00	4,189,075.78
China Shougang International Trade&Engineering Corporation	Export cost	71,055,095.49	61,090,346.95
China Shougang International Trade&Engineering Corporation	Raw material	123,598,167.77	245,622,956.58
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Fuel material	5,370,510,877.47	5,547,403,153.11
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	362,255,517.37	439,201,428.59
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Production service	3,758,115.00	26,199,618.34

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Auxiliary material	--	2,926,927.87
Beijing Shougang Refractory&Metallurgical Burden Co., Ltd.	Engineering service	10,770,342.75	2,070,531.19
Beijing Shougang Construction Group Co., Ltd.	Production service	622,581,968.30	462,954,574.43
Beijing Shougang Construction Group Co., Ltd.	Spare parts	16,630,652.40	14,198,456.80
Beijing Shougang Construction Group Co., Ltd.	Engineering equipment	61,946.00	6,528,973.48
Beijing Shougang Construction Group Co., Ltd.	Engineering service	832,585,204.04	758,031,421.11
Beijing Shougang Gas Co., Ltd.	Spare parts	1,635,395.19	517,927.82
Beijing Shougang Gas Co., Ltd.	Production service	57,272,804.78	48,834,170.58
Beijing Shougang Gas Co., Ltd.	Power energy	109,544,662.97	88,465,933.43
Beijing Shougang Gas Co., Ltd.	Auxiliary material	9,208,242.96	11,803,452.97
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	345,978,795.76	279,808,663.52
Beijing Shougang Automation Information Technology Co., Ltd.	Spare parts	7,529,718.33	5,778,449.10
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering service	97,477,227.60	128,942,106.56
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering equipment	76,320,731.33	120,428,074.99
Beijing Shougang Machinery&Electric Co., Ltd.	Spare parts	113,462,788.79	104,611,424.62
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	264,618,752.90	210,197,665.05
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering equipment	26,536,094.40	4,834,316.85
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering service	8,184,437.70	--
Qinhuangdao Shougang Machinery Co., Ltd.	Spare parts	52,361,597.00	48,022,099.00
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	161,443,825.72	113,037,965.98
Qinhuangdao Shougang Machinery Co., Ltd.	Auxiliary material	181,612.00	108,800.00
Qinhuangdao Shougang Machinery Co., Ltd.	Engineering equipment	631,639.35	2,799,784.00
Qian'an Shouxin Automation Information Technology Co., Ltd.	Production service	119,293,169.06	111,609,021.92
Qian'an First Real Packaging Service Co., Ltd.	Production service	354,866,870.91	200,751,734.25
Qian'an First Real Packaging Service Co., Ltd.	Raw material	288,102.67	7,369,162.70
Qian'an Shougang Equipment Structure Co., Ltd.	Spare parts	20,007,338.00	26,631,135.84
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	100,255,512.72	58,442,769.12
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering equipment	1,604,206.84	1,399,569.04
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering service	825,909.00	3,013,922.79
Qian'an Shougang Equipment Structure Co., Ltd.	Raw material	519,943,875.16	211,923,588.96
Huludao Shougang Donghua Machinery Co., Ltd.	Spare parts	1,271,577.00	6,440,584.00
Huludao Shougang Donghua Machinery Co., Ltd.	Production service	5,814,300.00	38,443,490.00
Huludao Shougang Donghua Machinery Co., Ltd.	Engineering equipment	--	7,399,092.61

Beijing Shougang Co. Ltd
Notes to the Financial Statements
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Beijing Soly Technology Co., Ltd.	Engineering equipment	830,868.00	353,801.34
Beijing Shouye Instruments&Meters Co., Ltd.	Spare parts	37,559,656.13	39,934,823.79
Beijing Shouye Instruments&Meters Co., Ltd.	Engineering equipment	5,208,510.00	837,828.50
Beijing Shoujian Equipment Maintenance Co., Ltd.	Production service	90,492,961.45	57,321,699.12
Beijing Shoujian Equipment Maintenance Co., Ltd.	Auxiliary material	5,659,200.00	2,138,400.00
Beijing Shoujian Equipment Maintenance Co., Ltd.	Engineering equipment	355,200.76	--
Beijing Shoujian Hengxin Labor Service Co., Ltd.	Production service	1,925,000.00	1,935,000.00
Beijing Shoujian Hengji Construction Engineering Co., Ltd.	Spare parts	939,736.80	560,348.00
Beijing Shougang Landscaping Co., Ltd.	Life service	26,567,532.41	14,216,782.92
Beijing Shougang Landscaping Co., Ltd.	Engineering service	733,072.00	2,670,354.40
Beijing Shougang Huaxia International Trade Co., Ltd.	Spare parts	--	4,960,000.00
Beijing Shougang International Engineering&Technology Co., Ltd.	Spare parts	12,607,597.00	7,746,855.00
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering equipment	72,137,555.51	267,038,760.67
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering service	477,002,075.75	1,387,188,083.59
Beijing Shougang International Engineering&Technology Co., Ltd.	Production service	17,945,708.90	645,886.79
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	76,268,193.55	67,580,189.65
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Production service	10,852,343.50	30,436,073.78
Beijing Huaxia Technology Co., Ltd.	Spare parts	5,512,346.85	3,792,279.26
Beijing Huaxia Technology Co., Ltd.	Engineering equipment	57,216.00	6,569,745.73
Beijing Huaxia Technology Co., Ltd.	Production service	1,239,998.00	577,586.00
Beijing Shougang Catering Co., Ltd.	Life service	32,281,673.78	31,571,639.79
Beijing Shoujia Steel Construction Co., Ltd.	Production service	43,447,842.27	25,231,426.92
Shougang Hospital Co., Ltd.	Life service	1,648,203.00	8,298,761.59
Beijing Shougang Ferroalloy Co., Ltd.	Raw material	448,631,993.28	279,689,952.60
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Raw material	113,014,348.70	110,828,669.76
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Production service	59,356,273.21	23,047,011.45
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Auxiliary material	8,208,732.96	2,952,512.20
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Auxiliary material	108,337,207.14	126,746,773.19
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Engineering equipment	2,287,610.62	--
Yantai Shougang Mining 3D Co., Ltd.	Spare parts	39,600.00	10,791.62
Tianjin Shougang Electric Equipment Co., Ltd.	Engineering equipment	11,919,565.81	15,921,274.20
Tianjin Shougang Electric Equipment Co., Ltd.	Spare parts	10,249,090.00	3,439,500.00
Beijing Chengxin Engineering Supervision Co., Ltd.	Engineering service	5,839,707.47	6,963,853.88

Beijing Shougang Co. Ltd
Notes to the Financial Statements
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Beijing Chengxin Engineering Supervision Co., Ltd.	Production service	770,899.99	--
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	121,321,417.29	95,092,358.74
Beijing Shougang Materials Trading Co., Ltd.	Fuel material	309,682,912.34	119,602,059.49
Beijing Shougang Materials Trading Co., Ltd.	Raw material	927,016,812.76	692,506,744.95
Beijing Shougang Materials Trading Co., Ltd.	Production service	--	2,749,073.71
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	961,379,395.21	905,225,354.25
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Fuel material	13,163,464,122.66	8,843,642,545.42
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Raw material	3,021,523.41	1,507,652.53
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	248,887,913.91	28,235,067.39
Beijing Shougang Futong Elevator Co., Ltd.	Spare parts	91,115.00	59,440.00
Beijing Shougang Futong Elevator Co., Ltd.	Production service	869,600.00	1,211,800.00
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Production service	--	64,699,765.33
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Spare parts	--	10,676,027.00
Tangshan Guoxing Industrial Co., Ltd.	Production service	117,579,964.30	77,687,880.63
Tangshan Guoxing Industrial Co., Ltd.	Engineering service	4,552,565.46	988,895.30
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Production service	457,270,718.97	346,895,130.34
Tonghua Iron and Steel Co., Ltd.	Engineering equipment	3,236,416.51	--
Tonghua Iron and Steel Co., Ltd.	Raw material	66,026,550.32	2,247,601.84
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Production service	94,339.62	18,833.33
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Engineering equipment	1,362,800.00	1,362,800.00
Shougang Environmental Industry Co., Ltd.	Production service	4,155,282.98	3,595,964.43
Beijing Teyu Plate Co., Ltd.	Engineering equipment	--	85,421,473.13
Qinhuangdao Zhongshou Logistics Co., Ltd.	Production service	587,690.19	1,271,692.78
Beijing Shougang Mining Construction Co., Ltd.	Engineering service	3,190,250.42	7,750,568.08
Beijing Shougang Mining Construction Co., Ltd.	Production service	359,497.00	429,992.00
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Engineering equipment	175,938.53	--
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Raw material	1,268,839.82	14,565,774.93
Beijing Shougang Industrial Group Co., Ltd.	Life service	8,354,159.55	8,392,406.50
Beijing Shougang Shape Metal Co., Ltd.	Raw material	1,114,889.38	1,448,649.56
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Production service	117,572,234.28	119,980,137.18
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Auxiliary material	2,330,402.40	1,045,368.00
Beijing Shougang Cultural Development Co., Ltd.	Production service	149,009.43	448,351.70
Jingxi (Guizhou) Supply Chain Management Co., Ltd.	Raw material	--	7,894,247.79

Beijing Shougang Co. Ltd
Notes to the Financial Statements
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Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Spare parts	261,453.00	158,382.00
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Production service	--	2,672,600.00
Shougang Casey Steel Co., Ltd.	Production service	102,954,696.79	85,312,691.44
Tangshan Caofeidian First Real Industrial Co., Ltd.	Life service	23,414,022.52	25,094,469.60
Qiangang Hotel.	Production service	25,876,769.55	20,242,271.63
Beijing Shougang Special Steel Co., Ltd.	Production service	426,234.71	7,257,200.37
Beijing Shougang Special Steel Co., Ltd.	Power energy	20,612.25	99,547.79
Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	Spare parts	478,270.00	4,903,800.00
Bohai International Conference Center Co., Ltd.	Life service	103,046.23	51,282.08
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	2,721,359.52	3,807,785.65
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Auxiliary material	47,736,419.36	36,920,253.85
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Spare parts	19,576,171.83	19,795,045.90
Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	Production service	13,757,098.00	11,504,293.00
Guangzhou Jinghai Shipping Co., Ltd.	Production service	407,924,922.93	328,058,660.14
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Spare parts	51,088,635.32	42,519,088.05
PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	Production service	802,443.04	789,805.94
Beijing Huayue Aviation Service Co., Ltd.	Life service	--	4,340.72
Beijing Shoushe Metallurgical Technology Co., Ltd.	Life service	690,603.97	102,902.26
Beijing Shouyu Industry and Trade Co., Ltd.	Auxiliary material	10,603,136.18	10,164,440.09
Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	Auxiliary material	--	512,301.01
Chaoyang Shougang Beifang Machinery Co., Ltd.	Spare parts	15,262.00	675,850.08
Shougang Guiyang Special Steel Co., Ltd.	Auxiliary material	13,263,605.26	8,524,748.29
Shougang Guiyang Special Steel Co., Ltd.	Engineering equipment	--	20,788,717.99
Tangshan Caofeidian Ganglian Logistics Co., Ltd.	Production service	63,642,873.70	758,402.74
Tangshan Caofeidian Industry Port Co., Ltd.	Production service	400,052,453.44	401,422,352.04
Tangshan Shoukuang Cleaning Iron Co., Ltd.	Raw material	--	109,839,833.78
Tangshan Shoukuang Cleaning Iron Co., Ltd.	Production service	--	132,782,532.37
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Production service	3,771,028.94	4,954,693.41
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Raw material	2,598,673.80	35,232,137.78
China Peace International Travel Service Co., Ltd.	Life service	--	8,000.00
Beijing Shoutaizhongxin Science & Technology Co., Ltd	Spare parts	1,556,522.23	--
Chengde Xintong Shoucheng Mining Co., Ltd.	Raw material	287,802,331.88	21,689,167.00
Gansu Province, Wenxian Million Litie Alloy Co., Ltd.	Raw material	812,062,129.47	--

Beijing Shougang Co. Ltd
Notes to the Financial Statements
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Beijing Shougang Steel Distribution Co., Ltd	Engineering equipment	--	225,450.78
Shougang (Qingdao) Steel Industry Co., Ltd.	Raw material	28,003,765.33	270,933.68
Beijing Shougang Park Comprehensive Service Co., Ltd.	Life service	1,458,695.68	464,322.39
YASKAWA Shougang Robert Co., Ltd.	Production service	99,190.00	17,000.00
Beijing Shouxinsheng Trading Co., Ltd.	Raw material	660,000.00	60,505,643.28
Tonggang Jilin Welded Pipe Co., Ltd	Auxiliary material	--	125,440.00
Qinhuangdao Shougang Plate Mill Co., Ltd.	Engineering equipment	--	833,333.33
Qinhuangdao Shougang Racing Valley Co., Ltd	Production service	593,547.16	609,269.80
Hebei Shougang Jingtang Machinery Co., Ltd.	Production service	8,612,479.50	1,092,932.10
Beijing Shouao Real Estate Co., Ltd	Life service	65,373.00	50,400.00
Cmi Engineering (Beijing) Co., Ltd.	Engineering equipment	2,350,492.00	2,740,000.00
Jilin Tonggang International Trade Co., Ltd.	Raw material	--	2,619,614.95
Ningbo Shougang Zhejin Steel Co., Ltd.	Production service	137,342.41	12,059.42
South China International Leasing Co., Ltd	Fund usage charges	408,154.27	317,749.91
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Fund usage charges	14,223,287.67	5,276,712.33
Shougang Changzhi Steel&Iron Co., Ltd.	Fuel material	6,491,155.75	--
Qinhuangdao Shoufang Property Service Co., Ltd.	Life service	903,720.00	--
Beijing Shougang International Travel Co., Ltd.	Life service	186,162.47	--
Beijing Shougang Environmental Engineering Technology Co., Ltd.	Raw material	10,514,058.58	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Production service	5,440,692.45	--
Beijing Shougang Property Management Co., Ltd.	Production service	2,903,326.07	--
Guiyang Steel Mills I/E Corp.	Production service	3,371,370.88	--
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	1,554,416.90	--

②Sale of goods and rendering of services to related parties

Related party	Nature of transaction	2021	2020
Shougang Group Co., Ltd.	Management service	322,856,073.40	388,673,540.30
Shougang Group Co., Ltd.	Interest income	--	21,582,482.08
Shougang Group Co., Ltd.	Production service	16,384,180.19	16,269,090.54
Shougang Mining Corporation	Steel	9,657,678.23	9,123,594.10
Shougang Mining Corporation	Raw fuel material	617,528,694.26	324,518,330.13
Shougang Mining Corporation	Power energy	339,888,833.31	360,465,665.25
Shougang Mining Corporation	Production service	16,106,593.88	--

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Related party	Nature of transaction	2021	2020
Shougang Group Finance Co., Ltd.	Interest income	129,218,534.77	108,641,085.66
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	277,517,105.35	181,315,533.79
Shougang Casey Steel Co., Ltd.	Steel	872,744,622.51	481,920,723.73
Shougang Casey Steel Co., Ltd.	Production service	1,821,488.40	--
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Steel	52,568.33	259,068,925.83
Beijing Shougang Construction Group Co., Ltd.	Power energy	2,519,371.08	4,352,003.39
Beijing Shougang Construction Group Co., Ltd.	Steel	37,736,546.55	26,296,712.93
Beijing Shougang Construction Group Co., Ltd.	Production service	977,440.97	1,802,409.81
Beijing Shougang Gas Co., Ltd.	Power energy	151,854,252.56	137,638,625.60
Beijing Shougang Machinery&Electric Co., Ltd.	Steel	147,153,949.07	18,541,669.74
Beijing Shougang Machinery&Electric Co., Ltd.	Power energy	3,337,782.11	2,612,156.17
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	1,513,633.98	3,627,733.33
Beijing Shougang Machinery&Electric Co., Ltd.	Spare parts	180,310.18	--
Beijing Shougang Ferroalloy Co., Ltd.	Power energy	2,829,746.71	4,149,978.58
Beijing Shougang Ferroalloy Co., Ltd.	Raw fuel material	20,619,652.70	20,863,176.66
Beijing Shougang Ferroalloy Co., Ltd.	Production service	484,625.75	449,154.05
Beijing Shougang Ferroalloy Co., Ltd.	Steel	--	40,223,043.89
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	600,722,568.59	597,223,735.88
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	214,700,900.89	174,213,431.05
Beijing Beiyue Functional Materials Co., Ltd.	Billet	14,900,608.66	9,117,278.51
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Raw fuel material	56,998,443.29	6,755,827.81
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Production service	118,539.00	118,539.00
Beijing Shougang Packaging Service Co., Ltd.	Steel	36,292,975.72	16,958,330.51
Beijing Shougang Packaging Service Co., Ltd.	Power energy	296,380.80	339,453.51
Beijing Shougang Packaging Service Co., Ltd.	Production service	1,868,192.00	1,712,510.00
Qian'an First Real Packaging Service Co., Ltd.	Steel	39,934,460.63	88,324,141.23
Beijing Shougang Technology Development Co., Ltd.	Steel	1,966,033.60	--
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Raw fuel material	281,348,426.05	220,204,663.36
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Power energy	120,645,752.67	116,463,776.95
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	27,043,499.52	23,682,420.06
Beijing Shougang International Engineering&Technology Co., Ltd.	Steel	622,011.63	--
Beijing Shougang International Engineering&Technology Co., Ltd.	Power energy	34,249.96	171,321.90
Beijing Shougang International Engineering&Technology Co., Ltd.	Production service	452,830.19	1,530,566.04

Beijing Shougang Co. Ltd
Notes to the Financial Statements
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Related party	Nature of transaction	2021	2020
Beijing Shougang Metal Co., Ltd.	Steel	42,108,282.48	41,942,213.93
Beijing Shougang Metal Co., Ltd.	Power energy	1,453,606.94	1,543,520.62
Beijing Shougang Metal Co., Ltd.	Production service	2,756,334.23	2,521,467.89
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Steel	--	507,696,108.99
Beijing Shougang Mining Construction Co., Ltd.	Steel	1,241,277.67	3,680,894.15
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Steel	41,892,931.70	--
Qinhuangdao Shougang Machinery Co., Ltd.	Raw fuel material	937,014,959.13	443,666,813.98
Qinhuangdao Shougang Machinery Co., Ltd.	Power energy	508,092.44	304,923.67
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	1,888,757.36	--
Qian'an Shougang Equipment Structure Co., Ltd.	Power energy	21,000.00	20,002.50
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	164,068.27	144,000.00
Qian'an Shougang Equipment Structure Co., Ltd.	Steel	223,401.77	3,911,445.31
Tangshan Guoxing Industrial Co., Ltd.	Power energy	812,139.20	783,910.67
Tangshan Guoxing Industrial Co., Ltd.	Raw fuel material	4,072,506.20	57,837.12
Tangshan Guoxing Industrial Co., Ltd.	Production service	1,962,692.75	1,259,047.62
Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	Power energy	125,248.13	119,962.50
Tangshan Caofeidian First Real Industrial Co., Ltd.	Power energy	873,443.01	906,346.18
Beijing Shougang Automation Information Technology Co., Ltd.	Power energy	1,305,678.06	80,430.00
Beijing Shougang Automation Information Technology Co., Ltd.	Spare parts	--	1,443,067.62
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	237,735.85	237,735.85
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	93,846,906.81	124,893,707.64
Hebei Shoulang New Energy Technology Co., Ltd.	Production service	1,714,285.71	5,142,857.14
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	198,165.14	215,148.25
Tonghua Iron and Steel Co., Ltd.	Raw fuel material	778,164.50	137,737,917.92
Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	Raw fuel material	12,677,501.44	2,248,938.88
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Steel	--	245,150.45
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Power energy	--	50,400.00
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Production service	--	342,857.14
Beijing Shougang Materials Trading Co., Ltd.	Raw fuel material	10,752,760.18	5,226,123.89
Beijing Shougang Materials Trading Co., Ltd.	Production service	--	22,669.81
Beijing Shougang Materials Trading Co., Ltd.	Steel	31,365,842.84	14,122,416.76
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Raw fuel material	46,410.02	--
Shougang Changzhi Steel&Iron Co., Ltd.	Raw fuel material	--	8,612,048.19

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Related party	Nature of transaction	2021	2020
Shougang Changzhi Steel&Iron Co., Ltd.	Production service	330,188.68	566,037.74
Tangshan Caofeidian Industry Port Co., Ltd.	Power energy	3,390,814.00	7,431,690.00
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Interest income	10,518,170.49	10,361,268.74
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Production service	613,153.25	--
Guangdong Shougang Zhongshan Metal Steel Processing&Distribution Co., Ltd.	Steel	--	103,615,972.75
Ningbo Shougang Zhejin Steel Co., Ltd.	Steel	733,790,833.50	387,404,125.34
Shougang (Qingdao) Steel Industry Co., Ltd.	Steel	2,635,744,920.56	2,068,145,685.62
Shougang (Qingdao) Steel Industry Co., Ltd.	Production service	--	1,191,850.64
Tianjin Shougang Steel Processing&Distribution Co., Ltd.	Steel	12,410,581.55	122,868,391.48
Ordos Baotou Steel Shourui Material Technology Co., Ltd.	Steel	20,147,152.24	43,172,333.19
Qian'an Shoujia Construction Material Co., Ltd.	Power energy	26,424,700.75	20,849,860.72
Qian'an Shoujia Construction Material Co., Ltd.	Raw fuel material	78,768,061.55	72,638,182.03
Qian'an Shoujia Construction Material Co., Ltd.	Production service	270,782.37	261,988.18
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Power energy	72,289.19	37,950.34
Guizhou Bohong Industrial Co., Ltd.	Production service	88,038.87	95,464.82
Sanhe Shoujia Construction Material Co., Ltd.	Raw fuel material	--	1,944,917.36
Beijing Shougang Landscaping Co., Ltd.	Power energy	4,162.17	5,424.66
Dachang Shougang Machinery&Electric Co., Ltd.	Steel	2,382,335.68	9,954,118.15
Guangzhou Jinghai Shipping Co., Ltd.	Production service	46,548,850.68	30,107,927.27
Ningbo Shoude Bonded Zone Trading Co., Ltd.	Raw fuel material	--	41,366,049.77
PetroChina Shougang (Beijing) Petroleum Sales Co., Ltd.	Power energy	25,414.27	23,415.00
PetroChina Shougang (Beijing) Petroleum Sales Co., Ltd.	Steel	125,306,810.27	76,412,124.74
Qingdao Shouyi Free Trade Zone Logistics Service Co., Ltd.	Raw fuel material	--	8,278,494.73
Beijing Shouhua Technology Development Co., Ltd.	Production service	--	297,169.81
Shougang Guiyang Special Steel Co., Ltd.	Steel	--	2,110,641.08
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Steel	50,832,468.42	18,076,509.17
Beijing Shougang Gas Tangshan Co., Ltd.	Production service	565,714.29	565,714.29
Chaoyang Shougang Beifang Machinery Co., Ltd.	Spare parts	--	88,887.10
Beijing Shougang Catering Co., Ltd.	Power energy	706,148.05	708,263.81
Beijing Jingxi Supply Chain Management Co., Ltd.	Steel	--	2,355,838.60
Beijing Shouxinsheng Trading Co., Ltd.	Steel	--	23,747,794.65
Chengde Xintong Shoucheng Mining Co., Ltd.	Production service	--	6,981.14
Guizhou Liupanshui Shenghongda Mechanical Equipment Manufacturing Co., Ltd.	Production service	22,871.70	28,478.78

Related party	Nature of transaction	2021	2020
Guizhou Shuigang Logistics Co., Ltd.	Production service	9,040.57	4,491.51
Shougang Shuicheng Iron and Steel (Group) Xingyuan Development Investment Co., Ltd.	Production service	81,484.90	43,601.42
Hebei Jingji Industry & Trading Co., Ltd.	Steel	13,707,273.61	4,904,947.45
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	Raw fuel material	5,670,282.21	--
Jingtang Port Shougang Terminal Co., Ltd.	Production service	286,751.34	1,325,021.21
Beijing Shouke Xingye Engineering Technology Co., Ltd.	Production service	1,681,415.93	--
Tonggang Jilin Welded Pipe Co., Ltd.	Steel	17,830.09	--
Shoujia Huanke (Qian'an) Co., Ltd.	Raw fuel material	23,094,037.69	--
Beijing Shoujian Equipment Maintenance Co., Ltd.	Production service	19,018.87	--

(2) Details of related party leases

① The Company as a lessor

Lessee	Type of assets leased	Lease income recognized in 2021	Lease income recognized in 2020
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Land use right	824,536.83	824,536.83
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Land use right	25,046,418.55	25,252,761.92
Tangshan Caoheidian Dunshi New Construction Material Co., Ltd.	Land use right	2,380,761.90	2,380,761.90
Beijing Shougang Lanzatech New Energy Technology Co., Ltd.	Land use right	165,333.33	165,333.33

② The Company as a lessee

Lessor	Type of assets leased	Lease expenses recognized in 2021	Lease expenses recognized in 2020
Beijing Shougang Construction Investment Co., Ltd.	Property	10,139,897.90	--
Shougang Group Co., Ltd.	Property	3,198,777.88	2,908,102.36
Beijing Shougang Special Steel Co., Ltd.	Property	11,333.33	413,519.99

The Company leases right-of-use assets during the reporting period as a lessee

Lessor	Type of assets leased	Increase	Decrease
Beijing Shougang Construction Investment Co., Ltd.	Plant and buildings	45,024,073.82	--

The interest expenses incurred on lease liabilities as a lessee during the reporting period

Lessor	Type of assets leased	Increase	Decrease
Shougang Group Co., Ltd.	Plant and buildings	1,493,817.76	--
Beijing Shougang Construction Investment Co., Ltd.	Plant and buildings	1,953,367.31	--

(3) Details of related party guarantees

The Company as a guarantee

Guarantor	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Shougang Group Co., Ltd.	160,500,000.00	2021/9/17	2022/10/26	Incomplete
Shougang Group Co., Ltd.	8,787,335,054.82	2020/1/15	2022/6/29	Incomplete
Shougang Group Co., Ltd.	9,813,924,166.67	2019/3/29	2031/9/3	Incomplete

(4) Details of related party funding

Related party	Amount of funding	Beginning date	Maturity date	Note
Funds received:				
Shougang Group Co., Ltd.	10,782,629.07	2019/3/6	2023/3/25	Entrust loans
Shougang Group Finance Co., Ltd.	9,144,620,734.38	2021/1/14	2022/12/23	Short-term borrowings
Shougang Group Finance Co., Ltd.	500,618,750.00	2021/7/15	2024/7/15	Long-term borrowings
Shougang Group Finance Co., Ltd.	6,328,176,896.08	2021/7/12	2022/6/28	Notes payable
South China International Leasing Co., Ltd	15,767,452.29	2020/1/7	2025/1/6	Long-term payable
Funds provided:				
Tangshan Zhonghong Carbon Chemical Co., Ltd.	265,361,158.14	—	—	Other current assets

(5) Details of transfer of assets and debt restructuring

Related party	Nature of transaction	2021	2020
Shougang Group Co., Ltd.	Share Transfer of Beijing Automobile Investment Co., Ltd.	--	4,371,977,739.86
Shougang Group Co., Ltd.	Share Purchase of Beijing Shougang Steel Trade Investment Management Co., Ltd.	--	4,893,634,550.64
Beijing Shougang Equipment Technology Co., Ltd.	Share Purchase of Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	--	3,327,900.00

(6) Remuneration of key management personnel

The Company has 22 key management personnel in 2021, and 21 key management personnel in 2020. The remuneration payment is as follows:

Items	2021	2020
Remuneration of key management personnel (excluding share payment)	12.3913 million	6.5804 million

6. Receivables from and payables to related parties

(1) Receivables from related parties

Items	Related parties	2021.12.31		2020.12.31	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bank deposit	Shougang Group Finance Co., Ltd.	9,993,599,779.82	--	5,840,053,539.02	--
Bank deposit	Hua Xia Bank Co.,Ltd.	92,946,504.55	--	2,151,464.94	--
Accounts receivable	Beijing Shougang Gas Co., Ltd.	3,870,237.73	135,713.01	--	--
Accounts receivable	Shougang Group Co., Ltd.	57,219.54	2,006.45	--	--
Accounts receivable	Shougang Casey Steel Co., Ltd.	259,971,350.16	9,116,105.40	154,836,520.71	5,264,260.70
Accounts receivable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	1,623,946.24	56,944.99	2,382,464.89	923,413.27
Accounts receivable	Hebei Shoulang New Energy Technology Co., Ltd.	23,052,262.12	808,346.19	47,946,382.54	1,630,120.96
Accounts receivable	Qian'an Shoujia Construction Material Co., Ltd.	61,221,363.06	2,146,776.55	64,498,577.06	2,192,876.22
Accounts receivable	Sanhe Shoujia Construction Material Co., Ltd.	9,275,968.24	6,437,863.04	11,275,968.24	5,998,186.89
Accounts receivable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	1,438,064.93	403,415.27	1,479,233.93	50,292.22
Accounts receivable	Tonghua Iron and Steel Co., Ltd.	810,000.00	28,403.30	95,230,146.73	3,237,713.67
Accounts receivable	Tangshan Caoheidian Dunshi New Construction Material Co., Ltd.	4,028.00	141.25	11,199,223.84	380,760.52
Accounts receivable	Beijing Shougang International Engineering&Technology Co., Ltd.	412,800.00	401,297.79	1,156,700.00	318,437.01
Accounts receivable	Beijing Shougang Materials Trading Co., Ltd.	--	--	435,425.96	14,803.97
Accounts receivable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	9,607,053.73	336,879.10	7,222,280.17	245,549.08
Accounts receivable	Beijing Shougang Mining Construction Co., Ltd.	--	--	12,987.00	441.54
Accounts receivable	Beijing Shouxinsheng Trading Co., Ltd.	--	--	285,008.00	9,689.94
Accounts receivable	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	1,261,607.93	44,239.30	5,670,128.78	192,777.75
Accounts receivable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	734.50	25.76	--	--

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Items	Related parties	2021.12.31		2020.12.31	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Beijing Shougang Machinery&Electric Co., Ltd.	42,400.00	1,486.79	--	--
Accounts receivable	Beijing Shouke Xingye Engineering Technology Co., Ltd.	900,000.00	31,559.23	--	--
Prepayments	Tonghua Iron and Steel Co., Ltd.	16,968,576.00	--	87,647.33	--
Prepayments	Tangshan Caofeidian Ganglian Logistics Co., Ltd.	262,876,222.88	--	39,092,233.65	--
Prepayments	Qinhuangdao Shouqin Metal Materials Co., Ltd.	763,907.90	--	813,907.90	--
Prepayments	Tangshan Caofeidian Industry Port Co., Ltd.	--	--	22,055.88	--
Prepayments	Huludao Shougang Donghua Machinery Co., Ltd.	--	--	933,792.77	--
Prepayments	Beijing Jinanyuan Automobile Transportation Co., Ltd.	671,424.66	--	--	--
Prepayments	Chengde Xintong Shoucheng Mining Co., Ltd.	10,522,946.92	--	--	--
Other receivables	Beijing Shougang Materials Trading Co., Ltd.	--	--	1,000,000.00	90,000.00
Dividend receivable	Hebei Jingji Industry & Trading Co., Ltd.	--	--	4,892,288.48	--
Other current assets	Tangshan Zhonghong Carbon Chemical Co., Ltd.	265,361,158.14	118,133,658.14	245,455,297.98	--

(2) Payables to related parties

Items	Related parties	2021.12.31	2020.12.31
Accounts payable	Shougang Group Co., Ltd.	1,384,249,837.28	424,300,384.98
Accounts payable	Shougang Mining Corporation	4,522,110,751.63	4,758,872,958.16
Accounts payable	Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	531,130,707.96	522,003,740.47
Accounts payable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	502,790,483.78	898,085,897.55
Accounts payable	Beijing Shoucheng Packaging Service Co., Ltd.	13,987,818.77	12,194,373.08
Accounts payable	Beijing Shougang Automation Information Technology Co., Ltd.	205,271,058.27	323,142,973.59
Accounts payable	Beijing Shougang Construction Group Co., Ltd.	782,284,524.75	1,037,734,728.65
Accounts payable	Beijing Shoujian Equipment Maintenance Co., Ltd.	20,357,608.30	85,061,141.78
Accounts payable	Beijing Shougang Landscaping Co., Ltd.	19,375,454.67	9,860,436.91
Accounts payable	Beijing Shougang Catering Co., Ltd.	1,276,876.62	4,670,126.47
Accounts payable	Beijing Huaxia Technology Co., Ltd.	5,949,926.35	5,781,199.34
Accounts payable	Qinhuangdao Shougang Machinery Co., Ltd.	77,660,313.32	88,702,058.87
Accounts payable	Beijing Shougang Huaxia International Trade Co., Ltd.	--	5,564.75
Accounts payable	Beijing Shougang Machinery&Electric Co., Ltd.	132,222,261.77	165,812,736.46
Accounts payable	Beijing Shouye Instruments&Meters Co., Ltd.	13,682,200.89	14,344,260.92
Accounts payable	Huludao Shougang Donghua Machinery Co., Ltd.	--	9,207,347.77
Accounts payable	Tianjin Shougang Electric Equipment Co., Ltd.	16,682,673.00	11,468,267.73
Accounts payable	Beijing Shougang Gas Co., Ltd.	51,211,959.35	88,190,353.60
Accounts payable	Beijing Shougang International Engineering&Technology Co., Ltd.	500,889,049.60	681,763,620.48
Accounts payable	Beijing Jinanyuan Automobile Transportation Co., Ltd.	10,002,976.59	14,257,362.30
Accounts payable	Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	32,927,728.20	29,007,357.23
Accounts payable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	174,964.00	597,800.00
Accounts payable	Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	--	4,558,161.84
Accounts payable	Qian'an Shougang Equipment Structure Co., Ltd.	79,254,052.59	105,856,397.86
Accounts payable	Yantai Shougang Mining 3D Co., Ltd.	337,462.12	914,117.76
Accounts payable	Beijing Shoujian Hengji Construction Engineering Co., Ltd.	1,355,139.65	1,346,603.21
Accounts payable	Beijing Soly Technology Co., Ltd.	1,322,967.10	1,325,147.26
Accounts payable	Qian'an Shouxin Automation Information Technology Co., Ltd.	18,536,805.29	23,932,561.21
Accounts payable	Shougang Hospital Co., Ltd.	--	3,278,331.90
Accounts payable	Qian'an First Real Packaging Service Co., Ltd.	108,038,561.30	84,336,199.76

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Items	Related parties	2021.12.31	2020.12.31
Accounts payable	Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	15,421,690.84	10,707,679.21
Accounts payable	Beijing Shoujia Steel Construction Co., Ltd.	5,451,674.96	4,070,335.14
Accounts payable	Beijing Shougang Ferroalloy Co., Ltd.	56,826,692.95	49,538,592.23
Accounts payable	Beijing Shougang Materials Trading Co., Ltd.	218,553,880.01	115,225,146.51
Accounts payable	Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	57,690,426.64	70,690,426.64
Accounts payable	Shougang Environmental Industry Co., Ltd.	829,080.00	692,794.10
Accounts payable	China Shougang International Trade&Engineering Corporation	329,101,270.01	303,356,345.33
Accounts payable	Beijing Chengxin Engineering Supervision Co., Ltd.	4,895,538.32	6,032,842.86
Accounts payable	Qinhuangdao Shougang Plate Mill Co., Ltd.	--	141,274.84
Accounts payable	Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	53,995,540.32	72,232,078.18
Accounts payable	Tangshan Shoukuang Cleaning Iron Co., Ltd.	137,489,080.84	137,489,080.84
Accounts payable	Tangshan Guoxing Industrial Co., Ltd.	37,617,722.80	27,550,753.14
Accounts payable	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	162,441,310.98	168,050,365.63
Accounts payable	Beijing Shougang Futong Elevator Co., Ltd.	178,815.55	2,677,608.70
Accounts payable	Beijing Teyu Plate Co., Ltd.	85,095,430.63	85,095,430.63
Accounts payable	Jingxi Shoutang Supply Chain Management Co., Ltd	888,650.02	1,388,650.02
Accounts payable	Beijing Shougang Mining Construction Co., Ltd.	5,821,388.57	8,858,144.66
Accounts payable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	17,970,896.72	16,537,107.72
Accounts payable	Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	361,229.80	528,208.91
Accounts payable	Beijing Shoushe Metallurgical Technology Co., Ltd.	42,036.40	26,672.40
Accounts payable	Beijing Shougang Fulushi Color Coated Plate Co., Ltd.	10,950,942.80	16,666,004.85
Accounts payable	Beijing Shougang Industrial Group Co., Ltd.	10,454,655.52	6,602,419.19
Accounts payable	Beijing Shougang International Travel Co., Ltd.	144,566.00	178,263.50
Accounts payable	Beijing Shougang Cultural Development Co., Ltd.	157,950.00	--
Accounts payable	Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	2,396,999.79	2,752,728.69
Accounts payable	Qiangang Hotel.	12,384,514.68	5,741,588.83
Accounts payable	Beijing Dingshengcheng Packaging Materials Co., Ltd.	14,641,606.12	11,814,696.28
Accounts payable	Beijing Shouxinsheng Trading Co., Ltd.	--	2,458,032.74
Accounts payable	Beijing Shougang Special Steel Co., Ltd.	101,949,940.33	101,949,940.33
Accounts payable	Hebei Shougang Jingtang Machinery Co., Ltd.	4,208,507.88	1,525,293.86
Accounts payable	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	7,313,225.55	7,253,031.40

Beijing Shougang Co. Ltd

Notes to the Financial Statements

FY21 (Unit: RMB, unless otherwise specified)

Items	Related parties	2021.12.31	2020.12.31
Accounts payable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	10,413,229.91	5,935,224.42
Accounts payable	Bohai International Conference Center Co., Ltd.	104,450.00	--
Accounts payable	Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	26,612,943.68	24,662,319.86
Accounts payable	Beijing Shougang Kuangshan Hospital Co., Ltd	3,630,791.00	1,949,405.50
Accounts payable	Beijing Shouyu Industry and Trade Co., Ltd.	7,359,998.22	5,817,793.42
Accounts payable	PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	11,432,572.79	9,581,118.29
Accounts payable	YASKAWA Shougang Robert Co., Ltd.	388,207.98	634,464.46
Accounts payable	Beijing Shougang New Material Co., Ltd.	1,685,368.21	629,938.31
Accounts payable	Beijing Xingyeda Machinery&Electric Equipment Manufacture Co., Ltd.	1,056,900.10	124,606.53
Accounts payable	Chaoyang Shougang Beifang Machinery Co., Ltd.	1,019,783.85	1,051,936.50
Accounts payable	Guangzhou Jinghai Shipping Co., Ltd.	113,750,687.97	95,572,579.06
Accounts payable	Jingtang Port Shougang Terminal Co., Ltd.	2,927.40	2,927.40
Accounts payable	Tangshan Caofeidian Industry Port Co., Ltd.	62,255,892.01	98,535,542.27
Accounts payable	Beijing Shougang Zhongye Machinery & Electric Co., Ltd.	--	433,770.00
Accounts payable	Shougang Guiyang Special Steel Co., Ltd.	10,488,904.44	17,565,638.66
Accounts payable	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	208,116.72	1,357,127.53
Accounts payable	Cmi Engineering (Beijing) Co., Ltd.	--	4,096,520.00
Accounts payable	Beijing Shoutegang Yuandong Magnesium Alloy Products Co., Ltd.	200,408.00	200,408.00
Accounts payable	Shougang (Qingdao) Steel Industry Co., Ltd.	1,673,343.05	--
Accounts payable	Huludao Shougang Donghua Pipe Industry Co., Ltd.	--	176,817.81
Accounts payable	Tonggang Jilin Welded Pipe Co., Ltd	--	31,747.20
Accounts payable	Beijing Shougang Mining Investment Co., Ltd	175,708,332.43	175,708,332.43
Accounts payable	Qinhuangdao Shougang Racing Valley Co., Ltd	229,160.00	259,520.00
Accounts payable	Beijing Shougang Property Management Co., Ltd.	1,957,224.08	59,727.00
Accounts payable	Beijing Shougang Park Comprehensive Service Co., Ltd.	4,700.00	9,620.00
Accounts payable	Jiangsu Capital Holdings Manufacturing Technology Co., Ltd.	--	250,000.00
Accounts payable	Beijing Shouao Real Estate Co., Ltd	33,960.00	16,800.00
Accounts payable	Guangdong Shougang Zhongshan Metal Steel Processing&Distribution Co., Ltd.	29,597.98	29,597.98
Accounts payable	Tonghua Iron and Steel Co., Ltd.	3,754,243.16	--
Accounts payable	Beijing Shougang Environmental Engineering Technology Co., Ltd.	1,039,146.20	--

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Items	Related parties	2021.12.31	2020.12.31
Accounts payable	Guiyang Steel Mills I/E Corp.	6,450,970.10	--
Accounts payable	Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	1,650,945.20	--
Accounts payable	Beijing Shougang Kuangshan Hospital Co., Ltd	411,453.00	--
Accounts payable	Shougang Commercial Factoring Co., Ltd.	94,520.31	--
Accounts payable	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	757,423.42	--
Contract liability	Beijing Shoucheng Packaging Service Co., Ltd.	716,930.07	140,353.75
Contract liability	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	5,245,386.29	1,484,689.80
Contract liability	Beijing Beiye Functional Materials Co., Ltd.	1,060,401.14	129,484.80
Contract liability	Beijing Shougang Gitane New Materials Co., Ltd.	45,093.66	43,809.62
Contract liability	Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	--	12,812,385.43
Contract liability	Huludao Shougang Donghua Machinery Co., Ltd.	--	1,729,808.14
Contract liability	Beijing Shouronghui Technology Development Co., Ltd.	5,659,780.67	1,359,852.64
Contract liability	Beijing Shougang Machinery&Electric Co., Ltd.	9,900,333.17	308,844.95
Contract liability	Beijing Shougang Construction Group Co., Ltd.	112,823.19	119,407.58
Contract liability	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	5,000,915.64	--
Contract liability	Beijing Shougang Jitaian Alloy Materials Co., Ltd.	24,716.74	--
Contract liability	Qinhuangdao Shougang Machinery Co., Ltd.	858,701.10	847,647.78
Contract liability	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	31,485.93	33,744.95
Contract liability	Tangshan Guoxing Industrial Co., Ltd.	28,189.37	40,000.00
Contract liability	Beijing Shougang International Engineering&Technology Co., Ltd.	312,038.71	113,815.14
Contract liability	Qian'an First Real Packaging Service Co., Ltd.	781,919.64	5,000,088.04
Contract liability	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	1,325,363.50	--
Contract liability	Beijing Shougang Industrial Group Co., Ltd.	--	52,984.32
Contract liability	Beijing Jinanyuan Automobile Transportation Co., Ltd.	50,000.00	--
Contract liability	Qian'an Shougang Equipment Structure Co., Ltd.	--	6,019.15
Contract liability	Qinhuangdao Shougang Plate Mill Co., Ltd.	13,028.81	13,028.81
Contract liability	Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	182,697.15	102,297.31
Contract liability	Lujiaoshan Limestone Mining of Shougang Beijing Co., Ltd.	1,378,594.00	1,952,166.12
Contract liability	Qian'an Shougang Xingkuang Industrial Co., Ltd.	50,000.00	50,000.00

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Items	Related parties	2021.12.31	2020.12.31
Contract liability	Beijing Shougang Materials Trading Co., Ltd.	188,861.00	119,506.25
Contract liability	Guizhou Bohong Industrial Co., Ltd.	50,000.00	50,000.00
Contract liability	Huludao Shougang Donghua Pipe Industry Co., Ltd.	--	50,000.00
Contract liability	Beijing Shougang Mining Construction Co., Ltd.	52,088.04	41,153.42
Contract liability	Tianjin Shougang Electric Equipment Co., Ltd.	169.19	169.19
Contract liability	Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	--	8,180.36
Contract liability	Shougang Shuicheng Steel (Group) Saide Construction Co., Ltd.	805.61	805.61
Contract liability	Dachang Shougang Machinery&Electric Co., Ltd.	2,280.20	697,971.31
Contract liability	Ningbo Shougang Zhejin Steel Co., Ltd.	18,370,671.65	7,713,107.90
Contract liability	Guangzhou Jinghai Shipping Co., Ltd.	5,311,397.37	7,151,356.77
Contract liability	Suzhou Tonggang Shunye Steel Materials Processing Distribution Co., Ltd.	2,046.68	2,046.68
Contract liability	Beijing Shougang Shape Metal Co., Ltd.	10,095,842.56	6,729,383.91
Contract liability	Ordos Baotou Steel Shourui Material Technology Co., Ltd.	3,865,016.99	1,312,200.50
Contract liability	PetroChina Shougang (Beijing) Petroleumsales Co., Ltd.	12,452,455.41	11,593,447.04
Contract liability	Shougang Casey Steel Co., Ltd.	645,198.15	0.05
Contract liability	Shougang (Qingdao) Steel Industry Co., Ltd.	82,388,551.58	111,428,733.94
Contract liability	Tianjin Shougang Steel Processing&Distribution Co., Ltd.	38,202.45	1,604,220.81
Contract liability	Guangdong Shougang Zhongshan Metal Steel Processing&Distribution Co., Ltd.	--	5,255,500.85
Contract liability	Beijing Shougang Ferroalloy Co., Ltd.	--	50,000.00
Contract liability	Shougang Guiyang Special Steel Co., Ltd.	--	21,353.73
Contract liability	Chaoyang Shougang Beifang Machinery Co., Ltd.	114.02	114.02
Contract liability	Beijing Shouyu Industry and Trade Co., Ltd.	58,437.91	50,000.00
Contract liability	Hebei Jingji Industry & Trading Co., Ltd.	572,635.52	460,409.38
Contract liability	Beijing Thermal Zhongda Heat Exchange Equipment Co., Ltd.	50,000.00	--
Contract liability	Beijing Shoujian Equipment Maintenance Co., Ltd.	50,000.00	--
Contract liability	Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	105,416.50	--
Contract liability	Shoujia Huanke (Qian'an) Co., Ltd.	200,000.00	--
Other payable	Shougang Group Co., Ltd.	57,154,287.37	1,187,727,922.88
Other payable	Beijing Shougang Automation Information Technology Co., Ltd.	749,720.20	749,720.20
Other payable	Beijing Shougang Construction Group Co., Ltd.	3,458,000.00	3,458,000.00

Items	Related parties	2021.12.31	2020.12.31
Other payable	Beijing Shougang Landscaping Co., Ltd.	19,893.26	19,893.26
Other payable	Beijing Chengxin Engineering Supervision Co., Ltd.	269,324.00	269,324.00
Other payable	Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	--	300,000.00
Other payable	Beijing Shougang Industrial Group Co., Ltd.	3,865,587.23	200,000.00
Other payable	Tangshan Guoxing Industrial Co., Ltd.	4,450,973.55	--
Other payable	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	190,000.00	190,000.00
Other payable	Guangzhou Jinghai Shipping Co., Ltd.	311,320.00	300,000.00
Other payable	Beijing Shougang Gas Co., Ltd.	1,650,000.00	1,123,099.67
Other payable	Hebei Shougang Jingtang Machinery Co., Ltd.	2,776,577.52	--
Other payable	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	319,500,000.00	95,276,712.33
Other non-current liability	Shougang Group Co., Ltd.	4,563,283,607.60	4,491,623,817.41

XI. Share-based payment

1. General information of share-based payment

Items	2021
Total amount of equity instruments granted by the Company in current period	64,901,800.00
Total amount of equity instruments exercised by the Company in current period	--
Total amount of invalid equity instruments of the Company in current period	--
Range of exercise price and remaining term of the contract of outstanding stock 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

Items	2021
The method of determining fair value of equity instrument on the grant date	Determined by the closing price of restricted shares on the grant date
Basis for determining the number of exercisable equity instruments	Determined by the amount of actual unlocked instruments which is based on performance assessment
Reasons of significant difference between current estimate and previous estimate	None
Accumulated amount recognised in capital reserve	5,897,610.37
Total amount recognised in P/L in current period	7,165,158.72

Note : Proposal of Beijing Shougang Co., Ltd. 2021 Restricted Stock Incentive Plan (Draft Amendment) and its Summary, Proposal of Beijing Shougang Co., Ltd. Appraisal Management System on 2021 Restricted Stock Incentive Plan (Revised), Proposal of Submitting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Relevant Matters of 2021 Restricted stock Incentive Plan were deliberated and approved at the 11th meeting of the 7th session of the board of directors on 29 November 2021 and the first extraordinary general meeting of shareholders in 2021, which was approved by Beijing State Owned Assets Supervision and Administration Commission and confirmed and recorded by China Securities Regulatory Commission with no objection. The grant date is 9 December 2021 and a total of 64,901,800.00 restricted stock shares are granted to 386 incentive targets. The grant price of the restricted stock is RMB3.25 per share. After the completion of subscription of this incentive plan, the share capital (Note V,34) and capital reserve (Note V,35) of the Company increase by RMB 64,901,800.00 and RMB 146,029,050.00 respectively due to the issuance of new shares. The treasury shares increase by RMB 210,930,850.00 and meanwhile the repurchase obligation of equity incentive is recognized in other payables by RMB 210,930,850.00 (Note V, 25). The cost and expense of RMB 7,165,158.72 is recognized in current vesting period, and the consolidated capital reserve is increased by RMB 5,897,610.37 according to the shareholding ratio of the subsidiaries. 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 of equity granted. The restricted stocks granted under this incentive plan shall not be transferred, used for security or debt repayment during the restricted period.

The Company specified lock-in period and unlocking conditions for the stock granted to the incentive targets through non-public offering, and the Company has fully recognized other payables - repurchase obligation of restricted stock 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 satisfied, the Company will repurchase the shares at the grant price and write down treasury share. The portion of restricted stocks that satisfy the unlocking conditions offset from the treasury shares.

XII. Commitments and contingencies

1. Material commitments

As of 31 December 2021, there is no commitment to be disclosed.

2. Contingencies

As of 31 December 2021, there is no contingency arising from pending litigation and guarantee provided to other entities.

XIII. Events after balance sheet date

1. Description of important non-adjustment events after balance sheet date

On 18 March 2022, the Company received “Approval for Beijing Shougang Co., Ltd. to Issue Shares to Shougang Group Co., Ltd. to Purchase Assets and Raise Supporting Funds” (zjxk [2022] No. 553) from China Securities Regulatory Commission.

On 20 April 2022, the Company completed the work of issuing 1,015,417,369 shares to Shougang Group Co., Ltd. to purchase 49% of the remaining equity of Beijing Shougang Steel Trading Investment Management Co., Ltd. On 25 April 2022, Huatai United Securities Co., Ltd., the co-lead underwriter of the Company's raised funds, have received the subscription for 54,126,391 shares of the Company's non-public offering of new shares by investors, and the subsequent share listing registration is in progress.

2. Notes to other events after the balance sheet date

As of 27 April 2022, the company has no other events shall 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

For the year ended 31 December 2021 or as at 31 December 2021	Iron and Steel Segment	Offset	Total
Operating revenue	134,034,486,136.13	--	134,034,486,136.13
Including: External revenue	134,034,486,136.13	--	134,034,486,136.13
Inter-segment revenue			
Including: Main business revenue	129,424,398,384.25	--	129,424,398,384.25
Cost of sales	118,578,217,304.05	--	118,578,217,304.05
Including: Main business cost of sales	114,806,306,669.92	--	114,806,306,669.92
Operating expenses	3,209,749,629.99	--	3,209,749,629.99
Operating profit/(loss)	9,858,466,406.54	--	9,858,466,406.54
Total assets	147,211,560,696.41	--	147,211,560,696.41
Total liabilities	98,035,201,201.55	--	98,035,201,201.55

For the year ended 31 December 2021 or as at 31 December 2021	Iron and Steel Segment	Offset	Total
Supplementary information:			
1.Capital expenditure	3,015,839,391.12	--	3,015,839,391.12
2.Depreciation and amortisation	7,442,584,739.31	--	7,442,584,739.31
3.Non-cash expenses other than depreciation and amortisation	--	--	--
4.4.Assets impairment losses	295,107,454.68	--	295,107,454.68

For the year ended 31 December 2020 or as at 31 December 2020	Iron and steel Segment	Offset	Total
Operating revenue	79,951,181,948.10	--	79,951,181,948.10
Including: External revenue	79,951,181,948.10	--	79,951,181,948.10
Inter-segment revenue			
Including: Main business revenue	76,204,354,719.07	--	76,204,354,719.07
Cost of sales	73,072,708,322.14	--	73,072,708,322.14
Including: Main business cost of sales	70,025,177,064.76	--	70,025,177,064.76
Operating expenses	2,398,028,539.13	--	2,398,028,539.13
Operating profit/(loss)	2,778,499,948.96	--	2,778,499,948.96
Total assets	144,367,221,971.10	--	144,367,221,971.10
Total liabilities	105,536,042,064.13	--	105,536,042,064.13

Supplementary information:			
1.Capital expenditure	3,032,549,847.59	--	3,032,549,847.59
2.Depreciation and amortisation	6,518,288,975.16	--	6,518,288,975.16
3.Non-cash expenses other than depreciation and amortisation	--	--	--
4.Assets impairment losses	167,843,610.72	--	167,843,610.72

(2) Other segment information

① External revenue of goods and services

Items	2021	2020
Iron and steel	134,034,486,136.13	79,951,181,948.10

② Geographical information

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

2. Lease

The Company as a lessee

Supplementary information on rental expenses

The Company simplifies the treatment of short-term leases and low-value leases, unrecognizing right-of-use assets and lease liabilities. The information of recognizing short-term lease, low-value lease and variable lease payment not included in lease liabilities in current profit and loss are as follows:

Items	2021
Interest expense on lease liabilities	4,895,508.99
Short-term leases	1,094,075.42
Low-value leases	--
Variable lease payment not included in lease liabilities	--
Total cash outflows related to lease	20,068,816.16

The Company as a lessor

Supplementary information on rental expenses

Operating leases:

① Lease income, and separately disclose income related to variable lease payments that not included in lease receipts:

Items	2021
Lease income	36,251,699.95
Income related to variable lease payments that not included in lease receipts	--

② The amount of undiscounted lease receipts that will be received in each of the five consecutive fiscal years after the balance sheet date and the total amount of undiscounted lease receipts that will be received in the remaining fiscal years.

Items	2021.12.31
Within 1 year	37,583,455.17
1 – 2 years	3,056,273.84
2 – 3 years	--
Over 3 years	--

Items	2021.12.31
Total	40,639,729.01

XV. Notes to the financial statements of parent company

1. Notes receivable

Items	2021.12.31		
	Book balance	Bad debt provision	Carrying value
Bank acceptances	--	--	--
Commercial acceptances	1,312,696,288.07	1,312,696.29	1,311,383,591.78
Total	1,312,696,288.07	1,312,696.29	1,311,383,591.78

Items	2020.12.31		
	Book balance	Bad debt provision	Carrying value
Bank acceptances	--	--	--
Commercial acceptances	2,840,061,486.24	2,840,061.49	2,837,221,424.75
Total	2,840,061,486.24	2,840,061.49	2,837,221,424.75

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

Items	Pledged amount at the end of the year
Bank acceptances	--
Commercial acceptances	16,753,215.18
Total	16,753,215.18

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

Items	Amount derecognized at year end	Amount not-derecognized at year end
Bank acceptances	--	--
Commercial acceptances	--	1,208,054,774.28
Total	--	1,208,054,774.28

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

Items	Notes transferred to accounts receivable at year end
Commercial acceptances	3,000,000.00

(4) Classified by bad debt provision method

Category	2021.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	--	--	--	--	--
Bad debt provision assessed in portfolios	1,312,696,288.07	100.00	1,312,696.29	0.10	1,311,383,591.78
Portfolio 1	--	--	--	--	--
Portfolio 2	1,312,696,288.07	100.00	1,312,696.29	0.10	1,311,383,591.78
Total	1,312,696,288.07	100.00	1,312,696.29	0.10	1,311,383,591.78

Continued:

Category	2020.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	--	--	--	--	--
Bad debt provision assessed in portfolios	2,840,061,486.24	100.00	2,840,061.49	0.10	2,837,221,424.75
Portfolio 1	--	--	--	--	--
Portfolio 2	2,840,061,486.24	100.00	2,840,061.49	0.10	2,837,221,424.75
Total	2,840,061,486.24	100.00	2,840,061.49	0.10	2,837,221,424.75

(5) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2020	2,840,061.49
Provision	--
Recovery or reversal	1,527,365.20
Written-off	--

Items	Bad debt provision
As at 31 December 2021	1,312,696.29

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

2. Accounts receivable

(1) Disclosed by ageing of account receivables

Ageing	2021.12.31	2020.12.31
Within 1 year	1,917,663,119.14	1,615,240,518.65
1 – 2 years	3,197,756.62	4,327,199.80
2 – 3 years	6,327,199.80	--
Over 3 years	2,751,011.82	4,751,011.82
Subtotal	1,929,939,087.38	1,624,318,730.27
Less: provision for bad debts	12,046,892.38	8,893,085.98
Total	1,917,892,195.00	1,615,425,644.29

(2) Disclosed by bad debt provision

Category	2021.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	5,751,011.82	0.30	5,751,011.82	100.00	--
Bad debt provision assessed in portfolios	1,924,188,075.56	99.70	6,295,880.56	0.33	1,917,892,195.00
Portfolio of aging analysis	80,928,756.18	4.19	6,295,880.56	7.78	74,632,875.62
Portfolio of consolidation scope	1,843,259,319.38	95.51	--	--	1,843,259,319.38
Total	1,929,939,087.38	100.00	12,046,892.38	0.62	1,917,892,195.00

Continued :

Category	2020.12.31		
	Book balance		Bad debt provision
			Carrying value

	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	4,751,011.82	0.29	4,751,011.82	100.00	--
Bad debt provision assessed in portfolios	1,619,567,718.45	99.71	4,142,074.16	0.26	1,615,425,644.29
Portfolio of aging analysis	91,671,974.87	5.64	4,142,074.16	4.52	87,529,900.71
Portfolio of consolidation scope	1,527,895,743.58	94.07	--	--	1,527,895,743.58
Total	1,624,318,730.27	100.00	8,893,085.98	0.55	1,615,425,644.29

Bad debt provision assessed individually :

2021.12.31				
Accounts receivable (by debtor)	Book balance	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Accounts receivable over 3 years	2,751,011.82	2,751,011.82	100.00	Long aging
Recourse for overdue bills	3,000,000.00	3,000,000.00	100.00	Recourse for overdue bills
Total	5,751,011.82	5,751,011.82	100.00	

Continued :

2020.12.31				
Accounts receivable (by debtor)	Book balance	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Accounts receivable over 3 years	4,751,011.82	4,751,011.82	100.00	Long aging
Recourse for overdue bills	--	--	--	
Total	4,751,011.82	4,751,011.82	100.00	

Bad debt provision assessed in portfolios :

2021.12.31			
Items	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,917,663,119.14	2,609,029.34	0.14

Items	2021.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
1 – 2 years	2,197,756.62	616,528.89	28.05
2 – 3 years	4,327,199.80	3,070,322.33	70.95
Over 3 years	--	--	--
Total	1,924,188,075.56	6,295,880.56	0.33

Continued :

Items	2020.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss (%)
Within 1 year	1,615,240,518.65	2,969,620.25	0.18
1 – 2 years	4,327,199.80	1,172,453.91	27.09
2 – 3 years	--	--	--
Over 3 years	--	--	--
Total	1,619,567,718.45	4,142,074.16	0.26

(3) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2020	8,893,085.98
Provision	3,153,806.40
Recovery or reversal	--
Written-off	--
As at 31 December 2021	12,046,892.38

(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 reporting period, the total closing amount of the top five accounts receivable collected by debtors is RMB 1,913,756,650.68, accounts for 99.16% of the total amount of accounts receivable at the end of the period. The total amount of the corresponding bad debt provision at the end of the period is RMB 8,584,639.59.

Company Name	Closing balance of accounts receivable	Percentage %	Closing balance of provision
Beijing Shougang Cold Rolling Co., Ltd.	1,528,189,418.79	79.18	--
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	294,412,374.43	15.26	--

Qian'an Shoujia Construction Material Co., Ltd.	61,221,363.06	3.17	2,146,776.55
Shougang Qian'an New Energy Automobile Electrical Steel Co., Ltd.	20,657,526.16	1.07	--
Sanhe Shoujia Construction Material Co., Ltd.	9,275,968.24	0.48	6,437,863.04
Total	1,913,756,650.68	99.16	8,584,639.59

3. Financing receivables

Items	2021.12.31	2020.12.31
Notes receivable	1,285,597,772.66	1,199,574,277.29
Less : Other comprehensive income - fair value changes	--	--
Fair value at the end of the period	1,285,597,772.66	1,199,574,277.29

(1) Classified by bad debt provision method

Category	2021.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	--	--	--	--	--
Bad debt provision assessed in portfolios	1,285,854,943.65	100.00	257,170.99	0.02	1,285,597,772.66
Portfolio 1	1,285,854,943.65	100.00	257,170.99	0.02	1,285,597,772.66
Portfolio 2	--	--	--	--	--
Total	1,285,854,943.65	100.00	257,170.99	0.02	1,285,597,772.66

Continued :

Category	2020.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	

Category	2020.12.31				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Bad debt provision assessed individually	--	--	--	--	--
Bad debt provision assessed in portfolios	1,199,814,240.14	100.00	239,962.85	0.02	1,199,574,277.29
Portfolio 1	1,199,814,240.14	100.00	239,962.85	0.02	1,199,574,277.29
Portfolio 2	--	--	--	--	--
Total	1,199,814,240.14	100.00	239,962.85	0.02	1,199,574,277.29

(2) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2020	239,962.85
Provision	17,208.14
Recovery or reversal	--
Written-off	--
As at 31 December 2021	257,170.99

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

Items	Pledged amount at the end of the year
Bank acceptance notes	108,670,000.00
Commercial acceptance notes	--
Total	108,670,000.00

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

Item	Amount derecognized at year	Amount not-derecognized at year end
Bank acceptance notes	5,120,426,116.57	--
Commercial acceptance notes	--	--
Total	5,120,426,116.57	--

4. Other receivables

Items	2021.12.31	2020.12.31
Dividends receivable	--	600,000,000.00
Other receivables	1,017,482,945.07	1,018,249,934.67
Total	1,017,482,945.07	1,618,249,934.67

(1) Dividends receivable

Items	2021.12.31	2020.12.31
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	--	600,000,000.00
Less:Bad debt provision	--	--
Total	--	600,000,000.00

(2) Other receivables

①Disclosed by the ageing of other receivables

Ageing	2021.12.31	2020.12.31
Within 1 year	1,017,487,983.11	1,018,521,102.28
1 to 2 years	516,288.00	300,000.00
2 to 3 years	--	--
Over 3 years	--	--
Subtotal	1,018,004,271.11	1,018,821,102.28
Less: provision for bad debts	521,326.04	571,167.61
Total	1,017,482,945.07	1,018,249,934.67

②Disclosed by nature of other receivables

Items	2021.12.31		
	Book balance	Provision for bad debts	Carrying value
Petty cash	98,749.98	4,937.50	93,812.48
Security deposit	--	--	--
Due from other companies	2,010.86	100.54	1,910.32
Due from inter-companies	1,017,387,222.27	--	1,017,387,222.27
Court attachment	516,288.00	516,288.00	--
Total	1,018,004,271.11	521,326.04	1,017,482,945.07

Continued :

Items	2020.12.31		
	Book balance	Provision for bad debts	Carrying value
Petty cash	699,503.93	43,975.20	655,528.73
Security deposit	200,000.00	10,000.00	190,000.00
Due from other companies	18,088.12	904.41	17,183.71
Due from inter-companies	1,017,387,222.23	--	1,017,387,222.23
Court attachment	516,288.00	516,288.00	--
Total	1,018,821,102.28	571,167.61	1,018,249,934.67

③Provision for bad debts

As at 31 December 2021, bad debts provision in Phase I:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Bad debt provision assessed individually	--	--	--	--	
Bad debt provision assessed in portfolios	1,017,487,983.11	0.00	5,038.04	1,017,482,945.07	
Petty cash and security deposits	98,749.98	5.00	4,937.50	93,812.48	
Due from other companies	2,010.86	5.00	100.54	1,910.32	
Due from inter-companies	1,017,387,222.27	--	--	1,017,387,222.27	

Total	1,017,487,983.11	0.00	5,038.04	1,017,482,945.07
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As at 31 December 2021, the Company has no other receivables in Phase II:

As at 31 December 2021, bad debts provision for Phase III:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Bad debt provision assessed individually					
Yinchuan Intermediate People's Court	516,288.00	100.00	516,288.00	--	

As at 31 December 2020, bad debts provision in Phase I:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Bad debt provision assessed individually					
Bad debt provision assessed in portfolios	1,018,004,814.28	--	30,879.61	1,017,973,934.67	
Petty cash and deposits	599,503.93	5.00	29,975.20	569,528.73	
Due from other companies	18,088.12	5.00	904.41	17,183.71	
Due from intra-companies	1,017,387,222.23	--	--	1,017,387,222.23	
Total	1,018,004,814.28	--	30,879.61	1,017,973,934.67	

As at 31 December 2020, bad debts provision in Phase II:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Bad debt provision assessed individually					
Bad debt provision assessed in portfolios	300,000.00	8.00	24,000.00	276,000.00	
Petty cash and deposits	300,000.00	8.00	24,000.00	276,000.00	
Due from other companies	--	--	--	--	
Total	300,000.00	8.00	24,000.00	276,000.00	

As at 31 December 2020, bad debts provision in Phase III:

Category	Book balance	Expected credit loss within 12 months (%)	Provisions	Carrying value	Reasons
Bad debt provision assessed individually					
Yinchuan Intermediate People's Court	516,288.00	100.00	516,288.00	--	

④Provision, recovery or reversal of bad debt

Provision for bad debts	Phase I Expected credit loss within 12 months	Phase II Expected credit loss over the lifetime (no credit impairment)	Phase III Expected credit loss over the lifetime (credit impairment occurred)	Total
As at 31 December 2020	30,879.61	24,000.00	516,288.00	571,167.61
Closing balance as at 31 December 2020 shifts to:				
--Shift to Phase II	--	--	--	--
--Shift to Phase III	--	--	--	--
--Back to Phase II	--	--	--	--
--Back to Phase I	--	--	--	--

	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
Provision	--	--	--	--
Reversal	25,841.57	24,000.00	--	49,841.57
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 31 December 2021	5,038.04	--	516,288.00	521,326.04

⑤No write-off of other receivables during the reporting period.

⑥The 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	1,011,387,222.27	Within 1 year	99.35	--
Shenyang Shougang steel processing and Distribution Co., Ltd.	Due from intra-companies	6,000,000.00	Within 1 year	0.59	--
Court attachment	Court attachment	516,288.00	1 ~ 2年	0.05	516,288.00
Petty cash	Petty cash	98,749.98	Within 1 year	0.01	4,937.50
Total		1,018,002,260.25		100.00	521,225.50

5. Long-term equity investments

Items	2021.12.31			2020.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	30,737,545,762.35	--	30,737,545,762.35	24,941,718,854.54	--	24,941,718,854.54
Investment in associates	1,258,787,177.81	--	1,258,787,177.81	1,395,530,591.52	--	1,395,530,591.52
Total	31,996,332,940.16	--	31,996,332,940.16	26,337,249,446.06	--	26,337,249,446.06

(1) Investments in subsidiaries

Subsidiaries	2020.12.31	Increase	Decrease	2021.12.31	Provision for impairment	Impairment at the end of the year
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Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Subsidiaries	2020.12.31	Increase	Decrease	2021.12.31	Provision for impairment	Impairment at the end of the year
Shougang Jingtang United Iron & Steel Co., Ltd.	10,715,504,383.43	5,572,736,977.45	--	16,288,241,360.88	--	--
Beijing Shougang Cold Rolling Co., Ltd.	1,831,075,900.00	176,088.00	--	1,831,251,988.00	--	--
Qian'an Shougang Metallurgical Technology Co., Ltd.	1,900,000.00	--	--	1,900,000.00	--	--
Shougang Zhixin Qian'an Electromagnetic materials Co., Ltd.	7,484,005,522.69	298,333.92	--	7,484,303,856.61	--	--
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	450,000,000.00	22,411.20	--	450,022,411.20	--	--
Beijing Shougang Steel Trading Investment Management Co., Ltd.	4,459,233,048.42	222,593,097.24	--	4,681,826,145.66	--	--
Total	24,941,718,854.54	5,795,826,907.81	--	30,737,545,762.35	--	--

Note: due to the equity incentive, the investment in subsidiaries increases by RMB 4,155,743.04 during the reporting period.

(2) Investments in associates

Associates	2020.12.31	Changes during the year								2021.12.31	Impairment at the end of the year
		Increase	Decrease	Investment income under the equity method	Other comprehensive income	Other equity movement	Dividend declared	Provision for impairment	Others		
Associates											
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	952,347,397.55	--	--	145,737,955.36	--	--	--	--	--	1,098,085,352.91	--
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	431,802,688.92	--	200,000,000.00	54,630,078.50	--	--	173,716,946.85	--	--	112,715,820.57	--

Beijing Shougang Co. Ltd
Notes to the Financial Statements
FY21 (Unit: RMB, unless otherwise specified)

Associates	2020.12.31	Changes during the year								2021.12.31	Impairment at the end of the year
		Increase	Decrease	Investment income under the equity method	Other comprehensive income	Other equity movement	Dividend declared	Provision for impairment	Others		
Beijing Dingshengcheng Packaging Materials Co., Ltd.	11,380,505.05	--	--	2,606,585.31	--	--	--	--	--	13,987,090.36	--
Qian'an Jinyu Shougang Environmental Protection Technology Co., Ltd.	--	33,791,925.24	--	206,988.73	--	--	--	--	--	33,998,913.97	--
Total	1,395,530,591.52	33,791,925.24	200,000,000.00	203,181,607.90	--	--	173,716,946.85	--	--	1,258,787,177.81	--

6. Operating revenue and costs of sales

(1) Operating revenue and costs of sale

Items	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	43,086,794,075.78	40,794,742,050.52	29,175,440,421.27	28,079,198,768.30
Other business	2,000,542,953.24	1,714,323,188.37	1,801,855,515.31	1,372,703,636.28
Total	45,087,337,029.02	42,509,065,238.89	30,977,295,936.58	29,451,902,404.58

(1) Operating revenue and operating costs of sale by products

Product type	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business:				
Billet	576,652,349.47	524,683,887.65	244,422,016.30	219,026,618.16
Hot rolled	41,398,472,411.41	39,093,488,700.61	28,356,414,900.52	27,280,962,500.45
Cold rolled	--	--	--	--
Other steel products	1,111,669,314.90	1,176,569,462.26	574,603,504.45	579,209,649.69
Subtotal	43,086,794,075.78	40,794,742,050.52	29,175,440,421.27	28,079,198,768.30
Other business:				
power	836,137,591.69	886,687,802.30	836,991,211.41	838,261,326.64
Solid waste	355,754,303.85	351,863,075.85	220,388,929.41	198,806,089.16
Others	808,651,057.70	475,772,310.22	744,475,374.49	335,636,220.48
Subtotal	2,000,542,953.24	1,714,323,188.37	1,801,855,515.31	1,372,703,636.28
Total	45,087,337,029.02	42,509,065,238.89	30,977,295,936.58	29,451,902,404.58

(3) Breakdown of operating revenue

Items	2021
Main business revenue	43,086,794,075.78
Including: recognized at a certain point	43,086,794,075.78
recognized during a certain period of time	--
Other business revenue	2,000,542,953.24
Total	45,087,337,029.02

7. Investment income

Items	2021	2020
Investment income from long-term investment under cost method	--	600,000,000.00
Investment income from long-term investment under equity method	203,181,607.90	339,539,916.15
Dividend from other equity instruments investments	2,718,777.38	177,781,289.99
Interest income from entrusted loans	34,989,108.61	109,329,908.27
Total	240,889,493.89	1,226,651,114.41

XV. Supplementary information

1. Non-recurring gains or losses

Items	2021	Note
Gains or losses on disposal of non-current assets	-55,726,886.68	
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)	48,447,356.52	
Gains or losses from external entrusted loans	10,518,170.49	
Non-operating income/(expenses) except the above	1,941,256.62	
Total non-recurring gains or losses	5,179,896.95	
Less: income tax effect on non-recurring gains or losses	-950,188.41	
Net non-recurring gains or losses	6,130,085.36	
Less: non-recurring gains or losses attributable to non-controlling interests of the Company (after tax)	6,021,986.63	
Non-recurring gains or losses attributable to common shareholders of the Company	108,098.73	

2. Return on net assets and earnings per share

Profit of reporting period	Weighted average return on net assets %	Earnings per share	
		Basic	Diluted

Profit of reporting period	Weighted average return on net assets %	Earnings per share	
		Basic	Diluted
Net profit/ (loss) attributable to common shareholders of the company	19.07	1.1291	--
Net profit/ (loss) attributable to common shareholders of the Company excluding non-recurring gains or losses	19.07	1.1291	--

3. Differences of accounting data under domestic and foreign accounting standards

(1) The differences of net profit and net assets in financial statements disclosed according to International Financial Reporting Standards and Chinese Accounting Standards

☐ Applicable ☒ Non Applicable

(2) The difference of net profit and net assets in financial statements disclosed according to foreign accounting standards and Chinese Accounting Standards

☐ Applicable ☒ Non Applicable

(3) The description on the difference between the domestic and foreign accounting standards, the overseas audit firms shall be indicated if you have adjusted the overseas audited financial data

4. Others

None

Board of Directors of Beijing Shougang Company Limited
27 April 2022