Beijing Shougang Company Limited

2019 Annual Report

22 April 2020

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 jointly and individuallytake full responsibility for the truthfulness, accuracy and completeness of the information contained in this annual report.

Mr. Zhao Minge, representative of the Company, 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 directorsattended the board meeting to review this report.

Forward-looking statements contained in this report do not constitute any substantive commitments to investors by the Company. Investors are advised to exercise caution of investment risks.

The report elaborates major risks faced by the Company. Please refer to "IV. Discussion and Analysis of Business Operations" for details.

The Company has no plan to distribute cash dividend and bonus shares. No capital reserve shall be converted into share capital.

This report is prepared based on the Chinese text and is prepared in both Chinese and English versions. In the event of any discrepancy between the Chinese and English versions, please subject to Chinese text.

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INTERPRETATION

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
The Company, the Group, Shougang, Shougang Co.	Refers to	Beijing Shougang Company Limited
The Holding	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 to Shougang Group. 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 the Company
Board of Directors or the Board Directors	Refers to	The board of directors of the Company
Supervisory Committee	Refers to	The supervisory committee of the Company
Shareholders' General Meeting	Refers to	The Shareholders' General Meeting of the Company
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 70.28%)
Zhixin Co.	Refers to	Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. (Wholly-owned subsidiaries of the Company)
New-E Co.	Refers to	Beijing Shougang New Energy Automobile Material Technology Co., Ltd. (Holding subsidiary of the Company, holds 47.4%)
Qianshun Base	Refers to	Qiangang Co, Zhixin Co., located in Qian-an, Hebei province, and Cold-R Co., located in Shunyi District, Beijing, establishing an up-stream and downstream integrate production management system and research and development system.
Jingtang Co. / Jingtang Base.	Refers to	Shougang Jingtang United Iron&Steel Co., Ltd. (Holding subsidiary of the Company, holds 51%)
Major Assets Reorganization, First Reorganization, and Previous Major Assets Reorganization	Refers to	Since the shut down of the main process of iron and steel manufacturingin late 2010, which was operated in Shijingshan District, Beijing, a transaction between the Company and the Holding carried out. The transaction event was announced as "Related Party Transactions between Beijing Shougang Co., Ltd. and Shougang Corporation - Major Assets Replacement 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.
Major Assets Replacement, Second Reorganization	Refers to	On 23 April 2015, shares of the Company was suspended and the major assets replacement launched. Main contents of the replacement 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 replacement 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 replacement was then accomplished.
EVI	Refers to	Early Vendor Involvement means involving the downstream users at early stage of product development process and fully understanding users' requirements for raw material so that high-performance materials and personalized services could be offered to users.
Reporting Period	Refers to	From 1 January 2019 to 31 December 2019
Thousand, Million, Billion	Refers to	RMB Thousand, RMB Million, RMB Billion

Section II. Company Profile and Major Financial Indicators

I.Company information

Short name of stock	Shougang Stock	Stock code	000959
Stock exchange for listing of shares	The Shenzhen Stock Exchange		
Statutory Chinese name of the Company	Beijing Shougang Co., Ltd.		
Statutory Chinese name of the Company	Shougang Co.		
Legal representative of the Company	Zhao Minge		
Legal representative of the Company	Shijingshan Road, Shijingshan District, Beijing, PRC		
Postal code of the registered address	100041		
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 of directors
Name	Chen Yi
Correspondence address	No. 99 Shijingshan Road, Shijingshan District, Beijing, PRC
Telephone	010-88293727
Fax	010-68873028
Email address	Chenyi@shougang.com.cn

III.Information disclosure and preparation place

The chosen disclosure media	China Securities Journal, Securities Times, Shanghai Securities News
The website of annual report disclosure	http://www.cninfo.com.cn
The Reserve Location of annual report	Secretary office of the board of directors of the company, The Shenzhen Stock Exchange

VI. 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 hired by the company

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

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

□Applicable √Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period
□Applicable √Not applicable

VI. Majoraccounting data and financial indicators

Whether it has retroactive adjustment or re-statement on previous accounting data or not
√YES □NO
Reasons for retroactive adjustment or restatement
Changes in accounting policies

Unit: RMB Yuan

	2019	2018		Changes over last year	2017	
		Pre-adjustment	Post-adjustment	Post- adjustment	Pre-adjustment	Post-adjustment
Operating income	69,151,432,692.45	65,776,660,538.90	65,776,660,538.90	5.13%	60,250,154,291.48	60,244,042,834.78
Net profit attributable to shareholders of the listed company	1,251,047,873.08	2,403,750,672.16	2,403,750,672.16	-47.95%	2,210,651,071.39	2,210,651,071.39
Net profit attributable to shareholders of the listedcompany after deducting non-recurring gains and losses	1,237,189,576.69	2,370,753,271.57	2,370,753,271.57	-47.81%	2,209,924,573.87	2,205,846,450.98
Net cash flows from operating activities	3,318,628,938.53	12,459,389,585.17	12,459,389,585.17	-73.36%	9,333,531,190.92	9,333,531,190.92
Basic earnings per share (RMB/share)	0.2365	0.4544	0.4544	-47.95%	0.4179	0.4179
Diluted earnings per share (RMB/share)	0.2365	0.4544	0.4544	-47.95%	0.4179	0.4179
Weighted average ROE	4.77%	9.29%	9.29%	Reduce 4.52 percentage point	8.70%	8.70%
	As at 31 December 2019	As at 31 December 2018		Changes over end of last year	As at 31 December 2017	
		Pre-adjustment	Post-adjustment	Post- adjustment	Pre-adjustment	Post-adjustment
Total assets	141,370,925,410.35	135,106,278,049.83	135,204,153,025.76	4.56%	134,158,519,805.27	134,158,519,805.27
Net assets attributable to shareholders of the listed company	27,028,680,992.20	25,347,851,871.23	25,431,045,600.77	6.28%	26,419,676,048.08	26,419,676,048.08

Changes in accounting policies and correction of accounting errors

In 2017, the Ministry of Finance issued Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Amended), Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets (Amended), Accounting Standard for Business Enterprises No. 24 - Hedge Accounting (Amended), and Accounting Standard for Business Enterprises No. 37 - Presentation of financial instruments (Amended) (hereinafter refers as the new financial instruments standards). Referring to XII. Financial Reports, Changes in significant accounting policies and accounting estimates.

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

(1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and PRC GAAP (Generally Accepted Accounting Principles in China)
□Applicable √Not applicable
(2) Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and PRC GAAP (Generally Accepted Accounting Principles in China)
□Applicable √Not applicable

(3)Reasons for differences in accounting data under domestic and foreign accounting standards

□Applicable √Not applicable

VIII. Major quarterly financial index

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Operating income	15,387,593,768.93	17,396,019,766.57	17,504,795,774.61	18,863,023,382.34
Net profit attributable to shareholders of listed company	274,208,948.18	727,731,385.68	234,432,040.91	14,675,498.31
Net profit attributable to shareholders of the listed company after deducting non-recurring gains or losses	274,734,879.67	722,256,000.54	231,415,430.73	8,783,265.75
Net cash flows from operating activities	1,130,256,251.70	-3,330,460.19	2,368,603,904.92	-176,900,757.90

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financialindex disclosed in the Company's quarterly report and semi-annual report

□YES√NO

IX. Items and amounts of non-recurring profit (gain)/loss

√Applicable□Not applicable

Unit: RMB Yuan

Item	2019	2018	2017	Note
Gains/(losses) from the disposal of non-current assets (including the write-off that accrued for impairment of assets)	-7,684,491.35	-7,363,775.54	-20,778,295.00	
Government grants recognized in current gains/losses (excluding the those that enjoyed in quota or ration according to nationalstandards, which are closely relevant to enterprise's normal business)	42,102,501.30	31,376,175.07	30,507,306.90	
Except for effective hedge business relevant to normal operationof the Company, gains and losses arising from fair value changeof tradable financial assets, derivative financial liabilities, tradablefinancial liability and derivative financial liability and investmentincome from disposal of tradable financial assets, derivative financialliabilities, tradable financial liability, derivative financial liability andother debt investment			-1,300.00	
Gains/losses from external entrusted loans.	8,187,426.69	5,478,548.29	4,219,597.44	
Net non-recurring income or expenses other than the above items.	-18,673,930.68	22,350,838.71	-4,751,380.22	
Less：Impact on income tax	4,039,236.83	2,779,669.43	-1,865,420.82	
Impact on minority shareholders' equity (post-tax)	6,033,972.74	16,064,716.51	6,256,729.53	
Total	13,858,296.39	32,997,400.59	4,804,620.41	--

Concerning the extraordinary profit (gain)/loss defined by Q&A Announcement No.1 on Information Disclosure for CompaniesOffering Their Securities to the Public --- Extraordinary Profit/loss, and the items defined as recurring profit (gain)/loss accordingto the lists of extraordinary profit (gain)/loss in Q&A Announcement No.1 on Information Disclosure for Companies Offering TheirSecurities to the Public --- Extraordinary Profit/loss, explain reasons.

□Applicable√Non applicable

During the reporting period, there is no extraordinary profit (gain)/loss thatdefined by Q&A Announcement No.1 on Information Disclosure for CompaniesOffering Their Securities to the Public --- Extraordinary Profit/loss

Section III. Overview of the Company's Businesses

I. Main businesses during the reporting period

1. The Company runs the business in iron and steel industry, and main business range includes: iron and steel smelting and steel rolling processing; copper smelter, copper rolling processing, and sell; sinter, coke, chemical products manufacture and sell; Blast Furnace Top Gas Recovery Turbine Unit and coal gas production and sell; industrial waste processing and sell; sell of metal material, coke, chemical product, mechanical and electrical equipment, construction material, general equipment, five metals of gold, silver, copper, iron and tin, furniture, finishing material, equipment lease (except automobile); storage service; technological development, technical consulting, technical transformation, technological service, technical training; investment and investment management.

2. Iron and steel products of Qianshun Base include hot and cold plates. The hot plates mainly contain: pickle sheet, weather-resistant steel, automobile structure steel, high-strength steel, pipeline steel, saw steel, etc. The cold plates mainly contain: automobile sheet, electrical steel, home electrical appliances, special-use plate, etc.

Iron and steel products of Jingtang Base include hot and cold plates. The hot plates mainly contain hot-rolled products, i.e., automobile structure steel, pipeline steel, weather-resistant steel, high-strength steel etc.; and also contain medium and thick plates products, such as bridge steel, shipbuilding steel, marine steel, wind power steel, high-performance construction steel, pipeline steel etc. The cold plates mainly contain: automobile sheet, home electrical appliances, special-use plate, tin sheet, tin-free-steel, color-coated sheet, general sheet etc. seven main products series.

3. Use of the main iron and steel products

(1) Hot Plates

The pickle sheets are mainly used in automobiles, compressor, motorcycle, machinery manufacturing, hardware accessories with five metals (gold, silver, copper, iron and tin) etc. The automobile structure steels mainly include automobile wheel steel, and automobile beam steel, which mainly used to produce wheel rim and spoke of car, coach, truck, engineering plant, agricultural vehicle etc. and crossbeam, side beam and other structural components of all kinds of automobile frame. The pipeline steels are mainly used in transportation of oil and gas etc. The weather-resistant steel mainly include container steel, railway weathering steel, stirred tank steel, electric power steel etc. The high-strength steels mainly include high performance steel for engineering mechanism, explosion proof steel for the safe and ATM machine, fan steel and auto-truck steel etc. The high-strength steels are mainly used to manufacture lifting arm, body, and beam of cranes, pump, special vehicle etc., and also, the blade and other products of blower, mine fan and electric fan could be manufactured. The special-use plates mainly include weld gas vessel steel, boiler, pressure vessel steel, which could be used to manufacture containers for liquefied petroleum gas, liquid nitrogen etc., and also could be used to produce pressure equipment for special used equipment.

(2) Cold Plates

The automobile sheets are mainly used to manufacture automobile body, structure, and partial chassis parts of commercial and passenger vehicles of all kinds. The electrical steels include non-oriented electrical steel and oriented electrical steel, which mainly used in household electrical appliances, industrial motor, medium and small electric motor,new-energy cars, transformer, and other industries. The tin sheets are mainly used in packing of food, drink, and other products, and also could be used in packing of petrol, oil, paints, polishing compound, Spray and other chemicals products. The tin-free-steels are mainly used in can cap, twist-off cap, dished lid, snap lids,drawn can. The home electrical appliances are mainly used in fridges, washing machine, air-conditioning, tele-vision, and inner and outer plate, structure plates of small home appliances. The color-coated sheets are widely used in construction industry, shipbuilding industry, stock manufacturing industry, furniture industry etc. The special-use plates are mainly used to manufacture chain, enamel, solder wire, tubbing, general motorcycle components, etc.

II. Material Changes in Major Assets

1. Material Changes in Major Assets

Major Assets	Notes for material changes
Equity Assets	No material changes.
Fixed assets	Book value of fixed assets increased RMB1.136 billion compared to the beginning of the year.Mainlydue to thetransfer offixed assets from construction in progress by RMB6.957 billion and depreciated by RMB5.851 billion.
Intangible assets	Book value of intangible assets increased RMB181 million compared to the beginning of the year. Mainly due to the transfer ofland-use right from construction in progress by RMB263 million and amortized by RMB83 million.
Construction in progress	Book value of construction in progress increased RMB 3.273 billion compared to the beginning of the year. Mainly caused by the construction of Jingtang Co. Phase-II project.

2. Major overseas assets

□Applicable √Not applicable

III. Core Competitiveness Analysis

1. Capability of production equipment

Qiangang Co. owns 2 blast furnaces with 2650m³ each and 1 blast furnace with 4000m³, which adopt multiple international advanced technique such as distribution chute of larger blast, fully dry gas cleaning, pulverized coal injection by parallel tank, zero interval iron production etc. and main technical indicators, such as coke ratios, coal injection rate, using coefficient of the blast furnace etc., stand at the leading position in China. In addition, 5 converters with 210t each, 4 two-strand slab caster and corollary equipment LF, CAS-OB, RH Vacuum Refining Furnace, 1 hot-rolling wide steel strip rolling mill with 2250mm, 1 hot-rolling wide steel strip rolling mill with 1580 are also owned by Qiangang Co. Meanwhile, Qiangang Co. takes the lead to realize “One-step Steelmaking”, “One-step Refining” and “Auto Steel-pouring”. Furthermore, Qiangang Co. introduce artificial intelligence into steel production, and the many aspects of the Company reach the leading level in China, such as technical equipment, energy saving and environmental protection, independent integration and innovation etc.

Jingtang Co. owns the largest coke oven in Asia with 7.63m in high, 1 belt burning machine with effective burning area of 504㎡, 2 blast furnace with 5500m³ each, 2 dephosphorize converter with 300t each, 3 decarbonize converter with 300t each, 4 slab continuous caster, 1 hot-rolling wide steel strip rolling mill with 2250mm, 1 hot-rolling wide steel strip rolling mill with 1580, 6 cold-rolling wide steel strip rolling mill and corollary auxiliary and public auxiliary facilities. Jingtang Co. adopts 220 advanced technologies, among which, two-thirds of the advanced technologies are independent innovation and integrated innovation. The converter “One-step” technology and “3-De” (desulphurize, dephosphorize, desilicification) steel making technology are researched and developed independently, which is the first clean steel production platform with high efficiency and low cost, and Jingtang Co. is also the first steel mill that adopts low temperature multi-effect seawater desalination technology.

With this technology, the water recycling rate exceeds 97%. The phase-II project has 2 coke ovens with 7.63m in high and 70 holes, and also has corollary facilities of coke dry quenching and flue gas desulphurization and denitrification, 2 pellet production lines with belt burning machines, and 1 blast furnace with 5500m³.

The cold-rolled electrical steel production line of **Zhixin Co.** owns acid continuous rolling mills, continuous annealing line, acid pickling line, twenty high rolling mill and other production lines and other public supporting facilities such as acid regeneration facility etc. The overall equipment of Zhixin Co. achieves advanced world level. Zhixin Co. focus on promoting the steel production, sale, research and development on electric machinery in new energy cars, advanced inverter compressor, premium efficiency electric machinery, the first-level energy efficiency transformer, extra-high voltage and other aspects. Zhixin Co. is the second electrical steel production enterprise in China for new energy car series production. Regarding to the orientation, Zhixin Co. self-develops the production technique in high grain-oriented steel that prepared by low slab reheating temperature technique, which makes Zhixin Co. becomes the fourth enterprise in the word that industrialization of fully low temperature process.

Cold-R Co. integrates the most advanced manufacturing technique in the world, for example, sour rolling mill adopts full continuous production technology with shallow turbulent pickling and 5 stand 6 continuous rolling machine, and adopts control technologies such as CVC shape control, AC-DC-AC frequency control etc. as well. Continuous annealing and galvanizing line adopt a novel technology of rapid solidifying that suit for high strength steel and extra deep drawing sheet steel production. The highest strength level of the plates achieve 1000MPa, which potentially has the capacity to further develop higher strength steel products. The overall technical and equipment level of Cold-R Co. are among the first ranks in the world.

2. Scientific and technological innovation capabilities

Shougang Co., Jingtang Co., Cold-R Co., Zhixin Co. are qualified national high-tech enterprise qualification certification approved by government.

In aspect of intellectual property: the technology center of Shougang Co. is authenticated by Beijing enterprise technology center, and is awarded the title of Beijing Intellectual Property Pilot Unit and Beijing Intellectual Property Demonstration Unit. In the year of 2019, Qianshun Base and Jingtang Base gain 328 patent rights, among which, 141 invention patents, 186 utility model patents and 1 patent for appearance. Regards to Jingtang Co., 32 patents of Jingtang Co. win the National Invention Exhibition Invention and Entrepreneurship Award & Project Award. Meanwhile, Cold-R Co. gain the title of Beijing Intellectual Property Pilot Unit and Beijing Intellectual Property Demonstration Unit, and Zhixin Co. win the third Mayor's Special Award of Tangshan.

In aspect of standards establishment: the Company continuous promots the transformation of scientific and technological achievements and scientific innovation becomes the significant engine of high quality development. The Company organized and participated 12 national standard-settings and 6 industry standard-settings, among which, the national standards such as "GB/T 4333.10-2019 Infrared Absorption Method for Determination of Carbon Content in Silicon Steel" etc. have been issued and implemented. 3 projects of Ministry of Science and Technology that undertook by the Company, such as "Intelligent Stability Control Technology of Steel Quality", are going well. And, 12 projects such as Technical Research on the Application of Electrical Steel Products for Zhixin New Energy Vehicles to Electric Motors" etc. achieve actual effects.

In aspect of science and technology award: In the year of 2019, 7 projects of the Company was awarded for metallurgical science and technology prize, and 15 projects awarded for Hebei Province science and technology prize. The project of Zhixin Co., named as High Quality Orientation Silicon Iron Production Technical in High Efficiency Environmental Protection Transformer, awarded the first prize of metallurgical science and technology, which signals the electrical steel manufacturing technology of the Company achieves international advanced level.

3. Products Market Competitiveness

6 products of the Company are first issued, including 1 product that is first issued in the world. The Company has been awarded many prizes, including Special Contribution Prize in CSP Platform System (Dongfeng-Nissan), Cost Improvement Prize (Great Wall Automobile), Sincere Cooperation Prize (Midea), Best Strategic Partner Prize (Shanghai Hili), Platinum Award (Haier-Golden cube), and Best Supplier (Siemens). Many automobile sheet EVI events have been successfully held by the Company, such as BMW Media Day, Nissan Shougang Day, and the Second Technology Forum of Shougang Automobile Steel etc. The Company is list on the Top 10 Excellent Steel Enterprises, appraised by the China Steel Association and the China Society for Metals, and on the list of Leading Brand of Steel Mill in Beijing, Tianjin, Hebei).

Cold rolled automobile sheet: Realizing full coverage of top 10 key vehicle enterprises; share of product supply in the market remain steady increase; keep the position of No. 1 supplier for BMW and Changcheng in China; doubling products supplied to Japanese car year-over-year; Full coverage of 1180MPa grade; first proposing the testing standards for high reflection middle coating free outer plates; stable supply of middle coating free outer plates, 590/780MPa high strength high extension DH steel and HC780/980CPD+Z galvanized duplex steel in batch.

Cold rolled electrical steel: including orientation and non-orientation electrical steel, and realizing first issue of 25SW1250H electrical steel for premium new energy power generation; becoming the only supplier for Volkswagen MEB project; No. 1 of the German Siemens certification of global electrical steel enterprises. “Double million” material for large capacity transformer with ultra-high voltage passed the examination. The main performance of product series of high magnetic, high strength and low loss new energy car catches up with top- ranking enterprises in the world; obtain 14 new energy power generation clients authentication, and become the supplier for 10 clients; overall pushing the client authentication for passenger car (Toyota, Nissan, General, etc.)

Cold rolled tin sheet: successful develop food can steel TS550, high elongation material for easy-open lid, the proportion of tin CA thin products achieve 80%.

Other cold-rolled products: stablesupply ofhome electrical appliances to Haier, Midea, Hisense and other top enterprises; supply of special-used steel such as needle making steel and other 6 new products in batch; market share of double layers welded pipe remain ahead; color-coated sheet successful realize clean change over zinc-aluminium-magnesium products, and supply products in batch to the leading enterprises in animal husbandry.

Hot-rolled pickle sheet: a breakthrough development of automobile structure steel in vehicle enterprises such as BMW, Toyota, Honda, Nissan etc. has been achieved; and, supply Huawei 5G base station of lightweight special-used pickle sheets.

Other hot-rolled products: the development of 10 new grades such as SAE1528B etc. of fine drawing steel has completed; 700MPa high strength automobile structure steel stable supply to Yutong, Beiqi FOTO and Sunhunk; two-phase wheel steel, the first issued product in China, becomes the main product which leading the industry lightweight upgrade; overcoming the integrate technology of fire and weathering resistant steel, and successful applies in construction of the diving platform of 2022 Beijing Winter Olympic Games; production of premium coiled tubing (CT90) in batch.

4. Management innovation ability

Qiangang Co., overall implements the self-established Lean (JIET) management system, establishing production and operation parallel operate model, and improving the level of precise management; establishing the safety “double-control” operating mechanism based on informatization and essentialization, and becoming the important participants, contributor, and the leader of the establishment of Hebei “double-control” mechanism. Qiangang Co.

has been assessed as the only one "National Safety Culture Construction Demonstration Enterprise" in iron and steel industry. The "Intensive Production Line Management of Remote Intelligent Control in Large Iron and Steel Enterprises" won the second prize of Hebei Province Innovation Achievements of Enterprise Management Modernization, and the "Construction and Implementation of Centralized Management and Control of Material Measurement in Super Large State-owned Metallurgical Enterprises" won the second prize of the 26th National Innovation Achievements of Enterprise Management Modernization.

Jingtang Co.: "The Construction and Implementation of the Training system of Skilled Personnel led by Intelligence in Iron and Steel Enterprises" won the second prize of the 34th Beijing Innovation Achievements of Enterprise Management Modernization; "Innovation and Practice of Intelligent Management and Control in Large Coking Enterprises" won the third prize of Achievements of Management Modernization in Metallurgical Enterprises; "Construction and Implementation of Management System for Market Oriented Consistent Products in Large Iron and Steel Enterprises" won the first prize of Hebei Province Innovation Achievements of Enterprise Management Modernization. "The Construction and Implementation of the Evaluation System of Skilled Employees in Large Enterprises" and "Practice of Quantitative Evaluation of Quality Management System Operation in Large Iron and Steel Enterprises" won the second prize of Hebei Province Innovation Achievements of Enterprise Management Modernization; "High Efficiency Intelligent Management based on the Reliability of Large Blast Furnace Detection and Control" won the third prize of Hebei Province Innovation Achievements of Enterprise Management Modernization.

5. Personnel training ability

The Company sets targets as: becoming the leader of the national strategy of coordinated development in Beijing, Tianjin, and Hebei, the demonstrator of the integrated development of industry and city, and the top-ranking service provider of premium material in the word. The Company believes in that talent is the first resource of an enterprise, and emphasis the mission of the Company which is that "better quality, better service, better growth, better environment". The Company continuous ramming the foundation and strengthen the base, meanwhile, open the green channel for talents and strengthen the high quality talents team. The Company persists in matching talents with position and business, and provides positive talent development environment. As a result, leading talents with technical ability arose, for instance, Wang Rui won the championship in China Experts, Rong yanming won the title of National Technical Expert, Guo yuming and Liu jianbin won the title of National Model Worker, Shang Guangpeng and Zheng mingyue won the Capital Labor Award. Satisfying the requirement of high-tech talents training and development, the Company recommends Wang Qiuna, Gao Qian, Liu Zhaoyue, Li Guanglin, Hu Zhiyuan to study for a PhD at the University of Science and Technology Beijing, Iron and Steel Research Institute, Beijing Institution of Technology, and other top universities, which then provide a talent guarantee for the continuous high quality development of the Company.

6. Environmental protection ability

Qianshun Base upholds the ideal of green development, continuously carrying out the environmental protection improvement and transformation, and improving the ultra-low emission capacity. As a result, Qianshun Base won the title of A-level Environmental Achievements Iron and Steel Enterprise in Tangshan for two successive years. In 2019, passing the assessment and acceptance procedure of "Ultra-low Emission in Iron and Steel Industry", assessed by the Ministry of Ecological Environment, Qianshun Base became the first and the only enterprise in iron and steel industry who passed the assessment and acceptance procedure of ultra-low emission in the whole process in China. This achievement provides the experience and technical demonstration for the green and sustainable development in iron and steel industry. Qianshun Base also won the first prize of Scientific and Technological Development in Energy Conservation and Emission Reduction, assessed by the China Energy Conservation Association. Cold-R Co. won the title of National Green Manufacturing Plant in 2019.

Jingtang Base always gives a priority for environmental protection, and makes great effort on implementation of the green plan. In 2019, passing the assessment and acceptance procedure of ultra-low emission (Tangshan), Jingtang Base won the national titles of “Green Plant” and “National Green Demonstration Enterprise”, moreover, Jingtang Base is granted the title of Excellent Enterprise for Green Development by China Metallurgical News and China Steel News. Following the operation of the CCPP, Jingtang Base established the first new model of “Combustion-Heat- Electricity-Water-Salt” and realized the high efficient cycle utilization of low quality energy.

Section IV. Discussion and Analysis of Business Operations

I. Overview

In 2019, the global economic growth slowing and the domestic economy remain stable with slightly increase, in the meantime, the domestic economy turns from rapid growth stage to high quality development stage. Referring to the iron and steel industry, the overall business operated smoothly that even the steel price was under downward pressure, the price of fuel and other raw material moved up especially the ironstone price. Overall, the profitability of iron and steel industry has been impacted by the economic conditions. The development direction of the Company was: leading technical innovation, improve the capacity of manufacture and service, insist on green manufacture, intelligent manufacture, super quality manufacture, lean manufacture, and precise service. The Company also insisted to develop itself with the time, with clients, with shareholders, and with employees. The Company was confident and try its best to overcome difficulties and did the best to stay ahead in environmental protection sector. The Company also maintained the breakthrough of technology innovation, the improvement of its brand value and its high-quality development.

The achievement of major accounting data and financial indicators:

Operating incomeRMB69.15 billion (5.13% year on year increase); total profit RMB1.997 billion (36.78% year on year decrease);net profit attributable to shareholders of the listed company RMB1.251 billion (year on year decrease 47.95%); EPS RMB0.24; total assets RMB141.371 billion; equity attributable to shareholders of the listed company RMB27.029 billion.

The achievement of major products:

Qiangang Co.: iron 7.71 million ton, (11.9% year on year increase); steel 8.1 million ton (9.3% year on year increase); material 7.79 million ton (include supply Cold-R Co. 1.806 million ton, Zhixin Co. 1.809 million ton), year on year increase by 11.1%. Jingtang Co.: iron 7.78 million ton (3.0% year on year increase); steel 9.27 million ton (13.9% year on year increase); material 8.61 million ton (11.9% year on year increase). Zhixin Co.: electrical steel 1.63 million ton (2.0% year on year increase).Cold-R Co.: Cold-rolled plate 1.699 million ton (4.6% year on year decrease).

1. Quality manufacturing

(1) Insist on quality first

Qianshun Base implemented quality management for the whole process and all of staff and organized the “100-day quality improvement” event. The standard deviation and the peak of the width of hot-rolled outer plate achieved the domestic leading level. The lateral thick difference of 0.35mm high grade non-oriented product achieved the international leading level, and the batch production of 1.8mm hot-rolled base material of oriented electrical steel realized. The full production average carbon-oxygen equilibrium decreased to 0.0016. The defect rate of outer plate supplied to BMW decreased, and the supplied inside plate realize zero defect for 11 successive months.

Jingtang Base perfected the whole process standard target system and focused on the production line process control. The 34 of the 66 defined indicators reached or exceeded the benchmark enterprises (41.7% year on year increase). The 0.00156 carbon-oxygen equilibrium of decarbonization furnace achieved the international advanced level. The 2250mm hot-rolled yield created new high repeatedly, and the product influence rose steadily.

(2) Remain quality strategy

The product strategy of automobile sheet, electrical steel, tin sheet gained more and more market reputation. The automobile sheet product certification carried out for BMW, Benz, Honda, BYD and other 29 clients, and gained 99.3% pass rate. The CR440Y780T-DH and CR780Y980T-CP passed the BMW certification, which was the only two projects that passed the BMW certification in China. A new breakthrough of Nissan achieved, and the middle coating free outer plate broke the domestic monopoly. The electrical steel completed the development of 10 new projects and realized the global first issue of 25SW1250H (for new energy vehicle power generator). The single plant output of non-oriented electrical steel topped all over the world for 6 successive years. The non-oriented electrical steel passed the material test of Toyota and Ford, and the Company also expanded the new energy channel for the non-oriented electrical steel. For the oriented steel, the market share for 0.20mm and blow ultrathin products ranked at the first place in China for 2 successive years, and the projects successful applied in the key projects of clean energy transmission, the Zhangbei - Xiongan ultra high voltage project, and other national material projects such as Baihetan and Wudongde Hydropower Station. The order of tin sheet basic use projects reduced 10% per month compare to the last year, while the percentage of milk powder, coating, drink and chrome-plating products raised 30%-70% per month compared to the last year. The order ratio for the overall tin products (0.20mm and below) reached 54%. The Company developed Jiamei Group and achieved supply in batch, and 90% of supply was protein beverage steel. Success developed and certified the T5CA for easy-open lid, the Company supplied in batch to Yinglian, Xiangda, Biaoxin etc. The Company also completed the certification process and started small batch supply of high tin and low chromium iron for mushroom can use.

(3) Remain structure optimization

The Company adhered to the structural reform of supply and demand, quickly pushing premium product into premium market. Qianshun Base stable provided the multiphase steel to BMW; the pipeline steel supported the east gas pipeline of Sino-Russian; the welding steel ranked at the first place in China for 9 successive years. The output of premium tin sheet project of Jingtang Base gave some growth, for example, the milk powder steel increased 54%, hot-rolled shape steel increased 39%, oil way welded pipe steel of Ti Automotive increased 30%; the yearly output of color coating products reached 100,000t; and the monthly output of Zn-Ai-Mg products achieved 7000t.

2. Green Manufacturing

Insisting on the development idea that “lucid waters and lush mountains are invaluable assets”, the Company pioneered whole technology of whole process ultra-low emission in iron and steel industry, which with the idea that iron and steel production is harmoniously commensal together with environmental protection.

(1) Establishing Integrated management and control platform of the intelligent environment protection.

Improving the unorganized emission control, the Company applied the image intelligent recognition technology in particulate emission control for the first time, and first time realized the effective flue gas capture of continuous caster turret, and combined the wet electric dust collector with converter gas OG dust control. The Company also encouraged the transportation of clean energy vehicle and builds a new benchmark of green logistics. The Company ran 17 electric heavy trucks and 25 electric forklift in plant logistics operation.

(2) Promote the application of green technology

The Company started 9 energy saving projects, and the comprehensive energy and water consumption per ton created the best record ever. The Company also pushed on the projects full life cycle green development. By using the high-efficiency electrical steel, the Company yearly saved 5.4 billion kilowatt of electricity and reduced 1.73 million CO2 emissions. The thickness of the coating of middle coating free vehicle outer plate has reduced by 20%; the weight of ultra-strengthen steel (780MPa and above) has reduced by 10%; the plate of anti-corrosion container (550MPa and above) reduced the container weight by 12%.

(3) Realize ultra-low emission for the whole process.

Qiangang Co., completed the transformation of ultra-low emission and accepted by Tangshan. According to the requirement of "Notice on the Assessment and Monitoring of Ultra-low Emission in Iron and Steel Enterprises" issued by the Ministry of Ecological Environment, the whole process ultra-low emission of Qiangang Co. passed the assessment acceptance. After publishment of the assessment acceptance, Qiangang Co. became the first and the only enterprise in iron and steel industry who passed the assessment and acceptance procedure of ultra-low emission in the whole process in China. Jingtang Co. always gives a priority for environmental protection during the operational period. Jingtang Co. passed the assessment and acceptance procedure of ultra-low emission by Tangshan, and positive reacted to control the heavy air pollution. During the National Day, Jingtang Co. successful accomplished the blast furnace in turn maintenance and production task. The new model of green transportation has started which linked railway with wharf. Jingtang Co. has been titled as national "Green Plant" and "National Green Demonstration Enterprise".

3. Intelligent manufacturing

(1) Management and control platform for upstream production and marketing unification

The Company introduced the production and marketing unification system into practice, and promoted the change of management ecology through the informationization construction. The Company also improved the ability of "manufacture and service" through the realization of the integrity of production and marketing, the integrity of management and control, and the integrity of business and finance. Continuous improving the system functions and enhancing the application effects resulted in the 60% improvement of contract execution efficiency, 80% reduction in the time of contract processing, 100% production of Steelmaking slab, 3.4% decrease in semi-finished products, and 99.3% automatic generation of financial documents.

(2) Promote intelligent factory construction

Qiangang Co. progressively formed a promoting mode which lead by the cold rolling intelligent plant construction, which then improved the intelligent manufacturing capability and demonstrated the industry demonstration effect. The national advanced integrated technology of intelligent plant that is built through focus on customized production, integrated logistics, whole process management and control, and intelligent equipment. The technology owned 18 patents, 13 copyrights of registered software, and 6 achievements are applied in 7 iron and steel enterprises. The Company had 18 upgrading and transformation projects of main process intellectualization and 4 robot new scene applications such as the independent researched and developed steel coil stripping belt and the independent researched and developed steel inner fixation etc., which filled the domestic vacancy.

(3) Promote big data application

The business decision analysis system successfully launched which is the cornerstone of the management innovation and business innovation. The Company implemented the "robot instead of human" project and key reservoir area intellectualization project, also, extensivelycarried forward the intelligent manufacturing. The No.5 wharf unmanned warehouse was assessed as the pilot project for integrated development of internet and manufacturing industry in Tangshan.

4. Lean manufacturing

(1) Overall cost reduction and efficiency increase

The high level stable production of blast furnace created the best record in the world; the flexible continuous casting technology has been developed, and the best record for continuous casting is 508 furnaces which was the best record ever; the output of oriented electrical steel increase 29 thousand ton; the number of Nissan, outer plate, GA and other high premium products of Cold-R Co. increased by 2%, which points to the realization of yield and efficiency increase. Promoting cost saving and making a good combination of "substitution, transformation, reduction, expansion and increase" to reduce the outsourcing cost; encourage homemade equipment, strictly perform bidding procedure and reduce repair cost; to save the periodic expense, encourage low-interest loan swap and appropriate loan renewal; deepening commercialization and system collaborative to reduce raw material cost and improve product structure, in the meantime, expending resource reutilization and reducing overall costs. As a result, took the advantage of cost reducing and efficiency increasing, the Company got a benefit of 6.4 billion.

(2) Complete essential safety management

Qianshun Base continuous optimizing the essential safety management, perfecting the emergency management system, innovating the "seven steps double prevention mechanism", strengthen relative management; focusing on safety culture construction, the Company won the title of "Safety Culture Construction Demonstration Enterprise". Jingtang Base insisted on eliminating safety risks from the origin and encouraging essential safety management, and the risk and safety control achieved remarkable effect in multi-area and multi-system, especially in the cold-rolled system and belt transportation system. The Company also paid attention to the implementation of safety responsibility, integrating the safety management system with the enterprise standardization, promoting construction of internal training system (i.e. intrinsic safety training), and perfecting the safety evaluation system, as a result, the safety management move towards scientific management and independent management gradually.

(3) Lean management for whole process

The Company established a self-customized lean management system (JIET), which was on-time economic delivery centered. The Company also established the production and operation parallel operate model, meanwhile, continuously perfecting the Six Sigma applying system and strengthen lean awareness and business sense of all staff. Insisting on benchmark comparison and target-oriented, the Company established 107 amoeba operators, implemented 474 lean quick improvement projects and 372 important researches, and established 41 repair rooms for spare parts.

5. Precision service

Perfecting the service system, building the comprehensive advantages of "manufacturing plus service" through précised services, establishing customer ecosystem based on "open sharing, interconnection, value creation".

(1) Deepen technical services

The Company posited itself as "the discoverer of customer demand, the organizer of technical service, the supporter of product optimization". Based on which, the Company continuously improved the technical communication with clients and integrates service resources in production, marketing and research in aspect of new material application, design optimization, process improvement, technology cost saving etc., to establish an integrated client service mode. Under the new mode, the Company deeply developed clients' new technology, new uses and new demands, and carried out customized and personalized projects around on accuracy, microstructure, capability, usage and other new features. The Company provided the customized solution for clients through the upgrading of the projects, standards and services. The Company gained 1845 certification opportunities for parts, launched 33 EVI projects and supplied EVI 1.72 million ton.

(2) Improve service ability

The Company pushed the establishment of services system divided by category, region, and grade, and established centralized and information-sharing service platform. The Company close-loop managed the clients' requirement, and realized immediate review of common contract. As a result, the percentage of technical enquiry reduced to 3%

and blow, and the marketing response efficiency increased significantly. Adhered to market-orientation, the Company improved the market frontier service ability, in the meantime, together with the high-end projects and channels, enhanced personal service. The Company also established and implemented the instruction manual for automobile outer plate processing, overall planned and optimized service resource allocation, and build exclusive services teams for significant clients. The in-plant service coverage rate of automobile plate main plant reached 89%.

(3) Improve support capability

Completed system on-line running, such as production, marketing and decision support system, logistics collaboration platform system, intelligent marketing platform system,marketing industry and trade management system, and realized function docking with peripheral system; improved the allocation of front-line service resources; enhanced the resources of production line and the balance of cold-rolled products and hot-rolled products, and strengthen the contract organization; improved the consolidation of small orders; encouraged the material support between Qiangang Co., and Jingtang Co; improved the product supply guarantee ability through developing continuous casting and process merging; annual contract fulfillment rate achieved 95.7%; whole order fulfilment rate of key clients reached 93.3%; established transportation emergency guarantee mechanism; provided professional logistics services for customers; satisfied the emergency contract delivery.

6. Strengthen foreign investment control

More focused on main business for foreign investment; strictly controlled the scale of new investment; continued to strengthen foreign investment management; established a solid foundation for investment risk prevention and control. During the reporting period, the Company gained from investment dividend RMB202.03million and set up a subsidiary - Beijing Shougang New Energy Automobile Material Technology Co., Ltd, and the construction of relevant project has being carried out as planned. The completion of the project will boost the supply ability and overall competitiveness of the new energy vehicle steel.

II. Analysis of principal business

1. Overview

Referring to I. Overview in IV. Discussion and Analysis of Business Operations”

2. Operating income and operating costs

(1) Composition of operating income

Unit：RMB Yuan

	2019		2018		Year-on-year Changes
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operating income	69,151,432,692.45	100%	65,776,660,538.90	100%	5.13%
According to industries					
Metallurgy	69,151,432,692.45	100.00%	65,776,660,538.90	100.00%	5.13%
According to products					
Billet	270,552,095.12	0.39%	199,272,953.13	0.30%	35.77%
Hot-rolled steel	25,181,443,445.34	36.41%	22,374,672,870.28	34.02%	12.54%
Cold-rolled steel	39,541,161,789.88	57.18%	39,442,412,921.65	59.96%	0.25%
Other steels	835,056,438.75	1.21%	794,723,187.14	1.21%	5.08%
Gas products	380,242,915.93	0.55%	270,047,934.02	0.41%	40.81%
Other businesses	2,942,976,007.43	4.26%	2,695,530,672.68	4.10%	9.18%
According to regions					

North China	27,315,677,791.67	39.50%	23,218,751,606.44	35.30%	17.64%
Northeast China	1,350,041,869.95	1.95%	1,280,448,728.44	1.95%	5.44%
East China	22,355,059,382.30	32.33%	23,750,172,869.03	36.11%	-5.87%
Mid-South China	1,438,474,544.13	2.08%	1,373,678,371.10	2.09%	4.72%
South China	11,947,057,123.11	17.28%	9,937,141,618.47	15.11%	20.23%
Southwest China	806,904,623.65	1.17%	1,010,873,535.18	1.54%	-20.18%
Northwest China	279,209,962.95	0.40%	310,839,666.90	0.47%	-10.18%
Export	3,659,007,394.69	5.29%	4,894,754,143.34	7.44%	-25.25%

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

√Applicable □Not applicable

Unit: RMB Yuan

	Operating income	Operating costs	Gross margin	Year-on-year change of operating income	Year-on-year change of operating cost	Year-on-year change of gross margin
According to industries						
Metallurgy	66,208,456,685.02	59,764,448,943.00	9.73%	4.96%	8.17%	-2.69%
According to products						
Billet	270,552,095.12	224,074,179.83	17.18%	35.77%	43.49%	-4.45%
Hot-rolled steel	25,181,443,445.34	22,438,277,367.08	10.89%	12.54%	20.57%	-5.93%
Cold-rolled steel	39,541,161,789.88	35,985,703,529.43	8.99%	0.25%	1.22%	-0.88%
Other steels	835,056,438.75	755,558,703.74	9.52%	5.08%	9.04%	-3.29%
Gas products	380,242,915.93	360,835,162.92	5.10%	40.81%	51.24%	-6.55%
According to regions						
North China	24,372,701,784.24	21,898,198,920.88	10.15%	18.76%	26.19%	-5.29%
Northeast China	1,350,041,869.95	1,224,163,997.43	9.32%	5.44%	5.50%	-0.06%
East China	22,355,059,382.30	20,137,841,861.11	9.92%	-5.87%	-4.56%	-1.24%
Mid-South China	1,438,474,544.13	1,315,706,534.80	8.53%	4.72%	5.60%	-0.77%
South China	11,947,057,123.11	10,797,851,089.32	9.62%	20.23%	22.97%	-2.02%
Southwest China	806,904,623.65	739,472,900.96	8.36%	-20.18%	-18.13%	-2.29%
Northwest China	279,209,962.95	259,330,213.59	7.12%	-10.18%	-10.90%	0.76%
Export	3,659,007,394.69	3,391,883,424.91	7.30%	-25.25%	-23.16%	-2.52%

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 operating income from sales of goods is more than operating income from service providing

√Yes □No

Industry	Item	Unit	2019	2018	Year-on-year change
Metallurgy	Sales	Ton	16,271,856	14,688,426	10.78%
	Output	Ton	16,200,692	14,700,688	10.20%
	Storage	Ton	227,221	298,385	-23.85%

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

□Applicable √Not applicable

(4)Fulfillment of the singed material sales contracts during the reporting period

□Applicable √Not applicable

(5)Composition of operating cost

Presented as industries

Unit:RMB Yuan

Industry	Item	2019		2018		Year-on-year change
		Amount	Ratio in operation cost	Amount	Ratio inoperating cost	
Metallurgy	Raw materials	30,547,496,703.03	51.11%	26,390,823,721.42	47.77%	3.34%
Metallurgy	Fuels	16,215,623,202.26	27.14%	15,791,889,963.95	28.58%	-1.44%
Metallurgy	Power cost	1,172,038,857.37	1.96%	1,640,465,496.00	2.97%	-1.01%
Metallurgy	Staff cost	2,113,771,266.24	3.54%	2,342,839,360.33	4.24%	-0.70%
Metallurgy	Depreciation	4,526,178,305.08	7.57%	4,782,035,994.39	8.66%	-1.09%
Metallurgy	Manufacturing cost	5,189,340,609.02	8.68%	4,300,922,878.62	7.78%	0.90%
Total		59,764,448,943.00	100.00%	55,248,977,414.71	100.00%	0.00%

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

√Yes □No

During the reporting period, a holding subsidiary was established which named as Beijing Shougang New Energy Automobile Materials Co., Ltd. The scope of consolidation includes five subsidiaries:Shougang Jingtang United Iron & Steel Co., Ltd, Beijing Shougang Cold Rolling Co., Ltd., Shougang Qian'an Conference Centre Co.,Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd, Beijing Shougang New Energy Automobile Materials Co., Ltd..

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

□Applicable √Not applicable

(8)Major clientsand suppliers

Majorclients of the Company

Total top five clients in sales	44,611,306,968.03
Proportion in total annual sales volume for top five clients	64.51%
Ratio of the sales from related parties in total annual sales among the top five clients	57.07%

Information of top five clients of the Company

Serial.	Name	Sales (RMB Yuan)	Proportion in total annual sales
1	Client A	39,463,997,188.24	57.07%
2	Client B	1,729,902,796.43	2.50%
3	Client C	1,554,332,226.63	2.25%
4	Client D	1,121,894,249.53	1.62%
5	Client E	741,180,507.20	1.07%

Total	--	44,611,306,968.03	64.51%

Other information of the major customers of the Company

□Applicable √Not applicable

Major suppliers

Total purchase amount from top five suppliers (RMB)	49,632,721,948.78
Proportion in total annual purchase amount for top five suppliers	67.83%
Ratio of the purchase from related parties in total annual purchase among the top five suppliers	66.60%

Information on the top five suppliers of the Company

Serial	Suppliers	Procurement (RMB Yuan)	Proportion in total annual procurement
1	Supplier A	33,047,208,771.51	45.16%
2	Supplier B	9,549,789,177.96	13.05%
3	Supplier C	6,137,015,955.36	8.39%
4	Supplier D	463,005,902.20	0.63%
5	Supplier E	435,702,141.75	0.60%
Total	--	49,632,721,948.78	67.83%

Other notes of main suppliers of the Company

□Applicable √Not applicable

3. Expenses

Unit: RMB Yuan

	2019	2018	Increase/decrease on a year-on-year basis	Notes of material changes
Selling and distribution expenses	1,275,449,457.91	1,218,816,464.68	4.65%	
General and administrative expenses	862,556,312.13	976,548,380.69	-11.67%	
Financial expenses	2,075,693,466.13	2,298,307,856.25	-9.69%	
Research and development expenses	385,796,835.08	394,763,809.58	-2.27%	

4. Research and development investment

√Applicable □Not applicable

The Company continuously promoted the transformation of scientific and technological achievements, and scientific research innovation became an important engine of high quality development. The Company organized and participated 12 national standard-settings and 6 industry standard-settings, among which, the national standards such as "GB/T 4333.10-2019 Infrared Absorption Method for Determination of Carbon Content in Silicon Steel" etc. have been issued and implemented. 3 projects of Ministry of Science and Technology that undertook by the Company, such as "Intelligent Stability Control Technology of Steel Quality", were going well. And, 12 projects such as Technical Research on the Application of Electrical Steel Products for Zhixin New Energy Vehicles to Electric Motors" etc. achieved actual effects.

10 products of the Company were first issued, including 1 product that was first issued in the world. In 2019, 7 projects of the Company was awarded for metallurgical science and technology prize, and 15 projects awarded for Hebei Province science and technology prize. The project of Zhixin Co., named as High Quality Orientation Silicon Iron Production Technical in High Efficiency Environmental Protection Transformer, awarded the first prize of metallurgical science and technology, which signaled the electrical steel manufacturing technology of the Company achieved international advanced level.

The technology center of Shougang Co. is authenticated by Beijing enterprise technology center, and was awarded the title of Beijing Intellectual Property Pilot Unit and Beijing Intellectual Property Demonstration Unit. In 2019, Qianshun Base and Jingtang Base gained 328 patent rights, among which, 141 invention patents, 186 utility model patents and 1 patent for appearance. Regards to Jingtang Co., 32 patents of Jingtang Co. won the National Invention Exhibition Invention and Entrepreneurship Award & Project Award. Meanwhile, Cold-R Co. gained the title of Beijing Intellectual Property Pilot Unit and Beijing Intellectual Property Demonstration Unit, and Zhixin Co. won the third Mayor's Special Award of Tangshan.

Shougang Co., Jingtang Co., Cold-R Co., Zhixin Co. are qualified national high-tech enterprise qualification certification approved by government.

Research and development investment

	2019	2018	Change
Number of R&D staff	2,464	2,559	-3.71%
Proportion of R&D staff	13.87%	15.89%	-2.02%
Investment amount (RMB)	2,856,323,368.77	2,326,735,989.96	22.76%
Investment amount / Operating income	4.13%	3.54%	0.59%
Capitalization amount of investment (RMB)	0.00	0.00	
Capitalization rate (%)	0.00%	0.00%	0.00%

Reason of the material changes of “Investment amount / operating income” compare to last year

□Applicable √Nonapplicable

Reason of the material changes of the capitalization ratio

□Applicable √Nonapplicable

5. Analysis of cash flows

Unit: RMB Yuan

Items	2019	2018	Year-on-year changes
Cash inflow from operating activities	31,676,510,248.94	29,908,042,676.52	5.91%
Cash outflow for operating activities	28,357,881,310.41	17,448,653,091.35	62.52%
Net cash flow relating to operating activities	3,318,628,938.53	12,459,389,585.17	-73.36%
Cash inflow from investment activities	311,923,882.49	222,586,192.88	40.14%
Cash outflow for investment activities	5,534,753,637.58	9,863,640,698.05	-43.89%
Net cash flow relating to investment activities	-5,222,829,755.09	-9,641,054,505.17	45.83%
Cash inflow from financing activities	46,065,218,155.85	31,024,870,000.00	48.48%
Cash outflow for financing activities	44,212,766,507.28	33,421,157,658.39	32.29%
Net cash flow relating to financing activities	1,852,451,648.57	-2,396,287,658.39	177.31%
Net decrease (/increase) in cash and cash equivalents	-51,749,167.99	422,047,421.61	-112.26%

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

√Applicable □Not applicable

The increase in cash outflow for operating activities and the decrease of net cash flow relating to the operating activities was caused by the cash purchase for raw fuel.The increase in cash inflow relating to the investment activities was due to cash received from investment income.The decrease in cash outflow for investing activities and the increase in net cash flow relating to the investing activities was caused by the reduction of cash payment for fixed assets investment. The increase in cash inflow from financing activities and was caused by the received bank loans and the increase in cash outflow for financing activities was caused by bank loan repayment, which ultimately resulted in the net increase in net cash flow relating to financing activities. Overall the decrease in net cash and cash equivalents is mainly due to the increase in cash outflow for operating activities.

Notes for the significant difference between the annual net profit and the annual net cash flow relating to operating activities during the reporting period

√ Applicable ☐Not applicable

During the reporting period, the difference between net cash flow from operating activities with the amount of RMB3.319 billion and net profit with the amount of RMB1.754 billion is RMB1.565 billion. Major factors for the difference are: depreciation RMB5.851 billion, financial expenses RMB2.076 billion, decrease in operating payables 4.328billion, decrease in inventories RMB1.499 billion, and increase in operating receivables RMB467 million.

III. Non-principalbusiness analysis

√Applicable □Not Applicable

IV. Assets and liabilities

1. Significant changes inthe composition of assets

The Company implemented the new financial instruments standards, new income standards or new lease standards for the first time since 2019 and adjust the relevant items of the financial statements at the beginning of the year

√Applicable □Not Applicable

Unit: RMB Yuan

	Year-end of 2019		Year-begin of 2019		Ratio changes	Note
	Amount	Ratio in totalassets	Amount	Ratio in totalassets		
Cash and bank balances	4,472,317,590.75	3.16%	4,841,058,243.20	3.58%	-0.42%	
Account receivable	836,576,066.13	0.59%	870,151,434.92	0.64%	-0.05%	
Inventories	6,593,865,645.47	4.66%	5,192,790,897.33	3.84%	0.82%	
Assets held for sale		0.00%		0.00%	0.00%	
Long-term equity investments	2,948,516,531.72	2.09%	2,878,517,166.72	2.13%	-0.04%	
Fixed assets	82,861,544,532.17	58.61%	81,726,018,549.33	60.45%	-1.84%	
Construction in progress	25,310,588,638.42	17.90%	22,037,846,981.69	16.30%	1.60%	
Short-term loans	30,267,213,915.42	21.41%	31,155,720,000.00	23.04%	-1.63%	
Long-term loans	19,101,100,000.00	13.51%	15,965,040,000.00	11.81%	1.70%	

2. Assets and liabilities measured at fair value

√Applicable □Not applicable

Unit: RMB Yuan

Term	Opening balance of 2019	Gains/losses ofchange of fairvalue in the period	Accumulativechanges of fair valuereckoned into equity	Impairmenta ccrual inthe period	Amount ofpurchase inthe period	Amount of salein the period	Other changes	Closing balance of 2019
Financial assets								
4. Other equity instruments Investment	3,961,120,253.90		396,397,673.44					4,357,517,927.34
Receivable financing	1,597,542,544.00							3,666,611,715.48
Total	5,558,662,797.90		396,397,673.44					8,024,129,642.82
Financial liabilities	0.00							0.00

Other changes

No

Whether the company's main asset measurement attributes had changed significantlyduring the reporting period

□ Yes √ No

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

Items	Carrying amount at 31.12.2019(RMB)	Restriction reason
Cash and bank balances	554,348,209.83	
Notes receivable	492,071,160.50	
Total	1,046,419,370.33	

Notes: (1) As of 31 December 2019, the restricted cash and cash balances of include various cash deposits as collateral amounting to RMB 554,348,209.83.

(2) As of 31 December 2019, the Group’s restricted note receivables include pledged notes amounting to RMB 492,071,160.50.

V. 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
11,053,416,832.92	10,139,936,448.81	9.01%

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	Actualinvestmentamount up to theend of reportingperiod	Capital source	Projectschedule	Anticipated benefits	Realizedincome upto the endof reportingperiod	Reasons for non-achievement of planned scheduleand anticipatedincome
Shougang Jingtang-Phase II	Self-built	Y	Iron and steel	7,783,812,530.78	21,174,023,967.29	Self-raised	93.96%	1,361,360,000.00	0.00	Production line debugging
Total	--	--	--	7,783,812,530.78	21,174,023,967.29	--	--	1,361,360,000.00	0.00	--

4. Financial asset investment

(1) Securities investment

□Applicable √Not applicable

The Company had not securities investments during the reporting period.

(2)Derivatives investment

□Applicable √Not applicable

The Company has no derivatives investment during the reporting period.

5.Application of raised proceeds

□Applicable √Not applicable

The Company has no application of raised proceeds during the reporting period.

VI. Material disposal of assets and equity

1. Material disposal of assets

□Applicable √Not applicable

During the reporting period, no material disposal of assets of the Company occurred.

2. Material disposal of equity

□Applicable √Not applicable

VII.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 income	Operating profit	Net profit
Shougang Jingtang United Iron&Steel Co., Ltd.	Subsidiary	Iron and steel smelting, Steel rolling, Technical consultation, Technical Service.	35,821,676,294.00	82,657,982,280.74	26,345,644,339.26	36,189,924,483.50	1,232,163,567.62	1,024,880,097.27
Beijing Shougang Cold Rolling Co., Ltd.	Subsidiary	Production cold rolled sheet and hot-galvanized steel, General freight, Freight, Design and sell cold rolled sheet, Warehousing service, Technical development.	2,600,000,000.00	5,999,756,061.65	-1,502,424,099.49	7,696,233,920.49	7,949,999.53	6,024,982.53
Shougang Qian'an Conference Centre Co.,Ltd.	Subsidiary	Catering industry, Conference service, Hotel.	1,900,000.00	196,299,492.12	-99,851,036.17	15,164,662.04	-13,986,522.16	-13,983,529.76
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.	Subsidiary	Cold rolled electrical steel sheet manufacture, Metallurgical special equipment manufacture, Motor manufacture, Equipment for power transmission and distribution manufacture, Energy conservation technology promotion service, New material technology promotion service.	5,005,000,000.00	13,067,981,478.43	5,384,541,451.93	9,739,942,337.78	393,010,736.00	331,432,146.39
BAIC Motor Corporation., Ltd	Joint stock	Manufacture of automobiles and spare parts, Market one's own products, Technical development, Technical Service, Technical consultation.	8,015,338,182.00	193,211,289,240.82	72,626,504,652.15	182,207,316,708.26	21,353,226,036.25	14,322,409,614.03
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	Joint stock	Production of railway fastener system, Low relaxation prestressed iron, General freight, Product quality inspection.	158,000,000.00	1,680,770,514.26	1,171,732,352.33	1,264,677,587.49	230,067,527.55	201,059,928.12
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Joint stock	Coking, ammonium sulfate, coal gas, crude benzene, sulfur, primary coal chemical products.	992,400,000.00	3,973,059,517.49	1,980,979,270.99	6,913,378,291.52	192,298,928.34	139,630,811.41
Qian'an Shoujia Construction Material Co., Ltd.	Joint stock	Production and sale of GGBS, Sale of water slag, Provide technical consultation on product GGBS and water slag.	152,442,500.00	463,840,111.41	24,271,015.94	187,522,222.28	8,214,605.09	-1,835,349.55
Qian'an China Petroleum Kunlun Gas Co., Ltd	Joint stock	Sale of natural gas, Development of natural gas utilization technology, Wholesale and retail of gas appliances, gas transmission equipment and materials, Equipment leasing.	30,000,000.00	139,042,458.61	109,803,877.60	288,796,811.89	52,436,144.12	39,312,217.87
Minmetals Tianwei Steel Co., Ltd.	Joint stock	Storage, cutting, processing, distribution and sales of silicon steel sheets and cold-rolled steel sheets.	75,000,000.00	140,308,474.49	117,347,059.48	137,302,429.62	1,802,027.91	1,210,417.86
Minmetals Special Steel (Dongguan) Co., Ltd.	Investee	Production and sales of electronic transformer cores, Sales of ferrous metals, nonferrous metals, ores, materials, machinery and electrical equipment, and related information consulting services, Shearing processing, inspection and test of steel, Import and export of goods, import and export of technology.	50,000,000.00	145,528,651.24	36,031,448.50	483,085,909.11	-6,427,498.54	-4,826,025.28
Beijing Dingshengcheng Packaging Material Co., Ltd.	Investee	Processing of plastic products, paper products, metal products, Highway transport, Sales of plastic products, paper products, metal products, furniture, electronic products, chemical products, hardware products, machinery accessories, provide labor services.	20,000,000.00	36,581,007.73	23,190,539.96	101,033,864.73	4,342,657.08	3,199,511.77
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	Investee	Manage private equity, Provide investment management and related consulting services.	1,000,000,000.00	1,022,994,630.61	1,019,132,971.67	39,185,156.34	19,059,518.46	19,059,518.46
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Subsidiary	Technical development、technical service、technical consultation、technical transfer, Sales of machinery and steel, Machinery rental (except cars), Import and export of goods, Import and export of Technology, Import and export of agent.	950,000,000.00	311,874,720.46	284,835,585.96	0.00	-164,221.46	-164,414.04
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Investee	coke, coal tar, crude benzene, ammonium sulfate, sulfur, coke oven gas production and sales; coke oven gas power generation, heat production, Technical consultation.	2,000,000,000.00	4,277,488,041.61	2,134,361,433.53	7,889,128,204.38	81,039,403.22	71,808,140.71
Tangshan Shougang Jingtang Caofeidian Port Co., Ltd.	Sub-subsidiary	Freight port project construction.	600,000,000.00	1,076,435,424.35	576,067,832.95	21,781,137.94	-8,594,069.83	-8,594,069.83
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Investee	Production and sales of GGBS and attached products.	200,000,000.00	377,139,587.96	311,125,257.97	383,670,512.68	38,603,991.16	28,665,429.82
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Investee	Technology introduction and import of production equipment and raw materials.	300,000,000.00	780,522,552.95	275,856,014.14	0.00	-20,588,267.16	-20,588,767.16

Tangshan Guoxing Industrial Co., Ltd.	Investee	Metal processing, machinery manufacturing, processing, repair, Wholesale and retail of steel, building materials (except wood and lime), water-based coatings, hardware, electrical materials, lubricating oil (barreled), mechanical accessories, iron powder, mineral products, rubber products, Rental ofhouses and venues, General freight, Processing of productive scrap metal, Cleaning service, Maintenance of Class II motor vehicles (maintenance of large and medium-sized trucks, valid until January 19, 2019), Domestic and international shipping agency business, Recovery of waste lubricating oil.	42,000,000.00	104,181,221.56	59,446,543.91	49,090,881.11	8,738,610.73	6,541,926.75
Tangshan Tangcao Railway Co., Ltd.	Investee	Railway investment, construction and operation (projects requiring approval under national laws and administrative regulations can only beoperated after obtaining approval documents).	2,500,000,000.00	8,684,004,650.53	2,910,000,000.00	0.00	0.00	0.00

Acquisition and disposal of subsidiaries during the reporting period

√Applicable □Not applicable

Name	Mode of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Beijing Shougang New Energy Automobile Materials Co., Ltd.	Newly established	None

Notes of holding and shareholding companies

None

VIII. Structured entity controlled by the Company

√Applicable □Not applicable

IX. Future development prospects

1. Industry competition pattern and development trend

In the year of 2020, the global economy might be in recession due to factors such as COVID-19. At present, structural and cyclical problem of domestic economy are intertwined, and the downward pressure on the economy is increasing. However, the basic trend of stable and long-term growth remains unchanged, and the economic growth rate will remain within an appropriate range. After the release of steel capacity replacement in 2020, market supply willincrease, while the growth rate of the main downstream steel industry may slow down. The fundamentals of strong supply and weak demand would continue.

In terms of demand, the state has successively issued relevant policies to stimulate the consumer market and encourage the downstream industry to resume production and work actively, especially infrastructure, real estate and material investment projects resumption, which will further boost the demand for steel. Meanwhile, the demand restrained by the previous epidemic situation is also expected to rebound. On account of the backward demand in the early stage of 2020, the inventory of steel product will rise in the short term.

In terms of price, although domestic demand has gradually recovered, uncertainty also exists in the steel market under the background of rising downward pressure of macro-economy due to the factors such as destocking pressure, uncertainty of overseas epidemic situation and financial market turbulence, and then the product price fluctuation is also the high probability event.

2. Corporate development strategy

With the theme of promoting high-quality development and innovative development, the Company will always keep pace with the times, customers, shareholders and employees, adhere to the core task of "enhancing vitality, improving competitiveness, and winning the battle for survival and development", and continue to deepen the reform of corporate governance structure and market-oriented mechanism; the Company will also insist innovation-driven development and "boutique + service" strategy, focus on "four manufacturing, one service" strategy and continue to accelerate the research and development of high-level products focusing on automotive panels, electrical steel, tinning sheet, etc., and realize the transformation from product manufacturer to comprehensive service provider. Additionally, the Company also insists on comprehensively improving the profitability and capital operation ability, and strives to improve the company as a large, comprehensive and diversified listed company with global competitiveness.

3. Operating plans of 2020

(1) Capacity of main products

①Qiangang Co.: 7.85 million ton of iron, year-on-year rise of 1.82%; 8.26 million ton of steel, year-on-year rise of 1.98%; 7.90 million ton of steel products, year-on-year rise of 1.41%.

②Jingtang Co.: 12 million ton of iron, year-on-year rise of 54.24%; 12.46 million ton of steel, year-on-year rise of 34.41%; 10.54 million ton of steel products, year-on-year rise of 14.81%.

③Zhixin Co.: 1.6 million ton of electric steel, year-on-year decrease of 1.85%. Including: 1.415 million ton of non-oriented electric steel, year-on-year decrease of 1.64%; 0.185 million ton of oriented electric steel, year-on-year decrease of 3.39%.

④Cold-R Co.: 1.70 million ton of cold-rolled steel sheets, year-on-year rise of 0.05%. Including: 0.87 million ton of continuous annealing line for cold-rolled steel sheets, year-on-year rise of 1.27%; 0.83 million ton of galvanized sheet, year-on-year rise of 3.11%.

(2) Budget arrangement of financial indicators

RMB71.64 billion for operating income, year-on-year rise of 3.57%, including: RMB28.79 billion for operating income of parent company, year-on-year decrease of 0.23%; RMB9.47 billion for operating income of Zhixin Co., year-on-year decrease of 2.77%; RMB7.25 billion for operating income of Cold-R Co., year-on-year decrease of 5.8%; RMB39.60 billion for operating income of Jingtang Co., year-on-year rise of 9.42%.

(3) Budget arrangement of capital flow for income and expenditure

RMB147.41 billion for budget capital inflows, including RMB92.84 billion for capital inflows from operating activities, RMB0.37 billion for capital inflows from investing activities, RMB45.786 billion for capital inflows from financing activities, capital balance of last year was RMB8.417 billion.

RMB141.344 billion for budget capital outflows, including RMB75.498 billion for productive expenditure, RMB 3.389 billion for employee benefits, RMB2.24 billion for tax payments, RMB2.888 billion for expenditure of other operating activities, RMB4.804 billion for capital outflows from investing activities, RMB52.524 billion for capital outflows from financing activities.

(4) Budget arrangement of project capital expenditure

Arrangement of project investment plan is RMB4.20 billion, including: RMB0.705 billion for Qiangang Co., RMB3.071 billion for Jingtang Co., RMB0.06 billion for Zhixin Co., RMB 0.065 billion for Cold-R Co. and RMB 0.303 billion for New-E Co..

4. Potential risks

(1)Policy and industry risks

In 2020, domestic economy still faces downward pressure. In addition, the outbreak of COVID-19 results in new difficulties and challenges of steel industry, which is in the tight balance between supply and demand, mainly reflected in supply and sales.

To respond to the above risks, under the premise of preventing and controlling the epidemic, the Company should first strengthen production organization and technological innovation to reduce the operating cost of the enterprise; second, coordinate the supply, production and marketing, not only stabilize the supply of raw materials, ensure the smooth and stable production, and also set production capacity by sales and promote sales by production; third, pay attention to the market demand dynamics, seize market opportunities, strengthen organization and coordination in a targeted way to ensure the completion of the annual business task.

(2) Environmental risks

“Report on the work of the government” has proposed “promoting the realization of ultra-low emission in the iron and steel industry” and “the opinions of the CPC Central Committee and the State Council on comprehensively strengthening the ecological environment protection and firmly fighting the critical battle of pollution prevention and control” definitely proposed the requirement of “promoting the transformation of ultra-low emissions in the iron and steel industry” and the environmental concept “lucid waters and lush mountains are invaluable assets”, which constantly imposes strict environmental protection requirements for the iron and steel industry. Accordingly, the cost of environmental protection and the pressure of environmental protection are unprecedented.

To respond to the above risks, the Company should first consolidate the achievements of ultra-low emission in the whole process, actively apply the formed proprietary technology and strengthen the control of ultra-low emission; second, improve the effectiveness of the integrated manage and control platform of intelligent environmental protection by applying image intelligent identification technology to particle emission control; third, actively promote the environmental design and application of the products throughout the life cycle and the entire industrial chain, and continuously strengthen the control of moving pollution sources, and promote the transportation of clean energy.

(3) Horizontal competition risks

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 risks

With the in-depth promotion of capacity reduction and structural adjustment, new changes and challenges have emerged in the business situation of the iron and steel industry, which are highlighted in the increase of plate production capacity, the gathering of high-level production capacity, the intensification of homogeneous competition, and the change of business strategies of steel enterprises. Hence, there are periodic downward risks in the price of steel products.

To respond to the above risks, the Company should first continue the channel terminal and high-level strategy, and accelerate the channel structure adjustment. Secondly, the Company should improve the proportion of high-quality and efficient products, and continuously optimize the product structure. Thirdly, the Company should set reasonable price level according to competitive situation, and adopt differentiated and personalized price policies for different varieties at specific time-points and channels. Finally, the Company should strengthen technical service marketing and improve the ability to provide overall solutions for customers.

(5) Related transactions risks

Related transactions exit among Shougang Co., Shougang Group and the affiliated companies and Shougang Co.

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.

X. Reception of research, communication and interview

1. The registration form of research, communication, interview etc. during the reporting period.

√Applicable □Not applicable

Time	Method	Type	Basic information references
26 April 2019	Telephone communication	Institution	Hold meetings of 2018 annual report and 2019 Q1 performance disclosure. Disclosed on the interactive platform in detail on 29 April 2019
25 July 2019	Telephone communication	Institution	Hold meeting of 2019 semi-annual performance disclosure. Disclosed on the interactive platform in detail on 29 July 2019
18 July 2019	Other	Individual	Overall Perspective – World of Road Show, 2019 reception day for Beijing listed company investors (www.p5w.net/roadshow)
27 August 2019	Field research	Institution	Receive investors' field research. Disclosed on the interactive platform in detail on 29 August 2019.

Number of reception	4
Number of receiving institution research	12
Number of receiving individual research	15
Number of receiving other research	0
Whether disclose, give, or reveal unissued material information (Y/N)	N

SectionV. Significant Events

I. Profit distribution proposal and proposal for transfer of capital reserve to share capital

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

√Applicable □Not applicable

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

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

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

Distribution plan (pre-plan) for common stock dividends, capitalization scheme of capital reserve (pre-plan) in latest three years(including this period)

1. The scheme of the Company for profit distribution or for transfer of capital reserve to the share capital in 2019

Audited by Grant Thornton LLP, in consolidated financial statements of 2019, the net profit attributable to shareholders of the listed company is RMB1,251,047,873.08, the listed company achieved a net profit of RMB416,816,074.79, the profit available for distribution of the listed company is RMB5,605,709,861.57 and the profit available for distribution of consolidated financial statements is RMB-2,051,598,102.14. The profit available for distribution of consolidated financial statements is lower than the profit available for distribution of the listed company with the negative amount. Therefore, in accordance with the provisions of the Articles of Association of the Company, which states “the profit shall be distributed to the shareholders in proportion to the lower of the distributable profits of parent company and the consolidated statements recognized in the year”, the Company should not distribute cash dividends or transfer capital reserve into share capital for the year of 2019.

During the reporting period, the profit recognized by the listed company is mainly for repaying the merger and acquisition loan and investing the fixed asset project. Among them, the planned repayment of M&A loan is RMB 1.3 billion, and the intended investment of fixed assets project is RMB 700 million.

The proposal needs to be approved by the general meeting of shareholders.

2. The scheme of the Company for profit distribution or for transfer of capital reserve to the share capital in 2018

Audited by Grant Thornton LLP, in consolidated financial statements of 2018, the net profit attributable to shareholders of the listed company is RMB 2,403,750,672.16, the listed company achieved a net profit of RMB 1,404,376,673.49, the profit available for distribution of the listed company is RMB 5,189,366,782.39 and the profit available for distribution of consolidated financial statements is RMB -3,260,964,367.74. The profit available for distribution of consolidated financial statements is lower than the profit available for distribution of the listed company with the negative amount. Therefore, in accordance with the provisions of the Articles of Association of the Company, which states “the profit shall be distributed to the shareholders in proportion to the lower of the distributable profits of parent company and the consolidated statements recognized in the year”, the Company should not distribute cash dividends or transfer capital reserve into share capital for the year of 2018.

During the reporting period, the profit recognized by the listed company is mainly for repaying the merger and acquisition loan and investing the fixed asset project. Among them, the planned repayment of M&A loan is RMB 600 million, and the intended investment of fixed assets project is RMB 700 million.

3. The scheme of the Company for profit distribution or for transfer of capital reserve to the share capital in 2017

Audited by Grant Thornton LLP, in consolidated financial statements of 2017, the net profit attributable to shareholders of the listed company is RMB 2,210,651,071.39, the listed company achieved a net profit of RMB 1,286,348,291.61, the profit available for distribution of the listed company is RMB 3,925,427,776.25 and the profit available for distribution of consolidated financial statements is RMB -5,524,277,372.55. The profit available for distribution of consolidated financial statements is lower than the profit available for distribution of the listed company with the negative amount. Therefore, in accordance with the provisions of the Articles of Association of the Company, which states “the profit shall be distributed to the shareholders in proportion to the lower of the distributable profits of parent company and the consolidated statements recognized in the year”, the Company should not distribute cash dividends or transfer capital reserve into share capital for the year of 2018.

During the reporting period, the profit recognized by the listed company is mainly for repaying the merger and acquisition loan and investing the fixed asset project. Among them, the planned repayment of M&A loan is RMB 500 million, and the intended investment of fixed assets project is RMB 900 million.

Cash dividends of common shares of the Company for the last three years (the reporting period inclusive)

Unit: RMB Yuan

Year of distribution	Amountof cashdividends(tax included)	Net profitattributableto ordinaryshareholdersof the listedcompany inconsolidatedfinancialstatementsin the year ofdistribution	Ratio of cash dividends tonet profits attributableto ordinaryshareholdersof the listedcompany inconsolidatedfinancialstatements	Proportion for cashdividends by other ways (i.e. share buy-backs)	Ratio of cash dividends in other ways tonet profitsattributableto ordinaryshareholdersof the listedcompany inconsolidatedfinancialstatements	Total cash dividends (including other ways)	Ratio of total cash dividends (including in other ways) tonet profitsattributableto ordinaryshareholdersof the listedcompany inconsolidatedfinancialstatements
2019	0.00	1,251,047,873.08	0.00%	0.00	0.00%	0.00	0.00%
2018	0.00	2,403,750,672.16	0.00%	0.00	0.00%	0.00	0.00%
2017	0.00	2,210,651,071.39	0.00%	0.00	0.00%	0.00	0.00%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent Company ispositive but no plan of cash dividend proposed of common stock

√Applicable □Not applicable

Reasons for no resolution for cash dividend whenthe company records profits and the parent company records a positive undistributed profit during the reporting period	Purpose and use plan for undistributed profits of the company
During the reporting period, the profit available for distribution of parent company is RMB 5,605,709,861.57 and the profit available for distribution of consolidated financial statements is RMB -2,051,598,102.14. The profit available for distribution of consolidated financial statements is lower than the profit available for distribution of parent company with the negative amount. In accordance with the provisions of the company's articles of association, which states "the profit shall be distributed to the shareholders in proportion to the lower of the distributable profits of parent company and the consolidated statements recognized in the year", the company should not distribute cash dividends or transfer capital reserve into share capital for the year of 2019.	The undistributed profit is mainly for repaying the merger and acquisition loan and investing the fixed asset project. Among them, the planned repayment of M&A loan is RMB1.3 billion, and the intended investment of fixed assets project is RMB0.7 billion.

II. Profit distribution plan and capitalizing of common reserves plan during the reporting period

□Applicable √Not applicable

The Company proposed not to distribute cash dividends, issue bonus shares or transfer reserve to share capital for the year 2019.

III. Implementation of commitment

1. Commitment of de facto controller, shareholders, related parties, acquirer and the Company during or sustained to the reporting period

√Applicable □Not applicable

Reasons for Commitment	Commitment party	Type	Contents	Commitment date	Commitment term	Implementation
Commitments to share reform						
Commitments made in a statement of acquisition or equity change						

Commitment in material assets restructuring	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		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 engaged in iron and steel production business included in Shougang Group, 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 2018, Shougang Co. and Jingtang Co. jointly with Shougang Group signed "the management service agreement among Shougang Group, Beijing Shougang Co., Ltd. and Shougang Jingtang United Iron&Steel Co., Ltd.", Shougang Co. and Jingtang Co. jointly provided management services for 17 target enterprises, which are involved in the steel sector assets and businesses of Shougang Group. Among them, Shougang Mining Corporation and other thirteen companies are in the charge of Shougang Co., and Shougang Casey Steel Co., Ltd. and other two companies are uner the charge of Jingtang Co.
	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		If the market improves in the future, Shougang Mining Corporation achieves stable profits for two consecutive years, and the overall situation of the industry will not fluctuate greatly, Shougang Corporation will start the injection of Shougang Mining Corporation in Shougang Co. and complete it within 36 months. Before the injection of Shougang Mining Corporation in Shougang Co., Shougang Corporation will urge Shougang Mining Corporation to conduct relevant 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 April 2017	Refer to contents of commitment	Implementing.

	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		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 July 2012	After the completion of assets reorganization (completion date: 25 April 2014)	Implementingof the long-term commitment.

	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		The company is the largest shareholder and controlling shareholder of Shougang Co. On July 17, 2012, the Company issued "the commitment letter of Shougang Corporation on reducing and standardizing related transactions" (namely the commitments listed above, hereinafter referred to as the "original commitment letter"), and promised to take measures including the injection of Shougang Mining Corporation in Shougang Co. and other relevant measures to reduce and regulate the related transactions with Shougang Co. after the completion of major assets replacement and assets purchase through issue of shares between the company and Shougang Co. (Hereinafter referred to as "previous major assets restructuring (completed on 25 April 2014)"). In order to reduce and standardize the related transactions after this major assets replacement and related transaction project between the company and Beijing Shougang Co., Ltd., protect legitimate rights and interests of Shougang Co. and its public shareholders, the company promise to continue to fulfill the contents of original commitment letter after the completion of this major assets replacement, and further commits as follows:	29 Sep. 2015	During and after the assets replacement	Implementing

	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		1. The company will perform its obligations as the controlling shareholder of Shougang Co. in good faith, try to avoid and reduce the related transactions with Shougang Co. (including the enterprises it controls); as for the related transactions, which are unavoidable or occur for reasonable reasons between the company and other enterprises under the control of the company, and Shougang Co. and the enterprises it controls, the company will not require or accept the more favorable conditions provided by Shougang Co. than the conditions to an independent third party in any fair market transaction. The company and other enterprises under the control of the company will sign a standardized related party transaction agreement with Shougang Co. in accordance with the law, follow the market principles of openness, fairness and justice, in accordance with fair and reasonable market price, conform to relevant provisions of laws, regulations and normative documents in the decision-making procedures of related transactions and disclose information in accordance with the law. 2. The company and other enterprises under the control of the company shall not obtain any improper benefits or cause Shougang Co. undertaking any improper obligation though related transactions with Shougang Co. and the other enterprises controlled by Shougang Co. 3. The company shall be liable for the losses to Shougang Co. and the enterprise under the control of Shougang Co. due to the related transactions with them in violation of the above commitments.	29 Sep. 2015	During and after the assets replacement	Implementing

	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		In respect of the purchase of 51% of the equity of Jingtang Co. by Shougang Co., the company made the following commitments in urging Jingtang Co. and its holding subsidiary, Tangshan Shougang Jingtang Caofeidian Port Co., Ltd. (hereinafter referred to as Port Company) to complete relevant matters: 1.The company promises to urge Jingtang Co. not to actually carry out port operation business of general bulk cargo berth project (552-meter shoreline wharf project) without obtaining formal or temporary port operation license. 2. The company promises to urge Port Company not to actually carry out port operation business of general wharf project (1600-meter shoreline wharf project) without obtaining formal or temporary port operation license.	29 Sep. 2015	Refer to contents of commitment	Implementing
	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		In respect of the purchase of 51% of the equity of Jingtang Co. by Shougang Co., Shougang Group made the following commitments in urging Jingtang Co. and its holding subsidiary, Tangshan Shougang Jingtang Caofeidian Port Co., Ltd. (hereinafter referred to as Port Company) to complete relevant matters: 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 2020, and carry out port operation business in accordance with the requirements of relevant competent departments 2. Shougang Group promises to urge Jingtang Co. to complete the application of ownership certificate of all self-built houses of Jingtang Co. before 31 December2020.	27 Dec. 2018	31 Dec. 2020	Implementing
	Shougang Group Co., Ltd. (Formerly known as Shougang Corporation)		In respect of the purchase of 51% of the equity of Jingtang Co. by Shougang Co., the company made the following commitments in urging Jingtang Co. and its holding subsidiary, Port Company, to complete the relevant matters of obtaining land use right certificate: The company promises to urge Jingtang Co. to obtain state-owned land use right certificate of all the land used, including but not limited to the land used by Jingtang Co. Phase I project, Jingtang Co. supporting wharf project (1240-meter shoreline wharf project), general bulk cargo berth project (552-meter shoreline wharf project) and Jingtang Co. Phase II project.	27 Dec. 2018	31 Dec. 2020	Implementing
Commitments made in IPO or refinancing						
Equity incentive commitment						
Other commitments to small and medium shareholders of the company						
Completed on time	Yes					

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

□Applicable √Not applicable

IV.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.

V.Explanation from Board of Directors, Supervisory Committee and Independent Directors(if applicable) for "Qualified Opinion" that issued by CPA

□Applicable √Not applicable

VI.Particulars about the changes in aspect of accounting policy, estimates and calculationmethod compared with the financial report of previous year.

√Applicable □Not applicable

For details, refer to item Section XII. Financial Report, Changes in significant accounting policies and accounting estimates

VII.Material accounting errors within reporting period that needs retrospective restatement

□Applicable √Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company during the reporting period.

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

√Applicable □Not applicable

For the year ended 31 December 2019, the company established a new holding subsidiary, Beijing Shougang New Energy Automobile Material Technology Co., Ltd. and has included five subsidiaries in the scope of consolidation, which are Shougang Jingtang United Iron&Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Shougang Qian'an Conference Centre Co., Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. and Beijing Shougang New Energy Automobile Material Technology Co., Ltd..

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

Current Auditors

Name of domestic accounting firm	Grant Thornton LLP.
Remuneration for domestic accounting firm (RMB'000)	1800
Continuous life of auditing service for domestic accounting firm (year)	20
Name of domestic CPA	Qian Bin, Yu Qike
Continuous life of auditing service for domestic accounting firm (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

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

□Applicable √Not applicable

XI. Insolvency or restructuring related matters

□Applicable √Not applicable

No insolvency or restructuring related matters during the reporting period

XII. Major litigation or arbitration cases

□Applicable √Not applicable

No major litigation or arbitration cases during the reporting period.

XIII. Punishment or rectification

□Applicable √Not applicable

No punishment or rectification during the reporting period.

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

□Applicable √Not applicable

XV. Implementation of the Company's equity incentive plan, employee stock

ownership plan or other employee incentive measures

□Applicable √Not applicable

No implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures during the reporting period.

XVI. Substantial related party transactions

1.Related transaction with routine operation concerned

√Applicable □Not applicable

Unit: 10'000 RMB

Related parties	Relationship with the Group	Type of transaction	Nature of transaction	Pricing principle of transaction	Price of transaction	Relatedtransactionprice	Proportionin similartransactions	Approved transaction quota	Whether it exceeds the approved quota(N/Y)	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 material and Auxiliary material	Market price	Market price	3,304,719		3,392,616	N	Cash at bank and on hand	Market price	26 April 2019	"China Securities Journal" ,"Securities Times" ,"Shanghai Securities News", Juchao Information Network (http://www.cninfo.com.cn)
Shougang Group and its subsidiaries	Parent company	Related sales	Steel	Market price	Market price	3,946,400		3,878,112	Y	Cash at bank and on hand	Market price	26 April 2019	Ditto
Other related parties	Investees	Related purchase	Raw fuel material and energy	Market price	Market price	1,573,154		1,641,066	N	Cash at bank and on hand	Market price	26 April 2019	Ditto
Other related parties	Investees	Related sales	Energy	Market price	Market price	125,939		120,054	Y	Cash at bank and on hand	Market price	26 April 2019	Ditto
Total				--	--	8,950,212	--	9,031,848	--	--	--	--	--
Details of large sales returns				NO									
The company classifies the daily related transactions by category, estimates the transaction amount that will take place in the current period, and discloses the actual transaction amount (if any)				The company estimates the total amount of daily related transactions that will be approved by the general meeting of shareholders. The total amount of transactions approved in the current period was RMB 90,318.48 million, and the actual occurrence of this period was RMB 89,502 .12 million, which did not exceed the approved quota. For details of the related parties and related party transactions, please refer to Item XII of Section XII.									
The reason for the material difference between the transaction price and the market reference price(if applicable)				Not Applicable									

2. Related transactions by assets or equity acquisition and sold

□Applicable √Not applicable

No related party transactions in respect of acquisition and disposal of assets or equity during the reporting period.

3. Related transactions of mutual investment outside

□Applicable √Not applicable

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

4. Contact of related credit and debt

□Applicable √Not applicable

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

□Applicable √Not applicable

No related non-operating contact of related credit and debt during the reporting period.

5. Others

√Applicable □Not applicable

<table>
<tr><td colspan="6">On 24 April 2019，the ninth meeting of the sixth session of the Board of Directors of the Company Adopted the "proposal on Financial Business between Beijing Shougang Co., Ltd. And Shougang Group Finance Co., Ltd." and "the Financial Services Agreement between Beijing Shougang Co., Ltd. And Shougang Group Finance Co., Ltd." on 23 December 2019, Which was approved at the first interim general meeting of shareholders in 2019. (Unit:RMB)</td></tr>
<tr><td>Item</td><td>As at 31.12.2018</td><td>Addition</td><td>Reduction</td><td>As at 31.12.2019</td><td>Charge or pay interest and handling fees</td></tr>
<tr><td>1. Deposit in Shougang Group Finance Co., Ltd.</td><td>4,815,617,592.86</td><td>103,704,851,711.64</td><td>104,069,863,095.76</td><td>4,450,606,208.74</td><td>71,871,537.49</td></tr>
</table>

2. Our company makes a loan from Shougang Group Finance Co., Ltd.	14,623,784,423.81	19,865,823,255.92	23,485,555,610.51	13,054,027,812.28	338,525,458.95
(1) Short-term loans	11,500,000,000.00	12,643,161,772.28	14,538,517,938.95	9,604,643,833.33	
(2) Accounts payable	2,421,734,423.81	5,493,223,194.50	6,518,211,066.03	3,446,722,295.34	
(3)Entrusted Loan	702,050,000.00	1,729,438,289.14	2,428,826,605.53	2,661,683.61	

Website for disclosure of interim report of major related party transactions

Name	Disclosure date	Name of the website
Announcement on related party transactions of financial business with Shougang Group Finance Co., Ltd.	24 April 2019	Juchao Information Network (http://www.cninfo.com.cn)

XVII. Material contracts and implementations

1. Entrustment, contract and leasing

(1) Entrustment

□Applicable √ Not applicable

No entrustment during the reporting period.

(2)Contract

□Applicable √ Not applicable

No contract during the reporting period.

(3) Leasing

□Applicable √ Not applicable

No leasing during the reporting period.

2. Material guarantees

□Applicable √ Not applicable

No guarantees during the reporting period.

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

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

□Applicable √ Not applicable

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

(2) Entrusted loans

□Applicable √ Not applicable

No entrusted loan during the reporting period.

4. Other material contracts

□Applicable √ Not applicable

No other material contracts during the reporting period.

XVIII. Fulfillment of Social Responsibility

1.Fulfill social responsibility

Detailed in the 2019 corporate social responsibility report of the Company.

2.Performance of taking targeted measures in poverty alleviation

Detailed in the 2019 corporate social responsibility report of the Company.

3. Environmental protection

Whether the Company and its subsidiaries belongs to thekey pollutant released entities that published by the environmental protection department.

Yes

Name of Company or Subsidiary	Names of major pollutants and characteristic contaminants	Way of Discharge	No. of drains	Distribution of emission drains	Emission concentration	Implemented pollutant emission standards	Total emissions (tons)	Total approved emissions (tons)	Emissions exceed the standard
Qiangang Co.	COD (Chemical Oxygen Demand)	Discharged after up-tostandard processing	1	The company total wastewater discharge port	15-30mg/L	50mg/L	96.4	103	No
Qiangang Co.	Ammonia Nitrogen	Discharged after up-tostandard processing	1	The company total wastewater discharge port	0.5-1mg/L	5mg/L	6.9	7.5	No
Qiangang Co. (Including Zhixin Co.)	Sulfur Dioxide	organized	29	Hot blast stove, heating furnace of hot rolling mill, boiler power generation, cycling power generation, annealing furnace of cold rolling mill, steelmaking kiln roof.	1-20mg/m3	Hot blast stove, heating furnace of hot rolling mill:50mg/m3，Boiler power generation, cycling power generation, annealing furnace of cold rolling mill, Steelmaking kiln roof:35mg/m3	829.3	965	No
Qiangang Co. (Including Zhixin Co.)	Nitrogen Oxides	organized	29	Hot blast stove, heating furnace of hot rolling mill, boiler power generation, cycling power generation, annealing furnace of cold rolling mill, steelmaking kiln roof.	5-40mg/m3	50mg/m3	1821.7	2130	No
Qiangang Co. (Including Zhixin Co.)	Particulate Matter	organized	88	Boiler power generation, cycling power generation, dust removal of finishing mill, tension leveler of 1# cold rolling mill, dust removal of scale removal of welding machine, dust removal of shot blasting machine in annealing and pickling line of 2# cold rolling plant, dust removal of flattening and coating line of 2# cold rolling plant, dust removal of finishing line of 2# cold rolling mill, dust removal of iron powder warehouse at acid regeneration station, dust removal of scrap cutting, hot blast stove, annealing furnace of cold rolling mill, dust removal of slab finishing (electric dust removal), primary dedusting of converter of no.1 steelmaking plant, secondary dedusting of converter of no.1 steelmaking plant, dry dedusting of no.2 steelmaking plant.	1-3mg/m3	5mg/m3	1244.1	2050	No
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 :<20 mg/m3；Coke pushing :<30 mg/m3、Coke outlet :<70 mg/m3；CDQ outlet :<80 mg/m3；Sintering desulfurization:<35 mg/m3；hot blast stove :<50 mg/m3；heat treatment furnace:<50 mg/m3；Coal-fired and gas-fired generating units:<20 mg/m3；Gas boiler:<30 mg/m3。	Coke oven chimney:30 mg/m3；Coke pushing :30 mg/m3、Coke outlet :70 mg/m3；CDQ outlet :80 mg/m3；Sintering desulfurization:180 mg/m3；hot blast stove:80mg/m3；Lime kiln roasting:80 mg/m3；heating furnace of hot rolling mill:150 mg/m3；continuous annealing line of cold rolling mill、annealing furnace of HDG line:150mg/m3；Coal-fired and gas-fired generating units :35mg/m3；Gas boiler:50 mg/m3.	1020	5209.59	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/m3；Sintering desulfurization :<50 mg/m3；Outlet of hot blast stove of No.1 and No.2 BF :<150mg/m3；continuous annealing line of cold rolling mill and hot rolling mill、annealing furnace of HDG line :<150 mg/m3；Coal-fired and gas-fired generating units :<50 mg/m3；Gas boiler :<150 mg/m3.	Coke oven chimney :130mg/m3；Sintering desulfurization :300 mg/m3； 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:300mg/m3；Lime kiln roasting:400 mg/m3；Coal-fired and gas-fired generating units:50 mg/m3；Gas boiler:150 mg/m3。	4365	11666.5	No

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 outlet, 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 leveller and welder of PLTC M, 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/m3；The transter point of stock ground:<10 mg/m3；Sintering machine batching, crushing, finished products screening、sintering machine tail and ring cooler:<10 mg/m3；primary flue gas and Secondary flue gas of BF tapping field:<10 mg/m3；below the blast furnace bunker、cast iron machine、blast furnace pulverized coal production、hot blast stove of BF:<10mg/m3；Steelmaking electric dust removal:<20mg/m3；Steelmaking secondary dedusting、flame descaling、Lime kiln top dust collector:<10mg/m3；heat treatment furnace、finishing mill、tension leveller and welder of PLTC M:<10 mg/m3；iron powder warehouse:<10mg/m3；Coal-fired and gas-fired generating units:<10 mg/m3；Gas boiler:<20 mg/m3。	Coke pushing、Coke outlet、CDQ outlet、Coke oven chimney:10 mg/m3；The transter point of stock ground:20mg/m3；Sintering machine batching, crushing, finished products screening、sintering machine tail and ring cooler :20mg/m3；primary flue gas and Secondary flue gas of BF tapping field:15 mg/m3；below the blast furnace bunker、cast iron machine、blast furnace pulverized coal production、：10mg/m3；hot blast stove of BF :15mg/m3；Steelmaking electric dust removal :50 mg/m3；Steelmaking secondary dedusting :15mg/m3；dust removal of Lime kiln top and flame descaling:30mg/m3；heat treatment furnace /;15mg/m3；finishing mill :20mg/m3；tension leveller and welder of PLTC M :20mg/m3；iron powder warehouse :30mg/m3；Coal-fired and gas-fired generating units :10mg/m3；Gas boiler:20mg/m3。	4746	6687.4	No
Cold-R Co.	COD	organized	1	Wastewater stations	10-28 mg/m3	30mg/m3	5.817	67.5	No
Cold-R Co.	Ammonia Nitrogen	organized	1	Wastewater stations	0．1-1 mg/m3	1.5(2.5) mg/m3	0.5044	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 mg/m3	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/m3；1# boiler room, 2# boiler room, 3# boiler room:10 mg/m3	4.7186	18	No
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:25-80 mg/m3；Roaster of acid regeneration station :20-65 mg/m3；2# boiler room :20-40 mg/m3；1# boiler room, Hydrogen production generator, 3# boiler room :20-65 mg/m3	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/m3；1# boiler room, 2# boiler room, 3# boiler room :80 mg/m3	50.8205	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 :0.5-4 mg/m3；continuous annealing furnace, annealing furnace of 1# HDG line, annealing furnace of 2# HDG line, Roaster of acid regeneration station, Hydrogen production generator :2-8 mg/m3; iron powder warehouse at acid regeneration station:0.5-5 mg/m3；1# boiler room, 2# boiler room, 3# boiler room:2-4 mg/m3	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/m3；1# boiler room, 2# boiler room, 3# boiler room ：5 mg/m3	9.3649	18.75	No

Construction and operation of pollution prevention facilities

According to the ultra-low emission standards for pollutants from the iron and steel industry in the nation and Hebei Province, the Company has completed the "2019 Green Action Plan", actively adapt various new environmental protection technologies to transform environmental protection facilities, held regular project promotion meetings and coordinates to solve existing problems. As of the end of the reporting period, Qiangang Co. has completed 20 environmental protection projects, becoming the first in China and the only enterprise in the steel industry that has passed the assessment and acceptance of ultra-low emission in the whole process.

Through a series of measures such as improving the environmental protection management system, insisting on daily inspection and implementing problem rectification, the daily production operation and operational control of environmental protection facilities are continuously strengthened, and the environmental protection facilities and production facilities operate synchronously and stably. The Company strengthens the maintenance and management of environmental protection facilities, and conducts simultaneous maintenance of main production facilities and environmental protection facilities such as desulfurization, denitrification, dust removal, wastewater treatment and so on. After self-monitoring and supervision by the environmental protection department, all kinds of pollutants can reach the standard.

Jingtang Co. has built a total of 200 waste gas treatment facilities to effectively treat all kinds of waste gas. Two methods are used for dust-removing, which are bag dust removal and electric dust removal, and ammonia desulfurization + low temperature SCR denitrification process is used for coke oven flue gas.

In 2019, the flue gas desulfurization and denitrification facilities were constructed simultaneously in 2#, 3# pellets, and the "Three Simultaneous", and the desulfurization and denitrification facilities of 1# pellet were upgraded. The circulating fluidized bed desulfurization + medium temperature SCR denitrification process was used for sintering and pellet; The seawater desulfurization and SCR denitrification process was used for desulfurization of self-provided power plant, and 14 main wastewater treatment facilities were constructed. These facilities included 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 these treatments, the clean water and rich desalination water are mixed for reuse to realize zero discharge of coupling wastewater. Also, 7 solid waste treatment facilities were built. It built comprehensive coal utilization facilities, and a 6*600,000 tons / year slag fine grinding cement production line. It adopted new processing technology to transform the blast furnace slag of iron and steel factory into high quality cement.The Company also built a 250,000 tons / year steel-making first dust-removing ash pelletizing project, and used as slag making coolant in steel-making. At present, all environmental protection facilities are operating well, and various indicators have reached the emission requirements. On 1 February 2019, all processes passed the acceptance of ultra-low emissions in Tangshan, marking that the environmental management level of Jingtang Co. has reached a new level and reached the domestic leading level.

The Cold-R Co. constructs annealing furnaces and gas boilers that use natural gas as fuel，and reduces waste gas pollution from the source, constructes 11 sets of waste gas treatment facilities such as oil mist purification system, acid mist purification system, bag dust removal system and alkali mist treatment system, and all waste gas meets the standard; The Company constructs one wastewater station, through four systems including acid-containing wastewater treatment system, dilute alkali wastewater treatment system and oil-bearing and liquid finishing wastewater treatment system, all the wastewater are discharged after reaching the standard. In terms of noise prevention and control, low-noise equipment and vibration reduction measures were adopted. Silencers are installed at the outlets of the iron oxide powder depot; air compressors, nitrogen compressors and other equipment are installed inside of the factory, and soundproof covers are settled, and noise reduction tower is constructed at the outlet of nitrogen generators; vibration and noise reduction and sound insulation measures are used in the boiler room; Three silencers are installed at the outlet to minimize noise pollution. The above environmental protection facilities are operating well, and all pollutants are discharged up to the standard.

Zhixin Co. has dealt with waste gas, odor, noise control, soil pollution prevention, dust emission and other aspects. It has carried out key environmental protection transformation projects such as acid regeneration water washing tower transformation, dust collector cloth bag change to high-efficiency filters cartridge transformation and various maintenance projects. The Company's existing environmental protection facilities are all in stable operation, and pollutants are discharged 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, enhance the corporate environmental image, the Company invested projects such as Qiangang Co. Dust-removing Environmental Management Project and Qiangang Co. Whitening Water and Exhausted Steam for Blast Furnace Slag Project, they 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.

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 Reply on Environmental Impact Assessment (Environmental Audit [2006] No. 181) from the Ministry of Environmental Protection (the former State Environmental Protection Agency); In May 2010, it obtained the Reply on Changes of Environmental Impact Assessment (Environmental Audit Change Office [2010] No. 11) by the Ministry of Environmental Protection; In January 2012, it obtained the Reply on Trial Production (Hebei Environment [2012] No. 17) from Hebei Ministry of Environmental Protection; In January 2014, the Reply on the Completed Environmental Protection of Phase I Project (Environmental Assessment [2014] No.4) was obtained from the Ministry of Environmental Protection; In December 2014, the Permit for the Discharge of Pollutants was obtained from the Environmental Protection Department of Hebei Province; In October 2015, the Reply on Environmental Impact Assessment of Phase II Project (Hebei Environmental Assessment [2015] no.359) was obtained from Hebei Ministry of Environmental Protection; In August 2017, the New Pollution Discharge Permit issued by Tangshan Ministry of Environmental Protection was obtained, and combining with the phase II construction project, the change for sewage permit was completed in April 2019, and the second phase of the one-step project sewage outlet was incorporated into the 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 October 2017, Cold-R Co. obtained the first permit of the discharge of pollutants for important companies in Shunyi District, Beijing, it actively responded to the Beijing Municipal Economic Information Bureau, the State Ministry of Industrial Information to carry out green manufacturing transformation and upgrading work call, carried out the construction of green factory in 2019, and was selected on the Ministry of Industry and Information of the Country's list of green factories as the fourth batch on July 17, 2019, which improved the green production visibility of the Company, established a good social image.

Zhixin Co. has no circumstances on construction project environmental impact assessment and other environmental protection administrative license in 2019.

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 emergency disposal system of the Company, which would be strong, orderly, efficient, unified and coordinated, for emergency environmental emergencies. On this basis, Qiangang Co. also formulated two special plans, one is Sudden Environmental Event Emergency Plan Special for Atmospheric, and the other is Sudden Environmental Event Emergency Plan Special for Water, 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, implements 11 emergency drills including wastewater over the standard, waste acid leakage, waste oil leakage, radioactive source loss and so on, ensures effective implementation of rescue under emergency, in accordance with the requirements of the Plan, and improves the prevention and treatment skills of sudden environmental pollution events.

In 2018, Cold-R Co. redrawn the Emergency Treatment Plan for Environmental Emergencies in accordance with related laws and regulations, and in 2019, in accordance with the Emergency Plan for Environmental Emergencies requirements, organized to carry out planning exercises in acid rolling, heat treatment work area and public auxiliary areas, timely rectified when found problems, enhances the company's emergency response capacity of environmental emergencies.

Zhixin Co., in accordance with the Emergency Plan for Environmental Emergencies, organizes every units to carry out emergency drills of environmental emergencies, comprehensive coverage of 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 2019, and strictly implements it strictly. Qiangang Co. organizes and implements self-monitoring activities 1288 times in the whole year, covering all pollution factors such as wastewater and waste gas. 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 delegates the monitoring activities to qualified third-party testing agencies, and regularly conducts environmental monitoring on the waste gas, wastewater, noise and radioactive sources in the factory according to the monitoring plan. Monitoring data and reports are formed, and all pollutants are discharged up to standard throughout the year.

According to the requirements of the Beijing Municipal Bureau of Environmental Protection's “notice on supervision and assessment of total emission reduction monitoring system of main pollutants”, the Cold-R Co. supervises and tests each discharge point on a daily, monthly, and quarterly basis. In 2019, all emission indicators of pollution sources of the Company reach the standard.

According to the requirements of relevant national regulations, Zhixin Co. has formulated the 2019 Self-Monitoring Plan, the Company entrusts qualified third-party testing agencies to carry out environmental monitoring monthly and quarterly in accordance with the monitoring plan, and all pollutants are discharged up to standard throughout the year.

Other environmental information that shallbe 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.

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 2019, the 2018 Environmental Responsibility Report of Beijing Shougang Co., Ltd. was released on the website of Shougang Co. (http://www.sggf.com.cn).

XIX. Other material events

□Applicable √ Not applicable

No other material events that shall be notified during the reporting period.

XX. Material events of subsidiaries of the Company

□Applicable √ Not applicable

Shougang Group transferred 29.8177% shareholding of Jingtang Co. to its wholly-owned subsidiary - Beijing Shougang Steel Trade Investment Management Co., Ltd for free. The detailed contents please refers to the announcements published on 8 April 2020 and 18 April 2020.

Section VI. Movements in share capital and shareholders

I. Share movements

1. Share movements

Unit: share

	Before change		Increase (/decrease) during the year					After change	
	Amount	Ratio	New shares issued	Bonus shares	Capitalization ofpublic reserve	Others	Subtotal	Amount	Ratio
I. Restricted shares	2,322,863,543	43.92%				-2,090,577,189	-2,090,577,189	232,286,354	4.39%
2. State-owned corporation shares	2,322,863,543	43.92%				-2,090,577,189	-2,090,577,189	232,286,354	4.39%
II. Un-restricted shares	2,966,526,057	56.08%				2,090,577,189	2,090,577,189	5,057,103,246	95.61%
1. RMB ordinary shares	2,966,526,057	56.08%				2,090,577,189	2,090,577,189	5,057,103,246	95.61%
III. Total shares	5,289,389,600	100.00%				0	0	5,289,389,600	100.00%

Reasons of shares movements

□Applicable √Not applicable

Approval of share movements

□Applicable √Not applicable

Ownership movements of shares

□Applicable √Not applicable

Progress of share repurchase

□Applicable √Not applicable

Progress of the reduction in share repurchase through centralized bidding

□Applicable √Not applicable

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

□Applicable √Not applicable

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

√Applicable □Not applicable

In November 2019, Shougang Group and Baowu Group signed the Strategic Cooperation Agreement and the Free Share Transfer Agreement. On 6 December 2019, Shougang Group transferred 15% of Shougang Co. shares to Baowu Group for free. On 8 January 2020, 2.19% of Baosteel Co. held by Baowu Group transferred to Shougang Group for free.

2. Movements of restricted shares

√Applicable □Not applicable

Unit: Share

Shareholder	No. of restricted shares at the beginning of the reporting period	Increase	Released	No. of restricted shares at the end of the reporting period	Reasons for restrictions	Release Date
Shougang Group	2,322,863,543	0	2,090,577,189	232,286,354	The commitment of substantial assets reorganization on 25 April 2014 (More details refer to the company's announcement in China Securities Journal, Securities Times, Shanghai Securities News and http://www.cninfo.com.cn on September 28, 2019.)	9 October 2019
Total	2,322,863,543	0	2,090,577,189	232,286,354	--	--

II. Securities issuance and listing

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

□Applicable √Not applicable

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

□Applicable √Not applicable

3.Current internal staff shares

□Applicable √Not applicable

III. Shareholders and the actual controller

1. Amount of shareholders andshareholding

Unit: Share

Total common stock shareholders in reporting period-end	100,027	Total common stock shareholders at end oflast month before annualreport disclosed	99,826	Total preference shareholderswith voting rights recovered at end of reporting period (ifapplicable) (found in note 8)	0	Total preference shareholders with voting rights recovered at end of lastmonth before annual report disclosed (if applicable) (found in note 8)	0

Shareholders holding above 5% or top 10 shareholders								
Name of shareholder	Nature of shareholder	Proportion ofshares held	Total shareholders atthe end of report period	Changes inreport period	Amount ofrestrictedshares held	Amount of unrestrictedshare sheld	Shares pledged or frozen	
							Status	Amount
Shougang Group	State-owned corporation	64.38%	3,405,352,431	-793,408,440	232,286,354	3,173,066,077	Pledged	2,099,000,000
Baowu Group		15.00%	793,408,440	793,408,440				
Beijing YizhenTechnology Development Co., Ltd		3.02%	159,790,000					
Beijing Namunani Asset Management Co., Ltd		1.51%	79,900,000					
Beijing Shiliugang Business Management Co., Ltd		1.11%	58,590,000					
Xinhua Life Insurance Co., Ltd. - dividend - individual dividend – 018L-FH002 Shenzhen		1.09%	57,801,222					
Beijing Xiaojian Technology Development Co., Ltd		0.93%	49,270,000					
Beijing Saina Investment Development Co., Ltd		0.50%	26,475,500					
Liu Wei		0.39%	20,600,000					
Beijing Andes Investment Development Co., Ltd		0.35%	18,650,000					

The associated relationship or concerted action of the above shareholders	Shougang Group holds 2.19% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 61.93% of Baosteel Co. In addition, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; Beijing YizhenTechnology Development Co., Ltd., Beijing Namunani Asset Management Co., Ltd. and Beijing Shiliugang Business Management Co., Ltd , Beijing Xiaojian Technology Development Co., Ltd., Beijing Saina Investment Development Co., Ltd. and Beijing Andes Investment Development Co., Ltd. Are persons act in concert.

Shareholding of the top 10 shareholders unrestricted shares held			
Name of shareholders	Amount of unrestricted shares held at period-end	Type of shares	
		Type	Amount
Shougang Group	3,173,066,077		
Baowu Group	793,408,440		
Beijing YizhenTechnology Development Co., Ltd	159,790,000		
Beijing Namunani Asset Management Co., Ltd	79,900,000		
Beijing Shiliugang Business Management Co., Ltd	58,590,000		
Xinhua Life Insurance Co., Ltd. - dividend - individual dividend – 018L-FH002 Shenzhen	57,801,222		
Beijing Xiaojian Technology Development Co., Ltd	49,270,000		
Beijing Saina Investment Development Co., Ltd	26,475,500		
Liu Wei	20,600,000		
Beijing Andes Investment Development Co., Ltd	18,650,000		
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 2.19% of Baosteel Co., Baowu Group Co., Ltd. and its persons acting in concert hold 61.93% of Baosteel Co. In addition, Shougang Group has no relationship or concerted acting relationship with other top 10 shareholders; Beijing YizhenTechnology Development Co., Ltd., Beijing Namunani Asset Management Co., Ltd. and Beijing Shiliugang Business Management Co., Ltd , Beijing Xiaojian Technology Development Co., Ltd., Beijing Saina Investment Development Co., Ltd. and Beijing Andes Investment Development Co., Ltd. Are persons act in concert.		

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

□Yes √No

The top ten common stock shareholders or top ten common stock shareholders with unrestricted shares of the Company have nobuy-back agreement dealing during the reporting period.

2. Controlling shareholders

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Name of controlling shareholders	Legal representative / person in charge of the company	Date of establishment	Organization code	Main businesses
Shougang Group	Zhang Gongyan	13 May 1981	911100001011200015	Industry, construction, geological examination, transportation, foreign trade, post and telecommunications, finance and insurance, scientific research and comprehensive technical services, domestic commerce, public catering, material supply and marketing, warehousing, real estate, residential services, consulting services, leasing, agriculture, forestry, animal husbandry and fishery (excluding business without special permission); authorized operation and management of state-owned assets; hosted Shougang Daily newspaper; design and production of TV advertisements; use of self-owned TV stations to publish advertisements; design and production of print advertising; use of self-owned Shougang Daily to publish advertisements; sewage treatment and recycling; seawater desalination; literary and artistic creation and performance: sports project management (excluding high-risk sports projects); stadium management; Internet information services; Municipal solid waste treatment. (enterprises shall independently choose business projects and carry out business activities in accordance with the law; municipal solid waste treatment, Internet information services and projects subject to approval in accordance with the law after licensing; they shall not engage in business projects prohibited or restricted by local policies)
Domestic and foreign shares held by the controlling shareholders	1.Huaxia Bank, 20.28%；2.Foton Motor, 1.20%；3.Haohua Energy Resource, 1.86%；4.Shanxi Coking, 2.81%；5.Bank of Communications, 0.01%；6.Baosteel Co., 2.19%.			

Controlling shareholders turnover during the reporting period

□Applicable √Not applicable

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

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

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

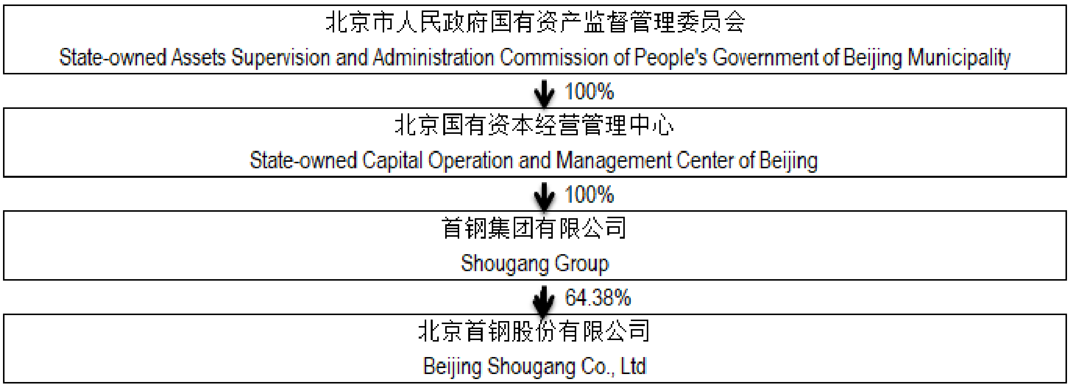
Type of actual controller:

Actual controller turnover during the reporting period

□Applicable √Not applicable

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

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



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

□Applicable √Not applicable

4. Other legal person shareholders withover 10% shares held

√Applicable □Not applicable

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

5. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side andother commitment subjects

□Applicable √Not applicable

Section VII. Preferred Shares

□Applicable √Not applicable

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

Section VIII. Convertible Bonds

□Applicable √Not applicable

No convertible bonds issued by the company during the reporting period.

Section IX Directors, Supervisors, Senior Management and Employees

I. Movements of sharesheld by directors, supervisors and senior management

Name	Position	On or off the job	Gender	Age	Date of term commencement	Date of term termination	No. of shares held at the beginning of the year (Share)	No. of increased shares during the reporting period (Share)	No. of decreased shares during the period (Share)	Other changes during the reporting period (Share)	No. of shares held at the end of period (Share)
Zhao Minge	Chairman	On the job	Male	53	16/05/2013	22/12/2022	0	0	0	0	0
Liu Jianhui	Director	On the job	Male	55	19/09/2014	22/12/2022	0	0	0	0	0
Qiu Yinfu	Director	On the job	Male	52	19/09/2014	22/12/2022	0	0	0	0	0
Wu Dongying	Director	On the job	Male	56	23/12/2019	22/12/2022	0	0	0	0	0
Tang Di	Independent director	On the job	Male	64	27/06/2014	22/12/2022	0	0	0	0	0
Yin Tian	Independent director	On the job	Male	65	07/01/2016	22/12/2022	0	0	0	0	0
Zhang Bin	Independent director	On the job	Male	46	19/09/2014	22/12/2022	0	0	0	0	0
Ye Lin	Independent director	On the job	Male	56	26/12/2017	22/12/2022	0	0	0	0	0
Yang Guipeng	Independent director	On the job	Male	47	07/01/2016	22/12/2022	0	0	0	0	0
Shao Wence	Chairman of supervisory committee	On the job	Male	56	23/12/2019	22/12/2022	0	0	0	0	0
Guo Liyan	Supervisor	On the job	Female	44	07/01/2016	22/12/2022	0	0	0	0	0
Yang Mulin	Supervisor	On the job	Male	48	23/12/2019	22/12/2022	0	0	0	0	0
Chen Xiaowei	Supervior from the staff	On the job	Female	46	23/12/2019	22/12/2022	0	0	0	0	0
Guo Yuming	Supervior from the staff	On the job	Male	52	23/12/2019	22/12/2022	0	0	0	0	0
Liu Jianhui	General manager	On the job	Male	55	29/08/2014	22/12/2022	0	0	0	0	0
Peng Kaiyu	Deputy general manager	On the job	Male	39	24/04/2019	22/12/2022	0	0	0	0	0
Li Ming	Deputy general manager	On the job	Male	45	27/01/2015	22/12/2022	0	0		0	0
Li Baizheng	Chief accountant	On the job	Male	54	28/10/2015	22/12/2022	0	0	0	0	0
Sun Maolin	Deputy general manager	On the job	Male	43	25/10/2017	22/12/2022	0	0	0	0	0
Li Jingchao	Deputy general manager	On the job	Male	53	25/10/2017	22/12/2022	0	0	0	0	0
Chen Yi	Deputy general manager	On the job	Male	52	24/04/2019	22/12/2022	0	0	0	0	0
Chen Yi	Board secretary	On the job	Male	52	26/08/2015	22/12/2022	0	0	0	0	0
Ma Jiaji	Chief engineer	On the job	Male	56	23/12/2019	22/12/2022	0	0	0	0	0
Li Ming	Director	Off the job	Male	45	26/12/2017	23/12/2019	0	0	0	0	0
Xu Jianguo	Chairman of supervisory committee	Off the job	Male	59	19/09/2014	23/12/2019	0	0	0	0	0
Wang Zhian	Supervior from the staff	Off the job	Male	60	19/09/2014	23/12/2019	0	0	0	0	0
Cui Aimin	Supervior from the staff	Off the job	Female	51	19/09/2014	23/12/2019	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0		0

II. Changes of directors, supervisors and senior management

√Applicable □Not applicable

Name	Position	Change	Date	Reasons of changes
Li Ming	Director	Resignation	23/12/2019	Renewal of the board of directors and expiration of term of office
Xu Jianguo	Chairman of supervisory committee	Resignation	23/12/2019	Renwal of the supervisory committee and expiration of term of office
Wang Zhian	Supervisor from thestaff	Resignation	23/12/2019	Renewal of the supervisory committee and expiration of term of office
Cui Aimin	Supervisor from the staff	Resignation	23/12/2019	Renewal of the supervisory committee and expiration of term of office

III. Current directors, supervisors and senior management

Professional background, major experience, and major duties of current directors, supervisors andseniormanagement.

A. Directors

1. Zhao Minge: chairman, professor-level senior engineer, postgraduate education, Ph.D 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 TechnicalQuality Department); a deputy secretary of CPCCommittee and deputy general manager of Xingang Co.; a memberof 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, thedeputy secretary of the CPCCommittee 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 Corporation, at the same time, appointeded as the director of Beijing Shougang Co., Ltd. and Shougang Jingtang United Iron&Steel Co., Ltd. Since August 2017, Mr. Zhao served as chairman of Beijing Shougang Co., Ltd. In addition, Mr. Zhao also is a standing member of CPC Committee, director, vice 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; thechief engineer, technical assistant of factory manager and technical section directorof 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; adeputy 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 CPCCommittee, 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 CPCCommittee, director and general manager of Shougang Co., concurrently served as secretary of CPCCommittee 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, senior engineer, 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 CPCCommittee and chairman of Jingtang Co., director of Shougang Co., and director of BAIC Motor Co., Ltd.

4. Wu Dongying: director, senior engineer, 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 ofBaosteel 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. Tang Di: independent director, professor and doctoral supervisor, doctoral degree.The major employment history of Mr. Tang is as follows: a worker of Printing Factory of the Ministry of Culture; a teacher of University of Science and Technology Beijing (hereinafter "USTB"); the director of the National Engineering Research Center for Efficient Rolling of USTB; the chairman of the USTB Institute of Design Co., Ltd.; the chairman of the Beijing Keda Hengxing Hi-Tech Co., Ltd. Since 27 June 2014, Mr. Tang is an independent director of Shougang Co. He is also the chief scientist of the Collaborative Innovation Center of Steel Technology of USTB, an independent director of Sinosteel Anhui Tianyuan Technology Co., Ltd., the chairman of Intensive Processing Branch of the China Society of Metal, the director and deputy secretary general of Steel Rolling Branch of the China Society of Metal.

6. Yin Tian: independent director, professor and doctoral supervisor, university education. The major employment history of Mr. Yin is as follows: an assistant, a lecturer and an associate professor of Southwest University of Political Science & Law (hereinafter “SWUPL”), a visiting scholar sent by the State Education Commission to the University of Social Sciences in Toulouse, France, the director and professor of the French Law Research Center of SWUPL, and dean, professor and doctoral supervisor of the Law Faculty of SWUPL. At present, he is a professor, doctoral supervisor and director of Civil Law Research Center of Peking University Law School. Since 7 Juanary, 2016, he has been appointed as an independent director of Shougang Co. He also serves as the president of China Law Society, vice president of China Civil Law Research Society, president of China Insurance Law Research Society, special supervisor of the Supreme People's Court, consultant expert of the Supreme People's Procurator ate, and independent director of Skyworth Digital Co., Ltd.

7. Zhang Bin: independent director, postdoctoral and researcher. The major employment history of Mr. Yin is as follows: a lecturer of the School of Economics of Shandong University; an assistant researcher, a deputy researcher of National Academy of Economics Strategy of the Chinese Academy of Social Sciences (hereinafter “CASS”), a deputy director and a deputy researcher of the Cost and Price Research Office, and a deputy director of the Tax Research Office; a researcher of National Academy of Economics Strategy of CASS and a director of the Tax Research Office of CASS. Since 19 September, 2014, Mr.Zhang take the position as an independent director of Shougang Co. In addition, he also is a researcher of National Academy of Economics Strategy of CASS, a director of the Tax Research Office and assistant to the president of National Academy of Economics Strategy of CASS. Mr. Zhang enjoys the special allowance of the State Council in January 2019.

8. 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.

9. Yang Guipeng: independent director, university education and CICPA. The major employment history of Mr. Yang is as follows: the project manager of Beijing Wangda Certified Public Accountants Firm., the department manager of Zhongzhou Certified Public Accountants Firm, the senior manager of Zhongtianxin Certified Public Accountants Firm, the partner of Tianhua Certified Public Accountants Firm, the managing partner of Grant Thornton China LLP, the member of the third CSRC Public Offering Review Committee of Growth Enterprise Board, and the partner of BDO China Shu Lun Pan Certified Public Accountants LLP. Mr. Yang was appointed as the independent director of Shougang Co. on 7 January, 2016. And he also is an independent director of Tangshan Sanyou Chemical Co., Ltd. and Rizhao Port Co., Ltd.

B. Supervisors

1. Shao Wence: chairman of the supervisory committee, master degree, senior engineer. The major employment history of Mr. Shao is as follows: a professional in the mobile division of Shougang Oxygen Factory; the person in charge and deputy secretary of CPC Branch in repair plant of Shougang Oxygen Factory; the professional (assisting roles of sections or equivalents) and deputy director of the power section under Beigang mobile division; the secretary (assistant level) of the Beigang's mobile division; the deputy director in charge of the equipment and director of Shougang Oxygen Factory; the director of the Oxygen Factory of Shougang Corporation; the director of the Oxygen Factory of Shougang Co.; the director and secretary of CPC Committee of the mobile department of Shougang Corporation (Xingang Company); the director and secretary of CPC Committee of the equipment department of Shougang Corporation (Xingang Company); the director and secretary of CPC Committee of the Equipment Department of Shougang Corporation (Xingang Company), and the director of the equipment department of Jingtang Co.; the director of the energy department of Jingtang Co.; the director of the energy and environment department; the director and secretary of CPC Committee of the energy and environment department of Jingtang Co.; the secretary of CPC Committee, the secretary of Commission for Discipline Inspection (hereinafter "CDI" in Section 9), and the chairman of labor union of the energy and evironment department of Jingtang Co.; the director of the equitpment department of Jingtang Co.; the director of the engineering department of Jingtang Co.; the secretary of CDI of Jingtang Co.; the executive deputy director of the work administration of supervisory committee of Shougang Corporation. At present, he is the executive deputy director of the work office of supervisory committee of Shougang Corporation. and the chairman of the supervisory committee of Shougang Co.

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: 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 ofhuman 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. Chen Xiaowei: supervisor from the staff, master degree, senior political engineer. The major employment history of Mrs. Guo is as follows: the administrator of the comprehensive section under the commerce division of Shougang Mining Corporation; the administrator and director of the comprehensive section under the commerce division, and the manager of material distribution department of Shougang Mining Corporation; the director of operating & management section under commerce division of Shougang Mining Corporation; the worker of the information section under the operation department of Qiangang Co.; the deputy director (temporary training) and then the deputy director of secretariat section of Qiangang Co.; and the assistant to the secretary of CPC Committee and director of comprehensive office under hot-rolled operation department of Qiangang Co.; the deputy secretary of hot-rolled operation department of Qiangang Co.; the deputy secretary of CPC Committee, the secretary of CDI, and the chairman of labor union under hot-rolled operation department of Qiangang Co.; the deputy chairman of labor union, the secretary of authority CPC Committee, the secretary of CDI, the chairman of labor union, the deputy director of CPC affairs department of Shougang Co.; the deputy chairman of labor union, the secretary of Official CPC Committee, the deputy director of CPC affairs department of Shougang Co.; the chairman of Shougang Co. labor union. Currently, Chen Xiaowei is the supervisor from the staff, the member of CPC Committee, and the chairman of labor union, in Shougang Co.

5. Guo Yuming: supervisor from the staff, university education, senior technician. The major employment history of Mr. Guo is as follows: a steelmaker in Shougang No.2 Steelmaking Factory, the head of steelmaking plant of Steelmaking Branch of Qiangang Co.; the head of steelmaking operation plant 1 under steelmaking operation department of Qiangang Co. At present, he is the chief steelmaking operator of No.1 steelmaking operation area under steelmaking operation department of Shougang Co. and the supervisor from the staff of Shougang Co.

C. Senior Management

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: 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 ecretary 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: deputy 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.

4. Li Baizheng: 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 setion, 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: deputy general manager, 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 servesZhixin 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: deputy 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: master degree, chief engineer, 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: deputy 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 ofBeijing 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 shareholders' entities

√Applicable □Not applicable

Name	Name of other units	Position in other entities	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Zhao Minge	Shougang Group	Standing member of CPC Committee, board director, deputy general manager	June 2017		Y
Shao Wence	Shougang Group	Standing deputy director of the office of supervisory committee	June 2017		Y
Guo Liyan	Shougang Group	Director of audit department	June 2017		Y
Yang Mulin	Shougang Group	Director of systematic optimization department	June 2017		Y

Position in other entities

□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

IV. Remuneration for directors, supervisors, and senior management

Decision-making program and determination basis of remuneration, and actual payment to directors, supervisors, and senior manages

Remuneration for directors: the independent directors enjoy independent directors' allowance, and the remuneration standards is set by the general shareholder meeting. Internal directors have no directors' remuneration.

Remuneration for supervisors: the company provides the superiors from the staff with remuneration according to other position in the company, and other supervisors do not receive any remuneration.

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 manger 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 for directors, supervisors and senior management during the reporting period

Unit: RMB 10,000

Name	Position	Gender	Age	Post-holding status	Total remunerationobtained from theCompany (pre- taxes)	Whetherremuneration obtained fromrelated party of the Company
Zhao Minge	Chairman	Male	53	Currently in office	0	Yes
Liu Jianhui	Director	Male	55	Currently in office	0	No
Qiu Yinfu	Director	Male	52	Currently in office	0	No
Wu Dongying	Director	Male	56	Currently in office	0	No
Tang Di	Independent director	Male	64	Currently in office	9	No
Yin Tian	Independent director	Male	65	Currently in office	9	No
Zhang Bin	Independent director	Male	46	Currently in office	0	No
Ye Lin	Independent director	Male	56	Currently in office	9	No
Yang Guipeng	Independent director	Male	47	Currently in office	9	No
Shao Wence	Chairman of supervisory committee	Male	56	Currently in office	0	Yes
Guo Liyan	Supervisor	Female	44	Currently in office	0	Yes
Yang Mulin	Supervisor	Male	48	Currently in office	0	Yes
Chen Xiaowei	Supervisor from the staff	Female	46	Currently in office	0	No
Guo Yuming	Supervisor from the staff	Male	52	Currently in office	0	No
Liu Jianhui	General manager	Male	55	Currently in office	71.29	No
Peng Kaiyu	Deputy general manager	Male	39	Currently in office	26.82	No
Li Ming	Deputy general manager	Male	45	Currently in office	65.87	No
Li Baizheng	Chief accountant	Male	54	Currently in office	62.5	No
Sun Maolin	Deputy general manager	Male	43	Currently in office	61.43	No
Li Jingchao	Deputy general manager	Male	53	Currently in office	60.98	No
Ma Jiaji	Chief engineer	Male	56	Currently in office	0	No
Chen Yi	Deputy general manager, board secretary	Male	52	Currently in office	56.39	No
Li Ming	Director	Male	45	Currently in office	0	No
Xu Jianguo	Chairman of supervisory committee	Male	58	Currently in office	0	Yes
Wang Zhian	Supervisor from the staff	Male	60	Currently in office	37.57	No
Cui Aimin	Supervisor from the staff	Female	51	Currently in office	0	No
Total	--	--	--	--	478.85	--

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

□ Applicable √Not applicable

V. Particulars of workforce

1. Number of Employees, professional composition, education background

Employee in-post of the parent Company (people)	5,934
Employee in-post of main Subsidiaries (people)	11,831

Total number of current employees (people)	17,765
Total number of current employees to receive pay (people)	17,765
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	416
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	11,917
Sales personnel	214
Technician	2,886
Financial staff	224
Administrative staff	1,520
Service personal and others	1,004
Total	17,765
Education background	
Type of education background	Numbers (people)
Master and above	1,450
Bachelor degree	6,249
Junior college	6,292
Vocational secondary and below	3,774
Total	17,765

2. Remuneration policy

The annual salary system is implemented for mid-level employees. The constitution of annual salary system is: basic salary, performance bonuses, and employment incentives. 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 programs

In accordance with the overall requirements of the 13th five year plan of human resources and the annual focuses, the Qianshun Training Base persistently optimize the system construction, and emphasize ability training and carreer development, through paying close attention to important tasks in the operation and production, continually combining the enterprise development with the staff improvement, taking the management building as importance, setting the core to training key employees, making the objective of establishing the knowledgeable, technical, creative staff. The Qianshun Base has trained highly skilled employee to help the enterprise development through focus on standardizing the staff education, improving the management system, strengthening basic work, transferring function from the single training management to employee development, and increasing the training of high skilled talents. In 2019, 160 training projects have been completed.

Guided by the development strategic planning, the Jingtang Base systematically plans to establish a training management system suitable for the construction of talent echelon. Around the goal of cultivating "loyal, clean and responsible" leaders, Jingtang Base carried out six periods of lectures for leaders, six periods of rotation training for middle-level leaders, and a training course for youth backbone for more than two months, so as to broaden the working ideas and improve the working style of leaders. Improving the ability of professional technician to a deeper and more technical development, strengthening study and discussion and foreign exchange, and promote the construction of internal training teachers system such as intrinsic safety. Focusing on the short board of skilled operators and making full use of the advantages in respects of training base, simulation system, professional skills competition and other platforms, Jingtang Base carried out multi-post multi-level skill competition and practical training rotation including personnel in maintenance line for 1094 person, andtraining in special (equipment) operation, team leader qualification, etc. for 3750 person, to continuously improve the quality and ability of employees.

4. Labor outsourcing

□Applicable √Not applicable

Section X. Corporate Governance

I. Information of corporate governance

Based on the requirements of 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, the Listing Rules of Shenzhen Stock Exchange,the Guidelines for Standardized Operation of Listed Companies of Shenzhen Stock Exchange, the Articles of Association and other applicable regulations and laws，the Company actively promote the improvement of governance structure, continuously optimizing corporate governance, improving the level and quality of corporate governance, standardizing the company operation, protecting legal rights belongs to the company and the whole shareholders.

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

During the reporting period, the Company finished the tasks in the corporate governance as follows:firstly, amended the Articles of Association according to the actual operation;secondly, following the actual operating requirements, the company developed the 22 systems including the Management of Production, Organization and Plan; Storage Management of Equipment and Spare Parts,and the Management of R & D Project; amended 369 systems such as Management System of Physical Fixed Assets; Management of Power Supply and Consumption; Management of Spare Parts Purchasing (Trial);third, restructured the organization setting, and launched the self-assessment on the internal control, combined with the Risk Control Program Handbook and the Risk Control Evaluation Handbook;fourth, complying with the Articles of Association, the Rules to the General Shareholders Meeting and other relevant regulations and carried out "On-site voting + Internet voting"procedures to keep the approved proposal in the general shareholders meeting legally.

At the end of the reporting period, the Company had developed 510 internal control systems,including 486 systems established by the company and 24 systems issued by the authorities.

Whether there are material differences between the fact of corporate governance and the regulations for listing companies required by the CSRC

□ Yes √No

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

II. Information on separation of the company and controlling shareholders in business, personnel, assets, structure and finance.

The Company strictly comply with the applicable laws and regulations, and keep completely independent with controlling shareholders in businesses, personnel, assets, organizations, financing and other. In addition, the Company has established complete business system in purchasing, production, selling, and operation, with independently adequate product research institution and personnel and operating ability.

1. Business: the Company holds a complete operating management system, business operation system runs independently, independent operation and risk self-responsible.
2. Personnel: with the effective and sound management, the HR system of the company is wholly complete and independent. All directors and supervisors are elected in the General Shareholders Meetings or other democratic methods. Resignation and appointment of the management need the approval procedure from the Board, without violation of any rules or regulations. Staffs work hard on position duties.
3. Assets: the assets belonging to the company, are independent, clear, and complete property. The company have independent production system and relevant facilities separated to the controlling shareholders - Shougang Group and its related parties.
4. Structure: the company have established complete structure of corporate governance, including the GSM, the Board, the Supervisory Committee, and these organization systems operates independently to the controlling shareholders, without any subordinate relationship with Shougang Group and its related parties.
5. Finance: the company set up the independent finance management department that employs full-time professional workers and has established complete finance management system. The finance system of the company is complete and can make independently financial decisions, including paying taxes according to laws.

III. Horizontal competition

√Applicable □Not applicable

Type of problem	Name of controlling shareholders	Nature of controlling shareholders	Problemreason	Response to the problem	Work progress and follow-on plan
Horizontal Competition	Shougang Group	Local state-ownership	Since listed in the Shenzhen Stock Exchange, the Company is affected by the horizontal competition and related party transactions from the partial restructuring for public offering	1. Shougang Group (formerly known as Shougang Corporation) had set the commitment about the solutions of horizontal completion and avoiding horizontal competition. (1)In addition to the existing horizontal competition before the announcement of this commitment letter, if Shougang Group obtains the same or similar acquisition, development and investment opportunities as Shougang Co.'s business, the company will immediately notify Shougang, and give priority to Shougang Co. for selection, and try its best to make such business opportunities meet the conditions for transfer to Shougang Co. (2)In the integration and operation of existing steel assets that are not included in Shougang Co., Shougang Group will select appropriate platforms and ways to realize resource integration, based on the principle that it is conducive to the future acquisition investment of Shougang Co. In addition, Shougang Group will not set any restricting or prohibiliting terms for transferring relevant assets or businesses to Shougang Co., in coopertation with partners or other third parties. (3)Shougang Group shall try its best to guarantee the normal operation and profitability of the existing steel assets that are not transformed into Shougang Co., and ensure that the above assets and businesses do not fall into operational difficulties due to the Group's reasons, or other circumstances that cannot achieve the ultimate goal of injecting into Shougang Co. or cause legal obstacles to such injection. (4)All commitments made by Shougang Group in eliminating or avoiding horizontal competition are also applicable to other enterprises directly or indirectly controlled by the Group except Shougang Co. and its subordinate enterprises. Shougang Group is on the duty to urge and ensure other subordinate enterprises in Shougang Group to implement the all matters mentioned in this document and strictly abide by all commitments. 2. With the approval of the Second Extraordinary General Shareholder Meeting in 2018, on 27 December 2018, Shougang Group promises as： (1)According to the development plan in the steel industry of Shougang Group, Shougang Co. will be the unique platform in the development and integration of domestic steel industry and iron ore industry, and ultimately Shougang Group will achieve all businesses in domestic steel industry and iron industry listed. (2) Other companies in Shougang Group, except Shougang Co., that engage in steel business, will achieve positive profit for 3successive years, through enforcing the national industrial policies and meeting the environmental requirements, further optimization in product structure. Based on the above, if there is no significant change in the industry, Shougang Group will launch to inject relevant quality assets to Shougang Co. through M&A, restructure, and other methods, under the applicable securities laws and regulations, and will finish above matters within 36 months after launching.	In December 2018, Shougang Co., Jingtang Co. and Shougang Group have signed the Management Service Agreement between Beijing Shougang Co., Ltd., Shougang Jingtang United Iron&Steel Co., Ltd., Shougang Group Co., Ltd. According to the agreement, Shougang Co. and Jingtang Co. provide management service for 17 aimed enterprises that operate in steel industry, in Shougang Group. Shougang Co. serves 14 firms and Jingtang Co. serves 3 firms including Shougang Casey Steel Co., Ltd.

IV. General shareholders meetingsand extraordinary shareholders' general meetingduring the reporting period

1. Information on the general shareholders meeting

Name of meetings	Type of meetings	Participating proportion of investors	Meeting Date	Disclosure Date	Sources of disclosure
Annual General Shareholders Meeting in 2018	Annual General Shareholders Meeting	87.29%	14 Jun.2019	15 Jun. 2019	China Securities Journal, Securities Times, Shanghai Securities News and http://www.cninfo.com.cn
FirstExtraordinary General Shareholders Meeting in 2019	Extraordinary General Shareholders Meeting	79.71%	23 Dec.2019	24 Dec. 2019	China Securities Journal, Securities Times, Shanghai Securities News and http://www.cninfo.com.cn

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

□ Applicable √Not applicable

V. Responsibility performance of independent directors

1. Information on independent directors attending the board meeting and the general shareholder meeting

Information on independent directors attending the board meeting and the general shareholder meeting							
Name of independent director	Times of boardmeeting supposedto attend in thereport period	Times ofpresence	Times ofattending bycommunication	Times ofentrusted presence	Times ofabsence	Absent the meetingforthe second timein a row (Y/N)	Times ofattendingshare holders'meeting
Tang Di	6	3	3	0	0	N	2
Yin Tian	6	3	3	0	0	N	2
Zhang Bin	6	3	3	0	0	N	1
Ye Lin	6	3	3	0	0	N	1
Yang Guipeng	6	3	3	0	0	N	1

Notes for absence in successively twice

Not applicable

2.Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

□Yes √No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

Whether the proposals from independent directors are accepted by the company

√ Yes □ No

The explanation about the proposals from independent directors are accepted or rejected by the company

(1)Information on the attendance and reviewing of proposals

In 2019, we attended the general shareholders meetings, the board meetings, and special committee meetings under the board (the report meeting of independent directors), on time. We carefully listened to the suggestions of shareholders, and paid attention to the public shareholders' demands, and discussed matters with relevant parties. The general shareholders meeting and the board meeting convened and held by the company in 2019, conforming to the legal procedures, and the proposals and contents submitted to the meeting for deliberation and voting are legal and effective.

(2)Expression of independent opinions

A. Independent opinions on the board meetings

In 2019, the company was able to submit meeting documents to the directors within the required time before the board meeting, and arranged special reports on important matters to provide basic conditions for us to review and timely express independent opinions in accordance with relevant regulations. In 2019, we expressed independent opinions on the following matters:

①We have expressed independent opinions on the Profit Distribution Plan of Shougang Co. in 2018, the Internal Control Self-Evaluation Report of Shougang Co. in 2018, the Proposal of Shougang Co.'s General Manager's Salary Approval in 2018 and the Salary and Assessment Distribution Method in 2019, the Proposal of the Renewal of Independent Accountant Firm of Shougang Co., and the Proposal of the Expected Regular Connected Transactions of Shougang Co., the Proposal of Financial Business between Shougang Co. and Shougang Group Finance Co., Ltd., the Financial Service Agreement on Financial Business between Shougang Co. and Shougang Group Finance Co., Ltd., the Shougang Co. Risk Assessment and Review Report for Shougang Group Finance Co., Ltd. in 2018, the Risk Response Plan for Shougang Co. Handling Deposit and Loan Business with Shougang Group Finance Co., Ltd., the Proposal of Appointing the General Manager of Shougang Co., and these proposals had been submitted to the 9th session of the 6th board of directors for deliberation. Ahead of the meeting, the company specially arranged the report meeting to explain relevant information on the proposals. We agreed the matters in the propsals mentioned above, and the procedures for deliberation of all proposals at the meeting are legal and effective.

②We had expressed the independent opinions on the Proposal of Shougang Co. Giving Up the Preemptive Right of Shares of Shougang Jingtang United Iron&Steel Co., Ltd. and the Proposal of Shougang Co. Redesignating the Board Directors, and these proposals had been submitted to the 10th session of the 6th board of directors for deliberation. Ahead of the meeting, the company specially arranged the report meeting to explain relevant information on the proposals. We agreed the matters in the propsals mentioned above, and the procedures for deliberation of all proposals at the meeting are legal and effective.

③We had expressed the independent opinions on the Proposals of Appointing the General Managerof Shougang Co., the Proposal of Appointing the Board Secretary of Shougang Co., the Proposal of Appointing the Deputy General Manager and Other Senior Managers of Shougang Co.,and those proposals had been submitted to the 1st session of the 7th board of directors for deliberation. Ahead of the meeting, the company had communicated candidates of those position mentioned above with us. We agreed the matters in the proposals mentioned above, and the procedures for deliberation of all proposals at the meeting are legal and effective.

B. Independent opinions on regular reports, external guarantee and other matters

①In accordance with the Listing Rules of Shenzhen Stock Exchange and other regulations, the company signed written confirmation opinions on: 2018annual report, 2019 1st quarter report, 2019 semi-annual report and 2019 3rd quarter report.

②we had made a special explanation and independent opinions on the external guarantee and the occupation of the company's funds by the controlling shareholders and other related parties. In the view of the fact that the cash flow between the company and its related parties (the controlling shareholder - Shougang Group and its subsidiaries) was all the settlement fund generated from substantive related transactions such as purchase and sale of goods, provision of labor services, etc. in normal production and operation activities, there is no case that the controlling shareholder and other related parties occupied the company's capital in violation of regulations. During the reporting period, the company had no external guarantee

③We made independent opinions on the matters that the board of directors of the company did not propose the cash dividend plan in 2018. Considering that the company's distributable profits are lower than the parent company's distributable profits and are negative, the board of directors had made a plan not to distribute cash or convert capital reserve into share capital, which is in accordance with the Articles of Association and Shenzhen Stock Exchange's No. 1 Memorandum for Information Disclosure by Companies in the Main Board - Related Matters of Regular Report Disclosure. The profit earned by the parent company was mainly used to repay the loan of merger and acquisition and the investment in fixed assets, and the company fully considering the actual operation and production, which was conducive to the development of the company and the protection of the legitimate rights and interests of all shareholders. We agreed with the profit distribution plan proposed by the board of directors.

(3)Routine duties on the board

In 2019, we actively participated in the daily work of the board of directors. We continued to pay attention to the industry of the listed company and provided expert opinions for the company's operation and development. ①We listened to the report of the company's management on the company's production and operation and financial statements. ②We listened to the company's annual audit report from the company's annual audit accountant. ③We paid attention to the relevant policies issued by the securities regulatory authority.

VI. Performance of special committees under the board of directors

1. The strategy and risk management committee

During the reporting period, the strategy and risk management Committee under the board of directors did not hold any meeting.

2. The audit committee

According to the relevant regulations of CSRC and Shenzhen Stock Exchange, as well as the work regulations of the audit committee under the board of directors and the working procedures of the annual report of the audit committee under the board of directors, the committee conscientiously performed its duties and completed the communication, supervision and verification of the internal and external audits of the Company. Their performance was as follows：

(1)According to the disclosure schedule of the Company's 2019 annual report, the audit committee and Grant Thornton LLP have negotiated and determined the audit schedule on this year's financial report.

(2)Before auditors’ field work, the audit committee under the board of directors reviewed the consolidated financial statements of Shougang Co., which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in owners’ equity for the year ended, and the consolidated statement of assets impairment provision as at 31 December 2019, and notes to the financial statements.In the view of the committee, the Company's financial and accounting statements are prepared in accordance with the Company's accounting policies, with proper application of accounting policies and reasonable accounting estimates, and meet the requirements of the new accounting standards for business enterprises, the Company's accounting system and the relevant regulations issued by the Ministry of Finance; the entities and statements included in the scope of consolidation are complete and the basicdata of consolidated financial statements is accurate; the financial statements are true, objective, accurate and complete, and are free from material misstatement and omission. Therefore, the committee recognizes that the financial statements prepared by the Company can be submitted to the external auditors.

(3)The audit committee under the board of directors shall actively communicate with the certified public accountants of the annual external audit and urge them to submit the Independent Audit Report within the agreed time limit.

(4)The committee reviewed the financial statements after the preliminary audit opinion was issued by the certified public accountants. The audit committee under the board of directors believes that the Company has dealt with the matters after the balance sheet date properly in accordance with the new Accounting Standards for Business Enterprises, and the accompanying financial statements are prepared in accordance with Accounting Standards for Business Enterprises.The financialposition of the Company for the year ended 31 December 2019, and the results of its operations and cash flows for the year ended 31 December 2019 are fairlypresented in all material respects.

(5)According to the audit committee under the board of directors, Grant Thornton LLP has fulfilled its duties and completed the 2019 external audit of the Company in accordance with the independent, objective and fair practice standards in providing audit services for the company.

(6)The audit committee held the meeting. The following proposals have been deliberated and approved: ①the annual final accounting report of Shougang Co. in 2019 (Draft); ②the proposal on the renewal of independent accountant firm (draft). The audit committee under the board of directors agrees to submit the above proposals to the board of directors for deliberation.

3. The remuneration and appraisal committee

During the reporting period, the remuneration and appraisal committee under the board of directors reviewed the remuneration of the Company's senior managers in 2018 in accordance with the relevant provisions of the Regulations on the Work of the Remuneration and AppraisalCommittee of the Board of Directors, and thecommittee reviewed the salary payment of the senior management, according to the Proposal of Shougang Co.' General Manager's Salary Approval in 2018 and the Salary and Assessment Distribution Method in 2019 reviewed and approved by the 9th session of the 6th board of directors. It is believed that the salary standard and assessment of the above-mentioned salaried employees are in line with relevant regulations.

4. The nomination committee

During the reporting period, the Company reported to the independent directors on the matters such as the deputy general manager to be appointed by the board of directors, the candidate of the new board of directors to be nominated by the board of directors, the candidate of the general manager, the candidate of the board secretary and other senior executives to be appointed by the new board of directors. The independent directors all agreed to the above candidates and agreed to submit them to the board of directors for deliberation. The independent directors published their independent opinion according to the regulations. The nomination committee under the board of directors deliberated and approved the above matters.

VII. Performance of the supervisory committee

The Company has risks in reporting period that found in supervisory activity from supervisory committee

□Yes √No

Supervisory committee has no objection about supervision events in reporting period.

VIII. Assessment and Incentive on the Senior Management

Assessment on the General Manager: the general manager enjoy remuneration according to an annual salary system consisting of basic salary, performance annual salary and tenure incentive. Among them: the basic salary proportion is 30%, which is calculated on a monthly basis; the annual performance salary proportion is 70%, of which 50% is paid in advance on a monthly basis, and 20% is proposedby the remuneration and appraisal committee under the board of directors and determined by the board of directors,in terms of the annual general manager's remuneration evaluation and distribution method. The annual general manager's remuneration evaluation and distribution method is formulated annually by the remuneration and appraisal committee who also proposes the distribution proposal after assessment. The term incentive on the job accounts for 30% of the annual salary standard, and at the end of the term of office, the assessment shall be carried out in accordance with the duty agreement for term objectives

Assessment on other senior managers: the company implements the annual salary system amongthe deputy general manager and other senior managers, and the managing director shall assess and afford remuneration according to the work performance of the deputy general manager and other senior managers under the director board’s authorization.

No share option scheme during the reporting period.

IX. Internal Control (IC)

1. Details of major defects in internal IC appraisal report that found in reporting period

□Yes √No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	24 April 2020	
Disclosure index of full internal control evaluation report	Website for information disclosure appointed by Shenzhen Stock Exchange: (http://www.cninfo.com.cn/).	
Proportion of total assets included ininternal control evaluation report accounting for the total assets in the financial statements	99.85%	
Proportion ofoperating included ininternal control evaluation report accounting for operating income in the financial statements	99.98%	
Defects Evaluation Standards s		
Type	Financial reporting	Non-financial reporting
Qualitative criteria	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. 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. 3. Materialdeficiency: (1) it may or has made the company unable to achieve all operating objectives, resulting in business suspension. It is not an objective reason and has exceeded the budget by more than 20% in terms of time, manpower or cost without proper approval, and has exceeded the level of importance. (2) The company has financial related fraud, which affects the accuracy of financial statements.	1. 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. 2. Significant deficiency: there is no "three important and one major" decision-making process, or the decision-making process is not sound or not implemented in place, and 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. 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 of national 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.

Quantitative criteria	1. General misstatement: amount of misstatement < 0.5% of total assets 2. Significant misstatement: 0.5% of total assets ≤ amount of misstatement < 1% of total assets 3. Material misstatement: 1% of total assets ≤ amount of misstatement	1. General misstatement: RMB 100,000≤amount of loss <RMB 5,000,000 2. Significant misstatement: RMB 5,000,000 ≤ amount of loss <RMB 10,000,000 3. Material misstatement: RMB 10,000,000≤ amount of loss
Amount of significant defects in financial reports	0	
Amount of significant defects in non-financial reports	0	
Amount of important defects in financial reports	0	
Amount of important defects in non-financial reports	0	

X. 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 2019, in accordance with the "Basic Standards for Internal Control of Enterprises" and other relevant regulations.	
Whether disclosing the internal control audit report	Disclosed
Date of disclosure of the internal control audit report	24 April 2020
Source for the internal control audit report	Searching for:http://www.cninfo.com.cn/.
Audit opinion on internal control	Unqualified opinion
Whether material deficiency over non-financial reporting	No

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

□ Yes √ No

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

√ Yes □ No

Section XI. Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date whenannual report approved for released or fail to cash in full on due

No.

Section XII. Financial Report

(This section is translated based on the Chinese version of the full audit report of the Company. Immaterial difference may exist beween this section in Chinese version annual report and English version annual report. Thedifference 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	22 April 2020
Name of audit institution	Grant Thornton LLP
Number of audit report	GTCSZ (2020)No.110ZA3191
Chinese Certified Public Accountant	Qian bin, Yu Qike

Main body of audit report

To the Shareholders of Beijing Shougang Co. Ltd:

I. Audit Opinion

We have audited the consolidated financial statement of Beijing Shougang Company Limited and its subsidiaries (the "Company"/"Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statement present fairly, in all material respects, the consolidated financial position of the Company/Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Audit 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 consolidated Financial Statement Section of our report. We are independent of the Company/Group in accordance with the Code of Ethics for Chinese Certified Public Accountant (Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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.10 and V.7 to the financial statements.

1. Descriptions of the matter

As of 31 December 2019, the book balance of inventory of Shougang Co., Ltd. amounted to RMB 6.673 billion with an impairment of RMB 79 million in the consolidated financial statements. Inventory had been regarded as the material part of the current assets of Shougang Co., Ltd. at the end of the period, and the provision for inventory impairment involved 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 Shougang Co., Ltd., 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 procedures in relation to provision for inventory impairment included:

(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 book cost of the ending inventory by analyzing manufacturing costs of the current inventory

(II) Fair value measurement of available-for-sale financial assets

The disclosures related to the fair value of available-for-sale financial assets are disclosed in Notes III.9, Notes III.28, V.9, V.11 and IX to the financial statements.

1. Descriptions of the matter

As of 31 December 2019, fair value of BAIC Motor Corporation's equity held by Shougang Co., Ltd. was RMB 4.197 billion. The change of the available-for-sale financial assets' fair value has a great impact on the company's net assets. Additionally, the available-for-sale financial assets held by Shougang Co., Ltd. cannot obtain the related fair value directly.Hence, we have identified the measurement of fair value of available-for-sale financial assets as a key audit matter.

According to the accounting policy of Shougang Co., Ltd, for the financial assets or liabilities with an active trading market, fair value needs to be determined by the quoted price.Where there is no active market, fair value shall be determined by valuation techniques.

2. How our audit addressed the Key Audit Matter

Our procedures in relation to fair value measurement of available-for-sale financial assets included:

(1) Understanding and assessing the management's internal controls related to measurement of available-for-sale financial assets fair value, and testing the effectiveness of key control executions.

(2) Reviewing and recalculating the estimate of the fair value of available-for-sale financial assets on the basis of the practical experience of the industry.

(3) Testing, on a sample basis,the rationality and appropriateness of unobservable or observable key input implemented in the valuation of fair value by comparing relevant market data

(4) Obtaining the appraisal report related to available-for-sale financial assets, reviewing the competence of the appraisal experts, and checking the rationality of the valuation model, assumptions and key data.

(5) Concerning theappropriateness of disclosure regarding fair value measurement of available-for-sale financial assets in the financial statements.

IV. Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of 2019, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Management and Those Charge with Governance for the Financial Statement

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

In preparing the financial statements, management is responsible for assessing the Company/Group'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 management either intends to liquidate the Company/Group or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are responsible for overseeing the Company/Group's financial reporting process.

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

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 form fraud or error and are 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 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/Group'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/Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the governance body 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 body, 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.

Consolidatedand Parent Company Statement of Financial Position

Beijing Shougang Co.,Ltd. as at 31 December 2019

Unit: RMB Yuan

Items	Note	As at 31/12/2019		As at 31/12/2018	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and bank balances	V. 1	4,472,317,590.75	2,100,647,913.85	4,841,058,243.20	1,920,854,622.28
Financial assets held for trading					
Financial assets at fair value through profit or loss					
Notes receivable	V. 2	5,259,406,922.25	2,492,497,587.89	7,877,333,769.65	3,990,860,314.45
Accounts receivable	V. 3	836,576,066.13	1,180,114,403.06	870,151,434.92	1,468,436,202.70
Financing receivable	V. 4	3,666,611,715.48	1,825,294,953.86		
Prepayments	V. 5	1,892,877,352.59	201,462,809.27	2,532,274,356.71	183,530,920.91
Other receivables	V. 6	15,541,219.96	1,673,247.41	39,829,376.18	2,742,352.97
Inventories	V. 7	6,593,865,645.47	1,294,056,715.06	5,192,790,897.33	1,184,211,283.35
Assets held for sale					
Non-current assets due within one year					
Other current assets	V. 8	339,065,468.02	3,453,190,809.55	589,119,538.20	1,935,827,685.08
Total current assets		**23,076,261,980.65**	**12,548,938,439.95**	**21,942,557,616.19**	**10,686,463,381.74**
Non-current assets:					
Debt investments					
Available-for-sale financial assets	V. 9			3,863,245,277.97	3,863,245,277.97
Other debt investments					
Held-to-maturity investments					
Long-term receivables					
Long-term equity investments	V. 10	2,948,516,531.72	18,893,930,958.80	2,878,517,166.72	17,653,055,184.34
Other equity instruments investments	V. 11	4,357,517,927.34	4,357,517,927.34		
Other non-current financial assets					
Investment properties					
Fixed assets	V. 12	82,861,544,532.17	21,144,600,686.04	81,726,018,549.33	22,689,417,371.01
Construction in progress	V. 13	25,310,588,638.42	3,678,076,181.04	22,037,846,981.69	2,971,961,902.17
Intangible assets	V. 14	2,762,518,616.98	875,411,256.49	2,581,451,681.00	907,077,997.65
Development expenditure					
Goodwill					
Long-term deferred expenses					
Deferred tax assets	V. 15	53,977,183.07	29,098,335.72	76,640,776.93	44,142,858.12
Other non-current assets			1,134,117,184.62		1,257,549,996.71
Total non-current assets		**118,294,663,429.70**	**50,112,752,530.05**	**113,163,720,433.64**	**49,386,450,587.97**
Total assets		**141,370,925,410.35**	**62,661,690,970.00**	**135,106,278,049.83**	**60,072,913,969.71**

Consolidatedand Parent Company Statement of Financial Position (Continued)

Beijing Shougang Co.,Ltd. as at 31 December 2019

Unit: RMB Yuan

Items	Note	As at 31/12/2019		As at 31/12/2018	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term loans	V. 16	30,267,213,915.42	11,853,249,166.67	31,155,720,000.00	7,361,920,000.00
Financial liabilities held for trading					
Financial liabilities at fair value through profit or loss					
Notes payable	V. 17	3,741,832,295.34	1,038,827,684.61	5,285,571,700.58	2,453,871,700.58
Accounts payable	V. 18	23,963,485,983.39	11,497,447,540.23	23,684,774,325.63	12,063,348,369.96
Advances from customers	V. 19	3,422,750,982.43	916,868,636.47	2,392,478,818.81	578,561,185.84
Payroll and employee benefits payable	V. 20	369,433,476.30	101,792,194.59	319,572,506.94	94,927,349.85
Taxes payable	V. 21	101,508,634.93	34,900,717.12	174,990,193.04	63,257,633.61
Other payables	V. 22	1,639,040,708.48	1,122,685,701.59	2,045,638,173.44	1,187,135,220.72
Including: Interest payables				32,952,838.32	26,911,171.68
Liabilities held for sale					
Non-current liabilities due within one year	V. 23	9,400,574,401.68	4,406,150,284.44	4,030,000,000.00	850,000,000.00
Other current liabilities					
Total current liabilities		**72,905,840,397.97**	**30,971,921,925.72**	**69,088,745,718.44**	**24,653,021,460.56**
Non-current liabilities:					
Long-term loans	V. 24	19,101,100,000.00	610,000.00	15,965,040,000.00	1,406,000,000.00
Bonds payable	V. 25	4,026,866,666.72	4,026,866,666.72	7,000,000,000.00	7,000,000,000.00
Long-term payables	V. 26	2,100,000.00	2,100,000.00	2,100,000.00	2,100,000.00
Long-term employee benefits payable					
Provisions					
Deferred income	V. 27	323,835,943.48	90,085,674.14	285,274,558.77	94,064,842.98
Deferred tax liabilities	V. 15	600,631,873.94	577,852,101.66	803,629,503.02	803,629,503.02
Other non-current liabilities	V. 28	4,711,490,199.06		5,588,813,436.69	
Total non-current liabilities		**28,766,024,683.20**	**4,697,514,442.52**	**29,644,857,498.48**	**9,305,794,346.00**
Total liabilities		**101,671,865,081.17**	**35,669,436,368.24**	**98,733,603,216.92**	**33,958,815,806.56**
Shareholders' equity：					
Share capital	V. 29	5,289,389,600.00	5,289,389,600.00	5,289,389,600.00	5,289,389,600.00
Capital reserve	V. 30	20,093,311,344.62	12,415,326,156.11	20,091,435,081.71	12,415,326,156.11
Less: treasury shares					
Other comprehensive income	V. 31	1,952,319,928.42	1,952,319,928.42	1,532,188,176.47	1,532,188,176.47
Specific reserve	V. 32	15,749,165.64		7,975,932.61	
Surplus reserve	V. 33	1,729,509,055.66	1,729,509,055.66	1,687,827,448.18	1,687,827,448.18
Retained earnings	V. 34	-2,051,598,102.14	5,605,709,861.57	-3,260,964,367.74	5,189,366,782.39
Equity attributable to shareholders of the Company		27,028,680,992.20	26,992,254,601.76	25,347,851,871.23	26,114,098,163.15
Non-controlling interests		12,670,379,336.98		11,024,822,961.68	
Total shareholders' equity		**39,699,060,329.18**	**26,992,254,601.76**	**36,372,674,832.91**	**26,114,098,163.15**
Total liabilities and shareholders' equity		**141,370,925,410.35**	**62,661,690,970.00**	**135,106,278,049.83**	**60,072,913,969.71**

Consolidated and Parent Company Income Statement

Beijing Shougang Co., Ltd. for the year ended 31 December 2019

Unit: RMB Yuan

Items	Note	As at 31/12/2019		As at 31/12/2018	
		Consolidated	Company	Consolidated	Company
I. Operating income	**V. 35**	**69,151,432,692.45**	**28,855,288,539.61**	**65,776,660,538.90**	**29,223,058,702.82**
Less: Operating costs	V. 35	62,130,221,592.53	26,930,263,991.36	57,244,198,825.99	26,148,622,320.91
Taxes and surcharges	V. 36	669,781,059.59	244,518,928.69	599,314,101.55	258,731,831.80
Selling and distribution expenses	V. 37	1,275,449,457.91	385,991,602.97	1,218,816,464.68	421,425,351.02
General and administrative expenses	V. 38	862,556,312.13	338,153,410.90	976,548,380.69	436,939,699.58
Research and development expenses	V. 39	385,796,835.08	164,988,750.36	394,763,809.58	214,136,465.20
Financial expenses	V. 40	2,075,693,466.13	775,056,552.24	2,298,307,856.25	772,374,357.27
Including: Interest expenses		2,201,423,690.97	810,726,999.08	2,428,614,048.63	856,170,073.74
Interest income		73,361,281.32	28,498,411.11	97,858,563.96	76,071,455.66
Add: Other income	V. 41	42,432,105.34	7,650,282.88	31,376,175.07	5,422,553.85
Investment income ("-" for losses)	V. 42	301,541,629.41	374,873,910.07	275,204,848.54	265,617,520.83
Including: Income from associates and joint ventures ("-" for losses)		91,320,418.12	74,820,864.46	165,758,806.86	128,311,138.55
Gains from changes in fair value ("-" for losses)					
Credit Impairment losses ("-" for losses)	V. 43	26,237,978.64	31,730,066.82		
Assets Impairment losses ("-" for losses)	V. 44	-98,182,828.73	-12,759,741.10	-207,101,140.82	-77,257,974.72
Gains from assets disposal ("-" for losses)	V. 45	498,422.97	544,066.24	25,530.32	
II. Operating profit ("-" for losses)		**2,024,461,276.71**	**418,353,888.00**	**3,144,216,513.27**	**1,164,610,777.00**
Add: Non-operating income	V. 46	1,335,781.31	205,998.33	24,202,420.59	126,660.00
Less: Non-operating expenses	V. 47	28,522,230.35	11,469,122.79	9,240,887.74	8,675,818.10
III. Profit before income tax ("-" for losses)		**1,997,274,827.67**	**407,090,763.54**	**3,159,178,046.12**	**1,156,061,618.90**
Less: Income tax expenses	V. 48	243,208,210.95	-9,725,311.25	-172,203,005.14	-248,315,054.59
IV.Net profit for the year ("-" for net losses)		**1,754,066,616.72**	**416,816,074.79**	**3,331,381,051.26**	**1,404,376,673.49**
(I) Categorized by the continuity of operations					
1. Net profit from continuing operations ("-" for net loss)		1,754,066,616.72	416,816,074.79	3,331,381,051.26	1,404,376,673.49
2. Net profit from discontinued operations ("-" for net loss)					
(II) Categorized by the portion of equity ownership					
1.Net profit attributable to shareholders of parent company ("-" for net loss)		1,251,047,873.08		2,403,750,672.16	
2. Net profit attributable to non-controlling shareholders ("-" for net loss)		503,018,743.64		927,630,379.10	
V. Other comprehensive income, net of tax		**336,938,022.41**	**336,938,022.41**	**-3,476,944,220.85**	**-3,476,944,220.85**
Items attributable to shareholders of the company		336,938,022.41	336,938,022.41	-3,476,944,220.85	-3,476,944,220.85
A. Items that will not be reclassified to profit or loss		336,938,022.41	336,938,022.41		
Gains or losses from changes in fair value of other equity instrument investments		336,938,022.41	336,938,022.41		
B. Items that may be reclassified to profit or loss				-3,476,944,220.85	-3,476,944,220.85
Gains or losses from changes in fair value of available-for-sale financial assets				-3,476,944,220.85	-3,476,944,220.85
Other comprehensive income (net of tax) attributable to non-controlling interests					
VI. Total comprehensive income for the year		**2,091,004,639.13**	**753,754,097.20**	**-145,563,169.59**	**-2,072,567,547.36**
Items attributable to Shareholders of the company		1,587,985,895.49		-1,073,193,548.69	
Items attributable to non-controlling interests		503,018,743.64		927,630,379.10	
VII .Earnings per share:					
(1) Basic earnings per share		0.2365		0.4544	
(2) Diluted earnings per share					

Consolidated and Parent Company Cash Flow Statement

Beijing Shougang Co., Ltd. for the year ended 31 December 2019

Unit: RMB Yuan

Items	Note	2019		2018	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Proceeds from sales of goods or rendering of services		30,624,051,342.91	10,278,095,378.97	29,722,040,939.86	12,146,970,515.65
Refund of taxes		653,138,150.21		2,520,145.61	
Proceeds from other operating activities	V. 49	399,320,755.82	137,606,351.19	183,481,591.05	40,397,627.42
Sub-total of cash inflows		31,676,510,248.94	10,415,701,730.16	29,908,042,676.52	12,187,368,143.07
Payment for goods and services		21,323,834,750.14	8,063,310,012.77	9,680,662,487.86	4,282,594,828.51
Payment to and for employees		3,510,797,145.34	1,168,538,163.50	3,374,010,868.24	1,301,442,949.39
Payments of various taxes		1,875,245,785.24	830,689,198.50	2,309,583,656.22	1,450,540,242.66
Payment for other operating activities	V. 49	1,648,003,629.69	525,790,115.89	2,084,396,079.03	714,502,295.06
Sub-total of cash outflows		28,357,881,310.41	10,588,327,490.66	17,448,653,091.35	7,749,080,315.62
Net cash flows from operating activities		**3,318,628,938.53**	**-172,625,760.50**	**12,459,389,585.17**	**4,438,287,827.45**
II. Cash flows from investing activities					
Proceeds from disposal of investments			1,500,000,000.00		
Investment returns received		235,221,211.29	300,053,045.61	124,446,041.68	137,306,382.28
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		3,341,389.88	1,784,737.33	281,587.24	210,218.47
Net proceeds from disposal of subsidiaries and other business units					
Proceeds from other investing activities	V. 49	73,361,281.32	28,498,411.11	97,858,563.96	76,071,455.66
Sub-total of cash inflows		311,923,882.49	1,830,336,194.05	222,586,192.88	213,588,056.41
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,469,993,637.58	731,440,424.44	9,746,566,090.06	1,077,905,429.56
Payment for acquisition of investments		64,760,000.00	4,166,054,910.00	117,074,607.99	1,513,916,159.98
Net payment for acquisition of subsidiaries and other business units					
Payment for other investing activities					
Sub-total of cash outflows		5,534,753,637.58	4,897,495,334.44	9,863,640,698.05	2,591,821,589.54
Net cash flows from investing activities		**-5,222,829,755.09**	**-3,067,159,140.39**	**-9,641,054,505.17**	**-2,378,233,533.13**
III. Cash flows from financing activities					
Proceeds from investors		150,000,000.00			
Including: Proceeds from non-controlling shareholders of subsidiaries		150,000,000.00			
Proceeds from borrowings		45,224,280,000.00	13,152,530,000.00	31,024,870,000.00	8,697,920,000.00
Proceeds from other financing activities	V. 49	690,938,155.85	690,938,155.85		6,500,000,000.00
Sub-total of cash inflows		46,065,218,155.85	13,843,468,155.85	31,024,870,000.00	15,197,920,000.00
Repayments of borrowings		40,659,720,000.00	9,511,920,000.00	27,612,470,000.00	12,905,520,000.00
Payment for dividends, profit distributions or interest		2,561,017,399.95	791,776,057.80	2,486,056,638.83	842,596,151.44
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries					
Payment for other financing activities	V. 49	992,029,107.33	11,125,939.11	3,322,631,019.56	3,322,478,977.93
Sub-total of cash outflows		44,212,766,507.28	10,314,821,996.91	33,421,157,658.39	17,070,595,129.37
Net cash flows from financing activities		**1,852,451,648.57**	**3,528,646,158.94**	**-2,396,287,658.39**	**-1,872,675,129.37**
IV. Effect of foreign exchange rate changes on cash and cash equivalents					
V. Net increase in cash and cash equivalents		**-51,749,167.99**	**288,861,258.05**	**422,047,421.61**	**187,379,164.95**
Add: Cash and cash equivalents as at 01/01/2019		3,969,718,548.91	1,465,781,255.59	3,547,671,127.30	1,278,402,090.64
VI. Cash and cash equivalent as at 31/12/2019		**3,917,969,380.92**	**1,754,642,513.64**	**3,969,718,548.91**	**1,465,781,255.59**

Consolidated Statement of Changes in Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2019

Unit: RMB Yuan

Items	Year ended 31/12/2019								
	Attributable to shareholders' equity of the listed company							Non-controlling interests	Total
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings		
I. Balance at the end of prior year	**5,289,389,600.00**	**20,091,435,081.71**		**1,532,188,176.47**	**7,975,932.61**	**1,687,827,448.18**	**-3,260,964,367.74**	**11,024,822,961.68**	**36,372,674,832.91**
Add: Changes in accounting policies				83,193,729.54					83,193,729.54
Correction of prior period errors									
Business combination involving enterprises under common control									
Others									
II. Balance at the beginning of current year	**5,289,389,600.00**	**20,091,435,081.71**		**1,615,381,906.01**	**7,975,932.61**	**1,687,827,448.18**	**-3,260,964,367.74**	**11,024,822,961.68**	**36,455,868,562.45**
III. Changes in equity during the year ("- "for decrease)		**1,876,262.91**		**336,938,022.41**	**7,773,233.03**	**41,681,607.48**	**1,209,366,265.60**	**1,645,556,375.30**	**3,243,191,766.73**
(I) Total comprehensive income				336,938,022.41			1,251,047,873.08	503,018,743.64	2,091,004,639.13
(II) Shareholders' contributions and decrease of capital								1,140,621,384.00	1,140,621,384.00
1. Contribution by ordinary shareholders								1,140,621,384.00	1,140,621,384.00
2. Equity settled share-based payments									
3. Others									
(III) Appropriation of profits						41,681,607.48	-41,681,607.48		
1. Appropriation for surplus reserves						41,681,607.48	-41,681,607.48		
2. Distributions to shareholders									
3. Others									
(IV) Transfer within equity									
1. Share capital increased by capital reserves transfer									
2. Share capital increased by surplus reserves transfer									
3. Transfer of surplus reserve to offset losses									
4. Other comprehensive income transferred to retained earnings									
5. Others									
(V) Specific Reserve		1,876,262.91			7,773,233.03			1,916,247.66	11,565,743.60
1. Appropriation during the year		1,876,262.91			7,773,233.03			1,916,247.66	11,565,743.60
2. Utilization during the year (expressed in "-")									
(VI) Others									
IV. Balance at the end of current period	**5,289,389,600.00**	**20,093,311,344.62**		**1,952,319,928.42**	**15,749,165.64**	**1,729,509,055.66**	**-2,051,598,102.14**	**12,670,379,336.98**	**39,699,060,329.18**

ConsolidatedCompanyStatement of Changes in Equity

Beijing Shougang Co.,Ltd. for the year ended 31 December 2019

Unit: RMB Yuan

Items	Year ended 31/12/2018								
	Attributable to shareholders' equity of the listed company							Non-controlling interests	Total
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings		
I. Balance at the end of prior year	5,289,389,600.00	20,092,513,619.01		5,009,132,397.32	5,528,023.47	1,547,389,780.83	-5,524,277,372.55	10,097,193,652.70	36,516,869,700.78
Add: Changes in accounting policies									
Correction of prior period errors									
Business combination involving enterprises under common control									
Others									
II. Balance at the beginning of current year	5,289,389,600.00	20,092,513,619.01		5,009,132,397.32	5,528,023.47	1,547,389,780.83	-5,524,277,372.55	10,097,193,652.70	36,516,869,700.78
III. Changes in equity during the year ("- "for decrease)		-1,078,537.30		-3,476,944,220.85	2,447,909.14	140,437,667.35	2,263,313,004.81	927,629,308.98	-144,194,867.87
(I)Total comprehensive income				-3,476,944,220.85			2,403,750,672.16	927,630,379.10	-145,563,169.59
(II)Shareholders' contributions and decrease of capital									
1.Contribution by ordinary shareholders									
2. Equity settled share-based payments									
3. Others									
(III) Appropriation of profits						140,437,667.35	-140,437,667.35		
1. Appropriation for surplus reserves						140,437,667.35	-140,437,667.35		
2. Distributions to shareholders									
3. Others									
(IV) Transfer within equity									
1.Share capital increased by capital reserves transfer									
2.Share capital increased by surplus reserves transfer									
3.Transfer of surplus reserve to offset losses									
4.Other comprehensive income transferred to retained earnings									
5.Others									
(V) Specific Reserve		-1,078,537.30			2,447,909.14			-1,070.12	1,368,301.72
1. Appropriation during the year					2,447,909.14				2,447,909.14
2. Utilization during the year (expressed in "-")		-1,078,537.30						-1,070.12	-1,079,607.42
(VI) Others									
IV. Balance at the end of current period	5,289,389,600.00	20,091,435,081.71		1,532,188,176.47	7,975,932.61	1,687,827,448.18	-3,260,964,367.74	11,024,822,961.68	36,372,674,832.91

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co.,Ltd. for the year ended 31 December 2019

Unit: RMB Yuan

Items	Year ended 31/12/2019							
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at the end of prior year	**5,289,389,600.00**	**12,415,326,156.11**		**1,532,188,176.47**		**1,687,827,448.18**	**5,189,366,782.39**	**26,114,098,163.15**
Add：Changes in accounting policies				83,193,729.54			41,208,611.87	124,402,341.41
Correction of prior period errors								
Others								
II. Balance at the beginning of current year	**5,289,389,600.00**	**12,415,326,156.11**		**1,615,381,906.01**		**1,687,827,448.18**	**5,230,575,394.26**	**26,238,500,504.56**
III. Changes in equity during the year (" - "for decrease)				336,938,022.41		41,681,607.48	375,134,467.31	753,754,097.20
(I)Total comprehensive income				336,938,022.41			416,816,074.79	753,754,097.20
(II)Shareholders' contributions and decrease of capital								
1.Contribution by ordinary shareholders								
2. Equity settled share-based payments								
3. Others								
(III) Appropriation of profits						41,681,607.48	-41,681,607.48	
1. Appropriation for surplus reserves						41,681,607.48	-41,681,607.48	
2. Distributions to shareholders								
3. Others								
(IV) Transfer within equity								
1.Share capital increased by capital reserves transfer								
2.Share capital increased by surplus reserves transfer								
3.Transfer of surplus reserve to offset losses								
4.Other comprehensive income transferred to retained earnings								
5.Others								
(V) Specific Reserve								
1. Appropriation during the year								
2. Utilization during the year (expressed in "-")								
(VI) Others								
IV. Balance at the end of current period	**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**

Parent Company Statement of Changes in Shareholders' Equity

Beijing Shougang Co., Ltd. for the year ended 31 December 2019

Unit: RMB Yuan

Items	Year ended 31/12/2018							
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at the end of prior year	**5,289,389,600.00**	**12,415,326,156.11**		**5,009,132,397.32**		**1,547,389,780.83**	**3,925,427,776.25**	**28,186,665,710.51**
Add: Changes in accounting policies								
Correction of prior period errors								
Others								
II. Balance at the beginning of current year	**5,289,389,600.00**	**12,415,326,156.11**		**5,009,132,397.32**		**1,547,389,780.83**	**3,925,427,776.25**	**28,186,665,710.51**
III. Changes in equity during the year (" - "for decrease)				-3,476,944,220.85		140,437,667.35	1,263,939,006.14	-2,072,567,547.36
(I) Total comprehensive income				-3,476,944,220.85			1,404,376,673.49	-2,072,567,547.36
(II) Shareholders' contributions and decrease of capital								
1. Contribution by ordinary shareholders								
2. Equity settled share-based payments								
3. Others								
(III) Appropriation of profits						140,437,667.35	-140,437,667.35	
1. Appropriation for surplus reserves						140,437,667.35	-140,437,667.35	
2. Distributions to shareholders								
3. Others								
(IV) Transfer within equity								
1. Share capital increased by capital reserves transfer								
2. Share capital increased by surplus reserves transfer								
3. Transfer of surplus reserve to offset losses								
4. Other comprehensive income transferred to retained earnings								
5. Others								
(V) Specific Reserve								
1. Appropriation during the year								
2. Utilization during the year (expressed in "-")								
(VI) Others								
IV. Balance at the end of current period	**5,289,389,600.00**	**12,415,326,156.11**		**1,532,188,176.47**		**1,687,827,448.18**	**5,189,366,782.39**	**26,114,098,163.15**

Notes to the Financial Statements

I. Company's Information

1. Company's profile

Beijing Shougang Co., Ltd. (hereinafter referred to as the Group) 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 Group was the first to issue 350,000 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 Group registered with approval of Beijing Administration for Industry and Commerce on 15 October 1999. The Group holds the business license with unified social credit code of 1100001028663 (1-1), with the registered capital of RMB 2,310,000 thousand.

The Group issued the convertible corporate bonds worthed RMB 2,000,000 thousand on 16 December 2003 upon the approval of zjxz [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 RMB 1,950,217.5 thousand, which was converted into the Group's shares, with an accumulated increase of RMB 656,526.057 thousand in share capital. The Group 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 thousand.

On 16 January 2013, the Group's major asset restructuring was reviewed by the reorganization committee of CSRC and passed unconditionally. On 29 January 2014, China Securities Regulatory Commission issued "Reply on approving major asset restructuring of Beijing Shougang Co., Ltd. and shares issuance to Shougang Group to purchase assets". As of 25 April 2014, the implementation of major asset restructuring of the Group has been completed. In the major asset restructuring, 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 Group obtained the business license of legal entity after capital increase on 9 July 2014, with the registration number of 110000000286633, and the registered capital changed to RMB 5,289,389.6 thousand.

The Group obtained the business license of legal entity after the integration of five certificates, with the unified social credit code 911100007002343182.

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

The Group has established the corporate governance structure of the general meeting of shareholders, the board of directors and the board of supervisors. At present, the Group sets up the functional department, for instance, secretary office of the board of directors, the planning and finance 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 Group owns four subsidiaries, which are Shougang Jingtang United Iron&Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Shougang Qian'an Conference Centre Co., Ltd., and Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd.

The business scope of the Group includes iron and steel smelting, steel calendering processing, copper smelting and calendering 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; technology development, technical consultation, technology transfer, technical service and technical training; sales of metal materials, coke, chemical products, mechanical and electrical equipment, building materials; equipment leasing (excluding automobiles); warehousing services; investment and investment management.

The financial statements and notes were approved by the second meeting of the seventh board of directors on 22 April 2019.

2. Scope of consolidated financial statements

The scope of the consolidated financial statement is determined on the control basic, the scope of the Group's consolidated financial statements includes the subsidiaries, Shougang Jingtang United Iron&Steel Co., Ltd., Beijing Shougang Cold Rolling Co., Ltd., Shougang Qian'an Conference Centre Co., Ltd., Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd. andBeijing Shougang New Energy Automobile Material Technology 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 their application guidelines, interpretations and other relevant requirements (collectively, CASBE) issued by the Ministry of Finance of the PRC ("MOF").In addition, the Group 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 of the Company have been prepared on going concern basis.

The Group adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

III. Significant accounting policies and accounting estimates

The Group's accounting policies for depreciation of fixed assets, amortization of intangible assets, capitalization conditions of R&D expenses and revenue recognition on the basis of its production and management characterisitics, the specific accounting policies are set out in Note III, 13, Note III, 17, Note III, 18 and Note III, 23.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position as at 31 December 2019 and the Company's and consolidated operating results and cash flows for the year ended 31 December 2019.

2. Accounting Period

The accounting period of the Group is from 1 January to 31 December.

3. Operating cycle

The operating cycle of the Group is 12 months.

4. Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency.

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

5. Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

(1) Business combinations involving enterprises 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 assets paid (or the total par value of shares issued) shall be adjusted to capital reserve (equity premium), if the capital reserve (equity premium) is not sufficient to absorb the difference, any excess difference shall be adjusted to the retained earnings.

Business combinations involving enterprises under common control and achieved in stages

In the separate financial statements, the initial investment cost is calculated based on the shareholding portion of the assets and liabilities obtained and are measured at the carrying amounts as recorded by the enterprise being combined at the combination 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 difference shall be adjusted to retained earning.

In the consolidated financial statements, the assets and liabilities obtained at the combination shall be measured at the carrying value as recorded by the enterprise at combination date, except for adjustments of different accounting policies. The difference between the sum of the carrying value from original shareholding portion and the new investment cost incurred at combination date and the carrying value of net assets obtained at combination 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 the combination party, the recognized profit or losses, comprehensive income and other change of shareholding's equity 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 enterprises not under common control

For business combinations involving enterprises 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. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value. The acquiree's identifiable asset, liabilities and contingent liabilities, are recognised at their acquisition-date fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, and subsequently measured on the basis of its cost less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period after reassessment.

Business combinations involving enterprises not under common control and achieved in stages

In the separate financial statements, the initial investment cost of the investment 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 lose 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 changes in fair value recognized in other comprehensive income shall be transferred to profit or loss for current period when accounted for using cost method.

In the consolidation financial statements, the combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity investment held prior to acquisition date; the cost of equity of the acquiree held prior to acquisition date shall be re-measured at the fair value at acquisition date, the difference between the fair value and book value shall be recognized as investment income or loss for the current period. Other comprehensive income and changes of investment equity related with acquiree's equity held prior to acquisition date shall be transferred to investment profit or loss for current period at acquisition date, besides there is 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 overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when 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 based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the 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 enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

(2) Method of preparing of 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 consolidation 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.

A 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 are included in the consolidated results of operations, and cash flows are included in the consolidated cash flow statement from the acquisition date.

A 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 a subsidiary's equity that is not attributable to the company is treated as minority interests and presented in the consolidated balance sheet within shareholders' equity. The portion of a subsidiary's profit or loss that is attributable to the minority interests presented in the consolidated statement of comprehensive income as "minority interests". The portion of a subsidiary's losses that exceeds to the beginning minority interests in the shareholders' equity, the remaining balance still reduces the minority interests.

(3) Purchase of the minority stake in the subsidiary

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

When the Company loses control over a subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when the control is lost. A gain or loss is recognised in the current period and is calculated by the aggregate of consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of net assets in proportion to previous shareholding percentage in the former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the former subsidiary is transferred to profit or loss when the control is lost, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

(5) Special treatment of step disposal until the loss of control of subsidiaries

The clauses, conditions and economic impact of step disposal until the loss of control of subsidiaries satisfies one or more criteria, the Group will consider these transactions as package transactions for the accounting treatment:

① These transactions are entered simultaneously or in consideration of the mutual influence;

② These transactions can only achieve one complete business results;

③ The occurrence of a transaction is depending at least one of other transactions;

④ A transaction alone is not the economical; However, it becomes economical to consider together with other transactions.

In the separate financial statements, the difference between the related long term equity investment for each disposal of equity interest and received consideration are recognized in the profit or loss in the current period.The difference between the disposal before the loss of control and the carrying amount of the long-term equity investment is recognized as other comprehensive income, and shall be transferred to the profit or loss for the current period when the entity loses the control.

In the consolidated financial statements, the measurement of the remaining equity interest 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 for each step disposal:

①Related to a package transaction: Recognized as other comprehensive income. It is recognized in the profit or loss in the current period when the entity loses the control.

②Not related to a package transaction: Recognized in capital reserve (equity premium) as equity. It shouldn't be recognized in the profit or loss in the current period when the entity loses the control.

7. Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

8. Financial instruments

The financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

The financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

① the contractual rights to the cash flows from the financial asset expire; or

② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of Financial Assets".

The financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. 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 is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

Financial assets are classified into the following three categories depends on the Group's business mode of managing financial assets and cash flow characteristics of financial assets: financial assets measured 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 amortised cost

The Group 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 Group's business model for managing the financial assets is to collect contractual cash flows;

• The terms of the financial asset contract stipulate that cash flows generated on a specific date are only payments of principal and interest based on the amount of outstanding principal.

After initial confirmation, the real interest rate method is used to measure the amortized cost of such financial assets. Profits or losses arising from financial assets measured at amortized costs and not part of any hedging relationship are included in current profits and losses when the recognition is terminated, amortized or impaired according to the Actual Interest Rate Law.

Financial assets at fair value through other comprehensive income

The Group shall classify financial assets that meet the following conditions and are not designated as financial assets measured at fair value and whose changes are recorded in current profits and losses as financial assets measured at fair value through other comprehensive income:

• The Group's business model for managing the financial assets is both to collect contractual cash flows and to sell the financial assets;

• The terms of the financial asset contract stipulate that cash flows generated on a specific date are only payments of principal and interest based on the amount of outstanding principal.

After initial recognition, financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains calculated by the effective interest rate method are recognised in profit or loss, while other gains or losses are recognised in other comprehensive gains. When derecognized, the accumulated gains or losses previously recognised in other comprehensive gains are transferred from other comprehensive gains and recorded in current profits and losses.

Financial assets at fair value through profit or loss

In addition to the aboving financial assets which are measured at amortized cost or at fair value a through other comprehensive income, the Group classifies all other financial assets as financial assets measured at fair value through profit or loss.When initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group irrevocably designates some financial assets that should have been measured at amortized cost or at fair value through other comprehensive gains as financial assets at fair value through profit or loss.

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

However, for non-tradable equity instrument investment, when initially recognized, the Group irrevocably designates them as financial assets at fair value through other comprehensive gains. The designation is made on the basis of individual investment, and the relevant investment conforms to the definition of equity instruments from the issuer's point of view.

After initial confirmation, financial assets are subsequently measured at fair value. Dividend income that meets the requirements is recognised in profit and loss, and other gains or losses and changes in fair value are recognised in other comprehensive gains. When derecognized, the accumulated gains or losses previously recognised in other comprehensive gains are transferred from other comprehensive gains to retained earnings.

The business model of managing financial assets refers to how the Group manages financial assets to generate cash flow. The business model decides whether the source of cash flow of financial assets managed by the Group is to collect contract cash flow, sell financial assets or both of them. Based on objective facts and the specific business objectives of financial assets management decided by key managers, the Group determines the business model of financial assets management.

The Group 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 interest based on the amount of unpaid principal. Among them, principal refers to the fair value of financial assets at the time of initial confirmation; interest includes the consideration of time value of money, credit risk related to the amount of unpaid principal in a specific period, and other basic borrowing risks, costs and profits. In addition, the Group evaluates the terms and conditions of the contracts that may lead to changes in the time distribution or amount of cash flow in financial asset contracts to determine whether they meet the requirements of the aboving contract cash flow's characteristics.

Only when the Group 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 changes, otherwise, financial assets shall not be reclassified after initial confirmation.

Financial assets are measured at fair value when initially recognized. For financial assets at fair value through profits and losses, the related transaction costs are directly recognized through profits and losses, and the related transaction costs of other types of financial assets are included in the initial recognition amounts. For accounts receivable arising from the sale of products or rendering services, exlcuding or without considering significant financing elements, the initial recognition amount shall be the amount of consideration, which the Group is entitled to receive with the expectation.

(3) Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL), and financial liabilities measured at amortized cost. For financial liabilities not classified as at fair value through profit or loss, the transaction costs are recognised in the initially recognized amount.

Financial liabilities at fair value through profits and losses

Financial liabilities at FVTPL include transaction financial liabilities and financial liabilities designated as at fair value through profit or loss in the initial recognition. Such financial liabilities are subsequently measured at fair value, all gains and losses arising from changes in fair value and dividend and interest expense relative to the financial liabilities are recognised in profit or loss for the current period.

Financial liabilities measured at amortized cost

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

Distinction between financial liabilities and equity instruments

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

① Contractual obligation to deliver cash or other financial instruments to another entity.

② Under potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.

③ A 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 A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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

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

(4) Fair value of financial instruments

Recognization of fair value of financial assets and financial liabilities please refers to Note III, 9.

(5) Impairment of financial assets

On the basis of expected credit losses, the Group performs impairment assessment on the following items and confirms the loss provision.

• Financial assets measured at amortized cost;

• Receivables and debt investments at fair value through other comprehensive income;

• Lease receivables;

• Financial guarantee contract (except measured at fair value through profit or loss or formed by continuing involvement of transferred financial assets or the transfer does not qualify for derecognition).

Measurement of expected credit losses

The expected credit losses refer to the weighted average of the credit losses 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 contract and all cash flows expected to be received by the Group at the original effective interest rate, 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 Group 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 Phase I. The Group shall measure the loss allowance for that financial instrument at an amount eequal to 12-month expected credit losses. If the credit risk of financial instruments has increased significantly since the initial recognition, but no credit impairment has occurred, which is in Phase II. The Group shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. If the financial instrument has occurred credit impairment since initial recognition, which is in Phase III, and the Group shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses.

For financial instruments with lower credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since the initial recognition, and shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The lifetime expected credit losses, refer to the expected credit losses caused by all possible defaults during the whole expected lifetime. The 12-month expected credit losses, refer to the expected credit losses caused by all possible defaults during the 12-month 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 lifetime expected credit losses

When measure the expected credit loss, the longest contract period (including the option of renewal) that the Group needs to consider is the longest contract period the enterprise facing credit risk.

For financial instruments in Phase I, Phase II and with lower credit risk, the Group calculates interest income on the basis of their book balances without deduction of impairment provisions and actual interest rates. For financial instruments in Phase III, the Group calculates interest income according to their book balance minus the impairment provision and the actual interest rate.

For notes receivable and accounts receivable, whether or not there are significant financing elements, the Group shall always measure the loss allowance for them at an amount equal to the lifetime expected credit losses.

If the single financial asset is unable to evaluate the expected credit loss information at a reasonable cost, the Group divides and combines notes receivable and accounts receivable according to the characteristics of credit risk. On the basis of the combination, the Group calculates the expected credit losses. The basis of determining the combination is as follows:

A. Notes receivable

- Notes receivable group 1: Bank acceptance notes
- Notes receivable group 2: Bank acceptance notes with lower credit rating and Commerical acceptance notes

B. Accounts receivable: Amount receivables of goods

C. Financing Receivable

- Financing receivables group 1: Bank acceptance notes
- Financing receivable group 2: Bank acceptance notes with lower credit rating and Commerical acceptance notes

For the notes receivable and financing receivable divided into group, the Group refers to historical credit losses, with the current situation and the forecast of future economic situation, calculates the expected credit losses through the exposure on default and the lifetime expected credit losses rate.

For the accounts receivable divided into group, the Group refers to the historical credit losses, combines the current situation with the forecast of future economic situation, compiles a comparison table between the age of accounts receivable/overdue days and the lifetime expected credit losses rate to calculate the expected credit losses.

Other receivables

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

• Other receivables group 1: Petty cash and deposit, etc

• Other receivables group 1: Other current accounts

For other receivables a divided into group, the Group calculates the expected credit losses through the exposure on default and the lifetime expected credit losses rate.

Debt investments, Other debt investments

For debt investments and other debt investments, the Group calculates the expected credit losses through the exposure on default and the future 12-month or lifetime expected credit losses 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 day with that on initial recognition day, the Group determines the relative change of default risk of financial instruments during the expected life of financial instruments, to evaluate whether the credit risk of financial instruments has increased significantly since the initial recognition.

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

• The debtor can’t 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 a significant negative impact on the debtor's repayment capacity.

According to the nature of financial instruments, the Group evaluates whether credit risk has increased significantly on the basis of a single financial instrument or a combination of financial instruments. When assessing on the basis of the combination of financial instruments, the Group 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 Group determines that the credit risk of financial instruments has increased significantly.

Financial assets that have occured credit impairment

On the balance sheet date, the Group 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 a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

• Significant financial difficulties occurs to the issuer or debtor;

• The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;

• For economic or contractual considerations related to the financial difficulties of the debtor, the Group grants concessions to the debtor that will not be made under any other circumstances.

• The 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 losses reserve

In order to reflect the changes happened to the credit risk of financial instruments since the initial recognition, the Group recalculates the expected credit losses on each balance sheet day. 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 shown on the balance sheet; for debt investments measured at fair value through other comprehensive income, the Group recognizes its loss provision through other comprehensive income and does not offset the financial assets' carrying amount.

Write off

If the Group 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 constitute the derecognition of the financial assets. What usually occurs when the

Group determines that the debtor has no assets or sources of income to generate sufficient cash flows to pay the amount to be reduced. However, in accordance with the Group's procedures for recovering due payment, the financial assets reduced may still be affected by enforcement activities.

If the reduced financial assets are recovered later, the returns as impairment losses shall be included in the profits and losses of the recovery period.

(6) Transfer of financial assets

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

A financial asset is derecognised if the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognised if the Company retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognised.

(7) Offseting financial assets and financial liabilities

When the Group has the legal rights to offset the recognized financial assets and financial liabilities and is capable to carry it out, the Group plans to net settlement or realize the financial assets and pay off the financial liabilities, the financial assets and financial liabilities shall be listed separately with the neutralized amount in balance sheet and are not allowed to be offset.

9. 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 Group measures related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market; in the absence of a principal market, assuming the assets or liabilities are exchanged in an orderly transaction in the most advantageous market. Principal market (or the most advantageous market) is the market that the Group can normally enter into a transaction on measurement date. The Group adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities with active markets, the Group uses the quoted prices in active markets as their fair value. Otherwise, the Group uses valuation technique to determine their fair value.

Fair value measurement of a non-financial asset takes into account market participants' ability to generate economic benefits using the asset in its best way or by selling it to another market participant that would best use the asset.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Fair value level for assets and liabilities measured or disclosed at fair value in the financial statements are determined according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3 inputs are unobservable inputs for the assets or liabilities.

At the balance sheet date, the Group revalues assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.

10. Inventories

(1) Classification

Inventories include raw materials, finished goods, consumables and self-made semi-finished goods.

(2) Mesurement method of cost of inventories

Inventories are initially measured at cost. Raw materials, finished goods and self-made semi-finished goods are calculated using weighted average method.

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

(4) Inventory count system

The Group maintains a perpetual inventory system.

(5) Amortization methods of low-value consumables and packaging materials

Low-value consumables are charged with the one-off amortization method and multi-stage amortization method when they are used.

11. Assets held for sale and discontinued operations

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

The Group classifies a 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 a sale transaction (including an exchange transaction of non-monetary assets with commercial substance) rather than through continuing use.

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

The disposal group is a 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. In certain circumstances, disposal groups include goodwill acquired in a business combination.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met: According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year. The Group that is committed to a sale plan involving loss of control of a subsidiary classifies all the investment in that subsidiary as held for sale in its separate financial statements, and classifies all the assets and liabilities of that subsidiary as held for sale in its consolidated financial statements, when the classification criteria for held for sale are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss. The impairment loss recognised for a disposal group firstly reduces the carrying amount of goodwill allocated to the disposal group, and then reduces the carrying amount of other non-current assets pro rata on the basis of the carrying amount of each non-current asset in the disposal group.

The Group recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised after classified as held for sale. The reduced carrying amount of goodwill is not recovered.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. If an investment or a part of 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) continuely. When the Group does not have material impact on an associate or a joint venture due to the sale transaction, it stops using equity method.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

① Its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale, and

② Its recoverable amount.

(2) Discontinued operations

The Group classifies a component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

① It represents a separate major line of business or a separate geographical area of operations;

② It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;

③ It is a subsidiary acquired exclusively with a view to resale.

(3) Presentation

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

The Group 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 a non-current asset or disposal group classified as held for sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations. Any gain or loss from continuing operation of discontinued operations, including impairment loss and reversal amount, and disposal gain or loss is included in profit or loss from discontinued operations.

A disposal group which is planned to cease operation rather than for sale, and meets the criteria of a part of discontinued operation, the Group presents it as discontinued operation from the date of cessation.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. If the Group ceases to classify a discontinued operation as held for sale, the information previously presented in discontinued operations is reclassified and included in income from continuing operations for all periods presented.

12. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Group has significant influence.

(1) Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method unless the investment meets the conditions for holding for sale. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's capital surplus, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

If an entity 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. The difference between the fair value and carrying amount and cumulative changes in fair value recognized as other comprehensive income shall be recognized as current profit of loss under equity method.

If an entity loses joint control or has no significant influence over investees due to the elimination of parts of the equity investment, the surplus equity after disposal shall be recognized in accordance with "CASBE 22-Recognition and Measurement of Financial Instruments", and the difference between fair value and carrying amount should be recognized as profit or loss for current period. Other comprehensive income of original equity investment recognized under equity method shall be recognized in accordance with the same foundation used by the investees when dispose the relevant assets or liabilities directly in the termination of equity method. Other changes of owners' equity related to the original equity investment shall be transferred into profit or loss for current period.

If an entity loses control over investees due to the elimination of parts of the equity investment, the surplus owners' equity that are able to implement joint control or have significant influence over investees shall be measured at equity method and are deemed to be recognized under equity method since the acquisition date. The surplus owners' equity that are unable to implement joint control or have no significant influence over investees shall be processed in accordance with "CASBE 22-Recognition and Measurement of financial instruments", and the difference between fair value and carrying amount at the day of loss of control shall be recognized as profit or loss for current period.

If the shareholding ratio of the Company is reduced due to the increase of capital of other investors, and thus the control is lost, but the joint control or significant influence can be exerted on the invested entity, the company should recognize net asset according to the new shareholding ratio. 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 and loss; then, according to the new shareholding ratio, the equity method is used to adjust the investment.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

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

Joint control refers to any joint venture party alone cannot control the production and operation activities of the joint venture, decisions related to the basic operating activities of joint venture should require the unanimous consent of the parties sharing control. In determining whether there is a joint control, the first judge is to determine whether the relevant arrangement is controlled collectively by all the parties involved or the Group of the parties involved. Secondly, and then determine whether the decisions related to the basic operating activities should require the unanimous consent of the parties involved. If the parties involved or the Group of the parties involved must act consistently to determine the relevant arrangement, it is considered that the parties involved or the Group of the parties involved control the arrangement. If two or more parties involve 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 an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

When the Group, 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 Group cannot participate in the production and business decisions of the investee, and cannot form a significant influence; when the Group owns 20% (excluding) or less of the voting shares, generally it is not considered to have a significant impact on the investee, unless there is clear evidence to show that in this case the Group can participate in the production and business decisions of the investee so as to form a significant influence.

(4) Held-for-sale equity investments

Accounting for an entity investment, or a portion of an equity investment, in an associate or a joint venture that is classified as held for sale refers to Note III, 11.

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

When an equity investment in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it is accounted for using the equity method retrospectively as from the date of its classification as held for sale.

(5) Method of impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, refer to Note III, 19 for the method of asset impairment.

13. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group 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 only recognised when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	**Estimated useful life (years)**	**Residual value rate %**	**Depreciation rate %**
Plant and buildings	25-44	3-5	2.16-3.88
Machinery and equipment	12-19	3-5	5.00-8.08
Motor vehicles	12	3-5	7.92-8.08
Electronic equipment	10	3-5	9.50-9.70
Industrial furnace	13	3-5	7.31-7.46
Metallurgical equipment	19	3-5	5.00-5.11
Others	12-22	3-5	4.32-8.08

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

(3) Refer to Note III, 19 for the impairment testing and the impairment provision of fixed assets.

(4) Recognition and measurement of fixed assets financed by leasing

The leased fixed assets are recognized as fixed assets financed by leasing if they meet the following one or more criteria:

①The ownership of leased assets can be transferred to the Group at the end of the lease period

②The Group has the option of buying leased assets and the purchase price is estimated to be far less than the fair value of leased assets when exercising the option. So at the beginning date of lease period it is reasonably determined that the Group will exercise the option.

③Even if the ownership of assets is not transferred, lease period accounts for most of leased assets' useful life.

④The present value of minimum lease payment almost equals to the fair value of leased asset of the beginning date of lease period.

⑤Leased assets have special characteristics and they are used for the Group only if not reconstructed largely.

At the beginning date of lease period, the Group will recognize the lower of the fair value of leased asset of the beginning date of lease period and the present value of minimum lease payment as the recorded value of the leased asset, their difference is recorded as unrecognized financing charges. Initial direct costs such as charges, legal fee, travelling expenses and stamp taxes of the lease incurred during leasing negotiation and signing leasing contracts are recognized in leased assets' value. Unrecognized financing charges are measured at amortized cost using the effective interest method in the periods of leasing.

Fixed assets financed by leasing are depreciated according to the policy of owned assets. If it can be reasonably determined that the ownership of the leased assets can be obtained at the end of the lease period, the leased assets are depreciated over their useful lives; otherwise, the leased assets are depreciated over the shorter of the lease terms and the useful lives of the leased assets.

(5) The Group reviews the useful life and estimated net residual value of a property, plant and equipment and the depreciation method applied annually at each of the period end.

The useful lives of property, plant and equipment are adjusted if their expected useful lives are different from the original estimates; the estimated net residual values are adjusted if they are different from the original estimates.

(6) Overhaul costs

The overhaul costs occurred in regular inspection of property, plant and equipment are recognised in the cost of property, plant and equipment if there is undoubted evidence to confirm that they meet the recognition criteria of fixed assets, otherwise, the overhaul costs are recognised in profit or loss for the current period. Property, plant and equipment are depreciated during the intervals of the regular overhaul.

14. Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises necessary project expenditure incurred during construction, borrowing cost that are eligible for capitalization and other necessary cost incurred to bring the fixed assets ready for their intended use.

Construction in progress is transferred to fixed assets when the assets are ready for their intended use.

For provision for impairment of construction in progress, refer to Note III, 19.

15. Construction materials

Construction materials of the Group refer to various materials prepared for construction in progress, including engineering materials, equipment not yet installed and instruments prepared for production, etc.

The purchased construction materials are measured at cost, the delivered construction materials are then transferred to the construction in progress, and the remaining construction materials are transferred to the inventory after the completion of construction.

For the impairment of construction materials, please refer to Note III, 19.

In the balance sheet, the ending balance of construction materials is presented in the line item of ‘‘Construction in progress’’.

16. Borrowing costs

(1) Recognition principle of capitalization of borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, they shall be capitalized and included in the cost of related assets; other borrowing costs are recognized as expenses and included in profit or loss when incurred. Capitalization of such borrowing costs can commence only when all of the following conditions are satisfied:

①Expenditures for the asset incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or the interest bearing liabilities for the purpose of acquiring or constructing assets eligible for capitalization;

②Borrowing costs incurred;

③Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Capitalization period of borrowing costs

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The borrowing cost incurred after that is recognised as an expense in the period in which they are incurred and included in profit or loss for the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months; the borrowing costs in the normally interrupted period continue to capitalize.

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

The interest expense of the specific borrowings incurred at the current period, deducting any interest income earned from depositing the unused specific borrowings in bank or the investment income arising from temporary investment,shall be capitalized. The capitalization rate of the general borrowing is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings.on the asset over the amount of specific borrowings.

During the capitalization period, exchange differences on foreign currency special borrowings shall be capitalized; exchange differences on foreign currency special borrowings shall be recognized as current profits or losses.

17. Intangible assets

Intangible assets include software and land use rights.

Intangible assets initially measured at cost. The Group analyzes and judges the service life of intangible assets when obtained. An intangible asset with finite useful life shall be amortized over the expected useful life using method which can reflect the expected realization of the economic benefits related to the assets from when the intangible asset is available for use. An intangible asset whose expected realization can't be reliably determined is amortized using straight-line amortization; an intangible asset with indefinite useful life shall not be amortized.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of each financial year, if it is different from the previous estimates, adjust the previous estimates and deal with it according to changes in accounting estimates.

For an intangible asset with a finite useful life, the Group amortizes it by the category, expected service life and epected residual value with straight-line amortization method. Amortization of an intangible asset with finite useful life is as follows:

Category	**Useful life (years)**	**Estimated residual value**	**Annual amotiaztion rate**
Software	5-10 years	--	10.00-20.00
Land use rights	40-50 years	--	2.00-2.50

The Group estimates an intangible asset can no longer bring future economic benefits to the Group at the end of a period, the carrying amount of which should be reversed to profit or loss for the current period.

For the impairment method of intangible assets, refer to Note III, 19.

18. Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

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

Expenditure on the development phase is capitalized only when the Group can satisfy all of the following conditions: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete the intangible asset is to use or sell it; how the intangible asset will generate economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; its ability to measure reliably the expenditure attributable to the intangible asset during its development phase. Otherwise, it is charged to profit or loss.

The research and development projects of the Group will enter into the development stage after meeting the above conditions and passing through the technical feasibility and economic feasibility studies and the formation of the project.

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

19. Impairment of assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, fixed assets, construction in progress, intangible assets, goodwill, etc. (excluding inventories, deferred income tax assets and financial assets) are determined as follows:

At the balance sheet date, the Group determines whether there may be evidence of impairment, if there is any, the Group will estimate the recoverable amount for impairment, and then test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and the intangible assets that have not yet ready for use are tested for impairment annually regardless of whether such evidence exists.

The recoverable amount of an asset is determined by the higher amount of fair value deducting disposal costs and net present value of future cash flows expected from the assets. The Group estimates the recoverable amount based on individual asset; for individual asset which is difficult to estimate the recoverable amount, the recoverable amount of the asset group is determined based on the asset group involving the asset. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group’s recoverable amount is lower than its carrying amount, the Group reduces its carrying amount to its recoverable amount, the reduced amount is included in profit or loss, while the provision for impairment of assets is recognised.

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 related assets shall be allocated to related asset group. Related assets or assets group refer to those that can benefit from the synergies of business combination and are not larger than the Group’s recognized reporting segment.

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

Once impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

20. Long-term deferred expenses

The Group's long-term deferred expenses are are recorded at the actual cost and evenly amortized on straight-line basis over the expected beneficial period. For the long-term deferred expense items that cannot benefit in the accounting period, their amortized value is recognized through profit or loss.

21. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration and compensation given by the Group in exchange for service rendered by employees or the termination of employment. Employee benefits include short term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Employee benefits include benefits provided to employees' spouses, children, other dependants, survivors of the deceased employees or to other beneficiaries

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

(2) Short-term employee benefits

During the accounting period in which the employee render the related services, wages, bonuses,social security contributions(including medical insurance, injury insurance, maternity insurance, etc.) and house funding are recognized as liability and recognized as current profit of loss or assets related costs. 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 plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans include primary endowment insurance, unemployment insurance.

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

(4) Termination benefits

The Group recognises termination benefits liabilities and profit or loss in the period in the earlier date of the followings: (i) The Group cannot unilaterally withdraws the termination plan or reduce the termination benefits under the proposal, or (ii) The Group recognises the payment of the termination benefits costs and expenses.

For the implementation of the internal retirement plan for employees, the economic compensation before the official retirement date is a termination benefit. From the date when the employee stops providing the 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 period's profit or loss. Economic compensation after the official retirement date (such as normal pension) should be treated as post-employment benefits.

22. Provisions

An obligation for additional losses of investees related to a contingency is recognised as a provision when all of the following conditions are satisfied:

(1) The obligation is a present obligation of the Group;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The

Group reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If the expenses for clearing of provisions is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognised separated as asset. The compensated amount shall not be greater than the carrying amount of the predictive liability.

23. Revenue

(1) General principle

①Sale of goods

Revenue is recognised when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

②Rendering of services

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion.

The stage of completion is based on the proportion of costs incurred to date to the estimated total costs.

Rendering of services can be estimated reliably when all the following conditions are satisfied: A. the revenue can be measured reliably; B. it is probable that the economic benefits will flow to the Company; C. the stage of completion can be measured reliably; D. the costs incurred and to be incurred in the transaction can be measured reliably.

③Royalties from intangible assets

Revenue is recognized when it is probable that the economic benefits will flow to the Group, and the revenue can be measured reliably.

(2) Specific revenue recognition

Specific revenue recognition for the Group is as follows:

For the sale of iron and steel products, the Group recognizes the sales revenue under the following conditions: ① signed product sales contract with customers; ② products have been delivered; ③ payment for goods has been received or the right has been obtained; ④ relevant costs incurred or to be incurred can be reliably measured.

24. Government grants

A government grant shall be recognised only when the enterprise can comply with the conditions attaching to the grant and the enterprise can receive the grant.

If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value, when fair value is not reliably determinable, the item is measured at RMB 1 of nominal amount.

Government grant related to assets represents the government grant received for acquisition, construction and other ways of form of long term assets. Except for these, all are government grant related to income.

Regarding to the government grant not clearly defined in the official documents and can form long term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income.

The government grant related to assets is recognized as deferred income and evenly amortised to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period; if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and then recognized in profit or loss over the periods in which the costs are recognized. Government grants measured at nominal amounts are directly recognized in through profit or loss. The Group adopts a consistent approach to the same or similar government grants' operations.

The government grants related to daily activities are recognized as other income in accordance with the substance of economic business. Government grants that are not related to daily activities are recognized as non-operating income and expenses.

When recognized government grants need to be returned, the book value of the relevant assets should be adjusted if the assets' book value is written off at the initial recognition.If there is a balance of related deferred income, the book value of deferred income should be offset first and the excess is recognized in profit or loss for the current period. In other cases, it is directly recognized in profit or loss for the current period.

25. Deferred tax assets and deferred tax liabilities

Tax expense comprises current tax expense and deferred tax expense. Current tax and deferred tax are included in profit or loss for the current period as tax expense, except for deferred tax related to transactions or events that are directly recognised in shareholders' equity which are recognised directly in shareholders' equity, and deferred tax arising from a business combination, which is adjusted against the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognised as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognised as deferred tax liabilities except for those incurred in the following transactions:

(1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Group 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.

The Group recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, it is probable that taxable profits will be available in the future, against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax 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, and their tax effect is reflected.

At the balance sheet date, the Group reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

26. Operating leases and finance leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

(1) As lessor

In finance leases, at the beginning date of lease period, the Group will recognize the sum of minimum lease collection and initial direct costs as the recorded value of finance leases receivable and meanwhile is recorded as unguaranteed residual value; the difference between the sum of minimum lease collection, initial direct costs and unguaranteed residual value and their present value is recorded as unrecognized financing income. Unrecognized financing income are measured at amortized cost using the effective interest method in the periods of leasing and recognized in financing income for the current period.

Lease from operating leases is recognized in profit or loss on a straight-line basis over the lease term. The initial direct costs incurred are recognized in profit or loss for the current period.

(2) As lessee

In finance leases, at the beginning date of lease period, the Group will recognize the lower of the fair value of leased asset of the beginning date of lease period and the present value of minimum lease payment as the recorded value of the leased asset, their difference is recorded as unrecognized financing charges. Initial direct costs are recognized in leased assets' value. Unrecognized financing charges are measured at amortized cost using the effective interest method in the periods of leasing and recognized in financing charges for the current period. The Group depreciates the leased assets by adopting the depreciation policy consistent with self-owned fixed assets.

Lease from operating leases is recognised in the cost of relevant assets or profit or loss on a straight-line basis over the lease term. The initial direct costs incurred are recognised in profit or loss for the current period.

27. Safety and maintenance costs

The Group is in accordance with the relevant provisions of CQ [2012] No. 16 document issued by the Ministry of Finance, the National Development and Reform Commission, and the State Administration of Work Safety. The actual operating income of metallurgical enterprises in the above years shall be the basis for provision, and the method of excess retirement shall be adopted for provision.

Production safety and maintance reserve sets aside in compliance with relevant regulations, is included in the cost of relevant products or recognized in profit or loss for the period, and credited to the special reserve at the same time.

When safety production reserve is utilized xxx, 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. Meanwhile, the cost of fixed asset is offset against the specific reserves and accumulated depreciation of the same amount is recognised, then the fixed asset is no longer depreciated in its useful life.

28. Significant accounting estimates and judgments

The Group gives continuous assessment of the reasonable expectations of future events and the critical accounting estimates and key assumptions based on its historical experience and other factors. The critical accounting estimates and key assumptions that are likely to lead to significant adjusted risks of the carrying amount of assets and liabilities for the next financial year are listed as follows:

Classification of financial assets

The Group's major judgments in determining the classification of financial assets include the analysis of business models and the characteristics of contract cash flows.

At the level of financial asset group, the Group determines the business model for managing financial assets, taking into account factors such as the way to evaluate and report financial assets performance to key managers, the risks affecting financial assets performance and their 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 Group 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 of cost and profit. For example, does the amount of advance payment only reflect the unpaid principal and interest based on the unpaid principal, and reasonable compensation paid for the early termination of the contract.

Measurement of expected credit loss of receivables

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

Deferred income tax assets

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The management needs significant judgment to estimate the time and extent of the future taxable profits and tax planning strategy to recognise the appropriate amount of deferred income tax assets.

Determination of fair 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 Group 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.

29. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

①New financial instrument standards

In 2017,the Ministry of Finance have issued “Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised)”,“Accounting Standards for Business Enterprises No. 23 - Finance Asset Transfer (Revised)”, “Accounting Standards for Business Enterprises No.24 - Hedge Accounting(Revised)”, “Accounting Standards for Business Enterprises No.37 - Financial Instruments Presentation (Revised)”(hereinafter referred to as the “New Financial Instruments Standards”). The Group has implemented the Accounting Standards since January 1, 2019, and adjusted the relevant contents of accounting policies. The modified accounting policy refers to Note III, 8.

According to the new financial instruments standards, financial assets are classified into the following three categories depends on the Group’s business mode of managing financial assets and cash flow characteristics of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. If the main contract contained in the mixed contract belongs to financial assets, it should not be separated from the mixed contract and embedded in derivatives, but should be applied as a whole to the relevant provisions of the classification of financial assets.

The adoption of new financial instrument standards has no significant impact on the accounting policy of the Group’s financial liabilities.

On January 1, 2019, the Group did not designate any financial assets or liabilities as financial assets or liabilities measured at fair value through profits and losses, nor did it revoke its previous designation.

The new financial instrument standard replaces the method of recognising impairment provision according to actual impairment loss stipulated in the original financial instrument standard with the method of “expected credit losses method”. The“expected credit losses method” model requires continuous assessment of the credit risk of financial assets. Therefore, under the new financial instrument standard, the Group’s credit loss is recognised earlier than the original financial instrument standard.

On the basis of expected credit losses, the Group performs impairment assessment on the following items and confirms the loss provision:

- Financial assets measured at amortized cost;
- Receivables and debt investments at fair value through other comprehensive income;

In accordance with the provisions of the new financial instrument standard, except in certain specific cases, the Group retrospectively adjusts the classification and measurement of financial instruments (including impairment), and calculates the difference between original book value of financial instruments and new book value on the date of implementation of the new financial instrument standard (i.e. January 1, 2019) into the retained earnings or other comprehensive earnings at the beginning of 2019. At the same time, the Group did not adjust the comparative financial statements data.

On January 1, 2019, the results of classification and measurement of financial assets in accordance with the original financial instrument standards and the new financial instrument standards are as follows:

The original financial instrument standards			**The new financial instrument standards**		
Items	**Categories**	**Book Value**	**Items**	**Categories**	**Book Value**
Available-for-sale financial assets	Measured at fair value through other comprehensive income	3,816,657,702.97	Other equity instrument investments	Measured at fair value through other comprehensive income	3,961,120,253.90
	Measured at cost (equity instrument)	46,587,575.00			
Notes receivable	Measured at amortized cost	7,877,333,769.65	Notes receivable	Measured at amortized cost	6,279,791,225.65
			Financing receivable	Measured at fair value through other comprehensive income	1,597,542,544.00
Accounts receivable	Measured at amortized cost	870,151,434.92	Accounts receivable	Measured at amortized cost	870,151,434.92
			Financing receivable	Measured at fair value through other comprehensive income	--

On January 1, 2019, the adjustment table of the financial instrument classification and book value, at the implemention of the new financial instrument standards, were as follows:

Items	Pre-adjustment book value (31 December, 2018)	Reclassifiation	Re-measurement	Adjusted book value (1 January, 2019)
Available-for-sale financial assets	3,863,245,277.97	-3,863,245,277.97	--	--
Other equity instrument investments	--	3,863,245,277.97	97,874,975.93	3,961,120,253.90
Deferred tax liabilities	803,629,503.02	--	14,681,246.39	818,310,749.41
Other comprehensive income	1,532,188,176.47	--	83,193,729.54	1,615,381,906.01

The Group's reconciliation between the loss provisions measured in accordance with the original financial instruments standards at the end of 2018 and the loss provisions determined in accordance with the new financial instruments standards at the beginning of 2019 is as follows:

Metrology categories	Pre-adjustment book value (31 December, 2018)	Reclassifiation	Re-measurement	Adjusted book value (1 January, 2019)
Provision for impairment of notes receivable	8,162,441.06	--	--	8,162,441.06
Provision for impairment of accounts receivable	62,690,155.86	--	--	62,690,155.86
Provision for impairment of other receivables	4,640,300.88	--	--	4,640,300.88

②New debt restructuring standards

On May 16, 2019, the Ministry of Finance have issued “Accounting Standards for Business Enterprises No. 12 – Debt restructuring” (hereinafter referred to as the “New Debt Restructuring Standards”), modified the definition of debt restructuring, definitely confirmed the guidelines as “Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments”, etc are applicable to financial instruments involved in debt restructuring; confirmed the assets other than the financial assets transferred by the creditor are initially measured at cost; confirmed when the debtor pays off the debt with assets, the profit and loss of asset disposal and the profit and loss of debt restructuring are no longer distinguished.

According to the provisions of Caikuai [2019] No. 6 document issued by Ministry of Finance, "non operating income" and "non operating expenditure" items no longer include gains or losses arising from the disposal of non-current assets in debt restructuring.

The Group adopts the future applicable method for the new debt restructuring on January 1, 2019, and would not retroactively adjust the debt restructuring before January 1, 2019.

③New non-monetary assets exchange standards

On May 9, 2019, the Ministry of Finance have issued “Accounting Standards for Business Enterprises No. 17 – Non-monetary assets exchange” (hereinafter referred to as the “New Non-monetary assets exchange Standards”), defined the concept of monetary assets and non-monetary assets, confirmed the scope of application of the standards, recognition time of non-monetary assets exchange, the measurement basis and accounting method of non-monetary assets exchange under different conditions, and improve disclosure requirements of relevant information. The Group adopts the future applicable method for the non-monetary assets exchange from January 1, 2019, and would not retroactively adjust the non-monetary assets exchange before January 1, 2019.

④Changes in Financial Statements Format

In April 2019, the Ministry of Finance (the MOF) have issued “According to the Circular of the Ministry of Finance on Revising and Issuing the Format of the Financial Statements of General Enterprises for 2019” (Caikuai [2019] No. 6). Meanwhile “According to the Circular of the Ministry of Finance on Revising and Issuing the Format of the Financial Statements of General Enterprises for 2018” (Caikuai [2018] No. 15) issued by MOF was abolished. In September 2019, the MOFhave issued “According to the Circular of the Ministry of Finance on Revising and Issuing the Format of the Consolidated Financial Statements (the 2019 edition)” (Caikuai [2019] No. 16), meanwhile “According to the Circular of the Ministry of Finance on Revising and Issuing the Format of the Consolidated Financial Statements of 2018” (Caikuai [2019] No. 1) was abolished. According to Caikuai [2019] No. 6 and Caikuai [2019] No. 16, the Group revised the financial statement format as follows:

The Group divided notes and accounts receivable into notes receivable and accounts receivable, and notes and accounts payables into notes payable and accounts payable in the balance sheet.

The Group dajust comparative data for comparable periods in accordance with Caikuai [2019] No.6

The revision of the financial statement format has no impact on the Group’s total assets, total liabilities, net profit, other comprehensive income, etc.

The main impacts of retrospective adjustment caused by the above changes in accounting policy are as following:

(2) Changes in accounting estimates

The Group has no significant changes in accounting estimates this year.

(3) At the first implementation of the new financial instrument standards, the situation to adjust the relevant items of the financial statements at the beginning of the first implementation year is as follow:

Consolidated Balance Sheet

Item	2018.12.31	2019.01.01	Adjustments
Current Assets ：			
Cash and bank balances	4,841,058,243.20	4,841,058,243.20	--
Financial assets held for trading	--	--	--
Financial assets at fair value through profit or loss	--	--	--
Notes receivable	7,877,333,769.65	6,279,791,225.65	-1,597,542,544.00
Accounts receivable	870,151,434.92	870,151,434.92	--

Item	2018.12.31	2019.01.01	Adjustments
Financing receivable	--	1,597,542,544.00	1,597,542,544.00
Prepayments	2,532,274,356.71	2,532,274,356.71	--
Other receivables	39,829,376.18	39,829,376.18	--
Including: Interest receivables	--	--	--
Dividend receivables	--	--	--
Inventories	5,192,790,897.33	5,192,790,897.33	--
Assets classified as held for sale	--	--	--
Non-current assets due within one year	--	--	--
Other current assets	589,119,538.20	589,119,538.20	--
Total current assets	21,942,557,616.19	21,942,557,616.19	--
Non-current assets:			
Debt investments	--	--	--
Available-for-sale financial assets	3,863,245,277.97	--	-3,863,245,277.97
Other debt investmens	--	--	--
Held-to-maturity investments	--	--	--
Long-term receivables	--	--	--
Long-term equity investments	2,878,517,166.72	2,878,517,166.72	--
Other equity instruments investments	--	3,961,120,253.90	3,961,120,253.90
Other non-current financial assets	--	--	--
Investment properties	--	--	--
Fixed assets	81,726,018,549.33	81,726,018,549.33	--
Construction in progress	22,037,846,981.69	22,037,846,981.69	--
Intangible assets	2,581,451,681.00	2,581,451,681.00	--
Development expenditure	--	--	--
Goodwill	--	--	--
Long-term deferred expenses	--	--	--
Deferred tax assets	76,640,776.93	76,640,776.93	--
Other non-current assets	--	--	--
Total non-current assets	113,163,720,433.64	113,261,595,409.57	97,874,975.93
Total assets	**135,106,278,049.83**	**135,204,153,025.76**	**97,874,975.93**
Current liabilities:			
Short-term loans	31,155,720,000.00	31,155,720,000.00	--
Financial liabilities held for trading	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--
Notes payable	5,285,571,700.58	5,285,571,700.58	--
Accounts payable	23,684,774,325.63	23,684,774,325.63	--
Advances from customers	2,392,478,818.81	2,392,478,818.81	--
Payroll and employee benefits payable	319,572,506.94	319,572,506.94	--

Item	2018.12.31	2019.01.01	Adjustments
Taxes payable	174,990,193.04	174,990,193.04	--
Other payables	2,045,638,173.44	2,045,638,173.44	--
Including: Interest payables	32,952,838.32	32,952,838.32	--
Dividend payables	--	--	--
Liabilities classified as held for sale	--	--	--
Non-current liabilities due within one year	4,030,000,000.00	4,030,000,000.00	--
Other current liabilities	--	--	--
Total current liabilities	69,088,745,718.44	69,088,745,718.44	--
Non-current liabilities:			
Long-term loans	15,965,040,000.00	15,965,040,000.00	--
Bonds payable	7,000,000,000.00	7,000,000,000.00	--
Long-term payables	2,100,000.00	2,100,000.00	--
Long-term employee benefits payable	--	--	--
Provision	--	--	--
Deferred revenue	285,274,558.77	285,274,558.77	--
Deferred tax liabilities	803,629,503.02	818,310,749.41	14,681,246.39
Other non-current liabilities	5,588,813,436.69	5,588,813,436.69	--
Total non-current liabilities	29,644,857,498.48	29,659,538,744.87	14,681,246.39
Total liabilities	**98,733,603,216.92**	**98,748,284,463.31**	**14,681,246.39**
Shareholders' equity:			
Share capital	5,289,389,600.00	5,289,389,600.00	--
Capital reserve	20,091,435,081.71	20,091,435,081.71	--
Less: Treasury stock	--	--	--
Other comprehensive income	1,532,188,176.47	1,615,381,906.01	83,193,729.54
Special reserve	7,975,932.61	7,975,932.61	--
Surplus reserve	1,687,827,448.18	1,687,827,448.18	--
Retained earnings	-3,260,964,367.74	-3,260,964,367.74	--
Equity attributable to shareholders of the listed company	25,347,851,871.23	25,431,045,600.77	83,193,729.54
Non-controlling interests	11,024,822,961.68	11,024,822,961.68	--
Total shareholders' equity	36,372,674,832.91	36,455,868,562.45	83,193,729.54
Total liabilities and shareholders' equity	**135,106,278,049.83**	**135,204,153,025.76**	**97,874,975.93**

Balance sheet of parent company

Item	2018.12.31	2019.01.01	Adjustments
Current Assets:			
Cash and bank balances	1,920,854,622.28	1,920,854,622.28	--
Financial assets held for trading	--	--	--

Item	**2018.12.31**	**2019.01.01**	**Adjustments**
Financial assets at fair value through profit or loss	--	--	--
Notes receivable	3,990,860,314.45	3,163,003,492.36	-827,856,822.09
Accounts receivable	1,468,436,202.70	1,516,916,922.55	48,480,719.85
Financing receivable	--	827,856,822.09	827,856,822.09
Prepayments	183,530,920.91	183,530,920.91	--
Other receivables	2,742,352.97	2,742,352.97	--
Including: Interest receivables	--	--	--
Dividend receivables	--	--	--
Inventories	1,184,211,283.35	1,184,211,283.35	--
Assets classified as held for sale	--	--	--
Non-current assets due within one year	--	--	--
Other current assets	1,935,827,685.08	1,935,827,685.08	--
Total current assets	10,686,463,381.74	10,734,944,101.59	48,480,719.85
Non-current assets:			
Debt investments	--	--	--
Available-for-sale financial assets	3,863,245,277.97	--	-3,863,245,277.97
Other debt investments	--	--	--
Held-to-maturity investments	--	--	--
Long-term receivables	--	--	--
Long-term equity investments	17,653,055,184.34	17,653,055,184.34	--
Other equity instruments investments	--	3,961,120,253.90	3,961,120,253.90
Other non-current financial assets	--	--	--
Investment properties	--	--	--
Fixed assets	22,689,417,371.01	22,689,417,371.01	--
Construction in progress	2,971,961,902.17	2,971,961,902.17	--
Intangible assets	907,077,997.65	907,077,997.65	--
Development expenditure	--	--	--
Goodwill	--	--	--
Long-term deferred expenses	--	--	--
Deferred tax assets	44,142,858.12	36,870,750.14	-7,272,107.98
Other non-current assets	1,257,549,996.71	1,257,549,996.71	--
Total non-current assets	49,386,450,587.97	49,477,053,455.92	90,602,867.95
Total assets	**60,072,913,969.71**	**60,211,997,557.51**	**139,083,587.80**
Current liabilities:			
Short-term loans	7,361,920,000.00	7,361,920,000.00	--
Financial liabilities held for trading	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--

Item	**2018.12.31**	**2019.01.01**	**Adjustments**
Notes payable	2,453,871,700.58	2,453,871,700.58	--
Accounts payable	12,063,348,369.96	12,063,348,369.96	--
Advances from customers	578,561,185.84	578,561,185.84	--
Payroll and employee benefits payable	94,927,349.85	94,927,349.85	--
Taxes payable	63,257,633.61	63,257,633.61	--
Other payables	1,187,135,220.72	1,187,135,220.72	--
Including: Interest payables	26,911,171.68	26,911,171.68	--
Dividend payables	--	--	--
Liabilities classified as held for sale	--	--	--
Non-current liabilities due within one year	850,000,000.00	850,000,000.00	--
Other current liabilities	--	--	--
Total current liabilities	24,653,021,460.56	24,653,021,460.56	--
Non-current liabilities:			
Long-term loans	1,406,000,000.00	1,406,000,000.00	--
Bonds payable	7,000,000,000.00	7,000,000,000.00	--
Long-term payables	2,100,000.00	2,100,000.00	--
Long-term employee benefits payable	--	--	--
Provision	--	--	--
Deferred revenue	94,064,842.98	94,064,842.98	--
Deferred tax liabilities	803,629,503.02	818,310,749.41	14,681,246.39
Other non-current liabilities	--	--	--
Total non-current liabilities	9,305,794,346.00	9,320,475,592.39	14,681,246.39
Total liabilities	**33,958,815,806.56**	**33,973,497,052.95**	**14,681,246.39**
Shareholders' equity:			
Share capital	5,289,389,600.00	5,289,389,600.00	--
Capital reserve	12,415,326,156.11	12,415,326,156.11	--
Less: Treasury stock	--	--	--
Other comprehensive income	1,532,188,176.47	1,615,381,906.01	83,193,729.54
Special reserve	--	--	--
Surplus reserve	1,687,827,448.18	1,687,827,448.18	--
Retained earnings	5,189,366,782.39	5,230,575,394.26	41,208,611.87
Equity attributable to shareholders of the listed company	26,114,098,163.15	26,238,500,504.56	124,402,341.41
Non-controlling interests	--	--	--
Total shareholders' equity	26,114,098,163.15	26,238,500,504.56	124,402,341.41
Total liabilities and shareholders' equity	**60,072,913,969.71**	**60,211,997,557.51**	**139,083,587.80**

IV. Taxation

1. The major taxes and related tax rates:

Type of taxes	Tax bases	Tax rate%
Value-added tax	Taxable revenue	16, 13, 10, 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	Tax payable	25

2. Tax incentives and approval documents

On July 19, 2018, the company obtained the high-tech enterprise certificate issued by Beijing Municipal Science and Technology Commission, with the certificate number of G201811000105 and the certificate is valid for three years.

On July 19, 2018, 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 G201811000419 and the certificate is valid for three years.

On November 12, 2018, 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 GR201813001783 and the certificate is valid for three years.

On October 30, 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 provisions, above company could enjoy a preferential income tax rate at 15% in 2019.

V. Major notes to consolidated financial statements

1. Cash and bank balances

Items	2019.12.31			2018.12.31		
	Foreign Currency Amount	Exchange rate	RMB equivalent	Foreign Currency Amount	Exchange rate	RMB equivalent
Cash on hand:	--	--	22,914.63	--	--	40,170.81
Bank balances:	--	--	3,917,946,453.55	--	--	3,969,678,365.37
Among bank balances: Mandatory reserves of Financial companies Deposited	--	--	3,903,955,073.90	--	--	3,960,843,387.29
Other monetary assets:	--	--	554,348,222.57	--	--	871,339,707.02
Among other monetary assets: Mandatory reserves of Financial companies Deposited	--	--	546,651,134.84	--	--	854,774,205.57
Total	--	--	4,472,317,590.75	--	--	4,841,058,243.20

At the end of year 2019, except for RMB 554,348 thousand of deposits, the Group has no balance of cash or other monetary funds that are restricted because being pledged as security, guaranteed or blocked frozen or overseas balances that have restriction on remittance back to the home country.

2. Notes receivable

Items	2019.12.31		
	Book Value	**Bad debt provision**	**Net carrying amount**
Bank acceptance notes	9,904,600.00	9,904.60	9,894,695.40
Commercial acceptance notes	5,254,766,593.45	5,254,366.60	5,249,512,226.85
Total	**5,264,671,193.45**	**5,264,271.20**	**5,259,406,922.25**

Items	2018.12.31		
	Book Value	**Bad debt provision**	**Net carrying amount**
Bank acceptance notes	1,711,067,728.95	5,662,441.06	1,705,405,287.89
Commercial acceptance notes	6,174,428,481.76	2,500,000.00	6,171,928,481.76
Total	**7,885,496,210.71**	**8,162,441.06**	**7,877,333,769.65**

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

Items	Pledged amount at the end of the year
Bank acceptance notes	--
Commercial acceptance notes	1,500,000.00
Total	**1,500,000.00**

(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	--	9,904,600.00
Commercial acceptance notes	--	4,977,496,290.56
Total	--	**4,987,400,890.56**

(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
Bank acceptance notes	1,000,000.00
Commercial acceptance notes	800,000.00
Total	**1,800,000.00**

(4) Classified by bad debt provision method

Category	2019.12.31				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	5,264,671,193.45	100.00	5,264,271.20	0.10	5,259,406,922.25
Group 1	--	--	--	--	--
Group 2	5,264,671,193.45	100.00	5,264,271.20	0.10	5,259,406,922.25
Total	**5,264,671,193.45**	**100.00**	**5,264,271.20**	**0.10**	**5,259,406,922.25**

Category	2019.01.01				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	1,600,000.00	0.03	1,600,000.00	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	6,286,077,302.95	99.97	6,286,077.30	0.10	6,279,791,225.65
Group 1	--	--	--	--	--
Group 2	6,286,077,302.95	99.97	6,286,077.30	0.10	6,279,791,225.65
Total	**6,287,677,302.95**	**100.00**	**7,886,077.30**	**0.13**	**6,279,791,225.65**

(5) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2018	8,162,441.06
Adjustment amount for the first implementation of the new financial instrument standards	-276,363.76
As at 1 January 2019	7,886,077.30
Provision	--
Recovery or reversal	2,621,806.10
Written-off	--
As at 31 December 2019	**5,264,271.20**

3. Accounts receivable

(1) Disclosed by the ageing of accounts receivable

Ageing	2019.12.31
Within 1 year	858,161,740.21
1 – 2 years	9,591,493.60
2 – 3 years	200,000.00
Over 3 years	7,401,011.82
Subtotal	**875,354,245.63**
Less: provision for bad debts	38,778,179.50
Total	**836,576,066.13**

(2) Disclosed by bad debt provision

Category	2019.12.31				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	8,401,011.82	0.96	8,401,011.82	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	866,953,233.81	99.04	30,377,167.68	3.50	836,576,066.13
Total	**875,354,245.63**	**100.00**	**38,778,179.50**	**4.43**	**836,576,066.13**

Disclosed by bad debt provision (continued):

Category	2019.01.01				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	14,651,011.82	1.57	14,651,011.82	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	918,190,578.96	98.43	48,039,144.04	5.23	870,151,434.92
Total	**932,841,590.78**	**100.00**	**62,690,155.86**	**6.72**	**870,151,434.92**

Assessed bad debt provision individually:

Accounts receivable (by debtor)	2019.12.31			
	Book Value	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Accounts receivable over 3 years	7,401,011.82	7,401,011.82	100.00	Long aging
Overdue recourse notes	1,000,000.00	1,000,000.00	100.00	Overdue recourse notes
Total	**8,401,011.82**	**8,401,011.82**	**100.00**	

Assessed bad debt provision in portfolios:

Items	2019.12.31		
	Book Value	Bad debt provision	Expected credit loss (%)
Within 1 year	857,161,740.21	27,708,147.88	3.23
1 – 2 years	9,591,493.60	2,534,056.76	26.42
2 – 3 years	200,000.00	134,963.04	67.48
Over 3 years	--	--	--
Total	**866,953,233.81**	**30,377,167.68**	**3.50**

Provision for bad debts on December 31, 2018:

Category	2018.12.31				
	Amount	Proportion (%)	Bad debt provision	Provision proportion (%)	Net amount
Individually significant and assessed for bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on ageing	918,190,578.96	98.43	48,039,144.04	5.23	870,151,434.92
Individually insignificant but assessed for bad debt provision individually	14,651,011.82	1.57	14,651,011.82	100.00	--
Total	**932,841,590.78**	**100.00**	**62,690,155.86**	**6.72**	**870,151,434.92**

(3) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2018	62,690,155.86
Adjustment amount for the first implementation of the new financial instrument standards	--
As at 1 January 2019	62,690,155.86
Provision	--
Recovery or reversal	23,911,976.36
Written-off	--
As at 31 December 2019	**38,778,179.50**

(4) During the year, there was no accounts receivable write-off.

(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 540,060 thousand, accounting for 61.70% 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 18,959 thousand.

Company Name	Ending balance	Percentage of total accounts receivable %	Ending balance of bad debt provision
Beijing Shougang Steel Trade Investment Management Co., Ltd.	188,572,372.49	21.54	6,095,688.76
Shougang Casey Steel Co., Ltd.	159,556,205.55	18.23	5,157,727.80
Qian'an Shoujia Construction Material Co., Ltd.	74,221,373.06	8.48	3,901,373.14
Hebei Shoulang New Energy Technology Co., Ltd.	68,164,731.53	7.79	2,203,456.33
Ningbo Cimc Logistics Equipment Co., Ltd.	49,545,667.98	5.66	1,601,586.53
Total	**540,060,350.61**	**61.70**	**18,959,832.56**

4. Financing receivable

Items	2019.12.31	2018.12.31
Notes receivable	3,666,611,715.48	--
Accounts receivable	--	--
Subtotal	**3,666,611,715.48**	**--**
Less: Other comprehensive income - fair value change	--	--
Ending balance of fair value	**3,666,611,715.48**	**--**

The Group discounts and endorses most bank acceptance notes in accordance with daily fund management. Therefore the bank acceptance notes are classified as financial assets at fair value through other comprehensive income.

(1) Classified by bad debt provision method

Category	2019.12.31				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	3,667,345,184.51	100.00	733,469.03	0.02	3,666,611,715.48
Group 1	3,667,345,184.51	100.00	733,469.03	0.02	3,666,611,715.48
Group 2	--	--	--	--	--
Total	**3,667,345,184.51**	**100.00**	**733,469.03**	**0.02**	**3,666,611,715.48**

Category	2019.01.01				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,597,818,907.76	100.00	276,363.76	0.02	1,597,542,544.00
Group 1	1,597,818,907.76	100.00	276,363.76	0.02	1,597,542,544.00
Group 2	--	--	--	--	--
Total	**1,597,818,907.76**	**100.00**	**276,363.76**	**0.02**	**1,597,542,544.00**

(2) The pledged notes receivable of the Group at the end of the year

Items	Pledged amount at the end of the year
Bank acceptance notes	490,571,160.50
Commercial acceptance notes	--
Total	**490,571,160.50**

(3) 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	15,845,754,671.73	--
Commercial acceptance notes	--	--
Total	**15,845,754,671.73**	**--**

(4) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2018	--
Adjustment amount for the first implementation of the new financial instrument standards	276,363.76
As at 1 January 2019	276,363.76
Provision	457,105.27
Recovery or reversal	--
Written-off	--
As at 31 December 2019	**733,469.03**

5. Prepayments

(1) Disclosed by the ageing of prepayments

Ageing	2019.12.31		2018.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,861,327,375.78	98.33	2,473,862,935.64	97.69
1 – 2 years	11,535,996.45	0.61	53,719,899.55	2.12
2 – 3 years	17,996,199.23	0.95	2,931,991.62	0.12
Over 3 years	2,017,781.13	0.11	1,759,529.90	0.07
Total	**1,892,877,352.59**	**100.00**	**2,532,274,356.71**	**100.00**

(2) The top five prepayments classified by debtors are as follows:

During the year, the total amount of the top five prepayments classified by debtors at the end of the period is RMB 1,678,038 thousand, accounting for 88.65% of the total amount of prepayments at the end of the period.

Company Name	Ending balance	Percentage of total prepayments %
Shougang Group	1,333,506,134.45	70.45
Tangshan Caofeidian Ganglian Logistics Service Co.,Ltd	227,920,048.24	12.04
Tianjin Jintie Xincheng Freight Forwarding Co., Ltd	46,677,365.98	2.47
Tangshan Freight Center of China Railway Beijing Bureau Group Co., Ltd	42,230,150.70	2.23
Hangzhou Steam Turbine Co., Ltd.	27,704,464.56	1.46
Total	**1,678,038,163.93**	**88.65**

6. Other receivables

Items	2019.12.31	2018.12.31
Interest receivable	--	--
Dividends receivable	--	--
Other receivables	15,541,219.96	39,829,376.18
Total	**15,541,219.96**	**39,829,376.18**

Other receivables

①Disclosed by the ageing of other receivables

Ageing	2019.12.31
Within 1 year	14,274,719.74
1 – 2 years	1,505,248.46
2 – 3 years	657,701.80
3 – 4 years	2,308,169.60
4 – 5 years	1,400.00
Over 5 years	1,272,979.79
Subtotal	**20,020,219.39**
Less: provision for bad debts	4,478,999.43
Total	**15,541,219.96**

②Disclosed by nature of other receivables

Items	2019.12.31			2018.12.31		
	Ending balance	Provision for bad debts	Carrying amount	Ending balance	Provision for bad debts	Carrying amount
Imprest	11,089,458.13	1,795,312.52	9,294,145.61	10,594,163.27	1,830,697.30	8,763,465.97
Deposits	201,900.00	10,284.00	191,616.00	203,020.00	10,253.00	192,767.00
Due from trading companies	6,423,811.66	368,353.31	6,055,458.35	3,964,634.79	211,410.82	3,753,223.97
Court debit	2,305,049.60	2,305,049.60	--	29,707,859.00	2,587,939.76	27,119,919.24
Total	**20,020,219.39**	**4,478,999.43**	**15,541,219.96**	**44,469,677.06**	**4,640,300.88**	**39,829,376.18**

③Provision for bad debts

As at 31/12/2019, Phase I bad debts provision:

Category	Book value	Expected credit loss within 12 months (%)	Provision for bad debts	Carrying amount	Reason for bad debts
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	14,274,719.74	5.00	713,735.99	13,560,983.75	
Imprest and Deposits	9,252,909.43	5.00	462,645.48	8,790,263.95	
Due from trading companies	5,021,810.31	5.00	251,090.51	4,770,719.80	
Total	**14,274,719.74**	**5.00**	**713,735.99**	**13,560,983.75**	

As at 31/12/2019, Phase II bad debts provision:

Category	Book value	Expected credit loss within the lifetime (%)	Provision for bad debts	Carrying amount	Reason for bad debts
Assessed bad debt provision individually					
Assessed bad debt provision in portfolios	2,167,470.26	8.64	187,234.05	1,980,236.21	
Imprest and Deposits	765,468.91	9.14	69,971.25	695,497.66	
Due from trading companies	1,402,001.35	8.36	117,262.80	1,284,738.55	
Total	**2,167,470.26**	**8.64**	**187,234.05**	**1,980,236.21**	

As at 31/12/2019，Phase III bad debts provision:

Category	Book value	Expected credit loss over the lifetime (%)	Provision for bad debts	Carrying amount	Reason for bad debts
Assessed bad debt provision individually	3,578,029.39	100.00	3,578,029.39	--	
Court debit ofthe People's Court of Muye District, Xinxiang City, Henan Province	2,305,049.60	100.00	2,305,049.60	--	Litigation matter, not expected to be recovered
Imprest over 5 years	1,272,979.79	100.00	1,272,979.79	--	Long ageing
Total	**3,578,029.39**	**100.00**	**3,578,029.39**	--	

Provision for bad debts on 31 December 2018:

Category	2018.12.31				
	Amount	Proportion (%)	Bad debt provision	Provision proportion (%)	Net amount
Individually significant and assessed for bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on ageing	43,260,904.27	97.28	3,431,528.09	7.93	39,829,376.18
Individually insignificant but assessed for bad debt provision individually	1,208,772.79	2.72	1,208,772.79	100.00	--
Total	**44,469,677.06**	**100.00**	**4,640,300.88**	**10.43**	**39,829,376.18**

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 2018	509,274.99	2,922,253.10	1,208,772.79	4,640,300.88
Adjustment amount for the first implementation of the new financial instrument standards	--	--	--	--
As at 1 January 2019	509,274.99	2,922,253.10	1,208,772.79	4,640,300.88
Changes during the year	--	--	--	--
--Shift to Phase II	--	--	--	--
--Shift to Phase III	--	-2,305,049.60	2,305,049.60	--
--Back to Phase II	--	--	--	--
--Back to Phase I	--	--	--	--
Provision	204,461.00	--	64,207.00	268,668.00

Provision for bad debts	Phase I	Phase II	Phase III	Total
Reversal	--	429,969.45	--	429,969.45
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 31 December 2019	713,735.99	187,234.05	3,578,029.39	4,478,999.43

⑤During the current period, there was no write-off of provision for bad debts

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

Company Name	Nature of payment	Ending balance	Ageing	Percentage of total other receivable (%)	Ending balance of bad debt provision
Imprest	Imprest	11,089,458.13	1-5 years	55.39	1,795,312.52
People's Court of Muye District, Xinxiang City, Henan Province	Court debit	2,305,049.60	3-4 years	11.51	2,305,049.60
Beijing Shoubao Nuclear Equipment Technology Co., Ltd., Tangshan Caofeidian Branch	Others	1,451,396.15	Within 1 year	7.25	72,569.81
Tangshan Tangcao Railway Co., Ltd.	Due from trading companies	1,258,409.49	1-4 years	6.29	89,822.35
Qian'an Longzegu International Winery Co., Ltd.	Due from trading	556,185.00	1-2 years	2.78	44,494.80
Total		**16,660,498.37**		**83.22**	**4,307,249.08**

7. Inventories

(1) Classification of inventories

Items	2019.12.31			2018.12.31		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	2,327,795,697.28	59,379,927.89	2,268,415,769.39	1,885,212,913.62	66,894,070.29	1,818,318,843.33
Finished goods	903,091,467.87	19,597,406.71	883,494,061.16	1,810,387,585.98	77,563,735.68	1,732,823,850.30
Consumables	685,164,676.33	--	685,164,676.33	514,236,303.21	--	514,236,303.21
Self-made semi-finished goods	2,756,791,138.59	--	2,756,791,138.59	1,127,411,900.49	--	1,127,411,900.49
Total	**6,672,842,980.07**	**78,977,334.60**	**6,593,865,645.47**	**5,337,248,703.30**	**144,457,805.97**	**5,192,790,897.33**

(2) Provision for impairment

Items	2019.01.01	Increase during the period	Written back during the period	2019.12.31

		Provision	Others	Reversal or Write-off	Others	
Raw materials	66,894,070.29	--	--	7,514,142.40	--	59,379,927.89
Finished goods	77,563,735.68	98,182,828.73	--	156,149,157.70	--	19,597,406.71
Total	**144,457,805.97**	**98,182,828.73**	--	**163,663,300.10**	--	**78,977,334.60**

Note:

①Net realizable value of inventories is the estimated selling price under normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes.

②Due to the recovery of realizable value and the cost of product sales transferred into profit and loss, the reversal or write-off of impairment provision was recognized during this year.

8. Other current assets

Items	**2019.12.31**	**2018.12.31**
Deductible value added tax	--	200,787,539.13
Value added tax to be certified	5,715.70	1,651,607.76
Input value added tax	75,561,702.46	134,297,800.88
Entrusted Loans	229,012,500.00	164,252,500.00
Prepaid income tax	34,485,549.86	88,130,090.43
Total	**339,065,468.02**	**589,119,538.20**

9. Available-for-sale financial assets

Items	**2019.12.31**			**2018.12.31**		
	Ending balance	**Provision for impairment**	**Carrying amount**	**Ending balance**	**Provision for impairment**	**Carrying amount**
Available-for-sale debt instruments	——	——	——	--	--	--
Available-for-sale equity instruments	——	——	——	3,863,245,277.97	--	3,863,245,277.97
Including: based on fair value	——	——	——	3,816,657,702.97	--	3,816,657,702.97
Based on cost	——	——	——	46,587,575.00	--	46,587,575.00
Others	——	——	——	--	--	--
Total	——	——	——	**3,863,245,277.97**	--	**3,863,245,277.97**

10. Long-term equity investments

Company Nmae	2019.01.01	Movements during 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	2019.12.31	Impairment at the end of the year
①Joint ventures											
Tangshan Guoxing Industrial Co., Ltd.	26,452,308.58	–	–	2,263,407.67	–	–	–	–	–	28,715,716.25	–
Tangshan Zhonghong Carbon Chemical Co., Ltd.	148,222,390.64	–	–	-28,834,281.83	–	–	–	–	–	119,388,108.81	–
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,047,597,699.54	–	–	35,904,070.36	–	3,678,946.88	20,000,000.00	–	–	1,067,180,716.78	–
Subtotal	**1,222,272,398.76**	–	–	**9,333,196.20**	–	**3,678,946.88**	**20,000,000.00**	–	–	**1,215,284,541.84**	–
②Associates											
Tangshan Tangcao Railway Co., Ltd.	450,000,000.00	–	–	–	–	–	–	–	–	450,000,000.00	–
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	75,614,957.05	–	–	7,166,357.46	–	–	5,000,000.00	–	–	77,781,314.51	–
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	921,574,612.71	–	–	69,569,180.47	–	–	–	–	–	991,143,793.18	–
Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)	200,014,690.64	–	–	3,811,903.69	–	–	–	–	–	203,826,594.33	–
Beijing Dingshengcheng Packaging Material Co., Ltd.	9,040,507.56	–	–	1,439,780.30	–	–	–	–	–	10,480,287.86	–
Subtotal	1,656,244,767.96	–	–	81,987,221.92	–	–	5,000,000.00	–	–	1,733,231,989.88	–
Total	**2,878,517,166.72**	–	–	**91,320,418.12**	–	**3,678,946.88**	**25,000,000.00**	–	–	**2,948,516,531.72**	–

11. Other equity instrument investments

Items	2019.12.31	2018.12.31
BAIC Motor Corporation., Ltd	4,197,294,724.56	——
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	104,600,000.00	——
Minmetals Special Steel (Dongguan) Co., Ltd.	3,603,144.85	——
Qian'an Shoujia Construction Material Co., Ltd.	36,270,355.98	——
Qian'an China Petroleum Kunlun Gas Co., Ltd	9,882,348.98	——
Minmetals Tianwei Steel Co., Ltd.	5,867,352.97	——
Total	**4,357,517,927.34**	——

As other equity instruments are planned long-term holdings for strategic purposes, thus the Group specify them as financial assets measured at fair value through other comprehensive income.

Items	Dividend recognized in the year	Accumulated gain	Accumulated loss	Other comprehensive income transferred to retained earnings	Reasons
BAIC Motor Corporation., Ltd.	195,462,254.33	2,183,211,346.85	--	--	
Beijing TIEKE Shougang RAILWAY-TECH Co., Ltd.	4,893,576.00	94,898,800.00	--	--	
Minmetals Special Steel (Dongguan) Co., Ltd.	--	-1,396,855.15	--	--	
Qian'an Shoujia Construction Material Co., Ltd.	300,000.00	13,403,980.98	--	--	
Qian'an China Petroleum Kunlun Gas Co., Ltd.	1,377,954.27	8,082,348.98	--	--	
Minmetals Tianwei Steel Co., Ltd.	--	-1,352,647.03	--	--	
Total	**202,033,784.60**	**2,296,846,974.63**	--	--	

12. Fixed assets

Items	2019.12.31	2018.12.31
Fixed assets	82,861,544,532.17	81,726,018,549.33
Fixed assets to be disposed	--	--
Total	**82,861,544,532.17**	**81,726,018,549.33**

Fixed assets

①Analysis of fixed assets

Items	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Industrial furnace	Metallurgical equipment	Other tools	Total
Cost:								
1. At 31 December 2018	26,554,935,187.55	18,424,336,798.90	924,592,916.80	4,212,793,448.56	872,434,179.59	73,520,186,211.39	387,779,749.52	124,897,058,492.31
2.Increase in the year	2,720,470,699.27	5,603,250,537.45	900,438,246.40	1,594,604,662.06	-392,976,771.86	-3,328,349,651.79	-99,692,361.28	6,997,745,360.25
(1) Purchase	527,086.63	27,496,237.86	36,014.00	7,310,262.65	--	--	5,756,448.49	41,126,049.63
(2) Transferred from construction in progress	2,359,859,113.44	976,704,753.52	28,626,914.52	476,359,263.25	--	3,041,070,129.58	73,999,136.31	6,956,619,310.62
(3) Other increase	360,084,499.20	4,599,049,546.07	871,775,317.88	1,110,935,136.16	-392,976,771.86	-6,369,419,781.37	-179,447,946.08	--
3.Written back during the year	4,684,165.05	12,764,705.54	20,413,905.98	2,318,102.81	--	7,754,462.14	1,333,747.15	49,269,088.67
Disposal or retirement	4,684,165.05	12,764,705.54	20,413,905.98	2,318,102.81	--	7,754,462.14	1,333,747.15	49,269,088.67
4. At 31 December 2019	29,270,721,721.77	24,014,822,630.81	1,804,617,257.22	5,805,080,007.81	479,457,407.73	70,184,082,097.46	286,753,641.09	131,845,534,763.89
Accumulated depreciation:								
1. At 31 December 2018	7,097,085,778.44	6,797,117,902.65	482,408,360.97	1,932,900,813.08	458,171,546.78	26,329,264,705.18	74,090,835.88	43,171,039,942.98
2.Increase in the year	310,331,678.20	3,500,228,544.55	855,988,149.92	1,156,050,356.32	-148,477,221.41	158,642,779.54	18,429,209.06	5,851,193,496.18
(1) Depreciation	809,050,311.28	962,403,982.08	75,449,357.00	408,969,607.77	34,037,240.07	3,541,922,082.35	19,360,915.63	5,851,193,496.18
(2) Other increase	-498,718,633.08	2,537,824,562.47	780,538,792.92	747,080,748.55	-182,514,461.48	-3,383,279,302.81	-931,706.57	--
3.Written back during the year	1,789,772.22	10,780,400.71	17,863,792.01	2,257,419.05	--	5,358,863.79	192,959.66	38,243,207.44
Disposal or retirement	1,789,772.22	10,780,400.71	17,863,792.01	2,257,419.05	--	5,358,863.79	192,959.66	38,243,207.44
4.At 31 December 2019	7,405,627,684.42	10,286,566,046.49	1,320,532,718.88	3,086,693,750.35	309,694,325.37	26,482,548,620.93	92,327,085.28	48,983,990,231.72
Impairment								
1.At 31 December 2018	--	--	--	--	--	--	--	--
2.Increase in the year	--	--	--	--	--	--	--	--
3.Written back during the year	--	--	--	--	--	--	--	--
4.At 31 December 2019	--	--	--	--	--	--	--	--
Net carrying amount								
1.At the ending of the year	21,865,094,037.35	13,728,256,584.32	484,084,538.34	2,718,386,257.46	169,763,082.36	43,701,533,476.53	194,426,555.81	82,861,544,532.17
2.At the beginning of the year	19,457,849,409.11	11,627,218,896.25	442,184,555.83	2,279,892,635.48	414,262,632.81	47,190,921,506.21	313,688,913.64	81,726,018,549.33

②As of 31 December 2019, there were no temporarily idle fixed assets.

③As of 31 December 2019, there were no fixed assets acquired under finance leases.

④As of 31 December 2019, there were no fixed assets leased out under operating leases.

⑤Fixed assets pending certificates of ownership

Items	Net carrying amount	Reasons for pending certificates
Building of Beijing Shougang Cold Rolling Co., Ltd.	34,888,371.00	Property right certificate is in the process
Building of Shougang Jingtang United Iron&Steel Co., Ltd.	8,041,966,254.56	To be handled after completing the relevant procedures of the occupied phase I project
Total	**8,076,854,625.56**	

Note: Beijing Shougang Cold Rolling Co., Ltd. andShougang Jingtang United Iron&Steel Co., Ltd. were in the process of obtaining the relevant certificates for building property right.

13. Construction in progress

Items	2019.12.31	2018.12.31
Construction in progress	24,517,054,405.87	21,229,778,633.37
Construction materials	793,534,232.55	808,068,348.32
Total	**25,310,588,638.42**	**22,037,846,981.69**

(1) Construction in progress

①Details of construction in progress

Items	2019.12.31			2018.12.31		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Jingtang Co. Phase-I project	2,757,346,793.01	--	2,757,346,793.01	3,723,652,983.37	--	**3,723,652,983.37**
Jingtang Co. Phase-II project	16,800,493,905.29	--	16,800,493,905.29	13,390,211,436.51	--	**13,390,211,436.51**
Qiangang Co. auxiliary project	1,103,301,808.22	--	1,103,301,808.22	1,093,553,890.62	--	**1,093,553,890.62**
Other projects	3,855,911,899.35	--	3,855,911,899.35	3,022,360,322.87	--	**3,022,360,322.87**
Total	**24,517,054,405.87**	--	**24,517,054,405.87**	**21,229,778,633.37**	--	**21,229,778,633.37**

②The major construction projects in progress are as follows:

Project name	2019.01.01	Additions	Transferred to fixed assets	Other deduction	Capitalized interest accumulated	Capitalized Interest in the year	Capitalized interest rate in the year	2019.12.31
Jingtang Co. Phase-II project	13,390,211,436.51	7,783,812,530.78	4,373,530,062.00	--	1,153,789,218.30	577,303,197.38	4.68	16,800,493,905.29

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

Project name	Budget	The propotion of projects investment account for budget %	Progress (%)	Source of fund
Jingtang Co.-Phase-II project	225.36	93.96	The equipment prior to iron has been transferred to fixed assets, and the steel rolling production line is under commissioning	Selfraised

③As of 31 December 2019, there is no provision for impairment of construction in progress.

(2) Construction materials

Items	2019.12.31	2018.12.31
Specific materials	190,995,418.57	416,694,630.42
Specific equipments	602,538,813.98	391,373,717.90
Subtotal	**793,534,232.55**	**808,068,348.32**
Provision for impairment of construction materials	--	--
Total	**793,534,232.55**	**808,068,348.32**

14. Intangible assets

Analysis of intangible assets

Items	Software	Land use rights	Total
Cost			
1.At 31 December 2018	80,479,061.31	3,095,126,366.92	3,175,605,428.23
2.Increase in the year	727,476.59	263,442,560.83	264,170,037.42
(1) Purchase	727,476.59	--	727,476.59
(2) Transferred from construction in progress	--	263,442,560.83	263,442,560.83
3.Written back during the year	--	--	--
4.At 31 December 2019	81,206,537.90	3,358,568,927.75	3,439,775,465.65
Accumulated amortization:			

Items	Software	Land use rights	Total
1.At 31 December 2018	43,609,494.58	550,544,252.65	594,153,747.23
2.Increase in the year	12,075,354.76	71,027,746.68	83,103,101.44
Provision	12,075,354.77	71,027,746.67	83,103,101.44
3.Written back during the year	--	--	--
4.At 31 December 2019	55,684,849.35	621,571,999.32	677,256,848.67
Impairment:			
1.At 31 December 2018	--	--	--
2.Increase in the year	--	--	--
3.Written back during the year	--	--	--
4.At 31 December 2019	--	--	--
Net carrying amount:			
1.At the ending of the year	25,521,688.55	2,736,996,928.43	2,762,518,616.98
2.At the beginning of the year	36,869,566.73	2,544,582,114.27	2,581,451,681.00

15. Deferred income tax assets and deferred income tax liabilities

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

Items	2019.12.31		2018.12.31	
	Deductible/taxable temporary differences	**Deferred tax assets/liabilities**	**Deductible/taxable temporary differences**	**Deferred tax assets/liabilities**
Deferred tax assets:				
Asset impairment provision	116,936,734.11	17,540,510.13	181,064,588.70	29,723,599.54
The actual payment amount of payroll payable in the year is less than the withdrawal amount	11,920,536.11	1,788,080.42	12,802,008.11	1,920,301.22
Defferred income	211,378,747.20	31,706,812.09	279,114,558.77	41,867,183.82
Asset amortization difference	10,029,230.35	1,504,384.53	12,541,431.23	1,881,214.67
Unrealized internal transaction	9,582,639.38	1,437,395.90	8,323,184.54	1,248,477.68
Subtotal	**359,847,887.15**	**53,977,183.07**	**493,845,771.35**	**76,640,776.93**
Deferred tax liabilities:				
Joint commissioning cost	1,707,365,518.43	256,104,827.73	3,554,955,694.91	533,243,354.23
Changes in fair value of available-for-sale financial assets through other comprehensive income	2,296,846,974.63	344,527,046.21	1,802,574,325.26	270,386,148.79
Subtotal	**4,004,212,493.06**	**600,631,873.94**	**5,357,530,020.17**	**803,629,503.02**

(2) The Group's unrecognized deferred tax assets arising from deductible temporary differences and deductible tax losses were as follows:

Items	2019.12.31	2018.12.31
Deductible temporary differences	23,752,715.93	45,046,115.07
Deductible tax losses	1,703,664,533.54	1,999,882,292.76
Total	**1,727,417,249.47**	**2,044,928,407.83**

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

Years	2019.12.31	2018.12.31	Note
Year 2019	——	318,599,969.70	
Year 2020	1,117,988,634.00	1,117,988,634.00	
Year 2021	520,007,725.25	520,007,725.25	
Year 2022	21,824,245.45	21,824,245.45	
Year 2023	21,114,630.53	21,461,718.36	
Year 2024	22,729,298.31	——	
Total	**1,703,664,533.54**	**1,999,882,292.76**	

16. Short-term loans

Classification of short-term loans

Items	2019.12.31	2018.12.31
Guaranteed loans	8,806,731,733.54	7,034,890,000.00
Unsecured loans	21,460,482,181.88	24,120,830,000.00
Total	**30,267,213,915.42**	**31,155,720,000.00**

17. Notes payable

Item	2019.12.31	2018.12.31
Commercial acceptance notes	3,741,832,295.34	5,285,571,700.58

18. Accounts payable

Items	2019.12.31	2018.12.31
Payables for goods	19,869,174,040.96	20,781,976,631.07
Payables for construction	4,094,311,942.43	2,902,797,694.56
Total	**23,963,485,983.39**	**23,684,774,325.63**

As of 31 December 2010, the material trade payables aged over one year was as follows:

Company name	Amount due	Reason for non-settlement
Tangshan Shoukuang Cleaning Iron Co., Ltd.	255,466,259.07	In the execution
Tangshan Shougang Baoye Iron&Steel Co., Ltd.	199,968,694.59	In the execution
Beijing Teyu Plate Co., Ltd.	81,765,796.77	In the execution
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	39,618,416.59	In the execution
Tangshan Iron&Steel Group Will Automation Co., Ltd.	36,101,696.38	In the execution
Total	**612,920,863.40**	

19. Advances from customers

Item	2019.12.31	2018.12.31
Advances from customers	3,422,750,982.43	2,392,478,818.81

As of 31 December 2019, there is no advance received aged over one year.

20. Payroll and employee benefits payable

Items	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Short-term employee benefits	297,242,973.64	3,222,125,646.56	3,170,167,458.36	349,201,161.84
Post-employment benefits (defined contribution plans)	22,329,533.30	400,970,701.13	403,067,919.97	20,232,314.46
Termination benefits	--	18,034,922.37	18,034,922.37	--
Other retirement benefits due within one year	--	--	--	--
Total	**319,572,506.94**	**3,641,131,270.06**	**3,591,270,300.70**	**369,433,476.30**

(1) Short-term employee benefits

Items	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Salaries, bonuses and subsidies	50,356,252.46	2,404,178,048.88	2,397,701,479.76	56,832,821.58
Welfare	--	194,108,737.40	194,108,737.40	--
Social insurance	78,642,832.25	271,138,450.06	249,389,768.53	100,391,513.78
Including: Medical insurance	77,845,506.56	226,900,177.11	205,108,513.27	99,637,170.40
Work-related injury insurance	359,509.12	26,371,901.61	26,436,408.82	295,001.91
Maternity insurance	437,816.57	17,866,371.34	17,844,846.44	459,341.47
Housing fund	--	265,878,409.49	265,878,409.49	--
Labor union fee and employee education fee employee education fee	168,197,134.46	85,418,794.53	61,664,256.98	191,951,672.01

Items	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Short-term paid absences	--	--	--	--
Non-monetary benefits	--	--	--	--
Other short-term employee benefits	46,754.47	1,403,206.20	1,424,806.20	25,154.47
Total	**297,242,973.64**	**3,222,125,646.56**	**3,170,167,458.36**	**349,201,161.84**

(2) Defined contribution plans

Items	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Post-employment benefits				
Including: Pension insurance	9,152,483.88	383,717,249.60	384,969,991.21	7,899,742.27
Unemployment insurance	13,177,049.42	17,253,451.53	18,097,928.76	12,332,572.19
Total	**22,329,533.30**	**400,970,701.13**	**403,067,919.97**	**20,232,314.46**

(3) Termination benefits

Item	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Compensation for employee resettlement	--	18,034,922.37	18,034,922.37	--

21. Taxes payable

Items	2019.12.31	2018.12.31
Value-added tax	61,035,278.73	127,468,352.62
City construction and maintenance tax	4,099,878.41	2,596,633.64
Education surcharge	2,928,484.58	1,854,738.30
Personal income tax	1,519,041.15	1,309,256.83
Stamp duty	11,250.00	--
Corporate income tax	17,776,565.87	26,406,244.20
Environment protection tax	8,568,606.28	15,354,967.45
Real estate tax	1,241,884.11	--
Resouorce tax	4,327,645.80	--
Total	**101,508,634.93**	**174,990,193.04**

22. Other payables

Items	2019.12.31	2018.12.31
Interest payables	--	32,952,838.32
Other payables	1,639,040,708.48	2,012,685,335.12
Total	**1,639,040,708.48**	**2,045,638,173.44**

(1) Interest payables

Items	2019.12.31	2018.12.31
Interest payables for corporate bonds	--	26,866,666.68
Interest payables for short-term loans	--	6,086,171.64
Total	--	**32,952,838.32**

(2) Other payables

Items	2019.12.31	2018.12.31
Deposits	6,997,044.01	3,067,914.60
Guarantee	65,507,803.45	68,990,078.16
Due from trading companies	505,037,704.69	1,562,466,720.95
Due from trading companies of Shougang Group	1,061,498,156.33	378,160,621.41
Total	**1,639,040,708.48**	**2,012,685,335.12**

As of 31 December 2019, the material other payables aged over one year was as follows:

Company name	Amount due	Reason for non-settlement
Tangshan Shougang Baoye Iron&Steel Co., Ltd.	86,147,428.50	In the execution

23. Non-current liabilities due within one year

Items	2019.12.31	2018.12.31
Long-term loans due within one year	6,400,574,401.68	4,030,000,000.00
Bonds payable due within one year	3,000,000,000.00	--
Total	**9,400,574,401.68**	**4,030,000,000.00**

(1) Long-term loans due within one year

Items	2019.12.31	2018.12.31
Guaranteed loans	1,314,131,944.44	850,000,000.00
Unsecured loans	5,086,442,457.24	3,180,000,000.00
Total	**6,400,574,401.68**	**4,030,000,000.00**

(2) Bonds payable due within one year

Bond name	Par Value	Issue date	Term to maturity	Amount on offer
Zhongshixiezhu No.[2015] MTN688	2,500,000,000.00	2015/12/25	5 years	2,500,000,000.00
Zhongshixiezhu No.[2015] MTN692	500,000,000.00	2015/12/25	5 years	500,000,000.00
Subtotal	**3,000,000,000.00**			**3,000,000,000.00**

Bonds payable due within one year (continued)

Bond name	2018.12.31	Current year issuance	Accrued interest by par value	Amortisation of discount	Current year repayment	2019.12.31
Zhongshixiezhu No.[2015] MTN688	2,500,000,000.00	--	--	--	--	2,500,000,000.00
Zhongshixiezhu No.[2015] MTN692	500,000,000.00	--	--	--	--	500,000,000.00
Total	**3,000,000,000.00**	--	--	--	--	**3,000,000,000.00**

24. Long-term loans

Items	2019.12.31	Range of interest rate	2018.12.31	Range of interest rate
Guaranteed loans	10,814,131,944.44	4.75%-4.9%	2,150,000,000.00	4.75%
Unsecured loans	14,687,542,457.24	4.41%-4.90%	17,845,040,000.00	4.41%-4.90%
Subtotal	**25,501,674,401.68**		**19,995,040,000.00**	
Less: Long-term loans due within one year	6,400,574,401.68	4.41%-4.75%	4,030,000,000.00	4.41%-4.90%
Total	**19,101,100,000.00**		**15,965,040,000.00**	

25. Bonds payable

Item	2019.12.31	2018.12.31
Common bond	4,026,866,666.72	7,000,000,000.00

Increase or decrease in bonds payable

Bond name	Par value	Issue date	Term to maturity	Amount on offer
Zhongshixiezhu No.[2015] MTN688	2,000,000,000.00	2016/11/3	5 years	2,000,000,000.00
Zhongshixiezhu No.[2015] MTN692	2,000,000,000.00	2016/11/3	5 years	2,000,000,000.00
Subtotal	**4,000,000,000.00**			**4,000,000,000.00**

Bonds payable（continued）

Bond name	2018.12.31	Current year issuance	Accrued interest by par value	Amortisation of discount	Current year repayment	2019.12.31
Zhongshixiezhu No.[2015] MTN688	4,500,000,000.00	--	218,633,333.38	--	205,200,000.00	4,513,433,333.38
Zhongshixiezhu No.[2015] MTN692	2,500,000,000.00	--	119,833,333.34	--	106,400,000.00	2,513,433,333.34
Subtotal	**7,000,000,000.00**	--	**338,466,666.72**	--	**311,600,000.00**	**7,026,866,666.72**
Less: Long-term loans due within one year						3,000,000,000.00
Total	**7,000,000,000.00**					**4,026,866,666.72**

26. Long-term payables

Item	2019.12.31	2018.12.31
Special payables	2,100,000.00	2,100,000.00

Special payables

Item	2018.12.31	Increase during the year	Decrease during the year	2019.12.31	Reason for the payable
Research and development funds	2,100,000.00	--	--	2,100,000.00	State Funding

27. Deferred revenue

Item	2018.12.31	Increase during the year	Decrease during the year	2019.12.31	Reason for the payable
Government grant	285,274,558.77	48,729,652.00	10,168,267.29	323,835,943.48	

Notes: The government grants which recognized as deferred revenue refer to Note XIII, 2 government grants.

28. Other non-current liabilities

Item	2019.12.31	2018.12.31
Advance payment for construction	4,711,490,199.06	5,588,813,436.69

29. Share capital

Item	2018.12.31	Changes in current (+/-)					2019.12.31
		Shares issued	Bonus issue	Shares transferred from reserves	Others	Subtotal	
Total amount of shares	**5,289,389,600.00**	--	--	--	--	--	**5,289,389,600.00**

30. Capital reserve

Items	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Share premium	20,092,270,987.10	--	--	20,092,270,987.10
Other capital reserve	-835,905.39	1,876,262.91	--	1,040,357.52
Total	**20,091,435,081.71**	**1,876,262.91**	--	**20,093,311,344.62**

Note: the movement of other capital reserve is the change in other equity of joint ventures recognized by the Group in accordance with shareholding ratio.

31. Other comprehensive income

Items	2019.01.01	The amount of the year					2019.12.31
		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 may not be reclassified to profit or loss	1,615,381,906.01	396,397,673.44	--	59,459,651.03	336,938,022.41	--	1,952,319,928.42
Other comprehensive income that may not be reclassified to profit or loss	1,615,381,906.01	396,397,673.44	--	59,459,651.03	336,938,022.41	--	1,952,319,928.42
2. Other comprehensive income that will be reclassified to profit or loss	--	--	--	--	--	--	--
Total	**1,615,381,906.01**	**396,397,673.44**	--	**59,459,651.03**	**336,938,022.41**	--	**1,952,319,928.42**

The amount of other comprehensive income after tax for the period is 396,398 thousand. The amount of other comprehensive income after tax for the period attributable to the owners' of parent company is 336,938 thousand; and net-of-tax amount of other comprehensive income attributable to minority shareholders is 0.00.

32. Special reserve

Items	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Safety fund	7,975,932.61	72,039,270.20	64,266,037.17	15,749,165.64
Maintenance costs	--	--	--	--
Total	**7,975,932.61**	**72,039,270.20**	**64,266,037.17**	**15,749,165.64**

33. Surplus reserve

Items	2018.12.31	Increase during the year	Decrease during the year	2019.12.31
Statutory reserve	1,687,827,448.18	41,681,607.48	--	1,729,509,055.66
Discretionary surplus reserve	--	--	--	--
Total	**1,687,827,448.18**	**41,681,607.48**	--	**1,729,509,055.66**

34. Retained earnings

Items	For the year ended 31 December 2019	For the year ended 31 December 2018	Appropriation/ Distribution ratio
Retained earnings at 31 December 2017 before adjustment	-3,260,964,367.74	-5,524,277,372.55	
Adjustment of total retained earnings at 31 December 2017 (Increase in “+”, decrease in “-”)	--	--	
Retained earnings at 31 December 2017 after adjustment	-3,260,964,367.74	-5,524,277,372.55	
Add: Net profit attributable to parent company	1,251,047,873.08	2,403,750,672.16	
Less: Transfer to statutory surplus reserve	41,681,607.48	140,437,667.35	
Transfer to discretionary surplus reserve	--	--	
Transfer to general reserve	--	--	
Common Stock dividends payable	--	--	
Dividends payable to other equity holders	--	--	
Dividends of common stock converted to share capital	--	--	
Retained earnings at 31 December 2019	-2,051,598,102.14	-3,260,964,367.74	
Including: Surplus reserve attributable to parent company extracted by subsidiaries	--	--	

35. Revenue and cost of sales

Items	2019		2018	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal business	66,208,456,685.02	59,764,448,943.00	63,081,129,866.22	55,248,977,414.71
Other business	2,942,976,007.43	2,365,772,649.53	2,695,530,672.68	1,995,221,411.28
Total	**69,151,432,692.45**	**62,130,221,592.53**	**65,776,660,538.90**	**57,244,198,825.99**

Note: The information on revenue and cost of sales by industry and region refers to Note XIII, 1.

Principal business (presented as products)

Items	2019		2018	
	Revenue	Cost of sales	Revenue	Cost of sales
Billet	270,552,095.12	224,074,179.83	199,272,953.13	156,164,916.90
Hot-rolled steel	25,181,443,445.34	22,438,277,367.08	22,374,672,870.28	18,610,859,401.52
Cold-rolled steel	39,541,161,789.88	35,985,703,529.43	39,442,412,921.65	35,550,472,036.72
Other steels	835,056,438.75	755,558,703.74	794,723,187.14	692,899,408.41
Gas products	380,242,915.93	360,835,162.92	270,047,934.02	238,581,651.16
Total	**66,208,456,685.02**	**59,764,448,943.00**	**63,081,129,866.22**	**55,248,977,414.71**

36. Taxes and surcharges

Items	2019	2018
Urban maintenance and construction tax	56,416,763.63	122,698,732.13
Education surcharge	43,960,195.38	89,617,754.93
Property tax	152,167,348.31	121,430,529.16
Land usage tax	279,401,512.74	155,318,019.07
Vehicle and vessel usage tax	308,066.27	318,368.96
Stamp duty	59,864,333.14	48,828,247.80
Resources duty	46,945,685.80	4,650,071.40
Environmental protection tax	30,513,521.76	56,452,378.10
Disabled employment security fund	203,632.56	--
Total	**669,781,059.59**	**599,314,101.55**

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

37. Selling and distribution expenses

Items	2019	2018
Staff costs	120,209,816.04	103,015,361.89
Depreciation and amortization	141,260.50	167,378.82
Transportation expenses	1,029,354,428.04	952,023,751.07
Export expenses	79,106,533.88	114,992,307.79
Other regular expenses	46,637,419.45	48,617,665.11
Total	**1,275,449,457.91**	**1,218,816,464.68**

38. General and administrative expenses

Items	2019	2018
Staff costs	462,340,801.91	498,631,226.87
Depreciation and amortization	229,612,209.84	236,271,359.82
Other regular expeses	170,603,300.38	241,645,794.00
Total	**862,556,312.13**	**976,548,380.69**

39. Research and development expenses

Items	2019	2018
Staff costs	350,045,450.18	330,699,251.29
Depreciation and amortization	--	--
Other regular expenses	35,751,384.90	64,064,558.29
Total	**385,796,835.08**	**394,763,809.58**

40. Financial expenses

Items	2019	2018
Interest costs	2,778,726,888.35	2,634,711,294.84
Less: Interest capitalized	577,303,197.38	206,097,246.21
Interest expenses	2,201,423,690.97	2,428,614,048.63
Interest income	73,361,281.32	97,858,563.96
Discount on notes acceptance	791,952.78	--
Cash discount	-67,543,533.31	-20,163,555.28
Exchange losses and gains	3,152,529.68	-19,386,773.03
Less: Exchange losses and gains capitalized	--	--
Bank charges and others	11,230,107.33	7,102,699.89
Total	**2,075,693,466.13**	**2,298,307,856.25**

41. Other income

Items (sources of other income)	2019	2018	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 heating furnace revamping project (Qiangang Co., hot-rolled)	526,315.80	--	Related to assets
Government grants for dedusting system upgrading project (Qiangang Co.)	1,105,263.12	--	Related to assets
Government grants for advanced sewage treatment	313,703.72	--	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	1,052,631.58	--	Related to assets
Government grants for the desulfurization of pelletizing flue gas	1,486,105.24	1,486,105.26	Related to assets
Environmental protection government grants for closing limestone yards	80,000.00	80,000.00	Related to assets
Government grants for energy-saving incentive for No.3 hydrogen generator	67,878.96	67,878.95	Related to assets
Public support funds for Shougang irons and steels integration project of manufacturing and marketing in operating and manangement system	432,000.00	--	Related to assets
Government grants for the specialized production line project of Zinc-plated high-strengthen auto sheet	191,578.95	--	Related to assets
Special government grants for provincial-level industrial transformation and technical upgrading	300,000.00	--	Related to assets
Support funds for national science and technology projects (from Ministry of Science and Technology of the People's Republic of China)	--	4,820,000.00	Related to assets
Funds for RMB50,000 T/D seawater desalination subject	--	3,800,000.00	Related to assets
Other government grants related to assets	1,384,326.84	13,648,967.64	Related to assets
Subsidy from Environmental Protection Agency of Qian'an City for operating expenses of online monitoring facilities	--	342,750.00	Related to income

Items (sources of other income)	2019	2018	Related to assets/income
Intelligent stability control technology project for narrow window of molten steel quality	--	860,000.00	Related to income
The project subsidy of high magnetic silicon steel used in ultra-high voltage transformer	--	800,000.00	Related to income
Government grants for scientific and technological support	17,117,710.00	--	Related to income
Government grants for steady post	3,299,294.23	--	Related to income
Government grants for low-carbon renovation of gas-fired boiler	2,009,600.00	--	Related to income
Government grants for enterprises operat in the region	4,200,000.00	--	Related to income
Other government grants related to income	5,307,629.78	370,450.00	Related to income
Engineering informationization project subsidy (Qiangang Co., cold-rolled)	329,604.04	1,871,560.14	
Total	**42,432,105.34**	**31,376,175.07**	

Note: The details of government grants refer to Note XIII, 2 Government grants.

42. Investment income

Items	2019	2018
Investment income from long-term equity investments under the equity method	91,320,418.12	165,758,806.86
Investment income from available-for-sale financial assets in duration	--	103,967,493.39
Dividend income from other equity instruments investments	202,033,784.60	--
Interest income from entrusted loans	8,187,426.69	5,478,548.29
Total	**301,541,629.41**	**275,204,848.54**

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

Items	2019	2018
Provision for bad debts of notes receivable	2,621,806.10	--
Provision for bad debts of accounts receivable	23,911,976.36	--
Provision for bad debts of financing receivable	-457,105.27	--
Provision for bad debts of other receivables	161,301.45	--
Total	**26,237,978.64**	

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

Items	2019	2018
Provision for bad debts	--	5,977,001.32
Provision for decline in the value of inventories	-98,182,828.73	-213,078,142.14
Total	**-98,182,828.73**	**-207,101,140.82**

45. Gains on disposal of assets

Items	2019	2018
Gains from disposal of fixed assets (loss in “-”)	498,422.97	25,530.32

46. Non-operating income

Items	2019	2018	Included in non-recurring gains or losses in 2019
Compensation received	--	15,533,856.41	--
Waived payables	--	6,484,541.10	--
Others	1,335,781.31	2,184,023.08	1,335,781.31
Total	**1,335,781.31**	**24,202,420.59**	**1,335,781.31**

47. Non-operating expenses

Items	2019	2018	Included in non-recurring gains or losses in 2019
Public welfare donation	300,000.00	500,000.00	300,000.00
Non-public welfare donation	--	60,000.00	--
Compensation	--	53,039.64	--
Non-current assets written off	8,182,914.32	7,389,305.86	8,182,914.32
Penalty	1,720,000.00	1,219,616.12	1,720,000.00
Overdue fine	14,803,072.29	--	14,803,072.29
Others	3,516,243.74	18,926.12	3,516,243.74
Total	**28,522,230.35**	**9,240,887.74**	**28,522,230.35**

48. Income tax expenses

(1) Details of income tax expenses

Items	2019	2018
Current tax in accordance with tax laws and related regulations	213,326,648.57	267,448,219.71
Deffered income tax expenses	29,881,562.38	-439,651,224.85
Total	**243,208,210.95**	**-172,203,005.14**

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

Items	2019	2018
Profit before tax	1,997,274,827.67	3,159,178,046.12
Tax at the applicable tax rate of 15%	299,591,224.15	473,876,706.92
Taxation effect of different tax rates of subsidiaries	-2,272,852.80	3,287,979.60
Adjustment of income tax in the prior year	-22,493,523.44	--
Share of profit or loss of joint ventures and associates under the equity method	-13,698,062.72	-24,863,821.04
Income not subject to tax（expressed in“-”）	-30,305,067.69	-15,595,124.01
Non-deductible costs, expenses and losses	4,996,571.40	1,669,934.45
Taxation effect of the change in the applicable tax rate on the beginning disclosure of the deffered income tax	2,563,911.18	-378,456,971.47
Taxation effect of utilizing previous unrecognized tax losses and deductible temporary differences (expressed in “-”)	-856,313.71	-237,487,139.18
Taxation effect of unrecognized tax losses and deductible temporary differences	5,682,324.58	5,365,429.59
Taxation effect of research and development expenses (expressed in “-”)	--	--
Others	--	--
Income tax expenses	243,208,210.95	-172,203,005.14

49. Notes to the cash flow statement

(1) Proceeds from other operating activities

Items	2019	2018
Government grants received	82,329,271.36	128,362,000.00
Deposit for notes, credit and guarantee received	--	12,350,500.00
Other intercouse funds received	--	16,695,110.32
Non-operating income	--	24,202,420.59
Refund of individual income tax commission	--	1,871,560.14
Return of restricted funds	316,991,484.46	--
Total	**399,320,755.82**	**183,481,591.05**

(2) Payments for other operating activities

Items	2019	2018
Period expenses paid	1,621,915,129.66	1,464,595,370.31
Non-operating expenses paid	20,339,316.03	1,851,581.88
Restricted funds paid	--	617,949,126.84
Other intercouse funds paid	5,749,184.00	--
Total	**1,648,003,629.69**	**2,084,396,079.03**

(3) Proceeds from other investing activities

Items	2019	2018
Interest income	73,361,281.32	97,858,563.96

(4) Proceeds from other financing activities

Items	2019	2018
Borrowings from Shougang Group	690,938,155.85	--

(5) Payment for other financing activities

Items	2019	2018
Financial commissions	11,230,107.33	7,102,699.89
Paying back the borrowings from Shougang Group	980,799,000.00	3,315,528,319.67
Total	**992,029,107.33**	**3,322,631,019.56**

50. Supplements to the statement of cash flows

(1) Supplementary information

Supplementary information	2019	2018
1. Reconciliation of net profit to net cash flows from operating activities:		
Net profit	1,754,066,616.72	3,331,381,051.26
Add: Impairment losses on assets	98,182,828.73	207,101,140.82
Credit impairment losses	-26,237,978.64	--
Depreciation of fixed assets	5,851,193,496.18	5,735,692,151.83
Amortization of intangible assets	83,103,101.44	77,235,540.34
Amortizaiton of long-term deffered expenses	--	--
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gains as in "-")	-498,422.97	-25,530.32
Losses on written-off fixed assets (Gains as in "-")	8,182,914.32	7,389,305.86
Losses on fair value changes (Gain as in "-")	--	--
Financial expenses (Income as in "-")	2,075,693,466.13	2,298,307,856.25
Investment losses (Income as in "-")	-301,541,629.41	-275,204,848.54
Decrease in deferred tax assets (Increase as in "-")	22,663,593.86	-31,698,087.06
Increase in deferred tax liabilities (Decrease as in "-")	-277,138,526.50	-407,953,137.79
Decrease in inventories (Increase as in "-")	-1,499,257,576.87	-398,108,837.14

Supplementary information	2019	2018
Decrease in receivables from operating activities (Increase as in "-")	-466,532,795.21	522,206,293.76
Increase in payables from operating activities (Decrease as in "-")	-4,328,128,430.43	2,007,532,732.00
Others	324,878,281.18	-614,466,046.10
Net cash flow from operating activities	3,318,628,938.53	12,459,389,585.17
2. Significant non-cash payments for investing and financing activities:		
Conversion of debt into capital	--	--
Convertible bonds due within one year	--	--
Fixed assets under finance lease	--	--
3. Net changes in cash and cash equivalents:		
Closing balance of cash	3,917,969,380.92	3,969,718,548.91
Less: Opening balance of cash	3,969,718,548.91	3,547,671,127.30
Add: Closing balance of cash equivalents	--	--
Less: Opening balance of cash equivalents	--	--
Net increase in cash and cash equivalents	-51,749,167.99	422,047,421.61

Note: The amount of endorsement and transfer of acceptance notes received from goods sales of the company is RMB 53,644.78 million.

(2) Components of cash and cash equivalents

Items	31/12/2019	31/12/2018
1. Cash	3,917,969,380.92	3,969,718,548.91
Including: Cash on hand	22,914.63	40,170.81
Balances in banks without restriction	3,917,946,453.55	3,969,678,365.37
Other monetary funds without restriction	12.74	12.73
2. Cash equivalents	--	--
Including: bonds investment due within three months	--	--
3. Closing balance of cash and cash equivalents	3,917,969,380.92	3,969,718,548.91
Including: restricted cash and cash equivalents from the parent company or its subsidiaries	--	--

51. Restricted assets

Items	31/12/2019	Restricted reasons
Cash and cash balances	554,348,209.83	
Notes receivable	492,071,160.50	
Total	**1,046,419,370.33**	

Note: (1) As of 31 December 2019, the Group's restricted cash and cash balances include various cash deposits as collateral amounting to RMB 554,348,209.83.

(2) As of 31 December 2019, the Group's restricted notes receivable include pledged notes amounting to RMB 492,071,160.50.

VI. Change in the scope of consolidation

For the year ended 31 December 2019, the Group established a new subsidiary, Beijing Shougang New Energy Automobile Material Technology Co., Ltd.

VII. Interests in other entities

1. Interests in subsidiaries

(1) Composition of enterprise group

Subsidiaries	Main operating place	Place of registration	Business nature	Shareholding proportion (%)		Acquisition method
				Direct	Indirect	
Shougang Jingtang United Iron&Steel Co., Ltd	Tangshan, PRC	Tangshan, PRC	Manufacturing	51.00		Business combination under common control
Beijing Shougang Cold Rolling Co., Ltd.	Beijing, PRC	Beijing, PRC	Manufacturing	70.28		Establishment or investment, etc.
Shougang Qian'an Conference Centre Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Service industry	100.00		Business combination under common control
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd	Qian'an, PRC	Qian'an, PRC	Manufacturing	100.00		Establishment or investment, etc.
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	Qian'an, PRC	Beijing, PRC	Manufacturing	47.37		Establishment or investment, etc.

(2) Significant partly-owned subsidiaries

Subsidiaries	Percentage of equity held by non-controlling interests (%)	Profit or loss attributable to non-controlling interests	Dividends attributable to non-controlling interests	Closing balance of equity held by non-controlling interests
Shougang Jingtang United Iron&Steel Co., Ltd	49.00	501,314,652.54	--	12,968,124,645.14
Beijing Shougang Cold Rolling Co., Ltd.	29.72	1,790,624.81	--	-447,658,774.45
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	52.63	-86,533.71	--	149,913,466.29
Total		**503,018,743.64**		**12,670,379,336.98**

(3) Primary financial information of significant partly-owned subsidiaries

Subsidiaries	2019.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shougang Jingtang United Iron&Steel Co., Ltd	11,881,191,449.18	70,776,790,831.56	82,657,982,280.74	36,967,775,096.14	19,344,562,845.34	56,312,337,941.48
Beijing Shougang Cold Rolling Co., Ltd.	1,449,807,066.29	4,549,948,995.36	5,999,756,061.65	1,644,115,581.18	5,858,064,579.96	7,502,180,161.14
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	199,879,772.25	111,994,948.21	311,874,720.46	27,039,134.50	--	27,039,134.50

Continued (1):

Subsidiaries	2018.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shougang Jingtang United Iron&Steel Co., Ltd	10,540,772,837.09	64,414,300,389.83	74,955,073,226.92	35,815,574,510.02	15,844,089,715.79	51,659,664,225.81
Beijing Shougang Cold Rolling Co., Ltd.	1,276,737,959.77	4,831,807,665.59	6,108,545,625.36	1,864,853,386.00	5,752,523,433.40	7,617,376,819.40
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	--	--	--	--	--	--

Continued (2):

Subsidiaries	2019			
	Operating income	Net profit	Total comprehensive income	Net cash flow from operating activities
Shougang Jingtang United Iron&Steel Co., Ltd	36,189,924,483.50	1,024,880,097.27	1,024,880,097.27	2,375,586,203.10
Beijing Shougang Cold Rolling Co., Ltd.	7,696,233,920.49	6,024,982.53	6,024,982.53	-46,591,184.16
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	--	-164,414.04	-164,414.04	-27,704,279.26

Subsidiaries	2018			
	Operating in come	Net profit	Total comprehensive income	Net cash flow from operating activities
Shougang Jingtang United Iron&Steel Co., Ltd	33,767,208,820.95	1,880,020,315.81	1,880,020,315.81	7,483,943,545.30
Beijing Shougang Cold Rolling Co., Ltd.	8,473,531,312.65	23,919,553.95	23,919,553.95	212,440,025.47
Beijing Shougang New Energy Automobile Material Technology Co., Ltd.	--	--	--	--

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 (%) Direct	Shareholding proportion (%) Indirect	Accounting method
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 industry	50.00		Equity method
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Tangshan, PRC	Tangshan, PRC	Coking industry	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 materials	25.00		Equity method
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Qian'an, PRC	Qian'an, PRC	Coking industry	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

(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.	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Current assets	32,075,464.41	28,548,133.80	7,161,402.04	6,913,045.23	2,270,431,192.01	2,309,867,668.62
Including: Cash and cash equivalents	183,433.57	628,328.66	6,220,631.01	5,206,111.17	418,528,327.82	1,359,904,176.21
Non-current assets	70,133,241.93	48,628,768.97	736,281,354.41	766,819,262.20	2,007,056,849.60	2,249,745,480.83
Total assets	**102,208,706.34**	**77,176,902.77**	**743,442,756.45**	**773,732,307.43**	**4,277,488,041.61**	**4,559,613,149.45**
Current liabilities	43,831,336.24	24,272,285.61	504,666,538.81	473,047,526.13	559,182,858.08	1,555,517,750.37
Non-current liabilities	945,937.61	--	--	4,240,000.00	1,583,943,750.00	908,900,000.00
Total liabilities	**44,777,273.85**	**24,272,285.61**	**504,666,538.81**	**477,287,526.13**	**2,143,126,608.08**	**2,464,417,750.37**
Net assets	57,431,432.49	52,904,617.16	238,776,217.64	296,444,781.30	2,134,361,433.53	2,095,195,399.08
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the listed company	57,431,432.49	52,904,617.16	238,776,217.64	296,444,781.30	2,134,361,433.53	2,095,195,399.08
Net assets calculated by shareholding proportion	28,715,716.25	26,452,308.58	119,388,108.81	148,222,390.64	1,067,180,716.78	1,047,597,699.54
Adjustment	--	--	--	--	--	--
Including: Goodwill	--	--	--	--	--	--
Others	--	--	--	--	--	--
Book value of equity investment in the joint venture	28,715,716.25	26,452,308.58	119,388,108.81	148,222,390.64	1,067,180,716.78	1,047,597,699.54
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.	
	2019	2018	2019	2018	2019	2018
Operating income	49,090,881.11	26,988,493.68	--	--	7,889,128,204.38	7,715,695,043.39
Financial costs	24,624.02	-13,126.87	19,788,725.09	--	114,440,567.42	127,821,263.79
Income tax expense	1,532,418.14	971,200.68	--	--	8,833,993.27	18,094,983.84
Net profit	4,526,815.33	2,098,172.86	-57,668,563.66	-976,101.39	71,808,140.71	62,458,137.51
Net profit from discontinuing operation	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	4,526,815.33	2,098,172.86	-57,668,563.66	-976,101.39	71,808,140.71	62,458,137.51
Dividends received from joint venture	--	--	--	--	20,000,000.00	15,000,000.00

(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.	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Current assets	275,045,534.91	410,483,105.37	112,850,617.01	146,826,677.02	2,004,737,886.87	2,043,395,005.87
Non-current assets	8,408,959,115.62	7,798,176,814.07	264,288,970.95	221,302,279.14	1,968,321,630.62	1,902,756,955.39
Total assets	**8,684,004,650.53**	**8,208,659,919.44**	**377,139,587.96**	**368,128,956.16**	**3,973,059,517.49**	**3,946,151,961.26**
Current liabilities	746,523,936.01	918,607,654.92	66,014,329.99	65,669,128.01	1,980,202,119.18	2,092,227,793.72
Non-current liabilities	5,157,987,200.00	4,510,558,750.00	--	--	11,878,127.32	12,575,707.96
Total liabilities	**5,904,511,136.01**	**5,429,166,404.92**	**66,014,329.99**	**65,669,128.01**	**1,992,080,246.50**	**2,104,803,501.68**
Net assets	2,779,493,514.52	2,779,493,514.52	311,125,257.97	302,459,828.15	1,980,979,270.99	1,841,348,459.58
Including: Non-controlling interests	--	--	--	--	--	--
Equity attributable to shareholders of the listed company	2,779,493,514.52	2,779,493,514.52	311,125,257.97	302,459,828.15	1,980,979,270.99	1,841,348,459.58
Net assets calculated by shareholding proportion	450,000,000.00	450,000,000.00	77,781,314.51	75,614,957.05	986,996,372.97	917,427,192.50
Adjustment-goodwill	--	--	--	--	4,147,420.21	4,147,420.21
Book value of equity investment in the associates	450,000,000.00	450,000,000.00	77,781,314.51	75,614,957.05	991,143,793.18	921,574,612.71
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.	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Current assets	1,022,994,630.61	1,001,973,453.21	36,252,312.04	28,317,400.32
Non-current assets	--	--	328,695.69	153,017.12
Total assets	**1,022,994,630.61**	**1,001,973,453.21**	**36,581,007.73**	**28,470,417.44**
Current liabilities	3,861,658.94	1,900,000.00	13,390,467.77	8,479,389.25
Non-current liabilities	--	--	--	--
Total liabilities	**3,861,658.94**	**1,900,000.00**	**13,390,467.77**	**8,479,389.25**
Net assets	1,019,132,971.67	1,000,073,453.21	23,190,539.96	19,991,028.19
Including: Non-controlling interests	--	--	--	--
Equity attributable to shareholders of the listed company	1,019,132,971.67	1,000,073,453.21	23,190,539.96	19,991,028.19
Net assets calculated by shareholding proportion	203,826,594.33	200,014,690.64	10,435,742.99	8,995,962.69
Adjustment-goodwill	--	--	44,544.87	44,544.87
Book value of equity investment in the associates	203,826,594.33	200,014,690.64	10,480,287.86	9,040,507.56
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.	
	2019	2018	2019	2018	2019	2018
Operating income	--	--	383,670,512.68	304,547,081.08	6,913,378,291.52	6,798,519,584.51
Net profit	--	--	28,665,429.82	22,630,255.34	139,630,811.41	257,251,476.12
Net profit from discontinuing operation	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	--	--	28,665,429.82	22,630,255.34	139,630,811.41	257,251,476.12
Dividend received from assocaites	--	--	5,000,000.00	--	--	--

Items	Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership)		Beijing Dingshengcheng Packaging Materials Co., Ltd.	
	2019	2018	2019	2018
Operating income	--	--	101,033,864.73	38,202,466.22
Net profit	19,059,518.46	73,453.21	3,199,511.77	276,327.96
Net profit from discontinuing operation	--	--	--	--
Other comprehensive income	--	--	--	--
Total comprehensive income	19,059,518.46	73,453.21	3,199,511.77	276,327.96
Dividend received from associates	--	--	--	--

3. Interests in unconsolidated structured entities

(1) Basic information of unconsolidated structured entities

The unconsolidated structured entity is the Limited Partnership initiated by the Company-Beijing Shouxin Jinyuan Management Consulting Center (Limited Partnership) (Hereinafter referred to as "Shouxin Jinyuan Fund". In accordance with the provisions of the limited partnership agreement, the company has no control over the Partnership.

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

The total subscribed capital contribution of all partners to Shouxin Jinyuan Fund shall not be less than RMB one billion. The partners of the fund are divided into general partner and limited partner, the contribution agreement is as follows: The general partner,Beijing Shouyuan New Energy Investment Management Co., Ltd. contributed RMB 10,000 thousand; among the limited partners, the Company agreed to contribute RMB 200,000 thousand, and the other limited partners agreed to contribute RMB 790,000 thousand in total.

As at 31 December 2019, Shouxin Jinyuan Fund has finished fund raising and filing of Fund Association.

As at 31 December 2019, Shouxin Jinyuan Fund has conducted investment activities by the contribution of partners. There have been three cumulative external investment projects with the amount of RMB 523,040 thousand, and the fund has not yet been financed.

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

As at 31 December 2019, the Company has no assets and liabilities related to the interests in Shouxin Jinyuan Fund recognized in the financial statements, except for the contribution of partners as agreed in the agreement. The maximum loss exposure of the company's interests in Shouxin Jinyuan Fund is RMB 104,608 thousand.

(3) As at 31 December 2019, the Company had no intention to provide financial support or other support for Shouxin Jinyuan Fund.

(4) As at 31 December 2019, no additional information related to Shouxin Jinyuan Fun should be disclosed by the Company.

VIII. Financial instruments and risk management

The major financial instruments of the Group include cash on hand and bank balances, accounts receivable, notes receivable, other receivables, other current assets, other equity instrument investments, notes payable, accounts payable, other payables, short-term loans, non-current liabilities due within one year, long-term loans and bond payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Group to minimize the risk are disclosed as below. The management manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

1. Objectives and policies of financial risk management

The Group's objective in risk management is to obtain an appropriate equilibrium between risk and return. It also focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Based on the objectives of financial risk management, certain policies are made to recognize and analyze risk and internal control is designed according to proper acceptable in order to monitor the risk position of the Group. Both the policies and internal control will be reviewed and revised regularly to adapt the changes of the market and business activities of the Group. The Group's financial instrument risks mainly include credit risk and liquidity risk.

The primary risks caused by the financial instruments of the Group 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 Group.

Credit is managed on the Grouping basis. Credit risk is mainly arises from cash on hand and bank balances, accounts receivable, notes receivable, other receivables etc.

The Group expects that there is no significant credit risk associated with bank balamces since it is deposited or will be accepted by the financial institutions with good reputation and high credit rating.

In addition, the Group has policies to limit the credit risk exposure on notes receivable, accounts receivable and other receivables. The Group assesses the credit quality of and sets credit limits on it customers by taking into account their financial position, the availability of guarantee from third parties, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

The highest credit risk exposed to the Group is limited to the carrying amount of each financial instrument illustrated in the balance sheet. The Group would not provide any guarantee that might cause credit risk to the Group.

Among the accounts receivable of the Group, the accounts receivable of the top five customers accounted for 61.70% (2018: 59.43%); among the other receivables of the Group, the other receivables of the top five customers accounted for 83.22% (2018: 92.12%)

(2) Liquidity risk

Liquidity risk refers to the risks that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

Cash flow forecasting is performed by Group's finance department. The Group's finance management monitors cash and cash equivalents to meet operational needs and reduce the effect of floating cash flow. The department monitors the usage of bank loan so that the Group does not breach borrowing limits or covenants while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institute to meet the short-term and long-term liquidity requirements.

2. Capital management

The capital management policies are made to keep the continuous operation of the Group, to enhance the return to shareholders, to benefit other related parties and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Group might adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or make an asset disposal to reduce the liabilities.

The Group monitors the capital structure on the basis of leverage ratio (total liabilities divided by total assets). As at December 31, 2019, leverage ratio of the Group is 71.92% (2018/12/31: 73.04%).

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 31/12/2019, 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				
Financing receivable	--	--	3,666,611,715.48	3,666,611,715.48
Other equity instrument investments	--	4,197,294,724.56	160,223,202.78	4,357,517,927.34
Total assets measured at fair value on a recurring basis	--	**4,197,294,724.56**	**3,826,834,918.26**	**8,024,129,642.82**

The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made. During 2019, there were no transfers between level 1 and level 2 of the Group’s other assets and liabilities.

For financial instruments with active market, the company measures fair value at quoted price in active market; for financial instrument without active market, the company measures fair value using valuation techniques. Valuation models used are mainly cash flow discount model and market comparable entity model. Inputs include non-risk interest rate, base rate, liquidity premium, lack of liquidity discount, etc.

(2) Fair values of assets and liabilities not measured at fair value

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

The diference betwwen the fair value and carrying amounts of the Group's financial instruments is little and no more detailed disclosure.

X. Related parties and related party transactions

1. Information about the parent of the Company

Name	**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	64.38	64.38

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, change of the registered capital (paid-in capital) of the parent company is as follows:

As at 31/12/2018	**Addition**	**Reduction**	**As at 31/12/2019**
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 Group

For information about the joint ventures and associates of the Company, refer to Note VII, 2.

Joint ventures and associates that have related transactions with the Group in this year or the previous year are as follows:

Name of joint ventures or associates	**Relationship with the Group**
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Joint ventures of group
Tangshan Guoxing Industrial Co., Ltd.	Joint ventures of group
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Joint ventures of group
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Associates of group
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Associates of group
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Associates of group

4. Information about other related parties

Realted parties	**Related party relationship**
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
Peking University Shougang Hospital	Under the control of the same parent company
Beijing Shougang Ferroalloy Co., Ltd.	Under the control of the same parent company
Lujiashan Limestone Mining of Shougang Beijing Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Under the control of the same parent company
Yantai Shougang Mining 3D Co., Ltd.	Under the control of the same parent company
Tianjin Shougang Electric Equipment Co., Ltd.	Under the control of the same parent company

Realted parties	Related party relationship
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
Shougang Penglong Steel 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
Beijing Shoubao Nuclear Equipment Technology 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
Shougang Kuangshan Hospital	Under the control of the same parent company
Qinhuangdao Zhongshou Logistics Co., Ltd.	Under the control of the same parent company
Beijing Shougang Kuangjian 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 Shouxin Property Management Co., Ltd.	Under the control of the same parent company
Beijing Shougang Shape Metal Co., Ltd.	Under the control of the same parent company
Beijing Shougang Cultural Development Co., Ltd.	Under the control of the same parent company
Beijing Shougang Steel Trade Investment Management Co., Ltd.	Under the control of the same parent company
Jingxi (Guizhou) Supply Chain Management Co., Ltd.	Under the control of the same parent company
Jilin Jingxi Entrepreneurship Information Technology 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
Beijing Shougang Fulu Shicai Coated Plate 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
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	Under the control of the same parent company
Bohai International Conference Center Co., Ltd.	Under the control of the same parent company
Foshan Shougang Zhongjin Steel Processing&Distribution Co., Ltd.	Under the control of the same parent company
Hebei Shoulang New Energy Technology Co., Ltd.	Under the control of the same parent company

Realted parties	Related party relationship
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Under the control of the same parent company
Tangshan Caofeidian Jingshou Industrial Co., Ltd.	Under the control of the same parent company
Shanghai Shougang Steel Trading Co., Ltd.	Under the control of the same parent company
Guangzhou Shougang Steel Trading Co., Ltd.	Under the control of the same parent company
Shandong Shougang Steel Trading Co., Ltd.	Under the control of the same parent company
Tianjin Shougang Steel Trading Co., Ltd.	Under the control of the same parent company
Wuhan Shougang Steel Trading Co., Ltd.	Under the control of the same parent company
Suzhou Shouqin Steel Processing&Distribution Co., Ltd.	Under the control of the same parent company
Beijing Beiye Functional Materials Co., Ltd.	Under the control of the same parent company
Beijing Shougang Jitaian New Material Co., Ltd.	Under the control of the same parent company
Beijing Shouronghui 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 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
Harbin Shougang Wuzhong Steel Processing&Distribution Co., Ltd.	Under the control of the same parent company
West Factoring Co., Ltd.	Under the control of the same parent company
Beijing Shoujian Jicai Trading Co., Ltd.	Under the control of the same parent company
Shougang Guiyang Special Steel Co., Ltd.	Under the control of the same parent company
Chongqing Shougang Wuzhong Automotive Components Co., Ltd.	Under the control of the same parent company
Liuzhou Shougang Automotive Materials Co., Ltd.	Under the control of the same parent company
Ningbo Shougang Automotive Components 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 Changzhi Steel&Iron Co., Ltd.	Under the control of the same parent company
Beijing Shougang Langze New Energy Technology 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 Shougang Park Comprehensive Service Co., Ltd.	Under the control of the same parent company
Beijing Shougang Heavy Duty Truck Manufacture Co., Ltd.	Under the control of the same parent company
Qinhuangdao Shougang Plate Mill Co., Ltd.	Under the control of the same parent company
Tangshan Shoukuang Cleaning Iron Co., Ltd.	Under the control of the same parent company
Qian'an Shoufa Equipment Technology Co., Ltd.	Under the control of the same parent company
Jingxi Shoutang Supply Chain Management Co., Ltd	Under the control of the same parent company
Beijing Shougang Open Source Service Center	Under the control of the same parent company
Beijing Shoushe Metallurgical Technology Co., Ltd.	Under the control of the same parent company

Realted parties	Related party relationship
Beijing Shougang Industrial Co., Ltd.	Under the control of the same parent company
Bejing Shougang International Travel Co., Ltd.	Under the control of the same parent company
Qian'an Shougang Xingkuang Property Service Co., Ltd.	Under the control of the same parent company
Beijing Shouxinsheng Trading Co., Ltd.	Under the control of the same parent company
Qinhuangdao Thermostable Ceramics 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 Huayu Information Technology Co., Ltd.	Under the control of the same parent company
Beijing Huayue Aviation Service 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
Beijing Shougang Jitai'an Alloy Materials 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 Resources Comprehensive Utilization Technology Development Company	Under the control of the same parent company
Beijing Shouyuan Electric Power Co., Ltd.	Under the control of the same parent company
Beijing Jingshoujian Concrete Mixing Station Co., Ltd.	Under the control of the same parent company
Directors, Supervisors, CFO and Board Secretary	Key management personnel

5. Infromation about related transactions

(1) Details of related purchase and sales

①Purchase of goods and receiving of services from related parties

Related parties	Nature of transaction	2019	2018
Shougang Group Co., Ltd.	Raw material	15,425,330,532.57	10,486,982,787.02
Shougang Group Co., Ltd.	Fuel material	928,205,109.08	976,226,442.90
Shougang Group Co., Ltd.	Engineering equipment	--	30,506,508.36
Shougang Group Co., Ltd.	Spare parts	20,912,594.33	--
Shougang Group Co., Ltd.	Production service	3,568,781.04	--
Shougang Group Co., Ltd.	Interest expenses	130,252,367.90	197,489,171.82
Shougang Group Finance Co., Ltd.	Interest expenses	338,517,938.95	249,598,137.48
Shougang Group Finance Co., Ltd.	Service Charge	7,520.00	--
Shougang Mining Corporation	Raw material	8,574,990,158.95	6,743,135,491.48
Shougang Mining Corporation	Power energy	37,011,261.81	68,575,259.81
Shougang Mining Corporation	Spare parts	8,952,794.02	14,327,752.66
Shougang Mining Corporation	Production service	68,195,152.75	116,408,060.11

Related parties	**Nature of transaction**	**2019**	**2018**
Shougang Mining Corporation	Engineering equipment	1,778,613.63	8,047,005.78
China Shougang International Trade&Engineering Corporation	Export cost	49,965,746.36	50,174,631.81
China Shougang International Trade&Engineering Corporation	Fuel material	15,982,725.00	21,310,300.00
China Shougang International Trade&Engineering Corporation	Raw material	81,188,865.49	--
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Fuel material	5,709,176,730.89	5,637,708,180.30
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	427,839,224.47	405,007,444.46
Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	Production service	23,011,756.44	20,003,014.72
Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	Auxiliary material	35,151,689.38	39,233,423.44
Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	Raw material	--	7,364,133.61
Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	Engineering service	22,588,183.90	41,449,908.83
Beijing Shougang Construction Group Co., Ltd.	Production service	447,111,964.43	372,600,677.22
Beijing Shougang Construction Group Co., Ltd.	Spare parts	12,145,220.50	10,960,640.39
Beijing Shougang Construction Group Co., Ltd.	Engineering equipment	10,057,119.32	18,481,499.42
Beijing Shougang Construction Group Co., Ltd.	Engineering service	835,120,282.48	841,315,059.46
Beijing Shougang Construction Group Co., Ltd.	Auxiliary material	--	147,842.00
Beijing Shougang Gas Co., Ltd.	Spare parts	476,100.00	236,000.00
Beijing Shougang Gas Co., Ltd.	Production service	42,020,530.72	37,312,767.26
Beijing Shougang Gas Co., Ltd.	Power energy	83,070,684.93	99,349,937.24
Beijing Shougang Gas Co., Ltd.	Auxiliary material	9,186,947.82	6,848,410.37
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	214,496,627.99	156,493,896.59
Beijing Shougang Automation Information Technology Co., Ltd.	Spare parts	7,349,173.00	3,507,614.38
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering service	157,810,593.68	111,484,335.02
Beijing Shougang Automation Information Technology Co., Ltd.	Engineering equipment	262,928,432.01	244,523,383.15
Beijing Shougang Machinery&Electric Co., Ltd.	Spare parts	155,541,128.77	105,079,635.96
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	118,853,124.83	122,026,908.16
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering equipment	30,836,322.22	63,141,135.43
Beijing Shougang Machinery&Electric Co., Ltd.	Engineering service	62,838.18	1,363,636.36
Qinhuangdao Shougang Machinery Co., Ltd.	Spare parts	31,618,421.00	26,156,708.97
Qinhuangdao Shougang Machinery Co., Ltd.	Production service	69,940,621.26	19,297,726.68
Qinhuangdao Shougang Machinery Co., Ltd.	Auxiliary material	880,000.00	--
Qinhuangdao Shougang Machinery Co., Ltd.	Engineering equipment	20,090,103.92	16,344,930.96
Qian'an Shouxin Automation Information Technology Co., Ltd.	Production service	119,047,982.00	121,767,908.00
Qian'an First Real Packaging Service Co., Ltd.	Production service	161,718,265.73	167,473,727.18

Related parties	Nature of transaction	2019	2018
Qian'an First Real Packaging Service Co., Ltd.	Raw material	37,874,035.56	--
Qian'an Shougang Equipment Structure Co., Ltd.	Spare parts	8,747,649.50	13,864,386.00
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	47,815,296.04	48,694,545.19
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering equipment	26,530,109.39	32,636,042.02
Qian'an Shougang Equipment Structure Co., Ltd.	Engineering service	2,443,953.21	115,096.55
Qian'an Shougang Equipment Structure Co., Ltd.	Raw material	5,524,164.94	--
Huludao Shougang Donghua Machinery Co., Ltd.	Spare parts	13,503,870.92	15,452,699.61
Huludao Shougang Donghua Machinery Co., Ltd.	Production service	35,447,893.60	25,694,369.93
Huludao Shougang Donghua Machinery Co., Ltd.	Engineering equipment	1,134,823.98	67,828,636.13
Beijing Soly Technology Co., Ltd.	Spare parts	--	386,705.51
Beijing Soly Technology Co., Ltd.	Engineering equipment	575,170.00	261,149.12
Beijing Shouye Instruments&Meters Co., Ltd.	Spare parts	33,420,805.93	30,583,429.22
Beijing Shouye Instruments&Meters Co., Ltd.	Engineering equipment	--	134,716.00
Beijing Shoujian equipment maintenance Co., Ltd.	Production service	52,385,418.90	39,057,871.20
Beijing Shoujian Hengxin Labor Service Co., Ltd.	Production service	1,844,435.55	2,126,070.48
Beijing Shoujian Hengji Construction Engineering Co., Ltd.	Spare parts	374,702.30	632,087.70
Beijing Shougang Landscaping Co., Ltd.	Life service	26,750,116.85	21,587,938.85
Beijing Shougang Landscaping Co., Ltd.	Engineering service	2,234,477.70	--
Beijing Shougang Huaxia International Trade Co., Ltd.	Spare parts	7,600,358.00	2,003,456.33
Beijing Shougang Huaxia International Trade Co., Ltd.	Raw material	57,227,366.92	98,503,729.53
Beijing Shougang Huaxia International Trade Co., Ltd.	Auxiliary material	290,769.19	1,007,665.75
Beijing Shougang Huaxia International Trade Co., Ltd.	Engineering equipment	--	128,400.00
Beijing Shougang International Engineering&Technology Co., Ltd.	Spare parts	3,293,988.00	5,355,983.92
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering equipment	271,843,498.28	136,156,956.96
Beijing Shougang International Engineering&Technology Co., Ltd.	Engineering service	1,159,795,094.46	971,830,007.30
Beijing Shougang International Engineering&Technology Co., Ltd.	Production service	1,105,774.00	453,470.00
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	66,732,849.79	58,278,065.73
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Engineering service	--	476,516.00
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Production service	34,507,421.25	29,312,018.32
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Auxiliary material	25,650,434.02	25,366,827.32
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Engineering equipment	--	4,414,520.25
Beijing Huaxia Technology Co., Ltd.	Spare parts	3,017,378.43	3,570,183.86
Beijing Huaxia Technology Co., Ltd.	Engineering equipment	--	4,299,515.41

Related parties	Nature of transaction	2019	2018
Beijing Huaxia Technology Co., Ltd.	Production service	--	286,293.10
Beijing Shougang Catering Co., Ltd.	Life service	29,977,452.28	36,211,342.15
Beijing Shoujia Steel Construction Co., Ltd.	Production service	15,001,207.08	17,280,246.63
Peking University Shougang Hospital	Life service	8,344,330.04	3,358,877.90
Beijing Shougang Ferroalloy Co., Ltd.	Raw material	256,233,245.83	257,887,524.99
Beijing Shougang Ferroalloy Co., Ltd.	Auxiliary material	--	174,396.61
Lujiashan Limestone Mining of Shougang Beijing Co.,Ltd.	Raw material	106,745,309.77	79,195,408.49
Lujiashan Limestone Mining of Shougang Beijing Co.,Ltd.	Production service	6,213,750.99	4,170,268.17
Lujiashan Limestone Mining of Shougang Beijing Co.,Ltd.	Auxiliary material	714,241.37	3,706,397.78
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Auxiliary material	123,446,064.55	86,722,113.34
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Engineering equipment	12,518,192.00	--
Yantai Shougang Mining 3D Co., Ltd.	Spare parts	291,016.25	251,245.40
Yantai Shougang Mining 3D Co., Ltd.	Auxiliary material	563.80	362,080.00
Tianjin Shougang Electric Equipment Co., Ltd.	Engineering equipment	20,814,461.07	17,228,843.03
Tianjin Shougang Electric Equipment Co., Ltd.	Spare parts	--	43,500.00
Beijing Chengxin Engineering Supervision Co., Ltd.	Engineering service	10,221,801.27	11,135,502.64
Beijing Chengxin Engineering Supervision Co., Ltd.	Production service	182,075.48	550,975.32
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	88,764,826.69	116,685,917.69
Shougang Penglong Steel Co., Ltd.	Production service	7,268,770.36	8,716,306.75
Beijing Shougang Materials Trading Co., Ltd.	Fuel material	93,412,206.47	69,841,220.69
Beijing Shougang Materials Trading Co., Ltd.	Raw material	501,003,231.60	684,443,126.73
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	902,058,261.99	880,542,090.00
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Fuel material	8,646,318,959.07	6,229,651,283.87
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Raw material	1,411,956.90	787,108.67
Beijing Shougang Futong Elevator Co., Ltd.	Spare parts	433,075.00	485,625.00
Beijing Shougang Futong Elevator Co., Ltd.	Production service	577,068.97	373,752.14
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Production service	116,901,828.23	63,201,577.98
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Engineering equipment	4,828,685.47	3,721,551.32
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Spare parts	11,595,876.00	13,088,912.00
Tangshan Guoxing Industrial Co., Ltd.	Production service	38,316,953.44	13,355,355.49
Tangshan Guoxing Industrial Co., Ltd.	Spare parts	1,976,600.00	832,640.00
Tangshan Guoxing Industrial Co., Ltd.	Auxiliary material	--	93,000.00
Tangshan Guoxing Industrial Co., Ltd.	Fuel material	747,170.99	564,945.31

Related parties	Nature of transaction	2019	2018
Tangshan Guoxing Industrial Co., Ltd.	Engineering service	3,682,543.70	1,538,621.68
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Production service	337,362,439.03	352,267,670.50
Tonghua Iron and Steel Co., Ltd.	Engineering equipment	100,789,692.06	187,439,037.37
Tonghua Iron and Steel Co., Ltd.	Raw material	172,306,141.47	84,630,613.17
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Production service	450,000.00	--
Shougang Environmental Industry Co., Ltd.	Production service	2,917,451.84	1,748,989.61
Beijing Teyu Plate Co., Ltd.	Raw material	3,580,817.93	6,822,042.67
Shougang Kuangshan Hospital	Life service	1,476,833.00	1,411,701.50
Qinhuangdao Zhongshou Logistics Co., Ltd.	Raw material	12,322,833.89	15,950,694.25
Beijing Shougang Kuangjian Co., Ltd.	Engineering service	30,114,337.84	17,842,710.00
Beijing Shougang Kuangjian Co., Ltd.	Production service	--	535,575.84
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Engineering equipment	3,706,128.56	81,382,922.06
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Raw material	2,440,449.31	689,857,860.96
Beijing Shougang Industrial Group Co., Ltd.	Life service	1,587,534.37	566,425.17
Beijing Shouxin Property Management Co., Ltd.	Production service	--	257,339.25
Beijing Shougang Shape Metal Co., Ltd.	Raw material	1,004,008.95	1,303,560.40
Beijing Dingshengcheng Packaging Materials Co., Ltd.	Production service	99,899,345.64	40,241,035.97
Beijing Shougang Cultural Development Co., Ltd.	Production service	188,679.25	282,075.47
Beijing Shougang Steel Trade Investment Management Co., Ltd.	Sales service Charge	9,886,776.51	8,429,667.73
Jingxi (Guizhou) Supply Chain Management Co., Ltd.	Raw material	72,644,648.46	5,027,892.62
Jilin Jingxi Entrepreneurship Information Technology Co., Ltd.	Raw material	--	4,727,462.05
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Spare parts	66,420.00	758,140.00
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Raw material	2,792,411.50	17,129,722.01
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Engineering service	--	94,339.62
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Auxiliary material	--	660,992.60
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Production service	5,050,207.48	--
Shougang Casey Steel Co., Ltd.	Production service	74,672,046.11	19,252,368.51
Tangshan Caofeidian First Real Industrial Co., Ltd.	Life service	13,199,256.60	10,440,575.72
Beijing Shougang Fulu Shicai Coated Plate Co., Ltd.	Engineering equipment	17,022,018.50	46,094,126.95
Qiangang Hotel.	Production service	606,948.76	316,000.00
Beijing Shougang Special Steel Co., Ltd.	Engineering equipment	102,565,023.77	--
Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	Spare parts	1,268,805.00	--
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	Raw material	16,002,746.00	--

Related parties	Nature of transaction	2019	2018
Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	Engineering equipment	32,508,824.69	--
Bohai International Conference Center Co., Ltd.	Life service	439,362.26	--
Foshan Shougang Zhongjin Steel Processing&Distribution Co., Ltd.	Production service	94,378.48	--
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	2,761,596.34	--
Qian'an Shougang Xingkuang Industrial Co., Ltd.	Auxiliary material	19,491,647.24	--
Tangshan Caofeidian Jingshou Industrial Co., Ltd.	Spare parts	6,853,547.00	--

②Sale of goods and rendering of services to related parties

Related parties	Nature of transaction	2019	2018
Shougang Group Co., Ltd.	Management service	370,745,020.29	384,196,400.00
Shougang Mining Corporation	Steel	6,791,709.30	10,511,689.12
Shougang Mining Corporation	Raw fuel material	170,297,290.32	147,669,427.10
Shougang Mining Corporation	Power energy	369,371,013.03	255,503,408.12
Shougang Mining Corporation	Production service	16,286,612.00	16,691,365.00
Shougang Mining Corporation	Spare parts	--	47,996.66
Shougang Group Finance Co., Ltd.	Interest income	71,871,537.49	96,620,146.54
Tangshan Zhonghong Carbon Chemical Co., Ltd.	Investment income	8,187,426.69	5,478,548.29
Beijing Shougang Steel Trade Investment Management Co., Ltd.	Steel	89,947,445.05	330,490,493.33
Shanghai Shougang Steel Trading Co., Ltd.	Steel	8,259,950,875.29	6,946,632,277.06
Guangzhou Shougang Steel Trading Co., Ltd.	Steel	7,944,636,740.78	6,885,399,920.51
Shandong Shougang Steel Trading Co., Ltd.	Steel	6,894,010,250.49	5,966,594,087.29
Tianjin Shougang Steel Trading Co., Ltd.	Steel	8,647,563,468.71	6,800,287,319.67
Wuhan Shougang Steel Trading Co., Ltd.	Steel	1,654,044,276.54	1,852,436,124.32
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Power energy	200,061,363.49	168,953,933.39
Shougang Casey Steel Co., Ltd.	Steel	249,996,386.87	204,792,865.17
Shougang Penglong Steel Co., Ltd.	Steel	286,470,227.92	297,561,328.40
Shougang Penglong Steel Co., Ltd.	Power energy	1,739,933.64	1,401,446.42
Shougang Penglong Steel Co., Ltd.	Production service	3,340,150.50	--
Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	Steel	1,041,454,933.27	1,076,695,682.48
Beijing Shougang Construction Group Co., Ltd.	Power energy	7,613,401.69	18,251,576.70
Beijing Shougang Construction Group Co., Ltd.	Steel	32,142,624.82	11,696,826.93
Beijing Shougang Construction Group Co., Ltd.	Production service	208,000.00	--
Beijing Shougang Gas Co., Ltd.	Power energy	134,452,950.60	188,077,819.57

Related parties	Nature of transaction	2019	2018
Suzhou Shouqin Steel Processing&Distribution Co., Ltd.	Steel	277,393,046.72	226,643,831.19
Beijing Shougang Machinery&Electric Co., Ltd.	Steel	13,752,872.81	--
Beijing Shougang Machinery&Electric Co., Ltd.	Power energy	2,389,168.65	2,026,563.41
Beijing Shougang Machinery&Electric Co., Ltd.	Production service	2,840,000.00	108,342.85
Beijing Shougang Ferroalloy Co., Ltd.	Power energy	3,661,793.11	3,837,864.89
Beijing Shougang Ferroalloy Co., Ltd.	Raw fuel material	16,542,542.44	17,230,069.25
Beijing Shougang Ferroalloy Co., Ltd.	Production service	493,044.05	418,889.04
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Power energy	564,148,285.44	566,497,279.42
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Production service	176,641,061.76	155,315,836.93
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Recycled material	172,674.55	1,690,673.37
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Spare parts	343,324.00	--
Beijing Beiye Functional Materials Co., Ltd.	Billet	7,366,113.97	6,781,499.61
Beijing Beiye Functional Materials Co., Ltd.	Production service	384,905.66	--
Beijing Shougang Jitaian New Material Co., Ltd.	Billet	1,108,792.50	4,874,083.00
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Power energy	39,123.00	--
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Raw fuel material	3,182,416.95	3,927,490.99
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Recycled material	4,568,190.07	3,562,846.76
Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	Production service	133,523.81	--
Beijing Shoucheng Packaging Service Co., Ltd.	Steel	11,522,208.24	15,841,601.95
Beijing Shoucheng Packaging Service Co., Ltd.	Power energy	315,078.53	326,513.77
Beijing Shoucheng Packaging Service Co., Ltd.	Production service	758,312.49	--
Qian'an First Real Packaging Service Co., Ltd.	Steel	100,954,027.21	57,751,905.99
Beijing Shouronghui Technology Development Co., Ltd.	Steel	6,608,317.76	19,765,769.92
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Recycled material	169,307,874.01	109,043,188.61
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Power energy	97,078,359.14	78,418,832.71
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Production service	14,439,797.30	9,134,772.01
Jilin Tonggang International Trade Co., Ltd.	Steel	107,008,056.82	92,141,965.69
Beijing Shougang International Engineering&Technology Co., Ltd.	Steel	2,857,231.84	237,672.76
Beijing Shougang International Engineering&Technology Co., Ltd.	Power energy	2,462,539.74	423,831.83
Beijing Shougang Metal Co., Ltd.	Steel	19,773,832.46	12,717,371.16
Beijing Shougang Metal Co., Ltd.	Power energy	689,706.52	--
Beijing Shougang Metal Co., Ltd.	Production service	2,399,908.26	2,257,727.27
Huludao Shougang Donghua Machinery Co., Ltd.	Steel	--	2,759,963.60

Related parties	Nature of transaction	2019	2018
Huludao Shougang Donghua Machinery Co., Ltd.	Production service	68,571.43	--
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Steel	352,885,301.56	--
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Billet	--	1,027,690.50
Qinhuangdao Shouqin Metal Materials Co., Ltd.	Raw fuel material	--	87,887,843.70
Beijing Shougang Kuangjian Co., Ltd.	Steel	6,158,563.95	11,457,050.71
Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	Steel	21,165,858.24	17,941,395.76
Qinhuangdao Shougang Machinery Co., Ltd.	Recycled material	345,954,765.97	368,089,414.68
Qinhuangdao Shougang Machinery Co., Ltd.	Power energy	124,916.40	138,560.65
Qian'an Shougang Equipment Structure Co., Ltd.	Power energy	17,638.22	13,421.76
Qian'an Shougang Equipment Structure Co., Ltd.	Production service	130,285.71	120,000.00
Tangshan Guoxing Industrial Co., Ltd.	Power energy	280,770.63	76,016.92
Tangshan Guoxing Industrial Co., Ltd.	Recycled material	261,251.65	--
Tangshan Guoxing Industrial Co., Ltd.	Production service	629,523.81	--
Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	Power energy	77,437.50	70,680.84
Tangshan Caofeidian First Real Industrial Co., Ltd.	Power energy	794,987.04	930,232.65
Beijing Shougang Automation Information Technology Co., Ltd.	Power energy	138,558.00	33,204.35
Beijing Shougang Automation Information Technology Co., Ltd.	Production service	--	183,962.26
Beijing Shougang Automation Information Technology Co., Ltd.	Spare parts	430,317.54	--
Hebei Shoulang New Energy Technology Co., Ltd.	Power energy	125,794,704.43	2,820,658.45
Beijing Jinanyuan Automobile Transportation Co., Ltd.	Production service	205,714.29	205,714.28
Harbin Shougang Wuzhong Steel Processing&Distribution Co., Ltd.	Steel	942,357,319.33	656,367,006.51
Beijing Shoujian equipment maintenance Co., Ltd.	Raw fuel material	--	4,150,000.00
Tonghua Iron and Steel Co., Ltd.	Raw fuel material	93,907,786.53	97,304,484.28
Lujiashan Limestone Mining of Shougang Beijing Co.,Ltd.	Raw fuel material	102,525.30	393,351.27
West Factoring Co., Ltd.	Production service	--	377,358.50
Beijing Shoujian Jicai Trading Co., Ltd.	Steel	39,244,874.65	4,227,350.60
Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	Steel	--	18,968,039.67
Shougang Guiyang Special Steel Co., Ltd.	Steel	--	1,697,643.31
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Power energy	105,930.45	103,227.24
Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	Production service	665,142.86	526,857.14
Chongqing Shougang Wuzhong Automotive Components Co., Ltd.	Steel	438,741,049.25	--
Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	Power energy	216,711.69	--
Beijing Shougang Materials Trading Co., Ltd.	Raw fuel material	31,584,175.47	--

Related parties	Nature of transaction	2019	2018
Liuzhou Shougang Automotive Materials Co., Ltd.	Steel	6,644,320.41	--
Ningbo Shougang Automotive Components Co., Ltd.	Steel	164,715,427.77	--
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Raw fuel material	1,508,943.59	--
Shougang Shuicheng Steel (Group) Saide Construction Co., Ltd.	Steel	1,516,749.02	--
Shougang Changzhi Steel&Iron Co., Ltd.	Raw fuel material	46,433,676.10	--

(2) Details of related party leases

The Group as a lessor

Lessees	Type of assets leased	Lease income recognized in 2019	Lease income recognized in 2018
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	Land use right	824,536.83	385,153.36
Beijing Shougang Langze New Energy Technology Co., Ltd.	Land use right	165,333.33	165,333.33
Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	Land use right	2,042,666.68	1,366,476.19
Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	Land use right	24,976,236.65	21,315,076.18

(3) Details of related party guarantees

The Group as a guarantee

Guarantor	Amount of guarantee	Beginning date	Maturity date	Status of guarantee
Shougang Group Co., Ltd.	10,814,131,944.44	2015/10/13	2031/8/23	Incomplete
Shougang Group Co., Ltd.	7,026,866,666.72	2015/12/29	2021/11/3	Incomplete
Shougang Group Co., Ltd.	8,806,731,733.54	2018/5/28	2020/12/18	Incomplete

(4)Details of related party funding

Related parties	Amount of funding	Beginning date	Maturity date	Note
Funds received:				
Shougang Group Co., Ltd.	600,000.00	2019/3/6	2020/3/6	Short-term loans
Shougang Group Co., Ltd.	2,061,683.61	2019/3/6	2022/9/5	Long-term loans
Shougang Group Finance Co., Ltd.	9,604,643,833.33	2018/1/3	2020/11/28	Short-term loans
Shougang Group Finance Co., Ltd.	3,446,722,295.34	2019/7/11	2020/6/30	Notes payable
Funds provided:				
Tangshan Zhonghong Carbon Chemical Co., Ltd.	229,012,500.00	--	--	Other current assets

(5) Details of transfer of assets and debt restructuring

Related parties	Nature of transaction	2019	2018
Shougang Group Co., Ltd.	Construction materials	990,621,384.00	--

(6) Remuneration of key management personnel

The Group has 21 key management personnel in 2019, and 18 key management personnel in 2018. The remuneration payment is as follows:

Item	2019	2018
Remuneration of key management personnel	4.7885 million	6.8559 million

6. Receivables from and payables to related parties

(1) Receivables from related parties

Items	Related parties	As at 31/12/2019		As at 31/12/2018	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Bank deposit	Shougang Group Finance Co., Ltd.	4,450,606,208.74	--	4,815,617,592.86	--
Accounts receivable	Beijing Shougang Steel Trade Investment Management Co., Ltd.	188,572,372.49	6,095,688.76	231,850,909.91	6,865,805.49
Accounts receivable	Beijing Shougang Gas Co., Ltd.	6,417,820.87	207,459.01	38,017,756.54	1,125,820.56
Accounts receivable	Shougang Group Co., Ltd.	1,151,785.00	37,231.98	2,123,139.94	62,872.58
Accounts receivable	Shougang Casey Steel Co., Ltd.	159,556,205.55	5,157,727.80	179,832,788.85	5,325,391.86
Accounts receivable	Tianjin Shougang Steel Trading Co., Ltd.	39,601.29	1,280.13	852,954.13	25,258.55
Accounts receivable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	2,323,825.34	317,087.83	1,543,542.04	120,639.41
Accounts receivable	Beijing Shougang Special Steel Co., Ltd.	--	--	782,132.82	23,161.31
Accounts receivable	Shanghai Shougang Steel Trading Co., Ltd.	--	--	69,864.00	2,068.88
Accounts receivable	Beijing Shougang Kuangjian Co., Ltd.	--	--	5,445,368.57	161,253.81
Accounts receivable	Hebei Shoulang New Energy Technology Co., Ltd.	68,164,731.53	2,203,456.33	--	--
Prepayments	Shougang Group Co., Ltd.	1,333,506,134.45	--	1,455,849,997.29	--
Prepayments	Qinhuangdao Zhongshou Logistics Co., Ltd.	8,510,097.67	--	5,955,395.57	--
Prepayments	Tonghua Iron and Steel Co., Ltd.	138,135.63	--	2,241,546.01	--
Prepayments	Qian'an Shougang Equipment Structure Co., Ltd.	--	--	7,762,606.48	--
Other current assets	Tangshan Zhonghong Carbon Chemical Co., Ltd.	229,012,500.00	--	164,252,500.00	--

(2) Payables to related parties

Item	Related party	As at 31/12/2019	As at 31/12/2018
Accounts payable	Shougang Group Co., Ltd.	485,181,342.50	1,121,538,179.31
Accounts payable	Shougang Mining Corporation	4,954,955,975.46	5,456,198,986.06
Accounts payable	Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	562,563,215.95	791,563,333.11
Accounts payable	Tangshan Shougang Jingtang Xishan Coking Co., Ltd.	1,127,800,443.39	708,222,489.45
Accounts payable	Beijing Shoucheng Packaging Service Co., Ltd.	11,922,547.50	15,844,268.79
Accounts payable	Beijing Shougang Automation Information Technology Co., Ltd.	240,030,149.52	85,349,820.82
Accounts payable	Beijing Shougang Equipment Technology Co., Ltd.	11,280,854.02	11,620,227.42
Accounts payable	Beijing Shougang Construction Group Co., Ltd.	730,363,964.00	525,458,730.20
Accounts payable	Beijing Shoujian equipment maintenance Co., Ltd.	30,144,217.54	21,733,704.33
Accounts payable	Beijing Shougang Landscaping Co., Ltd.	26,989,729.75	15,299,358.22
Accounts payable	Beijing Shougang Catering Co., Ltd.	5,774,228.25	5,109,757.18
Accounts payable	Beijing Huaxia Technology Co., Ltd.	3,938,004.10	3,079,576.83
Accounts payable	Qinhuangdao Shougang Machinery Co., Ltd.	61,540,108.69	34,208,267.27
Accounts payable	Beijing Shougang Huaxia International Trade Co., Ltd.	4,794,021.27	9,083,436.01
Accounts payable	Beijing Shougang Machinery&Electric Co., Ltd.	126,063,646.01	101,542,246.15
Accounts payable	Shougang Penglong Steel Co., Ltd.	1,737,052.74	300,000.00
Accounts payable	Beijing Shouye Instruments&Meters Co., Ltd.	18,297,061.23	15,839,325.95
Accounts payable	Huludao Shougang Donghua Machinery Co., Ltd.	11,811,553.01	18,917,346.56
Accounts payable	Beijing Shoujian Hengxin Labor Service Co., Ltd.	--	183,000.00
Accounts payable	Tianjin Shougang Electric Equipment Co., Ltd.	12,409,340.28	12,973,115.95
Accounts payable	Beijing Shougang Gas Co., Ltd.	35,582,951.80	14,228,463.80
Accounts payable	Beijing Shougang International Engineering&Technology Co., Ltd.	47,548,731.92	180,632,514.82
Accounts payable	Beijing Jinanyuan Automobile Transportation Co., Ltd.	11,162,310.52	11,767,778.02
Accounts payable	Beijing Shouronghui Technology Development Co., Ltd.	--	88,000.00
Accounts payable	Beijing Shougang Park Comprehensive Service Co., Ltd.	--	194,919.95
Accounts payable	Lujiashan Limestone Mining of Shougang Beijing Co.,Ltd.	30,073,742.97	20,669,414.19
Accounts payable	Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	20,303,487.07	10,877,247.61
Accounts payable	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	235,000.00	--
Accounts payable	Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	7,610,949.74	5,898,073.81
Accounts payable	Qian'an Shougang Equipment Structure Co., Ltd.	61,865,188.47	34,986,383.61
Accounts payable	Yantai Shougang Mining 3D Co., Ltd.	671,563.74	711,630.37
Accounts payable	Beijing Shoujian Hengji Construction Engineering Co., Ltd.	1,256,807.44	798,060.82
Accounts payable	Beijing Soly Technology Co., Ltd.	1,444,906.52	365,814.78
Accounts payable	Qian'an Shouxin Automation Information Technology Co., Ltd.	17,153,131.40	36,173,572.65
Accounts payable	Peking University Shougang Hospital	73,261.90	51,964.96
Accounts payable	Qian'an First Real Packaging Service Co., Ltd.	21,186,571.85	19,925,459.44
Accounts payable	Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	20,827,383.10	38,045,502.69
Accounts payable	Beijing Shoujia Steel Construction Co., Ltd.	3,156,322.62	3,074,982.31
Accounts payable	Beijing Shougang Ferroalloy Co., Ltd.	23,776,008.52	31,841,032.06
Accounts payable	Beijing Shougang Materials Trading Co., Ltd.	139,751,742.43	51,870,018.88
Accounts payable	Beijing Shougang Heavy Duty Truck Manufacture Co., Ltd.	--	420,000.00
Accounts payable	Beijing Shougang Resources Comprehensive Utilization Technology Development Co., Ltd.	90,690,426.64	78,236,162.59
Accounts payable	Shougang Environmental Industry Co., Ltd.	271,509.00	87,500.00
Accounts payable	China Shougang International Trade&Engineering Corporation	26,266,404.95	--
Accounts payable	Beijing Chengxin Engineering Supervision Co., Ltd.	5,377,809.00	5,280,841.07

Item	Related party	As at 31/12/2019	As at 31/12/2018
Accounts payable	Qinhuangdao Shougang Plate Mill Co., Ltd.	--	174,773.54
Accounts payable	Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	75,109,604.80	47,567,664.63
Accounts payable	Tangshan Shoukuang Cleaning Iron Co., Ltd.	255,466,259.07	255,466,259.07
Accounts payable	Tangshan Guoxing Industrial Co., Ltd.	24,005,948.59	7,420,121.89
Accounts payable	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	152,232,033.84	203,579,167.51
Accounts payable	Qian'an Shoufa Equipment Technology Co., Ltd.	--	80,143.60
Accounts payable	Beijing Shougang Futong Elevator Co., Ltd.	745,205.78	755,229.65
Accounts payable	Beijing Teyu Plate Co., Ltd.	84,256,276.75	84,065,796.77
Accounts payable	Jingxi Shoutang Supply Chain Management Co., Ltd	8,527,751.77	--
Accounts payable	Beijing Shouxin Property Management Co., Ltd.	--	294,396.71
Accounts payable	Beijing Shougang Open Source Service Center	166,588.84	166,588.84
Accounts payable	Beijing Shougang Kuangjian Co., Ltd.	10,459,861.34	--
Accounts payable	Qinhuangdao Shouqin Metal Materials Co., Ltd.	32,939,235.34	138,092,156.90
Accounts payable	Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	1,233,757.39	565,702.78
Accounts payable	Beijing Shoushe Metallurgical Technology Co., Ltd.	1,851,378.60	--
Accounts payable	Beijing Shougang Fulu Shicai Coated Plate Co., Ltd.	16,666,004.85	53,647,818.53
Accounts payable	Beijing Shougang Industrial Co., Ltd.	3,008,626.21	930,371.30
Accounts payable	Bejing Shougang International Travel Co., Ltd.	256,216.50	2,738.00
Accounts payable	Beijing Shougang Cultural Development Co., Ltd.	200,000.00	299,000.00
Accounts payable	Beijing Shougang Yunxiang Industrial Technology Co., Ltd.	477,946.69	64,228.00
Accounts payable	Qian'an Shougang Xingkuang Property Service Co., Ltd.	--	38,212.40
Accounts payable	Qiangang Hotel.	3,676,701.60	4,205,045.64
Accounts payable	Beijing Dingshengcheng Packaging Materials Co., Ltd.	31,025.28	7,192,932.36
Accounts payable	Beijing Shouxinsheng Trading Co., Ltd.	99,956.00	99,956.00
Accounts payable	Qinhuangdao Thermostable Ceramics Co., Ltd.	--	18,745.89
Accounts payable	China Peace International Travel Service Co., Ltd.	--	2,432.00
Accounts payable	Beijing Huayu Information Technology Co., Ltd.	1,020,730.20	--
Accounts payable	Beijing Shougang Steel Trade Investment Management Co., Ltd.	414,310.23	--
Accounts payable	Beijing Huayue Aviation Service Co., Ltd.	69,032.60	--
Accounts payable	Beijing Shougang Special Steel Co., Ltd.	101,949,940.33	--
Accounts payable	Hebei Shougang Jingtang Machinery Co., Ltd.	93,066.99	--
Accounts payable	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	10,488,386.04	--
Accounts payable	Qian'an Shougang Xingkuang Industrial Co., Ltd.	9,794,718.39	--
Accounts payable	Bohai International Conference Center Co., Ltd.	5,890.00	--
Advances from customers	Beijing Shoucheng Packaging Service Co., Ltd.	60,349.05	219,608.34
Advances from customers	Beijing Shougang Huaxia Engineering&Technology Co., Ltd.	1,959,106.22	239,770.21
Advances from customers	Suzhou Shouqin Steel Processing&Distribution Co., Ltd.	30,085,274.87	21,390,014.85
Advances from customers	Shanghai Shougang Steel Trading Co., Ltd.	526,794,553.45	333,435,604.22
Advances from customers	Tianjin Shougang Steel Trading Co., Ltd.	281,727,299.64	225,834,540.12
Advances from customers	Wuhan Shougang Steel Trading Co., Ltd.	49,457,273.37	36,506,315.71
Advances from customers	Guangzhou Shougang Steel Trading Co., Ltd.	292,552,816.41	55,159,477.72
Advances from customers	Shandong Shougang Steel Trading Co., Ltd.	306,842,098.51	170,826,986.33
Advances from customers	Beijing Beiye Functional Materials Co., Ltd.	551,053.97	415,620.91
Advances from customers	Beijing Shougang Jitaian New Material Co., Ltd.	43,809.62	57,778.91
Advances from customers	Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	21,109,356.27	11,850,616.52
Advances from customers	Huludao Shougang Donghua Machinery Co., Ltd.	47,599.02	47,599.02
Advances from customers	Beijing Shouronghui Technology Development Co., Ltd.	1,359,852.64	1,425,325.77
Advances from customers	Beijing Shougang Machinery&Electric Co., Ltd.	365,757.09	--
Advances from customers	Beijing Shougang Construction Group Co., Ltd.	112,035.58	11,415.58
Advances from customers	Shougang Penglong Steel Co., Ltd.	36,052,668.08	279,211.11

Item	Related party	As at 31/12/2019	As at 31/12/2018
Advances from customers	Tangshan Caofeidian Industrial District Shouhanxin Industrial Co., Ltd.	110,580.19	409,242.90
Advances from customers	Jilin Tonggang International Trade Co., Ltd.	864,766.91	5,733,042.73
Advances from customers	Beijing Shougang Jitai'an Alloy Materials Co., Ltd.	26,000.78	26,000.78
Advances from customers	Qinhuangdao Shougang Machinery Co., Ltd.	1,038,445.65	1,039,723.82
Advances from customers	Tangshan Caofeidian Industrial Zone Jingtang Industrial Co., Ltd.	50,000.00	50,000.00
Advances from customers	Tangshan Guoxing Industrial Co., Ltd.	90,000.00	39,999.97
Advances from customers	Beijing Shougang International Engineering&Technology Co., Ltd.	46,739.83	275,579.22
Advances from customers	Beijing Shoubao Nuclear Equipment Technology Co., Ltd.	9,492.00	10,000.00
Advances from customers	Harbin Shougang Wuzhong Steel Processing&Distribution Co., Ltd.	12,956,569.23	56,700,800.50
Advances from customers	Beijing Shougang Gas Co., Ltd.	--	115,256.92
Advances from customers	Beijing Shougang Automation Information Technology Co., Ltd.	49,999.87	540,788.38
Advances from customers	Hebei Shoulang New Energy Technology Co., Ltd.	--	150,000.00
Advances from customers	Qian'an First Real Packaging Service Co., Ltd.	6,550,289.25	10,708,146.61
Advances from customers	Tangshan Caofeidian Dunshi New Construction Material Co., Ltd.	1,901,647.96	1,901,647.61
Advances from customers	Beijing Shougang Industrial Co., Ltd.	81,591.43	81,386.87
Advances from customers	Beijing Jinanyuan Automobile Transportation Co., Ltd.	10,000.00	--
Advances from customers	Beijing Shougang Metal Co., Ltd.	142,999.05	--
Advances from customers	Beijing Shoujian Jicai Trading Co., Ltd.	320,533.42	--
Advances from customers	Foshan Shougang Zhongjin Steel Processing&Distribution Co., Ltd.	128,170.60	--
Advances from customers	Liuzhou Shougang Automotive Materials Co., Ltd.	391,917.94	--
Advances from customers	Ningbo Shoude Bonded zone Trading Co., Ltd.	28,410,000.00	--
Advances from customers	Ningbo Shougang Automotive Components Co., Ltd.	28,632,691.55	--
Advances from customers	Qian'an Shougang Equipment Structure Co., Ltd.	4,891.98	--
Advances from customers	Qinhuangdao Shougang Plate Mill Co., Ltd.	13,028.81	--
Advances from customers	Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	102,297.31	--
Advances from customers	Shougang Changzhi Steel&Iron Co., Ltd.	4,860,000.00	--
Advances from customers	Chongqing Shougang Wuzhong Automotive Components Co., Ltd.	14,306,118.74	--
Other payables	Shougang Group Co., Ltd.	1,061,498,156.33	378,160,621.41
Other payables	Beijing Shougang Automation Information Technology Co., Ltd.	2,198,297.09	47,434,679.85
Other payables	Beijing Shougang Construction Group Co., Ltd.	21,645,486.00	139,486,767.71
Other payables	Beijing Shougang Landscaping Co., Ltd.	275,150.20	478,056.20
Other payables	Huludao Shougang Donghua Machinery Co., Ltd.	--	3,033,103.10
Other payables	Beijing Shougang Machinery&Electric Co., Ltd.	--	4,429,025.81
Other payables	Beijing Shoujian Hengji Construction Engineering Co., Ltd.	--	233,802.10
Other payables	Beijing Chengxin Engineering Supervision Co., Ltd.	269,324.00	302,500.00
Other payables	Beijing Soly Technology Co., Ltd.	--	213,191.66
Other payables	Beijing Shouye Instruments&Meters Co., Ltd.	--	44,712.44
Other payables	Beijing Shougang Catering Co., Ltd.	667,619.99	516,489.50
Other payables	Beijing Huayu Information Technology Co., Ltd.	--	1,020,730.20
Other payables	Beijing Jinanyuan Automobile Transportation Co., Ltd.	45,924.29	525,516.00
Other payables	Beijing Shougang Resources Comprehensive Utilization Technology Development Company	--	11,385,000.00
Other payables	Qian'an Shougang Equipment Structure Co., Ltd.	--	582,610.66
Other payables	Tianjin Shougang Electric Equipment Co., Ltd.	553,368.26	--
Other payables	Beijing Shougang International Engineering&Technology Co., Ltd.	7,479,548.00	9,527,021.67
Other payables	Beijing Shougang Kuangjian Co., Ltd.	50,000.00	5,640,851.00

Item	Related party	As at 31/12/2019	As at 31/12/2018
Other payables	Beijing Shouyuan Electric Power Co., Ltd.	--	20,000.00
Other payables	Beijing Shougang Refractory& Metallurgical Burden Co., Ltd.	--	150,288.02
Other payables	Shougang Mining Corporation	--	315,141.87
Other payables	Qinhuangdao Shougang Machinery Co., Ltd.	--	1,805,898.52
Other payables	Qinhuangdao Shouqin Steel Machining&Delivery Co., Ltd.	--	688,993.09
Other payables	Beijing Shougang Xinganglian Technology&Trade Co., Ltd.	300,000.00	3,194,733.80
Other payables	Qiangang Hotel.	1,027,929.08	1,017,517.81
Other payables	Beijing Huaxia Technology Co., Ltd.	--	1,171,284.00
Other payables	Beijing Shougang Huaxia International Trade Co., Ltd.	--	150,228.00
Other payables	Beijing Jingshoujian Concrete Mixing Station Co., Ltd.	--	32,615.80
Other payables	Beijing Shougang Industrial Co., Ltd.	200,000.00	19,016.00
Other payables	Tangshan Guoxing Industrial Co., Ltd.	31,453.76	--
Other payables	Ningbo Metallurgical Investigation, Design&Research Co., Ltd.	190,000.00	--
Other payables	Beijing Shougang Equipment Technology Co., Ltd.	162,740.00	--
Other non-current liabilities	Shougang Group Co., Ltd.	4,711,490,199.06	5,588,813,436.69

XI. Commitments and contingencies

1. Significant commitments

As at 31 December 2019, there is no significant commitment to be disclosed.

2. Contingencies

As at 31 December 2019, there is no material contingency arising from pending litigation and guarantee provided to other entities.

XII. Events after balance sheet date

Evaluation of the impact of COVID-19 outbreak

Since the COVID-19 epidemic break out in China in January, 2020, the prevention and control of COVID-19outbreak is continuing nationwide. The Group will earnestly implement the requirements of the prevention and control work, and strengthen support for epidemic prevention and control work. COVID-19 epidemic has a certain impact on the overall operation of the Group. The company will continue to pay close attention to the development of COVID-19 epidemic and actively respond to its possible impact on the company's financial situation and operating results.

XIII. Other significant events

1. Segment information

The Group divides its business into an iron and steel segment according to internal organizational structure, management requirements, and internal reporting system. The segment information is determined based on the financial information required by routine internal management. The management periodically evaluates the operating results of the segment to determine its allocation of resources and evaluate the performance of the segement.

The segment information of the Group includes: the 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 the same as those used in working out financial statements.

(1) Segment profits or losses, assets and liabilities

For the year ended 31 December 2019 and as at 31 December 2019	The iron and steel Segment	Offset	Total
Revenue	69,151,432,692.45	--	69,151,432,692.45
Including: External revenue	69,151,432,692.45	--	69,151,432,692.45
Inter-segment revenue	--	--	--
Including: Principal business revenue	66,208,456,685.02	--	66,208,456,685.02
Cost of sales	62,130,221,592.53	--	62,130,221,592.53
Including: Principal business cost	59,764,448,943.00	--	59,764,448,943.00
Operating expenses	3,193,583,664.71	--	3,193,583,664.71
Operating profits/(losses)	2,024,461,276.71	--	2,024,461,276.71
Total assets	135,106,278,049.83	--	135,106,278,049.83
Total liabilities	98,733,603,216.92	--	98,733,603,216.92
Supplementary information:			
1.Capital expenditure	5,469,993,637.58	--	5,469,993,637.58
2.Depreciation and amortisation	5,934,296,597.62	--	5,934,296,597.62
3.Non-cash expenses other than depreciation and amortisation	--	--	--
4.Impairment losses on assets	71,944,850.09	--	71,944,850.09

(2) Other segment information

①External revenue of goods and services

Item	2019	2018
The iron and steel Segment	69,151,432,692.45	65,776,660,538.90

②Geographical information

No more details of geographical information will be listed as the production and sales of the Group are located in mainland China.

2. Government grants

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

Items	Type	31/12/2018	Increase	Recognition in profit or loss	31/12/2019	Presentation item recognized in profit and loss	Related to assets/income
Engineering informationization project subsidy (Qian'an Iron and Steel, cold-rolled)	Financial appropriation	--	99,999.96	--	575,000.16	Other income	Related to assets
Government grants for energy central project from the Ministry of Industry and Information Technology of the People's Republic of China	Financial appropriation	--	1,999,999.96	--	8,000,000.16	Other income	Related to assets
Special government grants from the Finance Bureau of Qian'an	Financial appropriation	--	--	--	4,200,000.00	Other income	Related to assets
Government grants of hot-rolled steel strip TMCP project	Financial appropriation	--	105,263.16	--	1,578,947.36	Other income	Related to assets
Government grants for heating furnace revamping project (Qian'an Iron and Steel, hot-rolled)	Financial appropriation	--	526,315.80	--	9,473,684.20	Other income	Related to assets
Government grants for dedusting system upgrading project (Qian'an Iron and Steel)	Financial appropriation	--	1,105,263.12	--	19,894,736.88	Other income	Related to assets
Government grants for advanced sewage treatment	Financial appropriation	--	313,703.72	--	5,846,296.28	Other income	Related to assets
Special government grants for denitration engineering from the Hebei Provincial Finance Department	Financial appropriation	--	245,000.00	--	1,225,000.00	Other income	Related to assets
Government grants for online environmental monitoring project from the Finance Bureau of Caofeidian	Financial appropriation	--	500,000.00	--	4,000,000.00	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	Other income	Related to assets
National funds for the national 863 project	Financial appropriation	--	278,200.00	--	1,391,000.00	Other income	Related to assets
Special government grants for circular economy development from the Finance Bureau of Caofeidian	Financial appropriation	--	--	--	20,000,000.00	Other income	Related to assets
Government grants for cold-rolled intelligent manufacturing project	Financial appropriation	--	--	--	13,500,000.00	Other income	Related to assets
Government grants for seawater dsalination research, based on reuse of steelmaking waste heat	Financial appropriation	1,260,000.00	--	1,260,000.00	6,790,000.00	Other income	Related to assets
Government grants for the desulfurization of pelletizing flue gas	Financial appropriation	--	1,486,105.24	--	25,263,789.50	Other income	Related to assets
Environmental protection government grants for closing limestone yards	Financial appropriation	--	80,000.00	--	1,840,000.00	Other income	Related to assets
Government grants for improvement of deeformation coupling matching and oxidation control in high strength steel production	Financial appropriation	326,900.00	--	326,900.00	1,701,800.00	Other income	Related to assets
Government grants for intelligent interface closed-loop control technology in multi-target optimize steelmaking and ironmaking	Financial appropriation	408,000.00	--	408,000.00	2,208,000.00	Other income	Related to assets
Government grants for new metal, ceramic composite powder, and refractory anticorrosion coating	Financial appropriation	141,352.00	--	141,352.00	771,652.00	Other income	Related to assets
Government grants for intelligent collaborative allocation techonglogy about material flow and power flow in steelmaking program	Financial appropriation	--	--	--	1,760,000.00	Other income	Related to assets
Government grants for energy-saving incentive for No.3 hydrogen generator	Financial appropriation	--	67,878.96	--	1,153,942.09	Other income	Related to assets
Government grants for procedure mathcing research and systema energy-saving in steelmaking program research	Financial appropriation	195,500.00	--	195,500.00	3,097,500.00	Other income	Related to assets
Government grants for multi-targets optimization steelmaking	Financial appropriation	540,000.00	--	540,000.00	2,740,000.00	Other income	Related to assets
Special government grants for integrating quality management and control system	Financial appropriation	432,000.00	432,000.00	432,000.00	20,390,000.00	Other income	Related to assets
Government grants for key technology of low-emission efficient energy-saving sintering and its utilizaiton project	Financial appropriation	55,000.00	--	55,000.00	278,600.00	Other income	Related to assets
Government grants for the specialized production line project of Zinc-plated high-strengthen auto sheet	Financial appropriation	10,640,000.00	191,578.95	10,640,000.00	110,448,421.05	Other income	Related to assets
Special government grants for provincial-level industrial transformation and technical upgrading	Financial appropriation	--	300,000.00	--	--	Other income	Related to assets
Government grants for reforming of sinter desulfurization and denitrification	Financial appropriation	20,000,000.00	1,052,631.58	20,000,000.00	18,947,368.42	Other income	Related to assets
Government grants for thin slab casting and rolling engineering	Financial appropriation	5,000,000.00	--	5,000,000.00	5,000,000.00	Other income	Related to assets

Items	Type	31/12/2018	Increase	Recognition in profit or loss	31/12/2019	Presentation item recognized in profit and loss	Related to assets/income
Government grants for reform project of reducing oxynitride concentration in emissed flue gas from annealing furnace	Financial appropriation	6,300,000.00	--	6,300,000.00	6,300,000.00	Other income	Related to assets
Other government grants related to assets	Financial appropriation	3,380,000.00	1,384,326.84	3,380,000.00	21,409,305.38	Other income	Related to assets
Other government grants related to income	Financial appropriation	50,900.00	--	50,900.00	50,900.00	Other income	Related to income
Total		**48,729,652.00**	**10,168,267.29**	**48,729,652.00**	**323,835,943.48**		

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

Items	Type	Recognised in profit or loss for the year ended 31/12/2018	Recognised in profit or loss for the year ended 31/12/2019	Presentation item recognized in profit and loss	Related to asset/income
Government grants for scientific and technological support	Financial appropriation	17,117,710.00	--	Other income	Related to income
Government grants for steady post	Financial appropriation	3,299,294.23	--	Other income	Related to income
Government grants for low-carbon renovation of gas-fired boiler	Financial appropriation	2,009,600.00	--	Other income	Related to income
Government grants for enterprises operat in the region	Financial appropriation	4,200,000.00	--	Other income	Related to income
Government grants for energy-saving incentive	Financial appropriation	913,000.00	10,000.00	Other income	Related to income
Government grants from the Market Supervision Administration	Financial appropriation	700,000.00	--	Other income	Related to income
Other government grants related to income	Financial appropriation	3,694,629.78	2,363,200.00	Other income	Related to income
Total		**31,934,234.01**	**2,373,200.00**		

XIV. Notes to the financial statements of parent company

1. Notes receivable

Items	2019.12.31		
	Book Value	Bad debt provision	Net carrying amount
Bank acceptance notes	8,804,600.00	8,804.60	8,795,795.40
Commercial acceptance notes	2,486,187,980.47	2,486,187.98	2,483,701,792.49
Total	**2,494,992,580.47**	**2,494,992.58**	**2,492,497,587.89**

Items	2018.12.31		
	Book Value	Bad debt provision	Net carrying amount
Bank acceptance notes	881,295,677.11	218,877.74	881,076,799.37
Commercial acceptance notes	3,113,228,299.87	3,444,784.79	3,109,783,515.08
Total	**3,994,523,976.98**	**3,663,662.53**	**3,990,860,314.45**

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

Items	Pledged amount at the end of the year
Bank acceptance notes	--
Commercial acceptance notes	1,500,000.00
Total	**1,500,000.00**

(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	--	8,804,600.00
Commercial acceptance notes	--	2,406,696,540.47
Total	**--**	**2,415,501,140.47**

(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
Bank acceptance notes	--
Commercial acceptance notes	700,000.00
Total	**700,000.00**

(4) Classified by bad debt provision method

Category	2019.12.31				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually					
Assessed bad debt provision in portfolios based on credit risk characteristics	2,494,992,580.47	100.00	2,494,992.58	0.10	2,492,497,587.89
Group 1	--	--	--	--	--
Group 2	2,494,992,580.47	100.00	2,494,992.58	0.10	2,492,497,587.89
Total	**2,494,992,580.47**	**100.00**	**2,494,992.58**	**0.10**	**2,492,497,587.89**

Category	2019.01.01				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	500,000.00	0.02	500,000.00	100.00	--
Assessed bad debt provision in portfolios based on credit risk characteristics	3,166,001,550.40	99.98	2,998,058.04	0.09	3,163,003,492.36
Bank acceptance notes	--	--	--	--	--
Commercial acceptance notes	3,166,001,550.40	99.98	2,998,058.04	0.09	3,163,003,492.36
Total	**3,166,501,550.40**	**100.00**	**3,498,058.04**	**0.11**	**3,163,003,492.36**

(5) Provision, recovery or reversal of bad debt

Items	Bad debt provision
As at 31 December 2018	3,663,662.53
Adjustment amount for the first implementation of the new financial instrument standards	-165,604.49
As at 1 January 2019	3,498,058.04
Provision	--
Recovery or reversal	1,003,065.46
Written-off	--
As at 31 December 2019	**2,494,992.58**

2. Accounts receivable

(1) Disclosed by the ageing of account receivables

Ageing	2019.12.31
Within 1 year	1,178,784,486.91
1 – 2 years	8,547,951.56
2 – 3 years	200,000.00
Over 3 years	7,401,011.82
Subtotal	**1,194,933,450.29**
Less: provision for bad debts	14,819,047.23
Total	**1,180,114,403.06**

(2) Disclosed by bad debt provision

Category	2019.12.31				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	1,030,744,009.67	86.26	7,401,011.82	0.72	1,023,342,997.85
Assessed bad debt provision in portfolios based on credit risk characteristics	164,189,440.62	13.74	7,418,035.41	4.52	156,771,405.21
Total	**1,194,933,450.29**	**100.00**	**14,819,047.23**	**1.24**	**1,180,114,403.06**

Category	2019.01.01				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	1,216,051,883.02	77.82	14,651,011.82	1.20	1,201,400,871.20
Assessed bad debt provision in portfolios based on credit risk characteristics	346,552,330.38	22.18	31,036,279.03	8.96	315,516,051.35
Total	**1,562,604,213.40**	**100.00**	**45,687,290.85**	**2.92**	**1,516,916,922.55**

Assessed bad debt provision individually:

Accounts receivable (by debtor)	2019.12.31			
	Book Value	Bad debt provision	Expected credit loss (%)	Reason for bad debts
Accounts receivable over 3 years	7,401,011.82	7,401,011.82	100.00	Long aging
Overdue recourse notes	1,023,342,997.85	--	--	

Total	**1,030,744,009.67**	**7,401,011.82**	**0.72**

Assessed bad debt provision in portfolios:

Item	2019.12.31		
	Book Value	**Bad debt provision**	**Expected credit loss (%)**
Within 1 year	155,441,489.06	5,024,717.69	3.23
1 – 2 years	8,547,951.56	2,258,354.68	26.42
2 – 3 years	200,000.00	134,963.04	67.48
Over 3 years	--	--	--
Total	**164,189,440.62**	**7,418,035.41**	**4.52**

Provision for bad debts on December 31, 2018:

Category	2018.12.31				
	Amount	**Proportion (%)**	**Bad debt provision**	**Provision proportion (%)**	**Net amount**
Individually significant and assessed for bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on ageing	1,547,953,201.58	99.06	79,516,998.88	5.14	1,468,436,202.70
Individually insignificant but assessed for bad debt provision individually	14,651,011.82	0.94	14,651,011.82	100.00	--
Total	**1,562,604,213.40**	**100.00**	**94,168,010.70**	**6.03**	**1,468,436,202.70**

(3) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 31 December 2018	94,168,010.70
Adjustment amount for the first implementation of the new financial instrument standards	-48,480,719.85
As at 1 January 2019	45,687,290.85
Provision	--
Recovery or reversal	30,868,243.62
Written-off	--
As at 31 December 2019	**14,819,047.23**

(4) During the year, there was no accounts receivable write-off.

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

During the year, the total amount of the top five accounts receivable collected by debtors at the end of the period is RMB 1,119,337.75 thousand, accounting for 93.68% 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 11,864.68 thousand.

Company Name	Ending balance	Percentage of total accounts receivable %	Ending balance of bad debt provision
Beijing Shougang Cold Rolling Co., Ltd.	1,020,320,658.75	85.39	--
Qian'an Shoujia Construction Material Co., Ltd.	74,221,373.06	6.21	3,901,373.14
Sanhe Shoujia Construction Material Co., Ltd.	11,728,211.62	0.98	7,540,890.55
Zhangjiagang Cimc Sanctum Cryogenic Equipment Co., Ltd.	6,649,685.84	0.56	214,954.16
Beijing Shougang Gas Co., Ltd.	6,417,820.87	0.54	207,459.01
Total	**1,119,337,750.14**	**93.68**	**11,864,676.86**

3. Financing receivable

Items	2019.12.31	2018.12.31
Notes receivable	1,825,294,953.86	--
Accounts receivable	--	--
Subtotal	**1,825,294,953.86**	--
Less: Other comprehensive income - fair value change	--	--
Ending balance of fair value	**1,825,294,953.86**	--

(1) Classified by bad debt provision method

Category	2019.12.31				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	1,825,660,085.88	100.00	365,132.02	0.02	1,825,294,953.86
Group 1	1,825,660,085.88	100.00	365,132.02	0.02	1,825,294,953.86
Group 2	--	--	--	--	--
Total	**1,825,660,085.88**	**100.00**	**365,132.02**	**0.02**	**1,825,294,953.86**

Category	2019.01.01				
	Book value		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss (%)	
Assessed bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on credit risk characteristics	828,022,426.58	100.00	165,604.49	0.02	827,856,822.09
Group 1	828,022,426.58	100.00	165,604.49	0.02	827,856,822.09
Group 2	--	--	--	--	--
Total	**828,022,426.58**	**100.00**	**165,604.49**	**0.02**	**827,856,822.09**

(2) The pledged notes receivable of the Group at the end of the year

Item	Pledged amount at the end of the year
Bank acceptance notes	223,161,865.86
Commercial acceptance notes	--
Total	**223,161,865.86**

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

Item	Amount derecognized at year end	Amount not-derecognized at year end
Bank acceptance notes	5,563,141,199.21	--
Commercial acceptance notes	--	--
Total	**5,563,141,199.21**	**--**

(4) Provision, recovery or reversal of bad debt

Item	Bad debt provision
As at 31 December 2018	--
Adjustment amount for the first implementation of the new financial instrument standards	165,604.49
As at 1 January 2019	165,604.49
Provision	199,527.53
Recovery or reversal	--
Written-off	--
As at 31 December 2019	**365,132.02**

4. Other receivables

Item	**2019.12.31**	**2018.12.31**
Interest receivable	--	--
Dividends receivable	--	--
Other receivables	1,673,247.41	2,742,352.97
Total	**1,673,247.41**	**2,742,352.97**

Other receivables

①Disclosed by the ageing of other receivables

Ageing	**2019.12.31**
Within 1 year	1,761,313.06
Less: provision for bad debts	88,065.65
Total	**1,673,247.41**

②Disclosed by nature of other receivables

Item	**2019.12.31**			**2018.12.31**		
	Ending balance	**Provision for bad debts**	**Carrying amount**	**Ending balance**	**Provision for bad debts**	**Carrying amount**
Imprest	1,510,560.20	75,528.01	1,435,032.19	2,688,109.03	136,321.18	2,551,787.85
Deposits	200,000.00	10,000.00	190,000.00	200,000.00	10,000.00	190,000.00
Due from trading companies	50,752.86	2,537.64	48,215.22	594.86	29.74	565.12
Total	**1,761,313.06**	**88,065.65**	**1,673,247.41**	**2,888,703.89**	**146,350.92**	**2,742,352.97**

③Provision for bad debts

As at 31/12/2019, bad debts provision for Phase I:

Category	**Book value**	**Expected credit loss within 12 months (%)**	**Provision for bad debts**	**Carrying amount**	**Reason for bad debts**
Assessed bad debt provision individually	--	--	--	--	
Assessed bad debt provision in portfolios	1,761,313.06	5.00	88,065.65	1,673,247.41	
Total	**1,761,313.06**	**5.00**	**88,065.65**	**1,673,247.41**	

At the end of the period, the company had no interest receivable, dividends receivable and other receivables in Phase II.

At the end of the period, the company has no provision for bad debts in Phase III.

Provision for bad debts on December 31, 2018:

Category	2018.12.31				
	Amount	**Proportion (%)**	**Bad debt provision**	**Provision proportion (%)**	**Net amount**
Individually significant and assessed for bad debt provision individually	--	--	--	--	--
Assessed bad debt provision in portfolios based on ageing	2,888,703.89	100.00	146,350.92	5.07	2,742,352.97
Individually insignificant but assessed for bad debt provision individually	--	--	--	--	--
Total	**2,888,703.89**	**100.00**	**146,350.92**	**5.07**	**2,742,352.97**

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 2018	146,350.92	--	--	146,350.92
Adjustment amount for the first implementation of the new financial instrument standards	--	--	--	--
As at 1 January 2019	146,350.92	--	--	146,350.92
Changes during the year	--	--	--	--
--Shift to Phase II	--	--	--	--
--Shift to Phase III	--	--	--	--
--Back to Phase II	--	--	--	--
--Back to Phase I	--	--	--	--
Provision	--	--	--	--
Reversal	58,285.27	--	--	58,285.27
Converse	--	--	--	--
Written-off	--	--	--	--
Other movements	--	--	--	--
As at 31 December 2019	88,065.65	--	--	88,065.65

⑤During the current period, there was no write-off of provision for bad debts

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

Company Name	Nature of payment	Ending balance	Ageing	Percentage of total other receivable (%)	Ending balance of bad debt provision
Imprest	Imprest	1,510,560.20	Within 1 year	85.76	75,528.01
Kuche Tianyuan Coal Coking Co., Ltd.	Due from trading companies	689.04	Within 1 year	0.04	34.45
Qinhuangdao Shougang Krosaki Refractory Co., Ltd.	Due from trading companies	50,063.82	Within 1 year	2.84	2,503.19
Qian'an Administration of work safety supervision	Deposit	200,000.00	Within 1 year	11.36	10,000.00
Total		**1,761,313.06**		**100.00**	**88,065.65**

5. Long-term equity investments

Items	2019.12.31			2018.12.31		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Investments in subsidiaries	17,688,480,283.43	--	17,688,480,283.43	16,522,425,373.43	--	16,522,425,373.43
Investment in associates	1,205,450,675.37	--	1,205,450,675.37	1,130,629,810.91	--	1,130,629,810.91
Total	**18,893,930,958.80**	--	**18,893,930,958.80**	**17,653,055,184.34**	--	**17,653,055,184.34**

(1) Investments in subsidiaries

Subsidiaries	31/12/2018	Increase	Decrease	31/12/2019	Provision for impairment	Impairment at the end of the year
Shougang Jingtang United Iron & Steel Co., Ltd	9,684,449,473.43	1,031,054,910.00	--	10,715,504,383.43	--	--
Beijing Shougang Cold Rolling Co., Ltd.	1,831,075,900.00	--	--	1,831,075,900.00	--	--
Shougang Qian'an conference Centre Co.,Ltd.	1,900,000.00	--	--	1,900,000.00	--	--
Shougang Zhixin Qian'an Electromagnetic materials Co., Ltd	5,005,000,000.00	--	--	5,005,000,000.00	--	--
Beijing Shougang New Energy Automobile Materials Co., Ltd.	--	135,000,000.00	--	135,000,000.00	--	--
Total	16,522,425,373.43	1,166,054,910.00	--	17,688,480,283.43	--	--

(2) Investments in associates

Associates	31/12/2018	Changes during the year								31/12/2019	Impairment at the end of the year
		Increase	Decrease	Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend received	Provision for impairment	Others		
Qian'an Sinochem Coal Chemical Industrial Co., Ltd.	921,574,612.71	--	--	69,569,180.47	--	--	--	--	--	991,143,793.18	--
Beijing Shouxin Jinyuan Management Consulting Center	200,014,690.64	--	--	3,811,903.69	--	--	--	--	--	203,826,594.33	--
Beijing Dingshengcheng Packaging Materials Co., Ltd.	9,040,507.56	--	--	1,439,780.30	--	--	--	--	--	10,480,287.86	--
Total	**1,130,629,810.91**	--	--	**74,820,864.46**	--	--	--	--	--	**1,205,450,675.37**	--

6. Revenue and cost of sales

Items	2019		2018	
	Revenue	**Cost of sales**	**Revenue**	**Cost of sales**
Principal business	27,165,864,018.15	25,670,609,173.34	26,805,984,414.49	24,263,256,966.16
Other business	1,689,424,521.46	1,259,654,818.02	2,417,074,288.33	1,885,365,354.75
Total	**28,855,288,539.61**	**26,930,263,991.36**	**29,223,058,702.82**	**26,148,622,320.91**

7. Investment income

Item	31/12/2019	31/12/2018
Investment income from long-term investment under the equity method	74,820,864.46	128,311,138.55
Investment income from available-for-sale financial assets in duration	--	103,967,493.39
Investment income from other equity instruments investments in duration	202,033,784.60	--
Interest income from entrusted loans	98,019,261.01	33,338,888.89
Total	**374,873,910.07**	**265,617,520.83**

XV. Supplementary information

1. Non-recurring gains or losses

Items	31/12/2019	Notes
Gains or losses on disposal of non-current assets	-7,684,491.35	
Government grants recognized in profit or loss for the current period (excluding those having close relationship with the Company's normal business, conforming to the national policies and regulations and enjoying ongoing fixed amount or quantity according to certain standard)	42,102,501.30	
Gains or losses from external entrusted loans	8,187,426.69	
Non-operating income/(expenses) except the above	-18,673,930.68	
Total non-recurring gains or losses	23,931,505.96	
Less: Effects of income tax on non-recurring gains or losses	4,039,236.83	
Net non-recurring gains or losses	19,892,269.13	
Less: Effects of non-recurring gains or losses attributable to the minority shareholders of the Company (after tax)	6,033,972.74	
Non-recurring gains or losses attributable to the shareholders of the	13,858,296.39	

2. Return on net assets and earnings per share

Profit of reporting period	Weighted average return on net	Earnings per share	
		Basic	Diluted
Net profit attributable to owners of the parent	4.7700	0.2365	--
Net profit attributable to owners of the parent excluding non-recurring gains or losses	4.7200	0.2339	--

Section XIII. Documents Available for Reference

1. Original Accounting Statement of 2019 carrying the signatures and seals of the Chairman, General Manager, Chief accountant and Head of Accounting Department;

2. Original Auditors' Report carrying the seals of accountingfirms, and signatures and seals of the CPA;

3. All original documents and notifications of the Company disclosed in newspapers thatdesignated by CSRC in report period;

4. Articles of Association and others.

Beijing Shougang Co., Ltd. Board of Directors

22 April 2020