



鞍 鋼 股 份 有 限 公 司
ANGANG STEEL COMPANY LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 00347



2024
INTERIM REPORT

* For identification purposes only

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Important Notice and Definitions

IMPORTANT NOTICE

The Board of Directors (the “Board”), the Supervisory Committee, the Directors and the Supervisors and the senior management of the Company confirm that there are no false representations or misleading statements contained in, or material omissions from, this interim report, and jointly and severally assume responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

Mr. Wang Jun, the Chairman of the Company, Mr. Wang Baojun, Chief Accountant and the person-in-charge of accounting as well as Mr. You Yu, person in charge of the accounting institution guarantee the truthfulness, accuracy and completeness of the financial statements in this interim report.

The Company proposed not to distribute cash dividends, issue bonus shares or convert capital reserve into share capital for the interim period.

The 2024 interim financial report of the Company is unaudited.

The 2024 interim financial report of the Company is prepared in accordance with the Accounting Standards for Business Enterprises of the PRC.

DEFINITIONS

In this report, the following expressions shall have the following meanings unless otherwise stated:

Term	Meaning
“Angang”	Angang Group Company Limited* (鞍鋼集團有限公司), the de facto controller of the Company
“Angang Financial Company”	Angang Group Financial Company Limited* (鞍鋼集團財務有限責任公司)
“Angang Group”	Angang and the companies in which it holds 30% or above interests (excluding the Group)

Important Notice and Definitions (Continued)

“Angang Holding”	Anshan Iron & Steel Co. Ltd* (鞍山鋼鐵集團有限公司), the controlling shareholder of the Company
“Angang International Trade”	Angang Group International Economic and Trade Co., Ltd.* (鞍鋼集團國際經濟貿易有限公司)
“Anshan Iron & Steel Group Complex”	Angang Holding and the companies in which it holds 30% or above interests (excluding the Group)
“Bayuquan Branch Company”	Bayuquan Iron & Steel Branch Company* of Angang Steel (鞍鋼股份鮎魚圈鋼鐵分公司)
“Chaoyang Iron and Steel”	Angang Group Chaoyang Iron and Steel Co., Ltd.* (鞍鋼集團朝陽鋼鐵有限公司)
“Chemical Technology”	Angang Chemical Technology Co., Ltd.* (鞍鋼化學科技有限公司)
“Company” or “Angang Steel”	Angang Steel Company Limited* (鞍鋼股份有限公司)
“Continuing Connected Transaction Agreements”	collectively, the Supply of Materials and Services Agreement (2022–2024), the Supply of Materials Agreement (2022–2024), the Financial Service Agreement (2022–2024) and the Supply Chain Financial Service Agreement (2022–2024)
“CSRC”	China Securities Regulatory Commission

Important Notice and Definitions (Continued)

“Financial Service Agreement (2022–2024)”	the Financial Service Agreement (2022–2024) entered into between the Company and Angang Financial Company, which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021
“Green Gold”	Angang Steel Green Gold Industry Development Co., Ltd.* (鞍鋼綠金產業發展有限公司)
“Group”	Angang Steel Company Limited* and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Pangang Vanadium & Titanium”	Pangang Group Steel Vanadium & Titanium Co., Ltd.* (攀鋼集團鈮鈦資源股份有限公司)
“Reporting Period”	The six months ended 30 June 2024
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Supplemental Agreement to Continuing Connected Transaction Agreements”	the 2023 Supplemental Agreement to the Supply of Materials and Services Agreement (2022–2024) entered into between the Company and Angang, which was approved at the third extraordinary general meeting of the Company in 2023 on 26 October 2023

Important Notice and Definitions (Continued)

“Supply Chain Financial Service Agreement (2022–2024)”

the Supply Chain Financial Service Agreement (2022–2024) entered into between the Company and Angang Group Capital Holding Co., Ltd., which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021

“Supply of Materials Agreement (2022–2024)”

the Supply of Materials Agreement (2022–2024) entered into between the Company and Pangang Vanadium & Titanium, which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021

“Supply of Materials and Services Agreement (2022–2024)”

the Supply of Materials and Services Agreement (2022–2024) entered into between the Company and Angang Group, which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021

Corporate Profile

I. CORPORATE INFORMATION

Stock Exchange of Listing	Shenzhen Stock Exchange		
Stock Abbreviation	Angang Steel	Stock Code	(A share) 000898
Stock Exchange of Listing	Hong Kong Stock Exchange		
Stock Abbreviation	Angang Steel	Stock Code	(H share) 00347
Chinese Name of the Company	鞍鋼股份有限公司		
Chinese Name Abbreviation	鞍鋼股份		
English Name of the Company	Angang Steel Company Limited		
English Name Abbreviation	ANSTEEL		
Legal Representative of the Company	Wang Jun		

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Securities Affairs Representative
Name	Wang Baojun	Qu Shengyu
Address	Production Area of Angang Steel, Tiexi District, Anshan City, Liaoning Province, the PRC	Production Area of Angang Steel, Tiexi District, Anshan City, Liaoning Province, the PRC
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E-mail	wangbaojun@ansteel.com.cn	qushengyu@ansteel.com.cn

III. OTHER INFORMATION

1. Contact methods of the Company

There was no change in registered address, business address and postal code, website and email address of the Company during the Reporting Period. Please refer to the annual report for 2023 of the Company for details.

2. Information disclosure and place for inspection

There was no change in the Company's designated newspapers for disclosure of information, website for publication of interim report designated by the CSRC and place for inspection of the Company's interim report during the Reporting Period. Please refer to the annual report for 2023 of the Company for details.

3. Other relevant information

There was no change in other relevant information during the Reporting Period.

Summary of Accounting Figures and Financial Indicators

I. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE GROUP

Whether the Company needs to retroactively adjust or restate the accounting data for previous year

☒ Yes

☐ No

Reason for retroactive adjustment: Business combination under common control

Unit: RMB million

Items	During the Reporting Period (from January to June)	Corresponding period of the previous year			Increase/ decrease for the Reporting Period as compared with the corresponding period of the previous year (after adjustment) (%)
		Before adjustment	After adjustment		
Operating income	55,449	58,825	60,067		-7.69
Net profit attributable to the shareholders of the Company	-2,689	-1,346	-1,344		-100.07
Net profit attributable to the shareholders of the Company after extraordinary items	-2,670	-1,355	-1,355		-97.05
Net cash flow from operating activities	572	2,415	2,515		-77.26
Basic earnings per share (RMB/share)	-0.287	-0.143	-0.143		-100.70
Diluted earnings per share (RMB/share)	-0.287	-0.143	-0.143		-100.70
Returns on net assets on weighted average basis (%)	-5.03	-2.34	-2.34	Decreased by 2.69 percentage points	

Summary of Accounting Figures and Financial Indicators (Continued)

I. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE GROUP (CONTINUED)

Items	As at the end of the Reporting Period	Increase/decrease at the end of the Reporting Period as compared with the end of the previous year (after adjustment) (%)		
		As at the end of the previous year Before adjustment	After adjustment	
Total assets	96,702	97,014	97,506	-0.82
Owner's equity attributable to shareholders of the Company	52,041	54,704	54,761	-4.97

Note: After the approval at the 27th meeting of the ninth session of the Board of the Company on 28 March 2024, the Company adjusted the capital contribution method of its subsidiary, Green Gold, Angang Holding and Angang Group Zhongyuan Industrial Development Co., Ltd. contributed capital to Green Gold with their equity interests in Angang Steel Scrap Resources (Anshan) Limited* (鞍鋼廢鋼資源(鞍山)有限公司) (hereinafter referred to as Steel Scrap), respectively, making Steel Scrap a controlling subsidiary of Green Gold. During the Reporting Period, the capital contribution by the shareholders of Green Gold was completed, and the Company retrospectively adjusted the accounting figures of the corresponding period of last year based on the principle of business combinations under common control.

Summary of Accounting Figures and Financial Indicators (Continued)

II. NON-RECURRING GAINS OR LOSSES ITEMS

Unit: RMB million

Item	Amount
1. Gains/losses from disposal or retirement of non-current assets	-44
2. Government grant recorded in to profit/loss for current period except that relevant to enterprise operation, in compliance with government policies, entitled for standard amount or quantities and continuously impacts the gains/losses of the Company	11
3. Current net profit and loss of subsidiaries from the beginning of the period to the date of the combination arising from business combination under common control	3
4. Changes in fair value of other non-current financial assets	5
5. Other non-operating revenue and expenses except those mentioned above	5
Subtotal	-20
Less: Effect on income tax	-6
Effect on minority shareholders (after tax)	5
Total	-19

Particulars of other gains or losses items within the definition of extraordinary gains or losses:

☐ Applicable ☒ Not applicable

No particulars of other gains or losses items within the definition of extraordinary gains or losses applied to the Company.

Summary of Accounting Figures and Financial Indicators (Continued)

Notes on the extraordinary gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses defined as recurring gain or loss items:

☐ Applicable ☒ Not applicable

No extraordinary gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses were defined by the Company as its recurring gain or loss items.

Management Discussion and Analysis

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industry overview of the Company during the Reporting Period

In the first half of 2024, China's GDP grew by 5.0% year-on-year, and the overall economic operation was stable. The national fixed asset investment (excluding farmers) increased by 3.9% year-on-year, infrastructure investment increased by 5.4%, manufacturing investment increased by 9.5%, while real estate development investment decreased by 10.1%. From the perspective of domestic steel industry, in the first half of the year, China's crude steel output was 531 million tonnes, representing a year-on-year decrease of 1.1%; pig iron output was 436 million tonnes, representing a year-on-year decrease of 3.6%; steel output was 701 million tonnes, representing a year-on-year increase of 2.8%. The apparent consumption of crude steel in China was 479 million tonnes, representing a year-on-year decrease of 3.2%. The production of domestic iron and steel industry remained stable in general, but due to the insufficient effective demand in the downstream and other factors, the apparent consumption of crude steel decreased more than output.

Domestic steel product prices were mainly down in the first half of the year. According to the price index (CSPI) released by the China Iron and Steel Association, the average value of the consolidated index for domestic steel product prices in the first half of 2024 was 108.19 points, the average value of the index for plate prices was 106.76 points, and the average value of the index for long steel prices was 110.71 points, which were down by 4.89%, 6.35%, and 6.35%, respectively, compared with the same period last year.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(I) Industry overview of the Company during the Reporting Period (Continued)

In 2024, the demand for steel in the main downstream industries of iron and steel continued to differentiate, with an increase amidst the decrease. In terms of the construction industry, the real estate investment and other indicators tend to decline, and the real estate investment decreased by 10.1% from January to June in 2024, which is larger than that in 2023. Although the policy of stabilizing real estate continued to support, the downward pressure of the industry was still heavy; the infrastructure investment continued to grow, and the scale of special bonds remained high, which will still be an important support for stable growth. Overall demand in the manufacturing industry was stable, and in the first half of the year, investment in manufacturing industry increased by 9.5% year-on-year, of which investment in consumer goods manufacturing industry increased by 15.8%, investment in equipment manufacturing industry increased by 11.3%, and investment in raw material manufacturing industry increased by 8.0%. From the perspective of the downstream key manufacturing industries of iron and steel, there were some differences. The growth rate of automobile and household appliances industries has slowed down, but the demand for steel was relatively good; the decline of the main steel sub-industries of machinery industry has narrowed, and has improved month-on-month in recent months. The shipbuilding industry continued to enjoy a high degree of prosperity.

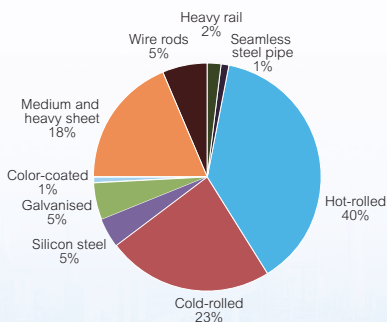
In terms of steel import and export, China exported 53.4 million tonnes of steel from January to June, representing a year-on-year increase of 24.0%. China imported 3.617 million tonnes of steel, representing a year-on-year decrease of 3.3%.

Management Discussion and Analysis (Continued)

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) Main business, main products and their uses, business model, and main performance drivers of the Company during the Reporting Period

The Company is mainly engaged in the steel manufacturing industry, while focusing on the development of steel processing and distribution, chemical industry, green energy, e-commerce, clean power generation and other industries related to its main steel industry. The Company has three major production bases in Anshan, Yingkou and Chaoyang, as well as processing and distribution or sales service agencies in Dalian, Shenyang, Changchun, Tianjin, Shanghai, Wuhan, Hefei, Zhengzhou, Guangzhou and other cities. It relies on Angang Steel Group's overseas sales agencies to carry out international operations. The Company's management model of "coordination among bases and concentration within bases" is adopted to develop a multi-base development pattern with complementary advantages and efficient coordination. The Company has a diverse product structure, with a relatively complete product series such as hot-rolled sheet, medium and heavy sheet, cold-rolled sheet, galvanized sheet, color-coated sheet, cold-rolled silicon steel, heavy rail, profiles, seamless steel pipe, and wire rods, which are widely applied in such industries as machinery, metallurgy, petroleum, chemical, coal, electric power, railway, ship, automobile, construction, home appliances, and aviation. Having brands with high popularity and reputation, the Company owns a series of "knock-out products", quality steel products applied for automobiles, shipbuilding and ocean engineering, railways, home appliances, containers, energy, bridges, high-end metal products and steel for moulds.



Sales percentage by types in the first half of 2024

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) Main business, main products and their uses, business model, and main performance drivers of the Company during the Reporting Period (Continued)

In the first half of 2024, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company united and led all cadres and employees, fully implemented Angang Group's work deployment of "focusing on five key areas and driving three new breakthroughs", actively responded to the downward pressure in the steel industry, strived to build a "five-type enterprise", continuously deepened reform and innovation, focused on quality adjustment and efficiency improvement, vigorously strengthened market expansion efforts, and pushed forward the production and operation in a solid and effective manner. In the first half of the year, the production of iron, steel and rolled steel reached 12,128,500 tonnes, 12,859,400 tonnes and 12,097,800 tonnes, respectively, representing a decrease of 8.23%, 6.99% and 4.15% as compared with the corresponding period of the previous year. The sales volume of rolled steel was 12,011,000 tonnes, representing a decrease of 6.07% as compared with the corresponding period of the previous year, achieving a sales-output ratio of 99.28% for rolled steel.

1. New achievements were made in the construction of "sample-oriented" enterprise. The Company strived to transform the political, organizational and ideological advantages of the Party into advantages for reform and development, and led and guaranteed high-quality development with high-quality Party building. Political construction was firm and powerful, ideological and cultural construction was substantively strengthened, organizational construction was continuously consolidated, disciplinary construction was continuously deepened, working style was gradually improved, and the role of mass organizations was fully utilised. In the SASAC's special assessment on the "double hundred enterprises" of central enterprises in 2023, Chemical Technology, a subsidiary of Angang Steel was rated as a benchmark enterprise, and Chaoyang Iron and Steel was rated as an excellent enterprise.

Management Discussion and Analysis (Continued)

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(III) Main business, main products and their uses, business model, and main performance drivers of the Company during the Reporting Period (Continued)

2. New breakthroughs were made in the construction of “dynamic-oriented” enterprise. Firstly, the Company deepened the institutional reform, effectively improving enterprise efficiency. Adapting to the layout of the bases, the Company promoted the “separation of management and operation” in the logistics system and energy system, coordinating and collaborating among bases and concentrating on the same within the bases. Deepening the reform of “delegating power, streamlining administration and optimising services”, the Company launched the authorisation of 41 business items in four major areas, namely marketing, procurement, investment and human resources, to regulate decision-making management and release the vitality of grassroots operation. Closely following the market, the Company established a Silicon Steel Division to deepen the marketing model of automotive steel and improve product competitiveness; strengthened scientific research management, improved the top-level design of the technological innovation system, and enhanced professional support and assurance capabilities. Secondly, the Company effectively stimulated the vitality of enterprise by deepening the reform of the mechanism, improved the performance evaluation system and incentive mechanism, and established a performance system with precise incentives. We promoted the reform of the Company's organisation, optimized job performance management and motivated those who are capable and replacing those who are not. The Company implemented the “double outperformed the market” evaluation, assessed with strong incentives and rigid, fully stimulated the enthusiasm and initiative of leaders at all levels for career. Thirdly, the Company deepened the lean management, effectively consolidating the foundation management. Bayuquan Branch Company won the Second Prize of the 30th National Modern Corporate Management Achievement for Innovation.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) Main business, main products and their uses, business model, and main performance drivers of the Company during the Reporting Period (Continued)

3. New results were made in the construction of “innovation-oriented” enterprise. Firstly, the technological innovation capability was steadily improved. The Company increased the investment in scientific research, resulting in the completion of phased goals of key core technology research tasks. 3 projects were selected in the SASAC’s Catalogue for the Recommendation on Scientific and Technological Innovation Achievements of Central Enterprises. The project of “key common technology development and application for electromagnetic control of large metal billet preparation” that the Company participated in won the second prize of 2023 National Science and Technology Progress Award. The Company successfully obtained 1 National Natural Science Foundation Project in joint collaboration with Northeastern University, and 1 National Key R&D Program Project in joint collaboration with Liaoning Materials Laboratory. Secondly, digital and intelligent empowerment was steadily strengthened. The Company consolidated the digital support system, prepared and issued the “Key Points for the Construction of ‘Digital Angang’ in 2024” for the Company, and determined 15 key tasks and 43 application measures in 5 areas focused on digital transformation. Digital and intelligent drove management improvement, streamlining the approval process by 73, and management efficiency was further improved. Thirdly, industrial upgrading was progressed steadily. Focusing on

Management Discussion and Analysis (Continued)

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) Main business, main products and their uses, business model, and main performance drivers of the Company during the Reporting Period (Continued)

improving efficiency, reducing costs and creating benefits, the Company approved 492 fixed asset investment projects/units with an investment of RMB1.857 billion, with a focus on boosting projects, such as newly added oriented silicon steel production capacity, and efficiency improvement and upgrade of steelmaking line #2. The Company accelerated the development of emerging industries such as the carbon materials industry chain, with orderly progress in the professional integration of the carbon materials industry; the Bayuquan Coke Oven Gas-to-LNG Co-Production Hydrogen Project was fully completed and put into operation; the Company accelerated the construction of the scrap steel industry platform, with 3 core bases in Anshan, Yingkou and Chaoyang and 21 strategic cooperation satellite bases established.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) Main business, main products and their uses, business model, and main performance drivers of the Company during the Reporting Period (Continued)

4. New progress was made in the construction of “brand-oriented” enterprise. Firstly, the leading role of marketing was brought into full play. By using the value creation model, the Company improved the product profitability, with the product adjustment index increasing by 42.7% year-on-year, and the proportion of key products exceeding the target by 3.1 percentage points. The sales volume of steel for container and silicon steel for new-energy vehicles increased significantly, and 23 series of oriented silicon steel products achieved mass production and sales. Relying on the Shanghai International Exhibition for Powder Metallurgy, the brand value of Angang industrial pure iron was effectively enhanced. The Company actively participated in the “One Belt and One Road” initiative and continued to expand overseas pipelines, with export orders in the first half of the year increasing by 39.3% year-on-year, and the export orders of color coated steel and shipboard steel achieving a significant increase. Secondly, the customer service capability was continuously strengthened. The Company established the “Customer Service Day” mechanism, providing “Angang Solutions” to meet customers' development expectations in terms of new products, new processes, new technologies and new pipelines. The lifecycle contract execution rate was 1.54 percentage points higher than the annual target and 3.18 percentage points higher than that of 2023. The Company was awarded “2023 Excellent Supplier” of CIMC Container and “Excellent Partner Award” of Haier Home Automation. Thirdly, green and low-carbon development was promoted in an orderly manner. Bayuquan Branch Company completed the environmental protection ultra-low emission transformation, becoming the first A-grade iron and steel enterprise in environmental protection performance in the whole process in Northeast China. The cleaner transportation of Chaoyang Iron and Steel was approved the public disclosure of the China Iron and Steel Association. Angang Steel was once again honoured on the “China ESG Listed Companies Pioneer 100” list, and was awarded the “ESG Competitiveness Model • Double Carbon Pioneer” award in the “2024 Golden Bee Corporate Social Responsibility • China List” event.

Management Discussion and Analysis (Continued)

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) Main business, main products and their uses, business model, and main performance drivers of the Company during the Reporting Period (Continued)

5. New achievements were made in the construction of “operation-oriented” enterprise. Firstly, the smooth system cycle was significantly improved the cost reduction capability. Through effective coordination between the marketing and manufacturing ends, as well as measures to reduce the demurrage fees for imported raw materials, the Company effectively reduced logistics costs. In the first half of the year, the logistics cost per ton of material was reduced by 6% as compared to 2023. The Company promoted the transformation from a manufacturing enterprise to a business enterprise, with a 1.3% year-on-year decrease in the comprehensive energy consumption per tonne of steel on a full-caliber basis, and a 75.6% increase in the volume of green electricity trading as compared with the corresponding period of the previous year, reducing the electricity purchase cost by approximately RMB11.76 million. Secondly, the implementation of cost-effective procurement was significantly reduced the ironmaking and steelmaking costs. The Company promoted cost-effective procurement with a focus on reducing iron costs, leading to a decrease in blast furnace fuel ratio for 10 consecutive months and an overall downward trend in iron costs. Thirdly, the creation of star production lines significantly improved the efficiency and profitability of the production lines. Based on factors such as production efficiency and profitability, the Company divided the production lines into four categories: star, potential, cycle and transformation, optimized resource allocation, and promoted the high-value-added production lines to operate at full capacity. Fourthly, the Company continued to optimize the financing layout, deepened exchanges and cooperation with financial institutions, maintained a reasonable balance of various expenses, promoted the stable operation of cash flow, increased the use of bills, and continuously utilized the effective policies.

II. ANALYSIS OF THE CORE COMPETITIVENESS

(I) In terms of brand influence

Brand popularity and influence continue to increase. The Company has strong technical reserves, excellent product quality, strong ability on product R&D and innovation, a complete quality assurance system and national certification qualifications. It has a leading position in producing steel for shipbuilding and marine engineering, automotive steel plates, home appliance plates, container plates and heavy rails. Its railway steel, container steel and shipbuilding plates won the title of "China Famous Brand Products". 16 products such as hot rolling pickling steel plates, dip aluminized and galvanized plates and steel for bridges are awarded as "Gold Cup". It won titles such as CIMC Container 2023 Outstanding Supplier and Haier Smart Home Excellent Partner.

II. ANALYSIS OF THE CORE COMPETITIVENESS (CONTINUED)

(II) Product competitiveness

The steel products are comprehensive in types and specifications with a relatively high market share. Steel for shipbuilding, steel for bridges, steel for nuclear power, steel for pipelines, steel for railways and steel for home appliances are the traditional advantageous products of the Company, with a relatively high market share, and are well recognised and praised by downstream end customers. In particular, the market share of corrosion-resistant steel for railways has been maintained at over 40% for a long time, ranking first in the industry for 20 consecutive years; steel for pipelines is at the leading level in the oil and gas pipeline industry, and steel for X80 high-end pipeline ranks first in terms of market share; the market share of cold-rolled steel products for home appliances has ranked top in the industry for a long time. 3 projects were selected in the SASAC's Catalogue for the Recommendation on Scientific and Technological Innovation Achievements of Central Enterprises (2023 Version); 100% of the highest quality marine engineering steel required for the "Haikui No.1" project (CNOOC), the first cylindrical offshore oil and gas processing plant in Asia independently designed and built by China, was supplied by Angang Steel; the Company ranked first in the bidding of national pipeline network framework agreement. In the first half of the year, the Company completed the production and supply of more than 44,000 tonnes of Far East Hulin – Changchun low-temperature X80 pipeline steel; the conventional tire cord steel products obtained the double A-level evaluation of Bekaert CSR and IATF system certification, and the quality and stability of tire cord steel was significantly improved.

II. ANALYSIS OF THE CORE COMPETITIVENESS (CONTINUED)

- (III) In terms of intellectual property rights. The Company obtained the state acceptance of application for 507 patents, including 318 invention patents, accounting for 63.0%; obtained the acceptance of application for 1 PCT international invention patent; obtained 186 patents authorised by the state, including 120 invention patents, accounting for 64.5%; and 46 identified filed proprietary technologies. The Company completed the registration of 13 computer software copyrights, actively applied for core patents, and formed a patent cluster including 14 inventions in two core technical fields of “key materials of low-temperature steel for ships with high fracture serviceability”. Four products such as “Wide and Thick Steel Plates for High Performance and Large Capacity Pipelines” have been put on record in the “Pilot Platform for the Recognition of National Patent-intensive Product Filing”.

III. ANALYSIS OF PRINCIPAL BUSINESSES

During the first half of 2024, the Group achieved operating income of RMB55,449 million, representing a decrease of 7.69% over the corresponding period of the previous year. The total profit reached RMB-2,623 million, representing a decrease of 48.95% over the corresponding period of the previous year. The net profit attributable to shareholders of the Company was RMB-2,689 million, representing a decrease of 100.07% over the corresponding period of the previous year. The basic earnings per share were RMB-0.287 per share, representing a decrease of 100.70% over the corresponding period of the previous year.

Management Discussion and Analysis (Continued)

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

1. Year-on-year changes in principal financial data

Unit: RMB million

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Operating income	55,449	60,067	-7.69	–
Operating costs	56,533	60,187	-6.07	–
Marketing expenses	267	291	-8.25	–
Administrative expenses	648	759	-14.62	–
Financial expenses	120	156	-23.08	–
Income tax expenses	50	-433	111.55	Income tax expenses increased by RMB483 million as compared with the corresponding period of the previous year, mainly due to (i) a year-on-year decrease in the profits of profitable subsidiaries, resulting in a year-on-year decrease of RMB118 million in income tax expenses for the current period; and (ii) a year-on-year increase of RMB601 million in deferred income tax expenses resulting from deferred income tax assets not recognized for offsetting losses formed in the Reporting Period.
Research and development expenses	191	245	-22.04	–

Management Discussion and Analysis (Continued)

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

1. Year-on-year changes in principal financial data (Continued)

Unit: RMB million

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Total profit	-2,623	-1,761	-48.95	In the first half of 2024, the steel industry remained in a weak market condition and the industry suffered losses as a whole. The downstream demand for steel products continued to be low, leading to fluctuating steel prices at a low level. Although the cost of raw materials decreased, it did not match the decline in sales, and the price scissors between the procurement and sales sides further narrowed, further compressing profitability. In the face of the downward pressure in the steel market, the Company took the opportunity to purchase to reduce the cost of procurement in the procurement side; strengthened the adjustment of products to increase efficiency in the sales side, tended to increase resources allocation to products with higher profit margins; and continued to promote systematic cost reduction in the manufacturing side. However, due to the impact of the continuous narrowing of the market on both the supply and sales sides, the production and operation of the Company remained in a loss position.
Net profit attributable to the shareholders of the Company	-2,689	-1,344	-100.07	

Management Discussion and Analysis (Continued)

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

1. Year-on-year changes in principal financial data (Continued)

Unit: RMB million

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Net cash flow from operating activities	572	2,515	-77.26	Net cash inflow from operating activities decreased by RMB1,943 million as compared to the same period of the previous year, mainly due to (i) the decrease of RMB11,349 million in the cash received from sales of goods and rendering of services as compared to the same period of the previous year; (ii) the decrease of RMB8,325 million in the cash paid for goods purchased and services received as compared to the same period of the previous year; (iii) the decrease of RMB429 million in the cash payments to and on behalf of employees as compared to the same period of the previous year; and (iv) the decrease of RMB441 million in cash payment for other operating activities as compared to the same period of the previous year.
Net cash flow from investing activities	-1,212	-1,414	14.29	-

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

1. Year-on-year changes in principal financial data (Continued)

Unit: RMB million

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Net cash flow from financing activities	376	-2,406	115.63	Net cash inflow from financing activities increased by RMB2,782 million as compared with the corresponding period of the previous year, mainly because (i) the cash received from borrowings obtained decreased by RMB380 million as compared with the corresponding period of the previous year; (ii) the cash payment for repayment of debts decreased by RMB2,832 million as compared with the corresponding period of the previous year; and (iii) a decrease of RMB210 million in other cash payments relating to financing activities as compared with the corresponding period of the previous year.

Management Discussion and Analysis (Continued)

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

1. Year-on-year changes in principal financial data (Continued)

Unit: RMB million

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Net increase in cash and cash equivalents	-264	-1,272	79.25	Net increase in cash and cash equivalents increased by RMB1,008 million as compared to the same period of the previous year, due to (i) the decrease of RMB1,943 million in the net cash inflow from operating activities as compared to the same period of the previous year; (ii) the decrease of RMB202 million in the net cash inflow from investing activities as compared to the same period of the previous year; (iii) the increase of RMB2,782 million in the net cash inflow from financing activities as compared to the same period of the previous year; and (iv) the decrease of RMB33 million in the effect of exchange rate changes on cash as compared to the same period of the previous year.

Management Discussion and Analysis (Continued)

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

2. Significant change in profit composition or source of profit of the Company during the Reporting Period

☐ Applicable ☒ Not applicable

3. Composition of operating income

Unit: RMB million

Item	The Reporting Period		Corresponding period of the previous year		
	Amount	As a percentage of the operating income (%)	Amount	As a percentage of the operating income (%)	Year-on-year increase/decrease (%)
Total operating Income	55,449	100	60,067	100	-7.69
By industry					
Steel rolling and processing industry	55,351	99.82	59,975	99.85	-7.71
Others	98	0.18	92	0.15	6.52
By product					
Steel products	48,554	87.57	53,442	88.97	-9.15
Others	6,895	12.43	6,625	11.03	4.08
By geographical location					
Domestic China	51,767	93.36	56,310	93.75	-8.07
Export sales	3,682	6.64	3,757	6.25	-2.00

Management Discussion and Analysis (Continued)

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

3. Composition of operating income (Continued)

Industries, products and geographical locations accounting for more than 10% of the operating income or operating profit of the Company

☒ Applicable ☐ Not applicable

Unit: RMB million

Item	Operating income	Operating costs	Gross profit margin	Increase/decrease in operating income as compared with the corresponding period of the previous year	Increase/decrease in operating costs as compared with the corresponding period of the previous year	Increase/decrease in gross profit margin as compared with the corresponding period of the previous year
			(%)	(%)	(%)	(percentage point)
By industry						
Steel rolling and processing industry	55,351	56,447	-1.98	-7.71	-6.08	-1.77
By product						
Hot-rolled sheets products	17,391	18,019	-3.61	-1.25	0.74	-2.05
Cold-rolled sheets products	18,335	18,499	-0.89	-4.91	-4.31	-0.63
Medium and heavy sheets	9,169	9,250	-0.88	-12.80	-9.83	-3.32
By geographical location						
Domestic China	51,669	52,630	-1.86	-8.09	-6.48	-1.75
Export sales	3,682	3,817	-3.67	-2.00	-0.10	-1.97

III ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

3. Composition of operating income (Continued)

In case of adjustment in statistical calibers of principal businesses of the Company during the Reporting Period, the principal businesses data of the Company in the latest period according to adjusted calibers at the end of the Reporting Period

☐ Applicable ☒ Not applicable

4. Liquidity and financial resources

As at 30 June 2024, the Group had long-term loans of RMB5,657 million with average interest rate of 2.56% and a term of 3 years. The loans are mainly used for production and operation. The bank loans of the Group are at fixed interest rates or LPR floating interest rates.

With good credit standing, the Group was reviewed and assigned a long-term credit rating of “AAA” by the rating committee of China Chengxin International Credit Rating Co., Ltd. in 2024. The Group is able to repay its debts as they fall due.

As at 30 June 2024, the Group had a total capital commitment of RMB3,440 million, which was primarily attributable to the investment contracts of RMB239 million entered into but not yet performed or partially performed and construction and renovation contracts of RMB3,201 million entered into but not yet performed or partially performed.

5. Foreign exchange risk

The Group carries out import and export through agent trade by Angang International Trade for its main foreign currency transactions, including the export of sales products, import of raw materials for production and engineering equipment. Foreign currency risk is mainly reflected in the impact of exchange rate changes when settling through agent on sales and procurement costs.

Management Discussion and Analysis (Continued)

IV ANALYSIS OF NON-PRINCIPAL BUSINESSES

Unit: RMB million

Item	Amount	As a percentage of total profit (%)	Reasons	Sustainable or not
Investment income	253	N/A	Mainly included income from long-term equity investments accounted for using equity method and investment income from other equity instrument investments during the holding period.	Yes
Gains or losses arising from changes in fair value	34	N/A	Included changes in fair value of derivative financial instruments and other non-current financial assets.	Yes
Asset impairment losses	-205	N/A	Included provisions for impairment on inventories.	No
Credit impairment loss	-3	N/A	Mainly included provision for credit impairment losses on accounts receivables.	No
Other gains	65	N/A	Mainly included gains on government grants and preferential tax policy.	No
Gains on disposal of assets	35	N/A	Included gain on disposal of intangible assets and fixed assets.	No
Non-operating income	7	N/A	Mainly included indemnity income.	No
Non-operating expenses	81	N/A	Mainly included losses on scrap of non-current assets.	Yes

Management Discussion and Analysis (Continued)

V ASSETS AND LIABILITIES

1. Significant changes in composition of assets

Unit: RMB million

Item	As at the end of the Reporting Period		As at the end of the previous year		Increase/ decrease (percentage point)	Explanation for significant changes
	Amount	As a percentage of	Amount	As a percentage of		
		total assets (%)		total assets (%)		
Monetary capital	3,055	3.16	3,319	3.40	-0.24	-
Accounts receivables	2,352	2.43	1,790	1.84	0.59	-
Inventories	14,491	14.99	16,611	17.04	-2.05	-
Long-term equity investments	3,441	3.56	3,486	3.58	-0.02	-
Fixed assets	48,825	50.49	48,788	50.04	0.45	-
Construction in progress	6,876	7.11	6,887	7.06	0.05	-
Right-of-use assets	159	0.16	7	0.01	0.15	-
Short-term loans	1,390	1.44	1,380	1.42	0.02	-
Contract liabilities	4,373	4.52	5,190	5.32	-0.80	-
Long-term loans	5,657	5.85	5,199	5.33	0.52	-
Lease liabilities	155	0.16	2	0.00	0.16	-

2. Information on main overseas assets

☐ Applicable ☒ Not applicable

Management Discussion and Analysis (Continued)

V ASSETS AND LIABILITIES (CONTINUED)

3. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB million

Item	Opening balance	Gains or losses arising from changes in fair value for the period	Changes in fair value included in equity	Impairment provision made for the period	Purchases during the period	Disposals during the period	Other changes	Closing balance
Financial assets Including:								
1. Financial assets held for trading (excluding derivative financial assets)								
2. Derivative financial assets	3	-3						0
3. Other debt investment								
4. Other equity instrument investments	672		255					692
5. Other non-current financial assets	91	5						96
Sub-total of financial assets	766	2	255					788
Investment properties								
Productive biological assets								
Others								
Total	766	2	255					788
Financial liabilities	6	4						10

V ASSETS AND LIABILITIES (CONTINUED)

3. Assets and liabilities measured at fair value (Continued)

Material changes in measurement of major assets of the Company during the Reporting Period

☐ Yes

☒ No

4. Gearing ratio

As at 30 June 2024 and 31 December 2023, the Group's equity-to-debt ratio was 1.21 times and 1.33 times, respectively.

5. Restrictions on assets as at the end of the Reporting Period

Nil.

6. Contingent liabilities

As at 30 June 2024, the Group had no contingent liabilities.

VI. ANALYSIS OF INVESTMENTS

1. Overview

Investments for the Reporting Period <i>(RMB million)</i>	External investments Investments for the corresponding period of the previous year <i>(RMB million)</i>	Change <i>(%)</i>
104	0	N/A

2. Significant equity investments made during the Reporting Period

☐ Applicable ☒ Not applicable

3. Significant non-equity investments being conducted during the Reporting Period

☐ Applicable ☒ Not applicable

Management Discussion and Analysis (Continued)

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments

(1) Securities investments

Unit: RMB million

Stock type	Stock code	Stock abbreviation	Initial investment cost	Accounting measurements	Book value at the beginning of the period	Gains or losses on fair value change for the current period	Accumulative changes in fair value included in equity	Purchase amount for the current period	Disposal amount for the current period	Loss or gain during the Reporting Period	Book value at the end of the period	Accounting item	Source of funds
Shares	600961	Zhuyue Group (株冶集團)	81	Measured at fair value	39	5	-	-	-	5	44	Financial asset held for trading	Self-owned funds

Management Discussion and Analysis (Continued)

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments

- 1) Derivatives investments for hedging purposes during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB million

Type of Derivatives investment	Initial investment amount	Amount at the beginning of the period	Gains or losses on fair value change for the current period	Gains or losses on fair value change for the current period	Purchase amount during the Reporting Period	Disposal amount during the Reporting Period	Amount at the end of the period	Proportion of investments at the end of the period to net assets of the Company at the end of the Reporting Period
Futures hedging	1	394	29	–	788	344	239	0.45%
Total	1	394	29	–	788	344	239	0.45%

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Explanation as to whether there has been a material change in the accounting policy and specific accounting and auditing principles for the hedging business during the Reporting Period as compared to last reporting period

N/A

Explanation of actual profit or loss during the Reporting Period

The profit on aggregation of value movements of the hedging instruments and hedged items was RMB11 million.

Explanation of hedging effectiveness

There was a high correlation between the price movement of the hedging instruments and hedged items, achieving the expected goals in risk management.

Source of funds for derivative investments

Self-owned funds

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)

(1) Market risk exists when the position held by the Company is related to the steel products industry, which is highly relevant to spot commodity operated by the Company. Although the Company makes regular analysis and forecast on the market, the judgment on the market may be deviated, resulting in potential risk. However, the risk is controllable after futures hedging with spot commodities.

(2) As the category of position held has sufficient liquidity, there is no liquidity risk.

(3) The futures exchange provides credit guarantee for the category of position held, thus the credit risk minimal.

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

(4) The Company carries out such business in strict compliance with the relevant requirements of hedging and total holding position and term are in line with the Company's approval.

The Company has performed evaluation of relevant legal risks. Business development is carried out in accordance with the laws and regulations of futures exchanges in the PRC, and thus, risks can be controlled.

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value

Iron ore quoted on the Dalian Commodity Exchange; nickel and hot rolled coil quoted on the Shanghai Futures Exchange; on 2 January 2024, the settlement prices of main connected contracts of iron ore, nickel and hot rolled coil were RMB989.5/ton, RMB126,990/ton and RMB4,134/ton, respectively; on 28 June 2024, the settlement prices of main connected contracts of iron ore, nickel and hot rolled coil were RMB819.5/ton, RMB135,410/ton and RMB3,736/ton, respectively.

The changes in fair values of iron ore, nickel and hot rolled coil were RMB-170/ton, RMB8,420/ton and RMB-398/ton, respectively.

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Litigation case (if applicable) N/A

Date of the announcement disclosing the approval of derivatives investment by the Board (if any) On 28 March 2024, the Resolution in relation to the Company's 2024 Annual Hedging Business Amount was approved at the 27th meeting of the ninth session of the Board.

Date of the announcement disclosing the approval of derivatives investment at shareholders' meeting (if any) Nil

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Specific opinions of independent directors on the derivatives investment and risk control of the Company

(1) The Company utilized the self-owned funds for the development of futures hedging business on the basis of ensuring its normal production and operation, and performed the related approval procedures in compliance with relevant requirements of the relevant laws, regulations and the Articles of Association, which was beneficial to the reduction of operating risks of the Company, without prejudice to the interests of the Company and shareholders as a whole.

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

(2) The Company established the “Administrative Measures on Angang Steel Company Limited Commodity Futures Hedging”* (《鞍鋼股份有限公司商品期貨套期保值管理辦法》), and clearly specified internal control procedures such as the business operation procedures, approval process and risks prevention and control, achieving a protection for the Company to control futures risks.

(3) The Company confirmed that the maximum amount and the types for trading of the annual hedging guarantees were reasonable and in compliance with the actual situation of production and operation of the Company, and were conducive to reasonably controlling risks by the Company.

Management Discussion and Analysis (Continued)

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

2) Derivatives investments for speculative purposes during the Reporting Period

☐ Applicable ☒ Not applicable

5. Use of proceeds

☐ Applicable ☒ Not applicable

VII. DISPOSAL OF MAJOR ASSETS AND EQUITY INTERESTS

1. Disposal of major assets

☐ Applicable ☒ Not applicable

2. Disposal of major equity interests

☐ Applicable ☒ Not applicable

Management Discussion and Analysis (Continued)

VIII. ANALYSIS OF MAJOR SUBSIDIARIES AND INVESTEEES

Major subsidiaries and investees accounting for over 10% of the net profit of the Company:

Unit: RMB million

Name of companies	Type of companies	Principal activities	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Chaoyang Iron and Steel	Manufacturing enterprise	Steel rolling and processing	8,000	6,863	4,143	4,115	-204	-204

Acquisition and disposal of subsidiaries during the Reporting Period:

☒ Applicable ☐ Not applicable

Name of companies	Means of acquisition and disposal of subsidiaries during the Reporting Period	Effect on the overall production, operation and results
Green Gold	Newly established	No significant impact

Management Discussion and Analysis (Continued)

IX. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

☐ Applicable ☒ Not applicable

X. WORK AND RISKS FACED IN THE SECOND HALF OF THE YEAR

(I) Work Plan for the Second Half of 2024

Currently, the iron and steel industry showed a situation of "three highs and three lows", namely, high output, high cost, high inventory, low demand, low price and low efficiency, and it was difficult to fundamentally improve the predicament of the iron and steel market being in a situation where the supply was greater than the demand. In this regard, the Company will resolutely implement the decisions and deployments of the Party Committee of Angang Group, with a focus on efficiency and budgeting to forge strengths, address inadequacies and shore up points of weakness, intensify the recovery, pursue extreme efficiency, cost and profit, and strive to complete all work tasks.

1. Adhere to systematic cost reduction and deeply explore the capabilities to reduce costs and improve efficiencies;
2. Adhere to efficient coordination and improve the efficiency and profitability of production lines;
3. Adhere to marketing leadership and optimize the efficient allocation of resources;
4. Adhere to innovation-driven development and fully stimulate the vitality and momentum;
5. Accelerate ultra-low emission transformation and enhance green development capability;
6. Strengthen the bottom-line thinking and strive to improve the risk prevention capability.

X. WORK AND RISKS FACED IN THE SECOND HALF OF THE YEAR (CONTINUED)

(II) Risks faced by the Company and countermeasures thereof

The steel industry has entered a new round of adjustment cycle. It is expected that the situation of “high supply and overall weak demand” will continue to prevail, thus intensifying competition within the steel industry. The rise of overseas trade protectionism and the escalation of international trade frictions will exert certain pressure on steel exports. From the perspective of demand, the demand for steel in the downstream industry of iron and steel will continue to differentiate, with steel for construction showing a downward trend, and steel for automobiles, household appliances, ships and electricians maintaining a growth trend. It is expected that the demand for steel will show a downward trend in 2024, and the situation of oversupply of steel will be difficult to fundamentally improve. From the perspective of raw material supply, the balance between supply and demand of raw materials is slightly loose. The global iron ore production is expected to increase by 4.8% to 2.385 billion tonnes in 2024. Under the guidance of the national cornerstone plan, the annual output of domestic iron ore concentrates is expected to increase slightly, and the overall supply and demand is loose. However, the domestic steel industry's dependence on imported iron ore remains above 80%, and the decline in iron ore prices may be limited. The severe situation of high cost and low efficiency in the iron and steel industry is difficult to change in a short time.

X. WORK AND RISKS FACED IN THE SECOND HALF OF THE YEAR (CONTINUED)

(II) Risks faced by the Company and countermeasures thereof (Continued)

In order to actively respond to the cyclical fluctuations in the iron and steel industry, the Company adheres to the “five focuses”, builds a “five-type enterprise”, and strives to enhance the competitiveness, innovation, control, influence and risk resistance of the Company, so as to promote the high-quality development of the enterprise. Firstly, in terms of enhancing competitiveness, we will comprehensively promote cost reduction and efficiency enhancement, calculate “management account”, “system account”, “efficiency account (創效賬)” and “risk account”, and pursue the ultimate efficiency and effectiveness. Secondly, in terms of enhancing innovation, we will further increase the investment in R&D, increase the proportion of “flagship (拳頭)” products and product adjustment index, comprehensively deepen reform, innovate institutional mechanisms, and make management and control modes and operational efficiency more efficient. Thirdly, in terms of enhancing control, we will maintain the production scale of the main iron and steel industry, enhance the scale of related industries, make up for the shortcomings in the scale of high value-added products, increase the market share of “flagship” products, and enhance the market control power and the market share of the core regions in Northeast China. Fourthly, in terms of enhancing influence, we will provide customers with high-quality products and excellent services, and anchor the outstanding brand building of “Angang”. Fifthly, in terms of enhancing risk resistance capability, we will take the lead in achieving ultra-low emissions in Liaoning Province, enhance the ability of green, low-carbon and sustainable development; strictly control investment risks, ensure capital security, and enhance the Company’s ability to cope with cyclical fluctuation risks in the iron and steel industry.

XI. IMPLEMENTATION OF THE ACTION PLAN OF “DOUBLE ENHANCEMENT OF QUALITY AND RETURN”

Whether the Company has disclosed the announcement on the action plan of “double enhancement of quality and return”.

☐ Yes

☒ No

XII. PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

On 29 May 2024, the resolution on the repurchase and cancellation of part of the restricted shares was considered and approved at the 2023 annual general meeting, the 2024 first H share class meeting and the 2024 first A share class meeting of the Company. On 29 July 2024, the Company completed the repurchase and cancellation of 450,666 restricted shares held by 14 incentive participants which had been granted but not yet released from restriction on sales, with a total amount of RMB977,304.66 for the repurchase and cancellation of the restricted shares. For the movement in share capital related to the incentive scheme, please refer to “Corporate Governance” in this report.

Save for the aforementioned matters, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any securities of the Company during the Reporting Period.

Management Discussion and Analysis (Continued)

XIII. SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the relevant code of conduct for directors' securities transactions for the purpose of complying with the Listing Rules. In response to the Company's specific enquiries with all Directors, the Directors have confirmed that they have complied with the standards set out in Appendix C3 to the Listing Rules.

The Company has also adopted a code of conduct governing securities transactions by the employees of the Company who may possess or have access to price sensitive information in relation to the Company or its securities.

XIV. INDEPENDENT NON-EXECUTIVE DIRECTORS

Throughout the Reporting Period, the Board had been in compliance with Rule 3.10(1) of the Listing Rules, which requires a company to maintain at least three independent non-executive directors, and Rule 3.10(2) of the Listing Rules, which requires one of the independent non-executive directors to possess professional qualifications or accounting or related financial management expertise.

XV. AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in compliance with Rule 3.21 of the Listing Rules.

The Audit Committee and the management have reviewed the accounting standards, principles and treatments adopted by the Company, considered the internal control and reviewed the unaudited interim financial report for the six months ended 30 June 2024.

XVI. CHAPTER 13 DISCLOSURE OF THE LISTING RULES

The Directors confirmed that there was no matter occurring during the six months ended 30 June 2024 which would have given rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules. The Company's controlling shareholder did not pledge any of its shares in the Company to secure any debts, guarantees or other support of obligations of the Company, nor did the Company sign loan agreements imposing specific performance obligations on the controlling shareholders.

XVII. SUFFICIENT PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this interim report, the Company had been maintaining sufficient public float as required by the Listing Rules during the six months ended 30 June 2024.

XVIII. FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

As of the date of this report, there were no plans for material investments or acquisition of capital assets approved by the Board.

I. INFORMATION ON CORPORATE GOVERNANCE

In compliance with the requirements of the Company Law, the Securities Law, the relevant requirements of the CSRC, the Listing Rules, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange and the Corporate Governance Guideline of Listed Companies and other requirements, the Company has regulated its operations and established a comprehensive corporate governance system and an effective internal control system. There is no difference between the Company's corporate governance practice and that as required under the Company Law and the relevant provisions of the CSRC.

With shares listed on both Hong Kong and Shenzhen stock exchanges, the Company is committed to improving its corporate governance in accordance with international corporate governance standards. The Board and the management understand that they are responsible for establishing good corporate governance practices and procedures and the strict implementation of such practices and procedures, so as to ensure the interests of the shareholders and to create value for the shareholders in the long term.

The Company has adopted the code provisions set out in Appendix C1 to the Listing Rules as currently in force. The Company has periodically reviewed its corporate governance practices. During the six months ended 30 June 2024, the Company was in compliance with the Corporate Governance Code.

II. INFORMATION ON THE ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS HELD IN THE REPORTING PERIOD

1. General meetings held in the Reporting Period

Session of Meeting	Type of Meeting	Proportion of investors involvement	Date of convening	Date of disclosure	Meeting resolutions
2023 Annual General Meeting	Annual General Meeting	56.57%	29 May 2024	30 May 2024	<p>Resolution 1. The 2023 Annual Report on the Work of the Board of Directors</p> <p>Resolution 2. The 2023 Annual Report on the Work of the Supervisory Committee</p> <p>Resolution 3. The 2023 Annual Report and Its Summary</p> <p>Resolution 4. The 2023 Financial Report</p> <p>Resolution 5. The 2023 Profit Distribution Plan</p> <p>Resolution 6. The Resolution on the Remuneration of Directors and Supervisors in 2023</p> <p>Resolution 7. The Resolution on the Appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's Auditor in 2024</p> <p>Resolution 8. The Resolution on the Election of Ms. Hu Cai mei as an Independent Non-executive Director of the Ninth Session of the Board of Directors of the Company</p>

II. INFORMATION ON THE ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS HELD IN THE REPORTING PERIOD (CONTINUED)

1. General meetings held in the Reporting Period (Continued)

Session of Meeting	Type of Meeting	Proportion of investors involvement	Date of convening	Date of disclosure	Meeting resolutions
					Resolution 9. The Resolution on the Election of Executive and Non-executive Directors of the Ninth Session of the Board of Directors
					9.01 The Resolution on the Election of Mr. Deng Qiang as an Executive Director of the Ninth Session of the Board of Directors
					9.02 The Resolution on the Election of Mr. Tan Yuhai as a Non-executive Director of the Ninth Session of the Board of Directors
					Resolution 10. The Resolution on the Company's Domestic Financing Business
					10.1 The Resolution on the issuance of ultra-short-term financing bills of the Company in the inter-bank bond market
					10.2 The Resolution on the issuance of short-term financing bills of the Company in the inter-bank bond market
					10.3 The Resolution on the issuance of medium-term notes of the Company in the inter-bank bond market
					Resolution 11. The Resolution on the Repurchase and Cancellation of Restricted Shares that have been Granted to Some Incentive Participants of the 2020 Restricted Share Incentive Scheme but not yet Unlocked
					Resolution 12. The Resolution on Amendments to the Articles of Association and Changing the Registered Capital of the Company

II. INFORMATION ON THE ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS HELD IN THE REPORTING PERIOD (CONTINUED)

2. Request for convening of extraordinary general meeting by preferred shareholders with restored voting rights

☐ Applicable

☒ Not applicable

III. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Category	Date	Reason
Tian Yong	Deputy General Manager	Dismissed	29 April 2024	Resigned due to work adjustment
	Executive Director	Resigned	29 April 2024	Resigned due to work adjustment
Deng Qiang	Deputy General Manager	Appointed	29 April 2024	–
He Tianqing	Deputy General Manager	Appointed	29 April 2024	–
Deng Qiang	Executive Director	Elected	29 May 2024	–
Hu Caimei	Independent Non-executive Director	Elected	29 May 2024	–
Tan Yuhai	Non-executive Director	Elected	29 May 2024	–
Feng Changli	Independent Non-executive Director	Resigned due to expiration of term of office	4 June 2024	Resigned due to expiration of a six-year term of office

Save as disclosed above, as far as is known to the Company, during the six months ended 30 June 2024, there were no changes to information that were required to be disclosed by the Directors, Supervisors and chief executives pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

IV. PROFIT DISTRIBUTION AND TRANSFER OF RESERVE TO SHARE CAPITAL DURING THE REPORTING PERIOD

The Company will not distribute cash dividend or bonus share, or conduct conversion of capital reserves into share capital for the interim period.

V. IMPLEMENTATION OF THE SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY

1. Share incentive scheme

On 28 March 2024, the 27th meeting of the ninth session of the Board and the 11st meeting of the ninth session of the Supervisory Committee of the Company considered and approved the Resolution on the Repurchase and Cancellation of Restricted Shares that have been Granted to Some Incentive Participants of the 2020 Restricted Share Incentive Scheme but not yet Unlocked and the Resolution on the Fulfilment of the Unlocking Conditions for the First Unlocking Period under the Reserved Grant of the 2020 Restricted Share Incentive Scheme.

On 18 April 2024, the restricted shares for the first unlocking period under the reserved grant of the Company's 2020 restricted share incentive scheme were listed and put into circulation, and there was a total of 36 incentive participants who fulfilled the unlocking conditions, and the number of restricted shares to be unlocked was 1,642,030 shares.

V. IMPLEMENTATION OF THE SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

1. Share incentive scheme (Continued)

On 29 May 2024, the 2023 annual general meeting, the 2024 first domestic shareholders' class meeting and the 2024 first foreign shareholders' class meeting of the Company considered and approved the Resolution on the Repurchase and Cancellation of Restricted Shares that have been Granted to Some Incentive Participants of the 2020 Restricted Share Incentive Scheme but not yet Unlocked.

On 29 July 2024, the Company completed the Repurchase and Cancellation of 450,666 Restricted Shares granted but not yet unlocked to 14 incentive participants at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, and upon completion of the cancellation, the total share capital of the Company was reduced from 9,383,851,972 shares to 9,383,401,306 shares.

2. Implementation of employee stock ownerships scheme

☐ Applicable ☒ Not applicable

3. Other employee incentive measures

☐ Applicable ☒ Not applicable

Corporate Governance (Continued)

VI. EMPLOYEES OF THE COMPANY

Composition of employees of the Company as of 30 June 2024:

Number of current employees in the Company (<i>person</i>)	22,139
Number of current employees in major subsidiaries (<i>person</i>)	3,684
Total number of current employees (<i>person</i>)	25,823
Total number of employees receiving remuneration during the period (<i>person</i>)	25,823
Number of ex-employees or retired employees for which the Company and the major subsidiaries have obligations (<i>person</i>)	–

Specialty composition	
Category of specialty composition	Number of people (<i>person</i>)
Production	18,659
Sales	339
Technical	4,035
Finance	147
Administration	1,188
Others	1,455
Total	25,823

Education level	
Category of education level	Number of people (<i>person</i>)
Bachelor's degree and above	9,528
Post-secondary	7,494
Technical secondary school	8,143
Others	658
Total	25,823

VI. EMPLOYEES OF THE COMPANY (CONTINUED)

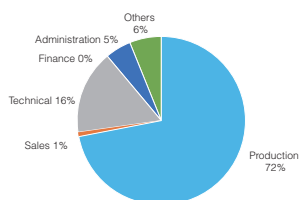
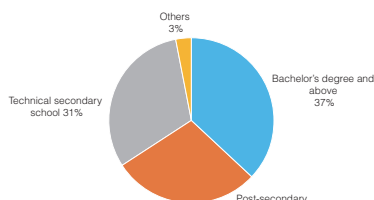


Figure of category of specialty composition



Composition of education level

In 2024, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Angang Steel Company Limited has improved the political, systematic, accurate and timely nature of education and training with high standards, and constantly consolidated the building of high-level “knowledge-based, innovative, skilled and practical” talent team. Focusing on the needs of building a strong enterprise in science and technology, quality, green and digital intelligence, the Company has strengthened the cultivation of compound talents, information-based talents, double-carbon talents, lean talents and internal trainers in key areas.

In the first half of 2024, the training work of Angang Steel focused on enhancing the leadership and decision-making ability of leadership positions, enhancing the brand value and innovation ability of engineering R&D technicians, enhancing the service awareness and ability of purchasing and marketing positions, and enhancing the exquisite ability of high-skilled personnel, and achieved excellent results. In the first half of the year, the Company completed entrusted training for 5,580 persons, key special training for 4,850 persons and training on job knowledge and skills of the grassroots units for 15,085 persons, and the actual completion rate of the training plan for all employees was 97.9%. The actual implementation rate of the plan was 100%, and the training work was completed in an all-round way.

VI. EMPLOYEES OF THE COMPANY (CONTINUED)

Remuneration policy of the Company: the Company has adopted “base salary + annual profit-linked salary + performance-linked award + tenure incentive” packages for senior management; the allocation method of “base salary + annual merit salary + allowance + performance bonus + R&D bonus” remuneration packages for scientific research positions; “base salary + annual merit salary + allowance + performance bonus + profit-linked bonus” remuneration packages for sales personnel; and position-and-performance based remuneration packages for other personnel. The Company implemented the Restricted Share Incentive Scheme for Directors, senior management and core technical (business) staff of the Company in 2020, further established and improved the long-term incentive mechanism of the Company, attracting and retaining outstanding talents, fully mobilizing the enthusiasm of core and key employees and effectively combining the interests of shareholders, the Company and the personal interests of employees.

I. MATERIAL ISSUES RELATING ENVIRONMENTAL PROTECTION

Whether the listed company and its subsidiaries are key discharge units of the environmental protection authorities

☒ Applicable ☐ Not applicable

(I) Environmental protection related policies and industry standards

The Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Noise Pollution, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, Emission Standard of Pollutants for Coking Chemical Industry, Emission Standard of Air Pollutants for Iron Smelt Industry, Emission Standard of Air Pollutants for Steel Smelt Industry, Emission Standard of Air Pollutants for Sintering and Pelletising of Iron and Steel Industry, Emission Standard of Air Pollutants for Steel Rolling Industry, Emission Standard of Air Pollutants for Thermal Power Plants, Discharge Standard of Water Pollutants for Iron and Steel Industry and other laws, regulations, and industry standards.

(II) Administrative licenses for environmental protection

The validity period to the pollutant discharge permit for Angang Steel Company Limited's Anshan headquarter is from 9 February 2023 to 8 February 2028. The validity period to Bayuquan Branch Company's pollutant discharge permit is from 8 July 2024 to 7 July 2029. The validity period to Chaoyang Iron and Steel pollutant discharge permit is from 14 June 2024 to 13 June 2029.

Environmental and Social Responsibilities (Continued)

I. MATERIAL ISSUES RELATING ENVIRONMENTAL PROTECTION (CONTINUED)

(III) Industry discharge standards and pollutant discharge involved in production and operation activities

Name of company or subsidiary	Types of major pollutants and characteristic pollutants	Name of major pollutants and characteristic pollutants	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge/ Emission Concentration/ Intensity	Pollutant discharge standards	Total Discharge/ Emissions	Approved Total Discharge/ Emissions	Excess discharge
Angang Steel Company Limited	Water pollutant	COD	Discharged after being treated to acceptable standards	3	Main drain	<50mg/L	50mg/L	28.74	8 Not approved by the government department	None
(including Anshan area of Angang Steel, Bayuquan Iron & Steel Branch Company and Chaoyang Iron and Steel)	Air pollutants	Ammonia nitrogen		3	Main drain	<5mg/L	5mg/L	3.51		None
		Particulates		631	Coking	<30mg/m ³	30mg/m ³	2,675		None
					Ironmaking	<25mg/m ³	25mg/m ³			
					Steelmaking	<20mg/m ³	20mg/m ³			
					Steel rolling	<30mg/m ³	30mg/m ³			
		Sulfur dioxide		197	Coking	<50mg/m ³	50mg/m ³	3,046.3		None
					Sintering	<200mg/m ³	200mg/m ³			
					Steel rolling	<150mg/m ³	150mg/m ³			
		Nitrogen oxide		169	Coking	<500mg/m ³	500mg/m ³	9,525.3		None
					Sintering	<300mg/m ³	300mg/m ³			
					Steel rolling	<300mg/m ³	300mg/m ³			

(IV) Treatment of pollutants

During the Reporting Period, the Company implemented 108 environmental improvement projects with a planned investment of RMB1.06 billion. The existing pollution control facilities operate stably, allowing for standard discharge of exhaust gases. Chaoyang Iron and Steel and Bayuquan Steel subsidiary have achieved standard discharge of wastewater, and Anshan plant has achieved zero discharge of wastewater during non-rainy periods.

I. MATERIAL ISSUES RELATING ENVIRONMENTAL PROTECTION (CONTINUED)

(V) Emergency plan for environmental pollution accidents

The Company has formulated the emergency plan for environmental pollution accidents, and carried out training and drills in accordance with relevant regulations. During the Reporting Period, Angang Steel prepared an emergency plan for environmental pollution accidents for the internal recycling and reuse project of four hazardous wastes, which further improved the Company's emergency treatment capacity for hazardous wastes.

(VI) Investment in environment governance and protection and payment of environmental protection tax

During the Reporting Period, the Company invested RMB1.06 billion in environmental protection projects and paid RMB35 million in environmental protection tax.

(VII) Environmental protection self-monitoring plan

During the Reporting Period, the Company organized each unit to formulate an environmental protection self-monitoring plan in accordance with the requirements of the pollutant discharge permit, and commissioned a qualified third-party monitoring agency to carry out self-monitoring in accordance with the monitoring plan.

(VIII) Administrative penalty due to environmental issues during the Reporting Period

During the Reporting Period, the Company was not subject to any administrative penalties for environmental issues.

(IX) Other environmental information that should be disclosed

Nil.

Environmental and Social Responsibilities (Continued)

I. MATERIAL ISSUES RELATING ENVIRONMENTAL PROTECTION (CONTINUED)

(X) Measures adopted for carbon emission reduction and its results during the Reporting Period

☒ Applicable ☐ Not applicable

Ansteel has always aimed to implement the national “dual carbon” strategy and achieve Angang Steel Group’s “dual carbon” goals. By promoting the project on the comprehensive utilization of residual gas for high-efficiency power generation units, deploying out the green energy industry and adjusting the Company’s “double carbon work advancement system”, from January to June of 2024, the Company achieved a carbon dioxide emission intensity of 5.49 tonnes per 10,000 yuan of production value, and completed the production and certification of automotive steel products with carbon reduction of more than 30%, as well as the filling of the CBAM report.

1. Vigorous promotion of “green electricity” generated by clean energy. From January to June 2024, the trading of electricity generated by clean energy reached 2.32 billion kWh, of which 783 million kWh was green electricity, representing a year-on-year increase of 337 million kWh, saving electricity costs by RMB11.76 million.
2. Advancement of residual gas utilisation for high-efficiency power generation project The Anshan base 135 MW, Bayuquan base 135 MW, and Chaoyang base 100 MW, comprising four units of comprehensive utilisation of residual gas for high-efficiency power generation projects, are scheduled to be fully completed and put into operation by 2024. Once operational, they are expected to generate an additional 480 million kWh of electricity, reducing carbon emissions by 200,000 tons. Among them, the 135MW supercritical generating unit at the Bayuquan base was connected to the grid for power generation in July 2024.

I. MATERIAL ISSUES RELATING ENVIRONMENTAL PROTECTION (CONTINUED)

(X) Measures adopted for carbon emission reduction and its results during the Reporting Period (Continued)

3. Promotion of energy low-carbon transformation and development of green energy and application. The Bayuquan coking oven gas to liquefied natural gas (LNG) and hydrogen production project commenced trial production in May 2024, and is expected to reduce carbon dioxide emissions by 80,000 tonnes per year.
4. Successful exploration of a production process path of low-carbon automotive steel products in line with the Company's actual situation. In order to meet the demand of downstream automotive steel customers for low-carbon products, based on the Company's blast furnace-converter production process, the production process scheme of automotive steel products with carbon reduction of more than 30% was formulated and successfully trial-produced, and the third-party certification of five key products such as hot-rolled sheet and galvanized sheet for automotive steel with carbon reduction of 30% was completed simultaneously, which enhanced the Company's green, low-carbon and high-quality development.
5. Formulation of the Implementation Plan for Double-Carbon Talents Training in 2024. The Company strengthened the training of double-carbon talents, and provided strong talent guarantee and intellectual support for the Company's green and low-carbon transformation and the realization of carbon peak and carbon neutrality goals.

Environmental and Social Responsibilities (Continued)

I. MATERIAL ISSUES RELATING ENVIRONMENTAL PROTECTION (CONTINUED)

(X) Measures adopted for carbon emission reduction and its results during the Reporting Period (Continued)

6. Establishment of a management system for filling in the EU carbon border adjustment mechanism (hereinafter referred to as CBAM), shifting from one-time response to normal management, integrating the relevant requirements of CBAM into the daily carbon accounting, verification and management of enterprises, and forming a long-term mechanism. Completion of timely and accurate data reporting to provide guarantee for product export.

II. SOCIAL RESPONSIBILITY

Angang Steel has earnestly implemented the decision-making and deployment of the assistance work with scientific planning, and steadily promoted the paired assistance work. Through the implementation of funds, cadre selection, consumption assistance and other works, the Company consolidated the responsibility of assistance and promoted the implementation of assistance projects.

In the first half of the year, Angang Steel has allocated RMB8.6016 million for assistance. Of which: RMB8.3016 million in Ta County, with 7 assistance projects implemented; RMB300,000 in Shangtao Village, Chaoyang City, Liaoning Province, with 1 assistance project implemented; and consumption assistance completed purchase of products of RMB3.82 million. The Company trained 856 individuals consisting of leaders for rural rejuvenation, managers, and grassroots technical staff from Tajik Autonomous County of Taxkorgan. The industrial assistance case of “Supporting the Branding and Development of the Yak Industry in the Pamirs with Heart, Care and Efforts” compiled by Angang Steel was selected in the Blue Book of Rural Revitalization of Central Enterprises for the first time, and recognized as an excellent case by the Bureau of Social Responsibility of SASAC.

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD

Reason for Undertaking	Undertaking Party	Type of Undertaking	Type of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
Undertaking made during the restructuring of assets	Angang Holding	Non-competition undertakings	<p>The Non-competition Undertaking Letter of Angshan Iron & Steel Group Complex《鞍山鋼鐵集團公司避免同業競爭承諾函》:</p> <p>(1) Angang Holding and its wholly-owned and controlled subsidiaries have complied with relevant requirements of the state on non-competition.</p> <p>(2) Angang Holding and its wholly-owned and controlled subsidiaries have never engaged in any business which directly or indirectly competes with the iron and steel business, the principal business of the Company.</p> <p>(3) Angang Holding undertakes that the Company is entitled to the pre-emptive rights for the assets and business to be disposed by Angang Holding or the wholly-owned and controlled subsidiaries of Angang Holding under the same conditions, which are related to the iron and steel business of the Company.</p> <p>(4) If the enterprises in which Angang Holding holds equity interests produce products or engage in business which compete or may compete with the Company, Angang Holding undertakes that, at the request of the Company, it will transfer all the capital contribution, shares or equity interests it holds in such companies and grant the Company preemptive rights for such capital contribution, shares or equity interests under the same conditions.</p>	20 May 2007	Indefinite	There was no breach of such undertaking

Significant Matters (Continued)

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD (CONTINUED)

Reason for Undertaking	Undertaking Party	Type of Undertaking	Type of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			(5)	If Angang Holding and its wholly-owned and controlled subsidiaries have assets and business which compete or may compete with the Company, when the Company proposes to purchase such assets and business, Angang Holding and its wholly-owned and controlled subsidiaries will transfer relevant assets and business to the Company with priority based on reasonable prices and conditions according to the processes required by laws.		
			(6)	During the effective period of the undertakings, on the premise of equal investment qualifications, Angang Holding shall inform the Company first of the opportunity of new business.		
				If the Company accepts such opportunity of new business, Angang Holding shall transfer such new business to the Company for free. Angang Holding and its wholly-owned and controlled subsidiaries have the rights to invest in the new business only if the Company expressly refuses such opportunity.		
				If the Company proposes to acquire such business in the future, Angang Holding and its wholly-owned and controlled subsidiaries still need to transfer the assets and business formed by such opportunities to the Company with priority based on reasonable prices and conditions.		

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD (CONTINUED)

Reason for Undertaking	Undertaking Party	Type of Undertaking	Type of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			(7) Other effective measures to avoid and eliminate horizontal competition. The above undertakings do not limit the business of Angang Holding and its wholly-owned and controlled subsidiaries which do not compete with the Company, especially the business of provision of required materials or services necessary for the operation of the Company. All the undertakings made by Angang Holding are based on the national requirements and subject to the adjustments according to the national requirements. Angang Holding is eligible to engage in business not prohibited by the state. Such undertakings became effective from the date of issuance, and shall be terminated once one of the following conditions occurs: (1) Angang Holding ceases to be the controlling shareholder of the Company; (2) The shares of the Company cease to be listed on any stock exchanges (except for temporary suspension of trading of the shares of the Company due to any reason); (3) When the state does not require certain undertakings, the relevant sections shall be terminated automatically.			

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD (CONTINUED)

Reason for Undertaking	Undertaking Party	Type of Undertaking	Type of Undertaking	Type of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
					Considering that Angang Holding does not have any iron and steel production projects already put into production which compete with the Company, therefore, the undertakings made in the undertaking letter shall prevail if any inconsistencies occur between such undertakings and all the undertakings made by Angang Holding concerning the competitions with the Company before the date of the issuance of the undertaking letter.		
Whether the commitment are fulfilled on time	Yes						

II. INFORMATION ON THE NON-OPERATING USE OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES

☐ Applicable ☒ Not applicable

During the Reporting Period, there was no non-operating use of funds of the Company by the controlling shareholder of the Company and other related parties.

III. INFORMATION ON ILLEGAL EXTERNAL GUARANTEES

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company had no illegal external guarantee.

IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

This interim report of the Company is unaudited.

V. EXPLANATION OF THE BOARD AND THE SUPERVISORY COMMITTEE REGARDING THE “NON-STANDARD AUDITOR’S REPORT” FOR THE REPORTING PERIOD ISSUED BY THE ACCOUNTING FIRM

☐ Applicable ☒ Not applicable

VI. EXPLANATION OF THE BOARD REGARDING THE INFORMATION RELATING TO THE “NON-STANDARD AUDITOR’S REPORT” FOR THE PREVIOUS YEAR

☐ Applicable ☒ Not applicable

VII. MATTERS RELATING TO INSOLVENCY AND RESTRUCTURING

There was no matter relating to insolvency and restructuring during the Reporting Period.

Significant Matters (Continued)

VIII. LITIGATION

Material litigation and arbitration

☐ Applicable ☒ Not applicable

The Company was not involved in any material litigation and arbitration during the Reporting Period.

Other litigations

☒ Applicable ☐ Not applicable

Basic information of the litigation (arbitration)	Amount involved in the litigation (RMB'0,000)	Whether caused estimated liabilities or not	Progress of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Execution of judgment of the litigation (arbitration)	Date of disclosure	Disclosure index
Non-material proceedings	33,167	No	Most of the cases were concluded in favour of the Company, while other cases have entered the judicial proceedings.	-	Some of the successful cases have applied to court for enforcement proceedings.	-	-
Non-material response to proceedings	5,249	No	Some of the cases were concluded in favour of the Company, while other cases have entered the judicial proceedings.	-	-	-	-

IX. PENALTY AND RECTIFICATIONS

☐ Applicable ☒ Not applicable

The Company has not been subject to any material penalty and rectification during the Reporting Period.

X. CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

☐ Applicable ☒ Not applicable

XI. MAJOR CONNECTED TRANSACTIONS

The connected transactions set out below fall within the definition relating to “Connected Transaction” or “Continuing Connected Transaction” under Chapter 14A of the Listing Rules. Relevant connected transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

1. Connected transactions related to daily operations

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a Percentage of the amount similar transactions (%)	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Mining Co., Ltd.	Controlled by the same Controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	9,263	26.34	39,905	No	In cash	-
Shanxi Wuchan International Energy Co., Ltd. (山西物產國際能源有限公司)	Associate of controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	1,064	3.03			In cash	-
Steel Scrap	Associate of controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	712	2.02			In cash	-
Angang International Trade	Controlled by the same Controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	501	1.42			In cash	-
Angang Cast Steel Co., Ltd.	Controlled by the same Controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	485	1.38			In cash	-

Significant Matters (Continued)

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a Percentage of the amount similar transactions (%)	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	320	0.91			In cash	-
Other subsidiaries of Angang Group	Controlled by the same Controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	292	0.83			In cash	-
Sub-total	-	-	Purchase main materials	-	-	12,637	35.93			-	-
Delin Lugang Supply Chain Service Co., Ltd.* (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	1,597	13.51	9,752	No	In cash	-
Pangang Group Company Limited	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	322	2.72			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	126	1.08			In cash	-
Sub-total	-	-	Purchase steel products	-	-	2,047	17.31			-	-
Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	367	12.55	3,713	No	In cash	-
Anshan Iron and Steel Group Refractory Materials Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	355	11.51			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	339	10.99			In cash	-
Sub-total	-	-	Purchase auxiliary materials	-	-	1,081	35.05			-	-
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Procurement of energy and power	Market principle	-	68	7.70	2,750	No	In cash	-
Sub-total	-	-	Procurement of energy and power	-	-	68	7.70			-	-

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a Percentage of the amount similar transactions (%)	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Group Engineering Technology Co., Ltd.	Associate of controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	773	11.15	9,511	No	In cash	-
Angang Group Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	671	9.68			In cash	-
Delin Lugang Supply Chain Service Co., Ltd.* (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	652	9.40			In cash	-
Angang Holding	Controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	363	5.24			In cash	-
Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	331	4.77			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	756	10.90			In cash	-
Sub-total	-	-	Receive supporting services	-	-	3,546	51.14			-	-
Delin Lugang Supply Chain Service Co., Ltd.* (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	3,242	4.43	24,194	No	In cash	-
Angang International Trade	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	914	1.25			In cash	-
Angang Cold Rolled Steel Plate (Putian) Co., Ltd.	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	756	1.03			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	451	0.62			In cash	-
Sub-total	-	-	Sales of products	-	-	5,363	7.33			-	-

Significant Matters (Continued)

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a Percentage of the amount similar transactions (%)	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Group	Controlled by the same Controlling shareholder	Sales of products/ Provision of services	Sell scrap steel material, abandoned material, minus sieve powder	Market principle	-	297	94.29	6,563	No	In cash	-
Sub-total	-	-	Sell scrap steel material, abandoned material, minus sieve powder	-	-	297	94.29	-	-	-	-
Angang Group	Controlled by the same Controlling shareholder	Sales of products/ Provision of services	Provide comprehensive services	Market principle	-	202	25.03	1,881	No	In cash	-
Sub-total	-	-	Provide comprehensive services	-	-	202	25.03	-	-	-	-
Angang Financial Company	Controlled by the same Controlling shareholder	Receive finance services	Settle fund and deposit interests	Market principle	-	17	80.95	100	No	In cash	-
Angang Financial Company	Controlled by the same Controlling shareholder	Receive finance services	Maximum daily deposit balance	Market principle	-	3,962	-	5,000	No	-	-
Angang Financial Company	Controlled by the same Controlling shareholder	Receive finance services	Credit business interest	Market principle	-	2	1.74	250	No	In cash	-
Angang Financial Company	Controlled by the same Controlling shareholder	Receive finance services	Entrusted loan interest	Market principle	-	-	-	100	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same Controlling shareholder	Receive finance services	Commercial factoring	Market principle	-	-	-	1,000	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same Controlling shareholder	Receive finance services	Commercial factoring interest	Market principle	-	-	-	50	No	In cash	-

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Particulars on refund of bulk sale

–

Estimated total amount for daily connected transactions to be conducted during the period and their actual implementing during the Reporting Period

During the Reporting Period, the total amount of the Company's daily connected transactions did not exceed the relevant caps applicable to such category as set out in the relevant daily connected transaction agreements and supplemental agreement to daily connected transaction agreements approved at the general meeting and the estimated amounts of each type of daily connected transactions expected at the beginning of the year.

Reason for the large difference between transaction price and market reference price

–

Relevant explanation on connected transactions

As production in the iron and steel industry is on a continuous basis, Angang Group has been engaged in mining, supplying, processing and manufacturing of raw materials, auxiliary materials and energy and power, which is a part of the supply chain of the Company. In the meantime, its subsidiaries have a high technological level and service capabilities, which can provide necessary supporting services for production and operation of the Company. The Company would sell certain products, abandoned steel, abandoned materials and integrated services to Angang Group which is a client of the Company.

2. Related party transactions in relation to asset or equity acquisition or disposal

☐ Applicable

☒ Not applicable

Significant Matters (Continued)

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

3. Related party transactions in relation to joint external investments

☒ Applicable ☐ Not applicable

Unit: RMB million

Joint Investors	Related relationship	Name of the investee	Principal business of the investee	Registered capital of the investee	Total assets of the investee	Net assets of the investee	Net profit of the investee
Angang Holding, Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Green Gold	Road goods transportation (excluding hazardous goods) productive scrap, end-of-life automotive dismantling; processing and treatment of metal waste and scrap; recycling of renewable resources (excluding productive scrap metal); processing of renewable resources; sales of renewable resources; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval).	469	834	321	2

Progress of major projects (if any) -
under construction of the investee

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

4. Related party credit and debt transaction

☒ Applicable ☐ Not applicable

Whether there are claims or obligations for non-operating purpose

☐ Yes ☒ No

There were no claims or obligations for non-operating purpose during the Reporting Period.

5. Transaction with connected financial company

☒ Applicable ☐ Not applicable

Unit: RMB million

Deposit business

Related party	Related relationship	Maximum daily deposit limit	Range of deposit interest rate (%)	Amount during the period			Balance as at the end of the period
				Balance as at the beginning of the period	Total amount deposited during the period	Total amount withdrawn during the period	
Angang Financial Company	Controlled by the same controlling shareholder	5,000	0.455–1.35	2,583	164,321	165,025	1,879

Significant Matters (Continued)

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

5. Transaction with connected financial company (Continued)

Loan business

Related party	Related relationship	Loan facility	Range of loan interest rate (%)	Balance as at the beginning of the period	Amount during the period		Balance as at the end of the period
				Total loan Amount for the period	Total amount repaid during the period		
Angang Financial Company	Controlled by the same controlling shareholder	5,000	2.07	200	0	0	200

Credit extension or other financial business

Related party	Related relationship	Type of business	Total amount	Actual amount
Angang Financial Company	Controlled by the same controlling shareholder	Credit extension	5,000	200

6. Transaction with connected financial company which is under the control of the Company

☐ Applicable ☒ Not applicable

7. Other major connected transactions

☐ Applicable ☒ Not applicable

There was no other significant related party transaction of the Company during the Reporting Period.

XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

1. Trust, contractual or lease arrangement

(1) Trust arrangement

The Company entered into the Entrusted Management Services of Asset and Business Agreement with Angang Holding as the specific agreement for execution under the approved Supply of Materials and Services Agreement (2022–2024). Pursuant to the Entrusted Management Services of Asset and Business Agreement, Angang Holding entrusts the Company to operate and manage the assets, businesses, additional future assets and businesses of the unlisted units under its control daily.

During the Reporting Period, the Company did not have any entrusted projects that resulted in profit or loss of the Company amounting to more than 10% of the Company's total profit during the Reporting Period.

(2) Contractual arrangement

☐ Applicable ☒ Not applicable

(3) Lease arrangement

☒ Applicable ☐ Not applicable

Lease arrangement explanation:

The Company used certain land assets of Angang Holding and its subsidiaries for its production and operation. Pursuant to the land lease agreements entered into between the Company and relevant parties, the Company paid a land leasehold payment with reference to the market rates to Angang Holding and its subsidiaries, with a total amount of RMB32 million paid in the first half of 2024.

XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (CONTINUED)

1. Trust, contractual or lease arrangement (Continued)

(3) Lease arrangement (Continued)

Items that bring profit or loss of more than 10% of the total profit of the Company during the Reporting Period

☐ Applicable ☒ Not applicable

During the Reporting Period, there was no lease which generated profit of more than 10% of the gross profit of the Company.

2. Material guarantee

☐ Applicable ☒ Not applicable

During the Reporting Period, there was no material guarantee provided by the Company.

3. Entrusted wealth management

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company did not have entrusted wealth management.

4. Other significant contracts

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company had no other significant contracts.

XIII. EXPLANATION ON OTHER SIGNIFICANT MATTERS

☐ Applicable ☒ Not applicable

XIV. SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

☐ Applicable ☒ Not applicable

Movements in Share Capital and Shareholding of Substantial Shareholders

I. MOVEMENTS IN SHARES

1. Movements in Shares

As at 30 June 2024, the structure of share capital of the Company was as follows:

Unit: Share

	Before the change		Increase/decrease during the period (+/-)					After the change	
	Number	Percentage (%)	Issue of new shares	Bonus shares	Shares transferred from accumulated fund	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading moratorium	16,415,939	0.17	-	-	-	-1,376,711	-1,376,711	15,039,228	0.16
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-	-	-
3. Other domestic shares	16,415,939	0.17	-	-	-	-1,376,711	-1,376,711	15,039,228	0.16
Including: shares held by domestic legal persons	-	-	-	-	-	-	-	-	-
Shares held by domestic natural persons	16,415,939	0.17	-	-	-	-1,376,711	-1,376,711	15,039,228	0.16
4. Foreign investment shares	-	-	-	-	-	-	-	-	-
Including: shares held by overseas legal persons	-	-	-	-	-	-	-	-	-
Shares held by overseas natural persons	-	-	-	-	-	-	-	-	-

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

I. MOVEMENTS IN SHARES (CONTINUED)

1. Movements in Shares (Continued)

Unit: Share

	Before the change		Increase/decrease during the period (+/-)					After the change	
	Number	Percentage (%)	Issue of new shares	Bonus shares	Shares transferred from accumulated fund	Others	Sub-total	Number	Percentage (%)
II. Shares not subject to trading moratorium	9,367,436,033	99.83	-	-	-	1,376,711	1,376,711	9,368,812,744	99.84
1. Renminbi ordinary shares	7,955,896,033	84.79	-	-	-	1,376,711	1,376,711	7,957,272,744	84.80
2. Domestically listed foreign investment shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign investment shares	1,411,540,000	15.04	-	-	-	-	-	1,411,540,000	15.04
4. Others	-	-	-	-	-	-	-	-	-
III. Total shares	9,383,851,972	100.00	-	-	-	0	0	9,383,851,972	100.00

I. MOVEMENTS IN SHARES (CONTINUED)

1. Movements in Shares (Continued)

Notes:

- (1) Reasons for movement in share capital:

On 18 April 2024, the Company, at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, completed the release of 1,642,030 restricted shares for the first unlocking period under the reserved grant of the 2020 restricted share incentive scheme. In addition, Mr. Tian Yong, the former director of the Company, resigned during the Reporting Period, and all the shares he held were locked up. As a result, the shareholding by domestic natural persons in the shares subject to trading moratorium, and Renminbi ordinary shares in the shares not subject to trading moratorium have changed.

- (2) Approval of movement in share capital:

On 28 March 2024, the Resolution on the Fulfilment of the Unlocking Conditions for the First Unlocking Period under the Reserved Grant of the 2020 Restricted Share Incentive Scheme (《關於2020年限制性股票激勵計劃預留授予部分第一個解除限售期解除限售條件成就的議案》) was considered and approved at the twenty-seventh meeting of the ninth session of the Board and the eleventh meeting of the ninth session of the Supervisory Committee of the Company.

- (3) Transfer of movement in share capital:

On 18 April 2024, the Company, at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, completed the release of 1,642,030 restricted shares for the first unlocking period under the reserved grant of the 2020 restricted share incentive scheme.

I. MOVEMENTS IN SHARES (CONTINUED)

1. Movements in Shares (Continued)

Notes: (Continued)

- (4) Progress on the implementation of the share repurchase:
- ☐ Applicable ☒ Not applicable
- (5) Progress on the implementation of reduction in the holding of repurchased shares by way of centralized bidding
- ☐ Applicable ☒ Not applicable
- (6) Impact of movement in shares on the basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company and other financial indicators in the latest year and the latest period
- ☐ Applicable ☒ Not applicable
- (7) Other information considered necessary by the Company or required by securities regulators that should be disclosed
- ☐ Applicable ☒ Not applicable

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

I. MOVEMENTS IN SHARES (CONTINUED)

2. Changes in shares subject to trading moratorium

Unit: Share

Name of Shareholder	Shares subject to trading moratorium at the beginning of the period	Increase in shares subject to trading moratorium during the period	Decrease in shares subject to trading moratorium during the period	Shares subject to trading moratorium at the end of the period	Reason for the trading moratorium	Date of release of the trading moratorium
Wang Yidong	9,945	–	2,486	7,459	25% of shares held were unlocked after resignation for 6 months	22 March 2024
Zhang Hongjun	32,000	67,000	–	99,000	75% lock-up of shares held by directors during their tenure of office	–
Meng Jinsong	36,000	37,125	–	73,125	75% lock-up of shares held by directors during their tenure of office	–
Wang Baojun	177,885	43,144	87,615	133,414	Shares released from restricted sale during the period were partially converted to management lock-up shares	18 April 2024
Tian Yong	126,000	75,000	–	201,000	100% lock-up of shares held by directors after resignation	–

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

I. MOVEMENTS IN SHARES (CONTINUED)

2. Changes in shares subject to trading moratorium (Continued)

Unit: Share

Name of Shareholder	Shares subject to trading moratorium at the beginning of the period	Increase in shares subject to trading moratorium during the period	Decrease in shares subject to trading moratorium during the period	Shares subject to trading moratorium at the end of the period	Reason for the trading moratorium	Date of release of the trading moratorium
Xu Shishuai	74,415	55,811	74,415	55,811	Restricted shares held during the period were released from restricted sale, and 25% of shares held were unlocked after resignation for 6 months	18 April 2024
Yang Xu	41,250	–	10,275	30,975	25% of shares held were unlocked after resignation for 6 months	1 January 2024
Other incentive participants of restricted shares	15,918,444	–	1,480,000	14,438,444	–	18 April 2024
Total	16,415,939	278,080	1,654,791	15,039,228	–	–

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

II. ISSUANCE AND LISTING OF SECURITIES

☐ Applicable ☒ Not applicable

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY

Unit: Share

The total number of ordinary shareholdings of the Company as at the end of the Reporting Period 104,515, of which 454 were holders of H shares

Total number of preferred shareholdings with voting rights resumed at the end of the reporting period (if any) None

Details of shareholders holding more than 5% of ordinary shares or top ten shareholders holding ordinary shares

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of ordinary shares held as at the end of the Reporting Period	Increase/decrease during the Reporting Period	Number of ordinary shares held subject to trading moratorium	Number of ordinary shares held not subject to trading moratorium	Pledged, tagged or frozen	Status of shares	Number
Anshan Iron and Steel Group Co., Ltd.	State-owned legal person	53.45%	5,016,111,529	0	0	5,016,111,529	-	-	-
HKSCC (Nominees) Limited	Overseas legal person	14.91%	1,399,083,324	274,834	0	1,399,083,324	-	-	-
China National Petroleum Corporation	State-owned legal person	9.00%	845,000,000	0	0	845,000,000	-	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	0.89%	83,650,620	0	0	83,650,620	-	-	-
Power Construction Corporation of China	State-owned legal person	0.60%	56,550,580	0	0	56,550,580	-	-	-
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.36%	33,443,100	-10,786,921	0	33,443,100	-	-	-

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Details of shareholders holding more than 5% of ordinary shares or top ten shareholders holding ordinary shares (Continued)

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of ordinary shares held as at the end of the Reporting Period	Increase/decrease during the Reporting Period	Number of ordinary shares held subject to trading moratorium	Number of ordinary shares held not subject to trading moratorium	Pledged, tagged or frozen shares	Status of shares	Number
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund (中證500交易型開放式指數證券投資基金)	Other	0.30%	27,940,048	14,751,400	0	27,940,048	-	-	-
Bank of Communications Co., Ltd. – Invesco Great Wall CSI Dividend Low Volatility 100 Exchange Traded Fund (景順長城中證紅利低波動100交易型開放式指數證券投資基金)	Other	0.27%	25,223,800	9,978,000	0	25,223,800	-	-	-
Chen Zhiying	Overseas natural person	0.17%	15,500,000	-200,000	0	15,500,000	-	-	-
Hebei Jianzhi Casting Group Ltd.	Domestic general legal person	0.16%	15,230,530	8,548,770	0	15,230,530	-	-	-

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Details of shareholders holding more than 5% of ordinary shares or top ten shareholders holding ordinary shares (Continued)

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of ordinary shares held as at the end of the Reporting Period	Increase/decrease during the Reporting Period	Number of ordinary shares held subject to trading moratorium	Number of ordinary shares held not subject to trading moratorium	Pledged, tagged or frozen shares	Number
Description of strategic investors or general legal persons who became top 10 ordinary shareholders due to placement of new shares (if any)		-						
Explanations on the connected relationship or concerted action among the shareholders mentioned above			The Company is not aware of any connected relationship among the above-mentioned shareholders of the Company or any party acting in concert as provided in the Procedures for the Administration of Information Disclosure for Changes in Shareholdings of the Shareholders of Listed Companies.					
Description of the above shareholders involved in entrustment/entrusted voting rights and waiver of voting rights		-						
Special explanations on the special repurchase account among the top 10 shareholders (if any)		-						

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Top ten shareholders holding ordinary shares not subject to trading moratorium

Name of shareholder	Number of ordinary shares held not subject to trading moratorium as at the end of the Reporting Period	Type of share	
		Type of share	Number
Anshan Iron and Steel Group Co., Ltd.	5,016,111,529	Renminbi ordinary shares	5,016,111,529
HKSCC (Nominees) Limited	1,399,083,324	Overseas listed foreign shares	1,399,083,324
China National Petroleum Corporation	845,000,000	Renminbi ordinary shares	845,000,000
Central Huijin Asset Management Ltd.	83,650,620	Renminbi ordinary shares	83,650,620
Power Construction Corporation of China	56,550,580	Renminbi ordinary shares	56,550,580
Hong Kong Securities Clearing Company Limited	33,443,100	Renminbi ordinary shares	33,443,100
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund (中證500交易型開放式指數證券投資基金)	27,940,048	Renminbi ordinary shares	27,940,048
Bank of Communications Co., Ltd. – Invesco Great Wall CSI Dividend Low Volatility 100 Exchange Traded Fund (景順長城中證紅利低波動100交易型開放式指數證券投資基金)	25,223,800	Renminbi ordinary shares	25,223,800
Chen Zhiying	15,500,000	Renminbi ordinary shares	15,500,000
Hebei Jianzhi Casting Group Ltd.	15,230,530	Renminbi ordinary shares	15,230,530

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Explanations on the connected relationship or concerted action among the top 10 ordinary shareholders not subject to trading moratorium, and the top 10 ordinary shareholders not subject to trading moratorium and the top 10 ordinary shareholders	The Company is not aware of any connected relationship among the above-mentioned shareholders of the Company or any party acting in concert as provided in the Procedures for the Administration of Information Disclosure for Changes in Shareholdings of the Shareholders of Listed Companies.
Description of top ten shareholders holding ordinary shares to participate in securities margin trading business (if any) (see Note 4)	Among the top 10 shareholders, Chen Zhiying held 15,500,000 shares through an investor credit securities account.

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Details of shareholdings of shareholders with more than 5% of shares, top ten shareholders and top ten shareholders not subject to trading moratorium lent through refinancing

☒ Applicable ☐ Not applicable

Unit: Share

Details of shareholdings of shareholders with more than 5% of shares, top ten shareholders and top ten shareholders not subject to trading moratorium lent through refinancing

Name of shareholder (full name)	Number of shares held in general accounts and credit accounts as at the beginning of the period		Number of shares lent through refinancing and not yet returned as at the beginning of the period		Number of shares held in general accounts and credit accounts as at the end of the period		Number of shares lent through refinancing and not yet returned as at the end of the period	
	Percentage of total		Percentage of total		Percentage of total		Percentage of total	
	Total amount	share capital	Total amount	share capital	Total amount	share capital	Total amount	share capital
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund (中證 500交易型開放式指數 證券投資基金)	13,188,648	0.14%	3,861,000	0.04%	27,940,048	0.30%	1,029,800	0.01%
Bank of Communications Co., Ltd. – Invesco Great Wall CSI Dividend Low Volatility 100 Exchange Traded Fund	15,245,800	0.16%	0	0%	25,223,800	0.27%	7,188,300	0.08%

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Changes in the top ten shareholders and top ten shareholders not subject to trading moratorium due to lending/returning resulting from refinancing as compared with the previous period

☐ Applicable ☒ Not applicable

Have the Company's top ten ordinary shareholders, and top ten ordinary shareholders not subject to trading moratorium, conducted agreed repurchase transactions during the Reporting Period?

☐ Yes ☒ No

The top ten holders of ordinary shares and the top ten holders of ordinary shares not subject to trading moratorium of the Company did not make any agreed repurchase transactions during the Reporting Period.

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

IV. CHANGES IN THE SHARES HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

☒ Applicable ☐ Not applicable

Unit: Share

Name	Position	Current status of position	No. of shares held at the beginning of the Reporting Period	No. of shares increased in the Reporting Period	No. of shares reduced in the Reporting Period	No. of shares held at the end of the Reporting Period	No. of restricted shares granted at the beginning of the Reporting Period	No. of restricted shares granted in the Reporting Period	No. of restricted shares granted at the end of the Reporting Period
Wang Jun	Chairman and Executive Director	In office	-	-	-	-	-	-	-
Zhang Hongjun	Executive Director, General Manager	In office	132,000	-	-	132,000	-	-	-
Wang Baojun	Executive Director, Deputy General Manager, Chief Accountant, and Secretary to the Board	In office	177,885	-	-	177,885	177,885	-87,615 ^{Note 2}	90,270
Deng Qiang	Executive Director, Deputy General Manager	In office	-	-	-	-	-	-	-
Tan Yuhai	Non-executive Director	In office	-	-	-	-	-	-	-
Wang Jianhua	Independent Non-executive Director	In office	-	-	-	-	-	-	-
Wang Wanglin	Independent Non-executive Director	In office	-	-	-	-	-	-	-
Zhu Keshi	Independent Non-executive Director	In office	-	-	-	-	-	-	-
Hu Caimei	Independent Non-executive Director	In office	-	-	-	-	-	-	-

Movements in Share Capital and Shareholding of Substantial Shareholders (Continued)

IV. CHANGES IN THE SHARES HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Unit: Share

Name	Position	Current status of position	No. of shares held at the beginning of the Reporting Period	No. of shares increased in the Reporting Period	No. of shares reduced in the Reporting Period	No. of shares held at the end of the Reporting Period	No. of restricted shares granted at the beginning of the Reporting Period	No. of restricted shares granted in the Reporting Period	No. of restricted shares granted at the end of the Reporting Period
Cao Yuhui	Chairman of the Supervisory Committee, Supervisor	In office	-	-	-	-	-	-	-
Liu Ming	Supervisor	In office	-	-	-	-	-	-	-
Guo Fang	Supervisor	In office	125,625	-	-	125,625	125,625	-	125,625
Meng Jingsong	Deputy General Manager	In office	301,500	-	-	301,500	153,000	-	153,000
Zhang Hua	Deputy General Manager	In office	-	-	-	-	-	-	-
He Tianqing	Deputy General Manager	In office	-	-	-	102,000	-	-	102,000
Tian Yong	Executive Director, Deputy General Manager	Resigned	201,000	-	-	201,000	102,000	-	102,000
Feng Changli	Independent Non-executive Director	Resigned	-	-	-	-	-	-	-
Total	-	-	938,010	0	0	1,040,010	558,510	-87,615	572,895

IV. CHANGES IN THE SHARES HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Notes:

1. All the shares held by the persons above were A shares of the Company and were held by them in their capacity as individual beneficial owners.
2. On 18 April 2024, the restricted shares for the first unlocking period under the reserved grant of the 2020 restricted share incentive scheme were released.
3. Mr. He Tianqing has been appointed as the deputy general manager of the Company since 29 April 2024. Therefore, number of shares held at the beginning of the Reporting Period has not been disclosed.

Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company Held by Directors, Supervisors and Senior Management

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors and senior management of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under Section 352 of the SFO, or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules.

V. CHANGE TO CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

During the Reporting Period, there was no change to the controlling shareholder or the de facto controller of the Company.

VI. SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 30 June 2024, no parties (other than Directors, Supervisors and senior management of the Company) had any interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO:

Interests in ordinary shares of the Company as at the end of the Reporting Period

Name of shareholder	Number and class of shares held	Percentage of total share capital	Percentage of total H shares in issue	Percentage of total domestic shares in issue	Capacity
Angang Group Company Limited	5,016,111,529 (L) A shares	53.45% (L)	–	62.92%(L)	Interests of controlled corporation
Anshan Iron and Steel Group Co.,Ltd.	5,016,111,529 (L) A shares	53.45% (L)	–	62.92%(L)	Beneficial owner
China National Petroleum Corporation	845,000,000 (L) A shares	9.00% (L)	–	10.60%(L)	Beneficial owner
Brown Brothers Harriman & Co.	98,474,224 (L) 98,474,224 (P) H shares	1.05% (L) 1.05% (P)	6.98% (L) 6.98% (P)	–	Approved lending agent

(L) – a long position, (S) – a short position, and (P) – a lending pool

Relevant Information on Bonds

I. COMPANY BONDS

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company did not have company bonds.

II. CORPORATE BONDS

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company did not have corporate bonds.

III. NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

☒ Applicable ☐ Not applicable

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

Unit: RMB million

Bond name	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Bond balance	Interest rate	Way of principal and interest repayment	Trading place
First Issuance of Green Medium-term Notes of Ansteel in 2022	22Angang Steel GN001	1322800095	26 September 2022	28 September 2022	28 September 2025	300	2.85%	Principal paid in lump sum at maturity, interest paid once every year	Interbank bond
Investor eligibility arrangement (if any)	-								
Applicable trading mechanism	-								
Risk of termination of listing and trading (if any) and countermeasures	-								

Relevant Information on Bonds (Continued)

III. NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS (CONTINUED)

1. Basic information of non-financial enterprise debt financing instruments (Continued)

Overdue bonds

☐ Applicable ☒ Not applicable

2. Triggering of terms on the issuer's or investor's right to choose and investor protection and enforcement

☐ Applicable ☒ Not applicable

3. Credit rating result adjustments during the Reporting Period

☐ Applicable ☒ Not applicable

4. Implementation and change of guarantees, debt repayment plans and other debt repayment guarantee measures during the Reporting Period and their impact on the rights and interests of bond investors

☐ Applicable ☒ Not applicable

IV. CONVERTIBLE DEBENTURES

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company did not have convertible debentures.

Relevant Information on Bonds (Continued)

V. LOSSES IN THE SCOPE OF CONSOLIDATED STATEMENTS DURING THE REPORTING PERIOD EXCEEDING 10% OF NETS ASSETS AS AT THE END OF THE PREVIOUS YEAR

☐ Applicable

☒ Not applicable

VI. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY FOR THE PAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD

Unit: RMB million

Item	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease at the end of the Reporting Period as compared with the end of the previous year
Current ratio	0.72	0.77	-6.49%
Gearing ratio	45.15%	42.97%	Increased by 2.18 percentage points
Quick ratio	0.33	0.31	6.45%

Relevant Information on Bonds (Continued)

VI. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY FOR THE PAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD (CONTINUED)

Item	During the Reporting Period	Corresponding period of the previous year	Increase/decrease for the Reporting Period as compared with the corresponding period of the previous year
Net profit attributable to the shareholders of the Company after deduction of non-recurring gains or losses items	-2,670	-1,355	-97.05%
EBITDA to total debts ratio	-1.05%	0.73%	Decreased by 1.78 percentage points
Interest coverage ratio	-18.35	-7.85	-133.76%
Cash interest coverage ratio	5.03	14.28	-64.78%
EBITDA interest coverage ratio	-3.38	1.52	-322.37%
Loan payment ratio	100%	100%	—
Interest payment ratio	100%	100%	—

I. AUDITOR'S REPORT

Whether the interim report has been audited

☐ Yes ☒ No

The interim financial report of the Company is unaudited.

II. FINANCIAL STATEMENTS

Financial Report (Continued)

Consolidated Balance Sheet

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2024	31 December 2023
Current assets :			
Cash and cash equivalents	VI.1	3,055	3,319
Derivative financial assets	VI.2		3
Notes receivable	VI.3	222	112
Accounts receivable	VI.4	2,352	1,790
Receivables financing	VI.5	706	1,618
Prepayments	VI.6	4,788	2,967
Other receivables	VI.7	108	85
Including: Interests receivable			
Dividends receivable	VI.7		27
Inventories	VI.8	14,491	16,611
Other current assets	VI.9	678	916
Total current assets		26,400	27,421
Non-current assets:			
Long-term equity investments	VI.10	3,441	3,486
Other equity instrument investments	VI.11	692	672
Other non-current financial assets	VI.12	96	91
Fixed assets	VI.13	48,825	48,788
Construction in progress	VI.14	6,876	6,887
Right-of-use assets	VI.15	159	7
Intangible assets	VI.16	6,851	6,900
Deferred income tax assets	VI.17	2,303	2,272
Other non-current assets	VI.18	1,059	982
Total non-current assets		70,302	70,085
Total assets		96,702	97,506

Financial Report (Continued)

Consolidated Income Statement (Continued)

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2024	31 December 2023
Current liabilities:			
Short-term loans	VI.19	1,390	1,380
Derivative financial liabilities	VI.20	10	6
Notes payable	VI.21	18,019	17,583
Accounts payable	VI.22	8,235	7,083
Contract liabilities	VI.23	4,373	5,190
Staff remuneration payable	VI.24	110	83
Tax payable	VI.25	156	142
Other payables	VI.26	3,742	3,426
Including: Interests payable	VI.26	10	6
Dividends payable	VI.26	1	
Other current liabilities	VI.27	424	538
Total current liabilities		36,459	35,431
Non-current liabilities:			
Long-term loans	VI.28	5,657	5,199
Bonds payable	VI.29	300	299
Lease liability	VI.30	155	2
Long-term payables	VI.31	137	135
Long-term employee benefits payable	VI.32	44	44
Deferred income	VI.33	747	685
Deferred income tax liabilities	VI.17	159	106
Total non-current liabilities		7,199	6,470
Total liabilities		43,658	41,901

Financial Report (Continued)

Consolidated Income Statement (Continued)

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2024	31 December 2023
Shareholders' equity:			
Share capital	VI.34	9,384	9,384
Capital reserve	VI.35	33,838	33,906
Less: Treasury shares	VI.36	28	32
Other comprehensive income	VI.37	192	176
Special reserve	VI.38	86	69
Surplus reserve	VI.39	4,457	4,457
Retained earnings	VI.40	4,112	6,801
Subtotal of Shareholders' equity attributable to shareholders of parent company		52,041	54,761
Minority interests		1,003	844
Total shareholders' equity		53,044	55,605
Total liabilities and shareholders' equity		96,702	97,506

Legal representative:

Wang Jun

Financial controller:

Wang Baojun

Person in charge of
accounting department:

You Yu

Financial Report (Continued)

Consolidated Income Statement

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
I. Total operating revenue		55,449	60,067
Including: Operating revenue	VI.41	55,449	60,067
II. Total operating cost		58,177	62,064
Including: Operating cost	VI.41	56,533	60,187
Taxes and surcharges	VI.42	418	426
Selling expenses	VI.43	267	291
Administrative expenses	VI.44	648	759
Research and development expenses	VI.45	191	245
Finance expenses	VI.46	120	156
Including: Interest expenses	VI.46	127	191
Interest income	VI.46	26	37
Add: Other incomes	VI.47	65	17
Investment income			
(Loss is listed with "-")	VI.48	253	109
Including: Investment incomes in associates and joint ventures	VI.48	256	161
Gain from fair-value changes			
(Loss is listed with "-")	VI.49	34	53
Credit impairment losses			
(Loss is listed with "-")	VI.50	(3)	21
Impairment on assets			
(Loss is listed with "-")	VI.51	(205)	26
Gains on disposal of assets			
(Loss is listed with "-")	VI.52	35	25

Financial Report (Continued)

Consolidated Income Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
III. Operating profit (Loss is listed with "-")		(2,549)	(1,746)
Add: Non-operating income	VI.53	7	14
Less: Non-operating expenses	VI.54	81	29
IV. Profit before tax (Loss is listed with "-")		(2,623)	(1,761)
Less: Income tax expenses	VI.55	50	(433)
V. Net profit (Loss is listed with "-")		(2,673)	(1,328)
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with "-")		(2,673)	(1,328)
2. Termination of business operating profit (Loss is listed with "-")			
(II) Classification of ownership			
1. Net income attributable to the Company owners		(2,689)	(1,344)
2. Net income attributable to minority shareholders		16	16

Consolidated Income Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
VI. Other comprehensive income after tax	VI.56	16	40
Other comprehensive income after tax attributable to parent company owners	VI.56	16	40
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss	VI.56	16	40
1. Net gain on other equity instruments at fair value through other comprehensive income	VI.56	15	40
2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method	VI.56	1	
(II) Other comprehensive income which will be reclassified subsequently to profit or loss	VI.56		
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method	VI.56		
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income		(2,657)	(1,288)
Total comprehensive income attributed to the Company owners		(2,673)	(1,304)
Total comprehensive income attributable to minority shareholders		16	16
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)	XXI.2	(0.287)	(0.143)
(II) Diluted earnings per share (RMB/share)	XXI.2	(0.287)	(0.143)

In the case of business combination under common control in the current period, the net profit realized by the merged party before the merger was RMB3 million, and the net profit realized by the merged party in the same period last year was RMB7 million.

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Consolidated Cash Flow Statement

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
I. Cash Flows from Operating Activities:			
Cash received from sales and services		50,465	61,814
Taxes and surcharges refunds		49	39
Other cash receipts related to operating activities	VI.57	213	258
Sub-total of cash inflows from operating activities		50,727	62,111
Cash payments for goods purchased and services received		46,753	55,078
Cash payments to and on behalf of employees		2,070	2,499
Payments of taxes and surcharges		561	807
Other cash payments relating to operating activities	VI.57	771	1,212
Sub-total of cash outflows from operating activities		50,155	59,596
Net Cash Flows from Operating Activities	VI.57	572	2,515

Consolidated Cash Flow Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and returns of investments			
Cash receipts from returns on investments		310	192
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		13	
Other cash receipts relating to investing activities	VI.57	60	83
Sub-total of cash inflows from investing activities		383	275
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		1,449	1,632
Cash payments to acquire investments			
Other cash payments relating to investing activities	VI.57	146	57
Sub-total of cash outflows from investing activities		1,595	1,689
Net Cash Flows from Investing Activities		(1,212)	(1,414)

Financial Report (Continued)

Consolidated Cash Flow Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
III. Cash Flows from Financing Activities:			
Cash received from investments		72	
Including: cash receipts from minorities making investment in subsidiaries		72	
Cash receipts from borrowings		5,005	5,385
Other cash receipts relating to financing activities	VI.57		
Sub-total of cash inflows from financing activities		5,077	5,385
Cash repayments of amounts borrowed		4,537	7,369
Cash payments for distribution of dividends or profit or interest expenses		108	156
Including: payments for distribution of dividends or profit to minorities of subsidiaries			
Other cash payments relating to financing activities	VI.57	56	266
Sub-total of cash outflows from financing activities		4,701	7,791
Net Cash Flows from Financing Activities		376	(2,406)

Financial Report (Continued)

Consolidated Cash Flow Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			33
V. Net Increase in Cash and Cash Equivalents	VI.58	(264)	(1,272)
Add: Opening balance of Cash and Cash Equivalents	VI.58	3,319	5,234
VI. Closing Balance of Cash and Cash Equivalents	VI.58	3,055	3,962

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Consolidated Statement of Changes in Shareholders' Equity

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

	January to June 2024									
	Equity attributable to parent company									Total
Item	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests	Shareholders' equity
I. Balance at the end of prior year	9,384	33,906	32	176	69	4,457		6,801	844	55,605
Add: Changes in accounting policies										
Merger of enterprises under the same control										
Others										
II. Balance at the beginning of current year	9,384	33,906	32	176	69	4,457		6,801	844	55,605
III. Current period increase (or less: decrease)		(68)	(4)	16	17			(2,689)	159	(2,561)
(I) Total comprehensive income				16				(2,689)	16	(2,657)
(II) Capital contributed or withdrew by owners		(68)	(4)						140	76
1. Ordinary shares contributed by owners			(4)						72	76
2. Amount of share-based payment included										
3. Others		(68)							68	
(III) Profit Distribution										
1. Withdrawal surplus reserves										
2. Distribution to shareholders										
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					17				3	20
1. Current withdrawal					78				4	82
2. Current use					(61)				(1)	(62)
IV. Balance as at 30 June, 2024	9,384	33,838	28	192	86	4,457		4,112	1,003	53,044

Legal representative:

Wang Jun

Financial controller:

Wang Baojun

Person in charge of
accounting department:

You Yu

Financial Report (Continued)

Consolidated Statement of Changes in Shareholders' Equity (Continued)

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Year 2023								
	Share Capital	Capital reserve	Less: treasury shares	Equity attributable to parent company Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests
I. Balance at the end of prior year	9,403	33,879	96	152	93	4,457		10,118	657
Add: Changes in accounting policies									
Merger of enterprises under the same control		53						11	176
Others									
II. Balance at the beginning of current year	9,403	33,932	96	152	93	4,457		10,129	833
III. Current period increase (or less: decrease)	(19)	(26)	(64)	24	(24)			(3,328)	11
(I) Total comprehensive income				24				(3,255)	42
(II) Capital contributed or withdrew									
by owners	(19)	(26)	(64)						8
1. Ordinary shares contributed by owners	(19)	(17)	(64)						14
2. Amount of share-based payment included		(9)							
3. Others									(6)
(III) Profit Distribution								(73)	(41)
1. Withdrawal surplus reserves									
2. Distribution to shareholders								(64)	(41)
3. Others								(9)	
(IV) Internal carryforward of shareholders' equity									
1. Transfer of capital reserve to capital									
2. Transfer of surplus reserve to capital									
3. Surplus reserve to cover losses									
4. Other comprehensive income carried forward to retained earnings									
5. Others									
(V) Special Reserve					(24)				2
1. Current withdrawal					209				5
2. Current use					(233)				(3)
IV. Balance as at 31 December, 2023	9,384	33,906	32	176	69	4,457		6,801	844

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Parent Company Balance Sheet

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2024	31 December 2023
Current assets:			
Cash and cash equivalents		1,611	1,259
Derivative financial assets			3
Notes receivable		67	70
Accounts receivable	XVIII.1	2,643	1,821
Receivables financing		243	1,092
Prepayments		4,166	2,431
Other receivables	XVIII.2	107	88
Including: Interests receivable			
Dividends receivable	XVII.2		27
Inventories		11,058	13,210
Other current assets		426	608
Total current assets		20,321	20,582
Non-current assets:			
Long-term equity investments	XVIII.3	13,960	13,901
Other equity instrument investments		692	672
Other non-current financial assets		96	91
Fixed assets		41,156	41,450
Construction in progress		6,070	5,995
Right-of-use assets		152	
Intangible assets		5,947	6,062
Deferred income tax assets		2,239	2,203
Other non-current assets		1,051	902
Total non-current assets		71,363	71,276
Total assets		91,684	91,858

Financial Report (Continued)

Parent Company Balance Sheet (Continued)

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2024	31 December 2023
Current liabilities:			
Short-term loans		1,250	1,250
Derivative financial liabilities		10	6
Notes payable		16,868	16,789
Accounts payable		6,756	5,439
Contract liabilities		4,329	4,753
Staff remuneration payable		93	75
Tax payable		105	92
Other payables		5,381	4,802
Including: Interests payable		10	8
Dividends payable			
Other current liabilities		138	146
Total current liabilities		34,930	33,352
Non-current liabilities:			
Long-term loans		5,587	5,089
Bonds payable		300	299
Lease liability		154	
Long-term payables		137	135
Long-term employee benefits payable		41	41
Deferred income		575	511
Deferred income tax liabilities		147	101
Total non-current liabilities		6,941	6,176
Total liabilities		41,871	39,528

Financial Report (Continued)

Parent Company Balance Sheet (Continued)

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2024	31 December 2023
Shareholders' equity:			
Share capital		9,384	9,384
Capital reserve		26,823	26,895
Less: Treasury shares		28	32
Other comprehensive income		192	176
Special reserve		52	38
Surplus reserve		4,447	4,447
Retained earnings		8,943	11,422
Total shareholders' equity		49,813	52,330
Total liabilities and shareholders' equity		91,684	91,858

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Parent Company Income Statement

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
I. Total operating revenue		46,876	51,278
Including: Operating revenue	XVIII.4	46,876	51,278
II. Total operating cost		49,517	53,563
Including: Operating cost	XVIII.4	48,041	51,900
Taxes and surcharges		337	343
Selling expenses		250	274
Administrative expenses		579	651
Research and development expenses		163	204
Finance expenses		147	191
Including: Interest expenses		144	208
Interest income		12	25
Add: Other incomes		33	11
Investment income			
(Loss is listed with "-")	XVIII.5	345	586
Including: Investment incomes in associates and joint ventures	XVIII.5	234	160
Gain from fair-value changes			
(Loss is listed with "-")		34	53
Credit impairment losses			
(Loss is listed with "-")		(4)	19
Impairment on assets			
(Loss is listed with "-")		(202)	32
Gains on disposal of assets			
(Loss is listed with "-")		35	25

Financial Report (Continued)

Parent Company Income Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
III. Operating profit			
(Loss is listed with "-")		(2,400)	(1,559)
Add: Non-operating income		5	7
Less: Non-operating expenses		79	29
IV. Profit before tax			
(Loss is listed with "-")		(2,474)	(1,581)
Less: Income tax expenses		5	(551)
V. Net profit			
(Loss is listed with "-")		(2,479)	(1,030)
(I) Classification of business operation			
1. Continuous operation profit			
(Loss is listed with "-")		(2,479)	(1,030)
2. Termination of business operating profit			
(Loss is listed with "-")			
(II) Classification of ownership			
1. Net income attributable to the Company owners		(2,479)	(1,030)
2. Net income attributable to minority shareholders			

Financial Report (Continued)

Parent Company Income Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
VI. Other comprehensive income after tax		16	40
Other comprehensive income after tax attributable to parent company owners		16	40
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss		16	40
1. Net gain on other equity instruments at fair value through other comprehensive income		15	40
2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method		1	
(II) Other comprehensive income which will be reclassified subsequently to profit or loss			
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method			
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income		(2,463)	(990)
Total comprehensive income attributed to the Company owners		(2,463)	(990)
Total comprehensive income attributable to minority shareholders			

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Parent Company Cash Flow Statement

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
I. Cash Flows from Operating Activities:			
Cash received from sales and services		43,674	53,307
Taxes and surcharges refunds		28	
Other cash receipts related to operating activities		186	216
Sub-total of cash inflows from operating activities		43,888	53,523
Cash payments for goods purchased and services received		40,250	47,739
Cash payments to and on behalf of employees		1,744	2,111
Payments of taxes and surcharges		408	437
Other cash payments relating to operating activities		649	1,044
Sub-total of cash outflows from operating activities		43,051	51,331
Net Cash Flows from Operating Activities		837	2,192

Financial Report (Continued)

Parent Company Cash Flow Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and returns of investments			
Cash receipts from returns on investments		423	673
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		18	54
Other cash receipts relating to investing activities		47	63
Sub-total of cash inflows from investing activities		488	790
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		1,289	1,484
Cash payments to acquire investments		104	
Other cash payments relating to investing activities		145	57
Sub-total of cash outflows from investing activities		1,538	1,541
Net Cash Flows from Investing Activities		(1,050)	(751)

Financial Report (Continued)

Parent Company Cash Flow Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
III. Cash Flows from Financing Activities:			
Cash received from investments			
Cash receipts from borrowings		5,080	5,150
Other cash receipts relating to financing activities		70	1,180
Sub-total of cash inflows from financing activities		5,150	6,330
Cash repayments of amounts borrowed		4,402	7,079
Cash payments for distribution of dividends or profit or interest expenses		128	139
Including: payments for distribution of dividends or profit to minorities of subsidiaries			
Other cash payments relating to financing activities		55	868
Sub-total of cash outflows from financing activities		4,585	8,086
Net Cash Flows from Financing Activities		565	(1,756)

Financial Report (Continued)

Parent Company Cash Flow Statement (Continued)

For the six months ended 30 June 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			33
V. Net Increase in Cash and Cash Equivalents		352	(282)
Add: Opening balance of Cash and Cash Equivalents		1,259	2,089
VI. Closing Balance of Cash and Cash Equivalents		1,611	1,807

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Parent Company Statement of Changes in Shareholders' Equity

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	January to June 2024								Total Shareholders' equity
	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	
I. Balance at the end of prior year	9,384	26,895	32	176	38	4,447		11,422	52,330
Add: Changes in accounting policies									
Others									
II. Balance at the beginning of current year	9,384	26,895	32	176	38	4,447		11,422	52,330
III. Current period increase (or less: decrease)		(72)	(4)	16	14			(2,478)	(2,517)
(I) Total comprehensive income				16				(2,478)	(2,463)
(II) Capital contributed or withdrew by owners		(72)	(4)						(68)
1. Ordinary shares contributed by owners			(4)						4
2. Amount of share-based payment included									
3. Others		(72)							(72)
(III) Profit Distribution									
1. Withdrawal surplus reserves									
2. Distribution to shareholders									
3. Others									
(IV) Internal carryforward of shareholders' equity									
1. Transfer of capital reserve to capital									
2. Transfer of surplus reserve to capital									
3. Surplus reserve to cover losses									
4. Other comprehensive income carried forward to retained earnings									
5. Others									
(V) Special Reserve					14				14
1. Current withdrawal					53				53
2. Current use					(39)				(39)
IV. Balance as at 30 June, 2024	9,384	26,823	28	192	52	4,447		8,943	49,813

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Parent Company Statement of Changes in Shareholders' Equity (Continued)

As at 30 June, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Share Capital	Capital reserve	Equity attributable to parent company				General risk reserve	Retained earnings	Minority interests	Total Shareholders' equity
			Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve				
I. Balance at the end of prior year	9,403	26,921	96	152	44	4,447		14,098		54,969
Add: Changes in accounting policies										
Others										
II. Balance at the beginning of current year	9,403	26,921	96	152	44	4,447		14,098		54,969
III. Current period increase (or less: decrease)	(19)	(26)	(64)	24	(6)			(2,676)		(2,639)
(I) Total comprehensive income				24				(2,612)		(2,588)
(II) Capital contributed or withdrew by owners	(19)	(26)	(64)							19
1. Ordinary shares contributed by owners	(19)	(17)	(64)							28
2. Amount of share-based payment included		(9)								(9)
3. Others										
(III) Profit Distribution								(64)		(64)
1. Withdrawal surplus reserves										
2. Distribution to shareholders								(64)		(64)
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve						(6)				(6)
1. Current withdrawal						155				155
2. Current use						(161)				(161)
IV. Balance as at 31 December, 2023	9,384	26,895	32	176	38	4,447		11,422		52,330

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

Person in charge of
accounting department:
You Yu

Financial Report (Continued)

Notes to Financial Statements

30 June 2024 (Expressed in million RMB unless otherwise indicated)

I. CORPORATE PROFILE

Angang steel company limited (Hereinafter referred to as “the company”) is a joint stock limited company established on 8 May 1997. Currently headquartered in Anshan Iron and Steel Factory, Tiexi District, Anshan City, Liaoning Province, China.

This financial statement was approved and presented by the board of directors of the company on August 30, 2024.

As of the end of this period, the subsidiary companies included in the consolidation scope of the company are detailed in Note IX “Interests in other entities”. The company added 2 subsidiaries in the current period, please refer to Note VIII “Changes in consolidation scope” for details.

The main business of our company and its subsidiaries (hereinafter referred to as “the Group”) is ferrous metal smelting and steel rolling processing.

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

The Group has evaluated the continuous operations ability for the 6 months from June 30, 2024, and has not found any matters or circumstances that have significant doubts about the continuous operations ability. Therefore, the financial statements are prepared on the assumption of going concern principle.

In addition, the Group has prepared this report based on the actual transactions and events and in accordance with the Basic Standard and 42 specific standards of the Accounting Standards for Business Enterprises (Ministry of Finance issued No. 33, the Ministry of Finance to amend No. 76) issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as the “CAS”) and the disclosure requirements regulation in the Preparation Convention of Information Disclosure of information of public listed companies, No. 15-General Requirements on Financial Reports revised by the China Securities Regulatory Commission 2023, Preparation of applicable disclosure provisions for the Listing Rules.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS (CONTINUED)

According to the relevant provisions of Accounting Standards, the Group adopted an accrual accounting basis. Except for certain financial instruments, the financial statements are reported at historical cost. If assets are impaired, relevant provisions are made in accordance with relevant standards.

III. STATEMENTS ON COMPLIANCE WITH THE ENTERPRISE ACCOUNTING STANDARDS

The financial statements prepared by the Group comply with the requirements of Accounting Standards for Business enterprises and give a true and complete picture of the Group's financial position as at 30 June 2024 and its operating results and cash flows for January-June 2024. In addition, these financial statements also comply with, in all material respects, the disclosure requirements of "Regulation on disclosure of information of public listed companies, No. 15: General Requirements for Financial Reports", revised by the China Securities Regulatory Commission (CSRC) in 2023, the relevant disclosure provisions of the Listing Rules, and the applicable disclosure provisions under the Hong Kong Companies Ordinance.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

As for the statements of significant accounting judgments and estimates made by the management, please refer to Note IV.28 "Significant accounting judgments and estimates".

1. Accounting period

The Group's fiscal year is the calendar year that starts from January 1 and December 31.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

2. Operating cycle

The normal operating cycle refers to the period from purchasing the assets for processing to realize the cash and cash equivalents. The operating cycle consists of 12 months which is the standard of the classification for the liquidity of the assets and liabilities.

3. Recording currency

The recording currency is the prevailing currency of the primary economic environment in which business of the Group operated. RMB is chosen as its recording currency by the group and the financial statements of the Group are presented in RMB.

4. Accounting treatment of business combinations

Business combination refers to a transaction or event bringing together two or more separate entities into one. Business combinations are classified into the business combinations under common control and not under common control.

(1) The business combinations under common control

A business combination under common control is a business combination in which all of the combined entities are ultimately controlled by the same party or the same parties both before and after the business combination and on (in) which the control is not temporary. In a business combination under common control, the party which obtains control power over the other combined entity on the combining date is the acquirer and the other combined entity is the acquiree. The acquisition date refers to the date on which the combining party actually obtains control power over the combined party.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

4. Accounting treatment of business combinations (Continued)

(1) The business combinations under common control (Continued)

The assets and liabilities that the combining party obtained in a business combination are measured on the basis of their carrying value in the combined party on the combining date. The difference between the carrying value of the net assets obtained from the combination and the carrying amount of the consideration paid (or the total par value of the shares issued) for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to cover the difference, the rest shall be deducted from retained earnings.

The direct cost occurred in the business combination is recorded into the profit or loss in the current period when they actually occurred.

(2) The business combinations not under common control

Enterprises participating in a merger that are not ultimately controlled by the same party or multiple parties before and after the merger are not under the same control. For a merger of enterprises not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the purchaser, and the other participating enterprises are the acquiree. The purchase date refers to the date on which the purchaser actually obtains control over the acquired party.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

4. Accounting treatment of business combinations (Continued)

- (2) The business combinations not under common control (Continued)

For business combinations not under the same control, the merger cost includes the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree on the acquisition date. The intermediary fees for auditing, legal services, evaluation and consulting, as well as other management expenses incurred for the business combination, are included in the current profit and loss when incurred. The transaction costs of equity or debt securities issued by the purchaser as consideration for the merger are included in the initial recognition amount of the equity or debt securities. The contingent consideration involved shall be included in the merger cost based on its fair value on the purchase date. If there is new or further evidence of the existing situation on the purchase date within 12 months after the purchase date that requires adjustment of the contingent consideration, the merged goodwill shall be adjusted accordingly.

The merger costs incurred by the purchaser and the identifiable net assets obtained during the merger are measured at their fair value on the acquisition date. The difference between the merger cost and the fair value of the identifiable net assets obtained from the acquiree on the acquisition date is recognized as goodwill. If the merger cost is less than the fair value share of the identifiable net assets obtained from the acquiree in the merger, the fair values of the identifiable assets, liabilities, and contingent liabilities obtained from the acquiree, as well as the measurement of the merger cost, are first reviewed. If the merger cost is still less than the fair value share of the identifiable net assets obtained from the acquiree in the merger, the difference is recorded in the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. Methods for preparation of consolidated financial statements

(1) Recognition principle of consolidated scope

The scope of consolidation of consolidated financial statements is ascertained on the basis of effective control. Control refers to the right to obtain the variable returns by the involvement with the investee, and has the ability to affect those returns through its power to direct the activities of the investee. The consolidated financial statements comprise the financial statements of the company and all of its subsidiaries. Subsidiaries refer to the entities over which the company has control power.

The company shall reevaluate if there are changes of relevant elements of defined control due to the changes in the relevant facts and circumstances.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. Methods for preparation of consolidated financial statements (Continued)

(2) Methods for preparation of consolidated financial statements

From the date of obtaining actual control over the net assets and production and operation decisions of the subsidiary, the company begins to include it in the scope of consolidation; From the date of losing actual control, it shall cease to be included in the merger scope. For the disposed subsidiaries, the operating results and cash flows prior to the disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; For subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet will not be adjusted. For subsidiaries that are not under the same control and are added through business combinations, their operating results and cash flows after the purchase date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the opening and comparative amounts of the consolidated financial statements are not adjusted. The operating results and cash flows of subsidiaries and merged parties under the same control from the beginning of the merger period to the merger date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative amount of the consolidated financial statements has been adjusted at the same time.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. Methods for preparation of consolidated financial statements (Continued)

- (2) Methods for preparation of consolidated financial statements
(Continued)

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the company are inconsistent, necessary adjustments shall be made to the subsidiary's financial statements in accordance with the company's accounting policies and accounting periods. For subsidiaries obtained through business combinations not under the same control, adjustments to their financial statements are made based on the fair value of identifiable net assets on the purchase date.

All significant transaction balances, transactions, and unrealized profits within the company are offset during the preparation of the consolidated financial statements.

The shareholders' equity and current net profit and loss of subsidiaries that are not owned by the company are separately presented as minority shareholders' equity and minority shareholders' profit and loss in the consolidated financial statements under shareholders' equity and net profit. The portion of the subsidiary's current net profit and loss that belongs to minority shareholders' equity is presented under the "Minority Shareholders' Profit and Loss" item in the consolidated income statement. If the losses shared by minority shareholders in the subsidiary exceed the minority shareholders' share in the initial shareholders' equity of the subsidiary, the minority shareholders' equity will still be offset.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. The classification of the joint venture arrangement and accounting treatment of joint operation

The joint venture arrangement refers to the arrangement jointly controlled by two or more parties. According to the differences in the rights and responsibilities, the joint venture arrangement is classified as a joint operation and joint venture. A joint operation refers to a joint arrangement whereby the parties have the rights to the assets, and obligations for the liabilities, and Joint venture refers to the entity which is only entitled to the joint venture arrangement of the net assets.

The equity method is adopted for the investment of the joint venture, please refers to Note IV.11.2.2 Long-term equity investments accounted by equity method.

As a joint venture, the company recognizes the assets held by the company separately, the liabilities assumed separately, and the co-held assets and co-owned liabilities recognized by the Company's share; confirms its revenue from the sale of its share of the output arising from the joint operation; and recognizes the expenses incurred by the company separately and the expenses incurred arising from the joint operation according to the share of the company. When the company transacts with a joint operation in which the company is a joint operator, such as a sale or contribution assets, (The asset do not constitute a business, the same as below). The profit or loss resulting from the transactions is recognized only to the extent of the other parties' interests in the joint operation.

When the company transacts with a joint operation in which the company is a joint operator, such as a purchase of assets, the company does not recognize its share of the profit or loss until it resells those assets to a third party. A loss shall be recognized in the full amount of the sale or contribution of assets, and of the purchase of the assets from the joint operation in accordance with CAS – No.8 assets impairment" and other provisions.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

7. Recognition standard for cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and highly liquid short-term (within 3 months from the purchase date) investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

8. Foreign currency transactions and the translation of foreign currency financial statement

(1) Foreign currency transactions

Foreign currency transactions occurring in the Group are initially recognized at the spot exchange rate (usually the midpoint of the foreign exchange rate published by the People's Bank of China on the day of the transaction, the same below) and converted into the amount of the bookkeeping base currency. However, foreign currency exchange transactions or transactions involving foreign currency exchange are converted into the amount of the bookkeeping base currency at the actual exchange rate used.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

8. Foreign currency transactions and the translation of foreign currency financial statement (Continued)

- (2) Translation method for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated using the spot exchange rate on the balance sheet date. The resulting exchange differences, except for those arising from foreign currency specialized loans related to the acquisition and construction of assets that meet capitalization conditions, are treated according to the principle of capitalization of borrowing costs; Foreign currency monetary items invested in other equity instruments, except for amortized costs, are recognized in the current period's profit or loss for exchange differences arising from changes in their book balances, which are recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are still measured using the recording currency amount converted at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the date of fair value determination. The difference between the converted amount in the recording currency and the original amount in the recording currency is treated as changes in fair value (including exchange rate changes) and recorded in current profit or loss or recognized as other comprehensive income.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities

Financial assets and liabilities are recognized when the Group becomes one party under the financial instrument contract.

(1) Financial assets

1) Classification, confirmation basis and measurement method of financial assets

The Group classifies financial assets into financial assets measured at amortized cost, financial assets measured at fair value with changes recognized in other comprehensive income, and financial assets measured at fair value with changes recognized in current profit or loss based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

1) Classification, confirmation basis and measurement method of financial assets (Continued)

The Group classifies financial assets that meet the following conditions as financial assets measured at amortized cost: ① The business model for managing these financial assets is to collect contract cash flows as the goal. ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Subsequent measurement is carried out at amortized cost. Except for those designated as hedged items, the difference between the initial amount and the maturity amount shall be amortized using the effective interest rate method. The amortization, impairment, exchange gains and losses, as well as gains or losses arising from derecognition, shall be recognized in the current period's profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

1) Classification, confirmation basis and measurement method of financial assets (Continued)

The Group classifies financial assets that meet the following conditions as financial assets measured at fair value with changes recognized in other comprehensive income: ① The business model for managing such financial assets is aimed at both receiving contractual cash flows and selling such financial assets. ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. These financial assets are initially measured at fair value, and related transaction costs are included in the initial recognition amount. Except for those designated as hedged items, other gains or losses arising from such financial assets, except for credit impairment losses or gains, exchange gains and losses, and interest calculated using the effective interest rate method, are recognized in other comprehensive income; When a financial asset is derecognized, the accumulated gains or losses previously recognized in other comprehensive income shall be transferred out of other comprehensive income and included in the current profit or loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

1) Classification, confirmation basis and measurement method of financial assets (Continued)

The Group designates non trading equity instrument investments as financial assets measured at fair value with changes recognized in other comprehensive income. Once the designation is made, it cannot be revoked. Non trading equity instrument investments designated by the Group to be measured at fair value with changes recognized in other comprehensive income are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Except for dividends received (excluding those that belong to the recovery of investment costs), other related gains and losses (including exchange gains and losses) are included in other comprehensive income and shall not be subsequently transferred to the current period's profit and loss. When it is derecognized, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

1) Classification, confirmation basis and measurement method of financial assets (Continued)

Financial assets other than those classified as financial assets measured at amortized cost and those classified as financial assets measured at fair value with changes recognized in other comprehensive income. The Group classifies it as a financial asset measured at fair value through profit or loss for the current period. This type of financial asset is initially measured at fair value, and related transaction costs are directly included in the current profit or loss. The gains or losses of such financial assets are recognized in the current profit or loss.

If the contingent consideration recognized by the Group in a business merger not under the same control constitutes a financial asset, the financial asset is classified as a financial asset measured at fair value with changes recognized in the current period's profit or loss.

At initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should have been measured at amortized cost or at fair value with changes recognized in other comprehensive income as financial assets measured at fair value with changes recognized in current profit or loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

1) Classification, confirmation basis and measurement method of financial assets (Continued)

When the Group changes its business model for managing financial assets, it reclassifies all affected related financial assets.

The Group recognizes interest income using the effective interest rate method. Interest income is calculated and determined based on the book balance of financial assets multiplied by the actual interest rate, except for the following situations: ① For financial assets that have been purchased or generated with credit impairment, interest income is calculated and determined based on the amortized cost of the financial asset and the actual interest rate adjusted by credit from initial recognition. ② For financial assets purchased or generated without credit impairment but that have become credit impaired in subsequent periods, interest income is calculated and determined based on the amortized cost and effective interest rate of the financial asset in subsequent periods.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

2) Confirmation basis and measurement method of financial asset transfer.

The group will terminate the recognition of financial assets that meet one of the following conditions: ① the contractual right to receive cash flow from the financial assets is terminated; ② Financial assets have been transferred, and the group has transferred almost all risks and rewards in the ownership of financial assets; ③ When a financial asset is transferred, the group neither transfers nor retains almost all the risks and rewards of ownership of the financial asset, nor retains control over the financial asset.

If the overall transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be, The difference between the sum of the consideration received due to the transfer and the amount of the corresponding derecognized part of the cumulative amount of fair value changes originally directly included in other comprehensive income (the contract terms involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount) is included in the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

2) Confirmation basis and measurement method of financial asset transfer. (Continued)

If the partial transfer of financial assets meets the conditions for termination of recognition, the overall book value of the transferred financial assets shall be apportioned between the part whose recognition is terminated and the part whose recognition is not terminated according to their respective relative fair values, And the sum of the consideration received due to the transfer and the amount corresponding to the derecognized part of the cumulative amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part (the contract terms involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount), The difference with the overall book value of the aforementioned financial assets shall be included in the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

3) Impairment of financial instruments

On the basis of expected credit losses, the group carries out impairment accounting for the following items and recognizes loss reserves: ① creditor's rights investment; ② Lease receivables; ③ Contract assets; ④ Accounts receivable; ⑤ Financial guarantee contract.

Expected credit losses refer to the weighted average value of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received by the group discounted at the original effective interest rate, that is, the present value of all cash shortages.

For the following projects, the group always measures its loss reserve at an amount equivalent to the expected credit loss during the whole duration: ① provision for loss of receivables or contract assets formed by transactions regulated by the accounting standards for enterprises No.14 – income standards, regardless of whether the project contains significant financing components. ② Finance lease receivables; ③ Operating lease receivables.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

3) Impairment of financial instruments (Continued)

In addition to the above items, for other items, the group measures the loss reserve according to the following circumstances: ① for financial assets whose credit risk has not increased significantly since initial recognition, the group measures the loss reserve according to the amount of expected credit loss in the next 12 months; ② For financial assets whose credit risk has increased significantly since initial recognition, the group measures the loss reserve according to the amount equivalent to the expected credit loss of the financial instrument throughout its life; ③ For financial assets purchased or derived from which credit impairment has occurred, the group measures the provision for loss at an amount equivalent to the expected credit loss for the entire duration.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

3) Impairment of financial instruments (Continued)

Judgment on whether credit risk has increased significantly since initial recognition. By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Group determines the relative change in the risk of default during the expected duration of financial instruments to assess whether the credit risk of financial instruments has increased significantly since initial recognition. However, if the Group determines that a financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since initial recognition. Generally, if it is overdue for more than 30 days, it indicates that the credit risk of financial instruments has increased significantly. Unless the group can obtain reasonable and substantiated information without unnecessary additional cost or effort to demonstrate that credit risk has not increased significantly since initial recognition even if it is more than 30 days overdue. In determining whether credit risk has increased significantly since initial recognition, the group considers reasonable and substantiated information, including forward-looking information, that can be obtained without unnecessary additional cost or effort. The information considered by the group includes: ① the failure of the debtor to pay the principal and interest on the due date of the contract; ② Serious deterioration of the external or internal credit rating (if any) of the financial instruments that have occurred or are expected to occur; ③ Serious deterioration of the debtor's operating results that has occurred or is expected; ④ Changes in the existing or expected technical, market, economic or legal environment will have a significant adverse impact on the debtor's ability to repay.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

3) Impairment of financial instruments (Continued)

The Group assesses 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 a portfolio of financial instruments, the group may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings of different customers.

4) Presentation of provision for expected credit losses

In order to reflect the changes in the credit risk of financial instruments since initial recognition, the group remeasures the expected credit loss on each balance sheet date, and the increase or reversal of the loss provision thus formed shall be included in the current profit and loss as an impairment loss or gain. For financial assets measured at amortized cost, the loss reserve shall be set off against the book value of the financial assets listed in the balance sheet.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

5) Write off

If the group no longer reasonably expects the contract cash flow of a financial asset to be recovered in whole or in part, the book balance of the financial asset is directly written down. Such write downs constitute the derecognition of the relevant financial assets. This usually occurs when the Group determines that the debtor has no assets or sources of income to generate sufficient cash flow to repay the amount to be written down. However, in accordance with the group's procedures for recovering payments due, the written down financial assets may still be affected by the execution activities. If the written down financial assets are recovered later, they shall be included in the profits and losses of the current period as a reversal of impairment losses.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(2) Financial liabilities

1) Classification, recognition basis and measurement method of financial liabilities

The group's financial liabilities are classified as financial liabilities measured at fair value through profit or loss and other financial liabilities at initial recognition.

Financial liabilities measured at fair value with changes included in the current profit and loss, including trading financial liabilities and financial liabilities designated at fair value with changes included in the current profit and loss at initial recognition (the relevant classification basis is disclosed with reference to the classification basis of financial assets). Subsequent measurements are made at fair value, and gains or losses arising from changes in fair value and dividends and interest expenses related to the financial liabilities are included in current profits and losses.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(2) Financial liabilities (Continued)

1) Classification, recognition basis and measurement method of financial liabilities (Continued)

Other financial liabilities (Disclosure of specific financial liabilities according to the actual situation). The effective interest rate method is adopted for subsequent measurement according to the amortized cost. In addition to the following items, the Group classifies financial liabilities as financial liabilities measured at amortized cost: ① financial liabilities measured at fair value with changes included in current profit and loss, including trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value with changes included in current profit and loss. ② Financial liabilities formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets. ③ Financial guarantee contracts that do not fall under the circumstances of ① or ② above, and loan commitments that do not fall under the circumstances of ① above and loans at lower market interest rates.

If the group forms financial liabilities as contingent consideration recognized as the acquirer in business combinations not under the same control, it shall be accounted for at fair value and the changes shall be included in the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(2) Financial liabilities (Continued)

2) Conditions for termination of recognition of financial liabilities

When the current obligation of a financial liability has been discharged in whole or in part, the recognition of the discharged part of the financial liability or obligation shall be terminated. If the group enters into an agreement with creditors to replace existing financial liabilities by assuming new financial liabilities, and the contract terms of new financial liabilities and existing financial liabilities are substantially different, the recognition of existing financial liabilities shall be terminated and new financial liabilities shall be recognized at the same time. If the group makes substantial amendments to the contract terms of all or part of the existing financial liabilities, it shall terminate the recognition of the existing financial liabilities or part of them, and recognize the financial liabilities after the amendment as a new financial liability. The difference between the book value of the derecognized part and the consideration paid shall be included in the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

- (3) Method for determining the fair value of financial assets and financial liabilities

The group measures the fair value of financial assets and financial liabilities at the price of the main market. If there is no main market, the fair value of financial assets and financial liabilities is measured at the price of the most favorable market, and the valuation technology applicable at that time and supported by sufficient available data and other information is adopted. The input value used in fair value measurement is divided into three levels, that is, the input value of the first level is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market; The second level input value is the directly or indirectly observable input value of related assets or liabilities in addition to the first level input value; The third level of input value is the unobservable input value of related assets or liabilities. The group gives priority to the first level of input values, and finally uses the third level of input values.

The group's investment in equity instruments is measured at fair value. However, in limited circumstances, if the recent information used to determine fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value within that range, the cost can represent its appropriate estimate of fair value within that distribution

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

(4) Offsetting financial assets and liabilities

The financial assets and financial liabilities of the group are presented separately in the balance sheet and are not offset against each other. However, when the following conditions are met at the same time, the net amount after mutual offset is listed in the balance sheet: ① the group has the legal right to offset the recognized amount, and such legal right is currently enforceable; ② The group plans to settle on a net basis, or to realize the financial asset and settle the financial liability at the same time.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

- (5) Distinction between financial liabilities and equity instruments and related treatment methods

The group distinguishes between financial liabilities and equity instruments according to the following principles: ① if the group cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation conforms to the definition of financial liabilities. Although some financial instruments do not explicitly contain the terms and conditions of the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument is required or can be settled by the group's own equity instruments, it is necessary to consider whether the group's own equity instruments used to settle the instrument are used as a substitute for cash or other financial assets, or to enable the holder of the instrument to enjoy the remaining equity in the assets of the issuer after deducting all liabilities. If the former, the instrument is the financial liability of the issuer; If the latter, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract provides that the group is required or available to settle the financial instrument with its own equity instruments, where the amount of the contractual rights or contractual obligations is equal to the number of its own equity instruments available or to be delivered multiplied by its fair value at settlement, whether the amount of the contractual rights or obligations is fixed, Or changes based entirely or in part on changes in variables other than the market price of the group's own equity instruments (such as interest rates, the price of a commodity or the price of a financial instrument), which are classified as financial liabilities.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (Continued)

- (5) Distinction between financial liabilities and equity instruments and related treatment methods (Continued)

In classifying financial instruments (or components thereof) in the consolidated statements, the group takes into account all terms and conditions agreed between members of the group and holders of financial instruments. If the group as a whole is obligated to deliver cash, other financial assets or settle in other ways that result in the instrument becoming a financial liability as a result of the instrument, the instrument should be classified as a financial liability.

If a financial instrument or its components belong to a financial liability, the group shall record the relevant interest, dividend (or dividend), gain or loss, and the gain or loss arising from redemption or refinancing in the current profit or loss.

If a financial instrument or its components are equity instruments, the group shall treat it as a change in equity when it is issued (including refinancing), repurchased, sold or cancelled, and shall not recognize the change in fair value of equity instruments.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Inventories

(1) Category

The inventories of the Group comprise raw material, work in progress, finished goods, turnover materials, spare parts, materials in transit, and outsourced materials etc.

(2) Pricing of inventories

Inventory is valued at actual cost upon acquisition, including procurement costs, processing costs, and other costs. Valuation shall be based on weighted average method and individual valuation method when receiving and sending out.

(3) Measurement of net realizable value of inventory and measurement of provision for impairment of inventories

Net realizable value refers to the estimated selling price of inventory in daily activities, minus the estimated costs to be incurred until completion, estimated sales expenses, and related taxes. When determining the net realizable value of inventory, it is based on conclusive evidence obtained, while considering the purpose of holding inventory and the impact of events after the balance sheet date.

On the balance sheet date, inventory is measured at the lower of cost or net realizable value. When its net realizable value is lower than cost, a provision for inventory depreciation is withdrawn. Inventory depreciation reserves are calculated for each individual inventory item, except for spare parts. Spare parts shall be subject to inventory depreciation reserves based on their actual condition and management's estimation.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Inventories (Continued)

- (3) Measurement of net realizable, value of inventory and measurement of provision for impairment of inventories (Continued)

After the provision for inventory depreciation is made, if the influencing factors of the previous reduction in inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its book value, it shall be reversed within the original provision for inventory depreciation, and the reversed amount shall be included in the current profit and loss.

- (4) Physical inventory at fixed period is taken under perpetual inventory system.

- (5) Amortization of reusable materials

Turnover materials include low-value consumables, packaging materials, and other turnover materials, which are amortized using the one-time amortization method, workload method, and installment amortization method according to their different properties, and are included in the cost of relevant assets or current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment

The long-term equity investment referred to in this section refers to the long-term equity investment that the company has control, joint control, or significant influence over the invested entity. The long-term equity investments of the company that do not have control, joint control, or significant influence over the invested entity are treated as other equity instrument investments and transactional financial assets. The accounting policies are detailed in Note IV, 9 “Financial Assets and Financial Liabilities”.

Joint control refers to the common control that the company has over a certain arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be unanimously agreed upon by the participants who share control before making decisions. Significant impact refers to the company having the power to participate in decision-making on the financial and operational policies of the invested entity, but not being able to control or jointly control the formulation of these policies with other parties.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (Continued)

(1) Determination of investment costs

For long-term equity investments obtained through the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be determined based on the share of the book value of the merged party's shareholders' equity in the final controlling party's consolidated financial statements on the merger date. The difference between the initial investment cost of long-term equity investment and the cash paid, non cash assets transferred, and the book value of the assumed debts shall be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If equity securities are issued as the merger consideration, the initial investment cost of the long-term equity investment shall be based on the share of the book value of the merged party's shareholders' equity in the final controlling party's consolidated financial statements on the merger date, and the total face value of the issued shares shall be used as the share capital. The difference between the initial investment cost of the long-term equity investment and the total face value of the issued shares shall be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

For long-term equity investments obtained through business combinations not under the same control, the initial investment cost of the long-term equity investment is recognized at the merger cost on the acquisition date. The merger cost includes the sum of the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser. The intermediary fees for auditing, legal services, evaluation and consultation, as well as other related management expenses incurred by the merging party or purchaser for the merger of the enterprise, are recognized in the current profit and loss at the time of occurrence.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (Continued)

(1) Determination of investment costs (Continued)

Other equity investments, except for long-term equity investments formed by business mergers, are initially measured at cost. This cost is determined by the actual cash purchase price paid by the company, the fair value of equity securities issued by the company, the value agreed upon in the investment contract or agreement, the fair value or original book value of assets surrendered in non-monetary asset exchange transactions, depending on the method of obtaining long-term equity investments. The fair value of the long-term equity investment itself is determined through other methods. The expenses, taxes, and other necessary expenses directly related to obtaining long-term equity investments are also included in the investment cost.

(2) Subsequent measurement and profit and loss recognition method

Long term equity investments that have joint control over or significant impact on the invested entity (excluding those forming joint operators) shall be accounted for using the equity method. In addition, the company's financial statements use the cost method to calculate long-term equity investments that can exercise control over the invested entity.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (Continued)

- (2) Subsequent measurement and profit and loss recognition method (Continued)

- 1) Long term equity investments accounted for using the cost method

When using the cost method for accounting, long-term equity investments are valued at the initial investment cost, and the cost of long-term equity investments is adjusted by adding or recovering investments. Except for the actual payment of the investment or the cash dividends or profits declared but not yet distributed included in the consideration, the current investment income is recognized based on the cash dividends or profits declared to be distributed by the invested entity.

- 2) Long term equity investments accounted for using the equity method

When using the equity method for accounting, if the initial investment cost of a long-term equity investment is greater than the fair value share of the identifiable net assets of the invested entity that should be enjoyed at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the invested entity that should be enjoyed at the time of investment, the difference is included in the current profit and loss, and the cost of long-term equity investment is adjusted.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (Continued)

- (2) Subsequent measurement and profit and loss recognition method (Continued)

- 2) Long term equity investments accounted for using the equity method (Continued)

When using the equity method for accounting, investment income and other comprehensive income are recognized separately based on the share of net profit or loss and other comprehensive income that should be enjoyed or shared by the invested entity, while adjusting the book value of long-term equity investments; Calculate the portion that should be enjoyed based on the profits or cash dividends declared to be distributed by the invested entity, and correspondingly reduce the book value of long-term equity investments; For changes in shareholders' equity of the invested entity other than net profit and loss, other comprehensive income, and profit distribution, the book value of long-term equity investments shall be adjusted and included in the capital reserve. When recognizing the share of the net profit and loss of the invested entity that should be enjoyed, the fair value of the identifiable assets of the invested entity at the time of acquisition of the investment is used as the basis for adjusting the net profit of the invested entity before recognition. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the company, the financial statements of the invested entity shall be adjusted in accordance with the company's accounting policies and accounting periods, and investment income and other comprehensive income shall be recognized accordingly. For transactions between the company and affiliated enterprises and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction gains and losses shall be offset by the portion attributable to the company calculated in proportion to the ownership, and investment gains and losses shall be recognized on this basis. However, if the unrealized internal transaction losses between the company and the invested entity belong to the impairment losses of the transferred assets, they will not be offset.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (Continued)

- (2) Subsequent measurement and profit and loss recognition method (Continued)

- 2) Long term equity investments accounted for using the equity method (Continued)

When confirming the net loss incurred by the invested entity that should be shared, the book value of long-term equity investments and other long-term equity that essentially constitute the net investment in the invested entity shall be reduced to zero. In addition, if the company has an obligation to bear additional losses to the invested entity, the estimated liabilities shall be recognized based on the expected obligations and included in the current investment losses. If the invested unit realizes net profit in the future period, the company will restore the recognition of the profit sharing amount after the profit sharing amount compensates for the unrecognized loss sharing amount.

- 3) Acquisition of minority interests

When preparing consolidated financial statements, the difference between the newly added long-term equity investment due to the purchase of minority equity and the net asset share of the subsidiary calculated continuously from the purchase date (or merger date) based on the newly added shareholding ratio shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (Continued)

(2) Subsequent measurement and profit and loss recognition method (Continued)

4) Disposal of long-term equity investments

In the consolidated financial statements, the parent company partially disposes of its long-term equity investments in its subsidiaries without losing control. The difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is recognized in shareholders' equity; If the parent company partially disposes of its long-term equity investment in a subsidiary, resulting in the loss of control over the subsidiary, the relevant accounting policies described in Note IV, 5 (2) "Methods for Preparing Consolidated Financial Statements" shall be followed.

In other cases, for the disposal of long-term equity investments, the difference between the book value of the disposed equity and the actual acquisition price shall be recorded in the current profit and loss.

For long-term equity investments accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, the other comprehensive income originally included in shareholders' equity shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the invested entity in the corresponding proportion at the time of disposal. The owner's equity recognized due to changes in shareholders' equity of the invested party other than net profit and loss, other comprehensive income, and profit distribution shall be carried forward proportionally to the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (Continued)

- (2) Subsequent measurement and profit and loss recognition method (Continued)

- 4) Disposal of long-term equity investments (Continued)

For long-term equity investments accounted for using the cost method, if the remaining equity is still accounted for using the cost method after disposal, the other comprehensive income recognized by using the equity method or financial instrument recognition and measurement standards before obtaining control over the invested entity shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the invested entity, and shall be carried forward proportionally to the current profit and loss; The changes in shareholders' equity recognized in the net assets of the invested entity using the equity method, excluding net profit and loss, other comprehensive income, and profit distribution, are carried forward proportionally to the current profit and loss.

12. Fixed Assets

- (1) Recognition

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, renting or operating management, with a useful life exceeding one accounting year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the group and their costs can be reliably measured. Fixed assets are initially measured at cost and considering the impact of expected disposal costs.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. Fixed Assets (Continued)

- (2) Depreciation method of fixed assets

Fixed assets are depreciated using the straight-line method over their useful life starting from the month after they reach their intended usable state. The service life and estimated net residual value of various fixed assets are as follows :

Category of fixed assets	Useful lives	Estimate	Annual
		residual rate (%)	depreciation rate (%)
Plants and buildings	40 years	3-5	2.375-2.425
Machinery and equipment	17-24 years	3-5	3.958-5.706
Other fixed assets	5-12 years	3-5	7.917-19.40

Expected net residual value refers to the amount obtained by the Group from the disposal of a fixed asset, after deducting the expected disposal expenses, assuming that the expected useful life of the asset has expired and is in the expected state at the end of its useful life.

- (3) The impairment testing method and impairment provision method for fixed assets

The impairment testing method and impairment provision method for fixed assets are detailed in Note IV, 16, Long term Asset Impairment.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. Fixed Assets (Continued)

(4) Other instructions

Subsequent expenses related to fixed assets, if the economic benefits related to the fixed asset are likely to flow in and its cost can be reliably measured, are included in the cost of the fixed asset and the book value of the replaced part is derecognized. Other subsequent expenses shall be included in the current profit and loss when incurred.

The difference between the disposal income from the sale, transfer, scrapping, or damage of fixed assets after deducting their book value and relevant taxes and fees is recognized in the current profit and loss.

The Group regularly reviews the service life, estimated net residual value, and depreciation method of fixed assets, and any changes are treated as changes in accounting estimates.

13. Construction in progress

The cost of construction in progress is determined based on actual project expenditures, including various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches its intended usable state, and other related expenses. Construction in progress is carried forward as fixed assets after reaching its intended usable state.

The impairment testing method and impairment provision method for construction in progress are detailed in Note IV, 16, Long term Asset Impairment.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, auxiliary expenses, and exchange differences arising from foreign currency borrowings. The borrowing costs that can be directly attributed to the acquisition, construction, or production of assets that meet the capitalization conditions begin capitalization when the asset expenditure has already occurred, the borrowing costs have already occurred, and the necessary acquisition, construction, or production activities to bring the assets to their intended usable or saleable state have begun; When the assets that meet the capitalization conditions for acquisition, construction or production reach their intended usable or saleable state, capitalization shall cease. The remaining borrowing costs are recognized as expenses in the current period.

The actual interest expenses incurred in the current period of specialized borrowing, minus the interest income obtained from unused borrowing funds deposited in banks or investment income obtained from temporary investments, are capitalized; The capitalization amount of general borrowing is determined by multiplying the weighted average of the accumulated asset expenses that exceed the specialized borrowing by the capitalization rate of the general borrowing used. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the capitalization period, all exchange differences on foreign currency specialized loans shall be capitalized; The exchange difference of foreign currency general loans is recognized in the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Borrowing costs (Continued)

Assets eligible for capitalization refer to fixed assets, investment real estate, inventories and other assets that require a considerable period of time for acquisition and construction or production activities to reach their intended serviceable or marketable status.

If an asset that meets the capitalization conditions undergoes an abnormal interruption during the acquisition, construction, or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended until the acquisition, construction, or production activities of the asset restart.

15. Intangible assets

(1) Intangible assets

Intangible assets refer to identifiable non-monetary assets that are owned or controlled by the Group and do not have physical form.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are recognized as intangible asset costs if the relevant economic benefits are likely to flow into the group and their costs can be reliably measured. Expenditures for other items other than this are recognized in the current period's profit and loss when incurred.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Intangible assets (Continued)

(1) Intangible assets (Continued)

The land use rights obtained are usually accounted for as intangible assets. Self developed and constructed buildings such as factories, and related land use rights expenses and building construction costs are accounted for as intangible assets and fixed assets, respectively. If it is a purchased house or building, the relevant price will be distributed between the land use right and the building. If it is difficult to allocate it reasonably, all will be treated as fixed assets.

Intangible assets with limited useful lives are amortized on a straight-line basis over their expected useful lives by subtracting their original value from their expected net residual value and the accumulated amount of impairment provisions that have been made. Intangible assets with uncertain useful lives are not amortized.

The Group regularly reviews the service life and amortization method of intangible assets with limited service lives, and if there are changes, they are treated as changes in accounting estimates. In addition, the service life of intangible assets with uncertain service lives is also reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is foreseeable, its service life is estimated and amortized according to the amortization policy for intangible assets with limited service lives.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Intangible assets (Continued)

(2) Research and development expenditure

The expenditure for internal research and development projects of our group is divided into research stage expenditure and development stage expenditure.

The expenses incurred during the research phase are recognized in the current period's profit and loss when incurred.

Expenditures during the development stage that meet the following conditions simultaneously are recognized as intangible assets, while expenditures during the development stage that cannot meet the following conditions are included in the current profit and loss:

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② Having the intention to complete the intangible asset and use or sell it;
- ③ The ways in which intangible assets generate economic benefits, including the ability to prove the existence of a market for the products produced using the intangible assets or the existence of a market for the intangible assets themselves, and the usefulness of intangible assets that will be used internally;
- ④ Having sufficient technical, financial, and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset;

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Intangible assets (Continued)

(2) Research and development expenditure (Continued)

- ⑤ The expenses attributable to the development stage of the intangible asset can be reliably measured.

If it is impossible to distinguish between research stage expenditure and development stage expenditure, all R&D expenses incurred shall be included in the current profit and loss.

(3) The impairment testing method and impairment provision method for intangible assets

The impairment testing method and impairment provision method for intangible assets are detailed in Note IV, 16, Long term Asset Impairment.

16. Impairment of long-term assets

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, and long-term equity investments in subsidiaries, joint ventures, and associated enterprises, the Group determines whether there is any indication of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount is estimated and impairment testing is conducted. Intangible assets with uncertain useful lives and intangible assets that have not yet reached their usable state, regardless of whether there are signs of impairment, are subject to impairment testing annually.

Financial Report (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. Impairment of long-term assets (Continued)

If the impairment test results indicate that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made based on the difference and included in the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset minus disposal expenses and the present value of the expected future cash flow of the asset. The fair value of assets is determined based on the sales agreement price in fair trade; If there is no sales agreement but an active market for the asset, the fair value shall be determined based on the buyer's bid for the asset; If there is no sales agreement or active asset market, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees related to asset disposal, relevant taxes, handling fees, and direct expenses incurred to bring the asset into a sellable state. The present value of the expected future cash flow of an asset is determined by discounting it at an appropriate discount rate based on the expected future cash flow generated during its continuous use and final disposal. The provision for asset impairment is calculated and recognized on a single asset basis. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest combination of assets that can independently generate cash inflows.

Once the impairment loss of the above-mentioned assets is confirmed, the portion that is worth recovering will not be reversed in the future.

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Estimated liabilities

When obligations related to contingencies meet the following conditions simultaneously, they are recognized as estimated liabilities:

① the obligation is a current obligation undertaken by the group; ② Fulfilling this obligation is likely to result in an outflow of economic benefits; ③ The amount of this obligation can be reliably measured.

On the balance sheet date, considering factors such as risks, uncertainties, and time value of currency related to contingencies, the estimated liabilities are measured based on the best estimate of the expenses required to fulfill the relevant current obligations.

If all or part of the expenses required to settle the estimated liability are expected to be compensated by a third party, the compensation amount shall be separately recognized as an asset when it is basically certain that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liability.

18. Share-based payment

The share based payment of the Group is a transaction that grants equity instruments or assumes liabilities based on equity instruments to obtain services provided by employees. The group's share-based payments are equity settled share-based payments.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

18. Share-based payment (Continued)

(1) Equity settled share-based payments

For equity settled share-based payments in exchange for services provided by employees, the Group measures them at the fair value of the equity instruments granted to employees on the grant date. The amount of this fair value is calculated and included in relevant costs or expenses using the straight-line method based on the best estimate of the number of exercisable equity instruments during the waiting period, with a corresponding increase in capital reserve. On each balance sheet date during the waiting period, the Group makes the best estimate based on the latest changes in the number of employees with exercisable rights and other subsequent information, and corrects the estimated number of exercisable equity instruments. The impact of the above estimates is included in the relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

18. Share-based payment (Continued)

- (2) Implement, modify, and terminate the share-based payment plan

When the Group modifies the share-based payment plan, if the modification increases the fair value of the granted equity instruments, the increase in services obtained shall be recognized accordingly based on the increase in fair value of the equity instruments; If the modification increases the number of granted equity instruments, the fair value of the increased equity instruments will be recognized as an increase in the acquisition of services accordingly. The increase in fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the modification reduces the total fair value of the share-based payment plan or adopts other unfavorable methods to modify the terms and conditions of the share-based payment plan, the accounting treatment of the obtained services will continue, and it will be deemed that the change has never occurred, unless the Group cancels some or all of the granted equity instruments.

- (3) Other

If the restricted stock subscription payment paid by the incentive object does not meet the unlocking conditions, the subscription payment will be returned to the incentive object. When the Group obtains the payment, it recognizes the share capital and capital reserve (capital premium) based on the acquired subscription funds, and at the same time, fully recognizes a liability for repurchase obligations and recognizes treasury shares.

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue

The Group recognizes revenue when it fulfills its contractual obligations, that is, when a customer obtains control of the relevant goods or services.

If a contract contains two or more performance obligations, the Group shall, at the beginning of the contract, allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation, and measure income based on the transaction price allocated to each individual performance obligation.

The transaction price refers to the amount of consideration that the Group is expected to be entitled to receive for the transfer of goods or services to customers, excluding payments received on behalf of third parties. The transaction price confirmed by the Group does not exceed the amount that is highly unlikely to result in a significant reversal of the cumulative recognized income when the relevant uncertainty is eliminated. The expected refund to the customer is not included in the transaction price as a liability. If there is a significant financing element in the contract, the Group determines the transaction price based on the assumed amount payable in cash when the customer obtains control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized using the effective interest rate method during the contract period. On the commencement date of the contract, if the Group expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment of the price does not exceed one year, the significant financing components present in the contract will not be considered.

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue (Continued)

If one of the following conditions is met, the Group shall fulfill its performance obligations within a certain period of time; Otherwise, it belongs to fulfilling the performance obligation at a certain point in time:

- ① Customers obtain and consume the economic benefits brought by the Group's performance at the same time as the Group's performance;
- ② Customers are able to control the goods under construction during the performance process of the group;
- ③ The goods produced during the performance process of the Group have irreplaceable uses, and the Group has the right to collect payments for the cumulative performance portion completed to date throughout the entire contract period.

For performance obligations performed within a certain period of time, the Group recognizes revenue based on the progress of performance during that period. When the progress of performance cannot be reasonably determined, if the cost incurred by the group is expected to be compensated, revenue shall be recognized based on the amount of cost incurred until the progress of performance can be reasonably determined.

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue (Continued)

For performance obligations performed at a certain point in time, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services. When determining whether a customer has obtained control over goods or services, the Group considers the following indications:

- ① The Group has the current right to receive payment for the goods or services;
- ② The group has transferred the legal ownership of the product to the customer;
- ③ The group has transferred the physical item of the product to the customer;
- ④ The group has transferred the main risks and rewards of ownership of the goods to customers;
- ⑤ The customer has accepted the product or service, etc.

The Group has transferred goods or services to customers and has the right to receive consideration (and this right depends on factors other than the passage of time) as contract assets, which are depreciated based on expected credit losses. The right of the Group to receive consideration from customers unconditionally (only depending on the passage of time) is listed as receivables. The obligation of the Group to transfer goods or services to customers for consideration received or receivable from customers is presented as a contractual liability.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Government grants

Government subsidies refer to the group's free acquisition of monetary and non-monetary assets from the government, excluding capital invested by the government as an owner. Government subsidies are divided into asset related government subsidies and income related government subsidies.

The Group defines government subsidies obtained for the purchase, construction or other forms of long-term assets as government subsidies related to assets; Other government subsidies are defined as government subsidies related to income. If the government documents do not specify the subsidy target, the subsidy will be divided into government subsidies related to income and government subsidies related to assets in the following way: ① If the government documents specify the specific project targeted by the subsidy, the subsidy will be divided based on the relative proportion of the expenditure amount formed in the asset and the expenditure amount included in the expense in the budget of the specific project. The division proportion needs to be reviewed on each balance sheet date, Make necessary changes; ② The government documents only provide general descriptions of the purpose and do not specify specific projects as government subsidies related to income.

Government subsidies that are monetary assets are measured at the amount received or receivable. If government subsidies are non-monetary assets, they shall be measured at fair value; If the fair value cannot be reliably obtained, it shall be measured at its nominal amount. Government subsidies measured at nominal amounts are directly recognized in the current period's profits and losses.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Government grants (Continued)

The Group usually recognizes and measures government subsidies based on the actual amount received when they are actually received. However, for those who have conclusive evidence at the end of the period indicating that they can meet the relevant conditions stipulated in the financial support policies and are expected to receive financial support funds, they shall be measured at the amount receivable. Government subsidies measured according to the receivable amount should simultaneously meet the following conditions: ① the amount of the receivable subsidy has been confirmed by the authorized government department through a document, or can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and the expected amount is not subject to significant uncertainty; ② The basis is the financial support projects and their financial fund management measures officially released by the local financial department and actively disclosed in accordance with the provisions of the “Regulations on Government Information Disclosure”, and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; ③ The relevant subsidy approval documents have clearly promised the payment deadline, and the allocation of this amount is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed to be received within the specified period.

Government subsidies related to assets are recognized as deferred income and are evenly distributed throughout the useful life of the relevant assets and included in the current profit and loss. Government subsidies related to income, which are used to compensate for related expenses and losses in the future period, are recognized as deferred income and included in the current profit and loss or offset against related costs during the period when the relevant expenses are recognized; Those used to compensate for related expenses and losses that have already occurred shall be included in the current profit and loss or offset against related costs.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Government grants (Continued)

Government subsidies related to the daily activities of the Group are recognized in other income or offset against related costs and expenses based on the essence of economic business; Government subsidies unrelated to daily activities are included in non-operating income.

When confirmed government subsidies need to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income shall be offset, and the excess shall be included in the current profit and loss; If there is no relevant deferred income, it shall be directly included in the current profit and loss.

21. Deferred income tax asset and liability

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods are measured at the expected amount of income tax payable (or refunded) calculated in accordance with tax laws. The taxable income amount based on which the current income tax expenses are calculated is calculated after making corresponding adjustments to the pre tax accounting profit of the current period in accordance with relevant tax laws and regulations.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Deferred income tax asset and liability (Continued)

(2) Deferred income tax assets and deferred income tax liabilities

The temporary differences arising from the difference between the book value of certain asset and liability items and their tax basis, as well as the difference between the book value and tax basis of items that are not recognized as assets and liabilities but can be determined according to tax laws, are recognized using the balance sheet liability method for deferred income tax assets and deferred income tax liabilities.

Taxable temporary differences related to the initial recognition of goodwill, as well as the initial recognition of assets or liabilities arising from transactions that are not business combinations and do not affect accounting profits and taxable income (or deductible losses), shall not be recognized as deferred income tax liabilities. In addition, for taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, if the Group can control the timing of the reversal of temporary differences and the temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liabilities will not be recognized. Except for the above exceptions, the Group recognizes deferred income tax liabilities arising from all other taxable temporary differences.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Deferred income tax asset and liability (Continued)

- (2) Deferred income tax assets and deferred income tax liabilities (Continued)

Deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profits and taxable income (or deductible losses) shall not be recognized as deferred income tax assets. In addition, for deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or if it is not likely to obtain taxable income to offset the deductible temporary differences in the future, the relevant deferred income tax assets will not be recognized. Except for the above exceptions, the Group recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is likely to obtain taxable income to offset the deductible temporary differences.

For deductible losses and tax deductions that can be carried forward to future years, the corresponding deferred income tax assets are recognized to the extent that it is likely to obtain future taxable income to offset the deductible losses and tax deductions.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the expected period of asset recovery or liability settlement in accordance with tax laws.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Deferred income tax asset and liability (Continued)

- (2) Deferred income tax assets and deferred income tax liabilities (Continued)

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

- (3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except for the current period income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly recognized in shareholders' equity, as well as the book value of goodwill adjusted for deferred income tax generated from business mergers, other current period income tax and deferred income tax expenses or gains are recognized in current profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases

On the commencement date of the contract, the Group evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or includes a lease. To determine whether the contract transfers the right to control the use of identified assets for a certain period of time, the Group evaluates whether customers in the contract have the right to obtain almost all economic benefits arising from the use of identified assets during the use period, and have the right to dominate the use of identified assets during that use period.

If multiple separate leases are included in the contract, the group will split the contract and accounting for each separate lease separately. If the following conditions are met simultaneously, the right to use the identified asset constitutes a separate lease in the contract: ① the lessee can profit from using the asset alone or using it together with other readily available resources; ② This asset does not have a high degree of dependence or correlation with other assets in the contract.

If both the leasing and non-leasing parts are included in the contract, the Group, as the lessor and lessee, will split the leasing and non-leasing parts for accounting treatment.

- (1) The Group records leasing business as a lessee

The asset categories of the Group's use rights mainly include leased houses and buildings, machinery and equipment, other equipment, and land use rights.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (Continued)

(1) The Group records leasing business as a lessee (Continued)

1) Initial measurement

On the lease commencement date, the Group recognizes its right to use the leased asset during the lease term as a right to use asset, and recognizes the present value of unpaid lease payments as a lease liability, except for short-term leases and low value asset leases. When calculating the present value of lease payments, the Group uses the implicit interest rate of the lease as the discount rate; If the implicit interest rate of the lease cannot be determined, the lessee's incremental borrowing rate shall be used as the discount rate.

2) Subsequent measurement

In the subsequent measurement, if it can be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, the Group shall accrue depreciation within the remaining useful life of the leased asset. If it is impossible to reasonably determine that ownership of the leased asset can be obtained at the end of the lease term, the Group shall accrue depreciation during the shorter of the lease term or the remaining useful life of the leased asset.

The Group calculates the interest expense of lease liabilities for each period of the lease term at a fixed periodic interest rate and includes it in the current profit and loss.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (Continued)

(1) The Group records leasing business as a lessee (Continued)

2) Subsequent measurement (Continued)

The variable lease payments that are not included in the measurement of lease liabilities are recognized in the current profit and loss when they are actually incurred.

After the start date of the lease term, when there is a change in the actual fixed payment amount, a change in the expected payable amount of the guarantee residual value, a change in the index or ratio used to determine the lease payment amount, a change in the evaluation results or actual exercise of the purchase option, renewal option, or termination option, the Group remeasures the lease liability based on the present value of the changed lease payment amount, And adjust the book value of the right to use assets accordingly. If the book value of the right to use asset has been reduced to zero, but the lease liability still needs to be further reduced, the group will include the remaining amount in the current profit and loss.

3) Lease Change

Lease changes refer to changes in the lease scope, lease consideration, and lease term beyond the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the contract, etc.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (Continued)

(1) The Group records leasing business as a lessee (Continued)

3) Lease Change (Continued)

If a lease undergoes a change and simultaneously meets the following conditions, the Group will treat the lease change as a separate lease for accounting purposes: ① the lease change expands the lease scope by increasing the right to use one or more leased assets; ② The increased consideration is equivalent to the individual price for the majority of the expansion of the lease scope adjusted according to the contract situation.

If the lease change is not accounted for as a separate lease, the Group will re determine the lease term on the effective date of the lease change and use the revised discount rate to discount the changed lease payment amount to remeasure the lease liability. When calculating the present value of lease payments after changes, the Group adopts the implicit interest rate of the remaining lease period as the discount rate; If the implicit interest rate of the remaining lease period cannot be determined, the discount rate shall be the incremental borrowing rate of the Group on the effective date of the lease change.

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (Continued)

(1) The Group records leasing business as a lessee (Continued)

3) Lease Change (Continued)

Regarding the impact of the above lease liability adjustment, the Group distinguishes the following situations for accounting treatment: ① If the lease change results in a reduction in the lease scope or lease term, the Group adjusts the book value of the right to use assets to reflect partial or complete termination of the lease. The Group will record the gains and losses related to partial or complete termination of leases in the current profit and loss. For other lease changes, the Group will adjust the book value of the right to use assets accordingly.

4) Short term leasing and low value asset leasing

The Group chooses not to recognize right of use assets and lease liabilities for short-term leases and low value asset leases. During each period of the lease term, the relevant asset costs or current profit and loss are recognized using the straight-line method, and contingent rents are recognized in the current profit and loss when actually incurred.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (Continued)

- (2) The Group, as the lessor, records operating lease business

The rental income from operating leases is recognized as current profit or loss on a straight-line basis during each period of the lease term. The initial direct expenses with a large amount shall be capitalized when incurred, and shall be recognized in the current profit and loss in installments throughout the entire lease period on the same basis as the recognition of rental income; Other initial direct expenses with smaller amounts are recognized in the current profit and loss when incurred. Contingent rent is recognized in the current profit and loss when it is actually incurred.

- (3) The Group, as the lessor, records financial leasing business

On the commencement date of the lease term, the sum of the minimum lease receipt amount on the lease commencement date and the initial direct expenses shall be recognized as the entry value of the receivable financing lease payments, while recording the unguaranteed residual value; The difference between the sum of the minimum lease receipt amount, initial direct expenses, and unguaranteed residual value and their present value is recognized as unrealized financing income. The balance of receivable financing lease payments after deducting unrealized financing income is presented separately as long-term debt and long-term debt due within one year.

Unrealized financing income is calculated and recognized as current financing income using the effective interest rate method during the lease term. Contingent rent is recognized in the current profit and loss when it is actually incurred.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (Continued)

(4) Sale and leaseback transactions

As a lessee, the transfer of assets in the sale and leaseback transaction belongs to sales. The Group, as a lessee, measures the use rights assets formed by the sale and leaseback based on the portion of the original asset book value related to the leaseback obtained, and only recognizes the relevant gains or losses based on the rights transferred to the lessor; If the asset transfer in a sale and leaseback transaction does not belong to sales, the Group, as the lessee, continues to recognize the transferred asset and recognizes a financial liability equal to the transfer income.

When acting as a lessor, asset transfer in a sale and leaseback transaction belongs to sales. The Group, as the lessor, conducts accounting treatment for asset purchases and leases assets in accordance with the aforementioned regulations; The transfer of assets in a sale and leaseback transaction does not belong to sales, and the Group, as the lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income.

23. Contract liabilities

Contractual liabilities reflect the obligation of the Group to transfer goods to customers for consideration received or receivable from customers. If the customer has already paid the contract consideration or the group has obtained the unconditional right to receive the contract consideration before transferring the goods to the customer, the contract liability shall be recognized based on the received or receivable amount at the earlier of the actual payment by the customer or the due payment

Financial Report (Continued)

Notes to Financial Statements (Continued)

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. Employee benefits

The employee compensation of the Group mainly includes short-term employee compensation, post employment benefits, termination benefits, and other long-term employee benefits. Among them:

Short term compensation mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident fund, labor union funds and employee education expenses, non-monetary benefits, etc. The Group recognizes the actual short-term employee compensation incurred during the accounting period when employees provide services to the Group as a liability and includes it in the current profit and loss or related asset costs. Non-monetary benefits are measured at fair value.

Post employment benefits mainly include defined contribution plans. The designated contribution plan mainly includes basic pension insurance, unemployment insurance, and annuity, and the corresponding payable amount is included in the relevant asset cost or current profit and loss when incurred.

If the employment relationship with the employee is terminated before the expiration of the employment contract, or if compensation is proposed to encourage the employee to voluntarily accept layoffs, and the Group cannot unilaterally withdraw the termination benefits provided due to the termination of the employment relationship plan or layoff proposal, or if the Group recognizes the costs related to the restructuring involving the payment of termination benefits, whichever is earlier, the employee compensation liability arising from the termination benefits shall be recognized and included in the current profit and loss. However, if the expected termination benefits cannot be fully paid within twelve months after the end of the annual reporting period, they will be treated as other long-term employee compensation.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. Employee benefits (Continued)

The internal retirement plan for employees adopts the same principle as the aforementioned dismissal benefits. The Group will include the salaries and social insurance premiums to be paid for early retirees during the period from the date when employees cease providing services to the normal retirement date, in the current profit and loss (termination benefits) when they meet the recognition criteria for expected liabilities.

25. Segmental reporting

The Group determines operating segments on the basis of its internal organizational structure, management requirements and internal reporting system, and determines reporting segments and discloses segment information on the basis of operating segments.

Operating segment refers to a component of the Group that simultaneously meets the following conditions: (1) The component can generate revenue and incur expenses in its daily activities; (2) The management of the Group is able to evaluate the operating results of the component on a regular basis to determine the allocation of resources to it and evaluate its performance; (3) The Group is able to obtain accounting information regarding the financial position, operating results and cash flows of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they may be combined into one operating segment.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

26. Methods and selection basis for determining significance criteria

Items	Standard
The important Construction in progress	RMB 50 million
Significant account payable aging over 1 year	RMB 5 million
Significant balances of other payables aging over 1 year	RMB 100 million
The important joint ventures	RMB 600 million
The important association	RMB 1000 million

27. Corrections of prior period errors

There are no corrections of prior year errors for the period.

28. Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of operating activities, the Group needs to make judgments, estimates, and assumptions about the book value of statement items that cannot be accurately measured. These judgments, estimates, and assumptions are based on the past historical experience of the management of the group, and are made taking into account other relevant factors. These judgments, estimates, and assumptions will affect the reported amounts of income, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities on the balance sheet date. However, the uncertainty of these estimates may result in significant adjustments to the carrying amount of future affected assets or liabilities.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (Continued)

The Group conducts regular reviews of the aforementioned judgments, estimates, and assumptions on a going concern basis. If changes in accounting estimates only affect the current period of the change, their impact will be recognized in the current period of the change; If it affects both the current and future periods of the change, the impact amount shall be recognized in the current and future periods of the change.

On the balance sheet date, the important areas in which the Group needs to make judgments, estimates, and assumptions about the amounts of financial statement items are as follows:

(1) Inventory depreciation reserves

According to the inventory accounting policy, the Group measures inventory at the lower of cost and net realizable value. For inventory with costs higher than net realizable value, as well as obsolete and unsold inventory, a provision for inventory depreciation is made. The impairment of inventory to net realizable value is based on the evaluation of its marketability and net realizable value. Identifying inventory impairment requires management to make judgments and estimates based on obtaining conclusive evidence and considering factors such as the purpose of holding inventory and the impact of events after the balance sheet date. The difference between the actual results and the original estimate will affect the book value of inventory and the provision or reversal of inventory depreciation reserves during the period when the estimate is changed.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (Continued)

(2) Provision for impairment of non-current assets

On the balance sheet date, the Group assesses whether there are any signs of possible impairment of non-current assets other than financial assets. For intangible assets with uncertain useful lives, in addition to annual impairment tests, impairment tests are also conducted when there are signs of impairment. Other non-current assets, other than financial assets, are tested for impairment when there are signs that their carrying amount is not recoverable.

When the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of the net amount of fair value minus disposal expenses and the present value of expected future cash flows, it indicates impairment.

The net amount of fair value minus disposal expenses is determined by referring to the sales agreement price or observable market price of similar assets in fair trade, minus the incremental costs directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, significant judgments need to be made regarding the output, selling price, related operating costs, and discount rate used in calculating the present value of the asset (or asset group). The Group will use all available relevant information when estimating the recoverable amount, including predictions based on reasonable and supported assumptions regarding production, selling prices, and related operating costs.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (Continued)

(3) Depreciation and amortization

The Group calculates depreciation and amortization of fixed assets and intangible assets on a straight-line basis over their useful lives, taking into account their residual values. The Group regularly reviews the service life to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Group based on past experience with similar assets and in combination with expected technological updates. If there is a significant change in previous estimates, depreciation and amortization expenses will be adjusted in future periods.

(4) Deferred income tax assets

To the extent that there is a high likelihood of sufficient taxable income to offset losses, the Group recognizes deferred income tax assets for unused tax losses. This requires the management of the group to use judgment to estimate the time and amount of future taxable income, and combine it with tax planning strategies to determine the amount of deferred income tax assets that should be recognized.

(5) Income tax

In the normal business activities of the Group, there is some uncertainty in the final tax treatment and calculation of certain transactions. Whether some projects can be disbursed before tax requires approval from the tax authorities. If there is a difference between the final recognition results of these tax matters and the initial estimated amount, the difference will have an impact on the current income tax and deferred income tax during the final recognition period.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (Continued)

- (6) Internal retirement benefits and supplementary retirement benefits

The amount of expenses and liabilities for retirement benefits and supplementary retirement benefits within the group is determined based on various assumptions. These assumptions include discount rates, average medical expense growth rates, subsidy growth rates for early retirees and retirees, and other factors. The difference between the actual results and assumptions will be immediately recognized and included in the current year's expenses upon occurrence. Although the management believes that reasonable assumptions have been adopted, changes in actual experience values and assumptions will still affect the expenses and liability balances of retirement benefits and supplementary retirement benefits within the group.

- (7) Impairment of financial instruments

The Group adopts the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgment and estimation, taking into account all reasonable and evidence-based information, including forward-looking information. When making such judgments and estimates, the Group infers expected changes in the debtor's credit risk based on historical repayment data, combined with economic policies, macroeconomic indicators, industry risks, significant changes in the debtor, warning customer lists, collateral, and other factors.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

29. Changes of significant accounting policies and estimates

There were no changes in accounting policies and estimates during the current period.

V. TAXATION

Main taxes and tax rate

Type of tax	Specific tax rate
Value added tax (VAT)	Output VAT is calculated based on taxable income, according to the applicable tax, Applicable tax rates include 13% , 9%, 6%.
City construction and Education surtax	Paid circulating tax: 7%, 3%, 2%
Enterprise income tax	Taxable income: 15%, 25%
Environmental protection tax	Atmospheric pollutant: Multiply the pollution equivalent number converted from the amount of pollutant discharge by 1.2 or 2.4. Water pollutants: Multiply the pollution equivalent number converted from the amount of pollutant discharge by 1.4. Solid wastes: Multiply the emission of solid wastes by 25. Noise: Multiply the noise coefficient of exceeding standards by 350, 700, 2800 or 1400.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise specified, the current period refers to the 6-month period ending on June 30, 2024, and the previous period refers to the 6-month period ending on June 30, 2023.

1. Cash and cash equivalents

Item	30 June 2024	31 December 2023
Cash		
Bank deposits (Note 1)	2,080	2,922
Other cash and cash equivalents (Note 2)	975	397
Total	3,055	3,319

Note 1: For details of the funds deposited by the Group in Angang Finance, please refer to Note XIII.5.4

Note 2: Other cash and cash equivalents primarily consist of futures margins and bank acceptance note margins.

2. Derivative financial assets

Item	30 June 2024	31 December 2023
Futures contract		3
Total		3

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable

(1) Classification of notes receivable

Items	30 June 2024			31 December 2023		
	Book Balance	Bad Debt Provision	Net Book Value	Book Balance	Bad Debt Provision	Net Book Value
Bank acceptance notes	222		222	112		112
Commercial acceptance notes						
Total	222		222	112		112

(2) Notes receivable transferred to accounts receivable due to insolvency of the issuer as of 30 June 2024

Items	Amount transferred to accounts receivable at the end of the period
Bank acceptance notes	557
Commercial acceptance notes	
Total	557

(3) Aging of notes receivable at the end of the period

The age of the accounts receivable of the group at the end of the period mentioned above is within 1 year.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

(1) Classification of accounts receivable

Item	30 June 2024				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	639	21.95	554	86.70	85
Account receivable for which bad debt is prepared based on group combination	2,272	78.05	5	0.22	2,267
Including: Risk-free group combination	1,026	35.25			1,026
Risk group combination on the basis of aging-matrix	1,246	42.80	5	0.40	1,241
Total	2,911	100.00	559	19.20	2,352

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(1) Classification of accounts receivable (Continued)

Item	31 December 2023				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	676	28.83	549	81.21	127
Account receivable for which bad debt is prepared based on group combination	1,669	71.17	6	0.36	1,663
Including: Risk-free group combination	866	36.93			866
Risk group combination on the basis of aging-matrix	803	34.24	6	0.75	797
Total	2,345	100.00	555	23.67	1,790

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

- (2) Accounts receivable subject to separate assessment for bad debts provision

Debtors	31 December 2023		30 June 2024			
	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision	Percentage (%)	Reason
Tianjin Property Group Finance Co., Ltd.	566	442	529	447	84.50	Notes overdue
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	67	67	67	67	100.00	Business is in trouble. It does not have repayment ability
Chongqing Lifan Finance Co., Ltd.	28	25	28	25	89.28	Notes overdue
Dongbei Special Steel Group Dalian material trading Co., Ltd.	15	15	15	15	100.00	Estimated uncollectible
Total	676	549	639	554		

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Accounts receivable classified by aging

Aging	30 June 2024	31 December 2023
Within 1 year	2,120	1,647
1 to 2 years	147	18
2 to 3 years	1	
3 to 4 years		
4 to 5 years		594
Over 5 years	643	86
Total	2,911	2,345

Note: In the above aging analysis, accounts receivable transferred from overdue notes receivable are aged according to the date of transfer, and the amount of accounts receivable over 5 years old is 557 million yuan. The rest of the accounts receivable are based on the invoice date.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

- (4) Bad debt provision at the end of the period

Type	31 December 2023	Increase/Decrease				30 June 2024
		Bad debt provision	Reverse	Resale or verification	Others	
Accounts receivable	555	4				559

- (5) Accounts receivable written off this period

There are no accounts receivables that have been written off this period.

- (6) The condition of accounts receivable of the top five debtors by the balances as of 30 June 2024

The total amount of top five accounts receivable according to closing balance of debtors of the Group was RMB1,767 million as of 30 June 2024, which accounted for 60.70% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB448 million as of 30 June 2024.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

- (7) Accounts receivable derecognized resulting from transfer of financial assets

The Group transferred accounts receivable on a non-recourse basis of RMB1,842 million and incurred costs related to derecognition of RMB20 million during the period.

5. Receivables financing

- (1) Classification of receivables financing

Items	30 June 2024			31 December 2023		
	Book Balance	Bad Debt Provision	Net Book Value	Book Balance	Bad Debt Provision	Net Book Value
Bank acceptance notes	706		706	1,618		1,618
Commercial acceptance notes						
Total	706		706	1,618		1,618

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Receivables financing (Continued)

- (2) Receivable financing that have been endorsed or discounted as of June 30, 2024 and have not yet matured on the balance sheet date

Items	Amount of termination confirmation	Amount of Non-termination confirmation
Bank acceptance notes	17,056	
Commercial acceptance notes		
Total	17,056	

6. Prepayments

- (1) Prepayments classified by aging

Items	30 June 2024		31 December 2023	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year	4,648	97.08	2,818	94.98
1 to 2 years	50	1.04	145	4.88
2 to 3 years	88	1.84	2	0.07
Over 3 years	2	0.04	2	0.07
Total	4,788	100.00	2,967	100.00

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Prepayments (Continued)

- (2) The top five prepayments with outstanding balance as of June 30, 2024

The total amount of the top five prepayments collected by the group as of June 30, 2024 based on the prepayments is 3,953 million, accounting for 82.56% of the total balance of prepayments as of June 30, 2024.

7. Other receivables

Items	30 June 2024	31 December 2023
Dividends receivable		27
Other receivables	108	58
Total	108	85

7.1 Dividends receivable

The Invested Entity	30 June 2024	31 December 2023
WISDRI Engineering & Research Incorporation Limited Company (hereinafter referred to as "WISDRI")		27
Total		27

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

7.2 The condition of other receivables

(1) Classification of other receivables

Items	30 June 2024				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision	9	7.38	9	100.00	
Other receivables for which bad debt is prepared based on group combination	113	92.62	5	4.42	108
Including: Risk-free group combination	39	31.96			39
Risk group combination on the basis of aging-matrix	74	60.66	5	6.76	69
Total	122	100.00	14	11.48	108

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

7.2 The condition of other receivables (Continued)

(1) Classification of other receivables (Continued)

Items	31 December 2023				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision	9	12.33	9	100.00	
Other receivables for which bad debt is prepared based on group combination	64	87.67	6	9.38	58
Including: Risk-free group combination	3	4.11			3
Risk group combination on the basis of aging-matrix	61	83.56	6	9.84	55
Total	73	100.00	15	20.55	58

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

7.2 The condition of other receivables (Continued)

(2) Other receivables classified by the nature

Item	30 June 2024	31 December 2023
The service fee of land acquisition	9	9
Industrial injury loan	6	6
Bid security	12	7
Others	95	51
Total	122	73

(3) Other receivables classified by aging

Aging	30 June 2024	31 December 2023
Within 1 year	88	41
1 to 2 years	17	18
2 to 3 years	4	3
3 to 4 years	3	1
4 to 5 years	1	1
Over 5 years	9	9
Total	122	73

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

7.2 The condition of other receivables (Continued)

(4) The accrual condition of bad debt provision

	The first stage Expected credit losses within the next 12 months	The second stage Expected credit losses for the entire duration of the period (no credit impairment)	The third stage Expected credit losses for the entire duration of the period (credit impairment has occurred)	Total
Bad debt provision				
Balance at 31 December 2023	6		9	15
Bad debt provision	(1)			(1)
Reverse				
Resale or verification				
Write of				
Other changes				
Balance at 30 June 2024	5		9	14

(5) Bad debt provision at the end of the period

Item	31 December 2023	Change in this period			30 June 2024
		Bad debt provision	Reverse	Resale or verification	
Other receivables	15	(1)			14

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

7.2 The condition of other receivables (Continued)

- (6) Other receivables subject to separate assessment for bad debts provision

Name	31 December 2023		30 June 2024			Reason
	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision	Percentage (%)	
Land acquisition service station of Chaoyang City	9	9	9	9	100	Not expected to be recovered
Total	9	9	9	9	-	

- (7) Other receivables with the top five balances as of June 30, 2024

The summary amount of the top five other accounts receivable as of June 30, 2024 collected by the debtor in this period is 70 million, accounting for 57.38% of the total balance of other accounts receivable as of June 30, 2024. The corresponding provision for bad debts as of June 30, 2024 is 10 million.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories

(1) Classification of Inventory

Item	30 June 2024		
	Book Value	Inventory falling Price	
		Reserves	Carrying Value
Raw materials	5,636	268	5,368
Work in progress	4,324	80	4,244
Finished goods	3,490	50	3,440
Revolving materials	516	1	515
Spare parts	869	21	848
Materials in transit	58		58
Dispatch of goods	18		18
Total	14,911	420	14,491

Item	31 December 2023		
	Book Value	Inventory falling Price	
		Reserves	Carrying Value
Raw materials	7,223	116	7,107
Work in progress	4,794	74	4,720
Finished goods	3,057	21	3,036
Revolving materials	544	1	543
Spare parts	823	22	801
Materials in transit	393		393
Dispatch of goods	11		11
Total	16,845	234	16,611

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (Continued)

(2) Inventory falling price reserves

Item	31 December 2023	Increase	Decrease		30 June 2024
		Provision	Written Back	Others	
Raw materials	116	178	26		268
Work in progress	74	32	26		80
Finished goods	21	31	2		50
Revolving materials	1				1
Spare parts	22		1		21
Total	234	241	55		420

Note: The net realizable value for finished goods and the relevant raw materials is lower than the cost, therefore, provision for inventory was accrued this period. Meanwhile, due to market price recovery or product cost decline, part of inventory's net realized value is higher than its book value, therefore, the provision is reversed within the amount of its original provision.

9. Other current assets

Item	30 June 2024	31 December 2023
Tax retained	436	766
Prepayment of enterprise income tax	98	150
Time deposit	144	
Total	678	916

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments

Details of long-term equity investments

The invested entity	31 December 2023	Increase/Decrease		Investment income under the equity method	Other comprehensive income
		Increase	Decrease		
I. Jointly venture					
TKAS Auto Steel Company Limited ("ANSC-TKS")	722			199	
The iron and Steel shares – Dalian ship heavy industry steel processing Distribution Co. Ltd. ("ANSC – Dachuan")	113			(11)	
Ansteel Guangzhou Automobile Steel Co., Ltd. ("Guangzhou Automobile Steel")	560			20	
Angang CIMC (Yingkou) New Energy Technology Co., Ltd. ("Angang CIMC")	100				
Sub-total	1,495			208	
II. Associated venture					
Angang Group Finance Co., Ltd. ("Angang Finance")	1,615			47	
Anshan Anshan Iron Oxide Powder Co., Ltd. ("Iron Oxide Powder Company")	18				
Guangzhou Nansha Steel Logistical Co., Ltd. ("Nansha Logistical")	60			(6)	
Anshan Iron and steel solid gold (Hangzhou) metal materials Co., Ltd. ("AISSG")	116			3	
Guangzhou GAC Baoshang Steel Processing Co., Ltd. ("GAC Baoshang")	111			4	
Meizhou GAC Automobile Spring Co., Ltd. ("Meizhou Motor Company")	38				
ChaoyangZhong'an Water Co., Ltd. ("Zhong'an Water")	33				
Sub-total	1,991			48	
Total	3,486			256	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments (Continued)

The invested entity	Increase/Decrease				30 June 2024	Closing Value of the Provision for Impairment
	Other Equity Changes	Declaration of Cash Dividends or Profits	Provision for impairment Loss	Others		
I. Jointly venture						
ANSC-TKS		217		(18)	686	
ANSC – Dachuan					102	
Guangzhou Automobile Steel		51		(4)	525	
Angang CIMC					100	
Sub-total		268		(22)	1,413	
II. Associated venture						
Angang Finance	1				1,663	
Iron Oxide Powder Company					18	
Nansha Logistical					54	
AISSG					119	
GAC Baoshang		12			103	
Meizhou Motor Company					38	
Zhong'an Water					33	
Sub-total	1	12			2,028	
Total	1	280		(22)	3,441	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other equity instrument investments

(1) Changes of other equity instrument investments

Items	30 June 2024	31 December 2023	Gains included in other comprehensive income this period	Losses included in other comprehensive income this period
WISDRI	548	533	15	
Heilongjiang Longmay Mining Group Co., Ltd. ("Longmay Group")	93	89	4	
Anshan Falan Packing Material Co. Ltd. ("Falan Packing")	27	26	1	
Changsha Bao steel steel processing & Distribution Co., Ltd. ("Changsha steel")	11	11		
China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd. ("China Shipbuilding")	6	6		
Guoqi Automobile Lightweight (Beijing) Technology Research Institute Co., Ltd. ("Guoqi Lightweight")	3	3		
Shanghai HGB Digital Technology CO.,LTD. ("Shanghai HGB")	4	4		
Jindian (Hangzhou) Technology Co., Ltd. ("Jindian")				
Total	692	672	20	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other equity instrument investments (Continued)

(1) Changes of other equity instrument investments (Continued)

Items	Accumulated gains included in other comprehensive income at the end of this period	Accumulated losses included in other comprehensive income at the end of this period	Recognized dividend income current period	Designation Reason (measured at fair value and the changes of their value are recorded in other comprehensive income)
WISDRI	409			
Longmay Group		(150)		
Falan Packing	6		2	
Changsha steel		(6)		
China Shipbuilding		(4)		
Guoqi Lightweight				
Shanghai HGB	2			
Jindian		(2)		
Total	417	(162)	2	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other equity instrument investments (Continued)

(2) Non-tradable investments in equity instruments current period

Items	Recognized dividend income current period	Accumulated gain	Accumulated loss	other comprehensive income transfer to retained earnings	Designation Reason (measured at fair value and the changes of their value are recorded in other comprehensive income)	Reason (other comprehensive income transfer to retained earnings)
WISDRI		409				
Longmay Group			(150)			
Falan Packing	2	6				
Changsha steel			(6)			
China Shipbuilding			(4)			
Guoqi Lightweight						
Shanghai HGB		2				
Jindian			(2)			
Total	2	417	(162)			

Note: The equity instrument investments that the Group does not offer in the open market are investments that the Group plans to hold for the long term. Therefore, the Group designates them as financial assets measured at fair value with changes recognized in other comprehensive income.

Financial Report (Continued)
Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

12. Other non-current financial assets

The Invested Entity	Book value	
	30 June 2024	31 December 2023
Zhuzhou Smelter Group Co., Ltd. ("ZhuYe Group")	44	39
HNA bankruptcy reorganization special service trust	47	47
Caidie NO.5 property rights trust plan	5	5
Total	96	91

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets

(1) Analysis of fixed assets

Items	Houses and Buildings	Machinery	Others	Total
(I) Original Cost				
1. 31 December 2023	36,521	90,442	6,366	133,329
2. Increase in the period	214	1,532	214	1,960
(1) Purchase				
(2) Transform from project under construction	214	1,532	214	1,960
(3) Increase from combination				
(4) Others				
3. Decrease in the period	101	199	33	333
(1) Disposal or scrap	98	198	33	329
(2) Others	3	1		4
4. 30 June 2024	36,634	91,775	6,547	134,956
(II) Accumulated depreciation				
1. 31 December 2023	16,498	59,520	5,038	81,056
2. Increase in the period	414	1,272	133	1,819
(1) Depreciation	413	1,261	128	1,802
(2) Increase from combination				
(3) Others	1	11	5	17
3. Decrease in the period	67	131	31	229
(1) Disposal or scrap	67	131	31	229
(2) Others				
4. 30 June 2024	16,845	60,661	5,140	82,646

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (Continued)

(1) Analysis of fixed assets (Continued)

Items	Houses and Buildings	Machinery	Others	Total
(III) Provision for impairment				
1. 31 December 2023	605	2,741	139	3,485
2. Increase in the period				
(1) Provision				
(2) Others				
3. Decrease in the period				
(1) Disposal or scrap				
(2) Others				
4. 30 June 2024	605	2,741	139	3,485
(IV) Book Value				
30 June 2024	19,184	28,373	1,268	48,825
31 December 2023	19,418	28,181	1,189	48,788

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (Continued)

(2) Fixed assets leased out by operating lease

Type	30 June 2024	31 December 2023
Houses and buildings	14	15
Machinery	6	36
Total	20	51

14. Construction in progress

Item	30 June 2024	31 December 2023
Construction in progress	6,875	6,886
Construction materials	1	1
Total	6,876	6,887

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

14.1 Construction in progress

(1) Details of constructions in progress

Item	30 June 2024			31 December 2023		
	Book balance	Impairment Provision	Book value	Book balance	Impairment Provision	Book value
The environmental protection upgrading and transformation project of the sintering machine of the iron-making general plant	974		974	968		968
21 to 096B iron making – Bayuquan raw material yard shed closed project	323		323	323		323
Upgrading and reconstruction project of the 1# slab casting machine of the 2150ASP production line of the steelmaking general plant	197		197	197		197
Project for the construction and production of the raw material system of the 265m2 sintering machine in the iron smelting general plant	144		144	144		144
Overhaul and reconstruction project of the 1# billet casting machine in the first branch of the steelmaking general plant	91		91	92		92
Upgrading and reconstruction project of seamless 177 production line of large-scale general factor	31		31	29		29
3# blast furnace overhaul project	22		22	100		100
Large scale continuous rolling line upgrading and renovation project				18		18
Large factory universal line quality improvement and renovation project				7		7
Others	5,099	6	5,093	5,014	6	5,008
Total	6,881	6	6,875	6,892	6	6,886

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

14.1 Construction in progress (Continued)

(2) Changes in major constructions in progress

Items	Budget	31 December 2023	Increase of the period	Transferred into fixed assets	Other decrease	30 June 2024
Environmental Protection Upgrading and Renovation Project of Sintering Machine in Ironmaking Plant	1,020	968	6			974
21 to 096B iron making – Bayuquan raw material yard shed closed project	492	323				323
Upgrading and reconstruction project of the 1# slab casting machine of the 2150ASP production line of the steelmaking general plant	193	197				197
Project for the construction and production of the raw material system of the 265m2 sintering machine in the iron smelting general plant	156	144				144
Overhaul and reconstruction project of the 1# billet casting machine in the first branch of the steelmaking general plant	135	92	(1)			91
Upgrading and reconstruction project of seamless 177 production line of large-scale general factor	260	29	2			31
3# blast furnace overhaul project	178	100		78		22
Large scale continuous rolling line upgrading and renovation project	185	18		18		
Large factory universal line quality improvement and renovation project	200	7		7		
Others	17,016	5,014	2,038	1,857	96	5,099
Total		6,892	2,045	1,960	96	6,881

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

14.1 Construction in progress (Continued)

(2) Changes in major constructions in progress (Continued)

Items	Accumulated capitalized borrowing cost	Of Which: Capitalized this Period	Capitalization Rate (%)	Expenditure Over Budget (%)	Project Progress (%)	Resource of Fund
Environmental Protection Upgrading and Renovation Project of Sintering Machine in Ironmaking Plant	26	2	2.55	95	95	Self-financing
21 to 096B iron making – Bayuquan raw material yard shed closed project				99	99	Self-financing
Upgrading and reconstruction project of the 1# slab casting machine of the 2150ASP production line of the steelmaking general plant	8		2.55	100	99	Self-financing
Project for the construction and production of the raw material system of the 265m2 sintering machine in the iron smelting general plant	5	1	2.55	92	92	Self-financing
Overhaul and reconstruction project of the 1# billet casting machine in the first branch of the steelmaking general plant				95	95	Self-financing
Upgrading and reconstruction project of seamless 177 production line of large-scale general factor	1		2.55	99	99	Self-financing
3# blast furnace overhaul project				84	84	Self-financing
Large scale continuous rolling line upgrading and renovation project				100	100	Self-financing
Large factory universal line quality improvement and renovation project				100	100	Self-financing
Others	12	6	2.55	73	73	Self-financing
Total	52	9				

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

14.1 Construction in progress (Continued)

(3) Provision of Impairment

Items	31 December 2023	Increase in Current Period Provision	Increase in Current Period Reversal	30 June 2024
Hot-rolled pickling plate production line project	6			6
Total	6			6

14.2 Construction materials

Item	30 June 2024	31 December 2023
Special equipment	1	1
Total	1	1

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Right-of-use assets

Item	Houses and buildings	Land Use Right	Machinery	Total
I. Original Cost				
1. 31 December 2023	1		7	8
2. Increase in the period		183		183
(1) Lease		183		183
(2) Increase from business combination				
(3) Others				
3. Decrease in the period				
(1) Disposal				
(2) Transferred out to fixed assets				
(3) Decrease from business combination				
(4) Others				
4. 30 June 2024	1	183	7	191

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Right-of-use assets (Continued)

Item	Houses and buildings	Land Use Right	Machinery	Total
II. Accumulated depreciation				
1. 31 December 2023			1	1
2. Increase in the period	1	30		31
(1) Depreciation	1	30		31
(2) Increase from business combination				
3. Decrease in the period				
(1) Disposal				
(2) Transferred out to fixed assets				
(3) Decrease from business combination				
(4) Others				
4. 30 June 2024	1	30	1	32
III. Provision for impairment				
1. 31 December 2023				
2. Increase in the period				
(1) Provision				
3. Decrease in the period				
(1) Disposal				
4. 30 June 2024				
IV. Book Value				
30 June 2024		153	6	159
31 December 2023	1		6	7

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets

Items	Land Use Right	Non-Patented Technology	Software	Patent	Steel Capacity Indicators	Total
I. Original Cost						
1. 31 December 2023	9,015	52	730	5	248	10,050
2. Increase in the period	70		96			166
(1) Purchase	70		96			166
(2) Internal R&D						
(3) Enterprise merger						
(4) Others						
3. Decrease in the period	19					19
(1) Disposal	19					19
(2) Decrease from business combination						
4. 30 June 2024	9,066	52	826	5	248	10,197
II. Accumulative amortization						
1. 31 December 2023	2,880	47	223			3,150
2. Increase in the period	92		111			203
(1) Counting	92		111			203
(2) Enterprise merger						
(3) Others						
3. Decrease in the period	7					7
(1) Disposition	7					7
(2) Decrease from business combination						
(3) Others						
4. 30 June 2024	2,965	47	334			3,346
III. Provision for impairment						
1. 31 December 2023						
2. Increase in the period						
(1) Counting						
3. Decrease in the period						
(1) Disposal						
4. 30 June 2024						
IV. Book Value						
30 June 2024	6,101	5	492	5	248	6,851
31 December 2023	6,135	5	507	5	248	6,900

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred income tax assets and deferred income tax liabilities

(1) Recognized deferred income tax assets

Items	30 June 2024		31 December 2023	
	Deferred income tax assets	Temporary difference or deductible loss	Deferred income tax assets	Temporary difference or deductible loss
Provision for impairment	317	1,268	322	1,288
Deductible loss	1,703	6,812	1,703	6,812
Dismissal welfare	16	64	22	88
Accumulated depreciation of fixed assets	33	132	33	132
Lease	42	168		
Employee training expenses	8	32	8	32
Deferred income	138	552	138	552
Changes in the fair value of other equity instrument investments	41	164	42	168
Others	5	20	4	16
Total	2,303	9,212	2,272	9,088

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred income tax assets and deferred income tax liabilities (Continued)

(2) Recognized deferred income tax liabilities

Items	30 June 2024		31 December 2023	
	Deferred Income Tax Liabilities	Taxable Temporary Difference	Deferred Income Tax Liabilities	Taxable Temporary Difference
Valuation of trading financial instruments and derivative financial instrument conversion of equity	2	8		
Changes in the fair value of other equity instrument investments	105	420	100	400
Unrealized profit within the group	10	40	4	16
Lease	42	168	2	8
Total	159	636	106	424

Financial Report (Continued)
Notes to Financial Statements (Continued)
30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred income tax assets and deferred income tax liabilities (Continued)

- (3) Unrecognized deferred income tax assets

Items	30 June 2024	31 December 2023
Deductible temporary difference-provision for impairment	1,928	1,928
Deductible temporary difference-deductible losses	5,395	2,055
Total	7,323	3,983

- (4) The deductible losses of unrecognized deferred income tax assets will expire in the following years

Year	30 June 2024	31 December 2023
2028	2,055	2,055
2029	3,340	
Total	5,395	2,055

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Other non-current assets

Items	30 June 2024	31 December 2023
Prepayment for Construction Projects	1,059	969
Prepayment for Land		13
Total	1,059	982

19. Short-term loans

Items	30 June 2024	31 December 2023
Credit loans	1,390	1,380
Total	1,390	1,380

20. Derivative financial liabilities

Items	30 June 2024	31 December 2023
Future contracts	10	6
Total	10	6

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Notes payable

Items	30 June 2024	31 December 2023
Bank acceptance notes	17,828	17,408
Commercial acceptance notes	191	175
Total	18,019	17,583

Note: As of June 30, 2024, there are no matured but unpaid notes payable. The age of the accounts payable of the Group at the end of the period mentioned above is within 1 year.

22. Accounts payable

(1) Aging of accounts payable

Items	30 June 2024		31 December 2023	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year	8,149	98.95	6,971	98.42
1 to 2 years	26	0.32	26	0.37
2 to 3 years	23	0.28	49	0.69
Over 3 years	37	0.45	37	0.52
Total	8,235	100.00	7,083	100.00

Note: the above aging analysis is based on the invoice date.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Accounts payable (Continued)

(2) Significant account payable aging over 1 year

Creditors	Balance	Aging
Angang Construction Group Co., Ltd.	8	1 to 5 years, over 5 years
Total	8	

23. Contract liabilities

Items	30 June 2024	31 December 2023
Products selling	4,320	5,145
Others	53	45
Total	4,373	5,190

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Staff remuneration payable

(1) Analysis of employee benefits payable

Items	31 December			30 June
	2023	Increase	Decrease	2024
1. Short-term remuneration	40	1,861	1,812	89
2. After-service benefits defined contribution plans		239	239	
3. Termination benefits	43	53	75	21
Total	83	2,153	2,126	110

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Staff remuneration payable (Continued)

(2) Short-term compensation

Items	31 December			30 June 2024
	2023	Increase	Decrease	
1. Salaries, bonus and allowance		1,362	1,341	21
2. Staff welfare		117	109	8
3. Social insurance		148	148	
Including: Medical insurance		124	124	
Staff and workers' injury insurance		24	24	
Maternity insurance				
Others				
4. Housing fund		159	159	
5. Labor union fee and staff training fee	40	47	27	60
6. Short paid absences				
7. The short-term profit sharing plan				
8. Others		28	28	
Total	40	1,861	1,812	89

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Staff remuneration payable (Continued)

(3) Defined Contribution Plans

Items	31 December			30 June 2024
	2023	Increase	Decrease	
1. Basic pension insurance		203	203	
2. Unemployment insurance		6	6	
3. Occupational pension		30	30	
Total		239	239	

25. Tax payable

Items	30 June 2024	31 December 2023
VAT	27	29
Environmental protection tax	18	19
Resource tax	1	1
Corporate income tax	15	10
City maintenance and construction tax	2	1
Property tax	16	15
Land use tax	37	38
Individual income tax	18	5
Educational surcharges	1	
Stamp tax	21	24
Total	156	142

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other payables

Items	30 June 2024	31 December 2023
Interests payable	10	6
Dividends payable	1	
Other payables	3,731	3,420
Total	3,742	3,426

26.1 Interests payable

Items	30 June 2024	31 December 2023
Staging interest maturity of long-term borrowings	4	4
Corporate bond interest	6	2
Total	10	6

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other payables (Continued)

26.2 Dividends payable

Items	30 June 2024	31 December 2023
Chaoyang Yitong Scrap Materials Purchase and Sale Co.,Ltd.	1	
Total	1	

26.3 Other payables

(1) Classification of other payables by nature

Items	30 June 2024	31 December 2023
Construction payable	2,173	1,900
Retention Money	713	644
Margin	412	443
Administrative Fund	10	10
Restricted stock repurchases obligations	28	31
Others	395	392
Total	3,731	3,420

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other payables (Continued)

26.3 Other payables (Continued)

(2) Significant balances of other payables aging over 1 year

Creditors	Balance	Reason	Whether paid after 30 June 2024
Angang Steel Group Engineering Technology Co., Ltd	272	Quality guarantee, Project payment	No
Total	272		

27. Other current liabilities

Items	30 June 2024	31 December 2023
Contract liabilities pending write-off tax	424	538
Total	424	538

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Long-term loans

- (1) Classification of long-term loans

Items	30 June 2024	31 December 2023
Credit loans	5,657	5,199
Total	5,657	5,199

- (2) Classification of long-term loans by the maturity date

Items	30 June 2024	31 December 2023
Within 1 year		
1 year to 2 year (including 2 year)	2,888	
2 year to 3 year (including 3 year)	2,769	5,199
3 year to 5 year (including 5 year)		
Total	5,657	5,199

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Bonds payable

(1) Bonds payable

Items	30 June 2024	31 December 2023
22 Angang stock GN001	300	299
Total	300	299

(2) Increase or decrease in bonds payable

Type of bonds	Par value	Issuance date	Bond duration	Issuance amount	31 December 2023
22 Angang stock GN001	300	September 28, 2022	3 years	300	299
Total	300			300	299

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Bonds payable (Continued)

(2) Increase or decrease in bonds payable (Continued)

Type of bonds	Current issue	Accruing interest at face value	Amortization of discounts and premiums (positive increase, negative decrease)	Exchange conversion (positive increase, negative decrease)	Current repayment	30 June 2024
22 Angang stock GN001			1			300
Total			1			300

Note: On September 28, 2022, the company issued the first phase of green medium-term notes in 2022. The principal of the medium-term notes issued this time is RMB300 million, issued at par, the unit face value is RMB100, the coupon rate is 2.85%, the term is 3 years, the interest is paid annually and the principal is repaid once, the starting date is September 28, 2022. The repayment date is September 28, 2025.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Bonds payable (Continued)

(3) Classification of bonds payable by the maturity date

Items	30 June 2024	31 December 2023
Within 1 year		
1 year to 2 year (including 2 year)	300	299
2 year to 3 year (including 3 year)		
3 year to 5 year (including 5 year)		
Total	300	299

30. Lease liability

Items	30 June 2024	31 December 2023
lease payments	163	2
Less: Unrecognized financing expenses	8	
Total	155	2

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Long-term payables

Items	30 June 2024	31 December 2023
Long-term payables		
Special payables	137	135
Total	137	135

31.1 Special payables

Items	31 December 2023	Increase	Decrease	30 June 2024	Reason
The special funds paid by Anshan Iron and Steel Group Co., Ltd. (hereinafter referred to as "Ansteel Group")	135			135	Special funds
Others		4	2	2	Return of stable posts
Total	135	4	2	137	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term employee benefits payable

Items	30 June 2024	31 December 2023
Termination benefits	44	44
Total	44	44

33. Deferred income

Items	31 December 2023	Increase	Decrease	30 June 2024	Reason
Government grants	685	73	11	747	Government grants
Total	685	73	11	747	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Deferred income (Continued)

Among them, the projects involved the government grants are as follows :

Items	31 December 2023	Increase	Belong to Non- business income	Belong to Other income	Other decrease	30 June 2024	Associated with the asset/ income
The government grants related to environmental protection	148	52		3		197	Related to assets
The government grant related to scientific research	329	15		1		343	Related to assets/ income
Others	208	6		7		207	Related to assets/ income
Total	685	73		11		747	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Share capital

Items	31 December 2023		Increase/Decrease					30 June 2024	
	Balance	Proportion (%)	New shares issued	Bonus issue	Shares transferred from reserves	Others	Subtotal	Balance	Proportion (%)
Shares unrestricted on sale:									
1. Ordinary A shares	7,957	85						7,957	85
2. Foreign shares listed overseas	1,411	15						1,411	15
Restricted shares:									
1. Ordinary A shares	16							16	
Total	9,384	100						9,384	100

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Capital reserve

Items	31 December 2023	Increase	Decrease	30 June 2024
Share premium	32,995		68	32,927
Other capital reserve	911			911
Total	33,906		68	33,838

Note: The company reduced its capital reserve by 68 million due to the business combination under common control.

36. Treasury shares

Items	31 December 2023	Increase	Decrease	30 June 2024
Stock incentive plan (Note XIV)	32		4	28
Total	32		4	28

Note: The company reduced treasury shares by 4 million due to the lifting of restrictions on part of the restricted shares.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Other comprehensive income

Items	31 December 2023	The amount of this period				30 June 2024
		Amount for the period before tax	Minus: transform into profit or loss from other comprehensive income	Minus: income tax expenses	The After-tax amount attributed to the parent company	
1. Other comprehensive income will not reclassified into the gains and losses	176	21		5	16	192
Including: Net gain on other equity instruments at fair value through other comprehensive income	176	20		5	15	191
The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method		1			1	1
Total	176	21		5	16	192

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Special reserve

Items	31 December 2023	Increase	Decrease	30 June 2024
Safety production Expenses	69	78	61	86
Total	69	78	61	86

39. Surplus reserve

Items	31 December 2023	Increase	Decrease	30 June 2024
Statutory surplus reserve	4,457			4,457
Total	4,457			4,457

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Retained earnings

Items	This period
Balance as of 31 Dec, 2023	6,801
Changes in accounting policies	
Business combination under common control	
Balance as of 1 Jan, 2024	6,801
Increase in 2024	(2,689)
Including: Net profit transferred this period	(2,689)
Other adjustment factors	
Decrease in 2024	
Including: Extraction of surplus reserve this period	
Extraction of general risk provisions in this period	
Distribution of cash dividend this period	
Conversed capital	
Other decreases	
Balance as of 30 June, 2024	4,112

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Operating revenue and operating cost

(1) Classified by production

Items	This period		Last period	
	Income	Cost	Income	Cost
Prime operating	55,351	56,447	59,975	60,099
Other operating (Note 2)	98	86	92	88
Total	55,449	56,533	60,067	60,187

Note 1: The Group is classified into an operating segment based on the type of business: production and sale of steel products.

Note 2: Other business income and other business costs of the Group are mainly generated from the sales of materials and scrap materials.

(2) Classified by region

Items	This period	Last period
Foreign transaction income from the within borders	51,767	56,310
Foreign exchange income from outside borders	3,682	3,757
Total	55,449	60,067

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Operating revenue and operating cost (Continued)

(3) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	55,449	60,067
Total	55,449	60,067

42. Taxes and surcharges

Items	This period	Last period
City maintenance and construction tax	9	7
Educational surcharge and local educational surcharge	7	5
Land use tax	220	220
Property tax	86	84
Stamp tax	59	63
Resources tax	1	1
Environmental protection tax	35	46
Others	1	
Total	418	426

Note: Please refer to Note V "Taxation" for details of various taxes and surcharges payment standards.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Selling expenses

Items	This period	Last period
Employee benefits	118	136
Warehouse storage expense	38	38
Rental fee	22	24
Handling charge	21	20
Agency fee for commissioned sales	16	18
Packing expense	12	11
Sales and service expense	7	12
Others	33	32
Total	267	291

44. Administrative expenses

Items	This period	Last period
Employee benefits	336	429
Amortization of intangible asset	103	31
Depreciation	43	71
Information system maintenance expense	20	13
Sewage charges	11	10
Agency fee	10	19
Greening fee	5	9
Fee for the exploitation of patent	3	17
Others	117	160
Total	648	759

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Research and development expenses

Items	This period	Last period
Labor cost	85	102
Outsourcing expenses	65	68
Raw material consumption fee	21	50
Depreciation	12	12
Travel expenses	3	3
Others	5	10
Total	191	245

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Finance expenses

Items	This period	Last period
Interest expense	136	200
Including: Interests expense from the long-term loans and long- term bonds	69	88
Interests expense from the short-term loans and letters of credit	38	20
Other interest expenditures	29	92
Less: Interest income	26	37
Less: Capitalized interest expense	9	9
Exchange gain or loss		(27)
Less: Capitalized exchange gain or loss		
Others	19	29
Total	120	156

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Other incomes

Items	This period	Last period	Recorded into Extraordinary gains and losses
The government grants related to environment protection	3	5	3
The government grants related to scientific research	1	3	1
Other government grants	7	6	7
Others	54	3	
Total	65	17	11

48. Investment income

Items	This period	Last period
Long-term equity income under the equity method	256	161
Investment income of other investments in equity instruments invested in the holding period	2	2
Others	(5)	(54)
Total	253	109

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Gain from fair-value changes

Items	This period	Last period
Changes in fair value of derivative financial assets	35	32
Changes in fair value of other non-current financial assets	5	4
Changes in fair value of derivative financial liabilities	(6)	17
Total	34	53

50. Credit impairment losses

Items	This period	Last period
Accounts receivable	(4)	20
Other receivables	1	1
Total	(3)	21

Note: The positive numbers refer to gains and negative numbers refer to losses.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Impairment on assets

Items	This period	Last period
Inventory falling price loss	(205)	26
Total	(205)	26

Note: The positive numbers refer to gains and negative numbers refer to losses.

52. Gains on disposal of assets

Items	This period	Last period
Fixed assets disposal income	11	
Intangible assets disposal income	24	25
Total	35	25

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Non-operating income

Items	This period	Last period	Recorded into extraordinary gains and losses
Gains from scrap of non-current assets		3	
Government grant		5	
Liquidated damages	6	5	6
Others	1	1	1
Total	7	14	7

Government grant recorded into profit/loss for current period:

Items	This period	Last period	Assets/ Income related	Whether subsidies affect the profit and loss of the period
Shanghai Baoshan District Enterprise Support Fund		5	Income related	No
Total		5		

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Non-operating expenses

Items	This period	Last period	Recorded into extraordinary gains and losses
The loss on scrap of non-current assets	79	25	79
Compensation and liquidated damages	2		2
External donation		4	
Total	81	29	81

55. Income tax expenses

(1) Income tax expenses

Items	This period	Last period
Income tax during this period	34	152
Changes on deferred income tax expenses	16	(585)
Total	50	(433)

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Income tax expenses (Continued)

- (2) The reconciliation between accounting profit and income tax expenses

Items	This period
Total profit	(2,623)
Income tax expenses calculated at statutory/applicable tax rates	(656)
Effect of different tax rates applied by subsidiary companies	(4)
Effect of current unrecognized deductible temporary difference or deductible loss arising from deferred tax income assets	710
Income tax expenses	50

56. The other comprehensive income

Please refer to Note VI.37

Financial Report (Continued)
Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

**VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

57. Items on statements of cash flow

(1) Other cash receipts related to operating activities

Items	This period	Last period
Deposit income	58	133
Government grants	76	29
Others	79	96
Total	213	258

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Items on statements of cash flow (Continued)

(2) Other cash payments relating to operating activities

Items	This period	Last period
Air pollution fee	95	161
Miscellaneous expenses for procurement and sales business	75	132
Renewable energy development fund	65	103
Environmental monitoring fee	94	85
Research and development expenses	62	71
Funeral expenses	43	74
Insurance fee	36	21
Transportation charges	18	47
Collecting and paying retirement wages	35	33
Party affairs activity expenses	2	10
Travel expenses	17	20
Rental fee	9	13
Donation expenditure	8	5
Hazardous materials disposal fee	5	5
Other operating expenses	207	432
Total	771	1,212

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Items on statements of cash flow (Continued)

- (3) Other cash receipts relating to investing activities

Items	This period	Last period
Interest revenue	22	37
Future contract income	38	46
Total	60	83

- (4) Other cash payments relating to investing activities

Items	This period	Last period
Futures contract losses	2	2
Swap fees		55
Time deposit	144	
Total	146	57

- (5) Other cash payments relating to financing activities

Items	This period	Last period
Pay rental fees	35	169
Agency fee	21	34
Payment for share repurchase		3
Convertible corporate bond expenses		60
Total	56	266

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Supplement of cash flow statement

- (1) Reconciliation of net profit to cash flows from operating activities

Items	This period	Last period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	(2,673)	(1,328)
Add: Provision for impairment on asset	205	(26)
Provision for impairment on credit	3	(21)
Depreciation of fixed assets	1,802	1,670
Depreciation of right-of-use asset	31	82
Amortization of intangible assets	203	122
Loss on disposal of fixed assets,Intangible assets and other non-current assets ("-" for gains)	(35)	(25)
Loss on scrap of fixed assets ("-" for gains)	79	22
Loss on the change of fair value ("-" for gains)	(34)	(53)
Financial expenses ("-" for gains)	102	121
Investment loss ("-" for gains)	(253)	(109)
Decrease in deferred tax assets ("-" for increase)	(32)	(594)
Increase in deferred tax liabilities ("-" for decrease)	49	9
Decrease in inventories ("-" for increase)	1,928	(641)
Decrease in operating receivables ("-" for increase)	(1,726)	281
Increase in operating payable ("-" for decrease)	926	2,952
Others	(3)	53
Net cash flow from operating activities	572	2,515

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Supplement of cash flow statement (Continued)

- (1) Reconciliation of net profit to cash flows from operating activities (Continued)

Items	This period	Last period
2. Change in cash and cash equivalent		
Cash at the end of the period	3,055	3,962
Less: cash at the beginning of the period	3,319	5,234
Add: cash equivalent at the end of the period		
Less: cash equivalent at the beginning of the period		
Net increase in cash and cash equivalents	(264)	(1,272)

- (2) Composition of cash and cash equivalent

Items	30 June 2024	31 December 2023
1. Cash at bank and on hands	3,055	3,319
Of which: Cash		
Bank deposits available	2,080	2,922
Other cash and cash equivalents available	975	397
2. Cash equivalents		
Of which: Bonds due within 3 months		
3. Closing balance of cash and cash equivalents	3,055	3,319

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VII. RESEARCH AND DEVELOPMENT EXPENDITURE

1. Research and development expenditure

Items	This period	Last period
Labor cost	85	102
Outsourcing expenses	65	68
Raw material consumption		
fee	21	50
Depreciation	12	12
Travel expenses	3	3
Others	5	10
Total	191	245
Including: Expensing	191	245
Capitalization		

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE

- 1. During the current period, the company has established a new holding subsidiary, Angang Green Gold Industry Development Co., LTD. (hereinafter referred to as “Green Gold Industry”).**

- 2. Business combination under common control**

- (1) Business combination under common control that occurred during the period

During the current period, Green Gold Industry acquired a 77.5589% equity interest in Scrap Resources through the merger of Anshan Scrap Resources (Anshan) Co., Ltd. (hereinafter referred to as “Scrap Resources”) under common control. The consolidation date is June 1, 2024. For the period from the beginning of the current period to the consolidation date, Scrap Resources reported revenue of RMB1,229 million and a net profit of RMB3 million. For the comparative period, Scrap Resources reported revenue of RMB2,273 million and a net profit of RMB7 million.

- (2) Combined costs

During this period, Anshan Group and Angang Group Zhongyuan Industry Development Co., Ltd. (hereinafter referred to as “Zhongyuan Industry”) respectively invested RMB51 million and RMB147 million in the Green Gold Industry with 20.1459% and 57.4130% of the Scrap Resources held by them, and acquiring 17.02% and 48.50% of the shares of the Green Gold Industry, respectively. At the same time, Green Gold Industry acquired a 77.5589% equity interest in Scrap Resources.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

- (3) Book value of assets and liabilities of the merged party at the merger date

Items	Scrap Resources	
	Merger date	At the end of last year
Current assets:		
Cash and cash equivalents	30	98
Notes receivable	54	31
Accounts receivable	322	116
Other receivables	20	22
Inventories	117	46
Other current assets	10	13
Total current assets	553	326
Non-current assets:		
Fixed assets	94	96
Intangible assets	79	80
Deferred income tax assets	10	11
Other non-current assets	3	3
Total non-current assets	186	190
Total assets	739	516

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

- (3) Book value of assets and liabilities of the merged party at the merger date (Continued)

Items	Scrap Resources	
	Merger date	At the end of last year
Current liabilities:		
Short-term loans	100	50
Notes payable		23
Accounts payable	375	178
Contract liabilities		4
Tax payable	2	1
Other payables	9	10
Other current liabilities		1
Total current liabilities	486	267
Non-current liabilities:		
Deferred income	35	35
Total non-current liabilities	35	35
Total liabilities	521	302
Net assets	218	214
Less: Minority interests		
Net assets acquired	218	214

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

- (4) Impact of retroactive adjustment of financial statements by business combination under common control

① Consolidated Balance Sheet of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Current assets:			
Cash and cash equivalents	3,221	3,319	98
Derivative financial assets	3	3	
Notes receivable	81	112	31
Accounts receivable	1,693	1,790	97
Receivables financing	1,618	1,618	
Prepayments	2,967	2,967	
Other receivables	68	85	17
Including: Interests receivable			
Dividends receivable	27	27	
Inventories	16,565	16,611	46
Other current assets	903	916	13
Total current assets	27,119	27,421	302

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

- (4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

① Consolidated Balance Sheet of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Non-current assets:			
Long-term equity investments	3,486	3,486	
Other equity instrument investments	672	672	
Other non-current financial assets	91	91	
Fixed assets	48,692	48,788	96
Construction in progress	6,887	6,887	
Right-of-use assets	7	7	
Intangible assets	6,820	6,900	80
Deferred income tax assets	2,261	2,272	11
Other non-current assets	979	982	3
Total non-current assets	69,895	70,085	190
Total assets	97,014	97,506	492

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

① Consolidated Balance Sheet of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Current liabilities:			
Short-term loans	1,330	1,380	50
Derivative financial liabilities	6	6	
Notes payable	17,560	17,583	23
Accounts payable	6,924	7,083	159
Contract liabilities	5,186	5,190	4
Staff remuneration payable	83	83	
Tax payable	141	142	1
Other payables	3,421	3,426	5
Including: Interests payable	6	6	
Dividends payable			
Other current liabilities	537	538	1
Total current liabilities	35,188	35,431	243

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

- (4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

- ① Consolidated Balance Sheet of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Non-current liabilities:			
Long-term loans	5,199	5,199	
Bonds payable	299	299	
Lease liability	2	2	
Long-term payables	135	135	
Long-term employee benefits payable	44	44	
Deferred income	650	685	35
Deferred income tax liabilities	106	106	
Total non-current liabilities	6,435	6,470	35
Total liabilities	41,623	41,901	278

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

① Consolidated Balance Sheet of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Shareholders' equity:			
Share capital	9,384	9,384	
Capital reserve	33,853	33,906	53
Less: Treasury shares	32	32	
Other comprehensive income	176	176	
Special reserve	69	69	
Surplus reserve	4,457	4,457	
Retained earnings	6,797	6,801	4
Subtotal of Shareholders' equity attributable to shareholders of parent company	54,704	54,761	57
Minority interests	687	844	157
Total shareholders' equity	55,391	55,605	214
Total liabilities and shareholders' equity	97,014	97,506	492

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Interim Consolidated Income Statement of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
I. Total operating revenue	58,825	60,067	1,242
Including: Operating revenue	58,825	60,067	1,242
II. Total operating cost	60,831	62,064	1,233
Including: Operating cost	58,966	60,187	1,221
Taxes and surcharges	422	426	4
Selling expenses	288	291	3
Administrative expenses	755	759	4
Research and development expenses	245	245	
Finance expenses	155	156	1
Including: Interest expenses	189	191	2
Interest income	37	37	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Interim Consolidated Income Statement of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Add: Other incomes	16	17	1
Investment income (Loss is listed with “-”)	109	109	
Including: Investment incomes in associates and joint ventures	161	161	
Gain from fair-value changes (Loss is listed with “-”)	53	53	
Credit impairment losses (Loss is listed with “-”)	19	21	2
Impairment on assets (Loss is listed with “-”)	26	26	
Gains on disposal of assets (Loss is listed with “-”)	25	25	

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Interm Consolidated Income Statement of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
III. Operating profit (Loss is listed with “-”)			
	(1,758)	(1,746)	12
Add: Non-operating income	14	14	
Less: Non-operating expenses	29	29	
IV. Profit before tax (Loss is listed with “-”)			
	(1,773)	(1,761)	12
Less: Income tax expenses	(438)	(433)	5
V. Net profit (Loss is listed with “-”)			
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with “-”)	(1,335)	(1,328)	7
2. Termination of business operating profit (Loss is listed with “-”)			
(II) Classification of ownership			
1. Net income attributable to the Company owners	(1,346)	(1,344)	2
2. Net income attributable to minority shareholders	11	16	5

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Interm Consolidated Income Statement of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
VI. Other comprehensive income after tax	40	40	
Other comprehensive income after tax attributable to parent company owners	40	40	
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss	40	40	
1. Net gain on other equity instruments at fair value through other comprehensive income	40	40	
(II) Other comprehensive income which will be reclassified subsequently to profit or loss			
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method			
Other comprehensive income after tax attributable to minority shareholders			

Financial Report (Continued)
Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Interim Consolidated Income Statement of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
VII. Total comprehensive income	(1,295)	(1,288)	7
Total comprehensive income attributed to the Company owners	(1,306)	(1,304)	2
Total comprehensive income attributable to minority shareholders	11	16	5

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES

1. The constitution of the enterprise group

(1) The constitution of the enterprise group

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding (%)			Nature of Subsidiaries
					Direct	Indirect	Acquisition	
Angang Steel Distribution (Wuhan) Co., Ltd. ("Angang Wuhan")	Wuhan	Wuhan	237	Steel processing and distribution	100		Establishment	Wholly-owned
Angang Steel Distribution (Hefei) Co., Ltd. ("Angang Hefei")	Hefei	Hefei	281	Steel processing and distribution	100		Establishment	Wholly-owned
Shenyang Angang steel International Trade Co., Ltd. ("Shenyang International Trade")	Shenyang	Shenyang	300	Sales of metal materials and products, building materials, etc	100		Combination under common control	Wholly-owned
Shanghai Anshan Iron and Steel International Trade Co., Ltd. ("Shanghai Trade")	Shanghai	Shanghai	300	Wholesale and retail purchasing services	100		Combination under Common control	Wholly-owned
Tianjin Anshan Iron and Steel International Trade Co., Ltd. ("Tianjin Trade")	Tianjin	Tianjin	200	Purchase and sale of metal and other materials	100		Combination under common control	Wholly-owned
Guangzhou Anshan Iron and Steel International Trade Co., Ltd. ("Guangzhou Trade")	Guangzhou	Guangzhou	300	Wholesale of steel, sales of steel, import and export of goods	100		Combination under common control	Wholly-owned
Shenyang Anshan Iron and Steel Processing and Distribution Co., Ltd. ("Angang Shenyang")	Shenyang	Shenyang	187	Steel processing and distribution	100		Combination under common control	Wholly-owned
Anshan Iron and Steel Processing and Distribution (Dalian) Co., Ltd. ("Angang Dalian")	Dalian	Dalian	266	Steel processing and distribution	100		Establishment	Wholly-owned
Ningbo Anshan Iron and Steel International Trade Co., Ltd. ("Ningbo Trade")	Ningbo	Ningbo	100	Steel trade	100		Establishment	Wholly-owned

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. The constitution of the enterprise group (Continued)

(1) The constitution of the enterprise group (Continued)

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding (%)			Nature of Subsidiaries
					Direct	Indirect	Acquisition	
Yantai Anshan Iron and Steel International Trade Co., Ltd. ("Yantai Trade")	Yantai	Yantai	200	Steel trade	100		Establishment	Wholly-owned
Angang Steel Distribution (Zhengzhou) Co., Ltd. ("Angang Zhengzhou")	Zhengzhou	Zhengzhou	229	Steel processing and distribution	100		Establishment	Wholly-owned
Anshan Iron and Steel Processing and Distribution (Guangzhou) Co., Ltd. ("Angang Guangzhou")	Guangzhou	Guangzhou	120	Steel processing and distribution	75		Establishment	Joint venture
Anshan Iron and Steel Processing and Distribution (Tianjin) Co., Ltd. ("Angang Tianjin")	Tianjin	Tianjin	43	Steel processing and distribution	51		Combination under common control	Joint venture
Kobelco Angang Auto Steel Co Ltd. ("Angang Kobelco ")	Anshan	Anshan	700	Steel calendering and sales	51		Establishment	Sino-Japanese joint venture
Angang Steel Processing and Distribution (Changchun) Co., Ltd. ("ASPD-CC")	Changchun	Changchun	427	Research and development of sales and logistics distribution technology of self-produced products	100		Combination not under common control	Wholly-owned
Jinsuoju	Anshan	Anshan	60	Sales of metal ropes and production	71.62		Establishment	Joint venture
Chemical Technology	Anshan	Anshan	2,500	Coking gas purification, coal chemical products processing and production	100		Establishment	Wholly-owned
Luxinding	Panzhuhua	Panzhuhua	180	Coking and chemical products processing and production	60		Establishment	Joint venture

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. The constitution of the enterprise group (Continued)

(1) The constitution of the enterprise group (Continued)

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding (%)			Nature of Subsidiaries
					Direct	Indirect	Acquisition	
Angang Energy and Technology Co., Ltd. Co., Ltd. ("Energy and Technology")	Anshan	Anshan	201	Dissolved acetylene manufacturing; Distribution of compressed and liquefied gases	60		Combination under common control	Joint venture
Changchun FAW Angang Steel Processing and Distribution Co., Ltd. ("FAW Angang")	Changchun	Changchun	90	Steel processing and distribution	60		Combination not under common control	Joint venture
Angang steel Group Chaoyang Iron and Steel Co., Ltd. ("Chaoyang Iron and Steel")	Chaoyang	Chaoyang	8000	Steel calendaring and sales	100		Combination under common control	Wholly-owned
Angang (Hangzhou) Automobile Material Technology Co., Ltd. ("Hangzhou Auto Material")	Hangzhou	Hangzhou	118	Steel, steel coil processing and sales, distribution	51	49	Establishment	Wholly-owned
Xinneng Air Products (Liaoning) Co., Ltd. ("Xinneng Air")	Anshan	Anshan	100	Sales of gas and liquid separation and purification equipment		51	Establishment	Joint venture
Beijing Angang Trade Co., Ltd. ("Beijing International Trade")	Beijing	Beijing	198	Sales of metal materials and products, building materials, etc	100		Establishment	Wholly-owned
Delin Industrial Product Co., Ltd. ("Delin Industrial Products")	Anshan	Anshan	180	Purchasing and consulting services for industrial products such as equipment and materials; E-commerce transactions of industrial products and supply chain financial services	91		Establishment	Joint venture
Ansteel (Liaoning) Materials Technology Co., Ltd. ("Material Technology")	Anshan	Anshan	20.49	Sales of metal materials and production	100		Establishment	Wholly-owned
Green Gold Industry	Anshan	Anshan	469	Comprehensive utilization of waste resources	34.4804		Establishment	Joint venture
Scrap Resources	Anshan	Anshan	196	Comprehensive utilization of waste resources		77.5589	Combination under common control	Joint venture

Note: All of the above subsidiaries are incorporated under the laws of the People's Republic of China and are limited liability companies.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. The constitution of the enterprise group (Continued)

- (2) As of June 30, 2024, none of our subsidiaries issued share capital or debt securities.

2. Interests in joint ventures or associates

- (1) The joint ventures or associates

The name of the joint venture or associated enterprise	Principal place of business	Registration place	Nature of the business	Direct shareholding ratio (%)	Accounting Treatment
ANSC-TKS	Dalian	Dalian	Galvanized and alloyed steel Board production and sales	50	Equity method
ANSC – Dachuan	Dalian	Dalian	Steel processing and selling	50	Equity method
Guangzhou Automobile Steel	Guangzhou	Guangzhou	Manufacturing Steel products	50	Equity method
Angang CIMC	Yingkou	Yingkou	Hazardous chemicals	50	Equity method
Angang Finance	Anshan	Anshan	Deposits and loans and financing	20	Equity method
Iron Oxide Powder Company	Anshan	Anshan	Iron powder processing	35.29	Equity method
Nansha Logistical	Guangzhou	Guangzhou	Freight Forwarding, steel packaging, trade, warehousing services	49.8	Equity method
AISSG	Hangzhou	Hangzhou	Steel processing and selling	49	Equity method
GAC Baoshang	Guangzhou	Guangzhou	Steel Processing and Distribution	30	Equity method
Meizhou Motor Company	Meizhou	Meizhou	Automobile parts	25	Equity method
Zhong'an Water	Chaoyang	Chaoyang	Water production and supply	45	Equity method

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

(2) The accounting information of the important joint ventures

Items	ANSC-TKS	
	30 June 2024/ This period	31 December 2023/ Last period
Current assets	2,567	2,744
Including: Cash and cash equivalents	1,602	1,720
Non-Current assets	862	830
Total Assets	3,429	3,574
Current liabilities	1,871	2,041
Non-Current liabilities	2	3
Total Liabilities	1,873	2,044
Minority interests		
Subtotal of Shareholders' equity attributable to shareholders of parent Company	1,556 778	1,530 765
Adjusting events		
– goodwill		
– unrealized profit resulting from trade within the group	(92)	(43)
– others		
The book value of equity investments in joint ventures	686	722
Fair value of equity investment in joint ventures with publicly quoted price		
Operating revenue	2,913	2,572
Finance costs	(17)	(10)
Income tax expenses	66	32
Net profit	454	204
Net profit from discontinued operations		
Other comprehensive income		
The total of comprehensive income	454	204
Dividends received from joint ventures this period	217	136

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

(3) The accounting information of the important association

Items	Angang Finance	
	30 June 2024/ This period	31 December 2023/ Last period
Current assets	12,368	15,168
Including: Cash and cash equivalents	12,317	13,422
Non-Current assets	22,516	22,826
Total Assets	34,884	37,994
Current liabilities	26,562	29,915
Non-Current liabilities	7	5
Total Liabilities	26,569	29,920
Minority interests		
Subtotal of Shareholders' equity attributable to shareholders of parent	8,315	8,074
Company	1,663	1,615
Adjusting events		
– goodwill		
– unrealized profit resulting from trade within the group		
– others		
The book value of equity investments in joint ventures	1,663	1,615
Fair value of equity investment in joint ventures with publicly quoted price		
Operating revenue	482	524
Finance costs		
Income tax expenses	73	72
Net profit	237	220
Net profit from discontinued operations		
Other comprehensive income	6	
The total of comprehensive income	244	220
Dividends received from joint ventures this period		

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

- (4) The accounting information of the unimportant joint ventures and associations

Items	30 June 2024/ This period	31 December 2023/ Last period
Associations:		
The book value of equity investments	727	773
The followings are calculated by shares		
– Net profit	9	9
– Other comprehensive income		
– The total of comprehensive income	9	9
Joint ventures:		
The book value of equity investments	365	376
The followings are calculated by shares		
– Net profit	1	8
– Other comprehensive income		
– The total of comprehensive income	1	8

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

X. GOVERNMENT GRANTS

1. The basic situation of government grants

(1) Government grants included in the profit or loss

Items	The basic situation of government grants identified at the beginning of the period		Government grants included in the profit or loss
	Amounts	Items	
The government grants related to environmental protection	52	Deferred income/ other income	3
The government grants related to scientific research	15	Deferred income/ other income	1
Others	6	Deferred income/ other income	7
Total	73		11

(2) Debt projects involved the government grants

Items	31 December 2023	Increase	Belong to Non- business income	Belong to other income	Offset cost expenses	30 June 2024	Related to assets/ income
Deferred income	685	73		11		747	Related to assets/ income

Financial Report (Continued)
Notes to Financial Statements (Continued)
30 June 2024 (Expressed in million RMB unless otherwise indicated)

X. GOVERNMENT GRANTS (CONTINUED)

2. Return of government grants

There is no return of government grants in the current period.

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Market risk

(1) Exchange risk

Foreign exchange risk refers to the risk of losses arising from changes in exchange rates. The foreign exchange risk borne by the Group is mainly related to the US dollar and Hong Kong dollar. As of June 30, 2024, except for the assets or liabilities mentioned in the table below which are in US dollars and Hong Kong dollars, the assets and liabilities of the Group are all in RMB balance.

Unit: Yuan

Items	30 June 2024	31 December 2023
Bank deposits (USD)	100,330.26	100,304.74
Bank deposits (HKD)	1,884.28	1,884.09

In terms of the major foreign currency transactions such as exporting sales of products, importing and procurement of raw materials for production and engineering equipment, the Group conducts imports and exports agency transactions through trading with Angang Group International Economic and Trade Co., Ltd ("Angang International Trade "). The foreign exchange risk is mainly reflected in the impact of exchange rate changes on sales and purchase costs during agency settlement.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Market risk (Continued)

(1) Exchange risk (Continued)

- A. The foreign exchange risk exposure of various foreign currency asset liability items listed in the local currency by the Group as of June 30, 2024 is set out in Note VI.1.
- B. The Group's main foreign exchange rates apply as follows:

Items	Average Exchange Rate		Middle Exchange Rate on the Reporting Date	
	This period	Last period	This period	Last period
U.S. dollar	7.1053	6.9252	7.1268	7.2258
H.K. dollar	0.9087	0.8836	0.9127	0.9220

C. Sensitivity analysis

The increase of one percentage point in the exchange rate between the US dollar and Hong Kong dollar to the Chinese yuan on 30 June 2024, will result in an increase (decrease) of RMB0 million in the Group's shareholders' equity and net profit.

As of June 30, 2024, assuming other variables remain unchanged, a decrease of one percentage point in the exchange rate between the US dollar and Hong Kong dollar against the Chinese yuan will result in changes in shareholder equity and profit and loss, which are the same as the amounts listed in the table above but in the opposite direction.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Market risk (Continued)

(1) Exchange risk (Continued)

C. Sensitivity analysis (Continued)

The above sensitivity analysis is based on the assumption that there is a change in exchange rate on the balance sheet date, and this change applies to all derivative and non derivative financial instruments of the group. The change of one percentage point is based on the Group's reasonable expectation of exchange rate changes from the balance sheet date to the next balance sheet date. The previous analysis was also based on this assumption.

(2) Interest rate risk

The interest bearing financial instruments held by the Group as of June 30, 2024 are listed in Notes VI 1, 19, 28, and 29. (Monetary funds, short-term loans, long-term loans, bonds payable)

Sensitivity analysis:

The principle of managing interest rate risk for the Group is to reduce the impact of short-term fluctuations on the Group's profits. However, in the long run, permanent changes in interest rates will have an impact on profits.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Market risk (Continued)

(2) Interest rate risk (Continued)

As of June 30, 2024, assuming other variables remain unchanged, an increase of one percentage point in the interest rates of bank deposits, short-term loans, non current liabilities due within one year, short-term financing bonds, long-term loans, and bonds payable will result in a decrease of RMB40 million in the net profit and shareholder's equity of the group (December 31, 2023: RMB30 million).

The above sensitivity analysis is based on the assumption that there is a change in interest rates on the balance sheet date, and this change applies to all derivative and non derivative financial instruments of the group. The change of one percentage point is based on the reasonable expectation of the Group's interest rate changes from the balance sheet date to the next balance sheet date. The previous analysis was also based on this assumption.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Credit risk (Continued)

Credit risk refers to the risk that one party to a financial instrument cannot fulfill its obligations, resulting in financial losses for the other party. The credit risk of the group mainly comes from accounts receivable. The management will continuously check the exposure of these credit risks.

For accounts receivable, the group has formulated credit policies based on actual situations, and conducted credit assessments on customers to determine the credit sales limit. Our group requires most customers to prepay the full amount of the goods in cash or bills before shipping them. The accounts receivable related to credit customers expire within 1-4 months from the date of issuance of the invoice. Debtors who are overdue for more than a month will be required to settle all outstanding balances before obtaining further credit limits. In general, the Group does not require customers to provide collateral.

The vast majority of our clients have had years of business dealings with our group and rarely experience credit losses. To monitor the credit risk of the Group, the Group analyzes its customer information based on factors such as aging and maturity.

As of June 30, 2024, the Group has no significant impairment of other accounts receivable except for accounts receivable transferred from overdue notes receivable with an impairment provision of RMB472 million.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Credit risk (Continued)

On the balance sheet date, due to the fact that the accounts receivable of the top five customers of the group accounted for 58% of the total accounts receivable and other receivables of the group (at the beginning of the period: 68%), the group experienced a certain degree of concentration of credit risk.

The maximum credit risk exposure that the group is exposed to is the carrying amount of each financial asset on the balance sheet. The Group has not provided any other guarantees that may expose the Group to credit risk.

3. Liquidity risk

The group is responsible for its own cash management work, including short-term investments in cash surplus and borrowing loans to meet expected cash needs. The policy of the Group is to regularly monitor short-term and long-term liquidity needs, as well as compliance with loan agreements, to ensure the maintenance of sufficient cash reserves and marketable securities available for immediate realization, while obtaining commitments from major financial institutions to provide sufficient backup funds to meet short-term and longer-term liquidity needs.

The analysis of the repayment period of the Group's long-term debts is set out in Notes VI, 28, and 29 (long-term loans, bonds payable).

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Liquidity risk (Continued)

The group's various financial liabilities are listed as follows based on the undiscounted contractual cash flow based on the maturity date:

Items	30 June 2024				Total undiscounted contract amounts	Book value
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years		
Short-term loans	1,390				1,390	1,390
Derivative financial liabilities	10				10	10
Notes payable	18,019				18,019	18,019
Accounts payable	8,235				8,235	8,235
Other payable	3,742				3,742	3,742
Long-term loans		2,888	2,769		5,657	5,657
Bonds payable		300			300	300
Short-term loans, long-term loans and bonds payable (Generated interest)	165	124	48		337	10
Lease liability		163			163	155

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Liquidity risk (Continued)

The group's various financial liabilities are listed as follows based on the undiscounted contractual cash flow based on the maturity date:
(Continued)

Items	31 December 2023				Total undiscounted contract amounts	Book value
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years		
Short-term loans	1,380				1,380	1,380
Derivative financial liabilities	6				6	6
Notes payable	17,583				17,583	17,583
Accounts payable	7,083				7,083	7,083
Other payable	3,426				3,426	3,426
Long-term loans			5,199		5,199	5,199
Bonds payable		299			299	299
Short-term loans, long-term loans and bonds payable (Generated interest)	165	142	76		383	
Lease liability		2			2	2

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

4. Hedging

(1) The Company carries out hedging business for risk management

Items	Corresponding risk management strategies and objectives	Qualitative and quantitative information on hedged risk	The economic relationship between the hedged item and the related hedging instrument	Expected achievement of risk management objectives	The impact of hedging activities on risk exposure
Commodity price risk	The raw materials required for the production of the Company include iron ore, thermal coal, coking coal, coke, nonferrous metals, alloys, etc., and the finished products produced by the Company include hot-rolled coils, etc. The prices of these raw materials and finished products fluctuate significantly, making the Company exposed to the risk of commodity price changes. In order to reduce the impact of large fluctuations in commodity prices on the company's operations, the company chooses to use financial instruments (commodity futures) to generate reverse risk exposure for risk management, so as to achieve the purpose of preserving value, on the premise that funds can be effectively supported and the scale can be carefully controlled.	Fluctuations in the prices of raw materials and finished products will impact the stability of the Company's operations.	There is an economic relationship between the hedged item and the hedged item, which causes the value of the hedged item and the hedged item to change in the opposite direction due to the same hedged risk.	Anticipatory risk management objectives can be achieved.	By engaging in hedging activities, the Company can fully utilize the hedging functions of the futures market to mitigate the risks associated with fluctuations in the prices of raw materials and finished products.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

4. Hedging (Continued)

- (2) The Company engages in hedging activities for risk management purposes with the expectation of achieving its risk management objectives; however, hedge accounting is not applied.

The Company's hedging activities do not satisfy the criteria for applying hedge accounting as outlined in Article 15 of the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting. Consequently, hedge accounting has not been applied. For the current period, the net profit resulting from the cumulative value changes of the hedging instruments and the hedged items amounted to RMB11 million.

5. Transfer of financial assets

On June 30, 2024, the Group has endorsed a bank acceptance bill of 13,800 million to suppliers for settlement of accounts payable, and a commercial acceptance bill of 0 million; The amount of bank acceptance bills discounted to financial institutions is 3,256 million, while the amount of commercial acceptance bills is 0 million. On June 30, 2024, its expiration date is 1 to 12 months. According to the relevant provisions of the Negotiable Instruments Law, if the issuer refuses to make payment, its holder has the right to pursue compensation from the Group. The Group believes that almost all of its risks and rewards have been transferred, therefore, the book value of its and related settled accounts payable has been derecognized.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XII. DISCLOSURE OF THE FAIR VALUE

1. The amount of asset and liability measured at fair value and the measurement hierarchies

The fair value measurement is classified into three hierarchies, listed as follows:

Level 1: The quoted price (unadjusted) in dynamic market for identical asset or liability.

Level 2: In puts other than quoted price included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The unobservable inputs for asset or liability (unobservable inputs).

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XII. DISCLOSURE OF THE FAIR VALUE (CONTINUED)

1. The amount of asset and liability measured at fair value and the measurement hierarchies (Continued)

Items	The Fair Value on 30 June 2024			Total
	The Fair Value Measured at First Level	The Fair Value Measured at Second Level	The Fair Value Measured at Third Level	
Continues fair value measurement:				
Derivative financial assets				
Receivables financing		706		706
Other investments in equity instruments			692	692
Other non-current financial assets	44		52	96
Derivative financial liabilities	10			10

Items	The Fair Value on 31 December 2023			Total
	The Fair Value Measured at First Level	The Fair Value Measured at Second Level	The Fair Value Measured at Third Level	
Continues fair value measurement:				
Derivative financial assets	3			3
Receivables financing		1,618		1,618
Other investments in equity instruments			672	672
Other non-current financial assets	39		52	91
Derivative financial liabilities	6			6

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XII. DISCLOSURE OF THE FAIR VALUE (CONTINUED)

2. The qualitative and quantitative information of the valuation techniques and significant parameters used for the continuous and non-continuous third-level fair value measurement projects.

The determination of fair value relies on the third tier input value. For other equity instrument investments, the net assets at the end of the investment entity's period serve as a crucial reference point for assessing its fair value. If the net assets at the end of the period can essentially mirror its fair value, these net assets should be utilized as the foundation for evaluating its fair value.

3. Adjustment information between the book value of the continuous third-level fair value measurement project

	Other investments in equity instruments	Other non-current financial assets
Balance at 1 January 2024	672	52
Additional investment		
Changes in fair value (included in other comprehensive income)	20	
Changes in fair value (included in current profit and loss)		
Balance at 30 June 2024	692	52

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent company

Group Name	Registration Place	The Nature of Business	Registered Capital	The Group's Shareholding (%)	Proportion of Voting-Right (%)
Ansteel Group	Tie Xi District Anshan Liaoning Province	Production and sale of steel and metal products, steel filament Tubes, and etc.	26,000	53.45	53.45

Note: Angang Group Co., Ltd. is the ultimate controlling party.

2. Information on the subsidiaries of the parent company

Please refer to Note IX.1 The constitution of the enterprise group.

3. Information on the joint ventures and associates of the group

Please refer to Note IX.2 Interests in joint ventures or associates.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related parties without control relationship

Name of Enterprise	Relation with the Parent Company
Guangzhou Automobile Steel	Joint venture
ANSC-TKS	Joint venture
Angang CIMC	Joint venture
AISSG	Associate
Nansha Logistical	Associate
Zhong'an Water	Associate
GAC Baoshang	Associate
Meizhou Motor Company	Associate
Iron Oxide Powder Company	Associate
Angang Finance	Associate, Fellow subsidiary
Shanxi Wuchan International Energy Co., Ltd.	Associate of Angang Group
Falan Packing	Fellow subsidiary
Angang Steel Casting Co., Ltd.	Fellow subsidiary
Angang Group Mining Co., Ltd.	Fellow subsidiary
Angang Steel Rope Co., Ltd.	Fellow subsidiary
Anshan Iron and Steel Group Refractory Materials Co., Ltd	Fellow subsidiary
Ansteel Automobile Transportation Co., Ltd	Fellow subsidiary
Ansteel Cold Rolled Steel Plate (Putian) Co., Ltd	Fellow subsidiary

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related parties without control relationship (Continued)

Name of Enterprise	Relation with the Parent Company
Ansteel Group Real Estate Property Co., Ltd	Fellow subsidiary
Anshan Iron and Steel Labor Research Institute Technology Co., Ltd	Fellow subsidiary
Delin land Port Supply Chain Service Co., Ltd	Fellow subsidiary
Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd	Fellow subsidiary
Ansteel Group Information Industry Co., Ltd	Fellow subsidiary
Ansteel Electric Co., Ltd	Fellow subsidiary
Yingkou Ansteel Water Industry Co., Ltd	Fellow subsidiary
Ansteel Group Engineering Technology Co., Ltd	Associate of Angang Group
Ansteel Mining Construction Co., Ltd	Associate of Angang Group
Lingyuan Iron and Steel Group Co., Ltd.	Associate of Angang Group
Lingyuan Iron and Steel Co., Ltd	Associate of Angang Group
Angang Chongqing High Strength Auto Co.,Ltd	Associate of Angang Group
Angang International Trade	Fellow subsidiary
Ansteel Lianzhong (Guangzhou) Stainless Steel Co., Ltd	Fellow subsidiary
Pangang Group Xichang Steel Vanadium Co., Ltd	Fellow subsidiary

Financial Report (Continued)
Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

**XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)**

4. Related parties without control relationship (Continued)

Name of Enterprise	Relation with the Parent Company
Pangang Group International Economic and Trade Co., Ltd	Fellow subsidiary
Pangang Group Vanadium Titanium Resources Co., Ltd	Fellow subsidiary
Pangang Group Jiangyou Changcheng Special Steel Co., Ltd	Fellow subsidiary
Pangang Group Life Service Co., Ltd	Fellow subsidiary
Ansteel Group Engineering Technology Development Co., Ltd	Fellow subsidiary
Zhongyuan Industrial	Fellow subsidiary
Benxi Steel (Group) Co.,Ltd	Fellow subsidiary
Benxi Beiyong Iron and Steel (Group) Co., Ltd	Fellow subsidiary
Benxi Iron and Steel (Group) Mining Co., Ltd	Fellow subsidiary
Bengang steel plates Co., Ltd	Fellow subsidiary
Ansteel Group Beijing Research Institute Co., Ltd	Fellow subsidiary
Yingkou Angang International Freight Forwarding Co.,Ltd	Fellow subsidiary
Chengdu Xingyun Zhilian Technology Co., Ltd	Fellow subsidiary
Northern Hengda Logistics Co., Ltd	Fellow subsidiary

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions

(1) Related-party transactions within Angang Group Co., Ltd.

① Related-party transactions on Procurement of Goods and Services

Contents	Pricing policy	This period	Last period
Raw materials	Note.1	12,595	13,141
Steel	Note.2	2,047	616
Supplementary materials	Note.3	1,081	1,278
Energy and power supplies	Note.4	68	77
Support service	Note.5	3,546	3,152
Total	—	19,337	18,264

② Related-party transactions on Sales of Goods and Services

Contents	Pricing Policy	This period	Last period
Product	Note.6	5,363	4,700
Scrap steel and material	Note.6	297	160
General services	Note.7	202	205
Total	—	5,862	5,065

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Co., Ltd. (Continued)

② Related-party transactions on Sales of Goods and Services (Continued)

Note 1: iron concentrate: the standard product is not higher than the average of the midpoint price of Platts 65% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily from January 21 to January 20, plus the freight from Bayuquan port to Angang Steel. Among them, the price of each iron content is calculated according to the average value of (t-1) * monthly Platts 65% index for grade adjustment. On this basis, a discount of 3% of the average value of Platts 65% index (where t is the current month) is given; The low standard products are not higher than the average of the midpoint price of Platts 62% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily from (t-1) to t 20, plus the freight from Bayuquan port to Angang Steel. Among them, the price of each iron content is calculated according to the average value of Platts 62% index for grade adjustment. On this basis, a discount of 3% of the average value of Platts 62% index is given. Pellet ore at market price; The price of sinter is the price of iron concentrate plus (t-1) * monthly process cost. (among them: the process cost is not higher than the process cost of producing similar products in Angang Steel) (where t is the current month); Karala mineral products: for standard products, the average value of the midpoint price of Platts 65% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily plus the dry ton freight difference from Qingdao port to Bayuquan, Liaoning Province is divided by 65 times the actual grade to calculate the price; According to the month when the loading of low-standard products is completed at the loading point, the average midpoint price of Platts 62% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily plus the dry ton freight difference from Qingdao port to Bayuquan, Liaoning Province, is divided by 62 times the actual grade to calculate the price. Scrap, billets, alloys and non-ferrous metals at market prices;

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Co., Ltd. (Continued)

② Related-party transactions on Sales of Goods and Services (Continued)

Note 2: steel products shall be determined according to the price of Angang Steel sold to third parties after deducting the consignment fee of not less than RMB 15/ton;

Note 3: the price of auxiliary materials shall not be higher than that sold by the relevant member companies of Angang Steel to independent third parties;

Note 4: government pricing, market price, production cost plus 5% gross profit;

Note 5: national pricing, government pricing or market price, agency service shall be subject to a commission of not more than 1.5% (including raw fuel agency fee of 5 yuan/ton), depreciation fee plus maintenance fee, labor fee, material fee and management fee paid at market price, processing cost plus gross profit of not more than 5%;

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Co., Ltd. (Continued)

② Related-party transactions on Sales of Goods and Services (Continued)

Note 6: steel products, molten iron, billets, steel production byproducts and coke are calculated at the price sold to independent third parties; As far as the above products provided for the development of new products are concerned, the pricing benchmark is to price according to the market price if there is a market price, and to price according to the cost plus reasonable profit if there is no market price, and the added reasonable profit margin is not higher than the average gross profit margin of the member units providing the relevant products; Coal is increased by 5 yuan/wet ton at the purchase cost price, and imported ore is increased by 5 yuan/dry ton at the purchase cost price; Sinter at market prices; Pellet ore is charged 5 yuan/wet ton at the purchase cost price; E-commerce products at market prices; Scrap steel materials and waste materials are priced according to the market price, and scrap assets or idle assets are priced according to the market price or evaluation price;

Note 7: government pricing, market price, production cost plus 5% gross profit, agency service is not higher than 1.5% commission;

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

- (1) Related-party transactions within Angang Group Co., Ltd.
(Continued)

③ Related party transactions of asset acquisition

The company has no related party transactions for asset acquisition in the current period.

④ Related-party guarantee

The company applied to become the designated rebar delivery factory warehouse of Shanghai Futures Exchange (hereinafter referred to as the Shanghai Futures Exchange), and Anshan Iron and steel provided guarantee for the company's application for delivery factory warehouse qualification to the Shanghai Futures Exchange and signed the guarantee letter (hereinafter referred to as the guarantee letter). Anshan Iron and steel requires the company to provide counter guarantee to the company for the above guarantee provided by it. The amount of counter guarantee shall not exceed 300 million. The period of counter guarantee shall be from the date of signing the agreement on designated rebar futures factory warehouse of Shanghai futures exchange with the company in the previous period to the date of termination of the contract (I. E. The duration of the contract) and two years after the end of the duration of the contract.

Financial Report (Continued)
Notes to Financial Statements (Continued)
30 June 2024 (Expressed in million RMB unless otherwise indicated)

**XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)**

5. Related-party transactions (Continued)

- (2) Related party transactions with Pangang Group vanadium and Titanium Resources Co., Ltd

Related party transactions of purchasing goods/receiving services

Contents	Pricing Policy	This period	Last period
Raw materials	market price	42	45
Total	—	42	45

- (3) Other related party transactions

In this period, Angang international trade provided export agents to sell 940,000 tons of steel products (last period: 940,000 tons).

The company and Ansteel Group, Zhongyuan Industry jointly invested in the establishment of Green Gold Industry.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

- (4) Borrowings, deposits and interest payments from Angang finance

Items	Annual interest rate (%)	31 December 2023	Increment	Decrement	30 June 2024	Terms
Deposit	0.455-1.35	2,583	164,321	165,025	1,879	
Loan	2.07	200			200	

During the current period, the group's deposit interest income in Angang finance was 17 million (previous period: 26 million), and the loan interest expenditure (including discount) was 2 million (previous period: 0 million). The maximum daily deposit of the group in Anshan finance in the current period is 3,962 million (previous period: 4,895 million).

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

- (5) The group's related party transactions with joint ventures and associates

- ① Statement of purchasing products

Name	This period	Last period
ANSC-TKS	277	298
Guangzhou Automobile Steel	6	
Zhong'an Water	10	10
GAC Baoshang	2	
AISSG	3	4
Iron Oxide Powder Company	3	
Total	301	312

- ② Statement of selling products

Name	This period	Last period
ANSC-TKS	1,771	1,708
Guangzhou Automobile Steel	749	538
AISSG	78	163
Meizhou Motor Company	4	8
GAC Baoshang	3	2
Nansha Logistical	7	5
Iron Oxide Powder Company	26	4
Angang CIMC	22	
Total	2,660	2,428

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

- (6) Remuneration of the directors, supervisors and senior management

Name	This period	Last period
Key management compensation	4.80	5.45
Total	4.80	5.45

6. Balances of related-party transactions

- (1) Accounts receivable

Items	Related party	30 June 2024	31 December 2023
Accounts receivable	Angang International Trade	717	610
Accounts receivable	Bengang Steel Plates Co., Ltd	84	73
Accounts receivable	Angang Steel Rope Co., Ltd	76	92
Accounts receivable	Benxi Beiyang Iron&Steel (Group) Co., Ltd	47	15
Accounts receivable	Angang Casting Co., Ltd	33	9
Accounts receivable	Angang Group Engineering Technology Development Co., Ltd.	32	18
Accounts receivable	Lingyuan Iron and Steel Group Co., Ltd.	16	
Accounts receivable	ANSC-TKS	3	18
Accounts receivable	Panzhihua Steel Group Xichang Vanadium & Titanium Co., Ltd	3	4
Accounts receivable	Benxi Iron & Steel (Group) Mining Co., Ltd	2	3
Accounts receivable	Delin land Port Supply Chain Service Co., Ltd	1	6

Financial Report (Continued)
Notes to Financial Statements (Continued)
30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(1) Accounts receivable (Continued)

Items	Related party	30 June 2024	31 December 2023
Accounts receivable	Angang Group Information Industry Co., Ltd	1	4
Accounts receivable	Ansteel Group	1	3
Accounts receivable	Angang Group Engineering Technology Co., Ltd	1	2
Accounts receivable	Angang Group Mining Co., Ltd	1	1
Accounts receivable	Lingyuan Iron & Steel Co., Ltd	1	
Accounts receivable	Guangzhou Automobile Steel	1	
Accounts receivable	Angang Resources Co., Ltd	1	
Accounts receivable	Chengdu StarCloud Zhilian Technology Co., Ltd	1	
Accounts receivable	Benxi Steel (Group) Co., Ltd	1	
Accounts receivable	AISSG		1
Accounts receivable	Anshan Iron and Steel Labor Research Institute Technology Co., Ltd		1
Total		1,023	860

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(1) Accounts receivable (Continued)

Items	Related party	30 June 2024	31 December 2023
Other receivables	Angang Group Information Industry Co., Ltd	34	
Other receivables	Angang Group Financial Co., Ltd	2	
Other receivables	Lingyuan Iron and Steel Group Co., Ltd	1	
Other receivables	Angang Group Engineering Technology Development Co., Ltd	1	1
Other receivables	Bengang Steel Plates Co.,Ltd	1	
Total		39	1

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(1) Accounts receivable (Continued)

Items	Related party	30 June 2024	31 December 2023
Prepayment	Angang International Trade	2,854	1,084
Prepayment	ANSC-TKS	64	62
Prepayment	Delin land Port Supply Chain Service Co., Ltd	39	65
Prepayment	Bengang Steel Plates Co.,Ltd	24	48
Prepayment	Benxi Beiyang Iron & Steel (Group) Co., Ltd	15	4
Prepayment	Angang automobile transportation Co., Ltd	14	9
Prepayment	Angang Cold rolled steel plate (Putian) Co., Ltd	11	11
Prepayment	Lingyuan Iron & Steel Co., Ltd	11	
Prepayment	Angang Group Engineering Technology Co., Ltd	9	2
Prepayment	Angang Lianzhong (Guangzhou) Stainless Steel Co., Ltd	4	1
Prepayment	Angang Group Engineering Technology Development Co., Ltd.	3	13
Prepayment	Northern Hengda Logistics Co., Ltd	3	3
Prepayment	Panzhihua Iron & Steel Group Jiangyou Great Wall Special Steel Co., Ltd.	2	
Total		3,053	1,302

Note: No provision for bad debts has been made for creditor's rights.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable

Items	Related party	30 June 2024	31 December 2023
Accounts payable	Delin land Port Supply Chain Service Co., Ltd	604	344
Accounts payable	Angang International Trade	470	255
Accounts payable	Angang Group Mining Co., Ltd	451	61
Accounts payable	Angang Casting Co., Ltd	231	
Accounts payable	Shanxi Products International energy Co., Ltd	106	
Accounts payable	Angang Group Engineering Technology Development Co., Ltd.	83	40
Accounts payable	Zhongyuan Industrial	66	145
Accounts payable	Ansteel Group Corporation	61	7
Accounts payable	ANSC-TKS	56	55
Accounts payable	Angang Resources Co., Ltd	49	6
Accounts payable	Panzhuhua Iron & Steel Group International Economic & Trade Co., Ltd.	49	79
Accounts payable	Ansteel Group Metallurgical Furnace Materials Technology Co., Ltd.	43	115
Accounts payable	Ansteel Group Refractory Materials Co., Ltd.	39	64
Accounts payable	Angang Yingkou Port Co., Ltd.	37	
Accounts payable	Angang Cold-rolled Steel Sheet (Putian) Co., Ltd	23	8
Accounts payable	Bengang Steel Plates Co., Ltd.	22	21
Accounts payable	Angang Automobile Transportation Co., Ltd.	20	32
Accounts payable	Benxi Beiyong Iron & Steel (Group) Co., Ltd	19	
Accounts payable	Angang Steel Wire Rope Co., Ltd.	8	17
Accounts payable	Angang Group Information Industry Co., Ltd.	7	7

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	30 June 2024	31 December 2023
Accounts payable	Zhongan Water Affairs	7	3
Accounts payable	Ansteel Electric Co., Ltd.	6	3
Accounts payable	Panzhuhua Iron & Steel Group Vanadium & Titanium Resources Co., Ltd.	6	
Accounts payable	Falan Packing	5	10
Accounts payable	Ansteel Group Real Estate & Property Co., Ltd.	4	6
Accounts payable	Angang United (Guangzhou) Stainless Steel Co., Ltd.	3	
Accounts payable	Guangzhou Automobile Steel	2	3
Accounts payable	Angang Group Engineering Technology Co., Ltd.	2	3
Accounts payable	GAC Baoshang	1	1
Accounts payable	AISSG	1	1
Accounts payable	Panzhuhua Iron & Steel Group Jiangyou Great Wall Special Steel Co., Ltd	1	
Accounts payable	Yingkou Ansteel International Freight Forwarding Co., Ltd	1	
Accounts payable	Benxi Steel (Group) Co., Ltd	1	
Accounts payable	Ansteel Mining Construction Co., Ltd		40
Accounts payable	Pangang Group Vanadium & Titanium Resources Co., Ltd		16
Accounts payable	Ansteel ThyssenKrupp (Chongqing) Automotive Steel Co., Ltd		3
Accounts payable	Anshan Iron and Steel Labor Research Institute Technology Co., Ltd		1
Accounts payable	Panzhuhua Iron and Steel Group Living Services Co., Ltd		1
Total		2,484	1,347

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	30 June 2024	31 December 2023
Other payables	Angang Group Engineering Technology Co., Ltd	1,013	911
Other payables	Angang Group Engineering Technology Development Co., Ltd	403	257
Other payables	Angang Group Information Industry Co., Ltd	161	151
Other payables	Angang Electric Co., Ltd	35	39
Other payables	Angang Resources Co., Ltd	22	
Other payables	Zhongyuan Industrial	13	57
Other payables	Angang International Trade	11	9
Other payables	Anshan Iron and Steel Labor Research Institute Technology Co., Ltd	10	7
Other payables	Ansteel Group Beijing Research Institute Co., Ltd	7	
Other payables	Shanxi Material Product International Energy Co., Ltd	4	
Other payables	Anshan Iron and Steel Metallurgical Furnace Material Technology Co., Ltd	3	3
Other payables	Delin land Port Supply Chain Service Co., Ltd	3	2
Other payables	Ansteel Group	3	
Other payables	Ansteel Group Property Management Co., Ltd	1	1
Other payables	Ansteel Mining Construction Co., Ltd		18
Total		1,689	1,455

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	30 June 2024	31 December 2023
Contract liabilities	Delin land Port Supply Chain Service Co., Ltd	475	462
Contract liabilities	Zhongyuan Industrial	101	109
Contract liabilities	Angang Cold rolled steel plate (Putian) Co., Ltd	85	20
Contract liabilities	Angang Group Mining Co., Ltd	55	49
Contract liabilities	ANSC-TKS	25	74
Contract liabilities	Angang Group Engineering Technology Development Co., Ltd	23	24
Contract liabilities	Guangzhou Automobile Steel	20	58
Contract liabilities	Ansteel Motor Vehicle Transportation Co., Ltd	20	27
Contract liabilities	Ansteel International Trade	15	112
Contract liabilities	Falan Packing	13	14
Contract liabilities	AISSG	9	9
Contract liabilities	Anshan Iron and Steel Group Refractory Materials Co., Ltd	7	3
Contract liabilities	Ansteel Electric Co., Ltd	5	7
Contract liabilities	Meizhou Motor Company	5	5
Contract liabilities	Iron Oxide Powder Company	5	
Contract liabilities	Panzhuhua Iron and Steel Group International Economic and Trade Co., Ltd	2	2
Contract liabilities	Nansha Logistical	2	1
Contract liabilities	Angang Resources Co., Ltd	1	
Contract liabilities	Ansteel Group Engineering Technology Co., Ltd	1	
Contract liabilities	Ansteel Mining Construction Co., Ltd		1
Contract liabilities	Panzhuhua Iron & Steel Group Jiangyou Great Wall Special Steel Co., Ltd		1
Contract liabilities	Bengang Steel Plates Co., Ltd		1
Total		868	979

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(3) Other non-current assets

		30 June 2024	31 December 2023
Items	Related party		
Other non-current assets	Angang International Trade	409	347
Other non-current assets	Angang Group Engineering Technology Co., Ltd	219	241
Other non-current assets	Angang Group Engineering Technology Development Co., Ltd	20	35
Other non-current assets	Angang Group Information Industry Co., Ltd	20	11
Other non-current assets	Zhongyuan Industrial		1
Total		668	635

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT

1. The general introduction of share-based payment

Awarding object	All equity instruments granted this period		All equity instruments unlocked this period		All equity instruments exercised this period exercised		All equity instruments that have expired this period	
	Quantities	Amounts	Quantities	Amounts	Quantities	Amounts	Quantities	Amounts
Directors, Senior Management, Core personnel			164	4				
Total			164	4				

Awarding object	Stock options issued to the public at the end of the period		Other equity instruments issued to outward at the end of the period	
	The range of the vesting prices	The remainder of the contractual period	The range of the vesting prices	The remainder of the contractual period
Directors, Senior Management, Core personnel			The initial grant price of the restricted stock incentive plan in 2020 is 1.85 yuan per share, with a reserved portion of the grant price of 2.31 yuan per share	The validity period of the restricted stock incentive plan shall be from the date of completion of the registration of the grant of restricted stocks to the date of the lifting of restrictions or repurchase of all restricted stocks, and shall not exceed 60 months at most.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT (CONTINUED)

1. The general introduction of share-based payment (Continued)

At the 32nd meeting of the eighth board of directors held on November 26, 2020, the company considered and approved the bill on repurchasing part of the company's A-share public shares (hereinafter referred to as "the repurchase bill"), the bill on authorizing Management to handle matters related to share repurchase Proposals on the 2020 restricted stock incentive plan (Draft) of Angang Steel Co., Ltd. and its summary (hereinafter referred to as "2020 incentive plan" or "incentive plan").

According to the repurchase proposal, from December 10, 2020, the company repurchased the company's A-share ordinary shares from the Shenzhen Stock Exchange through public bidding transactions as the source of restricted shares granted to incentive targets. According to the incentive plan, the grant price of the restricted shares granted for the first time is RMB1.85 per share, and the restricted shares are restricted to sale for 24 months from the date of grant. During the restricted sale period, restricted shares shall not be transferred, used to guarantee or repay debts. The 36 months after the restricted sale period is the lifting of the restricted sale period. During each lifting of the restricted sale period, if the conditions for lifting the restricted sale of restricted stocks are met, the incentive object may apply for lifting the restricted sale of restricted stocks held by it through this plan in three batches, with the proportion of lifting the restricted sale in three batches being 33%, 33% and 34% respectively. If the unlocking conditions for a certain year are not met, the corresponding restricted shares that have not been unlocked shall be repurchased by the company.

As of December 24, 2020, the company's share repurchase for the 2020 incentive plan has been completed, the actual number of repurchased shares is 52 million, and the repurchase cost is RMB 166 million (excluding transaction costs), which is included in treasury shares.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT (CONTINUED)

1. The general introduction of share-based payment (Continued)

The third provisional shareholders' meeting of 2020 held by the company on December 31, 2020 decided to consider and approve proposals related to the incentive plan and authorized the board of directors to handle relevant matters.

On January 8, 2021, the company held the 38th meeting of the eighth board of directors to consider and adopt the bill on adjusting the incentive plan for restricted stocks of Angang Steel Co., Ltd. in 2020 and the bill on granting restricted stocks to incentive targets for the first time. According to the adjusted incentive plan, the number of proposed incentive targets granted for the first time was reduced from 182 to 174, the number of First grants was adjusted from 48.6 million shares to 46.8 million shares, and 5.4 million shares were reserved to remain unchanged. At the same time, the board of Directors believes that the conditions for the grant of this incentive plan have been met, and determines January 8, 2021 as the first grant date, to grant 46.8 million restricted shares to 174 incentive targets for the first time at a price of RMB1.85 per share.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT (CONTINUED)

1. The general introduction of share-based payment (Continued)

On December 10, 2021, the company held the 54th meeting of the eighth board of directors, deliberated and adopted the bill on granting reserved restricted shares to incentive targets. In accordance with the measures for the administration of equity incentives of listed companies, the relevant provisions of the 2020 incentive plan and the authorization of the third provisional shareholders' meeting of the company in 2020, the board of Directors considers that the conditions for the grant of the incentive plan have been met, and determines December 10, 2021 as the reserved grant date to grant 5.3662 million restricted shares to 38 incentive targets at a grant price of RMB 2.31 per share. On the same day, after deliberation and approval by the board of directors, the incentive plan for 2020 granted some 8 incentive targets for the first time, which did not meet the incentive conditions due to the termination or termination of labor relations with the company due to job transfer. The company intends to repurchase and write off 2.23 million A-shares of restricted shares held by the above-mentioned incentive targets at a price of RMB1.88 per share (the repurchase price is calculated according to the grant price plus the interest of fixed deposits in the same period), The total amount of this repurchase is RMB4 million. The above-mentioned repurchase restricted shares were transferred to the special securities account for repurchase opened by the company and cancelled after deliberation and approval by the shareholders' meeting on January 6, 2022. After the cancellation in 2022, the company reduced its share capital and capital reserve by RMB2 million and RMB2 million respectively, and reduced its treasury shares by RMB4 million.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT (CONTINUED)

1. The general introduction of share-based payment (Continued)

On November 23, 2022, the company held the eighth meeting of the ninth board of directors, deliberated and approved the bill on the repurchase and cancellation of restricted shares that have been granted to some incentive targets of the restricted stock incentive plan in 2020 but have not yet been lifted, and agreed to repurchase and cancel 2.04 million restricted shares that have been granted but have not yet been lifted held by some incentive targets. The total amount of restricted shares repurchased and cancelled this time is 4 million. The above-mentioned repurchase restricted shares were transferred to the special securities account for repurchase opened by the company and cancelled after deliberation and approval by the shareholders' meeting on December 19, 2022. After the cancellation in 2023, the company reduced its share capital and capital reserve by RMB2 million and RMB2 million respectively, and reduced its treasury shares by RMB4 million.

On March 30, 2023, the 14th meeting of the ninth board of directors was held to consider and approve the bill on the repurchase and cancellation of restricted shares that have been granted to some incentive targets of the restricted stock incentive plan in 2020 but have not yet been lifted. It is agreed that the company will repurchase and cancel 1.13 million restricted shares that have been granted but have not yet been lifted held by some incentive targets. The total amount of restricted shares repurchased and cancelled this time is 2 million. The above-mentioned repurchase restricted shares were transferred to the company's repurchase professional securities account and cancelled after deliberation by the shareholders' meeting on May 29, 2023. After the cancellation in 2023, the company reduced its share capital and capital reserve by RMB1 million and RMB1 million respectively, and reduced its treasury shares by RMB2 million.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT (CONTINUED)

1. The general introduction of share-based payment (Continued)

The 14th meeting of the 9th board of directors and the 7th Meeting of the 9th board of supervisors held on March 30, 2023 considered and approved the bill on cancellation of shares in the company's special securities account for repurchase, and agreed to cancel the remaining 408623 treasury shares in the company's special securities account for repurchase.

On April 18, 2023, the 2020 restricted stock incentive plan of company granted partial first lifting of the restriction period and lifting of the restriction conditions. A total of 172 incentive objects met the lifting of the restriction conditions, and the number of restricted stocks lifted was 14.77905 million shares. After the lifting of the ban, the company reduced treasury shares by 28 million.

The 19th meeting of the 9th board of directors and the 9th Meeting of the 9th board of supervisors held on August 30, 2023 considered and approved the bill on the repurchase and cancellation of restricted shares that have been granted to some incentive targets of the restricted stock incentive plan in 2020 but have not yet been lifted, and agreed to repurchase and cancel 15.59 million restricted shares that have been granted but have not yet been lifted held by some incentive targets. The total amount of restricted shares repurchased and cancelled this time is 30 million. The above-mentioned repurchase restricted shares were transferred to the special securities account for repurchase opened by the company and cancelled after deliberation and approval by the shareholders' meeting on October 26, 2023. After the cancellation in 2023, the company reduced its share capital and capital reserve by RMB16 million and RMB14 million respectively, and reduced its treasury shares by RMB30 million.

On April 18, 2024, the Company's 2020 restricted stock incentive plan reserved grant portion of the first lifting restriction period lifting restriction conditions have been achieved, meeting the lifting restriction conditions of a total of 36 incentive objects, the number of restricted stock lifted 1.64203 million shares. After the lifting of the ban, the company reduced treasury shares by 4 million.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT (CONTINUED)

2. Share-based payment settled by equity

Determination method of fair value of equity instruments on grant date	Based on the market value of shares granted to Japanese companies
Determination basis for the number of exercisable equity instruments	Estimated and determined according to the performance conditions of each unlocking period specified in the restricted stock plan
Reasons for the significant differences between the current estimates and the previous estimates	None
Total employee services in exchange for share-based payments	73
Accumulated amount of equity-settled share-based payment included in capital reserve	23
Total expenses recognized for equity-settled share-based payments in the current period	0

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIV. SHARE-BASED PAYMENT (CONTINUED)

3. The expenses of share-based payments

Awarding object	Share-based payment settled by equity	
	This period	Last period
Directors, Senior Management, Core personnel	0	0
Total	0	0

XV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Items	30 June 2024	31 December 2023
Investment contracts entered but not yet performed or performed partially	239	239
Construction and renovation contracts entered but not yet performed or performed partially	3,201	2,197
Total	3,440	2,436

2. Contingencies

As of June 30, 2024, the group has no material contingencies to disclose.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVI. SUBSEQUENT EVENTS

On May 29, 2024, the company's 2023 Annual General Meeting, the first Domestic Share Class meeting in 2024, and the first foreign Share Class meeting in 2024 deliberated and passed the "Motion on Cancellation of Restricted Share repurchases granted to some incentive objects of the 2020 Restricted Share Incentive Plan that have not yet been lifted."

According to the provisions of the 2020 incentive plan and relevant laws and regulations, 14 incentive subjects are no longer eligible for incentive, and the company has repurchased and cancelled a total of 450,666 restricted shares granted to them. On July 10, 2024, BDO China Shu Lun Pan Certified Public Accountants LLP issued the "Capital Verification Report", and the share capital of the company was changed from 9,383,851,972 shares to 9,383,401,306 shares after the cancellation.

XVII. OTHER SIGNIFICANT INTRODUCTIONS

As of June 30, 2024, the group had no other important matters to explain.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Accounts Receivable

(1) Classification of Accounts Receivable

Item	30 June 2024				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	624	19.58	539	86.38	85
Account receivable for which bad debt is prepared based on group combination	2,563	80.42	5	0.20	2,558
including: Risk-free group combination	2,082	65.33			2,082
Risk group combination on the basis of aging-matrix	481	15.09	5	1.04	476
Total	3,187	100.00	544	17.07	2,643

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

(1) Classification of Accounts Receivable (Continued)

Item	31 December 2023				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	661	28.00	534	80.79	127
Account receivable for which bad debt is prepared based on group combination	1,700	72.00	6	0.35	1,694
including: Risk-free group combination	1,563	66.20			1,563
Risk group combination on the basis of aging-matrix	137	5.80	6	4.38	131
Total	2,361	100.00	540	22.87	1,821

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

- (2) Accounts receivable subject to separate assessment for bad debts provision

Debtors	31 December 2023		30 June 2024			
	Bad Debt		Bad Debt			
	Book Value	Provision	Book Value	Provision	Percentage (%)	Reason
Tianjin Property Group Finance Co., Ltd.	566	442	529	447	84.50	Notes overdue
Chongqing Lifan Finance Co., Ltd.	28	25	28	25	89.28	Notes overdue
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	67	67	67	67	100.00	The business is in trouble and it does not have the ability to pay debts
Total	661	534	624	539		

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

(3) Accounts Receivable classified by aging

Aging	30 June 2024	31 December 2023
Within 1 year	2,420	1,682
1 to 2 years	138	14
2 to 3 years		
3 to 4 years		
4 to 5 years		594
Over 5 years	629	71
Total	3,187	2,361

Note: In the above analysis, the aging of accounts receivable transferred from overdue notes receivable is calculated on the transfer date. The amount of accounts receivable due more than 5 years is RMB 557 million. Meanwhile, the rest of the accounts receivable are based on the invoice date.

(4) Bad debt provision at the end of the period

Type	31 December 2023	Increase/Decrease				30 June 2024
		Bad debt provision	Reverse	Resale or verification	Others	
Accounts Receivable	540	4				544

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

- (5) Accounts receivable written off this period

There are no accounts receivables that have been written off this period.

- (6) The condition of accounts receivable of the top five debtors by the balances as of 30 June 2024

The total amount of top five accounts receivable according to closing balance of debtors of the company was RMB2,229 million as of 30 June 2024, which accounted for 69.94% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB447 million as of 30 June 2024.

- (7) Accounts receivable derecognized resulting from transfer of financial assets

The company transferred accounts receivable on a non-recourse basis of RMB1,206 million and incurred costs related to derecognition of RMB15 million during the period.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

Items	30 June 2024	31 December 2023
Dividends receivable		27
Other receivables	107	61
Total	107	88

2.1 Dividends receivable

The Invested Entity	30 June 2024	31 December 2023
WISDRI		27
Total		27

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(1) Classification of other receivables

Items	30 June 2024				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision					
Other receivables for which bad debt is prepared based on group combination	108	100.00	1	0.93	107
Including: Risk-free group combination	64	59.26			64
Risk group combination on the basis of aging-matrix	44	40.74	1	2.27	43
Total	108	100.00	1	0.93	107

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(1) Classification of other receivables (Continued)

Items	31 December 2023				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision					
Other receivables for which bad debt is prepared based on group combination	62	100.00	1	1.61	61
Including: Risk-free group combination	31	50.00			31
Risk group combination on the basis of aging-matrix	31	50.00	1	3.23	30
Total	62	100.00	1	1.61	61

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(2) Other receivables classified by the nature

Type	30 June 2024	31 December 2023
Money lent to subsidiary	30	30
Industrial injury loan	6	7
Bid security	8	3
Others	64	22
Total	108	62

(3) Other receivables classified by aging

Aging	30 June 2024	31 December 2023
Within 1 year	102	57
1 to 2 years	1	3
2 to 3 years	3	
3 to 4 years	1	1
4 to 5 years		
Over 5 years	1	1
Total	108	62

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(4) The recognition of bad debt provision

	The first stage Expected credit losses within the next 12 months	The second stage Expected credit losses for the entire duration of the period (no credit impairment)	The third stage Expected credit losses for the entire duration of the period (credit impairment has occurred)	Total
Balance at 1 January				
2024			1	1
Bad debt provision				
Reverse				
Resale or verification				
Write of				
Other changes				
Balance at 30 June				
2024			1	1

(5) Bad debt provision at the end of the period

Type	31 December 2023	Increase/Decrease			30 June 2024
		Bad debt provision	Reverse	Resale or verification	
Other receivables	1				1

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

- (6) Other receivables with the top five balances on June 30, 2024

The summary amount of the top five other receivables collected by the company according to the debtor on June 30, 2024 is 90 million, accounting for 83.33% of the total balance of other receivables on June 30, 2024, and the summary amount of the corresponding bad debt provision on June 30, 2024 is 0 million.

3. Long-term equity investments

- (1) Classification of long-term equity investment

Items	30 June 2024			31 December 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	10,652		10,652	10,548		10,548
Investments in joint ventures and associates	3,308		3,308	3,353		3,353
Total	13,960		13,960	13,901		13,901

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries

The invested entity	31 December	Increment	Decrement	30 June	Provision for	Provision
	2023			2024	impairment	30 June 2024
Angang Wuhan	237			237		
Angang Hefei	281			281		
Angang Guangzhou	90			90		
Shenyang						
International Trade	321			321		
Shanghai Trade	303			303		
Tianjin Trade	203			203		
Guangzhou Trade	315			315		
Angang Shenyang	181			181		
Angang Tianjin	27			27		
Angang Dalian	266			266		
Ningbo Trade	100			100		
Yantai Trade	200			200		
Angang Kobelco	357			357		
ASPD-CC	496			496		
Jinsuoju	35			35		
Angang Zhengzhou	229			229		
Chaoyang Iron and						
Steel	3,545			3,545		

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries (Continued)

The invested entity	31 December 2023	Increment	Decrement	30 June 2024	Provision for impairment	Provision 30 June 2024
Energy and Technology	124			124		
Chemical Technology	2,677			2,677		
FAW Angang	119			119		
Hangzhou Auto Material	60			60		
Beijing International Trade	198			198		
Delin Industrial Products	164			164		
Material Technology	20			20		
GreenGold Industry		104		104		
Total	10,548	104		10,652		

(3) Investments for the joint ventures and associates

Please refer to Note VI.10 (excluding Zhong'an Water and Angang CIMC).

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Operating income and operating cost

(1) Classified by production

Items	This period		Last period	
	Income	Cost	Income	Cost
Prime operating	46,792	47,956	51,169	51,807
Other operating	84	85	109	93
Total	46,876	48,041	51,278	51,900

Note: The Company is classified into an operating segment based on the type of business: production and sale of steel products.

(2) Classified by region

Items	This period	Last period
Foreign transaction income from the within borders	43,194	47,521
Foreign exchange income from outside borders	3,682	3,757
Total	46,876	51,278

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Operating income and operating cost (Continued)

(3) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	46,876	51,278
Total	46,876	51,278

5. Investment income

Items	This period	Last period
Long-term equity investment income measured at cost method	113	478
Long-term equity investment income measured at equity method	234	160
Investment income of other investments in equity instruments	2	2
Others	(4)	(54)
Total	345	586

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XIX. NET CURRENT ASSETS

Items	30 June 2024	31 December 2023
Current assets	26,400	27,421
Less : Current liabilities	36,459	35,431
Net current assets/(liabilities)	(10,059)	(8,010)

XX. TOTAL ASSETS LESS CURRENT LIABILITIES

Items	30 June 2024	31 December 2023
Total assets	96,702	97,506
Less: Current liabilities	36,459	35,431
Total assets less current liabilities	60,243	62,075

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XXI. SUPPLEMENTARY DOCUMENTS

1. Non-recurring gains and losses

Items	This period	Last period
Gains and losses from disposal of non-current assets	(44)	3
Government grant recorded into profit and loss for current period (except government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, enjoyed in accordance with established standards and have a lasting impact on the company's profit and loss)	11	21
Net profit and loss of subsidiaries from the beginning of the current period to the date of the merger arising from business combination under the common control	3	
Net profit and loss of subsidiaries in the previous period arising from business combination under common control		7
Changes in the fair value of other non-current financial assets	5	4

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

1. Non-recurring gains and losses (Continued)

Items	This period	Last period
Other non-current liabilities-part of embedded derivative financial instruments, derivative financial liabilities-changes in fair value of foreign exchange swap contracts and related disposal gains and losses		(37)
Allowance for impairment reversal of receivables tested separately for impairment		19
Other non-operating income and loss not listed above	5	2
Subtotal	(20)	19
Less: Effect on taxation	(6)	3
Effect on minority interest (after tax)	5	5
Total	(19)	11

The Group's confirmation of non-recurring profit and loss items is carried out in accordance with the provisions of the Interpretive Announcement No. 1 of the company Information Disclosure of Public Offering Securities – Non-recurring Gains and Losses (Revised in 2023). The Group's implementation of the Interpretive Announcement No. 1 of the company Information Disclosure of Public Offering Securities – Non-recurring Gains and Losses (Revised in 2023) has no impact on non-recurring profit and loss in comparable accounting periods.

Financial Report (Continued)
Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

2. Return on equity (ROE) and Earnings per Share (EPS)

Profit in this period	Weighted average (ROE) (%)	EPS (Yuan per share)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	(5.03)	(0.287)	(0.287)
Net profit (exclusive of non-operating profit) attributable to ordinary shareholders	(5.00)	(0.285)	(0.285)

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

2. Return on equity (ROE) and Earnings per Share (EPS) (Continued)

The above data is calculated using the following formula:

- (1) Weighted average return on equity

$$\text{Weighted average return on equity} = P_0 / (E_0 + NP \div 2 + E_i \times M_i \div M_0 - E_j \times M_j \div M_0 \pm E_k \times M_k \div M_0)$$

Among them, P₀ corresponds to the net profit attributable to ordinary shareholders of the company and the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses; NP is the net profit attributable to ordinary shareholders of the company; E₀ is the net assets at the beginning of the period attributable to ordinary shareholders of the company; E_i is the new net assets attributable to ordinary shareholders of the company, such as the issuance of new shares or debt to equity swap during the reporting period; E_j is the net assets attributable to ordinary shareholders of the company reduced by repurchase or cash dividend during the reporting period; M₀ is the number of months in the reporting period; M_i is the cumulative number of months from the next month of new net assets to the end of the reporting period; M_j is the cumulative number of months from the next month after the reduction of net assets to the end of the reporting period; E_k is the increase or decrease in net assets attributable to ordinary shareholders of the company due to other transactions or events; M_k is the cumulative number of months from the month following the increase or decrease in other net assets to the end of the reporting period.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

2. Return on equity (ROE) and Earnings per Share (EPS) (Continued)

(2) Basic earnings per share

$$\text{Basic earnings per share} = \frac{P_0}{S} = \frac{S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k}{M_0}$$

Among them, P₀ is the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders after deducting non recurring gains and losses; S is the weighted average number of ordinary shares outstanding; S₀ is the total number of shares at the beginning of the year; S_i is the number of shares increased due to the conversion of provident fund into share capital or stock dividend distribution during the reporting period; S_i is the number of shares increased due to the issuance of new shares or debt to equity swap during the reporting period; S_j is the number of shares reduced due to repurchase during the reporting period; S_k is the number of shares withdrawn during the reporting period; M₀ number of months in the reporting period; M_i is the cumulative number of months from the next month after the increase of shares to the end of the reporting period; M_j is the cumulative number of months from the next month after the reduction of shares to the end of the reporting period.

Financial Report (Continued)

Notes to Financial Statements (Continued)

30 June 2024 (Expressed in million RMB unless otherwise indicated)

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

2. Return on equity (ROE) and Earnings per Share (EPS) (Continued)

(3) Diluted earnings per share

Diluted earnings per share = $P1 / (S0 + S1 + S_i \times M_i \div M0 - S_j \times M_j \div M0 - S_k + \text{Weighted average number of common shares increased by warrants, share options, convertible bonds, etc.})$

Among them, P1 is the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses, and considering the impact of dilution of potential ordinary shares, it is adjusted in accordance with the accounting standards for business enterprises and relevant provisions. When calculating the diluted earnings per share, the company shall consider the impact of all diluted potential ordinary shares on the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses and the weighted average number of shares, and shall include them in the diluted earnings per share in the order of dilution from large to small until the diluted earnings per share reaches the minimum.

Angang Steel Company Limited
August 30, 2024

Documents Available for Inspection

1. Financial statements signed by the Responsible Officer, Chief Accountant and Person-in-charge of the accounting firm and with seal affixed;
2. Originals of all documents and manuscripts of announcements disclosed by the Company at the website designated by the CSRC during the Reporting Period;
3. Text of the Articles of Association;
4. Interim report of the Company disclosed in the Hong Kong stock market.

The above documents are available for inspection at the secretarial office of the Board of Angang Steel Company Limited* situated at Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the PRC.

Angang Steel Company Limited*

The Board

30 August 2024

Note: This report is prepared in both Chinese and English. The Chinese version shall prevail in case of any inconsistency between the two versions.



鞍 鋼 股 份 有 限 公 司
ANGANG STEEL COMPANY LIMITED*

