



MAANSHAN IRON & STEEL COMPANY LIMITED

H Share Code: 323

A Share Code: 600808



2024

Annual Report

Contents

Section I	Definitions	2
Section II	Company Introduction and Major Financial Indicators	5
Section III	Directors' Report (Management Discussion and Analysis)	11
Section IV	Corporate Governance	49
Section V	Environmental and Social Responsibility	91
Section VI	Significant Events	105
Section VII	Movements in Share Capital and Shareholders	114
Section VIII	Auditor's Report	123

Documents available for inspection	<p>Financial statements signed and sealed by the Company's legal representative, chief accountant and head of Accounting Department.</p> <p>Original copy of the audit report, sealed by Ernst & Young Hua Ming LLP and signed and sealed by Ms. Guo Jing and Mr. Gong Wei, certified public accountants in the PRC.</p> <p>Original copies of all documents and announcements of the Company disclosed in Shanghai Securities News, the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange.</p> <p>Annual report announced on the website of the Hong Kong Stock Exchange.</p> <p>The Articles of Association of the Company.</p> <p>Other relevant information.</p>
------------------------------------	---

IMPORTANT NOTICE

- I. The board of directors (the "Board"), the supervisory committee, the directors, the supervisors and senior management of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from this annual report; and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this annual report.
- II. All directors attended the Board meeting.
- III. Ernst & Young Hua Ming LLP issued a standard unqualified audit opinion on the annual financial statements of the Company.
- IV. Mr. Jiang Yuxiang, representative of the Company, Mr. Zhang Wenyang, person overseeing the accounting operations, and Mr. Le Zhihai, head of Accounting Department, made representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in the annual report.
- V. Profit distribution plan or plan for the capitalisation of capital reserve during the Reporting Period approved by the Board: Nil
- VI. Risk relating to forward-looking statements
The report analyses major risks faced by the Company. Please refer to "(5) Potential Risks" of "6. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY" of "Directors' Report (Management Discussion and Analysis)" in Section III for details. Forward-looking statements such as development strategy, future business plans contained in this report do not constitute any substantive commitments to investors by the Company. Investors should be aware of the relevant risks.
- VII. Whether there was any appropriation of fund on a non-operating basis by the controlling shareholder or other related parties: Nil
- VIII. Whether there was any violation of regulations, decisions or procedures in relation to provisions of external guarantees: Nil
- IX. Whether there was any situation that more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company: Nil
- X. Significant risk warning
The Company has no significant risk that needs to draw special attention of investors.
- XI. Other
This report is prepared in both Chinese and English. In the event of any discrepancy between the Chinese and English versions, please subject to Chinese text.

Section I Definitions

I. DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the following meanings:

Definitions of Common Terms

Company or the Company or Magang Stock	means	Maanshan Iron & Steel Company Limited
Group	means	the Company and its subsidiaries
China Baowu or Baowu	means	China Baowu Steel Group Corporation Limited, the controlling shareholder of the Holding
Baosteel Hong Kong Investment	means	Baosteel Hong Kong Investment Company Limited, a wholly- owned subsidiary of China Baowu
The Holding	means	Magang (Group) Holding Co., Limited, the direct controlling shareholder of the Company
General Meeting	means	the Shareholders' General Meeting of the Company
The Board	means	the board of directors of the Company
Strategic Development Committee	means	the Strategic and Sustainable Development Committee of the Board of the Company
Audit Committee	means	the Audit and Compliance Committee of the Board of the Company
Director(s)	means	the director(s) of the Company Supervisory
Committee	means	the supervisory committee of the Company
Supervisor(s)	means	the supervisor(s) of the Company
Senior Management	means	the senior management of the Company
Hong Kong Stock Exchange	means	the Stock Exchange of Hong Kong Limited
SSE	means	the Shanghai Stock Exchange
A Shares	means	a nominal value of RMB1.00 per share, which are listed on the

Section I Definitions (Continued)

H Shares	means	a nominal value of RMB1.00 per share, which are listed on the Hong Kong Stock Exchange
PRC	means	the People's Republic of China
Hong Kong	means	the Hong Kong Special Administrative Region
RMB	means	Renminbi Yuan
CSRC	means	the China Securities Regulatory Commission
SASAC	means	the State-owned Assets Supervision and Administration Commission of the State Council
CISA	means	China Iron and Steel Association
Articles of Association	means	The articles of association of Maanshan Iron and Steel Company Limited
Changjiang Steel	means	Anhui Changjiang Steel Co., Ltd., a controlling subsidiary of the Company
Ma Steel (Hefei)	means	Ma Steel (Hefei) Iron & Steel Co., Ltd., a controlling subsidiary of the Company
Magang Finance	means	Magang Group Finance Co. Ltd., the former controlling subsidiary of the Company
Baowu Finance	means	Baowu Group Finance Co., Ltd.
Masteel Transit Materials	means	Baowu Group Masteel Rail Transit Materials Technology Co., Ltd.
MG-VALDUNES	means	MG-VALDUNES S. A. S, the former wholly-owned subsidiary of the Company
Ma Steel (Hong Kong)	means	Ma Steel (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company
4 directions of development	means	high-end orientation, intelligentization, greenization and high efficiency

Section I Definitions (Continued)

4-with	means	the operation principle focusing on accounting operation: production with orders, revenue with profits, production volume with margins, and profits with cash
3-precision	means	meticulous design, meticulous management and precise operation
3-anti	means	Anti-discipline, anti-violation and anti-accident
QCDVS	means	Quality, Cost, Delivery, Variety, Service
Auditor, Ernst & Young Hua Ming	means	Ernst & Young Hua Ming LLP
Inventories and receivables	means	Utilization of funds on inventories and trade receivables
Reporting Period	means	From 1 January 2024 to 31 December 2024

Section II Company Introduction and Major Financial Indicators

1. COMPANY PROFILE

Chinese name of the Company	馬鞍山鋼鐵股份有限公司
Chinese short name of the Company	馬鋼股份
English name of the Company	Maanshan Iron & Steel Company Limited
English short name of the Company	MAS C.L.
Legal representative of the Company	Jiang Yuxiang

2. CONTACT PERSON AND METHODS

Joint Company Secretary		Joint Company Secretary
Name	He Hongyun	Rebecca Chiu
Contact address	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC	Room 1204-06, 12/F, The Hong Kong Chinese Bank Building, 61 Des Voeux Road Central, Central, Hong Kong, the PRC
Telephone	86-555-2888158/2875251	(852)21552649
Fax	86-555-2887284	(852)21559568
Email	mggf@baowugroup.com	rebeccachiu@chiuandco.com

3. BASIC INFORMATION

Registered address	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province
Historical changes of the Company's registered address	January 1993 to June 2009, No. 8 Hong Qi Zhong Road, Maanshan City, Anhui Province; June 2009 to now, No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province
Office address	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province
Postal code of the registered address	243003
The Company's website(s)	www.magang.com.cn(A Share); www.magang.com.hk(H Share)
Email address	mggf@baowugroup.com

Section II Company Introduction and Major Financial Indicators (Continued)

4. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION

Name of newspaper and website designated for annual report disclosure	Shanghai Securities News; www.cnstock.com
Stock exchange website(s) designated for annual report disclosure	www.sse.com.cn; www.hkex.com.hk
Location for inspection of annual report of the Company	The secretariat office of the Board

5. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

Brief Information on the Shares of the Company			
Type of shares	Stock exchange for listing of shares	Short name of stock	Stock code
A Shares	SSE	Magang Stock	600808
H Shares	Hong Kong Stock Exchange	Ma Anshan Iron & Steel	00323

The address of the A share registrar of the Company: China Securities Depository and Clearing Company Limited Shanghai Branch, No. 188 Yanggao South Road, Pudong New District, Shanghai, the PRC.

The address of the H share registrar of the Company: Computershare Hong Kong Investor Services Limited, Room 1712– 1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan chai, Hong Kong.

6. OTHER RELATED INFORMATION

Accounting firm engaged by the Company (domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, China
	Names of the auditors who signed the report	Guo Jing, Gong Wei

Section II Company Introduction and Major Financial Indicators (Continued)

7. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(1) Major accounting data

Unit: RMB

Major accounting data	2024	2023	Increase/ decrease compared to previous year (%)	2022
Revenue	81,816,891,739	98,937,969,364	-17.30	102,153,602,375
Revenue net of business revenue not related to principal business and income lacking commercial substance	79,365,028,160	96,403,138,119	-17.67	99,020,437,614
Net profit attributable to owners of the parent	-4,659,156,254	-1,327,161,500	N/A	-857,615,094
Net profit excluding non-recurring gains or losses attributable to owners of the parent	-4,298,427,785	-1,719,478,874	N/A	-1,110,469,129
Net cash flows from operating activities	960,874,794	1,991,799,262	-51.76	6,641,701,587
	As at the end of 2024	As at the end of 2023	Increase/ decrease compared to the end of the previous year	As at the end of 2022
Net assets attributable to owners of the parent	23,257,460,660	27,768,582,604	-16.25	29,199,669,295
Total assets	78,962,973,613	84,552,252,935	-6.61	96,892,289,376
Total share capital	7,746,937,986	7,746,937,986	-	7,775,731,186

Section II Company Introduction and Major Financial Indicators (Continued)

(2) Major financial indicators

Major financial data	2024	2023	Increase/ decrease compared to the previous year	2022
Basic earnings per share (RMB/ share)	-0.605	-0.172	N/A	-0.115
Diluted earnings per share (RMB/ share)	-0.605	-0.172	N/A	-0.115
Basic earnings per share excluding non-recurring gains or losses (RMB/share)	-0.558	-0.223	N/A	-0.144
Return on net assets (weighted average) (%)	-18.30	-4.67	Decreased by 13.63 percentage points	-2.77
Return on net assets excluding non-recurring gains or losses (weighted average) (%)	-16.89	-6.05	Decreased by 10.84 percentage points	-3.59

8. MAJOR FINANCIAL DATA BY QUARTER IN 2024

Unit: million RMB

	1st Quarter (Jan-Mar)	2nd Quarter (Apr-Jun)	3rd Quarter (Jul-Sep)	4th Quarter (Oct-Dec)
Revenue	20,392	22,616	18,506	20,303
Net profit attributable to owners of the parent	-311	-834	-1,390	-2,124
Net profit excluding non- recurring gains or losses attributable to owners of the parent	-424	-813	-1,386	-1,675
Net cash flows from operating activities	-1,308	2,535	1,322	-1,588

Section II Company Introduction and Major Financial Indicators (Continued)

9. NON-RECURRING ITEMS AND AMOUNTS

Unit: RMB

Non-recurring profit or loss items	Note 2024 (if applicable)	2023	2022
(Loss)/gain from disposal of non-current assets (including the part offset with the provision for impairment of assets)	-299,810,015	94,007,628	355,690,280
Government grants recognized in current period profit or loss (excluding those having close relationship with the Company's normal business, conforming to the national policies and regulations, being enjoyed according to determined standards and having a lasting impact on the Company's profit or loss)	48,287,487	205,878,311	167,122,821
Except for the effective hedging business related to ordinary business of the Company, profit and loss on changes in fair value from financial assets and financial liabilities held by non-financial enterprises, as well as profit and loss from the disposal of financial assets and financial liabilities	4,500,249	2,139,084	187,359,177
Profit and loss on exchange of non-monetary assets	—	334,259,810	—
Non-operating income or expenses other than the above items	-78,905,997	-3,024,628	7,197,090
Other items of profit or loss falling within the definition of non-recurring gains and losses	3,669,806	Investment income from disposal of an associate -250,447,259	-163,030,500
Less: Income tax effect	21,225,678	-877,431	179,891,604
Non-controlling interests effect (after tax)	17,244,321	-8,626,997	121,593,229
Total	-360,728,469	392,317,374	252,854,035

Section II Company Introduction and Major Financial Indicators (Continued)

10. ITEMS MEASURED AT FAIR VALUE

Unit: million RMB

Account name	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Change in the Reporting Period	Effects on the current period profit
Financial assets held for trading	—	—	—	5
Financing receivables	1,801	1,382	-419	—
Other equity instruments investments	392	414	22	3
Total	2,193	1,796	-397	8

11. OTHERS

The Group's major accounting data and financial indicators for five recent years (Unit: million RMB)

Accounting data (indicators)	2024	2023	2022	2021	2020
Revenue	81,817	98,938	102,154	113,851	81,614
Profit before tax	-4,830	-1,597	-561	7,016	3,081
Net profit	-4,984	-1,640	-820	5,994	2,578
Basic earnings per share (RMB/share)	-0.605	-0.172	-0.115	0.692	0.258
Diluted earnings per share (RMB/share)	-0.605	-0.172	-0.115	0.692	0.258

Section III Directors' Report (Management Discussion and Analysis)

1. DISCUSSION AND ANALYSIS OF OPERATION

In 2024, facing the severe challenges of the steel industry's long-term cyclical reduction and structural adjustment, the Company adopted a systematic and strategic approach, guided by the "Four Modernizations (四化)" as its development direction and the "Four Principles (四有)" as its operational philosophy. By persisting in reform and innovation, deepening integration and synergy, advancing lean management, and strengthening financial accountability, the Company overcame difficulties and maintained overall stability in its production and operations despite the adverse conditions. The major measures are as follows:

First, we promote the focus of our work with the "2343" business strategy. Based on in-depth research, the Company has established the "2343" business strategy, namely to promote the focus on "low cost, high output" in ironmaking system, and focus on "high quality, high efficiency and low consumption" in steel-rolling system, accelerates the promotion of plate and strip to the four key product directions of "cold-rolled series, high strength, coating and plating, new energy", and accelerates its efforts to achieve "safety, longevity, and green" as its core objectives in special and high-quality steel products. Guided by the principles of "strong goal orientation and causal correlation" and "vertical benchmarking against historical best performance and horizontal benchmarking against industry leaders", the Company optimized and improved its organizational performance evaluation system. By emphasizing positive incentives and full-cost assessment, and implementing "one factory, one policy" tailored evaluations, the Company effectively enhanced the initiative and proactiveness of each unit in improving performance. For example, by strengthening coal and ore blending strategies, the coal injection rate for blast furnaces increased by 11.6 kg/t year-on-year, while the iron ore grade decreased from 58.19% in the previous year to 57.67%. The No. 4 Steel Rolling Plant achieved an average of 92.5 heats per day, and automotive sheet sales surpassed 3 million tons for the first time, reaching 3.15 million tons.

Second, benchmarking and gap analysis drove comprehensive financial accountability. The Company remained steadfast in its commitment to comprehensive benchmarking and gap analysis, conducting dynamic tracking and monthly reviews, and project-based improvements for 44 key performance indicators, achieving an annual efficiency gain of RMB950 million. On the procurement front, the Company focused on critical factors such as structure, metrics, volume, and timing, improving its dynamic operational mechanisms and further strengthening its role in guiding and supporting the cost reduction and efficiency enhancement of the manufacturing system. Throughout the year, the Company outperformed the market in imported ore procurement. On the manufacturing front, the Company emphasized full-process cost control, balancing macro and micro cost calculations, and achieved a further reduction of RMB50 per ton of steel in the second half of the year, based on the July benchmark. On the marketing front, the Company delegated pricing authority, order acceptance authority, and customer channel development authority to its marketing subsidiaries, significantly enhancing market agility and product profitability. This supported a 37% year-on-year increase in sales of key product categories. The Company also expanded its export efforts, developing 10 new overseas markets, including Australia and Saudi Arabia, with total annual exports reaching 1.42 million tons, including 698,000 tons of H beam, maintaining its position as the domestic leader in H beam exports. On the R&D front, the Company focused on extending,

Section III Directors' Report (Management Discussion and Analysis) (Continued)

deepening, and specializing the steel industry chain, establishing a robust “R&D-production-sales” system to support on-site efficiency optimization and product value creation. Annual sales of new products reached 1.67 million tons, with an excess gross profit of RMB245 per ton. The Company was also selected in the eighth batch of national manufacturing individual champion enterprises list.

Third, deepening product operations enhanced market competitiveness to significantly improve customer satisfaction. By staying close to the market and engaging deeply with customers, the Company has signed strategic framework cooperation agreements with 13 downstream industrial chain enterprises. Supported by the integrated “R&D-production-sales” system, the Company strengthened its customer service system, reducing repeat customer complaints by 5.6%. The Company promoted the scaling of its premium products, selling 4.82 million tons of key product categories for the year, a year-on-year increase of 1.30 million tons, including 3.15 million tons of automotive sheets, up 10.5% year-on-year. The Company accelerated the high-end transformation of its products, developing 1.67 million tons of new products, representing a year-on-year increase of 4.4%. Six new products, including “environmental-friendly low-friction coefficient galvanized automotive sheets”, were launched domestically for the first time. The Company also won four Anhui Provincial Science and Technology Progress Awards and nine Baowu Major Achievement Awards. The Company focused on enhancing the competitiveness of its special steel products. Annual sales of gear steel 18CrNiMo7-6 reached 90,000 tons, maintaining its position in the domestic first tier. Monthly production and sales of bearing steel exceeded 5,000 tons, with the capability to obtain product certifications from global top-tier bearing manufacturers. Throughout the year, the Company passed 30 customer second-party certifications for its special steel products and developed 96 new customers, including 28 mid-to-high-end clients. The Company deepened its product structure adjustment, commencing construction of the No. 6 Cold Rolling Galvanizing Line Project.

Fourth, strengthening foundational management improved operational efficiency and effectiveness to anchor on lean improvement at the foundational level. By emphasizing the “Three Refinements (三精)” and “Three Antis (三反)” initiatives, the Company established 26 lean demonstration points to enhance on-site lean management, which facilitated the transformation of 27 furnace and production lines from lean sites to lean production lines, driving deeper implementation of lean management. Safety management continued to be strengthened. Adhering to the concept of “putting people first and life first”, we strengthened the awareness of no violating the rules of operation, not violating the rules of command, and not condoning the violation of rules, and launched the “1231” key action and the three-year action to tackle the fundamental problems and continue to consolidate the management of safety fundamentals. Environmental and low-carbon initiatives were effective and impactful. The Company advanced problem rectification and implemented the “Zero Waste Group” pilot project in an orderly manner. Green electricity trading volume increased by 23.1% year-on-year, and 5 new energy efficiency benchmark production lines were added. The special steel electric furnace was awarded the title of “Champion Furnace” in the national energy-saving and consumption-reduction competition for key large-scale energy-intensive steel production equipment. Labor efficiency steadily improved. The Company accelerated the integration of digital and physical systems, deploying 59 new industrial robots, and promoted collaborative workforce substitution and ecosystem human resource coordination. By optimizing off-post policies, the Company achieved a 12% increase in steel production per capita. The reduction of

Section III Directors' Report (Management Discussion and Analysis) (Continued)

“trade receivables and inventory” progressed significantly. The Company adhered to the principle of “spending based on income”, dynamically tracked capital flows, and gradually improved operating cash flow. Efforts to reduce inventory resulted in a decrease in inventory turnover days from 52 days at the beginning of the year to 43 days at year-end, achieving a 100% realization rate of operating cash flow.

Fifth, mechanism reforms unleashed internal development momentum coupled with deepened internal mechanism reforms with eyes on efficient collaboration. By establishing the Ironmaking Division and the Logistics Management Department, and implementing the entity-based operations of the Long Products Division and the Special Steel Division, the Company created an integrated ironmaking system centered on blast furnaces and a product integration system centered on the market. In terms of business optimisation, the Company established the Market Management Department and adjusted the operational models of the Capital Operations Department and the Lean Office. The differentiated management of Changjiang Steel began to show results. By combining state-owned standardized management with the vitality of private mechanisms, Changjiang Steel focused on “low cost, differentiation, high efficiency and fast pace”, implementing organizational reforms, management optimization, technological upgrades, and operational improvements. Adopting an efficient production model of “three blast furnaces, two converters, and four rolling lines”, Changjiang Steel reversed its 26-month passive operational situation starting in September. The competitiveness of Masteel Transit Materials was further enhanced. The successful completion of its shareholding system reform boosted internal momentum and vitality, with sales of wheel and axle products exceeding 600,000 units and export revenue accounting for over 50%. Significant progress was made in the localization of high-speed train wheels, with Fuxing trains equipped with Ma Steel wheels safely running 1 million kilometers, passing expert review and meeting conditions for batch application. The CR450 EMU prototype, the world's fastest high-speed train with an operating speed of 400 km/h, was officially launched in Beijing, with two prototypes equipped with Ma Steel high-speed wheels, demonstrating the Company's capabilities and responsibilities as a national pillar.

Sixth, deepening green and intelligent empowerment enhanced sustainable development capabilities to advance its digital and intelligent transformation. By focusing on data governance, completing the acceptance of the Masteel Big Data Center, Smart Operations, and Metal Balance projects, and obtaining third-party AAA certification. The Company was awarded the title of “Benchmark Unit for Intelligent Equipment Operation and Maintenance” by the China Association of Equipment Management. The Company accelerated green development, implementing the Yangtze River Protection Initiative to ensure environmental risks are under control. By pursuing extreme energy efficiency, the proportion of benchmark energy-efficient production capacities in key processes reached 68.65%. The Company actively promoted low-carbon development, launching its carbon data management system and releasing five Environmental Product Declarations (EPDs). Throughout the year, the Company completed 530 million kWh of cross-provincial and provincial green electricity transactions, representing a year-on-year increase of 23.1%. The Company actively fulfilled its social responsibilities, vigorously promoting industrial assistance, educational support, and consumption support initiatives. It also deepened its ESG management, ranking on the 2024 “China ESG Pioneer 100” list and being selected for the “Central SOEs ESG Pioneer 100 Index”.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Seventh, strengthening talent development laid the foundation for high-quality growth to accelerate the construction of its talent echelon, the Company implemented the “Hundred Talent Plan” for young reserve cadres. Based on age structure and star-rated evaluations, a talent pool of 97 individuals was established. To meet the needs of production operations and long-term development, the Company partnered with the University of Science and Technology Beijing to create a high-level talent cultivation channel in fields such as metallurgy, materials, electromechanics, and management, with 163 individuals selected in the first phase. The Company also intensified efforts to cultivate high-skilled talent, adding 86 people with inter-disciplinary talent. The Company strengthened employee innovation and efficiency, organizing “leading”, “undertaking”, and “independent” labor competitions, achieving excellent results in industrial skills competitions. Employees contributed over 200,000 suggestions via “offering a suggestion” initiative. Employees’ sense of fulfillment, happiness, and security continued to improve, with model workers and craftsmen playing an exemplary role. Two employees were awarded the titles of the National May 1st Labor Medal and the Central SOEs Model Worker, respectively. Moreover, 134 “Three Most (三最)” projects were successfully implemented, and initiatives such as mutual assistance and hardship relief warmed employees’ hearts.

2. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

In 2024, China’s economy maintained stable and progressive growth, with year-on-year increase of 5.0% for GDP. For the steel industry, 2024 was a critical year of deep adjustment, characterized by increased downward pressure on traditional steel-consuming industries and persistently high raw material and fuel prices. The industry continued to face a “three highs and three lows” scenario: high production, high costs, high exports, and low demand, low prices, low profitability, signaling a clear transition into a phase of reduced volume development and optimized existing capacities.

Steel production declined year-on-year, while steel consumption demand continued to decrease. In 2024, China produced 1,005 million tons of crude steel, representing a year-on-year decrease of 1.7%. Steel exports reached 111 million tons, representing a year-on-year increase of 22.7%, equivalent to 113 million tons of net crude steel exports, representing a year-on-year increase of 31.5%, reaching a record high. On the demand side, although key steel-consuming industries such as automobiles, equipment, and electrical machinery manufacturing saw varying degrees of year-on-year growth, the decline in steel demand was significantly greater than the decline in production due to factors such as the downturn in the real estate and infrastructure sectors. The market remained in a state of strong supply and weak demand. The annual apparent consumption of crude steel in China was 892 million tons, representing a year-on-year decrease of 5.4%.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Steel prices declined year-on-year, while the prices of raw materials such as iron ore remained high. In 2024, the average China Steel Price Index (CSPI) was 102.47 points, representing a year-on-year decrease of 8.39%. Specifically, the average of Long Steel Product Index was 105.22 points, down 8.83% year-on-year, and the average of Plate Steel Product Index was 100.58 points, down 10.09% year-on-year. On the raw materials front, China imported iron ore of 1.237 billion tons, representing a year-on-year increase of 4.9%, reaching a record high in import volume. The average import price was USD106.93/ton, representing a year-on-year decrease of 7.08%, with a smaller decline compared to steel prices. The purchasing cost of imported iron ore fines for key enterprises decreased by 5.58% year-on-year, while the costs of domestic iron concentrate (dry basis) and coking coal decreased by 0.76% and 8.14% year-on-year, respectively. Despite these declines, raw material prices remained relatively high, and the price gap between upstream and downstream markets further narrowed.

The profitability of the steel industry continued to decline, with rising corporate debt levels. The average sales profit margin of key enterprises was only 0.71%, representing a year-on-year decrease of 0.63 percentage points, while the asset-liability ratio of key enterprises rose to 62.72%, up 0.56 percentage points year-on-year. The overall operating environment for steel enterprises remained extremely challenging. (Data source: National Bureau of Statistics, China Iron and Steel Association)

3. INTRODUCTION OF THE COMPANY'S BUSINESS DURING THE REPORTING PERIOD

As one of the largest iron and steel producers and sellers in a single production base in China, the Company's major businesses are production and sales of iron and steel products; the main production processes include iron making, steel making, steel rolling, etc. Major products of the Company are steel, which is composed of four product series of "special steel, wheels and axles, long products and plates". It has automobile plate, household appliance plate, zinc aluminum magnesium, heavy H-section steel, railway vehicle materials, H-section steel for offshore oil platform, medium profile mining steel, low-temperature resistant steel bar, energy special steel, high-speed wheel and other high-end products, which are widely used in aviation, railway, ocean, automobile, household appliance, shipbuilding, construction, machinery manufacturing and other fields and national key projects with broad market prospects.

Special steel series: Major products include continuous casting round billet, special steel bar and industrial wire rod. Continuous casting round billet is mainly used in wheel, axle, wind power, energy and other industries. Special steel bar is mainly used in axle for rail transit, bearing gear for machinery, gear for automobile, bearing, spring, combined steel, etc. Industrial wire rod is mainly used for high carbon steel, cold heading steel, spring steel, bearing steel, excellent carbon steel, etc. for automobile machinery.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Wheels and axles series: Major products include train wheels, axles and rings, which are widely used in railway transport, port machinery, petrochemical industries, aerospace industry, and so forth.

Long products series: Major products include section steel and wire rod. Section steel is mostly used in construction, steel structures, machinery manufacturing and the construction of petroleum drilling platforms and railways. Hot-rolled ribbed bars are mainly used in construction. High-speed wire rod products are mostly used in construction, the production of fasteners, strand steel wires and spring steel wires.

Plates series: Major products include hot and cold-rolled thin plates, galvanized plates, coil coating plates and electrical steel. Hot-rolled thin plates are mostly used in the construction, automobile, bridge building, machinery businesses and petroleum transportation, while cold-rolled thin plates are used in high-grade light industries, household appliances, and medium and high-grade production of automobile parts. Galvanized plates are positioned to be used as automobile plates, household appliances plates, high-grade construction plates, and plates for businesses like packaging and utensil manufacturing. Coil-coating plates can be used in both interior and exterior of buildings, household appliances and steel windows. Electrical steel is mainly used in household appliances and new energy vehicles.

The Company adopts different business models for different products. The products of special and high-quality steel are mainly operated in the form of direct supply terminal sales; wheels and axles are mainly operated in the form of direct supply terminal sales; long products are mainly operated in the form of direct supply for projects and spot sales based on storages in provinces, and supplemented by sales through dealers; plate products are mainly operated in the form of sales through direct supply terminal, distribution services from branches, subsidiaries and processing centers, and supplemented by sales through professional dealers.

During the Reporting Period, the major businesses, main products and their usages and operation modes of the Company did not experience substantial changes.

The Company is an important steel producer in Eastern China, with products mainly sold in Eastern China. By leveraging regional advantages and transportation convenience, we have occupied a major market share in the vicinity of Jiangsu, Zhejiang, Shanghai and Anhui markets, especially in the automobile, home appliance and key engineering steel markets in the province. Meanwhile, according to the changes in the demand of the domestic downstream industry, the Company appropriately reduced the production and sales volume of long products for construction, such as screw threaded steel and H-section steel, and increased the sales of special steel and automobile plates, especially galvanized automobile plates, which have relatively better demand, price and efficiency in 2024.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

During the Reporting Period, the market position, competitive advantages and disadvantages, major driving factors of performance of the Company 's product did not experience substantial changes.

4. THE COMPANY'S CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

(1) Synergy advantage

The Company actively integrated into the ecosystem of China Baowu, broadening its development space and continuously improving its operational processes by deepening the all-round benchmarking and difference finding. Under the strategy of coordinated cost reduction of the Group, the Company fully leveraged its synergy advantage, and achieved the optimization of resource allocation and maximization of efficiency through the deep coordination in planning, manufacturing, marketing, procurement, R&D, services and other aspects. In terms of the optimization of sales channels, the Company actively explored new marketing models and achieved comprehensive coverage of sales networks through the integration of online and offline channels. Meanwhile, the Company continuously innovated its service methods, improving customer satisfaction and loyalty, and injecting new impetus into its sustainable development. In terms of technological innovation, the Company focused on breaking through technological bottlenecks, increasing R&D investments, and enhancing collaborative development capabilities with customers and continuously improving the technical content and added value of its products through the introduction of new technologies and processes, which strengthened the Company's market competitiveness and laid a solid foundation for its long-term development. In addition, the Company conducted management benchmarking, identified its own deficiencies, and learned from excellent practices both within and outside the industry, achieving comprehensive improvement in management levels. In the meantime, through the implementation of technical support projects, the Company continued to improve its technical and economic indicators, enhancing the production efficiency and product quality, and further improving the comprehensive competitiveness of the Company. The synergy advantage enables the Company to actively respond to the current market environment and establish a solid foundation for future development.

(2) Location advantage

The Company's location in Ma'anshan, which situated in the two metropolitan areas of Nanjing and Hefei, offers significant geographical advantages and unique positioning. Ma'anshan, situated in the eastern part of Anhui Province, adjacent to the Yangtze River Delta region, is located in the bridgehead position of Anhui Province integrating into the national strategy of Yangtze River Delta integration development and the "heart of Chinese cabbage" of the Yangtze River Delta under construction, which provides the Company with vast market opportunities and a broad market space for growth. As an important member of the two metropolitan areas of Nanjing and Hefei, Ma'anshan benefits from the economic radiance and driving effects of these two metropolitan areas with rapid economic development and strong market demand. Being located in this area enables the Company to access market information and resources more conveniently, meet customer needs in a more timely and effective manner,

Section III Directors' Report (Management Discussion and Analysis) (Continued)

and enhance its market competitiveness. In addition, Ma'anshan is close to the riverside with excellent transportation. The Company can utilize various transportation modes, including waterways, highways, and railways, to achieve efficient logistics operations and cost-effective transportation, which not only optimize the Company's supply chain management and improve operational efficiency, but also provide robust support for expanding into broader markets. The location advantage provides a strong guarantee for the Company's development. The Company will fully leverage this advantage by strengthening cooperation and communication with surrounding areas, continuously expanding its market presence, enhancing the brand influence, and achieving sustained and steady development.

(3) Product structure advantage

In the long-term development process, the Company has established the unique product structure of "special steel, plates, long products, and wheels and axles", which not only demonstrates the Company's technical strength and market insights but also provides a solid foundation for its continued development and market expansion. Each of the four products has its own characteristics and can meet the needs of different customer groups. The excellent special steel is widely used in high-end manufacturing, wheels and axles play an important role in the field of railway transportation, and long products and plates are widely applied in industries such as construction and machinery. The diversification of the product structure enables the Company to allocate resources flexibly and adjust product strategies promptly in response to market demand changes. Flexibility not only helps the Company respond quickly to market fluctuations and seize opportunities, but also effectively mitigates market risks and secures a steady business growth.

In addition, the Company also enlarges the percentage of high value-added products, and continuously enhances the technical content and added value of its products through technological innovation and process improvements, which contributes to improving the Company's profitability, enhancing its brand influence, and elevating its position in the industry. The advantage of the product structure provides a robust guarantee for actively responding to intense market competition.

(4) Variety matching advantage

The three major iron and steel production bases of the Maanshan headquarters, Changjiang Steel and Ma Steel (Hefei) have complete supporting varieties and professional production level. The layout of these bases not only facilitates the optimal allocation of the Company's resources but also effectively leverages the scale advantage of complete supporting varieties and specifications, further enhancing the Company's brand influence. Under the operation mode of "one headquarters with multiple bases", the Company's headquarters serves as the decision-making and coordination center, enabling the efficient integration of resources from each base and achieving resource sharing and complementary advantages. Each base, based on its own characteristics and advantages, forms a specialized and large-scale production pattern. By leveraging the scale advantage of complete supporting varieties and specifications, the Company can better meet diverse customer demands and provide one-

Section III Directors' Report (Management Discussion and Analysis) (Continued)

stop solutions. The advantages of supporting varieties contribute to the Company's ability to innovate its operating model, optimize the resource allocation, improve the brand influence, and achieve sustained, healthy and stable development.

(5) Technical advantage

The Company has achieved remarkable results in technology innovation and intellectual property protection. In 2024, the Company filed 423 patents, of which 388 were inventions, representing an invention ratio of 91.7%. At the end of the Reporting Period, the Company had 2,588 valid patents (including: 1,577 invention patents and 1,011 utility model patents), demonstrating the Company's extensive layout and deep exploration in technology innovation; and 6 invention patents grants for overseas, signifying international recognition of the Company's technological innovation achievements, enhancing its competitiveness on a global scale. In 2024, The Company owns 483 technical know-hows (non-patented technologies) accumulated through technological innovation and production practices, which possess unique technical advantages and commercial value. The Company has always adhered to independent innovation and owns independent intellectual property rights and core technologies, including a number of important series of products such as high-speed wheel, special H-section steel and cold heading steel. These series of products are crucial for the Company, offering vast market prospects and significant economic value. The technical advantage provides an important impetus for the Company's future high-quality and sustainable development.

5. MAIN OPERATING CONDITIONS DURING THE REPORTING PERIOD

During the Reporting Period, the Group produced 18.08 million tonnes of pig iron, 19.83 million tonnes of crude steel and 18.36 million tonnes of steel products, representing a year-on-year decrease of 5.99%, 5.41% and 10.92%, respectively (of which the Company produced 15.13 million tonnes of pig iron, 16.31 million tonnes of crude steel and 14.67 million tonnes of steel products, representing a year-on-year decrease of 2.29%, 0.85% and 8.23%, respectively). During the Reporting Period, as calculated in accordance with the PRC Accounting Standards for Business Enterprises, the Group's revenue amounted to RMB81,817 million, representing a year-on-year decrease of 17.30%; the net loss attributable to owners of the parent amounted to RMB4,659 million, representing a year-on-year increase of 251.06%. As at the end of the Reporting Period, the Group's total assets amounted to RMB78,963 million, representing a year-on-year decrease of 6.61%; and the net assets attributable to owners of the parent amounted to RMB23,257 million, representing a year-on-year decrease of 16.25%.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

(1) Analysis of principal operation

1. Analysis of the change in accounts of the income statement and statement of cash flows

Unit: RMB

Accounts	Amount of the current year	Amount of the same period of last year	Change (%)
Revenue	81,816,891,739	98,937,969,364	-17.30
Cost of sales	82,591,668,039	97,308,142,081	-15.12
Selling expenses	303,636,480	341,240,952	-11.02
General and administrative expenses	872,041,999	933,378,645	-6.57
R&D expenses	1,103,101,885	1,231,049,205	-10.39
Financial expenses	551,859,577	466,911,329	18.19
Net cash flows from operating activities	960,874,794	1,991,799,262	-51.76
Net cash flows from investing activities	-2,793,151,796	-560,871,570	N/A
Net cash flow from financing activities	1,088,044,705	-1,361,284,013	N/A
Gain on investments	8,405,954	308,185,072	-97.27
Gain on the changes in fair value	—	-34,558,767	-100.00
Gain from disposal of assets	-270,368,636	93,861,158	-388.05
Operating profit	-4,721,510,347	-1,593,781,357	N/A
Non-operating income	2,009,514	7,799,360	-74.23
Non-operating expenses	110,356,890	10,677,519	933.54
Total profit	-4,829,857,723	-1,596,659,516	N/A
Income tax	153,751,366	43,241,145	255.57
Net profit	-4,983,609,089	-1,639,900,661	N/A
Net profit attributable to owners of the parent company	-4,659,156,254	-1,327,161,500	N/A

Compared with last year:

Revenue decreased by 17.30%, mainly due to the year-on-year decrease of 11.19% in steel product sales compared to last year, coupled with the fall of steel prices during the year as compared to last year resulting from the impact of the weak demand of downstream industries.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Cost of sales decreased by 15.12%, mainly due to the decrease in sales volume as compared to last year and the decrease in the prices of raw materials such as coke and coal during the year as compared to last year.

The changes in net cash flows from operating activities were mainly due to the fact that net cash inflows from iron & steel were basically flat year on year. However, as Masteel Finance's financial figures were no longer be consolidated in the year, and cash inflows from non iron & steel business decreased year on year.

The changes in net cash flows from investing activities were mainly due to the fact that the statements of Masteel Finance were no longer be consolidated in the year, and the cash received from the recovery of investments decreased year on year.

The change in net cash flow from financing activities was mainly due to the Company's adjustment of the size of interest-bearing liabilities during the year, and the increase of loan while ensuring the demand for production and operation funds.

Gain on investments decreased by 97.27%, mainly due to the year-on-year decrease in profits from associates and joint ventures.

Gain on the changes in fair value decreased by 100%, mainly due to the loss on changes in the fair value of forward foreign exchange contracts held by the company in the last year.

Gain from disposal of assets decreased by 388.05%, mainly due to the disposal loss arising from the disposal of scrap of fixed assets during the year.

Non-operating income decreased by 74.23%, mainly due to the decrease in compensation received during the year as compared to last year.

Non-operating expenses increased by 933.54%, mainly due to the impact of non-recurring events such as the scrapping loss on disposal of fixed assets during the year.

Income tax increased by 255.57%, mainly due to the decrease in income tax expense resulting from the recognition of deferred tax assets from deductible temporary differences in the last year.

The decrease in operating profit, total profit, net profit, and net profit attributable to owners of the parent company were mainly due to the steel prices dropping more than the raw material prices during the year, the increase in gross loss of steel as well as the disposal of scrapped fixed assets at the end of the year and other profit-reducing events.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

There is no significant change in the business type, profit composition or profit source of the Company in the current period.

2. Analysis of Revenue and Cost of Sales

During the Reporting Period, the Group's revenue from principal operation was RMB79,365 million, of which the iron & steel revenue was RMB76,853 million, accounting for 97% of the principal operation revenue with no significant change in the proportion.

(1) Analysis of Principal Operation by Industry, Products, Regions and Sales Pattern

Unit: million RMB

Principal operation by industry						
By industry	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Iron and Steel	76,853	77,575	-0.94	-17.93	-15.96	Decreased by 2.36 percentage points

Principal operation by product						
By product	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Steel plates	39,769	39,470	0.75	-16.11	-14.38	Decreased by 2.00 percentage points
Long products	30,694	32,152	-4.75	-20.68	-18.31	Decreased by 3.04 percentage points
Wheel and axles	2,825	2,349	16.85	-13.66	-16.44	Increased by 2.77 percentage points

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Principal operation by region						
By region	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Eastern China	55,597	56,530	-1.68	-31.63	-29.70	Decreased by 2.80 percentage points
Other regions in China	20,688	21,128	-2.13	51.97	63.43	Decreased by 7.16 percentage points
Hong Kong and overseas	5,532	4,934	10.81	38.23	24.22	Increased by 10.07 percentage points

Principal operation by sales pattern						
By sales pattern	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Direct marketing	36,119	35,932	0.52	-41.11	-39.10	Decreased by 3.28 percentage points
Distributors	37,169	38,039	-2.34	31.79	29.83	Increased by 1.55 percentage points

Section III Directors' Report (Management Discussion and Analysis) (Continued)

(2) Analysis of Production and Sales Volumes

Key products	Unit	Production volume	Sales volume	Inventory volume	Year-on-year increase/ (decrease) of production volume (%)	Year-on-year increase/ (decrease) of sales volume (%)	Year-on-year increase/ (decrease) of inventory volume (%)
Long products	ten thousand tonnes	824.2	823.8	9.3	-19.95	-19.89	1.09
Steel plates	ten thousand tonnes	986.3	981.2	10.4	-1.75	-2.19	96.23
Wheel and axles	ten thousand tonnes	25.8	25.0	1.5	-7.71	-10.79	127.97

Description of production and sales volume

During the Reporting Period, the Company continued to maintain a balance between production and sales, and the sales output ratio of steel products was 99.65%.

(3) Analysis of Costs

Unit: million RMB

Cost components	Amount in 2024	Percentage of total costs in 2024 (%)	Amount in 2023	Percentage of total costs in 2023 (%)	Change in amount in 2024 against amount in 2023 (%)
Raw materials and fuels	66,644	80.69	79,238	81.43	-15.89
Salary	2,762	3.34	3,286	3.38	-15.95
Depreciation and amortization	4,022	4.87	4,207	4.32	-4.40
Fuels and power	5,567	6.74	7,147	7.34	-22.11
Others	3,597	4.36	3,430	3.52	4.87

Section III Directors' Report (Management Discussion and Analysis) (Continued)

- (4) Changes in the Scope of Consolidation Due to Changes in Equity of Major Subsidiaries during the Reporting Period

As approved by the Board, the Company invested RMB1.0 billion to establish a new wholly-owned subsidiary, Maanshan Iron & Steel Limited Company (馬鞍山鋼鐵有限公司), which is principally engaged in the business of iron and steel smelting, steel rolling, processing and sales, etc.; Maanshan Chang Jiang Iron and Steel Trading Co., Ltd., a subsidiary of Changjiang Steel was absorbed by Changjiang Steel, and is no longer included in the scope of the consolidation. Saved as the above, there was no change in the scope of the Company's consolidated financial statement.

- (5) There was no significant change or adjustment in the Company's business, products or services during the Reporting Period.

- (6) Analysis of Major Customers and Major Suppliers

A. Major customers of the Company

During the Reporting Period, the largest customer was Shanghai Changjing Industrial Co., Ltd., with sales of RMB2,188 million, accounting for 2.7% of total annual sales. Sales to the top five customers amounted to RMB9,069 million, accounting for 11% of total annual sales; among the sales of the top five customers, sales to related parties amounted to RMB0, representing 0% of the total annual sales.

During the Reporting Period, the Company did not record sales to any single customer that exceeded 50% of the total sales, nor did it experience any significant reliance on a few major customers. The top five new customers were as follows:

Unit: 100 million RMB

No.	Name of customer	Sales	Percentage in total sales for the year (%)
1	Customer I	20.04	2.5
2	Customer II	17.80	2.2
3	Customer III	16.66	2.0
4	Customer IV	14.32	1.8

Section III Directors' Report (Management Discussion and Analysis) (Continued)

B. Major suppliers of the Company

During the Reporting Period, the largest supplier was Shanxi Coking Coal Group Co., Ltd., with purchases of RMB4,571 million, accounting for 6.2% of the total annual purchases. The purchases by the top five suppliers amounted to RMB14.852 billion, accounting for 20% of the total annual purchases; among the purchases by the top five suppliers, purchases by related party, the Holding, amounted to RMB2,142 million, accounting for 2.9% of the total annual purchases.

During the Reporting Period, the Company did not record purchases from any single supplier that exceeded 50% of the total purchases, nor did it experience any significant reliance on a few major suppliers. The top five new suppliers were as follows:

Unit: 100 million RMB

No.	Name of supplier	Purchases	Percentage in total purchases for the year (%)
1	Supplier I	45.71	6.2
2	Supplier II	19.53	2.7

Apart from the Holding, there were no directors or supervisors or their connected persons or any shareholders (to the best knowledge of the Board, holding 5% or above of the shares in the Company) having any beneficial interests in the top five suppliers or customers of the Group in 2024.

3. Expenses

During the Reporting Period, financial expenses increased by 18.19% as compared to the previous year, which was mainly due to the year-on-year increase in interest expenses as a result of the increase in the discounting of bills in order to safeguard the stability of cash flow for production and operation. There were no significant changes in selling expenses, general and administrative expenses and R&D expenses.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

4. Research and Development (R&D) Expenses

(1) R&D expenses details

Unit: 100 million RMB

Spent R&D expenses in 2024	36.46
Capitalized R&D expenses in 2024	0
Total R&D expenses	36.46
Total R&D expenses as a portion of revenue (%)	4.46
Percentage of capitalized R&D expenses (%)	0

(2) R&D personnel details

Number of R&D personnel of the Company	2,408
Proportion of R&D personnel in the total number of the Company (%)	14.5

Education structure of R&D personnel

Category	Number
Doctor	30
Master	506
Undergraduate	1,216
College	432
High school and below	224

Age structure of R&D personnel

Category	Number
Below 30 (exclusive) years old	201
30 (inclusive) to 40 (exclusive)	845
40 (inclusive) to 50 (exclusive)	672
50 (inclusive) to 60 (exclusive)	690

(3) Explanation

In 2024, the Company implemented a total of 487 research and development projects, including 108 new product development projects; broke through key technologies such as pipe-type design and dimensional control, and developed FH36 L200x90 and L250x90 series of high-strength and low-temperature resistant hot rolled L-type steels for ships, which are mainly used in the construction of super-large liquefied natural gas carriers, breaking the monopoly of foreign hot rolled products, realizing import substitution, and strongly supporting the construction of high-end ships in China. We have made breakthroughs in key

Section III Directors' Report (Management Discussion and Analysis) (Continued)

core technologies such as ultra-high cleanliness control, establishing a whole process of manufacturing technology for high-speed wheels with a speed of 400 kilometers per hour. The trial-produced high-speed wheels with a speed of 400 kilometers per hour have been installed on the vehicles of the CR450 scientific and technological innovation project, filling a gap both domestically and internationally. Meanwhile, in order to solve the problems of high performance, high homogeneity and high purity of materials used in the key parts of underwater oil extraction trees, we have carried out research on optimization of product composition, control of high purity smelting process, and optimization of key process matching of large diameter continuous casting billet, so that the product performance meets the requirements of underwater oil extraction trees and breaks the situation of serious dependence on imports of underwater oil extraction trees in China.

(4) There were no major changes in the composition of R&D personnel.

5. *Cash flow*

Net cash inflow from operating activities decreased by RMB1,031 million year on year, mainly due to the fact that the statements of Masteel Finance were no longer be consolidated in the year, and cash inflows from non iron & steel business decreased as compared with the previous year. Net cash outflow from investment activities increased by RMB2,232 million as compared with the same period last year, mainly due to the fact that the statements of Masteel Finance were no longer be consolidated in the year, and the cash received from the recovery of investments decreased as compared with the previous year. Net cash inflow from financing activities amounted to RMB1,088 million, while the net outflow for the same period last year amounted to RMB1,361 million, representing an increase of RMB2,449 million as compared with the same period last year, mainly due to the fact that the Company's adjustment of the size of interest-bearing liabilities during the year, and the increase of loan amount while ensuring the demand for production and operation funds.

6. *Financial position and exchange risk*

As of 31 December 2024, the total loans of the Group were denominated in RMB with an aggregate amount of RMB21.252 billion, including short-term loans of RMB11.344 billion, long-term loans of RMB5.483 billion and long-term loans due within one year of RMB4.425 billion; RMB16.481 billion carried fixed interest rates and RMB4.771 billion carried floating interest rates. At the end of the Reporting Period, the asset liability ratio of the Group was 65.40%, representing an increase of 3.59 percentage points as compared with the end of 2023, mainly due to the loss of the Company during the year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

The amount of all loans of the Group changed with the scale of production and construction. At present, the Company finances its construction projects mainly with its own funds. There was no overdue loan during the Reporting Period. At the end of the Reporting Period, major banking facilities available to the Company amounted to approximately RMB75.746 billion, of which the unused banking facilities amounted to approximately RMB46.533 billion.

The Group's imported raw materials and export products are mainly settled in US dollars, imported equipment and spare parts are mainly settled in Euro or Japanese Yen. During the Reporting Period, there was an increase in export settlement, and payments for imported raw materials were made in US dollars received from exports to avoid the impact of fluctuations in exchange rates of US dollars; the difference were settled by handling forward foreign exchange as immediate need while locking the purchase exchange rate of U. S. The amount of equipment purchased from Europe and Japan is small, and the purchase payment is relatively insignificant as affected by exchange rate fluctuation.

7. *Internal control and risk management*

The Company has an internal auditing system. Our auditing inspection department audits and supervises the financial revenue, expenditure and every economic activity of the Company. The Company has established an internal control system for the entire process of production, operation and management, including internal environment, risk assessment, social responsibilities, information and communication, internal supervision, human resources, funds management, procurement, asset management, sales business, research and development, projects, guarantees, business outsourcing, financial reports, comprehensive budget, contract management and information systems. We have paid extra attention to high-risk areas, e.g. procurement risks, operational risks and financial risks, risks related to the control over subsidiaries. The system acts as a guideline for the Company's operation, helping the Company recognize and control its major risks.

The Audit Committee reviewed the 2023 internal audit work report of the Company on 23 January 2024, agreeing to the internal audit work arrangements for 2024 and submitted it to the Board for consideration. The Audit Committee heard the 2023 anti-fraud work report on 28 February 2024.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

The Board reviewed and approved the 2023 Comprehensive Risk Management and Internal Control Work Report on 28 March 2024. The report confirms that the Company implemented an effective internal control over all important aspects in 2023 pursuant to the Basic Internal Control Norms for Enterprises and other relevant requirements. The Company appointed KPMG Huazhen LLP ("KPMG Huazhen") as our auditor to audit the effectiveness of our internal control related to financial report as at 31 December 2023 and issued a standard unqualified internal control audit report. During the Reporting Period, the Company enhanced control measures to improve the internal control policy and continued to improve the internal control system to ensure that its internal control always remains effective.

The hearing of "2023 Risk Supervision and Evaluation Report" by the Board was made on 28 February 2024, confirming that the Company had varying degrees of alerts for safety risks, sustained loss risks of subsidiaries, risk of control of the "receivable and inventory", environmental risks, risks of filling in the new production lines and product innovation and risks of service enhancement, and would take appropriate control measures for strategic risks, financial risks and market risks, etc. in 2023 and the risks were under control. During the Reporting Period, the Company evaluated the risks, formulated measures for identified risks, and carried out key prevention and control to ensure that the risks were under control.

The Board heard the comprehensive risk management and internal control work report for the first quarter, the first half and the third quarter of 2024 on 29 April, 29 August and 30 October 2024, respectively.

(2) The Company had no material change in profit due to non-principal business.

(3) Analysis of assets and liabilities

1. Assets and Liabilities

Unit: RMB

Project Name	Closing balance of 2024	Percentage of closing balance of 2024 in total assets (%)	Closing balance of 2023	Percentage of closing balance of 2023 in total assets (%)	Year-on-year change (%)
Notes receivable	822,780,872	1.04	1,708,216,158	2.02	-51.83
Prepayments	381,238,574	0.48	645,423,430	0.76	-40.93
Other receivables	544,731,735	0.69	315,637,040	0.37	72.58
Other current assets	243,920,053	0.31	682,306,261	0.81	-64.25

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Project Name	Closing balance of 2024	Percentage of closing balance of 2024 in total assets (%)	Closing balance of 2023	Percentage of closing balance of 2023 in total assets (%)	Year-on-year change (%)
Construction in progress	795,364,312	1.01	4,013,854,765	4.75	-80.18
Taxes payable	230,640,142	0.29	372,393,489	0.44	-38.07
Other current liabilities	515,225,262	0.65	1,028,203,765	1.22	-49.89
Long-term payables	-	0.00	52,964,036	0.06	-100.00
Long-term employee benefits payable	589,501	0.00	1,554,186	0.00	-62.07
Other comprehensive income	-2,023,545	0.00	-12,900,327	-0.02	-84.31
Undistributed earnings	2,224,325,312	2.82	6,883,481,566	8.14	-67.69

In the balance sheet, compared to the previous year, materially changed items from the end of the previous year and reasons for the changes are as follows:

Notes receivable decreased by 51.83%, mainly due to the increase in discounting of bills in order to improve the liquidity of note as an asset and optimize comprehensive capital cost.

Prepayments decreased by 40.93%, mainly due to the fact that the Company continued to operate through a full-process accounting basis, which resulted in the amount of prepayments of raw materials at the end of this year being less than the end of previous year.

Other receivables increased by 72.58%, mainly due to the increase in land reserve receivables from the Company as compared to the beginning of the year.

Other current assets decreased by 64.25%, mainly due to the decrease of imputed value-added tax.

Construction in progress decreased by 80.18%, mainly due to the completion of the new special steel continuous casting project and steel rolling project, etc., which were transferred to fixed assets during the year.

Short-term loans increased by 20.33%, mainly due to the fact that the Company's adjustment of the structure of interest-bearing liabilities during the year, and the increase of short-term loans while ensuring the demand for production and operation funds.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Taxes payable decreased by 38.07%, mainly due to the payment of taxes payable at the end of last year.

Other current liabilities decreased by 49.89%, mainly due to the repayment of short-term financial debentures during the year.

Long-term payables were nil as compared with that of RMB53 million at the end of the previous year, mainly due to the transfer of such long-term payable to non-current liabilities due within one year as a result that the remaining restricted shares are expected to be repurchased within one year in accordance with the Company's 2021 Equity Incentive Plan in conjunction with the Company's actual practice.

Long-term employee benefits payable decreased by 62.07%, mainly due to the corresponding amount of benefits was transferred to employee benefits payable due within one year upon calculation as a result that certain employees were about to retire in the current year.

Other comprehensive income was RMB-2 million, representing an increase of RMB11 million compared with the end of last year, mainly due to the increase in other comprehensive income recognized by associates and joint ventures during the year.

Undistributed earnings decreased by 67.69%, mainly due to the operating loss of the Company during the year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

2. Overseas assets

(1) Size of assets

The Company's overseas assets amounted to approximately RMB1.2 billion, accounting for 1.53% of the total assets.

3. Major restricted assets as of the end of the Reporting Period

At the end of the Reporting Period, the restricted assets of the Company totaling approximately RMB1,846 million consisted of the security deposit for bank acceptance bills and performance guarantee deposits of RMB1,360 million, the bank acceptance bill of RMB338 million pledged to banks for borrowings and the trade receivables of RMB148 million factored to banks for borrowing.

(4) Operational Information Analysis of the Industry

During the Reporting Period, the production capacity and utilization rates were as follows:

Product type	Production capacity (ten thousand tonnes)	Utilization rate of production capacity (%)
Pig iron	1,775	101.8
Crude steel	2,114	93.8
Steel products	2,110	87.0

Analysis of operational information of the steel industry

1. Manufacturing and Sales of Steel Products Based on Processing Techniques

Unit: million RMB

Types	Production volume (tonnes)		Sales volume (tonnes)		Revenue		Cost of sales		Gross margin(%)	
	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
Cold-rolled steel	5,708,532	5,575,895	5,684,008	5,564,909	24,758	24,881	24,135	24,149	2.52	2.94
Hot-rolled steel	12,397,084	14,758,995	12,366,174	14,750,939	45,705	61,222	47,487	61,309	-3.90	-0.14
Wheel and axles	258,399	280,398	249,788	280,181	2,825	3,272	2,349	2,811	16.85	14.08

Section III Directors' Report (Management Discussion and Analysis) (Continued)

2. Manufacturing and Sales of Steel Products Based on Forms of Finished Goods

Unit: million RMB

Types	Production volume (tonnes)		Sales volume (tonnes)		Revenue		Cost of sales		Gross margin (%)	
	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
Long products	8,242,265	10,296,345	8,237,890	10,283,354	30,694	38,696	32,152	39,357	-4.75	-1.71
Steel plates	9,863,351	10,038,545	9,812,292	10,032,494	39,769	47,407	39,470	46,101	0.75	2.75
Wheel and axles	258,399	280,398	249,788	280,181	2,825	3,272	2,349	2,811	16.85	14.08

3. Sales of Steel Products Based on Sales Channels

Unit: 100 million RMB

Based on sales channels	Revenue		Percentage in total revenue (%)	
	This Year	Last Year	This Year	Last Year
Offline sales	573.5	767.4	86	81.70
Online sales	93.34	127.9	14	13.62

4. Supply of Iron Ore

Unit: 100 million RMB

Supply source of iron ore	Supply volume (tonnes)		Expense amount	
	This Year	Last Year	This Year	Last Year
Domestic source	7,104,740	7,876,770	58.49	72.85
Overseas import	22,235,126	22,447,768	167.60	189.19
Total	29,339,866	30,324,538	226.09	262.04

Section III Directors' Report (Management Discussion and Analysis) (Continued)

5. Supply of Scrap Steel

Unit: 100 million RMB

Supply source of scrap steel	Supply volume (tonnes)		Expense amount	
	This Year	Last Year	This Year	Last Year
Domestic procurement	2,426,082	3,844,022	60.47	103.48

(5) Investment Analysis

General Analysis of External Equity Investments

Unit: million RMB

Investment amount as at the end of the Reporting Period of the Company	13,136
Changes in investment amount	-123
Investment amount as at the end of previous year of the Company	13,259
Increase or decrease in investment amount as compared with previous year (%)	-0.93

Upon the approval of the Board, the Company invested RMB1.0 billion to establish a new wholly-owned subsidiary, Maanshan Iron & Steel Limited Company (馬鞍山鋼鐵有限公司), which is principally engaged in the business of iron and steel smelting, steel rolling, processing and sales, etc. This matter was disclosed on 21 December 2024, and can be viewed in detail at https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-12-21/600808_20241221_WMMH.pdf.

- During the Reporting Period, the Company had not carried out any significant equity investments.*

Section III Directors' Report (Management Discussion and Analysis) (Continued)

2. Significant non-equity investment

Unit: million RMB

Project name	Total budgeted investment	New investment during the Reporting Period	Project progress
Product quality projects	3,069	144	5%
Energy-saving and environment protection projects	1,057	143	48%
Equipment advancement and other modification projects	1,174	217	32%
Other projects	N/A	104	N/A
Total	N/A	608	N/A

By the end of the Reporting Period, progresses of the major projects under construction were as follows:

Unit: million RMB

Project name of Magang Stock	Budget of total investment	Project progress
New special steel project	8,457	Phase I completed, Phase II suspended
Project of structural adjustment of cold-rolled products – 6# galvanization line	895	Construction of civil and steel structures
Section steel upgrading project in the southern area – 3# continuous casting machine	534	Completion of tender procurement and on-site demolition of old buildings and structures
Phase III gas power generation project in the northern area	370	Completion of tender procurement and three supplies and one leveling at the site
Total	10,256	/

Project construction fund of the Group comes from its own fund and bank loans.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

3. Financial assets measured at fair value

See "10. ITEMS MEASURED AT FAIR VALUE" in Section II of this report.

Derivative investment

(1) Derivative investment for the purpose of hedging during the Reporting Period

Unit: RMB10 thousand

Type of derivatives	Initial investment amount	Carrying amount as at the beginning of the period	Gains or losses on fair value change for the period	Total fair value change recorded in equity	Amount of purchase for the Reporting Period	Amount of disposal for the Reporting Period	Carrying amount as at the end of the period	of net assets as at the end of the Reporting Period (%)
Commodity Futures	8,125.5708	0	450.02	450.02	33,196.42	33,144.194	0	0
Total	8,125.5708	0	450.02	450.02	33,196.42	33,144.194	0	0

Description of the accounting policies and specific accounting principles for the hedging business during the Reporting Period, and whether there was a significant change as compared with the previous Reporting Period

Futures transactions of hedging are classified as financial assets held for trading and are subsequently measured at fair value with all changes in fair value recognized in profit or loss for the current period in accordance with the provisions of the Accounting Standards for Business Enterprises. There was no significant change as compared with the previous reporting period.

Description of actual profit or loss for the Reporting Period

The actual profit of the futures account for the year amounted to RMB4.5002 million, the loss of spot amounted to RMB3.3888 million, and the aggregated profit of futures and spot amounted to RMB1.1114 million.

Description of hedging effect

The futures position corresponding to spot business avoiding market price fluctuation risk amounted to RMB3.3888 million, and the aggregated revenue generated from futures and spot amounted to RMB1.1114 million.

Sources of derivative investment funds

Own funds

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Description of risk analysis and control measures for derivative positions during the Reporting Period (including but not limited to market, liquidity, credit, operational and legal risks)

Futures business:

1. Risk analysis. (1) Market basis risk. When the volatility of futures price is higher than the spot price, there will be a deviation of futures price from spot price in the market, making it difficult to achieve the hedging goal or even worse, causing losses on both futures and spot at the same time when there are adverse changes of hedging position in basis. (2) Liquidity risk. The limited trading volume of part of the hedged species, particularly as liquidity drops significantly before the delivery month, exposes the Company to the risk of failure to settle transactions or the volume not meeting the requirements of the hedging programme if the Company needs to hedge its recent steel inventories or procurement needs. (3) Credit risk and legal risk. In the event of default in physical delivery, the Company may be subject to the risk of legal proceedings for credit default if it fails to prepare the corresponding goods for warehouse receipts according to the delivery time and quality requirements when selling steel for delivery, or fails to prepare the corresponding payment for delivery in time during the delivery of purchased raw materials and fuels. (4) Internal control and operation risk. Due to the rapid and fast volatility of complicated futures prices, there is a risk that futures operations may not be opened and closed in a timely manner as required by the programme or instructions, and that there may be deficiencies in internal controls which may result in losses from futures hedging.
2. Risk control measures. The Company carries out the futures business without speculative purposes and strictly adheres to the hedging principle, and effectively prevents, detects and resolves risks in terms of organization, systems and processes and risk control measures. Firstly, the Company has formulated and further improved its Administrative Measures for Futures Hedging Business, established a comprehensive organizational structure for hedging, with a clear division of function among the hedging leadership group, the hedging working group and the hedging risk control group, to ensure that the futures business is carried out in an orderly manner under the management and supervision of the Company. Secondly, the Company has established an efficient hedging operation system, which, by keeping track of and forecasting the market, enables the Company to coordinate the needs of its procurement and sales operations and inventory targets, and make use of physical delivery or liquidation means to minimize the basis risk exposed in the hedging process. Thirdly, the Company has built a strict trading management system whereby the total opening amount of trading shall not exceed the limit set in the hedging programme, the total amount of margin used for trading shall not exceed two-thirds of the trading account equity and the annual stop-loss limit shall be set for hedging operations. Fourthly, the Company has established a hedging evaluation system, whereby the audit and finance departments shall evaluate the process and results of hedging work respectively and report to the Board on a half-yearly basis. The audit and evaluation system plays an important role in process control and operational regulation.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Description of the change in market price or fair value of the derivatives invested during the Reporting Period, and disclosure of the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives	In 2024, the price of steel and raw materials and fuels market showed a volatile downward, with coking coal and coke falling more sharply in the second half of the year, further lowering steel prices to their lowest levels in nearly four years. The Company prices its spot purchases and sales based on market principles. Assuming a constant basis, the futures position and spot business serve as a risk hedge against market price fluctuations. However, in the actual market fluctuations, the impact of basis changes resulted in a contribution of approximately RMB1.1114 million from the futures and spot to the Company's operation.
--	---

Litigation involved (if applicable)	None
-------------------------------------	------

Date of disclosure of Board announcement on derivative investment approval (if any)	Futures hedging: 29 March 2024
---	--------------------------------

Date of disclosure of announcement of the general meeting on derivative investment approval (if any)	None
--	------

- (2) The Company did not invest in derivatives for speculation purposes during the Reporting Period.

4. *During the Reporting Period, the Company did not carry out any major asset restructuring.*

- (6) **During the Reporting Period, there was no significant disposal of the Company's assets or equity.**

(7) **Analysis of the Group's Major Subsidiaries and Investees**

1. *Controlling subsidiary*

- (1) Anhui Changjiang Steel Co., Ltd. has a registered capital of RMB1,200 million, in which the Company holds a direct stake of 55%. It is mainly engaged in the production and distribution of ferrous metallurgy, screw threaded steel, round steel, section steel, angle steel, deformed steel, wire and rod; as well as the sales, import and export of iron ore, iron ore fines and scrap steel. Net loss for the Reporting Period amounted to RMB987 million. At the end of the Reporting Period, the total assets amounted to RMB9,164 million, and net assets amounted to RMB3,789 million. During the Reporting Period, its revenue from principal operation was RMB11,349 million, and loss from principal operation was RMB593 million, mainly attributable to the imbalance between supply and demand in the construction steel market, the low steel price, the high cost of raw materials and fuels and the substantial increase in depreciation expenses as a result of the overhaul of the two blast furnaces during the Reporting Period.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

- (2) Ma Steel (Hefei) Iron & Steel Co., Ltd. has a registered capital of RMB2,500 million, in which the Company holds a direct stake of 71%. It is mainly engaged in extended processing of iron and steel products, production and distribution of metallic products; agency sales of iron and steel products; technical services of iron and steel products and iron and steel industry related business. The net profit for the Reporting Period amounted to RMB44 million. At the end of the Reporting Period, the total assets and net assets amounted to RMB3,900 million and RMB3,471 million, respectively.
- (3) Baowu Group Masteel Rail Transit Materials Technology Co., Ltd. has a registered capital of RMB600 million and is directly held as to 70.19% by the Company. It is principally engaged in the design, research and development, manufacturing, maintenance and sales of rail wheels, axles, wheel sets, bogies and other rail equipment. The net profit for the Reporting Period amounted to RMB343 million. At the end of the Reporting Period, the total assets amounted to RMB4,367 million, and net assets amounted to RMB3,091 million.
- (4) The Company's wholly-owned subsidiary Maanshan Iron & Steel (Australia) Proprietary Limited has a registered capital of AUD21.7379 million and is mainly engaged in investment and trading. The net profit for the Reporting Period amounted to RMB61 million. At the end of the Reporting Period, it had total assets amounting to RMB164 million and net assets of RMB159 million.
- (5) The Company's wholly-owned subsidiary Ma Steel (Hong Kong) Co., Ltd. has a registered capital of HKD350 million, and is mainly engaged in trading of steel products and pig iron. The net profit for the Reporting Period amounted to RMB30 million. At the end of the Reporting Period, it had total assets amounting to RMB1,086 million and net assets of RMB543 million.

2. Major investees

- (1) Baowu Group Finance Co., Ltd. has a registered capital of RMB4,840 million and the Company directly holds 22.36% of its equity. It's mainly engaged in corporate group finance company services. During the Reporting Period, the net profit amounted to RMB163 million. At the end of the Reporting Period, the total assets and net assets were RMB83,966 million and RMB10,019 million, respectively.
- (2) Henan Jinma Energy Co., Ltd. has a registered capital of RMB535.421 million and the Company directly holds 26.89% of its equity. It's mainly engaged in coke, coal tar, crude benzene, ammonium sulfate, coke oven gas production and sales; coke oven gas power generation, heat production. The net loss for the Reporting Period was approximately RMB491 million. At the end of the Reporting Period, its total assets and net assets were RMB11,259 million and RMB4,316 million, respectively.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

- (3) Anhui Magang Chemicals & Energy Technology Co., Ltd. has a registered capital of RMB696.65 million and the Company directly holds 32% of its equity. It's mainly engaged in the research & development, production and sale of chemical products (excluding hazardous chemicals and precursor chemicals). The net loss for the Reporting Period was approximately RMB4.5 million. At the end of the Reporting Period, its total assets and net assets were RMB1,550 million and RMB1,016 million, respectively.
- (4) Shenglong Chemical Co., Ltd. has a registered capital of RMB568.8 million and the Company directly holds 31.99% of its equity. It's mainly engaged in the production and sales of coke, ammonium sulfate, and coal coke chemical products (excluding other dangerous chemicals); maintenance and processing of mechanical equipment (excluding special equipment). The net loss for the Reporting Period was RMB83 million. At the end of the Reporting Period, the total assets and net assets were RMB8,214 million and RMB4,226 million, respectively.
- (5) Maanshan Ma Steel Linde Gases Company Limited has a registered capital of RMB468 million and the Company directly holds 50% of its equity. It's mainly engaged in the production and distribution of air or liquid form of air products as well as the preparation for other industrial gas products. During the Reporting Period, the net profit amounted to RMB124 million. At the end of the Reporting Period, the total assets and net assets were RMB711 million and RMB623 million, respectively.

(8) No structured entity controlled by the Company during the Reporting Period

6. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(1) Industry Landscape and Trend

In 2025, the once-in-a-century global transformation is accelerating, with the complexity, severity, and uncertainty of the external environment increasing. China's development has entered a period where strategic opportunities coexist with risks and challenges, although the supporting conditions and fundamental trends for long-term economic growth remain unchanged. China will adhere to the general principle of seeking progress while maintaining stability, fully, accurately, and comprehensively implement the new development philosophy, accelerate the construction of a new development pattern, and solidly promote high-quality development. It will further deepen reform and opening-up, implement more proactive macroeconomic policies, expand domestic demand, promote the integrated development of technological innovation and industrial innovation, stabilize expectations, and stimulate vitality to drive a sustained economic recovery. The steel industry has entered a downturn cycle characterized by volume reduction and structural adjustment, facing multiple challenges such as transformation and upgrading, market competition, environmental pressures, and supply chain security. The supply-over-demand scenario in the iron and steel market has not radically improved, and the industry environment remains critical.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

(2) Corporate Development Strategy

Based on Ma Steel's reality and aligned with Baowu's strategy, the Company has further clarified its new "2+2" strategic positioning: to become the core force for special and long products and a key force for flat products within China Baowu, while strengthening and optimizing its unique products—wheels and H shaped steels. The Company has also formulated the Ma Steel New Development Plan (2025–2030). Under the framework of strengthening the base, collaborating with the sides, and serving the market, the Company has developed a product and production line optimization and upgrade plan, placing base strengthening at the forefront. It plans for the collaborative construction of the Phase II of the New Special Steel Project to enhance quality and expand volume, while relocating the Large Beam Blank Project in the Southern Long Products Area and phasing out the smelting section of Area 1 in the Long Product-making Southern Area to reduce capacity. Through this "one increase, one decrease" approach, the Company aims to achieve high-end product transformation and efficient production line development.

In 2025, the Company will generally adhere to the general principle of seeking progress while maintaining stability, reinforcing stability with progress and establishing the new before abolishing the old, fully, accurately and comprehensively implement the new development philosophy, and cultivate strengths and superiorities to build a new Masteel with high potential. It will, centering on "structure, cost, efficiency, mechanism and vitality", thoroughly practice "high-end orientation, intelligentization, greenization and high efficiency" and "4-with", continuously enhance core functions and improve core competitiveness, accelerate science-based self-reliance, promote industrial layout optimization and adjustment, continue to deepen reform and stimulate vitality and motivation, give full play to the supporting role of technological innovation, and advance high-quality development of the Company. Strategic tasks are as follows:

1. Ramp up the support for technological innovation. The Company will take technological innovation as the core driving force to build an original technology source, improve core competitiveness and enhance core functions. It will keep up with the national strategic orientations and market demands, organize research of key and core technologies for transportation, offshore and energy industries, further develop new products and high-end products, study new products such as profiled steel for rail transit, near-final section steel for ships, special steel for wind power generators and high-end cold-rolled coated steel plates, in order to boost high-end upgrading of products.
2. Increase the proportion of exported products. The Company will take the initiative to expand overseas markets and deepen international operation to explore new areas for profit growth.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

3. Form differentiated competitive edges. Following the guideline of “making special high-quality section steel, plate strips, structural steel and axles”, the Company will optimize product structure to support differentiated competition.
4. Accelerate subsidiaries' reform. Centering on “optimizing governance, increasing incentives, highlighting main business and improving efficiency”, the Company will steadily promote the reform in key subsidiaries.

(3) Business Plan

In 2025, the Company plans to produce 18.72 million tonnes of pig iron, 20.97 million tonnes of crude steel and 20.10 million tonnes of steel. The Company will focus on the following five key areas of work:

First, the Company will focus on value creation by advancing cost efficiency across all operational processes, enhancing molten iron competitiveness through optimized procurement strategies centered on “low-cost, high-output” principles. This includes refining integrated coal-ore blending systems and ironmaking-coking-sintering operational mechanisms, while establishing a blast furnace-centered production responsibility framework. In steel rolling processes, the Group will prioritize “high-quality, high-efficiency, low-consumption” objectives, driving cost reductions through indicator optimization and leveraging the CE+ system to achieve annual cost savings. Operational efficiency will be accelerated by improving capacity utilization of retained production lines under volume reduction and structural adjustment initiatives, measured by marginal contribution. By improving the efficiency of funds, the Company will stringently strengthen “inventories and receivables (兩金)” management and control, while optimizing frontline workforce structures by improving personnel efficiency, to achieve the annual target of 1,110 tonnes of steel output per capita.

Second, the Company will intensify product operations to enhance market share in targeted segments, accelerating product portfolio optimization. This includes consolidating key product sales with an annual target of 5.23 million tonnes for strategic varieties, while improving regional sales proximity and direct supply ratios by leveraging geographical and logistical advantages to capture adjacent markets and increase end-user sales. Overseas market expansion will be prioritized through the implementation of international development strategies, supported by technological innovation initiatives that strengthen applied research and breakthrough technologies to elevate the proportion of strategic emerging products. The Company will focus on new application scenarios and emerging demand areas for steel products, driving new product sales ratios, while actively contributing to national strategic projects. Customer satisfaction will be enhanced through a market-oriented, user-centric operational mechanism, implementing a comprehensive feedback system across five dimensions of QCDVS, namely Quality, Cost, Delivery, Value, Service and maximizing EVI functions to build a user satisfaction feedback system.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Third, the Company will focus on institutional breakthroughs to deepen reform initiatives and drive transformative growth. Internal reforms will be advanced through optimized operational mechanisms and streamlined processes, establishing a rapid, market-responsive framework. The internal performance evaluation system will be enhanced to improve scientific rigor and objectivity, while refining the “excess value” sharing incentive mechanism to sustain employee motivation and innovation. Synergistic value creation will be strengthened by maximizing coordination between steel operations and Baowu Steel production bases, alongside fostering market-driven collaboration between core steel businesses and diversified subsidiaries. Subsidiary reforms will be deepened through differentiated management approaches for Changjiang Steel, supporting Masteel Transit Materials' transformation into a first-tier enterprise, and optimizing the operational mechanisms of marketing center subsidiaries. Collaborative management transformation will be prioritized by building a robust coordination system that ensures standardized, efficient, synergistic, and controlled business operations across the Group.

Fourth, the Company will strengthen risk prevention and control to ensure stable operations, prioritizing safety risk management through strict implementation of the accountability system for production safety for all employees. The three-year foundational safety improvement initiative will be advanced, complemented by targeted “small-scale intervention” safety campaigns and specialized rectifications in key areas, with enhanced enforcement of safety violations. Standards for identifying major accident risks will be refined, while collaborative safety management will be strengthened through rigorous qualification controls for contracted personnel. Environmental risk management will be intensified by improving the energy and environmental protection system, implementing annual energy conservation and environmental protection targets through layered responsibility mechanisms. Special pollution control measures will be enforced during critical periods and heavy pollution days to maintain overall environmental risk control. Financial risk management will focus on optimizing cash flow and debt structures, enhancing coordination with financial institutions, suppliers, and customers to improve fund circulation. Strict controls will be applied to “inventories and receivables”, particularly long-aged stock, to minimize unnecessary inventory accumulation. Investments will be rigorously managed under a balanced budgeting framework, with new investments limited to strategic projects, energy conservation, environmental protection, and safety initiatives. The investment management system will be further refined to strengthen mid-and post-investment oversight, while low-efficiency and idle assets will be revitalized to maximize disposal returns.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Fifth, the Company will focus on green and intelligent transformation to enhance digital and sustainable development capabilities. Data application will be strengthened through increased integration of digital and physical systems, establishing comprehensive data models across all elements and processes to streamline decision-making. Leveraging the “One Plant, One Control Center” remote intelligent control system, the Group will promote cross-platform interoperability and human-machine interface integration. The production-sales integrated system will be optimized to enable end-to-end product lifecycle management. Carbon management initiatives will be advanced through carbon management system certification, enhanced carbon performance tracking, and optimized carbon quota allocation to reduce compliance costs. Low-carbon process technology R&D will be prioritized, alongside expanding product EPD certifications. Energy efficiency will be maximized by targeting key process improvements, refining energy-saving pathways, and further reducing energy consumption. The proportion of green energy generation will be increased through optimized power consumption structures, while ensuring efficient and stable operation of power generation units to boost self-generation ratios.

(4) Capital Plan for 2025

Target for 2025: maintain a reasonable and healthy debt structure, while ensuring financial security, control the scale of interest-bearing liabilities not exceeding the level at the end of 2024, and control the asset liability ratio within 63.55%; strengthen the monthly capital budget control, adhere to a balanced income and expenditure approach, ensure stable operation of production and operating funds, and control the Company's investment capital expenditure within the planned quota of RMB4,972 million; continuously promote the control of “inventories and receivables”, the growth level of “inventories and receivables” is not higher than the growth level of sales revenue in the same period, and accelerate the turnover efficiency of the “inventories and receivables” by more than 10% compared to 2024; the ratio of operating cash flow to due cash flow shall not be less than 100%.

In 2025, the Company's fixed asset investment plan will have new projects amounting to RMB7,327 million, of which RMB5,804 million for strategic and planning, RMB631 million for safety, RMB353 million for energy conservation and carbon reduction, RMB32 million for environmental protection, RMB238 million for cost reduction and efficiency enhancement, RMB148 million for other technological reform category, and RMB121 million for capitalization of scientific research and development and zero-fixed projects; the total expenditure of the annual investment plan is RMB2,629 million (including renewals and final payment projects).

The Company intends to protect the stable operation of its capital through measures such as reducing the occupation of “inventories and receivables” and internal financing.

Section III Directors' Report

(Management Discussion and Analysis) (Continued)

(5) Potential Risks

Based on the domestic and international political and economic situation, the main risks that the Company may face include safety risks (production, cyber etc.), environmental protection risks, the risk of fluctuations in the prices of bulk raw Materials, the risk of control of the “inventories and receivables” as well as the risks of exchange rate and interest rate fluctuations. In addition to the “Business Plan” described above, the Company’s measures to address risks include:

Risks	Response measures
Safety (production, network, etc.) risks	Strictly standardize operations and strengthen the cultivation of safe behaviors among employees. Focus on specialized rectifications in key areas such as gas drainage apparatus and electric cables. Continuously improve the standards for identifying major accident hazards at posts to enhance the ability and participation of frontline employees in detecting major accident hazards. Strengthen the risk management and control of collaborative safety, enhance the admission management of employees in collaborative units, and effectively manage and control the scope of operations of collaborative employees. Strictly enforce the accountability of regional managers for major accident hazards, major safety risks or management violations caused by failure to fulfill their duties in safety production in accordance with the regulations. Deeply promote the autonomous and controllable application to continuously enhance network and data security protection capabilities.
Environmental protection risk	Continuously strengthen the construction of the energy and environmental protection system through layered responsibility mechanisms. Improve the environmental protection management system, establish a sustainable cleaner production audit mechanism, and raise the standard of cleaner production. Enforce special pollution control measures during critical periods and heavy pollution days to maintain overall environmental risk control. Constantly promote the “ultralow emission of waste gas, zero emission of waste water, and no shipping out of solid wastes”, accelerate the progress of the second phase of ultra-low emission, complete the ultra-low emission retrofitting and monitoring evaluation of existing production lines, and achieve an A rating in all processes and procedures. Vigorously promote the construction of “zero waste group”, increase the utilization of solid waste returned to production, and realize “no delivery of solid waste”.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Risks	Response measures
Fluctuation risk in prices of bulk raw material	Strengthen market analysis and judgment, dynamically optimize procurement strategies, actively expand resource channels to drive procurement costs outperforming the market. Maintain low inventory operation, intensify the rapid coordination between procurement and coal and ore blending system, and improve the ability to formulate procurement plans. Optimize the proportion of imported ore, domestic ore, and self-produced ore procurement, coordinate the proportion of long-term agreement coal and market coal, and actively explore new coal and coke resources to reduce the procurement cost of bulk raw materials.
Inventories and receivables control and credit risks	formulate control goals and action plans for “inventories and receivables”, and ensure that the growth rate of the total amount of “inventories and receivables” is not higher than the growth level of revenue or the decline rate is not higher than the decline level of revenue, with a 10% acceleration in the turnover rate of “inventories and receivables”; improve the refined management level of inventory and insist on low inventory of imported mines; and further improve the credit management system. Strictly control the scale of external credit, strictly review the creditworthiness of customers and business partners, and improve the overdue risk assessment mechanism.
Risks of fluctuations in exchange rates	Adhere to a neutral strategy towards exchange rate risk, utilizing financial derivative instruments to guard against the risks of significant fluctuations in exchange rates. Financial derivatives transactions of forward exchange locks shall adhere to the hedging principle and leave no risk exposure. Accelerate the promotion of cross-border RMB settlement, strictly prohibit one-sided speculative behavior, and maintain dynamic hedging of risk exposure through various means such as hedging of receipts and payments, risk transfer and derivatives hedging. Properly allocate assets and liabilities structure denominated in USD to hedge against exchange rate risks.

(6) Others

1. The service contracts and contractual interests of Directors and Supervisors

The Company has signed service contracts with its Directors and Supervisors. No Director or Supervisor of the Company signed any service contract the Company is disallowed to terminate without compensation within one year (excluding statutory compensation).

Section III Directors' Report (Management Discussion and Analysis) (Continued)

During the Reporting Period, no Director or Supervisor of the Company had any material interests, either directly or indirectly, in any contract signed by the Group, Magang Group or any affiliate of Magang Group.

During the Reporting Period and up to the issuing date of this report, no approved indemnity provisions were or are now effective to benefit the Directors (including former Directors) of the Company or any director (including former director) of an associated company thereof.

Subject to relevant laws and regulations, the Company can provide appropriate protection in a proper manner to Directors who are faced with certain legal actions.

2. Details of tax are set out in Note IV "TAX", "16. Deferred tax assets/liabilities", "23. Taxes payable", and "55. Income tax expense" of Note V of the financial statements.
3. Details of land leasing, property, plant and equipment are set out in "15. Intangible assets" and "12. Property, plant and equipment" of Note V of the financial statements.
4. Details of various reserves and their changes are set out in the "Consolidated Statement of Changes in Equity" and "37. Special reserve" in Note V of the financial statements.
5. Public float

Based on publicly available information and to the best knowledge of the Directors, as of the date of this report, the Company has been complying with the prescribed public float requirement under the Listing Rules of the Hong Kong Stock Exchange.

6. Issue of preference shares and pre-emptive rights

During the Reporting Period, the Company did not issue any preference shares. According to the Articles of Association and the laws of the PRC, the Company is not required to offer to its existing shareholders preemptive right to acquire new shares in proportion to their shareholdings.

7. During the Reporting Period, the Group had complied with relevant laws and regulations having significant impact on the Company.
8. To the best knowledge of the Board, as of 31 December 2024, no Director, Supervisor or Senior Management of the Company had any interest in any business that constitutes or may constitute competition against the Company, either directly or indirectly.
9. To the best knowledge of the Board, as of 31 December 2024, no financial, business, family relationship or any other substantive relationship existed among the Directors, Supervisors and Senior Management of the Company other than working relationships.

Section IV Corporate Governance

1. EXPLANATION OF CORPORATE GOVERNANCE

(1) Related Information of Corporate Governance

In accordance with the requirements of relevant laws and regulations, the Company has set up a check-and-balance corporate governance structure, consisting of the shareholders' general meeting, the Board, the Supervisory Committee and the General Manager. The shareholders' general meeting, the Board, the Supervisory Committee and the General Manager perform their respective duties, take their respective responsibilities and coordinate operations with effective check and balance.

The Board is committed to continuously improving the level of corporate governance and of the view that good corporate governance is essential to the Company's operations and sustainable development. During the Reporting Period, the Board further improved the corporate governance system, strengthened the construction of the Board in order to improve the level of corporate governance. Meanwhile, to the best knowledge of the Board, the Company complied with all the requirements of the Code on Corporate Governance (the "Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange in 2024, and where appropriate, endeavored to adopt the recommended best practices contained in the Code.

(2) Directors and the Board

1. *Composition of the Board*

At the end of 2024, the tenth session of the Board of the Company comprised seven Directors, of whom Mr. Jiang Yuxiang, Mr. Mao Zhanhong and Mr. Zhang Wenyang were Executive Directors while Mr. Guan Bingchun, Mr. He Anrui, Mr. Qiu Shengtao and Ms. Zeng Xiangfei were Non-executive Directors. All four Non-executive Directors were Independent Directors, accounting for four-sevenths of the members of the Board. One female Director made up one-sevenths of the Board. Please refer to "4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT" of this section for further details of names and incumbency of Directors (including changes in Directors).

Every director of the Company obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules of the Hong Kong Stock Exchange that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information. During the Reporting Period, the newly appointed Directors, Mr. Jiang Yuxiang on 29 May 2024, Mr. Zhang Wenyang and Ms. Zeng Xiangfei on 25 September 2024, i.e. before their respective appointments became effective, obtained the legal advice referred to in Rule 3.09D of the Listing Rules of the Hong Kong Stock Exchange and confirmed that they understood their responsibilities as directors of the listed issuers.

Section IV Corporate Governance (Continued)

The Board of the Company is committed to diversity, and reviews the composition of the Board from time to time. All of its Executive Directors are veterans in the iron and steel industry. They are experienced in the production, operation and management of iron & steel, and are capable of making rational decisions on the matters to be resolved by the Board. Among the four Independent Directors, Mr. Guan Bingchun has long been engaged in quality management and is experienced in quality system construction in metallurgical industry; Mr. He Anrui has long been engaged in the research of industrial process control and intelligent manufacturing and has made broad achievements; Mr. Qiu Shengtao is an expert enjoying special allowance from the State Council, the deputy director of the National Engineering Research Center for Continuous Casting Technology of Central Iron & Steel Research Institute, and the deputy general manager of Zhongda National Engineering & Research Centre for Continuous Casting Technology Co. Ltd, and has extensive experience in basic theoretical knowledge and craft research and development in the field of steel material technology. Ms. Zeng Xiangfei is a seasoned professional in accounting dedicated to the research of management accounting theory. All Independent Directors of the Company are fully capable of evaluating internal control and reviewing financial reports. The composition of the Board of Directors fully meets the requirements of domestic and foreign laws, regulations and regulatory documents, as well as the demands of the Company's development at the current stage. The Company purchased liability insurance for all Directors.

The names of all Directors are announced in the Company's newsletter and the Independent Directors are specifically noted. The list of Directors and their roles and functions are published on the Company's website.

During the Reporting Period, as far as the Board is aware of, there were no relationships, including relationships with respect to finance, business, family aspects or other relevant relationship, existing among members of the Board (including Chairman and General Manager) that were required to be disclosed.

All of the Directors of the Company confirmed in written form that they had complied with the requirements stipulated by the Model Code for Securities Transactions by Directors of Listed Companies in Appendix C3 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The Company received the independence confirmation letters from all Independent Directors (including newly Independent Director, Ms. Zeng Xiangfei), which were submitted in accordance with Rule 3.13 of Chapter 3 "Authorized Representatives, Directors, Board Committees and Company Secretary" in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Board of the Company was therefore of the opinion that all Independent Directors were independent.

Section IV Corporate Governance (Continued)

2. *Non-Executive Director*

The Non-executive Directors of the tenth session of the Board of Directors of the Company are all Independent Directors, and shall have the same term of office as other Directors of the Company and may be eligible for re-election and re-appointment upon expiry in successive terms, provided that the term of office shall not be longer than six years. Please refer to "4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT" of this section for further details of names and incumbency of Non-executive Directors (including changes of Directors).

In order to protect the legal rights and interests of the minority shareholders and the stakeholders, the Company established and improved from time to time the "Work System of Independent Directors". The system specifies in detail the appointment criteria and nomination procedures of Independent Directors and working conditions that the Company shall provide to Independent Directors. It also stipulates that Independent Directors shall issue independent opinions on matters that may harm the interests of the Company or its minority shareholders.

3. *Chairman and General Manager*

The positions of the Company's Chairman and General Manager are assumed by different individuals. As at the end of 2024, the Chairman of the Company is Mr. Jiang Yuxiang, and the General Manager is Mr. Zhang Wenyang. For details of the changes in the Chairman and General Manager during the Reporting Period, please refer to "4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT" in this section.

The Chairman and General Manager are independent and have a clear division of responsibilities:

The Chairman is responsible for corporate planning and strategic decisions, leading the work of the Board, ensuring that the Board will consider all matters involved in an appropriate manner, facilitating an effective operation of the Board, promoting Directors to make effective contributions to the Board, and maintaining a good and constructive relationship between Directors. The Chairman convenes and presides over the Board meetings, reviews the implementation of resolutions by the Board, and supervises the implementation of board resolutions. Between sessions of the Board meetings, the Chairman shall give guidance to the major business activities of the Company. In the event of force majeure, the Chairman is authorized to adjudicate on and dispose of the affairs of the Company.

The General Manager shall be accountable to the Board. The General Manager leads the Management, is responsible for the usual course of operation in production and management, and organizes the implementation of various resolutions by the Board. The General Manager shall regularly report to the Board or the Supervisory Committee on the signing and execution of the Company's material contracts, as well as the application of funds and profit and loss situation pursuant to the requirements of the Board or the Supervisory Committee.

Section IV Corporate Governance (Continued)

4. *Duties and Authorities of the Board and the Management*

The Board performs the duties and authorities conferred by the laws and regulations as well as the Articles of Association, mainly including: to guide, lead and monitor the Company's affairs to ensure the Company's long-term success; to develop strategic goals and pay due attention to value creation and risk management; to convene the shareholders' general meetings and to execute the resolutions thereof; to decide on the annual operating plans and key investment proposals of the Company; to formulate the financial budget, the profit appropriation plan, the fundamental management system and substantial acquisitions or disposal plans of the Company; to decide on the establishment of specialized committees, and appointment and removal of their persons-in-charge; to appoint or remove the Company's General Manager, and to appoint or dismiss the Company's Senior Management such as Deputy General Managers and Financial Officers-in-charge pursuant to the General Manager's nomination; to appoint or remove the Secretary to the Board; to manage information disclosure matters of the Company, ensuring transparency; wherein Directors are responsible for their actions or omissions and should consider the opinions of shareholders and stakeholders when appropriate in the decision-making process; to ensure that the Company has enough resources, qualifications and experience in accounting, internal auditing, financial reporting and other functions; to propose to the shareholders' general meeting the re-appointment or change of the Company's auditors; to receive the report from the Company's General Manager and to review the work of the General Manager; to approve the Company's external investments, leasing of assets, pledges of assets and other guarantees, entrusted operations and wealth management within the limit as stipulated in the Articles of Association.

There are four committees under the Board, namely the Strategic and Sustainable Development Committee, the Audit and Compliance Committee, the Nomination Committee and the Remuneration Committee. The main responsibilities of these committees are as follows:

- (1) The major duties of the Strategic Development Committee are: to research and make suggestions on long-term development strategy and long- and medium-term planning of the Company; to monitor the implementation of development plan of the Company and report any significant deviation from the development strategy to the Board of Directors; to research material changes in economic situation, industrial policies, technological advances, industry conditions, and force majeure, and make suggestions to the Company as to adjustments to its development strategy; to review and make suggestions on major investment and financing proposals as well as major capital operation and asset management projects affecting development of the Company; to check and supervise the implementation of the above major projects, receive reports and make suggestions on post-project evaluations; to be responsible for the Company's sustainable development, (including but not limited to: environmental, social and governance (ESG), etc.), and provide relevant suggestions to the Board of Directors; and other matters.

Section IV Corporate Governance (Continued)

- (2) The major duties of the Audit Committee are: to supervise and assess the work of the external auditors and propose to engage or replace the external auditors; supervise and evaluate the internal audit work, including the Company's internal audit system and its implementation; be responsible for communication between the internal audit and external audit; appoint or dismiss the Company's person-in-charge of finance; review the Company's financial information and its disclosure; reviewing the Company's internal control, risk management and compliance management system; make changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards; guide the compliance management of the Company's units and its subsidiaries; and other matters.
- (3) The major duties of the Nomination Committee are: to review the structure, number, and composition of the Board (including skills, knowledge, and experience) at least annually, and make recommendations on any changes proposed to the Board to align with the Company's strategy and ensure diversity of Board members (including but not limited to gender, age, cultural and educational background or professional experience); in accordance with relevant regulations of China and in line with the Company's business development, changes to shareholding structure and so forth; to determine the selection criteria and procedures for director and senior management, and make recommendations to the Board thereto; to select, review and form clear review opinions on the candidates for directors and senior management as well as their qualifications; to make recommendations to the Board regarding the nomination, appointment or dismissal of directors; to make recommendations to the Board regarding the appointment or dismissal of senior management; to evaluate the independence of independent directors; and other matters.
- (4) The major duties of the Remuneration Committee are: to recommend to the Board with respect to the Company's remuneration policy for all Directors and senior management, and the standardized and transparent procedures for formulating such policy; to draft equity incentive plan; to review the remuneration of the Directors and Senior Management in accordance with the corporate objectives formulated by the Board; to review the compensation to be paid to the Directors or Senior Management with respect to their removal or appointment; to ensure that none of the Directors nor their associates could decide on their own remuneration; and other matters.

Section IV Corporate Governance (Continued)

The Company's Management performed their major responsibilities in accordance with the duties and authorities conferred by the Articles of Association, mainly including: to be in charge of the Company's production, operation and management, to co-ordinate the implementation of the resolutions of the Board; to organize the implementation of the Company's annual operating plans and investment proposals; to propose the establishment schemes of the Company's internal management structure; to propose the Company's fundamental management systems; to request the appointment or dismissal of the Company's Deputy General Manager and the financial officer; to formulate the Company's basic constitutions; to appoint or remove the officers-in-charge other than those who are appointed or removed by the Board; to decide on the rewards and penalty, promotions and demotions, increase and decrease of salaries, appointment, recruitment or removal and termination of the Company's staff; to deal with the important external businesses of the Company on its behalf; to convene and chair meetings of the general manager's office; to propose the convening of extraordinary Board meetings; to report to the Board or Supervisory Committee on the execution and implementation of any material contract or the use of funds and the profits and losses of the Company at the request of the Board or Supervisory Committee; other powers and functions authorised by the Articles of Association and the Board.

5. *The Board Meeting*

The Board convenes four regular meetings annually, and notifies Directors about the time and date, location and agenda of a regular Board meeting 14 days in advance so as to ensure all Directors could attend the meetings. All Directors are given opportunities to raise matters for discussion and such matters will be included in the agenda of the regular meetings. If required by the Directors, the Management is able to provide adequate information timely to the Directors and such information can help the Directors make appropriate decisions. All or most of the Directors shall attend each regular Board meeting in person. When the Board vote on connected transactions, the connected Directors shall abstain from voting and the connected transactions shall be approved by the non-connected Directors. All Directors are entitled to and have the opportunity to access to the minutes of the Board meetings.

The Secretary to the Board is responsible for organizing and preparing the Board meetings and assists the Chairman in ensuring that the procedures for the meetings comply with the requirements of relevant laws, regulations and regulatory documents. During the Reporting Period, please refer to "RELEVANT INFORMATION ON THE BOARD MEETINGS HELD DURING THE REPORTING PERIOD" of this section below for details of the meetings of the Board of the Company.

Section IV Corporate Governance (Continued)

6. *Nomination and Election of Directors*

The Company sets out a formal, prudent and transparent director election procedure in the Articles of Association. Except for certain special circumstances, a new session of the Board of the Company shall be elected every three years. The term of office of all Directors is the same as the term of office of the Board for such session. Upon the expiry of the session, re-election must be held.

Candidates for Directors are nominated by the Company's Board, the Supervisory Committee or shareholder(s) severally or jointly holding more than 3% of the issued shares of the Company. Candidates for Independent Directors are nominated by the Company's Board, the Supervisory Committee or shareholder(s) severally or jointly holding more than 1% of the issued shares of the Company.

The nomination of a Director by the Company has taken into adequate consideration of the nominee's situation including his/her career, academic background, job title, detailed work experience and all concurrent posts, with the consent of the nominee obtained in advance. With respect to the nomination of an Independent Director, the Board will give its opinion on the nominee's qualifications and independence of holding the position of Independent Director. The nominee will also issue a public statement indicating that there is no relationship between him/her and the Company that may affect his/her independent and objective judgment. Under no circumstance the Independent Directors shall serve the Company for more than six years. Prior to convening the relevant shareholders' general meeting, the Company will submit the related materials about the candidates for Independent Directors to the SSE for approval.

Mr. Ding Yi, Mr. Ren Tianbao and Mr. Liao Weiwan successively resigned in 2024. After reviewing the qualifications of the candidates, the Nomination Committee recommended that the Board appoint Mr. Jiang Yuxiang, Mr. Zhang Wenyang and Ms. Zeng Xiangfei as new directors. The candidates were nominated by the Board and elected by the Shareholders at the General Meeting. The Board obtained the consent of Ms. Zeng Xiangfei before nominating Ms. Zeng as a candidate for Independent Director. The Board is fully aware of Ms. Zeng's occupation, academic qualifications, title, detailed working experience and all part-time positions, and has expressed its views on her qualifications and independence as an Independent Director, see https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-08-24/600808_20240824_80DC.pdf; Ms. Zeng shall make a public statement that she has no relationship with the Company that may affect her independent objective judgment.

Section IV Corporate Governance (Continued)

(3) Supervisors and Supervisory Committee

At the end of 2024, the tenth session of the Supervisory Committee of the Company is composed of three Supervisors, including Mr. Hong Gongxiang, Ms. Geng Jingyan and Ms. Wan Tingting, of which Mr. Hong Gongxiang as chairman of the Supervisory Committee and independent Supervisor, and Ms. Geng Jingyan as employee Supervisor. Two female Supervisors made up two-third of the Supervisory Committee. Please refer to “4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT” of this section for further details of names and incumbency of Supervisors (including changes of Directors).

(4) Remuneration of the Directors, Supervisors and Senior Management

Pursuant to the Administrative Measures for Performance and Remuneration of Directors, Supervisors and Senior Management, the Remuneration Committee of the Board is responsible for the organisation of executive body to conduct performance appraisal of the Directors and Senior Management who shall receive remuneration from the Company and the audit of appraisal results. The Supervisory Committee is responsible for the organisation of executive body to conduct performance appraisal of the Supervisors who shall receive remuneration from the Company and the audit of appraisal results. The annual remuneration report shall be prepared based on the results and submitted to the general meeting for consideration after being considered and approved by the Board.

The Independent Directors and Independent Supervisors of the Company shall receive fixed remuneration from the Company. Approved by the Shareholders' General Meeting, each of the Independent Directors of the tenth session of the Board and each of the Independent Supervisors of the tenth session of the Supervisory Committee receives a fixed annual remuneration of not more than RMB150,000 and RMB100,000 respectively (tax inclusive) from the Company.

(5) Training and Continuing Professional Development of Directors

The Company is committed to building a Board in learning type. During the Reporting Period, the Company enrolled the directors for training classes and workshops organized by stock market regulators, associations of listed companies and other organizations, kept them updated regularly with latest developments of laws and regulations, as well as market and regulatory dynamics and information gathered by the Company, and created opportunities of continuing professional development as appropriate. By these means, current Directors Mr. Jiang Yuxiang, Mr. Mao Zhanhong, Mr. Zhang Wenyang, Mr. Guan Bingchun, Mr. He Anrui, Mr. Qiu Shengtao, Ms. Zeng Xiangfei and former Directors Mr. Ding Yi, Mr. Ren Tianbao and Mr. Liao Weiquan, developed and updated their knowledge and skills, and were informed of the Company's business performance and the market environment, and well understood their responsibilities and obligations under listing rules and other applicable regulatory rules, and were therefore equipped with the capabilities to make continuous contribution to the Board.

Section IV Corporate Governance (Continued)

Case one: Organized all Directors to intensively study the “Certain Opinions on Strengthening Regulation, Preventing Risks and Promoting High-Quality Development of the Capital Market” by the State Council, the “Opinions on Strengthening the Supervision of Listed Companies (Trial)”, the “Opinions on Strictly Controlling Issuance and Listing Entry and Improving the Quality of Listed Companies at the Source (Trial)”, and the “Opinions on Further Improving the Comprehensive Punishment and Prevention of Financial Fraud Work in Capital Market” by the CSRC and the CSRC’s policy interpretation on the supervision and regulation of trading-related illegal and irregular behavior; “Strict Supervision, Emphasis on Remediation and Promotion of Rectification – Multi-Dimensional Efforts by the SSE Disciplinary Actions to Improve the Quality of Listed Companies” and “Self-Regulation Guidelines No. 14 of Listed Companies – Sustainable Development Report (Trial)” by the Shanghai Stock Exchange; as well as other relevant notices and notifications of securities regulatory agencies.

Case two: Mr. Guan Bingchun and Mr. He Anrui participated in online trainings on “impact of the revisions to the Company Law on listed companies and responses” organized by the China Association for Public Companies.

Case three: Ms. Zeng Xiangfei completed the trainings related to the performance learning platform for independent directors of companies listed on the Shanghai Stock Exchange and Guidelines for Sustainable Development Report of Listed Companies released by the China Association of Public Companies.

(6) Secretaries to the Board and Company Secretaries

At the end of the Reporting Period, the secretary to the Board of the Company was Ms. He Hongyun and Ms. He serves as the joint company secretaries of the Company together with Ms. Rebecca Chiu. All Directors of the Company are entitled to obtain advice and services from company secretaries. Board secretaries report to the Chairman on board governance matters, are responsible for ensuring the compliance with the procedure of the Board, and promote the information exchange and communication between directors as well as between directors and shareholders and the management. Ms. He and Ms. Chiu received more than 15 hours of professional training in 2024.

(7) Accountability and Audit

(1) Financial Reporting

The Board regularly receives the financial statements of the Company and other related materials, and acknowledges its responsibility for the preparation of the Company’s accounts.

Section IV Corporate Governance (Continued)

In 2024, the Company disclosed its annual, interim and quarterly results within three months, two months, and one month after the end of the relevant accounting period. Confirmed by the Directors, the Directors has the responsibility to prepare accounts for the year ended 31 December 2024, which truly and fairly reflected the Company's financial position, operating performance and cash flow status. The auditor Ernst & Young Hua Ming also stated in the Auditor's Report (Audit Report) its responsibilities as the Company's auditor.

(2) *Risk Management And Internal Control*

The Board of the Company undertakes to be responsible for the availability and fine-tuning, as well as effective enforcement of a system of risk management and internal controls at the Company, and for a review of the effectiveness of this system. The Board would like to point out that this system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company measures the impact of the remaining risks on the Company in accordance with the "Internal Control Manual", based on the extent of impact of controls on inherent risks and the degree of effective control over the likelihood of occurrence, and identifies key risk exposures according to the results of such evaluation. In "Risk Control and Management Measures", the Company requires the office of internal controls to manage risks, define risk criteria and priorities, carry out risk evaluation, and come up with countermeasures. A well-established risk ownership structure is in place to guide all departments and entities to manage risks properly. The departments, subsidiaries and branches are responsible for managing risks associated with their activities. The Department of Business Management shall go through all potential risks the Company may meet with in achieving its business objectives and report to the Board on a quarterly basis. The Supervision and Audit Department shall carry out a test of internal controls. Key topics therein are whether all risk exposures have been identified, pertinent countermeasures have been taken, the owners of risks have been accurately defined, the risk management department has carried out regular review, and the risk supervision and evaluation situation are regularly reported to the Board. In accordance with the corporate internal control standard system and the Company's Internal Control Manual, the internal control evaluation work is organized and the "Internal Control Evaluation Report" is formed and submitted to the Board for deliberation on a yearly basis.

Section IV Corporate Governance (Continued)

The Company should maintain a system of risk management and internal controls, which is overarching and applies to the whole life cycle of business processes and every staff member, so as to rule out the possibility of any gap or loophole; which is focused on high-risk business fields and significant risks that need to be identified and managed in a proactive manner; which works in a cost-effective way to achieve effective risk control in reasonable cost and is checked for effectiveness on a regular basis and improved constantly; which is designed with checks and balances to form a well-knit organization and sound business environment with reciprocal constraints and supervision in terms of governance structure, organization setup, division of duties and business processes, with equal importance given to efficiency; which complies with the applicable laws and regulations, and fits well into the scale and scope of business scale, scope and objectives, risks of the Company and the environment in which the Company operates.

The Board listened to the report on risk management and internal control and the report on risk supervision and evaluation, reviewed and confirmed that during the Reporting Period, the Company maintained proper control over safety production risk, environmental protection risk, bulk raw materials price fluctuations and procurement and sales synergy risks, cash flow and “Two Funds” risks to keep the major risks under control.

On 28 March 2025, as of the reporting date for internal control assessment (31 December 2024), the Board confirmed that the Company was free from any material defect in internal controls over financial reporting, based on the identification of material defects in internal controls over financial reporting. In the opinion of the Board, the Company maintained effective internal controls over financial reporting in all material aspects as required by good practices of internal controls and relevant rules. The Board also confirmed that as of the reporting date for internal control assessment, no material deficiency in internal controls other than over financial reporting was found, based on the identification of material deficiency in internal controls other than over financial reporting. Ernst & Young Hua Ming audited the Company's internal controls related to financial reporting in 2024 and issued an Internal Control Audit Report with standard unqualified opinion.

Section IV Corporate Governance (Continued)

(8) The Auditor

On 19 June 2024, the appointment of KPMG Huazhen as the auditor for the year 2024 was approved at the Company's 2023 annual general meeting. The service scope included providing audit services (including internal control audits) for the year 2024 and execution of the 2024 interim agreed-upon procedures services. Subsequently, due to the fact that KPMG Huazhen was being rotated and no longer included in China Baowu's list of domestic financial audit institutions, and considering the regulations outlined in the Working Rules for the Audit of the Financial Final Accounts of Central Enterprises* (《中央企業財務決算審計管理工作規則》) by the State-owned Assets Supervision and Administration Commission, a central enterprise should engage no more than five domestic financial audit institutions, the management of the Company considered that it should be in line with the controlling shareholder, China Baowu, based on the management needs, updated the Company's auditor for the year 2024 accordingly, and proposed not to re-appoint KPMG Huazhen as the Company's auditor for the year 2024. The Company communicated with KPMG Huazhen in advance and KPMG Huazhen had no objection to it. The Company conducted a tender exercise for the re-appointment of auditors for the year 2024, and the Audit Committee recommended the appointment of Ernst & Young Hua Ming to replace KPMG Huazhen as the Company's auditors for the year 2024 based on the results of the tender exercise, which was agreed by the Board and submitted to the general meeting for consideration, and the relevant resolution was considered and approved at the 2024 Fifth Extraordinary General Meeting held by the Company on 27 November 2024. Accordingly, Ernst & Young Hua Ming was re-appointed as the auditors of the Company in 2024 and had issued audit report on financial statements and internal control audit report with declaration on its reporting responsibilities in these reports.

In respect of the execution of the 2024 interim agreed-upon procedures services, pursuant to the authorization of the 2023 Annual General Meeting, which was reviewed and approved by the Audit Committee, the Board of Directors determined that the remuneration payable by the Company to KPMG Huazhen was RMB340,000; and in respect of the 2024 annual audit services (including internal control audits), pursuant to the authorization of the Company's Fifth Extraordinary General Meeting in 2024, which was reviewed and approved by the Audit Committee, the Board of Directors determined that the Company the remuneration payable to Ernst & Young Hua Ming is RMB2.6 million, among them, the internal control audit cost is RMB340,000. The aforementioned audit fees, agreed-upon procedures fees were already inclusive of disbursements incurred by the auditor. In addition, the Company provided the auditors with working meals and transportation within the plants while they were working in the Company, and they were responsible for other accommodation and transportation.

In 2024, Ernst & Young Hua Ming provided annual audit services to the Company for the first consecutive time and for the 30th times in total. Ms. Guo Jing and Mr. Gong Wei were the certified public accountants who had signed the Company's 2024 auditors' reports. Ernst & Young Hua Ming submitted the "Declaration of Independence" to the Company's Audit Committee to explain and guarantee its independence.

Section IV Corporate Governance (Continued)

Additionally, the Company only changed its auditor in 2023. See the Company's 2023 Annual Report for more details.

(9) Shareholders' Rights and Effective Communication with Shareholders

(1) Shareholders' Rights

Any shareholder who holds shares carrying 10% or more of the voting rights in the Company, either individually or jointly, has the right to demand an extraordinary general meeting or Shareholders' Class Meetings according to the Articles of Association. In accordance with the Articles of Association, when the Company convenes the Annual General Meeting, any shareholder who individually or jointly hold 3% or more of the shares of the Company, has the right to submit a new proposal to the Company in writing. Shareholders who individually or jointly hold 1% or more of the shares of the Company may nominate candidates for Independent Directors, and shareholders who individually or jointly hold 3% or more of the shares of the Company may nominate candidates for Directors and Supervisors. Shareholders may send inquiries and comments to the Board by mail to the Company's office (No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC).

(2) Effective Communication

1. General Meeting

The Board maintains a smooth communication channel with the shareholders, striving to maintain communication with shareholders and encouraging them to attend the shareholders' general meetings.

During the Reporting Period, the Company stated clearly in the notices of previous meetings that A shareholders holding the Company's A shares as at the market closing in the afternoon of the respective register dates and registered in the register of members maintained by the Shanghai branch of CSDCC, and H shareholders holding the Company's H shares on the same date and registered in the register of members maintained by the Hong Kong Registrars Limited and Computershare Hong Kong Investor Services Limited were eligible for attending the respective shareholders' general meetings after completing the registration procedures for attending the meetings. Except for Mr. Ding Yi, the former chairman, had appointed Mao Zhanhong, the vice-chairman, to attend and act as the chairman of the meetings due to other business arrangements at the 2024 First Extraordinary General Meeting, the Chairman attended all other shareholders' general meetings in 2024 in person and served as the chairman of the meetings. At the meetings, the chairman of the meetings proposed individual resolutions for each independent matter, introduced the voting procedure to the participating shareholders in detail, and answered shareholders' questions. Other Directors (including the chairman of each committees under the Board), Supervisors and senior management shall attend the shareholders' general

Section IV Corporate Governance (Continued)

meetings in accordance with the requirements. Independent Directors submit their performance reports to the general meeting every year. Details of such General Meetings are set out in “10. SHAREHOLDERS’ GENERAL MEETING” of this section.

The information available on the Company’s website, together with annual reports, interim reports, quarterly reports and announcements and circulars released by the Company, provide shareholders of the Company with a variety of accesses to the Company’s information.

2. Communication with Shareholders

The Company has been using multi-channels to proactively enhance the communication with local and overseas institutional investors. During the Reporting Period, the Company has actively strengthened the communications with domestic and foreign investors through various forms including the results presentation, Internet conferences, telephone, email, and WeChat, and the understanding of investors towards the Company has further enhanced. During the Reporting Period, the Company held 11 telephone or video conferences with investors, attended seven strategy sessions, and communicated with nearly 50 institutions with more than 200 persons. The Company convened the 2023 annual results conference, the 2024 interim results conference and the 2024 third quarter results conference in a combination of online and offline methods, receiving nearly 170,000 times of viewing the live broadcast and video playback of the annual results conference. The Company also organised a results presentation in Hong Kong; jointly organized the “Serving Investors, Sharing High-Quality – I Am a Shareholder” activity with SSE and Capital Securities to visit the listed company Magang Stock, with 13 investment institutions, 2 brokerage research institutes and 4 individual investors participating in the activity; and 199 questions from investors were answered through the SSE e-interactive platform.

Investor relations contact information contained in the investor relations column of the Company website:

Address: No. 8, Jiu Hua West Road, Maanshan City, Anhui Province, the PRC
Phone: 86-555-2888158/2875252;
Fax: 86-555-2887284
Email: mggf@baowugroup.com

Section IV Corporate Governance (Continued)

3 Amendments to the Articles of Association during the Reporting Period

During the Reporting Period, there was one amendment to the Company's Articles of Association, the main contents of which include: clarifying the matters to be considered at the Special Meetings of Independent Directors; adding to the Audit Committee the duties of (1) making changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards, and (2) providing guidance on the Company's compliance management work; adding to the Nomination Committee the duty to assess the independence of independent directors; and amending the terms of repurchase, the profit distribution policy, etc. See https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-05-07/600808_20240507_M62B.pdf and https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-06-21/600808_20240621_2RYY.pdf for details.

(3) *Type of Shareholders and Shareholding*

As of 31 December 2024, the Company had 145,210 A shareholders with a total of 6,014,007,986 shares; 901 H shareholders with a total of 1,732,930,000 shares. Except for Baosteel Hong Kong Investment and the Holding, the total number of shares held by the remaining shareholders is 3,654,310,837 shares, including 2,280,330,837 A shares and 1,373,980,000 H shares. The public float of H shares is 79.3%, which is in compliance with the relevant requirements under Rule 8.08 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. For the equity holdings of Baosteel Hong Kong Investment and the Holding, please refer to “(2) Shareholding of the top ten shareholders and the top ten tradable shareholders (or shareholders without selling restrictions) at the end of the Reporting Period” of “3. SHAREHOLDERS AND ACTUAL HOLDERS” in Section VII “Movements in Share Capital and Shareholders” of this report. During the Reporting Period, save as disclosed in the “Changes in Shareholding Held by and Emoluments for Incumbent and Resigned Directors, Supervisors and Senior Management in the Reporting Period”, other Directors, Supervisors and senior management of the Company held no shares of the Company.

(4) *Market Value*

On 31 December 2024, the closing price of the Company's A shares was RMB3.09, and the market value was RMB18.583 billion; the closing price of the Company's H shares was HKD1.47, and the market value was HKD2.547 billion. The total market value was equivalent to approximately RMB20.842 billion.

There are no material differences between the corporate governance and the laws, administrative regulations and the regulations of the CSRC on the governance of listed companies.

Section IV Corporate Governance (Continued)

2. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS THE SOLUTIONS, PROGRESS OF WORK AND FOLLOW-UP WORK PLAN ADOPTED IN RESPONSE TO THE AFFECTED

In order to maintain the independence of the Company on an ongoing basis, China Baowu issued a "Commitment Letter on Ensuring the Independence of the Listed Company" on 26 August 2019, details of which were set out in the Company's response to the feedback on the "Notice regarding China Securities Regulatory Commission's First Feedback on the Review of Administrative Permission Items" posted on the website of the SSE and the website of the Stock Exchange. During the Reporting Period, China Baowu did not breach such undertakings.

Circumstances where the controlling shareholder, de facto controller and other units under their control are engaged in the same or similar business as the Company, as well as the impact of horizontal competition or major changes in horizontal competition on the Company, the solutions that have been taken, the progress of solutions and the follow-up solutions.

The Company's direct controlling shareholder, Maanshan Iron & Steel Group, does not compete with the Company; there is certain overlap and market competition between Baoshan Iron & Steel Co., Ltd and Xinyu Iron and Steel Co., Ltd., holding subsidiaries of China Baowu (an indirect controlling shareholder of the Company) and the Company in respect of plate products. Besides that, there are differences between other enterprises engaged in the steel industry under the control of China Baowu and the Company in terms of major sales regions, product types, performance and applications, etc. and there is no substantial horizontal competition.

In order to avoid horizontal competition, China Baowu issued a "Commitment Letter on Avoiding Horizontal Competition" during the restructuring of Masteel in 2019 and during the restructuring of Xinyu Steel Group in 2022, respectively, undertaking to make comprehensive use of various means to steadily promote integration of relevant businesses to resolve the issue of horizontal competition within five years. During the Reporting Period, China Baowu did not breach such undertakings.

Since making the aforesaid commitments, China Baowu has been proactively exploring approaches for business integration and asset restructuring to address the issue of horizontal competition. However, due to the complex process of comprehensive steel enterprises and the difficulty of business integration, coupled with the fact that the steel industry has been in a weak cycle in recent years, the performance of listed steel enterprises has been under pressure, which has made it more difficult to resolve the issue of horizontal competition in such market environment. Furthermore, as Magang Stock is a company listed on A and H stock markets, the resolution of the horizontal competition is required to comply with the regulatory rules of the capital market of the two places and take into account the interests of the minority shareholders of the two sides of the A and H stock markets. Therefore, the overall plan requires more time for feasibility study and demonstration.

Section IV Corporate Governance (Continued)

To this end, China Baowu issued the “Commitment Letter on the Extension of the Performance of Avoiding Horizontal Competition”. Based on the progress of its commitment to address horizontal competition, China Baowu intends to extend its commitment to avoid horizontal competition, which was issued in 2019, for a period of three years until 25 August 2027.

3. SHAREHOLDERS’ GENERAL MEETING

Session of Meeting	Date of Meeting	Specified Website for Publishing Resolutions	Publishing Date of Resolution
2024 First Extraordinary General Meeting	29 May 2024	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-05-30/600808_20240530_K13A.pdf	30 May 2024
2023 Annual General Meeting	19 June 2024	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-06-20/600808_20240620_7NPF.pdf	20 June 2024
2024 Second Extraordinary General Meeting, 2024 First Class Meeting of the Holders of A Shares, 2024 First Class Meeting of the Holders of H Shares	19 June 2024	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-06-20/600808_20240620_CEFM.pdf	20 June 2024
2024 Third Extraordinary General Meeting	18 July 2024	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-07-19/600808_20240719_S99V.pdf	19 July 2024
2024 Fourth Extraordinary General Meeting	25 September 2024	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-09-26/600808_20240926_6E5E.pdf	26 September 2024
2024 Fifth Extraordinary General Meeting	27 November 2024	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-11-28/600808_20241128_5WAJ.pdf	28 November 2024
2024 Sixth Extraordinary General Meeting	20 December 2024	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-12-21/600808_20241221_B0AH.pdf	21 December 2024

Explanation of the shareholders’ general meeting (shareholder matters log)

2024 First Extraordinary General Meeting. Notice was given on 6 May 2024 that the meeting will be held on 29 May 2024, and the share registration date was 23 May 2024. The following two resolutions were considered and approved: (1) the resolution in relation to the transfer of assets related to the lime business of the Company; (2) the resolution in relation to the transfer of equity interest in Ouyeel Commercial Factoring Company Limited.

Section IV Corporate Governance (Continued)

2023 Annual General Meeting. Notice was given on 20 May 2024 that the meeting will be held on 19 June 2024, and the share registration date was 13 June 2024. The following six resolutions were considered and approved: (1) the work report of the board of directors for the year 2023; (2) the work report of the supervisory committee for the year 2023; (3) the audited financial reports for the year 2023; (4) the resolution in relation to the appointment of auditor for the year 2024; (5) the profit distribution plan for the year 2023; (6) the remuneration of directors, supervisors and senior management for the year 2023.

2024 Second Extraordinary General Meeting, 2024 First Class Meeting of the Holders of A Shares, 2024 First Class Meeting of the Holders of H Shares. Notice was given on 30 May 2024 that the meetings will be held on 19 June 2024, and the share registration date was 13 June 2024. The meetings reviewed and approved the resolution in relation to the amendments to the Articles of Association of Maanshan Iron & Steel Company Limited and its appendices.

2024 Third Extraordinary General Meeting. Notice was given on 28 June 2024 that the meeting will be held on 19 July 2024, and the share registration date was 12 July 2024. The meeting reviewed and approved the resolution in relation to the extension of the performance of undertaking on non-competition by the indirect controlling shareholder, China Baowu Steel Group Corporation Limited.

2024 Fourth Extraordinary General Meeting. Notice was given on 5 September 2024 that the meeting will be held on 25 September 2024, and the share registration date is 19 September 2024. The following resolutions were considered and approved: (1) the resolution in relation to the by-election of Mr. Zhang Wenyang as a non-independent director of the Company; (2) the resolution in relation to the change of independent director.

2024 Fifth Extraordinary General Meeting. Notice was given on 7 November 2024 that the meeting will be held on 27 November 2024, and the share registration date was 20 November 2024. The following resolutions were considered and approved: (1) the resolution in relation to repurchase and cancellation of certain restricted shares; (2) the resolution in relation to change of supervisor; (3) the resolution in relation to change of auditor for the year 2024.

2024 Sixth Extraordinary General Meeting. Notice was given on 2 December 2024 that the meeting will be held on 20 December 2024, and the share registration date was 13 December 2024. The following resolutions were considered and approved: (1) the 2025–2027 Sale and Purchase of Products Agreement entered into between the Company and China Baowu Steel Group Corporation Limited and the transactions contemplated thereunder, and the proposed annual caps; (2) the 2025–2027 Provision and Acceptance of Services Agreement entered into between the Company and China Baowu Steel Group Corporation Limited and the transactions contemplated thereunder, and the proposed annual caps; (3) the 2025–2027 Financial Services Agreement entered into between the Company and Baowu Group Finance Co., Ltd. and the transactions contemplated thereunder, and the proposed annual caps.

Section IV Corporate Governance (Continued)

The above meetings were held at the Company's office building at No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province. Mr. Ding Yi, the current Chairman of the Company, was unable to attend the 2024 First Extraordinary General Meeting due to other business arrangements, the meeting was presided over by Mr. Mao Zhanhong, the Vice Chairman of the Company; Mr. Ma Daoju, the current of the Supervisory Committee at that time, was unable to attend the 2024 Third Extraordinary General Meeting due to other business arrangements; Ms. Geng Jingyan, the Supervisor, was unable to attend the 2024 Fourth Extraordinary General Meeting due to other business arrangements. With the exception of the above circumstances, all other meetings were chaired by Chairman Mr. Jiang Yuxiang, and attended by all Directors, Supervisors, Senior Management and Secretary to the Board of the Company. The resolutions were approved by the shareholders.

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Changes in Shareholding Held by and Emoluments for Incumbent and Resigned Directors, Supervisors and Senior Management in the Reporting Period

Unit: 0'000 share

										Total remuneration payable by the Company during the Reporting Period (before tax) (RMB0' 000)	Whether received remuneration from related parties of the Company
Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change		
Jiang Yuxiang	Chairman	Male	56	29 May 2024	1 December 2025	–	–	–	–	–	Yes
Mao Zhanhong	Vice Chairman	Male	55	1 December 2022	1 December 2025	40.21	40.21	–	–	–	Yes
Zhang Wenyang	Director	Male	57	25 September 2024	1 December 2025	–	–	–	–	26.96	No
	General Manager			18 July 2024	1 December 2025	–	–	–	–		
Guan Bingchun	Independent Director	Male	61	1 December 2022	1 December 2025	–	–	–	–	15	No
He Anrui	Independent Director	Male	53	1 December 2022	1 December 2025	–	–	–	–	15	No
Qiu Shengtao	Independent Director	Male	59	30 November 2023	1 December 2025	–	–	–	–	15	No
Zeng Xiangfei	Independent Director	Female	45	25 September 2024	1 December 2025	–	–	–	–	3.75	No
Hong Gongxiang	Independent Supervisor	Male	62	1 December 2022	1 December 2025	–	–	–	–	10	No
Wan Tingting	Supervisor	Female	37	27 November 2024	1 December 2025	–	–	–	–	–	Yes
Geng Jingyan	Supervisor	Female	50	29 June 2020	1 December 2025	–	–	–	–	35.03	No
Fu Ming	Deputy General Manager	Male	58	11 October 2017	1 December 2025	40.20	40.20	–	–	98.36	No
He Hongyun	Secretary of the Board	Female	53	18 July 2024	1 December 2025	18.76	18.76	–	–	36.35	No
Ding Yi	Chairman (Resignation)	Male	61	9 August 2013	29 May 2024	56.95	56.95	–	–	–	Yes
Ren Tianbao	Director (Resignation)	Male	61	31 August 2011	18 July 2024	40.20	40.20	–	–	43.54	No

Section IV Corporate Governance (Continued)

										Total remuneration payable by the Company during the Reporting Period (before tax) (RMB0' 000)	Whether received remuneration from related parties of the Company
Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change		
	General Manager (Resignation)			18 August 2022	18 July 2024						
	Secretary of the Board (Resignation)			1 December 2022	18 July 2024						
Liao Weiquan	Independent Director (Resignation)	Male	62	30 November 2023	25 September 2024	-	-	-	-	11.25	No
Ma Daoju	Chairman of the Supervisory Committee (Resignation)	Male	60	1 December 2022	27 November 2024	-	-	-	-	-	Yes
Total	/	/	/	/	/	196.32	196.32	-	/	310.24	/

Note: Mr. Zhang Wenyang, Mr. Ren Tianbao and Mr. Fu Ming are directly managed by China Baowu and their relevant annual remuneration will ultimately be honoured in accordance with the standards approved by China Baowu. The 2024 performance-based remuneration will be paid in 2025 upon completion of the relevant assessment and approval procedures, with separate resolutions and disclosures to be made accordingly.

The 2024 total remuneration for Mr. Fu Ming, Deputy General Manager, includes tenure-based incentives of RMB145,100 from 2021 to 2023. Other disclosed remuneration recipients did not receive tenure-based incentives during their terms due to the length of service.

Section IV Corporate Governance (Continued)

Name	Working Experience
Jiang Yuxiang	Mr. Jiang is the current Chairman of the Company. From May 2015 to November 2019, served as a member of the standing committee of the party committee, the deputy general manager and the general counsel of Magang Group; from November 2019 to May 2020, served as a deputy director of the Magang Work Office and the general counsel of Magang Group; from May 2020 to November 2020, served as the general counsel of China Baowu and a deputy director of the Magang Work Office; from November 2020 to March 2022, served as the general counsel and head of legal affairs department of China Baowu; from March 2022 to February 2023, served as the general counsel and head of legal affairs and compliance department of China Baowu (in March 2022, the legal affairs department was renamed as the legal affairs and compliance department); from February 2023 to April 2024, served as the general counsel and chief compliance officer, head of legal affairs and compliance department and director of bidding office of China Baowu. He has served as the general counsel and chief compliance officer of China Baowu, the secretary of the party committee and chairman of the board of directors of Magang Group, the secretary of the party committee of the Company, and the general representative of Maanshan headquarter of China Baowu since April 2024. He has served as the Chairman of the Company since 29 May 2024.
Mao Zhanhong	Mr. Mao is the current Vice Chairman of the Company. From April 2019 to March 2020, Mr. Mao served as the Deputy Director of the Cold Rolling Technology Management Promotion Committee and the Head of the Manufacturing Management Department of Baosteel. From March 2020 to February 2021, he served as the Assistant to General Manager and the Head of Manufacturing Management Department and Deputy Director of Cold Rolling Technology Management Promotion Committee of Baosteel. Since February 2021, he was appointed as a member of the Standing Committee of the Party Committee of Holding. From March 2021 to August 2022, he served as the Deputy General Manager of the Company. Effective from August 2022, he served as the Director and General Manager of Holding. He has served as the Vice Chairman of the Company since December 2022.

Section IV Corporate Governance (Continued)

Name	Working Experience
Zhang Wenyang	Mr. Zhang is the currently Director and General Manager of the Company. From August 2011 to December 2020, he successively served as the marketing manager, production manager, manufacturing manager, deputy general manager, Director and general manager of the Company and a member of the Standing Committee of the Party Committee of Holding; from February 2021 to April 2023, he served as a senior vice president of Baowu Group Zhongnan Steel Co., Ltd. (寶武集團中南鋼鐵有限公司) ("Zhongnan Steel"), and from July 2022 to April 2023, he served as a member of the Standing Committee of the Party Committee of Zhongnan Steel; from May 2023 to July 2024, he served as the secretary of the Party Committee and chairman of the board of directors of Sinosteel Luonai Materials Technology Corporation (中鋼洛耐科技股份有限公司). On 18 July 2024, he assumed the position of General Manager of the Company, and he has served as the Director of the Company since 25 September 2024.
Guan Bingchun	Mr. Guan is the current Independent Director of the Company. From October 1988 to December 2002, he successively served as the Deputy Director, Director of Quality Department of the former Ministry of Metallurgical Industry (冶金工業部), Director of Industry Management Department of State Bureau of Metallurgical Industry (國家冶金工業局) and Director of China Metallurgical Industry Quality System Certification Center (中國冶金工業質量體系認證中心). From January 2003, he served as the Chairman and General Manager of Beijing Grand Honour Management System Certification Co., Ltd. and Beijing Grand Honour Certification Co., Ltd. Mr. Guan concurrently served as the independent Director of Anyang Iron & Steel Co., Ltd. He has served as the Independent Director of the Company since 1 December 2022.
He Anrui	Mr. He is the current Independent Director of the Company. From March 2011 to October 2022, he successively served as the Vice President and President of Institute of Metallurgical Engineering of University of Science and Technology Beijing and the President of Institute of Engineering Technology of University of Science and Technology Beijing. Effective from June 2018, he served as the Vice Chairman of University of Science and Technology Beijing Engineering and Research Institute Co., Ltd.; Effective from August 2022, he served as the Director of Collaborative Innovation Center of Steel Technology of University of Science and Technology Beijing. Mr. He concurrently also served as the Director of National Engineering Research Center for Advanced Rolling and Intelligent Manufacturing. He has served as the Independent Director of the Company since 1 December 2022.

Section IV Corporate Governance (Continued)

Name	Working Experience
Qiu Shengtao	Mr. Qiu is the current Independent Director of the Company. Since 2003, he has been the deputy director of the National Engineering Research Center for Continuous Casting Technology of Central Iron & Steel Research Institute (鋼鐵研究總院連鑄技術國家工程研究中心); since 2008, he has been the deputy general manager of Zhongda National Engineering & Research Center of Continuous Casting Technology Co., Ltd. (中達連鑄技術國家工程研究中心有限公司). He has served as the Independent Director of the Company since 30 November 2023.
Zeng Xiangfei	Ms. Zeng is the current Independent Director of the Company. From July 2009 to January 2019, she served as a lecturer in the Accounting Department of the Business School at Anhui University of Technology. Since January 2019, she has been serving as an associate professor in the Accounting Department of the Business School at Anhui University of Technology. Ms. Zeng concurrently holds positions as Independent Director for Anhui Shenlanhua Color Co., Ltd. (安徽申蘭華色材有限公司) and Anhui Conch Materials Technology Co., Ltd. (安徽海螺材料科技股份有限公司). She has served as the Independent Director of the Company since 25 September 2024.
Hong Gongxiang	Mr. Hong is the current Chairman and Independent Supervisor of the Supervisory Committee of the Company. From 2007 to 2009, he served as the deputy dean of the School of Economics at the Anhui University of Technology. From September 2009 to September 2012, he served as the deputy director of the Research Department of Anhui University of Technology. From September 2012 to October 2013, he served as the dean of the School of Economics at the Anhui University of Technology. He has served as the dean of the School of Business at the Anhui University of Technology since October 2013. He has been the secretary of the Party Committee of the School of Business at the Anhui University of Technology since 2019. He has served as the Independent Supervisor of the Company since 1 December 2022 and served as the Chairman of the Supervisory Committee since 27 November 2024.

Section IV Corporate Governance (Continued)

Name	Working Experience
Wan Tingting	Ms. Wan is the current Supervisor of the Company. From July 2015 to May 2017, she served as a legal consultant in the Comprehensive Legal Affairs Department and Contract Management Department of Holding; from May 2017 to June 2019, she served as a temporary position in the Comprehensive Regulations Department of the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government; from July 2019 to August 2021, she served as deputy director of the Contract Management Module in the Corporate Legal Affairs Department; from September 2021 to September 2022, she served as the director of the Contract Management Department of the Corporate Legal Affairs Department; from September 2022 to 24 October 2024, she served as senior manager of the Compliance Management Office (Tender Office) in the Corporate Legal Affairs Department; starting from 24 October 2024, she serves as senior manager of the Compliance Management Office (Tender Office) in the Legal Affairs Department of Holding. She has served as the Supervisor of the Company since 27 November 2024.
Geng Jingyan	Ms. Geng is the current Supervisor of the Company. From January 2014 to January 2020, she successively served as Deputy Chief Inspector and Chief Inspector of the Audit Office of the Disciplinary Committee (Supervision and Audit Department) of Holding. Since January 2020, she has served as the Chief Inspector of the audit function of the Audit Department of the Company, and she has served as the Staff Supervisor of the Company since 29 June 2020. Ms. Geng concurrently serves as a supervisor of Magang Hongfei Electricity Power Co., Ltd.
Fu Ming	Mr. Fu is the current Deputy General Manager of the Company. In February 2012, he was appointed as the Manager of the Company's Production Department. From December 2013 to July 2018, he has been the Director and Deputy Party Secretary of the Company's Second Ironmaking Plant. He was appointed as the Deputy General Manager of the Company on 11 October 2017. Since December 2019, he was appointed as the Deputy General Manager and Safety Director of the Company. He resigned from the position of Safety Director in January 2021. Since December 2024, he has served as General Manager of Maanshan Iron & Steel Company Limited.

Section IV Corporate Governance (Continued)

Name	Working Experience
He Hongyun	Ms. He is the current Secretary to the Board of the Company. In April 2017, she served as the Deputy Director of the Board Secretary Office. On 19 April 2018, she served as the Company's Board Secretary and Joint Company Secretary. Since June 2020, she has concurrently served as Deputy Director of the Legal Affairs Department. On 1 December 2022, she resigned from the position of the Company's Board Secretary. In January 2023, she was appointed as Director of the Board Secretary Office and Director of the Legal Affairs Department. Since July 2024, she has served as the Secretary to the Board. In December 2024, she ceased to serve as Director of the Legal Affairs Department. Ms. He also concurrently holds directorships at Ma Steel (Hefei) Iron & Steel Co., Ltd., Baowu Group Masteel Rail Transit Materials Technology Co., Ltd. and Baowu Group Finance Co., Ltd.

(2) Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period

1. Positions in Shareholders' Company

Name	Name of shareholders' company	Position in shareholders' company
Jiang Yuxiang	China Baowu Steel Group Corporation Limited	General Counsel and Chief Compliance Officer of China Baowu; Chief Representative of Maanshan Headquarters; Director of Xinjiang Tianshan Iron & Steel United Co., Ltd.;
Jiang Yuxiang	Magang (Group) Holding Co., Limited	Chairman of the Supervisory Committee of Shanghai Baosight Software Co., Ltd.
Mao Zhanhong	Magang (Group) Holding Co., Limited	Chairman, Secretary of the Party Committee
Zhang Wenyang	Magang (Group) Holding Co., Limited	Director, General Manager, Deputy Secretary of the Party Committee
Fu Ming	Magang (Group) Holding Co., Limited	Standing Committee Member of the Party Committees
Ding Yi	China Baowu Steel Group Corporation Limited	Standing Committee Member of the Party Committee
Ding Yi	Magang (Group) Holding Co., Limited	Chief Representative of Maanshan Headquarters
Ren Tianbao	Magang (Group) Holding Co., Limited	Chairman, Secretary of the Party Committee
		Standing Committee Member of the Party Committee
Explanation of positions held at shareholders' company	Mr. Ding Yi and Mr. Ren Tianbao have stepped down from their positions.	

Section IV Corporate Governance (Continued)

2. Positions in other Entities

Name	Name of other entities	Position in other entities
Mao Zhanhong	Enterprise Reform and Management Committee of CISA	Member

(3) Emoluments for Directors, Supervisors and Senior Management

Decision-making process of emoluments for Directors, Supervisors and Senior Management	The Remuneration Committee of the Board is responsible for organizing the performance assessment of Executive Directors and Senior Management and reviewing the assessment results. The Supervisory Committee is responsible for organizing the performance assessment of Supervisors and reviewing the assessment results. Based on the assessment results, an annual remuneration report shall be prepared and submitted to the Board for consideration and approval at the general meeting.
Whether the Director abstain from the discussion of his/her emoluments	Yes
The specific circumstances under which the Remuneration and Assessment Committee or the Special Meetings of Independent Directors has express opinions on remuneration of Directors, Supervisors and Senior Management	On 25 March 2024, the Remuneration Committee held a meeting to discuss the assessment of the operating performance of the Company's Executive Directors and Senior Management and their remuneration, and agreed to submit to the Board and general meeting for consideration.
Basis for determination of Directors, Supervisors and Senior Management	Administrative Measures on the Performance and Remuneration of the Directors, Supervisors and Senior Management
Actual payment to Directors, Supervisors and Senior Management	Please refer to the previous section "Changes in Shareholding and Emoluments".
Total actual payment to Directors, Supervisors and Senior Management at the end of Reporting Period	During the Reporting Period, the total salaries for Directors, Supervisors and Senior Management who received emoluments or allowances from the Company amounted to RMB3.1024 million (tax inclusive).

Section IV Corporate Governance (Continued)

(4) Changes in Directors, Supervisors and Senior Management

Name	Position	Movement	Reasons of movement
Jiang Yuxiang	Chairman	Appointment	Approved at the general meeting of shareholders
Zhang Wenyang	General Manager	Appointment	Board appointment
Zhang Wenyang	Director	Appointment	Approved at the general meeting of shareholders
Zeng Xiangfei	Independent Director	Appointment	Approved at the general meeting of shareholders
Wan Tingting	Supervisor	Appointment	Approved at the general meeting of shareholders
He Hongyun	Secretary to the Board	Appointment	Board appointment
Ding Yi	Chairman	Resignation	Job change
Ren Tianbao	Director, General Manager, and Secretary of the Board	Resignation	Retirement
Liao Weiquan	Independent Director	Resignation	Personal reasons
Ma Daoju	Chairman of Supervisory Committee	Resignation	Retirement

(5) The Company was Never Punished by Securities Regulatory Agencies in the Past Three Years

Section IV Corporate Governance (Continued)

5. RELEVANT INFORMATION ON THE BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session	Date	Meeting resolutions
The seventeenth meeting of the tenth session	2024-1-9	Resolution on the expropriation of land and above-ground assets of Cihu Processing Center, a controlling subsidiary of the Company, by Ma'anshan Municipal Government
The eighteenth meeting of the tenth session	2024-2-7	Resolution on the project approval for the new 6# Galvanizing Line; the 2023 Internal Audit Work Summary and 2024 Internal Audit Work Plan; the 2023 Financial Derivatives Annual Summary and 2024 Plan were approved
The nineteenth meeting of the tenth session	2024-2-28	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-02-29/600808_20240229_745N.pdf
The twentieth meeting of the tenth session	2024-3-28	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-03-29/600808_20240329_0FUT.pdf
The twenty-first meeting of the tenth session	2024-4-16	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-04-17/600808_20240417_HP1C.pdf
The twenty-second meeting of the tenth session	2024-4-29	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-04-30/600808_20240430_1SA3.pdf
The twenty-third meeting of the tenth session	2024-5-29	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-05-30/600808_20240530_95OL.pdf
The twenty-fourth meeting of the tenth session	2024-5-31	The agenda of the Second Extraordinary General Meeting in 2024 was considered
The twenty-fifth meeting of the tenth session	2024-6-21	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-06-22/600808_20240622_DXYX.pdf
The twenty-sixth meeting of the tenth session	2024-7-18	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-07-19/600808_20240719_NDYQ.pdf
The twenty-seventh meeting of the tenth session	2024-8-23	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-08-24/600808_20240824_K7UM.pdf
The twenty-eighth meeting of the tenth session	2024-8-29	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-08-30/600808_20240830_FVO1.pdf
The twenty-ninth meeting of the tenth session	2024-9-25	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-09-26/600808_20240926_21HR.pdf
The thirtieth meeting of the tenth session	2024-10-8	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-10-09/600808_20241009_5JH8.pdf
The thirty-first meeting of the tenth session	2024-10-30	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-10-31/600808_20241031_RE3N.pdf
The thirty-second meeting of the tenth session	2024-11-25	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-11-26/600808_20241126_ZN7P.pdf
The thirty-third meeting of the tenth session	2024-12-20	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-12-21/600808_20241221_80BU.pdf

Section IV Corporate Governance (Continued)

6. PERFORMANCE OF DIRECTORS

(1) Attendance of Directors in the Board Meetings and Shareholders' General Meeting

Name of Director	Independent or not	Required attendance during the year	Attendance of Directors in the Board meetings				Two in consecutive personal absence	Attendance in the General Meeting The General Meeting Attendance
			Attendance in person	Attendance by way of correspondence	Attendance by proxy	Absence		
Jiang Yuxiang	No	11	6	5	0	0	No	6
Mao Zhanhong	No	17	9	8	0	0	No	7
Zhang Wenyang	No	5	3	2	0	0	No	2
Guan Bingchun	Yes	17	9	8	0	0	No	7
He Anrui	Yes	17	9	8	0	0	No	7
Qiu Shengtao	Yes	17	9	8	0	0	No	7
Zeng Xiangfei	Yes	5	3	2	0	0	No	2
Ding Yi	No	6	2	3	1	0	No	0
Ren Tianbao	No	9	4	5	0	0	No	2
Liao Weiquan	Yes	12	6	6	0	0	No	4

All Directors of the Company were not absent from the Board meetings for two consecutive times.

Number of meetings held by the Board during the year	17
Of which: Number of face-to-face meetings	9
Number of meetings with teleconferencing	8
Number of meetings held in combination of physical meeting and telecommunication methods	0

(2) All Directors Raised No Objections to the Matters Related to the Company

Section IV Corporate Governance (Continued)

(3) Others

In 2024, the Special Committee of Independent Directors of the Company convened a total of 6 meetings, with each Independent Director attending all required sessions, details of which are as follows:

1. The 2023 risk assessment report of Baowu Group Finance Co., Ltd. was approved.
2. The Company's 2023 related party transactions were reviewed with the following determinations: the related party transaction agreements comply with general commercial principles, with fair and reasonable terms that do not harm the interests of minority shareholders; the transaction amounts under all 2023 related party transaction agreements did not exceed the annual caps stipulated in the agreements for 2023.
3. The resolution in relation to the extension of the performance of undertaking on non-competition by the indirect controlling shareholder, China Baowu Steel Group Corporation Limited, was considered and approved with the following determination: China Baowu's extension of the performance of undertaking on non-competition is a change based on its work progress in addressing the undertaking on non-competition, which complies with the Guidelines No. 4 on the Supervision and Administration of Listed Companies – Undertakings of the Listed Company and its Relevant Parties of the CSRC and other relevant regulations, without impairing the interest of the Company and shareholders, in particular minority shareholders, and will not have a material impact on the Company's production and operation.
4. The risk assessment report of Baowu Group Finance Co., Ltd. for the first half of 2024 was approved with the following determinations: as of 30 June 2024, the Company is capable of controlling risks, with all regulatory indicators complying with the supervisory requirements of the National Financial Regulatory Administration. No significant deficiencies or risks have been identified in respect of its internal control and risk management systems and operations relating to its operating qualifications, business operations and preparation of financial statements. It is able to safeguard the deposits of its member enterprises, and is able to proactively prevent, control in a timely manner and effectively resolve deposit risks.
5. The report on related party transactions for the first half of 2024 was approved with the following determination: the cumulative transaction amounts under all categories of related-party transaction agreements during the mid-2024 period remained within the control plan limits.
6. The Sale and Purchase of Products Agreement between Baowu Group and Magang Stock, the Provision and Acceptance of Services Agreement between Baowu Group and Magang Stock, and the Financial Services Agreement between Baowu Finance Company and Magang Stock were approved with the following determinations: transactions under the aforementioned agreements constitute related party transactions; the agreement terms comply with general commercial requirements, being fair and reasonable without impairing minority shareholders' interests; and are fair, reasonable and overall beneficial to the Company and all shareholders. It was approved to submit it to the Board of Directors of the Company for consideration.

Section IV Corporate Governance (Continued)

7. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

(1) Special committees under the Board of Directors

Special Committee Category	Name (note)
Strategic and Sustainable Development Committee	Jiang Yuxiang, Mao Zhanhong, Zhang Wenyang, Guan Bingchun, Ding Yi, Ren Tianbao, Liao Weiquan
Audit and Compliance Committee	Zeng Xiangfei, Guan Bingchun, He Anrui, Qiu Shengtao, Liao Weiquan
Nomination Committee	He Anrui, Guan Bingchun, Zeng Xiangfei, Qiu Shengtao, Jiang Yuxiang, Liao Weiquan, Ding Yi
Remuneration Committee	Guan Bingchun, He Anrui, Zeng Xiangfei, Qiu Shengtao, Liao Weiquan

Note: During the Reporting Period, Mr. Ding Yi, Mr. Ren Tianbao and Mr. Liao Weiquan resigned as the Directors of the Company and resigned from positions in the aforesaid special committees.

(2) During the Reporting Period, the Strategic and Sustainable Development Committee held 4 meetings

Date	Meeting Content
2024-2-7	The project of structural adjustment of cold-rolled products – new 6# galvanization line of Masteel was approved and submitted to the Board of Directors for consideration.
2024-2-28	1. The Company's 2024 Fixed Asset Investment Plan was approved and submitted to the Board of Directors for consideration. 2. The Company's 2023 Strategy Implementation Assessment Report was approved. 3. The Company's 2023 Energy Conservation and Environmental Protection Work Report was approved. 4. The Company's 2023 Carbon Neutrality and Carbon Peak Progress Report was approved.
2024-3-28	1. The Company's 2023 Environmental, Social and Governance Report was approved and submitted to the Board of Directors for consideration. 2. The 2023 Performance Report of the Strategy and Sustainable Development Committee under the the Board was approved.
2024-12-20	The resolution on the establishment of Maanshan Iron & Steel Co., Ltd. was approved and submitted to the Board of Directors for consideration.

Section IV Corporate Governance (Continued)

During the Reporting Period, members of the committee, Mr. Jiang Yuxiang, Mr. Mao Zhanhong, Mr. Zhang Wenyang, Mr. Guan Bingchun and former members Mr. Ding Yi, Mr. Ren Tianbao and Mr. Liao Weiquan attended all the meetings they were required to attend and all of them discussed or considered and approved the relevant resolutions. The convening and convening procedures of all meetings of the committees comply with the relevant laws, regulations, the Articles of Association and the Regulations on the Work of the committee of the Company's Board of Directors. All members of the committee have faithfully fulfilled their duty of confidentiality for the reports heard at the committee meeting in accordance with relevant regulations, and there is no unauthorized disclosure of relevant information.

(3) During the Reporting Period, the Audit and Compliance Committee held 10 meetings

Date	Meeting Content
2024-1-23	1. Determine that the Company's unaudited financial statements for 2023 comply in all material respects with the requirements of the Accounting Standards for Business Enterprises and relevant regulations, with no material omissions identified, and approve their submission to the external auditing firm for audit. 2. Approve the resolution on the non-assurance services approval policy. 3. Approve the Company's 2023 internal audit work summary and 2024 internal audit work plan, and submit them to the Board of Directors for consideration.
2024-3-27	1. Review the resolution on the change in accounting policies. 2. Discuss the Company's audited financial report for 2023. 3. Discuss the proposal for the distribution of the Company's final dividends for 2023. 4. Review the risk assessment report of Baowu Group Finance Company Limited. 5. Discuss the related party transactions of 2023. 6. Discuss the external guarantees and fund occupation for 2023. 7. Listen to the Company's 2023 comprehensive risk management and internal control work report. 8. Discuss the Company's 2023 internal control evaluation report. 9. Review the 2023 internal control audit report issued by KPMG Huazhen. 10. Review the 2023 audit work summary of the accounting firm. 11. Approve the report of the Audit and Compliance Management Committee on the performance of supervisory duties over the annual audit accounting firm of 2023. 12. Discuss the proposal on the 2023 auditor's remuneration and the appointment of the auditor for 2024. 13. Review the 2023 annual report and its summary. 14. Approve the performance report of the Review (Audit) Committee of the Board of Directors for 2023.

Section IV Corporate Governance (Continued)

- 2024-4-29 1. After reviewing the Company's unaudited financial report for the first quarter of 2024, it was concluded that the Company has complied with the requirements of the Accounting Standards for Business Enterprises in all material aspects and made full disclosure without major omissions, and agreed to submit it to the Board of Directors for consideration. 2. After reviewing the Company's report for the first quarter of 2024, it was concluded that the Company had made full disclosure in all material aspects without major omissions, and agreed to submit it to the Board of Directors for consideration. 3. After reviewing the Company's related party transactions in the first quarter of 2024, it was concluded that the transaction amount under all related party transaction agreements in the first quarter of 2024 did not exceed the 2024 annual cap agreed in such agreements, and agreed to report to the Board of Directors. 4. Listen to the Company's comprehensive risk management and internal control work report in the first quarter of 2024. 5. Listen to the internal audit work report in the first quarter of 2024.
- 2024-7-18 Agree that Mr. Ren Tianbao resign as the financial officer, and suggest that Mr. Zhang Wenyang be the financial officer of the Company.
- 2024-8-26 Listen to KPMG Huazhen interim report
- 2024-8-29 1. Review the Company's unaudited financial report for the half year of 2024, and conclude that the Company complies with the requirements of the Accounting Standards for Business Enterprises in all material aspects and make full disclosure without major omissions. 2. Agree to the risk assessment report for Baowu Group Finance Co., Ltd. in the first half of 2024. 3. Agree to the interim report and summary of the Company of 2024. 4. Listen to the interim comprehensive risk management and internal control work report of the Company of 2024. 5. Listen to the interim internal audit report of the Company of 2024.
- 2024-9-25 Elect Ms. Zeng Xiangfei as the Director of the Audit and Compliance Management Committee.
- 2024-10-16 Approve the resolution in relation to change of auditor for the year 2024.
- 2024-10-25 1. Review the Company's unaudited financial report for the third quarter of 2024 and conclude that the Company complies with the requirements of the Accounting Standards for Business Enterprises in all material aspects and make adequate disclosures without material omissions. 2. Agree to the Company's third quarter report of 2024. 3. Listen to the Company's related party transactions report in the third quarter of 2024. 4. Listen to the third quarter of 2024 comprehensive risk management and internal control performance report. 5. Listen to the internal audit for the third quarter of 2024.
- 2024-12-19 1. Approve the resolution on the disposal of scrap of fixed assets for 2024. 2. Approve the Company's annual audit plan for 2024.

Section IV Corporate Governance (Continued)

During the Reporting Period, members of the Committee, Ms. Zeng Xiangfei, Mr. Guan Bingchun, Mr. He Anrui and Mr. Qiu Shengtao, and former member Mr. Liao Weiquan attended all the meetings they were required to attend and all discussed or considered and approved relevant resolutions. All meetings of the Audit Committee were convened, held, voted and resolved in accordance with the relevant laws and regulations, the Articles of Association and the Regulations Governing the Work of the Committee. All members of the Committee faithfully fulfilled their obligations of confidentiality in respect of the matters discussed at the meetings of the Committee in accordance with the relevant regulations and there is no unauthorized disclosure of relevant information.

The Audit Committee reviews the financial statements of the Company and important opinions regarding financial parts of annual, interim and quarterly reports, focuses on substantial accounting and auditing issues of the financial statements, including substantial changes in accounting policies and accounting estimates, consistency of financial information, etc., and makes recommendations on the truthfulness, completeness and accuracy of the financial statements.

The Audit Committee obtains from the audit firm annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff. The Audit Committee meets with the auditor, at least annually, in the absence of management, to discuss matters relating to any issues arising from the audit and any other matters the auditor may wish to raise.

The Audit Committee reviews the summary and work plan of internal audit of the Company annually, hears internal control and overall risk management reports periodically to oversee the internal audit function and the assessment of the overall governance, risk management and internal control framework of the Company. The Committee also ensures that management has appropriate risk management and internal controls over the financial reporting process in order to maintain the effectiveness of the Company's financial reporting.

(4) During the Reporting Period, the Nomination Committee held 4 meetings

Date	Meeting Content
2024-3-28	Approve the Nomination Committee's Performance Report for 2023.
2024-4-15	After review, Mr. Jiang Yuxiang was approved to be nominated as a candidate for Non-independent Director for the tenth session of the Board of Directors of the Company and submitted it to the Board of Directors for consideration.

Section IV Corporate Governance (Continued)

Date	Meeting Content
2024-7-18	1. After review, Mr. Zhang Wenyang was approved to be nominated as a candidate for Non-independent Director for the tenth session of the Board of Directors of the Company and submitted it to the Board of Directors for consideration. 2. After review, Mr. Zhang Wenyang was approved to be nominated as general manager and financial officer and submitted it to the Board of Directors for consideration. 3. After review, Ms. He Hongyun was approved to be nominated as Secretary to the Board of the Company and submitted it to the Board of Directors for consideration.
2024-8-22	After review, Ms. Zeng Xiangfei is qualified to serve as an Independent Director of the Company, and was approved to be nominated as a candidate for Independent Director for the tenth session of the Board of Directors of the Company and submitted it to the Board of Directors for consideration.

During the Reporting Period, members of the Committee, Mr. He Anrui, Mr. Guan Bingchun, Mr. Qiu Shengtao, Ms. Zeng Xiangfei and Mr. Jiang Yuxiang, and former members Mr. Liao Weiquan and Mr. Ding Yi attended all the meetings they were required to attend and all discussed or considered and approved the relevant resolutions. All meetings of the Nomination Committee were convened, held, voted and resolved in accordance with the relevant laws and regulations, the Articles of Association and the Regulations Governing the Work of the Committee. All members of the Committee have faithfully fulfilled their obligations of confidentiality in respect of the matters discussed at the meetings of the Committee in accordance with the relevant regulations and there is no unauthorized disclosure of relevant information.

(5) During the Reporting Period, the Remuneration Committee held 3 meetings

Date	Meeting Content
2024-3-27	1. Agree on the resolution on the assessment of the operating performance of executive directors and senior management in 2023 and submit it to the Board for consideration. 2. Agree on the remuneration of directors, supervisors, and senior management of the Company for the year 2023 and submit it to the Board for consideration. 3. Approve the performance report of the Remuneration Committee for 2023.
2024-8-26	Agree on the resolution on the appointment letter of the Company's management members and the business performance responsibility letter for the year 2024 and term of 2024–2026, and submit it to the Board for consideration.
2024-10-8	Agree on the resolution in relation to repurchase and cancellation of certain restricted shares, and submit it to the Board for consideration.

Section IV Corporate Governance (Continued)

During the Reporting Period, members of the Committee, Mr. Guan Bingchun, Mr. He Anrui, Mr. Qiu Shengtao and Ms. Zeng Xiangfei, and former member Mr. Liao WeiQuan attended all the meetings they were required to attend and all discussed or considered and approved the relevant resolutions. All meetings of the Remuneration Committee were convened, held, voted and resolved in accordance with the relevant laws and regulations, the Articles of Association and the Regulations Governing the Work of the Committee. When the remuneration of the relevant Directors and senior management was discussed at the meetings, none of the relevant Directors took part in the determination of their own remuneration. All members of the Committee have faithfully fulfilled their obligations of confidentiality in respect of the matters discussed at the meetings of the Committee in accordance with the relevant regulations and there is no unauthorized disclosure of relevant information.

8. EXPLANATION ON THE SUPERVISORY COMMITTEE'S FINDING OF EXISTING RISKS

9. EMPLOYEES IN THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(1) Employees

The number of current employees of the parent company	11,377
The number of current employees of the major subsidiaries	5,254
Total number of current employees	16,631
Number of retired employees whose parent company and major subsidiaries are required to bear expenses	–

Professional constitution

Professional category	Number of staff of professional constitution
Production staff	13,622
Sales staff	459
Technician	1,712
Financial staff	118
Administrative staff	720
Total	16,631

Section IV Corporate Governance (Continued)

Educational level	
Education	Number of staff
Postgraduate	808
Graduate	3,974
Junior College	4,890
Vocational secondary or below	6,959
Total	16,631

(2) Remuneration policy

The Company has highlighted the value of positions, strengthened performance traction, encouraged cumulative growth as the guide, and improved a diversified salary incentive system based on the performance-based remuneration system, supplemented by the annual remuneration system for performance-based positions, the competency-based remuneration system and the overseas payroll management method, aligning payroll distribution with key positions and frontline staff, further enhancing the appropriateness of the payroll distribution. At the same time, the Company has implemented diversified incentive mechanisms such as equity incentives for listed companies and profit-sharing from the commercialization of scientific and technological achievements, fully motivating core key personnel and R&D staff to enhance work engagement, thereby continuously driving the high-quality development of the enterprise.

(3) Training program

The Company implemented 279 unified training programmes in 2024, including 152 professional talent cultivation and specialized system construction projects covering management, technology, skills, internationalization and high-potential youth development, 15 projects in safety management, 35 projects in special operations and 77 occupational (job) skill level certifications. The completion rate of the training programme was 99.3%.

10. PROPOSAL OF PROFIT DISTRIBUTION OR PROPOSAL OF TRANSFERRING CAPITAL RESERVE TO SHARE CAPITAL

(1) Formulation, implementation and adjustment of a cash dividend policy

According to the Articles of Association, based on the principle of giving proper regard to both the need to generate reasonable investment return for shareholders and the need to fulfill reasonable funding requirements of the Company, the distribution of dividends will be given priority to cash to shareholders in proportion to their shareholdings, and the Company's cash dividend policy should be maintained on a continuous and stable basis while the conditions and procedures for the adjustment and changes of the dividend distribution policy shall also be in line with regulations and transparent.

Section IV Corporate Governance (Continued)

During the Reporting Period, the Company amended its Articles of Association, including the following adjustments to the cash dividend policy in accordance with the provisions of the Shanghai Stock Exchange's Guideline No. 3 for Listed Companies – Cash Dividends of Listed Companies:

When the Company convenes an annual general meeting to review the annual profit distribution plan, it may simultaneously review and approve the conditions, and the upper limit of the proportion and the amount of interim cash dividends in the next year. The upper limit of the interim dividends for the next year as deliberated at the annual general meeting shall not exceed the net profit attributable to shareholders of the Company during the corresponding period. The Board of Directors shall formulate specific interim dividend plans in compliance with the profit distribution conditions based on the resolutions of the general meeting.

The Company shall distribute no less than 50% of its distributable profit for the year in cash (with the upper limit for interim dividends not exceeding the net profit attributable to the shareholders of the listed company during the corresponding period).

Such adjustments have been approved by the Company's general meeting.

(2) Specific Particulars of Cash Dividend Policy

Whether the policy complied with the provisions of the Articles of Association or the requirements of the resolutions of the Shareholders' General Meeting

☒ YES ☐ NO

Whether the standard and proportion of dividend distribution were definite and clear

☒ YES ☐ NO

Whether the relevant decision-making procedure and mechanism were well-established

☒ YES ☐ NO

Whether the independent non-executive directors performed their duties and responsibilities and played their roles properly

☒ YES ☐ NO

Whether minority shareholders had sufficient opportunity to express their opinions and requests, whether their legitimate interests were sufficiently protected

☒ YES ☐ NO

(3) If the Company is Profitable during the Reporting Period and the Parent Company's Profit Available for Distribution to Shareholders is Positive with No Cash Profit Distribution Plan Proposed, the Company Shall Disclose the Reasons in Detail as well as the Purpose and Use Plans of the Undistributed Profits

☐ Applicable

☒ Not Applicable

Section IV Corporate Governance (Continued)

(4) Profit distribution and transfer of capital reserves to share capital during the Reporting Period

In accordance with PRC Accounting Standards for Business Enterprises, the Company's net loss attributable to owners of the parent amounted to RMB4,659 million for the year 2024. Due to the Company's losses, the Board recommended that no profit distribution or capitalization of capital reserves be carried out in the year of 2024. This distribution plan will be submitted for deliberation at the annual shareholders' meeting (the date of which will be announced in due course).

(5) Cash dividend in the recent three financial years

Unit: 100 million RMB

Accumulated amount of cash dividends (tax inclusive) in the recent three financial years (1)	–
Accumulated amount of repurchases and cancellation in the recent three financial years (2)	–
Accumulated amount of cash dividends and repurchases and cancellation in the recent three financial years (3)=(1)+(2)	–
Average annual net profit for the recent three financial years (4)	-22.91
Cash dividend ratio (%) for the recent three financial years (5) = (3)/(4)	–
Net profit attributable to ordinary shareholders of the listed company in the consolidated statement for the recent financial years	-46.59
Undistributed profit at the end of the recent financial years in the parent company's statements	-1.84

Note: The repurchased and cancelled amount due to the equity incentive plan is not included.

Section IV Corporate Governance (Continued)

11. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF

- (1) Relevant incentive events disclosed in provisional announcements but without subsequent development or changes during implementation

Summary of matter	Index of documents
Announcement on Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2021 Restricted A Share Incentive Scheme	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-03-07/600808_20230307_FHM0.pdf
Announcement on the Repurchase and Cancellation of Certain Restricted Shares	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-03-11/600808_20230311_YQ41.pdf
Announcement on Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2021 Restricted A Share Incentive Scheme	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-05-31/600808_20230531_P7YC.pdf
Announcement on the Repurchase and Cancellation of Certain Restricted Shares	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-07-29/600808_20230729_K6IK.pdf
Announcement on Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2021 Restricted A Share Incentive Scheme	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2023-10-25/600808_20231025_7M5S.pdf
Announcement on the Repurchase and Cancellation of Certain Restricted Shares	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-10-09/600808_20241009_JMGH.pdf
Announcement on Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2021 Restricted A Share Incentive Scheme	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-02-13/600808_20250213_9M6H.pdf

Section IV Corporate Governance (Continued)

- (2) Shareholding incentives granted to directors and senior management during the Reporting Period

☐ Applicable ☒ Not Applicable

- (3) Establishment and implementation of appraisal mechanism and incentive mechanism for the senior management during the Reporting Period

The Company formulated and issued the Administrative Measures for Performance and Remuneration of Directors, Supervisors and Senior Management Personnel, adhering to a strategic, value-oriented and incentive-oriented approach, and establishing an appraisal mechanism with both incentives and constraints. During the Reporting Period, the system worked effectively.

Details of senior executive salaries are set out in “Directors, Supervisors, Senior Management and Employees”. Current senior management, Mr. Fu Ming and Ms. He Hongyun, and former senior management, Mr. Ding Yi and Mr. Ren Tianbao, participated in the Company's Restricted Share Incentive Scheme. During the Reporting Period, due to the failure to achieve the 2023 performance assessment target, all restricted shares held by these individuals corresponding to the 2023 assessment year were repurchased and canceled in accordance with the Incentive Plan, which was implemented on 17 February 2025.

12. THE DEVELOPMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

During the Reporting Period, the Company's internal control system was effective and no major amendments were made. In 2024, the Company identified the major units, businesses and events as well as high-risk areas to be included in the scope of evaluation in accordance with the risk-oriented principle, focusing on production safety risks, energy total amount control and environmental protection risks, overseas legal litigation risks, intellectual property risks, public opinion risks, risks of declining demand for long products due to the continuous downturn in the real estate market, risks of fluctuations in bulk raw material prices, risks of exchange rate and interest rate fluctuations, cash flow management and control risks, and inventory and receivables management and control risks, while paying attention to the effectiveness of the design and operation of internal controls for related businesses. For details, please refer to the Company's 2024 Internal Control Evaluation Report available on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

No significant deficiencies in internal controls were identified during the Reporting Period.

Section IV Corporate Governance (Continued)

13. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

The Company has established and continuously improved its subsidiary management system and has classified and controlled its subsidiaries.

The Company has adopted vertical penetrating professional management for its holding subsidiaries. The main measures include: 1. Grant the board of directors of the subsidiary a certain scope and a certain amount of hierarchical authorization. If it exceeds the decision-making scope of the subsidiary, it needs to be reported to the Company for deliberation and decision-making. 2. Regulate the operation of the subsidiary through the joint venture contract and articles of association of the subsidiary. For the matters that is required to be reviewed by the board of directors of the subsidiary and the shareholders' meeting, the subsidiary shall submit the resolution to the Company for consideration before convening a meeting. 3. In terms of financial management of subsidiaries, the system of assigning financial leaders and regular job rotation is implemented for each subsidiary; standard financial information construction is carried out for subsidiaries, and a financial management and control system is jointly constructed to truly reflect the operating results and financial status of subsidiaries; financial inspections of subsidiaries are carried out on a regular basis.

The Company has formulated the "Rules for the Management of Investee Subsidiaries" to implement process management to investee subsidiaries. In accordance with the Joint Venture Agreement and the relevant articles of association, directors, supervisors and certain management personnel are dispatched to the investee subsidiaries to participate in the major decisions of the companies through the governance structure of the shareholders' meetings, the board of directors and the supervisory committee, to promote the compliance, healthy and orderly development of the companies and to safeguard the legitimate rights and interests of the Company as a shareholder.

14. PRESENTATION OF RELEVANT CONDITIONS CONCERNING THE AUDITING REPORT ON INTERNAL CONTROL

Disclosure of internal control audit report: Yes

Type of opinion on the internal control audit report: Standard unqualified opinion

15. THE RECTIFICATION OF SELF-EXAMINATION PROBLEMS IN THE SPECIAL ACTION OF LISTED COMPANY GOVERNANCE

In the special governance action for listed companies, the Company conducted self-inspection in respect of the regulation of the conduct of controlling shareholders, de facto controllers and related parties, the operation of the three committees, the performance of duties by directors, supervisors and senior management, the regulation of internal control, information disclosure and transparency, etc. Seven problems were identified, five of which were rectified, and two of which were not applicable to be rectified within a time limit of the special governance action.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION

Whether an environmental protection mechanism has been established Yes
 Funds invested in environmental protection during the Reporting Period
 (Unit: RMB10 thousands) 13,149.4

(1) Notes on environmental protection by the Company and its key subsidiaries listed among key pollution producers by the environment authority

1. Pollutant emission information

The Company and its holding subsidiaries, Ma Steel (Hefei) and Changjiang Steel are all key pollutant discharge units stipulated by the national environmental protection department, and all of them implement a series of emission standards for the iron and steel industry. Masteel Transit Materials is a simplified management emission unit, implementing the discharge standard for rolling mill steel in waste gases emissions, and the pollutant emission standard for the steel industry in waste water discharge. Main pollutants are waste water, waste gases and solid wastes. Details are as follows:

Name of Company	Pollutant Category	Typical Pollutants	Way of Discharge	Processing Equipment	Number and Distribution of Discharge Outlets
Magang Stock	Waste gases	Dust, NO _x , SO ₂ , etc.	Emitted into the air via chimney stack after dust elimination, desulfidation and denitration	329 sets	372 distributed along the production lines
	Waste water	SS, COD, oil, ammonia nitrogen, etc.	Discharged after up to standard processing	66 sets	11
	Solid wastes	Iron dust, iron oxide scale, metallurgical slag, etc.	Comprehensive utilization, outsourced compliant disposal, compliant storage	18 sets	
Changjiang Steel	Waste gases	Dust, NO _x , SO ₂ , etc.	Emitted into the air via chimney stack after dust elimination, desulfidation and denitration	85 sets	80 distributed along the production lines

Section V Environmental and Social Responsibility (Continued)

Name of Company	Pollutant Category	Typical Pollutants	Way of Discharge	Processing Equipment	Number and Distribution of Discharge Outlets
Ma Steel (Hefei)	Waste water	SS, COD, oil, ammonia nitrogen, etc.	All domestic sewage and production wastewater are recycled and used, and only rainwater is discharged	15 sets	0 sewage outfall and 1 rainwater outfall
	Solid wastes	Iron dust, iron oxide scale, metallurgical slag, etc.	Comprehensive utilization, outsourced compliant disposal	—	—
	Waste gases	Dust, acid (alkali) fog, NO _x , SO ₂ , etc.	Discharged after up to standard processing	11 sets	17 distributed along the production lines
	Waste water	Acid and alkali, COD, oil, ammonia nitrogen, etc.	Discharged after up to standard processing	1 set	1
	Solid wastes	Emulsified liquid slag, oil sludge, waste filter paper, bottom residue, etc.	Comprehensive utilization, outsourced compliant disposal	—	—
Masteel Transit Materials	Waste gases	Dust, NO _x , SO ₂ , etc.	Dust removal	11	20 distributed along the production lines
	Waste water	COD, ammonia nitrogen, etc.	Industrial wastewater circulates internally within the sewage treatment station	2	1

Section V Environmental and Social Responsibility (Continued)

During the Reporting Period, the emission density, total emission amount of main typical pollutants and the approved annual emission permit limit are as follows:

Name of Company	Pollutant Category	Typical Pollutants	Emission Density	Emission Permit Limit (Ton/Year)	Total Emissions During the Reporting Period (Ton)
Magang Stock	Waste gases	Dust	11.47mg/m ³	11,506.307	6,737.58
		SO ₂	6.90mg/m ³	17,469.511	4,054.73
		NO _x	11.66mg/m ³	33,859.444	6,851.18
	Waste water	COD	12.55mg/l	1,573.6	126.95
		Ammonia nitrogen	0.94mg/l	161.6	9.53
Changjiang Steel	Waste gases	Dust	7.76mg/m ³	2,897.964	1,429.82
		SO ₂	1.62mg/m ³	3,243.25	211.04
		NO _x	4.42mg/m ³	7,091.746	575.35
	Waste water	COD	0mg/l	0	0
		Ammonia nitrogen	0mg/l	0	0
Ma Steel (Hefei)	Waste gases	Dust	13mg/m ³	53.10	6.21
		SO ₂	3mg/m ³	7.13	5.13
		NO _x	31mg/m ³	50.36	48.57
	Waste water	COD	40mg/l	107.6	29.23
		Ammonia nitrogen	2mg/l	17.9	0.71
Masteel Transit Materials	Waste gases	Dust	15mg/m ³	NA	3.17
		SO ₂	150mg/m ³	NA	33.30
		NO _x	300mg/m ³	NA	56.61
	Waste water	COD	0mg/l	NA	0
		Ammonia nitrogen	0mg/l	NA	0

Notes: The total discharge amount during the Reporting Period is based on the standard statistics of the original Ministry of Environmental Protection (renamed as Ministry of Ecology and Environment of the PRC in 2018) in accordance with the Technical Specification for Application and Issuance of Discharge Permit for Iron and Steel Industry (HJ846-2017). During the Reporting Period, the total amount of smoke and dust emission of Magang Stock includes 5,002.7 tonnes of organised emission and 1,734.88 tonnes of unorganised emission. The total amount of smoke and dust emission of Changjiang Steel includes 1,010.57 tonnes of organised emission and 419.25 tonnes of unorganised emission.

Section V Environmental and Social Responsibility (Continued)

Generation, disposal and storage of solid and hazardous waste in 2024 (Unit: 10,000 tonnes):

Company Name	Amount generated	Solid waste		Hazardous waste		
		Amount disposed Recycle for production and utilization	Compliant disposal	Amount generated	Disposal in compliance	Storage in compliance
The Company's head office	1,092.40	310.44	781.96	6.6552	6.721	0.0107
Changjiang Steel	218.44	57.41	161.03	0.1216	0.1264	0.0004
Ma Steel (Hefei)	0.13	–	0.13	0.3093	0.3093	–
Masteel Transit Materials	0.75	0.74	0.01	0.0715	0.0715	–
Total	1,311.72	368.59	943.13	7.1576	7.202	0.0111

2. Construction and operation of pollution prevention and control facilities

Magang Stock's head office is equipped with 329 sets of waste gas pollution prevention facilities and 66 sets of wastewater pollution prevention facilities, including 74 sets of online waste gas monitoring devices connected to the network and 18 sets of online monitoring devices for wastewater discharge outlets. Changjiang Steel is equipped with 85 sets of waste gas pollution prevention facilities and 15 sets of wastewater pollution prevention facilities, including 31 sets of online waste gas monitoring devices connected to the network and 1 set of online monitoring device for rainwater discharge outlets. Masteel Transit Materials has 3 (sets of) wastewater treatment facilities and 13 (sets of) waste gas treatment facilities, including 1 set of online waste gas monitoring device connected to the network and 1 set of online monitoring device for rainwater discharge outlets. Ma Steel (Hefei) is equipped with 11 sets of waste gas pollution prevention facilities and 4 sets of wastewater pollution prevention facilities. Among these, 1 set of online monitoring system is installed at the wastewater discharge outlet, primarily monitoring key parameters such as COD, ammonia nitrogen, pH, and drainage flow rate. Additionally, 1 set of online monitoring system is installed at the 2# continuous annealing line waste gas discharge outlet, mainly measuring sulfur dioxide, nitrogen oxides and particulate matter. All pollution prevention facilities operate synchronously with the main production lines and are functioning well.

Section V Environmental and Social Responsibility (Continued)

3. *Environmental impact assessment of construction projects and other environmental protection administrative licenses*

In 2024, Magang Stock's head office obtained environmental impact assessment (EIA) approvals for 3 projects. Among them, the new 6# hot-dip galvanizing line and supporting project was successfully approved, laying the foundation for the on-schedule commencement of the Company's key projects. Additionally, 12 projects, including the New Special Steel Project (Phase I), were completed on schedule with their environmental protection acceptance inspections. All construction projects of Changjiang Steel complied with the Classification Management List for Construction Project Environmental Impact Assessments (2021 Edition) and did not require EIA procedures.

On 11 May 2024, Changjiang Steel's reapplication for a pollutant discharge permit was approved. On 23 December 2024, its modified pollutant discharge permit was also approved. On 29 September 2024, Magang Stock's reapplication for a pollutant discharge permit was approved.

4. *Emergency response plans for environmental incidents*

The Emergency Response Plan for Environmental Incidents of Maanshan Iron & Steel Company Limited (the 3rd edition) was released on 27 December 2023, and filed with the Maanshan Comprehensive Administrative Law Enforcement Detachment for Ecology and Environment Protection on 28 December 2023, with the filing number being 340500–2023-087-H. The Emergency Response Plan for Environmental Incidents of Changjiang Steel was released on 13 June 2022, and filed with the Maanshan Comprehensive Administrative Law Enforcement Detachment for Ecology and Environment Protection on 15 June 2022, with the filing number being 340500–2022-073-H.

To ensure effective control of pollution sources and minimize environmental impacts during environmental incidents, the Company's head office, Changjiang Steel, Ma Steel (Hefei), and Masteel Transit Materials took the legal entity as the main body respectively, strictly implemented the relevant requirements of the government for the management of prepared emergency response plans for environmental incidents, and carried out drills as planned according to their respective prepared plans. The head office carried out 30 emergency drills for environmental incidents including the "Emergency plan drill regarding ash leakage from ash hopper caused by failure of dust collector's ash delivery system of Coal Coking Company", the "On-site treatment plan drill regarding loss of radioactive source of Cold Rolling General Plant", and the "Emergency plan drill regarding environmental pollution incident at No. 4 Steel Rolling General Plant". Changjiang Steel conducted 5 emergency drills including "emergency drill for waste oil leakage at the hazardous waste storage warehouse".

Section V Environmental and Social Responsibility (Continued)

5. *Environmental self-monitoring programme*

In strict compliance with the requirements of the pollutant discharge permit self-monitoring regulations and the technical guidelines for self-monitoring by pollutant discharge units, etc., the Company's head office, Masteel Transit Materials Changjiang Steel and Ma Steel (Hefei) formulated their 2024 annual self-monitoring plans, respectively. These companies commissioned Shanghai Jinyi Testing Technology Co., Ltd. (上海金藝檢測技術有限公司), Anhui Kaiyue Solid Waste Testing Technology Co., Ltd. (安徽凱越固體廢物檢測技術有限公司), Maanshan Linxu Environmental Testing Co., Ltd. (馬鞍山市霖煦環境檢測有限公司) and Hefei Haizheng Environmental Testing Co., Ltd. (合肥海正環境檢測有限責任公司) to conduct scheduled manual monitoring of wastewater, waste gas, noise and other parameters, with all monitoring data being disclosed in real time.

6. *Administrative penalties imposed for environmental problems during the Reporting Period*

No administrative penalties were imposed for environmental problems to Magang Stock's head office, Ma Steel (Hefei), Changjiang Steel and Masteel Transit Materials during the Reporting Period.

7. *Other environmental information subject to disclosure*

Magang Stock's head office, Ma Steel (Hefei), Changjiang Steel and Masteel Transit Materials strictly comply with the Measures for the Mandatory Disclosure of Enterprise Environmental Information, the Pollutant Discharge Permit Management Measures, the Pollutant Discharge Permit Management Regulations, and other relevant regulations. They regularly disclose implementation reports on the National Pollutant Discharge Permit Management Information Platform.

(2) **Relevant information conducive to the protection of ecology, prevention and control of pollution and the fulfillment of environmental responsibilities**

During the Reporting Period, the Company consistently maintained the effectiveness of ultra-low emissions and steadily advanced the second-phase ultra-low emission upgrades. In accordance with the ultra-low emission guidelines and technical standards for the coking industry, the Company conducted benchmarking assessments, clarified and implemented plans, and carried out pre-evaluation problem rectifications for the second-phase ultra-low emission production lines, including A/C sintering machines, B blast furnace, new special steel, and 9# 10# coke ovens.

Section V Environmental and Social Responsibility (Continued)

The Company has intensified efforts in wastewater treatment and management. Since implementing the zero wastewater discharge and rainwater-sewage diversion projects, wastewater, COD and ammonia nitrogen emissions have all decreased by over 70% in 2024 compared to 2019, with all wastewater pollutant discharge indicators meeting the highest standards of clean production. The Company conducted water balance tests and underground pipeline leak detection, completed the wastewater upgrade project for the 2# open channel and 3# pre-drainage pool, significantly enhancing emergency control capabilities. Industrial wastewater and initial rainwater are now pumped to the northern zone's advanced wastewater treatment station, greatly reducing regional environmental risks.

"No delivery of solid waste" indicators continue to improve. In 2024, the solid waste utilisation rate was 100%, the return to production utilisation rate of 28.42%, and the no delivery of solid waste rate of 100%. In 2024, the Company established a hazardous waste information management platform, integrating software functions with dedicated hazardous waste terminals. By utilizing portable hazardous waste label printers, mobile apps and smart weighing scales, the Company achieved full-process intelligent management of hazardous waste from generation and storage to disposal, enabling automated data collection and digital record-keeping.

(3) Measures taken to reduce its carbon emissions during the Reporting Period and their effectiveness

Whether carbon reduction measures are adopted	Yes
Reduction in CO2 equivalent emissions (Unit: tonne)	2,020,995
Types of carbon reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in the production process, research and development and production of new products that contribute to carbon reduction, etc.)	Continuing to advance distributed photovoltaic power generation projects in plants, implementing coal-saving and carbon-reduction through blast furnace lime blasting and multi-energy coupled coal-saving and carbon-reduction in the sintering process, achieving mass production of China's first low-carbon section steel and Magang's first low-carbon automotive sheet, and releasing EPD with carbon footprint for four product categories: steel bars, billets, pickled plates, and axles.

Section V Environmental and Social Responsibility (Continued)

The Company actively balances cost reduction with decarbonization and energy efficiency to meet stakeholders' carbon reduction demands under challenging operational conditions.

1. Focusing on enhancing the premium value of low-carbon products, the Company has developed technologies including steel slag carbonation and biomass energy applications. After securing Anhui Province's low-carbon metallurgy project funding, the Company is researching CCUS, CO₂ microbial carbon fixation technology, 120-ton converter secondary combustion oxygen lance non-heat technology application, biomass carbon ball in the converter application technology, multi-energy coupled carbon-reduction technology in the sintering process, etc. This year saw mass production of China's first low-carbon section steel and Magang's first low-carbon automotive sheet, plus EPD carbon footprint disclosures for steel bars, billets, pickled plates and axles. Carbon data of products exported to the EU have been submitted in accordance with the requirements of the EU carbon tariff CBAM. 2. On the basis of improving the capacity of the carbon management system, the Company summarizes experience and identifies shortcomings through monthly low-carbon regular meetings, benchmarking exchanges with external organizations, and special seminars, and carbon performance evaluation has been incorporated into regular management. The carbon performance evaluation model of the three tracks has been formed. The Carbon Management Laws and Regulations List, the Carbon Management System Construction and Certification Work Plan, and the EU CBAM and Carbon Trading Risk Prevention and Control Plan for the Company's production and operation have been issued, solidifying the CBAM report approval process. The carbon management system was introduced and the carbon data management system was developed. 93 staffs were trained and qualified, awarded the carbon management internal auditor qualification certificate. The Company completed the identification of carbon emission sources, key carbon emission source control, ranking list of improvement opportunities, etc., completed the company-level carbon review report, systematically promoted the low-carbon transformation, and prepared for inclusion in the national carbon trading market.

In 2024, Dual-Carbon Strategy Management Practices Aimed at Establishing Demonstration Leadership in Carbon Reduction and Energy Conservation was selected by the China Association of Equipment Management as a "Carbon Peak and Carbon Neutrality Benchmark Enterprise". Meanwhile, "Exploration and Practice of Building the World's First Low-Carbon Wheel System" was awarded the Second Prize for Management Innovation Achievements by the same association and also received the First Prize for Modernization Innovation Achievements in Metallurgical Enterprise Management in 2024.

In response to the "dual-carbon" strategy and customer demand for low-carbon, the Company has actively collaborated with upstream and downstream partners across the industrial chain. Aligning with green and low-carbon development trends, it continues to explore improvements in key process technologies and develop low-carbon products. On 25 April 2024, the Company launched China's first low-carbon H-beam steel product, achieving a 34% further reduction in carbon emissions compared to the carbon footprint recorded in the steel industry's EPD platform for steel beams. On 11 May 2024, the Company partnered with Chery Automobile to introduce Magang's first low-carbon automotive steel, which utilizes recycled scrap steel from Chery. This innovation delivered a 39% additional carbon reduction compared to the EPD carbon footprint of galvanized automotive sheets listed on the steel industry's EPD platform.

Section V Environmental and Social Responsibility (Continued)

2. SOCIAL RESPONSIBILITY WORK

- (I) Whether a separate social responsibility report, sustainability report or ESG report is disclosed

The Company has disclosed its 2024 Environmental, Social and Governance Report, which is available on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

- (II) Specific information on social responsibility work

External Donations, Community Projects	Number/ Content	Description
Total investment (RMB10-thousand)	130.43	1.The Company and Masteel Transit Materials donated RMB200,000 and RMB100,000 respectively to Ma'anshan Charity Federation for the "Charity One-Day Donation" activity; 2. The Company donated RMB200,000 to Anhui Environmental Protection Federation for the "Love My Home – Environmental Knowledge in Campus" public welfare education campaign; 3. Changjiang Steel donated RMB567,250 to Taibai Town Changjiang Village Elderly Care Home through Dangtu County Taibai Town Red Cross Society; 4. Changjiang Steel donated RMB187,050 to Taibai Town Changjiang Village Elderly Care Home through Anhui Changjiang Charity Foundation; 5. Ma Steel (Hefei) donated RMB50,000 to impoverished households and near-impoverished families in Hefei.
Including: Capital (RMB10-thousand)	130.43	
Number of beneficiaries (persons)	20,400	

Section V Environmental and Social Responsibility (Continued)

3. THE SPECIFIC WORK TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND TO PROMOTE RURAL REVITALIZATION

Poverty alleviation and village revitalisation projects	Number/ Content	Description
Total investment (RMB10-thousand)	66.34	<ol style="list-style-type: none">1. The Company donated RMB250,000 to its designated assistance village, Longtai Village in Hanshan County, of which RMB200,000 was used for the village collective to invest in Longtai Village's new product production line and cold storage construction industrial project, and RMB50,000 was used to Longtai Village's civilization points supermarket project;2. The Company donated RMB343,400 to its designated assistance village, Liji Village in Funan County, of which RMB200,000 was used for the village collective to invest in Liji Village's aquatic breeding base project, RMB50,000 was used to Liji Village's civilization points supermarket project, and RMB93,400 was used for Liji Village's infrastructure projects: production road and living convenience road;3. Ma Steel (Hefei) donated RMB50,000 to Longtai Village for rural revitalization efforts;4. The Company's Youth League Committee raised RMB20,000 through donations and distributed the funds to Longtai Village and Liji Village to support 20 underprivileged students.
Including: Capital (RMB10-thousand)	66.34	
Number of beneficiaries (persons)	10,800	
Forms of assistance (e.g. industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)		Industry assistance, education assistance and consumption assistance

Section V Environmental and Social Responsibility (Continued)

(1) Strengthening organizational leadership and solidifying assistance responsibilities

1. **Implement the assistance work mechanism.** The Company formulated the 2024 designated and key assistance work plan, clarifying objectives and tasks, key measures, and timelines of the assistance work of this year, and carried out the tasks in an orderly manner. The Board of Directors regularly reviewed reports on rural revitalization and targeted assistance efforts. Members of the Company's leadership team, along with heads of relevant departments and units, conducted multiple rounds of research visits to the paired assistance areas, "three counties and two villages", to provide guidance on local economic development, assess the working and living conditions of assistance cadres, and address challenges encountered in the assistance programs.
2. **Ensure funding and institutional support.** The Board of Directors reviewed and approved the 2024 external donation budget (including the annual budget for assistance programs), providing financial support for the Company's assistance work.
3. **Complete assistance cadre rotation and handover.** In 2024, the eighth batch of resident cadres dispatched by the Company to Liji Village and Longtai Village completed their three-year term. Adhering to the principle of "ensuring uninterrupted assistance, unimpeded projects, and seamless work", the Company selected two new cadres for the ninth batch and completed the rotation and handover process within the stipulated timeframe. This further reinforced the responsibility of village assistance, ensuring that resident cadres fully engaged in their duties on site.

(2) Enhancing research and guidance and focusing on industrial development

To promote high-quality development and comprehensive benefits of rural revitalization industries in the designated assistance villages, the Company conducted in-depth research based on the actual conditions of the villages. Together with the resident cadres and representatives from Longtai Village's yellow peach processing enterprise, the Company proactively visited the College of Food and Nutrition at Anhui Agricultural University to seek expertise in agricultural product processing and R&D, exploring pathways for university-enterprise collaboration to boost rural industrial development. Upon recommendation by the college's professors, the team visited multiple food production enterprises for research and learning. Leveraging the university's professional resources, the Company provided technical support to Longtai Village's yellow peach processing plant in Hanshan Count such as product process optimization, equipment technological upgrades, and food safety improvements. Additionally, the Company offered planning guidance for Phase II of yellow peach processing plant, ensuring the precision and scientific rigor of the industrial assistance program.

After the approval of the assistance projects, multiple professional departments of the Company jointly conducted feasibility studies and, based on the research results, donated RMB400,000 of special assistance funds to the two designated villages. Specifically, RMB200,000 was allocated to Liji Village as an investment in its aquaculture base to upgrade equipment and facilities, while another RMB200,000 was provided to Longtai Village to invest in a new production line and supporting cold storage project based on the yellow peach processing plant completed in 2023. These initiatives aim to further strengthen the village collective economy and support employment and income growth for local villagers and poverty-alleviated households.

Section V Environmental and Social Responsibility (Continued)

(3) Grasping the time node and expanding consumption assistance

The Company formulated and issued the 2024 Consumption Assistance Work Notice, systematically decomposing assistance targets across all levels. During the Spring Festival, the Company actively participated in the “Central Enterprises Consumption Assistance Spring Initiative”; leveraging heat stroke prevention and cooling in summer, it organized subsidiaries to purchase products from assisted regions. Employees were mobilized to join the “supporting farmers through adoption of livestock” campaign on Baowu Smart Union Platform; capitalizing on Mid-Autumn Festival, National Day holidays and the “China’s Central SOE Consumption Assistance Week”, the Company promoted group purchasing and marketing support among subsidiaries and ecosystem partners. It organized “A Bite of Ongniud Banner, Sharing the Harvest” agricultural specialties fair, which received enthusiastic employee participation. The Company’s annual consumption assistance amounted to RMB8,414,200.

(4) Enhancing assistance effectiveness and promoting talent revitalization

1. **Educational donations.** To support rural education, the Company initiated the “Youthful Journey of Compassionate Education Assistance” donation campaign among young members, organized charity education activities in Longtai Village (Hanshan County) and Liji Village (Funan County), and donated RMB20,000 to provide financial support for 20 primary and secondary school students with difficult families and good academic performance, bringing hope to their educational journeys.
2. **Employment exchange.** Funan County successfully attracted BYD to establish local operations, with Phase I of its new energy vehicle components industrial park achieving mass production by late 2022. To address the significant labor shortage, the Company’s representatives conducted field research at the industrial park and discussed with Funan County and Dicheng Town officials. Leveraging Magang’s educational platform resources, the Company planned to facilitate solutions through university-enterprise partnerships and by guiding interns into employment, thereby solving the enterprise’s workforce needs.
3. **Skills training.** The Company invited expert instructors from Anhui Agricultural University and Magang Education and Training Center to conduct professional online training sessions on assistance policies, health and epidemic prevention, and fruit tree cultivation techniques for its assistance staff, “two committees”, resident-village work team and rural revitalization leaders of designated assistance villages, with 52 participants participating in the training.

Section V Environmental and Social Responsibility (Continued)

(5) Innovating assistance approaches and advancing demonstration projects

1. **Lead the “supporting farmers through adoption of livestock” sub-project of Baowu’s “Love Assistance” demonstration project.** The Company, jointly with Baowu Carbon, spearheaded the “supporting farmers through adoption of livestock” project. Building upon continuous collection of feedback and expansion of the Happy Farm scenarios, the Company took the lead in the corporate version of supporting farmers through adoption of livestock in July. By the end of September, 17 subsidiary units and 17,152 participants had joined the project, generating RMB893,800 in adoption funds, and providing valuable insights for expanding outreach and optimizing the adoption process.
2. **Participation in Baowu’s “offering assistance in groups” demonstration project.** The Company regularly attended project meetings for the Luotian “Ton Bag Town” construction project under “offering assistance in groups” demonstration project, supporting Baoxin Company in expanding sales channels and implementing front-end cost reduction. Throughout the year, the Company procured ton bags worth over RMB651,400.

(6) Strengthening Party building leadership and enhancing assistance effectiveness

The Company has consistently adhered to Party building leadership, fully leveraging grassroots Party organizations’ strength through joint initiatives and themed Party Day activities to consolidate and empower rural revitalization assistance. The Company’s grassroots Party branches signed joint-creation and joint-construction agreements with Liji Village in Dicheng Town, Funan County, Longtai Village in Lintou Town, Hanshan County, Gaoding Village in Chengtai Township, Shanglin County, Guangxi and Derisu Gacha in Inner Mongolia, organizing party day activities including “Compassionate Education Assistance” donations, harvesting to help farmers titled “Warming up the Yellow Peach Forest with a Heart of Helping Villages”, and “Sending Brightness in Golden Autumn and Bringing Warmth with Volunteer Clinics” free medical consultation. By implementing a comprehensive Party-building model featuring joint organizational construction, resource sharing, collaborative activities, platform coordination, and collective problem-solving, the Company has significantly advanced grassroots Party building while boosting rural revitalization effectiveness.

Section V Environmental and Social Responsibility (Continued)

(7) Improving infrastructure and enhancing rural governance

To meet the production and basic living needs of Liji Village residents while continuously improving their living environment, the Company allocated RMB93,400 to support the construction of new production road and living convenience road in the village. For targeted enhancement of rural governance in designated assistance villages, the Company provided RMB50,000 each to Liji Village and Longtai Village to implement the “Civilization Points Supermarket” project. This initiative established a points-based management system that quantifies various rural governance activities, transforming daily behaviors of Party members and villagers into measurable, evaluable data metrics. Through converting volunteer services into points that can be exchanged for goods, the project creates positive reinforcement for volunteerism and villager self-governance.

Over the past year, the Company has actively fulfilled its social responsibilities and contributed to rural revitalization with tangible results. Holding’s designated assistance work was rated as “Excellent” – the highest level in Anhui Province’s evaluation, with the Company playing a strong supporting role as a first-tier subsidiary of Holding. The Company’s initiative, “Transforming Agricultural Products into ‘Industrial Goods’ – Magang Stock’s Practice of Supporting Longtai Village in Developing Canned Yellow Peaches to Promote Rural Industrial Revitalization”, was selected for Tsinghua University Research Group’s “2023 Best Practices of Corporate Participation in Rural Revitalization” and was also recognized as an Outstanding Rural Revitalization Case of Listed Companies in 2024 by China Association for Public Companies.

Section VI Significant Events

1. PERFORMANCE OF UNDERTAKINGS

- (1) Undertakings made by actual holder, shareholders, related parties, acquirers and the Company during the Reporting Period or subsisting to the Reporting Period

During the period when applying to CSRC for exempt from cash offer acquisition of the A shares of the Company in 2019, the following 3 commitments were made: 1. to avoid horizontal competition, China Baowu issued the “Commitment Letter on Avoiding Horizontal Competition”; 2. to regulate and reduce the related party transactions between China Baowu and the Company, China Baowu issued the “Commitment Letter on Regulating and Reducing Related Party Transactions”; 3. to keep the independence of the Company, China Baowu issued the “Commitment Letter on Ensuring the Independence of Listed Companies”.

For details of such commitments, please refer to the Company's 2019 and 2020 annual reports published on the website of the Shanghai Stock Exchange or the feedback reply of China Baowu on the “Notice regarding China Securities Regulatory Commission's First Feedback on the Review of Administrative Permission Items”. During the Reporting Period, China Baowu didn't violate the commitments.

2. THERE WAS NO APPROPRIATION OF FUND ON A NON-OPERATING BASIS BY THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES DURING THE REPORTING PERIOD

3. THERE WAS NO VIOLATION OF GUARANTEE DURING THE REPORTING PERIOD

4. EXPLANATION FROM THE BOARD OF THE COMPANY ON THE “NON-STANDARD AUDIT OPINIONS” ISSUED BY THE AUDITORS

☐ Applicable ☒ Not Applicable

Section VI Significant Events (Continued)

5. ANALYSIS AND EXPLANATION OF CAUSES AND EFFECTS REGARDING THE SIGNIFICANT CHANGES TO ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR MATERIAL ACCOUNTING ERRORS

(1) The Company's analysis and explanation of the reasons and effects of changes in accounting policies and accounting estimates

The Ministry of Finance issued the Interpretation No. 17 of the Accounting Standards for Business Enterprises and the Interpretation No. 18 of the Accounting Standards for Business Enterprises in October 2023 and December 2024, respectively, which have taken effect by the Group on 1 January 2024. The implementation of the aforementioned interpretations has no significant impact on the Group's financial statements.

Except for the aforementioned changes in accounting policies, all other unchanged aspects continue to be implemented in accordance with the Accounting Standards for Business Enterprises – Basic Standards, various specific accounting standards, application guidelines for accounting standards for business enterprises, interpretations of accounting standards for business enterprises, and other relevant regulations previously issued by the Ministry of Finance.

(2) There were no corrections of material accounting errors during the Reporting Period.

(3) Communication with former accounting firms

The Company has communicated with KPMG Huazhen in advance regarding the change of accounting firm and KPMG Huazhen has no objection to it. KPMG Huazhen and Ernst & Young Hua Ming will do the communication and coordination work in accordance with the relevant provisions of PRC Auditing Standard for Certified Public Accountants No. 1153 – Communication between Former Certified Public Accountants and Subsequent Certified Public Accountants.

(4) Approval procedures and other explanation

For details, please refer to “1 (8) Auditors” under “IV. Corporate Governance” of this Report.

Section VI Significant Events (Continued)

6. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: ten thousand RMB

	Formerly employed	Currently employed
Name of domestic accounting firm	KPMG Huazhen LLP	Ernst & Young Hua Ming LLP
Remuneration of domestic accounting firms	34	226
Audit period of domestic accounting firm	1	1
Name of certified public accountant of domestic accounting firm	/	Guo Jing, Gong Wei
Cumulative term of service of certified public accountants of the domestic accounting firm	/	Guo Jing (4 years); Gong Wei (5 years)

	Name	Remuneration
Internal control audit accounting firm	Ernst & Young Hua Ming LLP	34

During the Reporting Period, KPMG Huazhen performed agreed-upon procedures in the 2024 interim period at a fee of RMB340,000; Ernst & Young Hua Ming, serving as the Company's 2024 annual auditor, received total remuneration of RMB2.6 million.

Explanation of appointment and dismissal of accounting firms

For details, please refer to "1 (8) Auditors" under "IV. Corporate Governance" of this Report.

Explanation of the decrease of 20% (inclusive) or more in the audit fee as compared with the previous year

☐ Applicable ☒ Not Applicable

7. THERE WAS NO INSOLVENCY OR RESTRUCTURING RELATED MATTERS NOR MAJOR LITIGATION OR ARBITRATION CASES DURING THE REPORTING PERIOD

Section VI Significant Events (Continued)

8. NO VIOLATION OF LAWS AND REGULATIONS BY PUNISHMENT OR RECTIFICATION ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL HOLDER AND ACQUIRERS WAS MADE DURING THE REPORTING PERIOD

9. EXPLANATION OF THE INTEGRITY STATUS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS/ACTUAL CONTROLLERS DURING THE REPORTING PERIOD

☐ Applicable ☒ Not Applicable

10. SUBSTANTIAL RELATED PARTY TRANSACTIONS

(1) Related party transactions related to normal operations

1. *Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation*

Summary of Matters	Reference Index
Execution of 2022–2024 Sale and Purchase of Product Agreement, Acceptance and Provision of Services Agreement, and Financial Services Agreement	http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2021-09-30/600808_20210930_1_W2rPssLt.pdf ; http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2021-12-01/600808_20211201_1_TAfpSLug.pdf .

Section VI Significant Events (Continued)

The transactions between the Group and China Baowu and its subsidiaries were carried out in the daily course of business and were settled in cash or notes. The details of which are as follows:

- (1) The continuing related party transactions under the 2022–2024 “Sale and Purchase of Product Agreement” between the Company and China Baowu

In 2021, the Company and China Baowu signed the 2022–2024 “Sale and Purchase of Product Agreement”, as approved at the shareholders’ general meeting. During the Reporting Period, the amount of related party transactions under the Agreement was as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category (%)
Sales of products to China Baowu	7,578.25	9.27
Purchasing products from China Baowu	21,141.13	23.76
Total	28,719.38	/

The prices of ores, scrap, spare parts and other products the Group purchases from China Baowu, as well as the prices of steel and energy media the Group sales to China Baowu every year are negotiated between the parties on arm’s length by referring to comparable market prices and determined as per general terms and conditions during the term of the contract.

All Directors of the Board who are not associated with China Baowu (including Independent Non-executive Directors) considered that those transactions were carried out in the daily course of business under normal commercial terms and in accordance with the terms of “Sale and Purchase of Product Agreement”. The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting Period, the amount of such transaction was under the 2024 annual cap of RMB55,894 million specified in the “Sale and Purchase of Product Agreement”.

Section VI Significant Events (Continued)

- (2) The continuing related party transactions under the 2022–2024 “Acceptance and Provision of Services Agreement” between the Company and China Baowu

In 2021, the Company and China Baowu signed the 2022–2024 “Acceptance and Provision of Services Agreement”, as approved at the shareholders’ general meeting. During the Reporting Period, the amount of related party transactions under the Agreement was as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category (%)
Provision of services to China Baowu	14.79	13.73
Receiving services from China Baowu	7,535.12	63.44
Total	7,549.91	/

The price the Group receives annually from China Baowu for the provision of infrastructure technology moderation and environmental protection engineering and other services, and the price for the provision of services including steel billets processing, metering, inspection, railway transport and others are negotiated between the parties on arm’s length by referring to comparable market prices and determined as per general terms and conditions during the term of agreement.

All Directors of the Board who are not associated with China Baowu (including Independent Non-executive Directors) considered that those transactions were carried out in the daily course of business under normal commercial terms and in accordance with the terms of “Acceptance and Provision of Services Agreement”. The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting Period, the amount of such transaction was under the 2024 annual cap of RMB12,369 million specified in the “Acceptance and Provision of Services Agreement”.

Section VI Significant Events (Continued)

- (3) The continuing related party transactions under the 2023–2024 “Financial Services Agreement” between the Group and Baowu Finance

Due to the absorption and merger of Magang Finance and Finance, the Group and Finance entered into the 2023–2024 “Financial Services Agreement” on 15 November 2022 based on practical needs. The agreement was approved at the Shareholders’ General Meeting on 29 December 2022. During the Reporting Period, the transaction amount under the agreement was as follows:

Unit: million RMB

Project	Annual cap	Amount
Maximum daily deposit balance	10,000.00	4,516.00
Comprehensive credit line provided by Baowu Finance to the Company	10,000.00	3,770.00
Service fee paid by the Company to Baowu Finance for financial services	210.00	70.41
Total interest on the Company’s deposits with Baowu Finance	190.00	40.88

Finance provides deposit services to the Company at the deposit interest rate determined in accordance with that of the same type and under the same terms promulgated by the People’s Bank of China, in principle, not lower than the deposit interest rate of the same type and under the same terms of the independent major commercial banks in the PRC. The preferential credit interest rates and fee rates offered by Finance to the Company in respect of its credit facilities such as loans, bill acceptance and bill discounting are, in principle, not higher than the interest rates and fee rates of the Company’s credit facilities of the same type and at the same time, which the Company obtains from independent major commercial banks in the PRC. Finance shall follow the principles of fairness and reasonableness to provide other financial services to the Company, and charge the relevant fees not higher than the fair market prices obtained by the Company from independent major commercial banks in the PRC or the standards stipulated by the State.

All Directors of the Board (including Independent Non-executive Directors) who are not associated with Baowu Finance considered that those transactions were set and conducted in daily course of business under normal commercial terms and in accordance with the terms of “Financial Services Agreement”. The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting Period, such transactions were carried out according to the terms for the “Financial Services Agreement” and each transaction amount was under the annual cap of 2024 for that agreement.

Section VI Significant Events (Continued)

(2) Financial business between the Company and its related financial companies and financial business between the Company's holding financial company and its related parties

1. Deposits business

Unit: million RMB

Related party	Connection	Daily maximum deposit limit	Interest rate range of deposits	Balance at the beginning of the period	Amount for the period		Balance at the end of the period
					Total amount deposited during the period	Total amount withdrawn during the period	
Baowu Finance	Financial business between the Group and its subsidiaries and related financial companies	10,000	0.20%-1.85%	2,983.16	369,701.61	369,072.31	3,612.46

2. Loans business

Unit: million RMB

Related party	Connection	Amount for loan	Interest rate range of Loans	Balance at the beginning of the period	Amount for the period		Balance at the end of the period
					Total loan amount for the period	Total amount repaid during the period	
Baowu Finance	Financial business between the Group and its subsidiaries and related financial companies	10,000	2.04%-3.16%	2,128.00	3,190.00	2,770.00	2,548.00

3. Credit business or other financial business

Unit: million RMB

Related party	Connection	Business types	Total	Actual amount
Baowu Finance	Financial business between the Group and its related financial companies	Credit facility	10,000	3,280.42
		Charge for financial services	70.41	70.41

Section VI Significant Events (Continued)

11. MATERIAL CONTRACTS AND EXECUTION THEREOF

- (1) During the Reporting Period, there was no entrustment, contracting and leasing
- (2) Major guarantees

Unit: 100 million RMB

Guarantees Offered by the Company (excluding guarantees offered to subsidiaries)	
Total amount guarantees incurred in the Reporting Period (excluding guarantees offered to subsidiaries)	–
Total ending balance of guarantees (excluding guarantees offered to subsidiaries) (A)	–
Guarantees offered to subsidiaries by the Company and its subsidiaries	
Total amount of guarantees offered to subsidiaries during the Reporting Period	–
Total ending balance of guarantees offered to subsidiaries (B)	30
Total amount of guarantees offered by the Company (including guarantees offered to subsidiaries)	
Total amount of guarantees (A+B)	30
Total amount of guarantees as a percentage of net assets of the Company (%)	10.98
of which:	
Amount of guarantees offered to shareholders, actual holder and their related parties (C)	–
Amount of debt guarantees offered to those with asset-liability ratio exceeding 70%, directly or indirectly (D)	–
The portion of total guarantees in excess of 50% of net assets (E)	–
Total amount of the above three types of guarantees (C+D+E)	–
Explanation of potential joint liability for undue guarantees	
Explanation on guarantees	At the end of the Reporting Period, the Company provided Ma Steel (Hong Kong) with a guarantee for banking facilities of RMB3 billion for its trade financing, and the actual amount was nil.

- (3) The Company does not engage in any entrusted cash asset management arrangements with third parties

12. PROGRESS REPORT ON THE UTILIZATION OF RAISED FUNDS

☐ Applicable ☒ Not Applicable

Section VII Movements in Share Capital and Shareholders

1. SHARE CAPITAL MOVEMENTS

(1) Table on share movements

Unit: Share

	Before the change		Increase/(decrease) during the year					After the change	
	Number of shares	Percentage (%)	New shares issued	Bonus shares	Shares converted from surplus reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares with selling restriction	46,256,800	0.60	-	-	-	-	-	46,256,800	0.60
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-	-	-
3. Other domestically owned shares	46,256,800	0.60	-	-	-	-	-	46,256,800	0.60
Including: Domestic non-state-owned legal person shares	-	-	-	-	-	-	-	-	-
Shares owned by domestic natural persons	46,256,800	0.60	-	-	-	-	-	46,256,800	0.60
4. Foreign shareholding	-	-	-	-	-	-	-	-	-
Including: Overseas legal person shares	-	-	-	-	-	-	-	-	-
Overseas natural person shares	-	-	-	-	-	-	-	-	-
II. Shares without selling restriction	7,700,681,186	99.40	-	-	-	-	-	7,700,681,186	99.40
1. RMB ordinary shares	5,967,751,186	77.03	-	-	-	-	-	5,967,751,186	77.03
2. Foreign shares listed domestically	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	1,732,930,000	22.37	-	-	-	-	-	1,732,930,000	22.37
III. Total	7,746,937,986	100	-	-	-	-	-	7,746,937,986	100

During the Reporting Period, there were no changes in the Company's total number of shares or share capital structure.

(2) There was no change in restricted shares

Section VII Movements in Share Capital and Shareholders (Continued)

2. ISSUANCE AND LISTING OF SECURITIES

(1) Securities issued during the Reporting Period

☐ Applicable ☒ Not Applicable

Description of the issuance of securities during the Reporting Period (please specify separately for securities with different interest rates during the duration):

☐ Applicable ☒ Not Applicable

(2) There was no change in the total number of shares and shareholders structure of the Company and in the Company's assets and liability structure

3. SHAREHOLDERS AND ACTUAL HOLDERS

(1) Total shareholders

Numbers of Shareholders as at the end of the Reporting Period (unit)	146,111
Numbers of Shareholders as at the end of last month prior to the report date (unit)	136,308

(2) Shareholding of the top ten shareholders and the top ten tradable shareholders (or shareholders without selling restrictions) at the end of the Reporting Period

Unit: Share

Shareholding of the top ten shareholders (excluding shares lent through securities lending and refinancing)							
Name of Shareholder (Full Name)	Increase/Decrease		Percentage (%)	No. of		Pledged or Frozen Situations	Shareholder Nature
	within the Reporting Period	No. of Shares at the End of Period		Shares under Restricted Condition for Sales	Share Status	Number	
Magang (Group) Holding Co., Limited	68,927,534	3,733,677,149	48.20	-	Nil	-	State-owned shareholder
HKSCC Nominees Limited	1,626,700	1,718,304,495	22.18	-	Unknown	Unknown	Unknown
Central Huijin Investment Ltd.	-	139,172,300	1.80	-	Unknown	Unknown	State-owned shareholder
Agricultural Bank of China Limited – CSI500 Index Open-ended Fund	Unknown	34,150,326	0.44	-	Unknown	Unknown	Other
Hong Kong Securities Clearing Company Limited	-59,428,915	30,162,671	0.39	-	Unknown	Unknown	Unknown
Beijing Guoxing Real Estate Management Co., Ltd.	-9,767,600	23,795,700	0.31	-	Unknown	Unknown	Unknown
Zhongye Zhengqi (Beijing) International Investment Co., Ltd. – Zhongye Jinying No. 6 Private Securities Investment Fund	Unknown	18,430,200	0.24	-	Unknown	Unknown	Other

Section VII Movements in Share Capital and Shareholders (Continued)

Shareholding of the top ten shareholders (excluding shares lent through securities lending and refinancing)							
Name of Shareholder (Full Name)	Increase/Decrease within the Reporting Period	No. of Shares at the End of Period	Percentage (%)	No. of Shares under Restricted Condition for Sales	Pledged or Frozen Situations		Shareholder Nature
				Share Status	Number		
Shen Sisi	Unknown	17,525,500	0.23	–	Unknown	Unknown	Domestic natural person
Shenwan Hongyuan Securities Co., Ltd.	Unknown	14,758,021	0.19	–	Unknown	Unknown	State-owned legal person
Yu Lan	Unknown	14,414,400	0.19	–	Unknown	Unknown	Domestic natural person

Top Ten Shareholders with unrestricted selling condition (excluding shares lent through securities lending and refinancing)			
Name of Shareholder	The number of unrestricted Outstanding shares held	Type and Quantity of Shares	
		Type	Quantity
Magang (Group) Holding Co., Limited	3,733,677,149	Ordinary shares in RMB	3,733,677,149
HKSCC Nominees Limited	1,718,304,495	Overseas listed shares	1,718,304,495
Central Huijin Investment Ltd.	139,172,300	Ordinary shares in RMB	139,172,300
Agricultural Bank of China Limited – CSI500 Index Open-ended Fund	34,150,326	Ordinary shares in RMB	34,150,326
Hong Kong Securities Clearing Company Limited	30,162,671	Ordinary shares in RMB	30,162,671
Beijing Guoxing Real Estate Management Co., Ltd.	23,795,700	Ordinary shares in RMB	23,795,700
Zhongye Zhengqi (Beijing) International Investment Co., Ltd. – Zhongye Jinying No. 6 Private Securities Investment Fund	18,430,200	Ordinary shares in RMB	18,430,200
Shen Sisi	17,525,500	Ordinary shares in RMB	17,525,500
Shenwan Hongyuan Securities Co., Ltd.	14,758,021	Ordinary shares in RMB	14,758,021
Yu Lan	14,414,400	Ordinary shares in RMB	14,414,400

Section VII Movements in Share Capital and Shareholders (Continued)

Top Ten Shareholders with unrestricted selling condition (excluding shares lent through securities lending and refinancing)			
Name of Shareholder	The number of unrestricted Outstanding shares held		Type and Quantity of Shares
		Type	Quantity
Explanation on the securities account designated for share repurchase of the top ten shareholders	Nil		
Explanation on entrusting, being entrusted voting rights or waiving voting rights of the aforesaid shareholders	Nil		
Notes on the above shareholders' affiliated relation or concerted action	Magang (Group) Holding Company Limited has no affiliated relation with any of the other foregoing shareholders, nor is a person acting in concerted action; however, it is not in the knowledge of the Company whether there is any affiliated relation among other foregoing shareholders and whether they are persons acting in concerted action.		

Share lent through securities lending and refinancing business by shareholders holding 5% or more of shares, top 10 shareholders, and top 10 tradable shareholders

Unit: Share

Share lent through securities lending and refinancing business by shareholders holding 5% or more of shares, top 10 shareholders, and top 10 tradable shareholders								
Name of Shareholder (Full Name)	Shareholdings in ordinary accounts and margin accounts at the beginning of the period		Not returned shares lent through securities lending and refinancing at the beginning of the period		Shareholdings in ordinary accounts and margin accounts at the end of the period		Not returned shares lent through securities lending and refinancing at the end of the period	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
	amount	(%)	amount	(%)	amount	(%)	amount	(%)
Agricultural Bank of China Limited – CSI500 Index Open-ended Fund	17,370,596	0.22	3,896,000	0.05	34,150,326	0.44	0	0

The top ten shareholders and the top ten tradable shareholders have changed over the previous period due to securities lending/return

☐ Applicable ☒ Not Applicable

Section VII Movements in Share Capital and Shareholders (Continued)

Shareholding of the top ten shareholders with selling restrictions and the selling restrictions:

Unit: 0'000 shares

Serial number	Name of shareholders with selling restrictions	No. of shares with selling restrictions held	Shares with selling restrictions available for listing and trading		
			Time available for listing and trading	Number of additional shares available for listing and trading	Selling restrictions
1	Ding Yi	56.95	These persons are all incentive participants under the Company's 2021 Restricted A Share Incentive Scheme and the availability for trading and selling restrictions are set out in the Company's announcement http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2022-05-11/600808_20220511_1_z2lpjPUU.pdf .		
2	Mao Zhanhong	40.20			
3	Ren Tianbao	40.20			
4	Tang Qiming	40.20			
5	Fu Ming	40.20			
6	Zhang Maohan	40.20			
7	Wang Guangya	30.15			
8	Deng Songgao	30.15			
9	Luo Wulong	30.15			
10	Yang Xingliang	30.15			

Notes on the above shareholders' affiliated relation or concerted action

The above shareholders are all incentive participants of the Company's 2021 Restricted A Share Incentive Scheme.

(3) Interests or short positions recorded according to the Securities and Futures Ordinance

As of 31 December 2024, the Company was aware of below interests or short positions recorded according to the Securities and Futures Ordinance.

Name of Shareholder	Identity held or deemed to be interested	Number of shares held or deemed to be in equity of the Company's issued H shares (shares)	Approximate percentage of the Company's issued H shares (%)
Baosteel Hong Kong Investment Company Limited	Beneficial holder	358,950,000 (Long position)	20.71

Section VII Movements in Share Capital and Shareholders (Continued)

As at 31 December 2024, for details of changes in shareholdings of directors, supervisors and senior executives of the Company, please refer to “(1) Changes in shareholdings of current and outgoing directors, supervisors and senior executives in the Reporting Period” in “3. Information on Directors, Supervisors and Senior Executives” in this section. Except for that, none of the directors, supervisors, or senior management had any interests or short positions in the share capital or relevant share capital and bonds of the Company or any of its associated corporations (definition refers to the Securities and Futures Ordinance).

Save as disclosed above, as at 31 December 2024, the Company was no aware of any interests or short positions recorded according to the Securities and Future Ordinance.

- (4) During the Reporting Period, no strategic investors or general legal persons became the top ten shareholders of the Company due to the placement of new shares

4. SUBSTANTIAL SHAREHOLDERS AND ACTUAL HOLDER

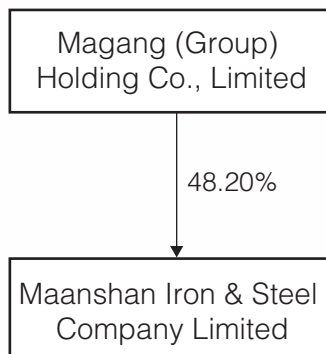
(1) Controlling shareholders

1 Legal person

Name	Magang (Group) Holding Co., Limited
Head of unit or legal representative	Jiang Yuxiang
Date of Incorporation	1 September 1993
Major business operations	Mining and sorting of mineral products; construction, construction materials, machine manufacturing, maintenance and design; external trading; domestic trading; distribution and storage of materials; property management; consulting service; rental services; agriculture and forestry.
Equity in other domestic and overseas listed companies controlled or partially owned during the Reporting Period	At the end of the Reporting Period, in addition to the Company's stock, the Holding also held 3.68% equity interest in Anhui Huasu, 0.93% in Baoxin Sight, 0.01% in Huishang Bank.

Section VII Movements in Share Capital and Shareholders (Continued)

2 Block diagram of property rights and controlling relationships between the Company and controlling shareholders



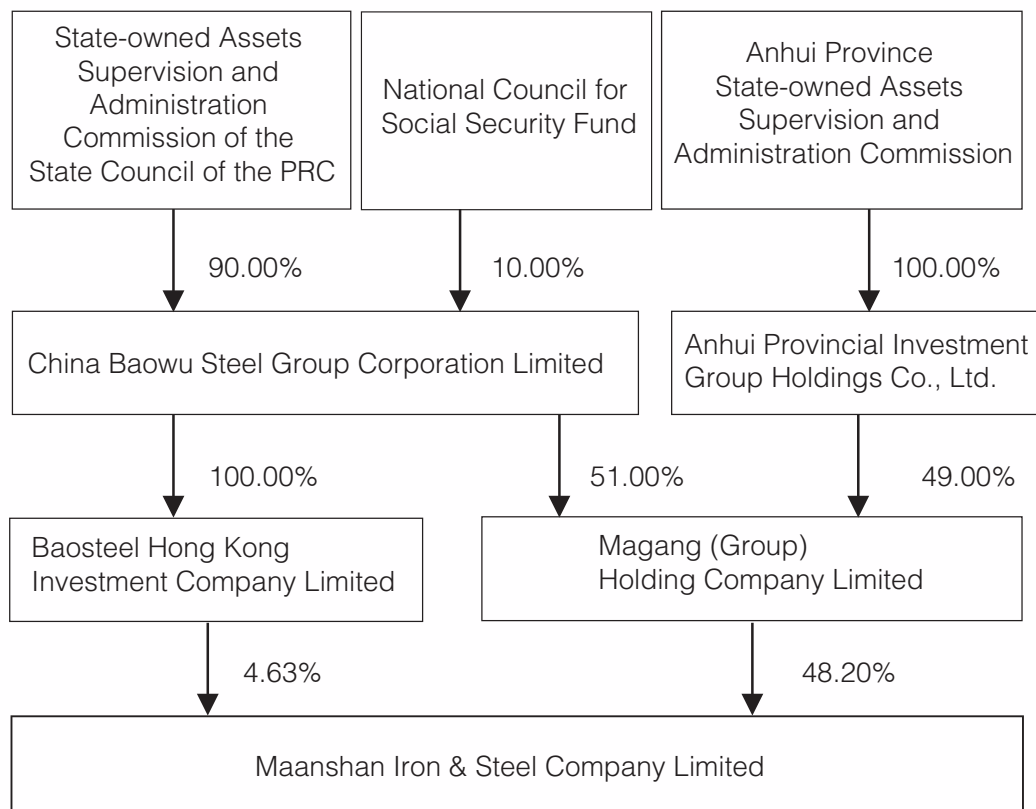
(2) Actual holder

1 Legal person

Name	China Baowu Steel Group Corporation Limited
Head of unit or legal representative	Hu Wangming
Date of Incorporation	1 January 1992
Major business operations	Operation of state-owned assets within the range authorized by the State Council; operation and investment of state-owned capital
Equity in other domestic and overseas listed companies controlled or partially owned during the Reporting Period	As of the end of 2024, the listed companies with over 5% shares being held by China Baowu directly or indirectly were as follows: Baosteel (63.10%), Baoxin Sight (49.83%), Bayi Iron and Steel (49.83%), ZNGF (52.95%), Baosteel Packaging (53.74%), Taigang Stainless (63.19%), Tibet Mining (20.86%), Xinyu Iron & Steel (46.17%), Chongqing Iron & Steel (28.91%), Sinosteel (48.65%), Sinosteel Luonai (41.34%), Sinosteel Tianyuan (32.87%), Daming International (16.28%), Shougang (10.21%), CPIC (14.06%), Baowu Magnesium (21.53%), New China Life Insurance (14.17%), Shanxi Securities (10.23%) and SRCB (8.29%).

Section VII Movements in Share Capital and Shareholders (Continued)

2 Block diagram of property rights and control relationships between the Company and actual holders



5. THE CUMULATIVE NUMBER OF PLEDGED SHARES OF THE CONTROLLING SHAREHOLDERS OR THE LARGEST SHAREHOLDER OF THE COMPANY AND THE PERSON ACTING IN CONCERT WITH THEM ACCOUNTS FOR MORE THAN 80% OF THE SHARES OF THE COMPANY HELD BY THEM

☐

Applicable

☒

Not Applicable

Section VII Movements in Share Capital and Shareholders (Continued)

6. OTHER THAN THE CONTROLLING SHAREHOLDERS, THE COMPANY HAS NO OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10 PER CENT OF THE SHARES

7. EXPLANATION OF RESTRICTIONS ON REDUCTION OF HOLDING OF SHARES

The Company's restricted shares are all A-share stocks granted under the equity incentive plan. During the Reporting Period, there were no changes in the share sale restrictions.

8. IMPLEMENTATION OF THE SHARE REPURCHASE DURING THE REPORTING PERIOD

During the Reporting Period, the Company repurchased and cancelled 24,833,400 restricted A Shares pursuant to the implementation plan of the Share Incentive Scheme, which was completed on 17 February 2025. In addition, the Company has not implemented any share repurchase.

Section VIII Auditor's Report

Ernst & Young Hua Ming(2025)Shen Zi No.70055689_L01
Maanshan Iron & Steel Company Limited

To the shareholders of Maanshan Iron & Steel Company Limited:

1. OPINION

We have audited the financial statements of Maanshan Iron & Steel Company Limited, which are comprised of the consolidated and company statements of financial position as of 31 December 2024, and the consolidated and company income statements, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of Maanshan Iron & Steel Company Limited present fairly, in all material respects, the consolidated and company financial position of Maanshan Iron & Steel Company Limited as of 31 December 2024 and their financial performance and cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of Maanshan Iron & Steel Company Limited in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Section VIII Auditor's Report (Continued)

3. KEY AUDIT MATTERS (CONTINUED)

Key audit matter

Impairment of inventories

As at 31 December 2024, the gross carrying amount of inventories of Maanshan Iron & Steel Company Limited and its subsidiaries (the Group) was RMB8,450,683,680, the provision for impairment of inventories was RMB541,731,585, and the carrying amount of inventories was RMB7,908,952,095.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. Net realisable value is determined based on the estimated selling price less the estimated costs to completion (if any), the estimated selling expenses and related taxes. In determining the net realisable value, the management of Maanshan Iron & Steel Company Limited makes judgement and estimation regarding the estimated selling price, the estimated costs to completion and others, comprehensively considering the internal and external information.

We identified the provision for impairment of inventories as the key audit matter since the number of the categories, quantities and amount of inventories are significant, the calculation model is complex, and the determination on the provision for impairment of inventories involves significant management judgement and estimation that may be affected by the management bias.

The disclosures related to the net realisable value of inventories of the Group are disclosed in Notes III.11 and V.7 to the financial statements.

How our audit addressed the key audit matter

Our audit procedures to evaluate the provision for impairment of inventories mainly included the following:

- Understand and evaluate the design and operating effectiveness of key internal controls over the financial reporting related to the provision for impairment of inventories;
- Evaluate whether the Group's policies for the provision for impairment of inventories are in compliance with the requirements of China Accounting Standards for Business Enterprises;
- Select items of inventories at the end of the period to evaluate the management's estimates on the estimated selling price by reference to forecast price information issued by authoritative institutions, taking into account the sales timing of inventories and the actual sales price after reporting period; compare the management's estimation on the estimated costs to completion with the actual historic costs of similar products to evaluate the reasonableness of relevant estimates made by the management in calculating the net realizable value;
- Select items of inventories and compare the management's estimates on the net realizable value of inventories with the actual results at the beginning of the period, to evaluate whether there is any indication of management bias;
- Recalculate the provision for impairment of inventories based on the Group's policies for the provision for impairment of inventories as well as related assumption data;
- Perform analytical review procedures on inventories in light of the industry and product conditions;
- Implement inventory taking supervision procedure, take on-site inspection of the quantity and storage status of inventories;
- Review the disclosures of the provision for impairment of inventories in the financial statements.

Section VIII Auditor's Report (Continued)

4. OTHER INFORMATION

The management of Maanshan Iron & Steel Company Limited is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. RESPONSIBILITIES OF THE MANAGEMENT AND GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

The Governance is responsible for overseeing Maanshan Iron & Steel Company Limited's financial reporting process.

Section VIII Auditor's Report (Continued)

6. AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Maanshan Iron & Steel Company Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements according to the CSAs or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Maanshan Iron & Steel Company Limited to cease to continue as a going concern.
- Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Maanshan Iron & Steel Company Limited to express an opinion on the financial statements. We are responsible for the guidance, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Section VIII Auditor's Report (Continued)

6. AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (continued)

We communicate with the Governance regarding the planned scope, timing of the audit and significant audit findings, including deficiencies worthy of attention in internal control that we identify during our audit.

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

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

Ernst & Young Hua Ming LLP

Guo Jing (Engagement Partner)
Chinese Certified Public Accountant

Gong Wei
Chinese Certified Public Accountant

Beijing, the People's Republic of China

28 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

(Renminbi Yuan)

ASSETS	Note V	31 December 2024	31 December 2023
CURRENT ASSETS			
Cash and bank balances	1	6,434,105,447	5,569,797,722
Notes receivable	2	822,780,872	1,708,216,158
Trade receivables	3	1,753,824,456	1,400,664,759
Financing receivables	4	1,382,456,994	1,801,284,684
Prepayments	5	381,238,574	645,423,430
Other receivables	6	544,731,735	315,637,040
Inventories	7	7,908,952,095	9,918,290,048
Other current assets	8	243,920,053	682,306,261
Total current assets		19,472,010,226	22,041,620,102
NON-CURRENT ASSETS			
Long-term equity investments	9	6,898,903,955	7,043,824,631
Other equity instrument investments	10	414,059,200	391,993,788
Investment properties	11	53,185,391	55,196,655
Property, plant and equipment	12	48,866,413,844	48,548,833,230
Construction in progress	13	795,364,312	4,013,854,765
Right-of-use assets	14	323,359,282	348,972,586
Intangible assets	15	1,808,686,660	1,753,618,113
Deferred tax assets	16	330,990,743	354,339,065
Total non-current assets		59,490,963,387	62,510,632,833
TOTAL ASSETS		78,962,973,613	84,552,252,935

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2024

(Renminbi Yuan)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	31 December 2024	31 December 2023
CURRENT LIABILITIES			
Short-term loans	18	11,344,435,564	9,428,060,223
Notes payable	19	10,051,474,326	8,631,701,173
Trade payables	20	10,673,672,878	13,513,640,486
Contract liabilities	21	4,123,176,032	4,013,383,663
Payroll and employee benefits payable	22	220,119,665	204,380,835
Taxes payable	23	230,640,142	372,393,489
Other payables	24	3,176,283,942	3,068,633,198
Non-current liabilities due within one year	25	4,499,159,554	3,784,343,228
Provision	26	11,429,761	9,875,967
Other current liabilities	27	515,225,262	1,028,203,765
Total current liabilities		44,845,617,126	44,054,616,027
NON-CURRENT LIABILITIES			
Long-term loans	28	5,483,408,184	6,799,686,232
Lease liabilities	29	339,072,242	361,507,890
Long-term payables	30	—	52,964,036
Long-term employee benefits payable	31	589,501	1,554,186
Deferred income	32	973,011,484	1,002,087,759
Deferred tax liabilities	16	222,875	295,454
Total non-current liabilities		6,796,304,286	8,218,095,557
TOTAL LIABILITIES		51,641,921,412	52,272,711,584

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2024

(Renminbi Yuan)

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)		Note V	31 December 2024	31 December 2023
SHAREHOLDERS' EQUITY				
Share capital	33		7,746,937,986	7,746,937,986
Capital reserve	34		8,576,312,133	8,439,923,708
Less: Treasury shares	35		105,928,072	105,928,072
Other comprehensive income	36		(2,023,545)	(12,900,327)
Special reserve	37		97,574,394	96,805,291
Surplus reserve	38		4,720,262,452	4,720,262,452
Retained earnings	39		2,224,325,312	6,883,481,566
Equity attributable to owners of the parent			23,257,460,660	27,768,582,604
Non-controlling interests			4,063,591,541	4,510,958,747
Total shareholders' equity			27,321,052,201	32,279,541,351
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			78,962,973,613	84,552,252,935

The financial statements were approved by the Board of Directors on 28 March 2025.

The financial statements were signed by the following persons:

Legal Representative
Jiang Yuxiang

Chief Accountant
Zhang Wenyang

Head of Accounting
Le Zhihai

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

(Renminbi Yuan)

	Note V	2024	2023
Revenue	40	81,816,891,739	98,937,969,364
Less: Cost of sales	40	82,591,668,039	97,308,142,081
Taxes and surcharges	41	464,245,084	378,851,648
Selling expenses	42	303,636,480	341,240,952
General and administrative expenses	43	872,041,999	933,378,645
R&D expenses	44	1,103,101,885	1,231,049,205
Financial expenses	45	551,859,577	466,911,329
Including: Interest expense		593,915,273	506,684,523
Interest income		99,418,512	61,547,907
Add: Other income	46	512,641,397	714,197,840
Investment income	47	8,405,954	308,185,072
Including: Share of (losses)/profits of associates and joint ventures		(3,078,344)	182,658,080
Loss on the changes in fair value	48	–	(34,558,767)
Credit impairment gains	49	32,313,981	39,230,056
Asset impairment losses	50	(934,841,718)	(993,092,220)
(Loss)/gain from disposal of assets	51	(270,368,636)	93,861,158
Operating Loss		(4,721,510,347)	(1,593,781,357)
Add: Non-operating income	52	2,009,514	7,799,360
Less: Non-operating expenses	53	110,356,890	10,677,519
Loss before tax		(4,829,857,723)	(1,596,659,516)
Less: Income tax expense	55	153,751,366	43,241,145
Net loss		(4,983,609,089)	(1,639,900,661)
Categorised by operation continuity			
Net loss from continuing operations		(4,983,609,089)	(1,639,900,661)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2024

(Renminbi Yuan)

	Note V	2024	2023
Categorised by ownership			
Net loss attributable to owners of the parent		(4,659,156,254)	(1,327,161,500)
Net loss attributable to non-controlling interests		(324,452,835)	(312,739,161)
Other comprehensive income, net of tax	36	10,876,782	(17,770,217)
Other comprehensive income attributable to owners of the parent, net of tax		10,876,782	(17,770,217)
Other comprehensive income that will not be reclassified to profit or loss:		6,718,130	(45,891,254)
Changes in fair value of other equity instrument investments		6,718,130	(45,891,254)
Other comprehensive income that may be reclassified to profit or loss		4,158,652	28,121,037
Other comprehensive income using the equity method that may be reclassified to profit or loss		6,104,741	1,885,752
Changes in fair value of other debt investments		–	4,076,476
Exchange differences on translation of foreign operations		(1,946,089)	22,158,809
Other comprehensive income attributable to non-controlling interests, net of tax	36	–	–
Total comprehensive income		(4,972,732,307)	(1,657,670,878)
Attributable to:			
Owners of the parent		(4,648,279,472)	(1,344,931,717)
Non-controlling interests		(324,452,835)	(312,739,161)
EARNINGS PER SHARE:			
Basic earnings per share (RMB/share)	56	(0.61)	(0.17)
Diluted earnings per share (RMB/share)	56	(0.61)	(0.17)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Renminbi Yuan)

2024

	Attributable to owners of the parent								Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
1. At the beginning of the year	7,746,937,986	8,439,923,708	105,928,072	(12,900,327)	96,805,291	4,720,262,452	6,883,481,566	27,768,582,604	4,510,958,747	32,279,541,351
2. Increase/(decrease) during the year										
1) Total comprehensive income	-	-	-	10,876,782	-	-	(4,659,156,254)	(4,648,279,472)	(324,452,835)	(4,972,732,307)
2) Shareholders' contributions and reduction in capital										
(i) Changes in other equity of associates and joint ventures	-	30,133,273	-	-	-	-	-	30,133,273	-	30,133,273
(ii) Amount of share-based payments recognized in equity	-	(11,146,732)	-	-	-	-	-	(11,146,732)	-	(11,146,732)
(iii) Others	-	117,401,884	-	-	-	-	-	117,401,884	(117,401,884)	-
3) Profit appropriation										
(i) Distribution to shareholders	-	-	-	-	-	-	-	-	(12,046,624)	(12,046,624)
4) Special reserve										
(i) Additions	-	-	-	-	103,779,441	-	-	103,779,441	20,853,353	124,632,794
(ii) Utilisation	-	-	-	-	(103,010,338)	-	-	(103,010,338)	(14,319,216)	(117,329,554)
3. Balance at the end of the year	7,746,937,986	8,576,312,133	105,928,072	(2,023,545)	97,574,394	4,720,262,452	2,224,325,312	23,257,460,660	4,063,591,541	27,321,052,201

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2024

(Renminbi Yuan)

2023

	Attributable to owners of the parent									Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	General risk reserve	Surplus reserve	Retained earnings	Sub-total		
1. At the beginning of the year	7,775,731,186	8,442,757,852	171,864,500	(30,006,411)	107,567,088	271,501,110	4,720,262,452	8,083,720,518	29,199,669,295	4,131,221,078	33,330,890,373
2. Increase/(decrease) during the year											
1) Total comprehensive income	-	-	-	(17,770,217)	-	-	-	(1,327,161,500)	(1,344,931,717)	(312,739,161)	(1,657,670,878)
2) Shareholders' contributions and reduction in capital											
(i) Capital reductions by shareholders	(28,793,200)	(37,143,228)	(65,936,428)	-	-	-	-	-	-	-	-
(ii) Changes in other equity of associates and joint ventures	-	29,355,484	-	-	-	-	-	-	29,355,484	-	29,355,484
(iii) Amount of share-based payments recognized in equity	-	(21,680,138)	-	-	-	-	-	-	(21,680,138)	-	(21,680,138)
(iiii) Others	-	17,343,002	-	-	-	-	-	-	17,343,002	920,127,038	937,470,040
3) Profit appropriation											
(i) Distribution to shareholders	-	-	-	-	-	-	-	(155,395,744)	(155,395,744)	(13,913,579)	(169,309,323)
4) Transfers within equity											
(i) Other comprehensive income carried forward to retained earnings	-	-	-	(10,817,182)	-	-	-	10,817,182	-	-	-
5) Special reserve											
(i) Additions	-	-	-	-	103,277,907	-	-	-	103,277,907	19,159,890	122,437,797
(ii) Utilisation	-	-	-	-	(114,039,704)	-	-	-	(114,039,704)	(11,814,284)	(125,853,988)
6) Others	-	9,290,726	-	45,693,483	-	(271,501,110)	-	271,501,110	54,984,219	(221,082,235)	(166,098,016)
3. Balance at the end of the year	7,746,937,986	8,439,923,708	105,928,072	(12,900,327)	96,805,291	-	4,720,262,452	6,883,481,566	27,768,582,604	4,510,958,747	32,279,541,351

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(Renminbi Yuan)

	Note V	2024	2023
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		76,375,987,173	82,776,686,061
Tax refunds received		545,182,604	758,357,155
Net decrease in deposits in the central bank		—	249,240,601
Net decrease in financial assets purchased under agreements to resell		—	2,680,209,514
Net decrease in loans and advances to customers		—	1,645,825,963
Cash received for interest charges, fees and commissions		—	93,262,097
Cash received relating to other operating activities	57	201,707,658	646,486,202
Sub-total of cash inflows		77,122,877,435	88,850,067,593
Cash paid for purchases of goods and services		(70,990,427,165)	(77,532,466,944)
Net decrease in repurchase agreements		—	(659,635,255)
Net decrease in customer deposits and balances from banks and other financial institutions		—	(2,493,266,501)
Cash paid to or on behalf of employees		(3,573,108,952)	(4,299,348,842)
Taxes and surcharges paid		(843,344,865)	(1,348,908,186)
Cash paid for interest charges, fees and commissions		—	(48,659,682)
Cash paid relating to other operating activities	57	(755,121,659)	(475,982,921)
Sub-total of cash outflows		(76,162,002,641)	(86,858,268,331)
Net cash flows from operating activities	58	960,874,794	1,991,799,262

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2024

(Renminbi Yuan)

	Note V	2024	2023
2. Cash flows from investing activities			
Cash received from disposal of investments		8,412,759	6,134,334,278
Cash received from investment income		183,284,522	134,818,022
Proceeds from disposal of items of property, plant and equipment, intangible assets, and other non-current assets		82,932,356	611,049,988
Net cash received from disposal of subsidiaries and other business units		—	790,122,876
Cash received relating to other investing activities	57	—	680,259
Sub-total of cash inflows		274,629,637	7,671,005,423
Purchases of property, plant and equipment, intangible assets and other non-current assets		(1,682,384,945)	(6,399,162,194)
Cash paid for investments		(1,379,907,780)	(1,812,865,058)
Cash paid relating to other investing activities	57	(5,488,708)	(19,849,741)
Sub-total of cash outflows		(3,067,781,433)	(8,231,876,993)
Net cash flows used in investing activities		(2,793,151,796)	(560,871,570)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2024

(Renminbi Yuan)

	Note V	2024	2023
3. Cash flows from financing activities			
Cash received from investors		–	937,470,040
Including: Capital injection from a subsidiary's non-controlling interests		–	937,470,040
Cash received from borrowings		17,496,534,770	12,654,687,416
Proceeds from issuance of short-term commercial papers		–	500,000,000
Cash received relating to other financing activities	57	488,691,527	511,120,715
Sub-total of cash inflows		17,985,226,297	14,603,278,171
Repayment of borrowings		(16,200,456,301)	(15,185,121,421)
Cash paid for distribution of dividends or profits and for interest expenses		(594,562,634)	(690,566,786)
Including: Dividends or profits paid to non-controlling interests by subsidiaries		(11,940,224)	(13,913,579)
Cash paid relating to other financing activities	57	(102,162,657)	(88,873,977)
Sub-total of cash outflows		(16,897,181,592)	(15,964,562,184)
Net cash flows from/(used in) financing activities		1,088,044,705	(1,361,284,013)
4. Effect of foreign exchange rate changes on cash and cash equivalents		2,754,486	(1,787,882)
5. Net (decrease)/increase in cash and cash equivalents	58	(741,477,811)	67,855,797
Add: Cash and cash equivalents at the beginning of the year	58	4,428,594,208	4,360,738,411
6. Cash and cash equivalents at the end of the year	58	3,687,116,397	4,428,594,208

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

31 December 2024

(Renminbi Yuan)

ASSETS		Note XVII	31 December 2024	31 December 2023
CURRENT ASSETS				
Cash and bank balances			2,890,923,633	3,908,085,165
Notes receivable			701,615,019	1,271,492,301
Trade receivables	1		1,260,157,905	1,673,087,619
Financing receivables			1,165,265,848	1,450,677,653
Prepayments			443,019,236	618,829,770
Other receivables	2		314,515,492	158,196,188
Inventories			5,681,379,639	6,697,833,793
Other current assets			2,530,131	330,348,445
Total current assets			12,459,406,903	16,108,550,934
NON-CURRENT ASSETS				
Long-term equity investments	3		12,381,050,723	12,526,066,104
Other equity instrument investments			408,876,314	387,077,667
Investment properties			53,185,391	55,196,655
Property, plant and equipment			39,069,070,582	38,963,858,584
Construction in progress			556,145,684	3,068,579,228
Right-of-use assets			316,902,972	343,900,893
Intangible assets			1,256,876,122	1,252,917,982
Deferred tax assets			268,564,121	283,871,388
Total non-current assets			54,310,671,909	56,881,468,501
TOTAL ASSETS			66,770,078,812	72,990,019,435

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2024

(Renminbi Yuan)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XVII	31 December 2024	31 December 2023
CURRENT LIABILITIES			
Short-term loans		10,195,613,468	8,718,947,740
Notes payable		6,874,295,802	5,336,471,135
Trade payables		8,776,623,562	11,735,566,104
Contract liabilities		3,939,550,767	3,188,983,590
Payroll and employee benefits payable		147,956,613	136,973,136
Taxes payable		143,188,385	285,838,962
Other payables		5,405,537,499	7,016,841,883
Non-current liabilities due within one year		4,486,847,308	3,781,173,021
Other current liabilities		487,572,010	921,031,756
Total current liabilities		40,457,185,414	41,121,827,327
NON-CURRENT LIABILITIES			
Long-term loans		5,377,748,184	6,683,686,232
Lease liabilities		334,104,312	357,818,769
Long-term payable		—	52,964,036
Deferred income		691,659,592	736,523,575
Total non-current liabilities		6,403,512,088	7,830,992,612
Total liabilities		46,860,697,502	48,952,819,939
SHAREHOLDERS' EQUITY			
Share capital		7,746,937,986	7,746,937,986
Capital reserve		8,435,726,496	8,417,807,686
Less: Treasury shares		105,928,072	105,928,072
Other comprehensive income		96,604,089	84,007,969
Special reserve		36,434,036	46,090,904
Surplus reserve		3,883,475,865	3,883,475,865
Retained earnings		(183,869,090)	3,964,807,158
Total shareholders' equity		19,909,381,310	24,037,199,496
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		66,770,078,812	72,990,019,435

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME STATEMENT

For the year ended 31 December 2024

(Renminbi Yuan)

	Note XVII	2024	2023
Revenue	4	70,713,572,628	80,117,509,791
Less: Cost of sales	4	71,957,685,282	79,383,153,477
Taxes and surcharges		327,220,563	222,339,569
Selling expenses		169,968,486	181,569,046
General and administrative expenses		590,758,831	513,485,742
R&D expenses	5	796,836,102	838,217,476
Financial expenses		555,136,227	469,024,878
Including: Interest expense		572,082,282	508,416,714
Interest income		51,998,498	36,167,219
Add: Other income		315,122,875	675,158,613
Investment income	6	487,183,220	1,307,168,081
Including: Share of (losses)/profits of associates and joint ventures		(5,202,052)	175,173,243
Loss on the changes in fair value		—	(40,471,388)
Credit impairment gains		23,911,337	10,298,449
Assets impairment losses		(857,641,463)	(1,111,102,119)
(Loss)/gain from disposal of non-current assets		(340,461,768)	83,471,073
Operating loss		(4,055,918,662)	(565,757,688)
Add: Non-operating income		391,703	4,700,424
Less: Non-operating expenses		83,313,029	3,446,275
Loss before tax		(4,138,839,988)	(564,503,539)
Less: Income tax expense		9,836,260	(59,911,995)
Net loss		(4,148,676,248)	(504,591,544)
Categorised by operation continuity			
Net loss from continuing operations		(4,148,676,248)	(504,591,544)
Other comprehensive income, net of tax		12,596,120	(47,594,826)
Other comprehensive income that will not be reclassified to profit or loss:			
Changes in fair value of other equity instrument investments		6,491,379	(49,480,578)
Other comprehensive income that may be reclassified to profit or loss:			
Other comprehensive income using the equity method that may be reclassified to profit or loss		6,104,741	1,885,752
Total comprehensive income		(4,136,080,128)	(552,186,370)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Renminbi Yuan)

2024

	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
1. At the beginning of the year	7,746,937,986	8,417,807,686	105,928,072	84,007,969	46,090,904	3,883,475,865	3,964,807,158	24,037,199,496
2. Increase/(decrease) during the year								
1) Total comprehensive income	-	-	-	12,596,120	-	-	(4,148,676,248)	(4,136,080,128)
2) Capital contributions and reduction								
(i) Changes in the share of other equity of associates and joint ventures	-	29,065,542	-	-	-	-	-	29,065,542
(ii) Amount of share-based payments recognized in equity	-	(11,146,732)	-	-	-	-	-	(11,146,732)
3) Special reserve								
(i) Additions	-	-	-	-	60,094,241	-	-	60,094,241
(ii) Utilisation	-	-	-	-	(69,751,109)	-	-	(69,751,109)
3. Balance at the end of the year	7,746,937,986	8,435,726,496	105,928,072	96,604,089	36,434,036	3,883,475,865	(183,869,090)	19,909,381,310

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2024

(Renminbi Yuan)

2023

	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
1. At the beginning of the year	7,775,731,186	8,447,275,568	171,864,500	132,591,787	69,568,483	3,883,475,865	4,623,805,454	24,760,583,843
2. Increase/(decrease) during the year								
1) Total comprehensive income	-	-	-	(47,594,826)	-	-	(504,591,544)	(552,186,370)
2) Capital contributions and reduction								
(i) Capital reduction by shareholders	(28,793,200)	(37,143,228)	(65,936,428)	-	-	-	-	-
(ii) Changes in the share of other equity of associates and joint ventures	-	29,355,484	-	-	-	-	-	29,355,484
(iii) Amount of share-based payments recognized in equity	-	(21,680,138)	-	-	-	-	-	(21,680,138)
3) Profit appropriation								
(i) Distribution to shareholders	-	-	-	-	-	-	(155,395,744)	(155,395,744)
4) Transfers within equity								
(i) Other comprehensive income carried forward to retained earnings	-	-	-	(988,992)	-	-	988,992	-
5) Special reserve								
(i) Additions	-	-	-	-	64,822,828	-	-	64,822,828
(ii) Utilisation	-	-	-	-	(88,300,407)	-	-	(88,300,407)
3. Balance at the end of the year	7,746,937,986	8,417,807,686	105,928,072	84,007,969	46,090,904	3,883,475,865	3,964,807,158	24,037,199,496

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(Renminbi Yuan)

	2024	2023
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	61,254,842,652	67,158,265,895
Tax refunds received	400,938,731	643,449,435
Cash received relating to other operating activities	78,068,166	115,959,236
Sub-total of cash inflows	61,733,849,549	67,917,674,566
Cash paid for purchase of goods and services	(57,570,747,245)	(63,076,797,063)
Cash paid to or on behalf of employees	(2,506,752,770)	(2,970,689,125)
Taxes and surcharges paid	(515,501,470)	(862,271,994)
Cash paid relating to other operating activities	(300,872,926)	(396,579,379)
Sub-total of cash outflows	(60,893,874,411)	(67,306,337,561)
Net cash flows from operating activities	839,975,138	611,337,005
2. Cash flows from investing activities		
Cash received from disposal of investments	3,669,804	201,531,186
Cash received from investment income	663,941,782	383,737,423
Net cash received from disposal of property, plant and equipment, intangible assets and other non-current assets	15,357,285	382,780,444
Cash received relating to other investing activities	—	680,259
Sub-total of cash inflows	682,968,871	968,729,312
Purchase of property, plant and equipment, intangible assets and other non-current assets	(1,106,748,107)	(5,128,102,576)
Cash paid relating to other investing activities	(5,488,708)	—
Sub-total of cash outflows	(1,112,236,815)	(5,128,102,576)
Net cash flows used in investing activities	(429,267,944)	(4,159,373,264)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2024

(Renminbi Yuan)

	2024	2023
3. Cash flows from financing activities		
Cash received from borrowings	16,020,534,769	11,578,668,455
Cash received from investors	—	500,000,000
Cash received relating to other financing activities	255,675,233	4,484,838,907
Sub-total of cash inflows	16,276,210,002	16,563,507,362
Repayment of borrowings	(15,381,456,300)	(13,521,539,916)
Cash paid for the distribution of dividend or profits and for interest expenses	(562,144,123)	(667,308,178)
Cash paid relating to other financing activities	(1,907,329,720)	(81,013,891)
Sub-total of cash outflows	(17,850,930,143)	(14,269,861,985)
Net cash flows (used in)/from financing activities	(1,574,720,141)	2,293,645,377
4. Effect of foreign exchange rate changes on cash and cash equivalents	3,696,639	(7,150,868)
5. Net decrease in cash and cash equivalents	(1,160,316,308)	(1,261,541,750)
Add: Cash and cash equivalents at the beginning of the year	3,381,934,090	4,643,475,840
6. Cash and cash equivalents at the end of the year	2,221,617,782	3,381,934,090

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

I. GENERAL INFORMATION OF THE GROUP

Maanshan Iron & Steel Company Limited (the “Company”), a joint stock limited company incorporated after the reorganisation of a state-owned enterprise known as Maanshan Iron and Steel Company (the “Original Magang”, now named as Magang (Group) Holding Company Limited), was established in Maanshan City, Anhui Province, the People’s Republic of China (the “PRC”) on 1 September 1993. The unified social credit code of the Company’s business licence is 91340000610400837Y. The Company’s A shares and H shares were issued and listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange, respectively. The headquarter of the Company is located at No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC.

As of 31 December 2024, the Company had issued 7,746,940,000 shares in total, including ordinary A shares of 5,967,750,000 shares, restrictive A shares of 46,260,000 shares and ordinary H shares of 1,732,930,000 shares. The nominal value of each share is RMB1.

The Company, together with its subsidiaries (collectively known as the “Group”), is principally engaged in the manufacture and sale of iron and steel products and related by-products. The information on the Company’s subsidiaries is described in Note VIII.

The parent company of the Group is Magang (Group) Holding Company Limited (the “Holding”), which was established in the PRC.

The ultimate controller of the Group is China Baowu Steel Group Corporation Limited (“China Baowu”).

The financial statements were approved by the Board of Directors on 28 March 2025.

The scope of the consolidated financial statements is determined on the control basis. The change in the scope of consolidation during the year is described in Note VII.

II. BASIS OF FINANCIAL STATEMENT PREPARATION

1. Basis of preparation

The financial statements are prepared in accordance with “China Accounting Standards for Business Enterprises – General Principles” and other issued application guidance, interpretations and other related regulations issued later (collectively known as “CAS”). And the financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports”.

2. Going concern basis

The financial statements are prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

II. BASIS OF FINANCIAL STATEMENT PREPARATION (CONTINUED)

2. Going concern basis (Continued)

As of 31 December 2024, the net current liabilities of the Group amounted to RMB25,373,606,900. The directors of the Company have considered the availability of funding sources, including but not limited to unutilized banking facilities of RMB46.5 billion as of 31 December 2024 and the expected cash inflows from the operating activities in the upcoming 12 months. The Board of Directors of the Company believes that the Group has sufficient working capital to continue as a going concern for not less than 12 months after the end of reporting period. Therefore, the Board of Directors of the Company prepared the Group's financial statements for the year ended 31 December 2024 on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group has determined the accounting policies and accounting estimates based on the characteristics of the operation, especially those related to provision for impairment of financial assets measured at amortized cost, impairment provision against inventories, depreciation of property, plant and equipment. Amortisation of intangible assets, impairment of non-current assets excluding the financial instruments (other than goodwill), recognition of deferred tax assets, recognition and measurement of revenue, etc.

1. Statement of compliance with the CAS

The financial statements have been prepared in accordance with the CAS, and present truly and completely the financial position of the Company and the Group as of 31 December 2024, and the results of their operations and cash flows 2024.

2. Accounting period

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Reporting currency

Renminbi, in which the financial statements are presented, is used as the Company's recording and functional currency. All values are rounded to the nearest Renminbi Yuan ("RMB") except when otherwise indicated.

The Group's subsidiaries, joint ventures and associates use their respective local currencies as the reporting currencies for recording purposes in accordance with their own operating environment, which are translated into Renminbi in the preparation of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Method used to determine the materiality threshold and the basis for selection

	Materiality threshold
Significant receivables for which provisions for bad and doubtful debts are individually assessed	Amount≥RMB150,000,000
Significant receivables written-off	Amount≥RMB150,000,000
Significant receivables with ageing of more than one year	Amount≥RMB150,000,000
Significant payables with ageing of more than one year	Amount≥RMB150,000,000
Significant unpaid dividends payable with ageing of more than one year	Amount≥RMB150,000,000
Significant construction in progress	Amount≥RMB200,000,000
Significant cashes relating to investing activities	Amount≥RMB200,000,000
Significant joint ventures or associates	Amount≥RMB500,000,000
Significant non-wholly-owned subsidiaries	Revenue of non-wholly-owned subsidiaries≥10% of the Group's total revenue

5. Business combinations

Business combinations are classified into “Business combination involving entities under common control” and “Business combinations involving entities not under common control”.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained under common control (including the goodwill arising from the acquisition of the acquiree as part of the ultimate controlling party's investment) are measured at the carrying amounts as recorded by the ultimate controlling party at the acquisition date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium, which is included in the capital reserve. If the balance of the share premium reserve is insufficient, any excess is adjusted to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Business combinations (Continued)

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquirer shall, at the acquisition date, recognize the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at the date of acquisition. Any excess of the sum of the fair value of consideration paid for a business combination (or the fair value of equity securities issued) and the fair value of the acquiree's equity interest held before the acquisition date over the acquirer's interest in the fair value of the acquiree's identifiable net assets is recorded as goodwill, which is measured at cost less any accumulated impairment losses subsequently. If the acquirer's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the fair value of consideration paid for a business combination (or the fair value of equity securities issued) and the fair value of the acquiree's equity interest held before the acquisition date, the acquirer shall reassess the measurement of the fair value of the acquiree's identifiable assets, liabilities or contingent liabilities, as well as the fair value of consideration paid for a business combination (or the fair value of equity securities issued) and the fair value of the acquiree's equity interest held before the acquisition date, and recognize immediately in profit or loss any excess remaining after reassessment.

6. Consolidated financial statements

The scope of the consolidated financial statements is determined on the control basis, which consists of financial statements of the Company and its subsidiaries. A subsidiary is a company or entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). An investor controls an investee if and only if the investor has all the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements based on the Company's own accounting policies or accounting period in preparing the consolidated financial statements. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

For subsidiaries acquired through a business combination involving entities not under common control, the operating results and cash flows of the acquired company are included in the consolidated financial statements from the acquisition date until the date on which the Group ceases the control of the subsidiary. In preparing the consolidated financial statements, adjustments are made to the subsidiaries' financial statements based on fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements (Continued)

For subsidiaries acquired through a business combination involving entities under common control, the operating results and cash flows of a subsidiary are included in the consolidated financial statements from the beginning of the combination period. In preparing consolidated financial statements, adjustments are made to related items in prior years' financial statements, as if the combination had occurred from the date when the combining entities first came under control of the ultimate controlling party.

The investor shall reassess its control when changes in relevant facts and circumstances lead to changes in the elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

7. Joint arrangements and joint operations

A joint arrangement is classified as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint operators have rights to the net assets of the arrangement.

A joint operator recognises the following items in relation to its interest in a joint operation: its solely-held assets, and its share of any assets held jointly; its solely-assumed liabilities, and its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its solely-incurred expenses, and its share of any expenses incurred jointly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Cash and cash equivalents

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

9. Foreign operations and foreign currency translation

The Group translates foreign currencies into the reporting currency when foreign currency transactions occur.

Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the exchange rates ruling at the end of reporting period. The exchange differences are recognized in profit or loss, except those arising from the foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the foreign exchange rates at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates at the date the fair value is determined, and the exchange differences are recognized in profit or loss or other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Foreign operations and foreign currency translation (Continued)

The Group translates functional currencies of overseas businesses into Renminbi when preparing the consolidated financial statements. All assets and liabilities are translated at the exchange rates ruling at the end of the reporting period; shareholders' equity, with the exception of retained earnings, are translated at the exchange rates ruling at the transaction date; all income and expense items in the income statement are translated at the average exchange rates during the period (Unless exchange rate fluctuations make it inappropriate to convert at the exchange rate, are translated at the exchange rates ruling at the transaction date). Exchange differences arising from the translations mentioned above are recognized as other comprehensive income. When an overseas business is disposed of, the cumulative translation differences arising from the overseas business will be transferred to profit or loss in the period. In case of a partial disposal, only the proportionate share of the related exchange translation difference is transferred to profit or loss.

The foreign currency cash flows and cash flows of an overseas business shall be translated at the exchange rates ruling at the dates of the cash flows. The effect of changes in exchange rates on cash and cash equivalents is presented separately in the statement of cash flows.

10. Financial instruments

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

Recognition and derecognition of financial instruments

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

A financial asset (either a part of financial asset or a part of a group of similar financial assets) will be derecognized, which means being written off from the account and the statement of financial position:

- 1) The contractual rights to receive cash flows from the financial asset expire; or
- 2) It transfers the contractual rights to receive the cash flows of the financial asset, or assumes a contractual obligation to pay the cash flows to one or more recipients in a "transfer arrangement" and that substantially transfers all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but abandons control of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

Recognition and derecognition of financial instruments (Continued)

A financial liability is derecognized when the current obligation is discharged or cancelled or expires. If an existing financial liability is replaced by the same debtor with a new financial liability, whose contractual stipulations is substantially different from those of the existing financial liability, or if an enterprise makes substantial revisions to almost all of the contractual stipulations of the existing financial liability, it shall terminate the recognition of the existing financial liability, and at the same time recognize the financial liability after revising the contractual stipulation as a new financial liability, and the difference is recognized in profit or loss.

All financial assets purchased or sold in regular way are recognized or derecognized on the trading date when the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The trade date is the date that the Group committed to purchase or sell a financial asset.

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

With the exception of accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, financial assets are measured at fair value on initial recognition. Accounts receivable or notes receivable that do not contain significant financing components or for which the Group has applied the practical expedient are initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, the relevant transaction costs are charged to profit or loss; for other financial assets, the relevant transaction costs are recognized as initial investment costs.

The subsequent measurement of financial assets depending on their classifications as follows:

Debt instrument investments measured at amortized cost

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

A financial asset shall be measured at amortized cost if both of the following conditions are met: the financial asset is held whose objective is to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This type of financial asset using effective interest rate method to recognize interest income, the gain or loss generated by its' amortisation and impairment shall be accounted in the profit or loss for the year.

Equity instrument investments measured at fair value through other comprehensive income

The Group irrevocably choose to designate the equity instrument investments not held for trading as financial assets measured at fair value through other comprehensive income at initial recognition. Dividends are recognized in profit or loss (except for dividends which are clearly recovered as part of the investment costs) and the changes in fair value shall be recognized in other comprehensive income, no impairment provision is required. When the financial assets are derecognized, the cumulative gain or loss previously recognized in other comprehensive income shall be transferred to retained earnings.

Financial assets measured at fair value through profit or loss

The financial assets which is excluded in the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income is presented as financial assets measured at fair value through profit or loss. This type of financial assets are measured at fair value for subsequent measurement, all changes in fair value shall be accounted in the profit or loss for the year.

A financial asset can be designated as a financial asset measured at fair value through profit or loss at the time of initial measurement only if the accounting mismatch can be eliminated or significantly reduced.

After the Group designate a financial asset as a financial asset measured at fair value through profit or loss at initial recognition, it cannot be reclassified as other types of financial assets. Other types of financial assets cannot be redesignated as financial assets measured at fair value through profit or loss after initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

Classification and measurement of financial liabilities

The Group classifies its financial liabilities at initial recognition as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. With respect to financial liabilities at fair value through profit or loss, transaction costs are charged to profit or loss; whereas for financial liabilities measured at amortized cost, transaction costs are recognized at initial cost.

The subsequent measurement of financial liabilities depending on their classifications as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including financial liabilities held for trading (including derivatives liabilities) and those are designated as at fair value through profit or loss at initial recognition. Financial liabilities at fair value through profit or loss (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value. All changes in fair value of such financial liabilities are recognized in profit or loss. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will include all the changes in fair value (including the amount affected by changes in the Group's own credit risk) of such financial liabilities in profit or loss.

A financial liability can be designated as financial liabilities measured at fair value through profit or loss only if one of the following conditions is met:

- (1) eliminate or significantly reduce accounting mismatches;
- (2) the portfolio of financial instruments is managed, evaluated and reported to key management on a fair value basis as set out in formal written documentation of the risk management or investment strategy;
- (3) a hybrid instrument containing one or more embedded derivatives, unless the embedded derivatives do not materially alter the cash flows of the hybrid instruments or the embedded derivatives should not be clearly separated from the relevant hybrid instruments;
- (4) hybrid instruments containing embedded derivatives that are subject to spin-off but cannot be measured separately at the time of acquisition or at a subsequent balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Financial liabilities measured at amortized cost

Financial liabilities measured at cost are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

Methods for determining expected credit losses and accounting treatments

Based on the expected credit losses ("ECLs"), the Group recognises an allowance for ECLs for the financial assets measured at amortised cost and debt investments at fair value through other comprehensive income.

For accounts receivable and contract assets that do not contain a significant financing component, the Group applies the simplified approach to recognise a loss allowance based on lifetime ECLs.

Except for financial assets which apply the simplified approach as mentioned above, other financial assets, the Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate.

For the disclosure of the Group's judgment criteria for the significant increase in credit risk, the definition of credit impaired assets, and the assumption of expected credit loss measurement please refer to Note X.1.

The factors that the Group consider for measuring the expected credit loss include unbiased probabilistic weighted average amounts determined by evaluating a range of possible outcomes, the time value of money, reasonable and evidence-based information about past events, current conditions and projections of future economic conditions that can be obtained at the balance sheet date without additional cost or effort.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

Impairment of financial assets (Continued)

Categories of groups for collective assessment based on credit risk characteristics and basis for determination

The Group has considered the credit risk characteristics of different customers and assessed the expected credit losses of receivables based on the credit risk characteristics of portfolios and combined with aging.

Aging calculation method based on the portfolio of credit risk characteristics based on aging

The Group determines the aging of accounts based on the date of invoicing.

Judgment criteria for determining individual impairment provision for bad debts based on individual assessment

If the credit risk characteristics of a counterparty is significantly different from those of other counterparties, a provision is individually assessed for amounts due from that counterparty.

Write-off of impairment provision

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and disclosed in the statement of financial position at net amount if the entity has a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments. Derivative financial instruments are measured at its fair value at the transaction date at initial recognition and measured at fair value subsequently. Derivative financial instruments with positive fair value would be recognized as assets while those with negative fair value would be recognized as liabilities.

The gain or loss arising from changes in fair value of derivative financial instruments is recognized in profit or loss, except for those related to hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial assets, it shall derecognize the financial assets. Whereas, if it retains substantially all the risks and rewards of ownership of the assets, it shall not derecognize the financial assets.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, the entity shall determine whether it has retained control of the financial assets in this case: (i) if the entity has not retained control of the financial assets, it shall derecognize the financial assets and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer; (ii) if the entity has retained control of the financial assets, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial assets, and shall recognize an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

11. Inventories

Inventories include raw materials, work in progress, finished goods and spare parts.

Inventories are initially recognized at cost, which comprises purchase cost, processing cost, and other costs. Costs of delivered inventories are determined on the weighted average basis. Costs of general spare parts, lower valued consumables and packing materials are charged to profit or loss at consumption; large rolls on rolling mills are amortised according to the grinding amount, capitalised in the related assets or charged to profit or loss.

Inventories are accounted for using the perpetual inventory system.

At the end of each reporting period, inventories shall be measured at the lower of cost and net realizable value. If the cost is in excess of the amounts expected to be realised from their sale or use, provision for inventories is recognized in profit or loss. Net realisable value is the estimated selling price on normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes. Provision is considered on a category basis for raw materials, work in progress and finished goods. For the inventories sold, the relevant inventory provision shall be written off accordingly, and the current period's cost of sales shall be reversed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For a long-term equity investment acquired through a business combination under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of cash paid, non cash assets transferred and liabilities assumed shall be adjusted to capital reserve (if the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings). For business combination involving entities not under common control, the initial investment cost should be the cost of acquisition (for step acquisitions not under common control, the initial investment cost is the sum of the carrying amount of the equity investment in the acquiree held before the acquisition date and the additional investment cost paid on the acquisition date). The initial investment cost of a long-term equity investment acquired otherwise than through a business combination shall be determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost shall be the actual purchase price paid plus those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for those acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognised as investment income in profit or loss.

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, after it has acquired a long-term equity investment, the Group recognises its share of the investee's profit or loss, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealised profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (except for assets that constitute a business). However, any loss arising from such transactions which are attributable to an impairment loss shall be recognised at its entirety. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of losses of the investee is recognised to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume further losses. The Group's share of the investee's equity changes, other than those arising from the investee's profit or loss, other comprehensive income or profit distribution, is recognised in the Group's equity, and the carrying amount of the long-term equity investment is adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both.

If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

The Group uses the cost model for subsequent measurement of investment properties.

14. Property, plant and equipment

Property, plant and equipment are recognized when it is probable that their related future economic benefits will flow into the Group, and their cost can be measured reliably. The subsequent expenditure is recorded in the cost of property, plant and equipment only if the conditions above are met and the carrying amount of parts which had been replaced shall be derecognized; Otherwise, such expenditures are recognised in profit or loss or the cost of related assets as incurred according to the beneficiaries.

Property, plant and equipment are initially measured at cost. The purchase cost of property, plant and equipment comprises its purchase price, related taxes, and any directly attributable expenditure for bringing the asset to its working condition for its intended use.

Except for safety production funds, depreciation is calculated on the straight-line method. The estimated useful lives, estimated residual values, and the annual depreciation rates of each category of property, plant and equipment are as follows:

	Estimated useful life	Estimated residual value	Annual depreciation rate
Buildings	10 – 30 years	3%	3.2 – 9.7%
Plant and machinery	10 – 15 years	3%	6.5 – 9.7%
Office equipment	5 – 10 years	3%	9.7 – 19.4%
Motor vehicles	5 – 8 years	3%	12.1 – 19.4%

Where different components of property, plant and equipment have different useful lives or generate profit in different ways, the components are depreciated separately.

Useful lives, residual values and the depreciation method are reviewed and adjusted if appropriate, at least at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Construction in progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period and other relevant expenditures.

An item of construction in progress is transferred to fixed asset or intangible asset when the asset is ready for its intended use. The criteria for transferring are as follows:

Category	The criteria according to which, construction projects in progress are transferred to fixed assets or intangible asset
Plant & buildings	Meet the criteria for the construction completion acceptance
Machinery & equipment	Meet the requirements or criteria stipulated in the contract after installation and commissioning

16. Borrowing cost

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred.

The capitalisation of borrowing costs commences only when the expenditures for the asset and the borrowing costs have been incurred, and the activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing costs (Continued)

During the capitalisation period, the amount of interest eligible for capitalisation for each accounting period shall be determined as follows: where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is the actual interest costs incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; where funds are borrowed generally for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is determined by applying a weighted average interest rate on the general borrowings to the weighted average of the excess of the cumulative expenditures on the asset over the expenditures on the asset funded by the specific borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense in profit or loss until the acquisition, construction or production is resumed.

17. Intangible assets

(1) *The useful lives of intangible assets*

The intangible assets are amortised using the straight-line method over their useful lives. The useful lives are as follows:

	Useful life	Basis of determination
Land use of rights	50 years	The term of the land use right
Patents and others	3-20 years	The shorter term between the patent term and the expected usage term

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

(2) *Research and development expenditures*

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred. Expenditure on the development phase is capitalised only when the Group can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these criteria is recognised in profit or loss when incurred.

18. Impairment of assets

Impairment of assets (other than the impairment of inventories and financial assets) is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of assets (Continued)

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill is allocated from the acquisition date on a reasonable basis, to each of the related asset groups or the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or a set of asset groups that is expected to benefit from the synergies of the business combination and shall not be larger than an operating segment as determined by the Group.

The carrying amount of the related asset group to which goodwill has been allocated for impairment is compared to its recoverable amount. If the carrying amount of the asset group is higher than its recoverable amount, the amount of the impairment loss is firstly allocated to reduce the carrying amount of the goodwill allocated to the asset group, and then allocated to reduce the carrying amount of other assets (other than the goodwill) within the asset group (set of asset groups), on a pro-rata basis of the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

19. Payroll and employee benefits payable

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term employee benefits payable

Occurred short-term employee benefits are recognised as a liability in the accounting period in which an employee provides services, with a corresponding charge to profit or loss or cost of an asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Payroll and employee benefits payable (Continued)

Post-employment benefit (defined contribution plans)

For the employees of the Group participating in a pension scheme and unemployment insurance managed by the local government, and an enterprise pension fund, the corresponding expenses are included in the cost of related assets or profit or loss.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal; and when the Group recognises costs involving the payment of termination benefits.

Other long-term employee benefits

For other long-term employee benefits provided to employees, the relevant requirements on post-employment benefits are applied in recognising and measuring the net liabilities or net assets of other long-term employee benefits, with the changes included in profit or loss, or the cost of related assets.

20. Provisions

An obligation related to a contingency shall be recognised by the Group as a provision when the obligation is a present obligation of the Group and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation, except for contingent considerations and contingent liabilities assumed in a business combination not involving entities under common control.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed and adjusted appropriately at each balance sheet date to reflect the current best estimate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Share-Based Payment

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognised, with a corresponding increase in capital reserves; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognises the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest. The fair value is determined using the binomial model, please refer to Note XIII.2.

Where the terms of an equity-settled share-based award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenue from contracts with customers

Revenue is recognized when the Group has satisfied its performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services. To obtain control of the relevant good and services is to have the ability to direct the use of, and obtain substantially all of the remaining benefits from of the relevant good and services.

Contracts for the sale of goods

The contract for the sale of goods between the Group and its customers usually contains performance obligations for the transfer of commodities such as steel, and the specific commitments vary depending on the agreement with the customer. Because the customers are able to benefit from the above-mentioned goods or services separately or from the use of other easily available resources, and there is no major integration or major repair between the above-mentioned goods or services modified or customised or highly related, the Group treats them as clearly distinguishable commodities and constitutes a single performance obligation.

The Group will determine the amount of consideration to which it is expected to receive as a result of the transfer of goods to the customers as the transaction price, and will determine it in accordance with the terms of the contract and in combination with past business practices. Some contracts of the Group stipulate that when customers purchase more than a certain quantity of goods, they are qualified to a certain discount, which will be directly offset against the amount payable by customers when purchasing goods in the current period. The Group is in accordance with expectations value or the amount most likely to occur, to the extent that the discounted transaction price does not exceed the amount by which the cumulative recognized revenue is unlikely to be materially reversed at the time the relevant uncertainty is eliminated, and is revalued at each balance sheet date.

When the contract contains a significant financing component, the Group determines the transaction price based on an amount that reflects the price that a customer would have paid for the goods or services in cash at the time of obtaining the control of the goods or services and amortises the difference between the transaction price and the consideration promised in the contract under the effective interest method within the contract period using the discount rate that discounts the nominal amount of the contract consideration to the current selling price of the goods or services.

The Group fulfills its performance obligations by delivering steel and other commodities to its customers. The Group generally recognises revenue based on the following considerations. Taking into account the timing of control transfer, This includes obtaining the current collection rights of the goods, the transfer of the main risks and rewards of the ownership of the goods the transfer of the legal ownership of the goods, the transfer of the physical assets of the goods, and the acceptance of the goods by the customer.

Based on contractual agreements, legal provisions, etc., the Group provides warranty for steel sold, which is a warranty type of quality assurance to assure customers that the goods sold meet the established standards, and is accounted for by the Group in accordance with Note III.20.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenue from contracts with customers (Continued)

Contracts for the sale of goods (Continued)

For steel and other commodities trading business, the Group, after considering the legal form of the contract and the relevant facts and circumstances (the main responsibility for transferring the commodity to the customer, the inventory risk assumed before or after the transfer of the commodity, the right to determine the price of the traded commodity on its own, etc.), is of the opinion that the Group is in a position to dominate the use of the commodity and derive almost all the economic benefits from the commodity prior to transferring the commodity to the customer, and owns the commodity. The Group has control over the merchandise and thus the Group is considered as the principal and recognises revenue based on the total amount received or receivable when the goods are delivered to the customer and acceptance is completed.

Contracts for the rendering of services

The service contract between the Group and its customers usually includes performance obligations for packaging, processing, technical consulting or technical services. Because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, or the Group's performance does not provide the service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date during the contract period, the Group treated it as performance obligation satisfied over time, the Group recognises revenue by measuring the progress towards the complete satisfaction of the performance obligation, except when the progress of the performance cannot be reasonably determined. The Group determines the progress of the performance of the services provided in accordance with the input method. When the progress of the performance cannot be reasonably determined, and the costs incurred by the Group are expected to be compensated, the revenue will be recognized based on the amount of costs incurred, until the progress of the performance can be reasonably determined.

23. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

Contract assets

The Group presents its right to consideration in exchange for goods or services as a contract asset (the right to consideration is conditional on other factors excluding the passage of time) if the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. The Group presents it as an account receivable when the Group has the right to consideration which is unconditional subsequently.

For details of how the Group measures and accounts for the ECLs of a contract asset, refer to Note III.10.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Contract assets and contract liabilities (Continued)

Contract liabilities

The Group presents its obligation to transfer goods or services to a customer, for which the Group has received consideration or the Group has a right to an amount of consideration that is unconditional from the customer, as a contract liability.

24. Government grants

Government grants are recognized in profit or loss, when they are highly probable to be received and all conditions are fulfilled. If a government grant is in form of monetary asset, it is measured at the amount received or receivable. If a government grant is in form of non-monetary asset, it is measured at fair value of the asset. If the fair value cannot be reliably determined, it is measured at the nominal amount.

Asset-related government grants are recognized when the government document designates that the government grants are used for constructing or forming long-term assets. If the government document is inexplicit, the Group should make a judgement based on the basic conditions to obtain the government grants, and recognizes them as asset-related government grants if the conditions are to form long-term assets through construction or other method. Otherwise, the government grants should be income-related.

If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, it is recognised as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognised; if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss or offset against relevant expenses.

A government grant related to asset can be accounted by being recognized as deferred income and amortized systematically and reasonably to profit or loss over the useful life of the related asset (government grants measured at the nominal amount should be recognized in profit or loss immediately for the period). When the asset is sold, transferred, discarded or destroyed within the useful life, the related deferred income should be recognized in profit or loss immediately.

25. Deferred tax

Based on the differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, and the differences between the carrying amounts of some items that have a tax base but are not recognized as assets and liabilities and their tax base, the Group adopts the liability method for the provision of deferred tax.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Deferred tax (Continued)

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

- (1) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

For all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

- (1) when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset or assets for a period of time in exchange for consideration.

As lessee

The Group recognises lease liabilities and right-of-use assets, except for short-term leases and leases of low-value assets.

At the commencement date of the lease, the Group recognises right-of-use assets. Right-of-use assets are initially measured at cost. The cost of the right-of-use assets comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received; any initial direct cost incurred; and estimates of costs incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease. The Group remeasures the lease liabilities for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying assets will be transferred to the Group at the end of the lease terms, the Group depreciates the assets from the commencement date to the end of the useful lives of the assets. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful lives of the assets and the end of the lease terms.

At the commencement date of the lease, the Group measures lease liabilities at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related assets as required. In addition, the Group remeasures lease liabilities at the present value of the revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease of the individual underlying asset with low value, when new, as a lease of low-value assets. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related assets or profit or loss on a straight-line basis over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

Rental income under an operating lease is recognised on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

27. Share repurchase

The consideration and transaction fees paid reduce shareholders' equity. In addition to share payments, the issuance (including refinancing), repurchase, sale or cancellation of its own equity instruments is treated as a change in equity.

28. Safety production reserve

Safety production funds provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are accounted for differently when being utilised: the specialised reserves are offset against for those attributable to the expense nature; or the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the asset is brought to the working condition for the intended use, and at the same time, specialised reserves are offset against with the full depreciation of the fixed asset, at the same amount.

29. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of provision, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have significant effect on the amounts recognized in the financial statements:

Going concern

As stated in Note II, the going-concern of the Group relies on the cash inflows from borrowings and operating activities, in order to maintain sufficient cash on the due date of the relevant liabilities. The uncertainty of the Group's going-concern exists once the Group cannot obtain sufficient cash. The financial statements do not include any necessary adjustments related to carrying amount and classification of assets and liabilities when the Group cannot operate continuously.

Judgement on entities in which the Group holds less than 20% of voting rights but has a significant influence over them

As of 31 December 2024, the Group held 16.34% equity interests in Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd. ("Xinchuang Environmental Protection"). The Company designates one director and one supervisor to Xinchuang Energy Conservation according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Xinchuang Environmental Protection, despite the equity share is under 20%. Thus, the Company accounts for the investment in Xinchuang Environmental Protection as an associate.

As of 31 December 2024, the Group held 18.19% equity interests in Baoxin Software (Anhui) Co., Ltd. The Company designates one director to Baoxin Software (Anhui) Co., Ltd. according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Baoxin Software (Anhui) Co., Ltd., despite the equity share is under 20%. Thus, the Company accounts for the investment in Baoxin Software (Anhui) Co., Ltd. as an associate.

As of 31 December 2024, the Group held 9.17% equity interests in OBEI Co., Ltd. ("OBEI"). The Company designates one director to OBEI according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over OBEI, despite the equity share is under 20%. Thus, the Company accounts for the investment in OBEI as an associate.

As of 31 December 2024, the Group held 14.98% equity interests in Baowu Water Technology Co., Ltd., Led. ("Baowu Water"). The Company designates one director to Baowu Water according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Baowu Water, despite the equity share is under 20%. Thus, the Company accounts for the investment in Baowu Water as an associate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

Judgments (Continued)

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods to include evaluation and report financial asset performance to key management, the risks affecting the performance of financial assets and risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

The characteristics of contractual cash flows

The classification of a financial asset at initial recognition depends on the characteristics of its contractual cash flows. This requires a determination of whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. It requires judgement to determine whether the contractual cash flows differ significantly with benchmark cash flows when assessing the adjustment of the time value of money. For financial assets with characteristics of paying in advance, it requires judgement to determine whether the fair value of this characteristics is insignificant.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Estimation of inventories under net realisable value

Management reviews the condition of inventories (including spare parts) of the Group and their net realisable values and makes provision accordingly. Net realisable value of inventories is the estimated based on expected selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of a similar nature. Management reassesses the estimation at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Variable considerations involving discounts and right of return

For contracts with sales clause involving discounts and right of return, the Group forms a reasonable estimate of the discounts or the rate of return based on sales historical data, current sales, and consider all relevant information such as customer changes, market changes and etc. Estimates of the expected discounts or return rate may not be representative of the actual discounts or returns in the future. The Group re-evaluates the discounts or return rate on each balance sheet date and determines the accounting treatment based on the re-evaluated discounts or return rate.

Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

Estimation uncertainty (Continued)

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

Impairment of financial assets

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

Fair value of unlisted equity investments

The fair value of unlisted equity investments is determined based on the market approach. This requires the Group to identify comparable listed companies, select market multipliers, estimate liquidity discounts, etc., and hence they are subject to uncertainty.

Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful life of its fixed assets. This estimate is based on the historical experience of the actual useful lives of fixed assets of similar nature and functions.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

IV. TAX

1. The principal kinds of taxes and related tax rates

	Tax basis	Tax rate
Value-added tax	According to tax laws, output VAT is calculated on product sales and taxable services revenue. VAT payable is determined by deducting input VAT from output VAT for the period.	6%-13%
City construction and maintenance tax	Based on VAT paid	5%-7%
Education surcharge	Based on VAT paid	3%
Local education surcharge	Based on VAT paid	2%
Land appreciation tax	Based on the appreciation amount of transferred property and the applicable tax rate	30% – 60%
Property tax	70% of the original cost of the property or the rental income	1.2% 、 12%
Environment protection tax	The taxable pollutants shall be determined based on the pollution equivalent quantity converted from the quantity of pollutant discharged and the applicable tax rates	For air pollutant, the tax standards RMB1.2 per pollution equivalent quantity; For water pollutant, the tax standard is RMB1.4 per pollution equivalent quantity
Income tax	Based on taxable profits	15% 、 16.5% 、 25% 、 30%

The applicable income tax rates for the Group and its subsidiaries are 25% (31 December 2023: 25%) except for those stated in Note IV.2 which are eligible for preferential tax treatments, and Ma Steel (Hong Kong) Company Limited (“Ma Steel (HK)”), where the applicable income tax rate is 16.5%, Maanshan Iron and Steel (Australia) Proprietary Limited , where the applicable income tax rate is 30%, and MG Trading and Development GmbH (“MG Trading”), where the applicable income tax rate is 15%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

IV. TAX (CONTINUED)

2. Tax preference

Pursuant to Article 28 of the Corporate Income Tax Law of the People's Republic of China, corporate income tax (CIT) is levied at a reduced rate of 15% for state-supported key high-tech enterprises. In accordance with Article 9 of the Administrative Measures on Accreditation of High-tech Enterprises, the qualification of an accredited high-tech enterprise is valid for three years from the date of issuance of the certificate.

The Company qualified as a high-tech enterprise in 2022, and the applicable income tax rate has been 15% since then and will remain so for 3 years.

Mascometal Co., Ltd., a subsidiary of the Group, was recognised as a high-tech enterprise in 2023. The preferential income tax rate of 15% is applicable in three years from 2023.

Masteel (Hefei) Iron & Steel Co., Ltd., a subsidiary of the Group, was recognized as a high-tech enterprise in 2023. The preferential income tax rate of 15% is applicable in three years from 2023.

Anhui Changjiang Steel Co., Ltd., a subsidiary of the Group, was recognized as a high-tech enterprise in 2023. The preferential income tax rate of 15% is applicable in three years from 2023.

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	Note	2024	2023
Bank balances		1,453,081,155	1,445,438,702
Other monetary assets		1,359,803,423	1,141,203,514
Deposits with Baowu Finance		3,621,220,869	2,983,155,506
Total		6,434,105,447	5,569,797,722
Including: Total overseas deposits		555,921,592	322,969,512
Restricted amount due to mortgage, pledge or freeze	V.17	1,359,803,423	1,141,203,514

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Notes receivable

(1) Classification of notes receivable

	2024	2023
Bank acceptance notes	822,780,872	1,708,216,158

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

	Note	2024
Bank acceptance notes	V.17	338,066,940

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

	Derecognized	Not derecognized
Bank acceptance notes	–	564,253,035

3. Trade receivables

(1) Age analysis of the trade receivables is as follows:

	2024	2023
Within one year	1,759,620,406	1,502,042,518
One to two years	132,286,416	69,816,859
Two to three years	64,863,225	3,656,139
Over three years	15,325,306	56,775,892
Sub-total	1,972,095,353	1,632,291,408
Less: Provisions for bad debts	218,270,897	231,626,649
Total	1,753,824,456	1,400,664,759

As of 31 December 2024, The Group obtained loans of RMB150,624,587 by pledging its trade receivables. (31 December 2023: Nil) Details are described in Note V.17.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables (Continued)

(2) Trade receivables by provisioning method

	2024					2023				
	Gross carrying amount		Provision for bad debts		Carrying amount	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Assessed bad debt provision individually	158,026,937	8	(158,026,937)	100	-	164,936,960	10	(158,009,608)	96	6,927,352
Assessed bad debt provision in portfolios based on credit risk characteristics	1,814,068,416	92	(60,243,960)	3	1,753,824,456	1,467,354,448	90	(73,617,041)	5	1,393,737,407
Total	1,972,095,353	100	(218,270,897)		1,753,824,456	1,632,291,408	100	(231,626,649)		1,400,664,759

(a) Assessed bad debt provision individually:

	2024			2023		
	Gross carrying amount	Provision for bad debts	Basis for Ratio	Gross carrying amount	Provision for bad debts	
			(%)			
Company 1	158,026,937	(158,026,937)	100	164,936,960	(158,009,608)	Bankruptcy and reorganisation

(b) As of 31 December 2024, assessment of ECLs on trade receivables:

	Gross carrying amount	Impairment loss at the end of the year	Expected credit loss ratio (%)
Within one year	1,759,620,406	(32,035,911)	2
One to two years	36,460,419	(11,399,507)	31
Two to three years	2,662,285	(1,483,236)	56
Over three years	15,325,306	(15,325,306)	100
Total	1,814,068,416	(60,243,960)	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables (Continued)

(3) Assessment of ECLs on trade receivables

The movements of provisions for bad debts is as follows:

	Opening balance	Increase	Recoveries or reversals during the year	Other movements	Exchange gains or losses	Closing balance
2024	231,626,649	32,101,874	(43,468,194)	4,630,370	(6,619,802)	218,270,897

(4) The top five trade receivables classified by debtors are as follows:

	Ending balance	Percentage of trade receivables (%)	Ending balance of bad debt provision
Company 1	226,144,009	11	(4,168,191)
Company 2	158,026,937	8	(158,026,937)
Company 3	74,631,100	4	(1,375,569)
Company 4	69,705,259	4	(7,367,868)
Company 5	64,797,299	3	(1,194,316)
Total	593,304,604	30	(172,132,881)

4. Financing receivables

(1) Presentation of Financing Receivables by Category

	2024	2023
Bank acceptance notes	1,382,456,994	1,801,284,684

(2) The undue notes endorsed or discounted were as follows:

	Derecognized	Not derecognized
Bank acceptance notes	12,733,067,788	—

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments

(1) Age analysis of the prepayments is as follows:

	2024		2023	
	Carrying amount	Ratio (%)	Carrying amount	Ratio (%)
Within one year	366,554,395	96	628,255,503	97
One to two years	12,710,526	3	13,924,479	2
Two to three years	1,973,653	1	3,243,448	1
Total	381,238,574	100	645,423,430	100

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

	Closing balance	Percentage of prepayments (%)
Company 1	140,976,961	37
Company 2	110,525,852	29
Company 3	22,117,198	6
Company 4	17,206,453	5
Company 5	11,784,000	3
Total	302,610,464	80

6. Other receivables

	2024	2023
Dividends receivable	4,806,851	5,049,555
Other receivables	539,924,884	310,587,485
Total	544,731,735	315,637,040

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

Dividends receivable

(1) Dividends receivable by category

	2024	2023
Baowu Water	4,806,851	–
Xinchuang Environmental Protection	–	5,049,555
Total	4,806,851	5,049,555

Other receivables

(1) Age analysis of other receivables is as follows:

	2024	2023
Within one year	294,050,629	128,049,825
One to two years	61,272,052	201,483,500
Two to three years	161,404,747	301,850
Over three years	44,517,173	68,409,820
Sub-total	561,244,601	398,244,995
Less: Provisions for bad debts	21,319,717	87,657,510
Total	539,924,884	310,587,485

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

Other receivables (Continued)

(2) Other receivables analyzed by nature were as follows:

	2024	2023
Asset deposition	410,498,069	228,973,927
Due from trading companies	8,937,163	69,983,981
Deposit for steel futures	86,744,416	81,255,708
Others	55,064,953	18,031,379
Sub-total	561,244,601	398,244,995
Less: Provisions for bad debts	21,319,717	87,657,510
Total	539,924,884	310,587,485

(3) Provisions for bad debts

	2024					2023				
	Gross carrying amount		Provision for bad debts		Carrying amount	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Assessed bad debt provision based on credit risk characteristics	561,244,601	100	(21,319,717)	4	539,924,884	398,244,995	100	(87,657,510)	22	310,587,485
Total	561,244,601	100	(21,319,717)		539,924,884	398,244,995	100	(87,657,510)		310,587,485

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

Other receivables (Continued)

(3) Provisions for bad debts (Continued)

As of 31 December 2024, Other receivables for which the portfolio is provided for bad debts are as follows:

	Gross carrying amount	Provision for bad debts	Ratio (%)
The group of pledges and deposits	86,770,415	(506,068)	1
The group of receivables due from others	474,474,186	(20,813,649)	4
Total	561,244,601	(21,319,717)	5

Changes in impairment allowance recognized for the 12-month expected credit losses and lifetime expected credit losses on other receivables are as follows:

	Phase I 12-month expected credit losses	Phase II Lifetime expected credit losses	Phase III Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	582,866	35,049,157	52,025,487	87,657,510
Accrual	74,320	–	9,487,745	9,562,065
Reversal	–	(30,509,726)	–	(30,509,726)
Write-off	–	–	(45,390,132)	(45,390,132)
Closing balance	657,186	4,539,431	16,123,100	21,319,717

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

Other receivables (Continued)

(4) As of 31 December 2024, the top five other receivables were as follows:

	Gross carrying amount	Ratio in other receivables (%)	Nature	Age	Provision for bad debts
Company 1	167,215,040	30	Amount from disposal of assets	Within one year	(73,575)
Company 2	158,212,000	28	Amount from disposal of assets	One to two years	(308,513)
Company 3	49,891,137	9	Amount from disposal of assets	One to two years	(3,307,782)
Company 4	34,047,804	6	Amount from disposal of assets	Within one year	(14,980)
Company 5	32,417,919	6	Deposit for steel futures	Within one year	(447,367)
Total	441,783,900	79			(4,152,217)

7. Inventories

(1) *Inventories by category*

	2024			2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Raw materials	3,419,598,313	(258,969,131)	3,160,629,182	4,544,361,602	(178,594,326)	4,365,767,276
Work in progress	1,945,334,938	(142,149,848)	1,803,185,090	2,371,869,544	(128,383,763)	2,243,485,781
Finished goods	1,542,037,604	(73,511,464)	1,468,526,140	1,703,568,454	(57,984,053)	1,645,584,401
Spare parts	1,316,182,446	(67,101,142)	1,249,081,304	1,370,901,467	(44,662,568)	1,326,238,899
Others	227,530,379	–	227,530,379	337,213,691	–	337,213,691
Total	8,450,683,680	(541,731,585)	7,908,952,095	10,327,914,758	(409,624,710)	9,918,290,048

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(2) Impairment provision against inventories

	Opening balance	Provided/ reversal	Write-off	Closing balance
Raw materials	178,594,326	442,033,316	(361,658,511)	258,969,131
Work in progress	128,383,763	254,441,924	(240,675,839)	142,149,848
Finished goods	57,984,053	123,750,049	(108,222,638)	73,511,464
Spare parts	44,662,568	48,275,908	(25,837,334)	67,101,142
Total	409,624,710	868,501,197	(736,394,322)	541,731,585

At the balance sheet date, inventories were measured at the lower of costs and net realizable values, and provision for impairment was made for items whose costs were higher than their net realizable values. Net realizable value is the estimated selling price under normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes.

8. Other current assets

	2024	2023
Prepaid income tax	4,620,738	11,656,241
Deductible value added tax	239,299,315	670,650,020
Total	243,920,053	682,306,261

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term equity investments

(1) Long-term equity investments by category:

	Opening balance	Changes during the year					Closing balance	Impairment at the end of the year
		Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend declared	Exchange differences arising from foreign currency translation		
Joint ventures								
Maanshan BOC-Ma Steel Gases Company Limited ("BOC-Ma Steel")	297,836,841	61,795,191	-	-	(48,350,000)	-	311,282,032	-
Sub-total	297,836,841	61,795,191	-	-	(48,350,000)	-	311,282,032	-
Associates								
Henan JinMa Energy Co., Ltd. ("Henan JinMa Energy")	919,636,537	(87,688,552)	(8,647)	3,657,825	-	-	835,597,163	-
Shenglong Chemical Co., Ltd. ("Shenglong Chemical")	1,092,274,893	(26,131,884)	-	-	(9,597,890)	-	1,056,545,119	-
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd. ("Xinchuang Environmental Protection")	72,174,511	8,360,041	-	958,887	(3,138,807)	-	78,354,632	-
Anhui Magang Chemicals & Energy Technology Co., Ltd., Ltd. ("Magang Chemicals & Energy")	278,507,575	(32,240,196)	-	460,863	(1,016,945)	-	245,711,297	-
Anhui Baoxin Software Co., Ltd. ("Baoxin Anhui") (Formerly known as Phima Intelligence Technology Co., Ltd.)	224,295,674	5,172,778	-	1,067,731	(4,607,508)	-	225,928,675	-
OBEI Co., Ltd., Ltd. ("OBEI")	454,016,130	14,068,619	-	(113,459)	-	-	467,971,290	-
Baowu Water Technology Co., Ltd. ("Baowu Water")	666,727,787	(7,140,857)	-	99,256	(4,806,851)	-	654,879,335	-
Anhui Masteel Gas Technology Co., Ltd. ("Masteel Gases")	175,762,418	27,445,389	-	(736,514)	(7,776,461)	-	194,694,832	-
Anhui Masteel Holly Industrial Co., Ltd. ("Holly Industrial")	93,161,838	(3,049,070)	-	-	(379,159)	1,889,933	91,623,542	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term equity investments (Continued)

(1) Long-term equity investments by category: (Continued)

	Opening balance	Changes during the year					Closing balance	Impairment at the end of the year
		Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend declared	Exchange differences arising from foreign currency translation		
Baowu Group Finance Company Limited ("Baowu Finance")	2,769,430,427	36,330,197	6,113,388	24,738,684	(100,296,658)	-	2,736,316,038	-
Sub-total	6,745,987,790	(64,873,535)	6,104,741	30,133,273	(131,620,279)	1,889,933	6,587,621,923	-
Total	7,043,824,631	(3,078,344)	6,104,741	30,133,273	(179,970,279)	1,889,933	6,898,903,955	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Other equity investments

(1) Details of other equity instruments

	2024	2023
Henan Longyu Energy Co., Ltd. ("Henan Longyu")	62,406,221	61,258,627
China MCC17 Group Co., Ltd. ("MCC17")	57,319,387	56,594,300
Linhuan Coking Co., Ltd ("Linhuan Coking")	127,280,084	119,718,000
Baowu Clean Energy Co., Ltd. ("Baowu Clean Energy")	161,870,622	149,506,740
Masteel Lihua Metal Resources co. Ltd. ("Masteel Lihua")	5,182,886	4,916,121
Total	414,059,200	391,993,788

	Gains included in other comprehensive income during the year	Accumulated gains/(losses) included in other comprehensive income	Dividend income recognized for the year	Reason for designation
Henan Longyu	1,147,594	52,406,221	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
MCC17	725,087	48,764,587	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
Linhuan Coking	7,562,084	12,779,628	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
Baowu Clean Energy	12,363,882	6,424,263	2,270,000	With the intention of establishing or maintaining a long-term investment for strategic reasons
Masteel Lihua	266,765	682,886	1,044,244	With the intention of establishing or maintaining a long-term investment for strategic reasons
Total	22,065,412	121,057,585	3,314,244	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investment properties

Investment properties measured using the cost method

	Plant and buildings
Cost	
Opening balance	77,302,542
Closing balance	77,302,542
Accumulated depreciation	
Opening balance	22,105,887
Provided	2,011,264
Closing balance	24,117,151
Carrying amount	
At the ending of the year	53,185,391
At the beginning of the year	55,196,655

12. Property, plant and equipment

	2024	2023
Property, plant and equipment	48,866,413,844	48,548,833,230

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment (Continued)

(1) 2024

	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost					
At the beginning of the year	33,788,710,491	71,926,203,989	1,256,327,274	1,494,218,295	108,465,460,049
Addition	505,752	45,604,201	11,351,814	1,959,871	59,421,638
Transferred from construction in progress	635,940,876	4,428,607,487	1,101,973	19,896,091	5,085,546,427
Disposal	(535,505,860)	(2,416,839,687)	(31,049,989)	(756,550)	(2,984,152,086)
Reclassification	3,058,822,029	(2,489,715,454)	(902,962,100)	333,855,525	–
Exchange realignment	(108,227)	(11,912)	–	–	(120,139)
At the end of the year	36,948,365,061	71,493,848,624	334,768,972	1,849,173,232	110,626,155,889
Accumulated depreciation					
At the beginning of the year	15,734,081,127	42,921,869,724	578,116,812	496,177,490	59,730,245,153
Provided	1,216,329,708	2,901,732,248	57,248,112	201,591,624	4,376,901,692
Disposal	(408,442,547)	(2,166,170,479)	(22,674,904)	(702,436)	(2,597,990,366)
Reclassification	327,471,096	(179,950,278)	(399,842,375)	252,321,557	–
Exchange realignment	(46,262)	(9,947)	–	–	(56,209)
At the end of the year	16,869,393,122	43,477,471,268	212,847,645	949,388,235	61,509,100,270
Impairment					
At the beginning of the year	–	186,381,666	–	–	186,381,666
Addition	–	66,340,521	–	–	66,340,521
Disposal	–	(2,080,412)	–	–	(2,080,412)
At the end of the year	–	250,641,775	–	–	250,641,775
Carrying amount					
At the end of the year	20,078,971,939	27,765,735,581	121,921,327	899,784,997	48,866,413,844
At the beginning of the year	18,054,629,364	28,817,952,599	678,210,462	998,040,805	48,548,833,230

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment (Continued)

(2) Temporarily idle property, plant and equipment

	Cost	Accumulated depreciation	Impairment	Carrying amount
Plant and buildings	61,596,789	31,355,258	–	30,241,531
Machinery and equipment	508,112,613	331,330,044	–	176,782,569
Total	569,709,402	362,685,302	–	207,024,100

Note: The 29th meeting of the 10th session of the Board of Directors deliberated and approved the proposal regarding the transfer of the iron making capacity and suspension of 3# Blast Furnace, agreed to the suspension of 3# Blast Furnace and the transfer of its iron making capacity, with the transfer price being no lower than the assessed value approved or recorded.

(3) Property, plant and equipment leased out under operation leases

	Plant and buildings
Cost	
At the beginning of the year	57,068,400
Addition	14,725,786
Disposal	(618,966)
At the end of the year	71,175,220
Accumulated depreciation	
At the beginning of the year	45,335,674
Provided	5,537,654
Provided	1,592,996
Disposal	(600,397)
At the end of the year	51,865,927
Carrying amount	
At the end of the year	19,309,293
At the beginning of the year	11,732,726

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment (Continued)

(4) Property, plant and equipment pending certificates of ownership

Item	Cost as at 31 December 2024	Reason why certificates of ownership are pending
Plant and buildings	1,546,439,534	Certificate of ownership are being reviewed by relevant government authorities

(5) Impairment of long-term assets

During the year, as the Company planned to dispose the assets related to the 3# Continuous Casting Machine Project, the Group recognized an impairment loss of RMB66,340,521.26.

The recoverable amount is measured at fair value less costs to sell:

	Carrying amount	Recoverable amount	Impairment amount	Methodologies for Estimating Fair Value and Costs to Sell	Key parameters	Basis for determining the key parameters
Plant and buildings	15,126,141	596,524	14,529,617	Market Quotation	Scrap Steel Market Unit Price	Recycling price of scrap steel
Machinery and equipment	55,447,324	3,942,902	51,504,422			
Office equipment	317,056	10,574	306,482			
Total	70,890,521	4,550,000	66,340,521			

Due to sustained operating losses, the Group conducted impairment tests on the long-term asset groups (including property, plant and equipment, construction in progress, intangible assets, and right-of-use assets) attributable to both the Company and its subsidiary Changjiang Steel.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment (Continued)

(5) Impairment of long-term assets (Continued)

The recoverable amount is determined as the present value of the expected future cash flows:

	Carrying amount	Recoverable amount	Impairment amount	Terms of forecast period	Key parameter for the forecast period	Key parameters for the stable period	Basis for determining the key parameters for the stable period
The long-term asset groups of the headquarters	40,864,891,048	43,834,000,000	-	14 years	Pre-tax discount rate; Sales growth rate	N/A	N/A
The long-term asset groups of Changjiang Steel	7,060,627,185	7,999,000,000	-	14 years	Pre-tax discount rate; Sales growth rate	N/A	N/A
Total	47,925,518,233	51,833,000,000	-	/	/	/	/

13. Construction in progress

Construction in progress

	2024	2023
Construction in progress	795,364,312	4,013,854,765
Total	795,364,312	4,013,854,765

(1) Construction in progress

	2024			2023		
	Gross carrying amount	provision for impairment	Carrying amount	Gross carrying amount	provision for impairment	Carrying amount
Product quality projects	148,591,467	-	148,591,467	745,171,211	-	745,171,211
Energy-saving and environmental protection projects	82,473,804	-	82,473,804	1,041,376,031	-	1,041,376,031
Equipment advancement and other modification projects	212,801,156	-	212,801,156	637,018,579	-	637,018,579
Other projects	351,497,885	-	351,497,885	1,590,288,944	-	1,590,288,944
Total	795,364,312	-	795,364,312	4,013,854,765	-	4,013,854,765

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

13. Construction in progress (Continued)

Construction in progress (Continued)

(2) In 2024, the movement of significant projects were as follows:

	Budget RMB '000	Opening balance RMB	Addition RMB	Transferred to property, plant and equipment RMB	Reduction RMB	Closing balance RMB	Source of fund	The proportion of project investment accounted for budget (%)	Percentage of completion (%)	Capitalised interest accumulated RMB	Capitalised interest in current period RMB	The capitalised interest rate in current period (%)
Energy-saving and environmental protection projects	573,052	345,771,681	65,513,360	(411,285,041)	-	-	Internally and externally financed	100	100	1,253,473	120,556	2.80
Continuous casting of the new special steel project	4,207,020	243,857,734	93,493,559	(337,351,293)	-	-	Internally and externally financed	100	100	14,399,898	-	-
Steelmaking and refining of the new special steel project	2,466,000	2,471,869	22,921,667	(25,393,536)	-	-	Internally and externally financed	100	100	6,053,363	-	-
Smart Manufacturing and Operational Management Informatization System (Phase II)	103,000	82,007,400	2,041,246	(33,147,800)	(29,656,341)	21,244,505	Internally financed	82	82	-	-	-
Coal Coking Company South Coke Oven Gas Organic Sulfur Removal Project	125,000	-	71,308,274	-	-	71,308,274	Internally financed	57	57	-	-	-
Masteel Cold Rolled Product Structure Adjustment-New 6# Galvanized Line Project	895,000	-	105,313,035	-	-	105,313,035	Internally financed	12	12	-	-	-
Optimization and Reconstruction of 110KV Power Supply System of Masteel, Energy and Environment Dept.	63,950	-	23,166,558	-	-	23,166,558	Internally financed	36	36	-	-	-
Other projects	N/A	3,339,746,081	1,740,353,878	(4,278,368,757)	(227,399,262)	574,331,940	Internally financed	N/A	N/A	-	-	-
Total		4,013,854,765	2,124,111,577	(5,085,546,427)	(257,055,603)	785,364,312				21,706,734	120,556	2.80

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

13. Construction in progress (continued)

Construction in progress (Continued)

(3) Provision for impairment of construction in progress

As of 31 December 2024, details on the impairment of the Group's construction in progress are disclosed in Note V.12.

14. Right-of-use assets

(1) *Right-of-use assets*

	Plant and buildings	Land use rights	Total
Cost			
At the beginning of the year	464,015,345	3,960,672	467,976,017
Addition	1,268,421	–	1,268,421
Disposal	(581,303)	–	(581,303)
At the end of the year	464,702,463	3,960,672	468,663,135
Accumulated depreciation			
At the beginning of the year	118,457,978	545,453	119,003,431
Provided	26,613,974	103,494	26,717,468
Disposal	(417,046)	–	(417,046)
At the end of the year	144,654,906	648,947	145,303,853
Carrying amount			
At the end of the year	320,047,557	3,311,725	323,359,282
At the beginning of the year	345,557,367	3,415,219	348,972,586

(2) *Impairment testing of right-of-use assets*

As at 31 December 2024, details on the impairment of the Group's right-of-use assets are disclosed in Note V.12.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

15. Intangible assets

(1) Intangible assets

	Land use rights	Patents and others	Total
Cost			
At the beginning of the year	2,477,234,867	190,445,480	2,667,680,347
Addition	4,738,000	71,178,577	75,916,577
Transfer from construction in progress	60,184,222	29,656,341	89,840,563
Disposal	(7,386,681)	–	(7,386,681)
At the end of the year	2,534,770,408	291,280,398	2,826,050,806
Accumulated amortisation			
At the beginning of the year	899,181,874	14,880,360	914,062,234
Provided	58,402,782	47,729,636	106,132,418
Disposal	(2,830,506)	–	(2,830,506)
At the end of the year	954,754,150	62,609,996	1,017,364,146
Carrying amount			
At the end of the year	1,580,016,258	228,670,402	1,808,686,660
At the beginning of the year	1,578,052,993	175,565,120	1,753,618,113

(2) Without the property right certificate Land use rights are as follows

	Carrying amount	Reason for not completing the Property Ownership Certificate
Land use rights	4,719,516	The relevant materials for applying the certificate have not been obtained

(3) Impairment testing of intangible assets

As at 31 December 2024, details on the impairment of the Group's intangible assets are disclosed in Note V.12.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

16. Deferred tax assets/liabilities

(1) Deferred tax assets before being offset

	2024		2023	
	Deductible temporary	Deferred tax assets	Deductible temporary	Deferred tax assets
Asset impairment provision	63,344,300	9,754,653	36,407,971	5,753,639
Sales incentive	40,216,816	6,032,522	28,405,030	4,260,755
Government grants	141,845,346	35,461,338	166,462,383	24,969,357
Deductible losses	1,092,467,803	273,116,951	1,782,104,210	267,315,631
Lease liabilities	364,048,090	90,319,176	391,096,574	58,480,397
Others	194,086,757	30,662,465	398,873,871	69,686,480
Total	1,896,009,112	445,347,105	2,803,350,039	430,466,259

(2) Deferred tax liabilities before being offset

	2024		2023	
	Taxable temporary discrepancy	Deferred tax liabilities	Taxable temporary discrepancy	Deferred tax liabilities
Fair value adjustments related to business combinations not under common control	16,658,685	4,164,670	37,494,822	9,373,705
Changes in fair value of other equity instrument investments	121,057,585	30,196,108	98,825,726	14,848,826
Right-of-use assets	323,359,282	80,218,459	348,984,214	52,200,117
Total	461,075,552	114,579,237	485,304,762	76,422,648

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

16. Deferred tax assets/liabilities (continued)

(3) Net amount of deferred tax assets/liabilities after being offset

	2024		2023	
	Offset amount	Net amount	Offset amount	Net amount
Deferred tax assets	114,356,362	330,990,743	76,127,194	354,339,065
Deferred tax liabilities	114,356,362	222,875	76,127,194	295,454

(4) The Group's unrecognised deferred tax assets

	2024	2023
Deductible temporary differences	2,780,242,407	2,008,409,806
Deductible tax losses	12,907,919,701	6,179,280,592
Total	15,688,162,108	8,187,690,398

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

	2024	2023
2024	—	24,315,670
2025	14,580,461	14,580,461
2026	—	—
2027	363,361,767	363,361,767
2028	—	—
Due in 2029 and beyond	12,529,977,473	5,777,022,694
Total	12,907,919,701	6,179,280,592

Note: As of 31 December 2024, the Company's overseas subsidiaries did not have any accumulated deductible tax losses (31 December 2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

17. All assets with restricted rights or use rights

2024

	Gross carrying amount	Carrying amount	Type of restriction	Note
Cash and bank balances	1,359,803,423	1,359,803,423	Guarantee	(1)
Notes receivable	338,066,940	338,066,940	Pledge	(2)
Trade receivables	150,624,587	147,853,094	Pledge	(3)
Total	1,848,494,950	1,845,723,457		

2023

	Gross carrying amount	Carrying amount	Type of restriction	Note
Cash and bank balances	1,141,203,514	1,141,203,514	Guarantee	(1)
Notes receivable	395,413,470	395,413,470	Pledge	(2)
Total	1,536,616,984	1,536,616,984		

Note (1): As of 31 December 2024, the Group's restricted cash and bank balances included cash deposits as collateral amounting to RMB1,359,803,423 (31 December 2023: RMB1,141,203,514) pledged as security for trade facilities and performance for bank acceptance notes and guarantees.

Note (2): As of 31 December 2024, the Group pledged the notes receivable of RMB338,066,940 (31 December 2023: RMB395,413,470) for obtaining borrowings.

Note (3): As of 31 December 2024, the Group pledged the trade receivables of RMB150,624,587 (31 December 2023: Nil) for obtaining borrowings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

18. Short-term loans

(1) Short-term loans by category:

	2024	2023
Pledged loans	488,691,527	–
Unsecured loans	10,855,744,037	9,428,060,223
Total	11,344,435,564	9,428,060,223

As of 31 December 2024, the interest rates of the above short-term loans ranged from 0.79% – 2.50% (31 December 2023: 0.77% – 3.50%).

19. Notes payable

	2024	2023
Bank acceptance notes	10,051,474,326	8,631,701,173

As of 31 December 2024, the Group did not have any past due note.

20. Trade payables

(1) Trade payables

	2024	2023
Within 1 year	10,408,069,219	13,190,322,849
1 to 2 years	177,175,303	170,817,523
2 to 3 years	35,015,927	111,377,906
Over 3 years	53,412,429	41,122,208
Total	10,673,672,878	13,513,640,486

(2) The material trade payables aged over one year were as follows:

As at 31 December 2024, the Group had no significant trade payables with ageing of more than one year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

21. Contract liabilities

(1) Contract liabilities

	2024	2023
Advances from customers	4,123,176,032	4,013,383,663

As at 31 December 2024, the Group had no significant contract liabilities with ageing of more than one year.

22. Payroll and employee benefits payable

(1) Payroll and employee benefits payable

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Short-term employee benefits	202,470,758	3,043,757,748	3,029,415,971	216,812,535
Post-employment benefits (defined contribution plans)	5,442	499,730,382	499,730,382	5,442
Termination benefits	300,001	21,016,986	18,566,531	2,750,456
Early retirement benefit benefits due within one year	1,604,634	—	1,053,402	551,232
Total	204,380,835	3,564,505,116	3,548,766,286	220,119,665

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

22. Payroll and employee benefits payable (continued)

(2) Short-term employee benefits

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Salaries, bonuses, and subsidies	131,748,192	2,311,436,457	2,309,807,248	133,377,401
Welfare	1,750,182	151,957,519	152,242,751	1,464,950
Social insurance	9,109	222,204,172	222,204,172	9,109
– Medical insurance	4,603	194,515,044	194,515,044	4,603
– Work-related injury insurance	3,905	27,609,240	27,609,240	3,905
– Maternity insurance	601	79,888	79,888	601
Housing fund	1,200	279,653,920	279,653,920	1,200
Labor union fee and employee education fee	68,962,075	78,505,680	65,507,880	81,959,875
Total	202,470,758	3,043,757,748	3,029,415,971	216,812,535

Termination benefits are a lump-sum indemnity paid to the Group's former employees as a result of the Group's human resources optimization policy.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

22. Payroll and employee benefits payable (Continued)

(3) Defined contribution plan

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Pension insurance	4,934	369,496,689	369,496,689	4,934
Unemployment insurance	266	11,550,494	11,550,494	266
Supplementary pension scheme	242	118,683,199	118,683,199	242
Total	5,442	499,730,382	499,730,382	5,442

The Group has established an enterprise annuity plan. The expenses required for the enterprise annuity shall be paid jointly by the enterprise and individual employees. The Group and employees who enjoy the annuity plan use the employee social insurance payment base as the payment base. The employee's payment and deposit ratio is 1.5%, and the enterprise's payment and deposit ratio is 6%. The Group has no further statutory or presumed obligation after such payment and deposit, and the Group treated the plan as a defined contribution scheme. As of 31 December 2024, the total amount of the Group's corporate annuity expenses was approximately RMB118,683,199 (31 December 2023: RMB119,574,776), which was recorded as labour costs.

23. Taxes payable

	2024	2023
Value-added tax	87,428,602	45,981,152
Corporate income tax	32,351,149	158,285,793
Land use tax	23,279,195	39,958,990
Personal income tax	5,589,568	5,132,059
Water conservancy funds	15,899,786	50,803,673
Environmental protection tax	7,100,345	7,063,314
City construction and maintenance tax	690,613	461,195
Others	58,300,884	64,707,313
Total	230,640,142	372,393,489

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

24. Other payables

	2024	2023
Dividends payable	6,719,133	6,612,733
Others	3,169,564,809	3,062,020,465
Total	3,176,283,942	3,068,633,198

Dividends payable

	2024	2023
Dividends paid	6,719,133	6,612,733

Other payables

(1) Details of others by nature are as follows:

	2024	2023
Payable for forfeiting	1,594,673,294	1,727,667,239
Special funds	815,380,233	806,396,264
Payable for construction, maintenance and inspection fees	46,967,164	77,011,504
Sales incentive	324,572,503	119,403,237
Others	387,971,615	331,542,221
Total	3,169,564,809	3,062,020,465

(2) Significant other payables aged over one year were as follows:

As at 31 December 2024, the Group had no significant other payables with ageing of more than one year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

25. Non-current liabilities due within one year

	2024	2023
Long-term loans due within one year	4,425,124,120	3,701,790,509
Lease liabilities due within one year	24,975,848	29,588,683
Obligation to repurchase restricted shares due within one year	49,059,586	52,964,036
Total	4,499,159,554	3,784,343,228

26. Provision

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Warranty	9,875,967	1,589,249	35,455	11,429,761

27. Other current liabilities

	2024	2023
Advances for output tax	515,225,262	521,739,876
Short-term debentures payable	–	506,463,889
Total	515,225,262	1,028,203,765

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

28. Long-term loans

	2024	2023
Unsecured loans	9,908,532,304	10,501,476,741
Less: Long-term loans due within one year	4,425,124,120	3,701,790,509
Total	5,483,408,184	6,799,686,232

As of 31 December 2024, the interest rates of the above long-term loans ranged from 2.05% to 2.80% (31 December 2023: from 1.20% to 3.65%).

29. Lease liabilities

	2024	2023
Long-term lease liabilities	364,048,090	391,096,573
Less: Lease liabilities due within one year	24,975,848	29,588,683
Total	339,072,242	361,507,890

30. Long-term payable

	2024	2023
Repurchase obligation of restricted shares	49,059,586	105,928,072
Less: Repurchase obligation of restricted shares due within one year	49,059,586	52,964,036
Total	—	52,964,036

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

31. Long-term employee benefits payable

(1) Long-term employee benefits payable

	2024	2023
Early retirement benefits	1,140,733	3,158,820
Less: Early retirement benefits due within one year	551,232	1,604,634
Total	589,501	1,554,186

(2) Early retirement benefits

	2024	2023
At the beginning of the year	3,158,820	3,940,107
Included in profit and loss		
Net interest	39,934	24,427
Other changes		
Benefits paid	(2,058,021)	(805,714)
At the end of the year	1,140,733	3,158,820

The Group also provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement benefits refer to the wages and social insurance premiums paid to employees who have not reached the national retirement age but have voluntarily quit their jobs with the approval of the management of the Group. Although employees who accept early retirement arrangements have not terminated their labor contracts with the Group, they will no longer provide services to the Group in the future and cannot bring economic benefits to the Group, and the Group will no longer pay salary and make welfare payments after the employees formally retire, what the Group promises to provide is substantially financial compensation with the nature of dismissal benefits, and shall be dealt with by reference to dismissal benefits before the employees' official retirement date. Since the aforementioned early retirement

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

31. Long-term employee benefits payable (continued)

(2) Early retirement benefits (Continued)

benefits will be settled more than 12 months after the end of the annual reporting period, an evaluation was done in respect of the plan internally by the Group at the end of the year, and the evaluation method was the projected cumulative unit credit method. The source of funds for the plan mainly came from the daily working capital of the Group, and the Group has not designated any specific assets for the plan. There is no standardized calculation method for the amount to be distributed, and each member of the Group can determine its own contribution standard in accordance with its internal policies. Based on assumptions including mortality rate, expected salary growth rate and national debt discount rate for the same period, the human resources personnel of the Group made annual estimates of the defined benefits payable under the said early retirement plan, and also considered the actual settlement amount under the annual defined benefit obligations. As there was no financial management and no investment made for the said early retirement plan, as of 31 December 2024, there were no plan assets under the said early retirement plan, and the defined benefits payable amounted to approximately RMB1,140,733 (31 December 2023: RMB3,158,820), accounting for approximately 0.001% of the Group's total assets as of 31 December 2024 only (2023: 0.004%). Since the early retirement plan is relatively straightforward, the estimates carried out by the Group should be sufficient, and it would not be necessary to engage professional actuary to conduct actuarial valuation of the early retirement plan. The part payable over one year is listed in the long-term employee benefits payable.

32. Deferred income

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Government grants	1,002,087,759	46,903,600	75,979,875	973,011,484

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

33. Share capital

	Opening balance		Increase/(decrease) during the year		Closing balance	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Registered, issued and fully paid						
I. Shares with selling restrictions						
1. State-owned shares	–	–	–	–	–	–
2. State-owned legal person shares	–	–	–	–	–	–
3. Other domestically owned shares						
Including: Shares owned by domestic natural person	46,256,800	0.6	–	–	46,256,800	0.6
Sub-total	46,256,800	0.6	–	–	46,256,800	0.6
II. Shares without selling restrictions						
1. A shares	5,967,751,186	77.0	–	–	5,967,751,186	77.0
2. H shares	1,732,930,000	22.4	–	–	1,732,930,000	22.4
Sub-total	7,700,681,186	99.4	–	–	7,700,681,186	99.4
Total shares	7,746,937,986	100.0	–	–	7,746,937,986	100.0

* Other than H share dividends, which are paid in Hong Kong dollars, all shares, including A shares and H shares, have the same right to the Company's operating results and voting rights. The par value for each A share or H share is RMB1.00.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

34. Capital reserve

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Share premium	8,402,802,691	–	–	8,402,802,691
Others (Note)	37,121,017	147,535,157	11,146,732	173,509,442
Total	8,439,923,708	147,535,157	11,146,732	8,576,312,133

Note: Baowu Group Masteel Rail Transit Materials Technology Co., Ltd. ("Masteel Transit Materials"), the Company's subsidiary, entered into the Capital Increase Agreement and the Supplementary Agreement on Capital Increase of Masteel Transit Materials with strategic investors on 6 September 2023, after the capital increase, the Company's share of Masteel Transit Materials' equity shareholding was diluted from 100% to 70%. The Company recognised capital reserve based on the difference on the Company's share of the net assets of Masteel Transit Material arising from the capital increase. Masteel Transit Materials declared that the audited profit for the period prior to the Capital Increase was attributable to the Company, and the Company recognized capital reserve of RMB117,401,884 based on the difference on its share of the audited net assets of Masteel Transit Materials.

Changes in other equity of associates and joint ventures during the year increased the capital reserve by RMB30,133,273.

The restricted shares did not meet the Company's performance conditions and therefore, the Company reversed the capital reserve of RMB11,146,732 that had been recognised in prior periods.

35. Treasury shares

	At the beginning of the year	Increase during the year	Increase during the year	At the end of the year
Equity incentive plan (Note XIII.2)	105,928,072	–	–	105,928,072

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

36. Other comprehensive income

Accumulated balance of other comprehensive income attributable to owners of the parent in the consolidated balance sheet:

2024

	1 January 2023	Increase/ (decrease)	31 December 2023	Increase/ (decrease)	31 December 2024
Other comprehensive income that may not be reclassified to profit or loss:					
Changes in fair value of other equity instrument investments	140,539,655	(56,708,436)	83,831,219	6,718,130	90,549,349
Other comprehensive income that will be reclassified to profit or loss:					
Other comprehensive income to be reclassified to profit or loss under the equity method	(1,648,553)	1,885,752	237,199	6,104,741	6,341,940
Changes in the fair value of other debt investments	(8,778,330)	8,778,330	-	-	-
Exchange differences arising from foreign currency translation	(160,119,183)	63,150,438	(96,968,745)	(1,946,089)	(98,914,834)
Total	(30,006,411)	17,106,084	(12,900,327)	10,876,782	(2,023,545)

The amount of other comprehensive income in the consolidated income statement:

2024

	Amount before tax	Less: charged to other comprehensive income before and reclassified to profit or loss in the current year	Less: charged to other comprehensive income before and reclassified to retained earnings in the current year	Less: Income tax	Attributable to controlling interests	Attributable to non controlling interests
Other comprehensive income that may not be reclassified to profit or loss:						
Changes in fair value of other equity instrument investments	22,065,412	-	-	(15,347,282)	6,718,130	-
Other comprehensive income that will be reclassified to profit or loss:						
Other comprehensive income to be reclassified to profit or loss under the equity method	6,104,741	-	-	-	6,104,741	-
Changes in the fair value of other debt investments	-	-	-	-	-	-
Exchange differences arising from foreign currency translation	(1,946,089)	-	-	-	(1,946,089)	-
Total	26,224,064	-	-	(15,347,282)	10,876,782	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

36. Other comprehensive income (continued)

The amount of other comprehensive income incurred (Continued):

2023

	Amount before tax	Less: charged to other comprehensive income before and reclassified to profit or loss in the current year	Less: charged to other comprehensive income before and reclassified to retained earnings in the current year	Income tax	Attributable Less: to controlling interests	Attributable to non controlling interests
Other comprehensive income that may not be reclassified to profit or loss:						
Changes in fair value of other equity instrument investments	(55,069,171)	-	(10,817,182)	9,177,917	(56,708,436)	-
Other comprehensive income that will be reclassified to profit or loss:						
Other comprehensive income to be reclassified to profit or loss under the equity method	1,885,752	-	-	-	1,885,752	-
Changes in the fair value of other debt investments	4,076,476	4,701,854	-	-	8,778,330	-
Exchange differences arising from foreign currency translation	22,158,809	40,991,629	-	-	63,150,438	-
Total	(26,948,134)	45,693,483	(10,817,182)	9,177,917	17,106,084	-

37. Special reserve

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Safety fund	96,805,291	103,779,441	103,010,338	97,574,394

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

38. Surplus reserves

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
Statutory reserve	4,029,911,216	–	–	4,029,911,216
Discretionary surplus reserve	529,154,989	–	–	529,154,989
Reserve fund	95,685,328	–	–	95,685,328
Enterprise expansion fund	65,510,919	–	–	65,510,919
Total	4,720,262,452	–	–	4,720,262,452

In accordance with the Company Law and the Articles of Association of the Company, the Company is required to allocate 10% of its profit after tax to the statutory reserve (the “SR”) until such reserve reaches 50% of the registered capital of these companies.

39. Retained earnings

	2024	2023
Retained earnings at the beginning of the year	6,883,481,566	8,083,720,518
Net loss attributable to owners of the parent	(4,659,156,254)	(1,327,161,500)
Less: Distribute to shareholders	–	155,395,744
Reverse from general reserve	–	(271,501,110)
Other comprehensive income carried forward to retained earnings	–	(10,817,182)
Retained earnings at the end of the year	2,224,325,312	6,883,481,566

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

40. Revenue and cost of sales

(1) Revenue and cost of sales

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal revenue	79,365,028,160	79,983,500,998	96,403,138,119	94,839,339,719
Other revenue	2,451,863,579	2,608,167,041	2,534,831,245	2,468,802,362
Total	81,816,891,739	82,591,668,039	98,937,969,364	97,308,142,081

(2) Revenue is presented as follows

	2024	2023
Revenue generated from contracts	81,802,597,311	98,830,390,735
Other income	14,294,428	107,578,629
Total	81,816,891,739	98,937,969,364

(3) Disaggregation of revenue

2024

	Industrial products
By type of business	
Sale of steel products	76,852,554,330
Others	4,950,042,981
Total	81,802,597,311
By operating area	
Mainland China	76,270,467,906
Overseas and Hong Kong	5,532,129,405
Total	81,802,597,311
By timing of revenue recognition	
At a point in time	81,709,159,011
Over time	93,438,300
Total	81,802,597,311

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

40. Revenue and cost of sales (Continued)

(3) Disaggregation of revenue (Continued)

2023

	industrial product
By type of business	
Sale of steel products	93,639,191,078
Others	5,191,199,657
Total	98,830,390,735
By operating area	
Mainland China	95,274,299,040
Overseas and Hong Kong	3,556,091,695
Total	98,830,390,735
By timing of revenue recognition	
At a point in time	98,740,477,790
Over time	89,912,945
Total	98,830,390,735

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

40. Revenue and cost of sales (Continued)

(4) Disaggregation of cost of sales

Type of contract	industrial product
By type of business	
Sale of steel products	77,574,639,245
Others	5,017,028,794
Total	82,591,668,039
By operating area	
Mainland China	77,657,880,598
Overseas and Hong Kong	4,933,787,441
Total	82,591,668,039
By timing of revenue recognition	
At a point in time	82,510,812,626
Over time	80,855,413
Total	82,591,668,039

(5) Performance obligations

Revenue recognized is derived from:

	2024	2023
Opening carrying amount of contract liabilities	4,013,383,663	4,987,638,416

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

40. Revenue and cost of sales (Continued)

(5) Performance obligations (Continued)

The Group's information relating to performance obligations is as follows:

	Time for fulfilment of performance obligations	Important payment terms	Nature of the goods promised to be transferred	Is the Group a principal	Assumptions expected to be refunded to customers	Type of quality assurance provided and related obligations
Sales of goods	The customer obtains control of the underlying commodity	Payments received in advance	Steel Products	YES	–	Assurance-type warranties

41. Taxes and surcharges

	2024	2023
City construction and maintenance tax	16,788,725	16,053,497
Land usage tax	93,392,580	16,121,840
Education surcharge	10,835,797	10,338,034
Property tax	164,334,586	130,019,549
Environmental protection tax	30,051,133	29,699,288
Stamp duty	73,974,694	113,753,901
Other taxes	74,867,569	62,865,539
Total	464,245,084	378,851,648

42. Selling expenses

	2024	2023
Transportation fees	34,301,142	40,462,820
Employee benefits	162,121,148	164,407,090
Insurance premiums	17,669,382	14,071,526
Others	89,544,808	122,299,516
Total	303,636,480	341,240,952

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

43. General and administrative expenses

	2024	2023
Employee benefits	307,735,378	301,884,245
Employee termination benefits	20,886,980	17,673,772
Office expenses	121,209,771	170,674,342
Depreciation of fixed assets	151,919,982	127,083,265
Amortization of intangible assets	56,276,845	56,329,188
Travelling and entertainment expenses	13,097,793	15,692,063
Maintenance expenses	44,254,402	79,160,000
Environmental greening expense	45,433,252	49,109,993
Others	111,227,596	115,771,777
Total	872,041,999	933,378,645

44. R&D expenses

	2024	2023
Material expenses	749,782,149	783,124,651
Depreciation and amortisation	104,118,484	99,495,067
Employee benefits	196,500,246	255,896,593
Testing and processing expenses	16,896,733	40,843,859
Outsourced research expenses	15,617,034	11,933,575
Others	20,187,239	39,755,460
Total	1,103,101,885	1,231,049,205

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

45. Finance expenses

	2024	2023
Interest expense	594,035,828	519,190,821
Less: interest income	99,418,512	61,547,907
Less: interest capitalized	120,555	12,506,298
Exchange gain	41,544,614	6,088,400
Others	15,818,202	15,686,313
Total	551,859,577	466,911,329

46. Other income

	2024	2023
Government grants	117,602,993	272,278,070
Refund of withholding social security and personal income tax commission	1,137,237	3,655,844
Additional VAT credits	393,901,167	438,263,926
Total	512,641,397	714,197,840

47. Investment income

	2024	2023
Investment (loss)/income from long-term equity investments under the equity method	(3,078,344)	182,658,080
Disposal of investment income from long-term equity investments	3,669,806	89,810,857
Gain from disposal of financial assets held for trading	4,500,249	35,880,113
Investment loss from disposal of debt investments	—	(715,585)
Dividend income from other equity instrument investments	3,314,243	551,607
Total	8,405,954	308,185,072

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

48. Gain on the changes in fair value

	2024	2023
Financial assets held for trading	–	(34,558,767)

49. Credit impairment losses

	2024	2023
Gains from bad and doubtful debts of receivables	32,313,981	37,981,175
Gains from impairment of other debt investments	–	1,238,919
Gains from impairment of financial assets purchased under agreement to resell	–	10,392
Provision – loan commitment	–	(430)
Total	32,313,981	39,230,056

50. Asset impairment losses

	2024	2023
Inventories	(868,501,197)	(993,092,220)
Fixed assets	(66,340,521)	–
Total	(934,841,718)	(993,092,220)

51. (Loss)/gain on disposal of assets

	2024	2023
(Loss)/gain on disposal of fixed assets	(284,725,501)	43,755,933
Gain on disposal of intangible assets	14,356,865	32,099,236
Gain on disposal of construction in progress	–	18,005,989
Total	(270,368,636)	93,861,158

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

52. Non-operating income

	2024	2023	Included in 2024 non-recurring gains and losses
Compensation	454,441	5,043,630	454,441
Others	1,555,073	2,755,730	1,555,073
Total	2,009,514	7,799,360	2,009,514

53. Non-operating expenses

	2024	2023	Included in 2024 non-recurring gains and losses
Scrap losses of property, plant and equipment	29,694,405	2,030,156	29,694,405
Charity donation	1,947,695	2,116,769	1,947,695
Others	78,714,790	6,530,594	78,714,790
Total	110,356,890	10,677,519	110,356,890

54. Expenses classifies by nature

	2024	2023
Raw materials and consumables used	73,008,190,545	88,720,141,934
Changes in inventories of finished goods and work in progress	239,166,979	(1,551,744,183)
Employee benefits	3,564,505,116	4,015,473,763
Depreciation and amortization	4,511,762,842	3,811,884,610
Transport and inspection costs	1,042,904,389	1,675,480,841
Repair and maintenance costs	1,334,062,403	1,828,181,693
Testing and processing expenses	20,187,239	40,843,859
Outsourced research expenses	15,617,034	11,933,575
Office expenses	122,562,269	178,746,423
Others	1,011,489,587	1,082,868,368
Total	84,870,448,403	99,813,810,883

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

55. Income tax expense

	2024	2023
Mainland China current income tax expense*	113,617,180	238,338,772
Hong Kong current income tax expense*	5,593,179	6,385,403
Overseas current income tax*	26,612,545	29,917,483
Deferred tax expense	7,928,462	(231,400,513)
Total	153,751,366	43,241,145

The reconcillation between income tax expense and accounting profit is presented below:

	2024	2023
Loss before tax	(4,829,857,723)	(1,596,659,516)
Income tax expense at statutory rate (Note)	(1,207,464,431)	(399,164,879)
Effect of different tax rates	518,244,950	217,832,116
Effect of adjustments to prior periods' income taxes	6,571,781	126,553,448
Impact of non-taxable income	(6,531,238)	(88,496,228)
Non-deductible expenses	29,700,961	12,320,825
Unrecognised deductible temporary difference and tax losses	1,098,526,684	409,204,692
Effect of tax rate changes on deferred tax balances	(119,463,119)	7,177,678
Utilised previous years' tax losses	(1,013,086)	(1,445,284)
Share of profit or loss of joint ventures and associates	1,269,172	(27,056,718)
Others	(166,090,308)	(213,684,505)
Income tax expense	153,751,366	43,241,145

Note: The Group's income tax has been provided on the basis of the estimated taxable income derived from sources within the PRC and at the applicable tax rates. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in countries or regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

56. Earnings per share

	2024 RMB/share	2023 RMB/share
Basic earnings per share		
Continuing operations	(0.61)	(0.17)
Diluted earnings per share		
Continuing operations	(0.61)	(0.17)

Basic earnings per share is calculated by dividing the net loss for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

The specific calculations of basic and diluted earnings per share are as follows:

	2024	2023
Earnings		
Net loss for the period attributable to the Company's common shareholders		
Continuing operations	(4,659,156,254)	(1,327,161,500)
Total	(4,659,156,254)	(1,327,161,500)
Adjusted net loss for the period attributable to the Company's common shareholders	(4,659,156,254)	(1,327,161,500)
Attribution:		
Continuing operations	(4,659,156,254)	(1,327,161,500)
Total	(4,659,156,254)	(1,327,161,500)
Number of shares		
Weighted average number of ordinary shares of the Company	7,700,681,186	7,700,681,186
Dilution effect – weighted average number of ordinary shares	–	–
Adjusted weighted average number of ordinary shares of the Company outstanding	7,700,681,186	7,700,681,186

The Company has no outstanding potential common shares, so diluted earnings per share is the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

57. Notes to statement of cash flows items

(1) Cash related to operating activities

	2024	2023
Cash received relating to other operating activities		
Government grants	88,526,718	362,337,197
Decrease in deposits for note, credit and guarantee	—	190,220,796
Interest income	92,140,665	61,547,907
Others	21,040,275	32,380,302
Total	201,707,658	646,486,202
Cash paid relating to other operating activities		
Increase in deposits for note, credit and guarantee	218,599,909	—
Safety fund	117,329,554	79,213,405
Research and development expenses	20,187,239	41,188,386
Environmental improvement fee	45,433,252	49,109,993
Office expenses	34,049,400	27,942,218
Travel and entertainment expenses	25,454,838	20,151,675
Insurance expenses	17,669,382	14,862,184
Bank charges	15,818,202	15,686,313
Others	260,579,883	227,828,747
Total	755,121,659	475,982,921

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

57. Notes to statement of cash flow items (continued)

(2) Cash related to investing activities

	2024	2023
Receipt of significant cash relating to investing activities		
Proceeds from disposal of assets of Maanshan Baozhichun Calcium and Magnesium Technology Co., Ltd.	–	218,606,425
Total	–	218,606,425
Cash received relating to other investing activities		
Steel Futures Deposits	–	680,259
Total	–	680,259
Cash paid relating to other investing activities		
Steel Futures Deposits	5,488,708	–
Disposal of subsidiaries	–	19,849,741
Total	5,488,708	19,849,741

(3) Cash relating to financing activities

	2024	2023
Cash received from other financing activities		
Notes discounted	488,691,527	511,120,715
Total	488,691,527	511,120,715
Cash paid relating to other financing activities		
Expenditure on lease liabilities	45,294,171	26,748,109
Repurchase of treasury shares	56,868,486	62,125,868
Total	102,162,657	88,873,977

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

57. Notes to statement of cash flow items (continued)

(3) Cash relating to financing activities (continued)

The movements in the various liabilities arising from financing activities are shown below:

	At the beginning of the year	Increase during the year		Decrease during the year		At the end of the year
		Cash movements	Non-cash changes	Cash movements	Non-cash changes	
Other trade payables forfeiting	1,727,667,239	1,594,673,294	-	(1,727,667,239)	-	1,594,673,294
Short-term loans	9,428,060,223	12,989,759,425	99,340,542	(10,078,589,034)	(1,094,135,592)	11,344,435,564
Other current liabilities						
Short-term debentures payable	506,463,889	-	3,126,275	(509,590,164)	-	-
Non-current liabilities due within one year	3,784,343,228	-	771,684,812	(56,868,486)	-	4,499,159,554
Lease liabilities	361,507,890	-	22,858,523	(45,294,171)	-	339,072,242
Long-term trade payables	52,964,036	-	-	-	(52,964,036)	-
Long-term loans	6,799,686,232	3,400,793,578	255,615,732	(4,249,353,747)	(723,333,611)	5,483,408,184
Total	22,660,692,737	17,985,226,297	1,152,625,884	(16,667,362,841)	(1,870,433,239)	23,260,748,838

(4) Cash flows presented on a net basis

	Relevant factual circumstances	Basis of net presentation	Offsetting cash flows
Notes, letters of credit and guarantee deposits	Margin collection and disbursement	fast turnaround	2,568,593,738
Steel Futures Deposits	Margin collection and disbursement	fast turnaround	57,590,685

See note V.57(1) for details of the presentation of net cash flows from notes, letters of credit and guarantee deposits. See note V.57(2) for details of the presentation of net cash flows from steel futures deposits.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

58. Supplementary information on the statement of cash flows

(1) Supplementary information on the statement of cash flows

Reconciliation of net loss to cash flows from operating activities:

	2024	2023
Net loss	(4,983,609,089)	(1,639,900,661)
Add: Provision for impairment of assets	934,841,718	993,092,220
Provision for credit impairment	(32,313,981)	(39,230,056)
Depreciation of fixed assets	4,376,901,692	3,715,329,667
Depreciation of right-of-use assets	26,717,468	29,605,484
Amortisation of intangible assets	106,132,418	64,938,195
Depreciation and amortisation of investment properties	2,011,264	2,011,264
Amortisation of deferred income	(75,979,875)	(173,959,657)
Loss/(gain) on disposal of fixed assets, intangible assets and other long-term assets	300,316,067	(93,861,158)
Increase/(decrease) in earmarked reserves	769,103	(10,761,797)
Loss on change in fair value	—	34,558,767
Financial expenses	540,345,365	525,279,221
Investment losses	(8,405,954)	(308,185,072)
Decrease/(increase) in deferred tax assets	8,001,041	(228,192,954)
Decrease in deferred tax liabilities	(72,579)	(3,207,559)
Decrease in inventories	1,140,836,756	708,334,909
Increase in operating receivables	(1,316,856,273)	(555,108,669)
Decrease in operating payables	(58,760,347)	(1,028,942,882)
Net cash flows from operating activities	960,874,794	1,991,799,262

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

58. Supplementary information on the statement of cash flows (continued)

(1) Supplementary information to the statement of cash flows (continued)

Net changes of cash and cash equivalents:

	2024	2023
Year-end balance of cash	3,687,116,397	4,428,594,208
Less: opening balance of cash	4,428,594,208	4,360,738,411
Net (decrease)/increase in cash and cash equivalents	(741,477,811)	67,855,797

(2) Composition of cash and cash equivalents

	2024	2023
Cash	3,687,116,397	4,428,594,208
Including: Balances in banks without restrictions	3,687,116,397	4,428,594,208
Balance of cash and cash equivalents at end of year	3,687,116,397	4,428,594,208

(3) Cash and bank balances not classified as cash and cash equivalents

	2024	2023	rationale
Other monetary assets	1,359,803,423	1,141,203,514	Restricted use for security purposes
Time deposits over 3 months	1,387,185,627	–	Not readily realizable, not readily available for payment
Total	2,746,989,050	1,141,203,514	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

59. Leases

(1) As a lessee

	2024	2023
Short-term lease expenses applied the practical expedient	10,789,147	20,702,704
Expenses relating to leases of low-value assets applied the practical expedient, excluding short-term leases of low-value assets	602,298	737,200
Total cash flow for leases	56,685,616	48,417,282

Leased assets of the Group include plant and buildings, machinery and equipment, motor vehicles and other equipment used in the course of operations. The lease terms of plant and buildings and machinery and equipment usually range from 1 to 10 years, and the lease terms of motor vehicles and other equipment usually range from 1 to 5 years. Lease contracts usually stipulate that the Group cannot sublease the leased assets, and some lease contracts require the Group's financial indicators to be maintained at a certain level. A few lease contracts contain provisions for renewal options, termination options and variable rentals.

For right-of-use assets, refer to Note V.14; for simplified treatment of short-term leases and leases of low-value assets, refer to Note III.26; and for lease liabilities, refer to Note V. 29.

(2) As lessor

The Group leases out its buildings and structures for lease terms ranging from 1 to 10 years, forming operating leases.

Operating lease

Gains and losses related to operating leases are presented below:

	2024	2023
Rental income	14,294,428	14,549,435

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ON MAJOR ITEMS (CONTINUED)

59. Leases (continued)

(2) As lessor (continued)

Operating lease (continued)

Undiscounted minimum lease receipts under lease agreements with lessees are as follows:

	2024	2023
Within 1 year, inclusive	14,880,748	14,881,959
1 to 2 years, inclusive	6,734,480	13,489,098
2 to 3 years, inclusive	4,458,356	3,327,161
Over 3 years	20,019,857	3,704,761
Total	46,093,441	35,402,979

For more details of operating lease out of fixed assets, please refer to note V.12.

60. Dividend*

The Board of Directors did not recommend the declaration of any dividend for the year ended 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VI. R&D EXPENSES

1. Presentation by nature

	2024	2023
Material and power expenses	2,811,886,661	3,045,760,341
Depreciation	443,189,910	453,378,243
Employee benefits	240,365,180	300,221,586
Processing and testing expenses	80,420,186	96,336,003
Outsourced research expenses	15,617,033	11,933,575
Others	54,155,832	132,255,820
Total	3,645,634,802	4,039,885,568
Including: research and development expenditures that are expensed	3,645,634,802	4,039,885,568
Research and development expenditures that are capitalised	—	—

In accordance with the “Interpretation of ASBE No. 15”, the R&D expenses recognized in the Group’s operating costs in relation to the research and development trial production of new products are shown below:

	2024	2023
Cost of trial production of new product development	2,542,532,917	2,808,836,363
Including: Materials and power expenses	2,062,104,512	2,262,635,690
Depreciation	339,071,426	353,883,176
Employee benefits	43,864,934	44,324,993
Testing and processing expenses	63,523,453	55,492,144
Others	33,968,592	92,500,360

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

During the year, This year, Ma’anshan Changgang Metal Trading Co., Ltd. was deregistered on September 18, 2024, and will no longer be included in the consolidated scope.

In December 2024, the Company established a wholly-owned subsidiary, Maanshan Iron & Steel Limited Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS

1. Interests in subsidiaries

(1) Composition of the Group

	Place of operation	Place of registration	Business nature	Registered capital	Percentage of equity (%)	
					direct	indirect
Subsidiaries acquired through establishment or investment, etc.						
Ma Steel (Wuhu) Processing and Distribution Co., Ltd. ("Ma Steel (Wuhu)")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB35,000,000	70	30
Ma Steel (Cihu) Processing and Distribution Co., Ltd. ("Ma Steel (Cihu)")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB30,000,000	92	–
Ma Steel (HK)	Hong Kong, PRC	Hong Kong, PRC	Trading	HK350,000,000	100	–
MG Trading	German	German	Trading	EUR153,388	100	–
Ma Steel (Australia)	Australia	Australia	Mining	AUD21,737,900	100	–
Ma Steel (Hefei)	Anhui, PRC	Anhui, PRC	Manufacturing	RMB2,500,000,000	71	–
Ma Steel (Hefei) Processing and Distribution Co., Ltd. ("Ma Steel (Hefei) Processing")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB120,000,000	67	28
Ma Steel (Wuhu) Material Technique Co. Ltd. ("Wuhu Technique")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB150,000,000	71	–
Maanshan (Chongqing) Material Technology Co., Ltd. ("Chongqing Material")	Chongqing, PRC	Chongqing, PRC	Manufacturing	RMB250,000,000	70	–
Ma Steel (Hefei) Materials Technology Co., Ltd. ("Hefei Materials")	Anhui, PRC	Anhui, PRC	Trading	RMB200,000,000	70	–
Ma'anshan (Hangzhou) Iron and Steel Sales Co., Ltd. ("Ma Steel Hangzhou Sales")	Zhejiang, PRC	Zhejiang, PRC	Trading	RMB10,000,000	100	–
Maanshan (Nanjing) Iron and Steel Sales Co., Ltd. ("Ma Steel Nanjing Sales")	Jiangsu, PRC	Jiangsu, PRC	Trading	RMB20,000,000	100	–
Maanshan (Shanghai) Iron and Steel Sales Co., Ltd. ("Ma Steel Shanghai Sales")	Shanghai, PRC	Shanghai, PRC	Trading	RMB10,000,000	100	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

	Place of operation	Place of registration	Business nature	Registered capital	Percentage of equity (%)	
					direct	indirect
Anhui Chang Jiang Iron and Steel Trading Co., Ltd., Hefei ("Chang Jiang Iron and Steel, Hefei")	Anhui, PRC	Anhui, PRC	Trading	RMB30,000,000	–	100
Anhui Chang Jiang Iron and Steel Trading Co., Ltd., Nanjing ("Chang Jiang Iron and Steel, Nanjing")	Jiangsu, PRC	Jiangsu, PRC	Trading	RMB30,000,000	–	100
Masteel (Wuhan) Material Technology Co., Ltd. ("Wuhan Material")	Hubei, PRC	Hubei, PRC	Manufacturing	RMB250,000,000	85	–
Magang Hongfei Electricity Power Co., Ltd ("Magang Hongfei")	Anhui, PRC	Anhui, PRC	Power industry	RMB100,000,000	51	–
Maanshan Iron & Steel Limited Company	Anhui, PRC	Anhui, PRC	Manufacturing	RMB1,000,000,000	100	–
Subsidiaries acquired in a business combination not under common control						
Masteel (Yangzhou) Processing and Distribution Co., Ltd. ("Masteel (Yangzhou) Processing")	Jiangsu, PRC	Jiangsu, PRC	Manufacturing	US\$20,000,000	71	–
Anhui Changjiang Steel Co., Ltd.	Anhui, PRC	Anhui, PRC	Manufacturing	RMB1,200,000,000	55	–
Masteel Transit Materials	Anhui, PRC	Anhui, PRC	Manufacturing	RMB600,000,000	70	–
Mascometal Co., Ltd. ("Mascometal")	Anhui, PRC	Anhui, PRC	Manufacturing	EUR32,000,000	66	–

Note: The above companies incorporated in China are either limited companies or limited liability companies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Material non-wholly owned subsidiaries

	Proportion of ownership interest held by NCI	Profit or loss allocated to non-controlling interests during the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the year
Anhui Changjiang Steel Co., Ltd.	45%	(444,272,531)	–	1,705,035,947

(3) Key financial information of material non-wholly owned subsidiaries

The following table sets out the principal financial information of the subsidiaries listed above. This information represents amounts before offsetting between enterprises in the Group:

	2024	2023
Current assets	2,089,939,943	2,437,141,246
Non-current assets	7,073,752,373	7,212,002,652
Total assets	9,163,692,316	9,649,143,898
Current liabilities	(5,166,510,115)	(4,676,095,333)
Non-current liabilities	(208,528,430)	(208,661,632)
Total liabilities	(5,375,038,545)	(4,884,756,965)
Revenue	11,348,592,124	16,207,612,544
Net loss	(987,272,292)	(811,804,315)
Total comprehensive income	(987,272,292)	(811,804,315)
Net cash flows from operating activities	(109,392,598)	443,210,035

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates

(1) Significant joint ventures or associates

	Place of operation	Place of registration	Nature of business	To the activities of the Group	Percentage of equity (%)		accounting treatment
					Strategic or not	direct	
Associates							
JinMa Energy	Henan, PRC	Henan, PRC	manufacturing	No	26.89	–	equity method
Shenglong Chemical	Shandong Province, PRC	Shandong, PRC	manufacturing	No	31.99	–	equity method
Baowu Water	Shanghai, PRC	Shanghai, PRC	water management industry	No	14.98	–	equity method
Baowu Finance	Shanghai, PRC	Shanghai, PRC	monetary and financial services	No	22.36	–	equity method

(2) Key Financial Information of Significant Associates

The following table presents the financial information of Henan Jinma Energy, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	2024	2023
Current assets	2,570,685,058	3,907,551,172
Non-current assets	8,688,187,001	8,674,708,417
Total assets	11,258,872,059	12,582,259,589
Current liabilities	5,447,707,971	5,429,823,142
Non-current liabilities	1,494,712,687	2,342,760,315
Total liabilities	6,942,420,658	7,772,583,457
Non-controlling interests	1,208,987,049	1,389,681,567
Shareholders' equity attributable to the parent company	3,107,464,352	3,419,994,565
Group's share of net assets	835,597,163	919,636,537
Carrying amount of investments	835,597,163	919,636,537

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key Financial Information of Significant Associates (Continued)

	2024	2023
Revenue	11,668,062,895	12,165,941,556
Income tax expense	19,565,925	15,039,891
Net loss	(491,209,410)	(23,160,764)
Total comprehensive income	(491,209,410)	(23,160,764)
Dividends received	–	14,400,000

The following table presents financial information of Shenglong Chemical, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	2024	2023
Current asset	3,329,245,482	3,569,182,636
Non-current asset	4,884,513,617	3,585,519,729
Total assets	8,213,759,099	7,154,702,365
Current liability	2,949,398,090	1,874,825,932
Non-current liability	1,098,508,704	1,003,249,418
Total liabilities	4,047,906,794	2,878,075,350
Non-controlling interests	863,116,704	862,200,966
Shareholders' equity attributable to the parent company	3,302,735,601	3,414,426,049
Group's share of net assets	1,056,545,119	1,092,274,893
Carrying amount of investments	1,056,545,119	1,092,274,893

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key Financial Information of Significant Associates (Continued)

	2024	2023
Revenue	4,897,580,639	3,288,660,128
Income tax expense	(14,269,978)	58,369,036
Net loss	(82,925,981)	(55,414,583)
Total comprehensive income	(82,925,981)	(55,414,583)
Dividends received	9,597,890	—

The following table presents financial information for Baowu Water, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	2024	2023
Current asset	4,263,981,437	5,303,433,535
Non-current asset	5,409,841,098	4,951,138,543
Total assets	9,673,822,535	10,254,572,078
Current liability	3,754,036,221	4,299,661,405
Non-current liability	1,285,342,377	1,234,022,371
Total liabilities	5,039,378,598	5,533,683,776
Non-controlling interests	446,089,579	453,422,960
Shareholders' equity attributable to the parent company	4,188,354,358	4,267,465,342
Group's share of net assets	627,289,833	639,138,284
Add: Goodwill formed on acquisition of investments	27,589,502	27,589,503
Carrying amount of investments	654,879,335	666,727,787

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) KEY FINANCIAL INFORMATION OF SIGNIFICANT ASSOCIATES (Continued)

	2024	2023
Revenue	5,332,027,407	679,622,893
Income tax expense	6,558,509	(1,969,441)
Net profit	(51,108,419)	47,720,346
Total comprehensive income	(51,108,419)	47,720,346
Dividends received	4,806,851	7,821,348

As at 31 December 2024, the Group held 14.98% equity interests in Baowu Water. The Company designates one director to Baowu Water according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Baowu Water, despite the equity share is under 20%. Thus, the Company accounts for the investment in Baowu Water as an associate.

The following table presents the financial information of Baowu Finance, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	2024	2023
Current asset	26,264,150,370	35,570,140,043
Non-current asset	57,701,502,170	51,436,589,350
Total assets	83,965,652,540	87,006,729,393
Current liability	73,909,616,472	76,778,884,757
Non-current liability	37,039,926	60,751,941
Total liabilities	73,946,656,398	76,839,636,698
Non-controlling interests	—	—
Shareholders' equity attributable to the parent company	10,018,996,142	10,167,092,695
Group's share of net assets	2,240,247,537	2,273,361,926
Add: Goodwill formed on acquisition of investments	496,068,501	496,068,501
Carrying amount of investments	2,736,316,038	2,769,430,427

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) KEY FINANCIAL INFORMATION OF SIGNIFICANT ASSOCIATES (Continued)

	2024	1 May 2023 to 31 December 2023
Revenue	1,752,393,144	1,264,478,467
Income tax expense	40,812,839	118,771,842
Net profit	162,619,692	377,743,282
Other comprehensive income	26,743,909	11,767,020
Total comprehensive income	189,363,601	389,510,302
Dividends received	100,296,659	–

(3) Summarized financial information for immaterial joint ventures and associates

The following table presents summarised financial information for joint ventures and associates that are not material to the Group:

	2024	2023
Joint ventures		
Total carrying amount of investments	311,282,032	297,836,841
Total of the following by percentage of shareholding		
Net profit	61,795,191	55,006,417
Total comprehensive income	61,795,191	55,006,417

	2024	2023
Associates		
Total carrying amount of investments	1,304,284,268	1,297,918,146
Total of the following by percentage of shareholding		
Net profit	19,757,561	33,996,548
Other comprehensive income	–	43,035
Total comprehensive income	19,757,561	34,039,583

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

IX. GOVERNMENT GRANTS

1. Government grants recognized at amounts receivable

Included in other receivables are government grants receivable with a year-end balance of RMB22,487,911.

2. Liability items involving government grants

	At the beginning of the year	Increase during the year	Included in non-operating income for the year	Included in other income during the year	Other changes during the year	At the end of the year	Asset/revenue related
Deferred income	1,002,087,759	46,903,600	–	75,979,875	–	973,011,484	Assets and revenues

3. Government grants recognized in profit or loss

	2024	2023
Government grants related to assets		
Charged to other income	69,315,506	157,747,462
Government grants related to revenue		
Charged to other income	48,287,487	114,530,608
Total	117,602,993	272,278,070

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Financial instrument risk

The Group is exposed to a variety of financial instrument risks in its ordinary course of activities, which primarily include credit risk, liquidity risk and market risk. The Group's risk management policies in respect of these are summarized below.

The Board of Directors is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and related guidelines and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks and cover a wide range of areas such as market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and the Group's operations to determine whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board. The Risk Management Committee identifies, evaluates and avoids relevant risks by working closely with other business units of the Group. The Group's internal audit department conducts regular audits on risk management controls and procedures and reports the results of such audits to the Group's Audit Committee.

The Group diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses and reduces the risk of concentration in any single industry, in a particular geographic region or with a particular counterparty by establishing appropriate risk management policies.

(1) Credit risk

The Group trades only with accredited, reputable third parties. In accordance with the Group's policy, credit checks are required to be performed on all customers who request to transact on credit. In addition, the Group monitors its trade receivables balances on an ongoing basis to ensure that the Group is not exposed to significant risk of bad debts. The Group does not offer credit terms for transactions that are not settled in the local currency of account of the relevant operating unit, unless specifically approved by the Group's credit control department.

As the counterparties of cash and bank balances and bank acceptances receivable are reputable banks with high credit ratings, these financial instruments have low credit risks.

The Group's other financial assets include trade receivables and other receivables, which are subject to credit risk arising from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments. Except for the financial guarantees given by the Group as set out in Note XII, the Group has not provided any other guarantees that may expose the Group to credit risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(1) Credit risk (Continued)

No collateral is required as the Group only transacts with approved and reputable third parties. Credit risk is managed according to analysis by customer, counterparty, geographical region and industry intensively. As at 31 December 2024, the Group has specific concentrations of credit risk, with 12% (31 December 2023: 10%) and 31% (31 December 2023: 33%) of the Group's trade receivables originating from the largest and the top five customers, respectively, in terms of trade receivables balances. The Group did not hold any collateral or other credit enhancements on trade receivables balances.

Criteria for determining significant increase in credit risk

The Group assesses at each balance sheet date whether there has been a significant increase in the credit risk of the relevant financial instrument since its initial recognition. In determining whether there has been a significant increase in credit risk since initial recognition, the Group considers information that is reasonably available and supportable without undue additional cost or effort, including qualitative and quantitative analyses based on the Group's historical data, external credit risk ratings and forward-looking information. The Group determines the change in the risk of default over the expected life of the financial instrument by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition on the basis of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics.

The Group considers that a significant increase in the credit risk of a financial instrument has occurred when one or more of the following quantitative or qualitative criteria or upper bound indicators are triggered:

- (1) The quantitative criterion is mainly that the probability of default for the remaining duration rises by more than a certain percentage from the initial recognition, at the reporting date;
- (2) The qualitative criteria is significant adverse change occurs in the operation or financial position of main debtors or receiving warning customer lists, etc;
- (3) Maximum criteria is the overdue of debtors' contract payment (including principal and interest) has reached a specific period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(1) Credit risk (Continued)

Definition of credit-impaired assets

In order to determine whether credit impairment has occurred, the Group uses criteria that are consistent with its internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators. The Group considers the following factors when assessing whether a debtor has suffered credit impairment:

- (1) Significant financial difficulties of the issuer or debtor;
- (2) Breach of contract by the debtor, such as default or delinquency in the payment of interest or principal;
- (3) The creditor grants concessions to the debtor that the debtor would not have made in any other case because of economic or contractual considerations relating to the debtor's financial difficulties;
- (4) It is probable that the debtor will become insolvent or undergo other financial reorganization;
- (5) The disappearance of an active market for the financial asset as a result of financial difficulties of the issuer or debtor;
- (6) The purchase or origination of a financial asset at a significant discount that reflects the fact that a credit loss has been incurred.

A credit impairment of a financial asset may result from a combination of events and may not necessarily be the result of separately identifiable events.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(2) Liquidity risk

The Group's objective is to use a variety of financing instruments in order to maintain a balance between continuity and flexibility of financing. The Group finances its operations through funds generated from operations and borrowings.

The following table summarizes the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

2024

	Within 1 year	1 to 2 years	2 to 3 years	3 to 5 years	More than 5 years	Total
Short-term loans	11,427,742,171	-	-	-	-	11,427,742,171
Notes payable	10,051,474,326	-	-	-	-	10,051,474,326
Trade payables	10,673,672,878	-	-	-	-	10,673,672,878
Other trade payables	3,176,283,942	-	-	-	-	3,176,283,942
Non-current liabilities due within one year	4,585,137,319	-	-	-	-	4,585,137,319
Long-term loans	130,364,319	2,372,679,209	3,172,751,708	52,647,331	13,200,000	5,741,642,567
Lease liabilities	-	28,807,040	28,310,528	55,340,032	239,109,622	351,567,222
Total	40,044,674,955	2,401,486,249	3,201,062,236	107,987,363	252,309,622	46,007,520,425

2023

	Within 1 year	1 to 2 years	2 to 3 years	3 to 5 years	More than 5 years	Total
Short-term loans	9,507,513,271	-	-	-	-	9,507,513,271
Notes payable	8,631,701,173	-	-	-	-	8,631,701,173
Trade payables	13,513,640,486	-	-	-	-	13,513,640,486
Other trade payables	3,068,633,198	-	-	-	-	3,068,633,198
Other current liabilities						
short-term debentures payable	509,750,000	-	-	-	-	509,750,000
Non-current liabilities due within one year	3,860,822,815	-	-	-	-	3,860,822,815
Long-term loans	-	4,791,218,938	2,066,758,542	58,104,580	13,200,000	6,929,282,060
Leasehold liability	-	39,556,394	39,296,852	66,966,868	330,727,236	476,547,350
Long-term trade payables	-	52,964,036	-	-	-	52,964,036
Total	39,092,060,943	4,883,739,368	2,106,055,394	125,071,448	343,927,236	46,550,854,389

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(3) Market risk

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's long-term liabilities that bear interest at floating rates. The Group manages interest rate risk by closely monitoring interest rate changes and reviewing its borrowings on a regular basis.

On 31 December 2024, with all other variables held constant, it is assumed that a 50 basis points increase in interest rates would have resulted in a decrease in the Group's shareholders' equity by RMB6,451,317 (2023: RMB32,597,711) and an increase in net loss by RMB6,451,317 (2023: an increase in net loss by RMB32,597,711).

Exchange rate risk

The Group is exposed to transactional exchange rate risk. Such risk arises from sales or purchases made by operating units in currencies other than their local currency of account.

In addition, the Group has exchange rate risk exposure arising from foreign currency borrowings. The Group uses foreign exchange forward contracts to reduce its exposure to exchange rate risk.

The following table presents a sensitivity analysis of exchange rate risk, reflecting the effect that a reasonable and probable change in the exchange rates of the United States dollar, the euro, the Hong Kong dollar and the Japanese yen would have on net profit or loss (as a result of United States dollar-denominated financial instruments) and on other comprehensive income, net of tax, under the assumption that all other variables are held constant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(3) Market risk (Continued)

Exchange rate risk (Continued)

2024

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income, net of tax	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB to USD	1	6,384,630	–	6,384,630
Depreciation of RMB to EUR	1	2,220,408	299,447	2,519,855
Depreciation of RMB to HKD	1	19,600	5,878,408	5,898,008
Depreciation of RMB to AUD	1	–	1,890,407	1,890,407
Appreciation of RMB to USD	(1)	(6,384,630)	–	(6,384,630)
Appreciation of RMB to EUR	(1)	(2,220,408)	(299,447)	(2,519,855)
Appreciation of RMB to HKD	(1)	(19,600)	(5,878,408)	(5,898,008)
Appreciation of RMB to AUD	(1)	–	(1,890,407)	(1,890,407)

2023

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income, net of tax	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB to USD	1	39,448,486	–	39,448,486
Depreciation of RMB to EUR	1	17,026,368	–	17,026,368
Depreciation of RMB to HKD	1	614,156	–	614,156
Depreciation of RMB to JPY	1	18,579	–	18,579
Appreciation of RMB to USD	(1)	(39,448,486)	–	(39,448,486)
Appreciation of RMB to EUR	(1)	(17,026,368)	–	(17,026,368)
Appreciation of RMB to HKD	(1)	(614,156)	–	(614,156)
Appreciation of RMB to JPY	(1)	(18,579)	–	(18,579)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Capital management

The primary objectives of the Group's capital management are to ensure the Group's ability to continue as a going concern and to maintain healthy capital ratios to support business development and maximise shareholders' value.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the profit distribution to shareholders, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. There were no changes in capital management objectives, policies or procedures during the year 2024 and 2023.

The Group manages capital using a leverage ratio, which is defined as the ratio of net debt to adjusted capital plus net debt. The Group's policy will maintain this leverage ratio between 50 per cent and 70 per cent. Net liabilities include bank borrowings, notes payable, trade payables, payroll and employee benefits payable and other payables, less cash and bank balances. Capital includes total capital attributable to shareholders of the parent company. The Group's leverage ratios at the balance sheet date are as follows:

	2024	2023
Short-term loans	11,344,435,564	9,428,060,223
Notes payable	10,051,474,326	8,631,701,173
Trade payables	10,673,672,878	13,513,640,486
Payroll and employee benefits payable	220,119,665	204,380,835
Other trade payables	3,176,283,942	3,068,633,198
Other current liabilities	515,225,262	1,028,203,765
Non-current liabilities due within one year	4,499,159,554	3,784,343,228
Long term loan	5,483,408,184	6,799,686,232
Leasehold liability	339,072,242	361,507,890
Long-term employee benefits payable	589,501	1,554,186
Less: Cash and bank balances	6,434,105,447	5,569,797,722
Net liabilities	39,869,335,671	41,251,913,494
Capital attributable to owners of the parent	23,257,460,660	27,768,582,604
Adjusted capital	23,257,460,660	27,768,582,604
Capital and net liabilities	63,126,796,331	69,020,496,098
Gearing ratio	63%	60%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Transfer of financial assets

Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Status of derecognition	Basis for determining derecognition
Endorsement of notes	bank acceptance notes	7,986,962,724	Partly derecognised	Bank credit rating
Discounted notes	bank acceptance notes	5,310,358,099	Partly derecognised	Bank credit rating
Receivables factoring	trade receivables	754,809,409	Derecognised	Transferred substantially all risks and rewards of the ownership in financial assets
Receivables factoring	trade receivables	150,624,587	Not derecognized	Retained substantially all risks and rewards, including the default risk associated
Total		14,202,754,819		

Financial assets derecognized as a result of the transfer are shown below:

	Manner of transfer	Amount of financial assets derecognized	Gains or losses associated with derecognition
Notes receivable	Endorsement of notes	7,760,776,629	–
Notes receivable	Discounted notes	4,972,291,159	94,301,849
Trade receivables	Receivables factoring	754,809,409	7,214,310
Total		13,487,877,197	101,516,159

Transferred financial assets with continuing involvement are shown below:

Manner of transfer	Manner of transfer	Amount of assets from continuing involvement	Amount of liabilities from continuing involvement
Notes receivable	Endorsement of notes	226,186,095	–
Notes receivable	Discounted notes	338,066,940	–
Trade receivables	Receivables factoring	150,624,587	–
Total		714,877,622	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES

1. Assets and liabilities measured at fair value

2024

	Inputs used for fair value measurement			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Recurring fair value measurement				
Financing receivables	–	1,382,456,994	–	1,382,456,994
Other equity instrument investments	–	408,876,314	5,182,886	414,059,200
Total	–	1,791,333,308	5,182,886	1,796,516,194

2023

	Inputs used for fair value measurement			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Recurring fair value measurement				
Financing receivables	–	1,801,284,684	–	1,801,284,684
Other equity instrument investments	–	387,077,667	4,916,121	391,993,788
Total	–	2,188,362,351	4,916,121	2,193,278,472

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

2. Level 2 fair value measurements

The Group's continuing Level 2 fair value measurements are primarily unlisted equity investments and financing receivables. The fair value of unlisted equity investments is determined based on the information in the financial statements of these unlisted companies As of 31 December 2024 and using the comparable company multiplier method in conjunction with comparable information of listed companies in the same industry. Financing receivables is determined using discounted market interest rates.

3. Level 3 fair value measurements

The Group's valuation of assets and liabilities measured at fair value in Level 3 is carried out by a dedicated team led by the Finance Manager, the team reports directly to the Chief Financial Officer and the Audit Committee. The team prepares an analysis of changes in fair value measurements at the interim and year-end of each year, which is reviewed and approved by the Finance Director. The team discusses the valuation process and results with the Chief Financial Officer and the Audit Committee at both the interim and year-end of each year.

As of 31 December 2024, the fair values of the unlisted equity investments are determined by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

4. Reconciliation in recurring fair value measurements within Level 3 and sensitivity analysis of unobservable inputs

Reconciliation in recurring fair value measurements within Level 3 is presented below:

2024

	Total current gains or losses			Sale	At the end of the year	Assets still held on 31 December 2024 are included in changes in unrealized gains
	At the beginning of the year	Gains or losses included in the income statements	Gains or losses included in other comprehensive income			or losses in profit and loss for 2024-changes in fair value
Assets						
Other equity instrument investments	4,916,121	–	266,765	–	–	5,182,886

2023

	Total current gains or losses			Sale	At the end of the year	Assets still held on 31 December 2023 are included in changes in unrealized gains or losses in profit and loss for 2023-changes in fair value
	At the beginning of the year	Gains or losses included in the income statements	Gains or losses included in other comprehensive income			
Assets						
Other equity instrument investments	94,347,591	–	3,348,595	(92,780,065)	–	4,916,121

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

5. Financial assets and financial liabilities not measured at fair value

2024

	Carrying amount	fair value	Inputs used for fair value disclosures		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
long-term loans	5,483,408,184	5,380,744,161	–	5,380,744,161	–

2023

	Carrying amount	fair value	Inputs used for fair value disclosures		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
Long-term loans	6,799,686,232	6,711,922,832	–	6,711,922,832	–

The fair value of long-term borrowings is determined using the discounted future cash flow method, using market yields on other financial instruments with similar contractual terms, credit risk and remaining maturity as the discount rate. As of 31 December 2024, the default risk for the long-term loans was evaluated as not significant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent Company

	Place of registration	Business nature	Registered capital RMB	Shareholding percentage (%)	Percentage of voting rights (%)
The Holding	Anhui, PRC	Manufacturing	6,666,280,396	48.20	48.20

The ultimate controller of the Company is China Baowu.

2. Subsidiaries

For information about the subsidiaries of the Company, refer to Note VIII.1

3. Associates and joint ventures

For information about the joint ventures and associates of the Company, refer to Note VIII.3. Joint ventures and associates that have related party transactions with the Group during the year and the previous year are as follows:

	Relationship with the Company
Maanshan BOC-Ma Steel Gases Company Limited	Joint venture of the Group
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	Associate of the Group
Anhui Magang Chemicals & Energy Technology Co., Ltd.	Associate of the Group
Anhui Baoxin Software Co., Ltd.	Associate of the Group
OBEI Co., Ltd.	Associate of the Group
Anhui Masteel Gas Technology Co., Ltd.	Associate of the Group
Anhui Masteel Holly Industrial Co., Ltd.	Associate of the Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties

	Related party relationship
Anhui Masteel Mining Resources Group Co., Ltd	Controlled by the Holding
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Controlled by the Holding
Ma Steel International Trade and Economic Co., Ltd.	Controlled by the Holding
Magang (Group) Logistics Co., Ltd.	Controlled by the Holding
Anhui Masteel Equipment Maintenance Co., Ltd.	Controlled by the Holding
Masteel Heavy Machinery Manufacturing Co., Ltd.	Controlled by the Holding
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd	Controlled by the Holding
Anhui Masteel Surface Technology Co., Ltd.	Controlled by the Holding
Masteel Transportation Equipment Manufacturing Co., Ltd.	Controlled by the Holding
Maanshan Xinchuang Hengneng Energy Technology Co., Ltd.	Controlled by the Holding
Magang (Group) Holding Company Limited Assets Management Company	Controlled by the Holding
Anhui Masteel Logistics Container Intermodal Transport Co., Ltd.	Controlled by the Holding
Masteel Group Kang Tai Land Development Co., Ltd.	Controlled by the Holding
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Controlled by the Holding
Ma Steel (Jinhua) Processing and Distribution Co., Ltd	Controlled by the Holding
Masteel Group Kang Tai Land Development Co., Ltd.	Controlled by the Holding
Anhui Jiangnan Iron and Steel Material Quality Supervision and Inspection Co., Ltd.	Controlled by the Holding
Anhui Maanshan Iron & Steel Mining Resources Group Nanshan Mining Co., Ltd.	Controlled by the Holding
Steel Structure Engineering Branch of Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Controlled by the Holding
Magang (Group) Holding Company Limited Magang Press	Controlled by the Holding
Masteel Automobile Transportation Service Co., Ltd.	Controlled by the Holding
Anhui Masteel Zhang Zhuang Mining Co., Ltd.	Controlled by the Holding

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Masteel Group Kang Cheng Building and Installing Co., Ltd.	Controlled by the Holding
Steel Structure Engineering Branch of Baowu Heavy Industry Co., Ltd.	Controlled by the Holding
Maanshan Masteel Electric Repair Co., Ltd.	Controlled by the Holding
Anhui Zhonglian Shipping Co., Ltd.	Controlled by the ultimate controlling party
Masteel Chengxing Metal Resources Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baochangran Energy Development Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	Controlled by the ultimate controlling party
Baowu Heavy Industry Co., Ltd.	Controlled by the ultimate controlling party
Anhui Magang Limin Construction and Installation Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Xinchuang Baineneng Energy Technology Co., Ltd.	Controlled by the ultimate controlling party
BAOWU GROUP FINANCE CO., LTD.	Controlled by the ultimate controlling party
Yichang Yimei Urban Mineral Resources Recycling Co., Ltd	Controlled by the ultimate controlling party
Baosteel Resources Singapore Company Pte. Ltd.	Controlled by the ultimate controlling party
Baoshan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Baowu Raw Material Supply Co., Ltd.	Controlled by the ultimate controlling party
Baowu Resources Co., Ltd.	Controlled by the ultimate controlling party
Baowu Resources Zhenjiang Mining Technology Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Controlled by the ultimate controlling party
Nanjing Meishan Enterprise Development Co., Ltd	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Ouyeel Blockchain Finance (Note I)	Controlled by the ultimate controlling party
Shanghai Ouye Purchasing Information Technology Co., Ltd	Controlled by the ultimate controlling party
Ezhou Pelletizing Co., Ltd. of WISCO Resources Group	Controlled by the ultimate controlling party
Zhejiang Zhoushan Wugang Terminal Co., Limited	Controlled by the ultimate controlling party
Sinosteel Shipping & Forwarding Co., Ltd.	Controlled by the ultimate controlling party
Anhui Wanbao Mining Limited Co., Ltd	Controlled by the ultimate controlling party
Shanghai Baosteel Engineering & Technology Co., Ltd.	Controlled by the ultimate controlling party
Baowu Equipment Intelligent Technology Co., Ltd.	Controlled by the ultimate controlling party
Masteel Group Design and Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Ma Steel Powder Metallurgy Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Bo Li Construction Supervising Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai MA Steel International Trade Company Limited	Controlled by the ultimate controlling party
Shanghai Ouyeel Material Technology Co., Ltd.	Controlled by the ultimate controlling party
Magang Group Luohé Machinery Roller Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Trading Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baoxin Software Co., Ltd.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Controlled by the ultimate controlling party
Baofang Carbon Material Technology Co., Ltd.	Controlled by the ultimate controlling party
BAOSTEEL TRADING AMERICA GMBH	Controlled by the ultimate controlling party
BAOSTEEL TRADING EUROPE GMBH	Controlled by the ultimate controlling party
Baosteel Roll Science & Technology Co., Ltd.	Controlled by the ultimate controlling party
Howa Trading Co., Ltd.	Controlled by the ultimate controlling party
Baosight Software (Wuhan) Co., Ltd.	Controlled by the ultimate controlling party
Nanjing Geling Chemical Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baodi Enterprise Service Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel High – Strength Steel Processing and Distribution Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Casting Corporation	Controlled by the ultimate controlling party
Shanghai Baokang Electronic Control Engineering Co., Ltd	Controlled by the ultimate controlling party
Shanghai Fengbao Comprehensive Business Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouyeel Material Technology Co., Ltd.	Controlled by the ultimate controlling party
Bsteel Online Co., Ltd.	Controlled by the ultimate controlling party
Wugang Group Xiangyang Heavy Equipment Material Co., Ltd.	Controlled by the ultimate controlling party
WISCO MCC Industrial Technology Service Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Wugang Huagong Laser Large – Equipment Co., Ltd.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Yangtze River Delta (Hefei) Digital Technology Co., Ltd	Controlled by the ultimate controlling party
Anshan Research and Design Institute of Thermal Energy, Sinosteel Corporation	Controlled by the ultimate controlling party
Sinosteel Xi'an Heavy Machinery Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	Controlled by the ultimate controlling party
Zhongwei National Engineering Research Center For Coking Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Steel Products Trading Co., Ltd.	Controlled by the ultimate controlling party
Shanxi Taigang Stainless Steel Co., Ltd	Controlled by the ultimate controlling party
WUHAN GUIDE ELECTRIC CO., LTD.	Controlled by the ultimate controlling party
Sinosteel Luoyang Institute of Refractories Research Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Luonai Materials Technology Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Engineering Design & Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Institute of Mining Research Blasting Engineering Co., Ltd.	Controlled by the ultimate controlling party
SINOSTEEL Equipment & Engineering Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Special Steel Long Products Co., Ltd.	Controlled by the ultimate controlling party
Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	Controlled by the ultimate controlling party
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	Controlled by the ultimate controlling party
Ouyeel Cloud Commerce Co., Ltd.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Shanghai Iron & Steel Exchange Co., Ltd.	Controlled by the ultimate controlling party
Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	Controlled by the ultimate controlling party
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	Controlled by the ultimate controlling party
Sinosteel Equipment Technology Co., Ltd.	Controlled by the ultimate controlling party
Masteel K. Wah	Controlled by the ultimate controlling party
Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	Controlled by the ultimate controlling party
Baosteel Metals Co., Ltd.	Controlled by the ultimate controlling party
Masteel (Hefei) Industrial Water Supply Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Branch of Sinosteel Zhengzhou Metal Products Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron & Steel Group Echeng Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
HWABAO FUTURES CO., LTD.	Controlled by the ultimate controlling party
Shanghai Meishan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baodi Yangpu Real Estate Development Co., Ltd	Controlled by the ultimate controlling party
Taiyuan Iron & Steel (Group) Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron and Steel River North Group Industrial Service Co., Ltd.	Controlled by the ultimate controlling party
Easternpay Information Technology Co., Ltd.	Controlled by the ultimate controlling party
Guangdong Shaogang Engineering Technology Co., Ltd.	Controlled by the ultimate controlling party
BAOSTEEL ENGINEERING & TECHNOLOGY GROUP CO., LTD. Anhui Branch	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Yangtze River Delta (Hefei) Digital Technology Co., Ltd	Controlled by the ultimate controlling party
Baoshan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Engineering & Technology Co., Ltd.	Controlled by the ultimate controlling party
AI Robot (Shanghai) Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Resources International Company Limited	Controlled by the ultimate controlling party
Baosteel Resources Holdings (Shanghai) Co., Ltd	Controlled by the ultimate controlling party
Maanshan Iron Construction Group Co., Ltd.	Associate of the Holding
MCC South Continuous Casting Technology Engineering Co., Ltd	Associate of the Holding
Anhui BRC & Masteel Weldmesh Co., Ltd.	Associate of the Holding
Ma-Steel OCI Chemical Co., Ltd.	Associate of the Holding
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd	Associate of the Holding
CRM East China Co., Ltd.	Associate of the Holding
Maanshan Zhongye Huaxin Water Environment Control Co., Ltd	Associate of the Holding
Anhui Tiankai Road and Bridge Co., Ltd	Associate of the Holding
Suzhou Suma Industry Development Co., Ltd	Associate of the Holding
Maanshan Shenma Metallurgy Co., Ltd.	Associate of the Holding
Anhui Baochang United Roll Co., Ltd	Associate of the Holding
Ruitai Masteel New Material Technology Co., Ltd.	Associate of the Holding
Anhui Keda Intelligent Energy Technology Co., Ltd (NOTE II)	Associate of the Holding
Shanghai Steel Home Information Technology Co., Ltd	Associate of the Holding
Jiangsu Gongchang Roll Joint Stock Co., Ltd.	Associate of the Holding
BEIJING BESTPOWER INTELCONTROL CO., LTD.	Associate of the ultimate controlling party
Beijing CGUTEC Engineering Technology Co., Ltd.	Associate of the ultimate controlling party
Changzhou Baoling Heavy Industry Machinery Co., Ltd.	Associate of the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Jiangsu Menglida Technology Development Co., Ltd.	Associate of the ultimate controlling party
Jiangxi Xinji Cable Co., Ltd.	Associate of the ultimate controlling party
Jiangxi Xinshi Metallurgical Furnace Charge Technology Co., Ltd.	Associate of the ultimate controlling party
MaSteel Lihua Metal Resources Co., Ltd.	Associate of the ultimate controlling party
Xingtai Wochuan Equipment Manufacturing Co., Ltd.	Associate of the ultimate controlling party
Qinghai Kaiyuan Metal Material Co., Ltd.	Associate of the ultimate controlling party
Guangdong Provincial Building Materials Co., Ltd.	Associate of the ultimate controlling party
Beijing Bestpower Bluesky Engineering Co., Ltd.	Associate of the ultimate controlling party
Shanghai Baosteel Engineering Consulting Co., Ltd.	Associate of the ultimate controlling party
MCC South Engineering Technology Co., Ltd	Associate of the ultimate controlling party
Anhui Gangchen Industrial Material Technology Co., Ltd.	Associate of the ultimate controlling party
Guangdong GWZN Supply Chain Development Co., Ltd.	Associate of the ultimate controlling party
Maanshan Gangchen Steel Supply Chain Co., Ltd	Associate of the ultimate controlling party
Maanshan Gangchen Industrial Co., Ltd	Associate of the ultimate controlling party
Maanshan Gangchen Special Steel Supply Chain Co., Ltd	Associate of the ultimate controlling party
Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	Associate of the ultimate controlling party
Maanshan Gangchen Hydrogen Industry Co., Ltd	Associate of the ultimate controlling party
Wuhan Baozhang Automotive Steel Parts Co., Ltd	Associate of the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Laiwu Iron and Steel Group Yinshan Sectional Steel Co., Ltd.	Associate of the ultimate controlling party
Shanghai Baoneng Information Technology Co., Ltd.	Associate of the ultimate controlling party
Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd	Associate of the ultimate controlling party
CIMC Baochuang (Wuxi) Steel Processing Co., Ltd	Associate of the ultimate controlling party
Maanshan Gangchen Industry Co., Ltd. – Steel Materials Branch	Associate of the ultimate controlling party
Ouye Lianjin Renewable Resources Co., Ltd. – East China Branch	Associate of the ultimate controlling party
Henan Jinma Zhongdong Energy Co., Ltd.	Associate of the ultimate controlling party
Henan Zhongping Energy Supply Chain Management Co., Ltd.	Associate of the ultimate controlling party
Shanxi Shenglong Taida New Energy Co., Ltd.	Associate of the ultimate controlling party
Taichang Wugang Wharf Co., Ltd.	Associate of the ultimate controlling party
Anhui Qingyang Baohong MINING&RESOURCE Co., Ltd.	Associate of the ultimate controlling party
Yuxi Xinxing Steel Co., Ltd	Associate of the ultimate controlling party
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	Associate of the ultimate controlling party

Note I: Due to the transfer of equity interest, Ouyeel Blockchain Finance no longer constituted the controlled by the ultimate controlling party. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Ouyeel Blockchain Finance no longer constituted the related parties from 27 July 2024.

Note II: Due to the transfer of equity interest in Anhui Keda Intelligent Energy Technology Co., Ltd held by the Group, the company no longer constituted the associate of the Holding. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Anhui Keda Intelligent Energy Technology Co., Ltd no longer constituted the related party of the Company from 6 April 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties

(1) Sale of products/rendering of services

Purchase of products/receiving of services(excluding remuneration of key management personnel)

	Nature of transaction	2024	2023
Anhui Masteel Mining Resources Group Co., Ltd	purchases of steel products	4,536,882,642	4,576,785,683
Baosteel Resources International Company Limited	purchases of steel products	1,744,814,497	1,217,422,785
Baosteel Resources Holdings (Shanghai) Co., Ltd	purchases of steel products	1,333,883,856	2,780,068,531
Baosteel Resources Singapore Pte Ltd	purchases of steel products	2,436,612	161,314,346
Baoshan Iron & Steel Co., Ltd.	purchases of steel products	9,610,458	13,134,630
Baowu Raw Material Supply Co., Ltd.	purchases of steel products	4,302,802,627	3,086,467,316
Baowu Resources Co., Ltd.	purchases of steel products	114,945,764	–
Baowu Resources Zhenjiang Mining Technology Co., Ltd.	purchases of steel products	122,251,242	–
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	purchases of steel products	976,395,991	906,650,992
Ma Steel International Trade and Economic Co., Ltd.	purchases of steel products	1,237,644,553	1,045,468,449
Ezhou Pelletizing Co., Ltd. of WISCO Resources Group	purchases of steel products	393,649,702	586,715,247
Anhui Qingyang Baohong MINING&RESOURCE Co., Ltd.	purchases of steel products	–	33,875,761
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	purchases of steel products	–	19,727,930
Others	purchases of steel products	29,181,490	11,757,816
Ouyeel Blockchain Finance	purchases of agency service	–	2,689,725
Ma Steel International Trade and Economic Co., Ltd.	purchases of agency service	13,195,419	9,517,392

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
OBEI Co., Ltd.	purchases of agency service	119,633,409	–
Anhui Baochang United Roll Co., Ltd	pay labor service fees, logistics and other service fees to related parties.	930,471	8,131,713
Anhui Masteel Holly Industrial Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	472,772,868	500,764,892
Anhui Masteel Equipment Maintenance Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	512,321,553	532,251,433
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	292,077,654	353,592,089
Masteel Heavy Machinery Manufacturing Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	381,777,873	467,350,540
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	950,872,241	831,586,951
Shanghai Baosteel Engineering & Technology Co., Ltd.	pay labor service fees, logistics and other service fees to related parties	1,324,250	51,640,788

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Baowu Water Technology Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	604,623,388	596,738,296
Baowu Heavy Industry Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	57,565,443	104,732,517
Baowu Equipment Intelligent Technology Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	24,179,120	22,636,365
Anhui Baoxin Software Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	143,928,182	166,138,589
Magang (Group) Holding Company Limited	pay labor service fees, logistics and other service fees to related parties.	85,990,683	93,992,736
Magang (Group) Logistics Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	1,165,249,222	1,360,043,966
Ruitai Masteel New Material Technology Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	7,006,275	39,973,234
Shanghai Baosteel Trading Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	5,742,813	5,690,619

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Shanghai Baoxin Software Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	72,032,965	65,158,087
Shanghai Steel Home Information Technology Co., Ltd	pay labor service fees, logistics and other service fees to related parties.	6,532,863	7,826,934
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	274,702,240	202,653,632
Shanghai Ouyeel Material Technology Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	–	13,322,449
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	pay labor service fees, logistics and other service fees to related parties.	–	17,820,102
Anhui Zhonglian Shipping Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	68,612,461	78,791,712
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd	pay labor service fees, logistics and other service fees to related parties.	–	149,862,396
Maanshan Xinchuang Energy Technology Co., Ltd.	pay labor service fees, logistics and other service fees to related parties.	–	43,096,689

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd	pay labor service fees, logistics and other service fees to related parties.	105,027,971	–
Others	pay labor service fees, logistics and other service fees to related parties.	549,747,474	464,554,633
Anhui Masteel Holly Industrial Co., Ltd.	purchases of steel products	910,303	5,234,472
Anhui Magang Chemicals & Energy Technology Co., Ltd.	purchases of steel products	2,392,718	1,521,597
Anhui Masteel Gas Technology Co., Ltd. (Masteel Gases)	purchases of steel products	889,195,929	872,524,080
Maanshan BOC-Ma Steel Gases Company Limited	purchases of steel products	466,589,774	515,132,110
OBEI Co., Ltd.	purchases of steel products	–	4,604,768,756
Ouyeel Blockchain Finance	purchases of steel products	4,488,598,315	7,194,427,036
Ruitai Masteel New Material Technology Co., Ltd.	purchases of steel products	1,086,639,160	–
Shanghai Ouye Purchasing Information Technology Co., Ltd	purchases of steel products	695,660	3,622,595
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	purchases of steel products	155,299,861	39,114,515
Shanxi Taigang Stainless Steel Co., Ltd	purchases of steel products	–	67,832,358
Qinghai Kaiyuan Metal Material Co., Ltd.	purchases of steel products	–	32,846,216

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Henan Zhongping Energy Supply Chain Management Co., Ltd.	purchases of steel products	187,442,592	51,608,998
Henan Jinma Energy Company Limited	purchases of steel products	583,568,862	15,033,419
Shenglong Chemical Co., Ltd.	purchases of steel products	–	8,780,580
Henan Jinma Zhongdong Energy Co., Ltd.	purchases of steel products	619,090,951	–
Others	purchases of steel products	417,044,769	504,133,728
Anhui Magang Limin Construction and Installation Co., Ltd.	purchases of fixed assets and construction	4,663,054	5,601,026
Anhui Masteel Equipment Maintenance Co., Ltd.	purchases of fixed assets and construction	99,877,902	97,876,645
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	purchases of fixed assets and construction	6,829,128	21,043,147
Shanghai Baosteel Engineering & Technology Co., Ltd.	purchases of fixed assets and construction	127,284,461	158,878,681
Baowu Water Technology Co., Ltd.	purchases of fixed assets and construction	55,262,477	5,780,000
Baowu Heavy Industry Co., Ltd.	purchases of fixed assets and construction	220,522,107	353,720,590
Anhui Baoxin Software Co., Ltd.	purchases of fixed assets and construction	56,105,263	117,591,544
Beijing Bestpower Bluesky Engineering Co., Ltd.	purchases of fixed assets and construction	6,415,629	25,299,587
Maanshan Iron Construction Group Co., Ltd.	purchases of fixed assets and construction	23,782,910	18,727,191
Anhui Masteel K. Wah New Building Materials Co., Ltd.	purchases of fixed assets and construction	470,781	6,116,174

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Masteel Group Design and Research Institute Co., Ltd.	purchases of fixed assets and construction	507,120,639	838,680,901
Shanghai Baosteel Engineering Consulting Co., Ltd.	purchases of fixed assets and construction	10,125,063	14,104,751
Shanghai Baoxin Software Co., Ltd.	purchases of fixed assets and construction	264,911,716	398,211,202
WUHAN GUIDE ELECTRIC CO., LTD.	purchases of fixed assets and construction	1,773,490	40,194,898
ARITE, Sinosteel	purchases of fixed assets and construction	3,260,405	4,170,000
Sinosteel Luoyang Institute of Refractories Research Co., Ltd.	purchases of fixed assets and construction	1,919,227	2,872,105
Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	purchases of fixed assets and construction	15,028,319	24,192,790
MCC South Engineering Technology Co., Ltd	purchases of fixed assets and construction	8,731,250	176,512,800
MCC South Continuous Casting Technology Engineering Co., Ltd	purchases of fixed assets and construction	24,193,639	184,402,716
Sinosteel Luonai Materials Technology Co., Ltd.	purchases of fixed assets and construction	–	3,071,500
Sinosteel Engineering Design & Research Institute Co., Ltd.	purchases of fixed assets and construction	–	46,796,662
Sinosteel Xi'an Heavy Machinery Co., Ltd.	purchases of fixed assets and construction	–	4,456,610
Sinosteel Maanshan Institute of Mining Research Blasting Engineering Co., Ltd.	purchases of fixed assets and construction	–	8,481,530
Xingtai Wochuan Equipment Manufacturing Co., Ltd.	purchases of fixed assets and construction	–	31,776,326
SINOSTEEL Equipment & Engineering Co., Ltd.	purchases of fixed assets and construction	46,156,190	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Others	purchases of fixed assets and construction	72,012,197	112,150,206
Magang (Group) Holding Company Limited	interest paid on customer deposits	–	14,598,357
Anhui Masteel Mining Resources Group Co., Ltd	interest paid on customer deposits	–	1,570,345
Anhui Magang Chemicals & Energy Technology Co., Ltd.	interest paid on customer deposits	–	131,249
Anhui Masteel Luo He Mining Co., Ltd.	interest paid on customer deposits	–	1,615,415
Anhui Masteel Zhang Zhuang Mining Co., Ltd.	interest paid on customer deposits	–	1,630,019
Baowu Heavy Industry Co., Ltd.	interest paid on customer deposits	–	676,717
Magang (Group) Logistics Co., Ltd.	interest paid on customer deposits	–	739,714
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	interest paid on customer deposits	–	30,716
Masteel Group Kang Tai Land Development Co., Ltd.	interest paid on customer deposits	–	2,318,924
Masteel Heavy Machinery Manufacturing Co., Ltd.	interest paid on customer deposits	–	360,655
Ma Steel International Trade and Economic Co., Ltd.	interest paid on customer deposits	–	394,334
Others	interest paid on customer deposits	–	12,324,130
BAOWU GROUP FINANCE CO., LTD.	interest and commission fees paid	70,417,097	39,223,507
Anhui Gangchen Industrial Material Technology Co., Ltd.	sales of steel products	238,013,855	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Anhui BRC & Masteel Weldmesh Co., Ltd.	sales of steel products	6,441,830	18,752,039
Anhui Masteel Holly Industrial Co., Ltd.	sales of steel products	102,512,839	82,109,504
Masteel Heavy Machinery Manufacturing Co., Ltd.	sales of steel products	341,581,480	139,213,770
Baosteel Special Steel Long Products Co., Ltd.	sales of steel products	4,072,039	4,364,442
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	sales of steel products	48,022,107	–
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd	sales of steel products	1,808,424,953	1,550,079,557
Ma Steel (Jinhua) Processing and Distribution Co., Ltd	sales of steel products	632,401,723	1,041,425,268
Magang (Group) Logistics Co., Ltd.	sales of steel products	91,656,491	57,157,544
OBEI Co., Ltd.	sales of steel products	18,219,821	45,035,787
Shanghai Baosteel Trading Co., Ltd.	sales of steel products	249,740,180	60,010,035
Shanghai Ouyeel Material Technology Co., Ltd.	sales of steel products	619,558,320	967,701,042
Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	sales of steel products	35,766,498	34,988,852
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	sales of steel products	22,526,634	–
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	sales of steel products	2,067,380	31,856,323
Sinosteel Equipment Technology Co., Ltd.	sales of steel products	22,526,634	–
Yuxi Xinxing Steel Co., Ltd	sales of steel products	–	534,466,645
Baowu Heavy Industry Co., Ltd.	sales of steel products	–	288,865,900
Anhui Masteel Logistics Container Intermodal Transport Co., Ltd.	sales of steel products	–	46,973,656
Baoshan Iron & Steel Co., Ltd.	sales of steel products	–	8,408,363

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Shanghai Baosteel Engineering & Technology Co., Ltd.	sales of steel products	–	6,663,286
Masteel Group Kang Tai Land Development Co., Ltd.	sales of steel products	–	5,770,229
Other	sales of steel products	66,117,643	60,009,745
Anhui Magang Chemicals & Energy Technology Co., Ltd.	sales of goods	1,267,685,824	1,292,927,551
Masteel K. Wah	sales of goods	32,555,808	35,100,823
Anhui Masteel Gas Technology Co., Ltd. (Masteel Gases)	sales of goods	499,474,438	451,451,578
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	sales of goods	374,517,578	657,934,858
Baowu Special Metallurgy (Ma'anshan) Gaojin Technology Co., Ltd.	sales of goods	66,474,584	21,572,130
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	sales of goods	195,106,893	246,190,479
Ouyeel Blockchain Finance	sales of goods	519,669	57,810,967
OBEI Co., Ltd.	sales of goods	–	6,898,366
Sinosteel Equipment Technology Co., Ltd.	sales of goods	–	2,873,588
Shanghai Ouye Purchasing Information Technology Co., Ltd	sales of goods	–	2,184,764
Others	sales of goods	4,016,292	17,127,310
Anhui Baochang United Roll Co., Ltd	supply of utilities, services, disposal of intangible assets and sale of other goods	665	1,065
Masteel Heavy Machinery Manufacturing Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	46,700,525	51,672,870

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	471,316,300	521,779,235
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	30,023,817	34,278,625
Baowu Water Technology Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	222,323,722	218,567,411
Anhui Baoxin Software Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	1,233,296	3,801,749
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	2,869,550	1,579,430
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd	supply of utilities, services, disposal of intangible assets and sale of other goods	2,914,486	4,116,868
Ma Steel (Jinhua) Processing and Distribution Co., Ltd	supply of utilities, services, disposal of intangible assets and sale of other goods	1,118,946	2,480,854

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Ruitai Masteel New Material Technology Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	140,012	154,541
Shenglong Chemical Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	1,205,796	1,244,717
Ma-Steel OCI Chemical Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	27,325,437	27,572,027
Ma Steel Powder Metallurgy Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	39,140,294	38,141,274
Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	12,212,777	36,165,464
Maanshan Xinchuang Hengneng Energy Technology Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	–	16,555,224
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	supply of utilities, services, disposal of intangible assets and sale of other goods	80,949,303	12,314,252

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Others	supply of utilities, services, disposal of intangible assets and sale of other goods	23,079,107	37,073,474
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	sale of fixed assets	–	218,606,425
Ma Steel (Jinhua) Processing and Distribution Co., Ltd	sale of fixed assets	–	365,700
Magang (Group) Holding Company Limited	financial service	–	2,550,000
Anhui Masteel Mining Resources Group Co., Ltd	financial service	–	1,472,500
Masteel Lihua Metal Resources Co., Ltd.	financial service	–	933,736
Ouyeel Blockchain Finance	financial service	–	1,733,403
Yichang Yimei Urban Mineral Resources Recycling Co., Ltd	financial service	–	450,333
Anhui BRC & Masteel Weldmesh Co., Ltd.	financial service	–	84,375
BAOWU GROUP FINANCE CO., LTD.	financial service	40,875,121	27,004,792
Others	financial service	–	2,906,430

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sale of products/rendering of services (Continued)

Purchase of products/receiving of services(excluding remuneration of key management personnel) (Continued)

	Nature of transaction	2024	2023
Maanshan Gangchen Steel Supply Chain Co., Ltd	sales of goods and services	649,091,921	1,117,884,449
Maanshan Gangchen Industrial Co., Ltd	sales of goods and services	791,649,146	871,553,210
Maanshan BOC-Ma Steel Gases Company Limited	sales of goods and services	278,318,241	284,608,520
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd	sales of goods and services	77,175,266	54,024,294
Maanshan Gangchen Special Steel Supply Chain Co., Ltd	sales of goods and services	19,130,979	53,279,819
Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	sales of goods and services	28,766,991	31,072,339
Anhui Keda Intelligent Energy Technology Co., Ltd	sales of goods and services	—	28,167,941
Maanshan Gangchen Hydrogen Industry Co., Ltd	sales of goods and services	502,889	2,137,539
Henan Jinma Energy Company Limited	sales of goods and services	346,738	353,682
CRM East China Co., Ltd.	sales of goods and services	206,887	250,496
Maanshan Zhongye Huaxin Water Environment Control Co., Ltd	sales of goods and services	—	188

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(2) Related parties leases

As lessor

	Type of assets leased	Lease income in 2024	Lease income in 2023
Anhui Masteel Gas Technology Co., Ltd. (Masteel Gases)	property lease	8,352,752	8,352,752
Anhui Masteel Surface Technology Co., Ltd.	property lease	1,926,606	617,457
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	property lease	861,685	608,342
Masteel Group Kang Tai Land Development Co., Ltd.	property lease	617,457	298,073
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	property lease	99,083	99,083
Anhui Baoxin Software Co., Ltd.	property lease	65,627	98,440
Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	property lease	65,413	65,413
Anhui Magang Chemicals & Energy Technology Co., Ltd.	property lease	38,136	–
Maanshan BOC-Ma Steel Gases Company Limited	land lease	1,250,000	1,250,000
Anhui Masteel K. Wah New Building Materials Co., Ltd.	land lease	129,083	358,624
Magang (Group) Logistics Co., Ltd.	land lease	95,596	95,596
Maanshan Gangchen Hydrogen Industry Co., Ltd	land lease	54,156	54,156
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	property lease/land lease	–	790,752

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(2) Related parties leases (Continued)

As lessee

2024

	Type of assets leased	Rental payments	Assumed interest expenses from lease liabilities	Increased right-of-use assets
The Holding	Plant and buildings	45,945,011	16,884,429	–

2023

	Type of assets leased	Rental payments	Assumed interest expenses from lease liabilities	Increased right-of-use assets
The Holding	Plant and buildings	26,404,323	15,839,442	95,137,927
Magang (Group) Holding Company Limited Assets Management Company	Plant and buildings	185,252	–	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(3) *Guarantee provided by a related party*

Received guarantee by a related party

The Company had no guarantees as a guaranteed party as at 31 December 2024 and 31 December 2023.

Provided guarantee to a related party

	Guarantee amount	Start date	End date	Has guarantee expired or not
Ma Steel (Hong Kong) Co., Ltd.	3,000,000,000	2023	NA	Not yet

The Company provided guarantee for the trade financing credit of Ma Steel (Hong Kong) Co., Ltd., a subsidiary of the Company, with the maximum limit up to RMB3 billion. The Group has not provided new guarantee in 2024.

(4) *Related parties financial service*

According to the financial service agreement signed on 15 November 2022, Masteel Finance provided financing services and deposit transactions to the Group, and from 15 November 2022 to 31 December 2024, the highest daily deposit balance should be no more than RMB0.19 billion, the highest daily outstanding loan should be no more than RMB10 billion, and other financial service charge should be no more than RMB0.21 billion. As of 31 December 2024, the balance of the Group's deposits with Baowu Finance was RMB3,621,220,869.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(5) Remuneration of key management personnel

	2024	2023
Remuneration of key management personnel (Note)	2,402,459	2,668,168

Note: The amount excluded the remuneration paid to independent directors and independent supervisors.

(6) Directors' and supervisors' emoluments*

	2024	2023
Fees	700,000	700,000
Other emoluments		
Salaries, allowances and benefits in kind	777,476	834,494
Performance-related bonuses	131,103	559,540
Pension scheme contributions	146,724	146,026
Subtotal	1,055,303	1,540,060
Total	1,755,303	2,240,060

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(6) Directors' and supervisors' emoluments* (Continued)

(i) Independent directors and independent supervisors

The fees paid to independent directors and independent supervisors during the year were as follows:

	2024	2023
Independent directors		
Mr. Guan Bingchun	150,000	150,000
Mr. He Anrui	150,000	150,000
Mr. Qiu Shengtao	150,000	12,500
Mr. Zeng Xiangfei (Note 1)	37,500	–
Mr. Liao Weiquan (Note 1)	112,500	12,500
Ms. Zhang Chunxia	–	137,500
Ms. Zhu Shaofang	–	137,500
Subtotal	600,000	600,000
Independent supervisor		
Mr. Hong Gongxiang	100,000	100,000
Subtotal	100,000	100,000
Total	700,000	700,000

Note 1: On 25 September 2024, Mr. Zeng Xiangfei was appointed to be the independent director of the Company by the third extraordinary General Meeting of the Company in 2024, and Mr. Liao Weiquan was no longer the Independent director of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(6) Directors' and supervisors' emoluments* (Continued)

(ii) Non-independent directors and non-independent supervisors

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions	Total
Executive directors	–	–	–		
Mr. Ding Yi (Note I) (Note II)	–	–	–	–	–
Mr. Jiang Yuxiang (Note I) (Note II)	–	–	–	–	–
Mr. Mao Zhanhong (Note I)	–	–	–	–	–
Mr. Zhang Wenyang (Note III)	–	226,524	6,275	36,762	269,561
Mr. Ren Tianbao (Note IV)	–	386,750	–	48,674	435,424
Total	–	613,274	6,275	85,436	704,985
Supervisors	–	–	–		
Mr. Ma Daoju (Note I) (Note V)	–	–	–	–	–
Ms. Geng Jingyan	–	164,202	124,828	61,289	350,319
Total	–	164,202	124,828	61,289	350,319

Note I: In 2024, the remuneration of Mr. Ding Yi · Mr. Jiang Yuxiang · Mr. Mao Zhanhong and Mr. Ma Daoju were paid by the group companies rather than the Company.

Note II: On 29 May 2024, Mr. Jiang Yuxiang was appointed to be the non-independent director of the Company by the first extraordinary General Meeting of shareholders of the company in 2024, and Mr. Ding Yi was no longer the director of the Company.

Note III: On 25 September 2024, Mr. Zhang Wenyang was appointed to be the non-independent director of the Company by the fourth extraordinary General Meeting of shareholders of the company in 2024.

Note IV: On 18 July 2024, the 26th meeting of the 10th session of the Board of Directors approved that Mr. Ren Tianbao would no longer serve as a director, CEO and secretary of the Board of Directors of the Company.

Note V: On 27 November 2024, the 21th meeting of the 10th session of the Board of Supervisors approved that Mr. Ma Daoju would no longer serve as a supervisor and chairman of the Board of Supervisors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(7) Five highest paid individuals*

Three of the highest paid employees during the year were directors or supervisors (2023: one), details of whose remuneration are stated in Note XII. 5(6) above. Details of the remuneration of the other two highest paid employee (non-director, non-supervisor) in 2024 are as follows (2023: four):

	2024	2023
The Group		
Salaries, allowances and benefits in kind	641,121	1,279,944
Performance-related bonuses	586,542	1,084,204
Pension scheme contributions	119,493	253,385
Total	1,347,156	2,617,533

(8) Other related-party transactions

	Nature of transaction	2024	2023
BAOWU GROUP FINANCE CO., LTD.	discounted bills	704,097,607	260,429,702
Anhui Masteel Mining Resources Group Co., Ltd	provision of discounted bills	–	58,500,000
Ouyeel Blockchain Finance	provision of discounted bills	–	22,000,000
other related parties	provision of discounted bills	–	29,542,811

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties

(1) Receivables from related parties

		2024		2023	
Related parties		Gross carrying amount	Provision	Gross carrying amount	Provision
Trade receivables	Masteel Heavy Machinery Manufacturing Co., Ltd.	69,705,259	7,367,868	15,903,272	162,906
	Baowu Water Technology Co., Ltd.	61,232,497	1,126,678	49,951,875	499,519
	Maanshan BOC-Ma Steel Gases Company Limited	33,082,663	609,766	–	–
	Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	32,760,910	602,801	175,832,379	1,758,324
	Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	25,020,829	8,090,940	50,601,913	46,826,477
	Shanghai Baosteel Trading Co., Ltd.	24,279,551	446,744	24,631,011	246,310
	Baowu Huanke Maanshan Resource Utilization Co., Ltd.	21,017,953	1,072,209	13,292,342	132,923
	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	19,370,972	357,021	–	–
	Ma Steel Powder Metallurgy Co., Ltd.	18,645,317	343,663	18,819,535	188,195
	OBEI Co., Ltd.	15,050,045	281,956	12,571,935	127,246
	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	9,914,181	182,734	–	–
	Baowu Special Metallurgy (Ma'anshan) Gaojin Technology Co., Ltd.	9,742,028	179,561	16,643,909	166,439
	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	9,539,930	175,836	–	–
	Masteel K. Wah	6,723,143	123,918	1,852,232	18,522
	Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	3,855,908	71,070	3,345,372	33,454
	Anhui Baochang United Roll Co., Ltd	3,421,640	63,066	1,435,378	14,354
	Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	3,035,299	55,462	17,991,112	179,911
	Ma-Steel OCI Chemical Co., Ltd.	2,776,227	51,170	2,744,889	27,449

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

		2024		2023	
Related parties		Gross carrying amount	Provision	Gross carrying amount	Provision
Trade receivables (Continued)	Anhui Baoxin Software Co., Ltd.	2,180,864	1,374,525	2,221,822	1,066,189
	Shanghai Ouye Purchasing Information Technology Co., Ltd	1,407,718	25,946	5,592,603	55,926
	Baosteel Special Steel Long Products Co., Ltd.	988,613	18,222	1,247,072	12,471
	Anhui Masteel Equipment Maintenance Co., Ltd.	670,421	64,766	663,582	89,953
	Anhui Masteel Surface Technology Co., Ltd.	222,398	5,534	1,356,102	13,561
	Baosteel Metals Co., Ltd.	179,043	3,300	318,764	3,188
	Maanshan Bo Li Construction Supervising Co., Ltd.	72,873	19,120	181,260	11,480
	Magang (Group) Holding Company Limited	33,000	33,000	29,074	29,074
	Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	24,338	449	311,320	3,113
	CRM East China Co., Ltd.	14,452	266	34,076	341
	Anhui Masteel K. Wah New Building Materials Co., Ltd.	2,262	42	132,719	1,327
	Anhui Keda Intelligent Energy Technology Co., Ltd	–	–	3,071,663	30,717
	Masteel (Hefei) Industrial Water Supply Co., Ltd.	–	–	2,477,174	24,772
	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	–	–	104,360,062	1,043,601
	Anhui Maanshan Iron & Steel Mining Resources Group Nanshan Mining Co., Ltd.	–	–	303,368	3,034
	Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	–	–	175,733	1,757
	Maanshan Branch				
	Others	7,847,816	143,041	10,006,629	100,146

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

		2024		2023	
Related parties		Gross carrying amount	Provision	Gross carrying amount	Provision
Prepayments	Shanghai MA Steel International Trade Company Limited	9,461,290	–	9,450,650	–
	Bsteel Online Co., Ltd.	2,041,353	–	670,713	–
	Wuhan Iron & Steel Group Echeng Iron & Steel Co., Ltd.	1,750,041	–	1,783,387	–
	Shanxi Taigang Stainless Steel Co., Ltd	1,418,234	–	23,174,586	–
	Shanghai Baosteel Trading Co., Ltd.	1,209,702	–	–	–
	Shanghai Baochangran Energy Development Co., Ltd.	1,034,129	–	–	–
	Masteel Group Kang Tai Land Development Co., Ltd.	923,926	–	923,926	–
	Shanghai Baoxin Software Co., Ltd.	–	–	6,353	–
	Shanghai Ouyeel Material Technology Co., Ltd.	–	–	990,766	–
	Magang (Group) Logistics Co., Ltd.	–	–	4,392,978	–
	Wuhan Baozhang Automotive Steel Parts Co., Ltd	–	–	35,143	–
	Others	1,510,243	–	1,888,985	–
Other receivables	HWABAO FUTURES CO., LTD.	32,417,919	447,367	–	–
	Masteel Group Kang Tai Land Development Co., Ltd.	2,035,509	134,954	2,035,509	223,906
	Baowu Heavy Industry Co., Ltd.	1,775,993	74,115	1,775,993	122,710
	Sinosteel Engineering Design & Research Institute Co., Ltd.	1,428,036	8,911	1,428,036	14,280
	Anhui Masteel Equipment Maintenance Co., Ltd.	566,808	37,579	566,808	5,668
	Shanghai Meishan Iron & Steel Co., Ltd.	515,280	34,163	515,280	5,153
	Magang (Group) Holding Company Limited	120,000	7,956	120,000	120,000
	Masteel Group Design and Research Institute Co., Ltd.	74,197	463	76,557	766

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

		2024		2023	
Related parties		Gross carrying amount	Provision	Gross carrying amount	Provision
Other receivables (Continued)	Shanghai Ouyeel Material Technology Co., Ltd.	8,341	52	8,341	83
	Shanghai Baodi Yangpu Real Estate Development Co., Ltd.	-	-	5,219	574
	Taiyuan Iron & Steel (Group) Co., Ltd.	-	-	2,000	220
	Wuhan Iron & Steel River North Group Industrial Services Co., Ltd.	-	-	700	77
	Magang (Group) Logistics Co., Ltd.	-	-	6,700,109	67,001
	Others	40,000	2,652	55,050	550
Notes receivable	Steel Structure Engineering Branch of Masteel Heavy Machinery Manufacturing Co., Ltd.	42,512,000	-	29,530,000	-
	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	6,700,000	-	-	-
	Masteel Heavy Machinery Manufacturing Co., Ltd.	4,180,430	-	-	-
	Bsteel Online Co., Ltd.	2,169,995	-	-	-
	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	2,000,000	-	-	-
	OBEI Co., Ltd.	229,706	-	-	-
	Laiwu Iron and Steel Group Yinshan Sectional Steel Co., Ltd.	50,000	-	-	-
	Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	4,700	-	-	-
	Magang (Group) Logistics Co., Ltd.	-	-	37,382,236	-
	Maanshan Gangchen Special Steel Supply Chain Co., Ltd.	-	-	346,497	-
	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	-	-	1,177,638	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

		2024		2023	
Related parties		Gross carrying amount	Provision	Gross carrying amount	Provision
Financing receivables	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd	21,138,315	–	27,205,106	–
	Ma Steel (Jinhua) Processing and Distribution Co., Ltd	8,547,805	–	34,220,731	–
	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	7,018,456	–	–	–
	Ouyeel Cloud Commerce Co., Ltd.	4,828,130	–	–	–
	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	2,579,919	–	–	–
	Masteel Heavy Machinery Manufacturing Co., Ltd.	2,370,000	–	–	–
	Bsteel Online Co., Ltd.	1,893,034	–	5,170,929	–
	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	1,659,856	–	–	–
	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	800,000	–	1,900,000	–
	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	763,391	–	–	–
	Maanshan Gangchen Special Steel Supply Chain Co., Ltd	258,796	–	–	–
	Wugang Group Xiangyang Heavy Equipment Material Co., Ltd.	166,320	–	–	–
	OBEI Co., Ltd.	101,040	–	–	–
	Ma Steel Powder Metallurgy Co., Ltd.	90,611	–	–	–
	Anhui BRC & Masteel Weldmesh Co., Ltd.	–	–	500,000	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties

	Related parties	2024	2023
Trade payables	OBEI Co., Ltd.	1,808,124,002	1,903,593,084
	Masteel Group Design and Research Institute Co., Ltd.	467,451,179	352,784,703
	Anhui Masteel Mining Resources Group Co., Ltd	317,618,634	786,738,228
	Masteel Chengxing Metal Resources Co., Ltd.	310,583,886	417,494,794
	Ma Steel International Trade and Economic Co., Ltd.	296,027,630	323,555,931
	Shanghai Baoxin Software Co., Ltd.	240,602,885	151,205,098
	Baosteel Resources Holdings (Shanghai) Co., Ltd	223,772,058	720,938,738
	Masteel Lihua Metal Resources Co., Ltd.	142,691,930	160,420,908
	Shanghai Baosteel Engineering & Technology Co., Ltd.	132,844,023	64,916,974
	Henan Zhongping Energy Supply Chain Management Co., Ltd.	79,206,352	20,744,504
	Masteel Heavy Machinery Manufacturing Co., Ltd.	60,990,688	54,384,404
	Anhui Baoxin Software Co., Ltd.	60,156,206	69,748,985
	Magang (Group) Logistics Co., Ltd.	59,459,124	76,745,394
	Baowu Heavy Industry Co., Ltd.	54,717,531	247,880,154
	Anhui Masteel Equipment Maintenance Co., Ltd.	54,146,102	57,409,590
	Maanshan BOC-Ma Steel Gases Company Limited	48,251,096	15,317,359
	Baowu Resources Co., Ltd.	45,175,323	—

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Trade payables (Continued)	Baowu Raw Material Supply Co., Ltd.	33,099,571	99,670,050
	Anhui Masteel Surface Technology Co., Ltd.	32,987,835	52,958,322
	Baowu Equipment Intelligent Technology Co., Ltd.	26,243,222	31,109,511
	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	24,776,327	–
	Maanshan Iron Construction Group Co., Ltd.	23,164,469	13,112,182
	Baowu Water Technology Co., Ltd.	15,191,761	17,555,425
	Ruitai Masteel New Material Technology Co., Ltd.	13,669,575	12,649,844
	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	12,831,434	14,463,688
	Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	12,072,201	12,858,280
	Anhui Masteel Holly Industrial Co., Ltd.	11,904,780	31,845,481
	Anhui Zhonglian Shipping Co., Ltd.	10,416,571	12,028,045
	Anhui Masteel Gas Technology Co., Ltd. (Masteel Gases)	10,327,747	26,645
	Shanghai Baosteel Engineering Consulting Co., Ltd.	9,540,543	3,204,042
	Henan Jinma Energy Company Limited	9,398,334	9,654

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Trade payables (Continued)	MCC South Continuous Casting Technology Engineering Co., Ltd	9,068,068	34,656,769
	Easternpay Information Technology Co., Ltd.	8,793,827	760,000
	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	5,359,374	7,479,280
	Beijing Bestpower Bluesky Engineering Co., Ltd.	4,961,917	9,556,851
	Baoshan Iron & Steel Co., Ltd.	4,806,264	13,639,354
	Zhejiang Zhoushan Wugang Terminal Co., Limited	3,264,555	16,753,730
	Sinosteel Xi'an Heavy Machinery Co., Ltd.	2,134,274	6,846,006
	Masteel Transportation Equipment Manufacturing Co., Ltd.	2,122,800	7,392,438
	WUHAN GUIDE ELECTRIC CO., LTD.	1,575,035	1,821,200
	Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	1,556,675	1,703,429
	Guangdong Shaogang Engineering Technology Co., Ltd.	1,286,614	7,077,915
	Shanghai Baoneng Information Technology Co., Ltd.	798,315	2,154,744
	Jiangsu Gongchang Roll Joint Stock Co., Ltd.	482,800	3,397
	Taichang Wugang Wharf Co., Ltd.	233,938	3,211,803

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Trade payables (Continued)	Maanshan Gangchen Industrial Co., Ltd	188,024	187,800
	Jiangsu Menglida Technology Development Co., Ltd.	70,148	55,095,590
	MCC South Engineering Technology Co., Ltd	—	25,087,111
	Maanshan Shenma Metallurgy Co., Ltd.	—	18,301,188
	Maanshan Gangchen Special Steel Supply Chain Co., Ltd	—	2,304,214
	Magang (Group) Holding Company Limited Magang Press	—	30,000
	Changzhou Baoling Heavy Industry Machinery Co., Ltd.	—	26,668
	Masteel Automobile Transportation Service Co., Ltd.	—	150,704
	Shenglong Chemical Co., Ltd.	—	8,781,054
	Shanghai Baosteel Engineering & Technology Co., Ltd. Anhui Branch	—	51,836,500
	Ezhou Pelletizing Co., Ltd. of WISCO Resources Group	—	79,311,373
	Others	73,464,419	117,683,206

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Other payables	Magang (Group) Logistics Co., Ltd.	10,341,964	30,084,792
	Anhui Zhonglian Shipping Co., Ltd.	500,000	500,000
	Ma Steel International Trade and Economic Co., Ltd.	500,000	500,000
	Maanshan Iron Construction Group Co., Ltd.	20,000	21,750
	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	2,000	2,000
	Shanghai Ouyeel Material Technology Co., Ltd.	—	100,000
	Shanghai Baosteel Engineering & Technology Co., Ltd.	—	20,000
	Qinghai Kaiyuan Metal Material Co., Ltd.	—	200,000
	Others	455,000	980,674

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Contract liabilities	Ma Steel (Jinhua) Processing and Distribution Co., Ltd	90,668,569	120,004,777
	Masteel Heavy Machinery Manufacturing Co., Ltd.	36,280,388	—
	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	33,789,551	—
	Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	33,244,098	—
	Anhui Gangchen Industrial Material Technology Co., Ltd.	31,144,507	—
	Ouyeel Cloud Commerce Co., Ltd.	23,715,350	—
	Bsteel Online Co., Ltd.	20,511,076	28,354,757
	Shanghai Ouyeel Material Technology Co., Ltd.	18,816,811	61,344,328
	Anhui Masteel Holly Industrial Co., Ltd.	16,105,620	5,993,494
	Anhui Magang Chemicals & Energy Technology Co., Ltd.	11,739,430	10,030,912
	Sinosteel Luonai Materials Technology Co., Ltd.	7,366,612	—
	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	6,790,253	—
	Maanshan Gangchen Steel Supply Chain Co., Ltd	6,751,610	4,849,191
	Maanshan Gangchen Industrial Co., Ltd	5,293,482	118,623

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Contract liabilities (Continued)	Guangdong Guangwu Zhongnan Supply Chain Development Co., Ltd.	3,318,572	–
	Shanghai Ouye Purchasing Information Technology Co., Ltd	2,776,670	–
	Masteel Group Kang Tai Land Development Co., Ltd.	2,391,063	1,418,688
	Anhui Masteel Zhang Zhuang Mining Co., Ltd.	1,934,261	1,934,261
	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd	867,983	11,104
	Maanshan Iron Construction Group Co., Ltd.	661,982	5,023,139
	Anhui Tiankai Road and Bridge Co., Ltd	144,943	144,943
	Shanghai Iron & Steel Exchange Co., Ltd.	33,715	8,110,128
	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd	19,397	41,414,662
	Masteel Group Kang Cheng Building and Installing Co., Ltd.	8,524	683,313
	Maanshan Shenma Metallurgy Co., Ltd.	3,626	3,626
	Changzhou Baoling Heavy Industry Machinery Co., Ltd.	2,091	2,091
	Suzhou Suma Industry Development Co., Ltd	702	702
	Magang (Group) Logistics Co., Ltd.	–	7,650,136
	Shougang Zhixin Qian'an Electromagnetic Materials Co., Ltd	–	102,642

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Contract liabilities (Continued)	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	—	402,146
	CIMC Baochuang (Wuxi) Steel Processing Co., Ltd	—	362,985
	Masteel Transportation Equipment Manufacturing Co., Ltd.	—	8,978,133
	Steel Structure Engineering Branch of Masteel Heavy Machinery Manufacturing Co., Ltd.	—	45,218,797
	Steel Structure Engineering Branch of Baowu Heavy Industry Co., Ltd.	—	57,882,995
	Steel Branch of Maanshan Gangchen Industrial Co., Ltd.	—	21,978,228
	Others	5,275,535	7,232,620
Notes payable	AI Robot (Shanghai) Co., Ltd.	497,860	—
	Anhui Baochang United Roll Co., Ltd	995,105	—
	Anhui Masteel Surface Technology Co., Ltd.	6,103,361	10,613,357
	Anhui Masteel Holly Industrial Co., Ltd.	5,569,379	4,047,837
	Anhui Masteel Mining Resources Group Co., Ltd	1,372,785,320	693,020,112
	Anhui Masteel Equipment Maintenance Co., Ltd.	55,935	2,963,734
	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	7,998,740	—
	Masteel Heavy Machinery Manufacturing Co., Ltd.	1,668,450	—

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Notes payable (Continued)	Anhui Zhonglian Shipping Co., Ltd.	4,487,193	–
	Baosteel Resources Holdings (Shanghai) Co., Ltd	101,255,290	73,000,000
	Baowu Raw Material Supply Co., Ltd.	888,253,407	771,466,955
	Baowu Equipment Intelligent Technology Co., Ltd.	1,011,511	–
	Anhui Baoxin Software Co., Ltd.	439,570	–
	Henan Jinma Energy Company Limited	69,555,950	–
	Henan Jinma Zhongdong Energy Co., Ltd.	84,677,229	–
	Henan Zhongping Energy Supply Chain Management Co., Ltd.	49,969,116	18,287,468
	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	112,677,986	313,290,380
	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	116,600	81,360
	Masteel Chengxing Metal Resources Co., Ltd.	399,901,271	366,125,583
	Ma Steel International Trade and Economic Co., Ltd.	1,048,590,640	595,593,258
	Masteel Group Design and Research Institute Co., Ltd.	6,153,074	61,447,466
	Magang (Group) Logistics Co., Ltd.	3,064,494	–
	Masteel Lihua Metal Resources Co., Ltd.	705,000,000	–
	Ruitai Masteel New Material Technology Co., Ltd.	1,000,000	–
	Shanxi Taigang Stainless Steel Co., Ltd	1,311,900	15,960,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	2024	2023
Notes payable (Continued)	Shanghai Baoxin Software Co., Ltd.	7,180,245	7,682,012
	WISCO MCC Industrial Technology Service Co., Ltd.	88,592	–
	Zhejiang Zhoushan Wugang Terminal Co., Limited	2,420,237	–
	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	1,591,605	3,011,483
	MCC South Engineering Technology Co., Ltd	180,800	891,300
	Shanghai Baosteel Engineering Consulting Co., Ltd.	–	550,564
	Shanghai Baosteel Engineering & Technology Co., Ltd.	–	2,798,000
	Changzhou Baoling Heavy Industry Machinery Co., Ltd.	–	240,012
	OBEI Co., Ltd.	–	601,029,562
	Ouyeel Blockchain Finance East China Branch	–	163,913,064
	Ezhou Pelletizing Co., Ltd. of WISCO Resources Group	–	19,426,038
	Jiangsu Gongchang Roll Joint Stock Co., Ltd.	–	1,558,722
	Jiangsu Menglida Technology Development Co., Ltd.	–	114,000,000
	Yangtze River Delta (Hefei) Digital Technology Co., Ltd	–	572,400
	Maanshan Masteel Electric Repair Co., Ltd.	–	56,384

All these receivables and payables were non-interest-bearing and had no guarantee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XIII. SHARE-BASED PAYMENT

1. Equity instruments

The equity instruments are listed below:

	Granted during the year		Exercised during the year		Unlocked During this year		Forfeited during the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Employees	–	–	–	–	–	–	24,833,400	56,868,486

2. Equity-settled share-based payments

At the 59th meeting of the 9th session of the Board of Directors and the 49th meeting of the 9th session of the Supervisory Committee of the Company held on 30 March 2022, the “Proposal on the First Grant of Restricted Shares to the Incentive Participants under the Company’s A-share Restricted Share Incentive Plan for the Year 2021” was considered and approved, and the grant date of the Restricted Share Incentive Plan was determined as 30 March 2022. As at 25 April 2022 the Company had received contributions totaling RMB171,864,500 from 260 natural persons, of which RMB75,050,000 was credited to the new registered capital and RMB96,814,500 was credited to capital reserve. The registered capital of the Company after the change was RMB7,775,731,186. The Company recognized a liability for the full amount of the repurchase obligation for the restricted shares and treated it as acquisition of treasury shares. A total of 75,050,000 restricted shares granted for registration under the Incentive Scheme were registered with China Securities Depository & Clearing Corporation Shanghai Branch on 9 May 2022 and the Certificate of Change in Registration of Securities was obtained.

On 29 December 2022, the Third Extraordinary General Meeting of 2022 of the Company considered and approved the “Proposal on the Repurchase and Cancellation of Certain Restricted Shares”. The 1,864,000 restricted shares held by 6 persons who retired, transferred or died were no longer released from restricted sale were repurchased by the Company at the sum of the grant price of RMB2.29 per share plus interest on time deposits for the same period at the bank.

On 29 March 2023, the Second Extraordinary General Meeting of 2023 of the Company considered and approved the “Proposal on the Repurchase and Cancellation of Certain Restricted Shares”. The 4,080,000 restricted shares held by 13 persons who retired, transferred or died were no longer released from restricted sale and were repurchased by the Company at the sum of the grant price of RMB2.29 per share plus interest on time deposits for the same period at the bank.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XIII. SHARE-BASED PAYMENT (CONTINUED)

2. Equity-settled share-based payments (Continued)

As of 31 December 2023, the Company has paid the repurchase amount of 5,944,000 shares in total to the 19 persons mentioned above due to retirement, transfer and death, and reduced the long-term payables. The Company has fulfilled the relevant cancellation procedures.

Pursuant to the Company's 2021 A-Share Restricted Stock Incentive Plan (the "Incentive Plan"), if the performance appraisal target for the release period in any appraisal year of the Incentive Plan is not achieved, the Company shall repurchase all the restricted shares for the corresponding performance appraisal year at the lower value of the grant price and the market price. As the stipulated performance appraisal target for 2022 was not achieved, the Company was required to repurchase all the restricted shares corresponding to the appraisal year of 2022 at the lower value of the grant price and the market price, involving 242 persons, with a repurchase of 22,849,200 shares and a repurchase amount of RMB52,324,668. As at 31 December 2023, the Company has fulfilled the relevant cancellation procedures.

On 27 November 2024, the Company held the Fifth Extraordinary Shareholders' General Meeting of 2024 and approved the "Proposal on the Repurchase and Cancellation of Certain Restricted Shares". The 2,050,200 shares of restricted stock held by 16 persons who retired, transferred or died were no longer released from restricted sale and were repurchased by the Company at the sum of the grant price of RMB2.29 per share plus the interest on time deposits for the same period at the bank.

Pursuant to the Company's 2021 A-Share Restricted Stock Incentive Plan (the "Incentive Plan"), if the performance appraisal target for the release period in any appraisal year of the Incentive Plan is not achieved, the Company shall repurchase all the restricted shares corresponding to the appraisal year of the performance appraisal at the lower value of the grant price and the market price. As the performance appraisal target stipulated for the year 2023 has not been achieved, the Company is required to repurchase all the restricted shares corresponding to the appraisal year 2023 at the lower of the grant price and the market price, involving 241 persons, with a repurchase of 22,783,200 shares at a repurchase amount of RMB52,173,528.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XIII. SHARE-BASED PAYMENT (CONTINUED)

2. Equity-settled share-based payments (Continued)

On 27 November 2024, the Company published the "Announcement of Notification to Creditors of Maanshan Iron and Steel Company Limited" on the website of the Shanghai Stock Exchange, and As of 31 December 2024, the Company had paid the repurchase amount of RMB56,868,486, and the announcement had not yet expired after the completion of the forty-five day period, and the Company had not yet complied with the relevant procedures for cancellation.

2024	
Method for determining the fair value of equity instruments at the grant date	market value
Key parameters for the fair value of equity instruments at the grant date	N/A
Basis for determining the number of equity instruments expected to vest	The best estimation is made according to the latest information, such as the number of employees who are granted options
Reasons for significant differences between estimates for the current period and previous period	Performance conditions not met
Cumulative amount of equity-settled share-based payments recognized in capital reserve	–

3. Share-based payment expenses incurred during the year

	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Employees (note)	(11,146,732)	–

Note: Since the vesting conditions for share-based payment were not met, the previously recognized expenses were reversed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

	2024	2023
Capital commitments	2,321,330,465	3,774,425,630
Total	2,321,330,465	3,774,425,630

Refer to Note III.26 for lease commitments as lessee.

2. Contingencies

Difference of corporate income tax

The State Administration of Taxation issued “The notice of income tax collection and management on Shanghai Petrochemical Company Limited and other eight companies listed overseas corporation”(Guo Shui Han [2007] No.664)in June 2007, with stated claims that the relevant local tax bureaus must correct immediately the expired tax incentives of the nine Hong Kong listed companies. The income tax difference between the results of the previously expired preferential rate and the applicable rate should be treated in accordance with the relevant provisions of the “People’s Republic of China Administration of Tax Collection Law”.

The Company was one of the nine companies mentioned above and used a 15% preferential tax rate in the previous years. Then, the Company and the tax authorities had a comprehensive communication and according to the tax authorities, the applicable corporate income tax rate in 2007 was 33%, which was adjusted from the original 15%. The Company has not been charged of prior period income taxes arising from difference in income tax rates.

In view of above, the director of the Company believed that it is uncertain whether the tax authorities will chase the difference between the previous period's income tax at this stage. And the final result of this matter cannot be estimated reliably. Therefore, the financial statements have not made any preparation or adjustments related to the income tax differences.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XV. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjusting post balance sheet date events

Due to the Group's failure to meet the performance appraisal targets set by the "2021 A-share Restricted Stock Incentive Plan" for the year 2023, the Group completed the repurchase and cancellation of 24,833,400 restricted shares corresponding to the appraisal year 2023 on February 17, 2025. After this repurchase and cancellation, the remaining restricted shares under the 2021 A-share Restricted Stock Incentive Plan are 21,423,400 shares. Concurrently, the Group's registered capital was reduced by RMB24,833,400, changing to RMB7,722,104,586.

On February 25, 2025, the 2025 first Extraordinary General Meeting (EGM) of the Company for the year 2025 resolved to approve the "Proposal on Capital Injection to a Wholly-Owned Subsidiary." The Company plans to transfer its iron and steel main business, equity interests in 15 wholly-owned and controlling subsidiaries, and equity interests in 3 shareholding companies held, as a whole to its wholly-owned subsidiary Ma'anshan Iron & Steel Limited Company through capital injection. The delivery date for this transaction is February 28, 2025.

As at the date of approval of these financial statements, the Group had no other material post balance sheet events requiring disclosure.

XVI. OTHER SIGNIFICANT EVENTS

1. Segment reporting

(1) Operating segment information

The Group focus on the business of production and sales of iron and steel products and their by-products. The Group's internal organizational structure and management requirements are such that the Group's businesses are treated as a whole for the purpose of reviewing internal reports, allocating resources and evaluating performance. Therefore, there is no need to present segment information other than that already presented in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVI. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(2) Other information

Product and labour information

Revenue from external transactions

	2024	2023
Sales of steels	73,287,465,129	89,532,981,759
Sales of steel billets	3,565,089,201	4,106,209,319
Financial services income	—	93,029,195
Others	4,964,337,409	5,205,749,091
Total	81,816,891,739	98,937,969,364

Geographic information

Revenue from external transactions

	2024	2023
Mainland China	76,284,762,334	95,381,877,669
Overseas and Hong Kong	5,532,129,405	3,556,091,695
Total	81,816,891,739	98,937,969,364

Revenue from external transactions is attributable to the region in which the customer is located.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVI. OTHER IMPORTANT MATTERS (CONTINUED)

1. Segment reporting (Continued)

(2) Other information (Continued)

Total non-current assets

	2024	2023
Mainland China	58,647,571,427	61,667,244,509
Overseas and Hong Kong	98,342,017	97,055,471
Total	58,745,913,444	61,764,299,980

The non-current assets information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Significant Customer Information

The Group had not placed reliance on any single external customer which accounted for 10% or more of its total revenue.

(3) Other financial information

	Group		Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current asset	19,472,010,226	22,041,620,102	12,459,406,903	16,108,550,934
Less: current liabilities	44,845,617,126	44,054,616,027	40,457,185,414	41,121,827,327
Net current liabilities	(25,373,606,900)	(22,012,995,925)	(27,997,778,511)	(25,013,276,393)

	Group		Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Total assets	78,962,973,613	84,552,252,935	66,770,078,812	72,990,019,435
Less: current liabilities	44,845,617,126	44,054,616,027	40,457,185,414	41,121,827,327
Total assets less current liabilities	34,117,356,487	40,497,636,908	26,312,893,398	31,868,192,108

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

(1) Age analysis of the trade receivables is as follows:

	2024	2023
Within 1 year (inclusive)	1,226,134,078	1,640,750,330
1 to 2 years (inclusive)	46,468,580	18,743,823
2 to 3 years (inclusive)	11,149,642	23,070,337
Over 3 years	14,943,023	54,967,283
	1,298,695,323	1,737,531,773
Less: Provision for bad debts	38,537,418	64,444,154
Total	1,260,157,905	1,673,087,619

(2) Trade receivables by provisioning method

2024

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Assessed bad debt provision individually	608,470,273	47	–	–	608,470,273
Assessed bad debt provision in portfolios based on credit risk characteristics	690,225,050	53	(38,537,418)	6	651,687,632
Total	1,298,695,323	100	(38,537,418)		1,260,157,905

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (Continued)

(2) Trade receivables by provisioning method (Continued)

2023

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio	Amount	Ratio	
		(%)		(%)	
Assessed bad debt provision individually	949,840,461	55	–	–	949,840,461
Assessed bad debt provision in portfolios based on credit risk characteristics	787,691,312	45	(64,444,154)	8	723,247,158
Total	1,737,531,773	100	(64,444,154)		1,673,087,619

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (Continued)

(2) Trade receivables by provisioning method (Continued)

Trade receivable with individual bad debt provisions are as follows:

	2024			2023	
	Gross carrying amount	Provision for bad debts	Ratio (%)	Gross carrying amount	Provision for bad debts
Receivables from intra-group subsidiaries	608,470,273	–	–	949,840,461	–

As of 31 December 2024, assessment of ECLs on trade receivables:

	Gross carrying amount	Provision for impairment	Ratio (%)
Within 1 year (inclusive)	639,185,522	(11,781,198)	2
1 to 2 years (inclusive)	33,613,739	(10,509,480)	31
2 to 3 years (inclusive)	2,662,285	(1,483,236)	56
Over 3 years	14,763,504	(14,763,504)	100
Total	690,225,050	(38,537,418)	

(3) Provision for bad debts

The movement in the provision for bad debts on trade receivables is as follows:

	At the beginning of the year	Provision for the current year	Recovered or reversed during the year	Write-offs during the year	At the end of the year
2024	64,444,154	12,931,087	(43,468,194)	4,630,371	38,537,418

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (Continued)

(4) The top five largest trade receivables classified by debtor were as follows

	Trade receivables at the end of the year	Percentage of trade receivables (%)	Provision for bad debts on trade receivables at the end of the year
Company 1	315,717,803	24	—
Company 2	122,292,125	9	—
Company 3	97,000,145	7	—
Company 4	69,705,259	5	7,367,868
Company 5	61,232,497	5	1,128,612
Total	665,947,829	50	8,496,480

2. Other receivables

	2024	2023
Dividends receivable	4,806,850	5,049,555
Other receivables	309,708,642	153,146,633
Total	314,515,492	158,196,188

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Dividends receivable

(1) Classification of dividends receivable

	2024	2023
Baowu Water Technology Co., Ltd.	4,806,850	–
Anhui Xinchuang Energy Saving and Environmental Protection Technology Co., Ltd.	–	5,049,555
Total	4,806,850	5,049,555

Other receivables

(1) An age analysis of the other receivables is as follows:

	2024	2023
Within 1 year (inclusive)	234,720,154	120,492,531
1 to 2 years (inclusive)	61,191,147	33,631,218
2 to 3 years (inclusive)	92,092	201,850
Over 3 years	33,872,271	57,752,418
	329,875,664	212,078,017
Less: Provision for bad debts	20,167,022	58,931,384
Total	309,708,642	153,146,633

(2) By customer type

	2024	2023
Related parties	17,796,739	10,196,676
Third party	312,078,925	201,881,341
	329,875,664	212,078,017
Less: Provision for bad debts	20,167,022	58,931,384
Total	309,708,642	153,146,633

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts

2024

	Gross carrying amount Amount	Ratio (%)	Provision for bad debts Amount	Ratio (%)	Carrying amount
Portfolio by credit risk profile					
Provision for bad debts	329,875,664	100	(20,167,022)	6	309,708,642
Total	329,875,664	100	(20,167,022)		309,708,642

2023

	Gross carrying amount Amount	Ratio (%)	provision for bad debts Amount	Ratio (%)	Carrying amount
Portfolio by credit risk profile					
Assessed bad debt provision based on credit risk characteristics	212,078,017	100	(58,931,384)	28	153,146,633
Total	212,078,017	100	(58,931,384)		153,146,633

Other receivables for which the portfolio is provided for bad debts as of 31 December 2024 are as follows:

	Gross carrying amount	Provision for impairment	Ratio (%)
The group of pledges and deposits	86,770,415	(506,068)	1
The group of receivables due from others	243,105,249	(19,660,954)	8
Total	329,875,664	(20,167,022)	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts (Continued)

Movements in the bad debt provision of other receivables based on expected credit losses in the next 12 months and expected credit losses over the entire duration, respectively, are as follows:

	Phase I next 12 months Expected credit losses	Phase II entire duration Expected credit losses (No credit impairment)	Phase III entire duration Expected credit losses (credit impairment has occurred)	Total
At the beginning of the year	6,939,427	–	51,991,957	58,931,384
Provision for the current year	–	3,436,284	9,521,275	12,957,559
Reversal of current year	(6,331,789)	–	–	(6,331,789)
Write-offs during the year	–	–	(45,390,132)	(45,390,132)
At the end of the year	607,638	3,436,284	16,123,100	20,167,022

(4) *The top five largest other receivables classified by debtor were as follows*

	At the end of the year	Percentage other receivables balances (%)	Nature	Age	Provision at the end of the year
Company 1	167,215,040	51	Amount from disposal of assets	Within 1 year	(73,575)
Company 2	49,891,137	15	Amount from disposal of assets	1-2 years	(3,307,782)
Company 3	32,417,919	10	Deposit for steel futures	Within 1 year	(447,367)
Company 4	27,951,070	8	Deposit for steel futures	Within 2 years	(30,187)
Company 5	26,373,426	8	Deposit for steel futures	Up to 4 years	(28,483)
Total	303,848,592	92			(3,887,394)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

	31 December 2024	31 December 2023
Long-term equity investments accounted for under the equity method:		
Joint ventures	311,282,032	297,836,841
Associates	6,246,414,939	6,404,875,511
Long-term equity investments under the cost method:		
Associates	7,019,960,738	7,019,960,738
Subtotal	13,577,657,709	13,722,673,090
Less: Provision for impairment of long-term equity investments	1,196,606,986	1,196,606,986
Total	12,381,050,723	12,526,066,104

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(1) Investments in joint ventures and associates

	At the beginning of the year balances	Change in current year					At the end of the year balances	At the end of the year provision for impairment
		Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividends declared	make provision for impairment		
Joint venture								
BOC-Ma steel	297,836,841	61,795,191	-	-	(48,350,000)	-	311,282,032	-
Associates								
Henan Jinma Energy	919,636,537	(87,688,552)	(8,647)	3,657,825	-	-	835,597,163	-
Shenglong Chemical	1,092,274,893	(26,131,884)	-	-	(9,597,890)	-	1,056,545,119	-
Xinchuang Environmental Protection	72,174,511	8,360,041	-	958,887	(3,138,807)	-	78,354,632	-
Magang Chemicals & Energy	261,369,153	(32,240,196)	-	460,863	(1,016,945)	-	228,572,875	-
OBEI	454,016,130	14,068,619	-	(113,459)	-	-	467,971,290	-
Baowu Water	666,727,787	(7,140,857)	-	99,256	(4,806,851)	-	654,879,335	-
Masteel Gases	169,246,073	27,445,389	-	(736,514)	(7,776,461)	-	188,178,487	-
Baowu Finance	2,769,430,427	36,330,197	6,113,388	24,738,684	(100,296,658)	-	2,736,316,038	-
Subtotal	6,404,875,511	(66,997,243)	6,104,741	29,065,542	(126,633,612)	-	6,246,414,939	-
Total	6,702,712,352	(5,202,052)	6,104,741	29,065,542	(174,983,612)	-	6,557,696,971	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries

	At the beginning of the year	Change in current year		Gross carrying amount at the end of the year	Provision for impairment	Cash dividends declared
		Increase during the year	Decrease during the year			
Ma Steel (Wuhu)	8,225,885	–	–	8,225,885	–	3,836,700
Ma Steel (Cihu)	48,465,709	–	–	48,465,709	–	6,118,000
Ma Steel (HK)	52,586,550	–	–	52,586,550	–	45,845,500
MG Trading	1,573,766	–	–	1,573,766	–	–
Ma Steel (Australia)	126,312,415	–	–	126,312,415	–	67,529,721
Ma Steel (Hefei)	1,775,000,000	–	–	1,775,000,000	–	19,051,171
Ma Steel (Hefei) Processing	85,596,489	–	–	85,596,489	–	3,872,600
Masteel (Yangzhou) Processing	116,462,300	–	–	116,462,300	–	2,556,000
Wuhu Technique	106,500,000	–	–	106,500,000	–	1,843,940
Chongqing Material	175,000,000	–	–	175,000,000	–	840,000
Changjiang Steel	1,234,444,444	–	–	1,234,444,444	–	–
Hefei Materials	140,000,000	–	–	140,000,000	–	2,478,000
MG-VALDUNES	–	–	–	–	(1,196,606,986)	–
Ma Steel Hangzhou Sales	10,000,000	–	–	10,000,000	–	4,360,000
Ma Steel Nanjing Sales	20,000,000	–	–	20,000,000	–	6,580,000
Ma Steel Shanghai Sales	10,000,000	–	–	10,000,000	–	9,000,000
Masteel Transit Materials	1,522,317,563	–	–	1,522,317,563	–	306,758,585
Mascometal	127,368,631	–	–	127,368,631	–	–
Magang Hongfei	51,000,000	–	–	51,000,000	–	–
Wuhan Material	212,500,000	–	–	212,500,000	–	1,275,000
Total	5,823,353,752	–	–	5,823,353,752	(1,196,606,986)	481,945,217

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales

(1) Revenue and cost of sales

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal revenue	68,564,368,311	69,513,512,011	77,448,603,005	76,730,387,317
Other revenue	2,149,204,317	2,444,173,271	2,668,906,786	2,652,766,160
Total	70,713,572,628	71,957,685,282	80,117,509,791	79,383,153,477

(2) Disaggregation of revenue and cost of sales

	2024	2023
Revenue generated from contracts	70,699,278,200	80,102,960,356
Other revenue	14,294,428	14,549,435
Total	70,713,572,628	80,117,509,791

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(3) Information on the breakdown of operating revenues arising from contracts with customers

2024

Reporting segment	industrial product
Product Type	
Steel products	66,760,707,304
Others	3,938,570,896
Total	70,699,278,200
Regions of operation	
Mainland China	66,054,286,971
Overseas and Hong Kong	4,644,991,229
Total	70,699,278,200
By timing of transfer of goods or services	
Recognize at a point in time	70,615,765,632
Recognize over time	83,512,568
Total	70,699,278,200

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(3) Information on the breakdown of operating income arising from contracts with customers (Continued)

2023

Reporting segment	industrial product
Product Type	
Steel products	75,196,686,883
Others	4,906,273,473
Total	80,102,960,356
Regions of operation	
Mainland China	77,115,621,500
Overseas and Hong Kong	2,987,338,856
Total	80,102,960,356
By timing of transfer of goods or services	
Recognize at a point in time	80,029,861,766
Recognize over time	73,098,590
Total	80,102,960,356

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(4) Cost of sales

Reporting segment	industrial product
Product Type	
Steel products	67,747,546,016
Others	4,210,139,266
Total	71,957,685,282
Regions of operation	
Mainland China	67,342,025,650
Overseas and Hong Kong	4,615,659,632
Total	71,957,685,282
By timing of transfer of goods or services	
Recognize at a point in time	71,879,875,774
Recognize over time	77,809,508
Total	71,957,685,282

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XVII. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. R&D expenses

	2024	2023
Material and power costs	569,529,351	538,435,810
Depreciation	46,514,209	42,654,448
Employee benefits	139,996,635	200,861,816
Testing and processing expenses	6,986,693	28,883,681
Outsourced research expenses	14,246,015	11,933,575
Others	19,563,199	15,448,146
Total	796,836,102	838,217,476

According to Accounting Standard for Business Enterprises Interpretation No. 15, the R&D expenses recognized by the Group in its operating costs in connection with the trial production of new product development are as follows:

	2024	2023
Cost of trial production of new product development	1,916,117,682	2,169,982,189
Including: Materials and power expenses	1,579,426,690	1,816,808,333
Depreciation	271,547,656	281,145,667
Testing and processing expenses	63,523,453	55,492,144
Others	1,619,883	16,536,045

6. Investment income

	2024	2023
Investment income from long-term investments under the cost method	481,945,217	259,151,643
(Loss)/gain from long-term equity investments under the equity method	(5,202,052)	175,173,243
Gain from disposal of subsidiaries	—	834,480,315
Gain from disposal of associates	3,669,806	5,372,301
Gain from disposal of financial assets held for trading	4,500,249	32,990,579
Dividend income from other equity instrument investments	2,270,000	—
Total	487,183,220	1,307,168,081

SUPPLEMENTARY INFORMATION

(Expressed in Renminbi Yuan unless otherwise indicated)

1. BREAKDOWN OF NON-RECURRING GAINS OR LOSSES

	Amount
Gains on disposal of non-current assets, including write-off of asset impairment provision	(299,810,015)
Government grants recognised in current period profit or loss (excluding those having close relationship with the Company's normal business, conforming to the national policies, entitling to under established standards and enjoying ongoing fixed amount or quantity according to certain standard)	48,287,487
Except for the effective hedging business related to the ordinary business of the Company, changes in fair value of financial assets and financial liabilities held for trading, as well as the return on investment generated from the disposal of financial assets and financial liabilities held for trading and financial assets at fair value through other comprehensive income	4,500,249
Gain from disposal of associates	3,669,806
Net non-operating income or expenses other than the above items	(78,905,997)
Less: income tax effect	21,225,678
Less: Non-controlling interests effect (net of tax)	17,244,321
Total	(360,728,469)

The Group recognizes non-recurring gains and losses items in accordance with the "Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No.1 – Extraordinary Gains and Losses" (SEC Announcement [2023] No. 65).

SUPPLEMENTARY INFORMATION (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

1. BREAKDOWN OF NON-RECURRING GAINS OR LOSSES (CONTINUED)

Items not listed in “Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No.1 – Extraordinary Gains and Losses” are recognized as non-recurring gains and losses and the amounts are material, and items defined as non-recurring gains and losses in “Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No.1 – Extraordinary Gains and Losses” are defined as recurring gains and losses as follows:

	Amount	Rationale
Government grants	69,315,506	Amortization of deferred income related to assets

2. RETURN ON NET ASSETS AND LOSSES PER SHARE

	Return on weighted average net assets (%)	Earnings per share (RMB/share)	
		Basic	Dilute
Net loss attributable to the Company's common shareholders	(18.30)	(0.61)	(0.61)
Net loss attributable to ordinary shareholders of the Company after extraordinary gains and losses	(16.89)	(0.56)	(0.56)

The Group has no dilutive potential ordinary shares.

Chairman of the Board: Jiang Yuxiang
Approved and submitted by the Board of Directors on 28 March 2025



馬 鞍 山 鋼 鐵 股 份 有 限 公 司
Maanshan Iron & Steel Company Limited