



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

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

Stock Code: 00347



2024
ANNUAL REPORT

* For identification purposes only

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Corporate Profile

The Board, the Supervisory Committee, the Directors, the Supervisors and the senior management of the Company guarantee the truthfulness, accuracy, and completeness of the contents of this report, and that there is no false representation or misleading statement contained in, or material omission from this report, and severally and jointly undertake the legal liability for it.

Mr. Wang Jun, the Company's Chairman and the person in charge, Mr. Li Jingdong, Chief Accountant and Ms. Ma Li, the person in charge of the accounting institution, guarantee the truthfulness, accuracy and completeness of the financial report in this report.

CORPORATE PROFILE

The Company is a joint stock limited company established on 8 May 1997 with Angang Holding as its sole promoter. Pursuant to the reorganisation, subsidiaries of the promoter, namely the Cold Roll Plant, Wire Rod Plant and Heavy Plate Plant were transferred to the Company, with a net asset value of RMB2,028,817,600 as determined by the State-owned Assets Administration Bureau, and 1,319,000,000 domestic stateowned legal person shares with a par value of RMB1 each were issued to Angang Holding.

On 22 July 1997, the Company issued 890,000,000 H Shares at HKD1.63 per share which were listed and traded on the Hong Kong Stock Exchange on 24 July 1997. The Company subsequently issued 300,000,000 domestic A Shares at RMB3.90 per share on 16 November 1997, of which 285,505,400 shares were offered to the public and 14,494,600 employees' shares were placed to the employees of the Company. The 285,505,400 shares issued in the domestic public offering commenced trading on 25 December 1997 on Shenzhen Stock Exchange. The 14,494,600 employees' shares placed to the employees of the Company commenced trading on Shenzhen Stock Exchange on 26 June 1998.

On 15 March 2000, the Company issued A Share convertible debentures amounting to RMB1.5 billion in the PRC. On 14 March 2005, the Company paid the principal and interest accrued for the A Share convertible debentures upon their maturity, and conversion of shares and delisting itself ended on the same day. As of the date of maturity, a total of 453,985,697 A Shares were converted from the convertible debentures of the Company.

On 26 January 2006, the Company newly issued 2,970,000,000 A Shares at RMB4.29 per share to Angang Holding as partial payment of the consideration for the acquisition of 100% equity interests of ANSI. The registration for custody of such shares at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited was completed on 23 February 2006 and they were not traded or transferred within 36 months starting from 23 February 2006. The total number of shares of the Company was 5,932,985,697 after the issue of new shares.

Corporate Profile (Continued)

CORPORATE PROFILE (CONTINUED)

On 20 June 2006, it was approved by the annual general meeting of the Company for the year 2005 that the Chinese name of the Company was changed from “鞍鋼新軋鋼股份有限公司” to “鞍鋼股份有限公司”, while the Chinese short name was changed to “鞍鋼股份” from “鞍鋼新軋”, and the English name was changed from “Angang New Steel Company Limited” to “Angang Steel Company Limited”, while the English short name was changed to “Ansteel” from “Angang New Steel”. On 29 September 2006, the Company obtained its new “Business License for Enterprise Legal Person” reflecting such change.

In December 2005, the Company implemented the non-tradable shares reform, pursuant to which, Angang Holding, the holder of the non-tradable shares of the Company, offered 2.5 A Shares and 1.5 “鞍鋼JTC1” share warrants for every 10 shares held by the registered holders of tradable A Shares on the record date for the non-tradable shares reform, and Angang Holding offered a total of 188,496,424 A Shares and 113,097,855 “鞍鋼JTC1” share warrants to other holders of A Shares. The “鞍鋼JTC1” share warrants expired in December 2006. A total of 110,601,666 share warrants were successfully exercised, as a result of which Angang Holding transferred 110,601,666 shares to the other holders of A Shares at RMB3.386 per share. The “鞍鋼JTC1” share warrants which were not exercised on the date of expiry were cancelled thereafter. After the exercise of such warrants, the total number of shares of the Company remained unchanged, comprising 3,989,901,910 A Shares held by Angang Holding, 1,053,083,787 A Shares held by other A shareholders and 890,000,000 H Shares held by H Shareholders.

In 2007, the Company issued rights shares on the basis of 2.2 rights shares for every 10 existing shares to all the shareholders of the Company. From 10 October to 16 October 2007, the Company issued 1,106,022,150 A rights shares to A shareholders of the Company at the price of RMB15.4 per share, including issuance of 228,240,496 shares to holders of shares not subject to trading moratorium and issuance of 877,781,654 shares to holders of shares subject to trading moratorium. Such newly issued domestic rights shares were approved to be listed on the Shenzhen Stock Exchange on 25 October 2007. From 22 October to 5 November 2007, the Company issued 195,800,000 H rights shares to H shareholders of the Company at a price of HK\$15.91 per share (equivalent to RMB15.4 per share according to the then exchange rate). Such newly issued H rights shares were approved to be listed on the Hong Kong Stock Exchange on 14 November 2007. Upon completion of the rights share issue, the total number of shares of the Company amounted to 7,234,807,847 shares, of which 4,867,680,330 A shares were held by Angang Holding, 1,281,327,517 shares were held by other A shareholders and 1,085,800,000 shares were held by H Shareholders.

Corporate Profile (Continued)

CORPORATE PROFILE (CONTINUED)

The Company issued HK\$1.85 billion of zero coupon H share convertible bonds on the Hong Kong Stock Exchange on 25 May 2018. The convertible bonds were listed and dealt with on the Hong Kong Stock Exchange on 28 May 2018, and were fully redeemed at maturity on 25 May 2023.

In June 2019, the Company issue shares to all shareholders by way of conversion of capital reserve into share capital on the basis of three (3) capitalisation shares for every ten (10) existing shares, and the share capital capitalised is 2,170,442,354 shares in aggregate. Upon capitalisation, the Company's total shares is 9,405,250,201 shares, among others, 7,993,710,201 A Shares and 1,411,540,000 H Shares.

In December 2020, the Company repurchased 52,450,023 tradable A Shares, which were to be used for the implementation of the 2020 Restricted Share Incentive Scheme of Angang Steel Company Limited (Draft) (hereinafter referred to as the "Stock Incentive Plan"). In 2021 and 2022, the Company implemented the first grant and reserved grant under the Stock Incentive Plan respectively, with a total of 52,041,400 restricted A shares granted. During the period from 2022 to 2025, the Company repurchased and canceled 35,620,320 restricted A shares granted but not yet released from restricted sale held by incentive recipients under the Share Incentive Scheme. The Company completed the cancellation of the remaining 408,623 treasury shares in the Company's special securities account for repurchase. Upon completion of the cancellation, the total shares of the Company was reduced to 9,369,221,258 shares, including 7,957,681,258 A shares and 1,411,540,000 H shares.

Corporate Profile (Continued)

I. CORPORATE INFORMATION

Stock Exchange	Shenzhen Stock Exchange		
Stock Abbreviation	Angang Steel	Stock Code	(A Share) 000898
Stock Exchange	Hong Kong Stock Exchange		
Stock Abbreviation	Angang Steel	Stock Code	(H Share) 00347
Chinese Name of the Company	鞍鋼股份有限公司		
Chinese Name Abbreviation	鞍鋼股份		
English Name of the Company	Angang Steel Company Limited		
English Name Abbreviation	ANSTEEL		
Legal Representative of the Company	Wang Jun		
Registered Address	Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the PRC		
Postal Code of the Registered Address	114021		
Historical Change of Registered Address of the Company	First Registered Address in May 1997: No. 396 Zhonghua Road, Tiedong District, Anshan City, Liaoning Province, the PRC Change of registered address in September 2006: Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the PRC		
Business Address	Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the PRC		
Postal Code of the Business Address	114021		
Website of the Company	http://www.ansteel.com.cn		
E-mail	ansteel@ansteel.com.cn		

Corporate Profile (Continued)

II. CONTACT PERSONS AND CONTACT METHODS

	Company Secretary	Securities Affairs Representative
Name	Li Jingdong	Qu Shengyu
Address	Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the PRC	Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the PRC
Telephone	0412-6736889	0412-8417273 0412-6751100
Fax	0412-6722093	0412-6727772
E-mail	lijingdong69@ansteel.com.cn	qushengyu@ansteel.com.cn

III. INFORMATION DISCLOSURE AND PLACES FOR INSPECTION

Website of the stock exchange where the Company discloses its annual report in the PRC	http://www.szse.cn
Website and name of media where the Company discloses its annual report in the PRC	CNINFO http://www.cninfo.com.cn
Website for Disclosure of the Company's Information Overseas	http://www.hkexnews.hk and http://angang.wspr.com.hk
Company's Annual Report Available for Inspection at	Secretarial Office of the Board of the Company

Summary of Accounting Figures and Financial Indicators

I. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS

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

☒ Yes ☐ No

Reasons for retrospective adjustment: Business combination under common control

Unit: RMB million

Item	2024	2023		Changes over the preceding year (%)	2022	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating income	105,101	113,502	115,571	-9.06	131,072	132,965
Operating profit	-6,953	-4,149	-4,135	-68.15	-218	-193
Total profit	-7,035	-4,142	-4,129	-70.38	-269	-244
Net profit attributable to shareholders of the Company	-7,122	-3,257	-3,255	-118.80	156	113
Net profit attributable to shareholders of the Company after extraordinary items	-7,202	-3,315	-3,315	-117.25	11	-37
Net cash flows from operating activities	-787	1,579	1,637	-148.08	6,139	6,163
Basic earnings per share (RMB/share)	-0.759	-0.347	-0.347	-118.73	0.017	0.012
Diluted earnings per share (RMB/share)	-0.759	-0.347	-0.347	-118.73	0.017	0.012
Weighted average return on net assets (%)	-13.91	-5.78	-5.77	Decreased by 8.14 percentage points	0.26	0.19

Item	At the end of 2024	At the end of 2023		Changes over the preceding year (%)	At the end of 2022	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets	100,578	97,014	97,506	3.15	96,935	97,525
Total liabilities	51,907	41,623	41,901	23.88	38,138	38,619
Owner's equity attributable to shareholders of the Company	47,679	54,704	54,761	-12.93	58,140	58,073
Gearing ratio (%)	51.61	42.90	42.97	Increased by 8.64 percentage points	39.34	39.60
Total share capital	9,383	9,384	9,384	-0.01	9,403	9,403

Summary of Accounting Figures and Financial Indicators (Continued)

I. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS (CONTINUED)

Notes:

1. Approved by the 27th Board Meeting of the Ninth Session of the Company on 28 March 2024, the Company adjusted the capital contribution method of its subsidiary, Green Gold. Angang Holding and Angang Zhongyuan Industry Development Co., Ltd. ("Zhongyuan Industry") contributed their respective equity interests in Angang Steel Scrap Resources (Anshan) Limited ("Steel Scrap") to Green Gold as capital. As a result, Steel Scrap became a subsidiary controlled by Green Gold, and the transaction was treated in accordance with the principles of a business combination under common control. The Company retroactively adjusted the financial data for 2023 and 2022.
2. In 2023, the Company implemented the provisions of Interpretation No. 16 of the Accounting Standards for Business Enterprises and, in accordance with the regulations on changes in accounting policies, retroactively adjusted the financial data for the years 2022 and 2021.

In recent three fiscal years of the Company, the lower of net profit before or after deducting non-recurring gain or loss was negative. Moreover, the auditor's report for recent one year suggests that the Company's ability to continue as a going concern is plagued by uncertainties.

☐ Yes ☒ No

The lower of the net profits of the Company before and after non-recurring gains and losses are deducted is negative

☒ Yes ☐ No

Unit: RMB million

Item	2024	2023	Notes
Operating income	105,101	115,571	–
Amount deducted from operating income	1,626	191	Other operating income generated from material sales, scrap material sales, etc., and the income of the scrap steel subsidiary under common control from the beginning of the period to the merger date.
Amount of operating income after deduction	103,475	115,380	–

Summary of Accounting Figures and Financial Indicators (Continued)

II. MAJOR FINANCIAL INDICATORS BY QUARTER

Unit: RMB million

Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating income	27,343	28,106	23,812	25,840
Net profit attributable to shareholders of the Company after extraordinary items	-1,657	-1,032	-2,395	-2,038
Net profit attributable to shareholders of the Company after extraordinary items	-1,688	-982	-2,414	-2,118
Net cash flows from operating activities	751	-179	-885	-474

Whether there is substantial difference between the aforesaid financial indicators or their sum and those disclosed in the quarterly report and interim report

☐ Yes

☒ No

Summary of Accounting Figures and Financial Indicators (Continued)

III. ITEMS OF NON-RECURRING GAINS AND LOSSES AND EFFECT ON PROFIT

Unit: RMB million

Items of Non-Recurring Gain or Losses	2024	2023	2022
1. Gains/losses from disposal and write-off of non-current assets	7	-22	-25
2. Government grants included in profit or loss for the current period (except those closely related to the normal operation of the Company, in compliance with the national policy and by certain standards, which impose continuous impacts on the Company's profit or loss)	113	60	89
3. Changes in fair value of trading financial assets	-2	—	—
4. Changes in fair value of other non-current financial assets	-3	6	-10
5. Changes in fair value of exchange rate swap contracts for other non-current liabilities – the part of embedded derivative financial instrument and derivative financial liabilities – as well as gains and losses from relevant disposal	—	-37	87
6. Reversal of the allowance for impairment of receivables that is individually tested for impairment	15	19	64
7. Net profit and loss of subsidiaries arising from business combination under common control from the initial period to the day of combination	3	—	—
8. Net profit or loss of the subsidiary under common control in the previous period arising from the business combination.	—	10	18
9. Gain/Loss from debt restructuring	—	30	—
10. Other non-operating revenue and expenses except those mentioned above	-1	22	-12
Subtotal	132	88	211
Less: Effect on income tax	26	20	48
Effect on minority interest (after tax)	26	8	13
Total	80	60	150

Summary of Accounting Figures and Financial Indicators (Continued)

III. ITEMS OF NON-RECURRING GAINS AND LOSSES AND EFFECT ON PROFIT (CONTINUED)

Details of other profit and loss items in line with the definition of non-recurring gains and losses:

☐ Applicable ☒ Not applicable

There are no other profit and loss items in line with the definition of non-recurring gains and losses in the Company.

Note to defining the non-recurring gain and loss items listed in the Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No. 1–Extraordinary Gains and Losses as recurring profit and loss items

☐ Applicable ☒ Not applicable

The Company involves no circumstances where the non-recurring gains and losses listed in the Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No. 1–Extraordinary Gains and Losses are defined as recurring gains and losses.

Chairman's Statement

On behalf of the Board of Angang Steel, I am pleased to present the annual report of the Company for the year ended 31 December 2024 and hereby extend my regards to all shareholders.



OPERATING RESULTS FOR 2024:

According to the PRC Accounting Standard for Business Enterprise ("PRC ASBE"), the Group recorded a net profit attributable to shareholders of the Company of -RMB-7,122 million and basic earnings per share of RMB-0.759 for the year ended 31 December 2024. The adjusted net profit attributable to shareholders of the Company was RMB-3,255 million and the adjusted basic earnings per share was RMB-0.347 for the year ended 31 December 2023.

Chairman's Statement (Continued)

PROFIT DISTRIBUTION:

After audit confirmation by BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership), in accordance with the "China Accounting Standards for Business Enterprises", the Group achieved a net profit attributable to shareholders of the listed company of RMB-7,122 million in 2024. In accordance with the Company's Articles of Association, the Board of Directors has comprehensively considered the Company's development and capital needs. To better safeguard the Company's sustainable development and the long-term interests of all shareholders, it is proposed that no cash dividends, bonus shares, or capital reserve capitalization be distributed for the 2024 fiscal year. This proposal is subject to review and approval at the 2024 Annual General Meeting of Shareholders.

BUSINESS REVIEW:

I. Industry situation of the Company during the Reporting Period

In 2024, the steel industry continued to operate under a "three highs and three lows" pattern—high production, high costs, high exports, yet low demand, low prices, and low profitability—with increasingly evident characteristics of entering a phase of "volume reduction and stock optimization." The industry's profit margins declined significantly, placing immense operational pressure on enterprises.

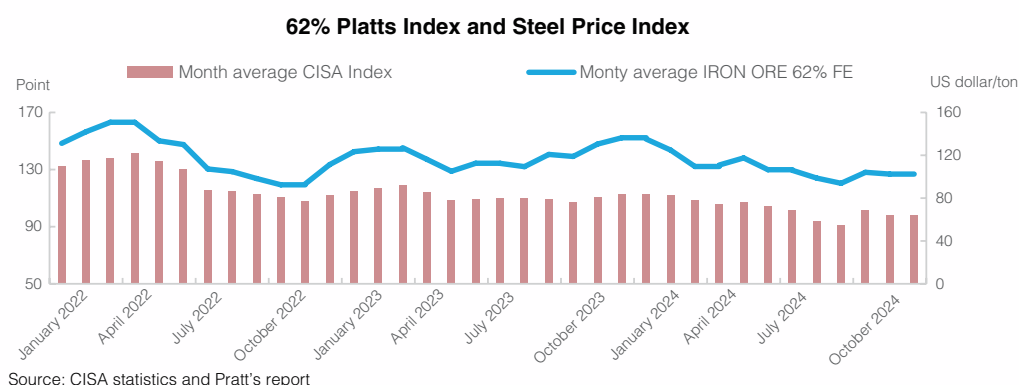
Steel output saw a slight decline, while domestic consumption continued to shrink. According to data released by the National Bureau of Statistics, in 2024, the national output of pig iron, crude steel and steel were 852 million tons, 1.005 billion tons and 1.400 billion tons, respectively, down 2.3%, down 1.7% and up 1.1% year-on-year. The equivalent apparent consumption of crude steel was 892 million tons, a year-on-year decrease of 5.4%. Overall, the decline in steel consumption was significantly greater than the decline in production, and the market situation of strong supply and weak demand remained unchanged.

Steel prices continued to be sluggish, while iron ore prices remained high. In 2024, the average value of the China Steel Price Index (CSPI) was 102.47 points, a year-on-year decrease of 8.39%. Among them, the long products index averaged 105.22 points, marking an 8.83% year-on-year decline; the flat products index averaged 100.58 points, down 10.09% year-on-year. During the same period, the average value of the CRU international steel price index was 197.5 points, a year-on-year decrease of 10.21%, which was greater than the decrease in domestic steel prices. From the raw material side, China imported 1.237 billion tons of iron ore, a year-on-year increase of 4.9%, and the import volume hit a record high; the average import price was US\$106.93 per ton, a year-on-year decrease of 5.9%, which was 2.49 percentage points lower than the decrease in steel prices.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

I. Industry situation of the Company during the Reporting Period (Continued)



II. The Main Business of the Company during the Reporting Period

- (I) The Company's main business, main products and their uses, business model, and main performance drivers during the Reporting Period

The Company is mainly engaged in steel manufacturing. It has three major production bases in Anshan, Yingkou and Chaoyang, as well as processing, distribution or sales service agencies in Dalian, Shenyang, Changchun, Tianjin, Shanghai, Wuhan, Hefei, Zhengzhou and Guangzhou. It also relies on Angang Group's overseas sales agencies to carry out international operations. A management model of "coordination and collaboration among bases and concentration and consistency within bases" is adopted to form a multi-base development pattern with complementary advantages and efficient collaboration. The product structure is diversified, with a relatively complete product series including hot-rolled coils, medium and thick plates, cold-rolled plates, galvanized plates, color-coated plates, cold-rolled silicon steel, heavy rails, profiles, seamless steel pipes, wire rods, etc. The products are widely used in machinery, metallurgy, petroleum, chemical industry, coal, electric power, railways, ships, automobiles, construction, home appliances, aviation and other industries.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

- (I) The Company's main business, main products and their uses, business model, and main performance drivers during the Reporting Period (Continued)

The Company focuses on promoting the development of strategic emerging industries. Relying on the main steel business, we focus on leading breakthroughs in advanced new steel materials, and focus on creating advanced steel materials such as silicon steel for new energy vehicles, oriented silicon steel, rail transit materials, steel for basic components of advanced manufacturing, high-tech ships and marine engineering steel, new high-strength plastic automotive steel, energy steel, energy oil and gas drilling and storage steel, and petrochemical pressure vessel steel. Meanwhile, we will give full play to the advantages of the steel industry chain, actively develop industries such as new carbon materials, new energy and resource recycling, continuously improve the contribution of strategic emerging industries, and support the high-quality development of strategic emerging industries of Ansteel Group.

- (II) Company Highlights

In 2024, the Company actively responded to the severe market conditions, focusing on stabilizing production, driving reforms, reducing costs, and improving efficiency. It accelerated transformation and innovation, strived to overcome challenges, and enhanced the quality of development, achieving remarkable results in building the "Five-model Enterprise". The Company has intensified scheduling and improved efficiency and production control in line with market conditions, rationally controlled production pace and optimized production organization. Throughout the year, the output of iron, steel, and steel products reached 24.3029 million tons, 25.4422 million tons, and 23.9754 million tons, respectively, representing year-on-year decreases of 4.53%, 4.45%, and 2.54%. The Company sold 23.9513 million tons of steel products, a year-on-year decrease of 3.64%, achieving a production-to-sales ratio of 99.90%.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

(II) Company Highlights (Continued)

1. Continuous Improvement of Scientific and Technological Innovation

The Company's system construction has been upgraded, as it established a Science and Technology Innovation Department, a Science and Technology Innovation Committee, and a Technical Expert Committee to strengthen technology management, top-level design, professional support, and guarantee; accelerated the construction of research platforms, completing a pilot base for the preparation and application of high-quality steel materials; deepened the construction of the "One Plant, One Office and One Room" initiative, accurately identifying over 100 key projects, generating benefits of RMB204 million. Both the Company and its two subsidiaries passed the high-tech enterprise certification in Liaoning Province.

The Company has achieved fruitful results in technological research and development, as it promoted special research tasks, and the development of GPa-level marine steel was praised in a special publication by the SASAC; established itself as a source of original technology, breaking through 8 "bottleneck" technologies; strengthened the transformation of achievements, promoting 349,000 tons of new products, and globally launched hot-dip galvanized low-density automotive steel and corrosion-resistant steel plates for marine construction structures. The project of "key common technology development and application for electromagnetic control of large metal billet preparation" that the Company participated in won the second prize of 2023 National Science and Technology Progress Award. 3 projects were selected in the SASAC's Catalogue for the Recommendation on Scientific and Technological Innovation Achievements of Central Enterprises, and 19 projects have won provincial and industry science and technology awards.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

(II) Company Highlights (Continued)

2. Remarkable Results in Digital Empowerment

The Company's digital demonstration has yielded significant results. In 2024, the Company was awarded 5 national ministerial-level awards and 2 provincial-level awards, and was included in the Ministry of Industry and Information Technology's list of "Digital Pilot" enterprises. 1 project was recognized as a typical case for the construction of digital China by the National Data Administration, and 2 projects were selected as pilot demonstration projects by the Ministry of Industry and Information Technology. In 2024, the Company received national incentive funds of RMB5 million, and its influence within the industry association continued to grow. The Company accelerated intelligent manufacturing, completed 37 digital intelligence projects, and planned the intelligent transformation of 5 production lines in 2024, further expanding the construction and functional enhancement of intelligent scenarios.

The Company's digital intelligence empowerment has yielded tangible results. The Company has optimized the approval processes within its business systems, streamlining 71 approval procedures and reducing 553 approval nodes, which has led to a 43% year-on-year improvement in approval efficiency. Furthermore, the Company has advanced the optimization of its decision-making system's reporting framework, streamlined 27% of its reports and optimized 16% of them, achieving an overall optimization rate of 47%. This effort has established a highly efficient decision-making and reporting management system.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

(II) Company Highlights (Continued)

3. Significant Breakthroughs in Reform

The Company's internal vitality has been greatly enhanced as it has intensified reforms in streamlining administration, delegating powers, and improving services. It has authorized 41 business matters across four major areas: marketing, procurement, investment, and human resources, fully unleashing the vitality of independent operations. The Company has advanced the 3.0 reform of Chaoyang Iron and Steel, reducing the number of organizational units by 44%. This has established a new management model of "direct company oversight of operational areas", resulting in a 10% improvement in overall process efficiency. Angang Chemical was recognized as a benchmark enterprise in the "double-hundred action" of central enterprises, while Chaoyang Steel and Iron was awarded the title of outstanding enterprise.

The Company's endogenous power has been effectively stimulated as it introduced a "strong incentive, strict constraint" performance evaluation system to reinforce management accountability and enhance targeted incentives. Star production lines with outstanding performance will be given individual incentives, thus promoting greater productivity, efficiency, and income. Additionally, the Company reformed its organizational structure, reducing 102 positions and compressing management levels from five to three.

The pace of integration and convergence of companies has accelerated, as the Company implemented a "separation of management and operation" reform in its logistics system, effectively reduced logistics costs and further improved logistics efficiency. It established a silicon steel division to strengthen integrated management of sales, research, and production. Nine new products were developed, with the proportion of high-end products increasing by 7%, and total output exceeding design capacity by 34.1%.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

(II) Company Highlights (Continued)

4. Outstanding Achievements in Lean Management

The Company has deepened the coordination of sales, research, production, and financial systems, achieving significant cost reduction. By promoting cost-effective procurement, the fuel ratio of blast furnaces at the Anshan base has significantly decreased, achieving a year-on-year decrease of 30kg/t. Quality management has been strengthened, with the overall yield rate increasing by 0.03 percentage points year-on-year. The Company has also tapped into the cost-saving potential of the energy system, reducing external energy procurement costs by 7.3% year-on-year. Guided by the principle of “intensive efficiency and phasing out outdated practices”, the Company has improved the quality and efficiency of high-performance production lines, creating star production lines. Differentiated lean management initiatives have been implemented across Anshan, Yingkou, and Chaoyang, with 305 improvement projects established, generating benefits of RMB70 million. The potential of the equipment has been fully exploited, and the comprehensive capabilities of the equipment have been greatly improved. The comprehensive compliance rate of the four evaluation indicators of strength, speed, precision and stability has been improved to 94.76%.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

(II) Company Highlights (Continued)

5. Growing Brand Influence

The Company's market influence has been steadily rising. By adjusting products and increasing efficiency, the product adjustment index increased by 2.4% compared to the previous year. The Company has further solidified its presence in the Northeast "base area", achieving a 9.44% year-on-year increase in regional sales. Through the innovative model of "export authorization + post-evaluation + performance incentives", the Company's export sales surged by 28.3% year-on-year. The Company successfully secured a spot in the "Sinopec 2024 Long-distance Pipeline Framework Procurement Agreement", ranking first in bidding volume for four consecutive years. Additionally, it holds the leading market share in steel for nuclear power and steel for railway locomotives and vehicles.

The Company continued to enhance customer service capabilities and strengthened contract execution, and the contract execution rate of the whole life cycle was 1.17 percentage points higher than planned. The Company strengthened customer ties by visiting 2,313 clients and held 20 customer day activities to address pain points and challenges, thereby improving customer satisfaction. These efforts have earned the Company prestigious titles such as the "Annual Excellent Supplier" of CIMC Container and "Excellent Partner Award" of Haier Home Automation.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

(II) Company Highlights (Continued)

6. Orderly Green and Low-Carbon Development

Newly improved dual-carbon management capabilities. In dual-carbon management, the Company has focused on organizational carbon and product carbon, coordinating efforts in carbon planning, carbon control, carbon monitoring, carbon disclosure, and carbon optimization. This has improved the dual-carbon promotion system, resulting in a 1.4% reduction in CO₂ emissions per RMB10,000 of output value compared to the previous year. The Company's hot-rolled coil products have achieved a carbon efficiency rating of Grade E and were included in the first batch of China's low-carbon steel product categories of CISA. Based on the blast furnace-converter production process, the Company has successfully produced ultra-low-carbon steel and low-alloy steel for automotive use, reducing carbon emissions by over 30% and meeting customer demands. Third-party certification was completed for five key products – hot-rolled, cold-rolled, continuous annealing, batch annealing, and galvanized steel– achieving a 30% reduction in carbon emissions.

New progress has been made in the green, low-carbon transition. The Bayuquan Branch Company became the first company in the Northeast region and Angang Group to receive A Class environmental performance and dual-carbon best practice energy efficiency benchmarking. Chaoyang Steel and Iron's clean transportation and unorganized ultra-low emission upgrades have been publicly recognized by the CISA, as have the ultra-low emission upgrades for clean transportation at the Anshan base. The Bayuquan Branch Company and Chaoyang Steel and Iron high-efficiency generator set projects were successfully connected to the grid and started generating power. The Bayuquan Branch Company's coke oven gas to LNG (liquefied natural gas) co-production of hydrogen project was put into operation. The hydrogen metallurgy pilot test line completed the system heat load test run and successfully produced direct reduced iron.

Chairman's Statement (Continued)

BUSINESS REVIEW: (CONTINUED)

II. The Main Business of the Company during the Reporting Period (Continued)

(II) Company Highlights (Continued)

7. Robust and Steady Risk Control

Proactively preventing safety and environmental risks, the Company has strengthened its commitment to fulfilling responsibilities, significantly enhanced the autonomous safety management capabilities of relevant parties, and achieved a 100% completion rate for occupational health examinations and occupational hazard factor testing. There were zero major or above production safety accidents, and no significant environmental pollution incidents or environmental regulatory violations occurred throughout the year. The Company also achieved a 100% completion rate for the implementation of the "three simultaneous" environmental requirements in construction projects, compliant disposal of hazardous waste, and proper use of radioactive sources.

Prudently guarding against financial operational risks, the company has improved the efficiency of capital turnover, reducing the occupancy of funds in inventory and receivables by 2.86% year-on-year. It has strengthened capital budget management, increased the use of bill resources, and coordinated the Company's capital income and expenditure. The Company has also made rational use of financial institution credit resources, promptly increasing interest-bearing liabilities to cover operational and investment funding gaps, ensuring the smooth and secure operation of cash flow.

8. Employee Innovation and Flourished Co-construction and Co-sharing

The Company adheres to the people-centred development philosophy and continues to bring people together and increase their well-being. The Company organized 77 labor competitions and strongly supported 162 employee innovation projects. Two employees were awarded the title of "Central Enterprise Labour Working Role Model". One young technical backbone was honored with the 28th "China Youth May 4th Medal". At the 27th National Invention Exhibition, the Company won 17 gold awards, 25 silver awards, and 33 bronze awards. The Company has successfully completed 60 key livelihood projects, significantly enhancing employees' sense of fulfillment and happiness.

Chairman's Statement (Continued)

DEVELOPMENT PLAN FOR THE NEW YEAR:

1. Development Strategy

The Company continues to advance its “11361” development strategy, forging its strengths and addressing weaknesses, with a focus on enhancing competitiveness, innovation, control, influence, and risk resistance. Focusing on a central theme and practicing the philosophy of “intensive, reductive and intelligent @ customers”, the Company strives for high-quality development. It continues to optimize the layout of spaces, products and industries, and speed up the improvement of such six capabilities as efficiency improvement, cost reform, service leadership, technology leadership, intelligent manufacturing and ecological integration, so as to constantly enhance the core competitiveness of the Company in response to market changes, build the Company into a listed company with excellent corporate citizen values and the most competitive “iron & steel flagship enterprise” in the industry.

2. Business Guidelines for 2025

The year 2025 marks the conclusion of the 14th Five-Year Plan and the beginning of the 15th Five-Year Plan. China's economy is at a critical stage of high-quality development, characterized by a stable foundation, numerous advantages, strong resilience, and vast potential. The supporting conditions and fundamental trends for long-term positive growth remain unchanged, which will provide a stable development environment for the domestic steel industry to operate smoothly. In particular, on 23 January 2025, when Xi Jinping, the General Secretary, inspected Bensteel of Angang Group, he stressed that the steel industry is an important basic industry of China, the real economy is the foundation of the national economy, and it is necessary to continue to work hard to make up for the shortcomings, optimize the structure, and continue to contribute more to Chinese-style modernization. This is the General Secretary's positioning of the steel industry's crucial role in the national economy, while also charting the course for the industry's high-quality development.

In 2025, the Company will fully implement the spirit of the 20th National Congress of the Communist Party of China, the Second and Third Plenary Sessions of the 20th Central Committee, the Central Economic Work Conference and the important speech delivered by General Secretary Xi Jinping during his inspection tour of Liaoning and Bensteel of Angang Group. It will resolutely execute Angang Group's work deployment of “focusing on five key areas to achieve four new advancements”, deepen the construction of the “Five-model Enterprise”, and fully strive to win the “Five Major Battles”. With a focus on action, the Company will strengthen confidence, tackle challenges head-on and strive with determination, contributing its steel strength to the high-quality completion of the 14th Five-Year Plan's goals and tasks, and driving the enterprise's high-quality development.

Chairman's Statement (Continued)

DEVELOPMENT PLAN FOR THE NEW YEAR: (CONTINUED)

2. Business Guidelines for 2025 (Continued)

- (1) Deepening the construction of dynamic enterprises, focusing on dismantling institutional and mechanistic obstacles, and fully committing to the tough battle for reform and improvement

Firstly, advancing market-oriented reforms to higher standards. The Company will establish a "Five-model Enterprise" construction planning system; strengthen the construction of a scientific, rational, and efficient Board of Directors, improve the market value management work system, enhance the level of market value management; pragmatically promote key reform tasks such as the Chaoyang Steel Reform 3.0, deepen the "Three Systems" reform, and improve the efficiency of human resource allocation. Secondly, promoting more robust professional integration. The Company will deepen the integration of upstream and downstream processes in the main steel business and supply chain resources, further enhance the overall process coordination efficiency and benefits of steel product manufacturing; increase the integration of non-steel industries and comprehensive service businesses, accelerate the professional, industrial, and intensive development of the enterprise, and cultivate and create new quality productivity. Thirdly, advancing more profound and precise assessment. The Company will differentially set assessment indicators; improve the "strong incentive, strict constraint" mechanism, achieve contract-based management and full coverage of job performance indicators from top to bottom; implement the "double outperformance evaluation", reform the management system, and transform employees from "passive work" to "active work".

Chairman's Statement (Continued)

DEVELOPMENT PLAN FOR THE NEW YEAR: (CONTINUED)

2. Business Guidelines for 2025 (Continued)

- (2) Deepening the construction of innovative enterprises, continuously enhancing independent innovation capabilities, and fully committing to the tough battle for innovation-driven development

Firstly, forging and strengthening strategic scientific and technological forces. Focusing on 9 major emerging industries and 6 future industries, the Company will target the most cutting-edge material needs, clarify the research and development directions of new materials and new products, and accelerate the transformation and application of achievements; speed up the tackling of key core technologies, and high-standardly promote the construction of the original technology source for marine equipment metal materials. Secondly, enhancing scientific and technological service capabilities. The Company will accelerate the transformation of scientific and technological achievements into real productivity, improve the transformation system and institutional guarantees; promote the effective implementation of projects such as the promotion of 10,000 tons of new products and cost reduction of key varieties; create a good environment that encourages innovation and creativity, and mobilize the innovation enthusiasm of scientific and technological talents. Thirdly, building a strong collaborative innovation platform. The Company will promote the high-quality construction of national key laboratories, and give full play to the important role of platforms for scientific and technological innovation; promote the deep integration of industry, academia, research, and application, strengthen cooperation with universities, research institutes, and enterprises, promote more scientific and technological achievements transformation and application, and quickly cultivate a batch of high-quality scientific and technological innovation achievements. Fourthly, accelerating the pace of digital and intelligent transformation. The Company will deeply promote the integration of data and reality, fully release the efficiency of the integrated intelligent operation system; enhance the value-added capability of industrial collaboration, explore the transformation of supply chain services, and optimize the collaborative model; strengthen data value mining, continuously deepen data governance, and promote the innovative application of AI + large models in four scenarios: intelligent research and development, intelligent production, intelligent supply chain, and business efficiency improvement.

Chairman's Statement (Continued)

DEVELOPMENT PLAN FOR THE NEW YEAR: (CONTINUED)

2. Business Guidelines for 2025 (Continued)

- (3) Deepening the construction of brand-oriented enterprises, empowering sustainable and high-quality development, and fully committing to the tough battle for transformation and upgrading

Firstly, empowering brand development with industrial competitiveness. The Company will promote steady green and low-carbon development, and build a smart carbon data management platform; layout new low-carbon green smelting processes, focus on customer needs, achieve mass production of green steel products, and seize the opportunity for green development; accelerate the improvement of extreme energy efficiency, and deeply explore the potential for energy-saving and carbon-reducing technology upgrades; promote the optimization and upgrading of the industrial structure, adhere to both optimizing the stock and strengthening the increment, and improve the efficiency of resource allocation. Secondly, empowering brand renewal with new quality productivity. The Company will differentially formulate development plans according to three types: mature, developing, and cultivating, strengthen benchmarking with the industry, actively introduce socialized talents, and create new profit growth points. Thirdly, empowering brand upgrading with quality assurance. The Company will focus on potential demands in key areas, promote product iteration and upgrading, and achieve new breakthroughs in new high-strength plastic automotive steel, energy steel, high-tech ship and marine engineering steel; implement product lifecycle management, promote quality improvement and enhancement, and solidify the foundation of quality management. Fourthly, empowering brand value-added with high-quality service capabilities. The Company will enhance EVI service capabilities, integrate technical marketing into the customer's entire industry chain, and maximize value creation for customers; improve delivery capabilities, and formulate delivery strategies according to "one enterprise, one policy" to achieve faster and better product delivery; strengthen customer group management, improve the hierarchical and differentiated service system, efficiently solve customer feedback issues, and enhance customer satisfaction.

Chairman's Statement (Continued)

DEVELOPMENT PLAN FOR THE NEW YEAR: (CONTINUED)

2. Business Guidelines for 2025 (Continued)

- (4) Deepening the construction of operation-oriented enterprises, thoroughly practicing the concept of accounting management, and fully committing to the tough battle for quality improvement and efficiency enhancement

Firstly, making “additions” in value creation. The Company will promote the deep integration of “sales, research, production, and finance”, leverage the “leading” role of marketing, and increase the development of “specialized” and high-value-added new products; deeply cultivate the Northeast market, coordinate regional resources, and build differentiated competitive advantages; deeply explore the “direct supply + engineering” channels, and increase the development of strategic customers and key projects; actively integrate into the “Belt and Road” construction, strengthen overseas cooperation with strategic customers, and increase product exports. Secondly, making “subtractions” in cost reduction. The Company will strengthen comprehensive budget management, deepen benchmarking to find gaps, explore cost reduction potential across the entire process and all elements, and accelerate the filling of shortcomings and narrowing of gaps; continuously deepen cost-effective procurement, strengthen collaborative procurement, and continuously reduce procurement costs; dynamically optimize energy allocation, accelerate the commissioning of energy-saving projects, increase energy sales, and enhance the capability to reduce costs and increase efficiency. Thirdly, making “multiplications” in extreme efficiency improvement. The Company will focus on improving production line efficiency, enhancing the matching and coordination of various processes, and promoting the efficiency improvement of the entire process; focus on improving capital efficiency and benefits, reducing the occupation of “two funds”; focus on improving asset efficiency, comprehensively sorting out idle, low-efficiency, and ineffective assets, increasing the revitalization efforts, and releasing asset efficiency. Fourthly, making “divisions” in risk control. The Company will promote the integrated, coordinated, and efficient linkage of legal, compliance, risk, and internal control, escorting the stable development of the enterprise; fully implement the three-year action for fundamental improvement of safety production, improve the level of intrinsic safety, and guard the bottom line of safety production; expand financing channels, comprehensively coordinate fund receipts and payments, and prevent fund operation risks.

Chairman's Statement (Continued)

DEVELOPMENT PLAN FOR THE NEW YEAR: (CONTINUED)

2. Business Guidelines for 2025 (Continued)

- (5) Deepening the construction of model enterprises, wholeheartedly serving the staff and workers, and making every effort to win the tough battle of joint construction and sharing

Firstly, unwaveringly rely on the staff to run the enterprise. The Company will practice the new connotation of the Angang Constitution in the new era, guide frontline workers to focus on key and difficult issues in production and operation, pool their wisdom and efforts to offer suggestions, and maximize the mobilization and stimulation of the enthusiasm and initiative of the staff; deepen the construction of the alliance of staff innovation studios, and stimulate the vitality of staff innovation and efficiency. Secondly, unwaveringly run the enterprise for the staff. The Company will improve and perfect the democratic management system, smooth out the channels for feedback on demands, extensively collect proposals, listen to reasonable suggestions, allowing the staff to fully exercise their rights to participate, suggest, and vote; safeguard the legitimate rights and interests of the staff, increase the intensity of labor protection, fully guarantee the stability of staff income, and promote the harmonious and healthy development of the enterprise; focus on the urgent, difficult, and worrisome issues that concern the staff, accurately establish key livelihood projects, ensure a 100% completion rate of company-level projects, and continuously enhance the sense of gain and happiness among the staff.

3. Plans for Funding Requirements

In 2025, the proposed investments for fixed assets and external investments of the Company will amount to RMB3,160 million, while the required funds will be raised through a combination of internal funds, bank loans and bond issuance.

Chairman: **Wang Jun**

Anshan • China
28 March 2025

Report of the Directors

The Board is pleased to present the annual report and the audited financial statements for the year ended 31 December 2024.

I. PRINCIPAL BUSINESSES

(1) Composition of operating income

Unit: RMB million

	2024		2023		
	Amount	As a percentage of the operating income (%)	Amount	As a percentage of the operating income (%)	Year-on-year increase/decrease (%)
Total operating income	105,101	100	115,571	100	-9.06
By industry					
Steel rolling and processing industry	104,704	99.62	115,380	99.83	-9.25
Others	397	0.38	191	0.17	107.85
By product					
Steel products	91,570	87.13	102,576	88.76	-10.73
Others	13,531	12.87	12,995	11.24	4.12
By geographical location					
China	97,804	93.06	108,411	93.80	-9.78
Export sales	7,297	6.94	7,160	6.20	1.91
By sales model					
Direct selling	51,928	49.41	53,193	46.03	-2.38
Distributorship	53,173	50.59	62,378	53.97	-14.76

Report of the Directors (Continued)

I. PRINCIPAL BUSINESSES (CONTINUED)

(2) Industries, products, geographical locations and sales models accounting for more than 10% of the operating income or operating profit of the Company

Unit: RMB million

	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income as compared with the corresponding period of the previous year (%)	Increase/decrease in operating cost as compared with the corresponding period of the previous year (%)	Increase/decrease in gross profit margin as compared with the corresponding period of the previous year (percentage point)
By industry						
Steel rolling and processing industry	104,704	108,451	-3.58	-9.25	-6.43	-3.12
By product						
Hot-rolled sheets products	33,033	34,975	-5.88	0.86	5.38	-4.54
Cold-rolled sheets products	34,306	35,015	-2.07	-12.16	-8.90	-3.66
Medium and heavy sheets	17,947	18,220	-1.52	-12.52	-11.07	-1.65
By geographical location						
China	97,407	100,691	-3.37	-9.99	-7.48	-2.80
Export sales	7,297	7,760	-6.35	1.91	9.76	-7.61
By sales model						
Direct selling	51,535	53,582	-3.97	-2.77	0.52	-3.40
Distributorship	53,169	54,869	-3.20	-14.76	-12.35	-2.84

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

☐ Applicable ☒ Not applicable

Report of the Directors (Continued)

I. PRINCIPAL BUSINESSES (CONTINUED)

(3) Composition of operating costs

Unit: RMB million

Industry classification	Item	2024		2023		Year-on-year increase/decrease in operating costs (percentage point)
		Amount	As a percentage of operating costs (%)	Amount	As a percentage of operating costs (%)	
Steel rolling and processing industry	Raw materials and fuel	84,570	77.98	91,078	78.58	-0.60
	Others	23,881	22.02	24,827	21.42	0.60
Total		108,451	100.00	115,905	100.00	-

II. WHETHER THE SCOPE OF CONSOLIDATION WAS CHANGED DURING THE REPORTING PERIOD

This year, the Company established a new holding subsidiary, Green Gold; the Company's holding subsidiary Green Gold established wholly-owned subsidiaries Green Gold (Yingkou Bayuquan) Renewable Resources Co., Ltd. and Green Gold (Chaoyang) Renewable Resources Co., Ltd. This year, the Company's holding subsidiary Green Gold acquired 77.5589% of the shares of Steel Scrap through a merger of Steel Scrap with companies under the same control.

III. MATERIAL CHANGES OR ADJUSTMENT IN BUSINESSES, PRODUCTS OR SERVICES DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

Report of the Directors (Continued)

IV. THE PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY FOR THE REPORTING PERIOD

After audit confirmation by BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership), in accordance with the “China Accounting Standards for Business Enterprises”, the Group achieved a net profit attributable to shareholders of the listed company of RMB-7,122 million in 2024. In accordance with the Company’s Articles of Association, the Board of Directors has comprehensively considered the Company’s development and capital needs. To better safeguard the Company’s sustainable development and the long-term interests of all shareholders, it is proposed that no cash dividends, bonus shares, or capital reserve capitalization be distributed for the 2024 fiscal year. This proposal is subject to review and approval at the 2024 Annual General Meeting of Shareholders.

V. ANALYSIS OF MAJOR SUBSIDIARIES AND INVESTEEES

(I) Major subsidiaries and investees accounting for over 10% of the net profit of the Company

Unit: RMB million

Name of companies	Type of companies	Principal activities	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Chaoyang Iron and Steel	Production enterprise	Steel calendering process	8,000	6,003	3,720	7,877	-619	-626

(II) Acquisition and disposal of subsidiaries during the Reporting Period

Name of companies	Means of acquisition and disposal of subsidiary during the Reporting Period	Effect on overall business operation and results
Green Gold	Established by investment	No significant impact
Steel Scrap	Merger of companies under common control	No significant impact
Green Gold (Chaoyang) Renewable Resources Co., Ltd.	Established by investment	No significant impact
Green Gold (Yingkou Bayuquan) Renewable Resources Co., Ltd.	Established by investment	No significant impact

Report of the Directors (Continued)

VI. MAJOR CUSTOMERS AND SUPPLIERS

(I) Information on the Company's major sales customers and major suppliers (based on the parent company's perspective)

Sales to major customers of the Company:

Unit: RMB million

	2024	2023
Total sales amount of the top five customers	43,643	45,235
Proportion of total sales amount of the top five customers over total sales amount for the year (%)	41.52	39.93
Proportion of sales to related parties of total sales amount of the top five customers over total sales amount for the year (%)	37.32	39.93

Top five customers of the Company:

Unit: RMB million

No.	Name	Sales amount	Proportion of sales amount over total sales amount for the year (%)
1	CUSTOMER A	12,584	11.97
2	CUSTOMER B	12,394	11.79
3	CUSTOMER C	7,491	7.13
4	CUSTOMER D	6,760	6.43
5	CUSTOMER E	4,414	4.20
Total	—	43,643	41.52

Report of the Directors (Continued)

VI. MAJOR CUSTOMERS AND SUPPLIERS (CONTINUED)

(I) Information on the Company's major sales customers and major suppliers (based on the parent company's perspective) (Continued)

Major suppliers of the Company:

Unit: RMB million

	2024	2023
Total purchase amount from the top five suppliers	39,701	42,357
Proportion of total purchase amount of the top five suppliers over total purchase amount for the year (%)	43.77	47.40
Proportion of procurement from related parties of total purchase amount of the top five suppliers over total purchase amount for the year (%)	31.55	38.20

Top five suppliers of the Company:

Unit: RMB million

No.	Supplier name	Purchase amount	Proportion of purchase amount over total purchase amount for the year (%)
1	SUPPLIER A	17,121	18.88
2	SUPPLIER B	11,494	12.67
3	SUPPLIER C	4,776	5.27
4	SUPPLIER D	3,467	3.82
5	SUPPLIER E	2,843	3.13
Total	—	39,701	43.77

Report of the Directors (Continued)

VI. MAJOR CUSTOMERS AND SUPPLIERS (CONTINUED)

(II) Information on the Group's major sales customers and major suppliers (on a consolidated basis)

Sales to major customers of the Company:

Unit: RMB million

	2024	2023
Total sales amount of the top five customers	29,704	30,397
Proportion of total sales amount of the top five customers over total sales amount for the year (%)	28.25	26.78
Proportion of sales to related parties of total sales amount of the top five customers over total sales amount for the year (%)	13.32	12.61

Top five customers of the Company:

Unit: RMB million

No.	Customer name	Sales amount	Proportion of sales amount over total sales amount for the year (%)
1	Customer A	8,602	8.18
2	Customer B	5,403	5.14
3	Customer C	5,341	5.08
4	Customer D	5,248	4.99
5	Customer E	5,110	4.86
Total	—	29,704	28.25

Report of the Directors (Continued)

VI. MAJOR CUSTOMERS AND SUPPLIERS (CONTINUED)

(II) Information on the Group's major sales customers and major suppliers (on a consolidated basis) (Continued)

Major suppliers of the Company:

Unit: RMB million

	2024	2023
Total purchase amount from the top five suppliers	42,624	44,048
Proportion of total purchase amount of the top five suppliers over total purchase amount for the year (%)	38.75	36.87
Proportion of procurement from related parties of total purchase amount of the top five suppliers over total purchase amount for the year (%)	30.56	26.37

Top five suppliers of the Company:

Unit: RMB million

No.	Supplier name	Purchase amount	Proportion of purchase amount over total purchase amount for the year (%)
1	Supplier A	17,384	15.81
2	Supplier B	11,499	10.45
3	Supplier C	5,048	4.59
4	Supplier D	4,728	4.30
5	Supplier E	3,965	3.60
Total	–	42,624	38.75

In 2024, save as disclosed in this annual report, none of the Directors, Supervisors and their associates nor any shareholders (who to the knowledge of the Directors hold 5% or more of the shares of the Company) had any interest in any of the top five suppliers or top five customers of the Company.

During the Reporting Period, the proportion of trade business income to operating income exceeded 10%

☐ Yes ☒ No

Report of the Directors (Continued)

VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

For details of Directors and Supervisors of the Company during the Reporting Period and as at the date of this annual report, please refer to the “Information on Directors, Supervisors, and Senior Management” under “Corporate Governance” in this annual report.

Each of the Directors of the ninth session of the Board and Supervisors of the ninth session of the Supervisory Committee entered into a service contract with the Company. The term of the Directors of the ninth session of the Board and the Supervisors of the ninth session of the Supervisory Committee shall be three years from 26 May 2022 until the election of Directors or Supervisors for the next session of the Board or Supervisory Committee at the general meeting of the Company to be held in 2025. None of the Directors or Supervisors entered into a service contract with the Company, under which the Company shall make any compensation (except statutory compensation) to the Director or Supervisor if such contract is terminated within one year of its execution.

VIII. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

On 29 July 2024, the Company completed the repurchase and cancellation of 450,666 restricted sales held by 14 original incentive recipients at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited that had been granted but had not yet been released. For the movement in share capital related to the incentive scheme, please refer to “Corporate Governance” in this annual report.

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

IX. PRE-EMPTIVE RIGHTS

In accordance with the Articles of Association of the Company or the laws of the PRC, no pre-emptive rights exist to require the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

X. DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS

None of the Directors and Supervisors had any material interest in any contract to which the Company, the holding companies or subsidiaries of the holding companies was a party in 2024.

Report of the Directors (Continued)

XI. DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates (as defined in the Hong Kong Stock Exchange Listing Rules) has an interest in any business which competes or may compete with the business in which the Company or the holding companies or any of its subsidiaries are engaged.

XII. INDEMNITY PROVISIONS

The Company has not entered into any provision with Directors of the Company entitling them to an indemnity against liabilities in connection with their service as Directors of the Company.

XIII. DISCLOSURE UNDER CHAPTER 13 OF THE HONG KONG STOCK EXCHANGE LISTING RULES

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

XIV. SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company, and so far as the Directors are aware of as at the latest practicable date before publication of this annual report, the Company had been maintaining sufficient public float as required by the Hong Kong Stock Exchange Listing Rules during the year.

XV. FIXED ASSETS

Changes in the fixed assets during the year are set out in note VI. 14 to the financial statements on pages 318 to 319 of this annual report.

Report of the Directors (Continued)

XVI. OPERATING RESULTS

The results of the Company for the year ended 31 December 2024 and its financial position as at that date are set out in the financial statements included in this annual report.

XVII. SHARE CAPITAL

Changes in the share capital during the Reporting Period are set out in note VI.37 to the financial statements on page 343 of this annual report.

XVIII. RESERVES

Changes in the reserves are set out in note VI.41 to the financial statements on page 346 of this annual report.

XIX. DONATIONS

During the Reporting Period, the total amount of donations made by the Group was RMB16.50 million. For details of the donations and subsidies, please refer to the section of Significant Matters/Social Responsibilities in this annual report.

XX. EMPLOYEE RETIREMENT SCHEME

Details of the employee retirement scheme of the Company are set out in note VI.26 to the financial statements on page 334 to page 335 of this annual report.

XXI. CONTINUING CONNECTED TRANSACTIONS

Details of continuing connected transactions of the Company for the year are set out on page 185 to page 194 and on page 388 to page 407 of this annual report.

The related-party transactions disclosed in note to the financial statements of this annual report also constitute connected transactions or continuing connected transactions defined in Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

Report of the Directors (Continued)

XXII. COMPLIANCE WITH LAWS AND REGULATIONS THAT HAVE MATERIAL IMPACT ON THE COMPANY

The Board attaches importance to the compliance of the Group's policies and practices with the requirements of national laws and regulations. As at 31 December 2024, to the best of the Board's knowledge, the Company has strictly complied with relevant laws and regulations of China and Hong Kong, such as the Company Law of the PRC, the Securities Law of the PRC and the Hong Kong Stock Exchange Listing Rules.

XXIII. FIVE-YEAR SUMMARY

A summary of the results and balance sheet of the Company for five years are set out on page 428 of this annual report.

XXIV. AUDITOR

BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) was engaged as the Company's auditor in 2024.

XXV. REMUNERATION OF EMPLOYEES

The Group's remuneration of employees in 2024 is set out in note VI.26 to the financial statements on page 334 of this annual report.

XXVI. EVENTS AFTER THE REPORTING PERIOD

On 28 February 2025, the Company completed the repurchase and cancellation of 14,180,048 restricted shares held by 183 original incentive recipients at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited that had been granted but had not yet been released. After the completion of this cancellation, the Company's total share capital changed from 9,383,401,306 shares to 9,369,221,258 shares.

By order of the Board

Wang Jun

Chairman

28 March 2025

Report of the Supervisory Committee

During the year, the Supervisory Committee duly fulfilled its duties in accordance with the Company Law and the Articles of Association of the Company in order to protect the lawful interests of the Company and its shareholders.

The Supervisory Committee had no objection to the supervisory matters during the Reporting Period.

I. SUPERVISORY COMMITTEE MEETINGS

In 2024, the Company's Supervisory Committee attended two general meetings and two Board meetings and convened four Supervisory Committee meetings, and reviewed and approved 13 agenda items. The Supervisory Committee has provided independent opinions and recommendations on the basis of their sufficient knowledge of the Company's major business decisions and implementation process.

II. SUPERVISION OVER CORPORATE GOVERNANCE AND OPERATION

In 2024, the Company's Supervisory Committee monitored the Company's operations to ensure compliance with the relevant laws and regulations, such as the Company Law, and the Articles of Association of the Company. It also exercised supervision on the connected transactions entered into by the Company. The Supervisory Committee raised no objection to the matters it supervised in the Reporting Period.

The Supervisory Committee had given independent opinions on the following matters:

- (1) The Supervisory Committee was, based on its examination, of the opinion that the procedures by which the Board prepared and considered the 2024 annual report complied with laws, administrative regulations and the requirements of CSRC, the annual report truly, accurately and fully reflected the Company's actual development, and there was no false representation or misleading statement contained in, or material omission from the annual report.
- (2) During the year, the Company's operations complied with the laws, the Company had comprehensive internal control system and the decision-making procedures of the Company complied with applicable laws, and the Supervisory Committee was not aware of any violation of regulations.

Report of the Supervisory Committee (Continued)

II. SUPERVISION OVER CORPORATE GOVERNANCE AND OPERATION (CONTINUED)

- (3) None of the Directors and senior management of the Company were found to be in violation of any laws or regulations or the Articles of Association of the Company when performing their duties or otherwise act in a manner which infringed upon the interests of the Company.
- (4) The Company's financial report truly reflected the Company's financial position and operating results.
- (5) During the year, routine continuing connected transactions and other connected transactions were conducted on a fair basis in the Company's production and operation and it was not aware of any insider dealing or any impairment of interests of the Company or any erosion of the Company's assets.

On behalf of the Supervisory Committee

Cao Yuhui

Chairman of the Supervisory Committee

28 March 2025

Discussion and Analysis of Operations

I. ANALYSIS OF PRINCIPAL BUSINESSES

(I) Overview

In 2024, the Group achieved operating income of RMB105,101 million; total profit of RMB-7,035 million; and net profit attributable to shareholders of the listed company of RMB-7,122 million.

Unit: RMB million

Items	Reporting Period	Corresponding period of the previous year	Increase/decrease during the Reporting Period as compared with the corresponding period of the previous year (%)	Explanation and reasons for significant change
Operating income	105,101	115,571	-9.06	-
Operating costs	108,825	116,069	-6.24	-
Marketing expenses	560	633	-11.53	-
Administrative expenses	1,339	1,698	-21.14	-
Financial expenses	266	261	1.92	-
R&D expenditure	468	493	-5.07	-

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(I) Overview (Continued)

Items	Reporting Period	Corresponding period of the previous year	Increase/decrease during the Reporting Period as compared with the corresponding period of the previous year (%)	Explanation and reasons for significant change
Total profit	-7,035	-4,129	-70.38	In 2024, the steel industry faced a further intensification of its weak market conditions, with the industry's steel price index continuing to decline while the ore price index remained at a high level, leading to overall losses in the main steel business. The persistent lack of downstream demand in the steel industry, combined with a weak cycle and low market sentiment, caused the market price gap between supply and sales to narrow rapidly, further compressing the Company's profit margins. In response to the downward pressure in the steel market, the Company strengthened market analysis on the procurement side to promote opportunistic purchasing; on the sales side, it focused on adjusting products and increasing efficiency while expanding exports; and on the manufacturing side, it enhanced operational efficiency and coordinated system-wide cost reductions. Despite strict cost control across the Company and full efforts to reduce and control losses, the continuous narrowing of the market price gap between procurement and sales could not be fully offset, resulting in an increase in the Company's losses.
Net profit attributable to shareholders of the Company	-7,122	-3,255	-118.80	

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(I) Overview (Continued)

Items	Reporting Period	Corresponding period of the previous year	Increase/decrease during the Reporting Period as compared with the corresponding period of the previous year (%)	Explanation and reasons for significant change
Net increase in cash and cash equivalents	1,225	-1,915	163.97	The net increase in cash and cash equivalents increased by RMB3,140 million year-on-year, which was mainly due to (1) the decrease of RMB2,424 million in net cash flow from operating activities as compared to the same period of the previous year, primarily due to a year-on-year decline in net profit; (2) the decrease of RMB774 million in net cash flow from investing activities as compared to the same period of the previous year, primarily due to a year-on-year increase in other investment expenditures; (3) the increase of RMB6,371 million in net cash flow from financing activities as compared to the same period of the previous year, primarily due to the reasonable expansion of interest-bearing liabilities to cover the operational losses and investment expenditure gap.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost

1. Composition of operating income

Unit: RMB million

	2024		2023		Year-on-year increase/ decrease (%)
	Amount	As a percentage of the operating income (%)	Amount	As a percentage of the operating income (%)	
Total operating Income	105,101	100	113,502	100	-9.06
By industry					
Steel rolling and processing industry	104,704	99.62	113,311	99.83	-9.25
Others	397	0.38	191	0.17	107.85
By product					
Steel products	91,570	87.13	102,576	90.37	-10.73
Others	13,531	12.87	10,926	9.63	4.12
By geographical location					
Domestic China	97,804	93.06	106,342	93.69	-9.78
Export sales	7,297	6.94	7,160	6.32	1.91
By sales model					
Direct selling	51,928	49.41	51,124	45.04	-2.38
Distributorship	53,173	50.59	62,378	54.96	-14.76

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

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

Unit: RMB million

	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income as compared with the corresponding period of the previous year (%)	Increase/decrease in operating cost as compared with the corresponding period of the previous year (%)	Increase/decrease in gross profit margin as compared with the corresponding period of the previous year (percentage point)
By industry						
Steel rolling and processing industry	104,704	108,451	-3.58	-9.25	-6.43	-3.12
By product						
Hot-rolled sheets products	33,033	34,975	-5.88	0.86	5.38	-4.54
Cold-rolled sheets products	34,306	35,015	-2.07	-12.16	-8.90	-3.66
Medium and thick plates	17,947	18,220	-1.52	-12.52	-11.07	-1.65
By geographical location						
Domestic China	97,407	100,691	-3.37	-9.99	-7.48	-2.80
Export Sales	7,297	7,760	-6.35	1.91	9.76	-7.61
By sales model						
Direct selling	51,535	53,582	-3.97	-2.77	0.52	-3.40
Distributorship	53,169	54,869	-3.20	-14.76	-12.35	-2.84

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

☐ Applicable ☒ Not applicable

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

3. Whether the Company's income from the sale of goods is greater than its income from the provision of services

☒

Yes

☐

No

Quantity unit: 10,000 tons

Industry Classification	Items	2024	2023	Year-on-year increase/ decrease
				(%)
Steel rolling and processing industry	Sales volume	2,395.13	2,485.49	-3.64
	Production volume	2,397.54	2,460.05	-2.54
	Stock volume	74.76	74.57	0.25

Reasons for the year-on-year change of over 30% in the relevant data

☐

Applicable

☒

Not applicable

4. Performance of material sales contracts and material procurement contracts entered into by the Company as of the end of the Reporting Period

☐

Applicable

☒

Not applicable

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

5. Composition of operating costs

Unit: RMB million

Industry Classification	Items	2024		2023		Year-on-year increase/ decrease in operating costs (percentage point)
		Amount	As a percentage of operating costs (%)	Amount	As a percentage of operating costs (%)	
Steel rolling and processing industry	Raw materials and fuel	84,570	77.98	91,078	78.58	-0.60
	Others	23,881	22.02	24,827	21.42	0.60
Total		108,451	100.00	115,905	100.00	-

6. Whether the scope of consolidation was changed during the Reporting Period

☒ Applicable ☐ Not applicable

This year, the Company established a new holding subsidiary, Green Gold; the Company's holding subsidiary, Green Gold, has established new wholly-owned subsidiaries, Green Gold (Yingkou Bayuquan) Renewable Resources Co., Ltd. and Green Gold (Chaoyang) Renewable Resources Co., Ltd. This year, the Company's holding subsidiary, Green Gold, acquired 77.5589% equity interest of Steel Scrap through a business combination under common control.

7. Material changes or adjustment in businesses, products or services during the Reporting Period

☐ Applicable ☒ Not applicable

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

8. Major customers and suppliers

- (1) Information on the Company's major sales customers and major suppliers (on a parent company basis)

Sales to major customers of the Company:

Unit: RMB million

	2024	2023
Total sales amount of the top five customers	43,643	45,235
Proportion of total sales amount of the top five customers over total sales amount for the year (%)	41.52	39.93
Proportion of sales to related parties of total sales amount of the top five customers over total sales amount for the year (%)	37.32	39.93

Top five customers of the Company:

Unit: RMB million

No.	Customer name	Sales amount	Proportion of sales amount over total sales amount for the year (%)
1	CUSTOMER A	12,584	11.97
2	CUSTOMER B	12,394	11.79
3	CUSTOMER C	7,491	7.13
4	CUSTOMER D	6,760	6.43
5	CUSTOMER E	4,414	4.20
Total	—	43,643	41.52

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

8. Major customers and suppliers (Continued)

- (1) Information on the Company's major sales customers and major suppliers (on a parent company basis) (Continued)

Sales to major suppliers of the Company:

Unit: RMB million

	2024	2023
Total sales amount of the top five suppliers	39,701	42,357
Proportion of total sales amount of the top five suppliers over total sales amount for the year (%)	43.77	47.40
Proportion of sales to related parties of total sales amount of the top five suppliers over total sales amount for the year (%)	31.55	38.20

Top five suppliers of the Company:

Unit: RMB million

No.	Supplier name	Sales amount	Proportion of purchase amount over total purchase year (%)
1	SUPPLIER A	17,121	18.88
2	SUPPLIER B	11,494	12.67
3	SUPPLIER C	4,776	5.27
4	SUPPLIER D	3,467	3.82
5	SUPPLIER E	2,843	3.13
Total	–	39,701	43.77

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

8. Major customers and suppliers (Continued)

- (2) Information on the Company's major sales customers and major suppliers (on a consolidated basis)

Sales to major customers of the Company:

Unit: RMB million

	2024	2023
Total sales amount of the top five customers	29,704	30,397
Proportion of total sales amount of the top five customers over total sales amount for the year (%)	28.25	26.78
Proportion of sales to related parties of total sales amount of the top five customers over total sales amount for the year (%)	13.32	12.61

Top five customers of the Company:

Unit: RMB million

No.	Customer name	Sales amount	Proportion of sales amount over total sales amount for the year (%)
1	Customer A	8,602	8.18
2	Customer B	5,403	5.14
3	Customer C	5,341	5.08
4	Customer D	5,248	4.99
5	Customer E	5,110	4.86
Total	–	29,704	28.25

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

8. Major customers and suppliers (Continued)

(2) Information on the Company's major sales customers and major suppliers (on a consolidated basis) (Continued)

Sales to major suppliers of the Company:

Unit: RMB million

	2024	2023
Total sales amount of the top five suppliers	42,624	44,048
Proportion of total sales amount of the top five suppliers over total sales amount for the year (%)	38.75	36.87
Proportion of sales to related parties of total sales amount of the top five suppliers over total sales amount for the year (%)	30.56	26.37

Top five suppliers of the Company:

Unit: RMB million

No.	Supplier name	Sales amount	Proportion of purchase amount over total purchase year (%)
1	Supplier A	17,384	15.81
2	Supplier B	11,499	10.45
3	Supplier C	5,048	4.59
4	Supplier D	4,728	4.30
5	Supplier E	3,965	3.60
Total	–	42,624	38.75

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Income and Cost (Continued)

8. Major customers and suppliers (Continued)

- (2) Information on the Company's major sales customers and major suppliers (on a consolidated basis) (Continued)

In 2024, save as disclosed in this annual report, none of the Directors, Supervisors and their associates nor any shareholders (who to the knowledge of the Directors hold 5% or more of the shares of the Company) had any interest in any of the top five suppliers or top five customers of the Group.

During the Reporting Period, the proportion of trade business revenue to total operating revenue exceeded 10%

☐ Applicable ☒ No ☐ Not applicable

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(III) Expenses

Unit: RMB million

	2024	2023	Year-on-year increase/ Decrease (%)	Explanations on material change
Marketing expenses	560	633	-11.53	–
Administrative expenses	1,339	1,698	-21.14	–
Financial expenses	266	261	1.92	–
R&D expenditure	468	493	-5.07	–
Income tax expenses	59	-916	106.44	The income tax expenses increased by RMB975 million year on year, which was mainly due to the year-on-year decrease in the deferred tax expense recognized this year.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure

☒ Applicable ☐ Not applicable

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Key Technologies for Preparation and Application of Corrosion-Resistant Steel for Marine Structural Engineering.	In response to the severe corrosion problem of steel materials in the South China Sea region's harsh environment characterized by high temperature, high humidity, high salinity, and high radiation, the purpose is to develop corrosion-resistant steel plates that provide more than three times the corrosion resistance compared to traditional steel plates.	The corrosion-resistant steel plate has successfully undergone third-party corrosion performance testing, demonstrating a 3.25 times improvement in corrosion resistance compared to traditional steel plates, meeting the project's performance requirements; The global premiere of Angang's corrosion-resistant steel for marine construction structures has been accomplished.	To form the key preparation technology and industrialization production capacity of the whole process of corrosion-resistant steel plate, and the corrosion resistance of the developed corrosion-resistant steel plate is more than 3 times higher than that of the traditional steel plate.	To meet the infrastructure material demands of China's maritime strategy, resolve key technical challenges that have persisted in the development of marine construction steel for many years, establish a stable, large-scale production capacity for high-performance marine construction steel.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Comprehensive Evaluation Methods and System Construction for the Life Cycle of Steel Products	To establish a comprehensive lifecycle assessment methodology and system that aligns with the realities of Angang, and to provide a basis for evaluating the environmental performance, including the carbon footprint, of key products such as automotive steel and nuclear power steel.	The Life Cycle Assessment (LCA) methodology and system for steel products have been successfully established. The development of the product environmental performance APEI model and the comprehensive production process environmental performance RECER model has been completed, and these have been integrated into Angang Holding's emissions and product Life Cycle Assessment (LCA) platform.	To conduct lifecycle assessments for typical products such as automotive steel and nuclear power steel, as well as low-carbon emission steel products of the Company, break through green trade barriers and support the design and accounting of low-carbon emission steel at Angang.	To ensure the clarity and accuracy of product carbon data, meet the practical needs of product users for carbon footprint data, break the deadlock of being unable to bid or sell due to the lack of product carbon data, and expand the Company's influence and market share in the low-carbon emission steel market.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Energy-Saving Smelting Technology for Alkaline Pellets of Angang	In response to issues such as the high cost per ton of iron in Angang's blast furnaces and the need for optimization of the blast furnace fuel ratio, combined with the national low-carbon emission reduction strategy, the purpose is to develop and complete Angang's blast furnace basic pellet smelting technology, and establish a comprehensive smelting solution under the high basicity pellet charge structure.	The formulation and trial implementation of a high-proportion pellet charging scheme have been completed; A tracking mechanism for key indicators such as temperature field and basicity has been established and refined following the use of basic pellets in the blast furnace; Technical exchanges with domestic enterprises utilizing a high proportion of basic pellets have also been concluded.	To develop a comprehensive basic pellet smelting technology for Angang's blast furnaces, establish a systematic low-consumption smelting solution, reduce the fuel ratio by 5kg/t, and lower the cost per ton of iron by 3%.	To achieve green and ultra-low emissions in the Company's sintering and pelletizing processes, meet the normal production demands of the enterprise, and solidify the position of Angang Group as a "best practice energy efficiency benchmark demonstration plant cultivation enterprise for dual-carbon" in the steel industry, as well as to contribute to becoming one of the first batch of demonstration enterprises recognized as "green factories" by the Ministry of Industry and Information Technology.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
The Research and Development of LT-FH 36 Steel in Normalized or Quenched and Tempered Conditions.	Research and develop cryogenic steel for liquefied carbon dioxide transport vessels, which can be used in low-temperature and low-pressure environments, providing new material selection options for the larger-scale transport of liquefied carbon dioxide.	The industrial trial production of LT-FH 36 has been completed on the 5500 production line in Bayuquan. The performance of the steel plate base material meets the standard requirements, and the certification process with the classification society is underway.	To complete the research and development of low-temperature steel for liquefied carbon dioxide transport ships operating in low-temperature and low-pressure service environments, achieve classification society certification, and ensure that the steel plate reaches a maximum thickness of 50mm while meeting the conditions for engineering application.	To fill the gap in the field of low-temperature steel for liquefied carbon dioxide transport ships operating in low-temperature and low-pressure service environments, achieve industry-leading levels, and lead the development of larger liquefied carbon dioxide transport ships through the research and development of new steel materials, thereby further enhancing Angang's market share in the low-temperature materials sector for liquefied carbon dioxide transport ships under the CCUS system and creating benefits for Angang.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
The Development and Application of a New Generation of High-Efficiency Manufacturing Technology for Extra-Thick Steel Plates at Angang	To establish a new generation of high-efficiency manufacturing technology for extra-thick plates that features low compression ratios and coordinated full-section strength-toughness control, achieve an industrialized production model for extra-thick plates characterized by low cost, high output, and short production cycles, and maintain Ansteel's leading position in the industry.	The influence of key elements on the hardenability of extra-thick plates has been identified, and the development of a 100mm 500MPa grade bridge steel in the TMCP condition has been achieved at the thick plate department of Bayuquan Branch Company, with the capability for mass supply now established.	To overcome the production technology bottlenecks for high-strength and high-toughness bridge and construction steel with thicknesses below 100mm. To increase the rolling efficiency by 10%, achieve a reduction in alloy costs by RMB200 per ton, lower processing costs RMB150 per ton, and achieve a new product promotion volume of 20,000 tons.	To break through the current bottlenecks in extra-thick plate manufacturing, establish a low-cost, short-process, green, and high-efficiency manufacturing technology centered on two-stage rolling combined with reduced or eliminated heat treatment, develop high-quality ultra-thick plate products to meet the needs of major national projects, enhance industry competitiveness, and create new profit growth opportunities.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Research on the Complete Set of Technologies for the Application of High Manganese Steel Materials in LNG Full Containment Tanks	Set of Technologies for the Application of High Manganese Steel Materials in LNG Full Containment Tanks In response to the high alloy costs, complex preparation processes, and welding challenges associated with LNG storage tank steels made by 9%Ni steel, stainless steel, and Invar alloy, the purpose is to develop a high-manganese steel for LNG storage tanks, aiming to reduce the alloy cost by more than 30% compared to 9%Ni steel.	The classification society certification for high-manganese steel used in LNG storage tanks has been completed, with the steel plate performance meeting the classification society's specification requirements. The high-manganese steel plates produced industrially by Angang have achieved engineering demonstration applications in LNG storage tanks.	To establish key preparation technologies and industrial production capabilities for high-manganese steel plates throughout the entire process, and develop high-manganese steel plates for LNG storage tanks with alloy costs reduced by more than 30% compared to 9% Ni steel.	Develop more mature key manufacturing technologies for high-manganese steel used in LNG storage tanks, address the "bottleneck" issues in materials for high-end marine equipment in China, drive technological advancements in China's shipbuilding and metallurgical industries, make significant contributions to the national energy strategy and enhance the international competitiveness of high-end marine equipment.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Development of X80 Grade Pipeline Wide Heavy Plate Based on Stringent Technical Requirements for the 5500mm Line	In response to the development needs for efficiency, safety, and large throughput in oil and gas transportation, the purpose is to develop X80-grade pipeline wide and heavy plate based on stringent technical requirements. This initiative aims to achieve comprehensive improvements in the control of strength fluctuation ranges and toughness indicators, effectively enhancing the product's competitiveness.	The evaluation of the current quality control capabilities for X80-grade pipeline wide and heavy plate and the analysis of gaps compared to stringent technical requirements have been completed, identifying key technical bottlenecks. The development of performance enhancement solutions for multiple specifications of X80-grade pipeline wide and heavy plate has been achieved, resulting in a stable quality design and the completion of results transformation to achieve batch supply.	(1) To develop a control scheme for enhancing key strength and toughness indicators of X80-grade pipeline wide and heavy plate; (2) To create a series of X80-grade pipeline wide and heavy plate products that meet stringent technical requirements; (3) To achieve stable application of research results with a promotion volume of no less than 30,000 tons.	X80-grade pipeline wide and heavy plate is a typical raw material for long-distance pipelines with a huge market demand, and is currently a key product for generating benefits. The implementation of this project will establish production capabilities for X80 grade pipeline wide-thick plate that meet stringent technical requirements, and achieve effective improvements in the product's comprehensive technical indicators and industrial quality control capabilities. This is of significant importance for enhancing competitive capabilities and expanding and stabilizing the market.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Research and Application of 585MPa-Grade Containment Steel Plates for CAP1000	In order to support the independent development of nuclear power technology in China, the purpose is to develop a 585MPa-grade containment steel with excellent comprehensive performance based on the application requirements of CAP1000 nuclear power units, and to promote its application. This initiative aims to create significant benefits for the Company while enhancing its corporate image and brand influence	The product development has been completed, the batch production process has been established, and promotion and application have been achieved in the Lianjiang Nuclear Power Project, Haiyang Nuclear Power Project, and Bailong Nuclear Power Project. The steel plate performance qualification rate reached 100%, with cumulative production and supply exceeding 10,000 tons, generating over 10 million yuan in benefits for the enterprise.	To complete the development of the steel grade, establish a stable production process, achieve a supply volume of over 1,000 tons of steel plates, and ensure a performance qualification rate of over 95%.	To help the Company secure more contracts for CAP1000 nuclear power unit containment steel and further consolidate Angang's leading position in domestic nuclear power steel, thereby creating higher economic benefits for the Company.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Research on the Fundamental and Application Properties of Low-Density Steel	In order to solve the problems existing in the use of low-density steel, it is necessary to provide a scientific basis for solving the related problems restricting the industrialization and batch application of low-density steel through the research of product fundamental properties.	Microstructural observation and resistivity measurements of low-density steel were conducted, revealing that the resistivity of low-density steel is higher than that of conventional steel grades. To achieve welding between low-density steels, a specialized spot-welding process for low-density steel has been developed.	To establish the connection between the fundamental properties of low-density steel materials and the processes that constrain their application, and establish a database for material application performance.	Angang has already completed the global debut of its 590MPa high-strength automotive steel product made from low-density steel. However, to achieve mass production and application of this new product, technical issues in production and application still need to be resolved. If the transition from "1" to "many" for the new product can be realized, Angang will become the world's only steel mill capable of supplying low-density steel, thereby enhancing the market visibility of the Company's high-end products.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Research on the Production Technology of High-Efficiency, High-Strength Wire Rod for Safety Structural Steel Wires	To develop a production process for high-strength wire rods used in safety structural steel wires, reduce the production cost of wire rods, and enhance their market competitiveness.	A comprehensive production process for high-efficiency, high-strength wire rods used in safety structural steel wires has been established, encompassing refining, continuous casting, and wire rod rolling. The sales volume of wire rods reached 21,000 tons in 2024.	To establish a production process for high-efficiency, high-strength wire rods used in safety structural steel wires, achieving an annual sales volume of approximately 10,000 tons.	To develop high-strength wire rods used in safety structural steel wires, address the production technical challenges of high-carbon steel wire rods for short-process precision wires, achieve stable mass production, expand the Company's wire rod product range, enhance product market competitiveness, strengthen the Company's profitability, and assist in reducing costs and increasing efficiency for the Company's wire rod products.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Key Technologies for Synergistic Strength-Toughness and Service Life Enhancement of High-Performance Rails under Harsh Conditions	In response to the issue of short service life of rails under the conditions of high traffic volume and large axle load in heavy-haul railways, which restricts the improvement of transportation efficiency, the purpose is to develop high-performance rails with a yield strength of over 690MPa and good low-temperature toughness, along with the corresponding manufacturing processes.	The third-party performance inspection of the high-performance rails has been completed, meeting the project assessment index requirements. The mass production and demonstration application of Angang's high-performance rails have been achieved.	To develop a full-process production and manufacturing technology for high-performance rails that synergistically enhances strength and toughness, and to implement a multi-dimensional synergistic enhancement technology that combines material, structure, and maintenance. The expected service life of high-performance rails is projected to increase by more than 50%.	To develop high-performance rails that meet the service life enhancement needs of heavy-haul railways, address the production technical challenges of improving the strength-toughness matching of high-strength rails, establish the capability for mass and stable production of high-performance rails, and support the Company's serialized research and development and technological innovation in high-strength rails.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Research on the Influence of Strength and Loss in 600MPa High-Strength Silicon Steel Materials for High-Speed Motor Rotors in New Energy Vehicles	To develop new energy vehicle electrical steel with a yield strength of 600MPa, and collaboratively optimize material strength and iron loss to meet the design specifications of high-speed motors.	A comprehensive study was conducted on the effects of solid solution strengthening and dislocation strengthening mechanisms on the iron loss and strength of electrical steel materials. This research led to the successful development of 600MPa-grade electrical steel and the production of prototype steel.	To achieve the development of 600MPa-grade electrical steel, and produce prototype steel for the preparation of electric motors.	The high-speed drive motors is a significant direction of development within the new energy vehicle industry, where the strength of the rotor has become a crucial indicator for the safety of the motor rotor. The high-strength silicon steel developed in this project, upon subsequent industrial transformation, is expected to expand into a larger market space.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

R&D staff of the Company

	2024	2023	Year-on-year increase/ decrease
Number of R&D staff (<i>person</i>)	2,373	2,278	4.17%
Percentage of the number of R&D staff in the Company	9.48%	8.45%	Increased by 1.03 percentage point
Educational background of R&D staff			
Bachelor	1,545	1,484	4.11%
Master	497	441	12.70%
Age structure of R&D staff			
Below 30	103	115	-10.43%
30~40	731	694	5.33%
Above 41	1,539	1,469	4.76%

R&D expenditure of the Company

	2024	2023	Year-on-year increase/ decrease
	(after adjustment)		
Amount of R&D expenditure (<i>RMB million</i>)	3,972	2,853	39.22%
Percentage of R&D expenditure in operating income	3.78%	2.47%	Increased by 1.31 percentage point
Amount of capitalization of R&D expenditure (<i>RMB million</i>)	—	—	—
Percentage of capitalization of R&D expenditure in the R&D expenditure	—	—	—

Note: The data for 2023 in the table are retroactively adjusted based on the principle of business combination under common control.

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) R&D Expenditure (Continued)

Reasons for and effects of the significant change in the composition of R&D staff

☐ Applicable ☒ Not applicable

Reasons for the significant change in the proportion of total R&D expenditure in operating income as compared with the previous year

☒ Applicable ☐ Not applicable

To strengthen the role of technological leadership, the Company has leveraged its leading technology initiatives to enhance strategic planning and layout in product areas such as shipbuilding and offshore engineering steel, automotive steel, pipeline steel, and energy steel, as well as in process areas such as smelting and rolling, and to comprehensively increase investment in R&D projects.

Reasons for and reasonableness of the significant change of the capitalization rate of R&D expenditure

☐ Applicable ☒ Not applicable

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(V) Cash flow

Unit: RMB million

Item	2024	2023	Year-on-year increase/ decrease (%)
Sub-total of cash inflow from operating activities	96,159	117,436	-18.12
Sub-total of cash outflow from operating activities	96,946	115,799	-16.28
Net cash flows from operating activities	-787	1,637	-148.08
Sub-total of cash inflow from investing activities	727	328	121.65
Sub-total of cash outflow from investing activities	4,454	3,281	35.75
Net cash flow from investing activities	-3,727	-2,953	-26.21
Sub-total of cash inflow from financing activities	19,511	10,314	89.17
Sub-total of cash outflow from financing activities	13,772	10,946	25.82
Net cash flow from financing activities	5,739	-632	1,008.07
Net increase of cash and cash equivalents	1,225	-1,915	163.97

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(V) Cash flow (Continued)

- Explanations of the main factors for significant year-on-year changes of the relevant figures:

☒ Applicable ☐ Not applicable

- (1) Net cash inflow from operating activities was RMB-787 million, a decrease of RMB2,424 million, or 148.08%, as compared with the same period last year, mainly because the year-on-year decrease in net profit.
- (2) Net cash flow from investing activities was RMB-3,727 million, a decrease of RMB774 million, or 26.21%, as compared with the same period last year, mainly because the expansion in the scale of bill usage, which has led to a year-on-year increase in other investment-related expenditures.
- (3) Net cash flow from financing activities was RMB5,739 million, an increase of RMB6,371 million, or 1,008.07%, as compared with the same period last year, mainly because the reasonable expansion of interest-bearing debt to cover operating losses and investment

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(V) Cash flow (Continued)

- Explanations on reasons for significant differences in cash flow from operating activities and net profit of the Company during the Reporting Period:

☒ Applicable ☐ Not applicable

Unit: RMB million

Item	This year
Reconciliation of net profit to cash flow from operating activities:	
Net profit	-7,094
Add: Provision for impairment on assets	680
Credit impairment loss	2
Depreciation of fixed assets	3,619
Amortization of intangible assets	423
Depreciation of right to use assets	62
Loss on disposal of fixed assets, intangible assets and other non-current assets ("–" for gains)	-92
Loss on scrap of fixed assets ("–" for gains)	85
Loss on the change of fair value ("–" for gains)	-71
Financial expenses ("–" for gains)	224
Investment loss ("–" for gains)	-556
Decrease in deferred tax assets ("–" for increase)	-42
Increase in deferred tax liabilities ("–" for decrease)	23
Decrease in inventories ("–" for increase)	1,143
Decrease in operating receivables ("–" for increase)	-666
Increase in operating payables ("–" for decrease)	1,457
Others	16
Net cash flows from operating activities	-787

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(VI) Liquidity and financial resources

(1) Loan and credit

As at 31 December 2024, the Group had long-term loans (exclusive of loans due within one year) of RMB10,991 million with average interest rate of 2.45% per annum and a term of three to nine years. The loans are mainly used for replenishing the working capital. All bank loans of the Group are at fixed interest rates or LPR floating interest rates. In 2024, with good credibility, the Group was reviewed and rated by the rating committee of China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) with a credit rating of “AAA”. With ample credit resources available from over ten financial institutions and unimpeded financing channels, and approved but not yet expired short-term financing quota in the interbank market, the Group is capable of repaying its debts when they become due.

(2) Working capital

As at 31 December 2024, cash and bank balances of the Group denominated in foreign currencies were RMB1 million (31 December 2023: RMB1 million).

Cash and bank balances denominated in the currencies as set out below:

Unit: RMB million

	31 December 2024	31 December 2023
RMB	4,543	3,318
US dollars	1	1
HK dollars	—	—
Others	—	—
Sub-totals	4,544	3,319

Discussion and Analysis of Operations (Continued)

I. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(VI) Liquidity and financial resources (Continued)

(3) Capital commitment

As at 31 December 2024, the Group had a total capital commitment of RMB2,565 million, which was primarily the construction and renovation contracts of RMB2,439 million entered into but not yet performed or partially performed and foreign investment contracts of RMB126 million entered into but not yet performed or partially performed.

(VII) Pension scheme

In accordance with the requirements of national insurance policies of the PRC, the Group provides all employees with basic pension (which are contributed as to 16% by the employer and as to 8% by the individual employee), pursuant to which the employee is entitled to receive pension payments on a monthly basis after retirement. For each month, the Group makes contribution to the basic pension scheme at 16% of the aggregate sum of individual employee's contribution basis. In addition, the Group maintains corporate annuity scheme for all of its employees and compensates employees for the number of years of service prior to the establishment of the corporate annuity scheme. The Group, as an employer, cannot use forfeited contributions (by the employer on behalf of employees who leave the scheme prior to vesting fully in such contributions) to reduce the existing level of contributions.

(VIII) Foreign exchange risk

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

Discussion and Analysis of Operations (Continued)

II. ANALYSIS OF NON-PRINCIPAL BUSINESSES

Unit: RMB million

Item	Amount	As a percentage of total profit (%)	Reasons for the changes	Sustainable or not
Investment income	556	Not Applicable	Mainly included investment income from long-term equity investments accounted by equity method and other equity instruments during holding period.	Yes
Gains arising from changes in fair value	71	Not Applicable	Mainly included changes in fair value of derivative financial instruments and changes in fair value of other non-financial assets.	Yes
Impairment losses on asset ("–" for losses)	-680	Not Applicable	Mainly included provision for impairment on inventories.	No
Credit impairment loss ("–" for losses)	-2	Not Applicable	Mainly included reversal of provision for impairment on account receivables.	No
Other gains	217	Not Applicable	Mainly included gains on government grants.	No
Gains on disposal of assets	92	Not Applicable	Mainly included gains on disposal of intangible assets and fixed assets.	No
Non-operating income	38	Not Applicable	Mainly included gains on scrap of non-current assets.	No
Non-operating expenses	120	Not Applicable	Mainly included losses on scrap of non-current assets.	No

Discussion and Analysis of Operations (Continued)

III. ANALYSIS OF ASSETS AND LIABILITY

(I) Significant changes in composition of assets

Unit: RMB million

	End of 2024		Beginning of 2024		Increase/ decrease (percentage point)	Explanation for significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Monetary capital	4,544	4.52	3,319	3.40	1.12	–
Account receivables	2,952	2.94	1,790	1.84	1.10	–
Inventories	14,769	14.68	16,611	17.04	-2.36	–
Long-term equity investments	3,840	3.82	3,486	3.58	0.24	–
Fixed assets	51,842	51.54	48,788	50.04	1.50	–
Construction in progress	5,802	5.77	6,887	7.06	-1.29	–
Right-of-use assets	123	0.12	7	0.01	0.11	–
Short-term loans	1,174	1.17	1,380	1.42	-0.25	–
Contract liabilities	4,557	4.53	5,190	5.32	-0.79	–
Long-term loans	10,991	10.93	5,199	5.33	5.60	–
Lease liability	125	0.12	2	0.00	0.12	–

A high proportion was recorded in offshore assets

☐ Applicable ☒ Not applicable

Discussion and Analysis of Operations (Continued)

III. ANALYSIS OF ASSETS AND LIABILITY (CONTINUED)

(II) Assets and liabilities measured at fair value

Unit: RMB million

Item	Opening balance	Gains or losses arising from changes in fair value for the period	Changes in cumulative fair value reported in equity	Impairment made for the period	Purchases during the period	Disposals during the period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	-	-2	-	-	17	-	-	15
2. Derivative financial assets	3	-3	-	-	-	-	-	-
3. Other credit investment	-	-	-	-	-	-	-	-
4. Other equity instrument investment	672	-	252	-	-	-	-	690
5. Other non-current financial assets	91	-3	-	-	-	-	16	104
Sub-total of financial assets	766	-8	252	-	-	-	33	809
Investment properties	-	-	-	-	-	-	-	-
Productive biological assets	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	766	-8	252	-	-	-	33	809
Financial liabilities	6	-5	-	-	-	-	-	1

Material changes in measurement of major assets during the Reporting Period

☐ Yes ☒ No

Discussion and Analysis of Operations (Continued)

III. ANALYSIS OF ASSETS AND LIABILITY (CONTINUED)

(III) Gearing ratio

As at 31 December 2024 and 31 December 2023, the Group's ratio of equity to liability was 0.94 times and 1.33 times, respectively. This ratio was calculated on the basis of total shareholders' equity divided by total liabilities.

(IV) Restrictions on rights to assets as at the end of the Reporting Period

As at 31 December 2024, the Group's restricted assets totaled RMB2,011 million, of which other current asset items showed time deposits of RMB927 million and accounts receivable items showed accounts receivable factoring of RMB1,084 million.

(V) Contingent liabilities

As at 31 December 2024, the Group had no contingent liabilities.

IV. ANALYSIS OF INVESTMENTS OF THE COMPANY

(I) Overall Information

Unit: RMB million

Investments during the reporting period	Investments in the corresponding period of the previous year	Change (%)
216	155	39.35

(II) Significant Equity Investments Obtained during the Reporting Period

☐ Applicable ☒ Not applicable

(III) Significant Non-equity Investments being conducted during the reporting period

☐ Applicable ☒ Not applicable

Discussion and Analysis of Operations (Continued)

IV. ANALYSIS OF INVESTMENTS OF THE COMPANY (CONTINUED)

(IV) Financial Asset Investments

1. Securities Investments

Unit: RMB million

Stock type	Stock code	Stock abbreviation	Initial investment costs	Accounting measurement model	Book value at the beginning of the period	Gains and losses from changes in fair value in the reporting period	Accumulative changes in fair value included in equity	Purchase amount in the reporting period	Selling amount in the reporting period	Gains or losses during the reporting period	Book value at the end of the period	Accounting items	Source of funds
Stock	600961	Zhuye Group	81	Measured at fair value	39	-3				-3	36	Financial asset held for trading	Self-owned funds
Stock	601777	Qianli Technology	17	Measured at fair value	0	-2		17		-2	15	Financial asset held for trading	Self-owned funds

Note: According to the Substantial Merger and Reorganisation Plan of Eleven Other Companies Including Chongqing Lifan Holding Co., Ltd., some of the Company's overdue bills were repaid through debt-to-equity swaps. In 2024, the Company received a total of 1.9017 million shares of Lifan Technology (Group) Co., Ltd. (renamed Chongqing Qianli Technology Co., Ltd. in February 2025, stock code 601777), which was included in trading financial assets of RMB 17 million.

2. Derivative investments

1) Derivatives investment with the intention of hedging during the reporting period

Unit: RMB million

Type of derivatives investment	Initial investment amount of derivatives	Investments at the beginning of the period	Gains and losses from changes in fair value in the reporting period	Accumulative changes in fair value included in equity	Purchase amount during the reporting period	Disposal amount during the reporting period	Investments at the end of the period	Proportion of investments at the end of the period to net assets of the Company at the end of the reporting period
Futures hedging	1	394	76		1,467	1,644	244	0.50%
Total	1	394	76		1,467	1,644	244	0.50%

Discussion and Analysis of Operations (Continued)

IV. ANALYSIS OF INVESTMENTS OF THE COMPANY (CONTINUED)

(IV) Financial Asset Investments (Continued)

2. Derivative investments (Continued)

1) Derivatives investment with the intention of hedging during the reporting period (Continued)

Statement on whether there was any material changes between the accounting policies and specific accounting principles for the hedging business during the reporting period and those during the previous reporting period	No material changes have occurred.
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Statement on the actual gains or losses during the reporting period	The company conducts all financial derivative activities based on hedging principles, with all derivative operations tied to corresponding physical business. Under the principle of futures-spot linkage, gains and losses from financial derivatives can effectively hedge against physical business profits and losses.
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Statement on the effectiveness of future hedging	Commodity-based financial derivative trading is solely aimed at locking in risks arising from actual operations, mitigating price volatility risks of relevant raw materials or goods, with an overall effective hedging outcome.
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Source of funds for derivative investments	Self-owned funds
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Discussion and Analysis of Operations (Continued)

IV. ANALYSIS OF INVESTMENTS OF THE COMPANY (CONTINUED)

(IV) Financial Asset Investments (Continued)

2. Derivative investments (Continued)

1) Derivatives investment with the intention of hedging during the reporting period (Continued)

Risk analysis on and control measures to the derivative positions during the reporting period (including but not limited to the market risk, the liquidity risk, the credit risk, the operational risk, and the legal risk) and the statement on the corresponding control measures

❖ Futures hedging:

The company's futures hedging operations can partially offset commodity price volatility risks, contributing to stable production and operations. However, due to the inherent financial nature of hedging instruments, they may also introduce additional risks, including market risk, liquidity risk, credit risk, operational risk, and legal risk. The Company will strictly implement the principle of no speculating and hedging, and actively implement various measures in terms of organisational structure, system process and risk control to effectively prevent, discover and resolve risks:

1. The Company has formulated and continuously improved the "Hedging Business Management Measures of Angang Steel Company Limited". It has established a sound management organisational structure for commodity financial derivatives, to ensure that the entire process of financial derivatives business is standardized and rigorous, and that business execution and management supervision are strictly separated and carried out in an orderly manner.
2. The positions held are related to the steel industry and are highly correlated with the Company's spot operations. The Company regularly analyzes and forecasts the market, but there may be deviations in market judgment, which carries certain risks. However, with hedging between futures and spot, the risks are controllable.

Discussion and Analysis of Operations (Continued)

IV. ANALYSIS OF INVESTMENTS OF THE COMPANY (CONTINUED)

(IV) Financial Asset Investments (Continued)

2. Derivative investments (Continued)

- 1) Derivatives investment with the intention of hedging during the reporting period (Continued)
 3. The liquidity of the portfolio is ample, with no liquidity risk.
 4. Futures exchanges provide credit guarantees for open positions, so the credit risk is relatively low.
 5. The Company continues to strengthen the training of relevant personnel, design specific operating procedures and plans for futures trading business, and continuously improve the professional quality of relevant personnel.
 6. The Company has evaluated legal risks and conducts its operations in accordance with national laws and regulations on futures trading, thus the risks are manageable.

Discussion and Analysis of Operations (Continued)

IV. ANALYSIS OF INVESTMENTS OF THE COMPANY (CONTINUED)

(IV) Financial Asset Investments (Continued)

2. Derivative investments (Continued)

1) Derivatives investment with the intention of hedging during the reporting period (Continued)

In case of any changes in market prices or fair value of invested derivatives during the reporting period, the Company should disclose the specific methods used, relevant assumptions and parameter setting for the analysis of the fair value of derivatives.

During the reporting period, the fair value of derivatives was calculated with reference to market prices, spot-futures price differences, and valuation reports provided by trading institutions.

Litigation involved (if applicable)

N/A

Date of the announcement disclosing the approval of derivative investments by the Board (if any)

On 28 March 2024, the Resolution in relation to the Company's 2024 Annual Hedging Business Amount was approved at the 27th meeting of the Ninth Session of the Board.

Date of the announcement disclosing the approval of derivative investments at shareholders' meeting (if any)

None

Discussion and Analysis of Operations (Continued)

IV. ANALYSIS OF INVESTMENTS OF THE COMPANY (CONTINUED)

(IV) Financial Asset Investments (Continued)

2. Derivative investments (Continued)

- 2) Derivatives investments for the purpose of speculation in the Reporting Period

☐ Applicable ☒ Not applicable

The Company did not engage in any derivatives investment for the purpose of speculation in the Reporting Period.

(V) Use of Proceeds

☐ Applicable ☒ Not applicable

V. DISPOSAL OF SIGNIFICANT ASSETS AND EQUITY INTERESTS

(I) Disposal of Significant Assets

☐ Applicable ☒ Not applicable

(II) Disposal of Significant Equity Interests

☐ Applicable ☒ Not applicable

Discussion and Analysis of Operations (Continued)

VI. ANALYSIS OF MAJOR SUBSIDIARIES AND INVESTEEES

(I) Major subsidiaries and investees accounting for over 10% of the net profit of the Company

Unit: RMB million

Name of companies	Type of companies	Principal activities	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Chaoyang Iron and Steel	Production enterprise	Steel calendering process	8,000	6,003	3,720	7,877	-619	-626

(II) Acquisition and disposal of subsidiaries during the Reporting Period

Name of companies	Means of acquisition and disposal of subsidiary during the Reporting Period	Effect on overall business operation and results
Green Gold	Established by investment	No significant impact
Steel Scrap	Merger of companies under common control	No significant impact
Green Gold (Chaoyang) Renewable Resources Co., Ltd.	Established by investment	No significant impact
Green Gold (Yingkou Bayuquan) Renewable Resources Co., Ltd.	Established by investment	No significant impact

VII. STRUCTURE ENTITY CONTROLLED BY THE COMPANY

☐ Applicable ☒ Not applicable

Discussion and Analysis of Operations (Continued)

VIII. ANALYSIS ON THE CORE COMPETITIVENESS

(I) Market competitiveness

The Company has a long history, deep product quality accumulation, strong technical reserves, excellent product quality, with strong product development and innovation capabilities, complete quality assurance system, and national certification qualifications.

The Company's brand enjoys high recognition and credibility. Steel used in shipbuilding and offshore engineering, automobile plate, household appliance plate, container plate, heavy rail and other products are leading in the industry. Railway steel, container steel and shipbuilding plate won the title of "China Brand-name Products".

The Company places a strong emphasis on the construction of brand management systems and mechanisms, continuously enhancing the competitiveness, brand influence, and innovation-driven capabilities of its products. The Company was recognized as an enterprise leading an individual field of the manufacturing industry at Liaoning Province in 2024 for its "industrial pure iron"; exclusively supplied the world's first batch of 690 MPa-grade low-temperature high-strength shipbuilding steel for the global pioneer vessel in maritime carbon capture and storage – the "Northern Pioneer (北極光先鋒)", and its pipeline steel has ranked first in the comprehensive ranking of suppliers of the Pipe China for four consecutive years. The Company has also earned titles such as the "Annual Excellent Supplier" of CIMC Container and "Excellent Partner Award" of Haier Home Automation.

Discussion and Analysis of Operations (Continued)

VIII. ANALYSIS ON THE CORE COMPETITIVENESS (CONTINUED)

(II) Advantages in steel products

As a key large-scale steel enterprise in China, the Company offers a comprehensive range of steel products with complete varieties and specifications. It boasts a relatively complete product series, including hot-rolled coils, medium and heavy plates, cold-rolled sheets, galvanized sheets, color-coated sheets, cold-rolled silicon steel, heavy rails, profiles, seamless steel pipes, and wire rods. Additionally, the Company has a series of “flagship” steel products for industries such as automotive, shipbuilding and offshore engineering, railways, home appliances, containers, energy, bridges, high-end metal products, and tool and mold steel. The Company ranks first in market share for steel used in railway vehicles, nuclear power steel, and X80 high-end pipeline. Notably, its market share for steel used in railway vehicles has consistently remained above 40%, securing the top position in the industry for 21 consecutive years. Furthermore, the Company’s cold-rolled products for home appliance steel hold a leading market share in the industry.

The Company’s two products, including “hot-dip galvanized low-density automotive steel”, made their global debut, were successfully used to stamp components at an automotive factory, providing a new material solution for vehicle weight reduction. The technological achievements were included in the “Special Issue on the Development of Strategic Emerging Industries of Central Enterprises”. A breakthrough has been achieved in the integrated system control technology of “high-cleanliness smelting-homogenization of cast billets-microstructure regulation of steel plates”, resolving the challenge of matching corrosion resistance with strength-toughness in corrosion-resistant steel plates for marine construction structures, and enabling industrial-scale production of the steel plates.

Discussion and Analysis of Operations (Continued)

VIII. ANALYSIS ON THE CORE COMPETITIVENESS (CONTINUED)

(III) Advantages in scientific and technological innovation

As a mega-sized steel manufacturing enterprise, the Company possesses a strong technical foundation and a wealth of innovative achievements. It leads the industry with advanced process technologies such as low-carbon metallurgy, clean steel smelting, efficient rolling, big data-based process control, and energy-saving environmental protection, and has a range of core, leading, foundational, and cutting-edge key technologies. Its intellectual property efforts, marked by the number of patent applications, authorizations, and proprietary technologies, place it in the first tier of the metallurgical industry. The Company ranks third in the patent innovation index among Chinese steel enterprises, with comprehensive R&D capabilities leading the steel industry and demonstrating strong technological innovation capabilities. The Company and two of its subsidiaries have obtained high-tech enterprise certification.

The Company is actively building national strategic scientific and technological capabilities, deploying a series of new product development and promotion projects in areas such as shipbuilding and offshore engineering steel, automotive steel, pipeline steel, railway steel, and nuclear power steel. The Company vigorously tackled key core technologies, resolved major process and technical challenges that constrained major production lines, accelerated the pace of technological innovation in steel products and processes, improved the efficiency of technological innovation in the preparation and application of high-quality steel materials, and established a pilot base for the preparation and application of high-quality steel materials. In 2024, the Company obtained 548 national authorized patents; conducted 5 patent navigation projects, including steel for new energy vehicle battery shells; and formed patent clusters in 10 core technology areas.

Discussion and Analysis of Operations (Continued)

VIII. ANALYSIS ON THE CORE COMPETITIVENESS (CONTINUED)

(IV) Advantages in digital development

The Company continues to advance its digital transformation. The Company has been included in the Ministry of Industry and Information Technology's list of "Digital Pilot" enterprises. Its "Innovation and Practice of Big Data Systems in Steel Processes" has been selected as a typical case by the National Data Administration, and its "Metallurgical Production Safety Management Platform" has been chosen as an industrial internet pilot demonstration project by the Ministry of Industry and Information Technology. Significant progress has been made in the intelligent transformation of key processes, with a numerical control rate of 92.4% in critical processes.

The Company accelerates the empowerment of industrial digital transformation through AI+. It advanced integrated digital research and development by establishing a big data platform for metallurgical research and development of steel materials. Centered around the experimental system composed of testing instruments, pilot scale experiment equipment, and production lines for the entire process of silicon steel production, the Company has developed performance prediction models to guide the efficient and cost-effective development of high-quality silicon steel products.

The Company strategically plans and promotes data governance. In 2024, the big data platform was launched, enabling the tracing and optimization of 251 core data indicators and facilitating the full integration of data assets. The Company has obtained DCMM Level 3 certification, achieving a robust level of data management.

Discussion and Analysis of Operations (Continued)

VIII. ANALYSIS ON THE CORE COMPETITIVENESS (CONTINUED)

(V) Advantages in green and low-carbon development

The Company is implementing dual-carbon planning and long-term management. Leveraging the “Low Carbon Emission Steel Process Roadmap” released by Angang Group, the Company continues to refine its low-carbon green steel process pathways. Through technological innovation, large-scale application of green energy, establishment of environmental protection transformation benchmarks, low-carbon product certification, and long-term management mechanisms, the Company has developed a full-chain low-carbon competitiveness from production to market, providing crucial support for gaining a competitive edge. New energy silicon steel technology has been applied in the automotive and motor sectors, with automotive steel achieving a 30% reduction in carbon emissions in product production and certification. A reporting management system for the EU Carbon Border Adjustment Mechanism (CBAM) has been established, integrating carbon accounting into daily management to ensure export compliance.

The company is vigorously advancing environmental protection upgrades. The Company has coordinated the implementation of ultra-low emission transformation, gaining recognition from multiple stakeholders, and accelerated the execution of environmental investments and projects. The large-scale use of clean energy is rapidly developing, with waste gas efficient power generation projects being successively put into operation. The production of LNG and co-produced hydrogen from coke oven gas has also commenced operations.

(VI) Advantages in iron ore resource security

Anshan has abundant iron ore resources, providing a solid and stable resource foundation for the company's operational development. Domestically, Angang Group controls 8.8 billion tons of iron ore resources; it has a production capacity of 280 million tons/year of mining and stripping, 65.00 million tons/year of ore processing, and 22.00 million tons for iron ore concentrates, which is the highest in the PRC. Internationally, Angang Group owns the Carrara iron ore base with an annual production capacity of 8 million tons, and has a strong capacity for international trade in iron ore.

Discussion and Analysis of Operations (Continued)

IX. POTENTIAL RISKS

In 2025, against the backdrop of escalating geopolitical conflicts, rising unilateralism and trade protectionism, and the global interest rate cut cycle, global economic growth faces significant uncertainty. From the perspective of steel industry operations, the sector has transitioned from a “volume expansion” phase to a “stock optimization” phase. The current market imbalance of strong supply versus weak demand in the steel industry is unlikely to change in the short term. Meanwhile, iron ore prices remain stubbornly high with downward resistance, and elevated costs continue to squeeze normal industry profit margins. Market competition will inevitably accelerate capacity elimination and industry transformation/upgrading through survival of the fittest. Concurrently, the steel industry’s inclusion in the national carbon emissions trading market may lead to increased production costs for steel enterprises in the short term. But in the long run, inclusion in the carbon market will prompt steel companies to adopt more low-carbon and environmentally friendly process technologies, accelerate the elimination of backward production capacity, and promote the adjustment of industrial structure. In addition, various forms of international trade barriers are being built at an accelerated pace, and the risks of steel export trade are increasing. In the face of many risks, the Company will strengthen macro-policy analysis and industry research and judgment, actively respond to market changes, continue to strengthen marketing management, deepen cost reduction and efficiency improvement initiatives, increase scientific research and innovation efforts, improve carbon management capabilities, strengthen capital control mechanisms, and substantially enhance risk prevention capabilities.

Discussion and Analysis of Operations (Continued)

X. DEVELOPMENT AND IMPLEMENTATION OF MARKET VALUE MANAGEMENT SYSTEM AND VALUATION ENHANCEMENT PLAN

Whether the Company has established a market value management system.

☐ Yes ☒ No

Whether the Company has disclosed any valuation enhancement plans.

☒ Yes ☐ No

In order to improve the Company's operating efficiency and profitability, enhance the investment value of listed companies, and improve shareholder returns, the Company will take the following specific measures in 2025:

1. Focus on core business and improve comprehensive operations.
2. Optimize asset structure and enhance investment value.
3. Focus on shareholder returns and share development results.
4. Strengthen investor relations management and enhance capital market recognition.
5. Focus on investors' concerns and improve the quality of information disclosure.
6. Study share repurchases and shareholder share purchases to enhance investor confidence.

XI. IMPLEMENTATION OF THE “DUAL IMPROVEMENT OF QUALITY AND RETURN” ACTION PLAN

Whether the Company disclosed the “Dual Improvement of Quality and Return” Action Plan announcement.

☐ Yes ☒ No

Corporate Governance

I. BASIC INFORMATION ON CORPORATE GOVERNANCE

In strict compliance with the requirements of the Company Law, the Securities Law, the relevant requirements of the CSRC, the Hong Kong Stock Exchange Listing Rules, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange, the Corporate Governance Code and the Guideline No. 1 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies – Standardised Operation of Companies Listed on the Main Board, the Company has regulated its operations and established a comprehensive corporate governance system and an effective internal control system.

The Company's corporate governance practices did not have any significant deviation from the laws, administrative regulations and the regulatory documents on corporate government of listed companies issued by the CSRC.

II. THE INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER IN TERMS OF ASSETS, PERSONNEL, FINANCE, ORGANISATIONS, BUSINESS AND OTHER ASPECTS

The Company is completely independent from its controlling shareholder in terms of business, personnel, assets, organisations, finance and other aspects. The Company is set up and operates in complete independence of its controlling shareholder in terms of business, personnel, assets, organisations, finance and other aspects, which is in conformity with the requirements of relevant laws and regulations. The Company has independent and complete business operations and possesses the capability for operating independently.

Corporate Governance (Continued)

III. COMPETITION WITH PEERS IN THE INDUSTRY

Type of Problem	Type of Relationship with the Company	Name of companies	Name of company	Cause of Problem	Solutions	Work Progress and Follow-up Plans
Peer competition	Other companies controlled by the actual controller of the Company	Bensteel Group Corporation Limited	Others	Restructuring of Bensteel Group Corporation Limited by Ansteel Group	Ansteel Group undertakes that it will, in accordance with the requirements of the relevant securities regulatory authorities, and on the premise of complying with the applicable laws and regulations and relevant regulatory rules at that time, comprehensively use asset reorganisation, business adjustment, entrusted management and other ways to steadily promote the integration of related businesses to solve the problem of horizontal competition in the industry within five years from the date of its Letter of Commitment, and it will strive to achieve this goal in an even shorter period of time.	No specific implementation plan yet
Inter-competition	Other companies controlled by the actual controller of the Company	Lingyuan Iron & Steel Group Co., Ltd.	Others	Restructuring of Lingyuan Iron & Steel Group Co., Ltd. by Angang.	Ansteel Group undertakes that it will, in accordance with the requirements of the relevant securities regulatory authorities, and on the premise of complying with the applicable laws and regulations and relevant regulatory rules at that time, comprehensively use asset reorganisation, business adjustment, entrusted management and other ways to steadily promote the integration of related businesses to solve the problem of horizontal competition in the industry within five years from the date of its Letter of Commitment, and it will strive to achieve this goal in an even shorter period of time.	No specific implementation plan yet

Corporate Governance (Continued)

IV. INFORMATION ON THE ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING DURING THE REPORTING PERIOD

(I) Information on the General Meeting during the Reporting Period

Meeting session	Type of the meeting	Participation ratio of investors	Convening Date	Disclosure date	Resolutions
2023 Shareholders' General Meeting	Annual general meeting of shareholders	56.57%	29 May 2024	30 May 2024	<p>Resolution 1. Annual Work Report of the Board of Directors for 2023</p> <p>Resolution 2. Annual Work Report of the Supervisory Committee for 2023</p> <p>Resolution 3. 2023 Annual Report and Its Summary</p> <p>Resolution 4. 2023 Annual Financial Report</p> <p>Resolution 5. 2023 Profit Distribution Plan</p> <p>Resolution 6. Proposal on the Remuneration of Directors and Supervisors in 2023</p>

Corporate Governance (Continued)

IV. INFORMATION ON THE ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING DURING THE REPORTING PERIOD (CONTINUED)

(I) Information on the General Meeting during the Reporting Period (Continued)

Meeting session	Type of the meeting	Participation ratio of investors	Convening Date	Disclosure date	Resolutions
					Resolution 7. Proposal on the Appointment of BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) as the Company's Auditor in 2024
					Resolution 8. Resolution on the election of Ms. Hu Cai mei as an independent non-executive director of the Company's Ninth Session of the Board of Directors
					Resolution 9. Resolution on the election of executive and non-executive directors of the Ninth Session of the Board of Directors.
					9.01 Resolution on the election of Mr. Deng Qiang as executive director of the Ninth Session of the Board of Directors.
					9.02 Resolution on the election of Mr. Tan Yuhai as a non-executive director of the Ninth Session of the Board of Directors.

Corporate Governance (Continued)

IV. INFORMATION ON THE ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING DURING THE REPORTING PERIOD (CONTINUED)

(I) Information on the General Meeting during the Reporting Period (Continued)

Meeting session	Type of the meeting	Participation ratio of investors	Convening Date	Disclosure date	Resolutions
					Resolution 10. Resolution on the Company's domestic financing business.
					10.1 Resolution on issuing ultra-short-term financing bills in the inter-bank bond market.
					10.2 Resolution on issuing short-term financing bills in the inter-bank bond market.
					10.3 Resolution on issuing medium-term notes in the interbank bond market.
					Resolution 11. Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales
					Resolution 12. Proposal on the Change of the Registered Capital of the Company and Amendment of the Articles of Association.

Corporate Governance (Continued)

IV. INFORMATION ON THE ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING DURING THE REPORTING PERIOD (CONTINUED)

(I) Information on the General Meeting during the Reporting Period (Continued)

Meeting session	Type of the meeting	Participation ratio of investors	Convening Date	Disclosure date	Resolutions
2024 First Extraordinary General Meeting	Extraordinary general meeting of shareholders	65.61%	30 December 2024	31 December 2024	<ol style="list-style-type: none"> 1. Review of the proposal on the "Commodity Mutual Supply Framework Agreement (2025-2027)" signed between the Company and Angang Group Company Limited 2. Review of the proposal on the "Service Mutual Supply Framework Agreement (2025-2027)" signed between the Company and Angang Group Company Limited 3. Review of the proposal on the Financial Services Agreement (2025-2027) signed between the Company and Angang Group Financial Company Limited 4. Review of the Proposal on the signing of the Industrial Financial Services Framework Agreement (2025-2027) between the Company and Angang Steel Group Capital Holdings Co., Ltd. 5. Review of the proposal on Registration and Issuance of Corporate Bonds 6. Review of the Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales 7. Review of the Resolution on Changing the Company's Registered Capital and Corresponding Amendments to the Company's Articles of Association

(II) Request for Convening an Extraordinary General Meeting by Preference Shareholders Whose Voting Rights Have Been Restored

☐ Applicable ☒ Not applicable

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES

(I) Basic Information

Name	Gender	Age	Position	Office holding status	Start Date of Term of Office	Termination date of term	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	Number of shares decreased in the current period (shares)	Other increase or decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease of shares
Wang Jun	Male	57	Chairman	Incumbent	2023.09.22	-	-	-	-	-	-	-
			Executive Director	Incumbent	2023.09.22	-	-	-	-	-	-	-
Zhang Hongjun	Male	51	General Manager	Incumbent	2022.12.29	-	132,000	-	-	-	132,000	-
			Executive Director	Incumbent	2023.03.22	-	-	-	-	-	-	-
Li Jingdong	Male	48	Executive Director	Incumbent	2025.03.12	-	-	-	-	-	-	-
			Deputy General Manager, Chief Accountant, Board Secretary	Incumbent	2025.02.11	-	-	-	-	-	-	-
Deng Qiang	Male	48	Executive Director	Incumbent	2024.5.29	-	-	-	-	-	-	-
			Deputy General Manager	Incumbent	2024.4.29	-	-	-	-	-	-	-
			Independent Non-executive Director	Incumbent	2024.5.29	-	-	-	-	-	-	-
Tan Yuhai	Male	55	Independent Non-executive Director	Incumbent	2019.05.28	-	-	-	-	-	-	-
Wang Jianhua	Male	51	Independent Non-executive Director	Incumbent	2020.03.16	-	-	-	-	-	-	-
Wang Wanglin	Male	50	Independent Non-executive Director	Incumbent	2020.11.30	-	-	-	-	-	-	-
Zhu Keshi	Male	58	Independent Non-executive Director	Incumbent	2024.5.29	-	-	-	-	-	-	-
Hu Caimei	Female	42	Chairman of the Supervisory Committee	Incumbent	2023.03.22	-	-	-	-	-	-	-
Cao Yuhui	Male	53	Supervisor	Incumbent	2021.11.26	-	-	-	-	-	-	-
Liu Ming	Male	55	Supervisor	Incumbent	2023.08.25	-	-	-	-	-	-	-
Guo Fang	Male	55	Deputy General Manager	Incumbent	2023.08.28	-	-	-	-	-	-	-
Zhang Hua	Male	44	Deputy General Manager	Incumbent	2024.04.29	-	-	-	-	-	102,000	-
He Tianqing	Male	46	Deputy General Manager	Incumbent	2024.11.14	-	-	-	-	-	-	-
Yu Haolan	Male	55	Executive Director	Resignation	2021.05.07	2025.02.11	177,885	-	-	-	177,885	-
Wang Baojun	Male	58	Deputy General Manager, Chief Accountant, Board Secretary, Joint Company Secretary	Resignation	2021.03.16	2025.02.11	-	-	-	-	-	-
			Resignation	2021.06.16	2025.02.11	-	-	-	-	-	-	-
Tian Yong	Male	46	Executive Director	Resignation	2022.12.19	2024.4.26	201,000	-	-	-	201,000	-
			Deputy General Manager	Resignation	2022.10.11	2024.4.26	-	-	-	-	-	-
			Independent Non-executive Director	Resignation	2018.06.05	2024.6.4	-	-	-	-	-	-
Feng Changli	Male	61	Deputy General Manager	Resignation	2016.03.30	2024.11.14	301,500	-	-	-	301,500	-
Meng Jinsong	Male	54	Manager	Resignation								

Note: Shares held by Directors and the senior management stated above are all A Shares.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(I) Basic Information (Continued)

1. Directors, Supervisors and senior management's interests and short positions in the shares, underlying shares and debentures of the Company

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors and senior management of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong) which were recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance, or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. Resignation of directors, Supervisors and dismissal of senior management within their term of office during the Reporting Period

On 26 April 2024, Mr. Tian Yong resigned as the Executive Director and Deputy General Manager of the Company due to change of work arrangements.

On 4 June 2024, Mr. Feng Changli resigned as the independent non-executive director of the Company due to the expiration of his six-year term.

On 14 November 2024, Mr. Meng Jinsong resigned as the Deputy General Manager of the Company due to change of work arrangements.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(I) Basic Information (Continued)

3. Changes of Directors, Supervisors and Senior Management

Name	Position Held	Type	Date	Reason
Tian Yong	Executive Director	Resignation	2024.04.26	Resignation due to change of work
	Deputy General Manager	Dismissal	2024.04.26	Resignation due to change of work
Deng Qiang	Deputy General Manager	Recruitment	2024.04.29	–
	Executive Director	Election	2024.05.29	–
He Tianqing	Deputy General Manager	Recruitment	2024.04.29	–
Hu Caimei	Independent Non-Executive Director	Election	2024.05.29	–
Tan Yuhai	Non-Executive Director	Election	2024.05.29	–
Feng Changli	Independent Non-Executive Director	Resignation	2024.06.04	Resignation at the end of a six-year term
Meng Jinsong	Deputy General Manager	Dismissal	2024.11.04	Resignation due to change of work
Yu Haolan	Deputy General Manager	Recruitment	2024.11.04	–

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company

Members of the Board of Directors

Executive Directors:

Mr. Wang Jun, Chairman, Executive Director and Secretary of the Party Committee of the Company, Party Committee Secretary and Chairman of Angang Holding, and a senior engineer (professor and research level). Mr. Wang Jun received a bachelor's degree in iron and steel metallurgy and a master's degree in iron and steel metallurgy from Northeastern University, and a doctorate degree in iron and steel metallurgy from Northeastern University. Mr. Wang Jun joined Angang Holding in 1990 and served as the director of the Company's Main Steel Smelting Plant, the manager of Bayuquan Steel Branch Company, the general manager of Angang Strategic Planning Department, and the director, general manager, and deputy secretary of the Party Committee of Bensteel Group Corporation Limited of Ansteel Group.

Mr. Zhang Hongjun currently serves as Executive Director, General Manager, Deputy Party Committee Secretary of the Company, Deputy Party Committee Secretary, Director, General Manager of Angang Holding and a senior engineer. Mr. Zhang obtained a bachelor's degree in Engineering from Zhejiang University, majoring in industrial electrical automation, and a master's degree in engineering from Northeastern University, majoring in material engineering. Mr. Zhang joined Angang Group in 1996 and served as the deputy general manager of Bayuquan Iron & Steel Branch Company of Angang Steel, the assistant of the general manager of Angang Steel, the manager, deputy secretary of the Party Committee of Bayuquan Iron & Steel Branch Company of Angang Steel, a member of the standing committee of the Party Committee of Angang Holding, a member of the standing committee of the Party Committee, a deputy general manager of Angang Steel and the general manager and deputy secretary of the Party Committee of Bayuquan Iron & Steel Branch Company, and the general manager of Angang Strategic Planning Department.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Members of the Board of Directors (Continued)

Executive Directors: (Continued)

Mr. Li Jingdong, Executive Director, Deputy General Manager, Chief Accountant, Board Secretary, Member of the Standing Committee of the Party Committee and Senior Accountant of Angang Holding. Mr. Li Jingdong received his bachelor's degree in industrial accounting from Anshan Iron and Steel Institute and his master's degree in industrial engineering from Harbin Institute of Technology. Mr. Li Jingdong started working in 2001. He has served as Deputy General Manager of the Finance Department of Angang Group Company Limited, Director of the Financial Shared Service Center of Angang Group Co., Ltd., Member of the Standing Committee of the Party Committee of Lingyuan Iron and Steel Group Co., Ltd. and Director, Deputy General Manager, Chief Accountant and other positions of Lingyuan Iron and Steel Co., Ltd.

Mr. Deng Qiang, Executive Director, Deputy General Manager, Member of the Standing Committee of the Party Committee of the Company, Member of the Standing Committee of the Party Committee of Angang Holding, and Senior Engineer. Mr. Deng Qiang graduated from Northeastern University with a bachelor's degree in metal pressure processing in 1999, and received a master's degree in materials engineering from the University of Science and Technology Beijing in 2013. Mr. Deng Qiang has served as the Party Secretary, Deputy General Manager and Director of Pangang Group Xichang Steel and Vanadium Co., Ltd., Chairman of TKAS Auto Steel Co., Ltd., General Manager, Deputy Secretary of Party Committee, Director of Pangang Group Xichang Steel and Vanadium Co., Ltd.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Members of the Board of Directors (Continued)

Non-executive Director:

Mr. Tan Yuhai is a non-executive director of the Company, an incumbent full-time director, supervisor and a senior engineer of the Angang Board Office, and a full-time external director of Angang Group Zhongyuan Industry Development Co., Ltd., Heyi Real Estate Co., Ltd. and Anshan Iron & Steel Co., Ltd., subsidiaries of Angang Group, and Chairman of the Supervisory Committee of Angang Group Beijing Research Institute Co., Ltd. Mr. Tan Yuhai received his Bachelor of Engineering degree in High Voltage Technology and Equipment from Xi'an Jiaotong University and his Master of Mechanical Engineering degree from Dalian University of Technology. Mr. Tan Yuhai joined Angang Mining Company in 1993 and served as manager of Angang Group Railway Transportation Equipment Manufacturing Company, deputy secretary of the Discipline Inspection Commission and director of the Discipline Inspection and Audit Department of Angang Group Engineering Technology Development Co., Ltd., secretary of the Discipline Inspection Commission of Angang Heavy Machine Co., Ltd., and secretary of the Discipline Inspection Commission of Angang Construction Group Co., Ltd./Angang Real Estate Development Group Co., Ltd.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Members of the Board of Directors (Continued)

Independent Non-executive Directors:

Mr. Wang Jianhua, an independent Non-executive Director of the Company, and is the chief steel analyst of Shanghai Ganglian E-commerce Holdings Co., Ltd. Mr. Wang obtained a bachelor's degree in international trade from Renmin University of China. Mr. Wang served as an engineer of the research institute under Baosteel Group Co., Ltd.; director of the research centre and editor-in-chief of the chief editor office of Shanghai Ganglian E-commerce Holdings Co., Ltd.; a visiting professor at Shanghai University of International Business and Economics; and an independent director of Fujian Sangang Minguang Co., Ltd., an A-share listed company. Mr. Wang currently serves as an independent director of Shanxi Taigang Stainless Steel Co., Ltd. (an A-share listed company), an independent director of Ling Steel Group (an A-share listed company) and a director of Baowu Special Metallurgy Co., Ltd.

Mr. Wang Wanglin, an independent Non-executive Director of the Company, and is currently a deputy director and lawyer of Beijing Zhicheng Lawyer, a practice tutor of postgraduates of law of Beijing Technology and Business University and a supervisor of the Supervisory Committee of Chinese Young Volunteers Association. Mr. Wang obtained a master's degree in civil and commercial law from Beijing Technology and Business University. Mr. Wang served as the deputy director of Legal Aid Division of the Department of Justice, the director of Community Correction Authority of Department of Justice, the deputy director of Tibet Bureau of Prisons, the head of Tibet Police Hospital for Criminal Justice, the lawyer of Beijing Tianchi Juntai Law Firm.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Members of the Board of Directors (Continued)

Independent Non-executive Directors: (Continued)

Mr. Zhu Keshi, an independent Non-executive Director of the Company, a professor of Beijing National Accounting Institute, researcher level Senior Certified Public Accountant, and a China Certified Tax Agent. Mr. Zhu obtained a master's degree in accounting from Liaoning University, a master's degree in finance from the University New South Wales, Australia, and a doctorate degree in finance from Renmin University of China. Mr. Zhu was a senior accountant of the International Taxation Research Institute under the State Administration of Taxation, the chief accountant of Beijing Aerospace Online Technology Co., Ltd. of Aisino, the head of the Research Institute of Coordination Strategy of Fiscal and Financial Policy under Beijing National Accounting Institute, an independent director of Liaoning Energy Coal and Electricity Industry Co., Ltd. (an A-share listed company), an independent director of Shenyang Lanying Industrial Automation Equipment Co., Ltd. (an A-share listed company), and an independent director of Xizi Clean Energy Equipment Manufacturing Co., Ltd. (an A-share listed company). Mr. Zhu currently serves as an independent director of Tored Holdings Group Co., Ltd. (an A-share listed company) and Hengxin Xili Industry Co., Ltd. (a company listed on the National Equities Exchange and Quotations), and a supervisor of Jiuhengxing Technology Co., Ltd. (a company listed on the National Equities Exchange and Quotations).

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Members of the Board of Directors (Continued)

Independent Non-executive Directors: (Continued)

Ms. Hu Caimei, independent non-executive director and senior researcher of the Company, high-level talent in Shenzhen, and the incumbent director of the Institute of Financial Development and State-owned Enterprises of China Development Institute (Shenzhen, China). Ms. Hu Caimei received her Bachelor of Science in Management from Heilongjiang Institute of Science and Technology, a Master of Science in Business Administration from Heilongjiang University of Science and Technology, and a Doctor of Science in Technology Economics and Management from Jilin University. Ms. Hu Caimei joined Heilongjiang University of Science and Technology in 2004. She has served as a teacher at the School of Economics and Management of Heilongjiang University of Science and Technology, a postdoctoral fellow at the China Development Institute (Shenzhen, China), and deputy director of the Institute of Finance and Modern Industry of the China Development Institute (Shenzhen, China). Ms. Hu Caimei currently serves as an independent director of Shenzhen Property Development (Group) Co., Ltd. (an A-share listed company).

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Members of the Supervisory Committee

Shareholder Representative Supervisors:

Mr. Cao Yuhui currently serves as a Supervisor, a member of the Standing Committee of the Party Committee, the secretary of the discipline inspection commission of the Company and a member of the Standing Committee of the Party Committee and the secretary of the discipline inspection commission of Angang Holding. Mr. Cao obtained a bachelor's degree in electronic instrumentation and measurement technology from Shenyang University of Technology. Mr. Cao started working in 1997 and has served as the deputy director of the Fourth Discipline Inspection and Supervision Office of Liaoning Provincial Discipline Inspection Commission, deputy director of the Eighth Discipline Inspection and Supervision Office of Liaoning Provincial Discipline Inspection Commission (responsible for daily operations), deputy director and I-level researcher of the Eighth Discipline Inspection and Supervision Office of Liaoning Provincial Discipline Inspection Commission, supervisor of Liaoning Provincial Supervision Commission stationed in Bensteel Group Corporation Limited, member of the Standing Committee of the Party Committee and secretary of the discipline inspection commission of Bensteel Group Corporation Limited, member of the Standing Committee of the Party Committee and secretary of the discipline inspection commission of Bensteel Group Corporation Limited of Angang Group.

Mr. Liu Ming, Supervisor of the Company, now serves as the General Manager of Legal Compliance Department of Angang, a senior engineer. Mr. Liu graduated from the Party School of Liaoning Provincial Party Committee with a master degree in business administration. Mr. Liu joined Angang in 1993, served as Head of Discipline Inspection and Supervision Office and member of the Standing Committee of Committee of Discipline Inspection of Angang Group, Secretary of Committee of Discipline Inspection and Chairman of the Supervisory Committee of Angang Industrial Group, Secretary of Committee of Discipline Inspection and Chairman of the Supervisory Committee of Angang Group Zhongyuan Industrial Development Co., Ltd.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Members of the Supervisory Committee (Continued)

Staff Representative Supervisors:

Mr. Guo Fang, currently serves as a Supervisor and vice chairman of the Labour Union of the Company, vice chairman of the Labour Union of Angang Holding, and a senior engineer. Mr. Guo received a Bachelor of Engineering degree in thermal engineering from Northeastern University. Mr. Guo joined Angang Holding in 1989 and served successively as secretary of the Party Discipline Committee of Ansteel Cast Steel Co., Ltd., deputy director of the Company's Office (Party Committee Office), secretary of the Party Discipline Committee of the Company's Main Steel Smelting Plant, deputy secretary of the Party Committee, secretary of the Party Discipline Committee, chairman of the Labour Union, chairman of the Supervisory Committee of Chaoyang Iron and Steel and secretary of the Party Committee of Delin Industrial Products Co., Ltd. (Equipment and Materials Procurement Centre).

Other Senior Management Members:

Mr. Zhang Hua serves as the Deputy General Manager, a member of the Standing Committee of the Party Committee of the Company, a member of the Standing Committee of the Party Committee and a director of Angang Holding, and a professor-level senior engineer. Mr. Zhang received his bachelor's degree in metal pressure processing from Anshan University of Science and Technology and his master's degree in Materials Engineering from University of Science and Technology Beijing. Mr. Zhang joined Angang Holding in 2002 and has served as deputy director of the Company's Hot Roll Plant, director and deputy secretary of the Party Committee of the Company's Hot Roll Plant, deputy general manager of the Company's Marketing Centre (responsible for daily operations), and deputy general manager of Angang Strategic Planning Department.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

1. Professional background, major work experiences and duties of the incumbent Directors, Supervisors and senior management members of the Company (Continued)

Other Senior Management Members: (Continued)

Mr. He Tianqing, Deputy General Manager and member of the Standing Committee of the Party Committee of the Company, member of the Standing Committee of the Party Committee, and senior engineer of Angang Holding. Mr. He Tianqing received his Bachelor of Engineering degree in the major of Mechanical Design and Manufacturing from Anshan Iron and Steel Institute and his Master of Engineering degree in Mechanical Engineering from Liaoning University of Science and Technology. Mr. He Tianqing started working in 2000 and has served as the Deputy General Manager of Anshan Iron and Steel Group Chaoyang Iron and Steel Co., Ltd., General Manager of System Innovation Department of Angang Steel Company Limited, General Manager of Digital Development Department of Angang Steel Company Limited, and General Manager of Equipment Engineering Department (Equipment Management Center) of Anshan Iron and Steel Co., Ltd.

Mr. Yu Haolan, Deputy General Manager, member of the Standing Committee of the Party Committee of the Company, member of the Standing Committee and engineer of the Party Committee of Angang Holding. Mr. Yu Haolan received his Bachelor of Engineering degree in the major of Industrial Electrical Automation from Chengdu University of Science and Technology and an Executive MBA degree from the Arlington College of Business at the University of Texas. Mr. Yu Haolan started working in 1991. He had served as Assistant General Manager (Chief Marketing Director) of Pangang Group Co., Ltd., Party Secretary, Executive Director and General Manager of Pangang Group International Economic and Trade Co., Ltd., Chairman of Chengdu Jiwei IoT Group Co., Ltd., Chairman of Pangang Group Jiangyou Great Wall Special Steel Co., Ltd., Chairman of Chengdu Western IoT Group Co., Ltd., Chairman of Pangang Group Panzhihua Kunniu Logistics Co., Ltd., Party Secretary, Director and Chairman of Pangang Group Xichang Steel and Vanadium Co., Ltd., Party Secretary and Chairman of Pangang Group Xichang Steel and Vanadium Co., Ltd.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

2. Positions at the Shareholders of the Company

Name of the personnel who held position	Name of the shareholder	Position at the shareholder	Position Name of the shareholder	Position at the shareholder	Termination date of term	Position Name of the shareholder	Position at the shareholder	Commencement date of term	Termination date of term
Wang Jun	Angang Holding	Party Committee Secretary and Chairman	2023.08.16	–	No				
Zhang Hongjun	Angang Holding	Deputy Party Committee Secretary and Director	2022.12.09	–	No				
		General Manager	2023.03.10	–	No				
Deng Qiang	Angang Holding	A member of the Standing Committee of the Party Committee	2024.03.14	–	No				
Tan Yuhai	Angang	Full-time Director and Supervisor	2020.03.13	–	Yes				
Cao Yuhui	Angang Holding	Member of the Standing Committee of the Party Committee, Secretary of the Discipline Inspection Commission	2023.02.11	–	Yes				
Guo Fang	Angang Holding	Vice Chairman of the Labor Union	2023.05.17	–	No				
Liu Ming	Angang	General Legal Counsel and Chief Compliance Officer of Ansteel Group	2025.01.03	–	Yes				
		General Manager of the Legal and Compliance Department	2021.05.26	–	Yes				
Zhang Hua	Angang Holding	Member of the Standing Committee of the Party Committee, Director	2023.08.04	–	No				

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

2. Positions at the Shareholders of the Company

Name of the personnel who held position	Name of the shareholder	Position at the shareholder	Position Name of the shareholder	Position at the shareholder	Termination date of term	Position Name of the shareholder	Position at the shareholder	Commencement date of term	Termination date of term
Li Jingdong	Angang Holding	A member of the Standing Committee of the Party Committee	2025.01.03	–	No				
He Tianqing	Angang Holding	A member of the Standing Committee of the Party Committee	2024.03.14	–	No				
Yu Haolan	Angang Holding	A member of the Standing Committee of the Party Committee	2024.10.12	–	No				
Note on positions at the shareholders of the company	<p>In March 2023, the Listed Company Supervision Department of China Securities Regulatory Commission released A Letter of Agreement on Relaxing Restrictions on Concurrent Positions for Senior Management of Anshan Iron & Steel Co. Ltd., according to which the General Manager of the Company Mr. Zhang Hongjun is agreed to be exempted from the restriction to serve as the General Manager of Angang Holding.</p> <p>Independent Directors of the Company believe that Mr. Zhang Hongjun, the general manager of the Company, have strictly followed his promises, performed his duties diligently according to the Company Law, the Securities Law and relevant laws and regulations. He prioritised the performance of duties as members of the senior management of the company and better handled the relationship between the Company and the controlling shareholder Angang Holding when concurrently serving as the general manager of Angang Holding, without damaging the interests of the Company and minority shareholders.</p>								

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

3. Positions at other organisations

Name of the personnel who held position	Name of the organisation	Position in the organisation	Commencement date of term	Termination date of term	Receipt of remuneration and allowance in other organisations
Wang Jianhua	Shanghai Ganglian E-Commerce Holdings Co., Ltd.	Chief Steel Analyst	2015.01	–	Yes
	Shanxi Taigang Stainless Steel Co., Ltd.	Independent Director	2021.05	–	Yes
	Baowu Special Metallurgy Co., Ltd.	External Director	2021.06	–	Yes
	Ling Steel Group	Independent Director	2023.09	–	Yes
	Shanghai Metal Society	Member of the 12th Council	2021.06	–	No
Wang Wanglin	Beijing Zhicheng Lawyer	Deputy Director, Lawyer	2018.11	–	Yes
Zhu Keshi	Beijing National Accounting Institute	Professor	2013.07	–	Yes
	Toread Holdings Group Co., Ltd.	Independent Director	2021.12	–	Yes
	Jiuhengxing Technology Co., Ltd. (a company listed on the National Equities Exchange and Quotations)	Supervisor	2023.05	–	Yes
	Beijing Join-Cheer Software Co., Ltd.	Independent Director	2024.12	–	Yes
Hu Cai mei	Institute of Financial Development and State-owned Assets and Enterprises, Development Research Institute (Shenzhen, China)	Director	2022.09	–	Yes
Note on positions in other organisations –					

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(II) Employment Information (Continued)

4. Penalties imposed by securities regulators on the current and outgoing Directors, Supervisors and senior management of the Company in the past three years

☐ Applicable ☒ Not applicable

(III) Emoluments of Directors, Supervisors and senior management

1. Decision-making procedures, determination basis and actual payment of remuneration for Directors, Supervisors and senior management

The emoluments of the Company's Directors, Supervisors and senior management is proposed by the Remuneration and Appraisal Committee of the Board of Directors and the Supervisory Committee respectively. After discussion and approval by the Board of Directors and the Supervisory Committee, it is submitted to the general meeting of shareholders for approval and decision. The emoluments are determined on the basis of the operating conditions of the Company and the emoluments of those of similar domestic enterprises.

Corporate Governance (Continued)

V. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES (CONTINUED)

(III) Emoluments of Directors, Supervisors and senior management (Continued)

2. Emoluments of Directors, Supervisors and senior management of the Company during the Reporting Period

Name	Position	Gender	Age	Current Situation	Total pre-tax remuneration received from the Company (RMB10,000)	Whether received remuneration from related parties of the Company during one's tenure
Wang Jun	Chairman, Executive Director	Male	57	Incumbent	44.58	No
Zhang Hongjun	Executive Director, General Manager	Male	51	Incumbent	98.16	No
Deng Qiang	Executive Director, Deputy General Manager	Male	48	Incumbent	18.50	No
Tan Yuhai	Non-Executive Director	Male	55	Incumbent	–	Yes
Wang Jianhua	Independent Non-executive Director	Male	51	Incumbent	12.00	No
Wang Wanglin	Independent Non-executive Director	Male	50	Incumbent	12.00	No
Zhu Keshi	Independent Non-executive Director	Male	58	Incumbent	12.00	No
Hu Caimei	Independent Non-executive Director	Female	42	Incumbent	8.00	No
Cao Yuhui	Chairman of the Supervisory Committee	Male	53	Incumbent	13.65	Yes
Liu Ming	Supervisor	Male	52	Incumbent	–	Yes
Guo Fang	Supervisor	Male	55	Incumbent	33.61	No
Zhang Hua	Deputy General Manager	Male	44	Incumbent	38.08	No
He Tianqing	Deputy General Manager	Male	46	Incumbent	48.10	No
Yu Haolan	Deputy General Manager	Male	55	Incumbent	8.31	No
Wang Baojun	Executive Director, Deputy General Manager, Chief Accountant, and Secretary of the Board	Male	58	Resignation	85.92	No
Tian Yong	Executive Director, Deputy General Manager	Male	46	Resignation	4.75	No
Feng Changli	Independent Non-executive Director	Male	61	Resignation	6.00	No
Meng Jinsong	Deputy General Manager	Male	55	Resignation	102.82	No
Total	–	–	–	–	546.48	–

Note: The above emoluments do not include insurance, welfare, education surcharge and other remuneration costs accrued by the Company. The emoluments of Executive Directors, Supervisors and senior management is the performance salary they have received during their tenure in 2024 and the total amount of annual risk salary in 2023 that has been fulfilled.

Other information:

☐ Applicable ☒ Not applicable

Corporate Governance (Continued)

VI. DIRECTORS' PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD

(I) Meetings of the Board of Directors during the Reporting Period

Meeting session	Convening Date	Disclosure date	Resolutions
The 25th meeting of the ninth session of the Board of Directors of Angang Steel	23 January 2024	-	<ol style="list-style-type: none"> 1. Passed the Proposal on the Development Strategy and Plan of Ansteel from 2023 to 2025 and the Adjustment of the 14th Five-Year Plan. 2. Passed the Proposal on Revising the List of Matters Authorized for Decision-Making by the Board of Directors of Angang Steel Company Limited. 3. Passed the Proposal on the free transfer of the EPS production line to Ansteel Shenyang Steel Processing and Distribution Co., Ltd. (hereinafter referred to as Shenyang Steel Processing).
The 26th meeting of the ninth session of the Board of Directors of Angang Steel	5 February 2024	-	Proposal on optimizing and adjusting the steel slag treatment upgrading and transformation project plan of Anshan Headquarters by adopting BOO mode
The 27th meeting of the ninth session of the Board of Directors of Angang Steel	28 March 2024	29 March 2024	<ol style="list-style-type: none"> 1. Approved the 2023 Annual Report and its Summary. 2. Approved the 2023 Annual Work Report of the Board of Directors. 3. Approved the 2023 Profit Distribution Plan. 4. Approved the 2023 Annual Financial Report. 5. Approved the 2023 Internal Control Evaluation Report. 6. Passed the Proposal on the Appointment of BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) as the Company's Auditor in 2024.

Corporate Governance (Continued)

VI. DIRECTORS' PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD (CONTINUED)

(I) Meetings of the Board of Directors during the Reporting Period (Continued)

Meeting session	Convening Date	Disclosure date	Resolutions
			7. Passed the Resolution on Changes in the Company's Accounting Policies.
			8. Passed the proposal on the Company's provision for inventory impairment.
			9. Passed the 2023 Compliance Work Report.
			10. Passed the Resolution on Remuneration of Directors and Senior Management for 2023.
			11. Passed the Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales.
			12. Passed the Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period for the Reserved Grant Portion of the 2020 Restricted Share Incentive Scheme.
			13. Passed the 2023 Corporate Social Responsibility Report and Environmental, Social and Governance Report.
			14. Passed the 2023 Internal Control System Work Report.
			15. Passed the 2024 Major Risk Assessment Report.
			16. Approved the Proposal to nominate Ms. Hu Caimei as a candidate for independent non-executive director of the Company's ninth board of directors.
			17. Approved the Proposal to nominate Mr. Tan Yuhai as a candidate for non-executive director of the Company's ninth board of directors.
			18. Passed the 2024 Resolution on the Hedging Business Quota.
			19. Passed the Resolution on Adjusting the Capital Injection Method of Ansteel Green Gold Industry Development Co., Ltd. and Joint Investment with Related Parties.
			20. Passed the 2024 Targeted Assistance Work Plan.
			21. Passed the Resolution on Routine Related Transactions in 2023.

Corporate Governance (Continued)

VI. DIRECTORS' PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD (CONTINUED)

(I) Meetings of the Board of Directors during the Reporting Period (Continued)

Meeting session	Convening Date	Disclosure date	Resolutions
The 28th meeting of the ninth session of the Board of Directors of Angang Steel	29 April 2024	30 April 2024	22. Passed the Resolution on the Estimated Routine Related Transactions in 2024.
			23. Approved the Risk Assessment Report of Angang Group Financial Company Limited.
			24. Passed the Resolution on Domestic Financing Business.
			25. Passed the Resolution on Amendment of the Company's Articles of Association and Changing the Company's Registered Capital.
			1. Passed the 2024 First Quarterly Report of Angang Steel Company Limited.
The 29th meeting of the ninth session of the Board of Directors of Angang Steel	4 June 2024	5 June 2024	2. Approved the Proposal to appoint Mr. Deng Qiang as the Company's Deputy General Manager.
			3. Approved the Proposal to nominate Mr. Deng Qiang as a candidate for executive director of the Company's ninth board of directors.
			4. Approved the Proposal to appoint Mr. He Tianqing as the Company's Deputy General Manager.
			5. Passed the Resolution on Convening the 2023 Annual General Meeting of Shareholders, the First Domestic Shareholders' Class Meeting in 2024, and the First Foreign Shareholders' Class Meeting in 2024.
			1. Passed the Resolution on Adjusting the Membership of the Special Committees of the Board of Directors.
			2. Passed the Resolution on Collecting the 2023 Profits of Angang Steel Company Limited's Wholly-Owned and Controlled Subsidiaries.

Corporate Governance (Continued)

VI. DIRECTORS' PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD (CONTINUED)

(I) Meetings of the Board of Directors during the Reporting Period (Continued)

Meeting session	Convening Date	Disclosure date	Resolutions
The 30th meeting of the ninth session of the Board of Directors of Angang Steel	30 August 2024	31 August 2024	<ol style="list-style-type: none"> 1. Passed the 2024 Semi-annual Report and its summary. 2. Passed the Risk Assessment Report of Angang Group Financial Company Limited 3. Passed the Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales. 4. Passed the Resolution on Changing the Company's Registered Capital and Corresponding Amendments to the Company's Articles of Association 5. Passed the Resolution on Registration and Issuance of Corporate Bonds. 6. Passed the Resolution on Amending the Internal Control Evaluation Management Measures of Angang Steel Company Limited. 7. Passed the Resolution on the Evaluation Method for Senior Management's Performance in 2024. 8. Passed the Proposal on adjusting the implementation plan for the Anshan Iron and Steel Group's slag treatment upgrading and transformation project using the BOO method. 9. Passed the Resolution on Approving the Investment Plan for the Overhaul Project of No. 3 and No. 4 Coke Ovens in the First Coking Plant of the Coking General Plant.

Corporate Governance (Continued)

VI. DIRECTORS' PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD (CONTINUED)

(I) Meetings of the Board of Directors during the Reporting Period (Continued)

Meeting session	Convening Date	Disclosure date	Resolutions
The 31th meeting of the ninth session of the Board of Directors of Angang Steel	23 October 2024	24 October 2024	<ol style="list-style-type: none"> 1. Passed the Proposal on signing the <Commodity Mutual Supply Framework Agreement (2025-2027)> between the Company and Angang Group Company Limited 2. Passed the Proposal on signing the <Service Mutual Supply Framework Agreement (2025-2027)> between the Company and Angang Group Company Limited 3. Passed the Resolution on the Company Signing the <Financial Services Agreement (2025-2027)> with Ansteel Group Finance Co., Ltd." 4. Passed the Proposal on the Signing of the Industrial Financial Services Framework Agreement (2025-2027) between the Company and Angang Steel Group Capital Holdings Co., Ltd. 5. Passed the Proposal on Convening the 2024 First Extraordinary General Meeting, 2024 Second Domestic Shareholders' Class Meeting, and 2024 Second Foreign Shareholders' Class Meeting of Angang Steel Company Limited
The 32th meeting of the ninth session of the Board of Directors of Angang Steel	30 October 2024	31 October 2024	<ol style="list-style-type: none"> 1. Passed the 2024 Third Quarterly Report of Angang Steel Company Limited. 2. Passed the Proposal to Cancel the New Construction Project of Gangling Road (from the Angang North Gate to Lingshan Industrial Park). 3. Passed the Proposal on the Longcheng District Government of Chaoyang City to purchase and store the idle land and some assets of Chaoyang Iron and Steel.
The 33th meeting of the ninth session of the Board of Directors of Angang Steel	14 November 2024	15 November 2024	<ol style="list-style-type: none"> 1. Approved the Resolution to appoint the Company's Deputy General Manager. 2. Passed the Resolution on carrying out the work of collecting overdue bills of Tianwu Finance of Ansteel. 3. Passed the 2024 Internal Control Evaluation Work Plan of Ansteel.

Corporate Governance (Continued)

VI. DIRECTORS' PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD (CONTINUED)

(II) Attendance of Directors in the meetings of the Board of Directors and general meeting of shareholders during the Reporting Period

Name of Director	Attendance of Directors in the meetings of the Board of Directors and general meeting of shareholders						Number of attendance in general meetings of shareholders
	Number of attendance in board meetings required during the Reporting Period	Number of on-site attendance in board meetings	Number of telecommunication based attendance in board meetings	Number of attendance in board meetings by proxy	Number of absence from board meetings	Whether or not attending board meetings in person for two consecutive times	
Wang Jun Zhang Hongjun	9	3	5	1	-	-	1
Wang Baojun	9	4	5	-	-	-	1
Deng Qiang	9	4	5	-	-	-	2
Tan Yuhai	5	2	3	-	-	-	1
Wang Jianhua	5	2	3	-	-	-	1
Wang Wanglin	9	4	5	-	-	-	2
Zhu Keshi	9	4	5	-	-	-	2
Hu Caimei	9	3	5	1	-	-	2
Tian Yong	5	2	3	-	-	-	1
Feng Changli	3	1	2	-	-	-	-
	4	2	2	-	-	-	1

(III) Objections raised by Directors on matters related to the Company

Whether the directors raise any objection to the company's matters

☐

Yes

☒

No

During the Reporting Period, the Directors did not raise any objection to the relevant matters of the Company.

Corporate Governance (Continued)

VII. THE SITUATION OF SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS DURING THE REPORTING PERIOD

Name of Committee Membership		Number of Meetings	Convening Date	Meeting Contents	Important Opinions and Suggestion	Other Performance of Duties	Specific Situations of Objections (if any)
Nomination Committee	Convenor: Wang Jianhua Member: Wang Jun, Deng Qiang, Wang Wanglin, Zhu Keshi, Hu Caimei, Tan Yuhai, Tian Yong (Resignation), Feng Changli(Resignation)	3	26 March 2024	1. Passed the "Opinions on the Structure and Personnel Composition of the Board of Directors of Angang Steel Company Limited"	-	-	-
				2. Approved the Special Report on the Self-examination of the Independence of Independent Non-executive Directors.	-	-	-
				3. Approved the proposal to nominate Ms. Hu Caimei as a candidate for independent non-executive director of the Company's ninth board of directors.	-	-	-
				4. Approved the proposal to nominate Mr. Tan Yuhai as a candidate for non-executive director of the Company's ninth board of directors.	-	-	-
		28 April 2024		1. Approved the proposal to nominate Mr. Deng Qiang as the Company's Deputy General Manager.	-	-	-
				2. Approved the proposal to nominate Mr. Deng Qiang as a candidate for executive director of the Company's ninth board of directors.	-	-	-
				3. Approved the proposal to nominate Mr. He Tianqing as the Company's Deputy General Manager.	-	-	-
Remuneration and Appraisal Committee	Convenor: Hu Caimei, Feng Changli (Resignation) Members: Wang Jun, Wang Jianhua, Wang Wanglin, Zhu Keshi, Tan Yuhai	2	26 March 2024	14 November 2024 Passed the proposal to nominate the Company's Deputy General Manager.	-	-	-
				1. Passed the 2023 Remuneration Plan for Directors and Senior Management of the Company.	-	-	-
				2. Passed the Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period for the Reserved Grant Portion of the 2020 Restricted Share Incentive Scheme	-	-	-
				3. Passed the Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales.	-	-	-

Corporate Governance (Continued)

VII. THE SITUATION OF SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS DURING THE REPORTING PERIOD (CONTINUED)

Name of Committee Membership		Number of Meetings	Convening Date	Meeting Contents	Important Opinions and Suggestion	Other Performance of Duties	Specific Situations of Objections (if any)
Strategic Committee	Convener: Wang Jun Member: Zhang Hongjun, Wang Jianhua, Wang Wanglin, Zhu Keshi, Hu Cai mei, Tan Yuhai, Feng Changli (Resignation)	2	30 August 2024	1. Passed the Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales.	-	-	-
				2. Passed the Resolution on the Evaluation Method for Senior Management's Performance in 2024.	-	-	-
		2	23 January 2024	Passed the Resolution on Ansteel's Development Strategy and Plan for 2023-2025 and Adjustment of the 14th Five-Year Plan.	-	-	-
			26 March 2024	1. Passed the 2023 Social Responsibility Report and Environmental, Social and Governance Report and 2024 ESG Management Key Tasks of Angang Steel Company Limited.	-	-	-
				2. Passed the 2023 Internal Control System Work Report of Angang Steel Company Limited.	-	-	-
				3. Passed the 2024 Major Business Risk Assessment Report of Angang Steel Company Limited.	-	-	-
Audit Committee	Convener: Zhu Keshi Member: Wang Jianhua, Wang Wanglin, Hu Cai mei, Tan Yuhai, Feng Changli (Resignation)	6	5 January 2024	Passed the opinions on the Angang Steel Company Limited's 2023 Communication Report of Financial Report Audit Program (Pre-audit) Stage.	-	-	-
			26 March 2024	1. Passed the Resolution on Changes in Accounting Policies of Angang Steel Company Limited.	-	-	-
				2. Passed the proposal on making provisions for inventory impairment of Angang Steel Company Limited.	-	-	-
				3. Passed the Angang Steel Company Limited <2023 Annual Financial Report> and <2023 Annual Report> Financial Information.	-	-	-
				4. Passed the 2023 Internal Audit Work Report and 2024 Work Plan of Angang Steel Company Limited.	-	-	-
				5. Passed the 2023 Internal Control Evaluation Report of Angang Steel Company Limited.	-	-	-

Corporate Governance (Continued)

VII. THE SITUATION OF SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS DURING THE REPORTING PERIOD (CONTINUED)

Name of Committee Membership	Number of Meetings	Convening Date	Meeting Contents	Important Opinions and Suggestion	Other Performance of Duties	Specific Situations of Objections (if any)
			6. Passed the Angang Steel Company Limited's Performance Evaluation Report on BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership).	-	-	-
			7. Approved the Report on the Audit and Risk Committee's Supervision of the Performance of BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership).	-	-	-
			8. Passed the Resolution on Re-appointing BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) as the Company's Auditor for 2024.	-	-	-
			9. Passed the 2023 Profit Distribution Plan of Angang Steel Company Limited.	-	-	-
			10. Passed the 2023 Compliance Work Report of Angang Steel Company Limited.	-	-	-
		28 April 2024	1. Passed the 2024 First Quarterly Financial Statements and 2024 First Quarterly Report Related Financial Information of Angang Steel Company Limited.	-	-	-
			2. Passed the 2024 First Quarter Work Summary and 2024 Second Quarter Work Plan of Angang Steel.	-	-	-
		30 August 2024	1. Passed the 2024 Semi-annual Financial Report and 2024 Semi-annual Report Financial Information of Angang Steel Company Limited.	-	-	-
			2. Passed the Resolution on Amending the Internal Control Evaluation Management Measures of Ansteel.	-	-	-
			3. Passed the Work Summary for the First Half of 2024 and Work Plan for the Second Half of 2024 of the Audit Department of Ansteel.	-	-	-
		30 October 2024	1. Passed the Financial Information in the Third Quarterly Financial Statements and Third Quarterly Report of Ansteel.	-	-	-
			2. Passed the 2024 Third Quarter Work Report and Fourth Quarter Work Plan of the Audit Department of Ansteel.	-	-	-
		14 November 2024	Passed the Proposal on Revising the 2024 Work Plan for the Internal Control Evaluation of Ansteel.	-	-	-

Corporate Governance (Continued)

VIII. EMPLOYEES OF THE COMPANY

(I) Number of employees, specialty composition and education level

Number of current employees in the Company (<i>person</i>) as at the end of the Reporting Period	21,378
Number of current employees in major subsidiaries (<i>person</i>) as at the end of the Reporting Period	3,650
Total number of current employees (<i>person</i>) as at the end of the Reporting Period	25,028
Total number of employees receiving remuneration during the Reporting Period (<i>person</i>)	25,028
Number of ex-employees or retired employees for which the Company and the major subsidiaries have obligations (<i>person</i>)	—

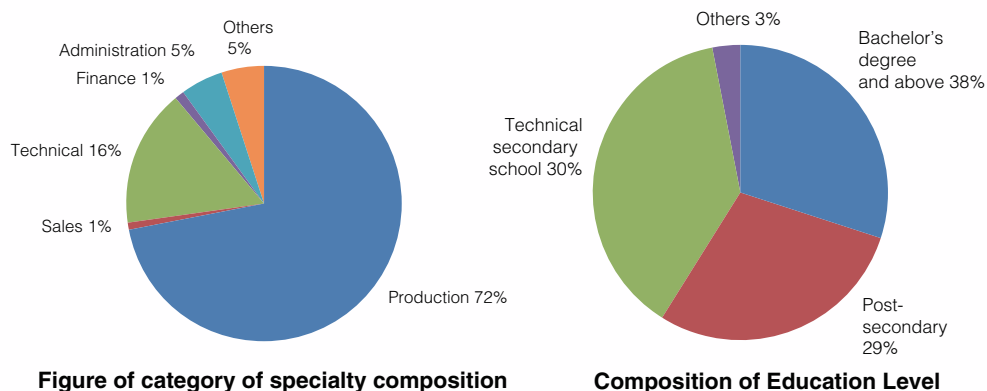
Specialty composition	
Category of specialty composition	Number of people (<i>person</i>)
Production	18,094
Sales	344
Technical	4,062
Financial	144
Administration	1,154
Others	1,230
Total	25,028

Education level	
Category of education level	Number of people (<i>person</i>)
Bachelor's degree and above	9,564
Post-secondary	7,262
Technical secondary school	7,590
Others	612
Total	25,028

Corporate Governance (Continued)

VIII. EMPLOYEES OF THE COMPANY (CONTINUED)

(I) Number of employees, specialty composition and education level (Continued)



(II) Remuneration policy

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

(III) Training programmes

In 2024, the company closely aligned with its operational and transformation goals, meticulously planning and organizing initiatives while integrating practical work requirements. It advanced specialized talent development and skills competitions, significantly enhancing management capabilities, quality standards, brand strength, and service excellence. Throughout the year, the Company completed 10,585 commissioned trainings, 9,386 key special trainings, and 24,283 job knowledge and skills trainings for grassroots units, with the rate of employees holding certificates reaching 100%.

Corporate Governance (Continued)

VIII. EMPLOYEES OF THE COMPANY (CONTINUED)

(IV) Labour outsourcing

☐ Applicable ☒ Not applicable

IX. PROFIT DISTRIBUTION AND TRANSFER OF RESERVE TO SHARE CAPITAL OF THE COMPANY

Formulation, execution and adjustments of the profit distribution policies, especially the cash dividend distribution policy, during the Reporting Period

☒ Applicable ☐ Not applicable

Whether it complies with the provisions of the Articles of Association or requirements of the resolutions of the Company's general meetings:	Yes
Whether the standards and ratio of dividends are clear and definite:	Yes, for details, please refer to the Articles of Association of the Company
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have tried their best to perform their duties and duly fulfilled their roles:	Yes
If the Company has not made cash dividends, it should disclose the specific reasons and the next steps it intends to take to enhance investor returns:	Due to the loss of the Company in 2024, taking full consideration of the Company's development and capital demands, the Company decided not to pay cash dividends, not to issue bonus shares, and not to convert capital reserves into shares in 2024 to better safeguard the Company's sustainable development and long-term interests of all shareholders. The Company will continue to deepen reform and innovation and strive to raise its profitability to return investors with better results.
Whether the minority shareholders have sufficient opportunities to express their views and appeals and whether their legitimate rights and interests are adequately protected:	Yes
Whether the premises and procedures for the revisions and changes, if any, of the cash dividend distribution policy are compliant with relevant provisions and transparent:	N/A

Corporate Governance (Continued)

IX. PROFIT DISTRIBUTION AND TRANSFER OF RESERVE TO SHARE CAPITAL OF THE COMPANY (CONTINUED)

The Company has not proposed a cash dividend distribution plan during the Reporting Period, when profits are made and the parent company's profit distributable to shareholders remains positive.

☐ Applicable ☒ Not applicable

Information on profit distribution and the conversion of capital reserves into share capital during the Reporting Period

☐ Applicable ☒ Not applicable

The Company decided not to pay cash dividends, not to issue bonus shares, and not to convert capital reserves into shares in 2024.

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY

(I) Basic information of the Share Incentive Scheme

Purpose of the Scheme

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talents, fully motivate the core and key employees, effectively align the interests of Shareholders, the interest of the Company and the personal interests of the employees, the 2020 Restricted Share Incentive Scheme (Draft) of Angang Steel Company Limited (hereinafter referred to as the Scheme) was considered and approved at the thirty-second meeting of the eighth session of the Board of Directors and the eleventh meeting of the eighth session of the Supervisory Committee of the Company on 26 November 2020, and was approved at the 2020 third extraordinary general meeting of the Company on 31 December 2020.

Participants of the Scheme

The Participants under the Scheme are the incumbent directors, senior and middle-level management, core technical (business) personnel upon the implementation of the Scheme, excluding Supervisors and independent Directors.

Corporate Governance (Continued)

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

(I) Basic information of the Share Incentive Scheme (Continued)

Total number of shares available for issue under the Scheme	N/A
Percentage of shares issued at the end of 2024	N/A
Source of restricted shares granted in the Scheme	The ordinary A shares repurchased by the Company from the secondary market.
Maximum entitlement of each participant in the Scheme	The total number of Restricted Shares to be granted to any single Incentive Participant under all the fully effective share incentive schemes of the Company within the effective period shall not exceed 1% of the total share capital of the Company at the date of the First Announcement (i.e., 26 November 2020).
Period during which the grantee may exercise the option under the Scheme	N/A
Vesting period for options or awards granted under the Scheme	The share awards granted under this Scheme have no vesting period. The lock-up period of the Restricted Shares granted under this Scheme shall be 24 months from the date of completion of equity registration. If the conditions for the unlocking of the Restricted Shares are met, the Restricted Shares will be unlocked in three batches within the next 36 months in the proportion of 33%, 33% and 34%, respectively.
The amount payable (if any) on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be paid	The amount that is not required to be paid upon acceptance of the award.

Corporate Governance (Continued)

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

(I) Basic information of the Share Incentive Scheme (Continued)

Basis for determining the purchase price (if any) of the Shares granted	<p>I. Basis for Determination of the Price of the First Grant</p> <p>The date of determining the price of the Restricted Shares under the First Grant is the date of the publication of the draft of the Scheme. The Grant Price shall not be lower than the nominal value of the Share, and shall not be lower than 60% of the higher of:</p> <ol style="list-style-type: none">1. the average trading price of the underlying Shares of the Company for the last trading day preceding the announcement date of the draft of the Scheme;2. the average trading price of the underlying Shares of the Company for the last 20 trading days, 60 trading days or 120 trading days preceding the announcement date of the draft of the Scheme. <p>II. Methods of Determining the Grant Price of the Reserved Restricted</p> <p>Share Prior to the grant of reserved Restricted Shares, a separate Board meeting shall be convened to consider and approve the relevant proposal. The Grant Price shall not be lower than the nominal value of the Share, and shall not be lower than 60% of the higher of:</p> <ol style="list-style-type: none">1. the average trading price of the Company's Shares on the trading day preceding the date of announcement of the Board's resolution regarding the grant of the reserved Restricted Shares;2. any one of the average trading prices of the Company's Shares in the last 20, 60 or 120 trading days preceding the date of announcement of the Board's resolution regarding the grant of the reserved Restricted Shares.
Remaining life of the Scheme	<p>The effective period of this Scheme shall commence from the date of completion of registration for the First Grant and end on the date when all the Restricted Shares are fully unlocked or repurchased, for a maximum of 72 months. On 27 January 2021, the Company completed the registration of the First Grant of Restricted Shares under the Scheme with the China Securities Depository and Clearing Corporation Limited. As of 31 December 2024, there are no more than 25 months remaining under the Scheme.</p>

Corporate Governance (Continued)

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

(II) Implementation of the Share Incentive Scheme during the Reporting Period

1. Details of the Grant under the Scheme during the Reporting Period In 2024, the Company did not grant any new Restricted Shares.
2. Details of Cancellation of Share Incentive during the Reporting Period

Pursuant to the Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales” approved by the Company’s 2023 Annual General Meeting of Shareholders, 2024 First Domestic Shareholders’ Class Meeting, and 2024 First Foreign Shareholders’ Class Meeting on 29 May 2024, the Company completed the repurchase and cancellation of 450,666 restricted sales held by 14 original incentive recipients at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited that had been granted but had not yet been released on 29 July 2024. After the cancellation was completed, the Company’s total share capital was reduced from 9,383,851,972 shares to 9,383,401,306 shares.

Pursuant to the “Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales” approved by the Company’s 2024 first extraordinary general meeting, 2024 Second Domestic Shareholders’ Class Meeting, and 2024 Second Foreign Shareholders’ Class Meeting on 30 December 2024, the Company completed the repurchase and cancellation of 14,180,048 restricted shares held by 183 original incentive recipients at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited that had been granted but had not yet been released on 28 February 2025. After the cancellation was completed, the Company’s total share capital was reduced from 9,383,401,306 shares to 9,369,221,258 shares.

Corporate Governance (Continued)

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

(II) Implementation of the Share Incentive Scheme during the Reporting Period (Continued)

3. Grantees

Name	Position	Grant Date	Lock-up period	Grant	Number	Number	Number	Number		Number	Number
				Restricted	held at the	of shares	of shares	of shares	Purchase	of shares	of grants
				price of	beginning of	granted	unlocked	canceled	price of	lapsed	held at the
				the Reporting	during the	during the	during the	during the	the Reporting	during the	end of the
				Period	Period	Period	Period	Period	incentive	Period	Reporting
				Shares	Period	Period	Period	Period			Period
				(RMB/share)	(10,000 shares)	(10,000 shares)	(10,000 shares)	(10,000 shares)	(RMB/share)	(10,000 shares)	(10,000 shares)
Note3											
(RMB/share) (10,000 shares) (10,000 shares) (10,000 shares) (10,000 shares) (RMB/share) (10,000 shares) (10,000 shares)											
I. Directors and Senior Management											
Zhang Hongjun	Executive Director, General Manager	2021.01.08	2021.01.27-2023.01.26	1.85	0	-	-	-	-	-	0
Wang Baojun	Executive Director, Deputy General Manager, Chief Accountant, and Secretary of the Board	2021.12.10	2022.01.28-2024.01.27	2.31	17.7885	-	8.7615	-	-	-	9.027
Tian Yong	Executive Director and Deputy General Manager	2021.01.08	2021.01.27-2023.01.26	1.85	10.2	-	-	-	-	-	10.2
Meng Jinsong	Deputy General Manager	2021.01.08	2021.01.27-2023.01.26	1.85	15.3	-	-	-	-	-	15.3
Zhang Hua	Deputy General Manager	2021.01.08	2021.01.27-2023.01.26	1.85	0	-	-	-	-	-	0

Corporate Governance (Continued)

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

(II) Implementation of the Share Incentive Scheme during the Reporting Period (Continued)

3. Grantees (Continued)

Name	Position	Grant Date	Lock-up period	Grant price of Restricted Shares	Number of grants held at the beginning of the Reporting Period	Number of shares granted during the Reporting Period	Number of shares unlocked during the Reporting Period	Number of shares canceled during the Reporting Period	Purchase price of canceled incentive	Number of shares lapsed during the Reporting Period	Number of grants held at the end of the Reporting Period
			Note3	(RMB/share)	(10,000 shares)	(10,000 shares)	(10,000 shares)	(10,000 shares)	(RMB/share)	(10,000 shares)	(10,000 shares)
II. Other Core Employees											
Other core employees in the First Grant (149)		2021.01.08	2021.01.27-2023.01.26	1.85	1271.4581	-	-	27.2001	2.01	-	1244.2580
Other core employees in the Reserved Grant (36)		2021.12.10	2022.01.28-2024.01.27	2.31	312.5278	-	155.4415	17.8665	2.41	-	139.2198
Total		-	-	-	1627.2744	-	164.2030	45.0666	-	-	1418.0048
III. Five Individuals with the Highest Compensation in Aggregate											
Employees in the First Grant (5)		2021.01.08	2021.01.27-2023.01.26	1.85	56.1	-	-	-	-	-	56.1
Employees in the Reserved Grant (0)		-	-	-	-	-	-	-	-	-	-

Notes:

- On 18 April 2024, 1,642,030 restricted shares of 36 Incentive Participants of the First Grant of the first unlocking period were listed and circulated. The closing price of A shares on the day before unlocking was RMB2.50/share.
- The five highest paid individuals this year were all granted restricted shares.

Corporate Governance (Continued)

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

(II) Implementation of the Share Incentive Scheme during the Reporting Period (Continued)

3. Grantees (Continued)

Notes: (Continued)

3. The lock-up period of the Restricted Shares shall be 24 months from the date of completion of restricted share registration. The unlocking period and schedule for each unlocking of the Restricted Shares (including the reserved Restricted Shares) are set out below:

Arrangement of unlocking	Unlocking period	Percentage of the number of Restricted Shares to be unlocked to the number of the Restricted Shares granted
First unlocking period	Commencing from the first trading day after expiry of the 24-month period from the date of the grant of the registration is completed and ending on the last trading day of the 36-month period from the date of the grant of the registration is completed	33%
Second unlocking period	Commencing from the first trading day after expiry of the 36-month period from the date of the grant of the registration is completed and ending on the last trading day of the 48-month period from the date of the grant of the registration is completed	33%
Third unlocking period	Commencing from the first trading day after expiry of the 48-month period from the date of the grant of the registration is completed and ending on the last trading day of the 60-month period from the date of the grant of the registration is completed	34%

Corporate Governance (Continued)

X. IMPLEMENTATION OF THE SHARE-BASED INCENTIVES, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY (CONTINUED)

(III) Appraisal mechanism and incentives for the senior management

The Company adopts the “base salary + annual profit-linked salary + performance-linked award + tenure incentive” packages for the senior management. The base salary refers to the average salary of employees for the year; the annual profit-linked salary is associated with the comprehensive performance review; the performance-linked award is the bonus funded from the excessive profit when the achievement is higher than the performance target; the tenure incentive is associated with the tenure performance review.

(IV) Implementation of the Employee Stock Ownerships Scheme

☐ Applicable ☒ Not applicable

(V) Other employee incentive measures

☐ Applicable ☒ Not applicable

XI. THE ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

(I) Establishment and implementation of internal control

During the Reporting Period, the company strictly adhered to regulatory requirements set by the China Securities Regulatory Commission (CSRC), the Shenzhen Stock Exchange, the Company Law, and the Articles of Association. It strengthened a comprehensive risk and internal control management system under the Party Committee’s leadership, with the board overseeing decisions, internal control functions leading implementation, and departments collaborating effectively. Upholding the principle of “robust controls, risk prevention, and compliance promotion,” the company ensured proper governance by the Party Committee, board, and management, leveraging internal controls to support lawful operations and risk mitigation. Aligning with operational realities, the company continuously refined its risk and internal control frameworks. The internal control system is well-structured, meeting the completeness, rationality, and effectiveness standards outlined by the Ministry of Finance, CSRC, and other regulatory bodies, and remains adaptive to the company’s management and growth needs. The Company continues to improve its internal control system, and the internal control operating mechanism is effective, achieving the expected goals of internal control and safeguarding the interests of the Company and all shareholders.

Corporate Governance (Continued)

XI. THE ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD (CONTINUED)

(II) Specific information on significant defects of internal control identified during the Reporting Period

☐ Yes ☒ No

XII. MANAGEMENT CONTROL OF SUBSIDIARIES BY THE COMPANY DURING THE REPORTING PERIOD

Name of companies	Integration plan	Integration progress	Problems encountered during integration	Solutions taken	Solution progress	Subsequent solution plan
Green Gold	On 28 March 2024, the 27th meeting of the ninth session of the Board of Directors of the Company approved the Company to adjust the investment method of its subsidiary Green Gold. Angang Holding and Zhongyuan Industry respectively invested in Green Gold with their shares in Steel Scrap, and Steel Scrap became a wholly-owned subsidiary of Green Gold.	On 28 March 2024, the Company signed relevant agreements with Angang Holding and Zhongyuan Industry on the above matters. The relevant assets, personnel, institutions, and businesses of the Steel Scrap were transferred as a whole due to equity adjustments.	-	-	-	-

Corporate Governance (Continued)

XIII. SELF-EVALUATION REPORT ON INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT

(I) Self-evaluation Report on Internal Control

Date of disclosure of full text of evaluation report on internal control	31 March 2025
Index of full disclosure Index of Full Disclosure of Evaluation report on internal control	(CNINFO) http://www.cninfo.com.cn
The proportion of the total unit asset under the scope of evaluation to the total assets of the consolidated financial statements of the Company	97.5%
The proportion of the unit operating income under the scope of evaluation to the operating income of the consolidated financial statements of the Company	86.93%

Corporate Governance (Continued)

XIII. SELF-EVALUATION REPORT ON INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT

(I) Self-evaluation Report on Internal Control

Type	Deficiency identification standards	
	Financial report	Non-financial report
Qualitative identification standard	<p>1. Significant defect:</p> <p>(1) The directors, supervisors and senior management are found to have fraudulent behavior.</p> <p>(2) Amendment to the published financial report of the Company.</p> <p>(3) There was a material misstatement in the financial statements, and the internal control failed to find the misstatement during the operation.</p> <p>(4) The supervision of internal control by the Audit and Risk (Oversight) Committee and the internal audit institution was invalid.</p>	<p>1. Defect identification standards for internal control of daily operations:</p> <p>(1) General defect</p> <p>has medium or below impact on the normal operation of the Company: affects certain of the principal business types/major functions or general business/general functions of the Company; has medium or below impact on the overall operation of the Company and the Company is required to pay a certain consideration for its recovery in a certain period.</p> <p>(2) Significant defect</p> <p>has relatively large impact on the normal operation of the Company: affects part of the principal business types/major functions of the Company; has relatively large impact on the overall operation of the Company and the Company is required to pay a considerable consideration for its recovery in a longer period.</p> <p>(3) Major defect</p> <p>has significant impact on the normal operation of the Company: affects most of the principal business types/major functions of the Company; has significant effect on the overall operation of the Company and it will be difficult for the Company to recover in the long run.</p>
	<p>2. Major defect:</p> <p>The severity and economic consequences of accounting policies, accounting and financial reporting were lower than significant defects, but there still existed internal control defects that may cause the Company to deviate from the control objectives.</p>	
	<p>3. General defect:</p> <p>Internal control defect of financial reports other than significant defect and major defect.</p>	

Corporate Governance (Continued)

XIII. SELF-EVALUATION REPORT ON INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT (CONTINUED)

(I) Self-evaluation Report on Internal Control (Continued)

Type	Deficiency identification standards	
	Financial report	Non-financial report
		<p>2. Defect identification standards for internal control of the Company's reputation as follows:</p> <p>(1) General defect</p> <p>has medium or below impact on the Company and the Company is required to pay a certain consideration for its recovery in a certain period: the Company is required to pay a certain consideration for its recovery in a certain period, overly prolonged delivery of goods and unstable quality, resulting in the reduction in cooperation with partners; concern from partners due to negative reports in a certain scope; quality issues in the application of products and inappropriate response resulting in tightening of conditions for continual cooperation with customers; the occurrence of counterfeit incident affects the normal sales of the Company's customers, resulting in the request of goods return or clarification from customers; internal rectification required by regulatory authorities.</p> <p>(2) Significant defect</p> <p>has relatively large impact on the Company and the Company is required to pay a certain consideration for its recovery in a longer period: partners continue to be dissatisfied with the Company in terms of quality, delivery time and price and other factors, thus certain partners cease their cooperation with the Company; negative reports from various media causes important partners to be concerned and public image is prejudiced; material quality issue results in discontinuity of cooperation and indirectly affects the cooperation with similar customers; the occurrence of counterfeit incident affects the normal sales channels and refund, thus the interests of both the Company and the customers are prejudiced; the Company is reported or publicly denounced by regulatory authorities.</p> <p>(3) Major defect</p> <p>has significant impact on the Company and the Company is required to pay a considerable consideration for its recovery in a longer period: serious problems occur in various sales factors and most of the partners cease to cooperate or reduce the level of cooperation; negative reports issued by popular authoritative media to cause the suspension of cooperation among customers, suppliers and the Company; material quality problems are found in application of products to key construction projects and have certain impact on the society, thus the recognition from the public decreases; negative effect brought by counterfeit incident, thus the recognition from the public and loyalty of customers decrease; the Company's business is forced to stop for rectification by regulatory authorities.</p>

Corporate Governance (Continued)

XIII. SELF-EVALUATION REPORT ON INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT (CONTINUED)

(I) Self-evaluation Report on Internal Control (Continued)

Type	Financial report	Deficiency identification standards	
		Non-financial report	
		<p>3. Defect identification standards for internal control of the Company's safety:</p> <p>(1) General defect</p> <p>affects minority of staff/public health/safety; relatively larger accidents.</p> <p>(2) Significant defect</p> <p>affects part of staff/public health/safety; major accidents.</p> <p>(3) Major defect</p> <p>affects certain number of staff/public health/safety; significant accidents.</p>	
		<p>4. Defect identification standards for internal control of the Company's environmental protection:</p> <p>(1) General defect</p> <p>middle-level impact on the environment, the occurrence of general environmental incident (National level IV).</p> <p>(2) Significant defect</p> <p>relatively large damage on the environment, the occurrence of larger environmental accident (National level III).</p> <p>(3) Major defect</p> <p>serious damage on the environment, the occurrence of environmental protection incident at the level of significant environmental accident (National level II) or above.</p>	

Corporate Governance (Continued)

XIII. SELF-EVALUATION REPORT ON INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT (CONTINUED)

(I) Self-evaluation Report on Internal Control (Continued)

Type	Deficiency identification standards	
	Financial report	Non-financial report
Quantitative identification standard	1. Significant defect	–
	significant effect on financial indicators and liquidity (0.8 time ≤ turnover of current assets < 1 time); effect on total profit RMB50 million; effect on total assets RMB8 billion.	
	2. Major defect	
	larger effect on financial indicators and liquidity (0.5 time ≤ turnover of current assets < 0.8 time); RMB10 million ≤ effect on total profit < RMB50 million; RMB4.8 billion ≤ effect on total assets < RMB8 billion.	
	3. General defect	
	middle-level or smaller effect on financial indicators and liquidity (turnover of current assets < 0.5time); effect on total profit < RMB10 million; effect on total assets < RMB4.8 billion.	
Number of significant defects in financial statements		0
Number of significant defects in non-financial statements		0
Number of major defects in financial statements		0
Number of major defects in non-financial statements		0

Corporate Governance (Continued)

XIII. SELF-EVALUATION REPORT ON INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT (CONTINUED)

(II) Auditor's report on internal control

Opinion on the Review of the Auditor's Report on Internal Control

BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) has audited the internal control of the financial report of the Company in respect of its effectiveness, and is of the opinion that Angang Steel Company Limited maintained effective internal control on the financial report in all material aspects in accordance with the Basic Standards for Enterprise Internal Control and the relevant regulations as of 31 December 2024.

Disclosure of the auditor's report on internal control	Disclosed
Date of disclosure of full text of the auditor's report on internal control	31 March 2025
Index of full disclosure of the auditor's report on internal control	(CNINFO) http://www.cninfo.com.cn
Type of opinion on the auditor's report on internal control	Standard and unqualified
Whether there are material defects in non-financial statements	No

Whether the accounting firm has released an unqualified internal control audit report

☐ Yes ☒ No

Whether the internal control audit report released by the accounting firm is consistent with the opinion of the Board of Directors in the self-assessment report

☒ Yes ☐ No

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT

(I) Corporate governance practices

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

The Company has adopted the code provisions set out in Appendix C1 to the Hong Kong Stock Exchange Listing Rules as currently effective. The Company has periodically reviewed its corporate governance practices, except for the following matters, the Company has properly complied with the code provisions of the Corporate Governance Code.

(II) Securities transactions by Directors

The Board has adopted the relevant code for Directors' securities transactions for the purpose of complying with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. In response to the Company's specific enquiries with all Directors, the Directors have confirmed that they have complied with the code set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(III) Independent Non-executive Directors

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

Pursuant to the requirements of the Hong Kong Stock Exchange, the Company has verified with its independent non-executive Directors in respect of their independence as follows: the Company has received the written confirmation of each of the independent non-executive Directors ascertaining that they are in compliance with Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in respect of their independence. The Company is of the opinion that all of the independent non-executive directors are independent.

(IV) The Board and its special committees

1. Composition of the Board

The Board of the Company comprises nine members including four executive Directors (including one Chairman), one non-executive Director and four independent non-executive Directors as at the end of the Reporting Period. The number of independent non-executive Directors of the Company represents over one third of the members of the Board.

The Board of the Company establishes four special committees, which are all comprised of Directors. In particular, the majority of the members of the Audit and Risk (Oversight) Committee, Nomination Committee, Remuneration and Appraisal Committee are independent non-executive Directors who are also the conveners. There is at least one independent non-executive Director in the Audit and Risk (Oversight) Committee who possesses professional qualifications in accounting. Each of the special committees is accountable to the Board and submits proposals to the Board for consideration and approval.

The Board of the Company held 9 Board meetings and considered and approved 56 proposals in 2024.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

2. Duties and Operation of the Board

The Board is accountable to the general meetings and exercises the following powers:

- 1) To formulate plans to implement the decisions and arrangements of the CPC Central Committee and the State Council and implement major measures for national development strategies;
- 2) to convene and report at the general meetings;
- 3) to implement the resolutions passed at the general meetings;
- 4) to decide the Company's business and investment plans;
- 5) to prepare the Company's annual budget and its final accounts plan;
- 6) to prepare the Company's profit distribution plan and loss recovery plan;
- 7) to prepare the proposals for the increase or reduction of the Company's registered capital, issue of debentures or other securities as well as listing;
- 8) to draw up plans for significant acquisition by the Company, purchase of the Company's shares or the merger, division and dissolution of the Company and change of corporate form;
- 9) to decide the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted financial management, connected transactions within the scope of powers prescribed by laws, regulations and listing rules of the Company's listing places and the authorisation of the general meeting;
- 10) to determine the structure of the Company's internal management;

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

2. Duties and Operation of the Board (Continued)

- 11) to appoint or dismiss the Company's manager and the Secretary of the Board, to appoint or dismiss the Company's deputy general manager and other senior management including the financial controller as nominated by the manager, and determine their remunerations, awards and punishment;
- 12) to prepare the Company's basic management system;
- 13) to prepare amendments to the Articles of Association of the Company;
- 14) to manage the Company's information disclosure;
- 15) to propose to the general meeting to hire or replace the accounting firm for the Company;
- 16) to hear the work report of the Company's manager and check the work of the manager;
- 17) other powers granted by laws, administrative regulations, departmental rules or the Articles of Association of the Company.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

2. Duties and Operation of the Board (Continued)

When the Board of Directors makes resolutions on the matters in the preceding paragraph, except for items 7), 8) and 13) which must be approved by more than two-thirds of the directors, the rest can be approved by more than half of the directors.

The Board of the Company is responsible for the preparation of the financial statements for each financial period, which gives a true and fair view of the state of business condition, results and cash flows of the Company during the relevant period.

To ensure that the Board will receive independent insight and opinions, the Company has adopted the following policies:

- ① Members of the Board shall take relevant business trainings every year, to ensure that they have adequate professional capabilities to fulfill the duties as directors.
- ② The Company shall provide independent non-executive Directors with necessary conditions for discharging duties and shall ensure that independent non-executive Directors enjoy the right to know as equally as other directors. When independent non-executive Directors perform their duties, relevant personnel of the Company shall cooperate and shall not refuse to cooperate, hinder the performance or conceal any information, and shall not intervene in the independent performance of duties. The Company shall afford the cost of independent non-executive Directors' engagement of intermediaries and other expenses incurred in the performance of duties. Other than the remuneration for acting as independent non-executive Directors, independent non-executive Directors shall not receive additional or undisclosed benefits from the Company and its substantial shareholders or interested institutions and persons.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

2. Duties and Operation of the Board (Continued)

- ③ The Nomination Committee reviews the independence of independent non-executive Directors every year, to ensure that all independent non-executive Directors are non-connected parties.
- ④ Independent non-executive Directors do not engage in the Company's daily operation and management.
- ⑤ The remuneration of independent non-executive Directors is not linked with the Company's business performance.

3. Remuneration and Appraisal Committee

In 2024, the Remuneration and Appraisal Committee of the Company held two meetings which mainly assessed the performance of the Directors and senior management of the Company during 2023, reviewed their remunerations for 2023 and relevant matters of the Satisfaction of the Unlocking Conditions for the First Unlocking Period of the Restricted Shares under the First Grant of the 2020 Restricted Share Incentive Scheme and the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales, and submitted these matters to the Board for consideration.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

3. Remuneration and Appraisal Committee (Continued)

In 2024, the members of the Remuneration and Appraisal Committee of the Company and their attendance at meetings are as follows:

Name	Position in the Committee	Attendance at meetings
Hu Caimei	Chairman	100%
Wang Jun	member	100%
Wang Jianhua	member	100%
Wang Wanglin	member	100%
Zhu Keshi	member	100%
Tan Yuhai	member	100%
Feng Changli	Former Chairman	100%

Main duties of the Remuneration and Appraisal Committee are:

- (a) to make recommendation to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives set up by the Board;
- (c) to put forth suggestions on the remuneration of all Directors and senior management to the Board. This should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (d) to organise to formulate the appraisal standards for Directors and senior management and conduct assessments;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

3. Remuneration and Appraisal Committee (Continued)

- (f) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of the office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate;
- (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- (i) to put forth suggestions to the Board on the development or revision of the stock incentive plan and the employee share ownership scheme, rights and interests to eligible participants, and achievement of exercising conditions;
- (j) to put forth suggestions to the Board on the share ownership scheme for directors and senior management members in the subsidiaries to be spun off;
- (k) to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; and
- (l) Other matters stipulated by laws, administrative regulations, provisions of regulatory authorities for securities, and the provisions of the Articles of Association.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

4. Nomination Committee

In 2024, the company's nomination committee held three meetings, mainly to review the board structure and personnel composition and the independence of independent non-executive directors, and nominate candidates for the company's Directors and Deputy General Manager based on the quality requirements of the required talents and relevant laws and regulations, the company's articles of association, etc., and submit them to the Board of Directors for review.

- ① In 2024, the members of the Nomination Committee of the Company and their attendance are as follows:

Name	Position in the Committee	Attendance at meetings
Wang Jianhua	Chairman	100%
Wang Jun	member	100%
Deng Qiang	member	100%
Wang Wanglin	member	100%
Zhu Keshi	member	100%
Hu Caimei	member	100%
Tan Yuhai	member	100%
Tian Yong	former member	100%
Feng Changli	former member	100%

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

4. Nomination Committee (Continued)

② Main duties of the Nomination Committee are:

- (a) to review the structure, size, composition of the Board (including skills, knowledge and experience) at least annually and make recommendations with respect to the changes to be made to the Board in order to coordinate with the Company's corporate strategy;
- (b) to identify individuals appropriately qualified to serve as Directors and to select or make recommendation to the Board on the selection of individuals nominated for directorship;
- (c) to assess the independence of independent non-executive Directors; and
- (d) to make recommendations to the Board on the appointment or reappointment of Directors and succession plan for Directors, in particular, the Chairman and the General Manager.

③ Nomination policy

- (a) The Nomination Committee shall review at least once a year the number, composition and organisational structure of the Board (including the skills, knowledge base, work experience and diversity of the Board members), and advise on personnel changes of the Board to consolidate the Company's development strategy;
- (b) The Nomination Committee shall consider the criteria and procedures for selecting directors, general manager and other senior management members and make recommendations thereon to the Board, develop or revise the Board Diversity Policy and focus on developing board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, perspectives, education background and previous experience;

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

4. Nomination Committee (Continued)

③ Nomination policy (Continued)

- (c) The Nomination Committee shall identify candidates qualified to become the Board members and make recommendations thereon to the Board, having due regard to the Company's Board Diversity Policy, the requirements in the Articles of Association regarding the appointment of directors of the Company, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (d) The Nomination Committee shall review the independence of independent non-executive Directors with reference to the factors set out in the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board. If a proposed independent non-executive Director will be holding his/her seventh (or more) listed company directorship, the Nomination Committee shall assess his/her ability to devote sufficient time to the Board matters.

The Company's nomination policy is aimed to ensure that members of the Board have necessary skills and experience and diverse insights that are important to the businesses.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

5. Audit and Risk (Oversight) Committee

In 2024, the Audit and Risk (Oversight) Committee of the Company held a total of six meetings. During the meetings, the Audit and Risk (Oversight) Committee mainly reviewed the quarterly, interim and annual financial statements of the Company and financial information set out in the quarterly, interim and annual reports of the Company, reviewed the internal control system and risk management of the Company and nominated auditor of the Company for 2024.

In 2024, the members of the Audit and Risk (Oversight) Committee of the Company and their attendance are as follows:

Name	Position in the Committee	Attendance at meetings
Zhu Keshi	Chairman	100%
Wang Jianhua	member	100%
Wang Wanglin	member	100%
Hu Caimei	member	100%
Tan Yuhai	member	100%
Feng Changli	former member	100%

The Audit and Risk (Oversight) Committee and the management of the Company have jointly examined the Company's accounting policy and have discussed the issues in relation to the auditing, internal control and financial statements of the Company, including a review of the audited financial statements for the year ended 31 December 2024.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

5. Audit and Risk (Oversight) Committee (Continued)

Main duties of the Audit and Risk (Oversight) Committee are:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

5. Audit and Risk (Oversight) Committee (Continued)

- (d) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
 - (vii) the Company's profit distribution or loss recovery plan.
- (e) Regarding (d) above:
 - (i) members of the committee should liaise with the Board and senior management. The committee must meet, at least twice a year, with the Company's auditors;
 - (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

5. Audit and Risk (Oversight) Committee (Continued)

- (f) to review the Company's financial control, internal control and risk management system at least annually, and, unless there is another risk committee under the Board or the Board itself explicitly deals with it, review the Company's risk management and internal control system;
- (g) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (h) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (j) to review the Company's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the Board on the matters in respect of the terms of reference;

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

5. Audit and Risk (Oversight) Committee (Continued)

- (n) to consider other topics, as defined by the Board;
- (o) to review arrangements as: employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (p) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (q) to guide and promote the development of corporate rule of law and compliance management and supervise the duty performance of the management regarding the governance of enterprises according to law and compliance management;
- (r) to oversee the appointment and removal of the person in charge of the Audit Department of the enterprise and put forth relevant suggestions;
- (s) Other functions and powers conferred by the Board.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) The Board and its special committees (Continued)

6. Training for Directors

In 2024, all the Directors of the Company have received relevant training and studied relevant laws and regulations at home and abroad, relevant rules and updates of Shenzhen Stock Exchange and Hong Kong Stock Exchange, details of which are as follows:

Name	Position in the Board	Continuous professional training category
Wang Jun	Chairman	A, B
Zhang Hongjun	Executive Director	A, B
Wang Baojun	Executive Director	A, B
Deng Qiang	Executive Director	A, B
Tan Yuhai	Non-executive Director	A, B
Wang Jianhua	Independent Non-executive Director	A, B
Wang Wanglin	Independent Non-executive Director	A, B
Zhu Keshi	Independent Non-executive Director	A, B
Hu Caimei	Independent Non-executive Director	A, B
Tian Yong	Former Executive Director	A, B
Feng Changli	Former Independent Non-executive Director	A, B

Notes: A: Attend meetings/forums/reporting meetings/trainings/lectures relating to businesses or functions of the Directors

B: Internal trainings of the Company/read supervisory update information about laws, rules and regulations relating to the roles and functions of the Directors.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(V) Chairman and general manager

The positions of Chairman and General Manager of the Company are assumed by different persons with definite division of duties.

Duties of the Chairman:

- i. to preside over the general meetings and to convene and preside over the Board meetings;
- ii. to supervise and check the implementation of resolutions of the Board;
- iii. to sign the securities issued by the Company;
- iv. to exercise other powers conferred by the Board.

Duties of the General Manager:

The General Manager of the Company reports to the Board and exercises the following powers:

- i. to take charge of the Company's production, operation and management and to organise and implement the resolutions of the Board and report to the Board;
- ii. to organise the implementation of the Company's annual operational plans and investment programmes;
- iii. to prepare the plan for the Company's internal management structure;
- iv. to prepare the basic management system for the Company;
- v. to prepare the basic rules and regulations of the Company;
- vi. to make proposals in relation to the appointment or dismissal of the deputy general manager or other senior management personnel of the Company (including the financial controller);
- vii. to appoint or dismiss the management personnel other than those required to be appointed or dismissed by the Board;
- viii. other powers as conferred under the Articles of Association of the Company or granted by the Board.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(VI) Company secretaries

During the Reporting Period, Mr. Wang Baojun and Mr. Zhou Dongzhou, the Joint Company Secretaries, were in compliance with Rule 3.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Mr. Wang Baojun and Mr. Zhou Dongzhou were respectively appointed by the Board on 16 June 2021 and 30 November 2021. Mr. Zhou Dongzhou has signed an engagement contract with the Company to provide certain corporate secretarial services to the Company. Mr. Wang Baojun was the major contact person between Zhou Dongzhou and the Company in relation to corporate secretarial matters.

(VII) Rights of shareholders

1. How the shareholders can convene an extraordinary general meeting

Pursuant to Article 64 of the Articles of Association of the Company:

“any shareholder(s) individually or aggregately holding more than 10% of the shares of the Company shall be entitled to request in writing to the Board to convene an extraordinary general meeting. The Board shall reply, in writing, within 10 days upon receipt of such proposal, whether or not it consents to the convening of extraordinary general meeting in accordance with the provisions of the laws, administrative regulations and the Articles of Association of the Company.

The Board shall give the notice convening an extraordinary general meeting within five days after it has passed the relevant resolution. Any change made to the original request in the notice shall be subject to the consent of such shareholder(s).

If the Board does not consent to convene such an extraordinary general meeting or does not reply within 10 days upon receipt of such request, such shareholder(s) individually or in aggregate holding more than 10% of the shares of the Company shall be entitled to request in writing to the Supervisory Committee to convene such an extraordinary general meeting.

The Supervisory Committee shall give the notice convening an extraordinary general meeting within 5 days after it has passed the relevant resolution. Any change made to the original request in the notice shall be subject to the consent of such shareholder(s).

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(VII) Rights of shareholders (Continued)

1. How the shareholders can convene an extraordinary general meeting Pursuant to Article 64 of the Articles of Association of the Company: (Continued)

If the Supervisory Committee fails to give a notice convening a general meeting within the prescribed period of time, it shall be deemed as not to convene and hold such a general meeting, in which circumstance, shareholder(s) individually or aggregately holding more than 10% of the shares of the Company shall be entitled to convene and chair such a general meeting on its/their own."

2. The procedures by which enquiries may be put to the Board and sufficient contact details to enable these enquiries to be properly directed.
3. Procedures and sufficient contact details for putting forward proposals at the general meetings.

(VIII) Investor relations

1. Communication with shareholders

In order to protect the rights of its shareholders, the Company convenes general meetings at appropriate time and venue according to the relevant requirements and notifies its shareholders in a timely manner. The general meetings are convened by adopting the way of poll combining on-site voting and online voting to ensure that the shareholders can exercise their rights.

In 2024, the Company strengthened communication with investors by holding results briefings and attending strategic review meetings organised by brokers and held 15 investor relation activities. The Company replied inquiries of 35 investors via the interaction platform of Shenzhen Stock Exchange. During the Reporting Period, the Company strictly followed the requirements of the Articles of Association and the Investor Relation Management Measures concerning the shareholder communication policy, truly protected the rights and interests of shareholders and ensured smooth channels for communication between the Company and investors.

The Board reviewed the shareholder communication policy on the regular basis, to ensure its implementation and effectiveness. Having considered the multiple communication and engagement channels provided by the Company, the Board believes that the shareholder communication policy is effective during the Reporting Period.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(VIII) Investor relations (Continued)

2. Significant changes in the “Articles of Association”

In 2024, the Company's Articles of Association were amended at the 2023 Shareholders' General Meeting and the 2024 First Extraordinary General Meeting, respectively, to mainly revise the “Articles of Association” and its annexes “Rules of Procedure of the General Meeting of Shareholders” and “Rules of Procedure of the Board of Director in accordance with the “Guidelines on the Articles of Association of Listed Companies”, “Hong Kong Stock Exchange Securities Listing Rules”, “Shenzhen Stock Exchange Stock Listing Rules”, “Regulations on the Management of Independent Directors of Listed Companies” and other relevant laws, regulations and normative documents revised by the China Securities Regulatory Commission and the Shenzhen and Hong Kong stock exchanges, and the repurchase and cancellation of restricted shares approved by the general meeting of shareholders. For details, please refer to the “Comparison Table of Amendments to the Articles of Association of Angang Steel Co., Ltd.”, “Comparison Table of Amendments to the Rules of Procedure for Shareholders' Meetings of Angang Steel Co., Ltd.” and “Comparison Table of Amendments to the Rules of Procedure for Board Meetings of Angang Steel Co., Ltd.” published on the Juchao Information Network www.cninfo.com.cn on 29 March 2024, and the “Comparison Table of Amendments to the Articles of Association of Angang Steel Co., Ltd.” published on the Hong Kong Stock Exchange on 28 March 2024. Proposed amendments to the Company's articles of association; Proposed amendments to the rules of procedure for shareholders' meetings; and Proposed amendments to the rules of procedure for board meetings.

(IX) Corporate governance functions

The Board is responsible for performing the functions as set out in code provision A.2.1 of the Corporate Governance Code to ensure that the Company has established comprehensive corporate governance practices and procedures. During the Reporting Period, the Board has:

1. established and reviewed the corporate governance policies and practices of the Company as well as made relevant recommendations;
2. reviewed and monitored the training and continuous development of the Directors and senior management;

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(IX) Corporate governance functions (Continued)

3. reviewed and monitored the policies and practices of the Company regarding the compliance with relevant legal and regulatory requirements;
4. established, reviewed and monitored the code of conduct for Directors and employees; and
5. reviewed as to whether the Company has complied with the Corporate Governance Code of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and made disclosures in the Corporate Governance Report.

(X) Risk management and internal control

The Board is responsible for overseeing the Group's risk management and internal control systems and reviewing their effectiveness. The Strategic Committee and the Audit and Risk (Oversight) Committee under the Company's Board of Directors assist the Board in monitoring and reviewing the design and operational effectiveness of the risks, associated risk management and internal control systems, and submit reports to the Board.

The Group has established a relatively comprehensive risk management and internal control system, in which there is close integration of the Group's comprehensive risk management and internal control work with other management efforts, so as to integrate the various requirements of risk management into corporate management and business processes. In accordance with the principle of "The one who is in charge of the business is responsible for the risks", the Company has established "Three Lines of Defence" for risk management, with each department and unit as the first line of defence to implement comprehensive risk and internal control specific work in the business fields under the charge of their departments and units. The Legal and Compliance Department is the second line of defence, to improve the Company's comprehensive risk and internal control system, and organize and promote comprehensive risk and internal control management work. The Audit Department is the third line of defence, which is responsible for supervising and evaluating the effectiveness of comprehensive risk management and internal control, and urging the rectification of relevant risk issues and internal control deficiencies.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(X) Risk management and internal control (Continued)

1. Risk management

The Group has established a material risk assessment mechanism. Based on the changes in the internal and external environment, identify, analyse and evaluate the risks affecting the achievement of the strategic and operational objectives of the enterprises. Based on the results of the risk assessment, and taking into account the conditions of the internal and external environment as well as important bottlenecks and weaknesses of the enterprises, the Group can comprehensively assess the major risks for the year, formulate countermeasures and implement subject to the approval by the Board of Directors, and carry out prevention and control of major risks.

The Group has established and operated an early warning mechanism for operational risks. All competent business departments pay attention to the changes in national laws and regulations, changes in government regulatory policies, industry dynamics and market changes, etc., and identify and assess the major risks that may occur in their respective areas of expertise, and issue risk warning notices in a timely manner.

The Group has continuously improved policies related to risk internal control. The Group has insisted on effectively embedding the internal risk control provisions into the whole process of production and management, continued to make the internal control policy system more scientific, systematic, and effective. The Group effectively complied with the internal and external regulation requirements, and comprehensively reviewed the rules and policies related to internal control, risk and compliance management.

The Group established and improved the quarterly monitoring and reporting mechanism for material risks. All competent business departments and units closely track and monitor the changes in major risks and relevant implementation, implemented the work mechanism of “active reporting + dynamic supplementation + barrier review” for risk screening to realise the smooth supervision and feedback of comprehensive risk management.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(X) Risk management and internal control (Continued)

1. Risk management (Continued)

The Group promotes the joint mechanism of risk assessment and compliance review for the decision making on significant matters. In accordance with relevant regulations on business approval authority, risk assessment and compliance review management of significant matters, organise and conduct special risk assessment and compliance review of significant matters, and form the Special Risk Assessment and Compliance Review Report. Before significant matters are reviewed and decisions are made, they should be submitted to the Joint Review Department for review and a Review Opinion is formed.

2. Internal control

The Group has established an internal audit department which reports directly to the Audit and Risk (Oversight) Committee. The Audit Department attends the Audit and Risk (Oversight) Committee meetings on a quarterly basis to report on the internal audit work of the Company. The Audit and Risk (Oversight) Committee oversees and reviews the comprehensiveness and implementation of the Group's internal control system. The Audit Department organises annual reviews and self-evaluations of the internal control system, prepares self-evaluation reports on internal controls and reports to the Audit and Risk (Oversight) Committee for approval by the Board.

The Group has established and operated a long-term mechanism for the management of rules and regulations, an internal control mechanism for authorisation and approval, an internal control evaluation mechanism, an internal control rectification mechanism and an internal control system work reporting mechanism. The Audit Department organises an annual comprehensive self-assessment of the effectiveness of the internal control system to objectively, truthfully and accurately reveal the internal control deficiencies in management. It also issues timely rectification notices concerning internal control deficiencies uncovered by internal control supervision and evaluation, provides guidance and supervises the implementation of rectification, and conducts inspection and evaluation of the effectiveness of rectification.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(X) Risk management and internal control (Continued)

2. Internal control (Continued)

The Group has established the Procedures for the Administration of Information Disclosure, which clearly specifies the procedures for communication, confidentiality, reporting and external release of insider information prior to its release.

The Board reviews the Group's risk management and internal control systems at least once a year. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board believes that the risk management and internal control system settings of the Group are adequate and effective.

(XI) Auditor's remuneration

For the year ended 31 December 2024, the Company paid audit fees of RMB4.75 million to the external auditor of the Company and reserved a 5% (RMB250,000) quality deposit in accordance with the contract.

(XII) Board diversity policy

In accordance with the requirements of the Hong Kong Stock Exchange, the Company has formulated the Diversity Policy of the Board and the Policy. The Company is committed to the principle of equal opportunities in all aspects of its business, and no one will be discriminated against on the grounds of race, gender, disability, religion or ideological belief, age, sexual orientation, family status or any other factors.

The Company strives to ensure that board members maintain an appropriate balance in terms of skills, experience and diversity of views and perspectives to provide different views and perspectives, opinions and questions, and ensure the implementation of the Company's business strategy and the efficient operation of the Board. The appointment of members of the Board will continue to be based on the principle of employing only the best, considering the candidates who can serve as members of the Board according to objective criteria, and with due regard to the benefits of diversity of members of the Board.

Corporate Governance (Continued)

XIV. CORPORATE GOVERNANCE REPORT (CONTINUED)

(XII) Board diversity policy (Continued)

Currently, the Company has nine directors, including four independent non-executive directors. Specialised in steel enterprise management, economics and management, steel industry analysis, law and accounting, and tax, the directors have extensive experience, broad horizon and keen sight in market and economic trends and enterprise development trends, master knowledge of macroeconomic development and national policies and regulations, possess high-level professionalism and strategic thinking and have great influence in their respective specialised field, which is a strong support to Angang Steel's high-quality development.

During the Reporting Period, the Company's board of directors further optimized the member structure of the Board. Currently, there are 8 male directors and 1 female director on the board. The Company will uphold the principle of selecting talents on their merits and remain committed to providing female employees with career development opportunities. A series of measures have been adopted, which will be further promoted in the future, to enhance the gender diversity of the Board. The Nomination Committee will review the Board Diversity Policy and the progress (including gender balance) on the regular basis, to ensure continuity and effectiveness. The Board believes that the policy will provide the talents it is seeking to achieve gender diversity.

The Group (the Company and its subsidiaries) has 25,028 employees in total in 2024, including 2,068 female employees, who account for 8.26% of the workforce. The Company will actively organise diversified recruitment and admission to ensure equal opportunities and remuneration for employees of all genders in the organisation. As at the date of this annual report, the Company is not aware of any factor or circumstance that poses challenges to or negatively affects the gender diversity of employees.

Environmental and Social Responsibilities

I. MAJOR ENVIRONMENTAL ISSUES

If the listed company and its subsidiaries are in the list of key pollutant discharge institutions as declared by environmental protection authorities

☒ Yes ☐ No

(I) Environmental protection related policies and industry standards

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

(II) Environment protection administrative permits:

The validity period of the pollutant discharge permit of Anshan Headquarters of Angang Steel is from 10 October 2024 to 9 October 2029; the validity period of the pollutant discharge permit of Bayuquan Branch is from 8 July 2024 to 7 July 2029; and the validity period of the pollutant discharge permit of Chaoyang Iron and Steel is from 14 June 2024 to 13 June 2029.

Environmental and Social Responsibilities (Continued)

I. MAJOR ENVIRONMENTAL ISSUES (CONTINUED)

(III) Industry emission standards and specific information on pollutant emissions in production and operating activities

Name of company or subsidiary	Types of major pollutants and characteristic pollutants	Name of major pollutants and characteristic pollutants	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge/ Emission Concentration/ Intensity	Pollutant discharge standards	Total Discharge/ Emissions	Approved Total Discharge/ Emissions	Excess discharge
ANGANG STEEL COMPANY LIMITED	Water pollutant	COD	Discharged after being treated to acceptable standards	3	Main drain	<50mg/L	50mg/L	49.42 tons	Not approved by the government department	No
	Water pollutant	Ammonia-nitrogen		3	Main drain	<5mg/L	5mg/L	6,297.8 tons		No
	Air pollutants	Particles		561	Coking	<30mg/m ³	30mg/m ³	5,018 tons		No
					Iron smelting	<25mg/m ³	25mg/m ³			
					Steel smelting	<20mg/m ³	20mg/m ³			
					Steel rolling	<30mg/m ³	30mg/m ³			
	Air pollutants	Sulfur dioxide		200	Coking	<50mg/m ³	50mg/m ³	6,040.8 tons		No
					Sintering	<200mg/m ³	200mg/m ³			
					Steel rolling	<150mg/m ³	150mg/m ³			
	Air pollutants	Oxynitride		167	Coking	<500mg/m ³	500mg/m ³	18,484.2 tons		No
					Sintering	<300mg/m ³	300mg/m ³			
					Steel rolling	<300mg/m ³	300mg/m ³			

(IV) Treatment of pollutants

The Company's existing pollution prevention and control facilities are operating stably, waste gas emissions are meeting standards, Chaoyang Iron and Steel and Bayuquan Iron and Steel branches' wastewater discharge is meeting standards, and the Anshan plant has achieved zero wastewater discharge during the non-rainy season. No major environmental pollution accidents or environmental violations occurred, and the implementation rate of the "three simultaneous" environmental protection measures for construction projects, the compliance rate for hazardous waste disposal, and the compliance rate for the use of radioactive sources all reached 100%.

Environmental and Social Responsibilities (Continued)

I. MAJOR ENVIRONMENTAL ISSUES (CONTINUED)

(IV) Treatment of pollutants (Continued)

The Company's Transformation for ultra-low emission sped up noticeably. On 1 February 2024, the full-process ultra-low emission of Bayuquan Branch passed the public announcement of the China Iron and Steel Association; on 24 March 2024, Bayuquan Branch passed the review of the Liaoning Provincial Department of Ecology and Environment, becoming the first full-process A-level environmental protection performance enterprise in Liaoning Province and Angang Group; on 1 July 2024, Chaoyang Iron and Steel's clean transportation passed the public announcement of the China Iron and Steel Association; on 28 December 2024, Chaoyang Iron and Steel's unorganized emissions passed the public announcement of the China Iron and Steel Association. On 19 December 2024, Anshan headquarters' clean transportation was announced by the China Iron and Steel Association. Other aspects of the assessment, acceptance and monitoring work are being carried out, and it is planned to be announced through the China Iron and Steel Association in 2025.

(V) Environmental protection self-monitoring plan

During the Reporting Period, the Company formulated an environmental protection self-monitoring plan in accordance with the requirements of the pollutant discharge permit and the technical guidelines for self-monitoring by pollutant discharge units, and commissioned a qualified monitoring agency to carry out self-monitoring in accordance with the monitoring plan, and published self-monitoring data and other relevant information in a timely, complete and truthful manner on the national pollutant discharge permit management information platform.

(VI) Emergency plans for environmental pollution accidents

In order to quickly and effectively control and deal with environmental pollution accidents after they occur, Anshan Headquarters, Bayuquan and Chaoyang Iron and Steel have all formulated emergency plans for environmental emergencies and filed them with the local government ecological and environmental management departments.

Environmental and Social Responsibilities (Continued)

I. MAJOR ENVIRONMENTAL ISSUES (CONTINUED)

(VII) Investments in environmental governance and protection and the relevant information on environmental protection tax payment

During the Reporting Period, the Company invested a total of RMB5.597 billion in environmental protection projects and paid RMB66 million in environmental protection tax.

(VIII) Measures adopted to reduce carbon emission during the Reporting Period and their effectiveness

1. Improve the “dual carbon” work promotion system. The organisational structure, main responsibilities, operating methods and dual-carbon management business processes of the Dual Carbon Work Leading Committee and the Dual Carbon Office have been optimized, laying a solid system guarantee foundation for effectively promoting dual carbon work.
2. Key low-carbon projects are being promoted in an orderly manner. In 2024, 43 key low-carbon engineering projects will be implemented with a total expenditure of RMB457 million. The 135MW supercritical generating units of Bayuquan Branch and the 100MW subcritical generating units of Chaoyang Iron and Steel were successfully connected to the grid and generated electricity, further improving the efficiency of waste heat and energy recovery. The coke oven gas to LNG (liquefied natural gas) co-production hydrogen project of Bayuquan Branch was put into operation, which reduced carbon emissions by 168,000 tons in 5 consecutive months in 2024. The smart ironmaking big data application platform built with independent and controllable technology has been successfully launched, helping to reduce the fuel ratio of blast furnaces.
3. The hydrogen metallurgical pilot project achieved new breakthroughs. The 10,000-ton fluidized bed hydrogen direct reduced iron pilot unit in Bayuquan has completed its overall construction and linkage hot test, and successfully produced direct reduced iron products.
4. The trading volume of “green electricity” increases year by year. In 2024, the Company’s green electricity trading volume was 1.588 billion kWh, an increase of 774 million kWh over the previous year, and a reduction of carbon emissions by 415,000 tons.

Environmental and Social Responsibilities (Continued)

I. MAJOR ENVIRONMENTAL ISSUES (CONTINUED)

(VIII) Measures adopted to reduce carbon emission during the Reporting Period and their effectiveness (Continued)

5. Stable supply of low-carbon emission steel products. We promoted the blast furnace-converter large scrap steel ratio + green electricity process, completed the stable production of two batches of low-carbon emission steel, and successfully supplied ultra-low carbon steel, bake-hardened steel and other automotive steel products with a 30% carbon reduction. We carried out trial production and supply of cord steel smelted by electric furnace using all scrap steel.
6. Dual carbon management capabilities continue to improve. We completed carbon footprint assessment and third-party certification for five key low-carbon emission steel products, including hot-rolled and galvanized steel for automotive use. The life cycle assessment (LCA) environmental impact assessment of nuclear power steel and ship plate steel has been completed, and the Environmental Product Declaration (EPD) report for thick steel plate products has been released. The carbon efficiency grade of hot-rolled coil products has reached E level and has been successfully selected as the first batch of China's low-carbon emission steel products. We completed CBAM carbon emission assessment for export products such as hot-rolled, galvanized, and silicon steel. The Company's online product carbon intelligent management platform was released for implementation, which will further enhance the Company's dual carbon management capabilities.

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

There was no administrative penalty for the Company due to environmental issues during the Reporting Period.

(X) Other environmental information that should be disclosed

Nil.

(XI) Other information of environmental protection

Nil.

Environmental and Social Responsibilities (Continued)

II. SOCIAL RESPONSIBILITIES

The Company faithfully fulfills the social responsibilities and has disclosed the 2024 Social Responsibility and Environmental, Social and Governance Report of Angang Steel Company Limited. The full text is available at the website <http://www.cninfo.com.cn> on 31 March 2025.

III CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALISATION

The Company continues to fulfill its social responsibilities, helping the assisted regions implement the five revitalizations of “industry, talent, culture, ecology, and organisation”, building a solid industrial foundation and strengthening characteristic industries; consolidating the educational foundation; assisting ecological revitalization and creating a beautiful and livable rural environment; assisting organisational revitalization and consolidating strong guarantees for rural party building; and assisting talent revitalization and driving a new engine for rural revitalization. In 2024, a total of RMB16.5 million in aid funds were donated, and 14 aid projects were completed, including 5 industrial revitalization aid projects, 1 talent revitalization aid project, 3 cultural revitalization aid projects, 3 ecological revitalization aid projects, and 2 organisational revitalization aid projects, with a focus on increasing industrial revitalization aid. We carried out consumer assistance procurement worth RMB19.42 million and helped with sales of RMB5.69 million. Our industrial support initiative titled “Dedicated Efforts to Build a Premium Yak Industry Brand on the Pamir Plateau” has been recognized as a best practice case in the Central Enterprises Rural Revitalization Blue Book (2023). Another exemplary rural revitalization project in Tashkurgan County, “Transforming Challenges into Treasures – Cultivating New Growth with Steel Resilience,” was featured in the 2024 China Corporate Social Responsibility Excellence Stories. Resident cadres further amplified Angang’s CSR impact by presenting these outstanding practices at the 7th China International Import Expo, sharing our sustainable development model with global audiences. The Kashgar Prefectural Committee formally acknowledged our assistance through official commendation letters. Notably, the Tashkurgan County Party Committee has established our supported enclave industrial park’s development and operational model as the regional benchmark, praising it as embodying the “Angang Standard” and “Angang Speed” for local industry development. These comprehensive initiatives have generated tangible socioeconomic benefits: improving livelihoods for relocated communities, increasing collective village income, revitalizing regional culture, and promoting green development across Tashkurgan. Our efforts have attracted RMB49.85 million in investments, created 152 local jobs, and provided professional training for 1,579 cadres and key community members. In Liaoning Province, we have invested RMB300,000 to improve people’s livelihood, build cultural activity centers, create harmonious and livable villages, and promote cultural revitalization in the assisted villages. The sense of gain and happiness of the people in the assisted areas has been significantly enhanced, and characteristic industries have entered a healthy development track.

Significant Matters

I. PERFORMANCE OF UNDERTAKING

(I) The undertakings performed by the de facto controllers, shareholders, related parties, offerors and the Company during the Reporting Period as well as the undertakings that they have not yet performed as at the end of the Reporting Period.

Reason for undertaking	Party providing undertaking	Type of undertaking	Details of undertaking	Date of undertaking	Period of undertaking	Performance of undertaking
Undertaking made during the restructuring of assets	Angang Holding	Non-competition undertakings	<p>The Non-competition Undertaking Letter of Anshan Iron & Steel Group Complex</p> <p>(1) Angang Holding and its wholly-owned and holding subsidiaries have complied with relevant requirements of the state on the non-competition.</p> <p>(2) Angang Holding and its wholly-owned and holding subsidiaries have never engaged in any business which directly or indirectly competes with the iron and steel business, the principal business of the Company.</p> <p>(3) Angang Holding undertakes that the Company is entitled to the preemptive rights for the assets and business to be disposed by Angang Holding or the wholly-owned and controlling subsidiaries of Angang Holding, which are related to the iron and steel business of the Company.</p>	20 May 2007	Long-term effective	There was no breach of such undertaking

Significant Matters (Continued)

I. PERFORMANCE OF UNDERTAKING (CONTINUED)

(I) The undertakings performed by the de facto controllers, shareholders, related parties, offerors and the Company during the Reporting Period as well as the undertakings that they have not yet performed as at the end of the Reporting Period. (Continued)

Reason for undertaking	Party providing undertaking	Type of undertaking	Details of undertaking	Date of undertaking	Period of undertaking	Performance of undertaking
			(4) If the enterprises in which Angang Holding holds equity interests produce products or engage in business which compete or may compete with the Company, Angang Holding undertakes that it will transfer all the capital contribution, shares or equity interests and grant the Company preemptive rights for such capital contribution, shares or equity interests.			
			(5) If Angang Holding and its wholly-owned and holding subsidiaries have assets and business which compete or may compete with the Company, when the Company proposes the purchase requirement, Angang Holding and its wholly-owned and holding subsidiaries will transfer relevant assets and business to the Company with priority based on reasonable prices and conditions according to the processes required by laws.			

Significant Matters (Continued)

I. PERFORMANCE OF UNDERTAKING (CONTINUED)

(I) The undertakings performed by the de facto controllers, shareholders, related parties, offerors and the Company during the Reporting Period as well as the undertakings that they have not yet performed as at the end of the Reporting Period. (Continued)

Reason for undertaking	Party providing undertaking	Type of undertaking	Details of undertaking	Date of undertaking	Period of undertaking	Performance of undertaking
			<p>(6) During the effective period of the undertakings, on the premise of equal investment qualifications, Angang Holding shall inform the Company first for the opportunity of new business.</p> <p>If the Company accepts such opportunity of new business, Angang Holding shall transfer such new business to the Company for free. Angang Holding and its wholly-owned and holding subsidiaries have the rights to invest in the new business only if the Company expressly refuses such opportunity.</p> <p>If the Company proposes the purchase requirement in the future, Angang Holding and its wholly-owned and holding subsidiaries still need to transfer the assets and business formed by such opportunities to the Company with priority based on reasonable prices and conditions.</p>			

Significant Matters (Continued)

I. PERFORMANCE OF UNDERTAKING (CONTINUED)

(I) The undertakings performed by the de facto controllers, shareholders, related parties, offerors and the Company during the Reporting Period as well as the undertakings that they have not yet performed as at the end of the Reporting Period. (Continued)

Reason for undertaking	Party providing undertaking	Type of undertaking	Details of undertaking	Date of undertaking	Period of undertaking	Performance of undertaking
			(7) Other effective measures to avoid and eliminate horizontal competition.			
			The above undertakings do not limit the business of Angang Holding and its wholly owned and holding subsidiaries which do not compete with the Company, especially the business of provision of required materials or services necessary for the operation of the Company.			
			All the undertakings made by Angang Holding are based on the national requirements and subject to the adjustments according to the national requirements. Angang Holding is eligible for engaging in business not prohibited by the state.			

Significant Matters (Continued)

I. PERFORMANCE OF UNDERTAKING (CONTINUED)

(I) The undertakings performed by the de facto controllers, shareholders, related parties, offerors and the Company during the Reporting Period as well as the undertakings that they have not yet performed as at the end of the Reporting Period. (Continued)

Reason for undertaking	Party providing undertaking	Type of undertaking	Details of undertaking	Date of undertaking	Period of undertaking	Performance of undertaking
			<p>Such undertakings became effective from the date of issuance, and shall be terminated once one of following conditions occurs:</p> <p>(1) Angang Holding ceases to be the controlling shareholder of the Company;</p> <p>(2) The shares of the Company cease to be listed on any stock exchanges (except for temporary suspension of the shares of the Company due to any reason);</p> <p>(3) When the state does not require the contents of certain undertakings, relevant section shall be terminated automatically.</p> <p>Considering that Angang Holding does not have any iron and steel production projects in production which compete with the Company, therefore, the undertakings made in the undertaking letter shall prevail if any inconsistencies occur between such undertakings and all the undertakings made by Angang Holding concerning the competitions with the Company before the date of the issuance of the undertaking letter.</p>			
Whether the commitments are fulfilled on time			Yes			

Significant Matters (Continued)

I. PERFORMANCE OF UNDERTAKING (CONTINUED)

- (II) The explanation provided by the Company for the original profit forecast which assets and projects meet and its reasons in the event that there is a profit forecast for the Company's assets and projects which remain in the profit forecast during the Reporting Period.

☐ Applicable ☒ Not applicable

II. MISAPPROPRIATION OF NON-OPERATING FUNDS OF THE COMPANY BY CONTROLLING SHAREHOLDERS AND OTHER CONNECTED PERSONS

☐ Applicable ☒ Not applicable

There was no misappropriation of non-operating funds of the Company by controlling shareholders and its related persons during the Reporting Period.

III. NON-COMPLIED EXTERNAL GUARANTEE

☐ Applicable ☒ Not applicable

The company did not provide any illegal external guarantees during the reporting period.

IV. EXPLANATION OF THE BOARD REGARDING THE RELATED INFORMATION OF THE LATEST "NON-STANDARD AUDIT OPINION"

☐ Applicable ☒ Not applicable

V. EXPLANATION OF THE BOARD, THE SUPERVISORY COMMITTEE AND THE INDEPENDENT DIRECTORS (IF ANY) REGARDING THE ACCOUNTING FIRM'S "NON-STANDARD AUDIT OPINION" FOR THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

Significant Matters (Continued)

VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF MAJOR ACCOUNTING ERRORS DURING THE YEAR AS COMPARED WITH THE FINANCIAL REPORT OF THE PREVIOUS YEAR

☒ Applicable ☐ Not applicable

(1) Changes in the Group's accounting policies during the year

- ① Implementation of the Interim Provisions on Accounting Treatment of Enterprise Data Resources

On 1 August 2023, the Ministry of Finance issued the Interim Provisions on Accounting Treatment Related to Enterprise Data Resources (Cai Kuai [2023] No. 11), which applies to the accounting treatment related to data resources that are recognized as assets, such as intangible assets or inventories in compliance with the relevant provisions of the Accounting Standards for Business Enterprises, as well as data resources legally owned or controlled by an enterprise, which are expected to bring economic benefits to the enterprise, but do not satisfy the conditions for recognition of an asset and are not recognized, and sets out the specific requirements for disclosure of data resources. The Company has implemented this provision since 1 January 2024, and the implementation of this provision has not had a material impact on the Company's financial position and operating results.

- ② Implementation of No. 17 of the Accounting Standards for Business Enterprises

On 25 October 2023, the Ministry of Finance published No. 17 of the Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21). The Company has implemented the provisions regarding "the classification of current liabilities and non-current liabilities", "the disclosure of supplier financing arrangements" and "the accounting treatment of sale and leaseback transactions" starting from 1 January 2024, and the implementation of this interpretation has not had a material impact on the Company's financial position and operating results.

Significant Matters (Continued)

VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF MAJOR ACCOUNTING ERRORS DURING THE YEAR AS COMPARED WITH THE FINANCIAL REPORT OF THE PREVIOUS YEAR (CONTINUED)

(1) Changes in the Group's accounting policies during the year (Continued)

- ③ Implementation of No. 18 of the Accounting Standards for Business Enterprises

On 6 December 2024, the Ministry of Finance published No. 18 of the Accounting Standards for Business Enterprises (Cai Kuai [2024] No. 24), stipulating that when accounting for estimated liabilities arising from assurance-type quality guarantees that do not constitute separate performance obligations, the “cost of main business” and “other business costs” and other accounts shall be debited and the “estimated liabilities” account shall be credited according to the determined amount of the estimated liabilities in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 13 – Contingencies, and correspondingly reflected in the “operating costs” item in the income statement and the “other current liabilities”, “non-current liabilities due within one year”, and “estimated liabilities” items in the balance sheet. The Company has implemented this interpretation starting from the year of its issuance, and the implementation of this interpretation has not had a material impact on the Company's financial position and operating results.

(2) The Group did not experience any changes in accounting estimates or corrections of significant accounting errors during the year.

VII. EXPLANATION OF CHANGES OF SCOPE IN CONSOLIDATED STATEMENTS AS COMPARED WITH THE FINANCIAL REPORT OF THE PREVIOUS YEAR

☒ Applicable ☐ Not applicable

This year, the Company established a new holding subsidiary, Green Gold; the Company's holding subsidiary, Green Gold, has established new wholly-owned subsidiaries, Green Gold (Yingkou Bayuquan) Renewable Resources Co., Ltd. and Green Gold (Chaoyang) Renewable Resources Co., Ltd. This year, the Company's holding subsidiary, Green Gold, acquired 77.5589% equity interest of Steel Scrap through a business combination under common control.

Significant Matters (Continued)

VIII. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

1. Accounting Firm Currently Engaged by the Company

Name of the PRC accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of the PRC accounting firm	RMB5 million (including annual financial report audit and internal control audit)
Continued term of auditing service of the PRC accounting firm	2 year
Name of certified public accountants of the PRC accounting firm	Zhang Junshu (張軍書), Han Bing (韓冰)
Continued term of auditing services by certified public accountants of the PRC accounting firm	Zhang Junshu: 2 years; Han Bing: 1 year

2. Whether Appointed Another Accounting Firm During the Period

☐ Applicable ☒ Not applicable

Whether the accounting firm was reappointed during the audit period

☐ Yes ☒ No

3. Particulars on Appointment of Accounting Firms, Financial Consultants or Sponsors for Internal Control and Auditing Purposes

☒ Applicable ☐ Not applicable

The Company engaged BDO China Shu Lun Pan Certified Public Accountants LLP as the internal control and auditing firm of the Company for 2024 and the remuneration was RMB0.70 million.

4. Whether the Accounting Firms Has Changed in the Last Three Years

Given that the Company's previous accounting firm, ShineWing Certified Public Accountants (special general partnership), had been providing the Company with financial final audits and internal control audits for five consecutive years, in accordance with the relevant provisions of the Circular of the Ministry of Finance and the SASAC on Issues Concerning Accounting Firms Undertaking Audits of Financial Accounts of Central Enterprises, the Company reappointed BDO China Shu Lun Pan Certified Public Accountants LLP as its annual auditing accounting firm in 2023.

Significant Matters (Continued)

IX. DELISTING RISKS AFTER THE DISCLOSURE OF ANNUAL REPORT

☐ Applicable ☒ Not applicable

X. BANKRUPTCY REORGANIZATION

☐ Applicable ☒ Not applicable

During the Reporting Period, the Company was not involved in bankruptcy reorganization.

XI. MATERIAL LITIGATION AND ARBITRATION

☐ Applicable ☒ Not applicable

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

Other litigation matters

☒ Applicable ☐ Not applicable

Basic information of litigation (arbitration)	Amount involved (RMB0'000)	Whether a provision is formed	Progress of litigation (arbitration)	Results and impact of litigation (arbitration)	Enforcement of litigation (arbitration) judgments	Disclosure date	Disclosure index
Non-major lawsuit	33,167	No	All cases won and closed	-	Enforcement in progress	-	-
Non-major defense	5,961	No	Some cases won and closed, others in litigation process	-	-	-	-

XII. PENALTIES AND RECTIFICATIONS

☐ Applicable ☒ Not applicable

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

Significant Matters (Continued)

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

☐ Applicable ☒ Not applicable

XIV. MAJOR CONNECTED TRANSACTIONS

The related party transactions set out below fall within the definition relating to “Connected Transaction” or “Continuing Connected Transaction” under Chapter 14A of the Hong Kong Stock Exchange Listing Rules (“Connected Transaction”, or where applicable, “Continuing Connected Transaction”). Relevant related party transactions have complied with the disclosure requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules.

1. Amount of related transactions related to daily operations:

Unit: RMB million

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount	As a percentage of the amount of similar transactions (%)	Transaction Cap	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Mining Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	17,183	24.88	39,905	No	In cash	-
Green Gold	Connected person of controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	1,958	2.84			In cash	-
Shanxi Wuchan International Energy Co., Ltd. (山西物產國際能源有限公司)	Connected person of controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	1,612	2.33			In cash	-
Angang International Trade (鞍鋼國際貿易公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	1,340	1.94			In cash	-
Angang Cast Steel Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	828	1.20			In cash	-
Zhongyuan Industry	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	762	1.10			In cash	-
Bensteel Group Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	391	0.57			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market	-	195	0.28			In cash	-
Sub-total	-	-	Purchase main materials	-	-	24,269	35.14			-	-

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Amount of related transactions related to daily operations: (Continued)

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount	As a percentage of the amount of similar transactions (%)	Transaction Cap	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Delin Land Port Supply Chain Service Co., Ltd. (德鄰陸港供應服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market	-	2,966	6.40	9,752	No	In cash	-
Pangang Group Company Limited	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market	-	521	1.13			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market	-	361	0.78			In cash	-
Sub-total	-	-	Purchase steel products	-	-	3,848	8.31			-	-
Anshan Iron and Steel Metallurgical Furnace Material Technology Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market	-	925	14.81	3,713	No	In cash	-
Angang Refractory Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market	-	716	11.46			In cash	-
Angang Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market	-	261	4.18			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market	-	489	7.83			In cash	-
Subtotal	-	-	Purchase auxiliary materials	-	-	2,391	38.28			-	-
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Procurement of energy and power	Market	-	57	2.82	2,750	No	In cash	-
Sub-total	-	-	Procurement of energy and power	-	-	57	2.82			-	-

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Amount of related transactions related to daily operations: (Continued)

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount	As a percentage of the amount of similar transactions (%)	Transaction Cap	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Engineering Technology Co., Ltd.	Connected person of controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	2,447	15.33	9,511	No	In cash	-
Angang Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	1,925	12.06			In cash	-
Delin Land Port Supply Chain Service Co., Ltd. (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	1,752	10.98			In cash	-
Angang Holding	Controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	714	4.47			In cash	-
Zhongyuan Industry	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	376	2.36			In cash	-
Angang Digital Intelligence Technology (Liaoning) Co., Ltd. (鞍鋼數智科技(遼寧)有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	324	2.03			In cash	-
Angang Cold Rolled Steel Plate (Putian) Co., Ltd. (鞍鋼冷軋鋼板(莆田)有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	253	1.58			In cash	-
Angang Yingkou Port Affairs Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	228	1.43			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market	-	850	5.32			In cash	-
Subtotal	-	-	Receive supporting services	-	-	8,869	55.56			-	-

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Amount of related transactions related to daily operations: (Continued)

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount	As a percentage of the amount of similar transactions (%)	Transaction Cap	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Delin Land Port Supply Chain Service Co., Ltd. (德陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market	-	5,400	3.87	24,194	No	In cash	-
Angang International Trade (鞍鋼國際貿易公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market	-	1,305	0.93			In cash	-
Angang Cold Rolled Steel Plate (Putian) Co., Ltd. (鞍鋼冷軋鋼板(莆田)有限公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market	-	1,242	0.89			In cash	-
Anshan Falan Packing Material Co. Ltd.	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market	-	235	0.17			In cash	-
Zhongyuan Industry	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market	-	222	0.16			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market	-	396	0.28			In cash	-
Subtotal	-	-	Sales of products	-	-	8,800	6.30			-	-
Bensteel Group Co., Ltd.	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sell scrap steel material, abandoned material, minus sieve powder	Market	-	736	53.45	6,563	No	In cash	-
Zhongyuan Industry	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sell scrap steel material, abandoned material, minus sieve powder	Market	-	355	25.78			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sell scrap steel material, abandoned material, minus sieve powder	Market	-	239	17.36			In cash	-
Sub-total	-	-	Sell scrap steel material, abandoned material, minus sieve powder	-	-	1,330	96.59			-	-

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Amount of related transactions related to daily operations: (Continued)

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount	As a percentage of the amount of similar transactions (%)	Transaction Cap	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Provide comprehensive services	Market	-	408	25.69	1,881	No	In cash	-
Sub-total	-	-	Provide comprehensive services	-	-	408	25.69			-	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Settle fund and deposit interests	Market	-	37	78.72	100	No	In cash	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Maximum daily deposit balance	Market	-	4,828	-	5,000	No	-	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Credit business interest	Market	-	3	1.18	250	No	In cash	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Entrusted loan interest	Market	-	-	-	100	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring	Market	-	-	-	1,000	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring interest	Market	-	-	-	50	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Provide commercial factoring to corporate suppliers	Market	-	86	19.60	3,000	No	-	-

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Amount of related transactions related to daily operations: (Continued)

Particulars on refund of bulk sale –

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

The estimated data of continuing connected transactions of the Company in 2024 was based on the content and estimated caps of transactions set out in the Continuing Connected Transaction Agreements and the Supplement Agreement to the Continuing Connected Transaction Agreements of the Company. The total amount of continuing connected transactions of the Company in 2024 did not exceed the relevant applicable caps as specified under the Continuing Connected Transaction Agreements and the Supplement Agreement to the Continuing Connected Transaction Agreements. The difference between actual amounts of certain connected transactions and estimated amounts was relatively larger, due to the impact of changes in prices of commodities and trading volumes during actual operation. As the originally estimated data represented the estimated caps of transactions, the existence of difference was reasonable which did not prejudice the interests of non-controlling shareholders and the Company.

Reason for the relatively larger difference between transaction price and market reference price –

Relevant explanation on connected transactions

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

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

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

☐ Applicable ☒ Not applicable

3. Related party transactions in relation to joint external investments

Unit: RMB million

Joint Investors	Related relationship	Name of the investee	Principal business of the investee	Registered capital of the investee	Total assets of the investee	Net assets of the investee	Net profit of the investee
Zhongyuan Industry, Angang Holding	Controlled by the same controlling shareholder	Green Gold	Recycling of productive scrap metal, processing of metal waste and scrap, recycling of renewable resources (excluding productive scrap metal), processing of renewable resources, sales of renewable resources, and general goods warehousing services (excluding items requiring special permits such as hazardous chemicals)	469	735	320	1
Progress of major projects (if any) under construction of the investee		-					

4. Related party credit and debt transaction

Whether there are any claims or obligations for non-operating purposes during the Reporting Period

☐ Yes ☒ No

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

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

5. Transactions with connected financial company

Unit: RMB million

Deposit business

Connected party	Connected relationship	Maximum daily deposit limit	Interest rate range of deposit (%)	Opening balance	Amount occurred in the period		Closing balance
					Total amount deposited during the period	Total amount withdrawal during the period	
Angang Financial Company	Controlled by the same controlling shareholder	5,000	0.455-1.35	2,583	311,627	310,204	4,006

Loan business

Connected party	Connected relationship	Loan limit	Range of loan facility interest rate (%)	Opening balance	Amount occurred in the period		Closing balance
					Total loan amount during the period	Total repayment amount during the period	
Angang Financial Company	Controlled by the same controlling shareholder	1,500	2.07	200	–	200	–

Credit extension or other financial business

Connected party	Connected relationship	Business Type	Total amount	Actual amount
Angang Financial Company	Controlled by the same controlling shareholder	Credit	1,500	–

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

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

☐ Applicable ☒ Not applicable

7. Other major connected transactions

Nil.

8. Opinions of independent non-executive Directors

(1) The Daily Connected Transactions (i.e. Continuing Connected Transactions) of the Company in 2024 were carried out in the ordinary and usual course of business of the Company; (2) the Continuing Connected Transactions of the Company in 2024 were conducted (A) in accordance with the normal commercial terms (with reference to transactions of a similar nature made by similar entities in the PRC); (B) on terms no less favorable than the terms available to or offered by the third parties (if no comparable case is available); and (C) on terms which are fair and reasonable to shareholders of the Company (if no reference is available); (3) the Continuing Connected Transactions of the Company in 2024 were conducted in accordance with the terms set out in the Continuing Connected Transaction Agreements and the Supplement Agreement to the Continuing Connected Transaction Agreements, which are fair and reasonable and in the interest of the Company and shareholders as a whole; (4) the total amount of Continuing Connected Transactions of the Company in 2024 did not exceed the relevant applicable caps as specified under the Continuing Connected Transaction Agreements and the Supplement Agreement to the Continuing Connected Transaction Agreements. The difference between actual amounts of certain Connected Transactions and estimated amounts was relatively large, due to the impact of changes in prices of commodities and trading volumes during actual operation. As the originally estimated data represented the estimated caps of transactions, the existence of difference was reasonable which did not prejudice the interests of non-controlling shareholders and the Company.

Significant Matters (Continued)

XIV. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

9. Opinions of auditors

The auditors have reviewed the non-exempt continuing connected transactions conducted during the year 2024 of the Company and issued a letter to the Board. In respect of the Continuing Connected Transactions disclosed by the Company, the auditors are of the opinion that:

- (1) nothing has come to their attention that causes them to believe that the disclosed Continuing Connected Transactions have not been approved by the Board of the Company.
- (2) for the transactions involving provision of the Group's goods and services, nothing has come to their attention that causes them to believe that the Continuing Connected Transactions were not carried out in accordance with the pricing policies of the Group in all material aspects.
- (3) nothing has come to their attention that causes them to believe that the disclosed Continuing Connected Transactions were not carried out in accordance with the relevant agreements in all material aspects.
- (4) nothing has come to their attention that causes them to believe that the total amount of each Continuing Connected Transaction attached below exceeds the annual caps set by the Company.

Significant Matters (Continued)

XV. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Trust, contractual or lease arrangement

1. Trust arrangement

On 26 November 2021, the Company approved the Supply of Materials and Services Agreement (2022–2024) between the Company and Angang at the second extraordinary general meeting of the Company in 2021. The Company entered into the Entrusted Management Services of Asset and Business Agreement with Angang Holding in December 2021 as the specific agreement for execution under the approved Supply of Materials and Services Agreement (2022–2024). Pursuant to the Entrusted Management Services of Asset and Business Agreement, Angang Holding entrusts the Company to daily operate and manage the assets, businesses, additional future assets and businesses of the unlisted units under its control.

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

2. Contractual arrangement

The Company did not enter into any contractual arrangement during the Reporting Period.

3. Lease arrangement

The Company used certain land assets of Angang Holding and its subsidiaries for its production and operation. Pursuant to the Land Lease Agreements entered into between the Company and relevant parties, the Company paid a land leasehold payment with reference to the market rates to Angang Holding and its subsidiaries, with a total amount of RMB65 million in 2024.

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

Significant Matters (Continued)

XV. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (CONTINUED)

(II) Material guarantee

During the Reporting Period, there was no material guarantee provided by the Company, nor was there any material guarantee subsisting during the Reporting Period.

(III) Entrusted cash assets management

1. Entrusted wealth management

The Company did not employ any entrusted financial management services in the Reporting Period.

2. Entrusted loans

During the Reporting Period, the Company did not have entrusted loan.

(IV) Other material contract

The Company had no other material contracts during the Reporting Period.

XVI. EXPLANATION OF OTHER SIGNIFICANT EVENTS

☐ Applicable ☒ Not applicable

XVII. SIGNIFICANT EVENTS OF THE COMPANY'S SUBSIDIARIES

☐ Applicable ☒ Not applicable

Movement in Share Capital and Shareholders' Profile

I. MOVEMENT IN SHARE CAPITAL

(I) Movement in share capital

Unit: Share

	Before the change		Increase/decrease during the period (+/-)					After the change	
	Number	Percentage (%)	Issue of new shares	Bonus shares	Repurchase of shares	Others	Subtotal	Number	Percentage (%)
I. Shares subject to trading moratorium	16,415,939	0.17	-	-	-	-1,802,252	-1,802,252	14,613,687	0.16
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-	-	-
3. Other domestic share	16,415,939	0.17	-	-	-	-1,802,252	-1,802,252	14,613,687	0.16
Including: shares held by domestic legal persons	-	-	-	-	-	-	-	-	-
shares held by domestic natural persons	16,415,939	0.17	-	-	-	-1,802,252	-1,802,252	14,613,687	0.16
4. Foreign shares	-	-	-	-	-	-	-	-	-
Including: shares held by overseas legal person	-	-	-	-	-	-	-	-	-
shares held by overseas natural person	-	-	-	-	-	-	-	-	-
II. Shares not subject to trading moratorium	9,367,436,033	99.83	-	-	-	1,351,586	1,351,586	9,368,787,619	99.84
1. RMB ordinary shares	7,955,896,033	84.79	-	-	-	1,351,586	1,351,586	7,957,247,619	84.80
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	1,411,540,000	15.04	-	-	-	-	-	1,411,540,000	15.04
4. Others	-	-	-	-	-	-	-	-	-
III. Total shares	9,383,851,972	100	-	-	-	-450,666	-450,666	9,383,401,306	100.00

Movement in Share Capital and Shareholders' Profile (Continued)

I. MOVEMENT IN SHARE CAPITAL (Continued)

(I) Movement in share capital (Continued)

1. Reasons for movement in share capital:

On 18 April 2024, the Company completed 1,642,030 shares of Lifting the Restriction Conditions in the First Lifting Restriction Period for the Reserved Grant Portion of the 2020 Restricted Share Incentive Scheme at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. On 29 July 2024, the Company completed the repurchase and cancellation of 450,666 restricted shares granted but not yet released from restricted sales to 14 original incentive participants at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. At the end of the Reporting Period, one of the Company's senior executives had been resigned for less than 6 months and all of his shares were locked. The above-mentioned share change factors have resulted in changes in the number of domestic legal person holdings, domestic natural person holdings, other domestic holdings, RMB common shares in the restricted shares, and the total number of company shares.

2. Approval of movement in share capital

On 28 March 2024, the 27th meeting of the ninth session of the Board of Directors and the 11th meeting of the ninth session of the Supervisory Committee of the Company reviewed and approved the "Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales" and the "Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period for the Reserved Grant Portion of the 2020 Restricted Share Incentive Scheme".

On 29 May 2024, the Company's 2023 Annual General Meeting of Shareholders, 2024 First Domestic Shareholders' Class Meeting, and 2024 First Foreign Shareholders' Class Meeting reviewed and approved the "Proposal on the Repurchase and Cancellation of Restricted Shares That Have Been Granted to Some Incentive Participants of the 2020 Restricted Stock Incentive Plan but Have Not Yet Been Released from Restricted Sales".

Movement in Share Capital and Shareholders' Profile (Continued)

I. MOVEMENT IN SHARE CAPITAL (Continued)

(I) Movement in share capital (Continued)

3. Transfer of movement in share capital:

On 29 July 2024, the Company completed the repurchase and cancellation of 450,666 restricted shares granted but not yet released from restricted sales to 14 original incentive participants at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

4. Progress on the implementation of the share repurchase:

☐ Applicable ☒ Not applicable

5. Progress on the implementation of reduction in the holding of repurchased shares by way of centralised bidding

☐ Applicable ☒ Not applicable

6. Impact of movement in share capital on the basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company in the latest year

In 2024, the Company's total share capital was reduced from 9,383,851,972 shares to 9,383,401,306 shares. Based on the new share capital of 9,383,401,306 shares, the diluted earnings per share in 2023 was RMB-0.347 per share, and net assets per share attributable to ordinary shareholders of the Company amounted to RMB5.84. The movement in share capital did not affect the above financial indicators significantly.

7. Other information deemed necessary by the Company or required by securities regulators to be disclosed

☐ Applicable ☒ Not applicable

Movement in Share Capital and Shareholders' Profile (Continued)

I. MOVEMENT IN SHARE CAPITAL (CONTINUED)

(II) Changes in shares subject to trading moratorium

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of new restricted shares during the Reporting Period	Number of reduced restricted shares during the Reporting Period	Number of restricted shares at the beginning of the period	Reasons for restriction on sales	Date of being released from restriction
Wang Yidong	9,945	–	2,486	7,459	75% lock-up of shares held by directors who have resigned before the end of their term	–
Wang Baojun	177,885	43,144	87,615	133,414	Shares released from restricted sale during the period were partially converted to management lock-up shares	–
Tian Yong	126,000	24,750	–	150,750	Management lock-up share	–
Zhang Hongjun	32,000	67,000	–	99,000	Management lock-up share	–
Meng Jinsong	189,000	112,500	–	301,500	100% lock-up of shares held by executives who have resigned for less than 6 months	–
Yang Xu	41,250	–	10,275	30,975	Management lock-up share	–
Xu Shishuai	74,415	–	18,604	55,811	Shares released from restricted sale during the period were partially converted to management lock-up shares	–
Other restricted share incentive participants	15,765,444	–	1,930,666	13,834,778	–	–
Total	16,415,939	247,394	2,049,646	14,613,687	–	–

Movement in Share Capital and Shareholders' Profile (Continued)

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issuance of securities during the Reporting Period

☐ Applicable ☒ Not applicable

(II) Explanation for the changes in total shares of the Company and shareholding structure and movement in the assets and liability structure of the Company

On 18 April 2024, the Company completed 1,642,030 shares of Lifting the Restriction Conditions in the First Lifting Restriction Period for the Reserved Grant Portion of the 2020 Restricted Share Incentive Scheme at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. On 29 July 2024, the Company completed the repurchase and cancellation of 450,666 restricted shares granted but not yet released from restricted sales to 14 original incentive participants at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. At the end of the Reporting Period, one of the Company's senior executives had been resigned for less than 6 months and all of his shares were locked. The above-mentioned share change factors have resulted in changes in the number of domestic legal person holdings, domestic natural person holdings, other domestic holdings, RMB common shares in the restricted shares, and the total number of company shares.

(III) Existing internal staff shares condition

☐ Applicable ☒ Not applicable

Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Number of shareholders and details of shareholding of the Company

Unit: share

The total number of ordinary shareholders of the Company as at the end of the Reporting Period	99,825, of which were 448 holders of H shares		The total number of ordinary shareholders of the Company as at the end of February 2024			98,387, of which were 446 holders of H shares		
Details of shareholders with more than 5% of shares or top ten shareholders								
			Number of shares held as at the end of the Reporting Period	Increase/decrease during the Reporting Period	Number of ordinary shares held subject to trading moratorium	Number of shares held not subject to trading moratorium	Number of shares pledged or frozen	
Name of shareholder	Nature of shareholder	Percentage of shareholding					Status of shares	Number
Anshan Iron & Steel Co., Ltd.	State-owned legal person	53.46%	5,016,111,529	0	–	5,016,111,529	–	–
HKSCC (Nominees) Limited	Overseas legal person	14.91%	1,399,263,086	454,596	–	1,398,808,490	–	–
China National Petroleum Corporation	State-owned legal person	9.01%	845,000,000	0	–	845,000,000	–	–
Central Huijin Asset Management Ltd.	State-owned legal person	0.89%	83,650,620	0	–	83,650,620	–	–
National Social Security Fund-eight combinations	Others	0.62%	57,759,950	57,759,950	–	57,759,950	–	–
Power Construction Corporation of China	State-owned legal person	0.60%	56,550,580	0	–	56,550,580	–	–
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.56%	52,779,027	8,549,006	–	52,779,027	–	–
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-End Index Securities Investment Fund	Others	0.36%	33,902,948	20,714,300	–	33,902,948	–	–
Agricultural Bank of China Limited – ChinaAMC CSI 500 Enhanced Index Fund	Others	0.21%	19,574,277	13,143,777	–	19,574,277	–	–
Hebei Jianzhi Casting Group Co., Ltd.	Domestic natural person	0.18%	17,150,000	10,468,240	–	17,150,000	–	–

Explanations on the connected relationship or concerted action among the shareholders mentioned above

The Company is not aware of any connected relationship among the above-mentioned shareholders of the Company or any party acting in concert as provided in the Procedures for the Administration of Information Disclosure for Changes in Shareholdings of the Shareholders of Listed Companies.

Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

(I) Number of shareholders and details of shareholding of the Company (Continued)

Top 10 holders of shares not subject to trading moratorium			
Name of shareholder	Number of shares held not subject to trading moratorium	Type of shares	Number
		Type of shares	
Anshan Iron & Steel Co., Ltd.	5,016,111,529	RMB ordinary shares	5,016,111,529
HKSCC (Nominees) Limited		Overseas-listed foreign	
	1,399,263,086	shares	1,399,263,086
China National Petroleum Corporation	845,000,000	RMB ordinary shares	845,000,000
Central Huijin Asset Management Ltd.	83,650,620	RMB ordinary shares	83,650,620
National Social Security Fund-eight combinations	57,759,950	RMB ordinary shares	57,759,950
Power Construction Corporation of China	56,550,580	RMB ordinary shares	56,550,580
Hong Kong Securities Clearing Company Limited	52,779,027	RMB ordinary shares	52,779,027
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-End Index Securities Investment Fund	33,902,948	RMB ordinary shares	33,902,948
Agricultural Bank of China Limited – ChinaAMC CSI 500 Enhanced Index Fund	19,574,277	RMB ordinary shares	19,574,277
Hebei Jianzhi Casting Group Co., Ltd.	17,150,000	RMB ordinary shares	17,150,000

Explanations on the connected relationship or concerted action among the top 10 holders of shares not subject to trading moratorium, and the top 10 holders of shares not subject to trading moratorium and the top 10 shareholders

The Company is not aware of any connected relationship among the above-mentioned shareholders of the Company or any party acting in concert as provided in the Procedures for the Administration of Information Disclosure for Changes in Shareholdings of the Shareholders of Listed Companies.

Description of top ten shareholders holding ordinary shares to participate in securities margin trading business (if any)

None

Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

(I) Number of shareholders and details of shareholding of the Company (Continued)

Shareholders with more than 5% of shares, the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares participating in the refinancing business and lending shares

☒ Applicable ☐ Not applicable

Unit: Share

Name of shareholder (full name)	Shareholders with more than 5% of shares, the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares participating in the refinancing business and lending shares							
	Ordinary account and credit account holdings at the beginning of the period		Shares loaned out through refinancing at the beginning of the period and not yet returned		Ordinary account and credit account holdings at the end of the period		Shares loaned out through refinancing at the end of the period and not yet returned	
	Proportion		Proportion		Proportion		Proportion	
	Total quantity	of total share capital	Total quantity	of total share capital	Total quantity	of total share capital	Total quantity	of total share capital
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-End Index Securities Investment Fund	13,188,648	0.14%	3,861,000	0.04%	33,902,948	0.36%	0	0.00%

The top 10 shareholders and the top 10 shareholders of unrestricted tradable shares have changed compared with the previous period due to lending/repayment of refinancing.

☐ Applicable ☒ Not applicable

Have the Company's top 10 ordinary shareholders, and top 10 ordinary shareholders not subject to trading moratorium, conducted agreed repurchase transactions during the Reporting Period?

☐ Yes ☒ No

The top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium of the Company did not make any agreed repurchase transactions during the Reporting Period.

Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

(II) Details of the controlling shareholder of the Company

Nature of controlling shareholder: Central state-controlled enterprise

Name of Controlling Shareholder	Legal representative	Date of incorporation	Organisation code	Registration capital	Principal scope of operation
Angang Holding	Wang Jun	9 July 1949	912103002414200141	RMB26 billion	Purchase and sales of metal, non-metallic mineral, iron ore and concentrate, processing, passenger transport, transportation of dangerous goods, industrial and civil gases, refractory earth and stone, ferrous metal, steel rolling products, metal products (excluding franchising), coking products, refractory products, electrical machinery, equipment of electricity transmission and distribution and control equipment, instrumentation, railway telecommunication equipment, metallurgical machinery and equipment and manufacturing of spare parts, survey and design of engineering, development, transfer, consulting, services, training of technology, mining of refractory earth and rock, construction, installation of equipment, survey and design, equipment and spare parts, metallurgical materials, alloy and metal materials, sales of steel, iron, vanadium, titanium and coke.

Details of shareholding of other domestic and overseas listed foreign shares by the controlling shareholder during the Reporting Period

Angang Holding held 1.87% shares in Liaoning Port Co. Ltd. (Stock code: 601880).

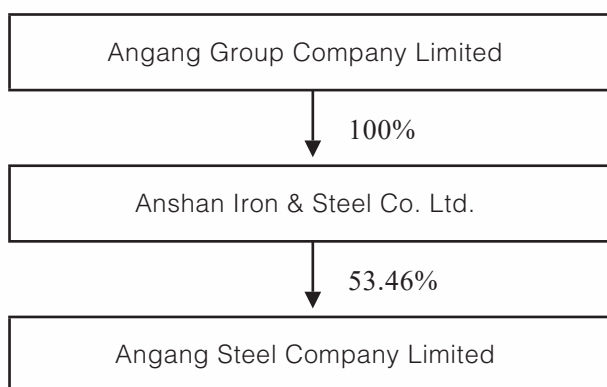
Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

(III) Details of de facto controller of the Company as at the end of the Reporting Period

Nature of the de facto controller: Enterprise managed by the State-owned Assets Supervision and Administration Commission of the State Council

Type of the de facto controller: Legal person



Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

(III) Details of de facto controller of the Company as at the end of the Reporting Period (Continued)

Name of de facto controller	Legal representative	Date of incorporation	Organisation code	Principal scope of operation
Angang Group Company Limited	Tan Chengxu	28 July 2010	91210000558190456G	Manufacture of steel, iron, vanadium, titanium, stainless steel and special steel, manufacture of non-ferrous metal, steel rolling and processing, mining and integrated utilisation of steel, vanadium, titanium, other non-ferrous metal and nonmetallic mineral, ancillary industry of mines, power generation with clean energy, sales of coal and related products, production and sales of chemical products, gas (exclusive of dangerous chemicals) and refractory materials, construction of industrial and mining projects as well as metallurgical project, engineering technological service, equipment manufacturing, information service for IOT, technological service for energy saving and environmental protection, R&D of new type of materials, development of recyclable resources, machinery processing, technological development, transfer and related services, service in communication and transportation, real estate development, energy supply of urban area, software and information technological service, intelligent manufacturing and service, domestic and overseas trading, accounting management, tendering services, medical nursing services, occupational skills training, economic information consultation, corporate management, hotel and catering services, operation of other state-owned assets and investment within the scope of authority by the State-owned Assets Supervision and Administration Commission of the State Council. The following businesses operated by the branches of the Company include: publication of newspaper and magazine, publication printing, packaging decoration and printing of other press work. (for projects subject to approval according to laws, business activities may only be carried out after obtaining approval from relevant authorities).

Details of shareholding of other domestic and overseas listed foreign shares by the de facto controller of the Company during the Reporting Period

As of the end of the reporting period, Angang indirectly held 49.67% shares in Pangang Vanadium Titanium (000629. SZ) and indirectly held 76.60% shares in Bengang Steel Plates (000761. SZ); indirectly held 36.97% of the shares of Lingyuan Iron and Steel (600231).

There was no change of de facto controller of the Company during the Reporting Period.

Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

(IV) The controlling shareholder or the largest shareholder of the Company and its persons acting in concert have pledged a cumulative total of 80% of the shares held by them in the Company

☐ Applicable ☒ Not applicable

(V) Substantial shareholders and other parties' interests and short positions in the shares and underlying shares of the Company

Save as disclosed below, as at 31 December 2024, no parties (other than Directors, Supervisors and senior management of the Company) had any interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO:

The Company's common equity at the end of the Reporting Period

Name of shareholder	Number of shares held and Category	Proportion of total equity	Proportion of total issued H shares	Proportion of total issued domestic shares	Identity
Angang Group Company Limited	5,016,111,529 (L) A Shares	53.46%(L)	–	62.92%(L)	Interests of controlled corporation
Anshan Iron & Steel Co., Ltd.	5,016,111,529(L) A Shares	53.46%(L)	–	62.92%(L)	Beneficial owner
China National Petroleum Corporation	845,000,000 (L) A Shares	9.01%(L)	–	10.60%(L)	Beneficial owner
Brown Brothers Harriman & Co.	70,378,604 (L)	0.75% (L)	4.99% (L)	–	Approved lending agent
	70,378,604 (P) H Shares	0.75% (P)	4.99% (P)		

Notes:

- (1) (L) – a long position, (S) – a short position, and (P) – a lending pool
- (2) Anshan Iron & Steel Co. Ltd is a wholly-owned subsidiary of Angang Group Company Limited. For the purpose of the SFO, Angang Group Company Limited is therefore deemed to be interested in the A Shares held by Anshan Iron & Steel Co. Ltd., holding 5,016,111,529 A Shares, representing approximately 62.92% of the A Shares and approximately 53.46% of the total share capital of the Company, respectively.

Movement in Share Capital and Shareholders' Profile (Continued)

III. SHAREHOLDERS AND DE FACTO CONTROLLER (CONTINUED)

(VI) Restrictions on reduction of shares for the controlling shareholder, de facto controller, party to restructuring and other commitment entity

☐ Applicable ☒ Not applicable

IV. IMPLEMENTATION OF THE SHARE REPURCHASE DURING THE REPORTING PERIOD

Progress on the implementation of the share repurchase

Date of disclosing the plan	Shares to be repurchased (shares)	Proportion in total share capita	Amount of repurchase (RMB'0,000)	Repurchase period	Purpose	Shares repurchase (shares)	Proportion of shares repurchased to underlying shares under the share incentive scheme (if any)
29 March 2024	450,666	0.0048%	977,304.66	–	Cancellation of certain restricted shares granted but not released from restricted sales, which are held by original participants who have become unqualified under the scheme	450,666	–

Progress on the implementation of reduction in the holding of repurchased shares by way of centralised bidding

☐ Applicable ☒ Not applicable

Relevant Information on Bonds

I. COMPANY BONDS

☐ Applicable ☒ Not applicable

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

II. CORPORATE BONDS

☐ Applicable ☒ Not applicable

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

III. NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

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

Unit: RMB million

Bond name	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Bond balance	Interest rate	Way of principal and interest repayment	Trading place
First issue of Green Medium-Term Notes of the Company in 2022	22 Angang Steel GN001	132280095	26 September 2022	28 September 2022	28 September 2025	300	2.85%	Principal paid in lump sum at maturity, interest paid once every year	Interbank bond
Investor eligibility arrangement (if any)	-								
Applicable trading mechanism	-								
Risk of termination of listing and trading (if any) and countermeasures	-								

Overdue bonds

☐ Applicable ☒ Not applicable

Relevant Information on Bonds (Continued)

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

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

☐ Applicable ☒ Not applicable

3. Agency

Bond programme name	Agency name	Business Address	Name of the signing accountant	Contact person of the agency	Contact number
First issue of Green Medium-Term Notes of the Company in 2022	Bank of China Limited	1 Fuxingmennei Avenue, Xicheng District, Beijing	–	Cheng Paihao	010-66594835

Change in the aforesaid agency/agencies during the Reporting Period

☐ Yes ☒ No

Relevant Information on Bonds (Continued)

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

4. Use of proceeds

Unit: RMB million

Bond programme name	Total amount of proceeds	Agreed use of proceeds	Used amount	Unused amount	Operation of the special account for proceeds (if any)	Rectification of rule-violating uses of proceeds (if any)	Consistency with the purpose, plan of use or other covenants promised in the prospectus
First issue of Green Medium-Term Notes of the Company in 2022	300	All proceeds will be used for the construction of the issuer's green projects.	255.55	44.45	The special account for proceeds was under the special supervision of the bank and was legal and compliant, and the use and management of proceeds were transparent and conformed to regulations.	–	Yes

Use of proceeds for construction projects

☒ Applicable ☐ Not applicable

Construction projects where proceeds were used were in line with the plan, and the progress and operation of the projects have basically met expectations.

The Company changed the purpose of the above proceeds from bonds during the Reporting Period

☐ Applicable ☒ Not applicable

5. Credit rating result adjustments during the Reporting Period

☐ Applicable ☒ Not applicable

Relevant Information on Bonds (Continued)

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

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

☐ Applicable ☒ Not applicable

IV. A SHARE CONVERTIBLE DEBENTURES

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

VI. OVERDUE INTEREST-BEARING DEBT OTHER THAN BONDS AT THE END OF THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

VII. WHETHER THERE WAS ANY NON-COMPLIANCE WITH THE REGULATIONS DURING THE REPORTING PERIOD

☐ Yes ☒ No

Relevant Information on Bonds (Continued)

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

Unit: RMB million

Item	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease at the end of the Reporting Period as compared with the end of the previous year
Current ratio	0.72	0.77	-6.49%
Gearing ratio	51.61%	42.97%	Increased by 8.64 percentage points
Quick ratio	0.34	0.31	9.68%
Item	During the Reporting Period	Corresponding period of the previous year	Increase/decrease for the Reporting Period as compared with the corresponding period of the previous year
Net profit after deduction of non recurring profit and loss items	-7,202	-3,315	-117.25%
EBITDA to total debts ratio	-5.10%	-0.16%	Decreased by 4.94 percentage points
Interest coverage ratio	-21.77	-12.72	-71.15%
Cash interest coverage ratio	-1.73	6.04	-128.64%
EBITDA interest coverage ratio	-8.54	-0.22	-3,781.82%
Loan payment ratio	100%	100%	—
Interest payment ratio	100%	100%	—

Annual General Meeting

The 2025 annual general meeting will be held on 3 June, 2025 (Tuesday). details of which and the proposed resolutions are set out in the accompanying notice of annual general meeting of the Company.

Auditor's Report

Xin Kuai Shi Bao Zi [2025]No. ZG10294

To the Shareholders of Angang Steel Company Limited :

Opinion

We have audited the accompanying financial statements of Angang Steel Company Limited ("**Company**"), which comprise the consolidated and company's balance sheets as at December 31, 2024, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2024 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

Basis for Our 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 the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("**CICPA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditor's Report (Continued)

Key Audit Matters (Continued)

We identified the following key audit matters in our audit.

Key Audit Matters

How these matters were addressed in the audit

Revenue recognition

Please consult the notes to the financial statements under “IV. Significant accounting policies and estimates” section 19, Revenue Accounting Policies, and “VI. Notes to consolidated financial statements” section 44, Operating revenue and operating cost.

In the fiscal year 2024, the recognized operating income in the Company's consolidated financial statements stands at 105,101 million, representing a 9.06% decrease compared to the previous year's figure.

As revenue is a critical indicator of the company's performance, the management of the Company may be exposed to a significant risk of misstatement in revenue recognition. Therefore, we have identified this as a key audit matter.

Audit procedures performed for revenue recognition mainly include:

1. Understanding and assessing the effectiveness of management's design and execution of key internal controls related to the revenue recognition.
2. Selecting samples to examine the sales contracts, identifying the contract terms and conditions associated with the transfer of commodity control, and assessing whether the company's revenue recognition time adheres to the requirements of the accounting standards for enterprises.
3. Acquiring the sales details for the current year, selecting samples of the revenue transactions recorded in the current year, examining the supportive documents such as sales contracts, invoices, and assessing whether the pertinent revenue recognition adheres to the company's accounting policies.

Auditor's Report (Continued)

Key Audit Matters (Continued)

We identified the following key audit matters in our audit. (Continued)

Key Audit Matters	How these matters were addressed in the audit
Revenue recognition	<ol style="list-style-type: none">4. In conjunction with the accounts receivable audit procedures, conducting confirmation procedures by sampling customers regarding the sales revenue during the reporting period.5. Examining sales to related parties and reviewing the fairness of the related party transaction prices.6. Selecting samples of revenue recognition transactions before and after the balance sheet date, examining the original documents related to revenue recognition, and assessing whether the revenue is recorded in the appropriate accounting period.7. We have verified whether the information related to operating revenue has been properly presented in the financial statements.

Auditor's Report (Continued)

Other Information

Management of the Company ("**Management**") is responsible for the other information. The other information comprises all of the information included in the 2024 annual report of the Company, other than the financial statements and our auditor's report thereon.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understand of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

From the matters communicated with those charged with 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.

BDO CHINA Shu Lun Pan Certified
Public Accountants LLP

Certified Public Accountant of China: Zhang Junshu
(Engagement partner)

Certified Public Accountant of China: Han Bing

Shanghai, China

March 28, 2025

Consolidated Balance Sheet

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	31 December 2024	31 December 2023
Current assets :			
Cash and cash equivalents	VI.1	4,544	3,319
Held-for-trading financial assets	VI.2	15	
Derivative financial assets	VI.3		3
Notes receivable	VI.4	55	112
Accounts receivable	VI.5	2,952	1,790
Receivables financing	VI.6	918	1,618
Prepayments	VI.7	3,189	2,967
Other receivables	VI.8	66	85
Including: Interests receivable			
Dividends receivable	VI.8		27
Inventories	VI.9	14,769	16,611
Other current assets	VI.10	1,742	916
Total current assets		28,250	27,421
Non-current assets:			
Long-term equity investments	VI.11	3,840	3,486
Other equity instrument investments	VI.12	690	672
Other non-current financial assets	VI.13	104	91
Fixed assets	VI.14	51,842	48,788
Construction in progress	VI.15	5,802	6,887
Right-of-use assets	VI.16	123	7
Intangible assets	VI.17	6,710	6,900
Deferred income tax assets	VI.18	2,296	2,272
Other non-current assets	VI.19	921	982
Total non-current assets		72,328	70,085
Total assets		100,578	97,506

Consolidated Balance Sheet (Continued)

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	31 December 2024	31 December 2023
Current liabilities:			
Short-term loans	VI.21	1,174	1,380
Derivative financial liabilities	VI.22	1	6
Notes payable	VI.23	17,957	17,583
Accounts payable	VI.24	8,281	7,083
Contract liabilities	VI.25	4,557	5,190
Staff remuneration payable	VI.26	97	83
Tax payable	VI.27	144	142
Other payables	VI.28	6,066	3,426
Including: Interests payable	VI.28		6
Dividends payable	VI.28	1	
Non-current liabilities due within one year	VI.29	700	
Other current liabilities	VI.30	462	538
Total current liabilities		39,439	35,431
Non-current liabilities:			
Long-term loans	VI.31	10,991	5,199
Bonds payable	VI.32	299	
Lease liability	VI.33	125	2
Long-term payables	VI.34	367	135
Long-term employee benefits payable	VI.35	50	44
Deferred income	VI.36	844	685
Deferred income tax liabilities	VI.18	91	106
Total non-current liabilities		12,468	6,470
Total liabilities		51,907	41,901

Consolidated Balance Sheet (Continued)

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	31 December 2024	31 December 2023
Shareholders' equity:			
Share capital	VI.37	9,383	9,384
Capital reserve	VI.38	33,920	33,906
Less: Treasury shares	VI.39	27	32
Other comprehensive income	VI.40	215	176
Special reserve	VI.41	52	69
Surplus reserve	VI.42	4,457	4,457
Retained earnings	VI.43	(321)	6,801
Subtotal of Shareholders' equity attributable to shareholders of parent company		47,679	54,761
Minority interests		992	844
Total shareholders' equity		48,671	55,605
Total liabilities and shareholders' equity		100,578	97,506

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Consolidated Income Statement

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
I. Total operating revenue		105,101	115,571
Including: Operating revenue	VI.44	105,101	115,571
II. Total operating cost		112,308	120,006
Including: Operating cost	VI.44	108,825	116,069
Taxes and surcharges	VI.45	850	852
Selling expenses	VI.46	560	633
Administrative expenses	VI.47	1,339	1,698
Research and development expenses	VI.48	468	493
Finance expenses	VI.49	266	261
Including: Interest expenses		285	289
Interest income		56	70
Add: Other incomes	VI.50	217	54
Investment income (Loss is listed with "-")	VI.51	556	317
Including: Investment incomes in associates and joint ventures		563	338
Gain from fair-value changes (Loss is listed with "-")	VI.52	71	45
Credit impairment losses (Loss is listed with "-")	VI.53	(2)	14
Impairment on assets (Loss is listed with "-")	VI.54	(680)	(131)
Gains on disposal of assets (Loss is listed with "-")	VI.55	92	1
III. Operating profit (Loss is listed with "-")		(6,953)	(4,135)
Add: Non-operating income	VI.56	38	54
Less: Non-operating expenses	VI.57	120	48
IV. Profit before tax (Loss is listed with "-")		(7,035)	(4,129)
Less: Income tax expenses	VI.58	59	(916)

Consolidated Income Statement (Continued)

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
V. Net profit (Loss is listed with "-")		(7,094)	(3,213)
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with "-")		(7,094)	(3,213)
2. Termination of business operating profit (Loss is listed with "-")			
(II) Classification of ownership			
1. Net income attributable to the Company owners		(7,122)	(3,255)
2. Net income attributable to minority shareholders		28	42
VI. Other comprehensive income after tax	VI.59	39	24
Other comprehensive income after tax attributable to parent company owners	VI.59	39	24
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss	VI.59	39	24
1. Net gain on other equity instruments at fair value through other comprehensive income	VI.59	38	24
2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method	VI.59	1	
Other comprehensive income after tax attributable to minority shareholders			

Consolidated Income Statement (Continued)

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
VII. Total comprehensive income		(7,055)	(3,189)
Total comprehensive income attributed to the Company owners		(7,083)	(3,231)
Total comprehensive income attributable to minority shareholders		28	42
VIII. Earnings per share			
Basic earnings per share (RMB/share)	XXI	(0.759)	(0.347)
Diluted earnings per share (RMB/share)	XXI	(0.759)	(0.347)

In the current year, a business combination under the same control has occurred. The net profit achieved by the combined party prior to the combination amounts to 3 million yuan. The net profit achieved by the combined party in the previous year amounts to 10 million yuan.

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Consolidated Cash Flow Statement

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
I. Cash Flows from Operating Activities:			
Cash received from sales and services		95,381	116,943
Taxes and surcharges refunds		115	39
Other cash receipts related to operating activities	VI.60	663	454
Sub-total of cash inflows from operating activities		96,159	117,436
Cash payments for goods purchased and services received		90,248	107,565
Cash payments to and on behalf of employees		4,143	4,770
Payments of taxes and surcharges		1,182	1,370
Other cash payments relating to operating activities	VI.60	1,373	2,094
Sub-total of cash outflows from operating activities		96,946	115,799
Net Cash Flows from Operating Activities	VI.61	(787)	1,637
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and returns of investments		1	
Cash receipts from returns on investments		347	205
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		90	16
Other cash receipts relating to investing activities	VI.60	289	107
Sub-total of cash inflows from investing activities		727	328

Consolidated Cash Flow Statement (Continued)

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		3,251	3,063
Cash payments to acquire investments		113	150
Other cash payments relating to investing activities	VI.60	1,090	68
Sub-total of cash outflows from investing activities		4,454	3,281
Net Cash Flows from Investing Activities		(3,727)	(2,953)
III. Cash Flows from Financing Activities:			
Cash received from investments		72	14
Including: cash receipts from minorities making investment in subsidiaries		72	14
Cash receipts from borrowings		19,359	10,300
Other cash receipts relating to financing activities		80	
Sub-total of cash inflows from financing activities		19,511	10,314
Cash repayments of amounts borrowed		13,383	10,243
Cash payments for distribution of dividends or profit or interest expenses		276	314
Including: payments for distribution of dividends or profit to minorities of subsidiaries		20	14
Other cash payments relating to financing activities	VI.60	113	389
Sub-total of cash outflows from financing activities		13,772	10,946
Net Cash Flows from Financing Activities		5,739	(632)

Consolidated Cash Flow Statement (Continued)

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			33
V. Net Increase in Cash and Cash Equivalents	VI.61	1,225	(1,915)
Add: Opening balance of Cash and Cash Equivalents	VI.61	3,319	5,234
VI. Closing Balance of Cash and Cash Equivalents	VI.61	4,544	3,319

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Consolidated Statement of Changes in Shareholders' Equity

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Year 2024									
	Equity attributable to parent company									Total Shareholders' equity
	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests	
I. Balance at the end of prior year	9,384	33,906	32	176	69	4,457		6,801	844	55,605
Add: Changes in accounting policies										
Merger of enterprises under the same control										
Others										
II. Balance at the beginning of current year	9,384	33,906	32	176	69	4,457		6,801	844	55,605
III. Current period increase (or less: decrease)	(1)	14	(5)	39	(17)			(7,122)	148	(6,934)
(I) Total comprehensive income				39				(7,122)	28	(7,055)
(II) Capital contributed or withdrew by owners	(1)	14	(5)						140	158
1. Ordinary shares contributed by owners	(1)		(5)						72	76
2. Amount of share-based payment included										
3. Others		14							68	82
(III) Profit Distribution									(20)	(20)
1. Withdrawal surplus reserves										
2. Distribution to shareholders									(20)	(20)
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					(17)					(17)
1. Current withdrawal					172				5	177
2. Current use					(189)				(5)	(194)
IV. Balance as at 31 December, 2024	9,383	33,920	27	215	52	4,457		(321)	992	48,671

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Consolidated Statement of Changes in Shareholders' Equity (Continued)

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Year 2023									
	Equity attributable to parent company							Minority interests	Total Shareholders' equity	
	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			
I. Balance at the end of prior year	9,403	33,879	96	152	93	4,457		10,118	657	58,663
Add: Changes in accounting policies										
Merger of enterprises under the same control		53						11	176	240
Others										
II. Balance at the beginning of current year	9,403	33,932	96	152	93	4,457		10,129	833	58,903
III. Current period increase (or less: decrease)	(19)	(26)	(64)	24	(24)			(3,328)	11	(3,298)
(I) Total comprehensive income				24				(3,255)	42	(3,189)
(II) Capital contributed or withdrew by owners	(19)	(26)	(64)						8	27
1. Ordinary shares contributed by owners	(19)	(17)	(64)						14	42
2. Amount of share-based payment included		(9)								(9)
3. Others									(6)	(6)
(III) Profit Distribution								(73)	(41)	(114)
1. Withdrawal surplus reserves										
2. Distribution to shareholders								(64)	(41)	(105)
3. Others								(9)		(9)
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					(24)				2	(22)
1. Current withdrawal					209				5	214
2. Current use					(233)				(3)	(236)
IV. Balance as at 31 December, 2023	9,384	33,906	32	176	69	4,457		6,801	844	55,605

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Balance Sheet

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	31 December 2024	31 December 2023
Current assets:			
Cash and cash equivalents		2,293	1,259
Held-for-trading financial assets		15	
Derivative financial assets			3
Notes receivable		50	70
Accounts receivable	XVIII.1	2,716	1,821
Receivables financing		674	1,092
Prepayments		2,566	2,431
Other receivables	XVIII.2	53	88
Including: Interests receivable			
Dividends receivable	XVIII.2		27
Inventories		11,645	13,210
Other current assets		1,519	608
Total current assets		21,531	20,582
Non-current assets:			
Long-term equity investments	XVIII.3	14,346	13,901
Other equity instrument investments		690	672
Other non-current financial assets		104	91
Fixed assets		43,864	41,450
Construction in progress		5,030	5,995
Right-of-use assets		122	
Intangible assets		5,828	6,062
Deferred income tax assets		2,203	2,203
Other non-current assets		907	902
Total non-current assets		73,094	71,276
Total assets		94,625	91,858

Balance Sheet (Continued)

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	31 December 2024	31 December 2023
Current liabilities:			
Short-term loans		710	1,250
Derivative financial liabilities		1	6
Notes payable		17,230	16,789
Accounts payable		6,656	5,439
Contract liabilities		4,297	4,753
Staff remuneration payable		87	75
Tax payable		97	92
Other payables		6,673	4,802
Including: Interests payable			8
Dividends payable			
Non-current liabilities due within one year		700	
Other current liabilities		131	146
Total current liabilities		36,582	33,352
Non-current liabilities:			
Long-term loans		10,862	5,089
Bonds payable			299
Lease liability		124	
Long-term payables		367	135
Long-term employee benefits payable		49	41
Deferred income		670	511
Deferred income tax liabilities		89	101
Total non-current liabilities		12,161	6,176
Total liabilities		48,743	39,528

Balance Sheet (Continued)

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	31 December 2024	31 December 2023
Shareholders' equity:			
Share capital		9,383	9,384
Capital reserve		26,905	26,895
Less: Treasury shares		27	32
Other comprehensive income		215	176
Special reserve		31	38
Surplus reserve		4,447	4,447
Retained earnings		4,928	11,422
Total shareholders' equity		45,882	52,330
Total liabilities and shareholders' equity		94,625	91,858

Legal representative:
Wang June

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Income Statement

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
I. Total operating revenue		88,458	99,476
Including: Operating revenue	XVIII.4	88,458	99,476
II. Total operating cost		95,177	103,896
Including: Operating cost	XVIII.4	92,097	100,551
Taxes and surcharges		664	691
Selling expenses		475	563
Administrative expenses		1,147	1,345
Research and development expenses		410	421
Finance expenses		324	325
Including: Interest expenses		316	317
Interest income		32	34
Add: Other incomes		102	44
Investment income (Loss is listed with "-")	XVIII.5	675	889
Including: Investment incomes in associates and joint ventures	XVIII.5	540	357
Gain from fair-value changes (Loss is listed with "-")		71	45
Credit impairment losses (Loss is listed with "-")		(1)	15
Impairment on assets (Loss is listed with "-")		(621)	(111)
Gains on disposal of assets (Loss is listed with "-")		35	1
III. Operating profit (Loss is listed with "-")		(6,398)	(3,537)
Add: Non-operating income		30	23
Less: Non-operating expenses		116	47
IV. Profit before tax (Loss is listed with "-")		(6,484)	(3,561)
Less: Income tax expenses		10	(949)

Income Statement (Continued)

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
V. Net profit (Loss is listed with “-”)		(6,494)	(2,612)
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with “-”)		(6,494)	(2,612)
2. Termination of business operating profit (Loss is listed with “-”)			
(II) Classification of ownership			
1. Net income attributable to the Company owners		(6,494)	(2,612)
2. Net income attributable to minority shareholders			
VI. Other comprehensive income after tax		39	24
Other comprehensive income after tax attributable to parent company owners		39	24
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss		39	24
1. Net gain on other equity instruments at fair value through other comprehensive income		38	24
2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method		1	
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income		(6,455)	(2,588)
Total comprehensive income attributed to the Company owners		(6,455)	(2,588)
Total comprehensive income attributable to minority shareholders			

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Cash Flow Statement

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
I. Cash Flows from Operating Activities:			
Cash received from sales and services		81,528	101,181
Taxes and surcharges refunds		71	
Other cash receipts related to operating activities		525	394
Sub-total of cash inflows from operating activities		82,124	101,575
Cash payments for goods purchased and services received		77,211	93,649
Cash payments to and on behalf of employees		3,485	4,024
Payments of taxes and surcharges		761	760
Other cash payments relating to operating activities		1,196	1,787
Sub-total of cash outflows from operating activities		82,653	100,220
Net Cash Flows from Operating Activities		(529)	1,355

Cash Flow Statement (Continued)

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and returns of investments		1	55
Cash receipts from returns on investments		483	769
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		24	68
Other cash receipts relating to investing activities		263	72
Sub-total of cash inflows from investing activities		771	964
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		2,664	2,681
Cash payments to acquire investments		217	150
Other cash payments relating to investing activities		1,090	68
Sub-total of cash outflows from investing activities		3,971	2,899
Net Cash Flows from Investing Activities		(3,200)	(1,935)

Cash Flow Statement (Continued)

For the twelve months ended 31 December 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to December 2024	January to December 2023
III. Cash Flows from Financing Activities:			
Cash received from investments			
Cash receipts from borrowings		19,161	9,970
Other cash receipts relating to financing activities		151	1,261
Sub-total of cash inflows from financing activities		19,312	11,231
Cash repayments of amounts borrowed		14,141	9,813
Cash payments for distribution of dividends or profit or interest expenses		298	258
Including: payments for distribution of dividends or profit to minorities of subsidiaries			
Other cash payments relating to financing activities		110	1,443
Sub-total of cash outflows from financing activities		14,549	11,514
Net Cash Flows from Financing Activities		4,763	(283)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
			33
V. Net Increase in Cash and Cash Equivalents			
		1,034	(830)
Add: Opening balance of Cash and Cash Equivalents		1,259	2,089
VI. Closing Balance of Cash and Cash Equivalents			
		2,293	1,259

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Statement of Changes in Shareholders' Equity

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Year 2024									
	Equity attributable to parent company									Total Shareholders' equity
	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests	
I. Balance at the end of prior year	9,384	26,895	32	176	38	4,447		11,422		52,330
Add: Changes in accounting policies										
Others										
II. Balance at the beginning of current year	9,384	26,895	32	176	38	4,447		11,422		52,330
III. Current period increase (or less: decrease)	(1)	10	(5)	39	(7)			(6,494)		(6,448)
(I) Total comprehensive income				39				(6,494)		(6,455)
(II) Capital contributed or withdrew by owners	(1)	10	(5)							14
1. Ordinary shares contributed by owners	(1)		(5)							4
2. Amount of share-based payment included										
3. Others		10								10
(III) Profit Distribution										
1. Withdrawal surplus reserves										
2. Distribution to shareholders										
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					(7)					(7)
1. Current withdrawal					130					130
2. Current use					(137)					(137)
IV. Balance as at 31 December, 2024	9,383	26,905	27	215	31	4,447		4,928		45,882

Legal representative :
Wang Jun

Financial controller :
Li Jingdong

Person in charge of
accounting department :
Ma Li

Statement of Changes in Shareholders' Equity (Continued)

As at 31 December, 2024 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

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

Legal representative:
Wang Jun

Financial controller:
Li Jingdong

Person in charge of
accounting department:
Ma Li

Notes to the financial statements

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

I. CORPORATE PROFILE

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

This financial statement was approved and presented by the board of directors of the company on March 28, 2025.

As of the end of this period, the subsidiary companies included in the consolidation scope of the company are detailed in Note IX “Interests in other entities”. The Company added 4 subsidiary in the current period, please refer to Note VIII “Changes in Consolidation Scope” for details.

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

II. Preparation basis of the financial statements

The Group has evaluated the continuous operations ability for the 12 months from December 31, 2024, and has not found any matters or circumstances that have significant doubts about the continuous operations ability. Therefore, the financial statements are prepared on the assumption of going concern principle. In addition, the Group has prepared this report based on the actual transactions and events and in accordance with the Basic Standard and 42 specific standards of the Accounting Standards for Business Enterprises (abbreviated as “**ASBE**”) (Ministry of Finance issued No. 33, the Ministry of Finance to amend No. 76) issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as the “**Accounting Standards for Business Enterprises**” or “**CAS**”) and the disclosure requirements regulation in the Preparation Convention of Information Disclosure of information of public listed companies, No. 15-General Requirements on Financial Reports revised by the China Securities Regulatory Commission 2023, Preparation of applicable disclosure provisions for securities listing rules issued by the Stock Exchange of Hong Kong Ltd.

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

III. Statements on compliance with the enterprise accounting standards

The Group declares that the Financial Report prepared by the Group is in compliance with requirements of Accounting Standards for Business Enterprises. These financial statements present truly, accurately and completely the financial position of the Group as of 31 December 2024, the financial performance and cash flow of the Group for the twelve months ended 31 December 2024. In addition, these financial statements also comply with, in all material respects, the disclosure requirements of “Regulation on disclosure of information of public listed companies, No. 15: General Requirements for Financial Reports”, revised by the China Securities Regulatory Commission (CSRC) in 2023, the relevant disclosure provisions of the Listing Rules of the Stock Exchange of Hong Kong Limited, and the applicable disclosure provisions under the Hong Kong Companies Ordinance.

IV. Significant accounting policies and estimates

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

1. Accounting period

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

2. Operating cycle

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

3. Recording currency

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

4. Accounting treatment of business combinations

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

4. Accounting treatment of business combinations (Continued)

(1) The business combinations under common control

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

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

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

(2) The business combinations not under common control

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

4. Accounting treatment of business combinations (Continued)

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

5. Methods for preparation of consolidated financial statements

(1) Recognition principle of consolidated scope

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

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

(2) Methods for preparation of consolidated financial statements

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

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

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

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

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

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

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

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

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

7. Recognition standard for cash and cash equivalents

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

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

(1) Foreign currency transactions

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities

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

(1) Financial assets

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

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

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

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

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

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

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

3) Impairment of financial instruments

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

3) Impairment of financial instruments (Continued)

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

3) Impairment of financial instruments (Continued)

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

The Group assesses whether credit risk has increased significantly on the basis of a single financial instrument or a combination of financial instruments. When assessing on the basis of a portfolio of financial instruments, the group may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings of different customers.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(1) Financial assets (Continued)

4) Presentation of provision for expected credit losses

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

5) Write off

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

(2) Financial liabilities

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(2) Financial liabilities (Continued)

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

(2) Financial liabilities (Continued)

2) Conditions for termination of recognition of financial liabilities

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

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

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

- (4) Offsetting financial assets and liabilities

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

9. Financial assets and liabilities (Continued)

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

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

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

10. Inventories

- (1) Category

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

- (2) Pricing of inventories

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

10. Inventories (Continued)

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

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

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

- (4) Physical inventory at fixed period is taken under perpetual inventory system.
- (5) Amortization of reusable materials

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

11. Long-term equity investment

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

11. Long-term equity investment (Continued)

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

(1) Determination of investment costs

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

11. Long-term equity investment (Continued)

(1) Determination of investment costs (Continued)

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

(2) Subsequent measurement and profit and loss recognition method

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

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

11. Long-term equity investment (Continued)

(2) Subsequent measurement and profit and loss recognition method

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

11. Long-term equity investment (Continued)

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

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

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

- 3) Acquisition of minority interests

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

- 4) Disposal of long-term equity investments

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

11. Long-term equity investment (Continued)

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

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

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

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

12. Fixed Assets

(1) Recognition

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

12. Fixed Assets (Continued)

(2) Depreciation method of fixed assets

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

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

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

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

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

(4) Other instructions

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

12. Fixed Assets (Continued)

(4) Other instructions (Continued)

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

13. Construction in progress

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

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

14. Borrowing costs

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

14. Borrowing costs (Continued)

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

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

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

15. Intangible assets

(1) Intangible assets

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

15. Intangible assets (Continued)

(1) Intangible assets (Continued)

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

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

(2) Research and development expenditure

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

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

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

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② Having the intention to complete the intangible asset and use or sell it;

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

15. Intangible assets (Continued)

(2) Research and development expenditure (Continued)

- ③ The ways in which intangible assets generate economic benefits, including the ability to prove the existence of a market for the products produced using the intangible assets or the existence of a market for the intangible assets themselves, and the usefulness of intangible assets that will be used internally;
- ④ Having sufficient technical, financial, and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset;
- ⑤ The expenses attributable to the development stage of the intangible asset can be reliably measured.

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

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

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

16. Impairment of long-term assets

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

16. Impairment of long-term assets (Continued)

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

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

17. Estimated liabilities

When obligations related to contingencies meet the following conditions simultaneously, they are recognized as estimated liabilities: ① the obligation is a current obligation undertaken by the group; ② Fulfilling this obligation is likely to result in an outflow of economic benefits; ③ The amount of this obligation can be reliably measured.

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

18. Share-based payment

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

(1) Equity settled share-based payments

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

18. Share-based payment (Continued)

(3) Other

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

19. Revenue

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

19. Revenue (Continued)

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

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

19. Revenue (Continued)

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

20. Government grants

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

20. Government grants (Continued)

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

20. Government grants (Continued)

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

21. Deferred income tax asset and liability

(1) Current income tax

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

21. Deferred income tax asset and liability (Continued)

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

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

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

21. Deferred income tax asset and liability (Continued)

(3) Income tax expenses

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

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

22. Leases

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

22. Leases (Continued)

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

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

- 1) Initial measurement

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

- 2) Subsequent measurement

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

22. Leases (Continued)

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

2) Subsequent measurement (Continued)

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

3) Lease Change

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

22. Leases (Continued)

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

3) Lease Change (Continued)

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

Regarding the impact of the above lease liability adjustment, the Group distinguishes the following situations for accounting treatment:

① If the lease change results in a reduction in the lease scope or lease term, the Group adjusts the book value of the right to use assets to reflect partial or complete termination of the lease. The Group will record the gains and losses related to partial or complete termination of leases in the current profit and loss. For other lease changes, the Group will adjust the book value of the right to use assets accordingly.

4) Short term leasing and low value asset leasing

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

22. Leases (Continued)

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

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

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

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

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

- (4) Sale and leaseback transactions

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

22. Leases (Continued)

(4) Sale and leaseback transactions (Continued)

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

23. Contract liabilities

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

24. Employee benefits

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

24. Employee benefits (Continued)

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

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

25. Segmental reporting

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

26. Methods and selection basis for determining significance criteria

Monetary unit: RMB million

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

27. Corrections of prior period errors

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

28. Significant accounting judgments and estimates

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

28. Significant accounting judgments and estimates (Continued)

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

(1) Inventory depreciation reserves

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

(2) Provision for impairment of non current assets

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

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

28. Significant accounting judgments and estimates (Continued)

(2) Provision for impairment of non current assets (Continued)

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

(3) Depreciation and amortization

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

(4) Deferred income tax assets

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

(5) Income tax

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

28. Significant accounting judgments and estimates (Continued)

(6) Internal retirement benefits and supplementary retirement benefits

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

(7) Impairment of financial instruments

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

29. Changes of significant accounting policies and estimates

(1) There are changes in accounting policies for the period

- ① Implementation of the Interim Provisions on Accounting Treatment of Enterprise Data Resources

The Ministry of Finance issued the Interim Provisions on Accounting Treatment of Enterprise Data Resources (Cai Kuai [2023] No. 11) on August 1, 2023. These provisions apply to: Data resources recognized as intangible assets, inventory, or other assets under the Accounting Standards for Business Enterprises and Data resources lawfully owned or controlled by enterprises that are expected to generate economic benefits but do not meet asset recognition criteria. The provisions also specify disclosure requirements for data resources. The company adopted these provisions effective January 1, 2024, with no material impact on our financial position or operating results.

- ② Implementation of Accounting Standards for Business Enterprises Interpretation No. 17

The Ministry of Finance issued Interpretation No. 17 (Cai Kuai [2023] No. 21) on October 25, 2023. Effective January 1, 2024, the company adopted the following sections:

- 1) Classification of current and non-current liabilities
- 2) Disclosure requirements for supplier financing arrangements
- 3) Accounting treatment for sale-and-leaseback transactions

The adoption had no material impact on our financial position or operating results.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IV. Significant accounting policies and estimates (Continued)

29. Changes of significant accounting policies and estimates (Continued)

(1) There are changes in accounting policies for the period (Continued)

- ③ Implementation of Accounting Standards for Business Enterprises Interpretation No. 18

The Ministry of Finance issued Interpretation No. 18 (Cai Kuai [2024] No. 24) on December 6, 2024. For estimated liabilities arising from assurance-type warranties that do not constitute separate performance obligations: Entities shall recognize the liability under ASBE 13 – Contingencies by: Debit: “Cost of main operations” or “Other operating costs”, Credit: “Estimated liabilities”. Presentation requirements: Income Statement included in “Operating costs”, Balance Sheet classified as “Other current liabilities”, “Non-current liabilities due within one year”, or “Estimated liabilities”. The company adopted this interpretation in the issuance year, with no material financial impact.

(2) There are no significant changes in accounting estimates for the period

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

V. Taxation

1. Main taxes and tax rate

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

Disclosure requirements for entities subject to different corporate income tax rates

Taxpayer Name	Income Tax Rate
The Company	15%
Angang steel Group Chaoyang Iron and Steel Co., Ltd. ("Chaoyang Iron and Steel")	15%
Angang Chemical Technology Co., Ltd. ("Chemical Technology")	15%
Kobelco Angang Auto Steel Co Ltd. ("Angang Kobelco")	15%
Angang Steel Processing and Distribution (Changchun) Co., Ltd. ("ASPD-CC")	15%
Angang Energy and Technology Co., Ltd. Co., Ltd. ("Energy and Technology")	15%

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

V. Taxation (Continued)

2. Tax Incentives

- (1) Pursuant to Article 28 of the Enterprise Income Tax Law of the People's Republic of China "High-tech enterprises that are nationally recognized as requiring key support shall be subject to a reduced enterprise income tax rate of 15%", the company and five subsidiaries qualify for this tax incentive, as detailed below:

Taxpayer Name	Nature	Certificate No.	Validity Period
The Company	High-Tech Enterprise	GR202421000799	2024.11.27-2027.11.27
Chaoyang Iron and Steel	High-Tech Enterprise	GR202421001134	2024.11.27-2027.11.27
Chemical Technology	High-Tech Enterprise	GR202421000274	2024.11.27- 2027.11.27
Angang Kobelco	High-Tech Enterprise	GR202321000828	2023.11.29- 2026.11.29
ASPD-CC	High-Tech Enterprise	GR202222000468	2022.11.29- 2025.11.29
Energy and Technology	High-Tech Enterprise	GR202221000143	2022.11.04- 2025.11.04

- (2) In accordance with the Announcement on Improving the VAT Policy for Resource Comprehensive Utilization (MOF and SAT Announcement No. 40 [2021]), general VAT taxpayers selling self-produced resource comprehensive utilization products or providing related services may enjoy a VAT "refund upon collection" policy. Both the company and Chaoyang Iron and Steel qualify for this incentive.
- (3) Pursuant to the Announcement on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises (MOF and SAT Announcement No. 43 [2024]), from January 1, 2024, to December 31, 2027, advanced manufacturing enterprises are permitted to deduct an additional 5% of the current deductible input VAT from their payable VAT. The company and subsidiaries (Chaoyang Iron and Steel, Chemical Technology, Angang Kobelco, and ASPD-CC) are eligible for this incentive.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements

Unless otherwise specified, the current period refers to the 12-month period ending on December 31, 2024, and the previous period refers to the 12-month period ending on December 31, 2023.

1. Cash and cash equivalents

Item	31 December 2024	31 December 2023
Cash		
Bank deposits (Note 1)	4,250	2,922
Other cash and cash equivalents (Note 2)	294	397
Total	4,544	3,319

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

Note 2: Other cash and cash equivalents primarily consist of bank acceptance bill deposits and futures margin deposits.

2. Held-for-trading financial assets

Item	31 December 2024	31 December 2023
Financial assets measured at fair value through profit or loss (FVTPL)	15	
including: Investments in equity instruments	15	
Total	15	

3. Derivative financial assets

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

4. Notes receivable

(1) Classification of notes receivable

Items	31 December 2024			31 December 2023		
	Book Balance	Bad Debt Provision	Net Book Value	Book Balance	Bad Debt Provision	Net Book Value
Bank acceptance notes	55		55	112		112
Commercial acceptance notes						
Total	55		55	112		112

(2) Notes receivable transferred to accounts receivable due to insolvency of the issuer as of 31 December 2024

Items	Amount transferred to accounts receivable at the end of the period
Bank acceptance notes	366
Commercial acceptance notes	
Total	366

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

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

5. Accounts receivable

(1) Classification of accounts receivable

	31 December 2024				
	Book Value		Bad Debt Provision		Net Book Value
Item	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	455	13.57	397	87.25	58
Account receivable for which bad debt is prepared based on group combination including: Risk-free group combination	2,899	86.43	5	0.17	2,894
Risk group combination on the basis of aging-matrix	719	21.43			719
	2,180	65.00	5	0.23	2,175
Total	3,354	100.00	402	11.99	2,952

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

5. Accounts receivable (Continued)

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

Debtors	31 December 2023		31 December 2024			Reason
	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision	Percentage (%)	
Tianjin Property Group Finance Co., Ltd.	566	442	366	311	84.97	Notes overdue
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	67	67	67	67	100.00	Business is in trouble. It does not have repayment ability
Chongqing Lifan Finance Co., Ltd.	28	25				Notes overdue
Dongbei Special Steel Group Dalian material trading Co., Ltd.	15	15	15	15	100.00	Estimated uncollectible
Shanghai Junshang Supply Chain Management Co., Ltd			5	2	40.00	Insufficient debt paying ability
Dongfeng Mochong (Dalian) Punching and Welding Parts Co., Ltd			2	2	100.00	Bankruptcy of debtor. It does not have repayment ability
Total	676	549	455	397		

- (3) Accounts receivable classified by aging

Aging	31 December 2024	31 December 2023
Within 1 year	2,857	1,647
1 to 2 years	42	18
2 to 3 years	3	
3 to 4 years		
4 to 5 years		594
Over 5 years	452	86
Total	3,354	2,345

Note: In the above analysis, based on the invoice date.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

5. Accounts receivable (Continued)

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

Type	31 December 2023	Increase/Decrease			Others	31 December 2024
		Bad debt provision	Reverse	Resale or verification		
Accounts receivable	555	4			(157)	402

- (5) Accounts receivable written off this period

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

- (6) The condition of accounts receivable of the top five debtors by the balances as of 31 December 2024

The total amount of top five accounts receivable according to closing balance of debtors of the Group was RMB1,816 million as of 31 December 2024, which accounted for 54.14% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB331 million as of 31 December 2024.

- (7) Other

As of December 31, 2024, the accounts receivable of RMB1,084 million transferred by the Group with recourse to financial institutions are classified as assets with restricted ownership or usage rights. (VI.20)

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

6. Receivables financing

(1) Classification of receivables financing

Items	31 December 2024			31 December 2023		
	Book Balance	Bad Debt Provision	Net Book Value	Book Balance	Bad Debt Provision	Net Book Value
Bank acceptance notes	918		918	1,618		1,618
Commercial acceptance notes						
Total	918		918	1,618		1,618

(2) Receivable financing that have been endorsed or discounted as of December 31, 2024 and have not yet matured on the balance sheet date

Items	Amount of termination confirmation	Amount of Non-termination confirmation
Bank acceptance notes	17,234	
Commercial acceptance notes		
Total	17,234	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

7. Prepayments

- (1) Prepayments classified by aging

Items	31 December 2024		31 December 2023	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year	3,153	98.87	2,818	94.98
1 to 2 years	28	0.88	145	4.88
2 to 3 years	6	0.19	2	0.07
Over 3 years	2	0.06	2	0.07
Total	3,189	100.00	2,967	100.00

- (2) The top five prepayments with outstanding balance as of December 31, 2024

The total amount of the top five prepayments collected by the group as of December 31, 2024 based on the prepayments is 2,200 million, accounting for 68.99% of the total balance of prepayments as of December 31, 2024.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

8. Other receivables

Items	31 December 2024	31 December 2023
Interests receivable		
Dividends receivable		27
Other receivables	66	58
Total	66	85

8.1 Dividends receivable

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

8. Other receivables (Continued)

8.2 The condition of other receivables

(1) Classification of other receivables

Items	31 December 2024				Net Book Value
	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision	9	11.39	9	100.00	
Other receivables for which bad debt is prepared based on group combination	70	88.61	4	5.71	66
Including: Risk-free group combination	3	3.80			3
Risk group combination on the basis of aging-matrix	67	84.81	4	5.97	63
Total	79	100.00	13	16.46	66

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

8. Other receivables (Continued)

8.2 The condition of other receivables (Continued)

(2) Other receivables classified by the nature

Item	31 December 2024	31 December 2023
The service fee of land acquisition	9	9
Petty cash	6	7
Industrial injury loan	4	6
Bid security	1	
Others	59	51
Total	79	73

(3) Other receivables classified by aging

Aging	31 December 2024	31 December 2023
Within 1 year	48	41
1 to 2 years	14	18
2 to 3 years	6	3
3 to 4 years	1	1
4 to 5 years	1	1
Over 5 years	9	9
Total	79	73

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

8. Other receivables (Continued)

8.2 The condition of other receivables (Continued)

(4) The accrual condition of bad debt provision

	The first stage	The second stage	The third stage	
	Expected credit losses within the next 12 months	Expected credit losses for the entire duration of the period (no credit impairment)	Expected credit losses for the entire duration of the period (credit impairment has occurred)	Total
Bad debt provision				
Balance at 1 January 2024	6		9	15
Bad debt provision	(2)			(2)
Reverse				
Resale or verification				
Write of				
Other changes				
Balance at 31 December 2024	4		9	13

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

		Change in this period			
Item	31 December 2023	Bad debt provision	Reverse	Resale or verification	31 December 2024
Other receivables	15	(2)			13

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

8. Other receivables (Continued)

8.2 The condition of other receivables (Continued)

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

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

- (7) Other receivables with the top five balances as of December 31, 2024

The summary amount of the top five other accounts receivable as of December 31, 2024 collected by the debtor in this period is 58 million, accounting for 73.42% of the total balance of other accounts receivable as of December 31, 2024. The corresponding provision for bad debts as of December 31, 2024 is 12 million.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

9. Inventories

(1) Classification of Inventory

Item	31 December 2024		
	Book Value	Inventory falling Price Reserves	Carrying Value
Raw materials	7,167	476	6,691
Work in progress	3,934	120	3,814
Finished goods	2,926	66	2,860
Revolving materials	499	132	367
Spare parts	808	26	782
Materials in transit	254		254
Materials for Consigned Processing	1		1
Goods Issued			
Total	15,589	820	14,769

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

9. Inventories

(2) Inventory falling price reserves

Item	31 December	Increase	Decrease	31 December
	2023	Provision	Written Back	Others
Raw materials	116	396	36	
Work in progress	74	79	33	
Finished goods	21	117	72	
Revolving materials	1	132	1	
Spare parts	22	8	3	1
Total	234	732	145	1

10. Other current assets

Item	31 December	31 December
	2024	2023
Tax retained	808	766
Prepayment of enterprise income tax	7	150
Time Deposit (VI.20)	927	
Total	1,742	916

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

11. Long-term equity investments

Details of long-term equity investments

The invested entity	31 December 2023	Increase/Decrease		Investment income under the equity method	Other comprehensive income
		Increase	Decrease		
Jointly venture					
TKAS Auto Steel Company Limited ("ANSC- TKS")	722			408	
The iron and Steel shares – Dalian ship heavy industry steel processing Distribution Co. Ltd. ("ANSC – Dachuan")	113				
Ansteel Guangzhou Automobile Steel Co., Ltd. ("Guangzhou Automobile Steel")	560	113		41	
Angang CIMC (Yingkou) New Energy Technology Co., Ltd. ("Angang CIMC")	100			13	
Sub-total	1,495	113		462	
Associated venture					
Angang Group Finance Co., Ltd. ("Angang Finance")	1,615			88	1
Anshan Anshan Iron Oxide Powder Co., Ltd. ("Iron Oxide Powder Company")	18			2	
Guangzhou Nansha Steel Logistical Co., Ltd. ("Nansha Logistical")	60			(7)	
Anshan Iron and steel solid gold (Hangzhou) metal materials Co., Ltd. ("AISSG")	116			5	
Guangzhou GAC Baoshang Steel Processing Co., Ltd. ("GAC Baoshang")	111			13	
Meizhou GAC Automobile Spring Co., Ltd. ("Meizhou Motor Company")	38				
ChaoyangZhong'an Water Co., Ltd. ("Zhong'an Water")	33				
Sub-total	1,991			101	1
Total	3,486	113		563	1

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

11. Long-term equity investments (Continued)

The invested entity	Increase/Decrease				31 December 2024	Closing Value of the Provision for Impairment
	Other Equity Changes	Declaration of Cash Dividends or Profits	Provision for impairment Loss	Others		
Jointly venture						
ANSC-TKS		217		(7)	906	
ANSC – Dachuan	1				114	
Guangzhou Automobile Steel	1	51		(3)	661	
Angang CIMC					113	
Sub-total	2	268		(10)	1,794	
Associated venture						
Angang Finance		30			1,674	
Iron Oxide Powder Company					20	
Nansha Logistical					53	
AISSG		4			117	
GAC Baoshang		12			112	
Meizhou Motor Company					38	
Zhong'an Water		1			32	
Sub-total		47			2,046	
Total	2	315		(10)	3,840	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

12. Other equity instrument investments

(1) Changes of other equity instrument investments

Items	31 December 2024	31 December 2023	Gains included in other comprehensive income this period	Losses included in other comprehensive income this period
WISDRI	549	533	16	
Heilongjiang Longmay Mining Group Co., Ltd. ("Longmay Group")	91	89	2	
Anshan Falan Packing Material Co. Ltd. ("Falan Packing")	26	26		
Changsha Bao steel steel processing & Distribution Co., Ltd. ("Changsha steel")	11	11		
China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd. ("China Shipbuilding")	6	6		
Guoqi Automobile Lightweight (Beijing) Technology Research Institute Co., Ltd. ("Guoqi Lightweight")	3	3		
Shanghai HGB Digital Technology CO., LTD. ("Shanghai HGB")	4	4		
Jindian (Hangzhou) Technology Co., Ltd. ("Jindian")				
Total	690	672	18	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

12. Other equity instrument investments (Continued)

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

Items	Accumulated gains included in other comprehensive income at the end of this period	Accumulated losses included in other comprehensive income at the end of this period	Recognized dividend income current period	Designation Reason (measured at fair value and the changes of their value are recorded in other comprehensive income.)
WISDRI	410			
Longmay Group		(154)		
Falan Packing	5		2	
Changsha steel		(5)		
China Shipbuilding		(4)		
Guoqi Lightweight				
Shanghai HGB	2			
Jindian		(2)		
Total	417	(165)	2	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

12. Other equity instrument investments (Continued)

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

Items	Recognized dividend income current period	Accumulated gain	Accumulated loss	other comprehensive income transfer to retained earnings.	Designation Reason (measured at fair value and the changes of their value are recorded in other comprehensive income.)	Reason (other comprehensive income transfer to retained earnings)
WISDRI		410				
Longmay Group			(154)			
Falan Packing	2	5				
Changsha steel			(5)			
China Shipbuilding			(4)			
Guoqi Lightweight						
Shanghai HGB		2				
Jindian			(2)			
Total	2	417	(165)			

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

13. Other non-current financial assets

The Invested Entity	Book value	
	31 December 2024	31 December 2023
Zhuzhou Smelter Group Co., Ltd. ("ZhuYe Group")	36	39
HNA bankruptcy reorganization special service trust	47	47
Caidie NO. 6 property rights trust plan	16	
Caidie NO. 5 property rights trust plan	5	5
Total	104	91

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

14. Fixed assets

(1) Analysis of fixed assets

Items	Houses and Buildings	Machinery	Others	Total
① Original Cost				
31 December 2023	36,521	90,442	6,366	133,329
Increase in the period	1,346	4,966	596	6,908
(1) Purchase		3		3
(2) Transform from project under construction	1,346	4,926	596	6,868
(3) Increase from combination				
(4) Others		37		37
Decrease in the period	143	312	73	528
(1) Disposal or scrap	139	306	73	518
(2) Others	4	6		10
31 December 2024	37,724	95,096	6,889	139,709
② Accumulated depreciation				
31 December 2023	16,498	59,520	5,038	81,056
Increase in the period	827	2,586	284	3,697
(1) Depreciation	826	2,527	266	3,619
(2) Increase from combination				
(3) Others	1	59	18	78
Decrease in the period	87	213	66	366
(1) Disposal or scrap	87	213	66	366
(2) Others				
31 December 2024	17,238	61,893	5,256	84,387
③ Provision for impairment				
31 December 2023	605	2,741	139	3,485
Increase in the period		1		1
(1) Provision				
(2) Others		1		1
Decrease in the period	2	4		6
(1) Disposal or scrap	2	4		6
(2) Others				
31 December 2024	603	2,738	139	3,480
④ Book Value				
31 December 2024	19,883	30,465	1,494	51,842
31 December 2023	19,418	28,181	1,189	48,788

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

14. Fixed assets (Continued)

(2) Fixed assets leased out by operating lease

Type	31 December 2024	31 December 2023
Houses and buildings	13	15
Machinery	6	36
Total	19	51

15. Construction in progress

Item	31 December 2024	31 December 2023
Construction in progress	5,801	6,886
Construction materials	1	1
Total	5,802	6,887

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress

(1) Details of constructions in progress

Item	31 December 2024			31 December 2023		
	Book balance	Impairment Provision	Book value	Book balance	Impairment Provision	Book value
No. 1 Power Plant Comprehensive Resource Utilization Power Generation Project	401		401	7		7
No. 2 Power Plant Comprehensive Resource Utilization Power Generation Project	363		363	8		8
Efficiency Upgrade Project for BOF Process Equipment at No. 2 Steelmaking Line of General Steel Plant	305		305			
Safety Improvement Project for BOF Bay BCDE of No. 2 Steelmaking Line at No. 2 Branch Plant of General Steelmaking Works	208		208			
New Continuous Annealing Line (AA1) Project in West Zone of Cold Rolling Silicon Steel Plant	111		111	7		7
The environmental protection upgrading and transformation project of the sintering machine of the iron-making general plant	42		42	968		968
Upgrading and reconstruction project of seamless 177 production line of large-scale general factor	30		30	29		29
Upgrading and reconstruction project of the 1# slab casting machine of the 2150ASP production line of the steelmaking general plant	11		11	197		197

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(1) Details of constructions in progress (Continued)

Item	31 December 2024			31 December 2023		
	Book balance	Impairment Provision	Book value	Book balance	Impairment Provision	Book value
Project for the construction and production of the raw material system of the 265m2 sintering machine in the iron smelting general plant	10		10	144		144
21 to 096B iron making – Bayuquan raw material yard shed closed project	1		1	323		323
3# blast furnace overhaul project				100		100
Overhaul and reconstruction project of the 1# billet casting machine in the first branch of the steelmaking general plant				92		92
Large scale continuous rolling line upgrading and renovation project				18		18
Large factory universal line quality improvement and renovation project				7		7
Others	4,325	6	4,319	4,992	6	4,986
Total	5,807	6	5,801	6,892	6	6,886

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(2) Changes in major constructions in progress

Items	Budget	31 December 2023	Increase of the period	Transferred into fixed assets	Other decrease	31 December 2024
No. 1 Power Plant Comprehensive Resource Utilization Power Generation Project	459	7	394			401
No. 2 Power Plant Comprehensive Resource Utilization Power Generation Project	450	8	355			363
Efficiency Upgrade Project for BOF Process Equipment at No. 2 Steelmaking Line of General Steel Plant	333		305			305
Safety Improvement Project for BOF Bay BCDE of No. 2 Steelmaking Line at No. 2 Branch Plant of General Steelmaking Works	225		208			208
New Continuous Annealing Line (AA1) Project in West Zone of Cold Rolling Silicon Steel Plant	370	7	104			111
The environmental protection upgrading and transformation project of the sintering machine of the iron-making general plant	1,020	968	11	937		42
Upgrading and reconstruction project of seamless 177 production line of large- scale general factor	260	29	1			30
Upgrading and reconstruction project of the 1# slab casting machine of the 2150ASP production line of the steelmaking general plant	193	197	2	188		11

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

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

Items	Budget	31 December 2023	Increase of the period	Transferred into fixed assets	Other decrease	31 December 2024
Project for the construction and production of the raw material system of the 265m2 sintering machine in the iron smelting general plant	156	144		134		10
21 to 096B iron making – Bayuquan raw material yard shed closed project	492	323	1	323		1
3# blast furnace overhaul project	178	100	1	101		
Overhaul and reconstruction project of the 1# billet casting machine in the first branch of the steelmaking general plant	135	92	7	99		
Large scale continuous rolling line upgrading and renovation project	185	18		18		
Large factory universal line quality improvement and renovation project	200	7		7		
Others	17,569	4,992	4,579	5,061	185	4,325
Total		6,892	5,968	6,868	185	5,807

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

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

(continued)

Items	Accumulated capitalized borrowing cost	Of Which: Capitalized this Period	Capitalization Rate (%)	Expenditure Over Budget (%)	Project Progress (%)	Resource of Fund
No. 1 Power Plant Comprehensive Resource Utilization Power Generation Project	4	4	2.45	87	87	Self-financing
No. 2 Power Plant Comprehensive Resource Utilization Power Generation Project	4	4	2.45	81	81	Self-financing
Efficiency Upgrade Project for BOF Process Equipment at No. 2 Steelmaking Line of General Steel Plant				92	92	Self-financing
Safety Improvement Project for BOF Bay BCDE of No. 2 Steelmaking Line at No. 2 Branch Plant of General Steelmaking Works				92	92	Self-financing
New Continuous Annealing Line (AA1) Project in West Zone of Cold Rolling Silicon Steel Plant	4	4	2.45	30	30	Self-financing
The environmental protection upgrading and transformation project of the sintering machine of the iron-making general plant	28	4	2.45	96	96	Self-financing
Upgrading and reconstruction project of seamless 177 production line of large- scale general factor	1		2.45	99	99	Self-financing
Upgrading and reconstruction project of the 1# slab casting machine of the 2150ASP production line of the steelmaking general plant	8		2.45	100	99	Self-financing

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

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

Items	Accumulated capitalized borrowing cost	Of Which: Capitalized this Period	Capitalization Rate (%)	Expenditure Over Budget (%)	Project Progress (%)	Resource of Fund
Project for the construction and production of the raw material system of the 265m ² sintering machine in the iron smelting general plant	5	1	2.45	92	92	Self-financing
21 to 096B iron making –Bayuquan raw material yard shed closed project				99	99	Self-financing
3# blast furnace overhaul project				100	100	Self-financing
Overhaul and reconstruction project of the 1# billet casting machine in the first branch of the steelmaking general plant				100	100	Self-financing
Large scale continuous rolling line upgrading and renovation project				100	100	Self-financing
Large factory universal line quality improvement and renovation project				100	100	Self-financing
Others	14	8	2.45	85	85	Self-financing
Total	68	25				

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(3) Provision of Impairment

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

15.2 Construction materials

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

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

16. Right-of-use assets

Item	Houses and buildings	Land Use Right	Machinery	Total
Original Cost				
1. 31 December 2023	1		7	8
2. Increase in the period		183	1	184
(1) Lease		183	1	184
(2) Increase from business combination				
(3) Others				
3. Decrease in the period			7	7
(1) Disposal				
(2) Transferred out to fixed assets			7	7
(3) Decrease from business combination				
(4) Others				
31 December 2024	1	183	1	185
Accumulated depreciation				
1. 31 December 2023			1	1
2. Increase in the period	1	61		62
(1) Depreciation	1	61		62
(2) Increase from business combination				
3. Decrease in the period			1	1
(1) Disposal				
(2) Transferred out to fixed assets			1	1
(3) Decrease from business combination				
(4) Others				
31 December 2024	1	61		62
Provision for impairment				
1. 31 December 2023				
2. Increase in the period				
(1) Provision				
3. Decrease in the period				
(1) Disposal				
31 December 2024				
Book Value				
31 December 2024		122	1	123
31 December 2023	1		6	7

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

17. Intangible assets

Items	Land Use Right	Non- Patented Technology	Software	Patent	Steel Capacity Indicators	Total
Original Cost						
1. 31 December 2023	9,015	52	730	5	248	10,050
2. Increase in the period	70		185			255
(1) Purchase	70		185			255
(2) Internal R&D						
(3) Enterprise merger						
(4) Others						
3. Decrease in the period	33	1				34
(1) Disposal	33	1				34
(2) Decrease from business combination						
4. 31 December 2024	9,052	51	915	5	248	10,271
Accumulative amortization						
1. 31 December 2023	2,880	47	223			3,150
2. Increase in the period	185		230		8	423
(1) Counting	185		230		8	423
(2) Enterprise merger						
(3) Others						
3. Decrease in the period	12					12
(1) Disposition	12					12
(2) Decrease from business combination						
(3) Others						
4. 31 December 2024	3,053	47	453		8	3,561
Provision for impairment						
1. 31 December 2023						
2. Increase in the period						
(1) Counting						
3. Decrease in the period						
(1) Disposal						
4. 31 December 2024						
Book Value						
31 December 2024	5,999	4	462	5	240	6,710
31 December 2023	6,135	5	507	5	248	6,900

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

18. Deferred income tax assets and deferred income tax liabilities

(1) Recognized deferred income tax assets

Items	31 December 2024		31 December 2023	
	Deferred income tax assets	Temporary difference or deductible loss	Deferred income tax assets	Temporary difference or deductible loss
Provision for impairment	311	2,000	322	1,288
Deductible loss	1,741	11,609	1,703	6,812
Dismissal welfare	18	106	22	88
Accumulated depreciation of fixed assets	33	132	33	132
Lease	27	124		
Employee training expenses	9	55	8	32
Deferred income	133	677	138	552
Changes in the fair value of other equity instrument investments	24	160	42	168
Others			4	16
Total	2,296	14,863	2,272	9,088

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

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

(2) Recognized deferred income tax liabilities

Items	31 December 2024		31 December 2023	
	Deferred Income Tax Liabilities	Taxable Temporary Difference	Deferred Income Tax Liabilities	Taxable Temporary Difference
Changes in the fair value of other equity instrument investments	62	417	100	400
Unrealized profit within the group	2	15	4	16
Lease	27	122	2	8
Total	91	554	106	424

(3) Unrecognized deferred income tax assets

Items	31 December 2024	31 December 2023
Deductible temporary difference- provision for impairment	1,793	1,928
Deductible temporary difference- deductible losses	9,715	2,055
Total	11,508	3,983

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

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

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

Year	31 December 2024	31 December 2023
2028		2,055
2029	1,363	
2033	2,055	
2034	6,297	
Total	9,715	2,055

19. Other non-current assets

Items	31 December 2024	31 December 2023
Prepayment for Construction Projects	911	969
Prepayment for Land	10	13
Total	921	982

20. Assets with restricted ownership or usage rights

Items	31 December 2024			
	Book Balance	Net Book Value	Type of restriction	Description of restrictions
Accounts receivable	1,084	1,084	Receivables factoring	Receivables factoring
Other current assets	927	927	Time Deposit	Time Deposit
Total	2,011	2,011		

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

21. Short-term loans

Items	31 December 2024	31 December 2023
Credit loans	90	1,380
Pledged loans	1,084	
Total	1,174	1,380

22. Derivative financial liabilities

Items	31 December 2024	31 December 2023
Future contracts	1	6
Total	1	6

23. Notes payable

Items	31 December 2024	31 December 2023
Bank acceptance notes	17,746	17,408
Commercial acceptance notes	211	175
Total	17,957	17,583

Note: As of December 31, 2024, there are no matured but unpaid notes payable. The age of the accounts payable of the group at the end of the period mentioned above is within 1 year.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

24. Accounts payable

(1) Aging of accounts payable

Items	31 December 2024		31 December 2023	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year	8,200	99.02	6,971	98.42
1 to 2 years	30	0.36	26	0.37
2 to 3 years	10	0.12	49	0.69
Over 3 years	41	0.50	37	0.52
Total	8,281	100.00	7,083	100.00

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

(2) Significant account payable aging over 1 year

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

25. Contract liabilities

Items	31 December 2024	31 December 2023
Products selling	4,512	5,145
Others	45	45
Total	4,557	5,190

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

26. Staff remuneration payable

(1) Analysis of employee benefits payable

Items	31 December 2023	Increase	Decrease	31 December 2024
Short-term remuneration	40	3,668	3,643	65
After-service benefits defined contribution plans		474	474	
Termination benefits	43	125	136	32
Total	83	4,267	4,253	97

(2) Short-term compensation

Items	31 December 2023	Increase	Decrease	31 December 2024
1. Salaries, bonus and allowance		2,595	2,595	
2. Staff welfare		323	323	
3. Social insurance		242	242	
Including: Medical insurance		195	195	
Staff and workers' injury insurance		47	47	
Maternity insurance				
Others				
4. Housing fund		306	306	
5. Labor union fee and staff training fee	40	90	65	65
6. Short paid absences				
7. The short-term profit sharing plan				
8. Others		112	112	
Total	40	3,668	3,643	65

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

26. Staff remuneration payable (Continued)

(3) Defined Contribution Plans

Items	31 December 2023	Increase	Decrease	31 December 2024
1. Basic pension insurance		401	401	
2. Unemployment insurance		13	13	
3. Occupational pension		60	60	
Total		474	474	

27. Tax payable

Items	31 December 2024	31 December 2023
Land use tax	38	38
VAT	35	29
Stamp tax	21	24
Environmental protection tax	19	19
Property tax	16	15
Corporate income tax	5	10
Individual income tax	4	5
Resource tax	2	1
City maintenance and construction tax	2	1
Educational surcharges	1	
Consumption tax	1	
Total	144	142

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

28. Other payables

Items	31 December 2024	31 December 2023
Interests payable		6
Dividends payable	1	
Other payables	6,065	3,420
Total	6,066	3,426

28.1 Interests payable

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

28.2 Dividends payable

Items	31 December 2024	31 December 2023
FAW Jiefang Automobile Co., Ltd	1	
Total	1	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

28. Other payables (Continued)

28.3 Other payables

(1) Classification of other payables by nature

Items	31 December 2024	31 December 2023
Construction payable	4,365	1,900
Retention Money	825	644
Margin	430	443
Administrative Fund	10	10
Restricted stock repurchases obligations	27	31
Others	408	392
Total	6,065	3,420

(2) Significant balances of other payables aging over 1 year

Creditors	Balance	Reason	Whether paid after 31 December 2024
Angang steel Group Engineering Technology Co., Ltd	452	Quality guarantee, Project payment	No
Total	452		

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

29. Non-current liabilities due within 1 year

Items	31 December 2024	31 December 2023
Long-term loans due within 1 year (Note VI.31)	398	
Bonds payable due within 1 year (Note VI.32)	302	
Total	700	

30. Other current liabilities

Items	31 December 2024	31 December 2023
Contract liabilities pending write-off tax	462	538
Total	462	538

31. Long-term loans

(1) Classification of long-term loans

Items	31 December 2024	31 December 2023
Credit loans	11,389	5,199
Subtotal	11,389	5,199
Less: long-term loans due within 1 year (Note VI.29)	398	
Total	10,991	5,199

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

31. Long-term loans (Continued)

(2) Classification of long-term loans by the maturity date

Items	31 December 2024	31 December 2023
Within 1 year	398	
1 year to 2 year (including 2 year)	5,385	
2 year to 3 year (including 3 year)	5,547	5,199
3 year to 5 year (including 5 year)		
Over 5 year	59	
Total	11,389	5,199

32. Bonds payable

(1) Bonds payable

Items	31 December 2024	31 December 2023
22 Angang stock GN001	302	299
Less: bonds payable due within 1 year (Note VI.29)	302	
Total		299

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

32. Bonds payable (Continued)

(2) Increase or decrease in bonds payable

Type of bonds	Par value	Issuance date	Bond duration	Issuance amount	31 December 2023
22 Angang stock GN001	300	September 28, 2022	3 years	300	299
Less: bonds payable due within 1 year (Note VI.29)					
Total	300			300	299

Type of bonds	Current issue	Accruing interest at face value	Amortization of discounts and premiums (positive increase, negative decrease)	Exchange conversion (positive increase, negative decrease)	Current repayment	31 December 2024
22 Angang stock GN001		11	1		9	302
Less: bonds payable due within 1 year (Note VI.29)		2	1			302
Total		9			9	

Note: On September 28, 2022, our company issued the first phase of green medium-term notes for the year 2022. The principal of the medium-term notes issued this time was RMB300 million, issued at par, with a unit face value of RMB100 and a coupon rate of 2.85%. The term was 3 years, with annual interest payment and one-time principal repayment. The value date was September 28, 2022, and the principal repayment date was September 28, 2025.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

32. Bonds payable (Continued)

(3) Classification of bonds payable by the maturity date

Items	31 December 2024	31 December 2023
Within 1 year	302	
1 year to 2 year (including 2 year)		299
2 year to 3 year (including 3 year)		
3 year to 5 year (including 5 year)		
Total	302	299

33. Lease liability

Items	31 December 2024	31 December 2023
lease payments	130	2
Less: Unrecognized financing expenses	5	
Total	125	2

34. Long-term payables

Items	31 December 2024	31 December 2023
Long-term payables		
Special payables	367	135
Total	367	135

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

34. Long-term payables (Continued)

34.1 Special payables

Items	31 December	Increase	Decrease	31 December	Reason
	2023			2024	
Special funds	135	265	33	367	Special funds
Other		5	5		Job Stability Refund
Total	135	270	38	367	

35. Long-term employee benefits payable

Items	31 December 2024	31 December 2023
Termination benefits	50	44
Total	50	44

36. Deferred income

Items	31 December	Increase	Decrease	31 December	Reason
	2023			2024	
Government grants	685	272	113	844	Government grants
Total	685	272	113	844	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

36. Deferred income (Continued)

Among them, the projects involved the government grants are as follows :

Items	31 December 2023	Increase	Belong to Non- business income	Belong to Other income	Other decrease	31 December 2024	Associated with the asset/income
The government grants related to environmental protection	148	165		41		272	Related to assets
The government grant related to scientific research	329	52		11		370	Related to assets/ income
Others	208	55	4	57		202	Related to assets/ income
Total	685	272	4	109		844	

37. Share capital

Items	31 December 2023		Increase/Decrease					31 December 2024	
	Balance	Proportion (%)	New shares issued	Bonus issue	Shares transferred from reserves	Others	Subtotal	Balance	Proportion (%)
Shares unrestricted on sale:									
1. Ordinary A shares	7,957	85				1		7,958	85
2. Foreign shares listed overseas	1,411	15						1,411	15
Restricted shares									
1. Ordinary A shares	16					(2)		14	
Total	9,384	100				(1)		9,383	100

Note 1: According to the resolution of the shareholders' meeting on May 29, 2024, the company repurchased and cancelled 1 million restricted shares.

Note 2: On April 18, 2024, the conditions for lifting the first lock-up period of the reserved portion of the Company's 2020 restricted stock incentive plan were met, resulting in the release of 1 million restricted shares

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

38. Capital reserve

Items	31 December 2023	Increase	Decrease	31 December 2024
Share premium	32,995		68	32,927
Other capital reserve	911	82		993
Total	33,906	82	68	33,920

Note 1: The Company recognized a decrease of RMB68 million in capital reserve resulting from a business combination of entities under common control.

Note 2: The Company recognized an increase of RMB80 million in capital reserve due to receiving state capital grants.

Note 3: The Company recognized an increase of RMB2 million in capital reserve under the equity method of accounting.

39. Treasury shares

Items	31 December 2023	Increase	Decrease	31 December 2024
Stock incentive plan (<i>Note XIV</i>)	32		5	27
Total	32		5	27

Note1: The company reduces inventory shares by 4 million due to the lifting of restrictions on part of the restricted shares.

Note2: The cancellation of restricted stocks through repurchase in this period resulted in a decrease of 1 million in treasury stocks.

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

40. Other comprehensive income

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Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

41. Special reserve

Items	31 December 2023	Increase	Decrease	31 December 2024
Safety production Expenses	69	172	189	52
Total	69	172	189	52

42. Surplus reserve

Items	31 December 2023	Increase	Decrease	31 December 2024
Statutory surplus reserve	4,457			4,457
Total	4,457			4,457

43. Retained earnings

Items	This period
Balance as of 31 Dec. 2023	6,801
Changes in accounting policies	
Business combination under common control	
Balance as of 1 Jan. 2024	6,801
Increase in 2024	(7,122)
Including: Net profit transferred this period	(7,122)
Other adjustment factors	
Decrease in 2024	
Including: Extraction of surplus reserve this period	
Extraction of general risk provisions in this period	
Distribution of cash dividend this period (Note)	
Conversed capital	
Other decreases	
Balance as of 31 December. 2024	(321)

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

44. Operating revenue and operating cost

(1) Classified by production

Items	This period		Last period	
	Income	Cost	Income	Cost
Prime operating	104,704	108,451	115,380	115,905
Other operating (Note 2)	397	374	191	164
Total	105,101	108,825	115,571	116,069

Note 1: The Group is classified into an operating segment based on the type of business: production and sale of steel products.

Note 2: Other business income and other business costs of The Group are mainly generated from the sales of materials and scrap materials.

(2) The net profit before and after deduction of non-recurring gains and losses audited is negative.

Items	This period	Specific deduction	Last period	Specific deduction
		situation		situation
Operating revenue	105,101		115,571	
The total amount of deductions for operating revenue	1,626	Generated from materials sales, waste materials sales, Operating revenue of subsidiaries from the beginning of the current period to the date of the merger arising from business combination under the common control, etc.	191	Generated from materials sales, waste materials sales, etc.
The proportion of total deductions for operating revenue to operating revenue	1.55%		0.17%	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

44. Operating revenue and operating cost (Continued)

- (2) The net profit before and after deduction of non-recurring gains and losses audited is negative. (Continued)

Items	This period	Specific deduction situation	Last period	Specific deduction situation
1. Unrelated Revenue to the main business	1,626		191	
Other revenue outside normal operations	397	Generated from materials sales, waste materials sales, etc.	191	Generated from materials sales, waste materials sales, etc.
2. Operating revenue of subsidiaries from the beginning of the current period to the date of the merger arising from business combination under the common control	1,229	Anshan Scrap Resources (Anshan) Co., Ltd.		
2. revenue without commercial substance				
3. Other revenue unrelated to the main business or without commercial substance				
The amount of operating revenue after deduction	103,475		115,380	

- (3) Classified by region

Items	This period	Last period
Foreign transaction income from the within borders	97,804	108,411
Foreign exchange income from outside borders	7,297	7,160
Total	105,101	115,571

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

44. Operating revenue and operating cost (Continued)

(4) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	105,101	115,571
Total	105,101	115,571

45. Taxes and surcharges

Items	This period	Last period
Land use tax	440	440
Property tax	174	170
Stamp tax	103	112
Environmental protection tax	66	83
City maintenance and construction tax	25	26
Educational surcharge and local educational surcharge	18	18
Consumption tax	18	
Resources tax	4	3
Others	2	
Total	850	852

Note: Please refer to Note V "Taxation" for details of various taxes and surcharges payment standards

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

46. Selling expenses

Items	This period	Last period
Employee benefits	227	265
Warehouse storage expense	88	105
Handling charge	40	42
Agency fee for commissioned sales	32	34
Packing expense	26	35
Sales and service expense	23	30
Others	124	122
Total	560	633

47. Administrative expenses

Items	This period	Last period
Employee benefits	592	822
Amortization of intangible asset	218	86
Depreciation	84	156
Sewage charges	43	27
Information system maintenance expense	41	49
Agency fee	28	39
Including: remuneration to auditors of annual report	5	5
Cost of repairs	20	25
Greening fee	13	25
Fee for the exploitation of patent	11	19
Others	289	450
Total	1,339	1,698

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

48. Research and development expenses

Items	This period	Last period
Raw material consumption fee	110	208
Labor cost	174	190
Depreciation	24	24
Outsourcing expenses	145	42
Travel expenses	8	8
Others	7	21
Total	468	493

49. Finance expenses

Items	This period	Last period
Interest expense	310	302
Including: Interests expense from the long-term loans and long-term bonds	188	145
Interests expense from the short-term loans and letters of credit	66	52
Other interest expenditures	56	105
Less: Interest income	56	70
Less: Capitalized interest expense	25	13
Exchange gain or loss		(27)
Less: Capitalized exchange gain or loss		
Others	37	69
Total	266	261

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

50. Other incomes

Items	This period	Last period	Recorded into Extraordinary gains and losses
The government grants related to environment protection	41	12	41
The government grants related to scientific research	11	15	11
Other government grants	57	24	57
VAT Additional Deduction Policy	27		
VAT Collected and Refunded Immediately	80		
Others	1	3	
Total	217	54	109

51. Investment income

Items	This period	Last period
Long-term equity income under the equity method	563	338
Investment income of other investments in equity instruments invested in the holding period	2	41
Others	(9)	(62)
Total	556	317

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

52. Gain from fair-value changes

Items	This period	Last period
Changes in fair value of financial assets held for trading	(2)	
Changes in fair value of derivative financial assets	90	22
Changes in fair value of other non-current financial assets	(3)	6
Changes in fair value of derivative financial liabilities	(14)	17
Total	71	45

53. Credit impairment losses

Items	This period	Last period
Accounts receivable	(4)	16
Other receivables	2	(2)
Total	(2)	14

Note: The positive numbers refer to gains and negative numbers refer to losses.

54. Impairment on assets

Items	This period	Last period
inventory falling price loss	(680)	(131)
Total	(680)	(131)

Note: The positive numbers refer to gains and negative numbers refer to losses.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

55. Gains on disposal of assets

Items	This period	Last period
Fixed assets disposal Income	10	
Intangible assets disposal income	82	1
Total	92	1

56. Non-operating income

Items	This period	Last period	Recorded into extraordinary gains and losses
Gains from scrap of non-current assets	15	8	15
Liquidated damages	15	23	15
Government grant	4	8	4
Payable that can not be paid	3	1	3
Donations		9	
Others	1	5	1
Total	38	54	38

Government grant recorded into profit/loss for current period:

Items	This period	Last period	Assets/Income related	Whether subsidies affect the profit and loss of the period
Shanghai Baoshan District Enterprise Support Fund	4	8	Income related	No
Total	4	8		

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

57. Non-operating expenses

Items	This period	Last period	Recorded into extraordinary gains and losses
The loss on scrap of non-current assets	100	31	100
Compensation and liquidated damages	3		3
External donation	17	16	17
Others		1	
Total	120	48	120

58. Income tax expenses

(1) Income tax expenses

Items	This period	Last period
Income tax during this period	78	32
Changes on deferred income tax expenses	(19)	(948)
Total	59	(916)

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

58. Income tax expenses (Continued)

(2) The reconciliation between accounting profit and income tax expenses

Items	This period
Total profit	(7,035)
Income tax expenses calculated at statutory/applicable tax rates	(1,055)
Effect of different tax rates applied by subsidiary companies	(124)
Effect of current unrecognized deductible temporary difference or deductible loss arising from deferred tax income assets	1,241
Others	(3)
Income tax expenses	59

59. The other comprehensive income

Please refer to Note VI.40

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

60. Items on statements of cash flow

(1) Other cash receipts related to operating activities

Items	This period	Last period
Deposit income	123	174
Government grants	485	211
Others	55	69
Total	663	454

(2) Other cash payments relating to operating activities

Items	This period	Last period
Air pollution fee	177	319
Miscellaneous expenses for procurement and sales business	82	231
Renewable Energy development Fund	140	230
Environmental monitoring fee	191	193
Research and development expenses	143	184
Insurance fee	33	42
Transportation charges	19	88
Collecting and paying retirement wages	71	62
Party affairs activity expenses	6	25
Travel expenses	39	48
Rental fee	15	23
Donation expenditure	17	16
Hazardous materials disposal fee	25	8
Other operating expenses	415	625
Total	1,373	2,094

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

60. Items on statements of cash flow (Continued)

(3) Other cash receipts relating to investing activities

Items	This period	Last period
Time Deposit	143	
Interest revenue	54	61
Future contract income	92	46
Total	289	107

(4) Other cash payments relating to investing activities

Items	This period	Last period
Time Deposit	1,070	
Futures contract losses	20	8
Swap fees		55
Restricted stock repurchases		5
Total	1,090	68

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

60. Items on statements of cash flow (Continued)

- (5) Other cash receipts relating to financing activities

Items	This period	Last period
State Capital Appropriation	80	
Total	80	

- (6) Other cash payments relating to financing activities

Items	This period	Last period
Pay rental fees	73	235
Agency fee	39	59
Payment for share repurchase	1	30
Convertible corporate bond expenses		60
Others		5
Total	113	389

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

61. Supplement of cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities

Items	This period	Last period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	(7,094)	(3,213)
Add: Provision for impairment on asset	680	131
Provision for impairment on credit	2	(14)
Depreciation of fixed assets	3,619	3,342
Depreciation of right-of-use asset	62	164
Amortization of intangible assets	423	269
Loss on disposal of fixed assets, Intangible assets and other non-current assets ("-" for gains)	(92)	(1)
Loss on scrap of fixed assets ("-" for gains)	85	23
Loss on the change of fair value ("-" for gains)	(71)	(45)
Financial expenses ("-" for gains)	224	190
Investment loss ("-" for gains)	(556)	(317)
Decrease in deferred tax assets ("-" for increase)	(42)	(705)
Increase in deferred tax liabilities ("-" for decrease)	23	(244)
Decrease in inventories ("-" for increase)	1,143	(3,105)
Decrease in operating receivables ("-" for increase)	(666)	3,280
Increase in operating payable ("-" for decrease)	1,457	1,926
Others	16	(44)
Net cash flow from operating activities	(787)	1,637
2. Change in cash and cash equivalent		
Cash at the end of the period	4,544	3,319
Less: cash at the beginning of the period	3,319	5,234
Add: cash equivalent at the end of the period		
Less: cash equivalent at the beginning of the period		
Net increase in cash and cash equivalents	1,225	(1,915)

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VI. Notes to consolidated financial statements (Continued)

61. Supplement of cash flow statement (Continued)

(2) Composition of cash and cash equivalent

Items	31 December 2024	31 December 2023
1. Cash at bank and on hands	4,544	3,319
Of which: Cash		
Bank deposits available	4,250	2,922
Other cash and cash equivalents available	294	397
2. Cash equivalents		
Of which: Bonds due within 3 months		
3. Closing balance of cash and cash equivalents	4,544	3,319

VII. Research and development expenditure

1. Research and development expenditure

Items	This period	Last period
Raw material consumption fee	110	208
Labor cost	174	190
Depreciation	24	24
Outsourcing expenses	145	42
Travel expenses	8	8
Others	7	21
Total	468	493
Including: Expensing	468	493
Capitalization		

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope

1. During the current period, the company has established a new holding subsidiary, Angang Green Gold Industry Development Co., LTD. (hereinafter referred to as **"Green Gold Industry"**). Green Gold Industry has newly established two wholly-owned subsidiaries: Green Gold (Yingkou Bayuquan) Renewable Resources Co., Ltd. (hereinafter referred to as **"Green Gold Industry Bayuquan"**) and Green Gold (Chaoyang) Renewable Resources Co., Ltd. (hereinafter referred to as **"Green Gold Industry Chaoyang"**).

2. Business combination under common control

- (1) Business combination under common control that occurred during the period

During the current period, Green Gold Industry acquired a 77.5589% equity interest in Scrap Resources through the merger of Anshan Scrap Resources (Anshan) Co., Ltd. (hereinafter referred to as **"Scrap Resources"**) under common control. The consolidation date is June 1, 2024. For the period from the beginning of the current period to the consolidation date, Scrap Resources reported revenue of RMB1,229 million and a net profit of RMB3 million. For the comparative period, Scrap Resources reported revenue of RMB3,587 million and a net profit of RMB10 million.

- (2) Combined costs

During this period, Anshan Group and Angang Group Zhongyuan Industry Development Co., Ltd. (hereinafter referred to as **"Zhongyuan Industry"**) respectively invested RMB51 million and RMB147 million in the Green Gold Industry with 20.1459% and 57.4130% of the Scrap Resources held by them, and acquiring 17.02% and 48.50% of the shares of the Green Gold Industry, respectively. At the same time, Green Gold Industry acquired a 77.5589% equity interest in Scrap Resources.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope (Continued)

2. Business combination under common control (Continued)

- (3) Book value of assets and liabilities of the merged party at the merger date

Items	Scrap Resources	
	Merger date	At the end of last year
Current assets :		
Cash and cash equivalents	30	98
Notes receivable	54	31
Accounts receivable	322	116
Other receivables	20	22
Inventories	117	46
Other current assets	10	13
Total current assets	553	326
Non-current assets:		
Fixed assets	94	96
Intangible assets	79	80
Deferred income tax assets	10	11
Other non-current assets	3	3
Total non-current assets	186	190
Total assets	739	516
Current liabilities:		
Short-term loans	100	50
Notes payable		23
Accounts payable	375	178
Contract liabilities		4
Tax payable	2	1
Other payables	9	10
Other current liabilities		1
Total current liabilities	486	267
Non-current liabilities:		
Deferred income	35	35
Total non-current liabilities	35	35
Total liabilities	521	302
Net assets	218	214
Less: Minority interests		
Net assets acquired	218	214

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope (Continued)

2. Business combination under common control (Continued)

- (4) Impact of retroactive adjustment of financial statements by business combination under common control

① Consolidated Balance Sheet of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Current assets :			
Cash and cash equivalents	3,221	3,319	98
Derivative financial assets	3	3	
Notes receivable	81	112	31
Accounts receivable	1,693	1,790	97
Receivables financing	1,618	1,618	
Prepayments	2,967	2,967	
Other receivables	68	85	17
Including: Interests receivable			
Dividends receivable	27	27	
Inventories	16,565	16,611	46
Other current assets	903	916	13
Total current assets	27,119	27,421	302
Non-current assets:			
Long-term equity investments	3,486	3,486	
Other equity instrument investments	672	672	
Other non-current financial assets	91	91	
Fixed assets	48,692	48,788	96
Construction in progress	6,887	6,887	
Right-of-use assets	7	7	
Intangible assets	6,820	6,900	80
Deferred income tax assets	2,261	2,272	11
Other non-current assets	979	982	3
Total non-current assets	69,895	70,085	190
Total assets	97,014	97,506	492

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope (Continued)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

① Consolidated Balance Sheet of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Current liabilities:			
Short-term loans	1,330	1,380	50
Derivative financial liabilities	6	6	
Notes payable	17,560	17,583	23
Accounts payable	6,924	7,083	159
Contract liabilities	5,186	5,190	4
Staff remuneration payable	83	83	
Tax payable	141	142	1
Other payables	3,421	3,426	5
Including: Interests payable	6	6	
Dividends payable			
Other current liabilities	537	538	1
Total current liabilities	35,188	35,431	243
Non-current liabilities:			
Long-term loans	5,199	5,199	
Bonds payable	299	299	
Lease liability	2	2	
Long-term payables	135	135	
Long-term employee benefits payable	44	44	
Deferred income	650	685	35
Deferred income tax liabilities	106	106	
Total non-current liabilities	6,435	6,470	35
Total liabilities	41,623	41,901	278

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope (Continued)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

① Consolidated Balance Sheet of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
Shareholders' equity:			
Share capital	9,384	9,384	
Capital reserve	33,853	33,906	53
Less: Treasury shares	32	32	
Other comprehensive income	176	176	
Special reserve	69	69	
Surplus reserve	4,457	4,457	
Retained earnings	6,797	6,801	4
Subtotal of Shareholders' equity attributable to shareholders of parent company	54,704	54,761	57
Minority interests	687	844	157
Total shareholders' equity	55,391	55,605	214
Total liabilities and shareholders' equity	97,014	97,506	492

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope (Continued)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Consolidated Income Statement of 2023

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
I. Total operating revenue	113,502	115,571	2,069
Including: Operating revenue	113,502	115,571	2,069
II. Total operating cost	117,950	120,006	2,056
Including: Operating cost	114,037	116,069	2,032
Taxes and surcharges	846	852	6
Selling expenses	628	633	5
Administrative expenses	1,689	1,698	9
Research and development expenses	492	493	1
Finance expenses	258	261	3
Including: Interest expenses	285	289	4
Interest income	69	70	1
Add: Other incomes	52	54	2
Investment income (Loss is listed with "-")	317	317	
Including: Investment incomes in associates and joint ventures	338	338	
Gain from fair-value changes (Loss is listed with "-")	45	45	
Credit impairment losses (Loss is listed with "-")	15	14	(1)
Impairment on assets (Loss is listed with "-")	(131)	(131)	
Gains on disposal of assets (Loss is listed with "-")	1	1	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope (Continued)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Consolidated Income Statement of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
III. Operating profit (Loss is listed with "-")	(4,149)	(4,135)	14
Add: Non-operating income	54	54	
Less: Non-operating expenses	47	48	1
IV. Profit before tax (Loss is listed with "-")	(4,142)	(4,129)	13
Less: Income tax expenses	(919)	(916)	3
V. Net profit (Loss is listed with "-")	(3,223)	(3,213)	10
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with "-")	(3,223)	(3,213)	10
2. Termination of business operating profit (Loss is listed with "-")			
(II) Classification of ownership			
1. Net income attributable to the Company owners	(3,257)	(3,255)	2
2. Net income attributable to minority shareholders	34	42	8

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

VIII. Changes in consolidation scope (Continued)

2. Business combination under common control (Continued)

(4) Impact of retroactive adjustment of financial statements by business combination under common control (Continued)

② Consolidated Income Statement of 2023 (Continued)

Items	Before retroactive adjustment	Retroactively adjusted	Adjustment amount
VI. Other comprehensive income after tax	24	24	
Other comprehensive income after tax attributable to parent company owners	24	24	
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss	24	24	
1. Net gain on other equity instruments at fair value through other comprehensive income	24	24	
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income	(3,199)	(3,189)	10
Total comprehensive income attributed to the Company owners	(3,233)	(3,231)	2
Total comprehensive income attributable to minority shareholders	34	42	8

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IX. Interests in other entities

1. The constitution of the enterprise group

(1) The constitution of the enterprise group

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding (%)		Acquisition	Nature of Subsidiaries
					Direct	Indirect		
Angang Steel Distribution (Wuhan) Co., Ltd. ("Angang Wuhan")	Wuhan	Wuhan	237	Steel processing and distribution	100		Establishment	Wholly-owned
Angang Steel Distribution (Hefei) Co., Ltd. ("Angang Hefei")	Hefei	Hefei	281	Steel processing and distribution	100		Establishment	Wholly-owned
Shenyang Angang steel International Trade Co., Ltd. ("Shenyang International Trade")	Shenyang	Shenyang	300	Sales of metal materials and products, building materials, etc	100		Combination under common control	Wholly-owned
Shanghai Anshan Iron and Steel International Trade Co., Ltd. ("Shanghai Trade")	Shanghai	Shanghai	300	Wholesale and retail purchasing services	100		Combination under Common control	Wholly-owned
Tianjin Anshan Iron and Steel International Trade Co., Ltd. ("Tianjin Trade")	Tianjin	Tianjin	200	Purchase and sale of metal and other materials	100		Combination under common control	Wholly-owned
Guangzhou Anshan Iron and Steel International Trade Co., Ltd. ("Guangzhou Trade")	Guangzhou	Guangzhou	300	Wholesale of steel, sales of steel, import and export of goods	100		Combination under common control	Wholly-owned
Shenyang Anshan Iron and Steel Processing and Distribution Co., Ltd. ("Angang Shenyang")	Shenyang	Shenyang	187	Steel processing and distribution	100		Combination under common control	Wholly-owned
Anshan Iron and Steel Processing and Distribution (Dalian) Co., Ltd. ("Angang Dalian")	Dalian	Dalian	266	Steel processing and distribution	100		Establishment	Wholly-owned
Ningbo Anshan Iron and Steel International Trade Co., Ltd. ("Ningbo Trade")	Ningbo	Ningbo	100	Steel trade	100		Establishment	Wholly-owned
Yantai Anshan Iron and Steel International Trade Co., Ltd. ("Yantai Trade")	Yantai	Yantai	200	Steel trade	100		Establishment	Wholly-owned

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IX. Interests in other entities (Continued)

1. The constitution of the enterprise group (Continued)

(1) The constitution of the enterprise group (Continued)

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding (%)		Acquisition	Nature of Subsidiaries
					Direct	Indirect		
Angang Steel Distribution (Zhengzhou) Co., Ltd. ("Angang Zhengzhou")	Zhengzhou	Zhengzhou	229	Steel processing and distribution	100		Establishment	Wholly-owned
Anshan Iron and Steel Processing and Distribution Guangzhou Co., Ltd. ("Angang Guangzhou")	Guangzhou	Guangzhou	120	Steel processing and distribution	75		Establishment	Joint venture
Anshan Iron and Steel Processing and Distribution (Tianjin) Co., Ltd. ("Angang Tianjin")	Tianjin	Tianjin	43	Steel processing and distribution	51		Combination under common control	Joint venture
Kobelco Angang Auto Steel Co Ltd. ("Angang Kobelco")	Anshan	Anshan	700	Steel calendering and sales	51		Establishment	Sino-Japanese joint venture
Angang Steel Processing and Distribution (Changchun) Co., Ltd. ("ASPD-CC")	Changchun	Changchun	427	Research and development of sales and logistics distribution technology of self-produced products	100		Combination not under common control	Wholly-owned
Jinsuaju	Anshan	Anshan	60	Sales of metal ropes and production	71.62		Establishment	Joint venture
Chemical Technology	Anshan	Anshan	2,500	Coking gas purification, coal chemical products processing and production	100		Establishment	Wholly-owned
Sichuan Lixinding Carbon industry Co., Ltd.	Panzhihua	Panzhihua	180	Coking and chemical products processing and production	60		Establishment	Joint venture
Angang Energy and Technology Co., Ltd. Co., Ltd. ("Energy and Technology")	Anshan	Anshan	201	Dissolved acetylene manufacturing; Distribution of compressed and liquefied gases	60		Combination under common control	Joint venture
Changchun FAW Angang Steel Processing and Distribution Co., Ltd. ("FAW Angang")	Changchun	Changchun	90	Steel processing and distribution	60		Combination not under common control	Joint venture
Chaoyang Iron and Steel	Chaoyang	Chaoyang	8,000	Steel calendering and sales	100		Combination under common control	Wholly-owned
Angang (Hangzhou) Automobile Material Technology Co., Ltd. ("Hangzhou Auto Material")	Hangzhou	Hangzhou	118	Steel, steel coil processing and sales, distribution	51	49	Establishment	Wholly-owned
Xinneng Air Products (Liaoning) Co., Ltd. ("Xinneng Air")	Anshan	Anshan	100	Sales of gas and liquid separation and purification equipment		51	Establishment	Joint venture
Beijing Angang Trade Co., Ltd. ("Beijing International Trade")	Beijing	Beijing	198	Sales of metal materials and products, building materials, etc	100		Establishment	Wholly-owned

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IX. Interests in other entities (Continued)

1. The constitution of the enterprise group (Continued)

(1) The constitution of the enterprise group (Continued)

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding (%)		Acquisition	Nature of Subsidiaries
					Direct	Indirect		
Delin Industrial Product Co., Ltd. ("Delin Industrial Products")	Anshan	Anshan	180	Purchasing and consulting services for industrial products such as equipment and materials; E-commerce transactions of industrial products and supply chain financial services	91		Establishment	Joint venture
Ansteel (Liaoning) Materials Technology Co., Ltd. ("Material Technology")	Anshan	Anshan	20	Sales of metal materials and production	100		Establishment	Wholly-owned
Green Gold Industry	Anshan	Anshan	469	Comprehensive utilization of waste resources	34.4804		Establishment	Joint venture
Scrap Resources	Anshan	Anshan	196	Comprehensive utilization of waste resources		77.5589	Combination under common control	Joint venture
Green Gold Industry (Bayuquan)	Yingkou	Yingkou	20	Comprehensive utilization of waste resources		100	Establishment	Wholly-owned
Green Gold Industry (Chaoyang)	Chaoyang	Chaoyang	20	Comprehensive utilization of waste resources		100	Establishment	Wholly-owned

Note: The above-mentioned subsidiaries are all registered and established in accordance with Chinese laws, and the legal entity category is limited liability company.

(2) As of December 31, 2024, none of our subsidiaries issued share capital or debt securities.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IX. Interests in other entities (Continued)

2. Interests in joint ventures or associates

(1) The joint ventures or associates

The name of the joint venture or associated enterprise	Principal place of business	Registration place	Nature of the business	Direct shareholding ratio (%)	Accounting Treatment
ANSC-TKS	Dalian	Dalian	Galvanized and alloyed steel Board production and sales	50	Equity method
ANSC – Dachuan	Dalian	Dalian	Steel processing and selling	50	Equity method
Guangzhou Automobile Steel	Guangzhou	Guangzhou	Manufacturing Steel products	50	Equity method
Angang CIMC	Yingkou	Yingkou	Hazardous chemicals	50	Equity method
Angang Finance	Anshan	Anshan	Deposits and loans and financing	20	Equity method
Iron Oxide Powder Company	Anshan	Anshan	Iron powder processing	35.29	Equity method
Nansha Logistical	Guangzhou	Guangzhou	Freight Forwarding, steel packaging,	49.8	Equity method
AISSG	Hangzhou	Hangzhou	Trade, warehousing services	49	Equity method
GAC Baoshang	Guangzhou	Guangzhou	Steel Processing and Distribution	30	Equity method
Meizhou Motor Company	Meizhou	Meizhou	Automobile parts	25	Equity method
Zhong'an Water	Chaoyang	Chaoyang	Water production and supply	45	Equity method

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IX. Interests in other entities (Continued)

2. Interests in joint ventures or associates (Continued)

(2) The accounting information of the important joint ventures

Items	ANSC-TKS	
	31 December 2024/ This period	31 December 2023/ Last period
Current assets	2,769	2,744
Including: Cash and cash equivalents	1,756	1,720
Non-Current assets	925	830
Total Assets	3,694	3,574
Current liabilities	1,783	2,041
Non-Current liabilities	1	3
Total Liabilities	1,784	2,044
Minority interests		
Subtotal of Shareholders' equity attributable to shareholders of parent	1,910	1,530
Company	955	765
Adjusting events		
– goodwill		
– unrealized profit resulting from trade within the group	(49)	(43)
– others		
The book value of equity investments in joint ventures	906	722
Fair value of equity investment in joint ventures with publicly quoted price		
Operating revenue	5,514	5,396
Finance costs	(26)	(21)
Income tax expenses	127	70
Net profit	816	436
Net profit from discontinued operations		
Other comprehensive income		
The total of comprehensive income	816	436
Dividends received from joint ventures this period	217	136

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IX. Interests in other entities (Continued)

2. Interests in joint ventures or associates (Continued)

(3) The accounting information of the important association

Items	Angang Finance	
	31 December 2024/ This period	31 December 2023/ Last period
Current assets	21,542	15,168
Including: Cash and cash equivalents	20,616	13,422
Non-Current assets	21,831	22,826
Total Assets	43,373	37,994
Current liabilities	34,986	29,915
Non-Current liabilities	18	5
Total Liabilities	35,004	29,920
Minority interests		
Subtotal of Shareholders' equity attributable to shareholders of parent	8,369	8,074
Company	1,674	1,615
Adjusting events		
– goodwill		
– unrealized profit resulting from trade within the group		
– others		
The book value of equity investments in joint ventures	1,674	1,615
Fair value of equity investment in joint ventures with publicly quoted price		
Operating revenue	971	1,016
Finance costs		
Income tax expenses	140	142
Net profit	441	435
Net profit from discontinued operations		
Other comprehensive income	7	
The total of comprehensive income	448	435
Dividends received from joint ventures this period	30	

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

IX. Interests in other entities (Continued)

2. Interests in joint ventures or associates (Continued)

- (4) The accounting information of the unimportant joint ventures and associations

Items	31 December 2024/ This period	31 December 2023/ Last period
Associations:		
The book value of equity investments	888	773
The followings are calculated by shares		
–Net profit	54	20
–Other comprehensive income		
–The total of comprehensive income	54	20
Joint ventures:		
The book value of equity investments	372	376
The followings are calculated by shares		
–Net profit	13	13
–Other comprehensive income		
–The total of comprehensive income	13	13

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

X. Government grants

1. The basic situation of government grants

(1) Government grants included in the profit or loss

Items	The basic situation of government grants identified at the beginning of the period		Government grants included in the profit or loss
	Amounts	Items	
The government grants related to environmental protection	165	Deferred income/other income	41
The government grants related to scientific research	52	Deferred income/other income	11
Others	51	Deferred income/other income	57
Others	4	Non-operating income	4
Total	272		113

(2) Debt projects involved the government grants

Items	31 December 2023	Increase	Belong to Non-business income	Belong to other income	Offset cost expenses	31 December 2024	Related to assets/income
Deferred income	685	272	4	109		844	Related to assets/income

2. Return of government grants

There is no return of government grants in the current period.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments

1. Market risk

(1) Exchange risk

Foreign exchange risk refers to the risk of losses arising from changes in exchange rates. The foreign exchange risk borne by the Group is mainly related to the US dollar and Hong Kong dollar. As of December 31, 2024, except for the assets or liabilities mentioned in the table below which are in US dollars and Hong Kong dollars, the assets and liabilities of the Group are all in RMB balance.

Unit: Yuan

Items	31 December 2024	31 December 2023
Bank deposits (USD)	100,355.66	100,304.74
Bank deposits (HKD)	1,884.38	1,884.09

In terms of the major foreign currency transactions such as exporting sales of products, importing and procurement of raw materials for production and engineering equipment, the Group conducts imports and exports agency transactions through trading with Angang Group International Economic and Trade Co., Ltd (“**Angang International Trade**”). The foreign exchange risk is mainly reflected in the impact of exchange rate changes on sales and purchase costs during agency settlement.

- A. The foreign exchange risk exposure of various foreign currency asset liability items listed in the local currency by the Group as of December 31, 2024 is set out in Note VI.1.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments (Continued)

1. Market risk (Continued)

(1) Exchange risk (Continued)

B. The Group's main foreign exchange rates apply as follows:

Items	Average Exchange Rate		Middle Exchange Rate on the Reporting Date	
	This period	Last period	This period	Last period
U.S. dollar	7.1203	7.0423	7.1884	7.0827
H.K. dollar	0.9126	0.8996	0.9260	0.9062

C. Sensitivity analysis

The increase of one percentage point in the exchange rate between the US dollar and Hong Kong dollar to the Chinese yuan on 31 December 2024, will result in an increase (decrease) of RMB0 million in the Group's shareholders' equity and net profit.

As of December 31, 2024, assuming other variables remain unchanged, a decrease of one percentage point in the exchange rate between the US dollar and Hong Kong dollar against the Chinese yuan will result in changes in shareholder equity and profit and loss, which are the same as the amounts listed in the table above but in the opposite direction.

The above sensitivity analysis is based on the assumption that there is a change in exchange rate on the balance sheet date, and this change applies to all derivative and non derivative financial instruments of the group. The change of one percentage point is based on the Group's reasonable expectation of exchange rate changes from the balance sheet date to the next balance sheet date. The previous analysis was also based on this assumption.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments (Continued)

1. Market risk (Continued)

(2) Interest rate risk

The interest bearing financial instruments held by the Group as of December 31, 2024 are listed in Notes VI 1, 21, 29, 31, and 32. (Cash and cash equivalents, short-term loans, non current liabilities due within one year, long-term loans, bonds payable)

Sensitivity analysis:

The principle of managing interest rate risk for the Group is to reduce the impact of short-term fluctuations on the Group's profits. However, in the long run, permanent changes in interest rates will have an impact on profits.

As of December 31, 2024, assuming other variables remain unchanged, an increase of one percentage point in the interest rates of bank deposits, short-term loans, non current liabilities due within one year, short-term financing bonds, long-term loans, and bonds payable will result in a decrease of RMB75 million in the net profit and shareholder's equity of the group (December 31, 2023: RMB30 million).

The above sensitivity analysis is based on the assumption that there is a change in interest rates on the balance sheet date, and this change applies to all derivative and non derivative financial instruments of the group. The change of one percentage point is based on the reasonable expectation of the Group's interest rate changes from the balance sheet date to the next balance sheet date. The previous analysis was also based on this assumption.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments (Continued)

2. Credit risk

Credit risk refers to the risk that one party to a financial instrument cannot fulfill its obligations, resulting in financial losses for the other party. The credit risk of the group mainly comes from accounts receivable. The management will continuously check the exposure of these credit risks.

For accounts receivable, the group has formulated credit policies based on actual situations, and conducted credit assessments on customers to determine the credit sales limit. Our group requires most customers to prepay the full amount of the goods in cash or bills before shipping them. The accounts receivable related to credit customers expire within 1-4 months from the date of issuance of the invoice. Debtors who are overdue for more than a month will be required to settle all outstanding balances before obtaining further credit limits. In general, the Group does not require customers to provide collateral.

The vast majority of our clients have had years of business dealings with our group and rarely experience credit losses. To monitor the credit risk of the Group, the Group analyzes its customer information based on factors such as aging and maturity.

As of December 31, 2024, the Group has no significant impairment of other accounts receivable except for accounts receivable transferred from overdue notes receivable with an impairment provision of RMB311 million.

On the balance sheet date, due to the fact that the accounts receivable of the top five customers of the group accounted for 53% of the total accounts receivable and other receivables of the group (at the beginning of the period: 68%), the group experienced a certain degree of concentration of credit risk.

The maximum credit risk exposure that the group is exposed to is the carrying amount of each financial asset on the balance sheet. The Group has not provided any other guarantees that may expose the Group to credit risk.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments (Continued)

3. Liquidity risk

The group is responsible for its own cash management work, including short-term investments in cash surplus and borrowing loans to meet expected cash needs. The policy of the Group is to regularly monitor short-term and long-term liquidity needs, as well as compliance with loan agreements, to ensure the maintenance of sufficient cash reserves and marketable securities available for immediate realization, while obtaining commitments from major financial institutions to provide sufficient backup funds to meet short-term and longer-term liquidity needs.

The analysis of the repayment period of the Group's long-term debts is set out in Notes VI, 31, and 32 (long-term loans, bonds payable).

The group's various financial liabilities are listed as follows based on the undiscounted contractual cash flow based on the maturity date:

Items	31 December 2024					Book value
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted contract amounts	
Short-term loans	1,174				1,174	1,174
Derivative financial liabilities	1				1	1
Notes payable	17,957				17,957	17,957
Accounts payable	8,281				8,281	8,281
Other payable	6,066				6,066	6,066
Non-current liabilities due within 1 year	700				700	700
Long-term loans		5,385	5,547	59	10,991	10,991
Bonds payable						
Interest	288	213	99	2	602	
Lease liability	65	65			130	130

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments (Continued)

3. Liquidity risk (Continued)

Items	31 December 2023					Book value
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted contract amounts	
Short-term loans	1,380				1,380	1,380
Derivative financial liabilities	6				6	6
Notes payable	17,583				17,583	17,583
Accounts payable	7,083				7,083	7,083
Other payable	3,426				3,426	3,426
Non-current liabilities due within 1 year						
Long-term loans			5,199		5,199	5,199
Bonds payable		299			299	299
Interest	165	142	76		383	
Lease liability		2			2	2

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments (Continued)

4. Hedging

(1) The Company carries out hedging business for risk management

Items	Corresponding risk management strategies and objectives	Qualitative and quantitative information on hedged risk	The economic relationship between the hedged item and the related hedging instrument	Expected achievement of risk management objectives	The impact of hedging activities on risk exposure
Commodity price risk	The raw materials required for the production of the Company include iron ore, thermal coal, coking coal, coke, nonferrous metals, alloys, etc., and the finished products produced by the Company include hot-rolled coils, etc. The prices of these raw materials and finished products fluctuate significantly, making the Company exposed to the risk of commodity price changes. In order to reduce the impact of large fluctuations in commodity prices on the company's operations, the company chooses to use financial instruments (commodity futures) to generate reverse risk exposure for risk management, so as to achieve the purpose of preserving value, on the premise that funds can be effectively supported and the scale can be carefully controlled.	Fluctuations in the prices of raw materials and finished products will impact the stability of the Company's operations.	There is an economic relationship between the hedged item and the hedged item, which causes the value of the hedged item and the hedged item to change in the opposite direction due to the same hedged risk.	Anticipatory risk management objectives can be achieved	By engaging in hedging activities, the Company can fully utilize the hedging functions of the futures market to mitigate the risks associated with fluctuations in the prices of raw materials and finished products.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XI. Risk associated with financial instruments (Continued)

4. Hedging (Continued)

- (2) The Company engages in hedging activities for risk management purposes with the expectation of achieving its risk management objectives; however, hedge accounting is not applied.

The Company's hedging activities do not satisfy the criteria for applying hedge accounting as outlined in Article 15 of the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting. Consequently, hedge accounting has not been applied. For the current period, the net profit resulting from the cumulative value changes of the hedging instruments and the hedged items amounted to RMB50 million.

5. Transfer of financial assets

On December 31, 2024, the group has endorsed a bank acceptance bill of 13,616 million to suppliers for settlement of accounts payable, and a commercial acceptance bill of 0 million; The amount of bank acceptance bills discounted to financial institutions is 3,618 million, while the amount of commercial acceptance bills is 0 million. On December 31, 2024, its expiration date is 1 to 12 months. According to the relevant provisions of the Negotiable Instruments Law, if the issuer refuses to make payment, its holder has the right to pursue compensation from the Group. The Group believes that almost all of its risks and rewards have been transferred, therefore, the book value of its and related settled accounts payable has been derecognized.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XII. Disclosure of the fair value

1. The amount of asset and liability measured at fair value and the measurement hierarchies

The fair value measurement is classified into three hierarchies, listed as follows:

Level 1: The quoted price (unadjusted) in dynamic market for identical asset or liability.

Level 2: In puts other than quoted price included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The unobservable inputs for asset or liability (unobservable inputs).

Items	The Fair Value on 31 December 2024			Total
	The Fair Value Measured at First Level	The Fair Value Measured at Second Level	The Fair Value Measured at Third Level	
Continues fair value measurement:				
Held-for-trading financial assets	15			15
Derivative financial assets				
Receivables financing		918		918
Other investments in equity instruments			690	690
Other non-current financial assets	36		68	104
Derivative financial liabilities	1			1

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XII. Disclosure of the fair value (Continued)

1. The amount of asset and liability measured at fair value and the measurement hierarchies (Continued)

	The Fair Value on 31 December 2023			
	The Fair Value Measured at First Level	The Fair Value Measured at Second Level	The Fair Value Measured at Third Level	Total
Continues fair value measurement:				
Held-for-trading financial assets				
Derivative financial assets	3			3
Receivables financing		1,618		1,618
Other investments in equity instruments			672	672
Other non-current financial assets	39		52	91
Derivative financial liabilities	6			6

2. The qualitative and quantitative information of the valuation techniques and significant parameters used for the continuous and non-continuous third-level fair value measurement projects.

The determination of fair value relies on the third tier input value. For other equity instrument investments, the net assets at the end of the investment entity's period serve as a crucial reference point for assessing its fair value. If the net assets at the end of the period can essentially mirror its fair value, these net assets should be utilized as the foundation for evaluating its fair value.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XII. Disclosure of the fair value (Continued)

3. Adjustment information between the book value of the continuous third-level fair value measurement project

	Other investments in equity instruments	Other non-current financial assets
Balance at 1 January 2024	672	52
Additional investment		16
Changes in fair value (included in other comprehensive income)	18	
Changes in fair value (included in current profit and loss)		
Balance at 31 December 2024	690	68

XIII. Related parties and related party transactions

1. Information on the parent company

Group Name	Registration Place	The Nature of Business	Registered Capital	The Group's Shareholding (%)	Proportion of Voting-Right (%)
Ansteel Group	Tie Xi District Anshan Liaoning Province	Production and sale of steel and metal products, steel filament Tubes, and etc.	26,000	53.46	53.46

Note: Angang Group Co., Ltd. is the ultimate controlling party.

2. Information on the subsidiaries of the parent company

Please refer to Note IX.1 The constitution of the enterprise group.

3. Information on the joint ventures and associates of the group

Please refer to Note IX.2 Interests in joint ventures or associates.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

4. Related parties without control relationship

Name of Enterprise	Relation with the Parent Company
Guangzhou Automobile Steel	Joint venture
ANSC-TKS	Joint venture
ANSC – Dachuan	Joint venture
Angang CIMC	Joint venture
AISSG	Associate
Nansha Logistical	Associate
Zhong'an Water	Associate
GAC Baoshang	Associate
Meizhou Motor Company	Associate
Iron Oxide Powder Company	Associate
Angang Finance	Associate, Fellow subsidiary
Shanxi Wuchan International Energy Co., Ltd.	Associate of Angang Group
Falan Packing	Fellow subsidiary
Angang Steel Casting Co., Ltd.	Fellow subsidiary
Angang Group Mining Co., Ltd.	Fellow subsidiary
Angang Steel Rope Co., Ltd.	Fellow subsidiary
Anshan Iron and Steel Group Refractory Materials Co., Ltd.	Fellow subsidiary
Ansteel Automobile Transportation Co., Ltd.	Fellow subsidiary
Ansteel Cold Rolled Steel Plate (Putian) Co., Ltd.	Fellow subsidiary
Ansteel Group Real Estate Property Co., Ltd.	Fellow subsidiary
Anshan Iron and Steel Labor Research Institute Technology Co., Ltd.	Fellow subsidiary
Delin Land Port Supply Chain Service Co., Ltd.	Fellow subsidiary
Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	Fellow subsidiary
Ansteel Electric Co., Ltd.	Fellow subsidiary
Angang Int'L Trade Yingkou Port Affairs Co., Ltd.	Fellow subsidiary
Dalian Angang International Trade Freight Forwarding Co., Ltd.	Fellow subsidiary
Yingkou Angang International Freight Forwarding Co., Ltd.	Fellow subsidiary
Anshan Jidong Cement Co., Ltd.	Joint venture of Angang Group
Ansteel Group Engineering Technology Co., Ltd.	Associate of Angang Group
Ansteel Mining Construction Co., Ltd.	Associate of Angang Group
Ansteel Group Mining Design and Research Institute Co., Ltd.	Associate of Angang Group

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

4. Related parties without control relationship (Continued)

Name of Enterprise	Relation with the Parent Company
Angang Chongqing High Strength Auto Co., Ltd.	Associate of Angang Group
Lingyuan Iron&Steel Group Co., Ltd.	Fellow subsidiary
Lingyuan Iron&Steel Co., Ltd.	Fellow subsidiary
Ansteel Information Industry Corporation Limited	Fellow subsidiary
Ansteel Resources Co., Ltd.	Fellow subsidiary
Angang International Trade	Fellow subsidiary
Ansteel Lianzhong (Guangzhou) Stainless Steel Co., Ltd.	Fellow subsidiary
Pangang Group Xichang Steel Vanadium Co., Ltd.	Fellow subsidiary
Pangang Group International Economic and Trade Co., Ltd.	Fellow subsidiary
Pangang Group Vanadium Titanium Resources Co., Ltd.	Fellow subsidiary
Pangang Group Chengdu Vanadium Titanium Resources development Co., Ltd.	Fellow subsidiary
Pangang Group Jiangyou Changcheng Special Steel Co., Ltd.	Fellow subsidiary
Pangang Group Life Service Co., Ltd.	Fellow subsidiary
Ansteel Group Engineering Technology Development Co., Ltd.	Fellow subsidiary
Angang Construction Group Co., Ltd.	Fellow subsidiary
Ansteel Group Zhongyuan Industrial Development Co., Ltd.	Fellow subsidiary
Shenzhen Huirong Chengtong Commercial Factoring Co., Ltd.	Fellow subsidiary
Benxi Beiyang Iron and Steel (Group) Co., Ltd.	Fellow subsidiary
Benxi Iron and Steel (Group) Mining Co., Ltd.	Fellow subsidiary
Benxi Iron&Steel (Group) Machinery Manufacture Co., Ltd.	Fellow subsidiary
BENGANG STEEL PLATES co., Ltd.	Fellow subsidiary
Benxi Iron&Steel (Group) Hoist Machine Manufacturing Co., Ltd.	Fellow subsidiary
Ansteel Group Beijing Research Institute Co., Ltd.	Fellow subsidiary
Chengdu Xingyun Zhilian Technology Co., Ltd.	Fellow subsidiary
Northern Hengda Logistics Co., Ltd.	Fellow subsidiary
Benxi Iron & Steel (Group) Information Automatic Co., Ltd.	Fellow subsidiary

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions

(1) Related-party transactions within Angang Group Co., Ltd.

① Related-party transactions on Procurement of Goods and Services

Contents	Pricing policy	This period	Last period
Raw materials	Note.1	24,192	24,821
Steel	Note.2	3,848	1,377
Supplementary materials	Note.3	2,391	2,712
Energy and power supplies	Note.4	57	148
Support service	Note.5	8,869	7,990
Total	–	39,357	37,048

② Related-party transactions on Sales of Goods and Services

Contents	Pricing Policy	This period	Last period
Product	Note.6	8,800	8,732
Scrap steel and materia	Note.6	1,330	302
General services	Note.7	408	406
Total	–	10,538	9,440

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Co., Ltd. (Continued)

② Related-party transactions on Sales of Goods and Services (Continued)

Note 1: iron concentrate: the standard product is not higher than the average of the midpoint price of Platts 65% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily from January 21 to January 20, plus the freight from Bayuquan port to Angang Steel. Among them, the price of each iron content is calculated according to the average value of (t-1) * monthly Platts 65% index for grade adjustment. On this basis, a discount of 3% of the average value of Platts 65% index (where t is the current month) is given; The low standard products are not higher than the average of the midpoint price of Platts 62% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily from (t-1) to t 20, plus the freight from Bayuquan port to Angang Steel. Among them, the price of each iron content is calculated according to the average value of Platts 62% index for grade adjustment. On this basis, a discount of 3% of the average value of Platts 62% index is given. Pellet ore at market price; The price of sinter is the price of iron concentrate plus (t-1) * monthly process cost. (among them: the process cost is not higher than the process cost of producing similar products in Angang Steel) (where t is the current month); Karala mineral products: for standard products, the average value of the midpoint price of Platts 65% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily plus the dry ton freight difference from Qingdao port to Bayuquan, Liaoning Province is divided by 65 times the actual grade to calculate the price; According to the month when the loading of low-standard products is completed at the loading point, the average midpoint price of Platts 62% iron CFR in northern China (Qingdao port) published daily by SBB steel market daily plus the dry ton freight difference from Qingdao port to Bayuquan, Liaoning Province, is divided by 62 times the actual grade to calculate the price. Scrap, billets, alloys and non-ferrous metals at market prices;

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Co., Ltd. (Continued)

② Related-party transactions on Sales of Goods and Services (Continued)

Note 2: steel products shall be determined according to the price of Angang Steel sold to third parties after deducting the consignment fee of not less than RMB15/ton;

Note 3: the price of auxiliary materials shall not be higher than that sold by the relevant member companies of Angang Steel to independent third parties;

Note 4: government pricing, market price, production cost plus 5% gross profit;

Note 5: national pricing, government pricing or market price, agency service shall be subject to a commission of not more than 1.5% (including raw fuel agency fee of 5 yuan/ton), depreciation fee plus maintenance fee, labor fee, material fee and management fee paid at market price, processing cost plus gross profit of not more than 5%;

Note 6: steel products, molten iron, billets, steel production by products and coke are calculated at the price sold to independent third parties; As far as the above products provided for the development of new products are concerned, the pricing benchmark is to price according to the market price if there is a market price, and to price according to the cost plus reasonable profit if there is no market price, and the added reasonable profit margin is not higher than the average gross profit margin of the member units providing the relevant products; Coal is increased by 5 yuan/wet ton at the purchase cost price, and imported ore is increased by 5 yuan/dry ton at the purchase cost price; Sinter at market prices; Pellet ore is charged 5 yuan/wet ton at the purchase cost price; E-commerce products at market prices; Scrap steel materials and waste materials are priced according to the market price, and scrap assets or idle assets are priced according to the market price or evaluation price;

Note 7: government pricing, market price, production cost plus 5% gross profit, agency service is not higher than 1.5% commission;

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Co., Ltd. (Continued)

③ Related party transactions of asset acquisition

The company has no related party transactions for asset acquisition in the current period.

④ Related-party guarantee

The company applied to become the designated rebar delivery factory warehouse of Shanghai Futures Exchange (hereinafter referred to as the Shanghai Futures Exchange), and Anshan Iron and steel provided guarantee for the company's application for delivery factory warehouse qualification to the Shanghai Futures Exchange and signed the guarantee letter (hereinafter referred to as the guarantee letter). Anshan Iron and steel requires the company to provide counter guarantee to the company for the above guarantee provided by it. The amount of counter guarantee shall not exceed 300 million. The period of counter guarantee shall be from the date of signing the agreement on designated rebar futures factory warehouse of Shanghai futures exchange with the company in the previous period to the date of termination of the contract (I. E. The duration of the contract) and two years after the end of the duration of the contract.

(2) Related party transactions with Pangang Group vanadium and Titanium Resources Co., Ltd

Related party transactions of purchasing goods/receiving services

Contents	Pricing Policy	This period	Last period
Raw materials	market price	77	74
Total	—	77	74

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

(3) Other related party transactions

- ① In this period, Angang international trade provided export agents to sell 1,970,000 tons of steel products (last period: 1,800,000 tons).
- ② The company and Ansteel Group, Zhongyuan Industry jointly invested in the establishment of Green Gold Industry.
- ③ Commercial factoring services totaling 86 million yuan were provided to the company's suppliers by Shenzhen Huirong Chengtong Commercial Factoring Co., Ltd.

(4) Borrowings, deposits and interest payments from Angang finance

Items	Annual interest rate	31 December		Decrement	31 December	Terms
		2023	Increment		2024	
Deposit	0.455-1.35	2,583	311,627	310,204	4,006	
Loan	2.07	200		200		

During the current period, the group's deposit interest income in Angang finance was 37 million (previous period: 43 million), and the loan interest expenditure (including discount) was 3 million (previous period: 1 million). The maximum daily deposit of the group in Anshan finance in the current period is 4,828 million (previous period: 4,895 million).

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

(5) The group's related party transactions with joint ventures and associates

① Statement of purchasing products

Name	This period	Last period
ANSC-TKS	584	660
Guangzhou Automobile Steel	34	18
Zhon'an Water	18	19
GAC Baoshang	4	4
AISSG	5	7
Iron oxide powder	12	11
Angang CIMC	2	
Total	659	719

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

- (5) The group's related party transactions with joint ventures and associates (Continued)

② Statement of selling products

Name	This period	Last period
ANSC-TKS	3,430	3,536
Guangzhou Automobile Steel	1,497	1,353
AISSG	168	269
Meizhou Motor Company	10	21
GAC Baoshang	8	7
Nansha Logistical	11	10
Iron oxide powder	46	51
Angang CIMC	184	4
ANSC – Dachuan	1	
Total	5,355	5,251

- (6) Remuneration of the directors, supervisors and senior management

Name	This period	Last period
Directors' fee	0.50	0.48
Other remuneration	6.12	6.82
Including: Salaries, allowances and non-cash amount of interest		
non-cash amount of interest	4.97	5.62
Performance-related bonus		
Other insurance and benefits	0.82	0.93
Pension plan contributions	0.33	0.27
Share-based payment		
Total	6.62	7.30

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

- (6) Remuneration of the directors, supervisors and senior management (Continued)

Fees paid to executive directors, non-executive directors, supervisors and senior management personnel.

Name	This period					Total
	Directors' fees	Salaries, allowances and non-cash	Performance-related bonus	Other insurance and benefits	Pension plan contributions	Share-based payment
Executive directors:						
Wang Jun		0.44		0.09	0.04	0.57
Zhang Hongjun (CEO)		0.98		0.15	0.04	1.17
Deng Qiang (Deputy General Manager)		0.19		0.05	0.03	0.27
Wang Baojun (Resigned)		0.87		0.08	0.04	0.99
Tian Yong (Resigned)		0.05		0.01	0.01	0.07
Subtotal for executive directors		2.53		0.38	0.16	3.07
Independent non-executive director:						
Wang Jianhua	0.12					0.12
Wang Wanglin	0.12					0.12
Zhu Keshi	0.12					0.12
Hu Caimei	0.08					0.08
Feng Changli (Resigned)	0.06					0.06
Subtotal for Independent non-executive director	0.50					0.50
Supervisors :						
Cao Yuhui		0.14		0.04	0.02	0.20
Guo Fang		0.33		0.08	0.04	0.45
Liu Ming						
Yang Zhengwen (Resigned)						
Subtotal for Supervisors		0.47		0.12	0.06	0.65
Senior Management:						
He Tianqing		0.48		0.08	0.03	0.59
Zhang Hua		0.38		0.08	0.04	0.50
Yu Haolan		0.08		0.01	0.01	0.10
Meng Jinsong (Resigned)		1.03		0.15	0.03	1.21
Zhang Peng (Resigned)						
Subtotal for Senior management		1.97		0.32	0.11	2.40
Total	0.50	4.97		0.82	0.33	6.62

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

(6) Remuneration of the directors, supervisors and senior management (Continued)

Name	Last period					Total
	Directors' fees	Salaries, allowances and non-cash	Performance-related bonus	Other insurance and benefits	Pension plan contributions	
Executive directors:						
Wang Jun		0.24		0.04	0.02	0.30
Zhang Hongjun (CEO)		1.14		0.19	0.04	1.37
Wang Baojun (Resigned)		0.62		0.06	0.04	0.72
Tian Yong (Resigned)		1.01		0.17	0.04	1.22
Subtotal for executive directors		3.01		0.46	0.14	3.61
Independent non-executive director:						
Feng Changli (Resigned)	0.12					0.12
Wang Jianhua	0.12					0.12
Wang Wanglin	0.12					0.12
Zhu Keshi	0.12					0.12
Subtotal for Independent non-executive director	0.48					0.48
Supervisors						
Guo Fang		0.11		0.04	0.02	0.17
Yang Zhengwen (Resigned)		0.55		0.09	0.02	0.66
Subtotal for Supervisors		0.66		0.13	0.04	0.83
Senior Management:						
Zhang Hua		0.14		0.03	0.01	0.18
Meng Jin Song (Resigned)		1.19		0.19	0.04	1.42
Zhang Peng (Resigned)		0.62		0.12	0.04	0.78
Subtotal for Senior management		1.95		0.34	0.09	2.38
Total	0.48	5.62		0.93	0.27	7.30

Note: there is no agreement for a director, supervisor and senior management to waive or agree to waive their remuneration for the current period.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

5. Related-party transactions (Continued)

- (6) Remuneration of the directors, supervisors and senior management (Continued)

The top five employees with the highest salaries in the current period include 0 directors, 0 senior managers (last period: 0 Director, 0 senior managers). The salaries of the top five employees are listed below:

Items	This period					Total
	Salaries, allowances and non-cash	Performance-related bonus	Other insurance and benefits	Pension plan contributions	Share-based payment	
Remuneration	7.02		0.97	0.17		8.16
Total	7.02		0.97	0.17		8.16

Remuneration Range	Number	
	This period	Last period
HKD0 – 1,000,000.00		
HKD1,000,000.00 – 1,500,000.00	3	4
HKD1,500,000.00 – 2,000,000.00	2	1

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

6. Balances of related-party transactions

(1) Accounts receivable

Items	Related party	31 December 2024	31 December 2023
Accounts receivable	Angang International Trade	393	610
Accounts receivable	BENGANG STEEL PLATES co., Ltd.	95	73
Accounts receivable	Angang Steel Rope Co., Ltd.	83	92
Accounts receivable	Ansteel Group Engineering Technology Development Co., Ltd.	42	18
Accounts receivable	Benxi Beiyang Iron and Steel (Group) Co., Ltd.	29	15
Accounts receivable	Ansteel Group Zhongyuan Industrial Development Co., Ltd.	25	
Accounts receivable	Angang Steel Casting Co., Ltd.	20	9
Accounts receivable	Angang Group Mining Co., Ltd.	16	1
Accounts receivable	ANSC-TKS	15	18
Accounts receivable	Angang Chongqing High Strength Auto Co., Ltd.	5	
Accounts receivable	Ansteel Group	3	3
Accounts receivable	Benxi Iron and Steel (Group) Mining Co., Ltd.	3	3
Accounts receivable	Ansteel Information Industry Corporation Limited	2	4
Accounts receivable	AISSG	1	1
Accounts receivable	Lingyuan Iron&Steel Group Co., Ltd.	1	
Accounts receivable	Chengdu Xingyun Zhilian Technology Co., Ltd.	1	
Accounts receivable	Guangzhou Automobile Steel	1	
Accounts receivable	Benxi Iron&Steel(Group)Machinery Manufacture Co., Ltd.	1	
Accounts receivable	Anshan Iron and Steel Group Refractory Materials Co., Ltd.	1	
Accounts receivable	Delin Land Port Supply Chain Service Co., Ltd.		6
Accounts receivable	Pangang Group Xichang Steel Vanadium Co., Ltd.		4
Accounts receivable	Ansteel Group Engineering Technology Co., Ltd.		2
Accounts receivable	Anshan Iron and Steel Labor Research Institute Technology Co., Ltd.		1
Total		737	860

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

6. Balances of related-party transactions (Continued)

(1) Accounts receivable (Continued)

Items	Related party	31 December 2024	31 December 2023
Other receivables	Lingyuan Iron&Steel Group Co., Ltd.	1	
Other receivables	BENGANG STEEL PLATES co., Ltd.	1	
Other receivables	Ansteel Group Engineering Technology Development Co., Ltd.	1	1
Total		3	1
Prepayment	Angang International Trade	1,420	1,084
Prepayment	Ansteel Lianzhong (Guangzhou) Stainless Steel Co., Ltd.	138	1
Prepayment	Delin Land Port Supply Chain Service Co., Ltd.	106	65
Prepayment	Lingyuan Iron&Steel Co., Ltd.	35	
Prepayment	BENGANG STEEL PLATES co., Ltd.	30	48
Prepayment	ANSC-TKS	20	62
Prepayment	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	11	4
Prepayment	Ansteel Cold Rolled Steel Plate (Putian) Co., Ltd.	10	11
Prepayment	Angang Group Mining Co., Ltd.	8	
Prepayment	Ansteel Automobile Transportation Co., Ltd.	7	9
Prepayment	Northern Hengda Logistics Co., Ltd.	4	3
Prepayment	Pangang Group Jiangyou Changcheng Special Steel Co., Ltd.	2	
Prepayment	Ansteel Group Engineering Technology Co., Ltd.		2
Prepayment	Ansteel Group Engineering Technology Development Co., Ltd.		13
Total		1,791	1,302

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

6. Balances of related-party transactions (Continued)

(2) Accounts payable

Items	Related party	31 December 2024	31 December 2023
Accounts payable	Delin Land Port Supply Chain Service Co., Ltd.	534	344
Accounts payable	Angang Group Mining Co., Ltd.	510	61
Accounts payable	Angang International Trade	367	255
Accounts payable	Ansteel Group Zhongyuan Industrial Development Co., Ltd.	196	145
Accounts payable	Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	196	115
Accounts payable	Anshan Iron and Steel Group Refractory Materials Co., Ltd.	133	64
Accounts payable	Ansteel Cold Rolled Steel Plate (Putian) Co., Ltd.	130	8
Accounts payable	Ansteel Lianzhong (Guangzhou) Stainless Steel Co., Ltd.	128	
Accounts payable	Ansteel Group Engineering Technology Development Co., Ltd.	105	40
Accounts payable	Ansteel Group	57	7
Accounts payable	ANSC-TKS	52	55
Accounts payable	Ansteel Mining Construction Co., Ltd.	49	40
Accounts payable	Angang Steel Casting Co., Ltd.	43	
Accounts payable	Ansteel Automobile Transportation Co., Ltd. 汽运	40	32
Accounts payable	Angang Int'L Trade Yingkou Port Affairs Co., Ltd.	39	
Accounts payable	Ansteel Group Engineering Technology Co., Ltd.	31	3
Accounts payable	Pangang Group International Economic and Trade Co., Ltd.	28	79
Accounts payable	Ansteel Resources Co., Ltd.	27	6
Accounts payable	Guangzhou Automobile Steel	22	3
Accounts payable	BENGANG STEEL PLATES co., Ltd.	21	21
Accounts payable	Ansteel Information Industry Corporation Limited	13	7
Accounts payable	Zhong'an Water	10	3

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	31 December 2024	31 December 2023
Accounts payable	Falan Packing	9	10
Accounts payable	Angang Steel Rope Co., Ltd.	9	17
Accounts payable	Ansteel Group Real Estate Property Co., Ltd.	8	6
Accounts payable	Ansteel Electric Co., Ltd.	7	3
Accounts payable	Angang Chongqing High Strength Auto Co., Ltd.	4	3
Accounts payable	Angang CIMC	2	
Accounts payable	Iron Oxide Powder Company	2	
Accounts payable	Pangang Group Jiangyou Changcheng Special Steel Co., Ltd.	1	
Accounts payable	Pangang Group Chengdu Vanadium Titanium Resources development Co., Ltd.	1	
Accounts payable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	1	
Accounts payable	Yingkou Angang International Freight Forwarding Co., Ltd.	1	
Accounts payable	GAC Baoshang	1	1
Accounts payable	Dalian Angang International Trade Freight Forwarding Co., Ltd.	1	
Accounts payable	AISSG	1	1
Accounts payable	Benxi Iron & Steel (Group) Information Automatic Co., Ltd.	1	
Accounts payable	Pangang Group Vanadium Titanium Resources Co., Ltd.		16
Accounts payable	Anshan Iron and Steel Labor Research Institute Technology Co., Ltd.		1
Accounts payable	Pangang Group Life Service Co., Ltd.		1
Total		2,780	1,347

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	31 December 2024	31 December 2023
Other payables	Ansteel Group Engineering Technology Co., Ltd.	2,234	911
Other payables	Ansteel Group Engineering Technology Development Co., Ltd.	618	257
Other payables	Ansteel Information Industry Corporation Limited	235	151
Other payables	Shenzhen Huirong Chengtong Commercial Factoring Co., Ltd.	86	
Other payables	Ansteel Electric Co., Ltd.	67	39
Other payables	Ansteel Mining Construction Co., Ltd.	43	18
Other payables	Angang International Trade	17	9
Other payables	Ansteel Group Zhongyuan Industrial Development Co., Ltd.	17	57
Other payables	Anshan Iron and Steel Labor Research Institute Technology Co., Ltd.	15	7
Other payables	Benxi Iron&Steel(Group)Hoist Machine Manufacturing Co., Ltd.	8	
Other payables	Ansteel Group Beijing Research Institute Co., Ltd.	6	
Other payables	Angang Group Co., Ltd.	5	
Other payables	Shanxi Wuchan International Energy Co., Ltd.	4	
Other payables	Ansteel Group	4	
Other payables	Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	3	3
Other payables	Delin Land Port Supply Chain Service Co., Ltd.	3	2
Other payables	Ansteel Group Real Estate Property Co., Ltd.	3	1
Other payables	Ansteel Group Mining Design and Research Institute Co., Ltd.	1	
Total		3,369	1,455

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	31 December 2024	31 December 2023
Contract liabilities	Delin Land Port Supply Chain Service Co., Ltd.	502	462
Contract liabilities	Ansteel Cold Rolled Steel Plate (Putian) Co., Ltd.	132	20
Contract liabilities	ANSC-TKS	110	74
Contract liabilities	Guangzhou Automobile Steel	64	58
Contract liabilities	Angang Group Mining Co., Ltd.	54	49
	Ansteel Group Zhongyuan Industrial Development Co., Ltd.	35	109
Contract liabilities	Ansteel Automobile Transportation Co., Ltd.	27	27
Contract liabilities	AISSG	17	9
Contract liabilities	Iron Oxide Powder Company	12	
	Ansteel Group Engineering Technology Development Co., Ltd.	12	24
Contract liabilities	Falan Packing	10	14
Contract liabilities	Ansteel Electric Co., Ltd.	9	7
	Anshan Iron and Steel Group Refractory Materials Co., Ltd.	4	3
Contract liabilities	Anshan Jidong Cement Co., Ltd.	4	
Contract liabilities	Meizhou Motor Company	4	5
Contract liabilities	Nansha Logistical	3	1
	Pangang Group International Economic and Trade Co., Ltd.	2	2
	Pangang Group Jiangyou Changcheng Special Steel Co., Ltd.	1	1
Contract liabilities	Ansteel Mining Construction Co., Ltd.	1	1
Contract liabilities	Ansteel Group Engineering Technology Co., Ltd.	1	
Contract liabilities	Angang International Trade		112
Contract liabilities	BENGANG STEEL PLATES co., Ltd.		1
Total		1,004	979

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIII. Related parties and related party transactions (Continued)

6. Balances of related-party transactions (Continued)

(3) Other non-current assets

Items	Related party	31 December 2024	31 December 2023
Other non-current assets	Angang International Trade	343	347
Other non-current assets	Angang Group Engineering Technology Co., Ltd	43	241
Other non-current assets	Ansteel Information Industry Corporation Limited	4	11
Other non-current assets	Ansteel Group Engineering Technology Development Co., Ltd.	1	35
Other non-current assets	Ansteel Group Zhongyuan Industrial Development Co., Ltd.		1
Total		391	635

XIV. Share-based payment

1. The general introduction of share-based payment

Awarding object	All equity instruments granted this period		All equity instruments unlocked this period		All equity instruments exercised this period exercised		All equity instruments that have expired this period	
	Quantities	Amounts	Quantities	Amounts	Quantities	Amounts	Quantities	Amounts
	(10,000 shares)		(10,000 shares)		(10,000 shares)		(10,000 shares)	
Directors, Senior Management, Core personnel			164	4			45	1
Total			164	4			45	1

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIV. Share-based payment (Continued)

1. The general introduction of share-based payment (Continued)

Awarding object	Stock options issued to the public at the end of the period		Other equity instruments issued to outward at the end of the period	
	The range of the vesting prices	The remainder of the contractual period	The range of the vesting prices	The remainder of the contractual period
Directors, Senior Management, Core personnel			The initial grant price of the restricted stock incentive plan in 2020 is 1.85 yuan per share, with a reserved portion of the grant price of 2.31 yuan per share	The validity period of the restricted stock incentive plan shall be from the date of completion of the registration of the grant of restricted stocks to the date of the lifting of restrictions or repurchase of all restricted stocks, and shall not exceed 60 months at most.

At the 32nd meeting of the eighth board of directors held on November 26, 2020, the company considered and approved the bill on repurchasing part of the company's A-share public shares (hereinafter referred to as "the repurchase bill"), the bill on authorizing Management to handle matters related to share repurchase Proposals on the 2020 restricted stock incentive plan (Draft) of Angang Steel Co., Ltd. and its summary (hereinafter referred to as "2020 incentive plan" or "incentive plan").

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIV. Share-based payment (Continued)

1. The general introduction of share-based payment (Continued)

According to the repurchase proposal, from December 10, 2020, the Company repurchased the company's A-share ordinary shares from the Shenzhen stock exchange through public bidding transactions as the source of restricted shares granted to incentive targets. According to the incentive plan, the grant price of the restricted shares granted for the first time is RMB1.85 per share, and the restricted shares are restricted to sale for 24 months from the date of grant. During the restricted sale period, restricted shares shall not be transferred, used to guarantee or repay debts. The 36 months after the restricted sale period is the lifting of the restricted sale period. During each lifting of the restricted sale period, if the conditions for lifting the restricted sale of restricted stocks are met, the incentive object may apply for lifting the restricted sale of restricted stocks held by it through this plan in three batches, with the proportion of lifting the restricted sale in three batches being 33%, 33% and 34% respectively. If the unlocking conditions for a certain year are not met, the corresponding restricted shares that have not been unlocked shall be repurchased by the company.

As of December 24, 2020, the company's share repurchase for the 2020 incentive plan has been completed, the actual number of repurchased shares is 52 million, and the repurchase cost is RMB166 million (excluding transaction costs), which is included in treasury shares.

The third provisional shareholders' meeting of 2020 held by the company on December 31, 2020 decided to consider and approve proposals related to the incentive plan and authorized the board of directors to handle relevant matters.

On January 8, 2021, the company held the 38th meeting of the eighth board of directors to consider and adopt the bill on adjusting the incentive plan for restricted stocks of Angang Steel Co., Ltd. in 2020 and the bill on granting restricted stocks to incentive targets for the first time. According to the adjusted incentive plan, the number of proposed incentive targets granted for the first time was reduced from 182 to 174, the number of First grants was adjusted from 48.6 million shares to 46.8 million shares, and 5.4 million shares were reserved to remain unchanged. At the same time, the board of Directors believes that the conditions for the grant of this incentive plan have been met, and determines January 8, 2021 as the first grant date, to grant 46.8 million restricted shares to 174 incentive targets for the first time at a price of RMB1.85 per share.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIV. Share-based payment (Continued)

1. The general introduction of share-based payment (Continued)

On December 10, 2021, the company held the 54th meeting of the eighth board of directors, deliberated and adopted the bill on granting reserved restricted shares to incentive targets. In accordance with the measures for the administration of equity incentives of listed companies, the relevant provisions of the 2020 incentive plan and the authorization of the third provisional shareholders' meeting of the company in 2020, the board of Directors considers that the conditions for the grant of the incentive plan have been met, and determines December 10, 2021 as the reserved grant date to grant 5.3662 million restricted shares to 38 incentive targets at a grant price of RMB2.31 per share. On the same day, after deliberation and approval by the board of directors, the incentive plan for 2020 granted some 8 incentive targets for the first time, which did not meet the incentive conditions due to the termination or termination of labor relations with the company due to job transfer. The company intends to repurchase and write off 2.23 million A-shares of restricted shares held by the above-mentioned incentive targets at a price of RMB1.88 per share (the repurchase price is calculated according to the grant price plus the interest of fixed deposits in the same period). The total amount of this repurchase is RMB4 million. The above-mentioned repurchase restricted shares were transferred to the special securities account for repurchase opened by the company and cancelled after deliberation and approval by the shareholders' meeting on January 6, 2022. After the cancellation in 2022, the company reduced its share capital and capital reserve by RMB2 million and RMB2 million respectively, and reduced its treasury shares by RMB4 million.

On November 23, 2022, the company held the eighth meeting of the ninth board of directors, deliberated and approved the bill on the repurchase and cancellation of restricted shares that have been granted to some incentive targets of the restricted stock incentive plan in 2020 but have not yet been lifted, and agreed to repurchase and cancel 2.04 million restricted shares that have been granted but have not yet been lifted held by some incentive targets. The total amount of restricted shares repurchased and cancelled this time is 4 million. The above-mentioned repurchase restricted shares were transferred to the special securities account for repurchase opened by the company and cancelled after deliberation and approval by the shareholders' meeting on December 19, 2022. After the cancellation in 2023, the company reduced its share capital and capital reserve by RMB2 million and RMB2 million respectively, and reduced its treasury shares by RMB4 million.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIV. Share-based payment (Continued)

1. The general introduction of share-based payment (Continued)

On March 30, 2023, the 14th meeting of the ninth board of directors was held to consider and approve the bill on the repurchase and cancellation of restricted shares that have been granted to some incentive targets of the restricted stock incentive plan in 2020 but have not yet been lifted. It is agreed that the company will repurchase and cancel 1.13 million restricted shares that have been granted but have not yet been lifted held by some incentive targets. The total amount of restricted shares repurchased and cancelled this time is 2 million. The above-mentioned repurchase restricted shares were transferred to the company's repurchase professional securities account and cancelled after deliberation by the shareholders' meeting on May 29, 2023. After the cancellation in 2023, the company reduced its share capital and capital reserve by RMB1 million and RMB1 million respectively, and reduced its treasury shares by RMB2 million.

The 14th meeting of the 9th board of directors and the 7th Meeting of the 9th board of supervisors held on March 30, 2023 considered and approved the bill on cancellation of shares in the company's special securities account for repurchase, and agreed to cancel the remaining 408623 treasury shares in the company's special securities account for repurchase.

On April 18, 2023, the 2020 restricted stock incentive plan of company granted partial first lifting of the restriction period and lifting of the restriction conditions. A total of 172 incentive objects met the lifting of the restriction conditions, and the number of restricted stocks lifted was 14.77905 million shares. After the lifting of the ban, the company reduced treasury shares by 28 million.

The 19th meeting of the 9th board of directors and the 9th Meeting of the 9th board of supervisors held on August 30, 2023 considered and approved the bill on the repurchase and cancellation of restricted shares that have been granted to some incentive targets of the restricted stock incentive plan in 2020 but have not yet been lifted, and agreed to repurchase and cancel 15.59 million restricted shares that have been granted but have not yet been lifted held by some incentive targets. The total amount of restricted shares repurchased and cancelled this time is 30 million. The above-mentioned repurchase restricted shares were transferred to the special securities account for repurchase opened by the company and cancelled after deliberation and approval by the shareholders' meeting on October 26, 2023. After the cancellation in 2023, the company reduced its share capital and capital reserve by RMB16 million and RMB14 million respectively, and reduced its treasury shares by RMB30 million.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIV. Share-based payment (Continued)

1. The general introduction of share-based payment (Continued)

On April 18, 2024, the Company's 2020 restricted stock incentive plan reserved grant portion of the first lifting restriction period lifting restriction conditions have been achieved, meeting the lifting restriction conditions of a total of 36 incentive objects, the number of restricted stock lifted 1.64203 million shares. After the lifting of the ban, the company reduced treasury shares by 4 million.

The 27th meeting of the 9th board of directors and the 11th Meeting of the 9th board of supervisors held on March 28, 2024 considered and approved the bill on the repurchase and cancellation of restricted shares that have been granted to some incentive targets of the restricted stock incentive plan in 2020 but have not yet been lifted, and agreed to repurchase and cancel 0.45 million restricted shares that have been granted but have not yet been lifted held by some incentive targets. The total amount of restricted shares repurchased and cancelled this time is 1 million. The above-mentioned repurchase restricted shares were transferred to the special securities account for repurchase opened by the company and cancelled after deliberation and approval by the shareholders' meeting on May 29, 2024. After the cancellation in 2024, the company reduced its share capital by RMB1 million, and reduced its treasury shares by RMB1 million.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XIV. Share-based payment (Continued)

2. Share-based payment settled by equity

Determination method of fair value of equity instruments on grant date	Based on the market value of shares granted to Japanese companies
Determination basis for the number of exercisable equity instruments	Estimated and determined according to the performance conditions of each unlocking period specified in the restricted stock plan
Reasons for the significant differences between the current estimates and the previous estimates	None
Total employee services in exchange for share-based payments	73
Accumulated amount of equity-settled share-based payment included in capital reserve	23
Total expenses recognized for equity-settled share-based payments in the current period	0

3. The expenses of share-based payments

Awarding object	Share-based payment settled by equity	
	This period	Last period
Directors, Senior Management, Core personnel	0	0
Total	0	0

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XV. Commitments and contingencies

1. Significant commitments

Items	31 December 2024	31 December 2023
Investment contracts entered but not yet performed or performed partially	126	239
Construction and renovation contracts entered but not yet performed or performed partially	2,439	2,197
Total	2,565	2,436

2. Contingencies

As of December 31, 2024, the group has no material contingencies to disclose.

XVI. Subsequent events

1. The repurchase and cancellation of a portion of restricted shares under the 2020 Restricted Share Incentive Plan have been completed

On December 30, 2024, the Company deliberated and passed the “Motion on Cancellation of Restricted Share repurchases granted to some incentive objects of the 2020 Restricted Share Incentive Plan that have not yet been lifted” in the first extraordinary general meeting of 2024, the second class meeting of shareholders for domestic shares of 2024 and the second class meeting of shareholders for foreign shares. In light of the fact that the performance evaluation on the corporate level during the third lock-up period expiration of restricted share incentive plan in 2020 did not meet the standard, the Company has repurchased and cancelled all the restricted share of 14,180,048 shares in the corresponding year of performance evaluation held by 183 incentive personnel.

On February 19th, 2025, Beijing Zhongtianheng Certified Public Accountants (Special general partnership) issued a Capital Verification Report, in which the decreased registered capital and shares were verified. Under the review and verification of China Securities Depository and Clearing Corporation Limited Shenzhen Branch, the restricted share repurchase and cancellation of the Company was accomplished on February 28th, 2025. The share capital of the Company changed from 9,383,401,306 shares to 9,369,221,258 shares after cancellation.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVI. Subsequent events (Continued)

2. Final dividend

The Board of Directors of the Company recommended on March 28, 2025, not to distribute a final dividend for the fiscal year ended December 31, 2024.

XVII. Other significant introductions

As of December 31, 2024, the group had no other important matters to explain.

XVIII. Notes to parent company financial statements

1. Accounts Receivable

(1) Classification of Accounts Receivable

Item	31 December 2024				Net Book Value
	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	433	13.98	378	87.30	55
Account receivable for which bad debt is prepared based on group combination	2,665	86.02	4	0.15	2,661
including: Risk-free group combination	1,595	51.48			1,595
Risk group combination on the basis of aging-matrix	1,070	34.54	4	0.37	1,066
Total	3,098	100.00	382	12.33	2,716

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

1. Accounts Receivable (Continued)

(1) Classification of Accounts Receivable (Continued)

	31 December 2023				Net Book Value
Item	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	661	28.00	534	80.79	127
Account receivable for which bad debt is prepared based on group combination	1,700	72.00	6	0.35	1,694
including: Risk-free group combination	1,563	66.20			1,563
Risk group combination on the basis of aging-matrix	137	5.80	6	4.38	131
Total	2,361	100.00	540	22.87	1,821

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

Debtors	31 December 2023		31 December 2024		Percentage (%)	Reason
	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision		
Tianjin Property Group Finance Co., Ltd.	566	442	366	311	84.97	Notes overdue
Chongqing Lifan Finance Co., Ltd.	28	25				Notes overdue
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	67	67	67	67	100.00	The business is in trouble and it does not have the ability to pay debts
Total	661	534	433	378		

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

1. Accounts Receivable (Continued)

(3) Accounts Receivable classified by aging

Aging	31 December 2024	31 December 2023
Within 1 year	2,628	1,682
1 to 2 years	31	14
2 to 3 years	2	
3 to 4 years		
4 to 5 years		594
Over 5 years	437	71
Total	3,098	2,361

Note: In the above analysis, based on the invoice date.

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

Type	31 December 2023	Increase/Decrease			31 December 2024
		Bad debt provision	Reverse	Resale or verification	
Accounts Receivable	540	(1)			382

(5) Accounts receivable written off this period

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

(6) The condition of accounts receivable of the top five debtors by the balances as of 31 December 2024

The total amount of top five accounts receivable according to closing balance of debtors of the company was RMB1,902 million as of 31 December 2024, which accounted for 61.39% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB311 million as of 31 December 2024.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

2. Other receivables

Items	31 December 2024	31 December 2023
Dividends receivable (Note)		27
Other receivables	53	61
Total	53	88

2.1 Dividends receivable

The Invested Entity	31 December 2024	31 December 2023
WISDRI		27
Total		27

2.2 Other receivables

(1) Classification of other receivables

Items	31 December 2024				Net Book Value
	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision					
Other receivables for which bad debt is prepared based on group combination	57	100.00	4	7.02	53
Including: Risk-free group combination	31	54.39			31
Risk group combination on the basis of aging-matrix	26	45.61	4	15.38	22
Total	57	100.00	4	7.02	53

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(1) Classification of other receivables (Continued)

Items	31 December 2023				Net Book Value
	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision					
Other receivables for which bad debt is prepared based on group combination	62	100.00	1	1.61	61
Including: Risk-free group combination	31	50.00			31
Risk group combination on the basis of aging-matrix	31	50.00	1	3.23	30
Total	62	100.00	1	1.61	61

(2) Other receivables classified by the nature

Type	31 December 2024	31 December 2023
Money lent to subsidiary	30	30
Industrial injury loan	4	7
Bid security	3	3
Others	20	22
Total	57	62

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(3) Other receivables classified by aging

Aging	31 December 2024	31 December 2023
Within 1 year	39	57
1 to 2 years	13	3
2 to 3 years	3	
3 to 4 years		1
4 to 5 years	1	
Over 5 years	1	1
Total	57	62

(4) The recognition of bad debt provision

	The first stage	The second stage	The third stage	
	Expected credit losses within the next 12 months	Expected credit losses for the entire duration of the period (no credit impairment)	Expected credit losses for the entire duration of the period (credit impairment has occurred)	Total
Balance at 1 January 2024			1	1
Bad debt provision	3			3
Reverse				
Resale or verification				
Write of				
Other changes				
Balance at 31 December 2024	3		1	4

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

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

Type	31 December 2023	Increase/Decrease			31 December 2024
		Bad debt provision	Reverse	Resale or verification	
Other receivables	1	3			4

(6) Other receivables with the top five balances on December 31, 2024

The summary amount of the top five other receivables collected by the company according to the debtor on December 31, 2024 is 48 million, accounting for 84.21% of the total balance of other receivables on December 31, 2024, and the summary amount of the corresponding bad debt provision on December 31, 2024 is 2 million.

3. Long-term equity investments

(1) Classification of long-term equity investment

Items	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	10,651		10,651	10,548		10,548
Investments in joint ventures and associates	3,695		3,695	3,353		3,353
Total	14,346		14,346	13,901		13,901

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries

The invested entity	31 December	Increment	Decrement	31 December	Provision for impairment	Provision
	2023			2024		
Angang Wuhan	237			237		
Angang Hefei	281			281		
Angang Guangzhou	90			90		
Shenyang International Trade	321			321		
Shanghai Trade	303			303		
Tianjin Trade	203			203		
Guangzhou Trade	315			315		
Angang Shenyang	181			181		
Angang Tianjin	27			27		
Angang Dalian	266			266		
Ningbo Trade	100			100		
Yantai Trade	200			200		
Angang Kobelco	357			357		
ASPD-CC	496			496		
Jinsuoju	35			35		
Angang Zhengzhou	229			229		
Chaoyang Iron and Steel	3,545			3,545		
Energy and Technology	124			124		
Chemical Technology	2,677			2,677		
FAW Angang	119			119		
Hangzhou Auto Material	60			60		
Beijing International Trade	198			198		
Delin Industrial Products	164			164		
Material Technology	20			20		
綠金產業		103		103		
Total	10,548	103		10,651		

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

3. Long-term equity investments (Continued)

- (3) Investments for the joint ventures and associates

Please refer to Note VI.11 (excluding Zhong'an Water and Angang CIMC).

4. Operating income and operating cost

- (1) Classified by production

Items	This period		Last period	
	Income	Cost	Income	Cost
Prime operating	88,080	91,740	99,255	100,377
Other operating	378	357	221	174
Total	88,458	92,097	99,476	100,551

Note: The Company is classified into an operating segment based on the type of business: production and sale of steel products.

- (2) Classified by region

Items	This period	Last period
Foreign transaction income from the within borders	81,161	92,316
Foreign exchange income from outside borders	7,297	7,160
Total	88,458	99,476

- (3) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	88,458	99,476
Total	88,458	99,476

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XVIII. Notes to parent company financial statements (Continued)

5. Investment income

Items	This period	Last period
Long-term equity investment income measured at cost method	138	539
Long-term equity investment income measured at equity method	540	357
Investment income of other investments in equity instruments	2	41
Others	(5)	(48)
Total	675	889

XIX. Net current assets

Items	31 December 2024	31 December 2023
Current assets	28,250	27,421
Less : Current liabilities	39,439	35,431
Net current assets/(liabilities)	(11,189)	(8,010)

XX. Total assets less current liabilities

Items	31 December 2024	31 December 2023
Total assets	100,578	97,506
Less: Current liabilities	39,439	35,431
Total assets less current liabilities	61,139	62,075

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XXI. Supplementary documents

1. Non-recurring gains and losses

Items	This period	Last period
Gains and losses from disposal of non-current assets	7	(22)
Government grant recorded into profit and loss for current period (except government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, enjoyed in accordance with established standards and have a lasting impact on the company's profit and loss)	113	60
Changes in fair value of financial assets held for trading	(2)	
Changes in the fair value of other non-current financial assets	(3)	6
The receivables that are separately tested for impairment and reversal of provision for impairment of contract assets	15	19
Net profit and loss of subsidiaries from the beginning of the current period to the date of the merger arising from business combination under the common control	3	
Net profit and loss of subsidiaries in the previous period arising from business combination under common control		10
Gains or losses from debt restructuring		30
Other non-current liabilities-part of embedded derivative financial instruments, derivative financial liabilities-changes in fair value of foreign exchange swap contracts		(37)
Other non-operating income and loss not listed above	(1)	22
Subtotal	132	88
Less: Effect on taxation	26	20
Effect on minority interest (after tax)	26	8
Total	80	60

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XXI. Supplementary documents (Continued)

1. Non-recurring gains and losses (Continued)

The Group's confirmation of non-recurring profit and loss items is carried out in accordance with the provisions of the Interpretive Announcement No. 1 of the Company Information Disclosure of Public Offering Securities–Non-recurring Gains and Losses (Revised in 2023). The Group's implementation of the Interpretive Announcement No. 1 of the Company Information Disclosure of Public Offering Securities–Non-recurring Gains and Losses (Revised in 2023) has no impact on non-recurring profit and loss in comparable accounting periods.

2. Return on equity (ROE) and Earnings per Share (EPS)

Profit in this period	Weighted average	EPS (Yuan per share)	
	(ROE) (%)	Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	(13.91)	(0.759)	(0.759)
Net profit (exclusive of non-operating profit) attributable to ordinary shareholders	(14.06)	(0.768)	(0.768)

The above data is calculated using the following formula:

(1) Weighted average return on equity

$$\text{Weighted average return on equity} = P_0 / (E_0 + NP \div 2 + E_i \times M_i \div M_0 - E_j \times M_j \div M_0 \pm E_k \times M_k \div M_0)$$

Among them, P_0 corresponds to the net profit attributable to ordinary shareholders of the company and the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses; NPIS the net profit attributable to ordinary shareholders of the company; E_0 is the net assets at the beginning of the period attributable to ordinary shareholders of the company; E_i is the new net assets attributable to ordinary shareholders of the company, such as the issuance of new shares or debt to equity swap during the reporting period; E_j is the net assets attributable to ordinary shareholders of the company reduced by repurchase or cash dividend during the reporting period; M_0 is the number of months in the reporting period; M_i is the cumulative number of months from the next month of new net assets to the end of the reporting period; M_j is the cumulative number of months from the next month after the reduction of net assets to the end of the reporting period; E_k is the increase or decrease in net assets attributable to ordinary shareholders of the company due to other transactions or events; M_k is the cumulative number of months from the month following the increase or decrease in other net assets to the end of the reporting period.

Notes to the financial statements (Continued)

December 31, 2024 (Unless otherwise specified, the unit of amount is RMB million)

XXI. Supplementary documents (Continued)

2. Return on equity (ROE) and Earnings per Share (EPS) (Continued)

(2) Basic earnings per share

$$\text{Basic earnings per share} = P_0 \div S \cdot S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$$

Among them, P_0 is the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders after deducting non recurring gains and losses; S is the weighted average number of ordinary shares outstanding; S_0 is the total number of shares at the beginning of the year; S_i is the number of shares increased due to the conversion of provident fund into share capital or stock dividend distribution during the reporting period; S_i is the number of shares increased due to the issuance of new shares or debt to equity swap during the reporting period; S_j is the number of shares reduced due to repurchase during the reporting period; S_k is the number of shares withdrawn during the reporting period; M_0 number of months in the reporting period; M_i is the cumulative number of months from the next month after the increase of shares to the end of the reporting period; M_j is the cumulative number of months from the next month after the reduction of shares to the end of the reporting period.

(3) Diluted earnings per share

$$\text{Diluted earnings per share} = P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{Weighted average number of common shares increased by warrants, share options, convertible bonds, etc.})$$

Among them, P_1 is the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses, and considering the impact of dilution of potential ordinary shares, it is adjusted in accordance with the accounting standards for business enterprises and relevant provisions. When calculating the diluted earnings per share, the company shall consider the impact of all diluted potential ordinary shares on the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses and the weighted average number of shares, and shall include them in the diluted earnings per share in the order of dilution from large to small until the diluted earnings per share reaches the minimum.

Five-Year Summary

Monetary unit: RMB million

	2024	2023	2022	2021	2020
Operating income	105,101	113,502	131,072	136,674	100,903
Net profit	(7,094)	(3,223)	186	6,959	1,996
Total assets	100,578	97,014	96,935	97,526	88,046
Total liabilities	51,907	41,623	38,138	37,334	34,188
Net assets	48,671	55,391	58,797	60,192	53,858

Other Relevant Corporate Information

INCORPORATION:

Organisation code	Unified social credit code 912100002426694799
Changes in the main business of the Company since the Company's Listing	None during the Reporting Period
Changes of the Controlling Shareholder of the Company	None

AUDITOR:

Name of auditor	BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership)
Place of business of auditor	17-20/F, Tower A, China Overseas International Centre, Building 7, 5 Anding Road, Chaoyang District, Beijing Zhang Junshu, Han Bing

BUSINESS ADDRESS OF THE COMPANY IN HONG KONG:

46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Definitions

In this announcement, the following expressions shall have the following meanings unless the context indicates otherwise:

“The Company”, “Company”, “Angang Steel” or “Parent Company”	Angang Steel Company Limited
“The Group”	Angang Steel Company Limited and its subsidiaries
“Angang Holding”	Anshan Iron & Steel Co., Ltd., the controlling shareholder of the Company
“Anshan Iron & Steel Group Complex”	Angang Holding and the companies in which it holds 30% or above interests (excluding the Group)
“Angang”	Angang Group Company Limited, the de facto controller of the Company
“Angang Group”	Angang and the companies in which it holds 30% or above interests (excluding the Group)
“Angang Financial Company”	Angang Group Financial Company Limited
“Supply of Materials and Services Agreement (2022–2024)”	the Supply of Materials and Services Agreement (2022–2024) entered into between the Company and Angang Group, which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021
“Supply of Materials Agreement (2022–2024)”	the Supply of Materials Agreement (2022–2024) entered into between the Company and Pangang Vanadium & Titanium, which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021
“Financial Service Agreement (2022–2024)”	the Financial Service Agreement (2022–2024) entered into between the Company and Angang Financial Company on 26 November 2021, which was approved at the 2021 second extraordinary general meeting of the Company
“Supply Chain Financial Services Framework Agreement (2022–2024)”	the Supply Chain Financial Services Framework Agreement (2022–2024) entered into between the Company and Angang Steel Group Capital Holdings Co., Ltd. on 26 November 2021, which was approved at the 2021 second extraordinary general meeting of the Company

Definitions (Continued)

“Continuing Connected Transaction Agreements”	collectively, the Supply of Materials and Services Agreement (2022–2024), the Supply of Materials Agreement (2022–2024), the Financial Service Agreement (2022–2024) and the Supply Chain Financial Service Agreement (2022–2024)
“Supplemental Agreement to Continuing Connected Transaction Agreements”	the 2023 Supplemental Agreement to the Supply of Materials and Services Agreement (2022–2024) entered into between the Company and Angang, which was approved at the third extraordinary general meeting of the Company in 2023 on 26 October 2023
“Bayuquan Branch Company”	Bayuquan Iron & Steel Branch Company of Angang Steel Company Limited
“Chaoyang Iron and Steel”	Angang Group Chaoyang Iron and Steel Co., Ltd.
“Green Gold”	Angang Green Gold Industry Development Co., Ltd.
“Angang International Trade”	Angang Group International Economic and Trade Co., Ltd.
“CISA”	China Iron and Steel Association
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited” or “Hong Kong Stock Exchange Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this annual report, excluding Hong Kong, the Macau special administrative region and Taiwan)

Documents Available for Inspection

1. Financial statements signed by the Responsible Officer, Chief Accountant and Person in-charge of the accounting firm and with seal affixed.
2. Original of the auditor's report sealed by accounting firms and signed and sealed by certified public accountants.
3. Originals of all documents and manuscripts of announcements disclosed by the Company during the Reporting Period.
4. Annual report of the Company disclosed on the HKEXnews website of the Hong Kong Stock Exchange.
5. The above documents are available for inspection at the secretarial office of the Board of Angang Steel Company Limited situated at Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province.

ANGANG STEEL COMPANY LIMITED

The Board

28 March 2024

Note: This report is prepared in both Chinese and English. The Chinese version shall prevail in case of any inconsistency between the two versions.



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

