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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: 0347)

ANGANG STEEL COMPANY LIMITED*
2023 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Operating income amounted to RMB113,502 million
- Total profit amounted to RMB-4,142 million
- Net profit attributable to shareholders of the Company amounted to RMB-3,257 million
- Basic earnings per share amounted to RMB-0.347 (2022: adjusted basic earnings per share amounted to RMB0.011)
- The financial information contained in this announcement was prepared in accordance with the Accounting Standards for Business Enterprises in the PRC

In this announcement, the following expressions shall have the following meanings unless the context indicates otherwise:

“Company”, “Angang Steel” or “Parent Company”	Angang Steel Company Limited* (鞍鋼股份有限公司)
“Angang Financial Company”	Angang Group Financial Company Limited* (鞍鋼集團財務有限責任公司)
“Angang Group”	Angang and the companies in which it holds 30% or above interests (excluding the Group)
“Angang Holding”	Anshan Iron & Steel Co. Ltd* (鞍山鋼鐵集團有限公司), the controlling shareholder of the Company
“Angang International Trade”	Angang Group International Economic and Trade Co., Ltd.* (鞍鋼集團國際經濟貿易有限公司)
“Angang”	Angang Group Company Limited* (鞍鋼集團有限公司), the de facto controller of the Company
“Anshan Iron & Steel Group Complex”	Angang Holding and the companies in which it holds 30% or above interests (excluding the Group)
“Bayuquan Branch Company”	Bayuquan Iron & Steel Branch Company* of Angang Steel Company Limited*
“Chaoyang Iron and Steel”	Angang Group Chaoyang Iron and Steel Co., Ltd.* (鞍鋼集團朝陽鋼鐵有限公司)
“CISA”	China Iron and Steel Association
“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)
“Corporate Governance Code”	the Corporate Governance Code in Appendix C1 to the Hong Kong Stock Exchange Listing Rules (as amended from time to time)
“Director(s)”	the director(s) of the Company

“Financial Service Agreement (2022-2024)”	the Financial Service Agreement (2022-2024) entered into between the Company and Angang Financial Company, which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021
“Group”	Angang Steel Company Limited* (鞍鋼股份有限公司) and its subsidiaries
“Hong Kong Stock Exchange Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Reporting Period”	year ended 31 December 2023
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council
“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
“Supply Chain Financial Service Agreement (2022-2024)”	the Supply Chain Financial Service Agreement (2022-2024) entered into between the Company and Angang Group Capital Holding Co., Ltd., which was approved at the second extraordinary general meeting of the Company in 2021 on 26 November 2021
“Supply of Materials 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

PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS

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

Yes No

Reason for retroactive adjustment: Changes of accounting policy

Unit: RMB million

Items	2023	2022		Changes over the preceding year (%)	2021	
		before adjustment	after adjustment		before adjustment	after adjustment
Operating income	113,502	131,072	131,072	-13.40	136,674	136,120
Operating profit	-4,149	-218	-218	-1,803.21	8,985	9,023
Total profit	-4,142	-269	-269	-1,439.78	8,920	8,959
Net profit attributable to shareholders of the Company	-3,257	156	108	-3,115.74	6,925	6,878
Net profit attributable to shareholders of the Company after extraordinary items	-3,315	11	-37	-8,859.46	6,941	6,855
Net cash flow from operating activities	1,579	6,139	6,139	-74.28	12,846	12,935
Basic earnings per share (RMB/share)	-0.347	0.017	0.011	-3,254.55	0.736	0.731
Diluted earnings per share (RMB/share)	-0.347	0.017	0.011	-3,254.55	0.720	0.711
Weighted average return on net assets (%)	-5.78	0.26	0.18	Decreased by 5.96 percentage points	12.26	11.98
Total assets	<u>97,014</u>	<u>96,935</u>	<u>96,991</u>	<u>0.02</u>	<u>97,526</u>	<u>98,738</u>

Items	2023	2022		Changes over the preceding year (%)	2021	
		before adjustment	after adjustment		before adjustment	after adjustment
Total liabilities	41,623	38,138	38,328	8.60	37,334	37,587
Owner's equity attributable to shareholders of the Company	54,704	58,140	58,006	-5.69	59,666	60,625
Assets-liability ratio (%)	42.90	39.34	39.52	Increased by 3.38 percentage points	38.28	38.07
Total share capital	9,384	9,403	9,403	-0.20	9,405	9,405

Note: From 1 January 2023, the Company implemented the provisions of Interpretations of Accounting Standards for Business Enterprises, No. 16 issued by the Ministry of Finance, "Accounting Treatment for Deferred Income Taxes Related to Assets and Liabilities Arising from Individual Transactions to Which the Initial Recognition Exemption Does Not Apply, and made retrospective adjustments to the financial data of 2022 and 2021 following the provision of the change in accounting policy. In 2022, the Company acquired the net assets of Second Power Plant of Angang Holding, treated the transaction following the principles for business combination involving entities under common control, and made retrospective adjustments to the financial data of 2021 and 2020.

MAJOR FINANCIAL INDICATOR BY QUARTER

Unit: RMB million

Items	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating income	30,844	27,981	25,463	29,214
Net profit attributable to shareholders of the Company	-149	-1,197	-769	-1,142
Net profit attributable to shareholders of the Company after extraordinary items	-150	-1,205	-778	-1,182
Net cash flow from operating activities	2,556	-141	359	-1,195

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

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

Unit: RMB million

Items of Non-Recurring Gain and Losses	2023	2022	2021
1. Gains/losses from disposal or retirement of non-current assets	-22	-25	-33
2. Government grant recorded in to profit/loss for current period except that relevant to enterprise operation, in compliance with government policies, entitled for standard amount or quantities and continuously impacts the gains/losses of the Company	60	89	43
3. Changes in fair value of other non-current financial assets	6	-10	9
4. Other non-current liabilities-part of embedded derivative financial instruments, derivative financial liabilities-changes in fair value of foreign exchange swap contracts and related gains and losses on disposal	-37	87	-55
5. Reversal of the allowance for impairment of receivables that is individually tested for impairment	19	64	
6. Current net profit and loss of subsidiaries from the beginning of the period to the date of the combination arising from business combination under common control			39
7. Gains/losses on debt restructuring	30		
8. Other non-operating revenue and expenses except those mentioned above	22	-12	15
Subtotal	<u>78</u>	<u>193</u>	<u>18</u>
Less: Effect on income tax	20	48	-5
Effect on minority shareholders (after tax)			
Total	<u>58</u>	<u>145</u>	<u>23</u>

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

OPERATING RESULTS FOR 2023

The Group recorded a net profit attributable to shareholders of the Company of RMB-3,257 million and basic earnings per share of RMB-0.347 for the year ended 31 December 2023. Adjusted net profit attributable to shareholders of the Company was RMB108 million and adjusted basic earnings per share was RMB0.011 for the year ended 31 December 2022.

PROFIT DISTRIBUTION

Net profit attributable to shareholders of the Company amounted to RMB-3,257 million for the year of 2023 in accordance with the PRC Accounting Standard for Business Enterprise, as audited and confirmed by BDO China Shu Lun Pan Certified Public Accountants LLP.

Taking into account the Company's development and financial requirements, in order to better ensure the sustainable development of the Company and the long-term interests of all shareholders, the Board proposed not to distribute cash dividends, issue bonus shares or transfer reserve into share capital for 2023.

BUSINESS REVIEW

In 2023, in the face of the complex and severe market situation, the Company maintained its strategic focus all along, continued to deepen reform and innovation, vigorously strengthened market development, tapped into the potential of systematic cost reduction, and pushed forward the production and operation in a solid and effective manner.

- Production and operation were stable. The Company optimized the production organization, gave full play to the advantages of the coordination and synergy among its bases, proactively responded to market changes, strengthened the synergy among production, marketing and research, and optimized resources allocation centering on benefits. For the year, the production of iron, steel and rolled steel reached 25,456,400 tonnes, 26,627,400 tonnes and 24,600,500 tonnes, respectively, representing a decrease of 2.97%, an increase of 0.15% and a decrease of 1.93%, respectively, as compared with the corresponding period of the previous year. The sales volume of rolled steel was 24,854,900 tonnes, representing a decrease of 3.72% as compared with the corresponding period of the previous year, achieving a sales-output ratio of 101.03% for rolled steel. New breakthroughs were made in the production of non-oriented silicon steel for new energy vehicles, with the yield ratio of the original product realizing leapfrog improvement, and the production and yield ratio reaching a historic high. The production and efficiency of high-magnetic oriented silicon steel increased, and the yield ratio thereof steadily improved, with its production increasing by 20% as compared with the corresponding period of the previous year.
- Cost reform was continuously deepened. The Company promoted the work of benchmarking and improvement in a continuous and deep manner. By improving the benchmarking system, identifying gaps, setting up measures, establishing projects, improving weak links, and addressing weaknesses, we made continuous optimization of the production and operation indexes, and sought new ways to maximize the costs reduction. Procurement reform was effective. Particularly, the Company continuously expanded procurement channels, optimized the procurement strategies, strengthened cost-effective procurement, grasped the best opportunity of procurement, and the procurement costs were effectively controlled. Our logistics control capability was continuously improved. Through implementing responsibilities, system linkage, customer service, and cost reduction, major logistics indicators such as logistics efficiency, capital utilization, direct payment rate, and natural wear and tear achieved new breakthroughs, and the logistics cost continuously decreased.

- Marketing management was improved gradually. Giving play to its role as a leader in marketing, the Company built a value creation model, continuously optimized the product structure, and enhanced the sales of high value-added products, with the brand influence and competitiveness being continuously improved. In 2023, the Company promoted 52 new varieties, the proportion of key products was 4.05 percentage points higher than the target; the proportion of direct supply was 9 percentage points higher than the target; the implementation rate of whole-life-cycle contract increased by 15.86 percentage points year on year; the sales volume of automotive steel increased by 12.2% year on year; the sales volume of heavy rails increased by 14.85%; the sales volume of products such as oriented silicon steel, galvanized sheet for home appliances and industrial pure iron all achieved the best level in history. The Company actively expanded its overseas sales channels, and the volume of export orders increased by 33.85% year on year. New breakthroughs were achieved in the export of variety steel, with the container steel, 50-metre fixed foot heavy rail and EPS automobile steel realizing export.
- Breakthroughs were made in scientific and technological innovation. The construction of the “four innovation platforms” was deepened and our capacity to lead scientific and technological innovation was improved in all respects. The Company optimized and improved the index system of the second phase of the Technology Leadership Program aiming to be a leader in the industry. It also released 122 projects of the second phase of the Technology Leadership Program and 2 projects about the “open competition mechanism to select the best candidates”. It entered into joint laboratory establishment agreements with relevant downstream users and scientific research institutes on technology development projects such as steel for energy use and low-carbon, energy-saving and environmental protection, established innovation consortia with 8 scientific research institutions, and steadily promoted the pilot base for the preparation and application of high-quality iron and steel materials and the pilot project of fluidised bed hydrogen iron smelting process technology. Its project on “Key Technology Development and Industrialisation of Steel for Third Generation Ultra-large Capacity Cryogenic Pipelines” won the special prize of the Metallurgical Science and Technology Award, and three products were selected into the National Catalogue of Transformation and Application of Advanced Technological Products. Additionally, it was the first around the world to launch three products such as P690QL2 steel for the cargo tank of liquefied carbon dioxide carriers.

- The empowerment of digital intelligence was accelerated. Intelligent manufacturing was further enhanced. In 2023, the rate of 3D post machine shift rose by 7.2%, the rate of process automation increased by 1.2%, and the rate of centralisation in operation rooms increased by 5%. In 2023, the Company was awarded for eight pilot demonstrations, application scenarios and outstanding cases at the national ministry level, and seven demonstrations and outstanding cases at the provincial level. In addition, it played a leading role in developing two industry standards for intelligent factories, which has increased its influence in the industry. The intelligent operations were enhanced in all respects. Through continuous innovation and improvement of the integrated management and control platform of intelligent operation, the Company achieved all-round digital empowerment to improve the operational efficiency, with the inventory turnover rate increasing by 3% and the on-time delivery rate of orders increasing by 4%. The role of new-generation information technology in supporting the customer service system was enhanced, and our customer service capability was further improved through the optimization of system functions and the strengthening of key customer channels construction. Angang Steel was awarded the national “digital pilot” enterprise, and was selected as national intelligent manufacturing pilot demonstration project by the Ministry of Industry and Information Technology of the PRC (MIIT) for 6 consecutive years, among which “Angang Steel’s data-driven based full-process intelligent steel factory” was selected as intelligent manufacturing demonstration factory project by MIIT.
- Steady progress was made in green and low-carbon development. As efforts were made to implement the dual carbon goals and build a green Angang Steel, we strongly advanced ultra-low emission transformation and cleaner production. A total of 152 ultra-low emission transformation projects were approved. Bayuquan Iron & Steel Branch Company completed the full-process ultra-low emission transformation and announced its appraisal monitoring; Chaoyang Iron & Steel’s all pre-assessment projects were approved and it completed midterm evaluation and cleaner transportation transformation; the headquarter-Anshan Steel’s all pre-assessment projects were approved and it completed midterm evaluation, formulated cleaner transportation plans and steadily advanced such plans. The emissions of sulfur dioxide, nitrogen oxide, COD, and ammonia nitrogen decreased by 28.2%, 21.9%, 2.2%, and 60% respectively as compared to the planned targets. Investment in energy-saving projects was continuously increased, with 21 energy-saving projects being approved for implementation in 2023, with an investment of RMB106 million. The layout for and application of green energy were promoted, with the steady implementation of the Bayuquan Coke Oven Gas-to-Liquefied Natural Gas (LNG) Co-Production Hydrogen Project. Chaoyang Iron & Steel’s Phase I 5.4 MW photovoltaic project for new energy power generation was put into operation. Bayuquan Iron & Steel Branch Company was honored with the title of “Benchmark Steel Enterprise for Green Development”.

DEVELOPMENT PLAN FOR 2024

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 2024

2024 marks a critical year for Angang to achieve the goals and complete the tasks in its 14th Five-Year Plan. The Company will fully implement the guidelines of the 20th CPC National Congress and the Central Economic Work Conference, and follow the principles of “seeking stability while pursuing progress, promoting stability through progress, and establishing first and then making breakthrough”, in order to accelerate reform and innovation, improve the quality of development, and unswervingly promote the construction of a world-class enterprise.

- (1) To focus on reform’s empowerment, and continue to deepen systems and institutions reform. We will accelerate the improvement of market-oriented operation mechanism, enhance the inherent vitality of the Company, accelerate the upgrading of the reform experience in Chaoyang Iron and Steel and amplify its leading and exemplary role. We will focus on the key breakthroughs in the reform of the three systems, develop a more precise, flexible, standardized and efficient income distribution mechanism. We will implement differentiated assessment and evaluation, implement precise incentives in accordance with the principles of “one enterprise, one policy” and “one category, one policy”, and stimulate the internal driving force of the Company and the enthusiasm of the employees in working.

- (2) To emphasize innovation-driven development and harness the pivotal role of science and technology. Aligning with national strategic needs and industrial upgrading, we will enhance our research efforts in vital, core technologies, and concentrate our resources on pioneering technological advancements. We will continuously promote Technology Leadership Program and Technology Excellence Program. We will strengthen the profound integration between research and development and production to speed up the transformation of scientific and technological achievements into tangible productive forces, actively engage in the development of significant national innovation platforms, and establish premier national key laboratories. We will also expedite the formation of a top-tier innovation talent pool, fostering a pervasive culture of innovation and efficiency across the whole company.
- (3) To prioritize cost transformation, so as to maximize efficiency and profitability. We will establish a comprehensive budget performance management system featuring “all-round, whole process, and full coverage” to serve as the “baton” behind comprehensive budget management. We will continuously refine to improve ourselves, closely monitor gaps and our shortcomings, adhere to goal-oriented leadership, enhance implementation of measures, and strive for the efficiency and effectiveness of refined management. With the efficient linkage as the core, we will drive down system costs by optimizing process design, strengthening process linking, smoothing logistics paths, refining procurement strategies, and intensifying energy conservation management.
- (4) To focus on brand building, so as to continuously enhance our market competitiveness. In line with a market-oriented and customer-centered approach, we will strengthen whole-process quality control and enhance the influence of our brands by virtue of outstanding products through specialized division of production lines, optimization and upgrading of product structures, laying emphasis on cultivating a series of branded products such as silicon steel, medium and heavy sheet, heavy rails and automotive steel. We will strengthen our marketing services, provide “tailored” individualized services for customers, deepen whole-life-cycle contract management and continuously optimize the three-level service system, thereby enhancing our brand affinity and customer satisfaction with super-value services. We will improve the value creation model, strengthen the effective linking up among sales, research and production, and strive to shape new kinetic energy for and new advantages in enterprise development and customer service.

- (5) To focus on digital and intelligent empowerment, so as to continuously drive transformation and upgrading for the Company. With digital and intelligent empowerment as the top priority for enhancing the core competitiveness of the enterprise, we will consolidate lean foundations, strengthen standardized operations, enhance automation foundation, increase the effectiveness of IT application, expand digital applications, and promote intelligent decision-making, to build a digital and intelligent management system across the full value chain, facilitate lean operations, industrial digitalization upgrades and strive for data value, and consolidate the cybersecurity protection system, so as to empower corporate development through lean digital and intelligent transformation.
- (6) To focus on green and low-carbon development, so as to enhance sustainability for the Company. Staying true to the concept of green development, we will continue to improve the “dual carbon” promotion system, further refine low-carbon planning, and research, develop and apply low-carbon metallurgical technologies to explore green paths to green and low-carbon production. We will actively maximize our energy efficiency, accelerate the promotion and application of advanced energy-saving technologies and facilitate the building of “energy efficiency demonstration plants.” We will facilitate the transformation towards ultra-low emission, promote the performance of Bayuquan Branch Company in environmental protection-related affairs toward Grade-A level and complete the upgrade of Chaoyang Iron and Steel. We will promote the combination of industrial upgrading and green transformation, with a focus on boosting projects with high energy efficiency and high added value, such as newly added oriented silicon steel production capacity, and efficiency improvement and upgrade of steelmaking line #2.
- (7) To focus on risk prevention and control and build a solid foundation for high-quality development of the Company. We will strengthen fund management, expand low-cost financing channels, strengthen the balanced control over “two funds”, and strive to enhance fund efficiency and fund guarantee capacity. We will deepen the integration of law, compliance and risk control, continuously optimise the compliant operation and guarantee mechanism, and promote the release of the effectiveness of compliant management. We will continue to improve the responsibility system for production safety, carry out the “potential risks elimination” action, further strengthen the foundation of intrinsic safety, and try to comprehensively improve the level of safety management.

3. Plans for Funding Requirements

In 2024, the proposed investments for fixed assets and external investments of the Company will amount to RMB4,205 million, with the sources of funding for the Company mainly including internal fund, supplemented by bank loans and issuing bonds.

ANALYSIS OF FINANCIAL INFORMATION

1. Overview

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	113,502	131,072	-13.40	–
Operating costs	114,037	128,022	-10.92	–
Marketing expenses	628	600	4.67	–
Administrative expenses	1,689	1,298	30.12	Administrative expenses increased by RMB391 million as compared to the same period of the previous year, mainly due to the institutional reform so as to enhance the labor productivity, and the phased transfer of some employees from production positions to empowerment positions to enhance their personal capabilities, which led to the increase in salaries and surcharges of empowered personnel under the administrative expenses (with a simultaneous decrease in the related expenses in production expenses); and the impacts such as enhancement of the integrated information system management level and the corresponding increase in the costs of information system.

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
Financial expenses	258	487	-47.02	Financial expenses decreased by RMB299 million as compared with the same period of the previous year, mainly due to (i) the decrease of 0.56 percentage point in average indirect financing cost in 2023 as compared to the corresponding period of the previous year, resulting in the decrease of RMB59 million in accumulated financial expenses as compared to the corresponding period of the previous year; (ii) the decrease of RMB162 million in exchange losses of H shares convertible bonds arising from exchange rate fluctuations as compared to the corresponding period of the previous year.
R&D expenditure	492	727	-32.32	Research and development expenses decreased by RMB235 million as compared to the same period of the previous year, mainly due to the decrease in trial production expenses for new products.

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	-4,142	-269	-1,439.78	Both total profit and net profit attributable to shareholders of the Company decreased as compared to the same period of the previous year, mainly due to continuous weak market state of the steel industry in 2023, with downstream demand remaining sluggish and steel prices fluctuating at a low level. While the raw materials end followed a consequent downward trend, the decrease in the purchase costs end was much smaller as compared to the decline in the sales end. Faced with the downward pressure of the steel market, the Company took marketing as the leadership, tended to increase resources allocation to relatively more profitable products, while grasped the best opportunity to purchase so as to reduce procurement cost, and reduce the costs of manufacturing in a systematic manner. However, the continued narrowing of supply and demand ends led to operating losses of the Company incurred.
Net profit attributable to shareholders of the Company	-3,257	108	-3,115.74	

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	-1,872	-305	-513.77	The net increase in cash and cash equivalents decreased by RMB1,567 million as compared to the same period of the previous year, which was mainly due to (i) the decrease of RMB4,560 million in net cash inflow from operating activities as compared to the same period of the previous year; (ii) the decrease of RMB1,019 million in net cash outflow from investing activities as compared to the same period of the previous year; (iii) the decrease of RMB1,941 million in net cash outflow from financing activities as compared to the same period of the previous year; and (iv) the increase of RMB33 million in the effect of exchange rate changes on cash and cash equivalents as compared to the same period of the previous year.

2. Income and Cost

(1) Composition of operating income

Unit: RMB million

	2023		2022		
	Amount	As a percentage of the operating income (%)	Amount	As a percentage of the operating income (%)	Year-on-year increase/ decrease (%)
Total operating Income	113,502	100	131,072	100	-13.40
By industries					
Steel rolling and processing industry	113,311	99.83	130,769	99.77	-13.35
Others	191	0.17	303	0.23	-36.96
By products					
Steel products	102,576	90.37	118,482	90.39	-13.42
Others	10,926	9.63	12,590	9.61	-13.22
By geographical locations					
Domestic China	106,342	93.69	125,013	95.38	-14.94
Export sales	7,160	6.31	6,059	4.62	18.17
By sales modes					
Direct selling	51,124	45.04	60,260	45.97	-15.16
Distribution	62,378	54.96	70,812	54.03	-11.91

(2) 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 industries						
Steel rolling and processing industry	113,311	113,874	-0.50	-13.35	-10.85	-2.83
By products						
Hot-rolled sheets products	32,750	33,188	-1.34	-12.39	-8.83	-3.96
Cold-rolled sheets products	39,057	38,437	1.59	-10.01	-8.80	-1.30
Medium and thick plates	20,515	20,489	0.13	-20.59	-18.92	-2.05
By geographical locations						
Domestic China	106,151	106,804	-0.62	-14.88	-12.48	-2.76
Export Sales	7,160	7,070	1.26	18.17	24.27	-4.85
By sales modes						
Direct selling	50,935	51,274	-0.67	-15.05	-12.11	-3.36
Distribution	62,376	62,600	-0.36	-11.91	-9.78	-2.37

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

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

Applicable Not Applicable

Industry Classification	Items	2023	2022	Year-on-year increase/decrease (%)
Steel rolling and processing industry	Sales volume (0'000 tons)	2,485.49	2,581.65	-3.72
	Production volume (0'000 tons)	2,460.05	2,508.38	-1.93
	Stock volume (0'000 tons)	74.57	72.20	3.28

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

(5) Composition of operating costs

Unit: RMB million

Industry Classification	Items	2023		2022		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	89,483	78.58	104,800	82.05	-3.47
	Others	24,391	21.42	22,927	17.95	3.47
	Total	113,874	100.00	127,727	100.00	-

(6) Whether the scope of consolidation was changed during the Reporting Period

Applicable Not Applicable

Note:

1. During the year, Angang Steel Technology and Development Co., Ltd. (hereinafter referred to as “Technology and Development”), the Company’s wholly-owned subsidiary, was separated as Angang (Liaoning) Materials Technology Co., Ltd. (hereinafter referred to as “Materials Technology”) and Technology and Development. Technology and Development was renamed as Jinsuoju Materials Technology Co., Ltd. (hereinafter referred to as “Jinsuoju”).
2. During the year, the Company deregistered Delin Zhilian (Anshan) Co., Ltd. (hereinafter referred to as “Delin Zhilian”), a subsidiary of the Company.
3. During the year, Angang Chemical Technology Co., Ltd. (hereinafter referred to as “Chemical Technology”), a wholly-owned subsidiary of the Company, established Sichuan Lvixinding Carbon Industry Co., Ltd. (hereinafter referred to as “Lvixinding”) as its new subsidiary.

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

Applicable Not Applicable

(8) Major customers and suppliers

Sales to major customers of the Company

Total sales amount of the top five customers (RMB million)	45,235
Proportion of total sales amount of the top five customers over total sales amount for the year (%)	39.93
Proportion of sales to related parties of total sales amount of the top five customers over total sales amount for the year (%)	39.93

Top five customers of the Company

No.	Customer name	Sales amount (RMB million)	Proportion of sales amount over total sales amount for the year (%)
1	Customer A	16,161	14.26
2	Customer B	12,244	10.81
3	Customer C	8,971	7.92
4	Customer D	4,405	3.89
5	Customer E	3,454	3.05
Total		<u>45,235</u>	<u>39.93</u>

Note: the top five customers include companies under the control of the same parent company, which include related parties of the Company.

Major suppliers of the Company

Total purchase amount from the top five suppliers (RMB million)	42,357
Proportion of total purchase amount of the top five suppliers over total purchase amount for the year (%)	47.40
Proportion of purchase from related parties of total purchase amount of the top five suppliers over total purchase amount for the year (%)	38.20

Top five suppliers of the Company

No.	Supplier name	Purchase amount (RMB million)	Proportion of purchase amount over total purchase amount for the year (%)
1	Supplier A	15,937	17.84
2	Supplier B	15,519	17.37
3	Supplier C	4,433	4.96
4	Supplier D	3,793	4.24
5	Supplier E	2,675	2.99
Total		<u>42,357</u>	<u>47.40</u>

Note: the top five suppliers include companies under the control of the same parent company, which include related parties of the Company

In 2023, 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.

3. Expenses

Unit: RMB million

	2023	2022	Year-on-year increase/ decrease (%)	Explanations on material change
Marketing expenses	628	600	4.67	–
Administrative expenses	1,689	1,298	30.12	Administrative expenses increased by RMB391 million as compared to the same period of the previous year, mainly due to the institutional reform so as to enhance the labor productivity, and the phased transfer of some employees from production positions to empowerment positions to enhance their personal capabilities, which led to the increase in salaries and surcharges of empowered personnel under administrative expenses (with a simultaneous decrease in the related expenses in production expenses); and the impacts such as enhancement of the integrated information system management level and the corresponding increase in information system costs.

	2023	2022	Year-on-year increase/ decrease (%)	Explanations on material change
Financial expenses	258	487	-47.02	The Financial expenses decreased by RMB299 million as compared with the same period of the previous year, mainly due to (i) the decrease of 0.56 percentage point in average indirect financing cost in 2023 as compared to the corresponding period of the previous year, resulting in the decrease of RMB59 million in accumulated financial expenses as compared to the corresponding period of the previous year; (ii) the decrease of RMB162 million in exchange losses of H shares convertible bonds arising from exchange rate fluctuations as compared to the corresponding period of the previous year.
R&D expenditure	492	727	-32.32	The R&D expenditure decreased by RMB235 million as compared to the same period of the previous year, mainly due to the decrease in trial production expenses for new products.

	2023	2022	Year-on-year increase/ decrease (%)	Explanations on material change
Income tax expenses	-919	-407	-125.80	The income tax expenses decreased by RMB512 million as compared to the same period of the previous year, which was mainly due to (i) the year-on-year decrease in the profit of the Company as compared to the previous year, and the decrease in the income tax expenses by RMB352 million for the current year as compared to the same period of the previous year; (ii) the decrease of RMB160 million in deferred income tax expense resulting from deferred income tax assets recognized for offsetting losses in the current year as compared to the same period of the previous year.

4. 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
Research on Steel Used for Railway Vehicle Bogie under the Environment of Sandstorms and Snow Grains	To realize home-made bogie steel and achieve application and demonstration.	Has successfully completed the upgrade of the localized technical agreement entered into between it and Qingdao Sifang and commenced product supply.	To replace the steels used for the bogie of high-speed EMUs with home-made steel.	To retain our status as the sole eligible domestic supplier of high-speed electric multiple units (EMUs) which are capable of traversing at speeds exceeding 350 kilometers per hour.
Research on Weather-proof and Corrosion-resistant Steel for Photovoltaic Brackets	To successfully develop high-strength and corrosion-resistant steel for photovoltaic brackets and achieve small-scale supply.	Has successfully developed high-strength and corrosion-resistant steel for photovoltaic brackets, and successfully applied it to the first megawatt-scale photovoltaic project independently invested in Chaoyang.	To promote the use of high-strength and corrosion-resistant steel for photovoltaic brackets to become a new product with a production scale of 10,000 tons.	To expand the application areas of Angang's corrosion-resistant steel to support green and low-carbon development.
Development of Hot Rolled Coils used for High-output, Ultra-high-strength X100 Pipeline	To fill the gaps of Angang and improve Angang's iteration ability and influence in respect of technology in steel used for pipeline.	Has completed the industrial trial production of X100 hot rolled coils, and its composition and performance meet the requirements of API 5L and Q/SY TGRC standards.	To successfully complete the industrial trial production of X100 coils and apply it to the production of pipes, which have been evaluated and certified as qualified by a third party.	To lead the development of pipeline steel at home and increase its market share.

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Development of Steel used for Ultra-Fine Conductive Wire	To develop a stable production process for rolling of steel wire rod used for ultra-fine conductive wire. The steel wire rod inclusions, microstructure, mechanical properties and surface quality of copper-clad steel can meet the user requirements.	Chemical composition design has been completed, and microstructure uniformity control has been carried out. The surface quality and mechanical properties of the steel wire rod have met the requirements of the users.	To achieve a material rolling rate of over 95%, a defect-free surface for the steel wire rod, and a finished wire diameter of below 0.1mm.	It will increase the market share of our conductive steel.
Development of All-Season Production Process and Application of On-line Heat-Treated Rail	To achieve the production of on-line heat-treated steel rails under ambient temperatures above -5 ℃ and ensure bulk supply.	Through the research and accumulation of on-line heat treatment process parameters for quenched rail under different temperatures throughout the year, the whole-year production process system for on-line heat-treated rail at ambient temperatures above -5 ℃ has been determined, thus ensuring the stable production of online heat-treated rail throughout the year.	To establish an on-line heat treatment production process for steel rails at ambient temperatures above -5 ℃ and achieve mass production and supply; the qualification rate for the mechanical properties of the on-line heat-treated steel rails should be ≥90%.	The on-line heat-treated steel rails of Angang will no longer be restricted by ambient temperatures and can achieve mass production and supply under conditions above -5 ℃ .

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	To complete the development of 585MPa-grade containment steel plates for CAP1000, establish a stable production process, and achieve a supply of steel plates exceeding 1,000 tons with a qualification rate of over 95%.	A total supply of 4,230 tons of the third-generation nuclear reactor containment steel under the SA-738Gr.B contract has been completed throughout the year, with a one-time qualification rate of over 95%.	Based on the analysis of previous production data and relevant technical reserves of SA-738Gr.B, the goal is to develop the formulation of the steel grade chemical composition system and production process route, ultimately achieving mass supply.	It will continue to maintain its competitiveness in the third-generation nuclear reactor containment steel market and become a stable source of profit growth for 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 development of corrosion-resistant steel plates that are 2.6 times more corrosion-resistant than traditional steel plates has been completed.	The goal is to establish the key preparation technologies and industrial production capacity for corrosion-resistant steel plates. The developed corrosion-resistant steel plates should have a yield strength (Rel) of ≥ 345 MPa, ultimate tensile strength (Rm) of ≥ 490 MPa, elongation (A) of $\geq 20\%$, impact toughness (AKV) at $-20\text{ }^{\circ}\text{C}$ of ≥ 100 J. The corrosion resistance of the steel plates should be improved by more than three times compared to traditional steel plates.	It will meet the infrastructure material demands for the implementation of China's maritime strategy, address the persistent key technical challenges in the steel development for marine architectural structures, and establish a production capacity for high-performance marine architectural structure steel that is both stable in quality and produced in large quantities.

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Research on Key Technologies for Manufacturing High Serviceability Steel Plates in Polar Regions	(1) To develop 36Kg, 40Kg, and 47Kg polar ship steel with a maximum thickness of 50mm. (2) To release two enterprise standards or group standards.	Laboratory preparation of prototype steel, comprehensive performance evaluation and industrial trials have been completed.	To solve the “stranglehold” problems of China’s high-end marine equipment materials and promote technological progress in the shipbuilding and metallurgical industries, thus contributing to the development of the national energy strategy and enhancing international competitiveness in high-end marine equipment.	It will improve products’ profitability, enhance the brand value and the Company’s voice in the field.

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Process and Product Development of the Green and Low Carbon Automotive Steel of Angang Steel Company Limited	To conduct research on process technology and product development of green and low-carbon automotive steel, to establish production process routes for blast furnace-converter, abandoned steel-electric furnace, and direct-reduced-iron-electric furnace or converter, to achieve carbon reduction targets of 10%, 30%, and 35%, and to develop green and low-carbon automotive steel products for demonstration applications.	Angang Steel has completed a process route based on the blast furnace-converter production process plus abandoned steel (increasing the abandoned steel ratio), and achieved the stable production of automotive steel products with 30 per cent carbon reduction.	(1) To develop green and low-carbon automotive steel products; (2) To complete the industrial production of green and low-carbon automotive steel; (3) To realize the demonstration applications of green and low-carbon automotive steel.	It will help develop a low-carbon product production process path that is in compliance with the actual situation of production of Angang Steel and of its characteristics so as to empower the realization of the green, low-carbon and high-quality development of the Company.
Development of High-quality Hot-dip Aluminium-Silicon Coated Steel Plate Product Process	To complete the technological transformation of Angang Steel's aluminium-silicon coated steel plate production line, and to develop high-quality hot-dip aluminium-silicon coated steel plate products.	Both the production line modification and technology integration, and the development of 550MPa~2000MPa aluminium-silicon coated hot-formed steel plates have been completed.	(1) To conduct R&D of aluminium-silicon coated hot-formed automotive steel products; (2) To complete the integration of core process technologies for the industrial production of aluminium-silicon coated steel plates; (3) To achieve the demonstration applications of aluminium-silicon coated steel plates for automotive steel.	The newly added product line of hot-dip aluminium-silicon coated steel plates will help enhance the capability to supply a full range of automotive steel plates.

Names of main R&D projects	Purpose	Progress	Proposed objectives	Expected effects on the future development of the Company
Research on Key Production Technology of Cold-rolled Advanced High-strength Steel	To achieve stable production of cold-rolled advanced high-strength steel cold hard plates.	The research on laser welding technology and surface control technology for cold-rolled advanced high-strength steel has been completed. The optimization of the rolling model for cold-rolled advanced high-strength steel has been realized, and a plan for extreme specifications and high-precision plate shape control has been put forward.	To develop key production technologies for cold-rolled advanced high-strength steel, with a typical steel grade yield ratio of 91% or higher.	It will help achieve efficient and stable production of cold-rolled advanced high-strength steel and increase its market share as well.
Research on the Analysis and Control of Surface Micro-morphology of High-grade Surface Cold-rolled Steel Strip	To achieve effective control of the surface morphology and parameters of high-grade surface cold-rolled steel strip to match the no-medium-coating process upgrade of downstream users.	The research on surface characteristics and genetic laws of high-grade surface quality cold-rolled strip steel has been completed, and a product-specific roll grinding control programme has been formed.	To form the surface micro-morphology control technology of high-grade surface quality cold-rolled steel strip, and ensure that surface parameters meet downstream users' requirements, $W_{sa} \leq 0.35 \mu m$.	It will help achieve stable control of the surface morphology of high-grade cold-rolled steel strip, thereby increasing its market share.

R&D staff of the Company:

	2023	2022	Year-on-year increase/ decrease
Number of R&D staff (<i>person</i>)	2,278	2,185	4.26%
Percentage of the number of R&D staff in the Company	8.45%	7.46%	Increased by 0.99 percentage
Educational background of R&D staff			
Bachelor	1,484	1,414	4.95%
Master	441	418	5.50%
Age structure of R&D staff			
Below 30	115	121	-4.96%
30~40	694	704	-1.42%
Above 41	1,469	1,360	8.01%

R&D expenditure of the Company:

	2023	2022	Year-on-year increase/ decrease
Amount of R&D expenditure (RMB million)	2,852	2,621	8.81%
Percentage of R&D expenditure in operating income	2.51%	2.0%	Increased by 0.51 percentage
Amount of capitalization of R&D expenditure (RMB million)	–	–	–
Percentage of capitalization of R&D expenditure in the R&D expenditure	–	–	–

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

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

Applicable Not Applicable

5. Cash flow

Unit: RMB million

Item	2023	2022	Year-on-year increase/ decrease
Sub-total of cash inflow from operating activities	115,177	133,193	-13.53
Sub-total of cash outflow from operating activities	113,598	127,054	-10.59
Net cash flow from operating activities	1,579	6,139	-74.28
Sub-total of cash inflow from investing activities	327	409	-20.05
Sub-total of cash outflow from investing activities	3,277	4,378	-25.15
Net cash flow from investing activities	-2,950	-3,969	25.67
Sub-total of cash inflow from financing activities	10,194	3,174	221.17
Sub-total of cash outflow from financing activities	10,728	5,649	89.91
Net cash flow from financing activities	-534	-2,475	78.42
Net increase of cash and cash equivalents	-1,872	-305	-513.77

➤ 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 decreased by RMB4,560 million as compared with the same period of the previous year, mainly because (i) the cash received from sales of goods and rendering of services decreased by RMB17,879 million as compared with the same period of the previous year; (ii) the cash paid for goods purchased and services received decreased by RMB11,912 million as compared with the same period of the previous year; and (iii) the payment for various taxes decreased by RMB1,840 million as compared with the same period of the previous year.
- (2) Net cash outflow from financing activities decreased by RMB1,941 million as compared with the same period of the previous year, mainly because (i) the cash received from borrowings obtained increased by RMB7,142 million as compared with the same period of the previous year; (ii) the cash payment for repayment of debts increased by RMB7,202 million as compared with the same period of the previous year; and (iii) a decrease of RMB2,150 million in cash payment for distribution of dividends, profits or payment of interest as compared with the same period of the previous year.
- (3) Net increase in cash and cash equivalents decreased by RMB1,567 million as compared with the same period of the previous year, mainly because (i) the net cash inflow from operating activities decreased by RMB4,560 million as compared with the same period of the previous year; (ii) the net cash outflow from investing activities decreased by RMB1,019 million as compared with the same period of the previous year; (iii) the net cash outflow from financing activities decreased by RMB1,941 million as compared with the same period of the previous year; (iv) the impact of exchange rate changes on cash and cash equivalents increased by RMB33 million as compared with the same period of the previous year.

- 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	-3,223
Add: Provision for impairment on assets	131
Credit impairment loss	-15
Depreciation of fixed assets	3,338
Amortization of intangible assets	267
Depreciation of right to use assets	164
Loss on disposal of fixed assets, intangible assets and other non-current assets (“-” for gains)	-1
Loss on scrap of fixed assets (“-” for gains)	23
Loss on the change of fair value (“-” for gains)	-45
Financial expenses (“-” for gains)	187
Investment loss (“-” for gains)	-317
Decrease in deferred tax assets (“-” for increase)	-703
Increase in deferred tax liabilities (“-” for decrease)	-244
Decrease in inventories (“-” for increase)	-3,127
Decrease in operating receivables (“-” for increase)	3,325
Increase in operating payables (“-” for decrease)	1,863
Others	-44
Net cash flow from operating activities	1,579

6. Liquidity and financial resources

As at 31 December 2023, the Group had long-term loans (exclusive of loans due within one year) of RMB5,199 million with average interest rate of 2.64% per annum and a term of three 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 2023, 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”. In 2023, over 10 financial institutions that had cooperated with the Company provided credit facilities to the Company. The Group is capable of repaying its debts when they become due.

As at 31 December 2023, cash and bank balances of the Group denominated in foreign currencies was RMB1 million (31 December 2022: RMB1 million).

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

	<i>Unit: RMB million</i>	
	31 December 2023	31 December 2022
RMB	3,220	5,092
US dollars	1	1
HK dollars	–	–
Others	–	–
	<hr/>	<hr/>
Sub-totals	<u>3,221</u>	<u>5,093</u>

As at 31 December 2023, the Group had a total capital commitment of RMB2,436 million, which was primarily the construction and renovation contracts of RMB2,197 million entered into but not yet performed or partially performed and foreign investment contracts of RMB239 million entered into but not yet performed or partially performed.

7. 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.

8. 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.

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	317	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	45	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)	-131	Not Applicable	Mainly included provision for impairment on inventories.	No
Credit impairment loss (“-” for losses)	15	Not Applicable	Mainly included reversal of provision for impairment on account receivables.	No
Other gains	52	Not Applicable	Mainly included gains on government grants.	No
Non-operating income	54	Not Applicable	Mainly included gains on scrap of non-current assets.	Yes
Non-operating expenses	47	Not Applicable	Mainly included losses on scrap of non-current assets.	Yes

ANALYSIS OF ASSETS AND LIABILITY

1. Significant changes in composition of assets

Unit: RMB million

	End of 2023		Beginning of 2023		Increase/ decrease <i>(Percentage point)</i>	Explanation for significant amount change
	Amount	As a percentage of total assets <i>(%)</i>	Amount	As a percentage of total assets <i>(%)</i>		
Monetary capital	3,221	3.32	5,093	5.25	-1.93	
Account receivables	1,693	1.75	2,838	2.93	-1.18	
Inventories	16,565	17.07	13,575	14.00	3.07	
Long-term equity investments	3,486	3.59	3,169	3.27	0.32	
Fixed assets	48,692	50.19	46,985	48.44	1.75	
Construction in progress	6,887	7.10	6,732	6.94	0.16	
Right-of-use assets	7	0.01	761	0.78	-0.77	
Short-term loans	1,330	1.37	1,579	1.63	-0.26	
Contract liabilities	5,186	5.35	6,393	6.59	-1.24	
Long-term loans	5,199	5.36	600	0.62	4.74	
Lease liability	2	0.00	226	0.23	-0.23	

A high proportion was recorded in offshore assets

Applicable Not Applicable

2. 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. Derivative financial assets	37	-34						3
3. Other credit investment								
4. Other equity instrument investment	641		235					672
5. Other non-current financial assets	33	6					52	91
Sub-total of financial assets	711	-28	235				52	766
Investment properties								
Productive biological assets								
Others								
Total	711	-28	235				52	766
Financial liabilities	41	-35						6

Material changes in measurement of major assets during the Reporting Period

Yes No

3. Gearing ratio

As at 31 December 2023 and 31 December 2022, the Group's ratio of equity to liability was 1.33 times and 1.53 times, respectively. This ratio is calculated on the basis of total shareholders' equity divided by total liabilities.

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

Nil.

5. Contingent liabilities

As at 31 December 2023, the Group had no contingent liabilities.

ANALYSIS ON THE CORE COMPETITIVENESS

1. Product competitiveness

The Company has a complete range of steel products, with certain differentiation advantages and high brand awareness 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", and dozens of products, such as hot-rolled acid-washed steel strips, cold-rolled hot-dip aluminium-zinc coated plates, structural steel for bridges, and so on, have been appraised as "Golden Cup Award". In addition, seven types of products, such as steel cord coils, have been appraised as "Liaoning Province famous brand". Shipbuilding steel, bridge steel, nuclear power steel, pipeline steel, railway steel, household appliance steel, among others, as the Company's dominant products, have a high market share, and are well recognized and praised by downstream customers. Steel for railway vehicles, conductive steel, nuclear steel market share ranked first in the domestic industry with the market shares of rails, pipeline steel ranking the second in domestic industry. Angang Steel was awarded "Outstanding Strategic Partner" by BYD, "Excellent Supplier" by Dongfeng Nissan, "Core Supplier", "Glorious Partner" and "Synergistic Development" awards by Faw Jiefang, "Quality Leadership" award of JAC, "Strategic Ecology Award" of Changan Automobile, "Excellent Supplier" award of GAC Passenger Vehicle, "Excellent Cooperation Award" of GAC Aion, "Excellent Supplier of CIMC Container", "Strategic Partner Award" of Hisense Group, "Excellent Partner Award" of Haier Home Automation, and many other customer awards. We won the China Steel Association's Home Appliance Material Innovation and Application Award.

2. Security of iron ore resources

Anshan has abundant iron ore resources, with 8.8 billion tonnes of iron ore resources in the hands of mining companies under the Angang Group; it has a production capacity of 280 million tonnes/year of mining and stripping, 65.00 million tonnes/year of ore processing, and 22.00 million tonnes for iron ore concentrates, which is the highest in the PRC and ranks among the top in the world. In addition, Angang Group owns the Carrara iron ore base with an annual production capacity of 8 million tonnes, and has a strong capacity for international trade in iron ore.

3. Scientific and technological innovation

The Company possesses advanced process technologies leading the development of the industry, such as clean steel smelting, medium-thick plate rolling, cold rolling coating, process control based on big data, energy saving and environmental protection, and has controlled a batch of core, leading, basic and cutting-edge key technologies, and is in the first echelon of the metallurgical industry in terms of the number of patent applications, the number of patents and authorizations and the number of know-how, and its patent innovation index ranks third in the comprehensive ranking among China's iron and steel enterprises. In addition, its comprehensive R&D strength is in the leading position in the steel industry, with strong science and technology innovation capability.

The products' comprehensive R&D strength lies in the leading position in the steel industry. The research and development of new types of ship plates and railway rails as well as rail production technology have reached the leading level in the world; the technology and craftsmanship level of high-strength, thick-walled pipeline steel series for deep-sea high-pressure oil and gas transmission runs in the forefront in the industry; and there is the first State Key Laboratory of Metal Materials and Application for Marine Equipment in China. In 2023, it was the first around the world to launch three products such as P690QL2 steel for the cargo tank of liquefied carbon dioxide carriers; the national major science and technology project on "Development of High-purity, Homogenised Continuous Casting Billet for Nuclear Power Heavy Forgings and Development of Extra-thick Steel Plates for Containment Structures" won national acceptance; the re-engineering of industry foundation and high-quality development of manufacturing industry special project on "AI-Si coating hot-formed steel" of the Ministry of Industry and Information Technology won national acceptance; it is responsible for undertaking the research of 6 key technologies in 3 areas of future industries; and the project on "Key Technology Development and Industrialisation of Steel for Third Generation Ultra-large Capacity Cryogenic Pipelines" won the special prize of the Metallurgical Science and Technology Award.

4. Intellectual property

In 2023, the Company obtained 742 patents accepted by the State, of which 544 were invention patents, accounting for 73.3%, an increase of 4.7% year-on-year; obtained 7 PCT international invention patent applications, representing an increase of 40% year-on-year; obtained 520 nationally granted patents, of which 301 were invention patents, accounting for 57.9%, representing an increase of 8.6% year-on-year; and accumulated 3,811 valid patents, of which 2,515 were invention patents, accounting for 66.0%, representing an increase of 4.0% year-on-year; obtained 5 PCT international invention patent licenses, and 2 Paris Convention international invention patent licenses. 95 patented technologies were recognized as filed, and 25 computer software copyrights were applied for. The Company has launched 6 patent navigation projects, including “Green Hydrogen Manufacturing Technology”, and formed a patent portfolio of 55 inventions in 9 technical fields, including “New Energy Battery Shells with Automotive Steel”. The Company has passed the review of “National Intellectual Property Advantageous Enterprise” by the State Intellectual Property Office, and 10 product patents have been registered on the “Pilot Platform for the Recognition of National Patent-intensive Product Filing”.

5. Technology and equipment

Low-cost blast furnace iron making technology, rapid selection technology of coking coal and converter ultra-pure steel production technology are among the best of the PRC. The technical equipment of 1,780, 2,150 and 1,580 hot rolling production line, cold rolling production line, wire rods 2# lines and universal lines and wide and thick plate production line have reached the domestic advanced level, while the self-integrated cold rolling wide strip production technology, self-developed, applied cold rolling mill shape control system core technology and wide and thick plate production technology have all reached the internationally advanced level. The 1580 hot rolling production line adopts a number of internationally leading hot rolling technologies, and is equipped with a fixed-width press, a hot roll box, and seven continuous rolling units. The 5500 line is one of the largest wide and thick plate rolling mills in the world. The equipment and processes of the pipeline base have reached the global advanced level, realizing large-scale equipment, continuous process, parameter modeling, operation automation, informed management and digital information.

6. Corporate culture

After accumulating, generalizing, extracting, sublimating the spirit of the past generations, the Company has established a profound corporate culture with “Innovation, Factualism, Hard Work and Contribution” as its core value and gave birth to the “Angang Constitution” which is praised as the fundamental law for running socialist enterprises. It abounds in heroic figures like Meng Tai, Lei Feng, Wang Chonglun as well as advanced models in the new period including Guo Mingyi and Li Chao. Its “model culture” plays an irreplaceable role in making concerted efforts.

SIGNIFICANT EVENTS

(I) Performance of Undertaking

1. 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	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
Undertaking made during the restructuring of assets	Angang Holding	Industry competition commitments	The Non-competition Undertaking Letter of Anshan Iron & Steel Group Complex (《鞍山鋼鐵集團公司避免同業競爭承諾函》): (1) Angang Holding and its wholly-owned and holding subsidiaries have complied with relevant requirements of the state on the non-competition. (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. (3) Angang Holding undertakes that the Company is entitled to the pre-emptive rights for the assets and business to be disposed by Angang Holding or the wholly-owned and controlling subsidiaries of Angang Holding, which are related to the iron and steel business of the Company.	Letter of 20 May 2007	Indefinite	There was no breach of such undertaking

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			<p>(4) If the enterprises in which Angang Holding holds equity interests produce products or engage in business which compete or may compete with the Company, Angang Holding undertakes that 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.</p>			
			<p>(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.</p>			
			<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>			

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
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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.

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.

(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.

Reason for Undertaking	Undertaking Party	Type of Undertaking	Contents of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
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Such undertakings became effective from the date of issuance, and shall be terminated once one of following conditions occurs:

- (1) Angang Holding ceases to be the controlling shareholder of the Company.
- (2) The shares of the Company cease to be listed on any stock exchanges (except for temporary suspension of the shares of the Company due to any reason)
- (3) When the state does not require the contents of certain undertakings, relevant section shall be terminated automatically.

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.

Whether the commitments are fulfilled on time

Yes

2. 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 ITS RELATED PERSONS

Applicable Not Applicable

(III) NON-COMPLIED EXTERNAL GUARANTEE

Applicable Not Applicable

(IV) THE BOARD OF DIRECTORS' EXPLANATION REGARDING THE RELATED INFORMATION OF THE LATEST "NON-STANDARD AUDIT OPINION"

Applicable Not Applicable

(V) THE EXPLANATION OF THE BOARD OF DIRECTORS, 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

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

Applicable Not Applicable

On 30 November 2022, the Ministry of Finance published Interpretation No. 16 of the Accounting Standards for Business Enterprises (Caikuai [2022] No. 31 ("**Interpretation No. 16**")), stipulating that for single transactions which are not business combinations involving neither accounting profit nor taxable income (or deductible losses) at the time of the transaction, and which result in the recognition of assets and liabilities that give rise to an equivalent amount of taxable temporary differences and deductible temporary differences (including lease transactions in which the lessee initially recognizes a lease liability at the commencement date of the lease term and includes the right-of-use asset), the exemption from the requirement of initially recognizing deferred tax liabilities and deferred tax assets shall not apply. Enterprises should recognize corresponding deferred income tax liabilities and deferred income tax assets respectively when the transaction occurs in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 18 – Income Taxes.

Enterprises shall make adjustments to taxable temporary differences and deductible temporary differences arising from individual transactions to which the requirement applies that occur between the beginning of the earliest period for which the requirement applies in the financial statements in which it is first applied and the date of application, as well as lease liabilities and right-of-use assets recognised at the beginning of the earliest period for which the requirement applies as a result of individual transactions in which the requirement applies, in accordance with the requirements of the requirement.

The Company implemented the requirement from 1 January 2023 and the key impacts of implementing the requirement are set out below:

Unit: RMB million

Items	31 December 2021/for the year of 2021 (Consolidated)			31 December 2021/for the year of 2021 (Parent company)		
	After Change	Before Change	Impact	After Change	Before Change	Impact
Deferred income tax assets	830	744	86	757	671	86
Deferred income tax liabilities	329	157	172	293	122	171
Undistributed profit	12,093	12,179	-86	16,183	16,268	-85
Income tax expense	2,047	1,961	86	1,424	1,339	85

Unit: RMB million

Items	31 December 2022/for the year of 2022 (Consolidated)			31 December 2022/for the year of 2022 (Parent company)		
	After Change	Before Change	Impact	After Change	Before Change	Impact
Deferred income tax assets	1,562	1,506	56	1,500	1,444	56
Deferred income tax liabilities	347	157	190	338	149	189
Undistributed profit	10,118	10,252	-134	14,098	14,231	-133
Income tax expense	-407	-455	48	-660	-708	48

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

Applicable Not Applicable

1. During the year, Technology and Development, the Company's wholly-owned subsidiary, was separated as Materials Technology and Technology and Development. Technology and Development was renamed as Jinsuoju.
2. During the year, the Company deregistered Delin Zhilian, a subsidiary of the Company.
3. During the year, the Company's wholly-owned subsidiary, Chemical Technology, established a new controlling subsidiary, namely Lvxingding (綠鑫鼎)。

(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
Continued term of auditing service of the PRC accounting firm	1 year
Name of certified public accountants of the PRC accounting firm	Zhang Junshu (張軍書), Gu Xin (顧欣)
Continued term of auditing services by certified public accountants of the PRC accounting firm	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

Whether the change of accounting firm fulfils the approval procedures

Yes No

Detailed description of the reappointment or change of accounting firm: 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 appointed BDO China Shu Lun Pan Certified Public Accountants LLP as the annual auditing accounting firm of the Company for the year 2023. The Company has had prior communication with ShineWing Certified Public Accountants (special general partnership) and BDO China Shu Lun Pan Certified Public Accountants LLP in relation to the proposed change of accounting firm and the former and the latter firms had no objections to the proposed change. On 29 May 2023, the Company's 2022 annual general meeting approved the resolution "On the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's auditor for the year 2023".

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 2023 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.

(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.

(XII) PENALTIES AND RECTIFICATIONS

Applicable Not Applicable

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

(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. Related party transactions related to daily operations

Related party	Related relationship	Type of related transaction	Content of related transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	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 principle	-	16,918	19.76		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 principle	-	2,793	3.26		In cash	-
Angang Group Zhongyuan Industry Development Co., Ltd. (鞍鋼集團眾元產業發展有限公司)	Controlled by the same controlling shareholder	Purchase goods/Receive services	Purchase main materials	Market principle	-	1,988	2.32		In cash	-
Angang International Trade (鞍鋼國貿公司)	Controlled by the same controlling shareholder	Purchase goods/Receive services	Purchase main materials	Market principle	-	1,596	1.86	39,769	In cash	-
Angang Cast Steel Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/Receive services	Purchase main materials	Market principle	-	796	0.93		In cash	-
Bensteel Group Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/Receive services	Purchase main materials	Market principle	-	402	0.47		In cash	-
Angang Group	Controlled by the same controlling shareholder	Purchase goods/Receive services	Purchase main materials	Market principle	-	402	0.47		In cash	-
Sub-total	-	-	Purchase main materials	-	-	24,895	29.07		-	-

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 (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Pangang Group Company Limited	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	586	1.86		In cash	-
Bensteel Group Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	396	1.26	No	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	Purchase steel products	Market principle	-	362	1.15		In cash	-
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	33	0.10		In cash	-
Sub-total	-	-	Purchase steel products	-	-	1,377	4.37		-	-

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 (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions	
											Transaction Cap (RMB million)
Anshan Iron and Steel Metallurgical Furnace Material Technology Co., Ltd. Angang Refractory Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	963	12.86		In cash	-	
		Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	714	9.53		In cash	-	
		Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	273	3.64	3,702	No	In cash	-
Angang Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	243	3.24		In cash	-	
		Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	519	6.93		In cash	-	
Sub-total	-	-	Purchase auxiliary materials	-	-	2,712	36.20		-	-	
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Procurement of energy and power	Market principle	-	148	12.93	2,011	No	In cash	-
		-	Procurement of energy and power	-	-	148	12.93		-	-	
Sub-total	-	-	Procurement of energy and power	-	-	148	12.93		-	-	

Related party	Related relationship	Type of related transaction	Content of related party transaction	Pricing principle of related party transaction	Related party transaction price (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Delin Land Port Supply Chain Service Co., Ltd. (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	1,291	7.54	In cash	-
Ansteel Group Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	1,253	7.31	In cash	-
Angang Engineering Technology Co., Ltd.	Connected person of controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	1,225	7.15	In cash	-
Angang Group Zhongyuan Industry Development Co., Ltd. (鞍鋼集團眾元產業發展有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	1,018	5.94	In cash	-
Angang Group	Controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	864	5.04	In cash	-
Ansteel Information Industry Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	449	2.62	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 principle	-	446	2.60	In cash	-
Angang Auto Transport Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	278	1.62	In cash	-
Angang Yingkou Port Affairs Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	234	1.37	In cash	-

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 (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Transaction Cap (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang International Trade (鞍鋼貿易公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	212	1.24			In cash	-
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	720	4.20			In cash	-
Sub-total	-	-	Receive supporting services	-	-	7,990	46.63			-	-

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 (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Delin Land Port Supply Chain Service Co., Ltd. (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	6,524	4.22		In cash	-
Angang International Trade (鞍鋼貿公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	623	0.40		In cash	-
Angang Group Zhongyuan Industry Development Co., Ltd. (鞍鋼集團元產業發展有限公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	334	0.22		In cash	-
Anshan Falan Packing Material Co. Ltd.	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	277	0.18	No	In cash	-
Angang Auto Transport Co., Ltd.	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	229	0.15		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 principle	-	217	0.14		In cash	-
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	528	0.34		In cash	-

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 (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Transaction Cap (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Sub-total	-	-	Sales of products	-	-	8,732	5.65	-	-	-	-
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sell scrap steel material, abandoned material, minus sieve powder	Market principle	-	302	90.42	766	No	In cash	-
Sub-total	-	-	Sell scrap steel material, abandoned material, minus sieve powder	-	-	302	90.42	-	-	-	-
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Provide Comprehensive services	Market principle	-	406	21.25	1,769	No	In cash	-
Sub-total	-	-	Provide Comprehensive services	-	-	406	21.25	-	-	-	-

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 (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Transaction Cap (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Settle fund and deposit interests	Market principle	-	43	70.49	100	No	In cash	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Maximum daily deposit balance	Market principle	-	4,895	-	5,000	No	-	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Credit business interest	Market principle	-	1	0.42	250	No	In cash	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Entrusted loan interest	Market principle	-	-	-	100	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring	Market principle	-	-	-	1,000	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring interest	Market principle	-	-	-	50	No	In cash	-
Particulars on refund of bulk sale											
-											

Related party	Related relationship	Type of related transaction	Content of related transaction	Pricing principle of related party transaction	Related party transaction price	Related party transaction amount (RMB million)	As a percentage of the amount of similar transactions (%) (RMB million)	Whether exceeding approved cap	Settlement method of related party transactions	Market price of available similar transactions
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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 2023 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 2023 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.

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

Applicable Not Applicable

Unit: RMB million

Joint Investors	Related relationship	Name of the investee	Principal business of the investee	Registered capital of the investee	Total assets of the investee	Net assets of the investee	Net profit of the investee
Pangang Group Panzhihua Steel Vanadium Co., Ltd. and Pangang Group Xichang Steel & Vanadium Co., Ltd.	Under control by a common controlling shareholder	Lvxinding	Coking; production of chemical products (excluding licensed chemical products); manufacture of special-purpose chemical products (excluding hazardous chemicals); manufacture of graphite and carbon products; sale of fertilisers; research and development of new materials technology; research and experimental development of engineering and technology; technical services, technological development, technological consulting, technological exchanges, technological transfers, technological promotion; sewage treatment and recycling; import and export of goods; import and export of technology.	180	14	14	0
Progress of major projects (if any) under construction of the investee			-				

Note: The registered capital of Lvxinding was RMB180 million, of which, Chemical Technology, Pangang Group Panzhihua Steel Vanadium Co., Ltd. and Pangang Group Xichang Steel & Vanadium Co., Ltd. subscribed capital contribution of RMB108 million, RMB36 million and RMB36 million, respectively. As at 31 December 2023, the three parties had contributed RMB14 million, RMB0 million and RMB0 million, respectively.

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.

5. **Transaction with connected financial company**

Applicable Not Applicable

Unit: RMB million

Deposit business

Connected party	Connected relationship	Maximum daily deposit limit	Range of deposit interest rate	Balance as at the beginning of the period	Amount during the period		Balance as at the end of the period
					Total amount deposited during the period	Total amount withdrawn during the period	
Angang Financial Company	Controlled by the same controlling shareholder	5,000	0.455%-1.9%	4,224	388,478	390,217	2,485

Loan business

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

Credit or other financial business

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

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

Applicable Not Applicable

7. *Other major related party transactions*

None.

8. *Opinions of independent non-executive Directors*

(1) The Daily Connected Transactions (i.e. Continuing Connected Transactions) of the Company in 2023 were carried out in the ordinary and usual course of business of the Company; (2) the Continuing Connected Transactions of the Company in 2023 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 2023 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 and the Supplement Agreement to the Continuing Connected Transaction Agreements of the Company in 2023 did not exceed the relevant applicable caps as specified under 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.

9. *Opinions of auditors*

The auditors have reviewed the non-exempt continuing connected transactions conducted during the year 2023 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.

XV. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

1. *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 RMB123 million in 2023.

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

2. *Material guarantee*

Applicable Not Applicable

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

3. *Entrusted cash assets management*

(1) *Entrusted cash assets management*

Applicable Not Applicable

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

(2) *Entrusted loans*

Applicable Not Applicable

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

4. Other significant contracts

Applicable Not Applicable

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

On 10 February 2023, the Company completed the repurchase and cancellation of 2,040,931 restricted shares granted but not yet released from restriction of sale held by 12 original incentive participants at the Shenzhen branch of China Securities Depository and Clearing Company Limited. On 21 July 2023, the Company completed the repurchase and cancellation of 1,128,370 restricted shares granted but not yet released from restriction of sale held by 12 original incentive participants at the Shenzhen branch of China Securities Depository and Clearing Company Limited. On 19 December 2023, the Company completed the repurchase and cancellation of 15,590,555 restricted shares granted but not yet released from restriction of sale held by 197 original incentive participants at the Shenzhen branch of China Securities Depository and Clearing Company Limited.

On 25 May 2018, the Company issued HK\$1,850,000,000 zero coupon convertible bonds on the Hong Kong Stock Exchange, which were listed and traded on the Hong Kong Stock Exchange on 28 May 2018 and due on 25 May 2023. According to the relevant terms of the bond issue, the Company redeemed the remaining principal amount of the bonds of HK\$1,818,000,000 bonds on the maturity date of the convertible bonds on 25 May 2023 which the convertible bonds were fully redeemed. No conversion has taken place up to the maturity date.

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

CORPORATE GOVERNANCE PRACTICE

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, and the Company has properly complied with the code provisions of the Corporate Governance Code except for the following matters. According to Article F.2.2 of the Corporate Governance Code in Appendix C1 of the Listing Rules of the Hong Kong Stock Exchange, “The Chairman shall attend the annual general meeting...” In 2023, due to business engagement, Mr. Wang Yidong, the Chairman of the Company did not attend the annual general meeting in person and entrusted Mr. Zhang Hongjun, a director of the Company, to attend and preside over the meeting.

AUDIT COMMITTEE

The Audit Committee and the management of the Company have jointly examined the Company’s accounting policy and have discussed 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 2023.

CONSOLIDATED BALANCE SHEET

As at 31 December, 2023

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Item	Notes	31 December 2023	31 December 2022
Current assets:			
Cash and cash equivalents		3,221	5,093
Derivative financial assets		3	37
Notes receivable		81	173
Accounts receivable	2	1,693	2,838
Receivables financing		1,618	1,824
Prepayments		2,967	5,113
Other receivables		68	27
Including: Interests receivable			
Dividends receivable		27	
Inventories		16,565	13,575
Other current assets		903	552
Total current assets		27,119	29,232
Non-current assets:			
Long-term equity investments		3,486	3,169
Other equity instrument investments		672	641
Other non-current financial assets		91	33
Fixed assets		48,692	46,985
Construction in progress		6,887	6,732
Right-of-use assets		7	761
Intangible assets		6,820	6,553
Deferred income tax assets		2,261	1,562
Other non-current assets		979	1,323
Total non-current assets		69,895	67,759
Total assets		97,014	96,991

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 31 December, 2023*

Item	<i>Notes</i>	31 December 2023	31 December 2022
Current liabilities:			
Short-term loans		1,330	1,579
Derivative financial liabilities		6	41
Notes payable		17,560	11,743
Accounts payable	3	6,924	8,854
Contract liabilities		5,186	6,393
Staff remuneration payable		83	158
Tax payable		141	255
Other payables		3,421	2,871
Including: Interests payable		6	6
Dividends payable			3
Non-current liabilities due within one year			4,260
Other current liabilities		537	
Total current liabilities		<u>35,188</u>	<u>36,154</u>
Non-current liabilities:			
Long-term loans		5,199	600
Bonds payable		299	299
Lease liability		2	226
Long-term payables		135	119
Long-term employee benefits payable		44	60
Deferred income		650	523
Deferred income tax liabilities		106	347
Total non-current liabilities		<u>6,435</u>	<u>2,174</u>
Total liabilities		<u>41,623</u>	<u>38,328</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 31 December, 2023*

Item	<i>Notes</i>	31 December 2023	31 December 2022
Shareholders' equity:			
Share capital		9,384	9,403
Capital reserve		33,853	33,879
Less: Treasury shares		32	96
Other comprehensive income		176	152
Special reserve		69	93
Surplus reserve		4,457	4,457
Retained earnings	4	6,797	10,118
Subtotal of Shareholders' equity attributable to shareholders of parent company			
		54,704	58,006
Minority interests		687	657
Total shareholders' equity			
		55,391	58,663
Total liabilities and shareholders' equity			
		97,014	96,991

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

*Person in charge of
accounting department:*
You Yu

CONSOLIDATED INCOME STATEMENT
For the twelve months ended 31 December 2023

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Item	Notes	January to December 2023	January to December 2022
I. Total operating revenue		113,502	131,072
Including: Operating revenue	5	113,502	131,072
II. Total operating cost		117,950	132,217
Including: Operating cost	5	114,037	128,022
Taxes and surcharges	6	846	1,083
Selling expenses		628	600
Administrative expenses		1,689	1,298
Research and development expenses		492	727
Finance expenses	8	258	487
Including: Interest expenses		285	391
Interest income		69	68
Add: Other incomes		52	87
Investment income (Loss is listed with “-”)		317	237
Including: Investment incomes in associates and joint ventures		338	235
Gain from fair-value changes (Loss is listed with “-”)		45	185
Credit impairment losses (Loss is listed with “-”)		15	65
Impairment on assets (Loss is listed with “-”)		(131)	337
Gains on disposal of assets (Loss is listed with “-”)		1	16
III. Operating profit (Loss is listed with “-”)		(4,149)	(218)
Add: Non-operating income		54	59
Less: Non-operating expenses		47	110
IV. Profit before tax (Loss is listed with “-”)		(4,142)	(269)
Less: Income tax expenses	9	(919)	(407)

CONSOLIDATED INCOME STATEMENT (CONTINUED)*For the twelve months ended 31 December 2023*

Item	<i>Notes</i>	January to December 2023	January to December 2022
V. Net profit (Loss is listed with “-”)		(3,223)	138
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with “-”)		(3,223)	138
2. Termination of business operating profit (Loss is listed with “-”)			
(II) Classification of ownership			
1. Net income attributable to the Company owners		(3,257)	108
2. Net income attributable to minority shareholders		34	30
VI. Other comprehensive income after tax		24	108
Other comprehensive income after tax attributable to parent company owners		24	108
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss		24	108
1. Net gain on other equity instruments at fair value through other comprehensive income		24	108
(II) Other comprehensive income which will be reclassified			
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method			
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income		(3,199)	246
Total comprehensive income attributed to the Company owners		(3,233)	216
Total comprehensive income attributable to minority shareholders		34	30
VIII. Earnings per share			
Basic earnings per share (<i>RMB/share</i>)	10	(0.347)	0.011
Diluted earnings per share (<i>RMB/share</i>)	10	(0.347)	0.011

Legal representative:
Wang Jun

Financial controller:
Wang Baojun

*Person in charge of
accounting department:*
You Yu

NOTES TO FINANCIAL STATEMENTS

For The Period Ended 31 December 2023

(Expressed in million RMB unless otherwise indicated)

1. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

The Group has evaluated the continuous operations ability for the 12 months from 31 December 2023, 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.

2. ACCOUNTS RECEIVABLE

(1) Classification of accounts receivable

Items	31 December 2023				Net Book Value
	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	676	30.07	549	81.21	127
Account receivable for which bad debt is prepared based on group combination	1,572	69.93	6	0.38	1,566
including: Risk-free group combination	771	34.30			771
Risk group combination on the basis of aging-matrix	801	35.63	6	0.75	795
Total	2,248	100.00	555	24.69	1,693
Items	31 December 2022				Net Book Value
	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	919	25.47	766	83.35	153
Account receivable for which bad debt is prepared based on group combination	2,689	74.53	4	0.15	2,685
including: Risk-free group combination	734	20.34			734
Risk group combination on the basis of aging-matrix	1,955	54.19	4	0.20	1,951
Total	3,608	100.00	770	21.34	2,838

2. ACCOUNTS RECEIVABLE (Continued)

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

Name	31 December 2022		31 December 2023			Reason
	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision	Percentage (%)	
Tianjin Property Group Finance Co., Ltd.	586	463	566	442	78.09	Notes overdue
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	67	66	67	67	100.00	Business is in trouble. It does not have repayment ability
Chongqing Lifan Finance Co., Ltd.	50	43	28	25	89.28	Notes overdue
Dongbei Special Steel Group Dalian material trading Co., Ltd.	15	15	15	15	100.00	Estimated uncollectible
HNA Group Finance Co., Ltd.	201	179				Notes overdue
Total	<u>919</u>	<u>766</u>	<u>676</u>	<u>549</u>		

(3) Accounts receivable classified by aging

Aging	31 December 2023	31 December 2022
Within 1 year	1,550	2,679
1 to 2 years	18	11
2 to 3 years		
3 to 4 years		832
4 to 5 years	594	
Over 5 years	86	86
Total	<u>2,248</u>	<u>3,608</u>

Note: In the above analysis, the aging of accounts receivable transferred from overdue notes receivable is calculated on the transfer date. The amount of accounts receivable due in 4-5 years is RMB594 million. Meanwhile, the rest of the accounts receivable are based on the invoice date.

2. ACCOUNTS RECEIVABLE (Continued)

(4) Bad debt provision

Type	31 December 2022	Increase/Decrease			31 December 2023
		Bad debt provision	Reverse	Others	
Accounts receivable	770	(16)		(199)	555

(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 2023

The total amount of top five accounts receivable according to closing balance of debtors of the Group was RMB1,560 million as of 31 December 2023, which accounted for 69.40% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB442 million as of 31 December 2023.

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

The Group transferred accounts receivable on a non-recourse basis of RMB3,251 million and incurred costs related to derecognition of RMB43 million during the period.

3. ACCOUNTS PAYABLE

(1) Aging of accounts payable

Items	31 December 2023		31 December 2022	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year	6,812	98.38	8,721	98.50
1 to 2 years	26	0.38	74	0.84
2 to 3 years	49	0.71	31	0.35
Over 3 years	37	0.53	28	0.31
Total	<u>6,924</u>	<u>100.00</u>	<u>8,854</u>	<u>100.00</u>

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.	9	1 to 5 years, over 5 years
Angang Metal Structure Co., Ltd.	6	1 to 5 years, over 5 years
Anshan Metallurgical Group Industrial Engineering Co., Ltd.	5	1 to 5 years, over 5 years
Angang Mine Construction Co., Ltd.	5	1 to 5 years, over 5 years
Anshan Metallurgical Group Construction Installation Co., Ltd.	5	1 to 5 years, over 5 years
Total	<u>30</u>	

4. RETAINED EARNINGS

Items	This period
Balance as of 31 Dec. 2022	10,118
Changes in accounting policies	
Business combination under common control	
Balance as of 1 Jan. 2023	10,118
Increase in 2023	(3,257)
Including: Net profit transferred this period	(3,257)
Other adjustment factors	
Decrease in 2023	64
Including: Extraction of surplus reserve this period	
Extraction of general risk provisions in this period	
Distribution of cash dividend this period (<i>Note</i>)	64
Conversed capital	
Other decreases	
	<hr/>
Balance as of 31 December 2023	<u><u>6,797</u></u>

Note: According to the resolution of the 2022 Annual General Meeting of Shareholders held on May 29, 2023, the Company distributed cash dividends to all shareholders at RMB0.068 (tax included) every 10 shares. Calculated based on the total number of shares entitled to distribution rights of 9,400,570,897 shares, a total distributed profit of RMB64 million.

5. OPERATING REVENUE AND OPERATING COST

(1) Classified by production

Items	This period		Last period	
	Income	Cost	Income	Cost
Prime operating	113,311	113,874	130,769	127,727
Other operating	191	163	303	295
Total	<u>113,502</u>	<u>114,037</u>	<u>131,072</u>	<u>128,022</u>

Note1: The Group is classified into an operating segment based on the type of business: production and sale of steel products.

Note2: Other business income and other business costs of The Group are mainly generated from the sales of materials and scrap materials.

(2) Classified by region

Items	This period	Last period
Foreign transaction income from the within borders	106,342	125,013
Foreign exchange income from outside borders	7,160	6,059
Total	<u>113,502</u>	<u>131,072</u>

(3) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	113,502	131,072
Total	<u>113,502</u>	<u>131,072</u>

6. TAXES AND SURCHARGES

Items	This period	Last period
City maintenance and construction tax	25	138
Educational surcharge and local educational surcharge	18	98
Land use tax	438	438
Property tax	169	182
Stamp tax	110	128
Resources tax	3	3
Environmental protection tax	83	96
Total	<u>846</u>	<u>1,083</u>

7. DEPRECIATION AND AMORTIZATION

Items	This period	Last period
Depreciation of fixed assets	3,338	3,462
Amortization of intangible assets	267	214
Depreciation of right-of-use assets	164	163
Total	<u>3,769</u>	<u>3,839</u>

8. FINANCIAL EXPENSES

Items	This period	Last period
Interest expense	298	428
Including: Interests expense from the long-term loans and long-term bonds	145	171
Interests expense from the short-term loans and letters of credit	49	120
Other interest expenditures	104	137
Less: Interest income	69	68
Less: Capitalized interest expense	13	37
Exchange gain or loss	(27)	135
Less: Capitalized exchange gain or loss		
Others	69	29
Total	<u>258</u>	<u>487</u>

9. INCOME TAX EXPENSES

(1) Income tax expenses

Items	This period	Last period
Income tax during this period	27	379
Changes on deferred income tax expenses	<u>(946)</u>	<u>(786)</u>
Total	<u><u>(919)</u></u>	<u><u>(407)</u></u>

(2) The reconciliation between accounting profit and income tax expenses

Items	This period
Total profit	(4,142)
Income tax expenses calculated at statutory/applicable tax rates	(1,035)
Effect of different tax rates applied by subsidiary companies	(8)
Effect of adjustments for income tax for prior period	115
Effect of deductible loss of deferred income tax assets not recognized in prior periods	(38)
Effect of current unrecognized deductible temporary difference or deductible loss arising from deferred tax income assets	132
Others	<u>(85)</u>
Income tax expenses	<u><u>(919)</u></u>

10. RETURN ON EQUITY (ROE) AND EARNINGS PER SHARE (EPS)

Profit in this period	Weighted average (ROE) (%)	EPS (Yuan per share)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	(5.78)	(0.347)	(0.347)
Net profit (exclusive of non-operating profit) attributable to ordinary shareholders	<u>(5.88)</u>	<u>(0.353)</u>	<u>(0.353)</u>

11. OPERATING SEGMENT

Note: The Group is classified into an operating segment based on the type of business: production and sale of steel products.

12. COMMITMENTS

Items	31 December 2023	31 December 2022
Investment contracts entered but not yet performed or performed partially	239	14
Construction and renovation contracts entered but not yet performed or performed partially	<u>2,197</u>	<u>3,036</u>
Total	<u>2,436</u>	<u>3,050</u>

13. SUBSEQUENT EVENTS

There are no subsequent events that need to be published by the Group.

14. NET CURRENT ASSETS

Items	31 December 2023	31 December 2022
Current assets	27,119	29,232
Less: Current liabilities	<u>35,188</u>	<u>36,154</u>
Net current assets/(liabilities)	<u>(8,069)</u>	<u>(6,922)</u>

15. TOTAL ASSETS LESS CURRENT LIABILITIES

Items	31 December 2023	31 December 2022
Total assets	97,014	96,991
Less: Current liabilities	35,188	36,154
Total assets less current liabilities	<u>61,826</u>	<u>60,837</u>

By Order of the Board
ANGANG STEEL COMPANY LIMITED*
Wang Jun
Executive Director and Chairman of the Board

Anshan City, Liaoning Province, the PRC
28 March 2024

As at the date of this announcement, the Board comprises the following directors:

Executive Directors

Wang Jun
Zhang Hongjun
Wang Baojun
Tian Yong

Independent Non-executive Directors

Feng Changli
Wang Jianhua
Wang Wanglin
Zhu Keshi

* *For identification purposes only*