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

(Stock Code: 00323)

2024 ANNUAL RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- 1 This annual report summary is abstracted from the full text of that of current year's annual report. To fully understand the business performance, financial position and future development plans of the Company, investors shall carefully read the full Annual Report published on the website of Shanghai Stock Exchange and other media designated by the China Securities Regulatory Commission as well as the website of The Stock Exchange of Hong Kong Limited.
- 2 The board of directors, the supervisory committee, the directors, the supervisors and senior management of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from this annual report; and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this annual report and assume individual and joint legal liabilities.
- 3 All directors attended the board meeting.
- 4 Ernst & Young Hua Ming LLP issued an auditor's report containing a standard unqualified opinion on the annual financial statements of the Company.
- 5 Profit distribution plan or plan for the capitalization of capital reserve during the reporting period proposed by the Board: For the year 2024, no dividend will be paid, and no capital reserve shall be transferred to share capital.

II. BASIC INFORMATION OF THE COMPANY

1. Company Profile

Type of shares	Stock exchange for listing of shares	Short name of stock	Stock code
A Shares	The Shanghai Stock Exchange	Magang Stock	600808
H Shares	The Stock Exchange of Hong Kong Limited	Maanshan Iron & Steel	00323

	Secretary of the Board of Directors	Joint Company Secretary
Name	He Hongyun	Rebecca Chiu
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2. Introduction of the Company's Major Businesses during the Reporting Period

As one of the largest iron and steel producers and sellers in China, the Company's major businesses are production and sales of iron and steel products; the main production processes include iron making, steel making, steel rolling, etc. Major products of the Company are steel, which can be roughly divided into four types, i.e. excellent special steel, wheels and axles, long products and plates. During the reporting period, the major businesses, main products and their usages, operation modes, major driving factors of performance of the Company did not experience substantial changes.

3. Major Accounting Data and Financial Indicators of the Company

3.1 Major Accounting Data and Financial Indicators for the Past Three Years

Unit: million RMB

	2024	2023	Increase/ decrease compared to previous year (%)	2022
Total assets	78,963	84,552	-6.61	96,892
Revenue	81,817	98,938	-17.30	102,154
Net loss attributable to owners of the parent	-4,659	-1,327	N/A	-858
Net loss excluding non-recurring gains or losses attributable to owners of the parent	-4,298	-1,719	N/A	-1,110
Net assets attributable to owners of the parent	23,257	27,769	-16.25	29,200
Net cash flows from operating activities	961	1,992	-51.76	6,642
Basic loss per share (<i>RMB/ share</i>)	-0.605	-0.172	N/A	-0.115
Diluted loss per share (<i>RMB/ share</i>)	-0.605	-0.172	N/A	-0.115
Return on net assets (weighted average) (%)	-18.30	-4.67	Decreased by 13.63 percentage points	-2.77

3.2 Major Accounting Data by Quarter during the Reporting Period

Unit: million RMB

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

4. Share Capital and Shareholders

4.1 Numbers of Shareholders and Shareholding of the Top Ten Shareholders

Unit: Share

Total number of shareholders as at the end of the reporting period (<i>unit</i>)	146,111
Total number of shareholders as at the end of last month prior to the report date (<i>unit</i>)	136,308

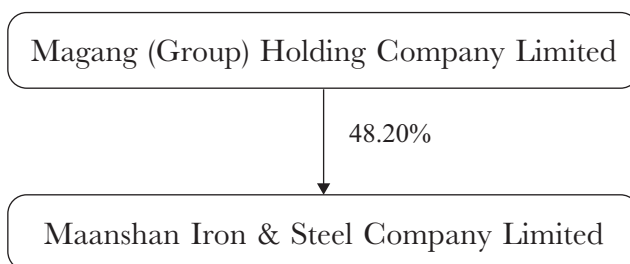
Name of Shareholder (Full Name)	Shareholding of the top ten shareholders			No. of Shares under Restricted Condition for Sales	Pledged or Frozen Situations Share Status	Number	Shareholder Nature
	Increase/Decrease during the reporting period	No. of Shares at the end of the reporting period	Percentage (%)				
Magang (Group) Holding Company Limited	68,927,534	3,733,677,149	48.20	-	Nil	-	State-owned shareholder
HKSCC Nominees Limited	1,626,700	1,718,304,495	22.18	-	Unknown	Unknown	Unknown
Central Huijin Investment Ltd.	-	139,172,300	1.80	-	Unknown	Unknown	State-owned shareholder
Agricultural Bank of China Co., Ltd. – China Securities 500 Open-end Trading Index Securities Investment Fund	Unknown	34,150,326	0.44	-	Unknown	Unknown	Others
Hong Kong Securities Clearing Company Limited	-59,428,915	30,162,671	0.39	-	Unknown	Unknown	Unknown
Beijing Guoxing Real Estate Management Co. Ltd.	-9,767,600	23,795,700	0.31	-	Unknown	Unknown	Unknown
Zhongye Zhengqi (Beijing) International Investment Co., Ltd.– Zhongye Jinying No. 6 Private Securities Investment Fund (中燁正企(北京)國際投資有限公司–中燁金盈6號私募證券投資基金)	Unknown	18,430,200	0.24	-	Unknown	Unknown	Others
Shen Sisi (沈思思)	Unknown	17,525,500	0.23	-	Unknown	Unknown	Domestic natural person
Shenwan Hongyuan Securities Co., Ltd.	Unknown	14,758,021	0.19	-	Unknown	Unknown	State-owned shareholder
Yu Lan (虞嵐)	Unknown	14,414,400	0.19	-	Unknown	Unknown	Domestic natural person

Notes on the above shareholders' Connected relation or concerted action

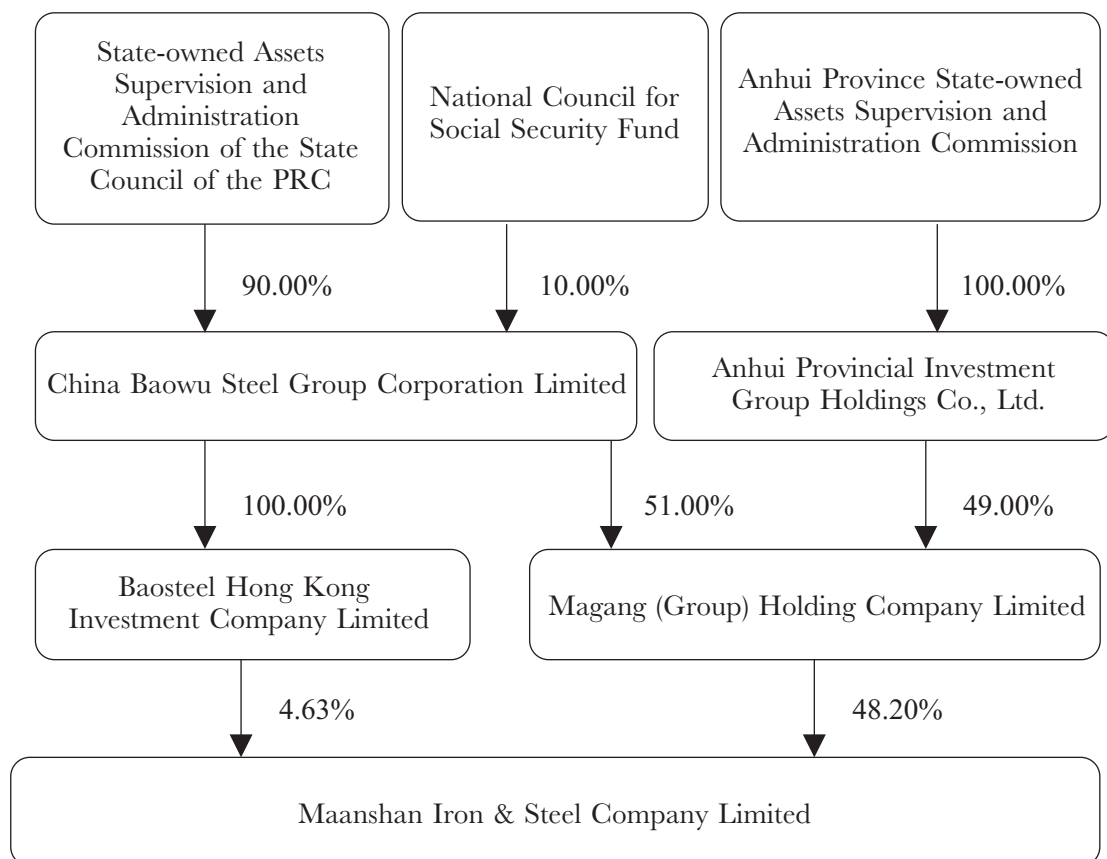
Magang (Group) Holding Company Limited has no connected relation with any of the other foregoing shareholders, nor is a person acting in concerted action. However, it is not in the knowledge of the Company whether there is any connected relation among other foregoing shareholders and whether they are persons acting in concert.

Note: As at the end of the reporting period, HKSCC Nominees Limited held 1,718,304,495 H Shares of the Company, which were held on behalf of its customers, including 358,950,000 H Shares of the Company held on behalf of Baosteel Hong Kong Investment Company Limited.

4.2 Block Diagram of Property Rights and Control Relationships between the Company and Controlling Shareholder



4.3 Block Diagram of Property Rights and Control Relationships between the Company and Actual Controllers



III. MANAGEMENT DISCUSSION AND ANALYSIS

1. Steel industry during the reporting period

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

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

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

The profitability of the steel industry continued to decline, with rising corporate debt levels. The average sales profit margin of key enterprises was only 0.71%, representing a year-on-year decrease of 0.63 percentage points, while the asset-liability ratio of key enterprises rose to 62.72%, up 0.56 percentage points year-on-year. The overall operating environment for steel enterprises remained extremely challenging.

2. Major Business Performance during the Reporting Period

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

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

The major measures taken by the Company are set out below as follows:

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

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

annual exports reaching 1.42 million tons, including 698,000 tons of H beam, maintaining its position as the domestic leader in H beam exports. **On the R&D front**, the Company focused on extending, deepening, and specializing the steel industry chain, establishing a robust “R&D-production-sales” system to support on-site efficiency optimization and product value creation. Annual sales of new products reached 1.67 million tons, with an excess gross profit of RMB245 per ton. The Company was also selected in the eighth batch of national manufacturing individual champion enterprises list.

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

Fourth, strengthening foundational management improved operational efficiency and effectiveness to anchor on lean improvement at the foundational level. By emphasizing the “Three Refinements (三 精)” and “Three Antis (三 反)” initiatives, the Company established 26 lean demonstration points to enhance on-site lean management, which facilitated the transformation of 27 furnace and production lines from lean sites to lean production lines, driving deeper implementation of lean management. **Safety management continued to be strengthened.** Adhering to the concept of “putting people first and life first”, we strengthened the awareness of no

violating the rules of operation, not violating the rules of command, and not condoning the violation of rules, and launched the “1231” key action and the three-year action to tackle the fundamental problems and continue to consolidate the management of safety fundamentals. **Environmental and low-carbon initiatives were effective and impactful.** The Company advanced problem rectification and implemented the “Zero Waste Group” pilot project in an orderly manner. Green electricity trading volume increased by 23.1% year-on-year, and 5 new energy efficiency benchmark production lines were added. The special steel electric furnace was awarded the title of “Champion Furnace” in the national energy-saving and consumption-reduction competition for key large-scale energy-intensive steel production equipment. **Labor efficiency steadily improved.** The Company accelerated the integration of digital and physical systems, deploying 59 new industrial robots, and promoted collaborative workforce substitution and ecosystem human resource coordination. By optimizing off-post policies, the Company achieved a 12% increase in steel production per capita. **The reduction of “accounts receivable and inventory” progressed significantly.** The Company adhered to the principle of “spending based on income”, dynamically tracked capital flows, and gradually improved operating cash flow. Efforts to reduce inventory resulted in a decrease in inventory turnover days from 52 days at the beginning of the year to 43 days at year-end, achieving a 100% realization rate of operating cash flow.

Fifth, mechanism reforms unleashed internal development momentum coupled with deepened internal mechanism reforms with eyes on efficient collaboration. By establishing the Ironmaking Division and the Logistics Management Department, and implementing the entity-based operations of the Long Products Division and the Special Steel Division, the Company created an integrated ironmaking system centered on blast furnaces and a product integration system centered on the market. **In terms of business optimisation,** the Company established the Market Management Department and adjusted the operational models of the Capital Operations Department and the Lean Office. **The differentiated management of Changjiang Steel began to show results.** By combining state-owned standardized management with the vitality of private mechanisms, Changjiang Steel focused on “low cost, differentiation, high efficiency and fast pace”, implementing organizational reforms, management optimization, technological upgrades, and operational improvements. Adopting an efficient production model of “three blast furnaces, two converters, and four rolling lines”, Changjiang Steel reversed its 26-month passive operational situation starting in September. **The competitiveness of Masteel Transportation Material was further enhanced.** The successful completion of its shareholding system reform boosted internal momentum and vitality, with sales of wheel and axle products exceeding 600,000 units and export revenue accounting for over 50%. Significant progress was made in the localization of high-speed train

wheels, with Fuxing trains equipped with Ma Steel wheels safely running 1 million kilometers, passing expert review and meeting conditions for batch application. The CR450 EMU prototype, the world's fastest high-speed train with an operating speed of 400 km/h, was officially launched in Beijing, with two prototypes equipped with Ma Steel high-speed wheels, demonstrating the Company's capabilities and responsibilities as a national pillar.

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

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

titles of the National May 1st Labor Medal and the Central SOEs Model Worker, respectively. Moreover, 134 “Three Most (三最)” projects were successfully implemented, and initiatives such as mutual assistance and hardship relief warmed employees’ hearts.

3. Analysis of Principal Operation

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

Unit: RMB

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

Compared with last year:

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

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

The changes in net cash flows from operating activities were mainly due to the fact that net cash inflows from iron & steel were basically flat year on year. However, as Masteel Group Finance Co., Ltd (“**Masteel Finance**”) was disposal of and therefore Masteel Finance’s financial figures were no longer be consolidated in the year, and cash inflows from non iron & steel business decreased year on year.

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

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

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

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

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

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

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

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

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

3.1 Analysis of Revenue and Cost of Sales

(1) Analysis of Principal Operation by Industry, Product and Region

Unit: million RMB

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

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

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

Principal operation by sales pattern

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

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

(2) Analysis of Production and Sales Volumes

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

(3) *Analysis of Costs*

Unit: million RMB

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

(4) *Analysis of Major Customers and Major Suppliers*

During the reporting period, the largest customer was Shanghai Changjing Industrial Co., Ltd., with sales of RMB2,188 million, accounting for 2.7% of total annual sales. Sales to the top five customers amounted to RMB9,069 million, accounting for 11% of total annual sales; the largest supplier was Shanxi Coking Coal Group Co., Ltd., with purchases of RMB4,571 million, accounting for 6.2% of the total annual purchases. The purchases by the top five suppliers amounted to RMB14.852 billion, accounting for 20% of the total annual purchases.

Among the purchases by the top five suppliers, purchases by related party, Magang (Group) Holding Co., Limited, amounted to RMB2,142 million, accounting for 2.9% of the total annual purchases. Saved as the above, there were no directors or supervisors or their connected persons or any shareholders (to the best knowledge of the Board, holding 5% or above of the shares in the Company) having any beneficial interests in the top five suppliers or customers of the Group in 2024.

3.2 Expenses

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

3.3 Research and Development (R&D) Expenses

R&D expenses details

Unit: RMB100 million

Spent R&D expenses in 2024	36.46
Capitalized R&D expenses in 2024	0
Total R&D expenses	36.46
Total R&D expenses as a portion of revenue (%)	4.46
Number of the Company's R&D staff	2,408
Percentage of R&D staff number to the Company's total number of employees (%)	14.5
Percentage of capitalized R&D expenses (%)	–

4. Analysis of Assets and Liabilities

4.1 *Assets and Liabilities*

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

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

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

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

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

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

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

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

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

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

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

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

5. Analysis of Operational Information

During the reporting period, the production capacity and utilization rates were as follows:

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

5.1 Manufacturing and Sales of Steel Products Based on Processing Techniques

Unit: million RMB

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

5.2 Manufacturing and Sales of Steel Products Based on Forms of Finished Goods

Unit: million RMB

Types	Production volume (tonnes)		Sales volume (tonnes)		Revenue		Cost of sales		Gross margin (%)	
	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
	Long products	8,242,265	10,296,345	8,237,890	10,283,354	30,694	38,696	32,152	39,357	-4.75
Steel plates	9,863,351	10,038,545	9,812,292	10,032,494	39,769	47,407	39,470	46,101	0.75	2.75
Wheel and axles	238,399	280,398	249,788	280,181	2,825	3,272	2,349	2,811	16.85	14.08

5.3 Sales of Steel Products Based on Sales Channels

Unit: RMB100 million

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

5.4 Supply of Iron Ore

Unit: RMB100 million

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

5.5 Supply of Scrap Steel

Unit: RMB100 million

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

6. Investment Analysis

6.1 General Analysis of External Equity Investments

Unit: million RMB

The Company's investment amount as at the end of the reporting period	13,136
Changes in investment amount	-123
The Company's investment amount as at the end of the previous year	13,259
Decrease in investment amount (%)	-0.93

During the reporting period, the Company did not carry out any significant equity investments.

6.2 Significant Non-equity Investment

Unit: million RMB

Project Name	Budgeted Investment	New Investment during the Reporting Period	Project Progress
Product quality projects	3,069	144	5%
Energy-saving and environment protection projects	1,057	143	48%
Modification	1,174	217	32%
Other projects	N/A	104	N/A
Total	N/A	608	N/A

7. Outlook for Future Development

7.1 Industry Landscape and Trend

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

7.2 Corporate Development Strategy

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

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

1. Ramp up the support for technological innovation. The company will take technological innovation as the core driving force to build an original technology source, improve core competitiveness and enhance core functions. It will keep up with the national strategic orientations and market demands, organize research of key and core technologies for transportation, offshore and energy industries, further develop new products and high-end products, study new products such as profiled steel for rail transit, near-final section steel for ships, special steel for wind power generators and high-end cold-rolled coated steel plates, in order to boost high-end upgrading of products.
2. Increase the proportion of exported products. The Company will take the initiative to expand overseas markets and deepen international operation to explore new areas for profit growth.
3. Form differentiated competitive edges. Following the guideline of “making special high-quality section steel, plate strips, structural steel and axles”, the Company will optimize product structure to support differentiated competition.
4. Accelerate subsidiaries’ reform. Centering on “optimizing governance, increasing incentives, highlighting main business and improving efficiency”, the Company will steadily promote the reform in key subsidiaries.

7.3 Business Plan

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

First, the Company will focus on value creation by advancing cost efficiency across all operational processes, enhancing molten iron competitiveness through optimized procurement strategies centered on “low-cost, high-output” principles. This includes refining integrated coal-ore blending systems and ironmaking-coking-sintering operational mechanisms, while establishing a blast furnace-centered production responsibility framework. In steel rolling processes, the Group will prioritize “high-quality, high-efficiency, low-consumption” objectives, driving cost reductions through indicator optimization and leveraging the CE+ system to achieve annual cost savings. Operational efficiency will be accelerated by improving capacity utilization of retained production lines under volume reduction and structural adjustment initiatives, measured by marginal contribution. By improving the efficiency of funds, the Company will stringently strengthen “Accounts receivable and inventory (兩 金)” management and control, while optimizing frontline workforce structures by improving personnel efficiency, to achieve the annual target of 1,110 tonnes of steel output per capita.

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

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

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

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

7.4 Potential Risks

Based on the domestic and international political and economic situation, the main risks that the Company may face include safety risks (production, cyber etc.), environmental protection risks, the risk of fluctuations in the prices of bulk raw Materials, the risk of control of the “accounts receivable and inventory” as well as the risks of exchange rate and interest rate fluctuations. The implementation of the Company’s measures responding to the risks depends on many factors such as market and policy, and subject to certain uncertainties, which should be paid special attention on by investors.

IV. SIGNIFICANT EVENTS

1. Profit Distribution

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

2. Remunerations of the Auditor

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

3. Audit and Compliance Committee

The Company's audit and compliance committee ("**Audit Committee**") held a meeting on 27 March 2025 and reviewed the 2024 annual accounts.

4. Purchase, Sales or Redemption of Listed Securities of the Company

During the reporting period, the Company didn't repurchase any of its listed shares, and the Group didn't purchase or resale any listed share.

5. Pre-emptive Rights

When new shares are offered, the Company is not required under the law of China or the Articles of Association to ask its existing shareholders to buy new shares in the currency of their shareholdings first.

6. Public Float

Based on the data accessible for the Company and to the best knowledge of the board of directors, as of the date of this announcement, the Company meets relevant requirements about public holdings in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

7. Code on Corporate Governance

In 2024, the Company had complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

All of the Directors of the Company had confirmed in written form that they had complied with the requirements stipulated by the Model Code for Securities Transactions by Directors of Listed Companies in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange during the reporting period.

V. MATTERS RELATED TO FINANCIAL REPORT

- 1. After auditing, the Company's auditor Ernst & Young Hua Ming LLP issued an auditor's report containing a standard unqualified opinion on the 2024 Annual Financial Report of the Company**
- 2. Significant changes to the accounting policy and accounting estimates**

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

Except the changes in accounting policies aforesaid, other unchanged parts will still implement the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretation announcements of the Accounting Standards for Business Enterprises and other relevant regulations

- 3. During the reporting period, there was no correction due to material accounting errors**
- 4. Compared with the financial report of the previous year, the Company shall make specific explanation about the changes to the scope of the consolidation of financial statements.**

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

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

Renminbi Yuan

ASSETS	Notes	31 December 2024 Group	31 December 31 2023 Group	31 December 2024 Company	31 December 31 2023 Company
CURRENT ASSETS					
Cash and bank balances		6,434,105,447	5,569,797,722	2,890,923,633	3,908,085,165
Notes receivable		822,780,872	1,708,216,158	701,615,019	1,271,492,301
Trade receivables	4	1,753,824,456	1,400,664,759	1,260,157,905	1,673,087,619
Financing receivables	5	1,382,456,994	1,801,284,684	1,165,265,848	1,450,677,653
Prepayments	6	381,238,574	645,423,430	443,019,236	618,829,770
Other receivables		544,731,735	315,637,040	314,515,492	158,196,188
Inventories		7,908,952,095	9,918,290,048	5,681,379,639	6,697,833,793
Other current assets		243,920,053	682,306,261	2,530,131	330,348,445
Total current assets		19,472,010,226	22,041,620,102	12,459,406,903	16,108,550,934
NON-CURRENT ASSETS					
Long-term equity investments		6,898,903,955	7,043,824,631	12,381,050,723	12,526,066,104
Other equity instruments investments		414,059,200	391,993,788	408,876,314	387,077,667
Investment properties		53,185,391	55,196,655	53,185,391	55,196,655
Property, plant and equipment		48,866,413,844	48,548,833,230	39,069,070,582	38,963,858,584
Construction in progress		795,364,312	4,013,854,765	556,145,684	3,068,579,228
Right-of-use assets		323,359,282	348,972,586	316,902,972	343,900,893
Intangible assets		1,808,686,660	1,753,618,113	1,256,876,122	1,252,917,982
Deferred tax assets		330,990,743	354,339,065	268,564,121	283,871,388
Total non-current assets		59,490,963,387	62,510,632,833	54,310,671,909	56,881,468,501
TOTAL ASSETS		78,962,973,613	84,552,252,935	66,770,078,812	72,990,019,435

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Notes</i>	31 December 2024 Group	31 December 2023 Group	31 December 2024 Company	31 December 2023 Company
CURRENT LIABILITIES					
Short-term loans		11,344,435,564	9,428,060,223	10,195,613,468	8,718,947,740
Notes payable	7	10,051,474,326	8,631,701,173	6,874,295,802	5,336,471,135
Trade payables	8	10,673,672,878	13,513,640,486	8,776,623,562	11,735,566,104
Contract liabilities		4,123,176,032	4,013,383,663	3,939,550,767	3,188,983,590
Payroll and employee benefits payable		220,119,665	204,380,835	147,956,613	136,973,136
Taxes payable		230,640,142	372,393,489	143,188,385	285,838,962
Other payables		3,176,283,942	3,068,633,198	5,405,537,499	7,016,841,883
Non-current liabilities due within one year		4,499,159,554	3,784,343,228	4,486,847,308	3,781,173,021
Accrued liabilities		11,429,761	9,875,967	-	-
Other current liabilities		515,225,262	1,028,203,765	487,572,010	921,031,756
Total current liabilities		<u>44,845,617,126</u>	<u>44,054,616,027</u>	<u>40,457,185,414</u>	<u>41,121,827,327</u>
NON-CURRENT LIABILITIES					
Long-term loans		5,483,408,184	6,799,686,232	5,377,748,184	6,683,686,232
Lease liabilities		339,072,242	361,507,890	334,104,312	357,818,769
Long-term payable		-	52,964,036	-	52,964,036
Long-term employee benefits payable		589,501	1,554,186	-	-
Deferred revenue		973,011,484	1,002,087,759	691,659,592	736,523,575
Deferred tax liabilities		222,875	295,454	-	-
Total non-current liabilities		<u>6,796,304,286</u>	<u>8,218,095,557</u>	<u>6,403,512,088</u>	<u>7,830,992,612</u>
Total liabilities		<u>51,641,921,412</u>	<u>52,272,711,584</u>	<u>46,860,697,502</u>	<u>48,952,819,939</u>

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Notes</i>	31 December 2024 Group	31 December 2023 Group	31 December 2024 Company	31 December 2023 Company
SHAREHOLDERS' EQUITY					
Share capital		7,746,937,986	7,746,937,986	7,746,937,986	7,746,937,986
Capital reserve		8,576,312,133	8,439,923,708	8,435,726,496	8,417,807,686
Treasury shares		105,928,072	105,928,072	105,928,072	105,928,072
Other comprehensive income		(2,023,545)	(12,900,327)	96,604,089	84,007,969
Special reserve		97,574,394	96,805,291	36,434,036	46,090,904
Surplus reserve		4,720,262,452	4,720,262,452	3,883,475,865	3,883,475,865
Retained earnings		2,224,325,312	6,883,481,566	(183,869,090)	3,964,807,158
Equity attributable to owners of the parent		23,257,460,660	27,768,582,604		
Non-controlling interests		4,063,591,541	4,510,958,747		
Total shareholders' equity		27,321,052,201	32,279,541,351	19,909,381,310	24,037,199,496
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		78,962,973,613	84,552,252,935	66,770,078,812	72,990,019,435

CONSOLIDATED AND COMPANY'S INCOME STATEMENT

For the year ended 31 December 2024

Renminbi Yuan

	Notes	2024 Group	2023 Group	2024 Company	2023 Company
Revenue	10	81,816,891,739	98,937,969,364	70,713,572,628	80,117,509,791
Less: Cost of sales	10	82,591,668,039	97,308,142,081	71,957,685,282	79,383,153,477
Taxes and surcharges		464,245,084	378,851,648	327,220,563	222,339,569
Selling expenses		303,636,480	341,240,952	169,968,486	181,569,046
General and administrative expenses		872,041,999	933,378,645	590,758,831	513,485,742
R&D expenses		1,103,101,885	1,231,049,205	796,836,102	838,217,476
Financial expenses	11	551,859,577	466,911,329	555,136,227	469,024,878
including: interest expense		593,915,273	506,684,523	572,082,282	508,416,714
interest income		99,418,512	61,547,907	51,998,498	36,167,219
Add: Other income		512,641,397	714,197,840	315,122,875	675,158,613
Investment income		8,405,954	308,185,072	487,183,220	1,307,168,081
including: share of (losses)/ profits of associates and joint ventures		(3,078,344)	182,658,080	(5,202,052)	175,173,243
Loss on the changes in fair value		-	(34,558,767)	-	(40,471,388)
Credit impairment reverse		32,313,981	39,230,056	23,911,337	10,298,449
Assets Impairment losses		(934,841,718)	(993,092,220)	(857,641,463)	(1,111,102,119)
(Loss)/gain from disposal of assets	12	(270,368,636)	93,861,158	(340,461,768)	83,471,073
Operating loss		(4,721,510,347)	(1,593,781,357)	(4,055,918,662)	(565,757,688)
Add: Non-operating income	13	2,009,514	7,799,360	391,703	4,700,424
Less: Non-operating expenses	14	110,356,890	10,677,519	83,313,029	3,446,275
Loss before tax		(4,829,857,723)	(1,596,659,516)	(4,138,839,988)	(564,503,539)
Less: Income tax expenses	15	153,751,366	43,241,145	9,836,260	(59,911,995)
Net loss		<u>(4,983,609,089)</u>	<u>(1,639,900,661)</u>	<u>(4,148,676,248)</u>	<u>(504,591,544)</u>
Categorized by operation continuity					
Net loss from continuing operations		<u>(4,983,609,089)</u>	<u>(1,639,900,661)</u>	<u>(4,148,676,248)</u>	<u>(504,591,544)</u>

CONSOLIDATED AND COMPANY'S INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2024

Renminbi Yuan

	<i>Notes</i>	2024	2023	2024	2023
		Group	Group	Company	Company
Categorized by ownership					
Net loss attributable to owners of the parent		<u>(4,659,156,254)</u>	<u>(1,327,161,500)</u>		
Net loss attributable to non-controlling interests		<u>(324,452,835)</u>	<u>(312,739,161)</u>		
Other comprehensive income, net of tax		10,876,782	(17,770,217)	12,596,120	(47,594,826)
Other comprehensive income attributable to owners of the parent, net of tax		10,876,782	(17,770,217)		
Other comprehensive income that will not be reclassified to profit or loss:		6,718,130	(45,891,254)	6,491,379	(49,480,578)
Changes in fair value of other equity investments		6,718,130	(45,891,254)	6,491,379	(49,480,578)
Other comprehensive income that may be reclassified to profit or loss:		4,158,652	28,121,037	6,104,741	1,885,752
Other comprehensive income using the equity method that may be reclassified to profit or loss		6,104,741	1,885,752	6,104,741	1,885,752
Net increase in fair value of other debt investments		-	4,076,476		
Exchange differences on translation of foreign operations		<u>(1,946,089)</u>	<u>22,158,809</u>		
Other comprehensive income attributable to non-controlling interests, net of tax		<u>-</u>	<u>-</u>		
Total comprehensive income		<u>(4,972,732,307)</u>	<u>(1,657,670,878)</u>	<u>(4,136,080,128)</u>	<u>(552,186,370)</u>

Attributable to:

CONSOLIDATED AND COMPANY'S INCOME STATEMENT (CONTINUED)*For the year ended 31 December 2024**Renminbi Yuan*

	<i>Notes</i>	2024 Group	2023 Group	2024 Company	2023 Company
Owners of the parent		<u><u>(4,648,279,472)</u></u>	<u><u>(1,344,931,717)</u></u>		
Non-controlling interests		<u><u>(324,452,835)</u></u>	<u><u>(312,739,161)</u></u>		
PER SHARE:					
Basic losses per share <i>(RMB/share)</i>	<i>16</i>	<u><u>0.61</u></u>	<u><u>0.17</u></u>		
Diluted losses per share <i>(RMB/share)</i>	<i>16</i>	<u><u>0.61</u></u>	<u><u>0.17</u></u>		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Renminbi Yuan

2024

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

Renminbi Yuan

2023

	Attributable to owners of the parent										Total Shareholders' equity	
	Share capital	Capital reserve	Treasury shares	Other						Non-controlling interests		Sub-total
				comprehensive income	Special reserve	General risk reserve	Surplus reserve	Retained earnings	Shareholders' equity			
1. Balance at the beginning of the year	7,775,731,186	8,442,757,852	171,864,500	(30,006,411)	107,567,088	271,501,110	4,720,262,452	8,083,720,518	29,199,669,295	4,131,221,078	33,330,890,373	
2. Increase/(decrease) during the year												
1) Total comprehensive income				(17,770,217)				(1,327,161,500)	(1,344,931,717)	(312,739,161)	(1,657,670,878)	
2) Shareholders' contributions and reduction in capital												
(i) Capital contributions by shareholders	(28,793,200)	(37,143,228)	(65,936,428)									
(ii) Changes in the share of other equity of associates and joint ventures		29,355,484							29,355,484		29,355,484	
(iii) Amount of share-based payments recognised in equity		(21,680,138)							(21,680,138)		(21,680,138)	
(iii) Others		17,343,002							17,343,002	920,127,038	937,470,040	
3) Profits appropriation												
(i) Distribution to shareholders								(155,395,744)	(155,395,744)	(13,913,579)	(169,309,323)	
4) Other comprehensive income carried forward to retained earnings				(10,817,182)				10,817,182				
5) Special reserve												
(i) Additions					103,277,907				103,277,907	19,159,890	122,437,797	
(ii) Utilization					(114,039,704)				(114,039,704)	(11,814,284)	(125,853,988)	
6) Others		9,290,736		45,693,483		(271,501,110)		271,501,110	54,984,219	(221,082,235)	(166,098,016)	
3. Balance at the end of the year	7,746,937,986	8,439,923,708	105,928,072	(12,900,327)	96,805,291		4,720,262,452	6,883,481,566	27,768,582,604	4,510,958,747	32,279,541,351	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

Renminbi Yuan

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2024

Renminbi Yuan

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2024

Renminbi Yuan

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

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2024

Renminbi Yuan

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements are prepared in accordance with “China Accounting Standards for Business Enterprises – General Principles” issued by the Ministry of Finance and the specific accounting standards, interpretation and other relevant provisions promulgated and revised thereafter (collectively known as the “CAS”). In addition, these financial statements disclose financial information in accordance with the disclosure requirements set out in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission (the “CSRC”).

The financial statements are prepared on a going concern basis.

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

The financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. Assets classified as held for sale are disclosed at the lower of carrying amount and fair value less costs to disposal on the date of classification. Provision for asset impairment is provided in accordance with related regulations.

1.2 Statement of compliance with the CAS

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

2. SCOPE OF CONSOLIDATION

2.1 In December 2024, the Company established a wholly-owned subsidiary, Maanshan Iron & Steel Limited Company.

2.2 This year, Ma'anshan Changgang Metal Trading Co., Ltd. was deregistered on September 18, 2024, and will no longer be included in the consolidated scope.

3. OPERATING SEGMENT INFORMATION

Operating segments

The Group is treated as an integrated entity for the review of internal reporting, resource allocation and performance evaluation which are determined based on the internal organization structure, management requirements and internal reporting system:

The Group focuses on the production and sale of iron and steel products and by-products.

Other information

Product and service information

External principal operating income

	2024	2023
Sale of steel products	73,287,465,129	89,532,981,759
Sale of steel billets and pig iron	3,565,089,201	4,106,209,319
Financial Services Income	–	93,029,195
Others	4,964,337,409	5,205,749,091
	<u>81,816,891,739</u>	<u>98,937,969,364</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

3. OPERATING SEGMENT INFORMATION

Other information (Continued)

Geographical information

External operating income

	2024	2023
Mainland China	76,284,762,334	95,381,877,669
Overseas and Hong Kong	<u>5,532,129,405</u>	<u>3,556,091,695</u>
	<u>81,816,891,739</u>	<u>98,937,969,364</u>

Non-current assets

	31 December 2024	31 December 2023
Mainland China	58,647,571,427	61,667,244,509
Overseas and Hong Kong	<u>98,342,017</u>	<u>97,055,471</u>
	<u>58,745,913,444</u>	<u>61,764,299,980</u>

The non-current assets information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Major customer information

The Group had not placed reliance on any single external customer which accounted for 10% or more of its total revenue.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

4. TRADE RECEIVABLES

The Group's trade receivables were interest-free with normal credit terms of 30 to 90 days.

The ageing of trade receivables, based on the invoice date, is analyzed below:

	31 December 2024	31 December 2023
Within one year	1,759,620,406	1,502,042,518
One to two years	132,286,416	69,816,859
Two to three years	64,863,225	3,656,139
Over three years	15,325,306	56,775,892
	1,972,095,353	1,632,291,408
Less: Provisions for bad debts	218,270,897	231,626,649
	<u>1,753,824,456</u>	<u>1,400,664,759</u>

As of December 31, 2024, the Group had no actual write-offs of allowance for doubtful accounts on receivables (2023: None).

As of December 31, 2024, the Group entered into a trade receivable factoring arrangements and transferred certain trade receivables to banks. The carrying amount of the assets that are derecognised as at 31 December 2024 was RMB754,809,409, the Group also recognised interest expense amounting to RMB7,214,310 (2023: Nil).

As of December 31, 2024, borrowings amounting to RMB150,624,587 were secured by certain of the Group's trade receivables with a carrying amount of RMB150,624,587. (2023 Nil)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

5. FINANCING RECEIVABLES

	31 December 2024	31 December 2023
Bank acceptance notes	<u>1,382,456,994</u>	<u>1,801,284,684</u>

As at 31 December 2024, the Group obtained short-term loans of RMB338,066,940 (31 December 2023: Nil) by pledging bank acceptance notes.

The undue notes discounted or endorsed were as follows :

	31 December 2024		31 December 2023	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance notes	<u>12,733,067,788</u>	<u>564,253,035</u>	<u>12,228,142,679</u>	<u>1,242,029,813</u>

As of 31 December 2024 and 2023, there were no trade receivable transferred from notes receivable because of the drawers' inability to pay.

As of 31 December 2024, the Group derecognized notes receivable discounted to financial institutions amounting to RMB4,972,291,159 (2023: RMB4,028,695,081), and recognized discount expense amounting to RMB94,301,849 (2023: RMB18,912,711).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

6. PREPAYMENTS

An ageing analysis of the prepayments is as follows:

	31 December 2024		31 December 2023	
	Book value	Ratio (%)	Book value	Ratio (%)
Within one year	366,554,395	96	628,255,503	97
One to two years	12,710,526	3	13,924,479	2
Two to three years	1,973,653	1	3,243,448	1
	<u>381,238,574</u>	<u>100</u>	<u>645,423,430</u>	<u>100</u>

7. NOTES PAYABLE

	31 December 2024	31 December 2023
Bank acceptance notes	<u>10,051,474,326</u>	<u>8,631,701,173</u>

As of 31 December 2024 and 2023, the Group had no matured and unpaid accounts payable.

8. TRADE PAYABLES

The trade payables are interest-free and are normally settled within three months.

The ageing analysis of trade payables, based on the invoice date, is as follows:

	31 December 2024	31 December 2023
Within one year	10,408,069,219	13,190,322,849
One to two years	177,175,303	170,817,523
Two to three years	35,015,927	111,377,906
Over three years	<u>53,412,429</u>	<u>41,122,208</u>
	<u>10,673,672,878</u>	<u>13,513,640,486</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

9. DIVIDENDS

The board of directors does not recommend the payment of any dividends for the year ended 31 December, 2024.

10. REVENUE AND COST OF SALES

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating income	79,365,028,160	79,983,500,998	96,403,138,119	94,839,339,719
Other operating income	<u>2,451,863,579</u>	<u>2,608,167,041</u>	<u>2,534,831,245</u>	<u>2,468,802,362</u>
	<u><u>81,816,891,739</u></u>	<u><u>82,591,668,039</u></u>	<u><u>98,937,969,364</u></u>	<u><u>97,308,142,081</u></u>

Revenue is presented as follows:

	2024	2023
Revenue from contracts with customers	81,802,597,311	98,830,390,735
Other income	<u>14,294,428</u>	<u>107,578,629</u>
	<u><u>81,816,891,739</u></u>	<u><u>98,937,969,364</u></u>

Timing of revenue recognition from contracts with customers :

	2024	2023
At a point in time	81,709,159,011	98,740,477,790
Over time	<u>93,438,300</u>	<u>89,912,945</u>
	<u><u>81,802,597,311</u></u>	<u><u>98,830,390,735</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

10. REVENUE AND COST OF SALES (CONTINUED)

Revenue recognized that was included in contract liabilities at the beginning of the year:

	2024	2023
Revenue	<u><u>4,013,383,663</u></u>	<u><u>4,987,638,416</u></u>

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the year end is expected to be recognized as revenue as follows:

	2024	2023
Within one year	<u><u>4,123,176,032</u></u>	<u><u>4,013,383,663</u></u>

Note: For sales of products, the Group satisfies a performance obligation when customer obtained the control of the relevant products, and for provide of services, the Group satisfies a performance obligation based on performance progress over the contract period. The maturity on contract payment of the Group is 30 to 90 days, without existence of significant financing component. The contracts between the Group and its certain customers containing sales rebate arrangements (future price reductions based on cumulative sales volumes), which forms a variable consideration. The Group determines the variable consideration based on the expected or the most probable value. However, the sales price including variable considerations should not exceed the amount accumulatively recognized which is not likely to be significantly reversed when the uncertainty disappears.

11. FINANCIAL EXPENSES

	2024	2023
Interest expenses	594,035,828	519,190,821
Less: interest income	99,418,512	61,547,907
Less: capitalised borrowing costs	120,555	12,506,298
Exchange loss	41,544,614	6,088,400
Others	15,818,202	15,686,313
	<u><u>551,859,577</u></u>	<u><u>466,911,329</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

12. (LOSS)/GAIN FROM DISPOSAL OF ASSETS

	2024	2023
(Loss)/Gain on disposal of fixed assets	(284,725,501)	43,755,933
Gain on disposal of intangible assets	14,356,865	32,099,236
Gain on disposal of construction in process	<u>–</u>	<u>18,005,989</u>
	<u>(270,368,636)</u>	<u>93,861,158</u>

13. NON-OPERATING INCOME

	2024	2023	Included in 2024 non-recurring gains and losses
Compensation	454,441	5,043,630	454,441
Others	<u>1,555,073</u>	<u>2,755,730</u>	<u>1,555,073</u>
	<u>2,009,514</u>	<u>7,799,360</u>	<u>2,009,514</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

14. NON-OPERATING EXPENSES

	2024	2023	Included in 2024 non-recurring gains and losses
Loss from scrap of fixed assets	29,694,405	2,030,156	29,694,405
Charity donation	1,947,695	2,116,769	1,947,695
Others	78,714,790	6,530,594	78,714,790
	<u>110,356,890</u>	<u>10,677,519</u>	<u>110,356,890</u>

15. INCOME TAX EXPENSES

	2024	2023
Mainland China current income tax expense	113,617,180	238,338,772
Hong Kong current income tax expense	5,593,179	6,385,403
Overseas current income tax expense	26,612,545	29,917,483
Deferred tax expense	7,928,462	(231,400,513)
	<u>153,751,366</u>	<u>43,241,145</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

15. INCOME TAX EXPENSES (CONTINUED)

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

	2024	2023
Loss before tax	(4,829,857,723)	(1,596,659,516)
Tax at the applicable tax rate of 25% (Note)	(1,207,464,431)	(399,164,879)
Effect of different tax rates of subsidiaries	518,244,950	217,832,116
Non-deductible expenses	29,700,961	12,320,825
Adjustment of income tax of prior period	6,571,781	126,553,448
Other tax preference	(166,090,308)	(213,684,505)
Income not subject to tax	(6,531,238)	(88,496,228)
Unrecognized deductible temporary difference and tax losses	1,098,526,684	409,204,692
Effect on deferred tax of change in the tax rate	(119,463,119)	7,177,678
Utilised previous years' tax losses	(1,013,086)	(1,445,284)
Share of profit or loss of joint ventures and associates	1,269,172	(27,056,718)
Tax charge at the Group's effective rate	<u>153,751,366</u>	<u>43,241,145</u>

Note: The Group's income tax has been provided at the rate on the estimated taxable profits arising in the PRC during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

16. LOSSES PER SHARE

	2024	2023
	<i>RMB/share</i>	<i>RMB/share</i>
Basic losses per share		
Continuing operations	<u>(0.61)</u>	<u>(0.17)</u>
Diluted losses per share		
Continuing operations	<u>(0.61)</u>	<u>(0.17)</u>

Basic Earnings Per Share (EPS) is calculated by dividing the net loss attributable to ordinary shareholders of the Company for the period by the weighted average number of ordinary shares outstanding during the period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)*As at 31 December 2024**Renminbi Yuan***16. LOSSES PER SHARE (CONTINUED)**

The calculations of the basic losses per share amounts are based on:

	2024	2023
Net Loss		
Net Loss Attributable to Ordinary Shareholders for the Period		
Continuing operations	<u>(4,659,156,254)</u>	<u>(1,327,161,500)</u>
Total	<u><u>(4,659,156,254)</u></u>	<u><u>(1,327,161,500)</u></u>
Adjusted Net Loss Attributable to Ordinary Shareholders for the Period	<u><u>(4,659,156,254)</u></u>	<u><u>(1,327,161,500)</u></u>
Attributable to:		
Continuing operations	<u><u>(4,659,156,254)</u></u>	<u><u>(1,327,161,500)</u></u>
Total	<u><u>(4,659,156,254)</u></u>	<u><u>(1,327,161,500)</u></u>
Number of shares		
Weighted Average Number of Ordinary Shares in Issue During the Period	7,700,681,186	7,700,681,186
Dilution Effect – Weighted Average Number of Ordinary Shares Restricted Shares	–	–
Adjusted Weighted Average Number of Ordinary Shares in Issue During the Period	<u><u>7,700,681,186</u></u>	<u><u>7,700,681,186</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

17. CONTINGENT EVENTS

Difference of corporate income tax

The State Administration of Taxation issued “The notice of income tax collection and management on Shanghai Petrochemical Company Limited and other eight companies listed overseas corporation” (Guo Shui Han [2007] No. 664) in June 2007, with stated claims that the relevant local tax bureaus must correct immediately the expired tax incentives of the nine overseas listed companies. The income tax difference between the results of the previously expired preferential rate and the applicable rate should be treated in accordance with the relevant provisions of the “People’s Republic of China Administration of Tax Collection Law”.

The Company was one of the nine companies mentioned above and used a 15% preferential tax rate in the previous period. After understanding the above information, the Company and the tax authorities issued a comprehensive communication and according to the tax authorities, the applicable corporate income tax rate in 2007 was 33%, which was adjusted from the original 15%. The Company had not been recovered prior period income tax differences.

Based on the comprehensive communication between the Company and the tax authorities, the director of the Company believed that it is uncertain whether the tax authorities will recover the difference between the previous period’s income tax at this stage, and the final result of this matter cannot be estimated reliably. Therefore, the financial statements have not made any provision or adjustments related to the income tax differences.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2024

Renminbi Yuan

18. EVENTS AFTER THE BALANCE SHEET DATE

Due to the Group's failure to meet the performance targets set by the "2021 A-share Restricted Stock Incentive Plan" for the year 2023, the Group completed the repurchase and cancellation of 24,833,400 restricted shares corresponding to the 2023 assessment year on February 17, 2025. After this repurchase and cancellation, the remaining restricted shares under the 2021 A-share equity incentive plan are 21,423,400 shares. Concurrently, the Group's registered capital was reduced by RMB24,833,400, changing to RMB7,722,104,586.

On February 25, 2025, the Extraordinary General Meeting (EGM) of the Company for the year 2025 resolved to approve the "Proposal on Capital Increase to the Wholly-Owned Subsidiary." The Company plans to transfer its steel core business, equity interests in 15 wholly-owned and holding subsidiaries, and equity interests in 3 equity-participating companies as a whole to its wholly-owned subsidiary Ma'anshan Iron & Steel Co., Ltd. through capital restructuring. The closing date for this transaction is February 28, 2025.

As of the date of approval of these financial statements, the Group has no other material matters subsequent to the balance sheet date that require disclosure.

By order of the Board
Maanshan Iron & Steel Company Limited
Jiang Yuxiang
Chairman

28 March 2025

Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include: executive directors Jiang Yuxiang, Mao Zhanhong and Zhang Wenyang; independent non-executive directors Guan Bingchun, He Anrui, Qiu Shengtao and Zeng Xiangfei.