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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\***  
**2024 ANNUAL RESULTS ANNOUNCEMENT**

**FINANCIAL HIGHLIGHTS**

- Operating income amounted to RMB105,101 million
- Total profit amounted to RMB-7,035 million
- Net profit attributable to shareholders of the Company amounted to RMB-7,122 million
- Basic earnings per share amounted to RMB-0.759 (2023: adjusted basic earnings per share amounted to RMB-0.347)
- 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:

|   |   |
|---|---|
| “Angang”                                      | Angang Group Company Limited* (鞍鋼集團有限公司), the de facto controller of the Company  |
| “Angang Financial Company”                    | Angang Group Financial Company Limited* (鞍鋼集團財務有限責任公司)  |
| “Angang Group”                                | Angang and the companies in which it holds 30% or above interests (excluding the Group)   |
| “Angang Holding”                              | Anshan Iron & Steel Co. Ltd* (鞍山鋼鐵集團有限公司), the controlling shareholder of the Company   |
| “Angang International Trade”                  | Angang Group International Economic and Trade Co., Ltd.* (鞍鋼集團國際經濟貿易有限公司)   |
| “Anshan Iron & Steel Group Complex”           | Angang Holding and the companies in which it holds 30% or above interests (excluding the Group)   |
| “Bayuquan Branch Company”                     | Bayuquan Iron & Steel Branch Company* of Angang Steel 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  |
| “Company”, “Angang Steel” or “Parent Company” | Angang Steel Company Limited* (鞍鋼股份有限公司)  |
| “Continuing Connected Transaction Agreements” | collectively, the Supply of Materials and Services Agreement (2022–2024), the Supply of Materials Agreement (2022 – 2024), the Financial Service Agreement (2022–2024) and the Supply Chain Financial Service Agreement (2022–2024) |
| “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                               |
| “Green Gold”  | Angang Green Gold Industry Development Co., Ltd. (鞍鋼綠金產業發展有限公司)  |
| “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 2024  |
| “Supplemental Agreement to Continuing Connected Transaction Agreements” | the 2023 Supplemental Agreement to the Supply of Materials and Services Agreement (2022–2024) entered into between the Company and Angang, which was approved at the third extraordinary general meeting of the Company in 2023 on 26 October 2023 |
| “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: Business combination under common control

*Unit: RMB million*

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

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

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

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

Yes       No

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

Yes  No

*Unit: RMB Million*

| <b>Item</b>                                | <b>2024</b>    | 2023    | Notes  |
|--|----------------|---------|--|
| Operating income                           | <b>105,101</b> | 115,571 | –  |
| Amount deducted from operating income      | <b>1,626</b>   | 191     | Other business income from material sales, scrap sales, etc., and income of the subsidiary Steel Scrap from the beginning of the period to the combination date under the common control |
| Amount of operating income after deduction | <b>103,475</b> | 115,380 | –  |

#### **MAJOR FINANCIAL INDICATOR BY QUARTER**

*Unit: RMB million*

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

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

Yes  No

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

*Unit: RMB million*

| Items of Non-Recurring Gain and Losses  | 2024       | 2023      | 2022       |
|---|------------|-----------|------------|
| 1. Gains/losses from disposal or retirement of non-current assets   | 7          | -22       | -25        |
| 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 | 113        | 60        | 89         |
| 3. Changes in fair value of trading financial assets  | -2         | -         | -          |
| 4. Changes in fair value of other non-current financial Assets  | -3         | 6         | -10        |
| 5. 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         |
| 6. Reversal of the allowance for impairment of receivables that is individually tested for impairment   | 15         | 19        | 64         |
| 7. Current net profit and loss of subsidiaries from the beginning of the period to the date of the combination arising from business combination under common control   | 3          | -         | -          |
| 8. Net profit or loss of subsidiaries from business combinations under common control in the prior period   | -          | 10        | 18         |
| 9. Gains/losses on debt restructuring   | -          | 30        | -          |
| 10. Other non-operating revenue and expenses except those mentioned above   | -1         | 22        | -12        |
| Subtotal  | <u>132</u> | <u>88</u> | <u>211</u> |
| Less: Effect on income tax  | 26         | 20        | 48         |
| Effect on minority shareholders (after tax)   | <u>26</u>  | <u>8</u>  | <u>13</u>  |
| Total   | <u>80</u>  | <u>60</u> | <u>150</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 2024**

The Group recorded a net profit attributable to shareholders of the Company of RMB-7,122 million and basic earnings per share of RMB-0.759 for the year ended 31 December 2024. Adjusted net profit attributable to shareholders of the Company was RMB-3,255 million and adjusted basic earnings per share was RMB-0.347 for the year ended 31 December 2023.

## **PROFIT DISTRIBUTION**

Net profit attributable to shareholders of the Company amounted to RMB-7,122 million for the year of 2024 in accordance with the PRC Accounting Standard for Business Enterprise, as audited and confirmed by BDO China Shu Lun Pan Certified Public Accountants LLP.

Pursuant to the Articles of Association, the Board, taking into account the Company's development and financial requirements, and in order to better ensure the sustainable development of the Company and the long-term interests of all shareholders, proposed not to distribute cash dividends, issue bonus shares or transfer reserve into share capital for 2024.



## **BUSINESS REVIEW**

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

### **1. Continuous Improvement of Scientific and Technological Innovation**

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

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

## **2. Remarkable Results in Digital Empowerment**

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

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

## **3. Significant Breakthroughs in Reform**

The Company's internal vitality has been greatly enhanced as it has intensified reforms in streamlining administration, delegating powers, and improving services. It has authorized 41 business matters across four major areas: marketing, procurement, investment, and human resources, fully unleashing the vitality of independent operations. The Company has advanced the 3.0 reform of Chaoyang Iron and Steel, reducing the number of organizational units by 44%. This has established a new management model of "direct company oversight of operational areas", resulting in a 10% improvement in overall process efficiency. Angang Chemical was recognized as a benchmark enterprise in the 2023 "double-hundred action" of central enterprises, while Chaoyang Steel and Iron was awarded the title of outstanding enterprise.

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

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

#### **4. Outstanding Achievements in Lean Management**

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

#### **5. Growing Brand Influence**

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

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

## **6. Orderly Green and Low-Carbon Development**

Newly improved dual-carbon management capabilities. In dual-carbon management, the Company has focused on organizational carbon and product carbon, coordinating efforts in carbon planning, carbon control, carbon monitoring, carbon disclosure, and carbon optimization. This has improved the dual-carbon promotion system, resulting in a 1.4% reduction in CO<sub>2</sub> emissions per RMB10,000 of output value compared to the previous year. The Company’s hot-rolled coil products have achieved a carbon efficiency rating of Grade E and were included in the first batch of China’s low-carbon steel product categories of CISA. Based on the blast furnace-converter production process, the Company has successfully produced ultra-low-carbon steel and low-alloy steel for automotive use, reducing carbon emissions by over 30% and meeting customer demands. Third-party certification was completed for five key products—hot-rolled, cold-rolled, continuous annealing, batch annealing, and galvanized steel—achieving a 30% reduction in carbon emissions.

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

## **7. Robust and Steady Risk Control**

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

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

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

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

## **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 2025**

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

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

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

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

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

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



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

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

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

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

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

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

### **3. Plans for Funding Requirements**

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

## ANALYSIS OF FINANCIAL INFORMATION

### 1. Overview

*Unit: RMB million*

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

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

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

## 2. Income and Cost

### (1) Composition of operating income

*Unit: RMB million*

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

**(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) |
|---------------------------------------|------------------|----------------|-------------------------|--|--|--|
| <b>By industries</b>                  |                  |                |                         |  |  |  |
| Steel rolling and processing industry | 104,704          | 108,451        | -3.58                   | -9.25  | -6.43  | -3.12  |
| <b>By products</b>                    |                  |                |                         |  |  |  |
| Hot-rolled sheets products            | 33,033           | 34,975         | -5.88                   | 0.86   | 5.38   | -4.54  |
| Cold-rolled sheets products           | 34,306           | 35,015         | -2.07                   | -12.16   | -8.90  | -3.66  |
| Medium and thick plates               | 17,947           | 18,220         | -1.52                   | -12.52   | -11.07   | -1.65  |
| <b>By geographical locations</b>      |                  |                |                         |  |  |  |
| Domestic China                        | 97,407           | 100,691        | -3.37                   | -9.99  | -7.48  | -2.80  |
| Export Sales                          | 7,297            | 7,760          | -6.35                   | 1.91   | 9.76   | -7.61  |
| <b>By sales modes</b>                 |                  |                |                         |  |  |  |
| Direct selling                        | 51,535           | 53,582         | -3.97                   | -2.77  | 0.52   | -3.40  |
| Distribution                          | 53,169           | 54,869         | -3.20                   | -14.76   | -12.35   | -2.84  |

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

Applicable       Not Applicable



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

Applicable       Not Applicable

*Unit: 0'000 tons*

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

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

Applicable       Not Applicable

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

Applicable       Not Applicable

**(5) Composition of operating costs**

*Unit: RMB million*

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

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

Applicable       Not Applicable

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

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

Applicable       Not Applicable

**(8) Major customers and suppliers**

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

Sales to major customers of the Company:

|   | <i>Unit: RMB million</i> |             |
|---|--------------------------|-------------|
|   | <b>2024</b>              | <b>2023</b> |
| Total sales amount of the top five customers  | <b>43,643</b>            | 45,235      |
| Proportion of total sales amount of the top five customers over total sales amount for the year (%)                             | <b>41.52</b>             | 39.93       |
| Proportion of sales to related parties of total sales amount of the top five customers over total sales amount for the year (%) | <b>37.32</b>             | 39.93       |

Top five customers of the Company:

*Unit: RMB million*

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

Sales to major suppliers of the Company:

*Unit: RMB million*

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

Top five suppliers of the Company:

*Unit: RMB million*

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

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

Sales to major customers of the Company:

*Unit: RMB million*

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

Top five customers of the Company:

*Unit: RMB million*

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

Sales to major suppliers of the Company:

*Unit: RMB million*

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

Top five suppliers of the Company:

*Unit:RMB million*

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

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

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

Yes       No       Not Applicable

### 3. Expenses

*Unit: RMB million*

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

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



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

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

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

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

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

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

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

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



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

| Names of main R&D projects  | Purpose   | Progress   | Proposed objectives   | Expected effects on the future development of the Company   |
|---|---|--|---|---|
| Key Technologies for Synergistic Strength-Toughness and Service Life Enhancement of High-Performance Rails under Harsh Conditions                 | In response to the issue of short service life of rails under the conditions of high traffic volume and large axle load in heavy-haul railways, which restricts the improvement of transportation efficiency, the purpose is to develop high-performance rails with a yield strength of over 690MPa and good low-temperature toughness, along with the corresponding manufacturing processes. | The third-party performance inspection of the high-performance rails has been completed, meeting the project assessment index requirements. The mass production and demonstration application of Angang's high-performance rails have been achieved.   | To develop a full-process production and manufacturing technology for high-performance rails that synergistically enhances strength and toughness, and to implement a multi-dimensional synergistic enhancement technology that combines material, structure, and maintenance. The expected service life of high-performance rails is projected to increase by more than 50%. | To develop high-performance rails that meet the service life enhancement needs of heavy-haul railways, address the production technical challenges of improving the strength-toughness matching of high-strength rails, establish the capability for mass and stable production of high-performance rails, and support the Company's serialized research and development and technological innovation in high-strength rails. |
| Research on the Influence of Strength and Loss in 600MPa High-Strength Silicon Steel Materials for High-Speed Motor Rotors in New Energy Vehicles | To develop new energy vehicle electrical steel with a yield strength of 600MPa, and collaboratively optimize material strength and iron loss to meet the design specifications of high-speed motors.  | A comprehensive study was conducted on the effects of solid solution strengthening and dislocation strengthening mechanisms on the iron loss and strength of electrical steel materials. This research led to the successful development of 600MPa-grade electrical steel and the production of prototype steel. | To achieve the development of 600MPa-grade electrical steel, and produce prototype steel for the preparation of electric motors.  | The high-speed drive motors is a significant direction of development within the new energy vehicle industry, where the strength of the rotor has become a crucial indicator for the safety of the motor rotor. The high-strength silicon steel developed in this project, upon subsequent industrial transformation, is expected to expand into a larger market space.   |

### ***R&D staff of the Company***

|   | <b>2024</b>  | 2023  | Year-on-year<br>increase/decrease            |
|---|--------------|-------|--|
| Number of R&D staff ( <i>person</i> )                   | <b>2,373</b> | 2,278 | 4.17%  |
| Percentage of the number of R&D staff in<br>the Company | <b>9.48%</b> | 8.45% | Increased<br>by 1.03<br>percentage<br>points |
| <b>Educational background of R&amp;D staff</b>          | <b>1,545</b> | 1,484 | 4.11%  |
| Bachelor  | <b>497</b>   | 441   | 12.70%                                       |
| Master  |              |       |  |
| <b>Age structure of R&amp;D staff</b>                   |              |       |  |
| Below 30  | <b>103</b>   | 115   | -10.43%                                      |
| 30~40   | <b>721</b>   | 694   | 5.33%  |
| Above 41  | <b>1,539</b> | 1,469 | 4.76%  |

### ***R&D expenditure of the Company***

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

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

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

Applicable       Not Applicable

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

Applicable       Not Applicable

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

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

Applicable  Not Applicable

## 5. Cash flow

*Unit: RMB million*

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

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

Applicable  Not Applicable

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

- 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*

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

## 6. Liquidity and financial resources

### (1) Loan and credit

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

### (2) Working capital

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

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

*Unit: RMB million*

|            | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|------------|-----------------------------|---------------------|
| RMB        | <b>4,543</b>                | 3,318               |
| US dollars | <b>1</b>                    | 1                   |
| HK dollars | –                           | –                   |
| Others     | –                           | –                   |
|            | <hr/>                       | <hr/>               |
| Sub-totals | <b><u>4,544</u></b>         | <b><u>3,319</u></b> |

### **(3) Capital commitment**

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

## **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                           | 556    | Not Applicable                      | Mainly included investment income from long-term equity investments accounted by equity method and other equity instruments during holding period. | Yes                |
| Gains arising from changes in fair value    | 71     | Not Applicable                      | Mainly included changes in fair value of derivative financial instruments and changes in fair value of other non-financial assets.                 | Yes                |
| Impairment losses on asset (“-” for losses) | -680   | Not Applicable                      | Mainly included provision for impairment on inventories.   | No                 |
| Credit impairment loss (“-” for losses)     | -2     | Not Applicable                      | Mainly included reversal of provision for impairment on account receivables.   | No                 |
| Other gains                                 | 217    | Not Applicable                      | Mainly included gains on government grants.  | No                 |
| Gains on disposal of assets                 | 92     | Not Applicable                      | Mainly included gains on disposal of intangible assets and fixed assets.   | No                 |
| Non-operating income                        | 38     | Not Applicable                      | Mainly included gains on scrap of non-current assets.  | No                 |
| Non-operating expenses                      | 120    | Not Applicable                      | Mainly included losses on scrap of non-current assets.   | No                 |

## ANALYSIS OF ASSETS AND LIABILITY

### 1. Significant changes in composition of assets

*Unit: RMB million*

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

A high proportion was recorded in offshore assets

Applicable       Not Applicable

## 2. Assets and liabilities measured at fair value

*Unit: RMB million*

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

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

Yes       No

### **3. Gearing ratio**

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

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

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

### **5. Contingent liabilities**

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

## **ANALYSIS ON THE CORE COMPETITIVENESS**

### **1. Advantages in brand**

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

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

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

## **2. Advantages in steel products**

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

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

## **3. Advantages in scientific and technological innovation**

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

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

#### **4. Advantages in digital development**

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

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

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

## **5. Advantages in green and low-carbon development**

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

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

## **6. Advantages in iron ore resource security**

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

## SIGNIFICANT EVENTS

### (I) Performance of Undertaking

- 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》):<br><br>(1) Angang Holding and its wholly-owned and holding subsidiaries have complied with relevant requirements of the state on the non-competition.<br><br>(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.<br><br>(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. | 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 |
|------------------------|-------------------|---------------------|-------------------------|---------------------|-----------------------|----------------------------|
|------------------------|-------------------|---------------------|-------------------------|---------------------|-----------------------|----------------------------|

(4) If the enterprises in which Angang Holding holds equity interests produce products or engage in business which compete or may compete with the Company, Angang Holding undertakes that it will transfer all the capital contribution, shares or equity interests and grant the Company preemptive rights for such capital contribution, shares or equity interests.

(5) If Angang Holding and its wholly-owned and holding subsidiaries have assets and business which compete or may compete with the Company, when the Company proposes the purchase requirement, Angang Holding and its wholly-owned and holding subsidiaries will transfer relevant assets and business to the Company with priority based on reasonable prices and conditions according to the processes required by laws.

(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.

| Reason for Undertaking | Undertaking Party | Type of Undertaking | Contents of Undertaking | Date of Undertaking | Period of Undertaking | Performance of Undertaking |
|------------------------|-------------------|---------------------|-------------------------|---------------------|-----------------------|----------------------------|
|------------------------|-------------------|---------------------|-------------------------|---------------------|-----------------------|----------------------------|

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 |
|---|-------------------|---------------------|---|---------------------|-----------------------|----------------------------|
|   |                   |                     | <p>Such undertakings became effective from the date of issuance, and shall be terminated once one of following conditions occurs:</p> <ol style="list-style-type: none"> <li>(1) Angang Holding ceases to be the controlling shareholder of the Company;</li> <li>(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);</li> <li>(3) When the state does not require the contents of certain undertakings, relevant section shall be terminated automatically.</li> </ol> <p>Considering that Angang Holding does not have any iron and steel production projects in production which compete with the Company, therefore, the undertakings made in the undertaking letter shall prevail if any inconsistencies occur between such undertakings and all the undertakings made by Angang Holding concerning the competitions with the Company before the date of the issuance of the undertaking letter.</p> |                     |                       |                            |
| Whether the commitments are fulfilled on time |                   |                     | Yes   |                     |                       |                            |

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

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

**(III) NON-COMPLIED EXTERNAL GUARANTEE**

Applicable  Not Applicable

There were no illegal external guarantees during the Reporting Period.

**(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**

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

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

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

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

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

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

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

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

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

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

(VIII) APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

**1. Accounting Firm Currently Engaged by the Company**

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

**2. Whether Appointed Another Accounting Firm During the Period**

Applicable  Not Applicable

Whether the accounting firm was reappointed during the audit period

Yes  No

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

Applicable  Not Applicable

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

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

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

#### **(IX) DELISTING RISKS AFTER THE DISCLOSURE OF ANNUAL REPORT**

Applicable       Not Applicable

#### **(X) BANKRUPTCY REORGANIZATION**

Applicable       Not Applicable

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

#### **(XI) MATERIAL LITIGATION AND ARBITRATION**

Applicable       Not Applicable

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



### ***Other litigation matters***

Applicable       Not Applicable

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

### **(XII) PENALTIES AND RECTIFICATIONS**

Applicable       Not Applicable

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

### **(XIII) CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS**

Applicable       Not Applicable

### **(XIV) MAJOR CONNECTED TRANSACTIONS**

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

**1. Amount of related transactions related to daily operations:**

*Unit: RMB million*

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

| Related party  | Related relationship                           | Type of related transaction      | Content of related party transaction | Pricing principle of related party transaction | Related party transaction price | Related party transaction amount | As a percentage of the amount of similar transactions (%) | Transaction Cap | Whether exceeding approved cap | Settlement method of related party transactions | Market price of available similar transactions |
|--|--|----------------------------------|--------------------------------------|--|---------------------------------|----------------------------------|---|-----------------|--------------------------------|---|--|
| Delin Land Port Supply Chain Service Co., Ltd. (德鄰陸港供應鏈服務有限公司) | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Purchase steel products              | Market   | -                               | 2,966                            | 6.40  | 9,752           | No                             | In cash   | -  |
| Pangang Group Company Limited                                  | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Purchase steel products              | Market   | -                               | 521                              | 1.13  |                 |                                | In cash   | -  |
| Other subsidiaries of Angang Group                             | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Purchase steel products              | Market   | -                               | 361                              | 0.78  |                 |                                | In cash   | -  |
| Sub-total  | -  | -                                | Purchase steel products              | -  | -                               | 3,848                            | 8.31  |                 |                                | -   | -  |

| Related party   | Related relationship                           | Type of related transaction      | Content of related party transaction | Pricing principle of related party transaction | Related party transaction price | Related party transaction amount | As a percentage of the amount of similar transactions (%) | Transaction Cap | Whether exceeding approved cap | Settlement method of related party transactions | Market price of available similar transactions |
|---|--|----------------------------------|--------------------------------------|--|---------------------------------|----------------------------------|---|-----------------|--------------------------------|---|--|
| Anshan Iron and Steel Metallurgical Furnace Material Technology Co., Ltd. | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Purchase auxiliary materials         | Market   | -                               | 925                              | 14.81   | 3,713           | No                             | In cash   | -  |
| Angang Refractory Co., Ltd.   | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Purchase auxiliary materials         | Market   | -                               | 716                              | 11.46   |                 |                                | In cash   | -  |
| Angang Engineering Technology Development Co., Ltd.                       | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Purchase auxiliary materials         | Market   | -                               | 261                              | 4.18  |                 |                                | In cash   | -  |
| Other subsidiaries of Angang Group  | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Purchase auxiliary materials         | Market   | -                               | 489                              | 7.83  |                 |                                | In cash   | -  |
| Sub-total   | -  | -                                | Purchase auxiliary materials         | -  | -                               | 2,391                            | 38.28   |                 |                                | -   | -  |
| Angang Group  | Controlled by the same controlling shareholder | Purchase goods/ Receive services | Procurement of energy and power      | Market   | -                               | 57                               | 2.82  | 2,750           | No                             | In cash   | -  |
| Sub-total   | -  | -                                | Procurement of energy and power      | -  | -                               | 57                               | 2.82  |                 |                                | -   | -  |

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

| Related party  | Related relationship                           | Type of related transaction              | Content of related party transaction | Pricing principle of related party transaction | Related party transaction price | Related party transaction amount | As a percentage of the amount of similar transactions (%) | Transaction Cap | Whether exceeding approved cap | Settlement method of related party transactions | Market price of available similar transactions |
|--|--|--|--------------------------------------|--|---------------------------------|----------------------------------|---|-----------------|--------------------------------|---|--|
| Delin Land Port Supply Chain Service Co., Ltd. (德鄰陸港供應鏈服務有限公司)     | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sales of products                    | Market   | -                               | 5,400                            | 3.87  | 24,194          | No                             | In cash   | -  |
| Angang International Trade (鞍鋼國貿公司)                                | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sales of products                    | Market   | -                               | 1,305                            | 0.93  |                 |                                | In cash   | -  |
| Angang Cold Rolled Steel Plate (Putian) Co., Ltd. (鞍鋼冷軋鋼板(莆田)有限公司) | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sales of products                    | Market   | -                               | 1,242                            | 0.89  |                 |                                | In cash   | -  |
| Anshan Falan Packing Material Co. Ltd.                             | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sales of products                    | Market   | -                               | 235                              | 0.17  |                 |                                | In cash   | -  |
| Zhongyuan Industry   | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sales of products                    | Market   | -                               | 222                              | 0.16  |                 |                                | In cash   | -  |
| Other subsidiaries of Angang Group                                 | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sales of products                    | Market   | -                               | 396                              | 0.28  |                 |                                | In cash   | -  |
| Sub-total  | -  | -  | Sales of products                    | -  | -                               | 8,800                            | 6.30  |                 |                                | -   | -  |

| Related party                      | Related relationship                           | Type of related transaction              | Content of related party transaction                              | Pricing principle of related party transaction | Related party transaction price | Related party transaction amount | As a percentage of the amount of similar transactions (%) | Transaction Cap | Whether exceeding approved cap | Settlement method of related party transactions | Market price of available similar transactions |
|------------------------------------|--|--|---|--|---------------------------------|----------------------------------|---|-----------------|--------------------------------|---|--|
|                                    |  |  |   |  |                                 |                                  |   |                 |                                |   |  |
| Bensteel Group Co., Ltd.           | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sell scrap steel material, abandoned material, minus sieve powder | Market   | -                               | 736                              | 53.45   | 6,563           | No                             | In cash   | -  |
| Zhongyuan Industry                 | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sell scrap steel material, abandoned material, minus sieve powder | Market   | -                               | 355                              | 25.78   |                 |                                | In cash   | -  |
| Other subsidiaries of Angang Group | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Sell scrap steel material, abandoned material, minus sieve powder | Market   | -                               | 239                              | 17.36   |                 |                                | In cash   | -  |
| Sub-total                          | -  | -  | Sell scrap steel material, abandoned material, minus sieve powder | -  | -                               | 1,330                            | 96.59   |                 |                                | -   | -  |
| Angang Group                       | Controlled by the same controlling shareholder | Sales of products/ Provision of services | Provide comprehensive services                                    | Market   | -                               | 408                              | 25.69   | 1,881           | No                             | In cash   | -  |
| Sub-total                          | -  | -  | Provide comprehensive services                                    | -  | -                               | 408                              | 25.69   |                 |                                | -   | -  |

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

Particulars on refund of bulk sale



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

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

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

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

Relevant explanation on connected transactions

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

**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 |
|--|--|----------------------|--|------------------------------------|------------------------------|----------------------------|----------------------------|
| Zhongyuan Industry, Angang Holding                                     | Controlled by the same controlling shareholder | Green Gold           | Recycling of productive scrap metal, processing of metal waste and scrap, recycling of renewable resources (excluding productive scrap metal), processing of renewable resources, sales of renewable resources, and general goods warehousing services (excluding items requiring special permits such as hazardous chemicals) | 469                                | 735                          | 320                        | 1                          |
| Progress of major projects (if any) under construction of the investee |  | -                    |  |                                    |                              |                            |                            |

#### 4. *Related party credit and debt transaction*

Applicable       Not Applicable

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                       | 0.455-1.35                         | 2,583                                     | 311,627                                  | 310,204                                  | 4,006                               |

##### 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 | 1,500         | 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           | 1,500        | –             |

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

## **9. *Opinions of auditors***

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

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

## **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*

Applicable       Not Applicable

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

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

**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 July 29, 2024, the Company completed the repurchase and cancellation of 450,666 restricted shares granted but not yet released from restriction of sale held by 14 original incentive participants at the Shenzhen branch of China Securities Depository and Clearing Company Limited.

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.

## AUDIT AND RISK (OVERSIGHT) COMMITTEE

The Audit and Risk (Oversight) 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 2024.

## POST-PERIOD EVENTS

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

## FINANCIAL INFORMATION

### Consolidated Balance Sheet

*As at 31 December, 2024*

Prepared by: Angang Steel Company Limited

*Monetary unit: RMB million*

| <b>Item</b>                       | <i>Notes</i> | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|-----------------------------------|--------------|-----------------------------|---------------------|
| <b>Current assets:</b>            |              |                             |                     |
| Cash and cash equivalents         |              | <b>4,544</b>                | 3,319               |
| Held-for-trading financial assets |              | <b>15</b>                   |                     |
| Derivative financial assets       |              |                             | 3                   |
| Notes receivable                  |              | <b>55</b>                   | 112                 |
| Accounts receivable               | 2            | <b>2,952</b>                | 1,790               |
| Receivables financing             |              | <b>918</b>                  | 1,618               |
| Prepayments                       |              | <b>3,189</b>                | 2,967               |
| Other receivables                 |              | <b>66</b>                   | 85                  |
| Including: Interests receivable   |              |                             |                     |
| Dividends receivable              |              |                             | 27                  |
| Inventories                       |              | <b>14,769</b>               | 16,611              |
| Other current assets              |              | <b>1,742</b>                | 916                 |
| <b>Total current assets</b>       |              | <b>28,250</b>               | 27,421              |



| <b>Item</b>                         | <i>Notes</i> | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|-------------------------------------|--------------|-----------------------------|---------------------|
| <b>Non-current assets:</b>          |              |                             |                     |
| Long-term equity investments        |              | <b>3,840</b>                | 3,486               |
| Other equity instrument investments |              | <b>690</b>                  | 672                 |
| Other non-current financial assets  |              | <b>104</b>                  | 91                  |
| Fixed assets                        |              | <b>51,842</b>               | 48,788              |
| Construction in progress            |              | <b>5,802</b>                | 6,887               |
| Right-of-use assets                 |              | <b>123</b>                  | 7                   |
| Intangible assets                   |              | <b>6,710</b>                | 6,900               |
| Deferred income tax assets          |              | <b>2,296</b>                | 2,272               |
| Other non-current assets            |              | <b>921</b>                  | 982                 |
|                                     |              | <hr/>                       | <hr/>               |
| <b>Total non-current assets</b>     |              | <b>72,328</b>               | 70,085              |
|                                     |              | <hr/> <hr/>                 | <hr/> <hr/>         |
| <b>Total assets</b>                 |              | <b>100,578</b>              | 97,506              |
|                                     |              | <hr/> <hr/>                 | <hr/> <hr/>         |

**Consolidated Balance Sheet (Continued)**  
As at 31 December, 2024

Monetary unit: RMB million

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

**Consolidated Balance Sheet (Continued)**  
*As at 31 December, 2024*

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

*Legal representative:*  
**Wang Jun**

*Financial controller:*  
**Li Jingdong**

*Person in charge of  
accounting department:*  
**Ma Li**

**Consolidated Income Statement**  
For the twelve months ended 31 December 2024

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

| Item   | Notes | January to<br>December<br>2024 | January to<br>December<br>2023 |
|--|-------|--------------------------------|--------------------------------|
| <b>I. Total operating revenue</b>                              |       | <b>105,101</b>                 | 115,571                        |
| Including: Operating revenue                                   | 5     | <b>105,101</b>                 | 115,571                        |
| <b>II. Total operating cost</b>                                |       | <b>112,308</b>                 | 120,006                        |
| Including: Operating cost                                      | 5     | <b>108,825</b>                 | 116,069                        |
| Taxes and surcharges   | 6     | <b>850</b>                     | 852                            |
| Selling expenses   |       | <b>560</b>                     | 633                            |
| Administrative expenses  |       | <b>1,339</b>                   | 1,698                          |
| Research and development expenses                              |       | <b>468</b>                     | 493                            |
| Finance expenses   | 8     | <b>266</b>                     | 261                            |
| Including: Interest expenses                                   |       | <b>285</b>                     | 289                            |
| Interest income  |       | <b>56</b>                      | 70                             |
| Add: Other incomes   |       | <b>217</b>                     | 54                             |
| Investment income (Loss is listed with “-”)                    |       | <b>556</b>                     | 317                            |
| Including: Investment incomes in associates and joint ventures |       | <b>563</b>                     | 338                            |
| Gain from fair-value changes (Loss is listed with “-”)         |       | <b>71</b>                      | 45                             |
| Credit impairment losses (Loss is listed with “-”)             |       | <b>(2)</b>                     | 14                             |
| Impairment on assets (Loss is listed with “-”)                 |       | <b>(680)</b>                   | (131)                          |
| Gains on disposal of assets (Loss is listed with “-”)          |       | <b>92</b>                      | 1                              |
| <b>III. Operating profit (Loss is listed with “-”)</b>         |       | <b>(6,953)</b>                 | (4,135)                        |
| Add: Non-operating income                                      |       | <b>38</b>                      | 54                             |
| Less: Non-operating expenses                                   |       | <b>120</b>                     | 48                             |
| <b>IV. Profit before tax (Loss is listed with “-”)</b>         |       | <b>(7,035)</b>                 | (4,129)                        |
| Less: Income tax expenses                                      | 9     | <b>59</b>                      | (916)                          |

| Item  | <i>Notes</i> | January to<br>December<br>2024 | January to<br>December<br>2023 |
|---|--------------|--------------------------------|--------------------------------|
| <b>V. Net profit (Loss is listed with “-”)</b>  |              | <b>(7,094)</b>                 | (3,213)                        |
| (I) Classification of business operation  |              |                                |                                |
| 1. Continuous operation profit<br>(Loss is listed with “-”)   |              | <b>(7,094)</b>                 | (3,213)                        |
| 2. Termination of business<br>operating profit (Loss is<br>listed with “-”)   |              |                                |                                |
| (II) Classification of ownership  |              |                                |                                |
| 1. Net income attributable to the<br>Company owners   |              | <b>(7,122)</b>                 | (3,255)                        |
| 2. Net income attributable to<br>minority shareholders  |              | <b>28</b>                      | 42                             |
| <b>VI. Other comprehensive income after tax</b>   |              | <b>39</b>                      | 24                             |
| Other comprehensive income after tax<br>attributable to parent company owners   |              | <b>39</b>                      | 24                             |
| (I) Other comprehensive income which<br>cannot be reclassified subsequently to<br>profit or loss  |              | <b>39</b>                      | 24                             |
| 1. Net gain on other equity<br>instruments at fair value<br>through other comprehensive<br>income   |              | <b>38</b>                      | 24                             |
| 2. The shares of the other<br>comprehensive income which<br>cannot be reclassified in<br>profit or loss of the invested<br>company in equity method |              | <b>1</b>                       |                                |
| Other comprehensive income after tax<br>attributable to minority shareholders   |              |                                |                                |
| <b>VII. Total comprehensive income</b>  |              | <b>(7,055)</b>                 | (3,189)                        |
| Total comprehensive income attributed to<br>the Company owners  |              | <b>(7,083)</b>                 | (3,231)                        |
| Total comprehensive income attributable to<br>minority shareholders   |              | <b>28</b>                      | 42                             |
| <b>VIII. Earnings per share</b>   |              |                                |                                |
| Basic earnings per share ( <i>RMB/share</i> )   | 10           | <b>(0.759)</b>                 | (0.347)                        |
| Diluted earnings per share ( <i>RMB/share</i> )   | 10           | <b>(0.759)</b>                 | (0.347)                        |

*Legal representative:*  
**Wang Jun**

*Financial controller:*  
**Li Jingdong**

*Person in charge of  
accounting department:*  
**Ma Li**

## NOTES TO FINANCIAL STATEMENTS

*For The Period Ended 31 December 2024*

*(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 December 31, 2024, and has not found any matters or circumstances that have significant doubts about the continuous operations ability. Therefore, the financial statements are prepared on the assumption of going concern principle.

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

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

## 2. ACCOUNTS RECEIVABLE

### (1) Classification of accounts receivable

| Items  | 31 December 2024 |                |                    |                | Net Book Value |
|--|------------------|----------------|--------------------|----------------|----------------|
|  | Book Value       |                | Bad Debt Provision |                |                |
|  | Amount           | Percentage (%) | Amount             | Percentage (%) |                |
| Accounts receivable subject to separate assessment for bad debts provision   | 455              | 13.57          | 397                | 87.25          | 58             |
| Account receivable for which bad debt is prepared based on group combination | 2,899            | 86.43          | 5                  | 0.17           | 2,894          |
| including: Risk-free group combination                                       | 719              | 21.43          |                    |                | 719            |
| Risk group combination on the basis of aging-matrix                          | 2,180            | 65.00          | 5                  | 0.23           | 2,175          |
| <b>Total</b>   | <b>3,354</b>     | <b>100.00</b>  | <b>402</b>         | <b>11.99</b>   | <b>2,952</b>   |

  

| 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              | 28.83          | 549                | 81.21          | 127            |
| Account receivable for which bad debt is prepared based on group combination | 1,669            | 71.17          | 6                  | 0.36           | 1,663          |
| including: Risk-free group combination                                       | 866              | 36.93          |                    |                | 866            |
| Risk group combination on the basis of aging-matrix                          | 803              | 34.24          | 6                  | 0.75           | 797            |
| <b>Total</b>   | <b>2,345</b>     | <b>100.00</b>  | <b>555</b>         | <b>23.67</b>   | <b>1,790</b>   |

## 2. ACCOUNTS RECEIVABLE (Continued)

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

| Debtors   | 31 December 2023 |                    | 31 December 2024 |                    |                |  |
|---|------------------|--------------------|------------------|--------------------|----------------|--|
|   | Book Value       | Bad Debt Provision | Book Value       | Bad Debt Provision | Percentage (%) | Reason   |
| Tianjin Property Group Finance Co., Ltd.                      | 566              | 442                | 366              | 311                | 84.97          | Notes overdue  |
| Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.                  | 67               | 67                 | 67               | 67                 | 100.00         | Business is in trouble. It does not have repayment ability |
| Chongqing Lifan Finance Co., Ltd.                             | 28               | 25                 |                  |                    |                | Notes overdue  |
| Dongbei Special Steel Group Dalian material trading Co., Ltd. | 15               | 15                 | 15               | 15                 | 100.00         | Estimated uncollectible                                    |
| Shanghai Junshang Supply Chain Management Co., Ltd            |                  |                    | 5                | 2                  | 40.00          | Insufficient debt paying ability                           |
| Dongfeng Mochong (Dalian) Punching and Welding Parts Co., Ltd |                  |                    | 2                | 2                  | 100.00         | Bankruptcy of debtor. It does not have repayment ability   |
| Total   | <u>676</u>       | <u>549</u>         | <u>455</u>       | <u>397</u>         |                |  |



## 2. ACCOUNTS RECEIVABLE (Continued)

### (3) Accounts receivable classified by aging

| <b>Aging</b>  | <b>31 December<br/>2024</b> | 31 December<br>2023 |
|---------------|-----------------------------|---------------------|
| Within 1 year | <b>2,857</b>                | 1,647               |
| 1 to 2 years  | <b>42</b>                   | 18                  |
| 2 to 3 years  | <b>3</b>                    |                     |
| 3 to 4 years  |                             |                     |
| 4 to 5 years  |                             | 594                 |
| Over 5 years  | <b>452</b>                  | 86                  |
| Total         | <b><u>3,354</u></b>         | <b><u>2,345</u></b> |

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

### (4) Bad debt provision

| Type                | 31 December<br>2023 | Increase/Decrease     |         |                                     | 31 December<br>2024 |
|---------------------|---------------------|-----------------------|---------|-------------------------------------|---------------------|
|                     |                     | Bad debt<br>provision | Reverse | Resale or<br>verification<br>Others |                     |
| Accounts receivable | 555                 | 4                     |         | (157)                               | 402                 |

### (5) Accounts receivable written off this period

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

### (6) The condition of accounts receivable of the top five debtors by the balances as of 31 December 2024

The total amount of top five accounts receivable according to closing balance of debtors of the Group was RMB1,816 million as of 31 December 2024, which accounted for 54.14% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB311 million as of 31 December 2024.

(7) **Other**

As of December 31, 2024, the accounts receivable of RMB1,084 million transferred by the Group with recourse to financial institutions are classified as assets with restricted ownership or usage rights.

**3. ACCOUNTS PAYABLE**

(1) **Aging of accounts payable**

| Items         | 31 December 2024 |                | 31 December 2023 |                |
|---------------|------------------|----------------|------------------|----------------|
|               | Balance          | Percentage (%) | Balance          | Percentage (%) |
| Within 1 year | 8,200            | 99.02          | 6,971            | 98.42          |
| 1 to 2 years  | 30               | 0.36           | 26               | 0.37           |
| 2 to 3 years  | 10               | 0.12           | 49               | 0.69           |
| Over 3 years  | 41               | 0.50           | 37               | 0.52           |
| Total         | <u>8,281</u>     | <u>100.00</u>  | <u>7,083</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. | <u>8</u> | 1 to 5 years, over 5 years |
| Total                               | <u>8</u> |                            |

#### 4. RETAINED EARNINGS

| Items   | This period         |
|---|---------------------|
| Balance as of 31 Dec. 2023                                | 6,801               |
| Changes in accounting policies                            |                     |
| Business combination under common control                 |                     |
| Balance as of 1 Jan. 2024                                 | 6,801               |
| Increase in 2024  | (7,122)             |
| Including: Net profit transferred this period             | (7,122)             |
| Other adjustment factors                                  |                     |
| Decrease in 2024  |                     |
| Including: Extraction of surplus reserve this period      |                     |
| Extraction of general risk provisions in this period      |                     |
| Distribution of cash dividend this period ( <i>Note</i> ) |                     |
| Conversed capital   |                     |
| Other decreases   |                     |
|   | <hr/>               |
| Balance as of 31 December 2024                            | <u><u>(321)</u></u> |

#### 5. OPERATING REVENUE AND OPERATING COST

##### (1) Classified by production

| Items           | <u>This period</u>    |                       | <u>Last period</u>    |                       |
|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                 | Income                | Cost                  | Income                | Cost                  |
| Prime operating | 104,704               | 108,451               | 115,380               | 115,905               |
| Other operating | 397                   | 374                   | 191                   | 164                   |
|                 | <hr/>                 | <hr/>                 | <hr/>                 | <hr/>                 |
| Total           | <u><u>105,101</u></u> | <u><u>108,825</u></u> | <u><u>115,571</u></u> | <u><u>116,069</u></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.

## 5. OPERATING REVENUE AND OPERATING COST *(Continued)*

### (2) Classified by region

| Items  | This period           | Last period           |
|--|-----------------------|-----------------------|
| Foreign transaction income from the within borders | 97,804                | 108,411               |
| Foreign exchange income from outside borders       | <u>7,297</u>          | <u>7,160</u>          |
| Total  | <u><b>105,101</b></u> | <u><b>115,571</b></u> |

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

| Items                        | This period           | Last period           |
|------------------------------|-----------------------|-----------------------|
| Confirmed at a certain point | <u>105,101</u>        | <u>115,571</u>        |
| Total                        | <u><b>105,101</b></u> | <u><b>115,571</b></u> |

## 6. TAXES AND SURCHARGES

| Items   | This period       | Last period       |
|---|-------------------|-------------------|
| Land use tax  | 440               | 440               |
| Property tax  | 174               | 170               |
| Stamp tax   | 103               | 112               |
| Environmental protection tax                          | 66                | 83                |
| City maintenance and construction tax                 | 25                | 26                |
| Educational surcharge and local educational surcharge | 18                | 18                |
| Consumption tax                                       | 18                |                   |
| Resources tax   | 4                 | 3                 |
| Others  | <u>2</u>          | <u></u>           |
| Total   | <u><b>850</b></u> | <u><b>852</b></u> |

## 7. DEPRECIATION AND AMORTIZATION

| Items                               | This period  | Last period  |
|-------------------------------------|--------------|--------------|
| Depreciation of fixed assets        | 3,619        | 3,342        |
| Amortization of intangible assets   | 423          | 269          |
| Depreciation of right-of-use assets | 62           | 164          |
| Total                               | <u>4,104</u> | <u>3,775</u> |

## 8. FINANCIAL EXPENSES

| Items  | This period | Last period |
|--|-------------|-------------|
| Interest expense   | 310         | 302         |
| Including: Interests expense from the long-term<br>loans and long-term bonds | 188         | 145         |
| Interests expense from the short-term<br>loans and letters of credit         | 66          | 52          |
| Other interest expenditures  | 56          | 105         |
| Less: Interest income  | 56          | 70          |
| Less: Capitalized interest expense   | 25          | 13          |
| Exchange gain or loss  |             | (27)        |
| Less: Capitalized exchange gain or loss                                      |             |             |
| Others   | 37          | 69          |
| Total  | <u>266</u>  | <u>261</u>  |

## 9. INCOME TAX EXPENSES

### (1) Income tax expenses

| Items                                   | This period | Last period  |
|---|-------------|--------------|
| Income tax during this period           | 78          | 32           |
| Changes on deferred income tax expenses | (19)        | (948)        |
| Total                                   | <u>59</u>   | <u>(916)</u> |

## 9. INCOME TAX EXPENSES *(Continued)*

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

| Items   | This period |
|---|-------------|
| Total profit  | (7,035)     |
| Income tax expenses calculated at statutory/applicable tax rates  | (1,055)     |
| Effect of different tax rates applied by subsidiary companies   | (124)       |
| Effect of current unrecognized deductible temporary difference or deductible loss arising from deferred tax income assets | 1,241       |
| Others  | (3)         |
| Income tax expenses   | <u>59</u>   |

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

| Profit in this period  | Weighted average (ROE)<br>(%) | EPS (Yuan per share) |                |
|--|-------------------------------|----------------------|----------------|
|  |                               | Basic EPS            | Diluted EPS    |
| Net profit attributable to ordinary shareholders                                     | (13.91)                       | (0.759)              | (0.759)        |
| Net profit (exclusive of non-operating profit) attributable to ordinary shareholders | <u>(14.06)</u>                | <u>(0.768)</u>       | <u>(0.768)</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<br>2024 | 31 December<br>2023 |
|--|---------------------|---------------------|
| Investment contracts entered but not yet performed or performed partially                  | 126                 | 239                 |
| Construction and renovation contracts entered but not yet performed or performed partially | <u>2,439</u>        | <u>2,197</u>        |
| Total  | <u>2,565</u>        | <u>2,436</u>        |

### **13. SUBSEQUENT EVENTS**

#### **(1) The repurchase and cancellation of a portion of restricted shares under the 2020 Restricted Share Incentive Plan have been completed**

On December 30, 2024, the Company deliberated and passed the “Motion on Cancellation of Restricted Share repurchases granted to some incentive objects of the 2020 Restricted Share Incentive Plan that have not yet been lifted” in the first extraordinary general meeting of 2024, the second class meeting of shareholders for domestic shares of 2024 and the second class meeting of shareholders for foreign shares. In light of the fact that the performance evaluation on the corporate level during the third lock-up period expiration of restricted share incentive plan in 2020 did not meet the standard, the Company has repurchased and cancelled all the restricted share of 14,180,048 shares in the corresponding year of performance evaluation held by 183 incentive personnel.

On 19 February 2025, Beijing Zhongtianheng Certified Public Accountants (Special general partnership) issued a Capital Verification Report, in which the decreased registered capital and shares were verified. Under the review and verification of China Securities Depository and Clearing Corporation Limited Shenzhen Branch, the restricted share repurchase and cancellation of the Company was accomplished on February 28th, 2025. The share capital of the Company changed from 9,383,401,306 shares to 9,369,221,258 shares after cancellation.

#### **(2) Final dividend**

The Board of Directors of the Company recommended on March 28, 2025, not to distribute a final dividend for the fiscal year ended December 31, 2024.

#### 14. NET CURRENT ASSETS

| Items                            | 31 December<br>2024 | 31 December<br>2023 |
|----------------------------------|---------------------|---------------------|
| Current assets                   | 28,250              | 27,421              |
| Less : Current liabilities       | <u>39,439</u>       | <u>35,431</u>       |
| Net current assets/(liabilities) | <u>(11,189)</u>     | <u>(8,010)</u>      |

#### 15. TOTAL ASSETS LESS CURRENT LIABILITIES

| Items                                 | 31 December<br>2024 | 31 December<br>2023 |
|---------------------------------------|---------------------|---------------------|
| Total assets                          | 100,578             | 97,506              |
| Less: Current liabilities             | <u>39,439</u>       | <u>35,431</u>       |
| Total assets less current liabilities | <u>61,139</u>       | <u>62,075</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  
30 March 2025



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

*Executive Directors*

Wang Jun

Zhang Hongjun

Li Jingdong

Deng Qiang

*Independent Non-executive Directors*

Wang Jianhua

Wang Wanglin

Zhu Keshi

Hu Caimei

*Non-executive Director*

Tan Yuhai

\* *For identification purpose only*