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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)

## **2024 INTERIM RESULTS ANNOUNCEMENT**

The board of directors of the Company (the “**Board**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2024 (the “**Reporting Period**”) together with the comparative figures as stated herein.

### **FINANCIAL HIGHLIGHTS**

- Operating income amounted to RMB55,449 million
- Total profit amounted to RMB-2,623 million
- Net profit attributable to shareholders of the Company amounted to RMB-2,689 million
- Basic earnings per share amounted to RMB-0.287 (January to June 2023: adjusted basic earnings per share of RMB-0.143)
- The financial information contained in this announcement was prepared in accordance with the China Accounting Standards for Business Enterprises

## DEFINITIONS:

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

<b>Term</b>	<b>Meaning</b>
“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 (鞍鋼股份鮫魚圈鋼鐵分公司)
“Chaoyang Iron and Steel”	Angang Group Chaoyang Iron and Steel Co., Ltd.* (鞍鋼集團朝陽鋼鐵有限公司)
“Chemical Technology”	Angang Chemical Technology Co., Ltd. * (鞍鋼化學科技有限公司)
“Company” or “Angang Steel”	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)

<b>Term</b>	<b>Meaning</b>
“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 Steel 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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Pangang Vanadium & Titanium”	Pangang Group Steel Vanadium & Titanium Co., Ltd.* (攀鋼集團釩鈦資源股份有限公司)
“Pangang Vanadium & Titanium Group”	Pangang Vanadium & Titanium and its subsidiaries
“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 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
“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

## I. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE GROUP

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	During the Reporting Period (from January to June)	Corresponding period of the previous year		Increase/decrease for the Reporting Period as compared with the corresponding period of the previous year (after adjustment) (%)
		Before adjustment	After adjustment	
Operating income	55,449	58,825	60,067	-7.69
Net profit attributable to the shareholders of the Company	-2,689	-1,346	-1,344	-100.07
Net profit attributable to the shareholders of the Company after extraordinary items	-2,670	-1,355	-1,355	-97.05
Net cash flow from operating activities	572	2,415	2,515	-77.26
Basic earnings per share (RMB/share)	-0.287	-0.143	-0.143	-100.70
Diluted earnings per share (RMB/share)	-0.287	-0.143	-0.143	-100.70
Returns on net assets on weighted average basis (%)	-5.03	-2.34	-2.34	Decreased by 2.69 percentage points

Items	As at the end of the Reporting Period	As at the end of the previous year		Increase/decrease at the end of the Reporting Period as compared with the end of the previous year (after adjustment) (%)
		Before adjustment	After adjustment	
Total assets	96,702	97,014	97,506	-0.82
Owner's equity attributable to shareholders of the Company	52,041	54,704	54,761	-4.97

*Note:* After the approval at the 27th meeting of the ninth session of the Board of the Company on 28 March 2024, the Company adjusted the capital contribution method of its subsidiary, Green Gold, Angang Holding and Angang Group Zhongyuan Industrial Development Co., Ltd. contributed capital to Green Gold with their equity interests in Angang Steel Scrap Resources (Anshan) Limited\* (鞍鋼廢鋼資源(鞍山)有限公司) (hereinafter referred to as Steel Scrap), respectively, making Steel Scrap a controlling subsidiary of Green Gold. During the Reporting Period, the capital contribution by the shareholders of Green Gold was completed, and the Company retrospectively adjusted the accounting figures of the corresponding period of last year based on the principle of business combinations under common control.

## Non-Recurring Gains or Losses Items

*Unit: RMB million*

<b>Item</b>	<b>Amount</b>
1. Gains/losses from disposal or retirement of non-current assets	-44
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	11
3. 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
4. Changes in fair value of other non-current financial assets	5
5. Other non-operating revenue and expenses except those mentioned above	5
Subtotal	-20
Less: Effect on income tax	-6
Effect on minority shareholders (after tax)	5
Total	<u><u>-19</u></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.

## II. REPORT OF THE BOARD OF DIRECTORS

### (I) Overview

In the first half of 2024, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company united and led all cadres and employees, fully implemented Angang Group's work deployment of "focusing on five key areas and driving three new breakthroughs", actively responded to the downward pressure in the steel industry, strived to build a "five-type enterprise", continuously deepened reform and innovation, focused on quality adjustment and efficiency improvement, vigorously strengthened market expansion efforts, and pushed forward the production and operation in a solid and effective manner. In the first half of the year, the production of iron, steel and rolled steel reached 12,128,500 tonnes, 12,859,400 tonnes and 12,097,800 tonnes, respectively, representing a decrease of 8.23%, 6.99% and 4.15% as compared with the corresponding period of the previous year. The sales volume of rolled steel was 12,011,000 tonnes, representing a decrease of 6.07% as compared with the corresponding period of the previous year, achieving a sales-output ratio of 99.28% for rolled steel.

1. New achievements were made in the construction of "sample-oriented" enterprise. The Company strived to transform the political, organizational and ideological advantages of the Party into advantages for reform and development, and led and guaranteed high-quality development with high-quality Party building. Political construction was firm and powerful, ideological and cultural construction was substantively strengthened, organizational construction was continuously consolidated, disciplinary construction was continuously deepened, working style was gradually improved, and the role of mass organizations was fully utilised. In the SASAC's special assessment on the "double hundred enterprises" of central enterprises in 2023, Chemical Technology, a subsidiary of Angang Steel was rated as a benchmark enterprise, and Chaoyang Iron and Steel was rated as an excellent enterprise.
2. New breakthroughs were made in the construction of "dynamic-oriented" enterprise. Firstly, the Company deepened the institutional reform, effectively improving enterprise efficiency. Adapting to the layout of the bases, the Company promoted the "separation of management and operation" in the logistics system and energy system, coordinating and collaborating among bases and concentrating on the same within the bases. Deepening the reform of "delegating power, streamlining administration and optimising services", the Company launched the authorisation of 41 business items in four major areas, namely marketing, procurement, investment and human resources, to

regulate decision-making management and release the vitality of grassroots operation. Closely following the market, the Company established a Silicon Steel Division to deepen the marketing model of automotive steel and improve product competitiveness; strengthened scientific research management, improved the top-level design of the technological innovation system, and enhanced professional support and assurance capabilities. Secondly, the Company effectively stimulated the vitality of enterprise by deepening the reform of the mechanism, improved the performance evaluation system and incentive mechanism, and established a performance system with precise incentives. We promoted the reform of the Company's organisation, optimized job performance management and motivated those who are capable and replacing those who are not. The Company implemented the "double outperformed the market" evaluation, assessed with strong incentives and rigid, fully stimulated the enthusiasm and initiative of leaders at all levels for career. Thirdly, the Company deepened the lean management, effectively consolidating the foundation management. Bayuquan Branch Company won the Second Prize of the 30th National Modern Corporate Management Achievement for Innovation.

3. New results were made in the construction of "innovation-oriented" enterprise. Firstly, the technological innovation capability was steadily improved. The Company increased the investment in scientific research, resulting in the completion of phased goals of key core technology research tasks. 3 projects were selected in the SASAC's Catalogue for the Recommendation on Scientific and Technological Innovation Achievements of Central Enterprises. 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. The Company successfully obtained 1 National Natural Science Foundation Project in joint collaboration with Northeastern University, and 1 National Key R&D Program Project in joint collaboration with Liaoning Materials Laboratory. Secondly, digital and intelligent empowerment was steadily strengthened. The Company consolidated the digital support system, prepared and issued the "Key Points for the Construction of 'Digital Angang' in 2024" for the Company, and determined 15 key tasks and 43 application measures in 5 areas focused on digital transformation. Digital and intelligent drove management improvement, streamlining the approval process by 73, and management efficiency was further improved. Thirdly, industrial upgrading was progressed steadily. Focusing on improving efficiency, reducing costs and creating benefits, the Company approved 492 fixed asset investment projects/units with an investment of RMB1.857 billion, with a focus on boosting projects, such as newly added



oriented silicon steel production capacity, and efficiency improvement and upgrade of steelmaking line #2. The Company accelerated the development of emerging industries such as the carbon materials industry chain, with orderly progress in the professional integration of the carbon materials industry; the Bayuquan Coke Oven Gas-to-LNG Co-Production Hydrogen Project was fully completed and put into operation; the Company accelerated the construction of the scrap steel industry platform, with 3 core bases in Anshan, Yingkou and Chaoyang and 21 strategic cooperation satellite bases established.

4. New progress was made in the construction of “brand-oriented” enterprise. Firstly, the leading role of marketing was brought into full play. By using the value creation model, the Company improved the product profitability, with the product adjustment index increasing by 42.7% year-on-year, and the proportion of key products exceeding the target by 3.1 percentage points. The sales volume of steel for container and silicon steel for new-energy vehicles increased significantly, and 23 series of oriented silicon steel products achieved mass production and sales. Relying on the Shanghai International Exhibition for Powder Metallurgy, the brand value of Angang industrial pure iron was effectively enhanced. The Company actively participated in the “One Belt and One Road” initiative and continued to expand overseas pipelines, with export orders in the first half of the year increasing by 39.3% year-on-year, and the export orders of color coated steel and shipboard steel achieving a significant increase. Secondly, the customer service capability was continuously strengthened. The Company established the “Customer Service Day” mechanism, providing “Angang Solutions” to meet customers’ development expectations in terms of new products, new processes, new technologies and new pipelines. The lifecycle contract execution rate was 1.54 percentage points higher than the annual target and 3.18 percentage points higher than that of 2023. The Company was awarded “2023 Excellent Supplier” of CIMC Container and “Excellent Partner Award” of Haier Home Automation. Thirdly, green and low-carbon development was promoted in an orderly manner. Bayuquan Branch Company completed the environmental protection ultra-low emission transformation, becoming the first A-grade iron and steel enterprise in environmental protection performance in the whole process in Northeast China. The cleaner transportation of Chaoyang Iron and Steel was approved the public disclosure of the China Iron and Steel Association. Angang Steel was once again honoured on the “China ESG Listed Companies Pioneer 100” list, and was awarded the “ESG Competitiveness Model • Double Carbon Pioneer” award in the “2024 Golden Bee Corporate Social Responsibility • China List” event.

5. New achievements were made in the construction of “operation-oriented” enterprise. Firstly, the smooth system cycle was significantly improved the cost reduction capability. Through effective coordination between the marketing and manufacturing ends, as well as measures to reduce the demurrage fees for imported raw materials, the Company effectively reduced logistics costs. In the first half of the year, the logistics cost per ton of material was reduced by 6% as compared to 2023. The Company promoted the transformation from a manufacturing enterprise to a business enterprise, with a 1.3% year-on-year decrease in the comprehensive energy consumption per tonne of steel on a full-caliber basis, and a 75.6% increase in the volume of green electricity trading as compared with the corresponding period of the previous year, reducing the electricity purchase cost by approximately RMB11.76 million. Secondly, the implementation of cost-effective procurement was significantly reduced the ironmaking and steelmaking costs. The Company promoted cost-effective procurement with a focus on reducing iron costs, leading to a decrease in blast furnace fuel ratio for 10 consecutive months and an overall downward trend in iron costs. Thirdly, the creation of star production lines significantly improved the efficiency and profitability of the production lines. Based on factors such as production efficiency and profitability, the Company divided the production lines into four categories: star, potential, cycle and transformation, optimized resource allocation, and promoted the high-value-added production lines to operate at full capacity. Fourthly, the Company continued to optimize the financing layout, deepened exchanges and cooperation with financial institutions, maintained a reasonable balance of various expenses, promoted the stable operation of cash flow, increased the use of bills, and continuously utilized the effective policies.

## (II) Analysis of Principal Businesses

In the first half of the year, the Group achieved operating income of RMB55,449 million, representing a decrease of 7.69% over the corresponding period of the previous year. The total profit reached RMB-2,623 million, representing a decrease of 48.95% over the corresponding period of the previous year. The net profit attributable to shareholders of the Company was RMB-2,689 million, representing a decrease of 100.07% over the corresponding period of the previous year. The basic earnings per share were RMB-0.287 per share, representing a decrease of 100.70% over the corresponding period of the previous year.

### 1. Year-on-year changes in principal financial data

*Unit: RMB million*

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Operating income	55,449	60,067	-7.69	-
Operating costs	56,533	60,187	-6.07	-
Marketing expenses	267	291	-8.25	-
Administrative expenses	648	759	-14.62	-
Financial expenses	120	156	-23.08	-

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Income tax expenses	50	-433	111.55	Income tax expenses increased by RMB483 million as compared with the corresponding period of the previous year, mainly due to (i) a year-on-year decrease in the profits of profitable subsidiaries, resulting in a year-on-year decrease of RMB118 million in income tax expenses for the current period; and (ii) a year-on-year increase of RMB601 million in deferred income tax expenses resulting from deferred income tax assets not recognized for offsetting losses formed in the Reporting Period.
R&D expenditure	191	245	-22.04	–

<b>Item</b>	<b>The Reporting Period</b>	<b>Corresponding period of the previous year</b>	<b>Year-on-year increase/decrease (%)</b>	<b>Reasons for the changes</b>
Total profit	-2,623	-1,761	-48.95	In the first half of 2024, the steel industry remained in a weak market condition and the industry suffered losses as a whole. The downstream demand for steel products continued to be low, leading to fluctuating steel prices at a low level. Although the cost of raw materials decreased, it did not match the decline in sales, and the price scissors between the procurement and sales sides further narrowed, further compressing profitability. In the face of the downward pressure in the steel market, the Company took the opportunity to purchase to reduce the cost of procurement in the procurement side; strengthened the adjustment of products to increase efficiency in the sales side, tended to increase resources allocation to products with higher profit margins; and continued to promote systematic cost reduction in the manufacturing side. However, due to the impact of the continuous narrowing of the market on both the supply and sales sides, the production and operation of the Company remained in a loss position.
Net profit attributable to shareholders of the Company	-2,689	-1,344	-100.07	

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Net cash flow from operating activities	572	2,515	-77.26	Net cash inflow from operating activities decreased by RMB1,943 million as compared to the same period of the previous year, mainly due to (i) the decrease of RMB11,349 million in the cash received from sales of goods and rendering of services as compared to the same period of the previous year; (ii) the decrease of RMB8,325 million in the cash paid for goods purchased and services received as compared to the same period of the previous year; (iii) the decrease of RMB429 million in the cash payments to and on behalf of employees as compared to the same period of the previous year; and (iv) the decrease of RMB441 million in cash payment for other operating activities as compared to the same period of the previous year.
Net cash flow from investing activities	-1,212	-1,414	14.29	–

<b>Item</b>	<b>The Reporting Period</b>	<b>Corresponding period of the previous year</b>	<b>Year-on-year increase/decrease (%)</b>	<b>Reasons for the changes</b>
Net cash flow from financing activities	376	-2,406	115.63	Net cash inflow from financing activities increased by RMB2,782 million as compared with the corresponding period of the previous year, mainly because (i) the cash received from borrowings obtained decreased by RMB380 million as compared with the corresponding period of the previous year; (ii) the cash payment for repayment of debts decreased by RMB2,832 million as compared with the corresponding period of the previous year; and (iii) a decrease of RMB210 million in other cash payments relating to financing activities as compared with the corresponding period of the previous year.

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/decrease (%)	Reasons for the changes
Net increase in cash and cash equivalents	-264	-1,272	79.25	Net increase in cash and cash equivalents increased by RMB1,008 million as compared to the same period of the previous year, due to (i) the decrease of RMB1,943 million in the net cash inflow from operating activities as compared to the same period of the previous year; (ii) the decrease of RMB202 million in the net cash inflow from investing activities as compared to the same period of the previous year; (iii) the increase of RMB2,782 million in the net cash inflow from financing activities as compared to the same period of the previous year; and (iv) the decrease of RMB33 million in the effect of exchange rate changes on cash as compared to the same period of the previous year.

**2. Significant change in profit composition or source of profit of the Company during the Reporting Period**

Applicable  Not applicable



### 3. Composition of operating income

Unit: RMB million

Item	The Reporting Period		Corresponding period of the previous year		Year-on-year increase/decrease (%)
	Amount	As a percentage of the operating income (%)	Amount	As a percentage of the operating income (%)	
Total operating income	55,449	100	60,067	100	-7.69
<b>By industry</b>					
Steel pressing and processing industry	55,351	99.82	59,975	99.85	-7.71
Others	98	0.18	92	0.15	6.52
<b>By product</b>					
Steel products	48,554	87.57	53,442	88.97	-9.15
Others	6,895	12.43	6,625	11.03	4.08
<b>By geographical location</b>					
Domestic China	51,767	93.36	56,310	93.75	-8.07
Export sales	3,682	6.64	3,757	6.25	-2.00

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

Applicable       Not applicable

*Unit: RMB million*

Item	Operating income	Operating costs	Gross profit margin (%)	Increase/ decrease in operating income as compared with the corresponding period of the previous year (%)	Increase/ decrease in operating costs 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 industry</b>						
Steel pressing and processing industry	55,351	56,447	-1.98	-7.71	-6.08	-1.77
<b>By product</b>						
Hot-rolled sheets products	17,391	18,019	-3.61	-1.25	0.74	-2.05
Cold-rolled sheets products	18,335	18,499	-0.89	-4.91	-4.31	-0.63
Medium-thick plates	9,169	9,250	-0.88	-12.80	-9.83	-3.32
<b>By geographical location</b>						
Domestic China	51,669	52,630	-1.86	-8.09	-6.48	-1.75
Export sales	3,682	3,817	-3.67	-2.00	-0.10	-1.97

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 period according to adjusted calibers at the end of the Reporting Period

Applicable       Not applicable

#### **4. *Liquidity and financial resources***

As at 30 June 2024, the Group had long-term loans of RMB5,657 million with average interest rate of 2.56% and a term of 3 years. The loans are mainly used for production and operation. The bank loans of the Group are at fixed interest rates or LPR floating interest rates.

With good credit standing, the Group was reviewed and assigned a long-term credit rating of “AAA” by the rating committee of China Chengxin International Credit Rating Co., Ltd. in 2024. The Group is able to repay its debts as they fall due.

As at 30 June 2024, the Group had a total capital commitment of RMB3,440 million, which was primarily attributable to the investment contracts of RMB239 million entered into but not yet performed or partially performed and construction and renovation contracts of RMB3,201 million entered into but not yet performed or partially performed.

#### **5. *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 for production 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.

### (III) Analysis of Non-Principal Businesses

*Unit: RMB million*

Item	Amount	As a percentage of total profit (%)	Reasons	Sustainable or not
Investment income	253	N/A	Mainly included income from long-term equity investments accounted for using equity method and investment income from other equity instrument investments during the holding period.	Yes
Gains or losses arising from changes in fair value	34	N/A	Included changes in fair value of derivative financial instruments and other non-current financial assets.	Yes
Asset impairment losses	-205	N/A	Included provision for impairment on inventories.	No
Credit impairment loss	-3	N/A	Mainly included provision for credit impairment losses on accounts receivables.	No
Other gains	65	N/A	Mainly included gains on government grants and preferential tax policy.	No
Gains on disposal of assets	35	N/A	Included gain on disposal of intangible assets and fixed assets.	No
Non-operating income	7	N/A	Mainly included indemnity income.	No
Non-operating expenses	81	N/A	Mainly included losses on scrap of non-current assets.	Yes

## (IV) Assets and Liabilities

### 1. Significant changes in composition of assets

Unit: RMB million

	As at the end of the Reporting Period		As at the end of the previous year		Increase/ decrease (percentage point)	Explanation for significant changes
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Monetary capital	3,055	3.16	3,319	3.40	-0.24	-
Accounts receivables	2,352	2.43	1,790	1.84	0.59	-
Inventories	14,491	14.99	16,611	17.04	-2.05	-
Long-term equity investments	3,441	3.56	3,486	3.58	-0.02	-
Fixed assets	48,825	50.49	48,788	50.04	0.45	-
Construction in progress	6,876	7.11	6,887	7.06	0.05	-
Right-of-use assets	159	0.16	7	0.01	0.15	-
Short-term loans	1,390	1.44	1,380	1.42	0.02	-
Contract liabilities	4,373	4.52	5,190	5.32	-0.80	-
Long-term loans	5,657	5.85	5,199	5.33	0.52	-
Lease liabilities	155	0.16	2	0.00	0.16	-

### 2. Information on main overseas assets

Applicable  Not applicable

### 3. *Assets and liabilities measured at fair value*

Applicable       Not applicable

*Unit: RMB million*

Item	Opening balance	Gains or losses arising from changes in fair value for the period	Changes in fair value included in equity	Impairment provision made for the period	Purchases during the period	Disposals during the period	Other changes	Closing balance
<b>Financial assets</b>								
1. Financial assets held for trading (excluding derivative financial assets)								
2. Derivative financial assets	3	-3						0
3. Other debt investment								
4. Other equity instrument investments	672		255					692
5. Other non-current financial assets	91	5						96
Sub-total of financial assets	<u>766</u>	<u>2</u>	<u>255</u>					<u>788</u>
Investment properties								
Productive biological assets								
Others								
Total	<u>766</u>	<u>2</u>	<u>255</u>					<u>788</u>
Financial liabilities	<u>6</u>	<u>4</u>						<u>10</u>

Material changes in measurement of major assets during the Reporting Period

Yes       No

### 4. *Gearing ratio*

As at 30 June 2024 and 31 December 2023, the Group's equity-to-debt ratio was 1.21 times and 1.33 times, respectively.

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

Nil.

**6. *Contingent liabilities***

As at 30 June 2024, the Group had no contingent liabilities.

**(V) Work Plan for the Second Half of 2024**

Currently, the iron and steel industry showed a situation of “three highs and three lows”, namely, high output, high cost, high inventory, low demand, low price and low efficiency, and it was difficult to fundamentally improve the predicament of the iron and steel market being in a situation where the supply was greater than the demand. In this regard, the Company will resolutely implement the decisions and deployments of the Party Committee of Angang Group, with a focus on efficiency and budgeting to forge strengths, address inadequacies and shore up points of weakness, intensify the recovery, pursue extreme efficiency, cost and profit, and strive to complete all work tasks.

1. Adhere to systematic cost reduction and deeply explore the capabilities to reduce costs and improve efficiencies;
2. Adhere to efficient coordination and improve the efficiency and profitability of production lines;
3. Adhere to marketing leadership and optimize the efficient allocation of resources;
4. Adhere to innovation-driven development and fully stimulate the vitality and momentum;
5. Accelerate ultra-low emission transformation and enhance green development capability;
6. Strengthen the bottom-line thinking and strive to improve the risk prevention capability.

## (VI) Analysis of Investments

### 1. Overview

<b>Investments for the Reporting Period</b> <i>(RMB million)</i>	<b>External investments Investments for the corresponding period of the previous year</b> <i>(RMB million)</i>	<b>Change</b> <i>(%)</i>
104	0	N/A

### 2. Significant equity investments made during the Reporting Period

Applicable  Not applicable

### 3. Significant non-equity investments being conducted during the Reporting Period

Applicable  Not applicable



#### 4. *Financial asset investments*

##### (1) *Securities investments*

*Unit: RMB million*

Stock type	Stock code	Stock abbreviation	Initial investment	Accounting measurements	Book value at the beginning of the period	Gains or losses on fair value change for the current period	Accumulative changes in fair value included in equity	Purchase amount for the current period	Disposal amount for the current period	Loss or gain during the Reporting Period	Book value at the end of the period	Accounting item	Source of funds
Shares	600961	Zhuye Group (株冶集團)	81	Measured at fair value	39	5				5	44	Financial asset held for trading	Self-owned funds

##### (2) *Derivatives investments*

###### 1) Derivatives investments for hedging purposes during the Reporting Period

Applicable       Not applicable

*Unit: RMB million*

Type of Derivatives investment	Initial investment amount	Amount at the beginning of the period	Gains or losses on fair value change for the current period	Gains or losses on fair value change for the current period	Purchase amount during the Reporting Period	Disposal amount during the Reporting Period	Amount at the end of the period	Proportion of investments at the end of the period to net assets of the Company at the end of the Reporting Period
Futures hedging	1	394	29	-	788	344	239	0.45%
Total	1	394	29	-	788	344	239	0.45%

Explanation as to whether there has been a material change in the accounting policy and specific accounting and auditing principles for the hedging business during the Reporting Period as compared to last reporting period	N/A
Explanation of actual profit or loss during the Reporting Period	The profit on aggregation of value movements of the hedging instruments and hedged items was RMB11 million.
Explanation of hedging effectiveness	There was a high correlation between the price movement of the hedging instruments and hedged items, achieving the expected goals in risk management.
Source of funds for derivative investments	Self-owned funds
Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>(1) Market risk exists when the position held by the Company is related to the steel products industry, which is highly relevant to spot commodity operated by the Company. Although the Company makes regular analysis and forecast on the market, the judgment on the market may be deviated, resulting in potential risk. However, the risk is controllable after futures hedging with spot commodities.</p> <p>(2) As the category of position held has sufficient liquidity, there is no liquidity risk.</p> <p>(3) The futures exchange provides credit guarantee for the category of position held, thus the credit risk minimal.</p> <p>(4) The Company carries out such business in strict compliance with the relevant requirements of hedging and total holding position and term are in line with the Company's approval.</p>

The Company has performed evaluation of relevant legal risks. Business development is carried out in accordance with the laws and regulations of futures exchanges in the PRC, and thus, risks can be controlled.

Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value	Iron ore quoted on the Dalian Commodity Exchange; nickel and hot rolled coil quoted on the Shanghai Futures Exchange; on 2 January 2024, the settlement prices of main connected contracts of iron ore, nickel and hot rolled coil were RMB989.5/ton, RMB126,990/ton and RMB4,134/ton, respectively; on 28 June 2024, the settlement prices of main connected contracts of iron ore, nickel and hot rolled coil were RMB819.5/ton, RMB135,410/ton and RMB3,736/ton, respectively. The changes in fair values of iron ore, nickel and hot rolled coil were RMB-170/ton, RMB8,420/ton and RMB-398/ton, respectively.
Litigation case (if applicable)	N/A
Date of the announcement disclosing the approval of derivatives investment by the Board (if any)	On 28 March 2024, the Resolution in relation to the Company's 2024 Annual Hedging Business Amount was approved at the 27th meeting of the ninth session of the Board.
Date of the announcement disclosing the approval of derivatives investment at shareholders' meeting (if any)	Nil
Specific opinions of independent directors on the derivatives investment and risk control of the Company	(1) The Company utilized the self-owned funds for the development of futures hedging business on the basis of ensuring its normal production and operation, and performed the related approval procedures in compliance with relevant requirements of the relevant laws, regulations and the Articles of Association, which was beneficial to the reduction of operating risks of the Company, without prejudice to the interests of the Company and shareholders as a whole.

- (2) The Company established the “Administrative Measures on Angang Steel Company Limited Commodity Futures Hedging”\* (《鞍鋼股份有限公司商品期貨套期保值管理辦法》), and clearly specified internal control procedures such as the business operation procedures, approval process and risks prevention and control, achieving a protection for the Company to control futures risks.
- (3) The Company confirmed that the maximum amount and the types for trading of the annual hedging guarantees were reasonable and in compliance with the actual situation of production and operation of the Company, and were conducive to reasonably controlling risks by the Company.

- 2) Derivatives investments for speculative purposes during the Reporting Period

Applicable  Not applicable

**5. Use of proceeds**

Applicable  Not applicable

**(VII) Disposal of Major Assets and Equity Interests**

**1. Disposal of major assets**

Applicable  Not applicable

**2. Disposal of major equity interests**

Applicable  Not applicable

## (VIII) Analysis of Major Subsidiaries and Investees

Major subsidiaries and investees accounting for over 10% of the net profit of the Company:

*Unit: RMB million*

Name of companies	Type of companies	Principal activities	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Chaoyang Iron and Steel	Manufacturing enterprise	Steel pressing and processing	8,000	6,863	4,143	4,115	-204	-204

Acquisition and disposal of subsidiaries during the Reporting Period:

Applicable       Not applicable

Name of companies	Means of acquisition and disposal of subsidiaries during the Reporting Period	Effect on the overall production, operation and results
Green Gold	Newly established	No significant impact

## (IX) Structured Entities Controlled by the Company

Applicable       Not applicable

## (X) Purchase, Sale or Redemption of Listed Shares of the Company

On 29 May 2024, the resolution on the repurchase and cancellation of part of the restricted shares was considered and approved at the 2023 annual general meeting, the 2024 first H share class meeting and the 2024 first A share class meeting of the Company. On 29 July 2024, the Company completed the repurchase and cancellation of 450,666 restricted shares held by 14 incentive participants which had been granted but not yet released from restriction on sales, with a total amount of RMB977,304.66 for the repurchase and cancellation of the restricted shares.

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

## **(XI) Securities Transactions by Directors**

The Board has adopted the relevant code for directors' securities transactions for the purpose of complying with the Listing Rules. In response to the Company's specific enquiries with all Directors, the Directors have confirmed that they have complied with the standards set out in Appendix C3 to the Listing Rules.

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

## **(XII) Independent Non-Executive Directors**

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

## **(XIII) Audit Committee**

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules.

The Audit Committee and the management have reviewed the accounting standards, principles and measurements adopted by the Company, and the unaudited interim financial report for the six months ended 30 June 2024.

### III. SIGNIFICANT MATTERS

#### (I) Proposals of Profit Distribution and Transfer of Reserve to Share Capital during the Reporting Period

The Company proposed not to distribute cash dividends, issue bonus shares or transfer reserve to share capital for the Reporting Period.

#### (II) Use of the Capital of the Listed Company by the Controlling Shareholder and Its Connected Parties for Non-operating Purposes

During the Reporting Period, neither the controlling shareholder nor the other connected parties of the Company used the capital of the Company for non-operating purposes.

#### (III) Major Connected Transactions

The connected transactions set out below fall within the definition relating to “Connected Transaction” or “Continuing Connected Transaction” under Chapter 14A of the Listing Rules. Relevant connected transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

##### 1. Connected transactions related to daily operations

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount	As a	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
							percentage of the amount of similar transactions			
						(RMB million)	(%)	(RMB million)		
Ansteel Group Mining Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	9,263	26.34		In cash	-
Shanxi Wuchan International Energy Co., Ltd.	Associate of controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	1,064	3.03		In cash	-
Steel Scrap	Associate of controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	712	2.02		In cash	-
Angang International Trade	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	501	1.42		In cash	-



Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
							percentage of the amount of similar transactions (%)				
Angang Steel Casting Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	485	1.38			In cash	-
Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	320	0.91			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase main materials	Market principle	-	292	0.83			In cash	-
Sub-total	-	-	Purchase main materials	-	-	12,637	35.93	39,905	No	-	-
Delin Lulang Supply Chain Service Co., Ltd.* (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	1,597	13.51			In cash	-
Pangang Group Company Limited	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	322	2.72			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase steel products	Market principle	-	128	1.08			In cash	-
Sub-total	-	-	Purchase steel products	-	-	2,047	17.31	9,752	No	-	-
Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	387	12.55			In cash	-
Anshan Iron and Steel Group Refractory Materials Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	355	11.51			In cash	-

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
							percentage of the amount of similar transactions (%)				
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase auxiliary materials	Market principle	-	339	10.99			In cash	-
Sub-total	-	-	Purchase auxiliary materials	-	-	1,081	35.05	3,713	No	-	-
Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Procurement of energy and power	Market principle	-	68	7.70			In cash	-
Sub-total	-	-	Procurement of energy and power	-	-	68	7.70	2,750	No	-	-
Angang Group Engineering Technology Co., Ltd.	Associate of controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	773	11.15			In cash	-
Angang Group Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	671	9.68			In cash	-
Delin Lulang Supply Chain Service Co., Ltd.* (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	652	9.40			In cash	-
Angang Holding	Controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	363	5.24			In cash	-
Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	331	4.77			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive supporting services	Market principle	-	756	10.90			In cash	-
Sub-total	-	-	Receive supporting services	-	-	3,546	51.14	9,511	No	-	-

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
							percentage of the amount of similar transactions (%)				
Delin Lugang Supply Chain Service Co., Ltd.* (德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	3,242	4.43			In cash	-
Angang International Trade	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	914	1.25			In cash	-
Angang Cold Rolled Steel Plate (Putian) Co., Ltd.	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	756	1.03			In cash	-
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sales of products	Market principle	-	451	0.62			In cash	-
Sub-total	-	-	Sales of products	-	-	5,363	7.33	24,194	No	-	-
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Sell scrap steel material, abandoned material, minus sieve powder	Market principle	-	297	94.29			In cash	-
Sub-total	-	-	Sell scrap steel material, abandoned material, minus sieve powder	-	-	297	94.29	6,563	No	-	-
Angang Group	Controlled by the same controlling shareholder	Sales of products/ Provision of services	Provide comprehensive services	Market principle	-	202	25.03			In cash	-
Sub-total	-	-	Provide comprehensive services	-	-	202	25.03	1,881	No	-	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Settle fund and deposit interests	Market principle	-	17	80.95	100	No	In cash	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Maximum daily deposit balance	Market principle	-	3,962	-	5,000	No	-	-
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Credit business interest	Market principle	-	2	1.74	250	No	In cash	-

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
							percentage of the amount of similar transactions (%)				
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Entrusted loan interest	Market principle	-	-	-	100	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring	Market principle	-	-	-	1,000	No	In cash	-
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring interest	Market principle	-	-	-	50	No	In cash	-

Particulars on refund of bulk sale

-

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

During the Reporting Period, the total amount of the Company's daily connected transactions did not exceed the relevant caps applicable to such category as set out in the relevant daily connected transaction agreements and supplemental agreement to daily connected transaction agreements approved at the general meeting and the estimated amounts of each type of daily connected transactions expected at the beginning of the year.

Reason for the large 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
Angang Holding, Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Green Gold	Road goods transportation (excluding hazardous goods) productive scrap, end-of-life automotive dismantling; processing and treatment of metal waste and scrap, recycling of renewable resources (excluding productive scrap metal); processing of renewable resources; sales of renewable resources; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval).	469	834	321	2
Progress of major projects (if any) under construction of the investee			-				

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

Applicable       Not applicable

Whether there are claims or obligations for non-operating purpose

Yes       No

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

## 5. Transaction with connected financial company

Applicable       Not applicable

*Unit: RMB million*

### Deposit business

Related party	Related 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	164,321	165,025	1,879

### Loan business

Related party	Related 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	repaid during the period	
Angang Financial Company	Controlled by the same controlling shareholder	5,000	2.07	200	0	0	200

### Credit extension or other financial business

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

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

Applicable     Not applicable

**7. *Other major connected transactions***

Applicable     Not applicable

There was no other significant related party transaction of the Company during the Reporting Period.

**(IV) Material Contracts and their Implementation**

**1. *Trust, contractual or lease arrangement***

*(1) Trust arrangement*

The Company entered into the Entrusted Management Services of Asset and Business Agreement with Angang Holding 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 have any entrusted projects that 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*

Applicable     Not applicable

(3) *Lease arrangement*

Applicable     Not applicable

Lease arrangement explanation:

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 RMB32 million paid in the first half of 2024.

Items that bring profit or loss of more than 10% of the total profit of the Company during the Reporting Period

Applicable     Not applicable

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.

3. *Entrusted wealth management*

Applicable     Not applicable

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

4. *Other significant contracts*

Applicable     Not applicable

During the Reporting Period, the Company had no other significant contracts.



#### **IV. CORPORATE GOVERNANCE OF THE COMPANY**

In strict compliance with the requirements of the Company Law, the Securities Law, the relevant requirements of the China Securities Regulatory Commission (the “CSRC”), the Listing Rules, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange and the Corporate Governance Guideline of Listed Companies and other requirements, the Company has regulated its operations and established a comprehensive corporate governance system and an effective internal control system. There is no difference between the Company’s corporate governance practice and the Company Law and the relevant requirements of the CSRC.

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 return for the shareholders in the long term.

The Company has adopted the code provisions set out in Appendix C1 to the Listing Rules as currently effective. The Company has periodically reviewed its corporate governance practices. During the six months ended 30 June 2024, the Company has complied with all the code provisions of the Corporate Governance Code which were effective during the Reporting Period.

## V. FINANCIAL INFORMATION

### CONSOLIDATED BALANCE SHEET

As at 30 June, 2024

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Item	Notes	30 June 2024	31 December 2023
<b>Current assets:</b>			
Cash and cash equivalents		3,055	3,319
Derivative financial assets			3
Notes receivable		222	112
Accounts receivable	2	2,352	1,790
Receivables financing		706	1,618
Prepayments		4,788	2,967
Other receivables		108	85
Including: Interests receivable			
Dividends receivable			27
Inventories		14,491	16,611
Other current assets		678	916
<b>Total current assets</b>		<b>26,400</b>	<b>27,421</b>
<b>Non-current assets:</b>			
Long-term equity investments		3,441	3,486
Other equity instrument investments		692	672
Other non-current financial assets		96	91
Fixed assets		48,825	48,788
Construction in progress		6,876	6,887
Right-of-use assets		159	7
Intangible assets		6,851	6,900
Deferred income tax assets		2,303	2,272
Other non-current assets		1,059	982
<b>Total non-current assets</b>		<b>70,302</b>	<b>70,085</b>
<b>Total assets</b>		<b>96,702</b>	<b>97,506</b>

Legal representative:

Wang Jun

Financial controller:

Wang Baojun

Person in charge of accounting department:

You Yu

<b>Item</b>	<i>Notes</i>	<b>30 June 2024</b>	31 December 2023
<b>Current liabilities:</b>			
Short-term loans		<b>1,390</b>	1,380
Derivative financial liabilities		<b>10</b>	6
Notes payable		<b>18,019</b>	17,583
Accounts payable	3	<b>8,235</b>	7,083
Contract liabilities		<b>4,373</b>	5,190
Staff remuneration payable		<b>110</b>	83
Tax payable		<b>156</b>	142
Other payables		<b>3,742</b>	3,426
Including: Interests payable		<b>10</b>	6
Dividends payable		<b>1</b>	
Other current liabilities		<b>424</b>	538
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>36,459</b>	35,431
		<hr/> <hr/>	<hr/> <hr/>
<b>Non-current liabilities:</b>			
Long-term loans		<b>5,657</b>	5,199
Bonds payable		<b>300</b>	299
Lease liability		<b>155</b>	2
Long-term payables		<b>137</b>	135
Long-term employee benefits payable		<b>44</b>	44
Deferred income		<b>747</b>	685
Deferred income tax liabilities		<b>159</b>	106
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>7,199</b>	6,470
		<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities</b>		<b>43,658</b>	41,901
		<hr/> <hr/>	<hr/> <hr/>

<b>Item</b>	<i>Notes</i>	<b>30 June 2024</b>	31 December 2023
<b>Shareholders' equity:</b>			
Share capital		<b>9,384</b>	9,384
Capital reserve		<b>33,838</b>	33,906
Less: Treasury shares		<b>28</b>	32
Other comprehensive income		<b>192</b>	176
Special reserve		<b>86</b>	69
Surplus reserve		<b>4,457</b>	4,457
Retained earnings	4	<b>4,112</b>	6,801
Subtotal of Shareholders' equity attributable to shareholders of parent company		<b>52,041</b>	54,761
Minority interests		<b>1,003</b>	844
		<hr/>	<hr/>
<b>Total shareholders' equity</b>		<b>53,044</b>	55,605
		<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and shareholders' equity</b>		<b>96,702</b>	97,506
		<hr/> <hr/>	<hr/> <hr/>

*Legal representative:* **Wang Jun**     
*Financial controller:* **Wang Baojun**     
*Person in charge of accounting department:* **You Yu**

## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

Prepared by: Angang Steel Company Limited

Monetary unit: RMB million

Item	Notes	January to June 2024	January to June 2023
<b>I. Total operating revenue</b>		<b>55,449</b>	60,067
Including: Operating revenue	5	<b>55,449</b>	60,067
<b>II. Total operating cost</b>		<b>58,177</b>	62,064
Including: Operating cost	5	<b>56,533</b>	60,187
Taxes and surcharges	6	<b>418</b>	426
Selling expenses		<b>267</b>	291
Administrative expenses		<b>648</b>	759
Research and development expenses		<b>191</b>	245
Finance expenses	8	<b>120</b>	156
Including: Interest expenses		<b>127</b>	191
Interest income		<b>26</b>	37
Add: Other incomes		<b>65</b>	17
Investment income (Loss is listed with “-”)		<b>253</b>	109
Including: Investment incomes in associates and joint ventures		<b>256</b>	161
Gain from fair-value changes (Loss is listed with “-”)		<b>34</b>	53
Credit impairment losses (Loss is listed with “-”)		<b>(3)</b>	21
Impairment on assets (Loss is listed with “-”)		<b>(205)</b>	26
Gains on disposal of assets (Loss is listed with “-”)		<b>35</b>	25

Item	<i>Notes</i>	<b>January to June 2024</b>	January to June 2023
<b>III. Operating profit (Loss is listed with “-”)</b>		<b>(2,549)</b>	(1,746)
Add: Non-operating income		7	14
Less: Non-operating expenses		<b>81</b>	29
<b>IV. Profit before tax (Loss is listed with “-”)</b>		<b>(2,623)</b>	(1,761)
Less: Income tax expenses	9	<b>50</b>	(433)
<b>V. Net profit (Loss is listed with “-”)</b>		<b>(2,673)</b>	(1,328)
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with “-”)		<b>(2,673)</b>	(1,328)
2. Termination of business operating profit (Loss is listed with “-”)			
(II) Classification of ownership			
1. Net income attributable to the Company owners		<b>(2,689)</b>	(1,344)
2. Net income attributable to minority shareholders		<b>16</b>	16
<b>VI. Other comprehensive income after tax</b>		<b>16</b>	40
Other comprehensive income after tax attributable to parent company owners		<b>16</b>	40
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss		<b>16</b>	40
1. Net gain on other equity instruments at fair value through other comprehensive income		<b>15</b>	40
2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method		<b>1</b>	

Item	<i>Notes</i>	<b>January to June 2024</b>	January to June 2023
(II) Other comprehensive income which will be reclassified subsequently to profit or loss			
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method			
<b>Other comprehensive income after tax attributable to minority shareholders</b>			
<b>VII. Total comprehensive income</b>		<b>(2,657)</b>	(1,288)
Total comprehensive income attributed to the Company owners		<b>(2,673)</b>	(1,304)
Total comprehensive income attributable to minority shareholders		<b>16</b>	16
<b>VIII. Earnings per share</b>			
Basic earnings per share ( <i>RMB/share</i> )	10	<b>(0.287)</b>	(0.143)
Diluted earnings per share ( <i>RMB/share</i> )	10	<b>(0.287)</b>	(0.143)
<i>Legal representative:</i> <b>Wang Jun</b>	<i>Financial controller:</i> <b>Wang Baojun</b>	<i>Person in charge of accounting department:</i> <b>You Yu</b>	

## **NOTES TO FINANCIAL STATEMENTS**

*for The Period Ended 30 June 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 June 30, 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 (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 “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	30 June 2024				Net Book Value
	Book Value		Bad Debt Provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	639	21.95	554	86.70	85
Account receivable for which bad debt is prepared based on group combination	2,272	78.05	5	0.22	2,267
including: Risk-free group combination	1,026	35.25			1,026
Risk group combination on the basis of aging-matrix	1,246	42.80	5	0.40	1,241
<b>Total</b>	<b>2,911</b>	<b>100.00</b>	<b>559</b>	<b>19.20</b>	<b>2,352</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 subject to separate assessment for bad debts provision**

Debtors	31 December 2023		30 June 2024			
	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision	Percentage (%)	Reason
Tianjin Property Group Finance Co., Ltd.	566	442	529	447	84.50	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	28	25	89.28	Notes overdue
Dongbei Special Steel Group Dalian material trading Co., Ltd.	15	15	15	15	100.00	Estimated uncollectible
<b>Total</b>	<b>676</b>	<b>549</b>	<b>639</b>	<b>554</b>		

**(3) Accounts receivable classified by aging**

Aging	30 June 2024	31 December 2023
Within 1 year	2,120	1,647
1 to 2 years	147	18
2 to 3 years	1	
3 to 4 years		
4 to 5 years		594
Over 5 years	643	86
<b>Total</b>	<b>2,911</b>	<b>2,345</b>

*Note:* In the above aging analysis, accounts receivable transferred from overdue notes receivable are aged according to the date of transfer, and the amount of accounts receivable over 5 years old is 557 million yuan. Other accounts receivable are based on the invoice date.

**(4) Bad debt provision**

Type	31 December 2023	Increase/Decrease		30 June 2024
		Bad debt provision	Reverse verification	
Accounts receivable	<u>555</u>	<u>4</u>	<u></u>	<u>559</u>

**(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 30 June 2024**

The total amount of top five accounts receivable according to closing balance of debtors of the Group was RMB1,767 million as of 30 June 2024, which accounted for 60.70% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB448 million as of 30 June 2024.

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

The Group transferred accounts receivable on a non-recourse basis of RMB1,842 million and incurred costs related to derecognition of RMB20 million during the period.

### 3. ACCOUNTS PAYABLE

#### (1) Aging of accounts payable

Items	30 June 2024		31 December 2023	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year	8,149	98.95	6,971	98.42
1 to 2 years	26	0.32	26	0.37
2 to 3 years	23	0.28	49	0.69
Over 3 years	37	0.45	37	0.52
Total	<u>8,235</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.	8	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	(2,689)
Including: Net profit transferred this period	(2,689)
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	
Conversed capital	
Other decreases	
	4,112
Balance as of 30 June. 2024	4,112

#### 5. OPERATING REVENUE AND OPERATING COST

##### (1) Classified by production

Items	This period		Last period	
	Income	Cost	Income	Cost
Prime operating	55,351	56,447	59,975	60,099
Other operating	98	86	92	88
	55,449	56,533	60,067	60,187
Total	55,449	56,533	60,067	60,187

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

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

**(2) Classified by region**

<b>Items</b>	<b>This period</b>	Last period
Foreign transaction income from the within borders	<b>51,767</b>	56,310
Foreign exchange income from outside borders	<b>3,682</b>	3,757
Total	<b>55,449</b>	60,067

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

<b>Items</b>	<b>This period</b>	Last period
Confirmed at a certain point	<b>55,449</b>	60,067
Total	<b>55,449</b>	60,067

**6. TAXES AND SURCHARGES**

<b>Items</b>	<b>This period</b>	Last period
City maintenance and construction tax	<b>9</b>	7
Educational surcharge and local educational surcharge	<b>7</b>	5
Land use tax	<b>220</b>	220
Property tax	<b>86</b>	84
Stamp tax	<b>59</b>	63
Resources tax	<b>1</b>	1
Environmental protection tax	<b>35</b>	46
Others	<b>1</b>	
Total	<b>418</b>	426

## 7. DEPRECIATION AND AMORTIZATION

Items	This period	Last period
Depreciation of fixed assets	1,802	1,670
Amortization of intangible assets	203	122
Depreciation of right-of-use assets	31	82
Total	<u>2,036</u>	<u>1,874</u>

## 8. FINANCIAL EXPENSES

Items	This period	Last period
Interest expense	136	200
Including: Interests expense from the long-term loans and long-term bonds	69	88
Interests expense from the short- term loans and letters of credit	38	20
Other interest expenditures	29	92
Less: Interest income	26	37
Less: Capitalized interest expense	9	9
Exchange gain or loss		(27)
Less: Capitalized exchange gain or loss		
Others	19	29
Total	<u>120</u>	<u>156</u>

## 9. INCOME TAX EXPENSES

### (1) Income tax expenses

Items	This period	Last period
Income tax during this period	34	152
Changes on deferred income tax expenses	16	(585)
Total	<u>50</u>	<u>(433)</u>

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

<b>Items</b>	<b>This period</b>
Total profit	<b>(2,623)</b>
Income tax expenses calculated at statutory/applicable tax rates	<b>(656)</b>
Effect of different tax rates applied by subsidiary companies	<b>(4)</b>
Effect of current unrecognized deductible temporary difference or deductible loss arising from deferred tax income assets	<b>710</b>
Income tax expenses	<b><u>50</u></b>

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

<b>Profit in this period</b>	<b>Weighted average (ROE) (%)</b>	<b>EPS (Yuan per share)</b>	
		<b>Basic EPS</b>	<b>Diluted EPS</b>
Net profit attributable to ordinary shareholders	(5.03)	(0.287)	(0.287)
Net profit (exclusive of non-operating profit) attributable to ordinary shareholders	<b><u>(5.00)</u></b>	<b><u>(0.285)</u></b>	<b><u>(0.285)</u></b>

**11. OPERATING SEGMENT**

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



## 12. COMMITMENTS

<b>Items</b>	<b>30 June 2024</b>	31 December 2023
Investment contracts entered but not yet performed or performed partially	<b>239</b>	239
Construction and renovation contracts entered but not yet performed or performed partially	<b>3,201</b>	2,197
Total	<b><u>3,440</u></b>	<b><u>2,436</u></b>

## 13. SUBSEQUENT EVENTS

On May 29, 2024, the Company's 2023 Annual General Meeting, the first Domestic Share Class meeting in 2024, and the first foreign Share Class meeting in 2024 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."

According to the provisions of the 2020 incentive plan and relevant laws and regulations, 14 incentive subjects are no longer eligible for incentive, and the Company has repurchased and cancelled a total of 450,666 restricted shares granted to them. On July 10, 2024, BDO China Shu Lun Pan Certified Public Accountants LLP issued the "Capital Verification Report", and the share capital of the Company was changed from 9,383,851,972 shares to 9,383,401,306 shares after the cancellation.

## 14. NET CURRENT ASSETS

<b>Items</b>	<b>30 June 2024</b>	31 December 2023
Current assets	<b>26,400</b>	27,421
Less : Current liabilities	<b>36,459</b>	35,431
Net current assets/(liabilities)	<b><u>(10,059)</u></b>	<b><u>(8,010)</u></b>

## 15. TOTAL ASSETS LESS CURRENT LIABILITIES

<b>Items</b>	<b>30 June 2024</b>	31 December 2023
Total assets	<b>96,702</b>	97,506
Less: Current liabilities	<b>36,459</b>	35,431
Total assets less current liabilities	<b><u>60,243</u></b>	<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 August 2024

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

*Executive Directors*

Wang Jun  
Zhang Hongjun  
Wang Baojun  
Deng Qiang

*Independent Non-executive Directors*

Wang Jianhua  
Wang Wanglin  
Zhu Keshi  
Hu Caimei

*Non-executive Director*

Tan Yuhai

\* *For identification purposes only*