

重慶鋼鐵股份有限公司

Chongqing Iron & Steel Company Limited

(H Share Stock Code: 1053) (A Share Stock Code: 601005)



2024

ANNUAL REPORT

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Documents Available for Inspection

A full text of annual report, containing the signature of the head of the Company and company seal

Financial statements, containing signatures of the head of the Company, the person in charge of the accounting function and the person in charge of the accounting department and company seal

Original copy of the auditor's report sealed by accounting firm and signed and sealed by certified public accountants

Original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by CSRC for information disclosure purpose and on the website of SSE during the Reporting Period

Annual reports released through HKEx

IMPORTANT NOTICE

- I. The board of directors (the "Board"), the board of supervisors, the directors, the supervisors and members of senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the annual report, in which there are no false representations, misleading statements contained or material omissions, and assume the several and joint responsibilities as well.
- II. All directors of the Company attended the Board meeting.
- III. Ernst & Young Hua Ming LLP has issued a standard and unqualified audit report for the Company.
- IV. Wang Huxiang, the head of the Company, Kuang Yunlong, the Chief Financial Officer, and Lei Xiaodan, the Chief Accountant, have declared that they guarantee the truthfulness, accuracy and completeness of the financial statements in the annual report.
- V. The profit distribution proposal or proposal to transfer capital reserve to share capital for the Reporting Period as passed by the Board meeting
According to the auditing by Ernst & Young Hua Ming LLP, the realized net profit attributable to the parent company for 2024 amounted to RMB-3,169 million, and the unappropriated profit by parent company as of the end of 2024 amounted to RMB-12.335 billion. As the parent company recorded a negative unappropriated profit as at the end of 2024, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2024 pursuant to Article 250 of the Articles of Association.
- VI. Risk warning in respect of forward-looking statements
☒ Applicable ☐ Not applicable
The forward-looking statements set out in this annual report of the Company such as operating plans, future plans and development strategies involve uncertainties and do not constitute the Company's substantial commitment to investors. Investors are advised to be aware of investment risks and make prudent investments.
- VII. Is there any non-operational fund occupancy by the controlling shareholder or its related party?
No
- VIII. Is there any provision of external guarantee by the Company in violation of the stipulated decision-making procedure?
No
- IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company
No
- X. Major Risk Warning
Nil
- XI. Others
☐ Applicable ☒ Not applicable



Section I Definitions

I. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this report:

CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
HKEx	The Stock Exchange of Hong Kong Limited
China Baowu, Baowu Group	China Baowu Steel Group Corporation Limited
Strategic Emerging Fund	Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership)
Sichuan Desheng, Desheng Group	Sichuan Desheng Group Vanadium & Titanium Co., Ltd.
Changshou Iron & Steel, controlling shareholder	Chongqing Changshou Iron & Steel Company Limited
Company, Chongqing Iron & Steel	Chongqing Iron & Steel Company Limited
Group	Chongqing Iron & Steel Company Limited and its subsidiaries
General Meeting	the general meeting of Chongqing Iron & Steel Company Limited
Board of Directors	the board of directors of Chongqing Iron & Steel Company Limited
Board of Supervisors	the board of supervisors of Chongqing Iron & Steel Company Limited
Companies Law	the Companies Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Chongqing Iron & Steel Company Limited
Reporting Period	From 1 January 2024 to 31 December 2024

Section II Company Profile and Major Financial Indicators

I. COMPANY INFORMATION

The Company's Chinese name	Chongqing Iron & Steel Company Limited
Abbreviation of Chinese name	重慶鋼鐵
The Company's English name	Chongqing Iron & Steel Company Limited
Abbreviation of English name	CISC
Legal representative	Wang Huxiang

II. CONTACT INFORMATION

	Secretary to the Board	Securities affairs representative
Name	Kuang Yunlong	Peng Guoju
Correspondence address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Tel	86-23-6898 3482	86-23-6898 3482
Fax	86-23-6887 3189	86-23-6887 3189
E-mail	ir_601005@baowugroup.com	ir_601005@baowugroup.com

III. BASIC INFORMATION

Registered address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Historical changes in registered address	No. 30 Gangtie Road, Dadukou District, Chongqing No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing
Office address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Postal code of office address	401258
Website	http://www.cqgt.cn
E-mail	ir_601005@baowugroup.com

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Names and websites of media for annual report disclosure	Shanghai Securities News (https://www.cnstock.com)
Websites of stock exchanges for annual report disclosure	http://www.sse.com.cn (SSE) https://sc.hkex.com.hk (HKEx)
Place for inspection of annual reports	Secretariat of the Board of the Company

V. BASIC INFORMATION ABOUT THE SHARE OF THE COMPANY

Basic information about the share of the Company

Stock type	Relevant Exchange that stock listed on	Stock abbreviation	Stock code	Stock abbreviation before change
A Share	Shanghai Stock Exchange	Chongqing Iron & Steel	601005	N/A
H Share	The Stock Exchange of Hong Kong Limited	Chongqing Iron & Steel	01053	N/A

VI. OTHER RELATED INFORMATION

Accounting firm engaged by the Company (domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	17/F, Ernst & Young Tower, Oriental Plaza, 1 East Chang'an Avenue, Beijing
	Name of accountants signing-off the report	Chen Xiaoxiang (陳曉祥) and Wang Dan (王丹)

Section II Company Profile and Major Financial Indicators (Continued)

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

i. Key accounting data

Unit: RMB'000 Currency: RMB

Key accounting data	2024	2023	Increase/ decrease from last year (%)	2022
Operating income	27,244,169	39,318,142	-30.71	36,561,531
Operating revenue net of business revenue not related to principal business and income lacking commercial substance	26,997,779	39,030,451	-30.83	36,273,788
Net profit attributable to shareholders of listed company	-3,195,561	-1,494,417	Not applicable	-1,019,409
Net profit attributable to shareholders of listed company, netting non- recurring gains and losses	-3,206,738	-1,514,298	Not applicable	-1,086,273
Net cash flow from operating activities	1,309,863	1,022,039	28.16	1,470,087
	At the end of 2024	At the end of 2023	Increase/ decrease from last year (%)	At the end of 2022
Net assets attributable to shareholders of listed company	16,606,636	19,854,331	-16.36	21,341,918
Total assets	35,479,244	37,357,035	-5.03	39,364,800

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS (CONTINUED)

ii. Key financial indicators

Key financial indicators	2024	2023	Increase/ decrease from last year (%)	2022
Basic earnings per share (RMB/share)	-0.36	-0.17	Not applicable	-0.11
Diluted earnings per share (RMB/share)	-0.36	-0.17	Not applicable	-0.11
Basic earnings per share, netting extraordinary gains or losses (RMB/ share)	-0.36	-0.17	Not applicable	-0.12
Weighted average return on net assets (%)	-17.53	-7.26	Decreased by 10.27 percentage points	-4.66
Weighted average return on net assets, netting extraordinary gains or losses (%)	-17.59	-7.35	Decreased by 10.24 percentage points	-4.97

Explanation on the key accounting data and financial indicators for the last three years at the end of the Reporting Period

☒ Applicable ☐ Not applicable

Key accounting data	Increase/decrease from last year (%)	Main reason
Operating income	-30.71	Decrease in sales volume and lower selling price of commodity billet.
Operating revenue net of business revenue not related to principal business and income lacking commercial substance	-30.83	

VIII. DIFFERENCE IN ACCOUNTING DATA UNDER THE PRC ACCOUNTING STANDARDS AND OVERSEAS ACCOUNTING STANDARDS

- i. Difference between the net profit and net assets attributable to shareholders of listed companies as disclosed in the financial statements under International Accounting Standards and those under PRC Accounting Standards
- ☐ Applicable ☒ Not applicable
- ii. Difference between net profit and net assets attributable to shareholders of listed companies as disclosed in the financial statements under overseas accounting standards and those under PRC Accounting Standards
- ☐ Applicable ☒ Not applicable
- iii. Explanation on the differences between the PRC accounting standards and overseas accounting standards:
- ☐ Applicable ☒ Not applicable

IX. MAJOR FINANCIAL DATA OF EACH QUARTER OF 2024

Unit: RMB'000 Currency: RMB

	1st Quarter (January– March)	2nd Quarter (April– June)	3rd Quarter (July– September)	4th Quarter (October– December)
Operating income	7,736,438	7,349,581	5,512,048	6,646,102
Net profit attributable to shareholders of listed company	-333,758	-355,455	-660,538	-1,845,810
Net profit attributable to shareholders of listed company, netting non-recurring gains and losses	-334,357	-356,264	-663,240	-1,852,877
Net cash flow from operating activities	-832,893	1,655,643	267,467	219,646

Explanation on the differences between quarterly data and disclosed regular reporting data

☐ Applicable ☒ Not applicable

Section II Company Profile and Major Financial Indicators (Continued)

X. EXTRAORDINARY GAINS OR LOSSES AND AMOUNTS

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Extraordinary gains or losses	Amount for 2024	Note (if applicable)	Amount for 2023	Amount for 2022
Gains or losses on disposal of non-current assets, inclusive of write-off of impairment provision for assets	2,556	Not applicable	4,500	-6,803
Government grants included in the profit or loss for the period (except for those closely related to the ordinary businesses of the Company, in compliance with the requirements under the State's policies, entitled to enjoy according to certain standards and continuously affecting the profit or loss of the Company)	3,333	Not applicable	13,432	55,613
Gains or losses on fair value changes arising from financial assets and financial liabilities held by non-financial enterprises and gains or losses arising from the disposal of financial assets and financial liabilities, excluding those arising from effective hedging business related to operating activities of the Company	—	Not applicable	—	24,084
Capital occupancy fee from non-financial enterprises recognized through profit or loss	2,125	Not applicable	1,433	5,112
Other non-operating income and expenses apart from the above mentioned	5,135	Not applicable	4,025	658
Less: Effects on income tax	1,972	Not applicable	3,508	11,800
Total	11,177	Not applicable	19,882	66,864

X. EXTRAORDINARY GAINS OR LOSSES AND AMOUNTS (CONTINUED)

Reasons shall be given with respect to the Company classifying the items not listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items as non-recurring profit and loss items with significant amounts, and classifying the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items as recurring profit and loss items.

☐ Applicable ☒ Not applicable

XI. ITEMS MEASURED AT FAIR VALUE

☒ Applicable ☐ Not applicable

Unit: RMB '000 Currency: RMB

Item	Opening balance	Closing balance	Changes in the Reporting Period	Effects on profit for the Reporting Period
Other equity investments	60,364	60,364	–	–
Receivables financing	632,329	898,747	266,418	–
Total	692,693	959,111	266,418	–

XII. OTHERS

☐ Applicable ☒ Not applicable

Section II Company Profile and Major Financial Indicators (Continued)

XIII. FINANCIAL HIGHLIGHTS

Unit: RMB '000 Currency: RMB

	2020	2021	2022	2023	2024
Income and profit					
Income	24,489,935	39,849,418	36,561,531	39,318,142	27,244,169
Profit before tax	624,387	2,262,884	(1,201,895)	(1,744,259)	(3,291,641)
Taxation	(14,092)	(11,509)	(182,486)	(249,842)	(96,080)
Profit for the year	638,479	2,274,393	(1,019,409)	(1,494,417)	(3,195,561)
Attributable to shareholders of the Company	638,479	2,274,393	(1,019,409)	(1,494,417)	(3,195,561)
Non-controlling interests	–	–	–	–	–
Earnings per share attributable to shareholders of the Company – Basic (RMB)	0.07	0.26	(0.11)	(0.17)	(0.36)
Assets and liabilities					
Non-current assets	26,901,448	29,645,294	30,850,578	31,305,047	29,191,863
Current assets	13,048,408	13,350,662	8,514,222	6,051,987	6,287,381
Current liabilities	13,429,248	15,411,421	13,062,530	13,863,584	16,927,242
Non-current liabilities	6,482,141	5,209,326	4,960,353	3,639,120	1,945,366
Net assets	20,038,467	22,375,209	21,341,918	19,854,331	16,606,636
Equity attributable to shareholders of the Company	20,038,467	22,375,209	21,341,918	19,854,331	16,606,636
Non-controlling interests	–	–	–	–	–

Section III Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS

Unless otherwise stated, the amounts included in this report are presented in RMB.

In 2024, affected by external factors such as the macroeconomic downturn, sluggish demand for real estate, and high and volatile prices of raw materials, the steel industry demonstrated a trend of “supply exceeding demand, continuous pressure on profits, and accelerated transformation”, as a result that the overall profit space of the industry narrowed materially. Against such backdrop, the Group’s total profit amounted to RMB-3.292 billion during the year, representing a year-on-year decrease of RMB1.547 billion.

1. The external market continued to deteriorate: Since 2022, the amplitude of market fluctuations continuously shrunk as the steel industry experienced a period of cyclical adjustment. In 2024, the operating trend of the steel market was substantially weaker than that of 2023, and the price difference between purchase and sale of products significantly declined, with a decrease of over 13% compared to that of 2023 and continuously narrowed profit space.
2. The Company adjusted short-term internal costs: In the first quarter of 2024, the Three Gorges Dam maintenance resulted in limited logistics. In order to ensure stable production during the maintenance period, the Company strategically stocked up to increase the stock level of raw material, however, due to the unexpected downturn in the steel market in the second quarter, leading to losses from the decline in the value of such inventory. From 25 July to 2 September 2024, the Company organized a 39.4-day series annual maintenance and technological transformation work involving 8 production lines, during which the reduction in production scale and increase in maintenance costs caused a decline in profit during the current period. Although it had a short-term impact on production, it laid the foundation for long-term efficiency improvement.
3. The Company witnessed long-term asset impairment losses: In 2024, with the continuous slowdown in the steel industry, the Company’s operating losses were further expanded. Certain production lines were arranged for standby during the process of structural adjustment, and it is expected that the market for certain products would not be greatly improved in the short term. In accordance with accounting standards, the Company conducted impairment tests on long-term assets due to its identification of impairment indicators, and commissioned China Assets Appraisal Co., Ltd. to evaluate the recoverable amount of its long-term assets as a value reference. According to the calculation results, the Company’s long-term asset impairment amount (excluding fixed asset scrap impairment) was RMB1.006 billion in 2024.

Section III Management Discussion and Analysis (Continued)

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In the face of the severe situation in the steel industry in 2024, the Company focused on “accounting-based management” and utilized the “Hundred Counties, Thousand Towns and Ten Thousand Villages” Project to overcome the above reasons, and implemented a series of measures to reduce losses through systematic reform and precise strategies.

1. Benefiting from the consistent enhancement of cost decline plans and in-depth improvement of cost reduction and exploring potentials, the Company achieved a decrease in process costs and an increase in profit of RMB382 million. Firstly, the Company optimized the material structure, increased the proportion of domestic mixed ore and improved the use of iron-containing resources, aiming to completely support the reduction of iron water costs; secondly, the Company strengthened energy utilization efficiency, with a self-generated electricity rate of 90.63% in 2024, representing a year-on-year increase of 5.7 percentage points; thirdly, the Company strictly controlled expenses, carried out in-depth analysis of varieties of expenses and attached importance to cleaning and reducing expenses, resulting in a year-on-year decline of 7% in the cost of steel per ton (excluding labor depreciation) in 2024.
2. The Company optimized product structure with agile adjustments. Firstly, adhering to the variety structure's optimization on the basis of the principle of maximum benefits, the Company adjusted the ratio of plate and long products, with the plate increasing to 95%, up 20 percentage points year on year, and the hot rolled sheets and heavy plate specialty steels increasing to 45% and 31%, respectively, up 13 and 2 percentage points year on year; secondly, the Company insisted on the terminal, local and benefit-oriented resource allocation, with the direct supply of heavy plates increasing by 7 percentage points year on year and direct supply of hot rolled sheets increasing by 13 percentage points year on year; thirdly, as the Company enhanced strategic procurement cost reduction, persisted in strategy of extreme low inventory and promoted structural cost reduction and channel expansion, as of the end of 2024, the inventory capital occupation decreased by RMB865 million compared to the beginning of the year, with a decrease of 2.80 days in the inventory turnover days compared to the beginning of the year. The Company stabilized the resources of backbone coal and vigorously promoted local resources, decreasing the proportion of high-viscosity coal by 8% and increasing the proportion of local resources by 9%. In the fourth quarter, the proportion of ore entry in the current month increased from 3% at the end of the third quarter to 36% at the end of the year, which was attributable to that the Company increased the composition of domestic fine powder, shortened the cycle of ore entry, and reduced the risk of price drops.
3. The Company achieved remarkable achievements in scientific and technological innovation resulting from its adherence to innovation initiatives. In 2024, the Company developed 69 new products, with a sale rate of 13.03%; newly added 22 company-level scientific research projects and applied for 260 patents; completed 4 projects in compliance with national and industry standards; applied for 9 awards relating to science and technology in Chongqing and 1 champion project in Chongqing's manufacturing industry; and was awarded the title of “National Intellectual Property Advantage Enterprise”.

II. SITUATION OF THE INDUSTRY WHICH THE COMPANY OPERATED IN DURING THE REPORTING PERIOD

The operation of the iron and steel industry during the period from January to December 2024, is described as follows:

1. According to statistics of the National Bureau of Statistics: During the period from January to December 2024, the output of crude steel in China was 1,005.090 million tons, representing a year-on-year decrease of 1.7%; the output of pig iron was 851.74 million tons, representing a year-on-year decrease of 2.3%; and the output of steel was 1,399.67 million tons, representing a year-on-year increase of 1.1%.
2. According to statistics of the General Administration of Customs: During the period from January to December 2024, the cumulative exports of steel were 110.716 million tons, with a year-on-year increase of 22.7%, creating a record high since 2015. During the period from January to December 2024, the cumulative imports of steel were 6.815 million tons, with a year-on-year decrease of 10.9%, being at a record low since 2013.
3. In 2024, due to the decline in investment growth in real estate and manufacturing, the decline in apparent domestic crude steel consumption was significantly larger than the decline in production, and domestic steel prices continued to fall. The average CSPI was 102.47 points, decreasing by 9.37 points or 8.38% year on year. Specifically, the average of the long product index was 105.22 points, decreasing by 10.20 points or 8.84% year on year; the average of the plate index was 100.58 points, decreasing by 11.29 points or 10.09% year on year.

III. MAIN BUSINESS PROFILE DURING THE REPORTING PERIOD

The Company, belonging to the manufacturing industry/ferrous metal smelting and rolling processing industry, is mainly engaged in the production and sale of hot rolled sheets, medium plates, rebars, wire rods, billets, steel by-products and coking and coal chemical products, etc. The Company has an annual steel production capacity of 10 million tons with the following main production lines: 4,100mm wide and thick plate, 2,700mm medium plate, 1,780mm hot rolled sheet, double high rods, high speed wire rods and bar materials.

III. MAIN BUSINESS PROFILE DURING THE REPORTING PERIOD (CONTINUED)

With rich production lines, the Company is able to provide a diversified portfolio of products. The products include the a variety of medium plates, heavy plates, hot rolled sheets and long products. The Company's products are widely applied in various sectors, such as railways, airports, bridges, tunnels, ships, as well as urban high-rise buildings. The products of the Company are mainly sold in Chongqing and southwestern regions, and have met the development demands in southwestern regional markets. The products are highly recognized in regional markets. The Company's steel products used in hull structure, boilers and pressure vessels were rewarded the title of "Chinese brand products" and four other products were awarded the title of "Chongqing's brand products". The Company successively obtained the following titles of honor: national Labor Day certificate, National Advanced Enterprise in Implementing the Performance Excellence Model, Chongqing famous trademark, Chongqing quality benefit enterprise, Chongqing contract-abiding and trustworthy enterprises and national metallurgical greening advanced unit. In 2024, the Company was awarded the honorary titles of "cultivation enterprise for benchmark demonstration plants in dual-carbon best practices and energy efficiency" and "advantageous enterprise in terms of national intellectual property".

In 2024, the domestic steel industry continued to exhibit the "three highs and three lows" pattern characterized by "high output, high costs, high inventory, low demand, low prices, and low profitability." The industry as a whole remained in a bottoming phase, with persistently weak orders and demand, supply outpacing demand, and bulk raw material prices remaining at high levels. The actual decrease in cost centers was smaller than the decline in steel prices, leading to a continuous narrowing of market prices on both the purchasing and sales ends.

To proactively address the long-term downward risks in the industry, the Company has firmly established the awareness that "all costs can be reduced." The Company has strengthened its accounting and operational capabilities through "intelligent" systems, enhanced marginal and cash flow management, and promoted the allocation of resources towards high-efficiency products and high-profit regions, ensuring effective alignment between the market and on-site operations, as well as compelling improvements in manufacturing capabilities.

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

i. Flexible system and mechanism advantage

As a company with mixed ownership, the Company gave full play to the advantages of the system and mechanism, established a streamlined and efficient operation system and a market-oriented incentive mechanism for the Company, which resulted in a high level of consistency in respect of interests among staff, management and shareholders, truly allowed the staff to share profits and risks and responsibilities with the Company, and injected vitality and momentum to the sustainable development of the Company.

ii. Relative targeted market and logistic advantages

The Company is strategically located in Chongqing, an important city in Southwest China, close to the gold fairway of Yangtze River with good transport, and owns unique advantages in geographical location. In the face of various opportunities such as “the western development”, “Belt and Road Initiative”, “the Yangtze River Economic Belt” “the Chengdu-Chongqing economic rim” and “continuous transfer of industries from coastal areas to the western regions”, the Company is the only iron and steel conglomerate meeting national policies on the industry in Chongqing. The Company enjoys favourable logistic conditions of the port for self-owned raw material and finished products transportation with its products mainly sold in Chongqing and southwestern regions. It boasts obvious comparable advantages in regional markets and enjoys bright development prospects.

iii. Brand advantage

With rich production lines, the Company is able to provide a diversified portfolio of products. The products include the varieties of medium plates, heavy plates, hot rolled sheets and long products, which meets the development demands in southwest regional markets and the “San Feng” products are highly recognized in regional markets in southwest regional markets. The Company has established extensive cooperation relationships with various central enterprises such as China State Construction Engineering Chengdu Co, Ltd. (中建科工成都有限公司), China Railway Materials Chengdu Co, Ltd. (中鐵物資成都有限公司) and China Communications Materials Co, Ltd. (中國交通物資有限公司).

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD

During the reporting period, the Group produced 6.7680 million tonnes of iron, 7.5829 million tonnes of steel and 7.6129 million tonnes of commodity billet, representing year-on-year increase of 3.87% and 6.57% of iron and steel and a year-on-year decrease of 25.53% of commodity billet. The sales volume of commodity billet was 7.5994 million tonnes, representing a year-on-year decrease of 26.14%. The operating income was RMB27.244 billion, while the total profit was RMB-3.292 billion.

i. Main business analysis

1. Analysis of changes in certain items from Income Statement and Cash Flow Statement

Unit: RMB'000 Currency: RMB

Item	Current period	Corresponding period of last year	Change (%)
Operating income	27,244,169	39,318,142	-30.71
Operating cost	28,599,482	40,002,413	-28.51
Selling expenses	56,788	75,804	-25.09
Administrative expenses	370,595	334,986	10.63
Financial expenses	200,673	242,279	-17.17
R&D expenses	41,784	31,949	30.78
Net cash flow from operating activities	1,309,863	1,022,039	28.16
Net cash flow from investing activities	-789,202	-801,075	N/A
Net cash flow from financing activities	459,916	-2,327,132	N/A

Reasons for change in operating income: The decrease in operating income was mainly due to the decrease in sales volume and lower selling price of commodity billet.

Reasons for change in R&D expenses: The increase in R&D expenses was mainly due to the increase in R&D projects.

Reasons for change in net cash flow from financing activities: The increase in net cash flow from financing activities was mainly due to the increase in new borrowings during the current period.

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

1. *Analysis of changes in certain items from Income Statement and Cash Flow Statement (Continued)*

Detailed description of the major changes in the Company's business types, profits structure or profits sources in the period

☐ Applicable ☒ Not applicable

2. *Revenue and cost analysis*

☒ Applicable ☐ Not applicable

In 2024, the Group's revenue from main business amounted to RMB26.998 billion, representing a year-on-year decrease of 30.83%. In particular, the income from sales of commodity billet products amounted to RMB25.585 billion, representing a decrease of RMB11.850 billion as compared with the same period of the previous year. Firstly, the sales volume of commodity billet was 7.5994 million tonnes, representing a year-on-year decrease of 26.14%, resulting in a decrease in the sales income of RMB9,369 million; secondly, the sales price of commodity billet was RMB3,367/tonne, representing a year-on-year decrease of 7.45%, resulting in a decrease in the sales income of RMB2,481 million.

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

Composition of income from main businesses:

Type	2024		2023		Year-on-year Increase in amount (%)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plates	8,355,106	30.95	9,604,212	24.61	-13.01
Hot rolled sheets	15,085,578	55.88	17,998,354	46.11	-16.18
Bars	—	—	3,250,795	8.33	-100.00
Double high rods	940,105	3.48	3,969,804	10.17	-76.32
Wire rods	165,320	0.61	1,371,770	3.51	-87.95
Billets	1,038,791	3.85	1,239,556	3.18	-16.20
Subtotal	25,584,900	94.77	37,434,491	95.91	-31.65
Other	1,412,879	5.23	1,595,960	4.09	-11.47
Total	26,997,779	100.00	39,030,451	100.00	-30.83

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

Sales prices of commodity billet:

Item	2024 Sales price (RMB/tonne)	2023 Sales price (RMB/tonne)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	3,547	3,941	-10.00	-928,028
Hot rolled sheets	3,318	3,613	-8.16	-1,341,188
Bars	—	3,427	—	—
Double high rods	3,224	3,384	-4.73	-46,640
Wire rods	3,518	3,632	-3.14	-5,358
Billets	2,893	3,338	-13.33	-159,800
Total of commodity	3,367	3,638	-7.45	-2,481,014

Sales volumes of commodity billet:

Item	Sales volume for 2024 (Ten thousand tonnes)	Sales volume for 2023 (Ten thousand tonnes)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	235.54	243.67	-3.34	-321,078
Hot rolled sheets	454.64	498.22	-8.75	-1,571,588
Bars	—	94.85	-100.00	-3,250,795
Double high rods	29.15	117.31	-75.15	-2,983,059
Wire rods	4.70	37.77	-87.56	-1,201,092
Billets	35.91	37.13	-3.29	-40,965
Total of commodity	759.94	1028.95	-26.14	-9,368,577

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

(1). Main business by sectors, products and regions and sales model

Unit: RMB'000 Currency: RMB

Main business by sectors

By sectors	Operating income	Operating cost	Gross margin (%)	Year-on-year increase/decrease in operating income (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross margin (%)
Iron and steel	26,997,779	28,381,563	-5.13	-30.83	-28.58	Decreased by 3.31 percentage points

Main business by products

By products	Operating income	Operating cost	Gross margin (%)	Year-on-year increase/decrease in operating income (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross margin (%)
Commodity billet	25,584,900	26,963,525	-5.39	-31.65	-29.42	Decreased by 3.34 percentage points
Others	1,412,879	1,418,038	-0.37	-11.47	-7.83	Decreased by 3.97 percentage points

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

(1). Main business by sectors, products and regions and sales model (Continued)

Main business by regions

By regions	Operating income	Operating cost	Gross margin (%)	Year-on-year increase/decrease in operating income (%)	Year-on-year increase/decrease in operating cost (%)	Year-on-year increase/decrease in gross margin (%)
Southwest	20,672,411	21,751,391	-5.22	-34.62	-32.64	Decreased by 3.10 percentage points
Other regions	6,325,368	6,630,172	-4.82	-14.63	-10.98	Decreased by 4.30 percentage points

Description on main business by sectors, products and regions and sales model

Nil

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

(2). Table of production and sales volume analysis

☒ Applicable ☐ Not applicable

Main products	Unit	Production volume	Sales volume	Inventory	Year-on-year increase/ decrease in production volume (%)	Year-on-year increase/ decrease in sales volume (%)	Year-on-year increase/ decrease in inventory volume (%)
Plates	10,000 tonnes	236.99	235.54	2.47	-0.99	-3.34	111.11
Hot rolled sheets	10,000 tonnes	457.66	454.64	4.71	-7.43	-8.75	70.04
Bars	10,000 tonnes	-	-	-	-100.00	-100.00	-100.00
Double high rods	10,000 tonnes	27.32	29.15	-	-77.01	-75.15	-100.00
Wire rods	10,000 tonnes	3.38	4.70	-	-91.34	-87.56	-100.00
Commodity billets	10,000 tonnes	35.94	35.91	0.03	-3.20	-3.29	-

Explanation on production and sales

Nil

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

(3). Performance of major procurement contracts and major sales contracts

☐ Applicable ☒ Not applicable

(4). Cost analysis table

Unit: RMB'000

By sectors

By sectors	Cost component	Amount for the period	Percentage of the amount for the period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs (%)	Year-on-year change (%)	Explanation
Iron and steel	Raw material	23,278,452	82.02	33,511,420	84.33	-30.54	N/A
Iron and steel	Energy	920,090	3.24	1,366,040	3.44	-32.65	N/A
Iron and steel	Labor and other costs	4,183,021	14.74	4,862,944	12.23	-13.98	N/A

By products

By products	Cost component	Amount for the period	Percentage of the amount for the period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs (%)	Year-on-year change (%)	Explanation
Commodity billet	Raw material and energy costs	26,963,525	95.00	38,201,837	96.13	-29.42	N/A
Other	Raw material and energy costs	1,418,038	5.00	1,538,567	3.87	-7.83	N/A

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

(4). Cost analysis table (Continued)

Other information on cost analysis

Nil

(5). Changes in the scope of consolidation due to changes in equity of major subsidiaries during the Reporting Period

☐ Applicable ☒ Not applicable

(6). Significant changes or adjustments to the Company's business, products or services during the Reporting Period

☐ Applicable ☒ Not applicable

(7). Major buyers and major suppliers

A. Major customers of the Company

☒ Applicable ☐ Not applicable

The sales attributable to the five largest buyers amounted to RMB9,919,980,000, representing 33.11% of the total sales for the year, of which the sales attributable to related parties amounted to RMB3,011,720,000, representing 11.05% of the total sales for the year.

During the Reporting Period, the proportion of sales to a single customer exceeded 50% of the total amount, and there were new customers among the top 5 customers, or the Company relied heavily on few customers for sales

☐ Applicable ☒ Not applicable

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

2. Revenue and cost analysis (Continued)

(7). Major buyers and major suppliers (Continued)

B. Major suppliers of the Company

☒ Applicable ☐ Not applicable

Purchases from the top five suppliers amounted to RMB8,746,310,000, accounting for 30.58% of the total purchases for the year, of which purchases from related parties amounted to RMB5,771,370,000, accounting for 20.18% of the total purchases for the year. Purchases from the largest supplier accounted for 8.04% of total purchases for the year.

During the Reporting Period, the proportion of purchases from a single supplier exceeded 50% of the total amount, and there were new suppliers among the top 5 suppliers or the Company relied heavily on few suppliers for purchase

☐ Applicable ☒ Not applicable

None of the directors and their close associates, or any shareholder of the Company, has a relevant interest in the top five suppliers or customers.

3. Expenses

☒ Applicable ☐ Not applicable

Unit: RMB'000

Item	Current period	Corresponding period of last year	Change (%)
Selling expenses	56,788	75,804	-25.09
Administrative expenses	370,595	334,986	10.63
Finance expenses	200,673	242,279	-17.17
R&D expenses	41,784	31,949	30.78

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

4. R&D investment

(1). Table of R&D investment

☒ Applicable ☐ Not applicable

Unit: RMB'000

Expensed R&D investment for the period	1,045,009
Capitalized R&D investment for the period	–
Total R&D investment	1,045,009
Percentage of total R&D investment to operating income (%)	3.84
Percentage of capitalized R&D investment (%)	–

(2). R&D personnel

☒ Applicable ☐ Not applicable

Number of R&D personnel of the Company	921
Percentage of R&D personnel in the total number of employees of the Company (%)	16.73

Educational structure of R&D personnel

Educational category	Number
Doctoral graduate	2
Master's graduate	59
Undergraduate	482
Junior college	378
High school and below	0

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

4. R&D investment (Continued)

(2). R&D personnel (Continued)

Age Structure of R&D Staff

Age category	Age number
Under 30 years old (exclusive)	196
30–40 years old (including 30 years old, excluding 40 years old)	430
40–50 years old (including 40 years old, excluding 50 years old)	169
50–60 years old (including 50 years old, excluding 60 years old)	126
60 and above	0

(3). Explanation

☒ Applicable ☐ Not applicable

In 2024, the Group's total R&D investment in approved projects was RMB1,045,009,000, of which RMB41,784,000 was included in R&D expenses. The trial products in the course of R&D had been sold externally, and the corresponding cost expenditure of RMB1,003,225,000 had been included in operating costs.

(4). Reasons for major changes in the composition of R&D personnel and their impact on the future development of the Company

☐ Applicable ☒ Not applicable

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

i. Main business analysis (Continued)

5. Cash flow

☒ Applicable ☐ Not applicable

Unit: RMB'000

Item	2024	2023	Change (%)	Main reasons for changes
Net cash flow from operating activities	1,309,863	1,022,039	28.16	–
Net cash flow from investing activities	-789,202	-801,075	N/A	–
Net cash flow from financing activities	459,916	-2,327,132	N/A	Increase in new borrowings for the current period
Net increase in cash and cash equivalents	980,577	-2,106,168	N/A	–

ii. Explanation on material change in profit due to non-principal business

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

iii. Analysis of assets and liabilities

☒ Applicable ☐ Not applicable

1. Assets and liabilities

Unit: RMB'000

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Explanation
Cash and bank balances	3,019,606	8.51	1,935,398	5.18	56.02	Increase in net cash flows from operating activities.
Bills receivables	294,742	0.83	-	-	-	Non-derecognizable endorsed or discounted instruments that are not yet matured.
Trade receivables	16,605	0.05	30,630	0.08	-45.79	Recovery of amount.
Receivables financing	898,747	2.53	632,329	1.69	42.13	Increase in the proportion of invoice payment, and the decrease in the proportion of endorsement payment
Prepayments	187,853	0.53	633,937	1.70	-70.37	Decrease in prepayments for raw fuel due to increased credit management.
Other receivables	38,074	0.11	19,740	0.05	92.88	Mainly due to the increase in VAT receivable on demand.
Inventories	1,706,277	4.81	2,621,657	7.02	-34.92	Material decrease in both raw fuel and finished goods inventories due to utmost enhancement of inventory control.
Other current assets	125,476	0.35	178,296	0.48	-29.62	-
Long-term equity investments	108,765	0.31	110,935	0.30	-1.96	-
Other equity investments	60,364	0.17	60,364	0.16	-	-
Property, plant and equipment	24,523,532	69.12	26,159,118	70.02	-6.25	-
Construction in progress	861,172	2.43	1,244,272	3.33	-30.79	Mainly attributable to the consolidation of construction in progress.
Right-of-use assets	163,281	0.46	310,328	0.83	-47.38	Depreciation for the current period.
Intangible assets	2,470,418	6.96	2,512,168	6.72	-1.66	-
Goodwill	328,055	0.92	328,055	0.88	-	-

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

iii. Analysis of assets and liabilities (Continued)

1. Assets and liabilities (Continued)

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Explanation
Deferred income tax assets	676,275	1.91	579,071	1.55	16.79	–
Other non-current assets	–	–	737	–	-100.00	Project consolidation.
Short-term borrowings	919,368	2.59	450,331	1.21	104.15	New borrowings.
Bills payable	1,933,511	5.45	1,938,301	5.19	-0.25	–
Trade payables	4,960,413	13.98	3,886,777	10.40	27.62	–
Contract liabilities	1,812,206	5.11	1,893,130	5.07	-4.27	–
Employee benefits payable	136,436	0.38	125,720	0.34	8.52	–
Taxes payable	16,332	0.05	28,301	0.08	-42.29	Mainly due to the decrease in stamp duty payable.
Other payables	2,660,297	7.50	3,046,875	8.16	-12.69	–
Non-current liabilities due within one year	4,253,093	11.99	2,252,747	6.03	88.80	Increase in reclassification of long-term borrowings due within one year.
Other current liabilities	235,587	0.66	241,403	0.65	-2.41	–
Long-term borrowings	1,652,075	4.66	2,986,945	8.00	-44.69	Increase in reclassification of long-term borrowings due within one year.
Lease liabilities	30,545	0.09	183,493	0.49	-83.35	Payment for the current period.
Long-term payables	27,492	0.08	307,779	0.82	-91.07	Repayment in advance.
Long-term employee benefits payable	118,872	0.34	64,994	0.17	82.90	Impact on new internal retirees and deferred retirement policy.
Estimated liabilities	3,135	0.01	4,227	0.01	-25.83	–
Deferred income	107,052	0.30	85,732	0.23	24.87	–
Deferred income tax liabilities	6,194	0.02	5,949	0.02	4.12	–

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

iii. Analysis of assets and liabilities (Continued)

2. Overseas assets

☐ Applicable ☒ Not applicable

3. Major restricted assets at the end of the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB'000

Item	Carrying balance	Carrying amount	Type of restriction	Restricted situation
Cash and bank balances	176,915	176,915	Deposit and freeze	Bill and credit deposits and freeze
Receivables	288,473	288,473	Other	Endorsed/ discounted but not derecognized
Property, plant and equipment	128,091	123,046	pledge	Secured borrowings, sale and leaseback
Intangible assets	272,755	272,755	pledge	Secured borrowings
Total	866,234	861,189	–	–

4. Other explanation

☐ Applicable ☒ Not applicable

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

iv. Analysis on industry operating information

☒ Applicable ☐ Not applicable

In 2024, the Chinese steel industry confronted severe challenges, with weak demand, as well as high costs and supply-demand imbalances being the core challenges. However, high-end transformation and technological innovation provided structural opportunities for certain enterprises, and the overall profitability level decreased significantly. According to data from the China Iron and Steel Industry Association, key statistical iron and steel enterprises achieved a total profit of RMB42.9 billion during the year, representing a year-on-year decrease of 50.3%, and the average sales profit margin was only 0.71%, representing a year-on-year decrease of 0.63 percentage point.

1. *Overcapacity in iron and steel production*

In 2024, iron and steel production capacity was generally in excess in China. It still witnessed certain difficulties despite the implementation of various policies and measures by the government to reduce excessive capacity. The existence of excessive capacity caused fierce market competition and difficulty in raising prices.

2. *Decline in steel demand*

In 2024, in spite of the stable economic growth in China, there was a decline in steel demand due to the impact on real estate market regulation policies and contraction in infrastructure investment.

3. *Downward trend in steel prices*

In 2024, the overall trend of steel prices was downward, with the average China Steel Price Index (CSPI) at 102.47 points, representing a year-on-year decrease of 8.39%.

4. *Increase in steel exports*

In 2024, the cumulative exports of steel in China were 111 million tons, with a year-on-year increase of 22.7%, being equivalent to net exports of 113 million tons of crude steel, with a year-on-year increase of 31.5%, reaching a historical high.

On the morning of 5 March 2025, the National Development and Reform Commission promulgated the Report on the Implementation of the 2024 National Economic and Social Development Plan and the Draft of the 2025 National Economic and Social Development Plan (關於2024年國民經濟和社會發展計劃執行情況與2025年國民經濟和社會發展計劃草案的報告)), proposing that China will boost the transformation and upgrade of traditional industries, constantly implement control measures on crude steel production and promote the reduction and reorganization of the steel industry in 2025. With the reduction and contraction in consumption and under the background of policy-controlled production in 2025, the basic situation with regard to industrial oversupply will ease, and the profitability of steel enterprises will show improvements.

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

iv. Analysis on industry operating information (Continued)

Iron and steel industry operational information analysis

1. Manufacturing and sales of steel material based on processing techniques

☐ Applicable ☒ Not applicable

2. Manufacturing and sales of steel material based on forms of finished products

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Types based on forms of finished	Production volume (tonne)		Sales volume (tonne)		Operating income		Operating cost		Gross margin (%)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Plates and strips	6,946,471	7,337,884	6,901,794	7,418,889	23,440,684	27,602,566	24,351,663	27,584,371	-3.89	0.07
Others	666,426	2,884,330	697,633	2,870,653	3,557,095	11,427,885	4,029,900	12,156,033	-13.29	-6.37

3. Steel material sales based on sales channels

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

iv. Analysis on industry operating information (Continued)

Iron and steel industry operational information analysis (Continued)

4. Supply of iron ore

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Supply source of iron ore	Supply volume (tonne)		Expenditure	
	Current year	Previous year	Current year	Previous year
Self supply	—	—	—	—
Domestic source	1,496,326	2,416,000	1,394,603	2,336,369
Overseas import	8,953,785	12,897,498	8,087,631	11,895,234
Total	10,450,111	15,313,498	9,482,234	14,231,603

5. Supply of scrap steel

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Supply sources of scrap steel	Supply volume (tonne)		Expenditure	
	Current year	Previous year	Current year	Previous year
Self supply	264,064	282,244	689,974	783,033
Domestic source	1,502,833	1,642,669	3,466,601	4,319,378
Overseas import	—	—	—	—
Total	1,766,897	1,924,913	4,156,575	5,102,411

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

iv. Analysis on industry operating information (Continued)

Iron and steel industry operational information analysis (Continued)

6. Other explanation

☐ Applicable ☒ Not applicable

v. Investment analysis

General analysis of external equity investment

☐ Applicable ☒ Not applicable

1. Significant equity investment

☐ Applicable ☒ Not applicable

2. Significant non-equity investment

☐ Applicable ☒ Not applicable

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

v. Investment analysis (Continued)

General analysis of external equity investment (Continued)

3. Financial assets measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Asset type	Opening balance	Gains or losses on changes in fair value during the period	Accumulated fair value changes taken to equity	Impairment charged during the period	Purchase amount during the period	Amount sold/ redeemed during the period	Other changes	Closing balance
Others	60,364	-	-	-	-	-	-	60,364
Total	60,364	-	-	-	-	-	-	60,364

Securities investment

☐ Applicable ☒ Not applicable

Description of securities investment

☐ Applicable ☒ Not applicable

Private equity investment

☐ Applicable ☒ Not applicable

Derivatives investment

☐ Applicable ☒ Not applicable

4. The specific progress of major asset restructuring and integration during the Reporting Period

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

vi. Major assets and equity disposal

☐ Applicable ☒ Not applicable

vii. Analysis of major holding and investees

☒ Applicable ☐ Not applicable

Name of subsidiary/investee	Principal place of business	Place of registration	Business nature	Shareholding percentage (%)	Acquisition method	Registered Capital (RMB)
Chongqing Iron & Steel Energy Environmental Protection Company Limited (重慶鋼鐵能源環保有限公司)	Changshou Economic Development Zone, Chongqing	Changshou Economic Development Zone, Chongqing	Electricity production and sales	100	Acquisition of equity	525,694,938.14
Chongqing Xin Gang Chang Long Logistics Company Limited (重慶新港長龍物流有限公司)	Changshou Economic Development Zone, Chongqing	Changshou Economic Development Zone, Chongqing	Transportation and warehouse	100	Acquisition of equity	110,000,000.00
Baowu Environmental Resources Technology (Chongqing) Recycling Co., Ltd.	Changshou District, Chongqing	Changshou District, Chongqing	Comprehensive utilization of waste resources	49	Establishment by capital	100,000,000.00
Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd. (寶武精成(舟山)礦業科技有限公司)	China (Zhejiang) Pilot Free Trade Zone	China (Zhejiang) Pilot Free Trade Zone	Mining professional and auxiliary activities	19	Establishment by capital	180,000,000.00
Chongqing Baocheng Carbon Co., Ltd.	Changshou District, Chongqing	Changshou District, Chongqing	Manufacturing	10	Acquisition of equity	33,333,000.00
Baowu Raw Material Supply Co., Ltd.	Pilot Free Trade Zone, Shanghai	Pilot Free Trade Zone, Shanghai	Trading	8	Establishment by capital	500,000,000.00

Note: The above major subsidiaries are limited liability companies and have not issued any bonds.

viii. Structured entities under the control of the Company

☐ Applicable ☒ Not applicable

VI. MANAGEMENT DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

i. Industry competition pattern and development trend

☒ Applicable ☐ Not applicable

In 2025, the external environment is expected to become more challenging, with escalating trade protectionism and increasing risks of economic recession.

Domestically, the basic trend of economic recovery and long-term improvement will remain unchanged, but we will need to overcome some unfavorable factors, including insufficient domestic demand and shrinking external demand. Within the industry, the steel industry will continue to face policy constraints on the supply side in 2025. The Ministry of Industry and Information Technology suspended capacity replacement, limiting new capacity additions. Simultaneously, existing capacities are being optimized through mergers, acquisitions, and the elimination of outdated production facilities. The emphasis on policy has shifted towards optimizing existing capacities, with the Steel Industry Standard Conditions (2025) strengthening requirements for green and intelligent development, and encouraging mergers and acquisitions to enhance industry concentration. It is anticipated that industry consolidation will accelerate, leading to the emergence of regional or niche market leaders and reducing excessive internal competition.

Overall, the industry is still experiencing a cycle where supply exceeds demand, and the situation remains severe.

VI. MANAGEMENT DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

ii. Development strategy of the Company

☒ Applicable ☐ Not applicable

With the mission of “Keeping the national strength of steel alive and build a green and wonderful life”, the Company is committed to building “Beautiful Chongqing Iron & Steel, Pastoral Chongqing Iron & Steel” and becoming a leader in the steel industry in Southwest China and providing steel support for social development.

The Company is located in Southwest China, adjacent to the Yangtze River and enjoys a unique and important geographical location. Based in Chongqing, we will integrate into the construction of Chengdu Chongqing dual-city economic circle, promote the development of the Yangtze River Economic Belt, and facilitate the Western Development Strategy. The Company will strive to become a steel enterprise with sound governance structure, efficient management system with leading production technology, significant economies of scale, cost saving creed, low-carbon and environmental protection, strong ability to respond to changes in the external environment, and the most comprehensive strength and dominant market position in Southwest China. During the fourteenth Five-Year-Plan period, the Company will firmly follow the path of green development, build smart factories with technological innovation, seize opportunities, capitalize on the momentum, start a new journey of high quality development, and strive to achieve the development goal of high-quality green and intelligent steel enterprise.

In the face of a complex and severe external environment, the Company will maintain strategic focus, insist on development confidence, and shift its mindset. The Company will delve into benchmarking to identify differences and drive comprehensive reform. Guided by the principles of “four modernizations” and “four have,” and led by the ethos of “deepening transformation and creating value”, the Company will intensify the practice of accounting management, invigorate full staff participation in governance, and earnestly advance work in safety and environmental protection, energy conservation and emission reduction, cost reduction and efficiency enhancement, and market expansion. The Company will fully enhance its intrinsic motivation and core competitiveness to withstand the industry’s “severe winter”, and will be dedicated to success in the tough battle of reversing losses and overcoming difficulties.

VI. MANAGEMENT DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

iii. Business plan

☒ Applicable ☐ Not applicable

In 2025, the Company plans to produce 6.67 million tons of iron, 8.01 million tons of steel, and 7.73 million tons of materials.

In 2025, the steel industry situation will still be severe, and the Company will focus on the following areas of work:

(1) attaching great importance to safety shortcomings, and strengthening safety controls to completely achieve zero accidents in safe production; (2) establishing energy-efficiency benchmarks and promoting green development to create a model steel plant for energy conservation and emission reduction; (3) expanding proximity resources, accelerating inventory turnover, and empowering the Company's agile operations with utmost inventory; (4) expanding high-quality resources and optimizing logistics organization to establish a cost-effective procurement system. (5) pursuing optimal efficiency and maintaining stable and smooth operation to build highly efficient and intensive production lines; (6) adhering to the sales strategy of localization and promoting production, sales, and R&D as a whole to explore new opportunities in regional markets; (7) rebuilding the market competitiveness of "sanfeng" products advanced by technological innovation and based on quality; (8) constructing a large logistics system, strengthening all-process control, and driving down logistics costs by multiple engines; (9) focusing on on-site management, solidifying responsibility systems and enhancing the ability to protect the equipment system; (10) strengthening capital risk management and implementing "accountable investment" strategies to build a robust defense for the safety of the Company's capital; (11) deepening management reforms, stimulating organizational vitality and fostering a new mode of "front, middle and backstage" efficient synergy; (12) refining staffing and deepening collaborative reforms to enhance human resource efficiency; (13) expediting the layout of industrial parks and eco-circuits to create a new model of harmonious coexistence.

VI. MANAGEMENT DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

iv. Potential risks

☒ Applicable ☐ Not applicable

1. Risk: The global economic outlook is still uncertain, the prices of bulk raw materials and fuels used in the Company's production are influenced by a variety of factors, including supply-side elements such as mine output and transportation costs, demand-side factors such as steel production and the macroeconomic environment, as well as other influences like policies, international situations, and seasonal variations, exposing the Company to certain risks associated with fluctuations in raw material and fuel prices. Additionally, changes in the international trade environment pose challenges to the stability of the supply chain, including uncertainties in trade policies and geopolitical risks. Such factors may adversely affect the Company's procurement costs and supply chain security.

Response measures: In 2025, the Company will continue to uphold the principle of "cost reduction and efficiency improvement are key to risk resistance". It will deepen its procurement strategy of "resource expansion, structural optimization, channel optimization, logistics optimization, and model innovation". Strictly adhering to the requirements of the Implementation Guidelines for Internal Control of Enterprises (《企業內部控制應用指引》), the Company will conduct comprehensive risk identification and assessment across procurement business processes. The Company will be committed to building a more robust supply chain system and strengthening supplier entry evaluations, performance assessments, and annual reviews to enhance the overall quality and efficiency of the supply chain. Simultaneously, the Company will actively explore new procurement models to increase the flexibility and responsiveness of the supply chain, ensuring competitiveness in a complex and ever-changing market environment.

VI. MANAGEMENT DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY (CONTINUED)

iv. Potential risks (Continued)

2. Risk: The complexity, severity, and uncertainty of the external environment are increasing, with insufficient domestic demand and shrinking external demand in the industry, posing certain operational pressures on the Company.

Response measures: In 2025, the Company will adhere to profit-based management, embracing the principle that “all costs can be reduced.” It will pursue extreme cost efficiency and focus on production efficiency and quality stability to enhance process efficiency. The Company will strive for ultimate efficiency and product innovation breakthroughs, with the principle of prioritizing profitability. It will refine the technological innovation system, intensify the development of high-quality products, and improve the capability to develop specialty steels. By pursuing low-cost and high-efficiency production and aligning with regional positioning, the Company will enhance its high-efficiency manufacturing capabilities.

v. Others

☐ Applicable ☒ Not applicable

VII. FAILURE OF DISCLOSURE OF THE COMPANY AS PER RULES DUE TO INAPPLICABILITY OR SPECIAL REASONS SUCH AS STATE SECRETS AND BUSINESS SECRETS

☐ Applicable ☒ Not applicable

Section IV Corporate Governance

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE

☒ Applicable ☐ Not applicable

i. Corporate governance

Operating in strict accordance with the Companies Law of the People's Republic of China, the Securities Law of the People's Republic of China, relevant regulations of the CSRC, and relevant requirements of regulatory documents such as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has established a complete corporate governance system and an effective internal control system.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3) to the Listing Rules as the code for dealing in securities of the Company by the Directors. All directors of the Company confirmed upon specific enquiries that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2024.

To the best of knowledge of the Board, the Company had complied with the requirements of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules during the Reporting Period, and no deviation from the code provision has been identified.

The Company firmly believes that the adherence to good corporate governance principles, the enhancement of the transparency and independence of corporate operation and the establishment of an effective accountability system can help the Company ensure steady development and increase shareholders' value. During the Reporting Period, the Company's actual governance status had no difference from the requirements of the Code of Corporate Governance for Listed Companies and the Corporate Governance Code.

1. Shareholders and general meetings: The Company convenes general meetings in strict accordance with relevant laws and regulations and the Articles of Association and the Rules of Procedure for General Meetings to review and decide on major matters of the Company, to respond to Shareholders' enquiries and to listen to Shareholders' opinions and suggestions, so as to ensure that the Shareholders exercise their powers and rights in accordance with the law and to safeguard the legitimate rights and interests of all Shareholders.
2. Controlling shareholder and listed company: The Company is completely separate from the controlling shareholder in terms of business, staff, organization and finance. The Company is a self-sustaining entity operating independently. The Company's controlling shareholder exercises shareholder's rights in strict compliance with relevant requirements of the Companies Law and the Articles of Association, without overriding the general meetings to directly or indirectly intervene in the Company's production, operation or important decision-making. At the end of the Reporting Period, none of the Company's capital or assets had been appropriated by its substantial shareholders.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

i. Corporate governance (Continued)

3. Directors and the Board: In accordance with relevant laws and regulations and the Articles of Association, the Company has formulated the Rules of Procedure of the Board of Directors, the Working Regulations of the Strategy and Risk Committee of the Board of Directors, the Working Regulations of the Audit Committee of the Board of Directors, the Working Regulations of the Remuneration and Evaluation Committee of the Board, and the Working Regulations of the Nomination Committee of the Board of Directors. The Board thoroughly implements the spirit of the 20th National Congress of the CPC and the spirit of the third plenary session of the 20th CPC Central Committee, strictly enforces various regulatory requirements, convenes and holds general meetings and seriously implements the resolutions of the meetings, and fulfills the corresponding review and approval procedures in respect of major matters within its authority. The Board fully grasps the strategic positioning of the Company, continuously strengthens its core competitiveness, fully implements the concept of innovative development, strengthens compliance building and value enhancement, improves risk prevention and control capabilities and internal control building, standardizes and optimizes corporate governance, promotes the Company's high-quality development, and safeguards the interests of the Company and its shareholders as a whole. Special committees of the Board separately convene meetings in light of their respective duties, and put forward advice and recommendations regarding the Company's business plan, financial reporting, effectiveness of internal control, remuneration policy for director and senior management, board structure, and qualification of candidate for director and senior management, to effectively promote the standardized operation and scientific decision-making of the Board of directors. The directors acknowledge that they are responsible for the preparation of the financial statements of the Company for the year ended 31 December 2024.

On 31 December 2024, the Board of the Company was comprised of nine members, including three independent directors, one of whom is a professional accountant. The Board of Directors has four special committees, namely the Strategy and Risk Committee, the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee. The composition of all such special committees is in compliance with relevant requirements.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

i. Corporate governance (Continued)

4. The Board of supervisors: the Board of supervisors of the Company complies with the laws and regulations, adheres to the principles of objectivity, impartiality and diligence, earnestly implements the supervisory requirements, carries out supervisory inspections in accordance with the laws and regulations, and continuously enhances the effectiveness of supervision, promotes the establishment and standardized operation of the Company's corporate governance, and safeguards the legitimate rights and interests of the Company and its shareholders. The Board of supervisors convenes meetings of the Board of supervisors in accordance with the law, carefully reviews resolutions and issues opinions, carries out daily supervision in a solid manner, continues to supervise the performance of the Board, its members and senior management, strengthens the supervision of major issues and financial supervision, and supervises, inspects and issues opinions on the Company's regular operation, financial situation, the selection of the accounting firm, and internal control construction, etc. in accordance with the law. As of 31 December 2024, the Company's board of supervisors was comprised of five members, including two employee supervisors. The composition of the board of supervisors was in compliance with relevant requirements.
5. Information disclosure and transparency: The Company strictly implements the systems related to information disclosure, specifies the person responsible for information disclosure, continuously improves the quality of information disclosure, and treats all investors fairly to ensure that investors have an equal right to know, and have a true, accurate, complete and timely understanding of the Company's information. In 2024, the Company continuously maintained standardized information disclosure, without failing to disclose any information that shall be disclosed.
6. Building of the internal control system: For details, please refer to "Section IV. XII." of this report.
7. Insider registration management: In accordance with relevant requirements, the Company has formulated the Information Insider Management System. During the Reporting Period, the Company effectively managed confidentiality, registration and filing of insider information and insiders strictly as stipulated, without experiencing any inside information leakage or insider transaction.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice

(This section is prepared in accordance with relevant requirements of the Corporate Governance Code and the Corporate Governance Report of the HKEx.)

Taking corporate governance as part of value creation, the Company has always been committed to improving its corporate governance to demonstrate the fulfilment of commitments made by the Board of Directors and senior management in terms of corporate governance, maintain the transparency and accountability to shareholders, and create the maximum value for all shareholders.

As at 31 December 2024, the Company had well practiced the corporate governance principles and all the code provisions (if applicable, including most of the recommended best practices) of the Corporate Governance Code set out in Appendix C1, to the Listing Rules.

Section IV Corporate Governance (Continued)

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

1. Securities dealings by directors and supervisors

1.1 Directors' and supervisors' interests in the shares of the Company or associated corporation

As at 31 December 2024, the interests and short positions (including interests or short positions which they were taken or deemed to have under relevant provisions of the Securities and Futures Ordinance ("SFO")) of the directors, supervisors and senior management members in the shares or underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the HKEx, were as follows:

Name	The Company/ associated corporation	Capacity	Nature of interest	Total number of shares held (share)	Percentage of number of A Shares of the Company (%)	Percentage of total share capital of the Company (%)	Class of share
Hu Enlong	The Company	Employee Supervisor	Beneficial interest	132,600 (Long position)	0.0016	0.0015	A share
He Hongxia	The Company	Employee Supervisor	Beneficial interest	4,500 (Long position)	0.0001	0.0001	A share
Xie Chao	The Company	Senior Vice President	Beneficial interest	1,057,400 (Long position)	0.0126	0.0119	A share

Section IV Corporate Governance (Continued)

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

1. Securities dealings by directors and supervisors (Continued)

1.1 Directors' and supervisors' interests in the shares of the Company or associated corporation (Continued)

Save as disclosed above, as at 31 December 2024, none of the directors, supervisors or their respective associates had any interest in the shares of the Company or its associated corporations.

During the year of 2024, none of the Company's directors or supervisors or their spouses or children aged below 18 was granted by the Company the right to subscribe for the Company's shares.

At no time during the year of 2024 was the Company, its fellow subsidiaries or its parent company a party to any important contract in relation to the Company's business in which a director or supervisor of the Company had material interests, either directly or indirectly.

None of the Company, its fellow subsidiaries or its parent company was a party to any arrangement in 2024 whereby a director or supervisor of the Company may obtain benefits by acquiring shares or debentures of the Company or any other body corporate.

1.2 Service contracts of directors and supervisors

The directors and supervisors of the Company respectively entered into service contracts valid to the 2026 annual general meeting of the Company. There were neither terms regarding compensation for termination of service prior to the expiry of the service contracts nor terms regarding compensation for no renewal of service upon the expiry of such service contracts.

1.3 Directors' and supervisors' interests in the contracts

The Company did not enter into any important contract (except service contracts) in which a director or supervisor of the Company is enabled to have any material interest or is substantially interested, whether directly or indirectly, and there was no such contract subsisting at the end of the Reporting Period or at any time during the Reporting Period.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

1. *Securities dealings by directors and supervisors (Continued)*

1.4 Model Code for securities transactions by directors and supervisors

The Company takes the Model Code as set out in Appendix C3 to the Listing Rules and the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof issued by the CSRC as the code for securities transactions by its directors, supervisors, and senior management. Upon specific enquiries with all directors and supervisors, the Company confirmed that all its directors and supervisors had complied with the requirements of the above code and rules concerning the securities transactions by directors as at the date hereof.

1.5 Independence of independent non-executive directors

The Company has received annual confirmation letter of independence from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that the three independent non-executive directors are independent.

2. *Board*

2.1 Composition of the Board

For details, please refer to “Section IV. IV. i.” of this report.

2.2 Number of board meetings during the financial year

For details, please refer to “Section IV. V” of this report.

2.3 Directors’ attendance of the Board meetings and general meetings

For details, please refer to “Section IV. VI. i.” of this report.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

2. Board (Continued)

2.4 Division of responsibilities between the Board and the management

The Board of Directors is collectively responsible for the Company's management and operation under the leadership of its chairman. The Board formulates the Company's overall strategy, sets the Company's business direction and financial performance target, and ensures the establishment and implementation of the Company's framework and procedures for corporate governance. The Board reports the Company's performance and business to the Company's shareholders. The Board is the Company's final decision-making organ on matters not subject to approval by shareholders pursuant to the Company's Articles of Association, the Listing Rules or other applicable laws and regulations.

The management takes charge of the Company's business operation and implements policies formulated by the Board. The management shall report work to the Board, and make decisions on matters stipulated by the Executive Committee or seek prior approval of the Executive Committee before making commitments on behalf of the Company. The Executive Committee monitors the management's performance according to the Company's corporate goals, missions and business plans which are determined and approved by the Board of Directors from time to time.

2.5 The Company strictly complied with relevant provisions under Rule 3.10(1) and (2) and Rule 3.10(A) of the Listing Rules during the Reporting Period.

2.6 The Company strictly complied with the provisions under Rule 3.13 of the Listing Rules during the Reporting Period.

2.7 There is no disclosable connected relationship between members of the Board of Directors of the Company.

Section IV Corporate Governance (Continued)

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

2. Board (Continued)

2.8 Particulars of directors and senior management training

During the Reporting Period, all directors received training prescribed by applicable laws and regulatory regulations. In addition, some directors also attended training related to their profession or business to enhance their management capability. All new directors had fully understood the laws and rules related to their duty performance before taking office. In 2024, the Company's directors and senior management attended a total of 29 initial and follow-up trainings, and special trainings, covering areas such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China, compliance with duties, and anti-bribery, etc.

The specific participation of directors in the training is set out below:

No.	Name of director	Period of training	Hours of training	Training institution(s)	Training contents
1	Xie Zhixiong	5.24	3	SASAC	"Interpretation of the New Nine Articles of the State Council and related supporting systems" lecture for state-owned enterprises
		6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
2	Wang Huxiang	9.19	2	Chiu & Co.	Training for directors and senior management
		12.20	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets
3	Song De An	12.23-12.31	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets
4	Meng Wenwang	6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
		12.23-12.31	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets

Section IV Corporate Governance (Continued)

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

2. Board (Continued)

2.8 Particulars of directors and senior management training (Continued)

The specific participation of directors in the training is set out below: (Continued)

No.	Name of director	Period of training	Hours of training	Training institution(s)	Training contents
5	Lin Changchun	6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
		12.23-12.31	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets
6	Zou An	2.1		Beijing ZhongLun (Chongqing) Law Firm	The new Company Law
		5.24	3	SASAC	"Interpretation of the New Nine Articles of the State Council and related supporting systems" lecture for state-owned enterprises
		6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
7	Kuang Yunlong	8.20-9.2	18	Shanghai Stock Exchange	Training for Secretary to the Board of directors
		9.19	2	Chiu & Co.	Training for directors and senior management
		12.20	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets
8	Zhou Ping	6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
		12.23-12.31	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets

Section IV Corporate Governance (Continued)

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

2. Board (Continued)

2.8 Particulars of directors and senior management training (Continued)

The specific participation of directors in the training is set out below: (Continued)

No.	Name of director	Period of training	Hours of training	Training institution(s)	Training contents
9	Sheng Xuejun	6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
		12.20	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets
		12.30	2	Shanghai Stock Exchange	Key points and suggestions for independent directors of listed companies to perform anti-fraud duties
10	Guo Jiebin	6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
		12.23-12.31	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets
11	Tang Ping	5.13-5.20	17	Shanghai Stock Exchange	Training for independent directors in the performance of their duties
		6.27	2	Chiu & Co.	Training for directors and senior management
		6.27	3	1. Beijing ZhongLun (Chongqing) Law Firm 2. Chiu & Co.	1. Mandatory delisting circumstances and delisting procedures for listed companies on the main board of the Stock Exchange under the New Delisting Rules 2. Regulations and approval process of general tender offers in the H-share market
		8.16-8.29	9	Shanghai Stock Exchange	The follow-up training for the independent directors of listed companies
		12.23-12.31	3	Association of Listed Companies in Chongqing	Specialized training session on comprehensive punishment and prevention of financial fraud in capital markets

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

2. Board (Continued)

2.9 Board diversity policy

Fully recognizing the benefits of Board diversity, the Company has always sought to enhance the effectiveness of the Board of Directors and maintain the highest level of corporate governance. In determining the appointment of directors, the Company believes that Board diversity can be achieved through consideration of a number of factors, including but not limited to skills, regional and industrial experience, cultural and educational background, race, gender, age, service term and other factors that the Board of Directors deems applicable.

The Nomination Committee assumes the principal responsibility for studying and making recommendations on the selection of directors and relevant selection criteria and procedures, and will fully consider the Board diversity policy in performing its duties.

During the Reporting Period, one female independent director was added to the Board. The current proportion of female directors is 11%, meeting the target of at least one female director. The Board and the Nomination Committee endeavor to identify potential female director candidates that match the Company's development needs through various channels, such as industry self-regulatory associations and professional recommendations, in order to ensure gender diversity on the Board.

The number of male employees of the Group was 4,608, accounting for approximately 83.69% of the total number of employees, and the number of female employees was 898, accounting for approximately 16.31% of the total number of employees. The Group's recruitment strategy is to recruit the right people for the right positions and to achieve diversity among all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge. As at 31 December 2024, the number of female employees of the Group accounted for approximately 16.31% of the total number of employees and gender diversity has been achieved.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

2. Board (Continued)

2.10 Access to independent views by Directors

The Company has put in place mechanisms to ensure that the Board is provided with independent views and opinions, including but not limited to:

- (1) participation of non-executive Directors (including independent non-executive Directors) in Board meetings and/or Board committees (including meetings of the Strategy and Risk Committee, the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee) to provide independent views, recommendations and judgements on important issues relating to the Company;
- (2) The independence of all independent non-executive Directors is assessed annually by the Nomination Committee in accordance with the requirements of the Listing Rules;
- (3) for any independent non-executive Director who has served for more than nine years, the Nomination Committee further assesses his or her role as an independent non-executive Director to ensure that he or she meets the relevant independence requirements.

3. Chairman and president

Elected and removed by a majority vote of all directors, the chairman serves for a term of three years, and is eligible for re-election. The chairman is responsible for the day-to-day work of the Board.

The president takes charge of the day-to-day production and operation. The general manager is appointed by the Board for a term of three years and is eligible for re-election.

The roles of chairman and president of the Company were performed by different individuals.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

4. *Non-executive director*

Non-executive directors of the Company serve for a term of three years and are eligible for re-election.

5. *Committees under the Board*

5.1 Functions of special committees

(1) Primary responsibilities of the Strategy and Risk Committee

During the Reporting Period, in order to implement the requirements of China Baowu to strengthen risk management, further implement the authority and responsibility of the Board in relation to risk management, improve the risk prevention and control mechanism of the Board, and in accordance with the requirements of the regulatory authorities on ESG management of listed companies, the Strategy Committee was renamed as the Strategy and Risk Committee in light of the governance of the Company, which is mainly responsible for conducting studies and making recommendations on the Company's long-term development strategies and major investment decisions, the establishment and improvement of the comprehensive risk management system, the Company's environmental, social and governance (ESG) work, and other matters stipulated in the laws and regulations of the places where the Company's shares are listed, the rules of securities regulation and the Company's Articles of Association. The relevant contents of the Work Regulations of the Strategic Committee of the Board were accordingly amended. Its main duties are as follows:

- 1) To conduct studies and make recommendations on the Company's long-term development strategies and major investment decisions.
- 2) To conduct studies and make recommendations on the establishment and improvement of the Company's comprehensive risk management system.
- 3) In accordance with the regulatory requirements of domestic and overseas places where the Company's shares are listed, the Strategy and Risk Committee is also responsible for the Company's environmental, social and governance (ESG) work and makes relevant recommendations to the Board.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

5. Committees under the Board (Continued)

5.1 Functions of special committees (Continued)

(2) Primary responsibilities of the Audit Committee

- 1) To supervise and evaluate the work of external auditors.
- 2) To supervise and evaluate internal audit work.
- 3) To review and comment on the financial statements of the Company.
- 4) To assess the effectiveness of internal controls.
- 5) To coordinate the communication between the management, internal audit department and related departments and external auditors.
- 6) To report measures that are deemed necessary or matters to be improved to the Board, and make recommendations thereon.
- 7) To handle other matters authorised by the laws and regulations, the Articles of Association and the Board of the Company.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

5. Committees under the Board (Continued)

5.1 Functions of special committees (Continued)

(3) Primary responsibilities of the Remuneration and Evaluation Committee

- 1) To propose remuneration policies for all directors and senior management, and formulate procedures for such policies.
- 2) To propose the remuneration plan or proposal based on the main scope of work, duties, importance of positions of directors and senior management, and the remuneration standard of social related positions, including but not limited to: performance evaluation standards, procedures, and main evaluation system, levels and payment methods of remuneration, main schemes and systems for rewards and penalties, etc.
- 3) To study the evaluation standards for directors and the senior management, organise the performance evaluation of directors and the senior management, review the duty performance by directors and the senior management based on the achieving status of the Company's business goals, and conduct annual performance evaluation of directors and the senior management while providing relevant suggestions; the Company may also entrust any third party to conduct performance evaluation.
- 4) To supervise the implementation of the remuneration system for the Company's directors and senior management, and provide relevant suggestions.
- 5) To handle other matters authorised by the Board of Directors.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

5. Committees under the Board (Continued)

5.1 Functions of special committees (Continued)

(4) Primary responsibilities of the Nomination Committee

- 1) To review the structure, member number and composition of the Board of Directors (including skills, knowledge and experience, and promotion of the diversification of gender, social and racial backgrounds, cognition and personal strengths) at least annually, and provide suggestions to the Board of Directors in respect of proposed changes of the Board of Directors for corporate strategy of the Company based on the actual situation of the Company in such aspects as shareholding structure, asset size, strategic planning and operating activity.
- 2) To study the criteria and procedures for selecting directors and the senior management such as presidents, and provide relevant suggestions to the Board of Directors.
- 3) To select competent candidates of directors and the senior management such as presidents.
- 4) To review and provide suggestions for candidates of directors and the senior management such as presidents.
- 5) To evaluate the independence of independent non-executive directors.
- 6) To review the Board diversity policy and recommend any changes to the Board of Directors in this regard; review the progress regularly with reference to all measurable goals set by the Board of Directors in terms of board diversity.
- 7) To handle other matters authorised by the Board.

Section IV Corporate Governance (Continued)

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

5. Committees under the Board (Continued)

5.2 Composition of all special committees

Strategy and Risk Committee	Audit Committee	Nomination Committee	Remuneration and Evaluation Committee
Wang Huxiang (executive director)*	Guo Jiebin (independent director)*	Sheng Xuejun (independent director)*	Tang Ping (independent director)*
Song De An (non-executive director)	Zhou Ping (non-executive director)	Song De An (non-executive director)	Song De An (non-executive director)
Meng Wenwang (executive director)	Sheng Xuejun (independent director)	Tang Ping (independent director)	Sheng Xuejun (independent director)
Lin Changchun (non-executive director)	Tang Ping (independent director)	Guo Jiebin (independent director)	Guo Jiebin (independent director)
Kuang Yunlong (executive director)			
Zhou Ping (non-executive director)			

Note: *Chairman of special committees.

5.3 Work of special committees

For details, please refer to “Section IV. VII” of this report.

6. Remuneration of auditors

For details, please refer to “Section VI. VI” of this report.

7. Company secretary

During the Reporting Period, the Company engaged Ms. Chiu Hoi Shan and Mr. Kuang Yunlong as the Joint Company Secretary.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

8. Shareholders' rights

8.1 Shareholders' right to convene an extraordinary general meeting

In accordance with the Companies Law, the Articles of Association stipulates that: Shareholders individually or collectively holding more than 10% of the Company's shares are entitled to request, in writing, the Board to hold an extraordinary general meeting. The Board shall, in accordance with laws, regulations and the Articles of Association, give a written feedback indicating its consent or objection to the holding of an extraordinary general meeting within 10 days upon receipt of the request.

If the Board agrees to hold an extraordinary general meeting, it shall issue a notice on holding the general meeting within 5 days after making corresponding decision, and shall obtain the consent of relevant shareholders in case of any change to the original request.

If the Board disagrees to hold an extraordinary general meeting or fails to give any feedback within 10 days upon receipt of the request, shareholders individually or collectively holding more than 10% of the Company's shares have the right to request, in writing, the board of supervisors to hold the extraordinary general meeting.

If the board of supervisors agrees to the request to hold an extraordinary general meeting, it shall issue a notice on holding the general meeting within 5 days upon receipt of the request, and shall seek the consent of relevant shareholders in case of any change to the original request.

Failure of the board of supervisors to give the notice on holding a general meeting within the prescribed time limit shall be deemed as failure of the board of supervisors to convene and preside over the general meeting, and shareholder(s) individually or collectively holding 10% or more of the Company's shares for more than 90 consecutive days may independently convene and preside over the meeting.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

8. Shareholders' rights (Continued)

8.2 Enquiry procedure and available information

Shareholders may obtain the following information according to relevant provisions of the Company's Articles of Association:

- (1) Shareholders may obtain the Articles of Association after paying corresponding cost.
- (2) Shareholders may consult and copy the following information after paying reasonable expenses:
 - 1) All parts of the register of shareholders;
 - 2) Personal information of the Company's directors, supervisors and senior management such as presidents, including: (a) current and previous name and alias; (b) principal address (residence); (c) nationality; (d) full-time and all other part-time jobs and titles; (e) identity document and number thereof;
 - 3) Counterfoil of corporate bonds;
 - 4) Resolutions of the Board meetings;
 - 5) Resolutions of meetings of the board of supervisors;
 - 6) Share capital of the Company;
 - 7) Reports showing the total nominal value and number of each class of shares repurchased by the Company since the end of the previous financial year, the maximum and minimum repurchase prices as well as the aggregate amount paid by the Company;
 - 8) Minutes of general meetings.

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

8. Shareholders' rights (Continued)

8.3 Procedure for proposing a proposal

Shareholders individually or collectively holding more than 3% of the Company's shares may propose an interim proposal and submit the same in writing to the board of directors 10 days prior to a general meeting; the Board of Directors shall notify other shareholders within 2 days upon receipt of the proposal, and submit the proposal to the general meeting for deliberation. The content of the interim proposal shall fall within the authority of the general meeting, with clear topics and specific resolutions therein.

8.4 Contact details

Shareholders may send their enquiries or requests as mentioned above to the Company's registered address as follows:

No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing

Addressee: Peng Guojun

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice, statement or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

9. Investor relation

The Company makes accurate and complete data disclosure of any discloseable and material matters on the websites designated by the relevant regulatory authorities on a timely basis in accordance with the disclosure requirements of the Listing Rules in order to safeguard shareholders' right to know and their right to participate.

Section IV Corporate Governance (Continued)

I. EXPLANATION ON ISSUES RELATED TO CORPORATE GOVERNANCE (CONTINUED)

ii. Corporate governance practice (Continued)

9. Investor relation (Continued)

The Company has a dedicated department responsible for maintaining investor relations and maintaining open and continuous communication with investors. Information is disclosed in accordance with regulatory rules, during the Reporting Period, the Company held and participated in a cumulative total of 7 results presentations and on-site interactive exchange activities with investors, received more than 200 calls from investors, answered 81 questions from investors on the interactive platform, and conducted communications with investors on matters related to market value management, production and operation to convey the Company's value. In order to promote a good relationship between the Company and its investors as well as to enhance the transparency of its corporate operations, the Company promotes the development strategy of the Company through publicity on its external website, WeChat official account and WeChat Video Account, etc., and guides the public and investors to pay continuous attention to the development of the Company. During the Reporting Period, the Company reviewed the implementation and effectiveness of its shareholders' communication policy, and based on the feedback from various investors through the aforesaid channels, the Company considers that its shareholders' communication policy is effective.

Whether there are material differences between corporate governance and laws, administrative regulations, and the provisions of CSRC on the listed company's governance; if there are material differences, the reasons should be explained.

☐ Applicable ☒ Not applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE COMPANY'S INDEPENDENCE IN SUCH ASPECTS AS ASSET, PERSONNEL, FINANCE, ORGANISATION AND BUSINESS, AS WELL AS SOLUTIONS ADOPTED IN RESPONSE TO THE IMPACT ON THE COMPANY'S INDEPENDENCE, WORK PROGRESS, AND FOLLOW-UP WORK PLANS

☒ Applicable ☐ Not applicable

For details, please refer to "Section VI. I. i." of this report.

Engagement of the controlling shareholder, the de facto controller or any other unit under their control in a business identical to or similar with any business of the Company, impact of horizontal competition or major changes to horizontal competition on the Company, resolution measures taken, resolution progress, and follow-up resolution plans

☒ Applicable ☐ Not applicable

For details, please refer to "Section VI. I. i." of this report.

Section IV Corporate Governance (Continued)

III. INTRODUCTION OF GENERAL MEETINGS

Meeting	Date	Website designated for publication of resolutions	Date of publication of resolutions	Resolutions
2023 Annual General Meeting	27 June 2024	Announcement of Resolutions of the 2023 Annual General Meeting (Announcement No.: 2024-026) published on the official website of SSE (http://www.sse.com.cn)	28 June 2024	Considering and passing: <ol style="list-style-type: none">1. The report of the board of directors for the year 20232. The report of the supervisory committee for the year 20233. The final financial accounts report for the year 20234. The 2023 annual report (full text and summary)5. The profit distribution plan for the year 20236. The proposal on the annual plan for the year 20247. The proposal for the re-appointment of the accounting firm for the year 20248. Resolution on the election of the non-independent directors of the tenth session of the board of directors<ol style="list-style-type: none">8.01 To elect Mr. Xie Zhixiong as a non-independent director of the tenth session of the board of directors8.02 To elect Mr. Song De An as a non-independent director of the tenth session of the board of directors8.03 To elect Mr. Meng Wenwang as a non-independent director of the tenth session of the board of directors8.04 To elect Mr. Lin Changchun as a non-independent director of the tenth session of the board of directors

III. INTRODUCTION OF GENERAL MEETINGS (CONTINUED)

Meeting	Date	Website designated for publication of resolutions	Date of publication of resolutions	Resolutions
				8.05 To elect Mr. Zou An as a non-independent director of the tenth session of the board of directors
				8.06 To elect Mr. Zhou Ping as a non-independent director of the tenth session of the board of directors
				9. Resolution on the election of the independent directors of the tenth session of the board of directors
				9.01 To elect Mr. Sheng Xuejun as an independent director of the tenth session of the board of directors
				9.02 To elect Mr. Guo Jiebin as an independent director of the tenth session of the board of directors
				9.03 To elect Ms. Tang Ping as an independent director of the tenth session of the board of directors
				10. Resolution on the election of the shareholder representative supervisors of the tenth session of the supervisory committee
				10.01 To elect Mr. Wu Xiaoping as a shareholder representative supervisor of the tenth session of the supervisory committee
				10.02 To elect Mr. Li Huaidong as a shareholder representative supervisor of the tenth session of the supervisory committee
				10.03 To elect Mr. Zhu Xing'an as a shareholder representative supervisor of the tenth session of the supervisory committee

Section IV Corporate Governance (Continued)

III. INTRODUCTION OF GENERAL MEETINGS (CONTINUED)

Meeting	Date	Website designated for publication of resolutions	Date of publication of resolutions	Resolutions
2024 First Extraordinary General Meeting	19 September 2024	Announcement of Resolutions of the 2024 First Extraordinary General Meeting (Announcement No.: 2024-050) published on the official website of SSE (http://www.sse.com.cn)	20 September 2024	Considering and passing: <ol style="list-style-type: none"> Resolution in relation to the by-election of Mr. Guo Liang as the shareholder representative supervisor of the tenth session of the supervisory committee Resolutions in relation to the by-election of directors of the tenth session of the Board of directors <ol style="list-style-type: none"> 2.01 By-election of Mr. Wang Huxiang as the director of the tenth session of the Board of directors 2.02 By-election of Mr. Kuang Yunlong as the director of the tenth session of the Board of directors
2024 Second Extraordinary General Meeting, 2024 First Class Meeting of A Shareholders and 2024 First Class Meeting of H Shareholders	30 December 2024	Announcement of Resolutions of the 2024 Second Extraordinary General Meeting, 2024 First Class Meeting of A Shareholders and 2024 First Class Meeting of H Shareholders (Announcement No.: 2024-069) published on the official website of SSE (http://www.sse.com.cn)	31 December 2024	Considering and passing: <ol style="list-style-type: none"> Resolution on change of the purpose and cancellation of the repurchased shares and reduction of capital Resolution on remuneration scheme for Directors and supervisors for 2024–2026

Preferred shareholders with restored voting rights request to convene extraordinary general meetings

☐ Applicable ☒ Not applicable

Explanation on general meeting

☐ Applicable ☒ Not applicable

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration

☒ Applicable ☐ Not applicable

Unit: share

Name	Title	Gender	Age	Starting date of the tenure	Ending date of the tenure	Shareholding at the beginning of the year	Shareholding at the end of the year	Increase/Decrease in shareholding during the year	Reason for changes in shareholding	Total remuneration before tax received from the Company during the Reporting Period (RMB'000) (Note 1)	Whether received remuneration from the related parties of the Company
Xie Zhixiong	Chairman, Executive Director (Resigned)	M	52	21 November 2022	12 August 2024	0	0	0	-	66.68	No
Wang Huxiang	Chairman, Executive Director	M	54	19 September 2024	30 June 2027	0	0	0	-	29.89	No
Song De An	Vice Chairman, Non-executive Director	M	59	21 May 2019	30 June 2027	0	0	0	-	-	Yes
Meng Wenwang	Executive Director & President	M	51	21 November 2022	30 June 2027	0	0	0	-	106.69	No
Lin Changchun	Non-executive Director	M	48	28 June 2023	30 June 2027	0	0	0	-	-	Yes
Zou An	Executive Director, Senior Vice President, Chief Financial Officer, Secretary to the Board of directors, General Counsel (Resigned)	M	50	15 January 2020	21 August 2024	1,684,600	1,684,600	0	-	61.28	No
Kuang Yunlong	Executive Director, Senior Vice President, Chief Financial Officer, Secretary to the Board of directors, General Counsel (Note 2)	M	40	19 September 2024	30 June 2027	0	0	0	-	24.29	No
Zhou Ping	Non-executive Director	M	50	9 July 2020	30 June 2027	0	0	0	-	-	Yes
Sheng Xuejun	Independent director	M	55	12 August 2021	30 June 2027	0	0	0	-	18	No
Zhang Jinruo	Independent director (Resigned)	M	44	12 August 2021	27 June 2024	0	0	0	-	9	No
Guo Jiebin	Independent director	M	44	12 August 2021	30 June 2027	0	0	0	-	18	No
Tang Ping	Independent director	F	62	27 June 2024	30 June 2027	0	0	0	-	9	No
Wu Xiaoping	Chairman of the Board of Supervisors	M	49	9 July 2020	30 June 2027	0	0	0	-	-	Yes
Li Huaidong	Supervisor	M	51	12 August 2021	30 June 2027	0	0	0	-	-	Yes
Zhu Xing'an	Supervisor (Resigned)	M	50	12 August 2021	21 August 2024	0	0	0	-	-	Yes
Guo Liang	Supervisor	M	55	19 September 2024	30 June 2027	0	0	0	-	-	Yes
Xia Tong	Employee Supervisor (Resigned)	M	59	30 June 2023	26 June 2024	534,100	534,100	0	-	21.79	No
Lei Yougao	Employee Supervisor (Resigned)	M	59	30 June 2023	26 June 2024	430,000	430,000	0	-	26.59	No

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

Name	Title	Gender	Age	Starting date of the tenure	Ending date of the tenure	Shareholding at the beginning of the year	Shareholding at the end of the year	Increase/Decrease in shareholding during the year	Reason for changes in shareholding	Total remuneration before tax received from the Company during the Reporting Period (RMB'000) (Note 1)	Whether received remuneration from the related parties of the Company
Hu Enlong	Employee Supervisor	M	36	26 June 2024	30 June 2027	132,600	132,600	0	-	17.93	No
He Hongxia	Employee Supervisor	M	53	26 June 2024	30 June 2027	4,500	4,500	0	-	18.35	No
Xie Chao	Senior Vice President	M	43	1 January 2020	30 June 2027	1,057,400	1,057,400	0	-	93.53	No
Zhao Shiqing	Senior Vice President	M	44	20 November 2023	30 June 2027	0	0	0	-	82.77	No
Total	/	/	/	/	/	3,843,200	3,843,200	0	/	603.79	/

Notes:

- The above total pre-tax remuneration received from the Company during the Reporting Period does not include other remuneration costs such as insurance premiums, provident fund, welfare fund, etc. provided by the Company, which will be disclosed in detail in the notes to the financial statements. The total remuneration disclosed in the 2023 annual report includes other remuneration costs such as insurance premiums, provident fund, welfare fund, etc. provided by the Company. Remunerations for the Company's incumbent and resigned directors, supervisors and senior management are remunerations actually received by them during their tenures of such positions in the Company in the Reporting Period.
- Mr. Kuang Yunlong's position as a senior vice president commenced on 22 August 2024, his positions as the chief financial officer and general counsel commenced on 3 September 2024, his position as the secretary to the Board of directors commenced on 18 September 2024 and his position as a director commenced on 19 September 2024.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

Name	Major working experience
Wang Huxiang	Born in April 1970, Wang Huxiang is a senior engineer. Mr. Wang currently serves as the chairman and secretary of the CPC committee of Chongqing Iron & Steel Company Limited, and a director and general manager of Chongqing Changshou Iron & Steel Company Limited (重慶長壽鋼鐵有限公司). He successively served as the director of the technology department, the director of the steelmaking plant, the general manager of the wide plate division, the vice president, the senior vice president, the safety director, the president, the deputy secretary of the CPC committee, a director, the vice chairman, the secretary of the CPC committee, and the chairman of Baowu Group Echeng Iron and Steel Co., Ltd. (寶武集團鄂城鋼鐵有限公司). Mr. Wang graduated from Wuhan Institute of Iron and Steel in 1992, majoring in iron and steel metallurgy, and obtained a master's degree in metallurgical engineering from Wuhan University of Science and Technology in 2002.
Song De An	Born in February 1965, Song De An is a senior economist. He obtained an EMBA degree from PBC School of Finance, Tsinghua University (清華大學五道口金融學院). He currently serves as the vice chairman of the Company, the chairman of the board of directors of Sichuan Desheng Group (四川德勝集團). The Sichuan Desheng Group, which was founded in 1997 by Mr. Song, has been developed into a Top 500 Enterprises in China enjoying synergic development of three core businesses including financial capital, cultural tourism as well as vanadium, titanium, iron and steel. Mr. Song had served as a deputy to the People's Congress of Sichuan, a standing member of the 10th session of the Executive Committee of Sichuan Federation of Industry and Commerce, a standing member of the 6th and 7th session of Leshan Municipal Committee of the CPPCC, a standing member of the 6th session of Leshan Federation of Industry and Commerce, the vice chairman of the Chamber of Commerce and the vice-chairman of Leshan Charity Federation. He had been granted the titles of "Outstanding Entrepreneur of Yunnan Province", "Outstanding Private Entrepreneurs of Leshan City", "Outstanding Private Entrepreneurs of Sichuan Province", "Builder of the 2nd Session of Sichuan Outstanding Builders of Socialism with Chinese Characteristics" and many other awards.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

Name	Major working experience
Meng Wenwang	Born in October 1973, Meng Wenwang is a senior engineer. He currently serves as a director, the president and deputy secretary to the Party committee of the Company. Mr. Meng served as the assistant to the director of the hot rolling mill of Baoshan Iron & Steel Co., Ltd. (寶山鋼鐵股份有限公司) ("Baosteel") and the director of the production and technology office; the deputy director of the heavy plate department, the director of the production and technology office, and the secretary to the Party branch of Baosteel; the secretary of the Party committee, the director of heavy plate plant, the head of the heavy plate department of Baosteel. He is now the deputy secretary of the Party committee, secretary of the disciplinary committee and chairman of the labour union of the Company. Mr. Meng graduated from the School of Metallurgy and Materials Engineering of Chongqing University in 1996, majoring in metal pressure processing, and obtained a master's degree in business administration from Northeastern University in 2006.
Lin Changchun	Born in August 1976, Lin Changchun is an accountant, a Chinese certified public accountant and currently serves as a standing committee member of the Party committee, senior vice president, general counsel, chief compliance officer and head of the operation and finance department of Baowu Group Zhongnan Steel Co., Ltd. (寶武集團中南鋼鐵有限公司). Mr. Lin served as the secretary to the board of directors of Baosteel Chemical and the general manager of Ouyeel Chemical Operation Centre, an executive director of Baosteel Chemical International, the chairman of Ouyeel Huagongbao, the secretary to the board of directors of Baowu Carbon Material and the general manager of Ouyeel Chemical Operation Centre, an executive director of Baosteel Chemical International, the chairman of Ouyeel Huagongbao, the deputy general manager of Shanghai Baosteel Stainless Steel Co., Ltd. (上海寶鋼不銹鋼有限公司), Baosteel Special Steel Co., Ltd. (寶鋼特鋼有限公司) and Baosteel Stainless Steel Co., Ltd. (寶鋼不銹鋼有限公司), the chief financial officer of Shanghai Baodi Shangshi City Development Co., Ltd. (上海寶地上實產城發展有限公司), the deputy general manager of Baowu Logistics Property Co., Ltd. (寶武物流資產有限公司), the senior vice president of Baowu Group Echeng Iron & Steel Co., Ltd. (寶武集團鄂城鋼鐵有限公司), and served as the non-executive director of Da Ming International Holdings Limited (stock code: 1090) from June 2019 to June 2021. Mr. Lin graduated from the Management School of Wuhan University majoring in chrematistics in 1998, and obtained a bachelor's degree in management.

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

Name	Major working experience
Kuang Yunlong	Born in November 1984, Kuang Yunlong is an accountant. Mr. Kuang currently serves as the senior vice president, chief financial officer, director, secretary to the Board of directors and general counsel of the Company, a supervisor of Sinosteel Xi'an Heavy Machinery Co., Ltd.* (中鋼集團西安重機有限公司), a supervisor of Shanghai Court Roller Surface Treatment Co., Ltd. (上海科德軋輥表面處理有限公司), a supervisor of Baosteel Roll Science & Technology Co., Ltd. (寶鋼軋輥科技有限責任公司), and successively served as the budget and performance manager of the business finance department of Shanghai Baosteel International Economic and Trade Co., Ltd. (上海寶鋼國際經濟貿易有限公司), the finance manager of the finance department of Zhengzhou Hongzhongbao Metal Processing Co., Ltd. (鄭州紅忠寶金屬加工有限公司), the finance manager of the finance department of Wuhan Baozhang Automobile Steel Parts Co., Ltd. (武漢寶章汽車鋼材部件有限公司), the finance manager of Baosteel Singapore Pte Ltd. (寶鋼新加坡有限公司), the deputy director (presiding over) and the director of the business finance department of Baowu Heavy Industry Co., Ltd. (寶武重工有限公司). Mr. Kuang graduated from the School of Accounting of Zhongnan University of Economics and Law in 2007, majoring in financial management, with a bachelor's degree in management.
Zhou Ping	Born in December 1974, Zhou Ping is a senior engineer. He currently serves as a director of the Company, a director and deputy general manager of Chongqing Changshou Iron & Steel Company Limited (重慶長壽鋼鐵有限公司), and the chairman of Sichuan Desheng Group Vanadium & Titanium Co., Ltd. (四川德勝集團鈦有限公司). Mr. Zhou has extensive experience in engineering management, management and operation of steel enterprises (including mines). He successively served as an assistant to general manager and a technical transformation commander of Yunnan Chuxiong Desheng Iron and Steel Company (雲南楚雄德勝鋼鐵公司); technical transformation commander, general manager and chairman of Tengchong Mining Co., Ltd. (騰沖礦業有限公司) and technical transformation commander and general manager of Qinggangping Mining Co., Ltd. (青槓坪礦業有限公司); an assistant to general manager and a technical transformation commander of Sichuan Desheng Group Iron and Steel Co., Ltd. (四川德勝集團鋼鐵有限公司), general manager and executive director of Sichuan Desheng Machinery Manufacturing Co., Ltd. (四川德勝機械制造有限公司), general manager of Sichuan Desheng Group Iron and Steel Co., Ltd., and general manager of Sichuan Desheng Group Vanadium & Titanium Co., Ltd. Mr. Zhou graduated from Leshan Industrial School (樂山市工業學校) with a major in machinery manufacturing and processing in July 1994, and he holds a master's degree in business administration from Southwestern University of Finance and Economics and studies an EMBA degree in Cheung Kong Graduate School of Business (長江商學院).

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration
(Continued)

Name	Major working experience
Sheng Xuejun	Born in August 1969, Sheng Xuejun is currently an independent director of the Company, a professor and a doctoral tutor of Southwest University of Political Science and Law, and also serves as a legislative consultation expert of the Standing Committee of the Chongqing Municipal People's Congress, an expert of the Intermediate People's Court of Shenzhen Municipality and the Fifth Intermediate People's Court of Chongqing Municipality, as well as an independent director of Chongqing Brewery Co. Ltd. (重慶啤酒股份有限公司), Chongqing Zaisheng Technology Company Limited (重慶再升科技股份有限公司).
Tang Ping	Born in October 1962, Tang Ping, PhD, currently serves as an independent director of the Company, is a professor in the Department of Metallurgy, School of Materials, Chongqing University, a PhD supervisor, an editorial board member of Steelmaking magazine, and a committee member of the China Society of Metals (CSM) on Secondary Refining Branch (爐外精煉分會). Ms. Tang is responsible for presiding over four general projects of the National Natural Science Foundation of China, as well as the key sub-projects of the National Science and Technology Support Program of the Ministry of Science and Technology, and the National Chunhui Program, etc. She was awarded the third prize of Scientific and Technological Advancement by the State Education Commission and the third prize of Scientific and Technological Advancement by Sichuan Province. She has published more than 200 papers in domestic and international journals and conferences, and has been granted 24 patents for inventions.
Guo Jiebin	Born in July 1980, Guo Jiebin is a member of the Hong Kong Institute of Certified Public Accountants, an independent director of the Company, and deputy general manager and chief financial officer of Shandong Innovation Group Co., Ltd. (山東創新集團有限公司). Mr. Guo was an audit manager, senior audit manager and partner of KPMG and KPMG Huazhen LLP (special general partnership), a director, deputy general manager and chief financial officer of Jiaozuo Wanfang Aluminum Company Limited (焦作萬方鋁業股份有限公司), and a director of Jiaozuo Coal Group Zhao Gu (Xinxiang) Energy Company Limited (焦作煤業集團趙固(新鄉)能源有限責任公司). Mr. Guo has extensive experience in accounting theory and practice, and corporate management. Mr. Guo obtained a bachelor's degree in Business Administration with honours from the Chinese University of Hong Kong in 2002.

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

Name	Major working experience
Wu Xiaoping	Born in May 1975, Wu Xiaoping is a certified public accountant, currently serves as the chairperson of the board of supervisors of the Company, as well as the chief financial officer of Sichuan Desheng Group Vanadium & Titanium Co., Ltd. (四川德勝集團鈮鈦有限公司). Mr. Wu has extensive experience in financial management, auditing and operation of iron and steel enterprises. He successively worked in Yibin Dongsheng Real Estate Development Company (宜賓東升房地產開發公司), Sichuan Huaqiang Certified Public Accountants (四川華強會計師事務所) and Sichuan Desheng Group Vanadium & Titanium Co., Ltd. Mr. Wu graduated from Sichuan Grain Economics School (四川省糧食經濟學校) in July 1995 majoring in marketing. He also obtained a college degree in accounting from Southwest University of Finance and Economics and subsequently obtained a master's degree in business administration from Hong Kong Finance and Economics College, and is currently studying for an EMBA at China Europe International Business School.
Li Huaidong	Born in September 1973, Li Huaidong is a senior economist and policy advisor, and currently serves as supervisor of the Company. Mr. Li is a standing committee member of the Party committee of Baowu Group Zhongnan Steel Co., Ltd. (寶武集團中南鋼鐵有限公司), a senior vice president of Guangdong Zhongnan Iron & Steel Co., Ltd. (廣東中南鋼鐵股份有限公司), the chairman of Guangdong Baoliandi International Operation Management Co., Ltd. (廣東寶聯迪國際運營管理有限公司), and the executive director of Guangzhou Zhongnan City and Industry Development Co., Ltd. (廣州中南產城發展有限公司). Mr. Li successively served as the head of the office secretary section of Shaoguan Iron and Steel Company (韶關鋼鐵公司), the deputy director of the secretary office of the board of directors of Shaogang Songshan (韶鋼松山), the deputy director of the human resources department, the deputy director (in charge), director of the human resources department (party committee organization department), the deputy dean of the human resources development and management institute (in charge), a member of the disciplinary committee, an employee supervisor, the director of the operation improvement department of Shaoguan Iron and Steel (韶關鋼鐵) and the director of the general management department of Baote Shaoguan (寶特韶關), the director of the operation improvement department of Shaogang Songshan (韶鋼松山), the vice president and secretary to the board of directors of Shaoguan Iron and Steel (韶關鋼鐵), vice president, secretary to the board of directors, head of the management innovation department, head of the legal affairs and compliance department, director of deepening reform office, director of business development centre, and head of the investment planning department of Baowu Group Zhongnan Steel Co., Ltd. Mr. Li graduated from Department of Iron and Steel Metallurgy, Northeastern University in 1995 with a major in steel metallurgy.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration
(Continued)

Name	Major working experience
Guo Liang	Born in September 1969, Guo Liang is a professor-level senior engineer. Mr. Guo currently serves as a supervisor of the Company, the vice president, the director of the operation and management center, the director of the technology research center, the director of the technology institute, the director of the safety supervision department, and the director of the energy and environmental protection department of Baowu Group Zhongnan Steel Co., Ltd. (寶武集團中南鋼鐵有限公司). Mr. Guo successively served as the technical equipment section chief and the deputy director of Shaogang Songshan Power Plant (韶鋼松山動力廠), the deputy manager of the equipment and spare parts department, the director of the planning and control department, the director of the materials and spare parts department, and the director of the equipment management department of Shaogang Songshan, the leader of the equipment management special promotion group and the leader of the intelligent manufacturing special working group of Shaogang Songshan, an executive director of Guangdong Shaogang Engineering Technology Co., Ltd. (廣東韶鋼工程技術有限公司), the director of the energy and environmental protection department of Shaogang Songshan, the deputy general manager and the vice president of Shaogang Songshan, the senior vice president of ZNGF, and the chairman of Guangdong Shaogang Linde Gas Co., Ltd. (廣東韶鋼林德氣體有限公司). Mr. Guo graduated from Central South University of Technology in 1992, majoring in equipment engineering and management, and subsequently obtained a master's degree in mechanical engineering from Wuhan University of Science and Technology.
Hu Enlong	Born in May 1988, Hu Enlong is a policy advisor, and currently serves as an employee supervisor, the deputy head of the administration department (taking charge of the work) and the deputy chairman of the labour union of the Company. Mr. Hu successively served as the director of the party and the masses management office, assistant to the head and director of the party and the masses management office of the general management department (the party and the masses work department), assistant to the head and deputy head of the administration department (the party and the masses work department). Mr. Hu graduated from Chongqing Electric Power College (重慶電力高等專科學校), majoring in power system automation, and later obtained a postgraduate degree from the Party School of the Chongqing Municipal Committee of the Communist Party of China (中共重慶市委黨校).

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

Name	Major working experience
He Hongxia	Born in October 1971, He Hongxia is a senior engineer, and currently serves as an employee supervisor, the secretary of the party committee, deputy head and chairman of the labour union of the manufacturing management department (the technology centre and testing centre) of the Company. Mr. He successively served as deputy director of the steelmaking process management working group, deputy director of the steelmaking plant (taking in charge of the work), director of the steelmaking plant, secretary of the party committee, secretary of the discipline inspection committee, deputy director and chairman of the labour union of the manufacturing management department (technology centre) of the Company. Mr. He graduated from Baotou Iron and Steel College (包頭鋼鐵學院), majoring in metallurgical engineering, and later obtained a master's degree in metallurgical engineering from Chongqing University.
Xie Chao	Born in September 1981, Xie Chao is a member of Communist Party of China, an engineer and currently serves as a senior vice president and a member of the Party committee of Chongqing Iron & Steel Company Limited. Mr. Xie successively served as the secretary to the Party branch and director of the steel mill, director of the rolling mill and head of the marketing department in Sichuan Desheng Group Vanadium & Titanium Co., Ltd., general manager of Sichuan Jinde Investment Co., Ltd. (四川金德投資有限責任公司), general manager of Chongqing Deqin Investment Co., Ltd. (重慶德欽投資有限公司), head of the marketing department and the purchase and supply department in Sichuan Desheng Group Vanadium & Titanium Co., Ltd (四川德勝集團鈮鈦有限公司), executive deputy general manager and head of the marketing department in Sichuan Desheng Supply Chain Management Co., Ltd. (四川德勝供應鏈管理有限公司), an executive director and general manager of Sichuan Jiaye Investment and Development Co., Ltd. (四川佳業投資發展有限公司) and deputy general manager and secretary to the Party's branch of the purchase, supply and marketing department of Sichuan Desheng Group Vanadium & Titanium Co., Ltd. Mr. Xie graduated from Chongqing University of Science & Technology majoring in metallurgy in 2000, and later obtained a graduate degree in finance from Hong Kong Finance & Economics College.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration
(Continued)

Name	Major working experience
Zhao Shiqing	<p>Born in August 1980, Zhao Shiqing is a senior engineer and is currently the Senior Vice President and a member of the party committee of the Company. Mr. Zhao once served as the secretary of the party committee, executive director and general manager of Chongqing Qianxin Energy Environmental Protection Company Limited (重慶千信能源環保有限公司); the secretary to the party branch, chairman of the board of directors and general manager of Chongqing Qianxin New Energy Co., Ltd. (重慶千信新能源有限公司); the head of the ironmaking plant of Chongqing Iron & Steel Company Limited and Vice President of the Company; the director of each of the operation and management center and the technical research center, the head of each of the technical research institute, the safety supervision department and the energy and environmental protection department, respectively and vice president of Baowu Group Zhongnan Steel Co., Ltd. (寶武集團中南鋼鐵有限公司); from June 2018 to June 2020, Mr. Zhao worked as a temporary deputy director in the Economic and Information Technology Commission of Changshou District, Chongqing. Mr. Zhao graduated from Chongqing University of Science and Technology (重慶科技學院), majoring in ironmaking in 2003 and obtained a doctorate in engineering as a metallurgical engineering major from Chongqing University in 2022.</p>

Other information

☒ Applicable ☐ Not applicable

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

1. *Changes in the general election of the Board of directors*

The members of the ninth session of the Board of directors of the Company were: Xie Zhixiong, Song De An, Meng Wenwang, Lin Changchun, Zou An, Zhou Ping, Sheng Xuejun, Zhang Jinruo and Guo Jiebin, at the general meeting held on 27 June 2024, the Company conducted a general election to produce the tenth session of the Board of directors, which consisted of the following members: Xie Zhixiong, Song De An, Meng Wenwang, Lin Changchun, Zou An, Zhou Ping, Sheng Xuejun, Tang Ping and Guo Jiebin. Each of the directors of the tenth session of the Board has obtained a legal opinion as referred to in Rule 3.09D of the Listing Rules on 27 June 2024, confirming that he/she understands all the requirements and responsibilities under the Listing Rules applicable to him/her as a director of the Company and the possible consequences of making a false statement or providing false information to the HKEx.

2. *Changes in the general election of the Board of supervisors*

The members of the ninth session of the Board of supervisors of the Company were: Wu Xiaoping, Li Huaidong, Zhu Xing'an, Xia Tong and Lei Yougao, at the joint meeting of the staff congress held on 26 June 2024 and the general meeting held on 27 June 2024, the Company conducted a general election to produce the tenth session of the Board of supervisors, which consisted of the following members: Wu Xiaoping, Li Huaidong, Zhu Xing'an, Hu Enlong and He Hongxia.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

i. Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period and their remuneration (Continued)

3. *Interim changes in directors*

- (1) On 12 August 2024, the Company received a written resignation tendered by Mr. Xie Zhixiong. Mr. Xie Zhixiong tendered his resignation to the tenth session of the Board of directors of the Company as the chairman, a director and the chairman of the strategic committee under the Board of directors due to work adjustments.
- (2) On 21 August 2024, the Company received a written resignation tendered by Mr. Zou An. Mr. Zou An tendered his resignation to the tenth session of the Board of directors as a director, a member of the strategic committee, a senior vice president, the chief financial officer (financial controller), the general counsel, the secretary to the Board of directors and a joint company secretary due to work adjustments.
- (3) At the 2024 first extraordinary general meeting of the Company held on 19 September 2024, Mr. Wang Huxiang and Mr. Kuang Yunlong were appointed as directors of the tenth session of the Board of directors. At the sixth meeting of the tenth session of the Board of directors held on the same date, Mr. Wang Huxiang was elected as the chairman of the Board of directors of the Company.

4. *Interim changes in supervisors*

- (1) On 21 August 2024, the Company received a written resignation tendered by Mr. Zhu Xing'an. Mr. Zhu Xing'an tendered his resignation as a supervisor due to work adjustments.
- (2) At the 2024 first extraordinary general meeting of the Company held on 19 September 2024, Mr. Guo Liang was appointed as a supervisor of the tenth session of the Board of supervisors.

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

- ii. Positions by directors, supervisors and senior management currently holding office or having resigned during the Reporting Period

1. Positions held at shareholders

☒ Applicable ☐ Not applicable

Name	Name of shareholder entity	Position held at the shareholders	Starting date of the tenure	Ending date of the tenure
Wang Huxiang	Chongqing Changshou Iron & Steel Company Limited	Director, general manager	December 2024	/
Zhou Ping	Chongqing Changshou Iron & Steel Company Limited	Director	June 2021	/
Zhou Ping	Chongqing Changshou Iron & Steel Company Limited	Deputy general manager	November 2020	/
Wu Xiaoping	Chongqing Changshou Iron & Steel Company Limited	Supervisor	November 2020	February 2025
Lin Changchun	Baowu Group Zhongnan Steel Co., Ltd.	Head of the operation and finance department	December 2022	/
Lin Changchun	Baowu Group Zhongnan Steel Co., Ltd.	General counsel	March 2023	/
Lin Changchun	Baowu Group Zhongnan Steel Co., Ltd.	Chief compliance officer	June 2023	/
Lin Changchun	Baowu Group Zhongnan Steel Co., Ltd.	Standing committee member of the Party committee, senior vice president	July 2024	/

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

ii. Positions by directors, supervisors and senior management currently holding office or having resigned during the Reporting Period (Continued)

1. Positions held at shareholders (Continued)

Name	Name of shareholder entity	Position held at the shareholders	Starting date of the tenure	Ending date of the tenure
Li Huaidong	Baowu Group Zhongnan Steel Co., Ltd.	Standing committee member of the Party committee	November 2022	/
Kuang Yunlong	Sinosteel Xi'an Heavy Machinery Co., Ltd.	Supervisor	July 2023	/
Guo Liang	Baowu Group Zhongnan Steel Co., Ltd.	Vice president, the director of the operation and management center, the director of the technology research center, the director of the technology institute, the director of the safety supervision department, and the director of the energy and environmental protection department	June 2024	/
Positions held at shareholders	In February 2025, Chongqing Changshou Iron & Steel Company Limited elected a new term of supervisors and Mr. Wu Xiaoping ceased to serve as a supervisor of that company.			

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

ii. Positions by directors, supervisors and senior management currently holding office or having resigned during the Reporting Period (Continued)

2. Positions held at other entities

☒ Applicable ☐ Not applicable

Name	Name of other entities	Positions held at other entities	Starting date of the tenure	Ending date of the tenure
Song De An	Sichuan Desheng Group Vanadium & Titanium Co., Ltd.	Chairman of the Board	August 1997	/
Zhou Ping	Sichuan Desheng Group Vanadium & Titanium Co., Ltd.	Chairman	February 2016	/
Wu Xiaoping	Sichuan Desheng Group Vanadium & Titanium Co., Ltd.	Financial controller	January 2016	/
Li Huaidong	Guangdong Baoliandi International Operation Management Co., Ltd.	Chairman	December 2020	/
Li Huaidong	Guangzhou Zhongnan City and Industry Development Co., Ltd.	Executive director	September 2022	/
Li Huaidong	Guangdong Zhongnan Iron & Steel Co., Ltd.	Senior Vice President	December 2022	/
Sheng Xuejun	Southwest University of Political Science and Law	Professor	September 2006	/
Sheng Xuejun	Chongqing Brewery Co. Ltd. (重慶啤酒股份有限公司)	Independent director	May 2022	/
Sheng Xuejun	Chongqing Zaisheng Technology Company Limited (重慶再升科技股份有限公司)	Independent director	April 2023	/
Kuang Yunlong	Shanghai Court Roller Surface Treatment Co., Ltd	Supervisor	September 2020	/
Kuang Yunlong	Baosteel Roll Science & Technology Co., Ltd.	Supervisor	October 2022	/
Guo Jiebin	Shandong Innovation Group Co., Ltd.	Deputy general manager and chief financial officer	November 2022	/
Positions held at other entities	Nil			

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

iii. Remunerations of directors, supervisor and senior management

☒ Applicable ☐ Not applicable

Procedure for determining remunerations of directors, supervisors and senior management

The Remuneration and Evaluation Committee under the Board of the Company expresses its opinions on the remuneration plan for directors, supervisors and senior management. The remuneration plan for senior management is approved and implemented by the board of directors of the Company. The remuneration plan for directors and supervisors shall be approved at the Company's general meeting for implementation after having been considered and passed by the Company's board of directors and board of supervisors.

Whether a director recuses himself from the Board's discussion of his remuneration

Yes

The specific circumstances under which the Remuneration and Evaluation Committee or the special meeting of independent directors has issued recommendations on matters relating to the remuneration of directors, supervisors and senior management

1. On 27 March 2024, the sixth meeting of the Salary and Remuneration Review Committee of the ninth session of the Board reviewed the 2023 Report on the Implementation of Remuneration for Directors, Supervisors, and Senior Management Personnel, and considered that the actual payment of the remuneration for directors, supervisors and senior management of the Company for the year 2023 was in line with the set remuneration design plan.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

iii. Remunerations of directors, supervisor and senior management (Continued)

2. On 22 August 2024, the first meeting of the Salary and Remuneration Review Committee of the tenth session of the Board of directors considered the Resolution on the Tenure System and Contractual Management of the Operating and Management Personnel for the Years 2024–2026. The Company, in accordance with the relevant requirements, signed an appointment agreement for the position, a letter of responsibility for business performance for the term of 2024–2026, a letter of responsibility for business performance for the year 2024 and a letter of responsibility for business performance for the year 2024 with members of the management (including the deputy secretary of the Party committee who participated in the division of work of the operation) in accordance with the Company's organisational performance for the term of 2024–2026, the annual organisational performance for the year 2024, the key work tasks for the year 2024 and the evaluation indexes of the business plan for the year 2024, so as to strengthen the tenure system and the contractual management of the operating and management personnel, and effectively motivate its operating managers to perform their duties, ensuring the effective implementation of various objectives and tasks of the Company's strategic planning.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

iii. Remunerations of directors, supervisor and senior management (Continued)

3. On 25 November 2024, the second meeting of the Salary and Remuneration Review Committee of the tenth session of the Board of directors considered the Resolution on Performance Assessment and Remuneration Cashing for 2023 for Management Members and the Resolution on Remuneration Scheme for Directors, Supervisors and Senior Management for 2024–2026, and believed that the management of the Company has strictly complied with the relevant rules and regulations and exercised their duties in accordance with the requirements of the relevant laws and regulations, and its governance is standardised. The Company has honoured the remuneration for the year 2023 based on the results of the performance evaluation of the members of the management, which is in line with the set remuneration design plan. At the same time, the Company, based on the value of the positions and the regional market remuneration level, and taking into account the actual situation of the Company, formulated the Resolution on Remuneration Scheme for Directors, Supervisors and Senior Management for 2024–2026, which was conducive to the long-term development of the Company and was not detrimental to the interests of the Company and its shareholders.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

iii. Remunerations of directors, supervisor and senior management (Continued)

Basis for determining remunerations of directors, supervisors and senior management

1. A Director does not receive remuneration or allowances for his/her serving as a director, but receives remuneration based on his/her position and duties and responsibilities in the Company. The annual remuneration consists of basic salary, performance salary and allowances.
 - (1) The remuneration of the relevant directors who are actually serving in the business and management positions of the Company includes, inter alia, the following: base salary: RMB480,000 to RMB640,000/year (before tax); performance salary: the performance salary is a floating salary, which is determined based on the achievement of the annual performance indicators and other factors; and allowances: allowances are implemented in accordance with the Company's relevant systems.
 - (2) Directors who are not actually serving in business or management positions of the Company do not receive remuneration and allowances from the Company.
 - (3) The annual fixed allowance for each of the independent non-executive directors is RMB180,000 per person (before tax).
2. A supervisor does not receive remuneration for his/her serving as a supervisor of the Company, but receives remuneration based on his/her position in the Company.

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

iii. Remunerations of directors, supervisor and senior management (Continued)

Remunerations payable to
directors, supervisors and
senior management

For directors and supervisors who receive remuneration from corporate shareholders or other connected entities during this year, their annual remuneration shall be determined by the corporate shareholders or other connected entities. The remuneration of directors, supervisors and senior management who received remuneration from the Company totalled RMB6,037,900.

Total remunerations actually
received by all directors,
supervisors and senior
management at the end of the
Reporting Period

RMB6,037,900

Section IV Corporate Governance (Continued)

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF (CONTINUED)

iv. Changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

Name	Position	Change	Change
Xie Zhixiong	Chairman	Resigned	Work adjustments
Wang Huxiang	Chairman	Election	Election at the general meeting
Zhang Jinruo	Independent director	Resigned	Expiration of the term of office
Tang Ping	Independent director	Election	Election at the general meeting
Zou An	Director, secretary to the Board of directors, chief financial officer, senior vice president, general counsel	Resigned	Work adjustments
Kuang Yunlong	Director, secretary to the Board of directors	Election	Election at the general meeting
Kuang Yunlong	Chief financial officer, senior vice president, general counsel	Appointment	Appointment by the Board of directors
Xia Tong	Supervisor representing staff	Resigned	Expiration of the term of office
Lei Yougao	Supervisor representing staff	Resigned	Expiration of the term of office
Hu Enlong	Supervisor representing staff	Election	Election at the joint meeting of the staff congress
He Hongxia	Supervisor representing staff	Election	Election at the joint meeting of the staff congress

v. Punishments imposed by securities regulatory authorities in the last three years

☐ Applicable ☒ Not applicable

vi. Others

☐ Applicable ☒ Not applicable

Section IV Corporate Governance (Continued)

V. INFORMATION ABOUT THE MEETINGS OF THE BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD

Meeting	Date	Resolutions
The 32nd meeting of the 9th session of the Board of directors	1 March 2024	Considering and passing: Resolution on Application for Comprehensive Credit Facility from Financial Institutions
The 33rd meeting of the 9th session of the Board of directors	28 March 2024	Considering and passing: <ol style="list-style-type: none">1. Resolution on the Provision for Asset Impairment and Asset Disposal in 20232. Report on Final Financial Accounts for the Year 20233. 2023 Annual Report (Full Text and Summary)4. Profit Distribution Plan for the Year 20235. Resolution on the Plan for the Year 20246. Risk Assessment Report on Deposits, Loans and other Financial Business with Baowu Group Finance Co., Ltd.7. Report on Comprehensive Risk Management for 20238. Work Report on Rule of Law Construction and Compliance Management in 2023 and Work Plan for 20249. Report of the Board of Directors for the Year 202310. Report on Implementation of Remuneration for Directors, Supervisors and Senior Management in 202311. Self-assessment Report on Internal Control in 202312. 2023 Report on Environment, Society and Governance13. Resolution on External Donation Plan in 2024

Section IV Corporate Governance (Continued)

V. INFORMATION ABOUT THE MEETINGS OF THE BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD (CONTINUED)

Meeting	Date	Resolutions
The 34th meeting of the 9th session of the Board of directors	29 April 2024	<p>Considering and passing:</p> <ol style="list-style-type: none"> 2024 First Quarterly Report Resolution on Fixed Assets Investment Projects Plan for the Year 2024
The 35th meeting of the 9th session of the Board of directors	20 May 2024	<p>Considering and passing:</p> <ol style="list-style-type: none"> Resolution on Re-appointment of Accounting Firm for the Company for the Year 2024 Resolution on Election of the Non-independent Directors of the Tenth Session of the Board of Directors Resolution on Election of the Independent Directors of the Tenth Session of the Board of Directors Resolution on Convening of the Annual General Meeting of the Company for the Year 2023
The 36th meeting of the 9th session of the Board of directors	5 June 2024	<p>Considering and passing: Resolution on Repurchase of A Shares of the Company through Centralised Price Bidding</p>
The 1st meeting of the 10th session of the Board of directors	27 June 2024	<p>Considering and passing:</p> <ol style="list-style-type: none"> Resolution on Election of the Chairman and Vice Chairman of the Tenth Session of the Board of Directors Resolution on Election of Members of the Special Committee under the Tenth Session of the Board of Directors Resolution on the Plan to Conduct Financial Derivative Transactions in 2024 Resolution on Establishing Operation Improvement Department (Legal and Compliance Department, Deep Reform Office) Resolution on Total Wage Settlement in 2023 and Total Wage Budget in 2024

Section IV Corporate Governance (Continued)

V. INFORMATION ABOUT THE MEETINGS OF THE BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD (CONTINUED)

Meeting	Date	Resolutions
The 2nd meeting of the 10th session of the Board of directors	2 July 2024	Considering and passing: Resolution on Change of Purpose and Cancellation of the Repurchased Shares
The 3rd meeting of the 10th session of the Board of directors	22 August 2024	Considering and passing: <ol style="list-style-type: none"> 1. Resolution on By-election of Directors of the Tenth Session of the Board of Directors 2. Resolution on Appointment of a Senior Vice President 3. Resolution on Convening of the 2024 First Extraordinary General Meeting
The 4th meeting of the 10th session of the Board of directors	30 August 2024	Considering and passing: <ol style="list-style-type: none"> 1. Resolution on Amendments to the Work Regulations of the Strategy Committee of the Board of Directors 2. Resolution on Formulation of ESG Work Management System 3. Risk Assessment Report on Deposits, Loans and other Financial Business with Baowu Group Finance Co., Ltd. 4. 2024 Interim Report (Full Text and Summary) 5. Resolution on the Tenure System and Contractual Management of the Operating and Management Personnel for the Years 2024-2026
The 5th meeting of the 10th session of the Board of directors	3 September 2024	Considering and passing: Resolution on Appointment of a Senior Manager
The 6th meeting of the 10th session of the Board of directors	19 September 2024	Considering and passing: <ol style="list-style-type: none"> 1. Resolution on Election of the Chairman of the Tenth Session of the Board of Directors 2. Resolution on By-election of Members of the Strategy and Risk Committee under the Tenth Session of the Board of Directors

Section IV Corporate Governance (Continued)

V. INFORMATION ABOUT THE MEETINGS OF THE BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD (CONTINUED)

Meeting	Date	Resolutions
The 7th meeting of the 10th session of the Board of directors	30 October 2024	Considering and passing: 2024 Third Quarterly Report
The 8th meeting of the 10th session of the Board of directors	25 November 2024	Considering and passing: <ol style="list-style-type: none"> 1. Resolution on Application for Comprehensive Credit Facility of RMB1.5 Billion from Ping An Bank 2. Resolution on Integrating Marketing Center (Network Steel Plant Operation Department) and Raw Material Purchasing Center 3. Resolution on Interim Adjustment to the Fixed Assets Investment Projects Plan for the Year 2024 4. Resolution on Performance Assessment and Remuneration Cashing for 2023 for Management Members 5. Resolutions on Remuneration Scheme for Directors, Supervisors and Senior Management for 2024–2026 <ol style="list-style-type: none"> 5.1 Resolution on Remuneration Scheme for Directors and Supervisors for 2024–2026 5.2 Resolution on Remuneration Scheme for Senior Management for 2024–2026
The 9th meeting of the 10th session of the Board of directors	9 December 2024	Considering and passing: <ol style="list-style-type: none"> 1. Resolution on the Change of the Purpose and Cancellation of the Repurchased Shares and Reduction of Capital 2. Resolution on Convening the 2024 Second Extraordinary General Meeting, 2024 First Class Meeting of A Shareholders and 2024 First Class Meeting of H Shareholders
The 10th meeting of the 10th session of the Board of directors	25 December 2024	Considering and passing: Resolution on developing financial leasing business with China Reform Financial Leasing Co., Ltd

Section IV Corporate Governance (Continued)

VI. DUTY PERFORMANCE OF DIRECTORS

i. Directors' attendance of Board meetings and general meetings

Name of director	Independent director or not	Number of Board meetings	Attendance of Board meetings				Attendance rate	Whether failed to attend 2 consecutive meetings in person	Attendance of general meetings
			Attendance in person	Attendance via communication	Attendance by proxy	Absence			
Xie Zhixiong	No	7	7	5	0	0	7/7	No	1/2
Wang Huxiang	No	5	5	3	0	0	5/5	No	1/1
Song De An	No	15	15	12	0	0	15/15	No	2/3
Meng Wenwang	No	15	15	11	0	0	15/15	No	3/3
Lin Changchun	No	15	15	15	0	0	15/15	No	0/3
Zou An	No	7	7	5	0	0	7/7	No	1/2
Kuang Yunlong	No	5	5	3	0	0	5/5	No	1/1
Zhou Ping	No	15	15	12	0	0	15/15	No	2/3
Sheng Xuejun	Yes	15	15	12	0	0	15/15	No	2/3
Zhang Jinruo	Yes	5	5	5	0	0	5/5	No	0/1
Tang Ping	Yes	10	10	8	0	0	10/10	No	1/2
Guo Jiebin	Yes	15	15	14	0	0	15/15	No	2/3

Explanations on failure to attend 2 consecutive Board meetings in person

☐ Applicable ☒ Not applicable

Number of Board meetings during the year	15
Including: number of physical meetings	0
Number of virtual meetings	11
Number of meetings by both physical and virtual means	4

Section IV Corporate Governance (Continued)

VI. DUTY PERFORMANCE OF DIRECTORS (CONTINUED)

ii. Objections raised by independent directors in respect of relevant matters of the Company

☐ Applicable ☒ Not applicable

iii. Others

☐ Applicable ☒ Not applicable

VII. SPECIAL COMMITTEES UNDER THE BOARD

☒ Applicable ☐ Not applicable

(1). Membership of special committees under the Board

Category	Name
Audit Committee	Guo Jiebin, Zhou Ping, Sheng Xuejun, Tang Ping
Nomination Committee	Sheng Xuejun, Song De An, Tang Ping, Guo Jiebin
Salary and Remuneration Review Committee	Tang Ping, Song De An, Sheng Xuejun, Guo Jiebin
Strategy and Risk Committee	Wang Huxiang, Song De An, Meng Wenwang, Lin Changchun, Kuang Yunlong, Zhou Ping

VII. SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

(2). During the Reporting Period, the Audit Committee held seven meetings

Date	Content of meetings	Important comments and suggestions
27 March 2024	The 16th meeting of the Audit Committee of the ninth session of the Board of Directors heard and exchanged views on the 2023 Annual Communication Report on Audit Results Issued by Ernst & Young Hua Ming LLP to the Audit Committee of the Board of Directors, Report of the Audit Committee of the Board of Directors on the Fulfilment of its Supervisory Responsibilities over the Accounting Firm and the 2023 Annual Internal Audit Summary and 2024 Annual Internal Audit Plan, and considered the Resolution on Provision for Asset Impairment and Asset Disposal in 2023, the 2023 Annual Final Account Report, the 2023 Annual Report (Full Text and Abstract), the 2023 Annual Profit Distribution Plan, the Resolution on 2024 Annual Plan, and the 2023 Annual Self-assessment Report on Internal Control	The Audit Committee of the Board of Directors earnestly heard relevant reports and fully communicated with representatives of the concerned audit institution(s) and the Company on matters considered at the meeting. The Audit Committee of the Board of Directors earnestly reviewed the Company's 2023 periodic financial reports, concluding that the Company's 2023 regular financial accounting statements are all prepared in accordance with the requirements of the Accounting Standard for Business Enterprises, comply with the requirements of relevant departments of the Ministry of Finance and the China Securities Regulatory Commission ("CSRC"), and sufficiently reflect the Company's financial position, operating results and cash flow. The Audit Committee agreed with the Company's self-assessment report on internal control, believing that the Company has established a relatively complete internal control system and standardised business procedures, and its internal control is generally effective without any material defect in the internal control of financial reporting or non-financial reporting. The Audit Committee of the Board of Directors agreed the Resolution on Accrual of Provision for Asset Impairment and Asset Disposal in 2023, the 2023 Annual Final Account Report, the 2023 Annual Report (Full Text and Abstract), the 2023 Annual Profit Distribution Plan, the Resolution on 2024 Annual Plan, and the 2023 Annual Self-assessment Report on Internal Control and submitted such resolutions to the Board of Directors for consideration.
29 April 2024	The 17th meeting of the Audit Committee of the ninth session of the Board of Directors considered the 2024 First Quarterly Report	The content and format of the 2024 First Quarterly Report comply with relevant provisions of the CSRC, the SSE, and the HKEx. The 2024 First Quarterly Report can authentically reflect the Company's financial position and operating results during the Reporting Period, and no information in the report is found with any false record, misleading statement or major omission.
20 May 2024	The 18th meeting of the Audit Committee of the ninth session of the Board of Directors considered the Resolution on Re-appointment of the Audit and Accounting Firm for 2024	Following the practicing standards of independence, objectivity and fairness, Ernst & Young implemented the integrated audit of the Company for 2023 in strict accordance with the Auditing Standards for Chinese Certified Public Accountants and relevant provisions of the Enterprise Internal Control Audit Guidance, the audit time is sufficient, and the audit personnel are reasonably allocated with good professional ethics, professional competence and rich experience; the audit fee is reasonable. The audit opinion issued is objective, fair and truly reflects the financial position and operating results of the Company.

Section IV Corporate Governance (Continued)

VII. SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

(2). During the Reporting Period, the Audit Committee held seven meetings

Date	Content of meetings	Important comments and suggestions
27 June 2024	The 1st meeting of the Audit Committee of the tenth session of the Board of Directors considered the Resolution on the Plan to Conduct Financial Derivative Transactions in 2024	In order to further enhance its ability to cope with the risk of exchange rate fluctuations and broaden its financing channels, the Company has formulated the 2024 Plan for Financial Derivative Transactions. On the premise of fully safeguarding the daily operating capital requirements, not affecting normal operating activities and effectively controlling risks, it is necessary for the Company to use idle proprietary funds to commence the financial derivatives trading business, which is conducive to improving the Company's ability to cope with the risk of exchange rate fluctuations and preventing the adverse impact of exchange rate fluctuations on the Company's operation, and has the capital strength and risk resistance that are commensurate with the business being commenced.
30 August 2024	The 2nd meeting of the Audit Committee of the tenth session of the Board of Directors considered the 2024 Interim Report (Full Text and Abstract)	The content and format of the Company's 2024 Interim Report comply with relevant provisions of the CSRC, the SSE, and the HKEx. The 2024 Interim Report can authentically reflect the Company's financial position and operating results during the Reporting Period, and no information in the report is found with any false record, misleading statement or major omission.
3 September 2024	The 3rd meeting of the Audit Committee of the tenth session of the Board of Directors considered the Resolution on Appointment of a Senior Manager	Members of the Audit Committee have carefully verified the relevant information in relation to the appointment of Mr. Kuang Yunlong as the chief financial officer of the Company and unanimously agreed that the Board of Directors should appoint Mr. Kuang Yunlong as the chief financial officer of the Company and submit the Resolution on Appointment of a Senior Manager to the Board of Directors for deliberation.
30 October 2024	The 4th meeting of the Audit Committee of the tenth session of the Board of Directors considered the 2024 Third Quarterly Report	The content and format of the 2024 Third Quarterly Report comply with relevant provisions of the CSRC, the SSE, and the HKEx. The 2024 Third Quarterly Report can authentically reflect the Company's financial position and operating results during the Reporting Period, and no information in the report is found with any false record, misleading statement or major omission.

VII. SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

(3). During the Reporting Period, the Strategy and Risk Committee held three meetings

Date	Content of meetings	Important comments and suggestions
27 March 2024	The 6th meeting of the Strategy Committee of the ninth session of the Board of directors reviewed the 2023 Environmental, Social and Governance Report	The 2023 Environmental, Social and Governance Report prepared by the Company is in compliance with the Environmental, Social and Governance (ESG) Reporting Guide (ESG Guide) of the HKEx and the China Corporate Social Responsibility Reporting Guidelines (CASS-ESG5.0) (《中國企業社會責任報告指南(CASS-ESG5.0)》) of the Chinese Academy of Social Sciences, and other relevant requirements.
29 April 2024	The 7th meeting of the Strategy Committee of the ninth session of the Board of directors reviewed the 2024 Resolution on Fixed Assets Investment Project Plan	The Company's fixed asset investment project plan for 2024 is in line with the Company's development requirements.
25 November 2024	The 1st meeting of the Strategy and Risk Committee of the tenth session of the Board of directors reviewed the Resolution on Interim Adjustment to the Fixed Assets Investment Projects Plan for the Year 2024	The adjustment of the Company's fixed assets investment projects plan for the year 2024 is in line with the needs of production and operation.

VII. SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

(4). During the Reporting Period, the Nomination Committee held three meetings

Date	Content of meetings	Important comments and suggestions
20 May 2024	The 6th meeting of the Nomination Committee of the ninth session of the Board of directors reviewed the Resolution on Election of the Non-independent Directors of the Tenth Session of the Board of Directors and the Resolution on Election of the Independent Directors of the Tenth Session of the Board of Directors	The director candidates had the required educational background, professional knowledge and skills, management experience, and currently sound physical condition to meet the requirements of the position they applied for. They also possessed the corresponding qualifications and conditions to exercise their authority. They were not identified to be prohibited from the position they applied for, and not banned from the market by the CSRC during the ban period.
22 August 2024	The 1st meeting of the Nomination Committee of the tenth session of the Board of directors reviewed the Resolution on By-election of Directors of the Tenth Session of the Board of Directors and the Resolution on Appointment of a Senior Vice President	Mr. Wang Huxiang and Mr. Kuang Yunlong, director candidates of the Company, had the required educational background, professional knowledge and skills, management experience, and currently sound physical condition to meet the requirements of the position they applied for. They also possessed the corresponding qualifications and conditions to exercise their authority. They were not identified to be prohibited from the position they applied for, and not banned from the market by the CSRC during the ban period.
30 August 2024	The 2nd meeting of the Nomination Committee of the tenth session of the Board of directors reviewed the Resolution on Appointment of a Senior Manager	Mr. Kuang Yunlong had the required educational background, professional knowledge and skills, management experience, and currently sound physical condition to meet the requirements of the position he applied for. Except for the position of the secretary to the Board of directors which was subject to the obtaining of the relevant qualifications, Mr Kuang Yunlong possessed the corresponding qualifications and conditions to exercise his authority. He was not identified to be prohibited from the position he applied for, and not banned from the market by the CSRC during the ban period.

VII. SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

- (5). During the Reporting Period, the Remuneration and Evaluation Committee held three meetings

Date	Content of meetings	Important comments and suggestions
27 March 2024	The 6th meeting of the Salary and Remuneration Review Committee of the ninth session of the board of directors reviewed the Report on Implementation of Remuneration for Directors, Supervisors and Senior Management in 2023	The actual payment of the remuneration for directors, supervisors and senior management of the Company for the year 2023 was in line with the set remuneration design plan.
22 August 2024	The 1st meeting of the Salary and Remuneration Review Committee of the tenth session of the board of directors reviewed the Resolution on the Tenure System and Contractual Management of the Operating and Management Personnel for the Years 2024-2026	The Company, in accordance with the requirements of the Leading Group for State-owned Enterprises Reform of the State Council, such as the Notice on Strengthening the Implementation of the Tenure System and Contractual Management for Management Members, the Detailed Rules for the Tenure System and Contractual Management for Management Members of Subsidiaries of Baowu Group, and the relevant requirements of Zhongnan Steel, signed an appointment agreement for the position, a letter of responsibility for business performance for the term of 2024-2026, a letter of responsibility for business performance for the year 2024 and a letter of responsibility for business performance for the year 2024 with members of the management (including the deputy secretary of the Party committee who participated in the division of work of the operation) in accordance with the Company's organisational performance for the term of 2024-2026, the annual organisational performance for the year 2024, the key work tasks for the year 2024 and the evaluation indexes of the business plan for the year 2024, so as to strengthen the tenure system and the contractual management of the operating and management personnel, and effectively motivate its operating managers to perform their duties, ensuring the effective implementation of various objectives and tasks of the Company's strategic planning.

VII. SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

- (5). During the Reporting Period, the Remuneration and Evaluation Committee held three meetings (Continued)

Date	Content of meetings	Important comments and suggestions
25 November 2024	The 2nd meeting of the Salary and Remuneration Review Committee of the tenth session of the board of directors reviewed the Resolution on Performance Assessment and Remuneration Cashing for 2023 for Management Members and the Resolution on Remuneration Scheme for Directors, Supervisors and Senior Management for 2024-2026	<p>1. The management of the Company has strictly complied with the relevant rules and regulations and exercised their duties in accordance with the requirements of the relevant laws and regulations, and its governance is standardised. The Company has honoured the remuneration for the year 2023 based on the results of the performance evaluation of the members of the management, which is in line with the set remuneration design plan.</p> <p>2. The Company, based on the value of the positions and the regional market remuneration level, and taking into account the actual situation of the Company, formulated the Resolution on Remuneration Scheme for Directors, Supervisors and Senior Management for 2024-2026, which was conducive to the long-term development of the Company and was not detrimental to the interests of the Company and its shareholders.</p>

All current members of each special committees attended meetings of special committees in person with no absences or commissions.

- (6). The specific circumstances of the objection

☐ Applicable ☒ Not applicable

VIII. EXPLANATION ON THE RISKS OF THE COMPANY FOUND BY THE BOARD OF SUPERVISORS

☐ Applicable ☒ Not applicable

The board of supervisors had no objection to the matters relating to supervision during the Reporting Period.

IX. EMPLOYEES OF THE PATENT COMPANY AND MAJOR SUBSIDIARIES DURING THE REPORTING PERIOD

i. Employees

Number of in-service employees of the Parent Company	5,362
Number of in-service employees of major subsidiaries	144
Total number of in-service employees	5,506
Number of retired employees for whom the Parent Company and major subsidiaries need to bear certain expenses	462

Structure of profession

Type of profession	Number of people
Production staff	4,268
Sales staff	96
Technical staff	833
Finance staff	46
Administrative staff	263
Total	5,506

Educational background

Education level	Number of people
Doctor's degree	3
Master's degree	99
Undergraduate	1,088
Junior college	1,992
Polytechnic school level and below	2,324
Total	5,506

IX. EMPLOYEES OF THE PATENT COMPANY AND MAJOR SUBSIDIARIES DURING THE REPORTING PERIOD (CONTINUED)

ii. Remuneration policy

☒ Applicable ☐ Not applicable

Employees' remuneration refers to payments the Company makes to employees in cash for their work. Currently, employees' remuneration mainly comprises base salary, subsidies and allowances (including middle-and night-shift allowances, lunch fees, high temperature allowance) and bonus.

The Company determines the system, method and level of remuneration payment within the budgeted total amount of salary based on the Company's profitability and results of business performance with a focus on "value creation and value sharing".

The Company implements a minimum salary system, and provides a remuneration of not lower than the minimum salary standard prescribed by Chongqing municipal government for employees who offer normal labour in legitimate working time (including the trial period, probationary period and inspection period).

In relation to item 3(17) "Staff remuneration" in the financial notes section of this report, the Group has no forfeited contributions under the defined contribution plan (i.e. contributions that are withdrawn by employees from the plan before the contributions are vested in them and are handled by the employer on behalf of the employees). As at 31 December 2024, no forfeited contributions under the defined contribution plan are available for the Group to reduce the level of existing contributions.

iii. Training program

☒ Applicable ☐ Not applicable

The Company adheres to the strategy of strengthening the enterprise with talents, and has formulated an annual training implementation plan around the high-quality development plan and the three-year capacity enhancement target of human resources, and further strengthened the construction of the three talents teams and promoted the quality enhancement of the whole staff through the combination of self-training and external training.

According to the requirements of the Company's production and operation development and key work, 84,393 people were trained in the form of self-organized classes, benchmarking, network training, specialized outbound training, instructor-led apprenticeships and training by competitions, etc., with a per capita training of 121.3 hours, focusing on the management talents, technical and business talents and technical talents. Training indicators such as the implementation rate of the training program, the holding of certificates for special operations, the recognition of skill levels and the per capita training hour have all achieved the annual target.

iv. Outsourcing

☐ Applicable ☒ Not applicable

X. SCHEME FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

i. Formulation, implementation and adjustment of cash dividend distribution policies

☒ Applicable ☐ Not applicable

The Articles of Association laid out detailed requirements on the basic principles, forms and conditions for profit distribution, the consideration and deliberation procedures, as well as decision-making mechanism in respect of the profit distribution plan and adjustment to profit distribution policies.

According to the auditing by Ernst & Young, the net profit attributable to shareholders of the Company for 2024 amounted to RMB-12.335 million, and the unappropriated profit as at the end of 2024 amounted to RMB-12,335 million. As the Company recorded a negative unappropriated profit as at the end of 2024, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2024 pursuant to Article 250 of the Articles of Association.

ii. Special explanation on cash dividend policy

☐ Applicable ☒ Not applicable

iii. If the Company records profits and the parent company records a positive distributable profit during the Reporting Period but there is no plan for cash dividend, the Company shall disclose the reasons and the usage of the undistributed profits and the usage plan in detail

☐ Applicable ☒ Not applicable

iv. Profit distribution and transfer of capital reserve to share capital during the Reporting Period

☐ Applicable ☒ Not applicable

Section IV Corporate Governance (Continued)

X. SCHEME FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL (CONTINUED)

v. Cash dividend in the past three accounting years

☒ Applicable ☐ Not applicable

Unit: RMB'00 million Currency: RMB

Accumulated amount of cash dividends (tax inclusive) in the past three accounting years (1)	0
Aggregate amount of repurchase and cancellation in the past three accounting years (2)	0
Accumulated amount of cash dividends and repurchase and cancellation in the past three accounting years (3) = (1) + (2)	0
Average net profit amount for the past three accounting years (4)	-19.03
Cash dividend ratio (%) for the past three accounting years (5) = (3)/(4)	Not applicable
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the past accounting year	-31.95
The undistributed profit at the end of the past accounting year in the parent company's statements	-123.35

Note: The Company's net profit attributable to the parent company and undistributed profit for the past three accounting years were both negative, and in accordance with Article 250 of the Articles of Association of the Company, no profit distribution was made.

XI. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF

- i. Relevant incentive events disclosed in provisional announcements but without subsequent development or changes during implementation

☐ Applicable ☒ Not applicable

- ii. Incentive events not disclosed in provisional announcements or with subsequent development

Equity incentive

☐ Applicable ☒ Not applicable

Other explanation:

☐ Applicable ☒ Not applicable

Employee stock ownership plan

☐ Applicable ☒ Not applicable

Other incentives

☐ Applicable ☒ Not applicable

- iii. Equity incentives granted to Director and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

XI. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF (CONTINUED)

- iv. Establishment and implementation of senior management appraisal and incentive mechanisms during the Reporting Period

☒ Applicable ☐ Not applicable

The Company has formulated the remuneration scheme for directors, supervisors and senior management for 2024–2026 in accordance with its strategic development, production and operation objectives, actively implementing the new operational responsibility system and the tenure system and contractual management for management members, focusing on the enhancement of the process of management and control of the operational performance, and the timely transmission of pressure. The remuneration structure is based on an annual salary system plus allowances, in which the annual salary is determined based on the value of the position and the regional market salary level, taking into account the actual situation of the Company, and the annual operating performance responsibility letter is signed focusing on the Company's business development. Monthly remuneration is paid in advance based on the Company's production and operation, and is settled in the following year in accordance with the regulations on the management of remuneration and performance evaluation, as well as the Company's performance and individual performance, with the excess being refunded and the shortfall being compensated.

XII. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

In 2024, the Company fully implemented the Basic Standards for Enterprise Internal Control and supporting guidelines, and further clarified the key elements of the internal control system, as well as the division of responsibilities and business requirements. Focused on risk prevention, the Company closely integrated its corporate governance structure, industry characteristics, risk appetite and risk tolerance, systematically reviewed the scientific and implementation effectiveness of the existing internal control system, and accurately identified potential risk points in different business processes as well as effectively converted audit results into management effectiveness in different professional fields. The Company revised 310 rules and regulations in accordance with the optimisation and adjustment of its organisational structure, division of rights and responsibilities and adjustments to business procedures. In addition, the Company newly added 14 rules and regulations in accordance with the requirements of functions and responsibilities, and abolished 139 rules and regulations based on the reduction and consolidation of systems not applicable to the actual production and operation situation. Currently, the Company has a total of 495 rules and regulations in effect, with its internal control system becoming more market-oriented and standardised, the Company's management level and risk prevention and control capability have been enhanced. The effectiveness of the internal control of the Company for the year ended 31 December 2024v (the "reference date of internal control evaluation report") was evaluated in accordance with the requirements of the Basic Standards for Internal Control of Companies and the corresponding guidance and other regulatory requirements concerning internal control (the "corporate internal control standard system"), taking into account internal control system and evaluation methods of the Company and based on the day-to-day monitoring and special supervision of internal control. According to the identification of material defects in the internal control of financial reporting of the Company, as at the reference date of internal control evaluation report, no material defects were found in the internal control of financial reporting. The Company has maintained efficient internal control of financial reporting in all material respects in accordance with the requirements of the corporate internal control standard system and relevant regulations. According to the identification of material defects in the internal control of non-financial reporting, as at the reference date of internal control evaluation report, no material defects were found in the internal control of non-financial reporting of the Company. For details, please refer to the 2024 Annual Evaluation Report on Internal Control issued by the Company on 29 March 2025.

Explanation on material defects regarding the internal control during the Reporting Period

☐ Applicable ☒ Not applicable

XIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

In 2024, the Company continued to implement a unified centralized management policy for the business decision-making, financial management, and personnel management of two subsidiaries, Chongqing Iron & Steel Energy Environmental Protection Company Limited and Chongqing Xin Gang Chang Long Logistics Company Limited, thus promoting the standardized operation and healthy development of the Company, and improving overall operational efficiency and risk resistance ability.

XIV. EXPLANATION ON THE AUDIT REPORT ON INTERNAL CONTROL

☒ Applicable ☐ Not applicable

Ernst & Young Hua Ming LLP conducted an audit on the effectiveness of the Company's internal control over financial statements as at 31 December 2024 in accordance with Enterprise Internal Control Audit Guidance and relevant requirements from the practising guidance of the China Institute of Certified Public Accountants and the audit view is as follows: The Company maintained effective internal control on financial statements in all material aspects as at 31 December 2024 according to the Basic Standards of Corporate Internal Control and relevant requirements.

For details, see the 2024 Internal Control Audit Report disclosed by the Company on 29 March 2025.

Whether to disclose the audit report on internal control: Yes

Type of opinion on the Audit Report on Internal Control: Standard and unqualified opinion

XV. SELF-EXAMINATION AND RECTIFICATION ON SPECIAL ACTIONS REGARDING GOVERNANCE OF LISTED COMPANY

Nil

XVI. OTHERS

☐ Applicable ☒ Not applicable

Reserves available for distribution

As of 31 December 2024, the Company had no reserves available for distribution (the undistributed profit for the year ended 2024 amounted to RMB-12,335 million, which was not available for distribution in accordance with the Articles of Association).

Section V Environmental and Social Responsibility

I. ENVIRONMENTAL INFORMATION

Have environmental protection-related mechanisms been established? Yes

Funds invested in environmental protection during this Reporting Period
(Unit: RMB0'000) 88,720

i. Explanation on the performance of environmental protection of companies and their key subsidiaries under the classification of key pollutant discharging entity as published by the environmental protection department

☒ Applicable ☐ Not applicable

1. Pollutant discharging

☒ Applicable ☐ Not applicable

The Company has strictly implemented the Management Policies for Pollutant Discharge Permits, comprehensively conducted self-monitoring and information publication, and discharged pollutants with relevant certificates in a legal and compliant manner. Meanwhile, it has implemented pollutant reduction and discharging control by strengthening the operation and management of environmental protection facilities. The total volume of pollutants discharged throughout 2024 did not exceed the total permitted indicator. The major pollutants discharged by the Company are as follows:

No.	Major pollutants	Emission method	Number of vent ports	Distribution	Emission concentration (mg/Nm ³)	Total emissions (tonnes)	Pollutant emission standards implemented	Approved total emissions	Are there excessive emissions
1	Particulate matter	Continuous	11	Goods transportation	Less than the Emission Standard of Air Pollutants for Ironmaking Industry GB28663-2012	447	Emission Standard of Air Pollutants for Ironmaking Industry GB28663-2012	Nil	No
2	Particulate matter	Continuous	34	Coking	Less than the Emission Standard for Pollutants for Coking Chemical Industry GB16171-2012	794.85	Emission Standard for Pollutants for Coking Chemical Industry GB16171-2012	Nil	No
3	Sulphur dioxide	Continuous				390.98		Nil	No
4	Nitrogen oxides	Continuous				1737.137		Nil	No

Section V Environmental and Social Responsibility (Continued)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

- i. Explanation on the performance of environmental protection of companies and their key subsidiaries under the classification of key pollutant discharging entity as published by the environmental protection department (Continued)

1. Pollutant discharging (Continued)

No.	Major pollutants	Emission method	Number of vent ports	Distribution	Emission concentration (mg/Nm ³)	Total emissions (tonnes)	Pollutant emission standards implemented	Approved total emissions	Are there excessive emissions
5	Particulate matter	Continuous	20	Sintering	Less than the Emission Standard of Air Pollutants for Iron and Steel Sintering and Pelletizing Industry GB28662-2012	1435.856	Emission Standard of Air Pollutants for Iron and Steel Sintering and Pelletizing Industry GB28662-2012	Nil	No
6	Sulphur dioxide	Continuous				416.36		Nil	No
7	Nitrogen oxides	Continuous				1375.208		Nil	No
8	Particulate matter	Continuous	36	Ironmaking	Less than the Emission Standard of Air Pollutants for Ironmaking Industry GB28663-2012	563.42	Emission Standard of Air Pollutants for Ironmaking Industry GB28663-2012	Nil	No
9	Sulphur dioxide	Continuous				252.517		Nil	No
10	Nitrogen oxides	Continuous				676.132		Nil	No
11	Particulate matter	Continuous	31	Steelmaking	Less than the Emission Standard of Air Pollutants for Steelmaking Industry GB28664-2012	898.82	Emission Standard of Air Pollutants for Steelmaking Industry GB28664-2012	Nil	No
12	Particulate matter	Continuous	12	Steel Rolling	Less than the Emission Standard of Air Pollutants for Steel Rolling Industry GB28665-2012	343	Emission Standard of Air Pollutants for Steel Rolling Industry GB28665-2012	Nil	No
13	Sulphur dioxide	Continuous				731.1		Nil	No
14	Nitrogen oxides	Continuous				875.2		Nil	No
15	Particulate matter	Continuous	3	Power generation	Less than Emission Standard of Air Pollutants for Coal Power Industry	29.47	Emission Standard of Air Pollutants for Coal Power Plants GB13223-2011	Nil	No
16	Sulphur dioxide	Continuous				390.812		Nil	No
17	Nitrogen oxides	Continuous				547.5		Nil	No

Section V Environmental and Social Responsibility (Continued)

I. ENVIRONMENTAL INFORMATION (CONTINUED)

- i. Explanation on the performance of environmental protection of companies and their key subsidiaries under the classification of key pollutant discharging entity as published by the environmental protection department (Continued)

1. Pollutant discharging (Continued)

No.	Major pollutants	Emission method	Number of vent ports	Distribution	Emission concentration (mg/Nm ³)	Total emissions (tonnes)	Pollutant emission standards implemented	Approved total emissions	Are there excessive emissions
18	COD	Continuous	1	Central wastewater treatment station	Less than the Emission Standard of Water Pollutant for Iron and Steel Industry GB13456-2012	79.338	Emission Standard of Water Pollutant for Iron and Steel Industry GB13456-2012	Nil	No
19	Ammonia nitrogen	Continuous				4.672		Nil	No
20	Total	Particulate matter: 4512.416 tonnes, sulphur dioxide: 2181.769 tonnes, nitrogen oxides: 5211.177 tonnes, COD: 79.338 tonnes, and ammonia nitrogen: 4.672 tonnes							
21	Permitted discharge volume approved by discharge permits	Particulate matter: 10531.72 tonnes, sulphur dioxide: 3037.09 tonnes, nitrogen oxides: 9660.53 tonnes, COD: 179.1 tonnes, and ammonia nitrogen: 11.66 tonnes							

I. ENVIRONMENTAL INFORMATION (CONTINUED)

- i. Explanation on the performance of environmental protection of companies and their key subsidiaries under the classification of key pollutant discharging entity as published by the environmental protection department (Continued)

2. *Construction and operation of pollution control facilities*

☒ Applicable ☐ Not applicable

The Company's existing environmental protection facilities include: 13 wastewater treatment facilities, 119 exhaust gas and dust treatment facilities, of which main outlets of waste water and exhaust gas are installed with online monitoring and supervisory facilities, and networking has been implemented. Blast furnace water slag, converter steel slag, iron dust and other industrial solid waste disposal facilities are available. All production processes of the Company have facilities such as noise elimination, noise reduction, sound insulation and isolation, which effectively control environmental noise. The Company strengthens the management and control of environmental protection facilities, clarifies the main body of responsibility, implements synchronous operation and maintenance of environmental protection facilities and main facilities, and promptly organizes emergency repairs for abnormalities or failures. The environmental protection facilities are under sound operating condition.

The wastewater treatment system, desulphurisation and denitrification project, dust removal and other treatment facilities of the Company are under sound operating condition with the external pollutant discharging up to the standard. The hazardous waste and solid waste warehouses are in normal use, achieving compliant hazardous waste and solid waste storage. All of the pollution control facilities are under sound operating condition with a stable emission up to the standard.

3. *Environmental impact assessment of construction projects and other environmental protection administrative licensing*

☒ Applicable ☐ Not applicable

In 2024, the Company completed the acceptance of the construction of a new 50,000m³/h oxygen production unit supporting a 110kV power station, and a series of primary steel slag and high efficiency utilization of surplus gas for power generation projects of a steel plant in terms of environmental protection.

I. ENVIRONMENTAL INFORMATION (CONTINUED)

- i. Explanation on the performance of environmental protection of companies and their key subsidiaries under the classification of key pollutant discharging entity as published by the environmental protection department (Continued)

4. *Environmental emergency plan*

☒ Applicable ☐ Not applicable

In order to implement the requirements of the laws and regulations on strengthening the environmental protection of enterprises promulgated by the central and local government, and establish a sound environmental risk prevention system, the Company has formulated the 2024 Environmental Emergency Drill Plan (《2024年突發環境事件應急演練計劃》) and conducted emergency drills according to the plan in accordance with the approach of “prevention is first”.

5. *Self-monitoring program on environmental protection*

☒ Applicable ☐ Not applicable

According to the requirements of the Measures for Self-monitoring and Information Disclosure by the Enterprises Subject to Intensive Monitoring and Control of the State (Trial Implementation) (《國家重點監控企業自行監測及信息公開辦法(試行)》) and the General Rules for Technical Guidance on Self-monitoring of Pollutant Discharging Organizations (《排污單位自行監測技術指南總則(發佈稿)》), in order to regulate the self-monitoring and information disclosure of the Company and ensure the conscious fulfillment of its legal obligations and social responsibilities, the Company has improved the Measures for Environmental Monitoring Management (《環境監測管理辦法》) and formulated the Self-monitoring Program in 2024 (《2024年自行監測方案》) and organized daily monitoring covering water, gas, soil and noise in accordance with the monitoring program to ensure that the environmental risks of plants are controllable. The Self-monitoring Program in 2024 (《2024年自行監測方案》) was filed with the ecology and environment bureau, and the Company has completed the self-monitoring and information disclosure work for 2024.

6. *Any administrative penalties caused by environmental problems during the Reporting Period*

☐ Applicable ☒ Not applicable

7. *Other environmental information required to be disclosed*

☐ Applicable ☒ Not applicable

I. ENVIRONMENTAL INFORMATION (CONTINUED)

- ii. Explanation on environmental protection of companies beyond the classification of key pollutant discharging entity

☐ Applicable ☒ Not applicable

- iii. Relevant information conducive to ecological protection, pollution control and fulfillment of environmental responsibilities

☒ Applicable ☐ Not applicable

In 2024, the Company formulated the Working Plan for “Great Protection of the Yangtze River” of Chongqing Iron & Steel for 2024, the Working Plan for Energy and Environmental Protection of Chongqing Iron & Steel for 2024, clarified work objectives and specific measures of implementation of Great Protection of the Yangtze River, and the treatment projects of waste gas, waste water and solid waste shall be moved forward and implemented as planned. In terms of waste gas, the Company launched key projects such as the fine desulphurisation of coke oven gas, etc. After the completion of the projects, the concentration of pollutant emissions will be significantly reduced; in terms of waste water, the Company vigorously promoted the replacement of new water with reclaimed water, promoted multi-stage and cascade water use, reducing the amount of external drainage of the recycling system and improving the water recycling rate; in terms of solid waste, the Company obtained a hazardous waste operation licence and continued to consolidate the achievement of zero discharge of solid waste.

I. ENVIRONMENTAL INFORMATION (CONTINUED)

iv. Measures taken to reduce carbon emissions and their results during this Reporting Period

Were carbon reduction measures taken? Yes
Decrease in carbon dioxide equivalence 85,290.66
(unit: tonne)

Types of carbon reduction measures (e.g., the application of clean energy in power generation, the use of carbon reduction technologies in production, and the R&D and production of new products for carbon reduction)

In 2024, the Company actively promoted the recovery of residual heat and enhanced the efficiency of residual energy utilization. It has completed projects such as the recovery of residual heat from the rising pipes of 3# and 4# coke ovens, the upgrading and renovation of primary cutting of slab in the Steel Works (煉鋼廠板坯一次切割升級改造), and the renovation of oxyhydrogen flame cutting in line 2 (火切2線氫氧切割改造), which are expected to save 30,000tce/a of energy. The Company has also been actively pushing forward energy-saving projects such as the mean pressure recovery of 2# blast furnace top gas, elimination of high energy consuming and outdated transformers, and photovoltaic power generation. The comprehensive energy consumption per ton of steel was 499.24kgce/t, representing a decrease of 2.67% compared to 512.95kgce/t in 2023. It balanced the gas and power generation, improved the utilization rate of surplus gas, and achieved a self-power generation of 3.56 billion kWh, with a self-power generation proportion of 90.63%. It developed an activity plan for creating energy efficiency benchmarks for key processes, and set energy consumption targets for blast furnace, coke oven, and converter processes and followed the same. The energy consumption of the 1# converter process was -31.32kgce/t, reaching the energy efficiency benchmark level, supporting the green and low-carbon development of the Company.

Specific explanation

☐ Applicable ☒ Not applicable

II. SOCIAL RESPONSIBILITY WORK

- i. Were the corporate social responsibility report, the sustainable development report, or the report on environment, society and governance disclosed separately?

☒ Applicable ☐ Not applicable

For details, see the 2024 Environmental, Social and Governance Report published by the Company on 29 March 2025.

- ii. Specific information on social responsibility work

☒ Applicable ☐ Not applicable

External donations and charity projects	Quantity/ content	Explanation
Total input (RMB'0,000)	52	
Including: Fund (RMB'0,000)	52	Donated to Chongqing Changshou District
Supplies worth (RMB'0,000)	/	Charity Association (重慶市長壽區慈善總會), directed to help Jiangnan Street, Changshou District, Chongqing, for the renovation of leaky houses and installation of street lamps on the roads of 9 villages and communities in Jiangnan Street, where people with special difficulties such as poverty alleviation households, monitoring households, low-income households and five-guarantee households.
Number of people helped	/	

Specific explanation

☐ Applicable ☒ Not applicable

III. CONSOLIDATION AND EXPANSION OF ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

☒ Applicable ☐ Not applicable

Projects of poverty alleviation and rural revitalisation	Quantity/ content	Explanation
Total input (RMB'0,000)	338.45	The Company assisted China Baowu in consolidating and expanding the results of poverty alleviation and rural revitalization of pairing assistance areas, with a total of RMB3,384,500, of which RMB805,000 was directly invested in assistance funds (for the purchase of production materials), RMB60,000 was provided as gratuitous assistance funds, and RMB2,519,500 was spent on purchasing local agricultural and by-product products through the May Day, the Dragon Boat Festival, and the Mid-Autumn Festival in pairing assistance areas.
Including: Fund (RMB'0,000)	338.45	
Supplies worth (RMB'0,000)		
Number of people helped		
Assistance methods (e.g., industry-, employment-, and education-based poverty alleviation)	Industry-based poverty alleviation	

Section VI Significant Events

I. FULFILMENT OF COMMITMENTS

1. Commitments of the Company's de facto controller, shareholders, related parties, and acquirers and the Company during or sustained to this Reporting Period

☒ Applicable ☐ Not applicable

Changshou Iron & Steel, China Baowu and Strategic Emerging Fund made undertakings in December 2017 and September 2020 respectively in relation to the avoidance of horizontal competition, the regulation of connected transactions and the maintenance of independence of listed companies. Details of which are set out in the Report on Detailed Changes in Equity of *ST Chongqing Iron & Steel (《重慶鋼鐵詳式權益變動報告書》) published on the website of the SSE on 5 December 2017, the Report on Detailed Changes in Equity of Chongqing Iron & Steel (《重慶鋼鐵詳式權益變動報告書》) published on the website of the SSE on 19 September 2020 and the annual reports for the years 2020–2023, and the undertakings have not been breached by the undertakings holders during the Reporting Period.

2. Explanation of whether the Company fulfilled its profits forecast in relation to assets or projects, if there is any profits forecast in relation to the Company's assets or projects, and if the Reporting Period is within the profits forecast period and the reasons therefor

☐ Fulfilled ☐ Not Fulfilled ☒ Not applicable

3. Performance of result commitment and its impact on goodwill impairment test

☐ Applicable ☒ Not applicable

II. APPROPRIATION OF NON-OPERATING FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THIS REPORTING PERIOD

☐ Applicable ☒ Not applicable

III. NON-COMPLIANCE GUARANTEE

☐ Applicable ☒ Not applicable

IV. EXPLANATION FROM THE BOARD OF DIRECTORS OF THE COMPANY FOR THE “NON-STANDARD AUDIT OPINION REPORT” ISSUED BY THE ACCOUNTING FIRM

☐ Applicable ☒ Not applicable

V. THE COMPANY’S ANALYSIS AND EXPLANATION OF THE REASONS FOR AND IMPACT OF CHANGES ON ACCOUNTING POLICY AND ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS

1. The Company’s analysis and explanation of the reasons for and impact of changes on accounting policy and accounting estimates

☐ Applicable ☒ Not applicable

2. The Company’s analysis of the cause and impact of correction of material errors of accounting

☐ Applicable ☒ Not applicable

3. Communication with the previous accounting firm

☐ Applicable ☒ Not applicable

4. Approval procedures and other explanation

☐ Applicable ☒ Not applicable

Section VI Significant Events (Continued)

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

Unit: RMB0'000 Currency: RMB

	Current
Name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Remuneration of the domestic accounting firm	200
Term of service of the domestic accounting firm	7
Names of the certified public accountants of the domestic accounting firm	Chen Xiaoxiang (陳曉祥) and Wang Dan (王丹)
Cumulative term of service of the certified public accountants of the domestic accounting firm	Chen Xiaoxiang 2 years, Wang Dan 5 years

	Name	Remuneration
Accounting firm for audit of internal control	Ernst & Young Hua Ming LLP	53.5

Explanations for appointment and removal of accounting firms

☒ Applicable ☐ Not applicable

The 2023 annual general meeting was convened on 27 June 2024, at which the Resolution on Re-appointment of Accounting Firm for the Company for the Year 2024 was considered and approved. Ernst & Young was reappointed as the Company's financial and internal control auditor for the year 2024, and the audit fee for the year 2024 was RMB2.535 million (tax inclusive, including subsidiaries), of which RMB2 million was for financial audit fee and RMB0.535 million was for internal control audit fee.

Explanations for change of the accounting firm during the auditing period

☐ Applicable ☒ Not applicable

Explanation for the decrease of 20% or more (inclusive) in the audit fee as compared with that of the previous year

☐ Applicable ☒ Not applicable

VII. RISKS OF DELISTING

1. Reason for risk warning of delisting

☐ Applicable ☒ Not applicable

2. Measures taken by the Company to cancel the suspension of listing

☐ Applicable ☒ Not applicable

3. Statuses and causes of termination of listing

☐ Applicable ☒ Not applicable

VIII. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

☐ Applicable ☒ Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

☐ Material litigations and arbitrations occur during the year ☒ No material litigations and arbitrations occur during the year

X. PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS FOR SUSPECTED UNLAWFULNESS AND RECTIFICATION MEASURES

☐ Applicable ☒ Not applicable

XI. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS

i. Related party transactions related to day-to-day operation

1. *Events disclosed in provisional announcements without subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation*

☒ Applicable ☐ Not applicable

On 10 November 2023, the Resolution in relation to the Entering into of the Service and Supply Agreement from 2024 to 2026 between the Company and China Baowu and the Continuing Connected Transactions (Including the Annual Caps) was deliberated and approved through voting at the 30th meeting of the ninth session of the Board of the Company. According to the Service and Supply Agreement entered into on the same date, the total amount of materials and/or services provided by the Company and its subsidiaries (the "Group") to China Baowu and its subsidiaries ("China Baowu Group") and the total amount of materials and/or services provided by China Baowu Group to the Group shall not exceed RMB30,100 million and RMB102,330 million, respectively, for the period from 1 January 2024 to 31 December 2026.

For details, please refer to the Announcement on 2024 to 2026 Continuing Related Party Transactions (Announcement No.: 2023-029) disclosed by the Company on 11 November 2023.

During the Reporting Period, the actual amount of the related party transaction was within the annual caps, the details of which are as follows:

Type of related party transaction	Pricing principle	Transaction amount in 2024 (Unit: RMB'000)
Procurement of goods and acceptance of services	Market price	12,277,679
Sale of goods	Market price	5,167,111

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation (Continued)*

On 10 November 2023, the Resolution in relation to the Entering into of the Financial Service Agreement from 2024 to 2026 between the Company and Baowu Group Finance Co., Ltd. and the Related Party Transactions was deliberated and approved through voting at the 30th meeting of the ninth session of the Board of the Company. According to the Financial Service Agreement entered into on the same date: (1) For settlement services, during the term of the agreement, the maximum service fee paid to Baowu Finance Company for providing settlement services to the Company and its subsidiaries shall not exceed RMB200,000 per annum (excluding acceptance fee, settlement handling fee, L/C issuance fee and other fees charged by the concerned bank on behalf). (2) During the term of the deposit service agreement, the maximum daily deposit balance of the Company in Baowu Finance Company shall not exceed RMB2 billion in principle. (3) During the term of the credit service agreement, the maximum daily credit provided by Baowu Finance Company to the Company and its subsidiaries shall be RMB2 billion. Both parties shall separately sign an agreement on special matters concerning credit services. (4) During the term of the agreement on other financial services, the maximum service fee paid to Baowu Finance Company for providing other financial services to the Company and its subsidiaries shall not exceed RMB1 million per annum (excluding acceptance fee, settlement handling fee, L/C issuance fee and other fees charged by the concerned bank on behalf). Please refer to the relevant announcements and circulars disclosed by the Company on 11 November 2023 and 7 December 2023 for further details and defined terms. The above-mentioned related party transactions were considered and approved at the 2023 first extraordinary general meeting of the Company held on 28 December 2023.

The above-mentioned related party transactions constitute connected transactions as defined in Chapter 14A of the Listing Rules, and the Company has confirmed compliance with the disclosure requirements of Chapter 14A of the Listing Rules. The Company confirms that the prices and terms of continuing related party transactions conducted during the Reporting Period are in accordance with its pricing policy.

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation (Continued)*

Annual review of independent non-executive directors and auditor

The Company's independent non-executive directors reviewed the continuing related party transactions of the Company in the Reporting Period, and confirmed that such transactions were:

- 1) entered into in the ordinary course of business of the Company;
- 2) conducted in accordance with normal commercial terms; and
- 3) carried out pursuant to the agreements of relevant transactions, the terms of which are fair and reasonable, and in the interests of shareholders of the Company as a whole.

Ernst & Young Hua Ming LLP, the Company's auditor, was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standards on Assurance Engagements 3000 (Revised)-Assurance Engagements Other than Audits or Reviews of Historical Financial Information, with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young Hua Ming LLP has issued unqualified conclusions in respect of the continuing connected transactions disclosed by the Company in accordance with 14A.56 of the Listing Rules.

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

3. Events not disclosed in provisional announcements

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related party	Connected relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price of related transaction	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between Transaction price and market reference price
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	1,768,043	6.91	/	/	/
Shanghai Ouyeel Material Technology Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	1,243,930	4.86	/	/	/
Ouyeel Cloud Commerce Corporation Limited	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	586,577	2.29	/	/	/
Shanghai Ouyeel Supply Chain Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	475,208	1.86	/	/	/
Chongqing Baocheng Carbon Co., Ltd.	Associate	Sale of goods	Sale of goods, energy medium and rendering of services	With reference to the market price	/	416,841	1.53	/	/	/
Baowu Environmental Resources Technology (Chongqing) Recycling Co., Ltd.	Associate	Sale of goods	Sale of goods	With reference to the market price	/	212,348	0.83	/	/	/
Baowu Water Technology Limited	Other related party	Sale of goods	Sale of goods, energy medium and rendering of services	With reference to the market price	/	153,329	0.56	/	/	/
Shanghai Iron & Steel Exchange Co., Ltd.* (上海鋼鐵交易中心有限公司)	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	80,286	0.31	/	/	/
Guangdong Guangwu Materials Co., Ltd.* (廣東廣物物資有限公司)	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	67,561	0.26	/	/	/
Ma Steel International Trade & Economic Corporation	Other related party	Sale of goods	Sale of goods and rendering of services	With reference to the market price	/	67,215	0.25	/	/	/

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

3. Events not disclosed in provisional announcements (Continued)

Related party	Connected relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price of related transaction	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between Transaction price and market reference price
Wisco Xiangyang Heavy Equipment Material Co., LTD. (武鋼集團襄陽重型裝備材料有限公司)	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	43,748	0.17	/	/	/
OUYEEL SINGAPORE PTE. LTD.	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	41,242	0.16	/	/	/
Baosteel Chemical (Zhangjiagang Free Trade Zone) International Trade Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	3,919	0.02	/	/	/
Baosteel Engineering & Technology Group Co., Ltd.	Other related party	Sale of goods	Sale of goods and rendering of services	With reference to the market price	/	1,878	0.01	/	/	/
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Other related party	Sale of goods	Sale of goods and energy medium	With reference to the market price	/	1,643	0.01	/	/	/
Baowu Wisdom Roll Technical Service (Shanghai) Co., Ltd.* (寶武智慧軋輥技術服務(上海)有限公司)	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	1,588	0.01	/	/	/
Guangdong Building Materials Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to the market price	/	1,549	0.01	/	/	/
Others	Other related party	Sale of goods	Sale of goods and rendering of services	With reference to the market price	/	206	-	/	/	/
Ma Steel International Trade & Economic Corporation	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	2,299,979	11.16	/	/	/
Baosteel Resources (International) Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	2,217,064	10.75	/	/	/
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials and receipt of services	With reference to the market price	/	1,175,431	4.11	/	/	/
Ouyeel Industrial Products Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials, procurement of materials, equipment and spare parts and receipt of services	With reference to the market price	/	1,042,981	3.65	/	/	/
Shanghai Baoding Energy Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials and receipt of services	With reference to the market price	/	976,423	3.41	/	/	/
Baowu Raw Material Supply Co., Ltd.* (寶武原料供應有限公司)	Associate	Purchase of goods	Procurement of raw materials and receipt of services	With reference to the market price	/	766,947	2.68	/	/	/

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

3. Events not disclosed in provisional announcements (Continued)

Related party	Connected relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price of related transaction	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between Transaction price and market reference price
Guangdong Building Materials Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	548,504	2.66	/	/	/
Ouyeel Blockchain Finance and Metal Recycling Resources Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	342,081	1.66	/	/	/
Baowu Water Technology Limited	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to the market price	/	318,820	3.99	/	/	/
Ouyeel Blockchain Finance (Shaoguan) and Metal Recycling Resources Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	297,472	1.44	/	/	/
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	272,268	1.32	/	/	/
Yichang Yimei City Mineral Resources Recycling Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	251,825	1.22	/	/	/
Baosteel Engineering & Technology Group Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to the market price	/	232,729	2.92	/	/	/
Shanghai Ouyeel Logistics Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to the market price	/	184,267	2.31	/	/	/
Wisco Resources Group Ezhou Pellets Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	160,606	0.78	/	/	/
Shanghai Baosight Software Co., Ltd.	Other related party	Receipt of services	Receipt of services, engineering construction and procurement of materials, equipment and spare parts	With reference to the market price	/	154,324	0.54	/	/	/
Maanshan Iron & Steel Construction Group Mining & Trading Co. Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	138,140	0.67	/	/	/
Baowu Equipment Intelligent Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services, engineering construction and procurement of materials, equipment and spare parts	With reference to the market price	/	136,012	0.48	/	/	/

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

3. Events not disclosed in provisional announcements (Continued)

Related party	Connected relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price of related transaction	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between Transaction price and market reference price
Ouyeel Blockchain Finance (Hubei) and Metal Recycling Resources Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	130,729	0.63	/	/	/
Nanjing Baodi Meishan Industrial City Development Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	108,043	0.52	/	/	/
Wuhan Yangguang Industrial Co., Ltd.* (武漢揚光實業有限公司)	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	71,118	0.34	/	/	/
Shanghai Baosteel Shipping Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	51,944	0.65	/	/	/
Baowu Resources Company Limited* (寶武資源有限公司)	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	49,938	0.24	/	/	/
Baoshan Iron and Steel Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	47,600	0.60	/	/	/
Ouyeel Blockchain Finance (Sichuan) and Metal Recycling Resources Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	45,923	0.22	/	/	/
Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd.	Associate	Purchase of goods	Procurement of raw materials	With reference to the market price	/	37,558	0.18	/	/	/
Baowu Wisdom Roll Technical Service (Shanghai) Co., Ltd.* (寶武智慧軋輥技術服務(上海)有限公司)	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	33,790	0.42	/	/	/
Guangdong Shaogang Engineering Technology Co., Ltd.	Other related party	Receipt of services	Engineering construction	With reference to the market price	/	32,591	0.41	/	/	/
Baowu Heavy Industry Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	32,154	0.40	/	/	/
Shanghai Meishan Industrial Civil Engineering Design Research Institute Co., Ltd.	Other related party	Receipt of services	Engineering construction	With reference to the market price	/	23,251	0.29	/	/	/
Shanghai Baosteel Energy Service Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	15,477	0.19	/	/	/
Baowu Environmental Resources Technology (Chongqing) Recycling Co., Ltd.	Associate	Receipt of services	Receipt of services	With reference to the market price	/	10,643	0.13	/	/	/
Masteel Chengxing Metal Resources Co. Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	9,528	0.05	/	/	/

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

3. Events not disclosed in provisional announcements (Continued)

Related party	Connected relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price of related transaction	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between Transaction price and market reference price
Chengdu Baosteel West Trade Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	6,709	0.03	/	/	/
Guangdong Baodi Nanhua Industrial Development Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	6,592	0.08	/	/	/
Hwabao Securities Co. Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	6,448	0.08	/	/	/
Guangdong Kunlun Information Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to the market price	/	6,092	0.08	/	/	/
Shanghai Baosteel Xinyue Talent Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	5,247	0.07	/	/	/
Baosteel Development Co. Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to the market price	/	4,962	0.06	/	/	/
Shanghai Ouyeel Purchasing Information Technology Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	3,322	0.02	/	/	/
Sinosteel International Shipping & Forwarding Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	2,780	0.03	/	/	/
Baowu Group Echeng Iron and Steel Co., Ltd.	Other related party	Purchase of goods	Procurement of raw materials	With reference to the market price	/	2,770	0.01	/	/	/
Shanghai Baosteel Engineering Consulting Co., Ltd.	Other related party	Receipt of services	Engineering construction	With reference to the market price	/	2,387	0.03	/	/	/
Sinosteel International Freight Zhejiang Co., Ltd.* (中鋼國際貨運浙江有限責任公司)	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	2,238	0.03	/	/	/
Baowu Group Zhongnan Steel Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	2,151	0.03	/	/	/
Zhejiang Zhoushan Wugang Wharf Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	2,128	0.03	/	/	/
Taichang Wugang Terminal Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	2,021	0.03	/	/	/
Wuhan Iron and Steel Company Limited	Other related party	Receipt of services	Receipt of services	With reference to the market price	/	1,552	0.02	/	/	/

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

i. Related party transactions related to day-to-day operation (Continued)

3. Events not disclosed in provisional announcements (Continued)

Related party	Connected relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price of related transaction	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between Transaction price and market reference price
Others	Other related party	Purchase of goods	Engineering construction, procurement of raw materials, procurement of materials, equipment and spare parts and receipt of services	With reference to the market price	/	4,120	0.01	/	/	/
Total				/	/	17,444,790	/	/	/	
Particulars of substantial sales return					Nil					
Explanation on related party transactions					They enabled the Company to obtain stable and reliable service supply at a reasonable price, which is vital to the Company to keep stable production, improve production efficiency and increase production output.					

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

ii. Connected transactions related to acquisition of assets or acquisition or disposal of equity interests

1. *Events disclosed in provisional announcements without subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

4. *Disclosure of the performance of the results relating to the results agreement during the Reporting Period*

☐ Applicable ☒ Not applicable

iii. Material connected transactions related to joint external investment

1. *Events disclosed in provisional announcements without subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

iv. Claims and liabilities between related parties

1. *Events disclosed in provisional announcements without subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

v. Financial business between the Company and related financial companies, financial companies controlled by the Company and related parties

☒ Applicable ☐ Not applicable

1. *Deposit business*

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related parties	Connected relationship	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Amount incurred for the period		Closing balance
					Total amount deposited during the period	Total amount withdrawn during the period	
Baowu Group Finance Co., Ltd.	Other related party	-	0.35%-1.65%	601,483	7,487,848	7,161,485	927,846
Total	/	/	/	601,483	7,487,848	7,161,485	927,846

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

- v. Financial business between the Company and related financial companies, financial companies controlled by the Company and related parties (Continued)

2. Money lending business

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related parties	Connected relationship	Credit line	Loan interest rate range	Opening balance	Amount incurred for the period		Closing balance
					Total amount of loans during the period	Total amount of repaid loans during the period	
Baowu Group Finance Co., Ltd.	Other related party		0-2.3%	250,000	500,000	250,000	500,000
Total	/	/	/	250,000	500,000	250,000	500,000

3. Credit granting business or other financial services

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related parties	Connected relationship	Business type	Gross amount	Actual amount incurred
Baowu Group Finance Co., Ltd.	Other related party	Comprehensive credit facilities	1,800,000	888,747

4. Other explanation

☐ Applicable ☒ Not applicable

Section VI Significant Events (Continued)

XII. MATERIAL CONNECTED TRANSACTIONS (CONTINUED)

vi. Others

☐ Applicable ☒ Not applicable

XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

i. Custody, contracting and leasing affairs

1. Custody

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

3. Leasing

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Name of lessor	Name of lessee	Details of leased assets	Amount of leased assets	Lease inception date	Lease termination date	Rental income	Determination basis for lease income	Effect of gain on lease on the Company	Related party transaction or not	Connected relationship
Chongqing Iron & Steel (Group) Co., Ltd.	Chongqing Iron & Steel Company Limited	Equipment	/	1 January 2021	31 December 2025	146,018	Contract	Impact on costs and expenses	No	Others

Description of leases

N/A

Guarantees

☐ Applicable ☒ Not applicable

XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE (CONTINUED)

ii. Entrusted cash assets management

1. *Entrusted wealth management*

(1) Overview of entrusted wealth management

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(2) Individual cases of entrusted wealth management

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(3) Provision for impairment of entrusted wealth management

☐ Applicable ☒ Not applicable

2. *Entrusted loans*

(1) Overview of entrusted loans

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE (CONTINUED)

ii. Entrusted cash assets management (Continued)

2. Entrusted loans (Continued)

(2) Individual cases of entrusted loans

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(3) Provision for impairment of entrusted loans

☐ Applicable ☒ Not applicable

3. Others

☐ Applicable ☒ Not applicable

iii. Other material contracts

☐ Applicable ☒ Not applicable

XIV. USE OF THE PROCEEDS

☐ Applicable ☒ Not applicable

XV. EXPLANATION ON OTHER MAJOR EVENTS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

☒ Applicable ☐ Not applicable

(I) Relevant disclosures made according to the Listing Rules

1. *Compliance of Corporate Governance Code*

To the best knowledge of the Board, the Company has complied with the requirements of Part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules during the Reporting Period, and no deviation from the code provision has been identified.

2. *Model Code for securities transactions by directors*

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors. All directors of the Company confirmed upon specific enquiries that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2024.

3. *Purchase, sale and redemption of listed shares of the Company*

During the Reporting Period, a total of 66,838,500 A shares were repurchased, and the originally planned repurchased shares were used for share incentives. On 30 December 2024, the Company convened an extraordinary general meeting, a Class Meeting of A Shareholders and a Class Meeting of H Shareholders and considered and approved the Resolution on the Change of the Purpose and Cancellation of the Repurchased Shares and Reduction of Capital to change the purpose of the repurchased 66,838,500 A shares from "for equity incentives" to "for cancellation to reduce registered capital", which is conducive to the improvement of earnings per share and other indicators, boosting investor confidence and safeguarding the interests of the general investors. As at the date of this announcement, the cancellation of the repurchased shares has been completed and the total number of issued shares of the Company has changed from 8,918,602,267 shares to 8,851,763,767 shares. Details of the repurchase are set out below:

Repurchase month	Number of shares repurchased	Buying price per share		
		Maximum (RMB/per share)	Minimum (RMB /per share)	Total price (RMB'000)
June	66,838,500	1.07	1.02	6,975.25

XV. EXPLANATION ON OTHER MAJOR EVENTS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS (CONTINUED)

(I) Relevant disclosures made according to the Listing Rules (Continued)

4. *Major acquisition and disposal of subsidiaries and affiliates*

No major acquisition and disposal of subsidiaries and affiliates of the Company occurred during the Reporting Period.

5. *Audit Committee*

The Audit Committee of the Company consists of three independent non-executive Directors and one non-executive Director, namely Mr. Guo Jiebin, Mr. Sheng Xuejun, Ms. Tang Ping and Mr. Zhou Ping. Mr. Guo Jiebin is the chairman of the Audit Committee.

The annual report of the Company for 2024 had been reviewed by the members of the Audit Committee before being submitted to the Board for approval.

6. *Pre-emptive rights*

There are no provisions for pre-emptive rights under the *Articles of Association* and the relevant laws of the People's Republic of China which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

7. *Public float of H shares*

As of the date hereof, to the best knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules.

8. *Marketability market value*

Based on the available information to the Company, as at 31 December 2024, the circulating market capitalization of H Shares of the Company (circulating H Share capital x closing price of H Shares (HK\$0.89)) was approximately HK\$479 million and the circulating market capitalization of A Shares of the Company (circulating A Share capital x closing price of A Shares (RMB1.44)) was approximately RMB12,068 million.

XV. EXPLANATION ON OTHER MAJOR EVENTS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS (CONTINUED)

(I) Relevant disclosures made according to the Listing Rules (Continued)

9. *Final dividend*

The Company's profit distribution policies are set out in detail in the *Articles of Association*, which provides the principles, forms and conditions of distribution, the justification procedures for distribution schemes and decision-making mechanisms, as well as policy adjustments. When determining profit distribution (including dividend payment) and distribution proportion, the Company will follow several major principles including the continuity and stability of profit distribution policies, paying full attention to the reasonable investment return for investors, and considering the long-term interests of the Company, sustainable development and the interests of all shareholders as a whole, and the Board will prepare the proposal for profit distribution according to the operating situations and development of the Company, then submit it to the general meetings for approval. Please refer to the profit distribution policies set out in the *Articles of Association* for more details.

The Company has not set any predetermined dividend distribution proportion or dividend distribution ratio, and the distribution and the amount of dividend will be determined by the Board's discretion as aforesaid.

According to the auditing by Ernst & Young Hua Ming LLP, the realized net profit attributable to the parent company for 2024 amounted to RMB-3,169 million, and the unappropriated profit of the parent company as at the end of 2024 amounted to RMB-12,335 million. As the parent company recorded a negative unappropriated profit as at the end of 2024, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2024 pursuant to Article 250 of the *Articles of Association*.

Section VII Movement of Shares and the Particulars of Shareholders

I. MOVEMENT OF SHARES

i. Statements of movement of shares

1. Statements of movement of shares

There was no change in the total number of shares and the share capital structure of the Company during the Reporting Period.

2. Explanation on movement of shares

☐ Applicable ☒ Not applicable

3. Impact on financial indicators such as earnings per share and net assets per share from change in shares within the latest year and latest period (if applicable)

☐ Applicable ☒ Not applicable

4. Other information considered necessary by the Company or required by regulators to be disclosed

☐ Applicable ☒ Not applicable

ii. Information on changes in lock-up shares

☐ Applicable ☒ Not applicable

II. ISSUE AND LISTING OF SECURITIES

i. Issue of securities during the Reporting Period

☐ Applicable ☒ Not applicable

Details for the issue of securities during the Reporting Period (details of bonds with different interest rates within the duration to be specified separately):

☐ Applicable ☒ Not applicable

ii. Change in the total number of shares, shareholding structure and the structure of assets and liabilities of the Company

☐ Applicable ☒ Not applicable

iii. Shareholdings held by employees

☐ Applicable ☒ Not applicable

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLERS

i. Number of shareholders

As of the end of the Reporting Period, the total number of ordinary shareholders (accounts)	193,388
At the end of the month before the disclosure date of the annual results announcement, the total number of ordinary shareholders (accounts)	183,210
As of the end of the Reporting Period, the total number of preferred shareholders with restored voting rights (accounts)	0
At the end of the month before the disclosure date of the annual results announcement, the total number of preferred shareholders with restored voting rights (accounts)	0

ii. Table of shareholdings of the top ten shareholders and the top ten shareholders holding circulating shares (shares not subject to trading moratorium) as at the end of the Reporting Period

Unit: shares

Shareholdings of the top ten shareholders (excluding lending of shares through refinancing)

Name of shareholder (full name)	Changes during the Reporting Period	Period-end number of stock	Ratio (%)	Number of restricted stock held	Pledged, marked or frozen Stock status	Quantity	Nature of shareholders
Chongqing Changshou Iron & Steel Company Limited	0	2,096,981,600	23.51	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	425,750	533,490,891	5.98	0	Unknown	–	Foreign legal person
Chongqing Qianxin Group Co., Ltd.	0	427,195,760	4.79	0	Pledged	427,190,070	State-owned legal person
Chongqing Rural Commercial Bank Co., Ltd.	0	289,268,939	3.24	0	Nil	0	State-owned legal person
Chongqing Urban Construction Investment (Group) Co., Ltd.	278,288,059	278,288,059	3.12	0	Nil	0	State-owned legal person
Bank of Chongqing Co., Ltd.	0	226,042,920	2.53	0	Nil	0	State-owned legal person
Baowu Group Zhongnan Steel Co., Ltd.	0	224,831,743	2.52	0	Nil	0	State-owned legal person
Industrial Bank Co., Ltd. Chongqing Branch	0	219,633,096	2.46	0	Nil	0	Others
China Shipbuilding Industry Complete Logistics Co., Ltd.	0	211,461,370	2.37	0	Nil	0	State-owned legal person
Bank of Communications Co., Ltd. Chongqing Branch	0	140,760,305	1.58	0	Nil	0	Others

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLERS (CONTINUED)

- ii. Table of shareholdings of the top ten shareholders and the top ten shareholders holding circulating shares (shares not subject to trading moratorium) as at the end of the Reporting Period (Continued)

Shareholdings of Top Ten Shareholders without Trading Limitations (excluding lending of shares through refinancing)

Name of shareholder	Number of unrestricted circulating shares held	Types and quantities of shares	
		Type	Quantity
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	RMB denominated ordinary shares	2,096,981,600
HKSCC NOMINEES LIMITED	533,490,891	RMB denominated ordinary shares	533,490,891
Chongqing Qianxin Group Co., Ltd.	427,195,760	RMB denominated ordinary shares	427,195,760
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	RMB denominated ordinary shares	289,268,939
Chongqing Urban Construction Investment (Group) Co., Ltd.	278,288,059	RMB denominated ordinary shares	278,288,059
Bank of Chongqing Co., Ltd.	226,042,920	RMB denominated ordinary shares	226,042,920
Baowu Group Zhongnan Steel Co., Ltd.	224,831,743	RMB denominated ordinary shares	224,831,743
Industrial Bank Co., Ltd. Chongqing Branch	219,633,096	RMB denominated ordinary shares	219,633,096
China Shipbuilding Industry Complete Logistics Co., Ltd.	211,461,370	RMB denominated ordinary shares	211,461,370
Bank of Communications Co., Ltd. Chongqing Branch	140,760,305	RMB denominated ordinary shares	140,760,305

Description of accounts designated for share repurchase among the top ten shareholders

N/A

Description of the entrusting /being entrusted voting rights or waiving voting rights of the above shareholders

N/A

The above shareholders' connected relationship or concerted action

Chongqing Changshou Iron & Steel Company Limited is the controlling shareholder of the Company; Chongqing Changshou Iron & Steel Company Limited and Baowu Group Zhongnan Steel Co., Ltd. are under common control by China Baowu Steel Group Corporation Limited, a de facto controller of the Company, thus the two are related parties, and have no associated relationship with the other 8 shareholders and they are not parties acting in concert regulated in *Measures for Management on Acquisition of Listed Companies*. The Company is also not aware of any connected relationship among the other 8 shareholders or whether they are acting in concert

Preferred shareholders with restored voting rights and their shareholding

N/A

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLERS (CONTINUED)

- ii. Table of shareholdings of the top ten shareholders and the top ten shareholders holding circulating shares (shares not subject to trading moratorium) as at the end of the Reporting Period (Continued)

Participation of shareholders holding more than 5% of the shares, top ten shareholders and top ten shareholders without trading limitations in lending of shares in the refinancing business

☐ Applicable ☒ Not applicable

Changes in the top ten shareholders and top ten shareholders without trading limitations due to lending/returning resulting from refinancing as compared with the previous period

☐ Applicable ☒ Not applicable

Shareholdings and Trading Limitations of Top Ten Shareholders with Trading Limitations

☐ Applicable ☒ Not applicable

- iii. Strategic investors or ordinary legal persons who became top ten shareholders due to placing of new shares

☐ Applicable ☒ Not applicable

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

i. Controlling shareholder

1. Legal person

☒ Applicable ☐ Not applicable

Name Chongqing Changshou Iron & Steel Company Limited

Principal or legal representative Wu Kunzong

Date of establishment 12 October 2017

Principal operations Licensed projects: Terminal operation; import and export of goods and technology (for projects that require legal approval, business activities can only be conducted after obtaining approval from relevant departments; specific business projects shall be subject to the approval documents or licenses from relevant departments). General projects: Engaging in technology development, technology transfer, technical services, and technical management consulting in the fields of steel, metallurgy, mineral resources, coal, chemicals, power, and transportation; sales of steel raw materials; storage services (excluding hazardous goods storage); leasing of own property and equipment; enterprise management and consulting services (except for projects that require legal approval, business activities can be conducted independently according to the business licence(s)).

Equity interests in other controlled and invested domestic and foreign listed companies during the Reporting Period Nil

Other explanation Nil

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

i. Controlling shareholder (Continued)

2. *Natural persons*

☐ Applicable ☒ Not applicable

3. *No special explanation regarding the controlling shareholder*

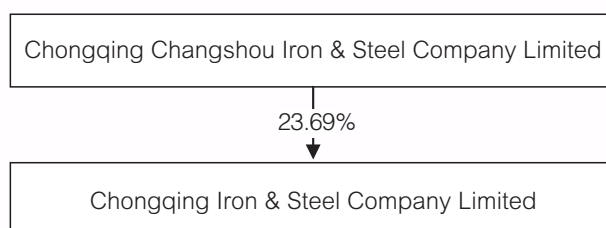
☐ Applicable ☒ Not applicable

4. *Explanation of the change in controlling shareholders during the Reporting Period*

☐ Applicable ☒ Not applicable

5. *Chart of equity and the controlling relationship between the Company and the controlling shareholder*

☒ Applicable ☐ Not applicable



Note: As of 31 December 2024, Changshou Iron & Steel held 23.51% of the Company's shares. On 18 February 2025, the Company cancelled the repurchased shares, after which the total number of shares of the Company changed from 8,918,602,267 to 8,851,763,767, thereby changing the shareholding ratio of Changshou Iron & Steel from 23.51% to 23.69%.

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

ii. De facto controller

1. Legal person

☒ Applicable ☐ Not applicable

Name China Baowu Steel Group Corporation Limited

Principal or legal representative Hu Wangming

Date of establishment 1 January 1992

Principal operations Licensed projects: Retail of publications; wholesale of publications. (For projects that require legal approval, business activities can only be conducted after obtaining approval from relevant departments; specific business projects shall be subject to the approval documents or licenses from relevant departments). General projects: Engaging in investment activities with own funds; investment management; asset management services for self-funded investments; corporate headquarters management; land use rights leasing; non-residential real estate leasing; tax services; human resources services (excluding professional intermediary activities and labour dispatch services); registration and registration agency services for market entities; business agency and agency services; outsourcing of archival services; tendering and bidding agency services; big data services; enterprise management consulting. (Except for projects that require legal approval, business activities can be conducted independently according to the business license(s))

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

ii. De facto controller (Continued)

1. Legal person (Continued)

Equity interests in other controlled and invested domestic and foreign listed companies during the Reporting Period

As of 31 December 2024, China Baowu directly or indirectly holds more than 5% of the shares in the following listed companies: 63.10% equity interests in Baoshan Iron & Steel Co., Ltd., 49.83% equity interests in Shanghai Baosight Software Co., Ltd., 52.83% equity interests in Maanshan Iron & Steel Company Limited, 49.83% equity interests in Xinjiang Bayi Iron& Steel Co., Ltd., 52.95% equity interests in Guangdong Zhongnan Iron & Steel Co., Ltd., 53.74% equity interests in Shanghai Baosteel Packaging Co., Ltd., 63.19% equity interests in Shanxi Taigang Stainless Steel Co., Ltd., 20.86% equity interests in Tibet Mineral Development Co., Ltd., 46.17% equity interests in Xinyu Iron& Steel Co., Ltd., 28.91% equity interests in Chongqing Iron & Steel Company Limited, 48.65% equity interests in Sinosteel Engineering & Technology Co., Ltd., 41.34% equity interests in Sinosteel Luonai Technology Company Limited* (中鋼洛耐科技股份有限公司) and 32.87% equity interests in Sinosteel Tianyuan Company Limited* (中鋼天源股份有限公司), 16.28% equity interests in DaMing International Holdings Limited, 10.21% equity interests in Beijing Shougang Co., Ltd., 14.06% equity interests in China Pacific Insurance (Group) Co., Ltd., 21.53% equity interests in Baowu Magnesium Technology Co., Ltd* (寶武鎂業科技股份有限公司), 14.17% equity interests in New China Life Insurance Company Limited, 10.23% equity interests in Shanxi Securities Co., Ltd., and 8.29% equity interests in Shanghai Rural Commercial Bank Co., Ltd.

Other explanation

Nil

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

ii. De facto controller (Continued)

2. Natural persons

☐ Applicable ☒ Not applicable

3. No special explanation regarding the de facto controller

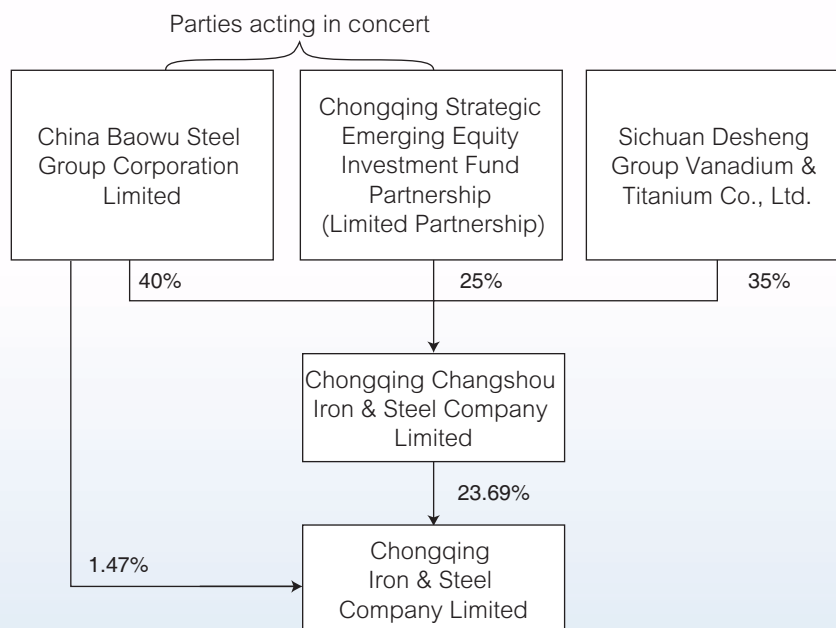
☐ Applicable ☒ Not applicable

4. Index and date of changes in de facto controller during the Reporting Period

☐ Applicable ☒ Not applicable

5. Chart of equity and the controlling relationship between the Company and the actual controllers

☒ Applicable ☐ Not applicable



Note: On 18 February 2025, the Company cancelled the repurchased shares, after which the total number of shares of the Company changed from 8,918,602,267 to 8,851,763,767, thereby changing the shareholding ratio of Changshou Iron & Steel from 23.51% to 23.69%, and the direct shareholding ratio of the de facto controller, China Baowu, from 1.46% to 1.47%.

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER (CONTINUED)

ii. De facto controller (Continued)

6. *Control of the Company by the de facto controller by way of trust or other means of asset management*

☐ Applicable ☒ Not applicable

iii. Other explanation regarding the controlling shareholder and the de facto controller

☐ Applicable ☒ Not applicable

V. THE ACCUMULATED NUMBER OF PLEDGED SHARES OF THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND ITS PERSONS ACTING IN CONCERT ACCOUNT FOR MORE THAN 80% OF THE COMPANY'S SHARES HELD BY THEM

☐ Applicable ☒ Not applicable

VI. OTHER CORPORATE SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR ABOVE

☐ Applicable ☒ Not applicable

VII. EXPLANATION ON REDUCED SHAREHOLDING

☐ Applicable ☒ Not applicable

Section VII Movement of Shares and the Particulars of Shareholders (Continued)

VIII. THE DETAILED IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

Currency: RMB

Name of the share repurchase proposal	The Repurchase of A shares of the Company through Centralised Price Bidding
Disclosure date of the share repurchase proposal	6 June 2024
Number of shares proposed to be repurchased and percentage of total share capital (%)	0.56%
Amount for this proposed repurchase	RMB50-100 million
Period for this proposed repurchase	6 June 2024-5 December 2024
Purpose for this repurchase	As approved at the General Meeting, the purpose for this repurchase was changed from “for equity incentive” to “for cancellation to reduce registered capital”
Number of shares repurchased (share)	66,838,500
Number of shares repurchased as a proportion of the underlying shares covered by the equity incentive scheme (%) (if any)	—
Progress of the Company’s reduction and repurchase of shares through centralised price bidding	—

Section VIII Related Information of Preferred Shares

☐ Applicable ☒ Not applicable

Section IX Relevant Information on Bond

I. COMPANY BONDS (INCLUDING CORPORATE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

☐ Applicable ☒ Not applicable

II. PARTICULARS OF CONVERTIBLE BOND OF THE COMPANY

☐ Applicable ☒ Not applicable

AUDITOR'S REPORT



Ernst & Young Hua Ming (2025) Shen Zi No. 70032805_ D01
Chongqing Iron & Steel Company Limited

To the shareholders of Chongqing Iron & Steel Company Limited

I. OPINION

We have audited the financial statements of Chongqing Iron & Steel Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2024, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of Chongqing Iron & Steel Company Limited present fairly, in all material respects, the consolidated and company's financial position of Chongqing Iron & Steel Company Limited as at 31 December 2024, and the consolidated and company's financial performance and cash flows for 2024 in accordance with Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of Chongqing Iron & Steel Company Limited in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

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

Section X Financial Report (Continued)

III. KEY AUDIT MATTERS (CONTINUED)

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters:	How our audit addressed the matter:
<i>Recognition of Revenue</i>	The audit procedures include the following:
In 2024, the total revenue amounted to RMB27,244,169,261.07 in the consolidated financial statements, including the sales of steel products amounted to RMB25,584,899,914.05, which is 93.91% of the total revenue in the consolidated financial statements. The total revenue amounted to RMB27,286,800,239.92 in the company financial statements, including the sales of steel products amounted to RMB25,584,899,914.05, which is 93.76% of the total revenue in the company financial statements.	1) understood and tested the design and operation of the internal control of recognition of revenue;
	2) implemented analytical review procedures, and analyzed the fluctuation in revenue, unit sales price and gross margin;
	3) selected and inspected sales contracts with focus on the key items of transferring the rights of products, assessed whether the revenue recognition policy was complied with the related regulations from Accounting Standards for Business Enterprises;
In the light of the significance of revenue to the financial statements, and the price of steel products fluctuating obviously, we regarded the recognition of revenue as a key audit matter.	4) selected transaction samples of sales, checking sales orders, shipping orders, sales invoices and collection records;
Please refer to Note III.19, Note V.40 and Note XIV. 4 to the financial statements for disclosures on the recognition of revenue.	5) implemented cut-off tests to the sales transactions before and after balance sheet date;
	6) selected customers to sending confirmation for transaction amount, and balances of accounts receivable or contract liabilities;
	7) checked the disclosure in relation to revenue.

III. KEY AUDIT MATTERS (CONTINUED)

Key audit matters:	How our audit addressed the matter:
<i>Recognition of Deferred Tax Assets</i>	
<p>As at 31 December 2024, deferred tax assets of RMB676,275,218.36 were recognized in the consolidated financial statements for deductible temporary differences and deductible tax losses; deferred tax assets of RMB676,246,440.70 were recognized in the company financial statements for temporary differences and tax losses.</p> <p>The management recognized the deferred tax assets for deductible temporary differences and deductible tax losses to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered. Significant management assumptions are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits.</p> <p>The amount of recognized deferred tax assets is significant, and the management needs to apply significant estimation and assumptions, so we regarded the recognition of deferred tax assets as a key audit matter.</p> <p>Please refer to Note III.22 and Note V.16 to the financial statements for disclosures on the deferred tax assets.</p>	<p>The audit procedures including the following:</p> <ol style="list-style-type: none"> 1) obtained the tax settlement report, and checked the deductible tax losses listed in this report; 2) reviewed the profit forecast project approved by the management, compared the historical operating results, trend, and future operating, assessed the key data and assumption adopted in the prediction of future taxable income, reviewed the adjustment between predictable profit and future taxable income; 3) assessed the tax situation and relative assumption with tax experts' assistance; 4) checked the disclosures in relation to deferred tax assets.

III. KEY AUDIT MATTERS (CONTINUED)

Key audit matters:	How our audit addressed the matter:
<i>Impairment of non-current assets</i>	
<p>As at 31 December 2024, the book value of property, plant and equipment, intangible assets, construction in progress and right-of-use assets in the consolidated financial statements were RMB24,523,532,163.82, RMB2,470,417,724.58, RMB861,172,176.21 and RMB163,281,425.80, respectively; the book value of property, plant and equipment, intangible assets, construction in progress and right-of-use assets in the company financial statements were RMB23,658,825,519.25, RMB2,408,504,964.55, RMB833,407,008.82 and RMB163,281,425.80, respectively. Management management conducts impairment tests on the portions of such assets that show indicators of impairment according to the asset groups to which they belong. The recoverable amount of an asset group is determined as the higher of the net amount of the fair value of the asset group less the disposal expenses and the present value of the expected future cash flows of the asset group.</p> <p>Given that the balances of such non-current assets are significant, which have a major impact on the financial statements, and the impairment tests of non-current assets are relatively complex, involving significant accounting estimates and assumptions, we regarded the impairment of those non-current assets as a key audit matter.</p> <p>Please refer to Note III.16 and Note V.11, 12, 13 and 14 to the financial statements for disclosures on the impairment of non-current assets.</p>	<p>The audit procedures including the following:</p> <ol style="list-style-type: none"> 1) understood and tested the design and operation of the internal controls related to the assessment on impairment of non-current assets; 2) reviewed the management's judgment on the impairment indicators of those non-current assets and the division of relevant asset groups, and assessed whether the management has conducted impairment tests on the assets/asset groups with impairment indicators in accordance with the requirements of the Accounting Standards for Enterprises; 3) evaluated the competence, professional quality and objectivity of the third-party assessment experts engaged by the management; 4) analyzed and reviewed the models, key assumptions and calculations used by the management in the impairment test to predict the recoverable amount (the higher of the net amount of the fair value of the asset group less the disposal expenses and the present value of the expected future cash flows of the asset group) based on the specific situations of the relevant industry and the Company, and checked the relevant supporting evidence; 5) invited internal valuation experts to assist in evaluating the calculation method of the recoverable amount and the discount rate; 6) checked the disclosures in relation to the impairment of non-current assets.

IV. OTHER INFORMATION

The management of Chongqing Iron & Steel Company Limited is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

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

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

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designs, performs and maintains the internal control as the management determines is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Chongqing Iron & Steel Company Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate Chongqing Iron & Steel Company Limited's or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Chongqing Iron & Steel Company Limited's financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Chen Xiaoxiang
(*Engagement partner*)

Chinese Certified Public Accountant: Wang Dan

Beijing, the People's Republic of China
March 28, 2025

Consolidated Statement of Financial Position

31 December 2024 (Renminbi yuan)

Assets	Note V	31 December 2024	31 December 2023
Current assets			
Cash and bank balances	1	3,019,606,427.86	1,935,398,455.91
Including: Funds deposited to finance companies		927,845,862.51	601,483,019.17
Notes receivable	2	294,742,106.52	–
Trade receivables	3	16,605,149.32	30,630,026.22
Receivables financing	4	898,747,186.51	632,329,098.48
Prepayments	5	187,852,973.22	633,937,474.09
Other receivables	6	38,073,563.32	19,739,557.29
Inventories	7	1,706,277,340.05	2,621,656,663.14
Other current assets	8	125,476,498.63	178,296,028.42
Total current assets		6,287,381,245.43	6,051,987,303.55
Non-current assets			
Long-term equity investments	9	108,764,718.31	110,934,705.02
Other equity investments	10	60,364,499.70	60,364,499.70
Property, plant and equipment	11	24,523,532,163.82	26,159,118,216.83
Construction in progress	12	861,172,176.21	1,244,271,745.73
Right-of-use assets	13	163,281,425.80	310,328,158.14
Intangible assets	14	2,470,417,724.58	2,512,167,799.59
Goodwill	15	328,054,770.34	328,054,770.34
Deferred tax assets	16	676,275,218.36	579,070,890.11
Other non-current assets	17	–	736,593.65
Total non-current assets		29,191,862,697.12	31,305,047,379.11
Total assets		35,479,243,942.55	37,357,034,682.66

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position (Continued)

31 December 2024 (Renminbi yuan)

Liabilities and shareholders' equity	Note V	31 December 2024	31 December 2023
Current liabilities			
Short-term borrowings	19	919,368,395.79	450,330,519.49
Notes payable	20	1,933,510,510.45	1,938,301,405.71
Trade payables	21	4,960,412,820.44	3,886,777,138.43
Contract liabilities	22	1,812,205,815.86	1,893,130,130.08
Employee benefits payable	23	136,435,629.44	125,719,847.89
Taxes payable	24	16,332,462.83	28,300,986.53
Other payables	25	2,660,297,030.92	3,046,874,537.02
Non-current liabilities due within one year	26	4,253,092,856.67	2,252,746,756.99
Other current liabilities		235,586,756.06	241,402,787.45
Total current liabilities		16,927,242,278.46	13,863,584,109.59
Non-current liabilities			
Long-term borrowings	27	1,652,075,334.18	2,986,945,100.00
Lease liabilities	28	30,544,958.67	183,493,200.13
Long-term payables	29	27,491,726.81	307,779,167.09
Long-term employee benefits payable	30	118,872,475.11	64,993,865.63
Provision	31	3,135,452.93	4,226,982.76
Deferred income	32	107,051,670.39	85,732,350.43
Deferred tax liabilities	16	6,194,061.65	5,948,955.06
Total non-current liabilities		1,945,365,679.74	3,639,119,621.10
Total liabilities		18,872,607,958.20	17,502,703,730.69

Consolidated Statement of Financial Position (Continued)

31 December 2024 (Renminbi yuan)

Liabilities and shareholders' equity	Note V	31 December 2024	31 December 2023
Shareholders' equity			
Share capital	33	8,918,602,267.00	8,918,602,267.00
Capital reserves	34	19,282,146,606.55	19,282,146,606.55
Less: Treasury shares	35	69,760,540.41	–
Other comprehensive income	36	1,585,194.71	1,585,194.71
Special reserves	37	31,581,736.68	13,954,677.59
Surplus reserves	38	607,679,608.13	607,300,662.40
Retained profit/(accumulated loss)	39	(12,165,198,888.31)	(8,969,258,456.28)
Total shareholders' equity		16,606,635,984.35	19,854,330,951.97
Total liabilities and shareholders' equity		35,479,243,942.55	37,357,034,682.66

The financial statements have been signed by:

Legal Representative:
Wang Hu Xiang

Chief accountant:
Kuang Yun Long

Head of the accounting department:
Lei Xiao Dan

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

For the year ended 31 December 2024 (Renminbi yuan)

	Note V	2024	2023
Revenue	40	27,244,169,261.07	39,318,142,482.09
Less: Cost of sales	40	28,599,481,666.56	40,002,413,070.34
Taxes and surcharges	41	148,499,039.47	171,555,511.59
Distribution and selling expenses	42	56,787,974.15	75,803,809.64
General and administrative expenses	43	370,594,975.82	334,986,340.60
Research and development costs	44	41,783,693.19	31,948,556.02
Finance expenses	45	200,672,865.83	242,278,984.70
Including: Interest expenses		185,550,737.25	268,419,752.20
Interest income		22,389,740.43	47,286,994.74
Add: Other income	46	82,935,653.30	59,935,721.46
Investment income	47	5,490,956.31	7,380,890.39
Including: Income from investments in associates and joint ventures		5,062,810.57	6,611,137.98
Credit impairment losses	48	(3,528,987.74)	–
Impairment losses on assets	49	(1,233,901,418.16)	(303,326,699.55)
Gain on disposal of assets	50	2,556,283.20	12,625,015.26
Operating profit/(loss)		(3,320,098,467.04)	(1,764,228,863.24)
Add: Non-operating income	51	5,665,157.48	7,516,375.71
Less: Non-operating expenses	52	(22,792,239.71)	(12,453,853.76)
Total profit/(loss)		(3,291,641,069.85)	(1,744,258,633.77)
Less: Income tax expenses/(credit)	53	(96,079,583.55)	(249,841,735.24)
Net profit/(loss)		(3,195,561,486.30)	(1,494,416,898.53)
Breakdown by continuity of operations			
Net profit/(loss) from continuing operations		(3,195,561,486.30)	(1,494,416,898.53)
Breakdown by attributable interests			
Net profit/(loss) attributable to shareholders of the parent		(3,195,561,486.30)	(1,494,416,898.53)
Non-controlling interests		–	–

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

	Note V	2024	2023
Other comprehensive income after tax		—	250,038.88
Other comprehensive income after tax attributable to shareholders of the parent company	36	—	250,038.88
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity investments		—	250,038.88
Other comprehensive income after tax attributable to non-controlling interests		—	—
Total comprehensive income/(loss)		(3,195,561,486.30)	(1,494,166,859.65)
Including:			
Total comprehensive income attributable to shareholders of the parent		(3,195,561,486.30)	(1,494,166,859.65)
Total comprehensive income attributable to non-controlling interests		—	—
Earnings/(loss) per share:	54		
Basic earnings/(losses) per share		(0.36)	(0.17)
Diluted earnings/(losses) per share		(0.36)	(0.17)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024 (Renminbi yuan)

2024

	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses	Total shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,282,146,606.55	-	1,585,194.71	13,954,677.59	607,300,662.40	(8,969,258,456.28)	19,854,330,951.97
II. Changes in the current year								
(I) Total comprehensive income/(loss)	-	-	-	-	-	-	(3,195,561,486.30)	(3,195,561,486.30)
(II) Capital invested or reduced by shareholders								
1 Repurchase of shares	-	-	69,760,540.41	-	-	-	-	(69,760,540.4)
(III) Profit distribution								
1. Appropriation to surplus reserves	-	-	-	-	-	378,945.73	(378,945.73)	-
(IV) Special reserve								
1. Amount established during the year	-	-	-	-	60,951,736.63	-	-	60,951,736.63
2. Amount utilized during the year	-	-	-	-	(43,324,677.54)	-	-	(43,324,677.54)
III. Closing balance for the year	8,918,602,267.00	19,282,146,606.55	69,760,540.41	1,585,194.71	31,581,736.68	607,679,608.13	(12,165,198,888.31)	16,606,635,984.35

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

2023

	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses	Total shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,282,146,606.55	(2,664,805.29)	7,374,566.33	606,990,553.42	(7,470,531,487.65)	21,341,917,700.36
II. Changes in the current year							
(I) Total comprehensive income/(loss)	-	-	250,038.88	-	-	(1,494,416,898.53)	(1,494,166,859.65)
(II) Profit distribution							
1. Appropriation to surplus reserves	-	-	-	-	310,108.98	(310,108.98)	-
(III) Transfer within equity							
1. Transfer of other comprehensive income to retained earnings	-	-	3,999,961.12	-	-	(3,999,961.12)	-
(IV) Special reserve							
1. Amount established during the year	-	-	-	69,531,928.45	-	-	69,531,928.45
2. Amount utilized during the year	-	-	-	(62,951,817.19)	-	-	(62,951,817.19)
III. Closing balance for the year	8,918,602,267.00	19,282,146,606.55	1,585,194.71	13,954,677.59	607,300,662.40	(8,969,258,456.28)	19,854,330,951.97

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024 (Renminbi yuan)

	Note V	2024	2023
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		24,200,962,058.28	50,788,348,438.44
Receipts of taxes refunds		58,687,379.46	61,802,578.01
Other cash received relating to operating activities	55	114,904,580.65	224,194,735.92
Sub-total of cash inflows from operating activities		24,374,554,018.39	51,074,345,752.37
Cash paid for purchase of goods and services		21,437,528,872.33	48,169,812,475.25
Cash paid to and on behalf of employees		1,132,765,665.62	1,341,207,795.37
Cash paid for all types of taxes		215,742,253.05	393,321,914.51
Other cash paid relating to operating activities	55	278,653,867.62	147,965,016.03
Sub-total of cash outflows from operating activities		23,064,690,658.62	50,052,307,201.16
Net cash flows from operating activities	56	1,309,863,359.77	1,022,038,551.21
II. Cash flows from investing activities:			
Cash received from return on investments		7,232,797.28	7,496,137.74
Proceeds from disposal of items of property, plant and equipment		—	6,737,712.05
Net cash received from disposal of subsidiaries and other business units		—	1,073,144.51
Sub-total of cash inflows from investing activities		7,232,797.28	15,306,994.30
Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets		766,085,126.85	816,381,606.15
Cash paid for acquisition of investments		30,350,000.00	—
Sub-total of cash outflows from investing activities		796,435,126.85	816,381,606.15
Net cash flows used in investing activities		(789,202,329.57)	(801,074,611.85)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

	Note V	2024	2023
III. Cash flows from financing activities:			
Cash received from borrowings		2,446,701,461.70	2,450,118,019.46
Other cash received related to financing activities	55	34,247,786.00	—
Sub-total of cash inflows from financing activities		2,480,949,247.70	2,450,118,019.46
Cash repayments of borrowings		1,152,678,019.46	2,562,355,799.63
Cash paid for distribution of dividends or profits, and for interest expenses		154,962,406.10	247,796,655.21
Other cash paid relating to financing activities	55	713,393,254.54	1,967,097,860.10
Sub-total of cash outflows from financing activities		2,021,033,680.10	4,777,250,314.94
Net cash flows from/(used in) financing activities		459,915,567.60	(2,327,132,295.48)
IV. Effect of changes in exchange rate on cash and cash equivalents		—	—
V. Net increase/(decrease) in cash and cash equivalents		980,576,597.80	(2,106,168,356.12)
Add: Cash and cash equivalents at the beginning of the year		1,831,764,477.16	3,937,932,833.28
VI. Cash and cash equivalents at the end of the year	56	2,812,341,074.96	1,831,764,477.16

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position of the Parent Company

31 December 2024 (Renminbi yuan)

Assets	Note XIV	31 December 2024	31 December 2023
Current assets:			
Cash and bank balances		3,017,886,054.05	1,932,761,844.24
Including: Funds deposited to finance companies		927,845,862.51	601,483,019.17
Notes receivable		294,742,106.52	–
Trade receivables	1	15,949,222.83	82,672,548.13
Receivables financing		898,747,186.51	631,829,098.48
Prepayments		184,665,612.33	630,098,874.50
Other receivables	2	98,850,007.77	105,159,938.75
Inventories		1,705,250,410.38	2,608,142,027.73
Other current assets		105,830,771.84	158,929,714.60
Total current assets		6,321,921,372.23	6,149,594,046.43
Non-current assets:			
Long-term equity investments	3	1,101,052,712.99	1,103,222,699.70
Other equity investments		60,364,499.70	60,364,499.70
Property, plant and equipment		23,658,825,519.25	25,206,384,607.09
Construction in progress		833,407,008.82	1,240,904,345.23
Right-of-use assets		163,281,425.80	310,328,158.14
Intangible assets		2,408,504,964.55	2,448,410,130.65
Deferred tax assets		676,246,440.70	545,759,646.12
Other non-current assets		–	736,593.65
Total non-current assets		28,901,682,571.81	30,916,110,680.28
Total assets		35,223,603,944.04	37,065,704,726.71

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position of the Parent Company (Continued)

31 December 2024 (Renminbi yuan)

Liabilities and shareholders' equity	31 December 2024	31 December 2023
Current liabilities:		
Short-term borrowings	919,368,395.79	450,330,519.49
Notes payable	1,933,510,510.45	1,938,301,405.71
Trade payables	4,948,586,113.44	3,851,876,789.66
Contract liabilities	1,812,200,398.98	1,893,124,713.20
Employee benefits payable	134,763,630.69	124,602,850.64
Taxes payable	5,070,745.25	21,451,669.84
Other payables	2,637,790,673.61	3,014,378,772.11
Non-current liabilities due within one year	4,253,092,856.67	2,252,746,756.99
Other current liabilities	235,586,051.87	241,402,083.26
Total current liabilities	16,879,969,376.75	13,788,215,560.90
Non-current liabilities:		
Long-term borrowings	1,652,075,334.18	2,986,945,100.00
Lease liabilities	30,544,958.67	183,493,200.13
Long-term payables	27,491,726.81	307,779,167.09
Long-term employee benefits payable	117,545,748.96	64,780,458.09
Provision	3,135,452.93	4,226,982.76
Deferred income	107,051,670.39	85,732,350.43
Total non-current liabilities	1,937,844,891.94	3,632,957,258.50
Total liabilities	18,817,814,268.69	17,421,172,819.40

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position of the Parent Company (Continued)

31 December 2024 (Renminbi yuan)

Liabilities and shareholders' equity	31 December 2024	31 December 2023
Shareholders' equity:		
Share capital	8,918,602,267.00	8,918,602,267.00
Capital reserves	19,313,089,864.55	19,313,089,864.55
Less: Treasury shares	69,760,540.41	–
Other comprehensive income	1,585,194.71	1,585,194.71
Surplus reserves	577,012,986.42	577,012,986.42
Retained profit/(accumulated losses)	(12,334,740,096.92)	(9,165,758,405.37)
Total shareholders' equity	16,405,789,675.35	19,644,531,907.31
Total liabilities and shareholders' equity	35,223,603,944.04	37,065,704,726.71

The accompanying notes form an integral part of these financial statements.

Income Statement of the Parent Company

For the year ended 31 December 2024 (Renminbi yuan)

	Note XIV	2024	2023
Revenue	4	27,286,800,239.92	39,321,812,509.51
Less: Cost of sales	4	28,619,666,820.93	39,999,098,446.33
Taxes and surcharges		135,640,649.57	162,027,678.90
Distribution and selling expenses		56,787,974.15	75,803,809.64
General and administrative expenses		364,825,739.58	324,396,285.15
Research and development costs		37,983,877.15	29,432,637.79
Finance expenses		200,548,294.68	242,279,714.83
Including: Interest expenses		185,399,196.75	268,419,752.20
Interest income		22,350,908.94	47,274,596.05
Add: Other income		12,062,463.32	19,700,208.44
Investment income	5	5,490,956.31	7,380,890.39
Including: Income from investments in associates and joint ventures		5,062,810.57	6,611,137.98
Credit impairment losses		(3,405,976.60)	–
Impairment losses on assets		(1,204,928,543.17)	(301,117,341.53)
Gain on disposal of assets		2,556,283.20	12,625,015.26
Operating profit/(loss)		(3,316,877,933.08)	(1,772,637,290.57)
Add: Non-operating income		8,489,400.13	4,362,034.15
Less: Non-operating expenses		(8,920,046.82)	(3,561,249.87)
Total profit/(loss)		(3,299,468,486.13)	(1,764,714,006.55)
Less: Income tax expenses/(credit)		(130,486,794.58)	(253,810,331.43)
Net profit/(loss)		(3,168,981,691.55)	(1,510,903,675.12)
Including: Net profit/(loss) from continuing operations		(3,168,981,691.55)	(1,510,903,675.12)
Other comprehensive income after tax		–	250,038.88
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity investments		–	250,038.88
Total comprehensive income/(loss)		(3,168,981,691.55)	(1,510,653,636.24)

The accompanying notes form an integral part of these financial statements.

Statement of changes in Equity of the Parent Company

For the year ended 31 December 2024 (Renminbi yuan)

2024								
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses	Total shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,313,089,864.55		1,585,194.71	-	577,012,986.42	(9,165,758,405.37)	19,644,531,907.31
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	-	-	(3,168,981,691.55)	(3,168,981,691.55)
(II) Capital invested or reduced by shareholders								
1 Repurchase of shares	-	-	69,760,540.41	-	-	-	-	(69,760,540.41)
(III) Special reserve								
1. Amount established during the year	-	-		-	41,544,953.11	-	-	41,544,953.11
2. Amount utilized during the year	-	-		-	(41,544,953.11)	-	-	(41,544,953.11)
III. Closing balance for the year	8,918,602,267.00	19,313,089,864.55	69,760,540.41	1,585,194.71	-	577,012,986.42	(12,334,740,096.92)	16,405,789,675.35

The accompanying notes form an integral part of these financial statements.

Statement of changes in Equity of the Parent Company (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

	2023						
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Accumulated losses	Total shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,313,089,864.55	(2,664,805.29)	–	577,012,986.42	(7,650,854,769.13)	21,155,185,543.55
II. Changes in the current year							
(I) Total comprehensive income	–	–	250,038.88	–	–	(1,510,903,675.12)	(1,510,653,636.24)
(II) Transfer within equity							
1. Transfer of other comprehensive income to retained earnings	–	–	3,999,961.12	–	–	(3,999,961.12)	
(III) Special reserve							
1. Amount established during the year	–	–	–	58,746,722.97	–	–	58,746,722.97
2. Amount utilized during the year	–	–	–	(58,746,722.97)	–	–	(58,746,722.97)
III. Closing balance for the year	8,918,602,267.00	19,313,089,864.55	1,585,194.71	–	577,012,986.42	(9,165,758,405.37)	19,644,531,907.31

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows of the Parent Company

For the year ended 31 December 2024 (Renminbi yuan)

	2024	2023
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	24,308,783,491.12	50,775,383,942.34
Other cash received relating to operating activities	117,211,194.50	220,531,463.17
Sub-total of cash inflows from operating activities	24,425,994,685.62	50,995,915,405.51
Cash paid for purchase of goods and services	21,636,425,787.63	48,202,142,768.76
Cash paid to and on behalf of employees	1,087,010,040.67	1,300,255,047.39
Cash paid for all types of taxes	132,361,349.27	340,425,243.05
Other cash paid relating to operating activities	264,881,389.31	142,839,053.36
Sub-total of cash outflows from operating activities	23,120,678,566.88	49,985,662,112.56
Net cash flows from operating activities	1,305,316,118.74	1,010,253,292.95
II. Cash flows from investing activities:		
Cash received from return on investments	7,232,797.28	7,496,137.74
Proceeds from disposal of items of property, plant and equipment	—	6,737,712.05
Net cash received from disposal of subsidiaries and other business units	—	1,073,144.51
Sub-total of cash inflows from investing activities	7,232,797.28	15,306,994.30
Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets	760,621,647.96	806,358,450.78
Cash paid for investments	30,350,000.00	—
Sub-total of cash outflows from investing activities	790,971,647.96	806,358,450.78
Net cash flows used in investing activities	(783,738,850.68)	(791,051,456.48)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows of the Parent Company (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

	2024	2023
III. Cash flows from financing activities:		
Cash received from borrowings	2,446,701,461.70	2,450,118,019.46
Other cash received from financing activities	34,247,786.00	
Sub-total of cash inflows from financing activities	2,480,949,247.70	2,450,118,019.46
Cash repayments of borrowings	1,152,678,019.46	2,562,355,799.63
Cash paid for distribution of dividends or profits, and for interest expenses	154,962,406.10	247,796,655.21
Other cash paid relating to financing activities	713,393,254.54	1,967,097,860.10
Sub-total of cash outflows from financing activities	2,021,033,680.10	4,777,250,314.94
Net cash flows from/(used in) financing activities	459,915,567.60	(2,327,132,295.48)
IV. Effect of changes in exchange rate on cash and cash equivalents	—	—
V. Net increase/(decrease) in cash and cash equivalents	981,492,835.66	(2,107,930,459.01)
Add: Cash and cash equivalents at the beginning of the year	1,829,127,865.49	3,937,058,324.50
VI. Cash and cash equivalents at the end of the year	2,810,620,701.15	1,829,127,865.49

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements

For the year ended 31 December 2024 (Renminbi yuan)

I BASIC INFORMATION ON THE COMPANY

According to the approval of Ti Gai Sheng Zi [1997] No. 127 issued by the State Commission for Restructuring Economic Systems and the approval of Guo Zi Qi Fa [1997] No. 156 issued by the State-owned Assets Administration Bureau, Chongqing Iron & Steel Company Limited (the “Company”) was established as a limited liability company by Chongqing Iron & Steel (Group) Co., Ltd. (“CISG”) as the sole promoter. The Company was incorporated and registered with Chongqing Municipal Administration of Industry and Commerce on 11 August 1997, whose headquarter is located in Changshou Economic Development Zone of Chongqing. The Company holds the business license with unified social credit code of 91500000202852965T, with the registered capital of RMB8,918,602,000 and the sum of 8,918,602,000 shares with par value of RMB1 each, including 8,380,475,000 A shares without any restricted condition and 538,127,000 H shares. The Company’s shares were listed in the Stock Exchange of Hong Kong Ltd. and listed in Shanghai Stock Exchange on 17 October 1997 and 28 February 2007, respectively.

Pursuant to the reorganization plan, 2,096,981,600 shares of the Company held by CISG were transferred to Chongqing Changshou Iron and Steel Co., Ltd. (重慶長壽鋼鐵有限公司) (“Changshou Iron & Steel”) on 27 December 2017, and the share transfer procedures were completed with China Securities Depository and Clearing Corporation Limited. Subsequent to the completion of the share transfer, Changshou Iron & Steel holds 2,096,981,600 shares of the Company, with a shareholding percentage of 23.51%, and became the controlling shareholder of the Company. China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司) (“Baowu Group”) is the parent company of Changshou Iron & Steel. Baowu Group and its subsidiaries held 481,290,024 ordinary shares of the Company with a shareholding percentage of 5.40%. As at 31 December 2024, Baowu Group directly and indirectly held 2,578,271,624 ordinary shares of the Company, with a shareholding percentage of 28.91%.

The Company and its subsidiaries (collectively the “Group”) are mainly engaged in the production, processing and sale of steel plates, steel sections, wire rods, bar materials, billets and thin plates, and in the production and sale of coking and coal chemical products, pig iron & grain slag, steel slag, and steel scrap, domestic shipping agency, domestic cargo transport agency.

The financial statements were approved by the Board of Directors of the Company on 28 March 2025. In accordance with the Articles of Association of the Company, these financial statements will be proposed to the general meeting for review.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

II PREPARATION BASIS OF THE FINANCIAL STATEMENTS

1. Basis of preparation

These financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” promulgated by the Ministry of Finance of the People’s Republic of China (the “MOF”) and the specific accounting standards, interpretations and other relevant regulations subsequently announced and revised (collectively “CAS”). In addition, these financial statements have also presented financial information disclosure in accordance with “Rules for the Preparation of Information Disclosure by Companies with Publicly Issued Securities No. 15 – General Provisions for Financial Reporting”.

2. Going concern

The financial statements are presented on a going concern basis.

As at 31 December 2024, the Group’s current liabilities exceeded current assets by RMB10,639,861,033.03. The Board of Directors of the Company has considered the following sources of funds available to the Group:

- 1) The Group’s expected net cash inflows from operating activities in the next 12 months;
- 2) As at 31 December 2024, the facilities from banks and other financial institutions that have been obtained but not yet used by the Group are RMB11,476 million, of which RMB7,578 million needs to be renewed within the next 12 months at the end of the reporting period. The Board of Directors of the Company is of the opinion, based on past experience and good reputation, that the available facilities can be re-approved upon expiration.

After the assessment, the Board of Directors of the Company believes that the Group has sufficient resources to continue as a going concern for a foreseeable future period of not less than 12 months from the end of the reporting period, and therefore the financial statements have been prepared on a going concern basis.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Group has formulated specific accounting policies and accounting estimates according to the actual production and operation characteristics, which are mainly reflected in bad debt provision for receivables, inventory valuation method, inventory depreciation provision, depreciation of property, plant and equipment, amortization of intangible assets, revenue recognition and measurement, etc.

1. Statement of compliance

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

2. Accounting period

The accounting year of the Group is a calendar year, i.e., from 1 January to 31 December of each year.

3. Functional currency

The Group's functional and presentation currency is Renminbi ("RMB"). The currency unit is RMB yuan and all values are rounded to the nearest thousand, unless otherwise stated.

4. Determination method and selection basis of materiality criteria for disclosures in financial statements

Materiality Criteria	
Significant construction in progress	Investment budget \geq RMB500 million
Recovery or reversal amount of bad debt provision for significant receivables	Recovery or reversal amount \geq 0.5% of current assets
Actual write-off of significant receivables	Write-off amount \geq 0.5% of current assets

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. Business combination

Business combinations are classified into business combinations under common control and business combinations not under common control.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their book value in the financial statements of the ultimate controlling party at the combination date. The difference between the book value of the net assets obtained and the book value of the consideration paid for the combination or the aggregate face value of shares issued as consideration is adjusted to the equity premium in capital reserve. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Goodwill is initially recognized and measured at cost, being the excess of the cost of the combination over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the cost of the combination is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If after that reassessment, the cost of the combination is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognizes the remaining difference in profit or loss.

6. Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements based on the Company's own accounting policies or accounting period in preparing the consolidated financial statements. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. Consolidated financial statements (Continued)

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

If the control right is not lost, the change of minority shareholders' equity shall be regarded as equity transaction.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

8. Foreign currency transactions

The Group translates foreign currency transactions into its functional currency.

A foreign currency transaction is recorded in the functional currency on initial recognition, by applying the prevailing spot exchange rate on the date of transaction. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognized in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalized in accordance with the guidance for capitalization of borrowing costs. Non-monetary items denominated in foreign currencies measured at historical cost are translated at the exchange rates used at initial recognition without changing the amount of their functional currency. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined. The resulting exchange differences are recognized in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

Foreign currency cash flows are translated using the spot exchange rates prevailing on the dates of cash flows are used. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) *Recognition and derecognition*

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Recognition and derecognition (Continued)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., a previously recognized financial asset is removed from the Company's statement of financial position) when:

- (1) the rights to receive cash flows from the financial asset have expired; or
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full to a third party under a "pass-through" arrangement; and either has transferred substantially all the risks and rewards of the financial asset, or has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has waived the control of the financial asset.

A financial liability is derecognized if the liability has been satisfied, cancelled or expired. If an existing financial liability is replaced by another financial liability with substantially different terms by the same creditor, or the terms of the existing liability are substantially modified, such replacement or modification is treated as derecognition of the original liability and recognition of a new liability, with the difference recorded in profit or loss for the current period.

Financial assets purchased or sold in a conventional manner are recognized and derecognized at the date of the transaction. Buying and selling a financial asset in a conventional manner is the purchase or sale of a financial asset in accordance with the terms of a contract that provides for the delivery of the financial asset in accordance with a schedule generally determined by regulation or market practice. The transaction date refers to the date on which the Group commits to buy or sell financial assets.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(2) *Classification and measurement of financial assets*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at fair value through profit or loss, financial assets at amortized cost. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

Financial assets are measured at fair value on initial recognition, but trade receivables or bills receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Company does not consider the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, relevant transaction costs are included in their initial recognition amounts.

Subsequent measurement of financial assets depends on its classification:

Debt instrument investments measured at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met: the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income of such financial assets is recognized using the effective interest method. Gains and losses are recognized in current profit or loss when the asset is derecognized, modified or impaired.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(2) Classification and measurement of financial assets (Continued)

Debt investments at fair value through other comprehensive income

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognized using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognized in profit or loss. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Equity investments at FVOCI

The Group can elect to classify irrevocably its equity instrument investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (except the dividend income that is clearly recovered as part of the investment cost) is included in the current profit and loss, and the subsequent changes in the fair value are included in other comprehensive income, without the need for provision of impairment. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and reclassified into retained earnings for the period.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(3) *Classification and measurement of financial liabilities*

Except for financial liabilities arising from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, the Group's financial liabilities are classified at initial recognition as: financial liabilities measured at amortized cost, and the relevant transaction costs are included in the initial recognition amount. Subsequent measurement of financial liabilities depends on their classification: financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

(4) *Impairment of financial instruments*

Method of determining and accounting for expected credit losses ("ECLs")

Based on expected credit losses, the Group undertakes impairment treatment and confirms loss provisions for financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income and financial guarantee contracts.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(4) *Impairment of financial instruments (Continued)*

Method of determining and accounting for expected credit losses (Continued)

For trade receivables that do not contain a significant financing component, the Group applies the simplified approach to recognize a loss allowance based on lifetime ECLs.

For financial assets other than above measured by the simplified approach, the Company evaluates at each balance sheet date whether the credit risk has significant increased since initial recognition. If the credit risk has not significantly increased since initial recognition (stage one), the Company shall measure loss provisions based on the amount of expected credit losses for the next 12 months and calculate interest income according to the book value and effective interest rate; if the credit risk has significantly increased since initial recognition yet no credit impairment has occurred (stage two), the Company shall measure loss provisions based on the amount of expected credit losses for the entire lifetime and calculate interest income according to the book value and effective interest rate; the credit impairment has occurred after initial recognition (stage three), the Company shall measure loss provisions based on the amount of expected credit losses for the entire lifetime and calculate interest income at the amortized cost and effective interest rate. At the balance sheet date, if the Group only has financial instruments with lower credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since initial recognition.

The disclosure of the criteria for judging significant increase in credit risk, the definition of credit-impaired assets, and the assumption of ECLs measurement, please refer to VIII.1.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance date.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(4) *Impairment of financial instruments (Continued)*

Combination classification and recognition basis for provision of impairment based on combination of credit risk characteristics

The Group has considered the credit risk characteristics of different customers, assessed the expected credit losses of accounts receivable and other receivables on the basis of common risk characteristics and aging combination.

Calculation method for aging of recognition basis of combination of credit risk characteristics

The Group determined the aging according to the billing date.

Write-off of provision of impairment

The Group directly reduces the carrying amount of financial assets when the Group no longer reasonably expects that the contractual cash flow of such financial assets may be fully or partially recoverable.

(5) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(6) *Transfer of financial assets*

A financial asset is derecognized when the Group has transferred substantially all the risks and rewards of the financial asset to the transferee. A financial asset is not derecognized when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognizes the financial asset and recognizes the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognize the financial asset to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability.

10. Inventories

Inventories include hold-for-sale stock goods in the ordinary course of business, working in progress in the process of production, raw materials to be consumed in the production process or in the rendering of services, lower valued consumables and repaired spare parts, etc.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of processing and other expenditures. The actual cost of inventories upon delivery is calculated using the weighted-average method. Turnover materials include low value consumables and packing materials, which are on the amortization in stages/immediate write-off basis.

The perpetual inventory system is maintained for the stock system.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made and recognized in profit or loss. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Provision for decline in value of inventories can be determined on an individual basis.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and associates.

Long-term equity investments are initially measured at initial investment cost upon acquisition. For a long-term equity investment obtained through a business combination under common control, the initial investment cost shall be the share of the book value of the owner's equity of the merged party obtained in the consolidated financial statements of the ultimate controlling party on the combination date; The difference between the initial investment cost and the book value of the merger consideration shall be adjusted to the capital reserve (if it is insufficient to offset, the retained earnings shall be offset); For a long-term equity investment acquired through a business combination not under common control, the combination cost shall be taken as the initial investment cost (if a business combination not under common control is achieved step by step through multiple transactions, the sum of the book value of the equity investment held by the acquiree before the acquisition date and the newly increased investment cost on the acquisition date shall be taken as the initial investment cost). For a long-term equity investment other than a long-term equity investment formed by a business combination, the initial investment cost shall be determined according to the following methods: for a long-term equity investment obtained by paying cash, the actual purchase price paid and the expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment shall be regarded as the initial investment cost; For those obtained by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

The long-term equity investment that the company can control the investee is accounted by cost method in individual financial statements of the company. Control is the power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the number of the investor's returns.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognized as investment income in profit or loss.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost of a long-term equity investment is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

The Group recognizes its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits and losses based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates, attributable to the investing entity according to its share ratio (except assets that constitute a business). Meanwhile, book value of long-term equity investment is adjusted. The Group recognizes its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealized profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (except for assets that constitute a business) (However, any loss arising from such transactions which are attributable to an impairment loss shall be recognized at its entirety).

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. Property, plant and equipment (“PPE”)

PPE are recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for PPE that meet the recognition criteria shall be included in the cost of the PPE, and the carrying amount of the component of the PPE that are replaced shall be derecognized. Otherwise, such expenditures are recognized in profit or loss or the cost of relevant assets by beneficial owner as incurred.

PPE are initially measured at cost. The cost of a purchased PPE comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use.

Depreciation of PPE is calculated using the straight-line method. The estimated useful lives, percentage of estimated residual value and annual depreciation rates of each category of the PPE are as follows:

	Estimated Useful life (years)	Percentage of estimated residual value	Annual depreciation rate
Plant and buildings	25 to 50 years	3%-5%	1.90%-3.88%
Machinery and other equipment	5 to 22 years	3%-5%	4.32%-19.40%
Transportation vehicles–	6 to 8 years	3%-5%	11.88%-16.17%

Where parts of PPE have different useful lives or provide benefits to the Group in different patterns, different depreciation rates and methods are applied.

The Group reviews the estimated useful life and net residual value of PPE and the depreciation method applied at least at each year end, and makes adjustments if necessary.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

13. Construction in progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period, borrowing costs that shall be capitalized before the construction is ready for its intended use, and other relevant expenditures.

Construction in progress is transferred to PPE when the asset is ready for its intended use:

Criteria for carrying forward PPE	
Plant and buildings	Actual start of use or completion of acceptance of physical handover
Machinery and other equipment	Complete thermal load test run or complete acceptance physical handover
Transportation vehicles	Completion of acceptance physical handover

14. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred.

The capitalization of borrowing costs commences only when the expenditures for the asset and the borrowing costs have been incurred, and the activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized in profit or loss.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Borrowing costs (Continued)

During the capitalization period, the amount of interest eligible for capitalization for each accounting period shall be determined as follows: where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalization is the actual interest costs incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; where funds are borrowed generally for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalization is determined by applying a weighted average interest rate on the general borrowings to the weighted average of the excess of the cumulative expenditures on the asset over the expenditures on the asset funded by the specific borrowings.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognized as an expense in profit or loss until the acquisition, construction or production is resumed.

15. Intangible assets

(1) Useful life of intangible assets

Intangible assets are amortized on a straight-line basis over their useful lives as follows:

	Useful life	Recognition basis
land use right	50 years	Term of land use right
Patent and non-patented technologies	3-4 years	Shorter of patent term or expected useful life
Software	5-10 years	Expected useful life

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Intangible assets (Continued)

(2) *Research and development expenditures*

The Group classifies the expenditures on an internal research and development project into expenditure during the research phase and expenditure during the development phase. Expenditure on the research phase is recognized in profit or loss as incurred. Expenditure during the development phase is capitalized only when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable economic benefits (among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognized in profit or loss when incurred.

16. Impairment of assets

Except for inventories, deferred tax assets and financial assets, the Group determines the impairment of assets according to the following method: The Group assesses whether an indication of impairment exists at the end of each reporting period, and performed impairment test on estimation of the asset's recoverable amount if such indications exist. Goodwill arising from a business combination is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Group estimates its recoverable amount on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

For the purpose of impairment testing, goodwill is reasonably allocated, upon the acquisition date, to each of the related asset groups or sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or a set of asset groups that is expected to benefit from the synergies of the business combination and shall not be larger than an operating segment determined by the Group.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. Impairment of assets (continued)

When comparing the book amount and recoverable amount of an asset group or combination of asset groups that contain goodwill, if the book value of the asset group or sets of assets groups is higher than its recoverable amount, the impairment loss is firstly allocated to reduce the book value of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the book value of each asset (other than goodwill) in the group.

Once the above impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

17. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, and termination benefits.

(1) *Short-term employee benefits*

During an accounting period when employees render services to the entity, the amount of short-term employee benefits actually incurred should be recognized as a liability and be recognized in profit or loss for the current period or in cost of related assets.

(2) *Post-employment benefits (defined contribution plan)*

The employees of the Group participate in pension insurance and unemployment insurance managed by the local government, as well as enterprise annuity, and corresponding expenditures are included in relevant asset costs or current profits and losses when incurred.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Employee benefits (Continued)

(3) *Post-employment benefits (defined benefit plan)*

The Group operates a defined benefit pension plan, which includes providing retirees of the Group with living allowance monthly, and the amount of benefit allowance is based on the period the employee serves the Group and the related allowance policy. No capital has been injected into the plan. The benefits cost under the defined benefit plan is calculated using the projected accumulative benefit unit method. The items to be remeasured as a result of the defined benefit pension plan, which include actuarial gains or losses, are immediately recognized in the statements of financial position, and are included in shareholders' equity through other comprehensive income during the period in which they are incurred. They will not be reversed to profit or loss in subsequent periods. Past service costs are recognized in profit or loss at the earlier of the date of the plan amendment and the date that the Group recognizes restructuring-related costs or termination benefits. The net interest is calculated by the discount rate of the net liabilities or net assets of the defined benefit plan. The Group recognizes changes in net liabilities of the defined benefit plan under administrative expenses in the income statement. Service costs include current service costs, past service costs and gains or losses on settlement; net interest includes interest expenses on plan obligations.

(4) *Termination benefits*

The Company provides termination benefits to employees and recognizes an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Company can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Company recognize costs involving the payment of termination benefits.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

18. Provisions

Except for contingent consideration and contingent liabilities assumed in a business combination not involving enterprises under common control, obligations related to contingencies are present obligations assumed by the Group, the performance of which is likely to result in an outflow of economic benefits from the Group, and the relevant amounts can be measured reliably, the Group recognizes them as estimated liabilities.

Provisions are initially measured in accordance with the best estimate of the expenditure required to fulfil the relevant present obligation, taking into account factors such as risks, uncertainties and time value of money related to contingencies. The carrying amount of the provision is reviewed at the balance sheet date and appropriately adjusted to reflect the current best estimate.

19. Revenue from contracts with customers

Revenue is recognized when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. Acquiring control over the relevant goods or services refers to the ability to dominate the use of the goods or the provision of services and to derive almost all the economic benefits therefrom.

(1) *Contracts for the sale of goods*

Contracts for the sale of goods between the Group and customers generally include commitments to transfer steel products, transportation services, etc. The specific commitments vary depending on the agreement with the customer, because the customer can benefit from the above goods or services separately or together with other readily available resources, and there is no significant integration, significant modification or customization or high correlation between the above goods or services. The Group regards them as distinct goods and constitutes separate performance obligations.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue from contracts with customers (Continued)

(1) *Contracts for the sale of goods (Continued)*

The amount of consideration to which the Group expects to be entitled as a result of the transfer of goods to a customer is determined as the transaction price in accordance with the terms of the contract and in combination with past business practices. Some contracts of the Group stipulate that when customers purchase more than a certain quantity of goods, they can enjoy a certain discount, which directly offsets the amount payable by customers when purchasing goods in the current period. The Group makes the best estimate of the discount based on the most likely amount, and the transaction price after the estimated discount is included in the transaction price to the extent that the cumulative recognized revenue is highly unlikely to be significantly reversed when the relevant uncertainty is eliminated, and re-estimates it at each balance sheet date.

The Group satisfies its performance obligations by delivering steel products and other commodities to customers, and recognizes revenue at the time of transfer of control of the commodities on the basis of comprehensive consideration of the following factors: current collection rights of the commodities, transfer of major risks and rewards of ownership of the commodities, transfer of legal ownership of the commodities, transfer of physical assets of the commodities, and acceptance of the commodities by customers. Contracts for the sale of steel products between the Group and its customers generally include performance obligations for transportation services, which the Group recognizes as performance obligations over a period of time and revenue in accordance with the progress of performance.

For the mineral trading business, the Group considers the legal form of the contract and the relevant facts and circumstances (the primary responsibility for the transfer of the goods to the customer, the inventory risk assumed before or after the transfer of the goods, whether it has the right to determine the price of the traded goods on its own), and believes that the Group can direct the use of the goods and obtain almost all the economic benefits therefrom before the transfer of the goods to the customer, and has control of the goods. It is therefore the principal and recognizes revenue based on the total consideration received or receivable when the goods are delivered to the customer for acceptance.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue from contracts with customers (Continued)

(2) Sales of energy media contracts

The Group performs its performance obligations by delivering gas, electricity and other energy media to customers. Revenue is recognized at the time when the energy media passes through the valves and ports. The revenue is measured according to the measurement data of the metering device agreed in the contract and the transaction price.

For the business of transferring energy medium such as electricity, the Group considers the legal form of the contract and relevant facts and circumstances (the main responsibility for transferring the goods to the customer, the inventory risk assumed before or after the transfer of the goods, whether it has the right to determine the price of the transaction goods independently, etc.), and believes that the Group has not obtained control of the goods before transferring the goods to the customer. It is essentially an agency sales business (that is, assisting upstream suppliers to find downstream customers to facilitate transactions and collect agency fees); The Group, as an agent, recognizes revenue at the point in time when the energy medium passes through the valve in accordance with the agency fee to which it is expected to be entitled, the amount of which is determined on the basis of the net amount of the total consideration received or receivable after deducting the amount payable to other related parties.

(3) Royalty income

According to relevant contracts or agreements, the Group transfers the right to use the name of the trademark to the customer, settles the accounts according to the actual quantity of steel sold by the customer and recognizes the royalty income.

20. Contract liabilities

The Group presents its contract liabilities depending on the relationship between the satisfaction of its performance obligations and customer's payment in the statements of financial position.

An obligation to transfer goods or services to a customer for which the Company has received consideration or has the right to receive consideration unconditionally prior to the transfer of the goods or services to the customer is recognized as a contract liability.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value cannot be reliably determined, it is measured at a nominal amount.

The government documents stipulate that the long-term assets used for acquisition and construction or formed in other ways are regarded as the government grants related to assets; if the government documents are not clear, it shall judge on the basis of the basic conditions necessary for obtaining the grants, and the government grants related to assets are regarded as the government grants based on the long-term assets formed by acquisition and construction or other ways. In addition, other government grants are those related to income.

Government grants related to income shall be accounted for accordingly as follows: those to be used as compensation for future expenses or losses shall be recognized as deferred income and recorded in profit or loss over the period when the related expenses or losses are recognized; those to be used as compensation for related expenses or losses already incurred shall be recognized directly in profit or loss.

A government grant relating to an asset is recognized as deferred income and included in profit or loss over different accounting periods within the useful life of the related asset on a reasonable and systematic basis (however, a government grant measured at a nominal amount is recognized directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Deferred tax

For temporary differences between the carrying amounts of assets or liabilities and their tax base at the balance sheet date, and between the carrying amounts of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax is provided using the balance sheet liability method.

Deferred tax liabilities are recognized for taxable temporary differences except:

- (1) Taxable temporary differences arise from the following transactions: initial recognition of goodwill, or initial recognition of assets or liabilities arising from a single transaction with the following characteristics: the transaction is not a business combination, it does not affect accounting profits or taxable income or deductible losses at the time of the transaction, and the initially recognized assets and liabilities do not result in taxable temporary differences and deductible temporary differences of the same amount;
- (2) For taxable temporary differences related to investments in subsidiaries and associates, the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets for deductible temporary differences, deductible losses and tax credits are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except:

- (1) The deductible temporary difference is generated in the following individual transactions: the transaction is not a business combination, it does not affect accounting profit or taxable income or deductible loss at the time of the transaction, and the initially recognized assets and liabilities do not lead to taxable temporary difference and deductible temporary difference of the same amount;
- (2) For deductible temporary differences related to investments in subsidiaries and associates, it is probable that the temporary differences will be reversed in the foreseeable future and taxable income will be available to offset the temporary differences in the future.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Deferred tax (Continued)

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefit of deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered.

23. Leases

At inception of a contract, the Company assesses whether the contract is a lease contract or contains lease. If a party of the contract conveys the right to control the use of an identified asset or identified assets for a period of time in exchange for consideration, the contract shall be a lease contract or contains lease.

(1) *As lessee*

The Group recognizes the use right assets and lease liabilities for lease except for the short-term lease.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Leases (Continued)

(1) As lessee (Continued)

At the commencement date of the lease, the Group recognizes a right-of-use asset. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

At the commencement date of the lease period, the Group recognizes the present value of outstanding lease payments as a lease liability, excluding short-term leases and leases of low-value assets. Lease payments include fixed payments and in-substance fixed lease payments after deduction of lease incentives, variable lease payments depending on indexes or ratios, payments expected to be made based on residual value guarantee, and also include the exercise price of the purchase option or payments to exercise the option to terminate the lease (provided that the Group is reasonably certain that the option will be exercised or that the lease period reflects that the Group will exercise the option to terminate the lease). Variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss as incurred, except those in the costs of the related asset as required. In addition, the Group remeasures the lease liability at the present value of revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

The Group shall, on the commencement date of the lease term, regard any lease for a period not exceeding 12 months and without a purchase option as a short-term lease; The Group's short-term lease option does not recognize the right-of-use assets and lease liabilities. The related asset costs or current profit or loss should be recorded based on a straight-line basis over the lease term.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Leases (Continued)

(2) *As lessor*

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

Rent income under an operating lease is recognized on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. Initial direct expenses are capitalized and are apportioned on the same basis as rental income recognition during the lease term and booked into current profit and loss in stages.

24. Repurchase of share

The considerations and transaction costs occurred in repurchasing own equity instruments are deducted from equity. The repurchase of these instruments is treated as change in equity.

25. Safety production funds

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserves. When using, it is necessary to distinguish whether property, plant and equipment are formed and deal with them separately: if it belongs to expense expenditure, special reserves shall be directly offset; when the expenditures incurred relate to property, plant and equipment, they shall be recognized in the cost of property, plant and equipment, which will be recognized when it is ready for use. The same amount as the expenditure will be offset against the special reserves and recorded as accumulated depreciation equivalent at the same time.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

26. Fair value measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 inputs – inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; Level 3 inputs – unobservable inputs for the asset or liability.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at each balance sheet date.

27. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the book value of the assets or liabilities affected in the future.

(1) Judgements

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of individual performance obligations

Usually, the Group includes two promises to transfer goods or services in contracts with customers for steel selling business, including transferring steel products, transportation services and other goods or services in the contract signed with the customer. Since customers can benefit from each of the two promised goods or services either on its own or together with other readily available resources, and the Group's promise to transfer each of the above goods or services can be separately identifiable from other promises within the context of the contract. The two promises to transfer goods or services constitute separate performance obligations.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(1) Judgements (Continued)

Business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise evaluation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contractual cash flows, the Company is required to analyze and exercise judgement in respect of the reasons, timing, frequency and values of any disposals prior to maturity of the financial assets.

Characteristics of contractual cash flows

The classification of financial assets at initial recognition is dependent on the financial asset's contractual cash flow characteristics. Judgement is required to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, including when assessing the modification of the time value of money, the judgement on whether there is any significant difference from the benchmark cash flow, and whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

(2) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the book value of assets and liabilities within the future accounting periods, are described below.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(2) *Estimation uncertainty (Continued)*

Impairment of financial instruments

The Company adopts the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgements and estimates and consideration of all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Company infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the impairment provision, and the amount of impairment provision made may not equal to the actual amount of impairment loss in the future.

Impairment of non-current assets other than financial assets (excluding goodwill)

At the balance sheet date, the Group judges whether there is any sign of possible impairment for non-current assets other than financial assets. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the book value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the expected future cash flows of the asset or asset group. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Please refer to Notes V. 11.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(2) *Estimation uncertainty (Continued)*

Impairment of goodwill

The Group tests goodwill for impairment at least annually. This requires an estimate of the present value of the future cash flows of the asset group or group of asset groups to which goodwill has been allocated. When estimating the present value of future cash flows, the Group needs to estimate the future cash flows generated by the asset group or combination of asset groups, and select an appropriate discount rate to determine the present value of future cash flows. See Note V.15 for details.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable profit will be available against which the losses can be utilized. Significant management assumptions is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Net realizable values of inventories

At the end of reporting period, inventories are measured at the lower of cost and net realizable value and the provision for inventory write-down is made on the difference between the cost and the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

III SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(2) *Estimation uncertainty (Continued)*

Variable consideration involving sales discounts

For contract with similar characteristics, the Group will reasonably estimate the discount rate based on historical sales data, current sales situation, customer changes, market changes and other relevant information. The estimated discount rate may not be equal to the actual discount rate in the future. The Group will reassess the discount rate at least at each balance sheet date and determine the accounting treatment based on the reassessed discount rate.

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

IV TAXES

1. Major categories of taxes and tax rates

Tax type	Tax basis	Tax rate
Value-added tax ("VAT")	Difference between sales amount and output tax calculated at applicable tax rate after deducting input tax allowed to be deducted	Output tax is calculated at the tax rate of 13% on the taxable income from the sale of steel products and other products Other tax rates: 6%, 9%
Property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12%	1.2%、12%
City maintenance and construction tax	Actual turnover tax paid	7%
Education surcharges	Actual turnover tax paid	3%
Local education surcharges	Actual turnover tax paid	2%
Corporate income tax ("CIT")	Taxable income	15%
Environmental protection tax	The actual air pollutant emissions	RMB3.0-3.5 per pollution equivalent

The applicable CIT rates of the Company and its subsidiaries are analyzed as follows:

Name of subject of taxation	Income tax rate
The company	15%
Chongqing Iron and Steel Energy and Environmental Protection Co., Ltd. ("Chongqing Iron and Steel Energy")	15%
Chongqing Xingang Changlong Logistics Co., Ltd. ("Xingang Changlong")	15%

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

IV TAXES (CONTINUED)

2. Preferential taxation

Pursuant to the requirement of the Announcement on the Continuation of the Corporate Income Tax Policy for the Western Development promulgated by the MOF, the State Administration of Taxation and the National Development and Reform Commission, enterprises located in the western region that fall into the Catalogue of Encouraged Industries are subject to a reduced Corporate Income Tax rate of 15% from 1 January 2021 to 31 December 2030. The Company and its subsidiaries Chongqing Iron and Steel Energy and The Company and its subsidiaries Chongqing Iron and Steel Energy and Xingang Changlong have qualified for the requirement of the policy. Thus the Company and its subsidiaries Chongqing Iron and Steel Energy and Xingang Changlong implement tax rates of 15% for the current year.

In January 2014, Chongqing Iron and Steel Energy obtained the [Comprehensive Certificate 2014 No. 016] Certificate of Comprehensive Utilization of Resources. According to the Notice on Issues Concerning the Implementation of the Catalogue of Enterprise Income Tax Preferences for Comprehensive Utilization of Resources (Cai Shui [2008] No.47) issued by the Ministry of Finance and the State Administration of Taxation, revenue shall be reduced to be 90% of the total revenue when calculating taxable income.

According to the Announcement on Improving the Value-Added Tax Policy for Comprehensive Utilization of Resources (Cai Shui [2021] No.40) issued by the Ministry of Finance and the State Administration of Taxation, Chongqing Iron and Steel Energy enjoys the policy of levy and refund of value-added tax on the use of waste heat generated in industrial production

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	2024	2023
Cash at banks	1,884,604,705.04	1,230,281,457.99
Other cash and bank balances	207,155,860.31	103,633,978.75
Deposits with finance companies	927,845,862.51	601,483,019.17
Total	3,019,606,427.86	1,935,398,455.91
Including: Total amount deposited overseas	—	—

As at 31 December 2024, the Group's other cash and bank balances included deposits for bank acceptance bills of RMB29,491,919.38, deposits for letters of credit of RMB20,671,426.00, frozen deposits involved in litigation of RMB126,752,007.52 and deposits in securities account of RMB30,240,507.41. Refer to Note V.18 for details of restricted monetary funds.

2. Notes receivable

(1) Classification of notes receivable

	2024	2023
Bank acceptance bills	294,542,106.52	—
Commercial acceptance bills	200,000.00	—
	294,742,106.52	—
Less: Bad debt provision	—	—
Total	294,742,106.52	—

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Notes receivable (Continued)

(2) *Notes receivable endorsed or discounted which were not yet due at the balance sheet date*

	2024	
	Derecognized	Not derecognized
Bank acceptance bills	3,463,065,047.85	288,472,618.00

Please refer to Note V.18 for restricted notes receivable at the year end.

3. Trade receivables

(1) *Disclosed by aging:*

	2024	2023
Within 1 year	16,139,430.64	27,820,943.29
1 to 2 years	72,070.77	701,272.85
2 to 3 years	6,455.39	425,944.30
3 to 4 years	316,540.30	1,748,247.49
4 to 5 years	1,743,357.04	68,839.67
Over 5 years	595,833.77	973,541.75
	18,873,687.91	31,738,789.35
Less: Bad debt provision	2,268,538.59	1,108,763.13
Total	16,605,149.32	30,630,026.22

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables (Continued)

(2) Disclosed by method of determining bad debt provision

	2024						2023			
	Book value		Bad debt provision		Carrying amount	Book value		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
		(%)		(%)		(%)		(%)		(%)
Bad debt provision based on credit risk characteristics	18,873,687.91	100.00	2,268,538.59	12.02	16,605,149.32	31,738,789.35	100.00	1,108,763.13	3.49	30,630,026.22

As at 31 December 2024 and 2023, the Group had no accounts receivable for which bad debt provision was individually assessed.

Accounts receivable for which bad debt provision is made in combination are as follows:

	2024			2023		
	Book value	Provision for impairment	Provision ratio (%)	Book value	Provision for impairment	Provision ratio (%)
Within 1 year	16,139,430.64	—	—	27,820,943.29	—	—
1 to 2 years	72,070.77	—	—	701,272.85	—	—
2 to 3 years	6,455.39	—	—	425,944.30	—	—
3 to 4 years	316,540.30	191,851.14	60.61	1,748,247.49	66,381.71	3.80
4 to 5 years	1,743,357.04	1,480,853.68	84.94	68,839.67	68,839.67	100.00
Over 5 years	595,833.77	595,833.77	100.00	973,541.75	973,541.75	100.00
Total	18,873,687.91	2,268,538.59		31,738,789.35	1,108,763.13	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables (Continued)

(3) Bad debt provision

The movements of bad debt provision for accounts receivable are as follows:

	Opening balance	Provision for the year	Recovered or reversed in the current year	Write-off in current year	Closing balance
2024	1,108,763.13	1,621,783.44	(122,105.10)	(339,902.88)	2,268,538.59
2023	1,108,763.13	–	–	–	1,108,763.13

(4) The top 5 largest accounts receivable at the end of 2024 collected by arrears are summarized as follows:

	Closing balance	Proportion in total closing balance of trade receivables (%)
Summary	17,661,674.41	93.58

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Receivables financing

(1) Classification of notes receivable

	2024	2023
Bank acceptance bills	898,747,186.51	632,129,098.48
Commercial acceptance bills	—	200,000.00
Total	898,747,186.51	632,329,098.48

(2) Pledged notes receivable

	2024	2023
Bank acceptance bill	—	90,000,000.00

Please refer to Note V.18 for restricted bills receivable at the year end.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments

(1) Aging analysis of prepayments

	2024		2023	
	Book value	%	Book value	%
Within 1 year	182,714,456.60	96.23	625,014,617.45	98.59
1 to 2 years	612,270.62	0.32	4,156,342.00	0.66
2 to 3 years	2,636,320.75	1.39	2,275,984.49	0.36
Over 3 years	3,919,234.65	2.06	2,490,530.15	0.39
	189,882,282.62	100.00	633,937,474.09	100.00
Less: Bad debts provision for prepayments	2,029,309.40		—	
Total	187,852,973.22		633,937,474.09	

(2) The five largest prepayments at the end of the year

	Closing balance	Proportion in total ending balance of prepayments (%)
Summary	137,605,563.39	72.47

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables

	2024	2023
Dividends receivable	428,145.74	–
Other receivables	37,645,417.58	19,739,557.29
Total	38,073,563.32	19,739,557.29

Dividends receivable

	2024	2023
Baowu Water Technology Limited ("Baowu Water")	428,145.74	–

(1) Disclosed by ageing:

	2024	2023
Within 1 year	33,403,999.79	13,639,052.47
1 to 2 years	493,026.85	1,521,885.88
2 to 3 years	931,980.17	4,474,693.55
3 to 4 years	2,819,311.04	684,805.01
4 to 5 years	649,301.61	–
Over 5 years	716,308.24	787,630.50
	39,013,927.70	21,108,067.41
Less: bad debt provision	1,368,510.12	1,368,510.12
Total	37,645,417.58	19,739,557.29

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(2) Classified by nature

	2024	2023
Guarantee deposits, staff advances, etc.	20,181,082.91	9,726,233.89
Government grants receivable	13,611,773.81	2,110,681.66
Transactional intercourse	4,037,696.05	8,545,914.03
Other	1,183,374.93	725,237.83
Total	39,013,927.70	21,108,067.41

(3) Provision for bad debts

2024

	Book value		Bad debt provision		Carrying
	Amount	Percentage (%)	Amount	Provision ratio (%)	amount
Provision for bad debts based on credit risk characteristics	39,013,927.70	100.00	1,368,510.12	3.51	37,645,417.58

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(3) Provision for bad debts (Continued)

2023

	Book value		Bad debt provision		Carrying amount
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Provision for bad debts based on credit risk characteristics	21,108,067.41	100.00	1,368,510.12	6.48	19,739,557.29

As at 31 December 2024 and at 31 December 2023, the Group had no other receivables for which bad debt provision was individually assessed.

Other receivables for which Bad debt provision is made in combination are as follows:

	2024			2023		
	Book value	Provision for impairment	Provision ratio (%)	Book value	Provision for impairment	Provision ratio (%)
Within 1 year	33,403,999.79	—	—	13,639,052.47	—	—
1 to 2 years	493,026.85	—	—	1,521,885.88	—	—
2 to 3 years	931,980.17	—	—	4,474,693.55	635,113.33	14.19
3 to 4 years	2,819,311.04	635,113.33	22.53	684,805.01	122,856.05	17.94
4 to 5 years	649,301.61	122,856.05	18.92	—	—	—
Over 5 years	716,308.24	610,540.74	85.23	787,630.50	610,540.74	77.52
Total	39,013,927.70	1,368,510.12		21,108,067.41	1,368,510.12	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(3) Provision for bad debts (Continued)

Changes in bad debt provision for other receivables based on expected credit losses for the next 12 months and lifetime are as follows:

2024

	Phase 1 Expectations for the next 12 months Credit losses	Phase 2 Lifetime ECLs (No credit impairment occurred)	Phase 3 Lifetime ECLs (Credit impairment incurred)	Total
Opening balance	–	431,284.32	937,225.80	1,368,510.12
Write-off in current year	–	–	–	–
Closing balance	–	431,284.32	937,225.80	1,368,510.12

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(3) Provision for bad debts (Continued)

2023

	Phase 1 Expectations for the next 12 months Credit losses	Phase 2 Lifetime ECLs (No credit impairment occurred)	Phase 3 Lifetime ECLs (Credit impairment incurred)	Total
Opening balance	–	431,284.32	2,287,225.80	2,718,510.12
Write-off in current year	–	–	(1,350,000.00)	(1,350,000.00)
Closing balance	–	431,284.32	937,225.80	1,368,510.12

The movements in bad debt provision for other receivables are as follows:

	Opening balance	Provision for the year	Recovered or reversed in the current year	Write-off in current year	Closing balance
2024	1,368,510.12	–	–	–	1,368,510.12
2023	2,718,510.12	–	–	(1,350,000.00)	1,368,510.12

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(4) The top 5 largest other receivables at the end of 2024 collected by arrears are summarized as follows

	Closing balance	Proportion of other receivables (%)	Nature	Aging	Bad debt provision Closing balance
First place	15,000,000.00	38.45	Deposits	Within 1 year	–
Second place	13,611,773.81	34.89	Government grants receivable	Within 1 year	–
Third place	2,070,000.00	5.31	Deposits	Within 1 year	–
Fourth place	1,581,858.41	4.05	Receivables	Within 1 year	–
Fifth place	1,500,000.00	3.84	Deposits	3 to 4 years	–
Total	33,763,632.22	86.54			–

7. Inventories

(1) Categories of inventories

	Book value	2024 Provision for impairment losses	Carrying amount	Book value	2023 Provision for impairment losses	Carrying amount
Raw material	1,159,100,495.51	108,822,234.81	1,050,278,260.70	1,935,799,124.26	256,706,348.05	1,679,092,776.21
Work in progress	191,514,849.38	4,661,739.64	186,853,109.74	376,406,750.32	22,610,930.10	353,795,820.22
Finished goods	238,621,664.35	3,931,348.48	234,690,315.87	276,345,444.03	11,740,905.09	264,604,538.94
Low value consumables and maintenance and spare parts	284,644,951.44	50,189,297.70	234,455,653.74	343,754,762.88	19,591,235.11	324,163,527.77
Total	1,873,881,960.68	167,604,620.63	1,706,277,340.05	2,932,306,081.49	310,649,418.35	2,621,656,663.14

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(2) Provision for impairment of inventories

2024

	Opening balance	Provision for the year	Decrease for the year		Closing balance
			Reversal or write-off	Write-off	
Raw material	256,706,348.05	5,991,288.79	153,875,402.03	–	108,822,234.81
Work in progress	22,610,930.10	4,661,739.64	22,610,930.10	–	4,661,739.64
Finished goods	11,740,905.09	3,931,348.48	11,740,905.09	–	3,931,348.48
Low value consumables and maintenance and spare parts	19,591,235.11	36,056,394.71	5,458,332.12	–	50,189,297.70
Total	310,649,418.35	50,640,771.62	193,685,569.34	–	167,604,620.63

2023

	Opening balance	Provision for the year	Decrease for the year		Closing balance
			Reversal or write-off	Write-off	
Raw material	218,842,036.91	153,875,402.03	82,226,288.09	33,784,802.80	256,706,348.05
Work in progress	46,574,080.85	22,610,930.10	46,574,080.85	–	22,610,930.10
Finished goods	12,446,168.11	11,740,905.09	12,446,168.11	–	11,740,905.09
Low value consumables and maintenance and spare parts	21,757,670.84	–	2,166,435.73	–	19,591,235.11
Total	299,619,956.71	188,227,237.22	143,412,972.78	33,784,802.80	310,649,418.35

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other current assets

	2024	2023
Input VAT to be deducted	125,476,498.63	178,296,028.42

9. Long-term equity investments

2024

Associates	Opening balance	Increase investment	Changes for the year			Other decreases	Closing balance	Impairment provision at end of year
			Investment gains and losses recognized under the equity method	Cash dividends declared				
Chongqing Baocheng Carbon Material Co., Ltd. ("Baocheng Carbon")	16,870,890.82	-	2,182,970.70	(4,459,000.00)		-	14,594,861.52	-
Baowu Raw Material Supply Co., Ltd. ("Baowu Raw Material")	44,352,996.02	-	2,475,376.01	(2,201,709.59)		-	44,626,662.44	-
Baowu Environmental Science Chongqing Resources Recycling Co., Ltd. ("Baowu Environmental Resource")	15,561,820.25	-	1,232,123.12	(572,087.69)		-	16,221,855.68	-
Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd. ("Baowu Jingcheng")	34,148,997.93	-	(827,659.26)	-		-	33,321,338.67	-
Total	110,934,705.02	-	5,062,810.57	(7,232,797.28)		-	108,764,718.31	-

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term equity investments (Continued)

2023

Associate	Opening balance	Increase investment	Changes for the year			Other decreases	Closing balance	Impairment provision at end of year
			Investment gains and losses recognized under the equity method	Cash dividends declared				
Baocheng Carbon	16,764,325.32	–	4,406,565.50	(4,300,000.00)	–	–	16,870,890.82	–
Baowu Raw Material	44,518,431.16	–	2,334,055.82	(2,499,490.96)	–	–	44,352,996.02	–
Baowu Environmental Resource	15,503,020.25	–	58,800.00	–	–	–	15,561,820.25	–
Baowu Jingcheng	34,337,281.27	–	(188,283.34)	–	–	–	34,148,997.93	–
Total	111,123,058.00	–	6,611,137.98	(6,799,490.96)	–	–	110,934,705.02	–

10. Other equity investments

(1) Investments in other equity instruments

	2024	2023
Baowu Water	60,364,499.70	60,364,499.70

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Other equity investments (Continued)

(1) Investments in other equity instruments (Continued)

2024

	Gains recognized in other comprehensive income for the year	Loss recognized in other comprehensive income for the year	Gains accumulated	Accumulated losses	Dividend income	Reasons for designation at fair value through other comprehensive income
Baowu Water	-	-	-	-	428,145.74	Reasons for designation at fair value through other comprehensive income

2023

	Gains recognized in other comprehensive income for the year	Loss recognized in other comprehensive income for the year	Gains accumulated	Accumulated losses	Dividend income	Reasons for designation at fair value through other comprehensive income
Baowu Water	-	-	-	-	696,646.78	Intends to hold for a long time to earn investment income
Xiamen Shipbuilding Industry Co., Ltd ("Xiamen Shipbuilding")	250,038.88	-	-	3,999,961.12	-	Intends to hold for a long time to earn investment income
Total	250,038.88	-	-	3,999,961.12	696,646.78	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Other equity investments (Continued)

(2) Derecognition of investments in other equity instruments

2024: None

2023

	Fair value upon derecognition	Cumulative gains reclassified to retained earnings upon derecognition to re	Cumulative losses reclassified to retained earnings upon derecognition	Reasons for derecognition
Xiamen Shipbuilding	1,000,038.88	–	3,999,961.12	Sell of equity

11. Property, plant and equipment

	2024	2023
Property, plant and equipment	24,522,745,183.43	26,158,331,236.44
Property, plant and equipment to be disposed of	786,980.39	786,980.39
Total	24,523,532,163.82	26,159,118,216.83

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment

2024

	Plants and buildings	Machinery and other equipment	Transportation vehicles	Total
Cost				
Opening balance	13,728,739,071.29	21,361,407,321.64	15,626,082.21	35,105,772,475.14
Purchase	–	12,561,361.72	–	12,561,361.72
Transferred from construction in progress	270,166,358.68	799,096,459.31	–	1,069,262,817.99
Adjustment of pre-transfer from construction in progress to property, plant and equipment	64,413,810.81	(99,610,922.49)	–	(35,197,111.68)
Reclassification adjustment	2,838,976,662.01	(2,838,976,662.01)	–	–
Transfer into property, plant and equipment to be disposed of	(65,915,165.61)	(244,309,538.21)	(1,381,182.24)	(311,605,886.06)
Closing balance	16,836,380,737.18	18,990,168,019.96	14,244,899.97	35,840,793,657.11
Accumulated depreciation				
Opening balance	3,430,334,711.23	5,510,412,179.68	6,694,347.79	8,947,441,238.70
Provision	368,181,660.13	1,170,020,579.59	1,615,655.03	1,539,817,894.75
Reclassification adjustment	587,331,118.72	(587,331,118.72)	–	–
Transfer into property, plant and equipment to be disposed of	(19,079,477.96)	(115,063,940.53)	(685,926.51)	(134,829,345.00)
Closing balance	4,366,768,012.12	5,978,037,700.02	7,624,076.31	10,352,429,788.45
Provision for impairment				
Opening balance	–	–	–	–
Provision	523,439,266.83	618,004,002.22	951,957.24	1,142,395,226.29
Transfer into property, plant and equipment to be disposed of	(46,835,687.65)	(129,245,597.68)	(695,255.73)	(176,776,541.06)
Closing balance	476,603,579.18	488,758,404.54	256,701.51	965,618,685.23
Carrying amount				
At end of the year	11,993,009,145.88	12,523,371,915.40	6,364,122.15	24,522,745,183.43
Beginning of year	10,298,404,360.06	15,850,995,141.96	8,931,734.42	26,158,331,236.44

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

2023

	Plants and buildings	Machinery and other equipment	Transportation vehicles-	Total
Cost				
Opening balance	13,648,034,546.18	20,167,612,023.24	16,889,795.21	33,832,536,364.63
Purchase	–	37,000,906.40	–	37,000,906.40
Transferred from construction in progress	163,569,308.74	1,329,054,342.18	–	1,492,623,650.92
Disposal or retirement	(38,520,508.23)	(26,023,245.18)	(255,000.00)	(64,798,753.41)
Transfer into property, plant and equipment to be disposed of	(44,344,275.40)	(146,236,705.00)	(1,008,713.00)	(191,589,693.40)
Closing balance	13,728,739,071.29	21,361,407,321.64	15,626,082.21	35,105,772,475.14
Accumulated depreciation				
Opening balance	3,186,304,983.09	4,359,031,668.09	6,206,248.16	7,551,542,899.34
Provision	269,949,743.46	1,217,045,939.76	1,709,066.62	1,488,704,749.84
Disposal or retirement	(12,985,369.12)	(3,075,810.29)	(255,000.00)	(16,316,179.41)
Transfer into property, plant and equipment to be disposed of	(12,934,646.20)	(62,589,617.88)	(965,966.99)	(76,490,231.07)
Closing balance	3,430,334,711.23	5,510,412,179.68	6,694,347.79	8,947,441,238.70
Provision for impairment				
Opening balance	–	–	–	–
Provision	31,409,629.20	83,647,087.12	42,746.01	115,099,462.33
Disposal or retirement	–	–	–	–
Transfer into property, plant and equipment to be disposed of	(31,409,629.20)	(83,647,087.12)	(42,746.01)	(115,099,462.33)
Closing balance	–	–	–	–
Carrying amount				
At end of the year	10,298,404,360.06	15,850,995,141.96	8,931,734.42	26,158,331,236.44
Beginning of year	10,461,729,563.09	15,808,580,355.15	10,683,547.05	26,280,993,465.29

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

As the Group recorded negative gross profit on the sale of steel products in the current year, the management conducted an impairment test on the Group's steel production asset group (including related PPE, construction in progress, right-of-use assets and intangible assets).

The recoverable amount is determined based on the present value of the future cash flows expected:

	Book value	Recoverable amount	Impairment amount	Years of Budget/Forecast Period	Key parameters for budget/forecast period	Stable key parameter	Determination basis of key parameters for stabilization period
Steel production asset group	27,963,451,353.51	26,956,967,248.03	1,006,484,105.48	5	Revenue growth: -6.63-53.43% Gross margin: -0.87-6.73% Discount rate: 10.06%	Revenue growth: 2.30% Gross margin: 6.84-8.85% Discount rate: 10.06%	Income growth rate: inflation rate; Gross margin: based on the forecast period; Discount rate: a pre-tax discount rate that reflects the time value of the current market currency and the specific risks of the relevant asset group or portfolio of asset groups

As the Group's future production and operation plan requires the upgrading and transformation of some PPE in the future, the Group has conducted an impairment test on these PPE to be replaced by the upgrading plan at the end of the year, with a total impairment provision of RMB176,776,541.06.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

The recoverable amount is determined at fair value less costs to sell:

Book value	Recoverable amount	Impairment amount	Determination of fair value and disposal expenses	Key parameter	Determination basis of key parameters
Plants and buildings	46,835,687.65	–	46,835,687.65		Scrap steel recycling
Machinery and other equipment	129,245,597.68	–	129,245,597.68		price: latest scrap steel purchase price Disposal
Transportation vehicles	695,255.73	–	695,255.73	Fair value adoption Purchase price and disposal of scrap steel Expenses are related to the disposal of assets	expenses: including legal expenses related to asset disposal, relevant taxes and surcharges, handling expenses and direct expenses incurred to make the asset available for sale
				Purchase price and disposal cost of scrap steel	
Total	176,776,541.06	–	176,776,541.06		

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

Property, plant and equipment leased out under operating leases are as follows:

	2024	2023
Plants and buildings	20,269,902.96	33,418,854.27
Machinery and other equipment	462,213,435.74	480,772,122.59
Total	482,483,338.70	514,190,976.86

As at 31 December 2024, PPE of which certificates of ownership have not been obtained are as follows:

	Carrying amount	Reason for lacking certificates of ownership
Workshop in Changshou district	913,266,817.19	Application documents reviewing

For details of PPE with ownership restricted, please refer to Note V.18.

Property, plant and equipment to be disposed of:

	2024	2023
Machinery and other equipment	786,980.39	786,980.39

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress

	2024	2023
Construction in progress	861,172,176.21	1,244,271,745.73

(1) Construction in progress

	2024			2023		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Safety, environmental protection and energy conservation projects	827,259,999.64	(31,572,309.31)	795,687,690.33	767,122,559.92	–	767,122,559.92
Technological equipment and technological transformation projects	43,258,354.45	(1,650,951.51)	41,607,402.94	341,277,186.73	–	341,277,186.73
Smart manufacturing projects	24,504,888.74	(935,227.05)	23,569,661.69	98,562,018.39	–	98,562,018.39
Other projects	319,619.50	(12,198.25)	307,421.25	37,309,980.69	–	37,309,980.69
Total	895,342,862.33	(34,170,686.12)	861,172,176.21	1,244,271,745.73	–	1,244,271,745.73

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress (Continued)

(2) The movements of important construction in progress

2024

	Budget (RMB'0,000)	Opening balance	Increase	Transfers to property, plant and equipment	Closing balance	Sources of funds	Contribution in budget (%)	Accumulated amount of interest capitalization	Including: Capitalized amount of interest for the year	Interest capitalization rate for the year (%)
Environmental protection and dust removal system transformation	58,046.63	141,700,767.23	123,916,900.52	(33,395,950.00)	232,221,717.75	raise independently	46.71	93,012.05	93,012.05	2.38
Raw material yard system capacity improvement and environmental protection yard transformation	108,017.18	71,907,877.02	49,939,416.66	-	121,847,293.68	raise independently	76.31	-	-	-
Total		213,608,644.25	173,856,317.18	(33,395,950.00)	354,069,011.43			93,012.05	93,012.05	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress

(2) The movements of important construction in progress (Continued)

2023

	Budget (RMB'0,000)	Opening balance	Increase	Transfers to property, plant and equipment	Closing balance	Sources of funds	Contribution in budget (%)	Accumulated amount of interest capitalization	Including: Capitalized amount of interest for the year	Interest capitalization rate for the year (%)
Environmental protection and dust removal system transformation	58,046.63	-	147,196,759.48	(5,495,992.25)	141,700,767.23	Self-raised	25.36	-	-	-
Raw material yard system capacity improvement and environmental protection yard transformation	70,701.00	125,129,921.03	110,919,560.68	(164,141,604.69)	71,907,877.02	Self-raised	69.25	-	-	-
Continuous casting machine transformation	78,334.00	-	209,387.34	(209,387.34)	-	Self-raised	100.00	-	-	-
Total		125,129,921.03	258,325,707.50	(169,846,984.28)	213,608,644.25			-	-	

(3) Provision for impairment of construction in progress

As the Group recorded negative gross profit on sales of steel products in the current year, the management conducted impairment test on the steel production asset group. Please refer to Note V.11 for details.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Right-of-use assets

(1) Right-of-use assets

2024

	Plants and buildings	Machineries and other equipment	Total
cost			
Opening and closing balance	16,483,288.71	706,873,297.57	723,356,586.28
Accumulated depreciation			
Opening balance	10,102,661.08	402,925,767.06	413,028,428.14
Provision	3,190,313.95	137,161,684.26	140,351,998.21
Closing balance	13,292,975.03	540,087,451.32	553,380,426.35
Provision for impairment			
Opening balance	—	—	—
Provision	122,284.42	6,572,449.71	6,694,734.13
Closing balance	122,284.42	6,572,449.71	6,694,734.13
Carrying amount			
At end of the year	3,068,029.26	160,213,396.54	163,281,425.80
Beginning of year	6,380,627.63	303,947,530.51	310,328,158.14

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Right-of-use assets (Continued)

(1) Right-of-use assets (Continued)

2023

	Houses and buildings	Machinery equipment	Total
Cost			
Opening balance	16,483,288.71	653,011,183.99	669,494,472.70
Increase	–	53,862,113.58	53,862,113.58
Closing balance	16,483,288.71	706,873,297.57	723,356,586.28
Accumulated depreciation			
Opening balance	6,912,347.13	273,843,399.81	280,755,746.94
Provision	3,190,313.95	129,082,367.25	132,272,681.20
Closing balance	10,102,661.08	402,925,767.06	413,028,428.14
Provision for impairment			
Opening and closing balances	–	–	–
Carrying amount			
At end of the year	6,380,627.63	303,947,530.51	310,328,158.14
Beginning of year	9,570,941.58	379,167,784.18	388,738,725.76

(2) Impairment test for right-of-use assets

As the Group recorded negative gross profit on the sale of steel products in the current year, management conducted impairment test on the steel production asset group. Please refer to Note V.11 for details.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets

(1) Intangible assets

2024

	Land use right	Patented and non-patented technologies	Software	Total
Cost				
Opening balance	3,179,266,914.23	16,500,297.78	73,255,091.20	3,269,022,303.21
Transfer from construction in progress	–	–	33,578,800.00	33,578,800.00
Adjustment of pre-transfer from construction in progress	–	–	3,417,967.93	3,417,967.93
Closing balance	3,179,266,914.23	16,500,297.78	110,251,859.13	3,306,019,071.14
Accumulated amortization				
Opening balance	739,986,722.61	16,499,804.87	367,976.14	756,854,503.62
Provision	68,069,648.62	–	10,677,194.32	78,746,842.94
Provision	808,056,371.23	16,499,804.87	11,045,170.46	835,601,346.56
Provision for impairment				
Opening and closing balance	–	–	–	–
Carrying amount				
At end of the year	2,371,210,543.00	492.91	99,206,688.67	2,470,417,724.58
Beginning of year	2,439,280,191.62	492.91	72,887,115.06	2,512,167,799.59

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (Continued)

(1) Intangible assets (Continued)

2023

	Land use right	Patented and non-patented technologies	Software use rights	Total
Cost				
Opening balance	3,179,065,690.23	16,500,297.78	2,355,443.38	3,197,921,431.39
Transfers from construction in progress	–	–	70,899,647.82	70,899,647.82
Purchase	201,224.00	–	–	201,224.00
Closing balance	3,179,266,914.23	16,500,297.78	73,255,091.20	3,269,022,303.21
Accumulated amortization				
Opening balance	671,765,333.75	11,670,536.58	117,772.20	683,553,642.53
Provision	68,221,388.86	4,829,268.29	250,203.94	73,300,861.09
Closing balance	739,986,722.61	16,499,804.87	367,976.14	756,854,503.62
Provision for impairment				
Opening and closing balance	–	–	–	–
Carrying amount				
At end of the year	2,439,280,191.62	492.91	72,887,115.06	2,512,167,799.59
Beginning of year	2,507,300,356.48	4,829,761.20	2,237,671.18	2,514,367,788.86

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (Continued)

(1) Intangible assets (Continued)

Please refer to Note V.18 for details of land use right with ownership restricted at the year end.

(2) Impairment test for intangible assets

As the Group recorded negative gross profit on the sale of steel products in the current year, the management conducted impairment test on the steel production asset group. Please refer to Note V.11 for details.

15. Goodwill

(1) Original value of goodwill

2024 and 2023

	Opening balance	Increase Business combinations not under common control	Decrease Disposals	Closing balance
Goodwill				
Chongqing Iron & Steel Energy	295,407,414.62	–	–	295,407,414.62
Xingang Changlong	32,647,355.72	–	–	32,647,355.72
Less: Provision for impairment				
Chongqing Iron & Steel Energy	–	–	–	–
Xingang Changlong	–	–	–	–
Total	328,054,770.34	–	–	328,054,770.34

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill (Continued)

- (2) *Information about the asset group or combination of asset groups in which goodwill is located:*

	Composition and basis of the asset group or combination of asset groups	Consistent with prior years
Electric power processing group	Mainly composed of generator sets, the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups.	Yes
Terminal asset group	Mainly composed of terminal asset groups, and the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups.	Yes

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill (Continued)

(3) Specific methods for determining the recoverable amount

The recoverable amount is determined based on the present value of the future cash flows expected:

	book value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast period	Key parameters for the stabilization period	Of the key parameters of the stability period Determination basis
Electric power processing group	1,016,873,594.20	1,748,514,717.91	–	5	Revenue growth: 0-16.34% Gross margin: 9.99-11.78% Discount rate: 11.68%	Gross margin: 11.78% Perpetual growth: 0% Discount rate: 11.68%	Gross margin: in line with the last period of the forecast period; Perpetual growth rate: revenue growth in the stability period is 0%; Discount rate: a pre-tax discount rate that reflects the time value of the current market currency and the specific risks of the relevant asset group or portfolio of asset groups
Terminal asset group	265,565,748.21	311,013,199.06	–	5	Revenue growth: -1.99-22.61% Gross margin: 39.37-42.88% Discount rate: 11.23%	Gross margin: 42.70% Perpetual growth: 0% Discount rate: 11.23%	Gross margin: in line with the last period of the forecast period; Perpetual growth rate: revenue growth in the stability period is 0%; Discount rate: a pre-tax discount rate that reflects the time value of the current market currency and the specific risks of the relevant asset group or portfolio of asset groups

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill (Continued)

(3) Specific methods for determining the recoverable amount (Continued)

The following describes the key assumptions made when testing goodwill for impairment:

Asset group or combination of asset groups	Key assumptions
Electric power processing group/terminal asset group	
Revenue growth	– Based on asset group capacity and market demand.
Profit margin in the forecast period	– Based on the actual profit margin of comparable companies in the same region.
Perpetual growth rate	– Based on the company's maximum power generation/port throughput.
Discount rate	– The discount rate used is a pre-tax discount rate that reflects the time value of current market money and the specific risks of the relevant asset group or portfolio of asset groups.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets/liabilities

(1) Deferred tax assets without offset

	2024		2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax liabilities
Deductible losses	4,476,200,182.30	671,430,027.34	3,147,458,881.73	472,118,832.26
Lease liabilities	163,281,425.80	24,492,213.87	332,589,280.60	49,888,392.09
Post-employment and termination benefits	26,138,742.29	3,920,811.34	124,736,823.40	18,710,523.51
Deferred income	5,970,680.04	895,602.01	85,732,350.43	12,859,852.56
Provision for credit impairment of receivables	191,851.14	28,777.67	2,477,273.25	371,590.99
Provision for impairment of assets	—	—	312,858,776.37	46,928,816.45
Carbon emission quota gap	—	—	64,154,356.43	9,623,153.46
Reservoir migration support fund	—	—	25,525,177.47	3,828,776.62
Rural Network Loan Repayment	—	—	75,267,839.28	11,290,175.89
Total	4,671,782,881.57	700,767,432.23	4,170,800,758.96	625,620,113.83

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets/liabilities (Continued)

(2) Deferred tax liabilities without offset

	2024		2023	
	Taxable temporary differences	Deferred Tax Liability	Taxable temporary differences	Deferred Tax Liability
Fair value adjustments arising from business combinations not involving entities under common control	41,293,744.33	6,194,061.65	39,659,700.40	5,948,955.06
Right-of-use assets	163,281,425.80	24,492,213.87	310,328,158.14	46,549,223.72
Total	204,575,170.13	30,686,275.52	349,987,858.54	52,498,178.78

(3) Deferred tax assets and deferred tax liabilities presented on a net basis after offset

	2024		2023	
	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
Deferred tax assets	24,492,213.87	676,275,218.36	46,549,223.72	579,070,890.11
Deferred tax liabilities	24,492,213.87	6,194,061.65	46,549,223.72	5,948,955.06

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets/liabilities (Continued)

(4) Details of the Group's unrecognized deferred tax assets

	2024	2023
Deductible losses	1,007,059,089.05	—
Deductible temporary differences	1,231,790,820.16	—
Total	2,238,849,909.21	—

(5) Maturity analysis of deductible losses of unrecognized deferred tax assets

	2024	2023
2025	138,397,981.02	—
2027	46,860,666.69	—
2028	301,577,951.04	—
2029	520,222,490.30	—
Total	1,007,059,089.05	—

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Other non-current assets

	2024	2023
Prepayments for construction	—	736,593.65

18. Assets with restricted ownership or use rights

2024

	Book value	Carrying amount	Limited type	Restricted circumstances
Cash and bank balances	176,915,352.90	176,915,352.90	Margin, frozen	Notes and L/C deposits, freezing
Notes receivable and receivables financing	288,472,618.00	288,472,618.00	Others	Endorsed/discounted without derecognition
Property, plant and equipment	128,090,837.88	123,045,812.12	Mortgage	Mortgage loans, sale and leaseback
Intangible assets	272,755,187.14	272,755,187.14	Mortgage	Mortgage loans
Total	866,233,995.92	861,188,970.16		

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Assets with restricted ownership or use rights (Continued)

2023

	Book value	Carrying amount	limited type	Restricted circumstances
Cash and bank balances	103,633,978.75	103,633,978.75	Margin, frozen	Notes deposits, freezing
Receivables financing	111,002,724.47	111,002,724.47	Pledge, others	Pledged bills are used to issue bills Endorsed/discouted without derecognition
Notes receivable and Receivables financing	701,736,686.65	701,736,686.65	Mortgage	Mortgage loans, sale and leaseback
Intangible assets	280,926,827.98	280,926,827.98	Mortgage	Mortgage loans
Total	1,197,300,217.85	1,197,300,217.85		

19. Short-term borrowings

	2024	2023
Unsecured borrowings	919,368,395.79	450,330,519.49

As at 31 December 2024, there were no short-term borrowings of the Group that were overdue.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Notes payable

	2024	2023
Bank acceptance bills	294,836,118.95	1,069,151,861.76
Commercial acceptance bills	560,629,425.11	382,000,000.00
Acceptance bills of finance company	247,800,049.54	–
Letter of credit	830,244,916.85	487,149,543.95
Total	1,933,510,510.45	1,938,301,405.71

As at 31 December 2024, there were no notes payable of the Group that were overdue but not yet repaid (31 December 2023: Nil).

21. Trade payables

	2024	2023
Within 1 year	4,893,457,972.13	3,811,760,048.13
1-2 years	32,256,379.04	53,400,444.09
2-3 years	13,275,859.52	13,574,198.96
Over 3 years	21,422,609.75	8,042,447.25
Total	4,960,412,820.44	3,886,777,138.43

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Contract liabilities

	2024	2023
Advances from sales of goods	1,812,205,815.86	1,893,130,130.08

As at 31 December 2024, the VAT portion of advances from sales of goods totaling RMB235,586,756.06 (31 December 2023: RMB241,402,787.45) are presented as other current liabilities.

23. Employee benefits payable

(1) Employee benefits payable

2024

	Opening balance	Increase	Decrease for the year	Closing balance
Short-term compensation	65,976,285.54	898,873,829.99	901,638,834.93	63,211,280.60
Post-employment benefits (defined contribution plan)	604.58	121,721,743.45	121,721,678.39	669.64
Termination benefits	59,742,957.77	90,421,639.47	76,940,918.04	73,223,679.20
Total	125,719,847.89	1,111,017,212.91	1,100,301,431.36	136,435,629.44

2023

	Opening balance	Increase	Decrease for the year	Closing balance
Short-term compensation	78,605,025.48	1,079,731,148.15	1,092,359,888.09	65,976,285.54
Post-employment benefits (defined contribution plan)	–	162,667,072.21	162,666,467.63	604.58
Termination benefits	66,300,284.58	78,257,674.56	84,815,001.37	59,742,957.77
Total	144,905,310.06	1,320,655,894.92	1,339,841,357.09	125,719,847.89

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Employee benefits payable (Continued)

(2) Short-term employee benefits

2024

	Opening balance	Increase	Decrease for the year	Closing balance
Salaries, bonuses, allowances and subsidies	9,071,452.00	639,587,918.82	641,659,370.82	7,000,000.00
Staff welfare	522,276.50	58,877,112.57	59,362,869.32	36,519.75
Social insurance	6,839.15	84,753,074.96	84,759,435.38	478.73
Including: Medical insurance	5,640.32	73,025,768.76	73,031,409.08	–
Work-related injury insurance	1,198.83	11,727,306.20	11,728,026.30	478.73
Housing fund	–	91,918,775.00	91,918,775.00	–
Labor union expenses and employee education expenses	56,375,717.89	23,736,948.64	23,938,384.41	56,174,282.12
Total	65,976,285.54	898,873,829.99	901,638,834.93	63,211,280.60

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Employee benefits payable (Continued)

(2) Short-term employee benefits (Continued)

2023

	Opening balance	Increase	Decrease for the year	Closing balance
Salaries, bonuses, allowances and subsidies	19,945,754.67	782,895,328.96	793,769,631.63	9,071,452.00
Staff welfare	4,863,060.65	62,495,451.37	66,836,235.52	522,276.50
Social insurance	27,983.28	102,583,701.97	102,604,846.10	6,839.15
Including: Medical insurance	27,452.86	81,541,504.79	81,563,317.33	5,640.32
Work-related injury insurance	–	15,730,213.12	15,729,014.29	1,198.83
Other social insurance	530.42	5,311,984.06	5,312,514.48	–
Housing fund	–	103,271,216.00	103,271,216.00	–
Union running costs and employee education costs	53,768,226.88	28,485,449.85	25,877,958.84	56,375,717.89
Total	78,605,025.48	1,079,731,148.15	1,092,359,888.09	65,976,285.54

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Employee benefits payable (Continued)

(3) Defined contribution plan

2024

	Opening balance	Increase	Decrease for the year	Closing balance
Basic pension insurance	–	118,077,367.68	118,077,367.68	–
Unemployment insurance	604.58	3,644,375.77	3,644,310.71	669.64
Total	604.58	121,721,743.45	121,721,678.39	669.64

2023

	Opening balance	Increase	Decrease for the year	Closing balance
Basic pension insurance	–	134,829,946.00	134,829,946.00	–
Unemployment insurance	–	4,205,556.97	4,204,952.39	604.58
Enterprise annuity	–	23,631,569.24	23,631,569.24	–
Total	–	162,667,072.21	162,666,467.63	604.58

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Tax payable

	2024	2023
Value added tax	7,034,201.23	3,447,780.55
Environmental protection tax	4,395,924.91	8,021,524.17
Stamp tax	445,921.92	11,322,096.14
Other	4,456,414.77	5,509,585.67
Total	16,332,462.83	28,300,986.53

25. Other payables

	2024	2023
Other payables	2,660,297,030.92	3,046,874,537.02

Categorized by nature

	2024	2023
Project payment payable	2,417,307,284.34	2,687,947,832.85
Guarantee deposits	115,907,668.67	147,042,590.70
Rural network loan repayment	43,757,756.50	75,267,839.28
Carbon emission	20,838,034.85	64,154,356.43
Large and medium-sized reservoir resettlement support fund	14,713,545.61	25,525,177.47
Collected amount for another in disposal of leased assets	37,391,944.68	37,391,944.68
Others	10,380,796.27	9,544,795.61
Total	2,660,297,030.92	3,046,874,537.02

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Current portion of non-current liabilities

	2024	2023
Long-term borrowings due within one year (Note V.27)	4,093,373,700.88	1,934,818,629.22
Long-term payables due within one year (Note V.29)	6,770,914.33	168,832,047.30
Lease liabilities due within one year (Note V.28)	152,948,241.46	149,096,080.47
Total	4,253,092,856.67	2,252,746,756.99

27. Long-term borrowings

	2024	2023
Unsecured borrowings	5,588,323,755.15	4,689,544,423.21
Mortgaged borrowings	157,125,279.91	232,219,306.01
Less: Long-term borrowings due within one year (Note V.26)	4,093,373,700.88	1,934,818,629.22
Total	1,652,075,334.18	2,986,945,100.00

As at 31 December 2024, The annual interest rate of the above borrowings is 1.85% to 2.65% (31 December 2023: 2.18% to 3.00%).

As at 31 December 2024, no overdue long-term borrowings (31 December 2023: Nil).

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Long-term borrowings (Continued)

As at 31 December 2024, the Group obtained mortgage loans from banks with the carrying amount of land use rights of RMB272,755,187.14 and buildings of RMB88,556,460.73, totaling RMB157,125,279.91 (31 December 2023: The Group obtained mortgage loans from banks with carrying amount of land use rights of RMB280,926,827.98 and buildings of RMB91,849,285.05, totaling RMB232,219,306.01).

The maturity analysis of long-term borrowings is as follows:

	2024	2023
Spot or within 1 year	4,093,373,700.88	1,934,818,629.22
1 to 2 years	880,681,137.38	2,515,000,000.00
2 to 5 years	771,394,196.80	471,945,100.00
Total	5,745,449,035.06	4,921,763,729.22

28. Lease liabilities

	2024	2023
Opening balance	332,589,280.60	408,135,050.59
Increase	—	53,862,113.58
Interest	11,391,338.66	16,609,815.51
Payment	160,487,419.13	146,017,699.08
	183,493,200.13	332,589,280.60
Less: Current portion of lease liabilities (Note V.26)	152,948,241.46	149,096,080.47
Closing balance	30,544,958.67	183,493,200.13

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Lease liabilities (Continued)

The maturity analysis of lease liabilities is as follows:

	2024	2023
Spot or within 1 year	152,948,241.46	149,096,080.47
1 to 2 years	10,838,971.18	152,948,241.46
2 to 5 years	19,705,987.49	30,544,958.67
Total	183,493,200.13	332,589,280.60

29. Long-term payables

	2024	2023
Long-term payables	34,262,641.14	476,611,214.39
Long-term payables due within one year (Note V.26)	6,770,914.33	168,832,047.30
Total	27,491,726.81	307,779,167.09

As at 31 December 2024, the Group had no long-term payables that are overdue (31 December 2023: Nil).

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Long-term payables (Continued)

The Group engages in leaseback business with leasing companies. As at 31 December 2024, the Group uses machinery, equipment and other equipment with a carrying amount of RMB34,489,351.39 as the subject matter, with a lease term of 5 years. As at 31 December 2024, the balance of sales and leaseback payables was RMB34,262,641.14 (31 December 2023: machinery and other equipment with book value of RMB609,887,401.60 were the subject matter, and the balance of after-sales and leaseback payables was RMB476,611,214.39).

Maturity analysis of long-term payables is as follows:

	2024	2023
Spot or within 1 year	6,770,914.33	168,832,047.30
1 to 2 years	6,882,940.14	166,719,603.56
2 to 5 years	20,608,786.67	141,059,563.53
Total	34,262,641.14	476,611,214.39

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term employee benefits payable

(1) Long-term employee benefits payable

2024

	Opening balance	Provision/ reversal for the year	Less: Due within one year	Closing balance
Termination benefits	54,414,483.98	142,668,780.99	89,962,885.30	107,120,379.67
Net defined benefit plan liabilities	10,579,381.65	1,631,467.96	458,754.17	11,752,095.44
Total	64,993,865.63	144,300,248.95	90,421,639.47	118,872,475.11

2023

	Opening balance	Provision/ reversal for the year	Less: Due within one year	Closing balance
Termination benefits	96,918,320.79	35,307,893.76	77,811,730.57	54,414,483.98
Net defined benefit plan liabilities	10,745,134.29	280,191.35	445,943.99	10,579,381.65
Total	107,663,455.08	35,588,085.11	78,257,674.56	64,993,865.63

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term employee benefits payable (Continued)

(2) Movements in the defined benefit obligations

	2024	2023
Opening balance	10,579,381.65	10,745,134.29
Recognized in profit or loss		
Current service cost	1,334,403.23	(54,400.04)
Net interest	297,064.73	334,591.39
Other changes		
Post employment benefits due within one year	(458,754.17)	(445,943.99)
Closing balance	11,752,095.44	10,579,381.65

(3) Characteristics and major actuarial assumptions of long-term termination benefits and defined benefit plans

Termination benefits

In order to optimize human resources, the Group has implemented an internal retirement plan to handle early retirement procedures for qualified employees. During the early retirement period, the Group pays living expenses to the early retired employees, and pays various social insurance and housing fund for the relevant employees until they reach the official retirement age. The payment amount of each social insurance and housing provident fund shall be determined according to the payment base and the payment ratio, and the payment ratio of enterprises shall be determined according to the local social insurance payment policy. The Group calculates the monthly early retirement living expenses payable to employees participating in the internal retirement plan in accordance with the living expenses calculation standard of the internal retirement plan formulated by the Company, and makes provision for and pays five insurances and one fund to these employees in accordance with the local social insurance regulations. The present value of the termination benefit liabilities is determined by the expected cumulative welfare unit method.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term employee benefits payable (Continued)

(3) *Characteristics and major actuarial assumptions of long-term termination benefits and defined benefit plans*

Termination benefits

The principal actuarial assumptions used as at the balance sheet date are as follows:

	2024	2023
Discount rate	1.15%	2.20%
Retirement age		
Male	60	60
Female	50/55	50/55
Benefits increase rate	4.00-8.00%	4.00-8.00%

The Group adjusted the payment obligations based on the average mortality rate of Chinese residents determined by the “China Life Insurance Industry Experience Life Table (2010–2013)”, and included the future payment obligation generated by the adjusted internal retirement plan into the current profit and loss after being discounted at the interest rate of national debt for the same period as of 31 December 2024. As of 31 December 2024, the liabilities expected to be paid within 12 months are classified to the short-term employee compensation payable.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term employee benefits payable (Continued)

(3) *Characteristics and major actuarial assumptions of long-term termination benefits and defined benefit plans (Continued)*

Net liabilities of defined benefit plan

The group started to operate a defined benefit plan without capital injection for all qualified employees in 2018. After retirement, employees have the right to enjoy subsidies other than the overall pension paid to them by the group on a regular basis. The amount of the subsidy consists of the sum of RMB38 and the length of service wage. The plan is subject to interest rate risk, turnover rate and the risk of changes in life expectancy of pension beneficiaries. The group calculates the monthly allowance payable to the employees who participate in the internal retirement plan according to the retirement allowance plan formulated by the Company. The present value of the defined benefit obligations is determined by the expected cumulative benefit unit method. The employees who officially retire from the Group from 2022 will no longer enjoy the original subsidy of RMB38 and the sum of the working age wage (working age *1), and the retirees in previous years will continue to enjoy the subsidy.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	2024	2023
Discount rate	1.95%	2.75%
Resignation rate	1.50%	1.50%

The Group adjusted the payment obligations based on the average mortality rate of Chinese residents determined by the "China Life Insurance Industry Experience Life Table (2010–2013)", and included the future payment obligation generated by the adjusted internal retirement plan into the current profit and loss after being discounted at the interest rate of national debt for the same period as of 31 December 2024.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term employee benefits payable (Continued)

(4) Results of sensitivity analysis of defined benefit plans

2024

	Increase %	Defined benefit plan Increase/ (decrease) in obligations	Decrease %	Defined benefit plan Increase/ (decrease) in obligations
Discount rate	0.50	(882,353.44)	0.50	991,035.00
Resignation rate	0.50	(18,738.08)	0.50	19,256.00
Death rate	5.00	(154,200.73)	5.00	164,201.00

2023

	Increase %	Defined benefit plan Increase/ (decrease) in obligations	Decrease %	Defined benefit plan Increase/ (decrease) in obligations
Discount rate	0.50	(1,836,743.27)	0.50	1,978,457.76
Resignation rate	0.50	(23,068.35)	0.50	23,585.72
Death rate	5.00	(148,699.07)	5.00	156,066.40

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the balance sheet date. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Provisions

Onerous contracts to be executed	Opening balance	Increase	Decrease	Closing balance
2024	4,226,982.76	–	1,091,529.83	3,135,452.93
2023	5,540,444.09	–	1,313,461.33	4,226,982.76

32. Deferred income

2024

	Opening balance	Increase	Decrease	Closing balance
Special appropriation for environmental governance	57,444,850.43	27,290,000.00	3,120,680.04	81,614,170.39
Subsidies for waste heat power generation projects	23,437,500.00	–	2,250,000.00	21,187,500.00
Construction of intelligent operation and control platform	4,850,000.00	–	600,000.00	4,250,000.00
Total	85,732,350.43	27,290,000.00	5,970,680.04	107,051,670.39

2023

	Opening balance	Increase	Decrease	Closing balance
Special appropriation for environmental governance	54,055,429.39	7,500,000.00	4,110,578.96	57,444,850.43
Subsidies for waste heat power generation projects	25,687,500.00	–	2,250,000.00	23,437,500.00
Construction of intelligent operation and control platform	–	5,000,000.00	150,000.00	4,850,000.00
Total	79,742,929.39	12,500,000.00	6,510,578.96	85,732,350.43

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Share capital

2024 and 2023

	Opening balance	New shares issued	Bonus issue	Movements during the year			Subtotal	Closing balance
				Reserve transferred to shares	other			
Non-restricted shares								
A Shares	8,380,475,067.00	-	-	-	-	-	-	8,380,475,067.00
H Shares	538,127,200.00	-	-	-	-	-	-	538,127,200.00
Total	8,918,602,267.00	-	-	-	-	-	-	8,918,602,267.00

34. Capital reserve

2024 and 2023

	Opening balance	Increase	Decrease	Closing balance
Share premium	18,454,408,756.33	-	-	18,454,408,756.33
Others	827,737,850.22	-	-	827,737,850.22
Total	19,282,146,606.55	-	-	19,282,146,606.55

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Treasury shares

	Opening balance	Increase	Decrease	Closing balance
Repurchase of the Company's shares	–	69,760,540.41	–	69,760,540.41

Note: On 5 June 2024, in the 36th session of the 9th Board of Directors of the Company, the proposal on the Repurchase of A Shares of the Company through Bidding in Collective Trading was approved. The Company was approved to bid in the collective trading to repurchase A shares with a raised fund that is not less than RMB50 million and not more than RMB100 million, at a price that is not more than RMB2 per share and 150% of the average price of the Company's shares that are traded for 30 trading days before the board of directors makes a resolution to approve the repurchase, to use the repurchased shares for equity-based incentives.

On 9 December 2024, in the 9th session of the 10th Board of Directors of the Company, Proposal on Changing the Use of Repurchased Shares to Cancellation and Capital Reduction was approved. The Company was allowed to change the use of repurchased shares from “equity-based incentives” to “cancellation and reduction of registered capital”. The proposal was approved by the shareholders’ meeting on 30 December 2024.

As at 31 December 2024, the Company repurchased 66.8385 million shares through bidding in collective trading, which is a total amount of RMB69.7525 million (excluding transaction costs) and accounts for 0.749% of the Company's total equity. On 18 February 2025, the Company completed the cancellation of share repurchase on the Shanghai Stock Exchange.

36. Other comprehensive income

Balance of other comprehensive income attributable to the shareholders of the parent company in the consolidated statement of financial position are as follows:

2024

	Opening balance	Increase/ decrease	Closing balance
Changes from remeasurement of defined benefit plans	1,585,194.71	–	1,585,194.71

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Other comprehensive income (continued)

2023

	Opening balance	Increase/ decrease	Closing balance
Changes from remeasurement of defined benefit plans	1,585,194.71	–	1,585,194.71
Changes in fair value of other equity investments	(4,250,000.00)	4,250,000.00	–
Total	(2,664,805.29)	4,250,000.00	1,585,194.71

Amount of other comprehensive income:

2024: Nil

2023

	Before tax	Less: Transferred from other comprehensive income in the prior period to profit or loss	Less: Transferred from other comprehensive income in the prior period to retained earnings	Less: Income tax	Attributable to shareholders
Other comprehensive income that cannot be reclassified into profit or loss					
Changes in fair value of other equity investments	1,000,038.88	–	(3,999,961.12)	750,000.00	4,250,000.00

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Special reserves

Safety fund	Opening balance	Increase	Decrease	Closing balance
2024	13,954,677.59	60,951,736.63	43,324,677.54	31,581,736.68
2023	7,374,566.33	69,531,928.45	62,951,817.19	13,954,677.59

The special reserve is the work safety expenses accrued by the Group in accordance with the Administrative Measures for the Withdrawal and Use of Work Safety Expenses of Enterprises (Cai Zi [2022] No.136) issued by the Ministry of Finance and the Ministry of Emergency Response on 21 November 2022.

38. Surplus reserves

2024

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	607,300,662.40	378,945.73	–	607,679,608.13

2023

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	606,990,553.42	310,108.98	–	607,300,662.40

In accordance with Articles of Association of the Company, the net profits should be used first to make up for the previous year's losses. The Company should appropriate 10% of the net profit which had been offset for the previous year's losses to the statutory surplus reserve, where the appropriation can be ceased when the statutory surplus reserve reaches 50% of the registered capital.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Retained profit/(accumulated losses)

	2024	2023
Opening balance	(8,969,258,456.28)	(7,470,531,487.65)
Add: Net profit/(loss) attributable to shareholders of the parent company	(3,195,561,486.30)	(1,494,416,898.53)
Other comprehensive income carried forward to retained profit	—	(3,999,961.12)
Less: Appropriation to statutory surplus reserve	378,945.73	310,108.98
Balance at end of the current year	(12,165,198,888.31)	(8,969,258,456.28)

40. Revenue and cost of sales

(1) Revenue and cost of sales

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	26,997,779,177.05	28,381,563,065.28	39,030,450,587.35	39,740,404,299.79
Revenue from other operations	246,390,084.02	217,918,601.28	287,691,894.74	262,008,770.55
Total	27,244,169,261.07	28,599,481,666.56	39,318,142,482.09	40,002,413,070.34

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Revenue and cost of sales (continued)

(2) Disaggregation of revenue from contracts with customers

2024

Main product type	Steel Products	Others	Total
Hot rolled sheets	15,085,577,580.06	–	15,085,577,580.06
Plates	8,355,105,577.39	–	8,355,105,577.39
Bars	940,105,504.97	–	940,105,504.97
Wire rods	165,319,884.01	–	165,319,884.01
Billets	1,038,791,367.62	–	1,038,791,367.62
Others	–	1,659,269,347.02	1,659,269,347.02
Total	25,584,899,914.05	1,659,269,347.02	27,244,169,261.07

2023

Main product type	Steel Products	Others	Total
Hot rolled sheets	17,998,353,506.20	–	17,998,353,506.20
Plates	9,604,212,266.49	–	9,604,212,266.49
Bars	7,220,599,445.86	–	7,220,599,445.86
Wire rods	1,371,769,590.28	–	1,371,769,590.28
Billets	1,239,556,287.42	–	1,239,556,287.42
Others	–	1,883,651,385.84	1,883,651,385.84
Total	37,434,491,096.25	1,883,651,385.84	39,318,142,482.09

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Revenue and cost of sales (Continued)

(2) Disaggregation of revenue from contracts with customers (Continued)

	2024	2023
Timing of transfer of goods or services		
At a point in time	26,854,457,095.96	38,699,120,858.72
Over time	389,712,165.11	619,021,623.37
Total	27,244,169,261.07	39,318,142,482.09

(3) Breakdown of operating costs for the year

Main product type	Steel Products	Others	Total
Hot rolled sheets	15,700,992,422.67	–	15,700,992,422.67
Plates	8,650,670,799.28	–	8,650,670,799.28
Bars	1,211,107,394.46	–	1,211,107,394.46
Wire rods	236,643,814.16	–	236,643,814.16
Billets	1,164,110,647.31	–	1,164,110,647.31
Others	–	1,635,956,588.68	1,635,956,588.68
Total	26,963,525,077.88	1,635,956,588.68	28,599,481,666.56

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Revenue and cost of sales (Continued)

(3) Breakdown of operating costs for the year (Continued)

	2024
Timing of transfer of goods or services	
At a point in time	28,236,209,018.65
Over time	363,272,647.91
Total	28,599,481,666.56

(4) Performance obligations

Revenue recognized is as follows:

	2024	2023
Carrying amount of contract liabilities at the beginning of the year	1,893,130,130.08	2,645,569,472.47

Information about the Group's performance obligations is as follows:

	Timing of performance obligations	Significant payment terms	Nature of promised transfer of goods	Whether it is the main responsible person
Sales of steel products	At Delivery	Advance receipts	Sales of goods	yes
Sales of energy media	Via valve, port	Monthly Settlement Next Month Collection	Sales of energy media	yes
transportation services	When providing services	Advance receipts	service	yes
Mineral trading	At Delivery	Advance receipts	Trade	yes
Transfer of energy media	Via valve, port	Monthly Settlement Next Month Collection	Trade	no

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Revenue and cost of sales (continued)

(4) Performance obligations (continued)

For sales of goods, the Group completes the performance obligation when the customer obtains control of the relevant goods; For service-providing transactions, the Group recognizes the completed performance obligation based on the progress of performance throughout the service period. For steel products, customers usually need to receive payment in advance, and the main customers also provide a 30-day credit period. For customers of other products, the Group's contract price is generally due within 30 days after delivery of the products, and there is no significant financing component; Some of the Group's contracts with customers have sales rebates (future price reductions based on cumulative sales volume), which form variable consideration. The Group determines the best estimate of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount at which it is highly probable that there will be no significant reversal in the cumulative revenue recognized when the relevant uncertainty is eliminated.

(5) Allocation to the remaining performance obligations

The estimated timing of revenue recognition for performance obligations that have been entered into but have not yet been fulfilled or completed is as follows:

	2024	2023
Within 1 year	1,812,205,815.86	1,893,130,130.08

41. Taxes and surcharges

	2024	2023
Land use tax	47,693,699.86	48,859,805.61
Property tax	47,736,828.94	34,280,096.45
Environmental protection tax	19,634,552.77	31,036,497.02
Stamp tax	24,165,698.04	29,631,963.54
City maintenance and construction tax	5,213,079.64	16,171,996.61
Education surcharge	2,234,176.96	6,930,855.69
Local education surcharge	1,489,451.34	4,620,570.45
Others	331,551.92	23,726.22
Total	148,499,039.47	171,555,511.59

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Distribution and selling expenses

	2024	2023
Labor costs	24,068,587.16	26,412,831.48
Transportation expenses	14,338,422.53	25,768,516.67
Depreciation and amortization	4,626,318.47	3,274,746.41
Collaborative service fees	3,219,060.38	8,540,696.30
Maintenance costs	2,933,417.36	3,944,184.76
Others	7,602,168.25	7,862,834.02
Total	56,787,974.15	75,803,809.64

43. General and administrative expenses

	2024	2023
Termination benefits	142,668,780.99	35,307,893.76
Labor costs	87,333,954.80	141,071,033.96
Depreciation and amortization	82,339,594.40	79,580,914.25
Consulting and services expenses	12,210,892.08	18,226,428.76
Service fee	8,541,766.93	12,276,389.06
Maintenance costs	6,571,101.86	9,682,483.49
Environmental protection fee	3,455,308.92	5,210,962.66
Safety expense	3,279,715.57	5,160,795.29
Auditors' fee (Note)	2,391,509.43	2,697,424.79
Rental	361,833.43	361,833.43
Others	21,440,517.41	25,410,181.15
Total	370,594,975.82	334,986,340.60

Note: The amount of auditors' fee including tax in 2024 is RMB2,535,000.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Research and development expenses

	2024	2023
Labor costs	33,870,391.52	28,349,953.58
Raw materials	1,667,295.14	30,000.00
External assistance	6,246,006.53	3,568,602.44
Total	41,783,693.19	31,948,556.02

In 2024, The Group incurred RMB1,045,008,575.24 in research and development, of which RMB41,783,693.19 was included in research and development expenses. During the research and development process, trial products were sold, and the corresponding cost of RMB1,003,224,882.05 was included in cost of sales.

45. Financial expenses

	2024	2023
Interest expense	185,814,120.65	269,087,497.95
Less: Interest income	22,389,740.43	47,286,994.74
Less: Capitalized amount of interest	263,383.40	667,745.75
Net exchange gain/(loss)	32,635,561.19	13,087,949.84
Others	4,876,307.82	8,058,277.40
Total	200,672,865.83	242,278,984.70

Capitalized borrowing costs have been included in construction in progress.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Other income

	2024	2023
Government grants related to the ordinary course of business	82,935,653.30	59,935,721.46

47. Investment income

	2024	2023
Income from long-term equity investments accounted for under equity method	5,062,810.57	6,611,137.98
Dividend income from other equity instrument investments still held during the holding period	428,145.74	696,646.78
Investment income from disposal of other debt investments	—	73,105.63
Total	5,490,956.31	7,380,890.39

48. Credit impairment losses

	2024	2023
Loss from impairment of trade receivables	(1,499,678.34)	—
Loss from impairment of prepayments	(2,029,309.40)	—
Total	(3,528,987.74)	—

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Impairment losses on assets

	2024	2023
Loss from write-down of inventories	(50,640,771.62)	(188,227,237.22)
Loss from impairment of PPE	(1,142,395,226.29)	(115,099,462.33)
Loss from impairment of construction in progress	(34,170,686.12)	–
Loss from impairment of right-of-use assets	(6,694,734.13)	–
Total	(1,233,901,418.16)	(303,326,699.55)

50. Gain on disposal of items of property, plant and equipment

	2024	2023
Gain on disposal of PPE	2,556,283.20	12,625,015.26

51. Non-operating income

	2024	2023	Amount included in non-recurring profit or loss
Fines and incomes from fines	3,642,825.05	7,516,375.71	3,642,825.05
Others	2,022,332.43	–	2,022,332.43
Total	5,665,157.48	7,516,375.71	5,665,157.48

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Non-operating expenses

	2024	2023	Amount included in non-recurring profit or loss
Carbon emission	(23,322,149.03)	(24,070,677.69)	—
Losses from disposal of non-current assets	—	8,125,407.66	—
Losses from fines	7,307.26	2,794,819.66	7,307.26
Others	522,602.06	696,596.61	522,602.06
Total	(22,792,239.71)	(12,453,853.76)	529,909.32

53. Income tax expense/(credit)

	2024	2023
Current tax	879,638.11	2,471,529.00
Deferred Tax	(96,959,221.66)	(252,313,264.24)
Total	(96,079,583.55)	(249,841,735.24)

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Income tax expense/(credit) (Continued)

The reconciliation between income tax expense and total profit/(loss) is as follows:

	2024	2023
Total profit/(loss)	(3,291,641,069.85)	(1,744,258,633.77)
Tax rate	15%	15%
Income tax expense at applicable tax rate/(credit)	(493,746,160.48)	(261,638,795.07)
Effect of different tax rates applied to subsidiaries	–	(470,046.53)
Effect of non-deductible costs, expenses and losses	71,012,753.08	17,803,178.96
Other tax concessions	(8,350,019.08)	(4,439,904.89)
Effect of non-taxable income	(823,643.45)	(1,096,167.71)
Effect of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	335,827,486.38	–
Income tax expense/(credit)	(96,079,583.55)	(249,841,735.24)

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Earnings/(losses) per share

Basic loss per share is calculated by dividing the current loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

The Group has no dilutive potential ordinary shares.

	2024	2023
	<i>RMB per share</i>	<i>RMB per share</i>
Basic earnings/(losses) per share		
Continuing operations	(0.36)	(0.17)

Basic earnings per share is calculated as follows:

	2024	2023
Earnings		
Profit attributable to ordinary shareholders of the Company (<i>RMB</i>)		
Continuing operations (<i>RMB</i>)	(3,195,561,486.30)	(1,494,416,898.53)
Number of shares		
Weighted average number of ordinary shares outstanding	8,918,602,267.00	8,918,602,267.00

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Notes to items of the consolidated cash flow statement

(1) Cash related to operating activities

	2024	2023
Other cash received relating to operating activities		
Transaction intercourse	35,521,303.14	15,666,803.19
Government grants	33,744,537.08	25,936,235.07
Interest income	22,389,740.43	47,286,994.74
Refund of income tax prepaid received	—	130,620,704.20
Guarantees and deposit	23,249,000.00	4,683,998.72
Total	114,904,580.65	224,194,735.92
Other cash paid relating to operating activities		
Transaction intercourse paid	140,685,459.26	8,315,767.84
General and administrative expenses	58,726,981.89	76,598,513.14
Distribution and selling expenses	28,093,068.52	45,600,052.39
Carbon emission paid	17,315,350.01	4,086,703.79
Others	33,833,007.94	13,363,978.87
Total	278,653,867.62	147,965,016.03

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Notes to items in the statement of cash flows (continued)

(2) Cash related to financing activities

	2024	2023
Other cash received related to financing activities		
Leaseback received	34,247,786.00	—
Other cash paid relating to financing activities		
Leaseback paid	476,073,479.25	1,818,333,333.66
Lease rent paid	167,559,234.88	148,764,526.44
Share repurchased	69,760,540.41	—
Total	713,393,254.54	1,967,097,860.10

Changes in liabilities arising from financing activities are as follows:

	Opening balance	Increase		Decrease		Closing balance
		Change in cash	Non-cash changes	Change in cash	Non-cash changes	
Short-term borrowings	450,330,519.49	918,870,090.14	19,294,302.80	469,126,516.64	—	919,368,395.79
Lease liabilities	332,589,280.60	—	29,854,493.07	178,950,573.54	—	183,493,200.13
Long-term borrowings	4,921,763,729.22	1,527,831,371.56	120,867,558.82	825,013,624.54	—	5,745,449,035.06
Long-term payables	476,611,214.39	34,247,786.00	1,586,065.72	478,182,424.97	—	34,262,641.14
Total	6,181,294,743.70	2,480,949,247.70	171,602,420.41	1,951,273,139.69	—	6,882,573,272.12

(3) Significant activities not involving current cash receipts and payments

	2024	2023
Amount of notes transferred by endorsement	6,094,719,928.38	4,080,436,049.97
Including: Payment for goods and service fee	5,656,860,406.11	3,478,117,522.32
Payment for equipment and works	437,859,522.27	602,318,527.65

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2024	2023
Net profit/(loss)	(3,195,561,486.30)	(1,494,416,898.53)
Add: Impairment losses on assets	1,233,901,418.16	303,326,699.55
Credit impairment losses	3,528,987.74	–
Depreciation of property, plant and equipment	1,539,817,894.75	1,488,704,749.84
Depreciation of right-of-use assets	140,351,998.21	132,272,681.20
Amortization of intangible assets	78,746,842.94	73,300,861.09
Amortization of long-term deferred expenses	–	25,455.16
Amortization of deferred income	(5,970,680.04)	(6,510,578.96)
Gain on disposal of property, plant and equipment, intangible assets and other long-term assets	(2,556,283.20)	(12,625,015.26)
Loss on retirement of long-term assets	–	8,125,407.66
Financial expenses	153,248,418.67	215,681,953.14
Investment gains	(5,490,956.31)	(7,380,890.39)
Increase in deferred tax assets	(97,204,328.25)	(251,831,686.66)
Increase/(decrease) in deferred tax liabilities	245,106.59	(481,577.58)
Decrease/(increase) in inventories	864,738,551.47	(217,127,062.36)
Increase in operating receivables	(578,250,748.24)	(217,351,954.84)
Increase in operating payables	1,162,691,564.49	1,001,746,296.89
Others	17,627,059.09	6,580,111.26
Net cash flows from operating activities	1,309,863,359.77	1,022,038,551.21

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Supplementary information to the statement of cash flows (Continued)

(1) Supplementary information to the statement of cash flows (Continued)

Net change in cash and cash equivalents:

	2024	2023
Closing balance of cash	2,812,341,074.96	1,831,764,477.16
Less: Opening balance of cash	1,831,764,477.16	3,937,932,833.28
Net increase/(decrease) in cash and cash equivalents	980,576,597.80	(2,106,168,356.12)

(2) Components of cash and cash equivalents:

	2024	2023
Cash	2,812,341,074.96	1,831,764,477.16
Including: Bank deposits and deposits with finance companies that are readily available for payment	2,782,100,567.55	1,831,764,477.16
Other monetary funds that are readily available for payment	30,240,507.41	—
Closing balance of cash and cash equivalents	2,812,341,074.96	1,831,764,477.16

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Foreign currency monetary items

	2024			2023		
	Original currency	Change in USD rate	Translated into RMB	Original currency	Change in USD rate	Translated into RMB
Cash and bank balances						
dollar	17,918.56	7.1884	128,805.78	13,907,192.43	7.0827	98,500,471.82

58. lease

(1) As lessee

	2024	2023
Lease liability interest expense	11,391,338.66	16,609,815.51
Short-term lease expenses through profit or loss subject to simplified treatment	3,718,915.89 167,559,234.88	4,927,325.28 165,000,000.00
Cash outflow from sale and leaseback transactions	476,073,479.25	1,818,333,333.66

Other lease information

For right-of-use assets, refer to Note V.13; Refer to Note V.28 for lease liabilities.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

V NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Leases (continued)

(2) As lessor

The Group leases part of its houses and buildings, machinery and equipment and other equipment for a lease term of 1 to 5 years, forming an operating lease.

Operating leases

Profit or loss relating to operating leases is presented as follows:

	2024	2023
Lease income	90,023,429.75	41,807,240.60

Based on the lease contract with the lessee, the undiscounted minimum lease receipts are as follows:

	2024	2023
Within 1 year	379,946.04	3,554,551.80
1 to 2 year (Within 2 year)	145,632.00	75,929.20
Total	525,578.04	3,630,481.00

For property, plant and equipment leased out under operating leases, refer to Note V.11.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VI INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

	Principal place of business	Place of registration	Nature of business	registered capital	Shareholding ratio (%)	
					direct	indirect
Subsidiaries acquired through business combinations not under common control						
Chongqing Iron & Steel Energy	Chongqing Changshou Economic Development Zone	Chongqing Changshou Economic Development Zone	Power production and sales	525,694,938.14	100.00	—
Xingang Changlong	Chongqing Changshou Economic Development Zone	Chongqing Changshou Economic Development Zone	Transportation and warehousing	110,000,000.00	100.00	—

On 31 December 2024, there was no subsidiary with non-controlling interests that are material to the Group.

2. Interests in associates

(1) Significant joint ventures and associates

	Principal place of business	Place of registration	Nature of business	Strategic to the Group's activities	Shareholding ratio (%)		Accounting treatment
					direct	indirect	
Associates							
Baocheng Carbon Material <i>[Note 1]</i>	Changshou District, Chongqing	Changshou District, Chongqing	manufacturing industry	Yes	10.00	–	Equity method
Baowu Raw Material <i>[Note 2]</i>	Shanghai Free Trade Zone	Shanghai Free Trade Zone	Trade	Yes	8.00	–	Equity method
Baowu Environmental Resources <i>[Note 3]</i>	Changshou District, Chongqing	Changshou District, Chongqing	manufacturing industry	Yes	49.00	–	Equity method
Baowu Jingcheng <i>[Note 4]</i>	Zhoushan, Zhejiang Province	Zhoushan, Zhejiang Province	manufacturing industry	Yes	19.00	–	Equity method

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VI INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in associates (Continued)

(1) Significant joint ventures and associates (Continued)

Note 1: The Company holds 10% equity of Baocheng Carbon Material, and dispatched one director to the board of directors of Baocheng Carbon Material, which has substantive decision-making rights and has a significant impact on Baocheng Carbon.

Note 2: The Company holds an 8% equity interest in Baowu Raw Material, and sends one director to the board of directors of Baowu Raw Material, which has a substantial right to participate in decision-making and has a significant impact on Baowu Raw Material.

Note 3: The Company holds 49% of the equity of Baowu Environmental Resource. According to the Articles of Association, resolutions on matters discussed at the shareholders' meeting must be passed by shareholders representing more than half of the voting rights. Therefore, the Company only has a significant impact on Baowu Environmental Resource, which is accounted for as an associate.

Note 4: The Company holds a 19% equity interest in Baowu Jingcheng and has dispatched one director to the board of directors of Baowu Jingcheng, which has substantive decision-making rights and has a significant impact on Baowu Jingcheng.

(2) Consolidated financial information of insignificant associates

	2024	2023
Associates		
Carrying amount of investment	108,764,718.31	110,934,705.02
Total amount calculated by shareholding ratio as follows		
Net profit	5,062,810.57	6,611,137.98
Total comprehensive income	5,062,810.57	6,611,137.98

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VII GOVERNMENT GRANTS

1. Government grants included in amounts receivable

The closing balance of government grants receivable included in other receivables was RMB13,611,773.81.

2. Liabilities related to government grants

2024

	Opening balance	Increase	Other income included in the current year	Other changes in the current year	Closing balance	Related to assets/income
Special appropriation for environmental governance	57,444,850.43	27,290,000.00	(3,120,680.04)	–	81,614,170.39	Related to assets/income
Subsidies for waste heat power generation projects	23,437,500.00	–	(2,250,000.00)	–	21,187,500.00	Related to assets/income
Construction of intelligent operation and control platform	4,850,000.00	–	(600,000.00)	–	4,250,000.00	Related to assets/income
Total	85,732,350.43	27,290,000.00	(5,970,680.04)	–	107,051,670.39	

2023

	Opening balance	Increase	Other income included in the current year	Other changes in the current year	Closing balance	Related to assets/income
Special appropriation for environmental governance	54,055,429.39	7,500,000.00	(4,110,578.96)	–	57,444,850.43	Asset-related
Subsidies for waste heat power generation projects	25,687,500.00	–	(2,250,000.00)	–	23,437,500.00	Asset-related
Construction of intelligent operation and control platform	–	5,000,000.00	(150,000.00)	–	4,850,000.00	Asset-related
Total	79,742,929.39	12,500,000.00	(6,510,578.96)	–	85,732,350.43	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VII GOVERNMENT GRANTS (CONTINUED)

3. Government grants recognized in profit or loss

	2024	2023
Government grants related to assets		
Included in other income	5,970,680.04	6,510,578.96
Grants related to income		
Included in other income	76,964,973.26	53,425,142.50
Total	82,935,653.30	59,935,721.46

VIII FINANCIAL INSTRUMENTS AND RISKS

1. Risks of financial instruments

The Group is exposed to various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The Group's risk management policies are outlined below.

The Board is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks and cover market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and the Group's operating activities to determine whether to update risk management policies and systems. The risk management of the Group is managed by the Strategy and Risk Committee under the policies approved by the Board of Directors. The Committee identifies, evaluates and mitigates risks through close cooperation with other business units of the Group. The internal audit department of the Group reviews risk management controls and procedures on a regular basis and reports the results to the audit committee of the Group.

The Group diversifies the risk of financial instruments through appropriate diversified investments and business portfolios, and reduces the risk of concentration in any single industry, specific region or specific counterparty by formulating corresponding risk management policies.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risks of financial instruments (Continued)

(1) Credit risk

The Group only deals with recognized and reputable third parties. In accordance with the Group's policy, a credit review is required for all customers who require credit transactions. In addition, the Group continuously monitors the balance of trade receivables to ensure that the Group is not exposed to significant bad debt risk.

As the counterparties of monetary funds and bank acceptance bills receivable are banks with good reputation and high credit rating, these financial instruments have low credit risk.

Other financial assets of the Group include commercial acceptance bills receivable, trade receivables, other equity instrument investments and other receivables. The credit risk of these financial assets arises from the default of counterparties, and the maximum risk exposure is equal to the book value of these instruments.

The Group's maximum exposure to credit risk at each balance sheet date is the total amount charged to customers less Bad debt provisions.

As the Group only deals with recognized and reputable third parties, no collateral is required. Credit risk is centrally managed by customer and industry. At the balance sheet date, the Group has a specific concentration of credit risk and trade receivables of 93.58% of the Group (31 December 2023: 89.74%) from the top five trade receivables balance customers. The Group does not hold any collateral or other credit enhancements on the balance of trade receivables.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instrument risk (Continued)

(1) Credit risk (Continued)

Determination of significant increase in credit risk

At each balance sheet date, the Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. The Group's main criteria for determining significant increase in credit risk are that the overdue days exceed 30 days, or one or more of the following indicators have changed significantly: the operating environment of the debtor, internal and external credit ratings, actual or expected operating results have changed significantly.

Definition of credit-impaired financial assets

The Group's main criterion for determining that credit impairment has occurred is that the number of days past due exceeds 90 days. However, in some cases, if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancements held, the Group will also consider that credit impairment has occurred. Credit impairment of financial assets may be caused by the combined action of multiple events, but may not be caused by separately identifiable events.

As at 31 December 2024, the analysis of gross carrying amounts and credit risk exposure of financial assets are as follows:

	12-month expected credit losses	Lifetime ECLs			Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
Cash and bank balances	3,019,606,427.86	–	–	–	–	3,019,606,427.86
Notes receivable	294,742,106.52	294,742,106.52				
Trade receivables	–	–	–	18,873,687.91	–	18,873,687.91
Receivables financing	898,747,186.51	–	–	–	–	898,747,186.51
Other receivables	36,638,073.07	1,866,774.57	937,225.80	–	–	39,442,073.44
Total	4,249,733,793.96	1,866,774.57	937,225.80	18,873,687.91	–	4,271,411,482.24

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instrument risk (Continued)

(1) Credit risk (Continued)

Definition of credit-impaired financial assets (Continued)

As at 31 December 2023, the analysis of gross carrying amounts and credit risk exposure of financial assets are as follows:

	12-month expected credit losses	Lifetime ECLs			Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
Cash and bank balances	1,935,398,455.91	–	–	–	–	1,935,398,455.91
Trade receivables	–	–	–	31,738,789.35	–	31,738,789.35
Receivables financing	632,329,098.48	–	–	–	–	632,329,098.48
Other receivables	18,304,067.04	1,866,774.57	937,225.80	–	–	21,108,067.41
Total	2,586,031,621.43	1,866,774.57	937,225.80	31,738,789.35	–	2,620,574,411.15

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instrument risk (Continued)

(2) Liquidity risk

The Group's objective is to use a variety of financing instruments to maintain a balance between continuity and flexibility of financing. The Group finances its operations through operating and borrowing funds.

The following table summarizes the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

2024

	Book value	Undiscounted contract amount	Within 1 year	1-2 years	2-5 years
Short-term borrowings	919,368,395.79	927,269,462.36	927,269,462.36	–	–
Notes payable	1,933,510,510.45	1,933,510,510.45	1,933,510,510.45	–	–
Trade payables	4,960,412,820.44	4,960,412,820.44	4,960,412,820.44	–	–
Other payables	2,660,297,030.92	2,660,297,030.92	2,660,297,030.92	–	–
Non-current liabilities					
due within one year	4,253,092,856.67	4,368,777,014.94	4,368,777,014.94	–	–
Long-term borrowings	1,652,075,334.18	1,809,925,188.90	40,252,439.30	986,163,665.62	783,509,083.98
Lease liabilities	30,544,958.67	35,159,654.49	432,326.47	11,575,776.04	23,151,551.98
Long-term payables	27,491,726.81	29,852,843.72	801,512.36	7,554,243.44	21,497,087.92
Total	16,436,793,633.93	16,725,204,526.22	14,891,753,117.24	1,005,293,685.10	828,157,723.88

2023

	Book value	Undiscounted contract amount	Within 1 year	1-2 years	2-5 years
Short-term borrowings	450,330,519.49	457,799,027.78	457,799,027.78	–	–
Notes payable	1,938,301,405.71	1,938,301,405.71	1,938,301,405.71	–	–
Trade payables	3,886,777,138.43	3,886,777,138.43	3,886,777,138.43	–	–
Other payables	3,046,874,537.02	3,046,874,537.02	3,046,874,537.02	–	–
Non-current liabilities					
due within one year	2,252,746,756.99	2,297,990,367.65	2,297,990,367.65	–	–
Long-term borrowings	2,986,945,100.00	3,130,253,631.45	81,504,183.40	2,569,756,672.05	478,992,776.00
Lease liabilities	183,493,200.13	200,151,940.54	7,831,137.46	157,593,475.06	34,727,328.02
Long-term payables	307,779,167.09	333,620,500.02	14,495,953.13	175,581,351.57	143,543,195.32
Total	15,053,247,824.86	15,291,768,548.60	11,731,573,750.58	2,902,931,498.68	657,263,299.34

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instrument risk (Continued)

(3) Market risk

Interest rate risk

The Group's exposure to changes in market interest rates is primarily related to the Group's borrowings with floating interest rates. The Group manages interest costs by maintaining an appropriate mix of fixed rate and variable rate debt.

The net after-tax effect on net profit or loss (through the effect on floating rate borrowings) when a reasonable and possible change in interest rates occurs under the assumption that all other variables remain unchanged is not significant.

Foreign exchange risk

The Group is exposed to transactional exchange rate risk. Such risks arise from purchases made by operating units in currencies other than their functional currency.

The following table is a sensitivity analysis of exchange rate risk, reflecting the impact on net profit or loss (due to dollar-denominated financial instruments) when a reasonable and possible change in the US dollar exchange rate occurs under the assumption that all other variables remain unchanged.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

2. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments according to changes in economic conditions and the risk characteristics of the relevant assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not bound by any externally imposed capital requirements. In 2024 and 2023, the capital management objectives, policies or procedures were not changed.

	2024	2023
Debt-to-asset ratio	53.19%	46.85%

3. Transfer of financial assets

Transfer method	Nature of transferred financial assets	Amount of financial assets transferred	Derecognition	Judgment basis for derecognition
Bill endorsement/bill discounting	Notes receivable	288,472,618.00	Not derecognized	Retains substantially all of its risks and rewards, including the risk of default associated with it
Bill endorsement/bill discounting	Notes receivable	3,463,065,047.85	Derecognition	Has transferred substantially all of its risks and rewards
Total		3,751,537,665.85		

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Transfer of financial assets (Continued)

Financial assets derecognized as a result of the transfer were as follows:

	Method of transfer of financial assets	Amount of derecognized financial assets	Losses related to derecognition
Notes receivable	Bill endorsement/bill discounting	3,463,065,047.85	3,061,082.41

As at 31 December 2024, there were no transferred financial assets that continued to be involved.

Transferred financial assets that are not derecognized in their entirety

As at 31 December 2024, The carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement of accounts payable and other payables/discounting is RMB288,472,618.00 (31 December 2023: RMB21,002,724.47). In the opinion of the Management, the Group retains substantially all of its risks and rewards, including the risk of default associated therewith, and therefore continues to recognize in full its and its related settled trade payables or other payables/and bank borrowings. After endorsement/discounting, the Group no longer retains the right to use it, including the right to sell, transfer or pledge it to other third parties. As at 31 December 2024, The total carrying amount of the Group's accounts payable and other payables/bank borrowings settled with the Group and with recourse from suppliers is RMB288,472,618.00 (31 December 2023: RMB21,002,724.47).

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

VIII FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Transfer of financial assets (Continued)

Transferred financial assets that have been derecognized as a whole but continue to be involved

As at 31 December 2024, The carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement of accounts payable and other payables/discounting is RMB3,463,065,047.85 (31 December 2023: RMB4,634,146,175.12). As at 31 December 2024, the maturity date is within 6 months. According to the relevant provisions of the Bill Law, if the acceptance bank refuses to pay, the holder may exercise the right of recourse against anyone, several or all of the bill debtors, including the Group, regardless of the order of the bill debtors ("Continuing Involvement"). The Group considers that it has transferred substantially all of its risks and rewards and therefore derecognizes it and its related settled accounts payable and other payables in full and recognizes discount charges. The maximum loss and undiscounted cash flow of continuing involvement and repurchase are equal to its book value. The Group believes that the continuing involvement in fair value is not significant.

In 2024, the Group recognized a discount fee of RMB3,061,082.41 (2023: RMB11,629,609.61) at the transfer date. The Group has no income or expense recognized in the current year and accumulated due to its continuing involvement in derecognized financial assets. Endorsements/discounting occur approximately evenly throughout the year.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

IX FAIR VALUE DISCLOSURES

1. Assets and liabilities measured at fair value

31 December 2024

	Inputs used for fair value measurement			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Other equity investment	–	–	60,364,499.70	60,364,499.70
Receivables financing	–	898,747,186.51	–	898,747,186.51
Total	–	898,747,186.51	60,364,499.70	959,111,686.21

31 December 2023

	Inputs used for fair value measurement			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Other equity investment	–	–	60,364,499.70	60,364,499.70
Receivables financing	–	632,329,098.48	–	632,329,098.48
Total	–	632,329,098.48	60,364,499.70	692,693,598.18

2. Level 1 fair value measurement

The fair value of the listed equity instrument investment shall be determined based on the market quotation.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

IX FAIR VALUE DISCLOSURES (CONTINUED)

3. Level 2 fair value measurement

The Group's Level 2 fair value measurement items are mainly receivables financing. The financing of receivables is determined by discounting the market interest rate.

4. Level 3 fair value measurement

Level 3 fair value measurement items held by the Group are mainly unlisted equity investments. For unlisted equity instrument investments, the fair value is estimated using the market method based on unobservable market price or interest rate assumptions. The Group is required to identify comparable listed companies based on industry, size, leverage and strategy and calculate an appropriate market multiplier for each comparable listed company identified. Based on the specific facts and circumstances of the enterprise, adjustments are made after considering factors such as liquidity and scale differences with comparable listed companies.

The following is a summary of significant unobservable inputs to Level 3 fair value measurements:

	Fair value at end of year	Valuation techniques	Unobservable inputs	Range Range (Weighted average)
Other equity investments	2024: 60,364,499.70	Listed company comparison method	marketability discount	2024: 34%
Other equity investments	2023: 60,364,499.70	Listed company comparison method	marketability discount	2023: 29%

5. Financial assets and financial liabilities not measured at fair value

Management has assessed monetary funds, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, current portion of non-current assets, long-term borrowings, long-term payables, etc. Due to the short remaining maturity periods or the minimal difference between the actual interest rates and market rates for those with longer remaining maturities, the fair values are approximately equivalent to their carrying amounts.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Controlling shareholder

Name of controlling shareholder	Place of registration	Nature of business	Registered capital (RMB1000)	For the Company Shareholding ratio (%)	For the Company Percentage of voting rights (%)
Changshou Iron and Steel	Chongqing	Engaging in technology development, technology transfer, technical services and technical management consultation in the fields of iron and steel, metallurgical minerals, coal, chemical industry, electric power and transportation; Sales of steel raw materials; Terminal operations; Warehousing services; Leases of own property and equipment; Import and export of goods and technologies; Corporate management and advisory services	2,720,000.00	23.51	23.51

Changshou Iron and Steel is the controlling shareholder.

2. Subsidiary

Please refer to Note VI. Interests in other entities for details of the Company's subsidiaries.

3. Associates

Please refer to Note VI Interests in other entities for details of the Company's associates.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties

Company name	Relationship with the Company
Baowu Water	Subsidiary of Baowu Group
Shanghai Ouye Logistics Co., Ltd. ("Ouye Logistics")	Subsidiary of Baowu Group
Baowu Equipment Intelligent Technology Co., Ltd. ("Baowu Equipment")	Subsidiary of Baowu Group
Shanghai Baoding Energy Co., Ltd. ("Baoding Energy")	Subsidiary of Baowu Group
Shanghai Baosteel Shipping Co., Ltd. ("Baosteel Shipping")	Subsidiary of Baowu Group
Baowu Smart Roll Technology Service (Shanghai) Co., Ltd. ("Baowu Smart")	Subsidiary of Baowu Group
Baowu Heavy Industry Co., Ltd. ("Baowu Heavy Industry")	Subsidiary of Baowu Group
Ouye Industrial Products Co., Ltd. ("Ouye Industrial")	Subsidiary of Baowu Group
Shanghai Baosight Software Co., Ltd. ("Baosight Software")	Subsidiary of Baowu Group
Baowu Raw Materials	Subsidiary of Baowu Group
Baosteel Engineering Technology Group Co., Ltd. ("Baosteel Engineering")	Subsidiary of Baowu Group
Shanghai Baosteel Energy Conservation and Environmental Protection Technology Co., Ltd. ("Baosteel Energy Conservation")	Subsidiary of Baowu Group
Guangdong Baodi Nanhua Industrial City Development Co., Ltd. ("Baodi Nanhua")	Subsidiary of Baowu Group
Huabao Securities Co., Ltd. ("Huabao Securities")	Subsidiary of Baowu Group
Shanghai Baosteel Xinyue Talent Technology Co., Ltd. ("Baosteel Xinyue")	Subsidiary of Baowu Group
Ouye Cloud Commerce Co., Ltd. ("Ouye Cloud Commerce")	Subsidiary of Baowu Group
Baosteel Resources Holding (Shanghai) Co., Ltd. ("Baosteel Resources")	Subsidiary of Baowu Group
Baosteel Development Co., Ltd. ("Baosteel Development")	Subsidiary of Baowu Group
Baowu Group Central South Steel Co., Ltd. ("Central South Steel")	Subsidiary of Baowu Group
Zhejiang Zhoushan Wugang Wharf Co., Ltd. ("Wugang Wharf")	Subsidiary of Baowu Group
Baoshan Iron & Steel Co., Ltd. ("Baosteel Co., Ltd.")	Subsidiary of Baowu Group
Guangdong Kunlun Information Technology Co., Ltd. ("Kunlun Information")	Subsidiary of Baowu Group
China Baowu Steel Group Co., Ltd. ("Baowu Group")	Subsidiary of Baowu Group

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Relationship with the Company
Baowu Shared Services Co., Ltd. ("Baowu Shared Services")	Subsidiary of Baowu Group
Maanshan Iron & Steel International Economic & Trading Co., Ltd. ("Maanshan International")	Subsidiary of Baowu Group
Xinsteel International Trade Co., Ltd. ("Xinsteel International")	Subsidiary of Baowu Group
Wuhan Iron & Steel Group Logistics Co., Ltd. ("Wugang Logistics")	Subsidiary of Baowu Group
Wuhan Iron & Steel Jiangbei Group Cold-Formed Steel Co., Ltd. ("Wugang Jiangbei")	Subsidiary of Baowu Group
Baosteel Co., Ltd. Huangshi Coated Steel Co., Ltd. ("Baosteel Huangshi")	Subsidiary of Baowu Group
Shanghai Baojing Information Technology Development Co., Ltd. ("Baojing Information")	Subsidiary of Baowu Group
Huabao Trust Co., Ltd. ("Huabao Trust")	Subsidiary of Baowu Group
Shanghai Baosteel Construction Engineering Technology Co., Ltd. ("Baosteel Construction")	Subsidiary of Baowu Group
Shanghai Meishan Industrial & Civil Engineering Design & Research Institute Co., Ltd. ("Meishan Research Institute")	Subsidiary of Baowu Group
Guangdong Shaoguan Engineering Technology Co., Ltd. ("Shaoguan Engineering")	Subsidiary of Baowu Group
Sinosteel International Freight Zhejiang Co., Ltd. ("Sinosteel International")	Subsidiary of Baowu Group
Baowu Jingcheng	Subsidiary of Baowu Group
Wuhan Engineering Vocational and Technical College ("Wuhan Engineering College")	Subsidiary of Baowu Group
Baowu Industry-Education Integration Development (Shanghai) Co., Ltd. ("Baowu Industry-Education Integration")	Subsidiary of Baowu Group
Taiyuan Iron & Steel (Group) Co., Ltd. ("Taiyuan Steel")	Subsidiary of Baowu Group
Shanghai Jinyi Testing Technology Co., Ltd. ("Jinyi Testing")	Subsidiary of Baowu Group
Anhui Metallurgical Technology Vocational College ("Anhui Metallurgical College")	Subsidiary of Baowu Group
Hubei Egang Commercial Service Co., Ltd. ("Hubei Egang")	Subsidiary of Baowu Group
Shanghai Ouye Supply Chain Co., Ltd. ("Shanghai Ouye")	Subsidiary of Baowu Group
Wugang Resources Group Ezhou Pellet Co., Ltd. ("Ezhou Pellet")	Subsidiary of Baowu Group
Baowu Resources Co., Ltd. ("Baowu Resources")	Subsidiary of Baowu Group

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Relationship with the Company
Wuhan Yangguang Industrial Co., Ltd. ("Wuhan Yangguang")	Subsidiary of Baowu Group
Chengdu Baosteel Western Trading Co., Ltd. ("Chengdu Baosteel")	Subsidiary of Baowu Group
Shanghai Ouye Procurement Information Technology Co., Ltd. ("Ouye Procurement")	Subsidiary of Baowu Group
Baowu Group Echeng Iron & Steel Co., Ltd. ("Echeng Steel")	Subsidiary of Baowu Group
Sinosteel Group Xi'an Heavy Machinery Co., Ltd. ("Sinosteel Group")	Subsidiary of Baowu Group
Hengyang Sinosteel Hengzhong Equipment Co., Ltd. ("Hengyang Sinosteel")	Subsidiary of Baowu Group
Baosteel Resources (International) Co., Ltd. ("Baosteel International")	Subsidiary of Baowu Group
Shanghai Ouye Materials Technology Co., Ltd. ("Ouye Materials")	Subsidiary of Baowu Group
Baocheng Carbon Materials	Subsidiary of Baowu Group
Shanghai Steel Trading Center Co., Ltd. ("Shanghai Steel")	Subsidiary of Baowu Group
Wugang Group Xiangyang Heavy Equipment Materials Co., Ltd. ("Wugang Xiangyang")	Subsidiary of Baowu Group
Baosteel Chemical (Zhangjiagang Free Trade Zone) International Trade Co., Ltd. ("Baosteel Chemical")	Subsidiary of Baowu Group
Guangdong Central South Steel Co., Ltd. ("Guangdong Central South")	Subsidiary of Baowu Group
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd. ("Dongguan Baosteel")	Subsidiary of Baowu Group
Sinosteel Equipment Co., Ltd. ("Sinosteel Equipment")	Subsidiary of Baowu Group
Baosteel Desheng Stainless Steel Co., Ltd. ("Baosteel Desheng")	Subsidiary of Baowu Group
Baohuan Resources	Subsidiary of Baowu Group
OUYEEL SINGAPORE PTE. LTD. ("Ouyeel Overseas")	Subsidiary of Baowu Group
Wuhan Wugang Green City Technology Development Co., Ltd. ("Wugang Technology")	Subsidiary of Baowu Group
Wuhan Huafeng Sensing Technology Co., Ltd. ("Huafeng Sensing")	Subsidiary of Baowu Group
Ouye Lianjin Renewable Resources Co., Ltd. ("Ouye Lianjin")	Subsidiary of Baowu Group
Wuhan Iron & Steel Co., Ltd. ("Wuhan Steel")	Subsidiary of Baowu Group

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Relationship with the Company
Sinosteel Luonai Technology Co., Ltd. ("Sinosteel Luonai")	Subsidiary of Baowu Group
Baowu Resources Co., Ltd. ("Baowu Resources")	Subsidiary of Baowu Group
Baowu Group Finance Co., Ltd. ("Baowu Finance")	Subsidiary of Baowu Group
Taicang Wugang Wharf Co., Ltd. ("Taicang Wugang")	Associate of Baowu Group
Maanshan Chengxing Metal Resources Co., Ltd. ("Maanshan Chengxing")	Associate of Baowu Group
Shanghai Gangzhijia Information Technology Co., Ltd. ("Gangzhijia Information")	Associate of Baowu Group
China Pacific Property Insurance Co., Ltd. ("Pacific Property")	Associate of Baowu Group
Guangdong Building Materials Co., Ltd. ("Guangdong Building Materials")	Associate of Baowu Group
Guangdong Guangwu Central South Building Materials Group Co., Ltd. ("Central South Building Materials")	Associate of Baowu Group
Yichang Yimei Urban Mineral Resources Recycling Co., Ltd. ("Yichang Yimei")	Associate of Baowu Group
Maanshan Iron & Steel Construction Group Mining Trade Co., Ltd. ("Maanshan Construction")	Associate of Baowu Group
Ouye Lianjin (Hubei) Renewable Resources Co., Ltd. ("Ouye Lianjin Hubei")	Associate of Baowu Group
Ouye Lianjin (Shaoguan) Renewable Resources Co., Ltd. ("Ouye Lianjin Shaoguan")	Associate of Baowu Group
Ouye Lianjin (Sichuan) Renewable Resources Co., Ltd. ("Ouye Lianjin Sichuan")	Associate of Baowu Group
Shanghai Baosteel Engineering Consulting Co., Ltd. ("Baosteel Engineering Consulting")	Associate of Baowu Group
Shanghai Baoneng Information Technology Co., Ltd. ("Baoneng Information Technology")	Associate of Baowu Group
Guangdong Guangwu Materials Co., Ltd. ("Guangdong Guangwu")	Associate of Baowu Group
Sinosteel Southern (Wuhan) Automation Co., Ltd. ("Sinosteel Automation")	Associate of Baowu Group

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

(1) Receipt of services

Related parties	Related party transactions	2024	2023
Baowu Water	Receipt of services [Note 1]	278,440,061.66	206,714,806.55
Ouye Logistics	Receipt of services [Note 1]	183,442,086.75	317,388,901.07
Baowu Equipment	Receipt of services [Note 1]	102,035,520.93	84,873,107.09
Baoding Energy	Receipt of services [Note 1]	88,395,700.35	116,759,916.79
Baosteel Shipping	Receipt of services [Note 1]	51,944,264.67	35,142,169.67
Baosteel Co., Ltd.	Receipt of services [Note 1]	47,599,661.30	42,675,596.96
Baowu Smart	Receipt of services [Note 1]	33,789,657.77	–
Baowu Heavy Industry	Receipt of services [Note 1]	32,153,952.52	70,211,848.78
Ouye Industrial	Receipt of services [Note 1]	22,553,097.70	21,435,751.51
Baosight Software	Receipt of services [Note 1]	20,235,964.08	31,578,032.55
Baowu Raw Materials	Receipt of services [Note 1]	16,151,345.13	–
Baosteel Engineering	Receipt of services [Note 1]	15,485,522.23	16,610,858.22
Baosteel Energy Conservation	Receipt of services [Note 1]	15,477,159.22	–
Sub-total		907,703,994.31	943,390,989.19

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Receipt of services (Continued)

Related parties	Related party transactions	2024	2023
Baohuan Resources	Receipt of services [Note 1]	10,643,327.11	11,066,623.02
Baodi Nanhua	Receipt of services [Note 1]	6,592,250.39	13,533,810.74
Huabao Securities	Receipt of services [Note 1]	6,447,924.53	–
Baosteel Xinyue	Receipt of services [Note 1]	5,246,923.75	6,935,271.33
Sinosteel International	Receipt of services [Note 1]	5,018,082.94	32,037,690.52
Baosteel Resources	Receipt of services [Note 1]	3,584,070.80	–
Baosteel Development	Receipt of services [Note 1]	3,123,422.04	8,433,031.32
Central South Steel	Receipt of services [Note 1]	2,150,650.00	2,922,701.58
Wugang Wharf	Receipt of services [Note 1]	2,127,949.81	12,122,106.03
Taicang Wugang	Receipt of services [Note 1]	2,020,504.72	26,410,894.34
Wuhan Iron & Steel	Receipt of services [Note 1]	1,551,886.79	665,094.34
Kunlun Information	Receipt of services [Note 1]	691,500.00	522,000.00
Baowu Group	Receipt of services [Note 1]	653,643.20	412,907.38
Baowu Shared Services	Receipt of services [Note 1]	306,868.74	–
Baowu Industry-Education Integration	Receipt of services [Note 1]	284,350.00	1,297,070.76
Ouye Cloud Commerce	Receipt of services [Note 1]	283,796.22	2,547,569.81
Wuhan Engineering College	Receipt of services [Note 1]	230,000.00	1,597,922.35

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Receipt of services (Continued)

Related parties	Related party transactions	2024	2023
Gangzhijia Information	Receipt of services [Note 1]	117,924.53	113,207.55
Baojing Information	Receipt of services [Note 1]	105,000.00	105,000.00
Huabao Trust	Receipt of services [Note 1]	76,113.21	122,725.47
Taiyuan Steel	Receipt of services [Note 1]	41,603.77	248,349.05
Baowu Jingcheng	Receipt of services [Note 1]	–	15,955,534.00
Pacific Property	Receipt of services [Note 1]	–	199,263.36
Jinyi Testing	Receipt of services [Note 1]	–	142,644.00
Anhui Metallurgical College	Receipt of services [Note 1]	–	53,679.25
Hubei Egang	Receipt of services [Note 1]	–	2,870.26
Shanghai Ouye	Receipt of services [Note 1]	–	462.74
Sub-total		51,297,792.55	137,448,429.20
Total		959,001,786.86	1,080,839,418.39

The price for services received from a related party is determined by reference to the price or cost plus for similar transactions between the related party and other third parties, or the bid price of the supplier.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Purchase of goods

Related parties	Related party transactions	2024	2023
Maanshan International	Purchase of raw materials [Note 3]	2,299,978,856.94	1,331,806,177.47
Baosteel International	Purchase of raw materials [Note 3]	2,217,064,076.24	4,468,131,317.71
Baosteel Resources	Purchase of raw materials [Note 3]	1,171,847,002.54	2,522,409,299.70
Baoding Energy	Purchase of raw materials [Note 3]	888,027,448.50	1,603,447,335.37
Baowu Raw Materials	Purchase of raw materials [Note 3]	750,795,919.19	1,185,214,987.89
Guangdong Building Materials	Purchase of scrap steel [Note 3]	548,503,625.09	120,705,758.09
Ouye Industrial	Purchase of spare parts and equipment [Note 2]	535,485,874.73	1,542,413,746.71
Ouye Industrial	Purchase of raw materials [Note 3]	484,942,135.49	–
Ouye Lianjin	Purchase of scrap steel [Note 3]	342,080,599.73	177,677,643.01
Ouye Lianjin Shaoguan	Purchase of scrap steel [Note 3]	297,471,853.30	54,889,171.44
Central South Building Materials	Purchase of raw materials [Note 3]	272,268,094.84	726,381,136.81
Yichang Yimei	Purchase of scrap steel [Note 3]	251,824,698.43	62,393,943.56
Ezhou Pellet	Purchase of raw materials [Note 3]	160,605,758.20	167,515,095.87
Baowu Resources	Purchase of raw materials [Note 3]	157,980,652.59	–
Maanshan Construction	Purchase of raw materials [Note 3]	138,139,556.16	–
Ouye Lianjin Hubei	Purchase of scrap steel [Note 3]	130,728,904.20	71,621,811.83
Wuhan Yangguang	Purchase of raw materials [Note 3]	71,117,527.24	8,200,948.67
Ouye Lianjin Sichuan	Purchase of scrap steel [Note 3]	45,923,112.69	37,414,883.62
Baowu Jingcheng	Purchase of raw materials [Note 3]	37,557,514.28	134,417,716.82
Baowu Equipment	Purchase of spare parts and equipment [Note 2]	10,431,016.84	54,728,433.80
Maanshan Chengxing	Purchase of scrap steel [Note 3]	9,528,252.80	12,908,251.94
Chengdu Baosteel	Purchase of raw materials [Note 3]	6,709,242.82	–
Ouye Procurement	Purchase of raw materials [Note 3]	3,322,173.00	–
Echeng Steel	Purchase of raw materials [Note 3]	2,769,614.47	130,672,587.23
Baosight Software	Purchase of spare parts and equipment [Note 2]	1,001,255.77	1,351,577.96
Sinosteel Group	Purchase of spare parts [Note 2]	660,000.00	340,000.00
Hengyang Sinosteel	Purchase of spare parts [Note 2]	514,325.00	579,500.00
Pacific Property	Purchase of raw materials [Note 3]	13,440.87	–
Baosteel Engineering	Purchase of spare parts and equipment [Note 2]	–	80,465,689.64
Huabao Securities	Purchase of raw materials [Note 3]	–	4,056,603.79
Shaoguan Engineering	Purchase of spare parts [Note 2]	–	754,641.32
Total		10,837,292,531.95	14,500,498,260.25

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Purchase of goods (Continued)

The price of goods purchased from a related party is determined by reference to the price or cost plus of similar transactions between the related party and other third parties, or the bid price of the supplier.

(3) Purchase of PPE and construction services

Related parties	Related party transactions	2024	2023
Baosteel Engineering	Engineering construction [Note 1]	217,243,485.50	772,302,678.64
Baosight Software	Engineering construction [Note 1]	133,086,437.09	274,402,882.44
Baowu Water	Engineering construction [Note 1]	40,379,934.90	107,733,722.99
Shaoguan Steel Engineering	Engineering construction [Note 1]	32,590,656.28	55,165,881.05
Baowu Equipment	Engineering construction [Note 1]	23,545,170.35	28,501,935.30
Meishan Research Institute	Engineering construction [Note 1]	23,251,334.17	67,651,674.55
Kunlun Information	Engineering construction [Note 1]	5,400,000.00	15,435,614.20
Baosteel Engineering Consulting	Engineering construction [Note 1]	2,386,810.80	2,768,021.20
Baosteel Development	Engineering construction [Note 1]	1,838,592.38	9,148,864.42
Baosteel Construction	Engineering construction [Note 1]	836,888.08	5,422,062.60
Ouyeel Logistics	Engineering construction [Note 1]	825,188.68	–
Ouyeel Procurement	Engineering construction [Note 1]	–	340,000.00
Baoneng Xinketech	Engineering construction [Note 1]	–	178,800.00
Sinosteel Corporation	Engineering construction [Note 1]	–	1,852,900.00
Total		481,384,498.23	1,340,905,037.39

Purchase of property, plant and equipment and construction services from related parties is determined by reference to the market price negotiated by both parties or the bidding price of suppliers.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3) Purchase of PPE and construction services (Continued)

Note 1: The approved transaction caps of Baowu Group and its subsidiaries and affiliates in providing services to the Group in 2024 is RMB3,000,000,000.00, and the total amount of transactions for the provision of services to the Group by Baowu Group and its subsidiaries and associates in 2024 was RMB1,440,386,285.09. The annual trading quota did not exceed the approved trading quota;

Note 2: The transaction caps approved for Baowu Group and its subsidiaries and affiliates to supply production materials (spare parts, equipment and water etc.) to the Group in 2024 is RMB920,000,000.00. The total transaction value of production materials provided by Baowu Group and its subsidiaries and associates to the Group in 2024 was RMB548,092,472.34. The annual trading quota did not exceed the approved trading quota;

Note 3: The transaction caps approved for Baowu Group and its subsidiaries and affiliates to supply raw materials (iron ore, scrap steel, resistant materials, auxiliary materials, billets and coal, etc.) to the Group in 2024 is RMB28,300,000,000.00. The total transaction amount of raw materials provided to the Group by Baowu Group and its subsidiaries and associates in 2024 was RMB10,289,200,059.61. The annual trading quota did not exceed the approved trading quota;

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Sale of goods and rendering of services to related parties

Related parties	Related party transactions	2024	2023
Central South Building Materials	Sales of goods	1,768,042,734.41	2,651,592,740.13
Ouye Materials	Sales of goods	1,243,929,751.13	2,688,145,568.36
Ouye Cloud Commerce	Sales of goods	586,576,934.74	–
Shanghai Ouye	Sales of goods	475,207,791.20	798,052,033.94
Baocheng Carbon Materials	Sale of goods, energy media, provision of services	416,840,706.35	490,791,892.16
Baohuan Resources	Sale of goods, energy media	212,347,902.03	306,454,422.42
Baowu Water	Sale of goods, energy media, provision of services	153,329,135.66	133,287,314.58
Shanghai Steel	Sales of goods	80,286,252.50	(2,494.28)
Guangdong Guangwu	Sales of goods	67,560,550.49	52,708,113.65
Maanshan International	Sale of goods, provision of services	67,214,546.37	–
Wugang Xiangyang	Sales of goods	43,747,666.20	–
Ouyeel Overseas	Sales of goods	41,242,239.04	–
Baosteel Chemical	Sales of energy media	3,918,596.46	5,798,252.69
Baosteel Engineering	Sale of goods, provision of services	1,878,194.30	71,485.16
Baosteel Resources	Sale of goods, energy media	1,643,077.87	4,877,876.11
Baowu Smart	Sales of goods	1,588,225.99	–
Guangdong Building Materials	Sales of goods	1,548,903.30	11,821,026.08
Baowu Equipment	Sale of goods, energy media	50,503.55	19,136.43
Baowu Heavy Industry	Provision of services	47,766.97	2,406,180.41
Shaoguan Engineering	Sales of energy media	31,702.37	7,001.12
Wugang Jiangbei	Provision of services	19,482.85	48,853,976.57
Baosteel Development	Sale of goods, energy media	16,981.98	–
Baodi Nanhua	Sales of energy media	16,753.49	3,333.20
Sub-total		5,167,086,399.25	7,194,887,858.73

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Sale of goods and rendering of services to related parties (Continued)

Related parties	Related party transactions	2024	2023
Ouye Industrial	Sales of goods	9,541.25	8,073.38
Baosight Software	Sale of goods, energy media	8,241.82	301.80
Meishan Research Institute	Sale of goods, energy media	4,466.89	27,303.13
Baosteel Construction	Sales of energy media	2,709.70	–
Xinsteel International	Sales of energy media	–	473,473,645.31
Echeng Steel	Sales of energy media	–	105,839,220.84
Guangdong Central South	Sales of energy media	–	15,103,558.68
Dongguan Baosteel	Sales of energy media	–	1,176,423.45
Baosteel Energy Conservation	Sale of goods, energy media	–	2,404.62
Sub-total		24,959.66	595,630,931.21
Total		5,167,111,358.91	7,790,518,789.94

The price of products sold to related parties shall be determined with reference to the price charged by the Company to other third-party customers or stipulated by relevant departments of Chongqing Municipal Government. The price of services provided to related parties shall be determined by both parties through negotiation with reference to the market price.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Loans and placements with related parties

Placements with banks and non-bank financial institutions

2024	Lending amount	Start date	Due date
Baowu Finance	500,000,000.00	2024/1/16	2025/1/15

2023	Lending amount	Start date	Due date
Baowu Finance	250,000,000.00	2023/12/25	2024/12/24

(6) Interest income received from a related party

Related parties	2024	2023
Baowu Finance	3,971,401.31	5,328,048.26

(7) Interest fee paid to related parties

Related parties	2024	2023
Baowu Finance	11,260,416.64	—

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(8) Bill custody/collection by related party

Related parties	Custody/ Collection Amount	2024			2023		
		balance	Service Charge		Amount	balance	Service Charge
Baowu Finance	11,258,353,526.39	904,816,675.03	-		11,650,948,826.68	521,126,374.01	-

In 2024 and 2023, Baowu Finance has not charged the Group for the bill custody/collection service.

(9) Other related party transactions

The acceptance bill accepted by Baowu Finance in the current year was RMB247,800,049.54 (2023: Nil). As at 31 December 2024, among the balance of notes payable, the acceptance bill accepted by Baowu Finance was RMB247,800,049.54 (31 December 2023: Nil)

(10) Other related party transactions

According to the financial service agreement signed between the Group and Baowu Finance, Baowu Finance provides the Group with comprehensive credit services with a maximum daily credit limit of RMB2 billion, and financial management services with a maximum daily cash balance of RMB2 billion. In 2024, the maximum daily credit granted by Baowu Finance to the Group was RMB888,746,984.55 and the maximum daily deposit of the Group was RMB1,141,308,500.17 (2023: The maximum one-day credit granted by Baowu Finance to the Company is RMB250,000,000.00, and the maximum daily deposit of the Company is RMB1,231,207,553.74).

The transactions between the Group and Baowu Group and its subsidiaries are connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, and the Company has confirmed compliance with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

(11) Remuneration of key management personnel

Related parties	2024	2023
Compensation for key management personnel	7,015,433.89	8,539,720.84

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(11) Remuneration of key management personnel (Continued)

2024

	Salaries, bonuses, allowances and subsidies	Pension insurance premium	Other insurance premiums and benefits	Total
Directors – Executive				
Director				
Wang Huxiang [Note 8]	298,870.00	13,550.40	24,753.36	337,173.76
Meng Wenwang	1,066,927.00	70,531.20	166,836.69	1,304,294.89
Kuang Yunlong	242,890.00	23,629.44	32,128.12	298,647.56
Zou An	612,817.14	40,934.88	56,751.65	710,503.67
Xie Zhixiong	666,772.00	30,912.57	58,403.92	756,088.49
Directors – Non-executive director				
Sheng Xuejun	180,000.00	–	–	180,000.00
Tang Ping [Note 3]	90,000.00	–	–	90,000.00
Guo Jiebin	180,000.00	–	–	180,000.00
Zhang Jinruo	90,000.00	–	–	90,000.00
Song De An	–	–	–	–
Lin Changchun	–	–	–	–
Zhou Ping	–	–	–	–
Supervisor:				
Wu Xiaoping	–	–	–	–
Li Huaidong	–	–	–	–
Zhu Xing'an [Note 6]	–	–	–	–
Guo Liang [Note 9]	–	–	–	–
Xia Tong	217,917.76	19,763.52	35,105.46	272,786.74
Lei Yougao	265,863.08	19,763.52	35,105.46	320,732.06
Hu Enlong [Note 1]	179,269.00	22,079.04	37,835.40	239,183.44
He Hongxia [Note 2]	183,535.00	22,079.04	37,835.40	243,449.44
Senior management:				
Xie Chao	935,340.00	41,842.56	72,940.86	1,050,123.42
Zhao Shiqing	827,667.00	41,842.56	72,940.86	942,450.42
Total	6,037,867.98	346,928.73	630,637.18	7,015,433.89

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(11) Remuneration of key management personnel (Continued)

2024 (Continued)

Pension, provident fund, other social insurance and annuity in the above data are all paid by the Company.

The directors for the year, Mr. Song De An, Mr. Lin Changchun and Mr. Zhou Ping, and the supervisors, Mr. Wu Xiaoping, Mr. Li Huaidong, Mr. Zhu Xingan and Mr. Guo Liang, did not receive remuneration from the Company.

The top five employees with the highest remuneration during the year included three directors and two senior managers (2023: three directors and two senior manager), whose remuneration is detailed in the table above.

Note 1: On 26 June, 2023, the Employee Representative Meeting elected Mr. Hu Enlong as the employee representative supervisor of the 10th Board of Supervisors of the company.

Note 2: On 26 June, 2023, the employee representative meeting elected Mr. He Hongxia as the employee representative supervisor of the 10th Board of Supervisors of the company.

Note 3: On 27 June, 2024, the General Meeting of Shareholders elected Ms. Tang Ping as an independent director of the 10th Board of Directors of the Company.

Note 4: On 12 August, 2024, Mr. Xie Zhixiong resigned as chairman and director of the Company.

Note 5: On 21 August, 2024, Mr. Zou An resigned as director, senior vice president, chief financial officer (financial leader), general counsel, secretary of the board of directors, joint company secretary and other positions of the company.

Note 6: On 21 August, 2024, Mr. Zhu Xingan resigned as supervisor of the Company.

Note 7: On 22 August, 2024, the Board of Directors appointed Mr. Kuang Yunlong as senior vice president of the Company; On September 3, 2024, the Board of Directors appointed Mr. Kuang Yunlong as the financial officer, general counsel and secretary of the Board of Directors of the Company. On September 19, 2024, the General Meeting of Shareholders elected Mr. Kuang Yunlong as director of the 10th Board of Directors of the Company.

Note 8: On 19 September, 2024, the General Meeting of Shareholders elected Mr. Wang Huxiang as director of the 10th Board of Directors of the Company; On the same day, the Board of Directors elected Mr. Wang Huxiang as chairman of the 10th Board of Directors of the Company.

Note 9: On 19 September, 2024, the General Meeting of Shareholders elected Mr. Guo Liang as the shareholder representative supervisor of the 10th Board of Supervisors of the Company.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(11) Remuneration of key management personnel (Continued)

2023

	Salaries, bonuses, allowances and subsidies	Pension insurance premium	Other insurance premiums and benefits	Total
Directors – executive directors:				
Xie Zhixiong	1,480,868.00	43,134.84	106,782.04	1,630,784.88
Meng Wenwang	1,318,064.00	67,907.58	165,661.56	1,551,633.14
Zou An	1,130,353.00	67,907.58	115,768.72	1,314,029.30
Directors – non-executive directors:				
Song Dean	–	–	–	–
Lai Xiaomin	–	–	–	–
Lin Changchun	–	–	–	–
Zhou Ping	–	–	–	–
Sheng Xuejun	180,000.00	–	–	180,000.00
Zhang Jinruo	180,000.00	–	–	180,000.00
Guo Jiebin	180,000.00	–	–	180,000.00
Supervisors:				
Wu Xiaoping	–	–	–	–
Li Huaidong	–	–	–	–
Zhu Xing'an	–	–	–	–
Yao Xiaohu	474,080.00	18,992.64	48,133.72	541,206.36
Zhou Yaping	404,792.00	15,827.20	38,391.62	459,010.82
Xia Tong	139,794.00	20,534.40	39,315.86	199,644.26
Lei Yougao	188,026.00	20,534.40	40,034.90	248,595.30
Senior management:				
Xie Chao	1,102,752.00	39,527.04	88,298.62	1,230,577.66
Zhang Yongzhong	545,982.00	32,820.60	61,192.60	639,995.20
Zhao Shiqing	165,988.00	6,587.84	11,668.08	184,243.92
Total	7,490,699.00	333,774.12	715,247.72	8,539,720.84

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties

(1) Trade receivables

Related parties	2024	2023
Baohuan Resources	6,664,050.67	6,131,847.53
Baocheng Carbon Materials	652,643.18	903,310.81
Baowu Equipment	12,206.22	4,321.58
Baowu Smart	10,643.41	—
Shaoguan Engineering	6,660.97	5,812.71
Baosteel Engineering	3,643.68	2,141.12
Baosteel Development	3,397.45	—
Baosight Software	1,387.04	—
Baodi Nanhua	361.06	2,142.50
Meishan Research Institute	—	4,938.58
Total	7,354,993.68	7,054,514.83

(2) Notes receivable and receivables financing

Related parties	2024	2023
Ouyeel Cloud Commerce	451,867,947.02	—
Baocheng Carbon Materials	56,275,811.13	61,222,658.28
Baohuan Resources	42,419,633.57	30,640,511.62
Ouyeel Materials	79,341.95	77,456,860.00
Total	550,642,733.67	169,320,029.90

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties (Continued)

(3) Other receivables

Related parties	2024	2023
Baowu Smart	766,169.04	–
Baowu Water	428,145.74	2,573.47
Baowu Heavy Industry	–	135,584.88
Baosteel Engineering	–	2,693.50
Total	1,194,314.78	140,851.85

(4) Prepayments

Related parties	2024	2023
Baowu Smart	27,832,822.82	–
Baoding Energy	23,287,920.44	54,775,069.06
Baowu Raw Materials	13,413,875.07	67,938,141.14
Echeng Steel	6,128,797.36	–
Baowu Heavy Industry	4,657,337.32	27,595,539.03
Baowu Sharing	13,291.25	–
Chengdu Baosteel	7,349.56	–
Baosteel Resources	–	87,694,865.97
Sinosteel Corporation	–	379,823.92
Baosight Software	–	77,256.64
Ouyeel Purchasing	–	51,194.00
Total	75,341,393.82	238,511,889.76

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties (Continued)

(5) Contract liabilities

Related parties	2024	2023
Ouyeel Cloud Commerce	403,995,813.37	—
Zhongnan Building Materials	94,010,124.18	190,445,036.04
Baocheng Carbon Materials	31,185,654.38	46,172,559.02
Baohuan Resources	8,713,611.17	19,504,254.54
Shanghai Ouyeel	2,144,152.05	3,777,967.42
Wuhan Iron and Steel Xiangyang	406,772.73	—
Baosteel Chemical	123,173.27	155,581.24
Ouyeel Materials	70,720.50	74,356,845.33
Baowu Water	63.81	63.81
Ouyeel Industry	39.82	39.82
Guangdong Guangwu	2.11	22,193,643.58
Baosteel Energy Conservation and Environmental Protection	0.69	0.69
Ouyeel Overseas	—	10,736,652.40
Baosteel Resources	—	1,219,469.03
Xinsteel International	—	189,464.61
Wuhan Iron and Steel Jiangbei	—	145,791.01
Baosteel Huangshi	—	128,637.58
Guangdong Building Materials	—	95,107.74
Baosteel Development	—	62.09
Total	540,650,128.08	369,121,175.95

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties (Continued)

(6) Trade payables

Related Parties	2024	2023
Ouye Industry	586,925,005.59	752,834,765.94
Maanshan Iron & Steel International	410,387,355.57	120,727,213.57
Guangdong Building Materials	176,994,030.24	32,895,686.51
Yichang Yimei	165,149,850.18	13,272,572.28
Ouye Chain Gold	156,710,464.47	57,169,002.64
Baowu Equipment	106,251,749.17	108,551,971.26
Ouye Chain Gold Shaoguan	101,369,324.75	37,098,772.50
Ouye Logistics	93,781,394.86	44,402,224.17
Baowu Resources	90,086,795.76	—
Baowu Water	77,782,787.37	35,680,159.70
Baosteel Resources	63,063,444.56	—
Zhongnan Building Materials	51,779,005.41	13,161,396.71
Ouye Chain Gold Hubei	47,382,486.11	53,026,768.78
Baosteel Engineering	44,335,946.31	52,920,915.69
Ouye Chain Gold Sichuan	28,029,678.37	11,220,536.10
Baosteel International	26,680,546.78	64,507,998.68
Baosteel Co., Ltd.	26,053,846.30	20,641,769.37
Baosteel Shipping	22,064,736.54	—
Baosight Software	18,748,251.55	28,273,267.79
Ezhou Pellet	14,376,259.70	—
Wuhan Yangguang	13,937,113.81	4,538,904.85
Baodi Nanhua	10,796,361.59	15,666,818.22
Baowu Jingcheng	6,975,955.00	7,732,447.45
Baosteel Development	5,392,473.93	7,130,246.14
Baohuan Resources	3,983,124.52	4,778,297.95
Baosteel Energy Saving & Environmental Protection	3,685,788.78	—
Sinosteel Group	2,906,976.08	—
Taicang Wugang	2,342,203.29	—
Hengyang Sinosteel	1,064,273.03	185,754.51
Jinyi Testing	690,000.00	151,202.64
Sub-total	2,359,727,229.62	1,486,568,693.45

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties (Continued)

(6) Trade payables (Continued)

Related Parties	2024	2023
Sinosteel International	556,357.80	1,115,541.05
Wugang Wharf	455,242.37	—
Meishan Research Institute	104,307.28	—
Baocheng Carbon Materials	75,732.60	—
Baojing Information	37,500.00	160,650.00
Kunlun Information	34,500.00	174,000.00
Shaoguan Steel Engineering	400.00	—
Maanshan Steel Chengxing	—	12,696,495.44
Baosteel Xinyue	—	2,573,192.29
Echeng Iron & Steel	—	1,267,321.79
Sinosteel Luonai	—	190,000.00
Sub-total	1,264,040.05	18,177,200.57
Total	2,360,991,269.67	1,504,745,894.02

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties (Continued)

(7) Notes payable

Related parties	2024	2023
Maanshan International	618,139,788.90	241,725,999.76
Zhongnan Building Materials	15,480,000.00	20,310,000.00
Yichang Yimei	70,000,000.00	–
Guangdong Building Materials	86,840,000.00	–
Ouyeel Chain Gold Shaoguan	11,000,000.00	–
Baosteel Resources	–	496,417,237.71
Baowu Jingcheng	–	151,892,020.00
Baowu Raw Materials	–	914,604.35
Hengyang Zhonggang	–	352,108.00
Sinosteel Corporation	–	345,780.00
Baohuan Resources	–	257,633.69
Kunlun Information	–	184,440.00
Shaoguan Steel Engineering	–	100,021.73
Ouyeel Procurement	–	38,160.00
Baowu Equipment	–	16,611.00
Total	801,459,788.90	912,554,616.24

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties (Continued)

(8) Other payables

Related parties	2024	2023
Baosteel Engineering	626,695,260.56	674,329,321.60
Baosight Software	171,921,099.75	268,912,026.03
Baowu Water	76,771,993.89	87,909,760.52
Meishan Research Institute	55,898,868.98	57,788,640.55
Baowu Equipment	43,249,226.80	19,563,232.74
Shaoguan Steel Engineering	25,966,858.19	55,581,597.80
Baosteel Development	7,096,644.52	9,400,795.42
Ouye Logistics	4,474,700.00	–
Baohuan Resources	2,520,000.00	2,500,000.00
Guangdong Building Materials	2,000,000.00	2,000,000.00
Ouye Chain Gold Hubei	2,000,000.00	2,000,000.00
Ouye Chain Gold Shaoguan	2,000,000.00	2,000,000.00
Ouye Chain Gold Sichuan	2,000,000.00	2,000,000.00
Yichang Yimei	2,000,000.00	2,000,000.00
Ouye Chain Gold	2,000,000.00	2,000,000.00
Baosteel Engineering Consulting	1,749,329.45	1,860,551.15
Huafeng Sensing	720,000.00	720,000.00
Kunlun Information	406,800.00	15,347,614.20
Ouye Industry	284,468.00	–
Baodi Nanhua	220,000.00	220,000.00
Sinosteel Group	198,315.00	2,051,215.00
Baosteel Chemical	100,000.00	100,000.00
Ouye Cloud Commerce	25,840.17	–
Baosteel Construction	–	4,710,578.72
Baosteel Energy Saving & Environmental Protection	–	20,000.00
Baoneng Information Technology	–	31,588.00
Maanshan Steel Chengxing	–	1,000,000.00
Ouye Procurement	–	169,600.00
Wugang Logistics	–	200,000.00
Baowu Resources	–	20,000.00
Total	1,030,299,405.31	1,214,436,521.73

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due and payable from related parties (Continued)

(9) Short-term borrowings

	2024	2023
Baowu Finance	500,000,000.00	250,000,000.00

(10) Trusteeship

2024

Trustor	Name of entrusted party/ contractor	The type of asset to delegate/ outsource	Balance	Aggregate amount	Income realized
The Group	Warburg Trust	Annuity custody	113,427,456.93	–	3,015,437.10

2023

Trustor	Name of entrusted party/contractor	The type of asset to delegate/ outsource	Balance	Aggregate amount	Income realized
The Group	Warburg Trust	Annuity custody	108,439,219.62	108,439,219.62	–

In September 2023, the Group suspended the payment of the enterprise annuity plan. For details, please refer to Note XIII. 2.

As at 31 December 2024 and 31 December 2023, as for current assets and current liabilities, except for deposits from related parties and borrowings from related parties, the Group's trade receivables and payables to related parties are not interest-bearing and unsecured.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7. Capital centralized management

Baowu Finance is a national non-bank financial institution jointly held by Baosteel, Wuhan Iron and Steel, Baowu Group and other units. It mainly provides member units with comprehensive financial services such as internal settlement, deposit and loan, short-term fund management and investment and financing for the purpose of strengthening the centralized management of group funds and improving the efficiency of group fund use.

As at 31 December 2024, the Group's balance of monetary funds deposited in the unrestricted deposit account of Baowu Finance is RMB927,845,862.51 (31 December 2023: RMB601,483,019.17).

XI COMMITMENTS AND CONTINGENCIES

1. Significant commitments

	2024	2023
Contracted but not provided		
Capital commitments	784,420,252.59	1,424,533,556.31
Investment commitments	34,300,000.00	34,300,000.00
Total	818,720,252.59	1,458,833,556.31

Refer to Note V.58 for lease commitments as lessees.

XII SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Company approved the resolution on the Company's participation in the auction for a group of assets including the 4100mm wide production lines. There is uncertainty as to whether the online bidding participated by the Company will be successful, the specific amount of contribution will be subject to the final signed contract.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIII OTHER SIGNIFICANT MATTERS

1. Segment reporting

(1) *Identification basis and accounting policies for reportable segments*

The Group will determine different segments based on the internal organizational structure, management requirements and internal report system. The Group's operation segments refer to those components meeting the following conditions at the same time:

- 1) The segment may generate revenue and incur expenses in daily activities;
- 2) Management of the Group can regularly evaluate the operating results of the segment to decide on the allocation of resources to it and evaluate its performance;
- 3) The segment's financial position, operation result, cash flow and other accounting information can be obtained by analysis.

(2) *Financial information of reportable segments*

The Group's revenue and profit are mainly comprised of steel manufacturing and domestic sales. The Group's major assets are all in China. The management of the Company evaluates the Group's operating results as a whole. Therefore, no segment report has been prepared in the current year.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIII OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment reporting (Continued)

(3) Information of significant customers

The Group generated revenue from one customer (2023: one) that reached or exceeded 10% of the Group's revenue, which accounting for 12.22% of the Group's revenue (2023: 12.19%).

Information of customer whose revenue in 2024 reaches or exceeds 10% of the Group's revenue is as follows:

Customer Name	Business income	Percentage in total operating income of the Group (%)
Baowu Group and its subsidiaries	3,329,959,170.71	12.22

Information of customer whose revenue in 2023 reaches or exceeds 10% of the Group's revenue is as follows:

Customer Name	Business income	Percentage in total operating income of the Group (%)
Baowu Group and its subsidiaries	5,074,396,910.08	12.91

Note: The revenue above was the total amount generated from Baowu Group and its subsidiaries for the current year by the Group.

2. Annuity plan

The Group has implemented the annuity plan since 1 January, 2022, and entrusted Huabao Trust, a subsidiary of Baowu Group, to manage the annuity. The scheme is a defined contribution scheme, and the Group and Scheme participants pay contributions according to the established contribution standards. According to the annuity plan, the Group's contribution ratio is 4% of the employee's individual contribution base. In September 2023, the Group suspended the payment of annuity plans.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

(1) Disclosed by aging

	2024	2023
Within 1 year	15,483,504.15	80,055,316.34
1 to 2 years	72,070.77	701,272.85
2 to 3 years	6,455.39	234,093.16
3 to 4 years	76,342.18	1,681,865.78
4 to 5 years	1,351,737.91	–
Over 5 years	21,060.00	25,183.25
	17,011,170.40	82,697,731.38
Less: Bad debt provision	1,061,947.57	25,183.25
Total	15,949,222.83	82,672,548.13

(2) Disclosed by bad debt provision method

2024					2023				
Book value		Bad debt provision		Carrying amount	Book value		Bad debt provision		Carrying amount
Amount	Percentage	Amount	Provision ratio		Amount	Percentage	Amount	Provision ratio	
	(%)		(%)			(%)		(%)	
Bad debt provision based on credit risk characteristics									
17,011,170.40	100.00	1,061,947.57	6.24	15,949,222.83	82,697,731.38	100.00	25,183.25	0.03	82,672,548.13

As at 31 December 2024 and at 31 December 2023, the Company have no individually trade receivables to separate provision.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (Continued)

(2) Disclosed by bad debt provision method (Continued)

Trade receivables for which bad debt provision is made on a portfolio basis are as follows:

	2024			2023		
	Book value	Provision for impairment	Provision ratio (%)	Book value	Provision for impairment	Provision ratio (%)
Within 1 year	15,483,504.15	–	–	80,055,316.34	–	–
1 to 2 years	72,070.77	–	–	701,272.85	–	–
2 to 3 years	6,455.39	–	–	234,093.16	–	–
3 to 4 years	76,342.18	–	–	1,681,865.78	–	–
4 to 5 years	1,351,737.91	1,040,887.57	77.00	–	–	–
Over 5 years	21,060.00	21,060.00	100.00	25,183.25	25,183.25	100.00
Total	17,011,170.40	1,061,947.57		82,697,731.38	25,183.25	

(3) Provision for bad debts

	Opening balance	Provision for the year	Recovered or reversed in the current year	Write-off in current year	Other additions	Closing balance
2024	25,183.25	1,376,667.20	–	(339,902.88)	–	1,061,947.57
2023	25,183.25	–	–	–	–	25,183.25

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (Continued)

(4) Accounts receivable of the top five ending balances collected by debtors

	Closing balance	Percentage in total closing balance of trade receivables (%)
Summary	16,376,177.96	96.27

2. Other receivables

	31 December 2024	31 December 2023
Dividends receivable	428,145.74	—
Other receivables	98,421,862.03	105,159,938.75
Total	98,850,007.77	105,159,938.75

Dividends receivable

	2024	2023
Baowu Water	428,145.74	—

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables

(1) Disclosed by aging:

	31 December 2024	31 December 2023
Within 1 year	20,105,691.30	11,825,425.70
1 to 2 years	490,615.14	1,177,503.13
2 to 3 years	618,010.67	92,323,664.37
3 to 4 years	77,481,025.03	414,225.17
4 to 5 years	378,721.77	—
Over 5 years	716,308.24	787,630.50
	99,790,372.15	106,528,448.87
Less: Bad debt provision of other receivables	1,368,510.12	1,368,510.12
Total	98,421,862.03	105,159,938.75

(2) Classified by nature:

	31 December 2024	31 December 2023
Related party transactions	76,445,616.03	90,371,930.59
Deposits, security deposits, reserves, etc.	19,521,853.94	6,854,086.84
Current accounts	2,957,949.51	9,302,431.44
Others	864,952.67	—
Total	99,790,372.15	106,528,448.87

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts

2024

	Book value		Bad debt provision		Carrying amount
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Combined by credit risk characteristics					
Bad debt provision	99,790,372.15	100.00	1,368,510.12	1.37	98,421,862.03

2023

	Book value		Bad debt provision		Carrying amount
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Combined by credit risk characteristics					
Bad debt provision	106,528,448.87	100.00	1,368,510.12	1.28	105,159,938.75

As at 31 December 2024 and at 31 December 2023, the Company have no individually other receivables to separate provision.

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts (Continued)

Other receivables for which bad debt provision is made on a portfolio basis are as follows:

	2024			2023		
	Book value	Provision for impairment	Provision ratio (%)	Book value	Provision for impairment	Provision ratio (%)
Within 1 year	20,105,691.30	—	—	11,825,425.70	—	—
1 to 2 years	490,615.14	—	—	1,177,503.13	—	—
2 to 3 years	618,010.67	—	—	92,323,664.37	635,113.33	0.69
3 to 4 years	77,481,025.03	635,113.33	0.82	414,225.17	122,856.05	29.66
4 to 5 years	378,721.77	122,856.05	32.44	—	—	—
Over 5 years	716,308.24	610,540.74	85.23	787,630.50	610,540.74	77.52
Total	99,790,372.15	1,368,510.12		106,528,448.87	1,368,510.12	

Changes in bad debt provision for other receivables based on ECLs for the next 12 months and lifetime are as follows:

2024

	Phase 1 Expectations for the next 12 months Credit losses	Phase 2 Lifetime ECLs (No credit impairment occurred)	Phase 3 Lifetime ECLs (Credit impairment incurred)	Total
Opening balance	—	431,284.32	937,225.80	1,368,510.12
Write-off in current year	—	—	—	—
Closing balance	—	431,284.32	937,225.80	1,368,510.12

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts (Continued)

2023

	Phase 1 Expectations for the next 12 months Credit losses	Phase 2 Lifetime ECLs (No credit impairment occurred)	Phase 3 Lifetime ECLs (Credit impairment incurred)	Total
Opening balance	–	431,284.32	2,287,225.80	2,718,510.12
Write-off in current year	–	–	(1,350,000.00)	(1,350,000.00)
Closing balance	–	431,284.32	937,225.80	1,368,510.12

Changes in provision for bad debts of other receivables are as follows:

	Opening balance	Provision in current year	Recovery or reversal in current year	Write-off in current year	Closing balance
2024	1,368,510.12	–	–	–	1,368,510.12
2023	2,718,510.12	–	–	(1,350,000.00)	1,368,510.12

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(4) Accounts receivable of the top five ending balances collected by debtors

	Closing balance	Percentage in other receivables Total balance %	Nature	Aging	Bad debt provision Closing balance
First	75,382,241.40	75.54	Related party transactions	3 to 4 years	—
Second	15,000,000.00	15.03	Margin	Within 1 year	—
Third	2,070,000.00	2.07	Margin	Within 1 year	—
Fourth	1,581,858.41	1.59	Receivables and payables	Within 1 year	—
Fifth	1,500,000.00	1.50	Margin	3 to 4 years	—
Total	95,534,099.81	95.73			—

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

2024

Investee	Opening balance	Changes for the year					Closing balance	Impairment provision at end of year
		Increase investment	Investment gains and losses recognized under the equity method	Cash dividends declared	Other decreases			
Subsidiary								
Chongqing Iron & Steel								
Energy	837,609,884.19	-	-	-	-	837,609,884.19	-	
Xingang Changlong	154,678,110.49	-	-	-	-	154,678,110.49	-	
Subtotal	992,287,994.68	-	-	-	-	992,287,994.68	-	
Associates								
Baocheng Carbon	16,870,890.82	-	2,182,970.70	(4,459,000.00)	-	14,594,861.52	-	
Baowu Raw Material	44,352,996.02	-	2,475,376.01	(2,201,709.59)	-	44,626,662.44	-	
Baowu Environmental								
Resource	15,561,820.25	-	1,232,123.12	(572,087.69)	-	16,221,855.68	-	
Baowu Jingcheng	34,148,997.93	-	(827,659.26)	-	-	33,321,338.67	-	
Subtotal	110,934,705.02	-	5,062,810.57	(7,232,797.28)	-	108,764,718.31	-	
Total	1,103,222,699.70	-	5,062,810.57	(7,232,797.28)	-	1,101,052,712.99	-	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

2023

		Changes for the year						
			Investment gains and losses recognized under the equity method	Cash dividends declared	Other decreases			
Investee	Opening balance	Increase investment				Closing balance	Impairment provision at end of year	
<i>Subsidiary</i>								
Chongqing Iron & Steel								
Energy	837,609,884.19	–	–	–	–	837,609,884.19	–	
Xingang Changlong	154,678,110.49	–	–	–	–	154,678,110.49	–	
Subtotal	992,287,994.68	–	–	–	–	992,287,994.68	–	
<i>Associates</i>								
Baocheng Carbon	16,764,325.32	–	4,406,565.50	(4,300,000.00)	–	16,870,890.82	–	
Baowu Raw Material	44,518,431.16	–	2,334,055.82	(2,499,490.96)	–	44,352,996.02	–	
Baowu Environmental Resource	15,503,020.25	–	58,800.00	–	–	15,561,820.25	–	
Baowu Jingcheng	34,337,281.27	–	(188,283.34)	–	–	34,148,997.93	–	
Subtotal	111,123,058.00	–	6,611,137.98	(6,799,490.96)	–	110,934,705.02	–	
Total	1,103,411,052.68	–	6,611,137.98	(6,799,490.96)	–	1,103,222,699.70	–	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales

(1) Operating income and operating costs

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	26,996,706,652.46	28,399,220,629.79	39,030,489,500.59	39,733,882,511.29
Revenue from other operations	290,093,587.46	220,446,191.14	291,323,008.92	265,215,935.04
Total	27,286,800,239.92	28,619,666,820.93	39,321,812,509.51	39,999,098,446.33

(2) Breakdown of operating income is as follows:

2024

Commodity Type	Steel Products	Others	Total
Hot rolled sheets	15,085,577,580.06	–	15,085,577,580.06
Plates	8,355,105,577.39	–	8,355,105,577.39
Bars	940,105,504.97	–	940,105,504.97
Wire rods	165,319,884.01	–	165,319,884.01
Billets	1,038,791,367.62	–	1,038,791,367.62
Others	–	1,701,900,325.87	1,701,900,325.87
Total	25,584,899,914.05	1,701,900,325.87	27,286,800,239.92

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(2) Breakdown of operating income is as follows: (Continued)

2023

Commodity Type	Steel Products	other	Total
Hot rolled sheets	17,998,353,506.20	–	17,998,353,506.20
Plates	9,604,212,266.49	–	9,604,212,266.49
Bars	7,220,599,445.86	–	7,220,599,445.86
Wire rods	1,371,769,590.28	–	1,371,769,590.28
Billets	1,239,556,287.42	–	1,239,556,287.42
Others	–	1,887,321,413.26	1,887,321,413.26
Total	37,434,491,096.25	1,887,321,413.26	39,321,812,509.51

	2024	2023
Timing of transfer of goods or services		
At a point in time	26,853,384,571.37	38,699,527,382.70
Over time	433,415,668.55	622,285,126.81
Total	27,286,800,239.92	39,321,812,509.51

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(3) Breakdown of operating costs for the year is as follows:

Commodity Type	Steel Products	Others	Total
Hot rolled sheets	15,703,249,273.89	–	15,703,249,273.89
Plates	8,651,920,750.11	–	8,651,920,750.11
Bars	1,211,248,037.29	–	1,211,248,037.29
Wire rods	236,668,546.55	–	236,668,546.55
Billets	1,164,266,053.86	–	1,164,266,053.86
Others	–	1,652,314,159.23	1,652,314,159.23
Total	26,967,352,661.70	1,652,314,159.23	28,619,666,820.93

2024			
Timing of transfer of goods or services			
At a point in time		28,253,607,084.49	
Over time		366,059,736.44	
Total		28,619,666,820.93	

Notes to Financial Statements (Continued)

For the year ended 31 December 2024 (Renminbi yuan)

XIV NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(4) Performance obligations

Revenue recognized during the year included in the carrying amount of contract liabilities at the beginning of the year is as follows:

	2024	2023
Sales payment in advance	1,893,124,713.20	2,645,569,472.47

At the end of the year, the estimated timing of revenue recognition for performance obligations that have been entered into but have not yet been fulfilled or completed is as follows:

	2024	2023
Within 1 year	1,812,200,398.98	1,893,124,713.20

5. Investment income

	2024	2023
Investment income recognized through equity method	5,062,810.57	6,611,137.98
Dividend income from other equity instrument		
investments still held during the holding period	428,145.74	696,646.78
Investment income from disposal of long-term equity		
investments	—	73,105.63
Total	5,490,956.31	7,380,890.39

Supplementary information

For the year ended 31 December 2024 (Renminbi yuan)

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

	Amount
Gains or losses on disposal of non-current assets, including the offset portion of impairment provision for such asset	2,556,283.20
Government grants recognized in profit or loss for the current period (except for government grants that are closely related to ordinary operations, and gained constantly at a fixed amount or quantity according to certain standard based on state policies)	3,332,880.28
Capital occupied income from non-financial entities	2,124,682.60
Non-operating income and expenses other than the above items	5,135,248.16
Subtotal	13,149,094.24
Less: Impact of income tax	1,972,364.14
Total	11,176,730.10

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return on equity (%)	Earnings per share (RMB per share)	
		basic	Dilution
Net profit attributable to ordinary shareholders of the Company	(17.53)	(0.36)	(0.36)
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	(17.59)	(0.36)	(0.36)