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

**(Stock Code: 00323)**

## **2024 INTERIM RESULTS ANNOUNCEMENT**

### **I. IMPORTANT NOTICE**

- 1 This interim results announcement is abstracted from the full text of the current interim report. To fully understand the business performance, financial position and future development plans of the Company, investors shall carefully read the full Interim Report published on website designated by China Securities Regulatory Commission such as the website of The Stock Exchange of Hong Kong Limited as well as the website of the Shanghai Stock Exchange.
- 2 The board of directors (the “Board”), the supervisory committee, the directors, the supervisors and senior management of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from this interim report; and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this interim report.
- 3 All directors attended the Board meeting.
- 4 The financial report for the interim report has not been audited, but has been reviewed by the audit and compliance committee of the Board of the Company (the “**Audit Committee**”).
- 5 Profit distribution plan or plan for the capitalization of capital reserve during the reporting period proposed by the Board

None.

## II. BASIC INFORMATION OF THE COMPANY

### 2.1 Company Profile

Type of shares	Stock Exchange for Listing of Shares	Stock abbreviation	Stock code
A Shares	The Shanghai Stock Exchange	Magang Stock	600808
H Shares	The Stock Exchange of Hong Kong Limited	Maanshan Iron & Steel	00323

#### Secretary of the Board of Directors, Joint Company Secretary

#### Joint Company Secretary

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### 2.2 Major Financial Data of the Company

*Unit: Yuan Currency: RMB*

	At the end of the reporting period	At the end of the previous year	Increase/decrease at the end of the reporting period compared to the end of last year (%)
Total assets	<b>83,527,981,602</b>	84,552,252,935	-1.21
Net assets attributable to owners of the parent	<b>26,607,694,236</b>	27,768,582,604	-4.18

	Reporting period	Corresponding period of the previous year	Increase/decrease at the reporting period compared to the same period of last year (%)
Revenue	43,007,478,790	48,980,452,872	-12.19
Net profit attributable to owners of the parent	-1,144,779,937	-2,235,498,496	N/A
Net profit excluding non-recurring gains or losses attributable to owners of the parent	-1,236,755,384	-2,628,980,022	N/A
Net cash flows from operating activities	1,227,796,059	1,910,429,612	-35.73
Return on net assets (weighted average) (%)	-4.21	-7.95	Increased by 3.74 percentage points
Basic earnings per share (RMB/share)	-0.148	-0.289	N/A
Diluted earnings per share (RMB/share)	-0.148	-0.289	N/A

### 2.3 Shareholding of the top ten shareholders

Unit: Share

Total number of shareholders at the end of the reporting period 149,966

Name of Shareholder	Shareholding of the top ten shareholders					
	Shareholder Nature	Shareholding Ratio (%)	Number of Shares	No. of Share under Restricted Condition for Sales	Number of Shares Pledged, Marked or Frozen	
Magang (Group) Holding Co., Limited	State-owned shareholder	47.31	3,664,749,615	-	None	-
Hong Kong Securities Clearing Company (Nominees) Limited	Unknown	22.18	1,717,945,495	-	Unknown	Unknown
Central Huijin Investment Ltd.	State-owned shareholder	1.80	139,172,300	-	Unknown	Unknown
China Merchants Bank Ltd. – SSE Dividend Unknown Index ETF	Other	1.17	90,968,890	-	Unknown	Unknown

**Shareholding of the top ten shareholders**

Name of Shareholder	Shareholder Nature	Shareholding Ratio (%)	Number of Shares	No. of Share under Restricted Condition for Sales	Number of Shares Pledged, Marked or Frozen	
Hong Kong Securities Clearing Company Ltd.	Unknown	0.48	36,981,035	–	Unknown	Unknown
Beijing Guoxing Real Estate Management Co., Ltd.	Unknown	0.42	32,363,300	–	Unknown	Unknown
Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	Unknown	0.38	29,085,341	–	Unknown	Unknown
Ping An Life Insurance Company of China, Ltd. – Self-owned Fund	Unknown	0.37	28,371,800	–	Unknown	Unknown
Agricultural Bank of China Co., Ltd. – China Securities 500 Open-end Trading Index Securities Investment Fund	Other	0.37	28,284,296	–	Unknown	Unknown
Shenwan Hongyuan Securities Co., Ltd.	State-owned shareholder	0.30	23,006,920	–	Unknown	Unknown

Notes on the above shareholders' affiliated relation or concerted action

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

*Note:* As at the end of the reporting period, Hong Kong Securities Clearing Company (Nominees) Limited held 1,717,945,495 H Shares of the Company, which were held on behalf of its customers, including 358,950,000 H Shares of the Company held on behalf of Baosteel Hong Kong Investment Ltd..

**2.4 During the reporting period, there was no change of controlling shareholder or actual controller of the Company.**

**2.5 During the reporting period, the Company does not have any undue or overdue corporate bonds.**

### III. DISCUSSION AND ANALYSIS ON OPERATION

#### 3.1 Operating results and measures on main tasks

##### 1. *Operating results*

In the first half of 2024, the Company adhered to the development direction of “high-end orientation, intelligentization, greenization and high efficiency” and the operating principles of “4-with” (production with orders, production volume with marginal contributions, sales revenue with profits and profits with cash flow)”, focused on improving quality and efficiency, strengthened the linkage between production and sales, aiming to create the maximum value through practicing accounting operation and pursuing the ultimate efficiency through strengthening lean operations, the Company strived to eliminate ideas and concepts and mindsets that are not compatible with the requirements of high-quality development and the new situation. The Company has made great efforts to promote the continuous improvement of its operating performance by focusing on the budget, identifying the objectives, analysing the problems, reviewing the situation in a timely manner, and finding the crux of the problem by benchmarking. However, due to the influence of the external environment and its own internal factors, the Company’s production and operation were still under great pressure, and the overall business performance was not as expected.

During the reporting period, the Group produced a total of 8.83 million tons of pig iron, produced 9.65 million tons of crude steel and produced 8.92 million tons of steel, representing a year-on-year decrease of 6%, 6.25% and 11.88%, respectively (of which the Company produced 7.55 million tons of pig iron and 8.13 million tons of crude steel, representing a year-on-year increase of 0.74% and 2.53%, respectively, and produced 7.31 million tons of steel, representing a year-on-year decrease of 5.91%). The Group’s revenue for the reporting period amounted to RMB43,007 million, representing a year-on-year decrease of 12.19%; net loss attributable to shareholders of the listed company amounted to RMB1,145 million, representing a year-on-year decrease of 48.79% in loss. As at the end of the reporting period, the Group’s total assets amounted to RMB83,528 million, representing a year-on-year decrease of 1.21%; net assets attributable to shareholders of the listed company amounted to RMB26,608 million, representing a year-on-year decrease of 4.18%.

## **2. Main tasks and results**

- (1) Further promoting benchmarking. Firstly, the Company continuously improved the benchmarking system, systematically formulated and comprehensively implemented the work programme of benchmarking, and further clarified the mechanism, objectives, principles and paths. Secondly, the Company strengthened cost reduction of manufacturing processes, and actively promoted incremental efficiency, with production lines have broken the monthly production record 11 times and the daily production record 64 times in total. The Company vigorously promoted the improvement of indicators, with the improvement in the coal ratio from 143kg/t in 2023 to 150kg/t, the deduction in the consumption of iron and steel materials from 1,067.7kg/t in 2023 to 1,062.9kg/t, and the downturn in the incidence of waste reduction from 5.32% in 2023 to 4.55%. Thirdly, the Company strengthened procurement to reduce costs, actively carried out high-frequency market research and judgment, and dynamically adjusted and optimized the procurement strategy. In the first half of the year, the procurement cost of imported ore ranked 10th in the industry, two places higher than that in 2023. By increasing the linkage of ore blending, coal blending and alloy substitution varieties, the substitution of economic materials such as spot ore, coking coal and alloy has been significantly increased, and the proportion of economic scrap steel has broken through a record high. In the first half of the year, the procurement cost of key varieties of raw materials and fuels outperformed the industry market by RMB178 million. Fourthly, the Company strengthened the control of “two funds”. At the end of June 2024, the capital occupied by inventory was RMB9,744 million, representing a decrease of RMB568 million compared with the end of last year.
- (2) Accelerating the cultivation of new quality productivity. The Company actively promoted the localization of high-speed train wheels and has made significant progress, and the G364 Fuxing long marshalling EMU equipped with high-speed train wheels of Maanshan Iron and Steel has successfully run with passengers. The Company strengthened the development of high-end products, and two products, “hot-rolled H beam for high-temperature tank support structure” and “GL wheels for cold area locomotives”, have been launched in China. The Company accelerated the development of strategic products and successfully developed more than 30 new special steel products with high added value, such as wind power bearings, wind power gears, tools and dies, and cold heading steel. The Company continued to improve manufacturing capacity and successfully rolled high value-added European standard thin-walled light H beam products, filling the gap of thin-walled light H beam specifications of the foreign standard.

- (3) Strengthening the adjustment of variety structure. The Company continued to increase the coordination of production, marketing and research, and deeply cultivated customer channels in accordance with the principle of increasing the sales of vicinity, direct supply and export, seized advantageous orders, resulting in the sales of key products buck the trend. In the first half of the year, the order volume of key products was 2.28 million tons, achieving the target progress of 55%; the sales volume of galvanized automobile sheet was 431,000 tons, representing a year-on-year increase of 27%; the export of steel was 736,500 tons, representing a year-on-year increase of 51.96%. Among them, the export of axle products was 64,100 tons, accounting for 46.62% of the total sales volume of axle, representing a year-on-year increase of 13.69%.
- (4) Continuing to promote the development of special steel varieties. Centering on the development of key products, the Company set up 12 key research teams to carry out 98 technical research projects such as process capability improvement; developed 71 new products, 12 of which passed the certification, and approached 78 new customers. The  $\phi$  380mm 18CrNiMo7-6 gear steel round billet has passed the customer certification and has been supplied in batches; the  $\phi$  1000 mm super-large section P92 has been launched in the world, the market share of ultra-supercritical high-temperature and high-pressure boiler tubes P91/P92 has increased by more than 200%, and the proportion of high-alloy steel products has been increasing. The synergistic effect of special steel products has gradually emerged, and the loss has been reduced month by month.
- (5) Paying close attention to safety work. The Company deeply promoted the “1231” key special action, carried out the renovation of gas blind valve, cable, anti-collision frame logistics transportation and other professional fields, strengthened the listing management of hot work, maintenance and self-supporting project, actively organized safety online training for all staff, safety sympathy training for cooperative personnel, and the overall risk of safety production was under control.

- (6) Steadily promoting green development. Taking “energy efficiency benchmarking” as the starting point, the Company pursued the ultimate energy efficiency and improved the utilization efficiency of secondary energy. During the reporting period, the power generation was 2.864 billion kWh, and the temperature drop of molten iron was reduced from 117 °C in 2023 to 105.5 °C. The special steel electric furnace won the title of “Champion Furnace” in the national energy-saving and consumption reduction competition for key large-scale energy-consuming steel production equipment of China Iron and Steel Association. The Company continuously promoted the construction of “Zero Waste Enterprise”, the utilization rate of solid waste returned to production reached 28.35%, representing a year-on-year increase of 1.8 percentage points. The Company strengthened environmental protection management and control, and successfully passed the supervision of ecological environmental protection in Anhui Province. The Company accelerated the promotion of full EPD coverage of product categories, and issued four EPD statements for special steel billets, steel bars, cold-rolled pickling sheets and axle products; the carbon reduction effect of the low-carbon hot-rolled H beam and low-carbon automobile plate products produced by the Company exceeded 30% compared with those the Company issued on the EPD platform.

### **3.2 Financial position and exchange risks**

At the end of the reporting period, the total loans of the Group were denominated in RMB with an aggregate amount of RMB21.657 billion, including short-term loans of RMB11.411 billion and long-term loans of RMB10.246 billion (including RMB2.820 billion of long-term loans due within one year). Loans amounting to RMB11.627 billion carried fixed interest rates and loans amounting to RMB10.030 billion carried floating interest rates. At the end of the reporting period, the Group’s asset liability ratio was 62.95%, representing an increase of 1.14 percentage points as compared with the end of 2023.

The amount of all loans of the Group changed with the scale of production, operation and construction. At present, the Company finances its construction projects mainly with its own funds. There was no overdue loan during the reporting period. At the end of the reporting period, banking facilities available to the Group amounted to approximately RMB80.417 billion, of which the unutilised facilities amounted to approximately RMB46.092 billion.

The Group’s imports of raw materials are mainly settled in US dollars, and export products are mainly settled in US dollars. US dollars paid for imported raw materials were settled by handling forward foreign exchange as necessary while locking the purchase exchange rate of U.S..



### **3.3 Internal control and risk management**

The Company has an internal auditing system. Our auditing inspection department internally audits and supervises the financial revenue, expenditure and every economic activity of the Company. The Company has established an internal control system for of the entire process of production, operation and management, including internal environment, risk assessment, social responsibilities, information and communication, internal supervision, human resources, funds management, procurement, asset management, sales business, research and development, projects, guarantees, business outsourcing, financial reports, comprehensive budget, contract management and information systems. We have paid extra attention to high-risk areas, e.g. procurement risks, operational risks and financial risks, risks related to the control over subsidiaries. The system acts as a guideline for the Company's operation, helping the Company recognize and control its major risks of production and operation.

The Audit Committee reviewed the 2023 internal audit work report of the Company on 7 February 2024, agreeing to the internal audit work arrangements for 2024 and submitted it to the Board for consideration. The Board reviewed the 2023 anti-fraud work report and 2024 work arrangements on 28 February 2024.

The Board reviewed the 2023 Internal Control Evaluation Report on 28 March 2024, confirming that the Company has implemented an effective internal control over all important aspects pursuant to the Basic Internal Control Norms for Enterprises and other relevant requirements in 2023. The Company appointed KPMG Huazhen LLP as our auditor to audit the effectiveness of our internal control related to financial report as at 31 December 2023 and issued a standard unqualified internal control audit report. During the reporting period, the Company continued to improve the internal control system to ensure that its internal control always remains effective.

The Board reviewed the 2023 Comprehensive Risk Management and Internal Control Work Report and the 2024 Work Plan on 28 March 2024, confirming that the Company would take appropriate control measures for safety risks, financial risks, market risks, operational risks, legal risks and environmental risks, etc. in 2023 and the risks were under control. During the reporting period, the Company evaluated the risks, formulated the measures for identified risks, and carried out key prevention and control to ensure that the risks were under control.

The Board heard the comprehensive risk management and internal control work reports for the first quarter and the first half of 2024 on 29 April and 29 August 2024, respectively.

### 3.4 Operating results

*Unit: Yuan Currency: RMB*

Accounts	Amount of the current period	Amount of the same period of last year	Change (%)
Revenue	<b>43,007,478,790</b>	48,980,452,872	<b>-12.19</b>
Cost of sales	<b>42,484,454,227</b>	49,523,478,031	<b>-14.21</b>
Selling expenses	<b>144,367,917</b>	177,901,863	<b>-18.85</b>
General and administrative expenses	<b>434,826,631</b>	456,380,406	<b>-4.72</b>
Financial expenses	<b>316,659,664</b>	178,963,793	<b>76.94</b>
R&D expenses	<b>509,627,618</b>	643,423,988	<b>-20.79</b>
Net cash flows from operating activities	<b>1,227,796,059</b>	1,910,429,612	<b>-35.73</b>
Net cash flows from investing activities	<b>-703,896,902</b>	3,103,866,889	<b>-122.678</b>
Net cash flows from financing activities	<b>329,780,103</b>	-4,186,460,774	<b>-107.877</b>
Other income	<b>133,118,240</b>	52,456,933	<b>153.77</b>
Investment income	<b>84,287,590</b>	451,989,731	<b>-81.35</b>
Losses on the changes in fair value	<b>-</b>	-34,558,767	<b>N/A</b>
Credit impairment losses	<b>16,310,120</b>	40,958,117	<b>-60.18</b>
Asset impairment losses	<b>-353,201,258</b>	-672,043,696	<b>N/A</b>
Gains from disposal of assets	<b>73,529,933</b>	16,883,791	<b>335.51</b>
Operating profit	<b>-1,182,027,063</b>	-2,362,608,534	<b>N/A</b>
Total profit	<b>-1,190,806,469</b>	-2,361,338,152	<b>N/A</b>
Income tax expense	<b>121,089,148</b>	72,049,656	<b>68.06</b>
Net profit	<b>-1,311,895,617</b>	-2,433,387,808	<b>N/A</b>
Net profit attributable to owners of the parent	<b>-1,144,779,937</b>	-2,235,498,496	<b>N/A</b>

Revenue decrease by 12.19% as compared with the same period of last year, mainly due to the year-on-year decrease in steel sales during the period as a result of weak demand from downstream industries.

Cost of sales decreased by 14.35% as compared with the same period of last year, mainly due to the decrease in sales volume during the period as compared with the same period of last year and the decrease in the prices of raw materials such as coke and coal as compared with the same period of last year.

Selling expenses increased by 38.47% as compared with the same period of last year, mainly due to the increase in marketing expenses caused by the Company's efforts to open up markets and expand sales channels, and the increase in the total remuneration resulting from the adjustment of the personnel structure of the marketing center.

Financial expenses increased by 76.94%, mainly due to the exchange losses of RMB42 million during the period while the exchange earning of RMB41 million in the same period of last year, and the scale of interest-bearing liabilities increased during the period as compared with the same period of last year, resulting in a relative increase in interest expenses).

Net cash flow from operating activities decreased by 35.73%, mainly due to the continuous weakening of demand in the iron and steel industry, the decline in sales volume, the net cash inflow from both purchases and sales decreased as compared with the same period of last year, and at the same time, the statements of Magang Group Finance Company Limited ("**Magang Finance**") were no longer be consolidated in the period, and cash inflow from outside the iron and steel industry also decreased as compared with the same period of last year.

Net cash flow from investing activities decreased by 122.68%, mainly due to the fact that the statements of Magang Finance were no longer be consolidated in the period, and the cash received from the recovery of investments decreased year on year.

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

The change in losses on the changes in fair value was mainly due to the losses from the change in fair value of forward foreign exchange contracts held by the Company during the same period of last year.

Credit impairment losses decreased by 60.18%, which was mainly due to the decrease in loans and advances issued by Magang Finance to entities other than the Group in the same period of last year as compared with the beginning of last year, and the corresponding reversal of loan impairment allowances.

The change in asset impairment losses was mainly due to the year-on-year decrease in the measured provision for inventory depreciation during the period.

Gains from disposal of assets increased by 355.51%, mainly due to the gains from receipt of the related land resumption by Ma Steel (Cihu) Processing and Distribution Co., Ltd., a subsidiary of the Company, during the period.

Income tax expense decreased by 68.06%, mainly due to the year-on-year increase in earnings of certain subsidiaries during the period and the corresponding increase in taxable income.

Operating profit, total profit, net profit and net profit attributable to owners of the parent reduced losses by 49.97%, 49.57%, 46.09% and 48.79%, respectively, mainly due to the fact that the decrease in raw material prices in the period was greater than the decrease in steel prices, and at the same time, the Company strengthened its accounting and lean operations through the “monthly operation control” mode, which resulted in a decrease in inverted margin between the revenue and cost of steel products as compared with the same period of last year.

### **3.5 The environment for production and operation and coping strategies**

In the second half of this year, the domestic steel demand will continue to be under pressure, the structural contradiction between supply and demand is difficult to effectively alleviate in the short term, and the external situation faced by iron and steel enterprises will remain grim. The Company will coordinate the two main lines of “current rectification” and “long-term establishment”, strengthen products and bases, optimize strategies, continuously improve the quality and efficiency of the Company’s development, and strive for the best business results. The Company will focus on six aspects of work:

1. Accelerating the optimization and adjustment of strategic planning. “Long-term establishment”, closely linked to “integration” and “high quality”, highlighting the integration into the Yangtze River Delta and the strategic layout of “bow and arrow” in China Baowu, taking full account of the Company’s product structure, equipment conditions, location advantages and competitive factors, and focusing on building into the core strength of China Baowu in terms of excellent and special long products, and key strength of plate and strip materials. Under the three planning boundaries of strengthening the bases, coordinating the surrounding areas and serving the market, the Company will speed up the optimization and adjustment of product planning and production line planning.

2. Continuously improving the current performance. “Current rectification”, with “234” operation strategy as the core, promotes the focus on “low cost, high output” in ironmaking system, and focus on “high quality, high efficiency and low consumption” in steel-rolling system, accelerates the promotion of plate and strip to the four key product directions of “cold-rolled series, high strength, coating and plating, new energy”, gives full play to the extreme efficiency of existing equipment, fully utilizes the value created by the front-end process to the cold series products, and rapidly improves the current business performance. In terms of production organization, the Company will stabilize production and reduce the incidence of production accidents; focus on the cost control of the whole process, deepen the benchmarking, and continuously reduce the processing cost of the whole process. In terms of both markets, the Company will focus on key factors such as structure, index, batch and rhythm, reduce procurement costs and promote procurement costs to outperform the market; focus on improving profitability per ton of steel, optimize the product structure, continue to increase project docking with investors, and expand the application of products in key projects. In terms of research and development, the Company will intensify the research and development of forward-looking products, expand the industrial chain of iron and steel products, guide the extension of products to the downstream, and realize the transformation from materials to parts, from performance to function, and from products to services. In terms of developing special steel varieties, the Company will strengthen product upgrading and certification efforts, unite upstream and downstream enterprises to develop a long and deep special steel industry chain, and continuously enhance competitiveness.
3. Deepening reform and breakthroughs. Firstly, promoting a new type of management responsibility system. On the basis of deepening the integrated simulation operation mechanism of pre-ironmaking and special steel, the Company will explore the way to implement the integration of pre-ironmaking and key categories, so as to fully stimulate internal vitality and creativity. Secondly, promoting the iterative optimization of performance assessment system. Adhering to the principles of strong goal orientation, strong causal relationship and striver-oriented, the Company will adjust and optimize the performance assessment indicators of the organization, and promote all units to take the initiative and overcome difficulties. Thirdly, promoting the market-oriented operation of the ecosystem. The Company will establish market-oriented and legalized cooperation with ecosystem units, and work together to build a high-quality steel ecosystem. Fourthly, promoting the reforming of subsidiaries. The Company will orderly push forward the shareholding reform of Magang Transportation

Material; explore and optimize the Company's management of and control over loss-making subsidiaries in accordance with the principle of marketization, and reduce the impact of loss-making subsidiaries on the Group as soon as possible.

4. Focusing on safety management. Firstly, continuing to promote the "1231" special action. The Company will standardize overall safety inspection and oath on safety at pre-shift meetings of each working team, organize and carry out special renovation actions such as blind valve, cable system, hot work and combustibles, and enhance the self-management ability of grass-roots units. Taking the special investigation and rectification action of major accident hidden dangers as the starting point to implement the accident rectification and verification. Secondly, improving the safety management of cooperation and coordination. The Company will adhere to the problem orientation, focus on the weak links of safety management such as cooperation and coordination, strengthen the safety of local supervision, implement safety sympathy training of cooperative personnel, urge cooperative units to improve the safety management capacity, and strictly eliminate "small, scattered and weak" cooperative units. Thirdly, promoting the construction of intelligent security. The Company will advance the construction of intelligent security and major risk monitoring platforms.
5. Focusing on green intelligence empowerment. Firstly, speeding up the integration and application of digital intelligence. The Company will deepen the application of CE systems, strengthen the application of cutting-edge technologies such as artificial intelligence, big data and cloud computing, and promote digital and intelligent transformation. Secondly, cultivating the background of green development. The Company will pursue the ultimate energy efficiency and realize the economic operation of system energy. It will also continuously improve carbon reduction programs for low-carbon wheels and other products, and accelerate the full coverage of EPD in product categories.
6. Focusing on human resource efficiency management. The Company will explore the potential of human resource efficiency in multiple aspects and realize the steady improvement of labor productivity for all employees. The Company will optimize the work system with talents, achievements and platforms as the core, and focus on building a team of high-skilled talents to adapt to the high-quality development of the Company.

#### **IV. RELEVANT MATTERS INVOLVING FINANCIAL REPORT**

- 4.1 There was no change in accounting policies, accounting estimates and accounting methods of the Company as compared with the previous period.**
- 4.2 During the reporting period, the Company did not have significant accounting errors that need to be retrospectively restated.**
- 4.3 During the reporting period, there was no other change in the scope of consolidation of the financial statements as compared to the last year's financial statements.**

#### **V. OTHER EVENTS**

##### **5.1 Audit Committee**

The Audit Committee of the Company comprises independent directors Mr. Liao Weiquan, Mr. Guan Bingchun, Mr. He Anrui and Mr. Qiu Shengtao. The Audit Committee has reviewed the 2024 interim results.

##### **5.2 Significant Events Affecting the Group after the Reporting Period**

Since the end of the reporting period and up to the date of this announcement, there is no significant event affecting the Group that needs to be disclosed.

##### **5.3 Purchase, Sale or Redemption of Listed Securities**

During the reporting period, the Company did not redeem any of its listed stocks, nor did the Company and its subsidiaries purchase or resale any of the listed stocks.

##### **5.4 Pre-emptive Rights**

There are no requirements under Chinese laws and the Articles of Association of the Company that the current shareholders shall purchase new shares based on their holding shares before the Company issues new shares.

## **5.5 Code on Corporate Governance Practices**

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

## **5.6 Model Code for Securities Transactions by Directors of Listed Issuers**

During the reporting period, all the Directors of the Company had complied with the requirements stipulated by the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. No deviation behavior from the code was found.

## **5.7 Shareholders' Rights**

Any shareholder who holds shares carrying 10% or more of the voting rights in the Company, either individually or jointly, has the right to demand an extraordinary general meeting according to the Articles of Association. When the Company convenes a general meeting, any shareholder who meets the conditions specified in Article 58 of the Articles of Association is entitled to file a new bill with the Company in writing. Shareholders may send inquiries or comments to the Board by mail to the Company (No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC).



## CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION

*As at 30 June 2024*

*Renminbi Yuan*

ASSETS	<i>Notes</i>	30 June 2024 Group Unaudited	31 December 2023 Group Audited	30 June 2024 Company Unaudited	31 December 2023 Company Audited
<b>CURRENT ASSETS</b>					
Cash and bank balances		6,594,025,067	5,569,797,722	2,648,134,996	3,908,085,165
Notes receivables		1,180,104,660	1,708,216,158	931,780,625	1,271,492,301
Trade receivables	4	1,804,158,885	1,400,664,759	2,015,785,909	1,673,087,619
Financing receivables	5	1,436,277,531	1,801,284,684	1,267,731,583	1,450,677,653
Prepayments	6	346,887,081	645,423,430	389,416,401	618,829,770
Other receivables		351,627,812	315,637,040	135,896,041	158,196,188
Inventories		9,687,856,220	9,918,290,048	6,336,575,827	6,697,833,793
Other current assets		759,605,662	682,306,261	304,942,598	330,348,445
<b>Total current assets</b>		<b><u>22,160,542,918</u></b>	<b><u>22,041,620,102</u></b>	<b><u>14,030,263,980</u></b>	<b><u>16,108,550,934</u></b>
<b>NON-CURRENT ASSETS</b>					
Long-term equity investments		7,101,716,976	7,043,824,631	12,580,131,501	12,526,066,104
Other equity instrument investments		366,782,614	391,993,788	361,866,493	387,077,667
Investment properties		54,191,023	55,196,655	54,191,023	55,196,655
Property, plant and equipment		47,275,308,230	48,548,833,230	38,082,901,688	38,963,858,584
Construction in progress		4,152,854,188	4,013,854,765	3,095,517,159	3,068,579,228
Right-of-use assets		334,462,913	348,972,586	330,401,933	343,900,893
Intangible assets		1,740,164,486	1,753,618,113	1,251,328,487	1,252,917,982
Deferred tax assets		341,958,254	354,339,065	287,653,064	283,871,388
<b>Total non-current assets</b>		<b><u>61,367,438,684</u></b>	<b><u>62,510,632,833</u></b>	<b><u>56,043,991,348</u></b>	<b><u>56,881,468,501</u></b>
<b>TOTAL ASSETS</b>		<b><u><u>83,527,981,602</u></u></b>	<b><u><u>84,552,252,935</u></u></b>	<b><u><u>70,074,255,328</u></u></b>	<b><u><u>72,990,019,435</u></u></b>

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

*As at 30 June 2024*

*Renminbi Yuan*

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 June 2024 Group Unaudited	31 December 2023 Group Audited	30 June 2024 Company Unaudited	31 December 2023 Company Audited
<b>CURRENT LIABILITIES</b>					
Short-term loans		11,411,183,263	9,428,060,223	10,010,256,869	8,718,947,740
Notes payable	7	8,832,039,090	8,631,701,173	5,782,922,014	5,336,471,135
Trade payables	8	12,949,421,007	13,513,640,486	11,012,939,278	11,735,566,104
Contract liabilities		3,478,366,337	4,013,383,663	3,000,197,798	3,188,983,590
Payroll and employee benefits payable		235,202,904	204,380,835	151,261,535	136,973,136
Taxes payable		162,652,381	372,393,489	68,042,645	285,838,962
Other payables		3,308,704,881	3,068,633,198	5,132,192,141	7,016,841,883
Non-current liabilities due within one year		2,901,997,666	3,784,343,228	2,899,720,090	3,781,173,021
Provision		11,940,925	9,875,967	-	-
Other current liabilities		452,187,624	1,028,203,765	390,025,713	921,031,756
		<u>11,411,183,263</u>	<u>9,428,060,223</u>	<u>10,010,256,869</u>	<u>8,718,947,740</u>
<b>Total current liabilities</b>		<b>43,743,696,078</b>	<b>44,054,616,027</b>	<b>38,447,558,083</b>	<b>41,121,827,327</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans		7,425,273,588	6,799,686,232	7,310,273,588	6,683,686,232
Lease liabilities		363,336,124	361,507,890	359,522,522	357,818,769
Long-term payable		52,964,036	52,964,036	52,964,036	52,964,036
Long-term employee		1,554,186	1,554,186	-	-
Deferred revenue		990,877,682	1,002,087,759	709,160,905	736,523,575
Deferred tax liabilities		284,580	295,454	-	-
		<u>8,834,290,196</u>	<u>8,218,095,557</u>	<u>8,431,921,051</u>	<u>7,830,992,612</u>
<b>Total non-current liabilities</b>		<b>8,834,290,196</b>	<b>8,218,095,557</b>	<b>8,431,921,051</b>	<b>7,830,992,612</b>
<b>Total liabilities</b>		<b>52,577,986,274</b>	<b>52,272,711,584</b>	<b>46,879,479,134</b>	<b>48,952,819,939</b>

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

*As at 30 June 2024*

*Renminbi Yuan*

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 June 2024 Group Unaudited	31 December 2023 Group Audited	30 June 2024 Company Unaudited	31 December 2023 Company Audited
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		7,746,937,986	7,746,937,986	7,746,937,986	7,746,937,986
Capital reserve		8,431,449,782	8,439,923,708	8,409,333,760	8,417,807,686
Less: Treasury shares		105,928,072	105,928,072	105,928,072	105,928,072
Other comprehensive income		(32,842,739)	(12,900,327)	64,050,370	84,007,969
Special reserve		109,113,198	96,805,291	46,090,904	46,090,904
Surplus reserve		4,720,262,452	4,720,262,452	3,883,475,865	3,883,475,865
Retained earnings		5,738,701,629	6,883,481,566	3,150,815,381	3,964,807,158
<b>Equity attributable to owners of the parent</b>		<u>26,607,694,236</u>	<u>27,768,582,604</u>		
<b>Non-controlling interests</b>		<u>4,342,301,092</u>	<u>4,510,958,747</u>		
<b>Total shareholders' equity</b>		<u>30,949,995,328</u>	<u>32,279,541,351</u>	<u>23,194,776,194</u>	<u>24,037,199,496</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><u>83,527,981,602</u></u>	<u><u>84,552,252,935</u></u>	<u><u>70,074,255,328</u></u>	<u><u>72,990,019,435</u></u>

## CONSOLIDATED AND COMPANY'S INCOME STATEMENT

For the six months ended 30 June 2024

Renminbi Yuan

	Notes	2024 Group Unaudited	2023 Group Unaudited	2024 Company Unaudited	2023 Company Unaudited
<b>Revenue</b>	10	<b>43,007,478,790</b>	48,980,452,872	<b>37,013,747,603</b>	38,799,331,439
Less: Cost of sales	10	<b>42,484,454,227</b>	49,523,478,031	<b>36,812,733,261</b>	39,777,699,441
Taxes and surcharges		<b>253,614,421</b>	218,599,434	<b>176,153,384</b>	145,174,929
Selling expenses		<b>144,367,917</b>	177,901,863	<b>80,343,429</b>	91,435,482
General and administrative expenses		<b>434,826,631</b>	456,380,406	<b>288,061,988</b>	274,438,048
R&D expenses		<b>509,627,618</b>	643,423,988	<b>358,032,052</b>	455,748,145
Financial expenses	11	<b>316,659,664</b>	178,963,793	<b>308,970,918</b>	190,774,860
including: interest expense		<b>312,072,546</b>	231,627,973	<b>309,116,122</b>	236,541,973
interest income		<b>45,988,335</b>	18,849,473	<b>29,243,677</b>	14,774,762
Add: Other income		<b>133,118,240</b>	52,456,933	<b>76,785,794</b>	37,636,283
Investment income		<b>84,287,590</b>	451,989,731	<b>406,887,785</b>	1,195,221,861
including: share of profits of associates and joint ventures		<b>76,119,059</b>	84,511,457	<b>72,909,499</b>	79,328,873
Gain on the changes in fair value		<b>-</b>	(34,558,767)	<b>-</b>	(40,471,388)
Credit impairment gains/(losses)		<b>16,310,120</b>	40,958,117	<b>28,960,238</b>	9,421,447
Assets Impairment losses		<b>(353,201,258)</b>	(672,043,696)	<b>(308,762,434)</b>	(543,680,703)
Gain from disposal of assets	12	<b>73,529,933</b>	16,883,791	<b>3,456,637</b>	10,991,718
Operating profit		<b>(1,182,027,063)</b>	(2,362,608,534)	<b>(803,219,409)</b>	(1,466,820,248)
Add: Non-operating income	13	<b>733,269</b>	2,547,133	<b>271,901</b>	1,401,921
Less: Non-operating expenses	14	<b>9,512,675</b>	1,276,751	<b>2,013,729</b>	712,916
Profit before tax		<b>(1,190,806,469)</b>	(2,361,338,152)	<b>(804,961,237)</b>	(1,466,131,243)
Less: Income tax expenses		<b>(1,190,806,469)</b>	(2,361,338,152)	<b>(804,961,237)</b>	(1,466,131,243)
Net profit	15	<b>121,089,148</b>	72,049,656	<b>9,030,540</b>	(6,070,708)
<b>Categorized by operation continuity</b>					
Net profit from continuing operations					
Operating profit		<b>(1,311,895,617)</b>	(2,433,387,808)	<b>(813,991,777)</b>	(1,460,060,535)

## CONSOLIDATED AND COMPANY'S INCOME STATEMENT (CONTINUED)

*For the six months ended 30 June 2024*

*Renminbi Yuan*

	<i>Notes</i>	2024 Group Unaudited	2023 Group Unaudited	2024 Company Unaudited	2023 Company Unaudited
Add: Non-operating income					
Less: Non-operating expenses					
Profit before tax		<u>(1,311,895,617)</u>	<u>(2,433,387,808)</u>	<u>(813,991,777)</u>	<u>(1,460,060,535)</u>
<b>Categorized by ownership</b>					
Net profit attributable to owners of of parent		<u>(1,144,779,937)</u>	<u>(2,235,498,496)</u>		
Net profit attributable to owners of controlling interests		<u>(167,115,680)</u>	<u>(197,889,312)</u>		
Other comprehensive income, net of tax		(19,942,412)	47,473,110	(19,957,599)	8,640,651
Other comprehensive income attributable to owners of the parent, net of tax		(19,942,412)	47,473,110		
Other comprehensive income that not be reclassified to profit or loss: will		(21,429,498)	(11,689,222)	(21,429,498)	(16,333,440)
Changes in fair value of other equity investments		(21,429,498)	(11,689,222)	(21,429,498)	(16,333,440)
Other comprehensive income that may be reclassified to profit or loss:		1,487,086	59,162,332	1,471,899	24,974,091
Other comprehensive income using the equity method that may be reclassified to profit or loss		1,471,899	24,974,091	1,471,899	24,974,091
Changes in fair value of other debt investment		-	4,076,476	-	-
Exchange differences on translation of foreign operations		15,187	30,111,765	-	-
Other comprehensive income attributable to non-control Other comprehensive income attributable to non-controlling		-	-		
<b>Total comprehensive income</b>		<u>(1,331,838,029)</u>	<u>(2,385,914,698)</u>	<u>(833,949,376)</u>	<u>(1,451,419,884)</u>

**CONSOLIDATED AND COMPANY'S INCOME STATEMENT (CONTINUED)***For the six months ended 30 June 2024**Renminbi Yuan*

	<i>Notes</i>	<b>2024</b> <b>Group</b> <b>Unaudited</b>	2023 Group Unaudited	<b>2024</b> <b>Company</b> <b>Unaudited</b>	2023 Company Unaudited
Attributable to:					
Owners of the parent		<u><b>(1,164,722,349)</b></u>	<u>(2,188,025,386)</u>		
Non-controlling interests		<u><b>(167,115,680)</b></u>	<u>(197,889,312)</u>		
<b>EARNINGS PER SHARE:</b>					
Basic earnings per share <i>(cent/share):</i>	16	<u><b>(14.87)</b></u>	<u>(28.92)</u>		
Diluted earnings per share <i>(cent/share)</i>	16	<u><b>(14.87)</b></u>	<u>(28.92)</u>		

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

Renminbi Yuan

	Attributable to owners of the parent										
	Share capital	Capital reserve	Less: Treasury shares	Other Comprehensive income	Special reserve	Surplus reserve	General Reserve	Retained Earnings	Sub-total	Non-controlling interests	Total Shareholders' equity
1. Balance at the beginning of the period	7,746,937,986	8,439,923,708	105,928,072	(12,900,327)	96,805,291	4,720,262,452	-	6,883,481,566	27,768,582,604	4,510,958,747	32,279,541,351
2. Increase/(decrease) during the period											
(1) Total comprehensive income	-	-	-	(19,942,412)	-	-	-	(1,144,779,937)	(1,164,722,349)	(167,115,680)	(1,331,838,029)
(2) Shareholders' contributions and reduction in capital											
1. Capital contributions by shareholders	-	-	-	-	-	-	-	-	-	-	-
2. Changes in the share of other equity of associates and joint ventures	-	2,672,806	-	-	-	-	-	-	2,672,806	-	2,672,806
3. Amount of share-based payments recognized in equity	-	(11,146,732)	-	-	-	-	-	-	(11,146,732)	-	(11,146,732)
(3) Profits appropriation											
1. Distribution to shareholders	-	-	-	-	-	-	-	-	-	(7,781,464)	(7,781,464)
(4) Internal transfer of shareholder's equity											
1. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve											
1. Additions	-	-	-	-	34,223,654	-	-	-	34,223,654	11,448,465	45,672,119
2. Utilisation	-	-	-	-	(21,915,747)	-	-	-	(21,915,747)	(5,208,976)	(27,124,723)
3. Changes in the share of associates and joint ventures' special reserve, net	-	-	-	-	-	-	-	-	-	-	-
(6) Disposal of subsidiaries											
3. Balance at the end of the period	7,746,937,986	8,431,449,782	105,928,072	(32,842,739)	109,113,198	4,720,262,452	-	5,738,701,629	26,607,694,236	4,342,301,092	30,949,995,328

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

Renminbi Yuan

	Attributable to owners of the parent										Total Shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other Comprehensive income	Special reserve	Surplus reserve	General Reserve	Retained Earnings	Sub-total	Non-controlling interests	
1. Balance at the beginning of the period	7,775,731,186	8,442,757,852	171,864,500	(30,006,411)	107,567,088	4,720,262,452	271,501,110	8,078,876,545	29,194,825,322	4,131,191,413	33,326,016,735
2. Increase/(decrease) during the period											
(1) Total comprehensive income	-	-	-	47,473,110	-	-	-	(2,235,498,496)	(2,188,025,386)	(197,889,312)	(2,385,914,698)
(2) Shareholders' contributions and reduction in capital											
1. Capital contributions by shareholders	(5,944,000)	(7,667,760)	(13,611,760)	-	-	-	-	-	-	-	-
2. Changes in the share of other equity of associates and joint ventures	-	(4,388,089)	-	-	-	-	-	-	(4,388,089)	-	(4,388,089)
3. Amount of share-based payments recognized in equity	-	(5,538,638)	-	-	-	-	-	-	(5,538,638)	-	(5,538,638)
(3) Profits appropriation											
1. Distribution to shareholders	-	-	-	-	-	-	-	(155,395,744)	(155,395,744)	(13,913,579)	(169,309,323)
2. Reversal of general reserves	-	-	-	-	-	-	-	-	-	-	-
(4) Internal transfer of shareholder's equity											
1. Transfer to general reserve	-	-	-	(9,828,190)	-	-	-	9,828,190	-	-	-
(5) Special reserve											
1. Additions	-	-	-	-	34,386,555	-	-	-	34,386,555	7,920,984	42,307,539
2. Utilisation	-	-	-	-	(38,010,004)	-	-	-	(38,010,004)	(4,047,530)	(42,057,534)
3. Changes in the share of associates and joint ventures' special reserve, net	-	-	-	-	4,546,098	-	-	-	4,546,098	-	4,546,098
(6) Disposal of subsidiaries	-	9,290,736	-	4,701,854	-	-	(271,501,110)	271,501,110	13,992,590	(221,082,235)	(207,089,645)
3. Balance at the end of the period	7,769,787,186	8,434,454,101	158,252,740	12,340,363	108,489,737	4,720,262,452	-	5,969,311,605	26,856,392,704	3,702,179,741	30,558,572,445



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

Renminbi Yuan

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of service	<b>39,363,734,127</b>	44,491,157,473
Tax refunds received	<b>309,761,937</b>	758,350,414
Net decrease in deposits in the central bank	–	249,240,601
Net increase in repurchase agreements	–	2,680,209,514
Net decrease in loans and advances to customers	–	1,645,825,963
Cash received for interest charges, fees and commissions	–	93,262,097
Cash received relating to other operating activities	<b>99,716,965</b>	343,059,411
<b>Sub-total of cash inflows</b>	<b>39,773,213,029</b>	50,261,105,473
Cash paid for purchases of goods and services	<b>(35,841,821,538)</b>	(41,964,850,644)
Net decrease in repurchase agreements	–	(659,635,255)
Net increase in loans and advances to customers	–	(2,493,266,501)
Cash paid to or on behalf of employees	<b>(1,705,989,539)</b>	(2,314,894,462)
Taxes and surcharges paid	<b>(549,146,427)</b>	(605,109,251)
Cash paid for interest charges, fees and commissions	–	(48,659,682)
Cash paid relating to other operating activities	<b>(448,459,466)</b>	(264,260,066)
<b>Sub-total of cash outflows</b>	<b>(38,545,416,970)</b>	(48,350,675,861)
<b>Net cash flows from operating activities</b>	<b>1,227,796,059</b>	1,910,429,612

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2024

Renminbi Yuan

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	10,693,307	5,971,251,763
Cash received from investment income	22,371,420	37,571,643
Proceeds from disposal of items of property, plant and equipment, intangible assets, and other long-term assets	61,234,612	366,871,777
Net cash received from disposal of subsidiaries and other business units	–	790,122,876
Cash received relating to other investing activities	–	1,090,209
<b>Sub-total of cash inflows</b>	<b>94,299,339</b>	<b>7,166,908,268</b>
Purchases of property, plant and equipment, intangible assets	(793,254,385)	(2,250,176,321)
Cash paid for investments	–	(1,812,865,058)
Cash paid relating to other investment activities	(4,941,856)	–
<b>Sub-total of cash outflows</b>	<b>(798,196,241)</b>	<b>(4,063,041,379)</b>
<b>Net cash flows used in investing activities</b>	<b>(703,896,902)</b>	<b>3,103,866,889</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2024

Renminbi Yuan

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
<b>3. Cash flows from financing activities</b>		
Cash received from borrowings	<b>8,359,534,099</b>	5,570,482,395
Cash received relating to other financing activities	<b>127,179,807</b>	395,122,276
<b>Sub-total of cash inflows</b>	<b>8,486,713,906</b>	5,965,604,671
<b>Repayment of borrowings</b>	<b>(7,820,011,177)</b>	(9,883,271,111)
Cash paid for distribution of dividends or profits and for interest expenses	<b>(330,146,534)</b>	(256,096,893)
Including: Dividends or profits paid to non-controlling interests by subsidiaries	<b>(7,781,464)</b>	(13,913,579)
Cash paid relating to other financing activities	<b>(6,776,092)</b>	(12,697,441)
<b>Sub-total of cash outflows</b>	<b>(8,156,933,803)</b>	(10,152,065,445)
<b>Net cash flows used in financing activities</b>	<b>329,780,103</b>	(4,186,460,774)
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(2,149,341)</b>	28,699,270
<b>5. Net increase in cash and cash equivalents</b>	<b>851,529,919</b>	856,534,997
Add: cash and cash equivalents at the beginning of the period	<b>4,428,594,208</b>	4,360,738,411
<b>6. Cash and cash equivalents at the end of the period</b>	<b>5,280,124,127</b>	5,217,273,408

## **NOTES TO FINANCIAL STATEMENTS**

*As at 30 June 2024*

*Renminbi Yuan*

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 Basis of preparation**

The financial statements are prepared in accordance with “China Accounting Standards for Business Enterprises – General Principles” and other issued application guidance, interpretations and other related regulations issued later (collectively known as the “CAS”).

The financial statements are prepared on a going concern basis.

As of 30 June 2024, the net current liabilities of the Group amounted to RMB21,583,153,160. The directors of the Company have considered the availability of funding sources, including but not limited to an unutilized banking facilities of RMB461 billion as at 30 June 2024 and the expected cash inflows from the operating activities in the upcoming 12 months. The board of directors of the Company believes that the Group has sufficient working capital to continue as a going concern for not less than 12 months after the end of reporting period. Therefore, the board of directors of the Company continues to prepare the Group’s financial statements for the period ended 30 June 2024 on a going concern basis.

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

#### **1.2 Statement of compliance with the CAS**

The financial statements have been prepared in accordance with the CAS, and present truly and completely the financial position of the Company and the Group as of 30 June 2024, and the results of their operations and cash flows for the period ended 30 June 2024.

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

*As at 30 June 2024*

*Renminbi Yuan*

### **2. SCOPE OF CONSOLIDATION**

#### **2.1 Newly established subsidiary**

For the period ended 30 June 2024, there was no newly established subsidiary.

#### **2.2 Disposal of a subsidiary**

There were no transactions or events involving changes in the scope of consolidation for the Group during the current period.

#### **2.3 Changes in scope of consolidation for other reasons**

For the period ended 30 June 2024, there were no changes in scope of consolidation for other reasons.

### **3. OPERATING SEGMENT INFORMATION**

#### **Operating segments**

The Group divides the operation services into two operating segments which are determined based on the internal organization structure, management requirements and internal reporting system:

- Production and sale of iron and steel products and related by-products: the Company and its subsidiaries except for Masteel Finance
- Financial service: Masteel Finance

The Group did not consider financial service as an individual reportable segment, as Masteel Finance mainly offers financial service to internal companies. Therefore, the Group focuses on the production and sale of iron and steel products and by-products, and it is unnecessary for the Group to disclose more detailed information.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Operating segments (Continued)

##### *Geographical information*

	<b>For the six months ended 30 June 2024 (Unaudited)</b>	<b>For the six months ended 30 June 2023 (Unaudited)</b>
<b>External principal operating income</b>		
Mainland China	<b>38,048,519,171</b>	45,474,348,091
Overseas and Hong Kong	<b>3,581,227,565</b>	2,149,317,458
	<b><u>41,629,746,736</u></b>	<b><u>47,623,665,549</u></b>
<b>Non-current assets</b>	<b>30 June 2024 Unaudited</b>	<b>31 December 2023 Audited</b>
Mainland China	<b>60,562,681,858</b>	61,659,991,612
Overseas and Hong Kong	<b>96,015,958</b>	104,308,368
	<b><u>60,658,697,816</u></b>	<b><u>61,764,299,980</u></b>

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

##### *Major customer information*

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 4. TRADE RECEIVABLES

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

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

	<b>30 June 2024</b>	31 December 2023
	<b>Unaudited</b>	Audited
Within one year	<b>1,840,620,562</b>	1,502,042,518
One to two years	<b>125,282,868</b>	69,816,859
Two to three years	<b>16,646,894</b>	3,656,139
Over three years	<b>29,397,970</b>	56,775,892
	<b>2,011,948,294</b>	1,632,291,408
Less: Provisions for bad debts	<b>207,789,409</b>	231,626,649
	<b><u>1,804,158,885</u></b>	<b><u>1,400,664,759</u></b>

As of 30 June 2024 and 31 December 2023, there were no trade receivables that were derecognized due to the transfer of financial assets.

As of 30 June 2024 and 31 December 2023, the Group had no assets or liabilities deriving from transferring trade receivables in which the Group is continuingly involved.

### 5. FINANCING RECEIVABLES

	<b>30 June 2024</b>	31 December 2023
	<b>Unaudited</b>	Audited
Bank acceptance notes	<b><u>1,436,277,531</u></b>	<b><u>1,801,284,684</u></b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 6. PREPAYMENTS

An ageing analysis of the prepayments is as follows:

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Book value	Ratio (%)	Book value	Ratio (%)
Within one year	338,243,485	98	628,255,503	97
One to two years	4,206,862	1	13,924,479	2
Two to three years	4,436,734	1	3,243,448	1
	<u>346,887,081</u>	<u>100</u>	<u>645,423,430</u>	<u>100</u>

Prepayments aged over one year were mainly unsettled prepayments for the materials and equipment purchased. The relevant goods were not yet delivered which resulted in the corresponding prepayments not being settled.

### 7. NOTES PAYABLE

	30 June 2024 Unaudited	31 December 2023 Audited
Bank acceptance notes	<u>8,832,039,090</u>	<u>8,631,701,173</u>

As of 30 June 2024 and 31 December 2023, the ageing of the Group's notes payable was all within six months, and there were no overdue notes.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 8. TRADE PAYABLES

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

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

	<b>30 June 2024</b> <b>Unaudited</b>	31 December 2023 Audited
Within one year	<b>12,595,108,213</b>	13,190,322,849
One to two years	<b>245,136,090</b>	170,817,523
Two to three years	<b>46,802,219</b>	111,377,906
Over three years	<b>62,374,485</b>	41,122,208
	<b><u>12,949,421,007</u></b>	<b><u>13,513,640,486</u></b>

### 9. DIVIDENDS

According to the “2023 Profit Distribution Plan of Ma’anshan Iron & Steel Co., Ltd.” approved by the 2023 Annual General Meeting of the Group on June 20, 2024, the Group will not distribute profits.

### 10. REVENUE AND COST OF SALES

	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating income	<b>41,629,746,736</b>	<b>41,164,732,434</b>	47,623,665,549	48,193,565,776
Other operating income	<b>1,377,732,054</b>	<b>1,319,721,793</b>	1,356,787,323	1,329,912,255
	<b><u>43,007,478,790</u></b>	<b><u>42,484,454,227</u></b>	<b><u>48,980,452,872</u></b>	<b><u>49,523,478,031</u></b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 10. REVENUE AND COST OF SALES (CONTINUED)

Revenue is presented as follows:

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Revenue from contracts with customers	<b>43,002,623,935</b>	48,882,476,827
Rental income	<b>4,854,855</b>	4,946,850
Interest income	–	93,029,195
	<b><u>43,007,478,790</u></b>	<b><u>48,980,452,872</u></b>

Timing of revenue recognition from contracts with customers:

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
At a point in time		
Sale of steel products	<b>40,740,523,815</b>	44,999,428,562
Sale of other products	<b>2,083,525,499</b>	3,833,254,486
Over time		
Processing	<b>83,805,929</b>	37,538,001
Others	<b>15,287,952</b>	12,255,778
	<b><u>42,923,143,195</u></b>	<b><u>48,882,476,827</u></b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 10. REVENUE AND COST OF SALES (CONTINUED)

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

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Revenue from contracts with customers	<u>3,975,824,188</u>	<u>4,968,555,294</u>

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

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Within one year	<u>3,478,366,339</u>	<u>5,191,389,696</u>

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 11. FINANCIAL EXPENSES

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Interest expense ( <i>Note</i> )	312,774,907	242,673,047
Less: interest income	45,988,335	18,849,473
Less: capitalized interest expense	702,361	11,045,074
Exchange loss	41,563,728	(40,613,997)
Others	9,011,726	6,799,290
	<u>316,659,664</u>	<u>178,963,793</u>

*Note:* The Group's interest expenses included interests on bank loans, lease liabilities and discounted notes.

### 12. GAIN FROM DISPOSAL OF ASSETS

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Gain on disposal of property, plant and equipment	57,901,418	(6,781,735)
Gain on disposal of intangible assets	15,628,515	18,005,989
Loss on disposal of construction in progress	–	5,659,537
	<u>73,529,933</u>	<u>16,883,791</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 13. NON-OPERATING INCOME

	For the six months ended		Included in
	2024	2023	30 June 2024
	Unaudited	Unaudited	Non-recurring
			Gains and
			losses
			Unaudited
Others	<u>733,269</u>	<u>2,547,133</u>	<u>733,269</u>
	<u><b>733,269</b></u>	<u><b>2,547,133</b></u>	<u><b>733,269</b></u>

### 14. ON-OPERATING EXPENSES

	For the six months ended		Included in
	2024	2023	30 June 2024
	Unaudited	Unaudited	Non-recurring
			Gains and
			losses
			Unaudited
Scrap losses of property, plant and equipment	876,676	3,318	876,676
Penalty expenditure	2,144,476	335,871	2,144,476
Charity donation	187,150	536,849	187,150
Others	<u>6,304,373</u>	<u>400,713</u>	<u>6,304,373</u>
	<u><b>9,512,675</b></u>	<u><b>1,276,751</b></u>	<u><b>9,512,675</b></u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 15. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Mainland China current income tax expense	90,571,090	78,771,313
Hong Kong current income tax expense	(165)	(7,426,694)
Overseas current income tax expense	14,357,070	16,449,435
Deferred tax expense	16,161,153	(15,744,398)
	<u>121,089,148</u>	<u>72,049,656</u>

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

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Profit before tax	(1,190,806,469)	(2,361,338,152)
Tax at the applicable tax rate of 25% (Note)	(297,701,617)	(590,334,538)
Effect of different tax rates of subsidiaries	104,760,466	254,570,365
Non-deductible expenses	7,759,643	14,314,079
Adjustment of income tax of prior period	9,158,844	(1,670,777)
Other tax preference	(53,496,007)	(69,389,924)
Income not subject to tax	–	(85,702,726)
Unrecognised deductible temporary difference and tax losses	361,072,782	567,749,455
Share of profit or loss of joint ventures and associates	(10,464,963)	(17,486,278)
Tax charge at the Group's effective rate	<u>121,089,148</u>	<u>72,049,656</u>
The Group's effective rate	0.00%	0.00%

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 15. INCOME TAX EXPENSES (CONTINUED)

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

### 16. EARNINGS PER SHARE

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Basic earnings per share Continuing operations	<u>(14.87)</u>	<u>(28.92)</u>
Diluted earnings per share Continuing operations	<u>(14.87)</u>	<u>(28.92)</u>

Basic earnings per share shall be calculated by dividing profit attributable to owners of the parent (the numerator) by the weighted average number of ordinary shares in issue (the denominator).

The numerator of diluted earnings per share equals to profit attributable to owners of the parent.

The denominator of diluted earnings per share equals to the sum of: (1) the weighted average number of ordinary shares in issue of basic earnings per share (2) the weighted average number of ordinary shares increased by assuming that diluted potential ordinary shares are converted into ordinary shares.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024

Renminbi Yuan

### 16. EARNINGS PER SHARE (CONTINUED)

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

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Earnings		
Profit attributable to owners of the parent Continuing operations	(1,144,779,937)	(2,235,498,496)
Less: profit attributable to restricted Shares which is expected to be unlocked	—	(8,717,990)
Adjusted profit attributable to owners of the parent	<u>(1,144,779,937)</u>	<u>(2,226,780,506)</u>
Number of shares		
Weighted average number of ordinary shares in issue during the period	<u>7,700,681,186</u>	<u>7,700,681,186</u>

Due to net loss in 2023, potential ordinary share is anti-dilutive. Diluted earnings per share equals to basic earnings per share.

### 17. CONTINGENT EVENTS

Until the approval date of 2024 interim report, there is no significant contingent event.

#### Pending litigation

As of 30 June 2024 the Group and the Company did not have significant pending litigations.



## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

*As at 30 June 2024*

*Renminbi Yuan*

### **18 EVENTS AFTER THE BALANCE SHEET DATE**

Until the approval date of 2024 interim report, there is no significant event after the reporting period need to be disclosed by the Group or the Company.

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

29 August 2024

Maanshan City, Anhui Province, the PRC

*As at the date of this announcement, the directors of the Company include executive directors Jiang Yuxiang and Mao Zhanhong; and independent non-executive directors Guan Bingchun, He Anrui, Liao Weiquan and Qiu Shengtao.*