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Chongqing Iron & Steel Company Limited **重慶鋼鐵股份有限公司**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1053)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

I IMPORTANT NOTICE

- 1 This summary of annual report is abstracted from the full text of the annual report. In order to comprehensively understand the operating results, financial position and future development plans of Chongqing Iron & Steel Company Limited (the “**Company**”), investors shall refer to the website of the Shanghai Stock Exchange at <http://www.sse.com.cn> and the website of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk> to carefully read the full text of the annual report.
- 2 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.
- 3 All directors of the Company attended the Board meeting.
- 4 Ernst & Young Hua Ming LLP has issued a standard and unqualified audit report for the Company.
- 5 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 loss attributable to the parent company for 2023 amounted to RMB1,511 million, and the unappropriated profit by parent company as at the end of 2023 amounted to RMB-9.166 billion. As the parent company recorded a negative unappropriated profit as at the end of 2023, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2023 pursuant to Article 250 of the Articles of Association.

II BASIC INFORMATION OF THE COMPANY

1 Company Profile

Stock profile

| 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 | 01053 | N/A |

| Contact information | Secretary to the Board | Securities affairs representative |
|------------------------|---|---|
| Name | Zou An | 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 |
| E-mail | ir_601005@baowugroup.com | ir_601005@baowugroup.com |

2 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 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.

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 coil 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 northwestern 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 rewarded the title of "Chongqing's brand products". The Company successively obtained the following titles of honor: national Labor Day certificate, national implementation of performance excellence model advanced enterprises, Chongqing famous trademark, Chongqing quality benefit enterprise and Chongqing contract-abiding and trustworthy Enterprises. In 2023, the Company's hot rolled wide steel plates of structural steel for ships and offshore engineering, and hot rolled wide steel plates of structural steel for bridges were recognized as "Golden-cup Excellent Products" by China Iron and Steel Association, and the Company has successfully established a national advanced unit of metallurgical greening, and was awarded the honorary titles of "Green Steel Development Benchmarking Enterprise" and "Chongqing Environmental Integrity Enterprise".

In 2023, extremely turbulent international situation, sluggish recovery of the global economy, intensified geopolitical risks, and sustained decline in global economic growth resulted in a significant contraction in steel demand. The cost of raw fuel procurement remained at a high level for a relatively long period of time, resulting in a contraction in demand, rising costs, and a continuous decline in steel prices and profits decline in the domestic steel market. The Company's market price difference between the purchase and sales continued to narrow. With "production with orders, production with margins, income with profits, and profits with cash" as the framework to promote the accounting operation, the Company took multiple measures, and various technical and economic indicators continued to set new historical records, and stabilizing the fundamentals of the high-quality development of Chongqing Iron & Steel.

3 Major Financial Data and Financial Indicators of the Company

3.1 Major financial data and financial indicators for the last three years

Unit: RMB'000

| | 2023 | 2022 | Increase/ decrease from last year (%) | 2021 |
|--|-------------------|------------|--|------------|
| Total assets | 37,357,035 | 39,364,800 | -5.10 | 42,995,956 |
| Net assets attributable to shareholders of listed company | 19,854,331 | 21,341,918 | -6.97 | 22,375,211 |
| Operating income | 39,318,142 | 36,561,531 | 7.54 | 39,849,418 |
| Operating revenue net of business revenue not related to principal business and income lacking commercial substance | 39,030,451 | 36,273,788 | 7.60 | 37,466,956 |
| Net profit attributable to shareholders of listed company | -1,494,417 | -1,019,409 | N/A | 2,274,395 |
| Net profit attributable to shareholders of listed company, netting non- recurring gains and losses | -1,514,298 | -1,086,273 | N/A | 2,453,197 |
| Net cash flow from operating activities | 1,022,039 | 1,470,087 | -30.48 | 5,621,433 |
| Weighted average return on net assets (%) | -7.26 | -4.66 | Decreased by 2.60 percentage points | 10.73 |
| Basic earnings per share (RMB/share) | -0.17 | -0.11 | N/A | 0.26 |
| Diluted earnings per share (RMB/share) | -0.17 | -0.11 | N/A | 0.26 |

3.2 Major financial data by quarter during the reporting period

Unit: RMB'000

| | 1st Quarter (January– March) | 2nd Quarter (April–June) | 3rd Quarter (July– September) | 4th Quarter (October– December) |
|--|------------------------------------|-----------------------------|-------------------------------------|---------------------------------------|
| Operating income | 10,470,409 | 10,524,422 | 9,017,979 | 9,305,332 |
| Net profit attributable to shareholders of listed company | -105,452 | -329,288 | -157,582 | -902,095 |
| Net profit attributable to shareholders of listed company, netting non- recurring gains and losses | -113,661 | -333,144 | -164,097 | -903,396 |
| Net cash flow from operating activities | -1,027,469 | 1,441,990 | 71,039 | 536,479 |

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

Applicable Not applicable

4 Shareholders

4.1 Total number of ordinary shareholders, preferred shareholders with restored voting rights and total number of shareholders with special voting rights and shareholdings of the top 10 shareholders as at the end of the reporting period and the end of the month before the annual report disclosure

Unit: share

| | |
|---|---------|
| As of the end of the reporting period, the total number of ordinary shareholders (<i>accounts</i>) | 168,503 |
| At the end of the month before the annual report disclosure, the total number of ordinary shareholders (<i>accounts</i>) | 166,725 |
| As of the end of the reporting period, the total number of preferred shareholders with restored voting rights (<i>accounts</i>) | 0 |
| At the end of the month before the annual report disclosure, the total number of preferred shareholders with restored voting rights (<i>accounts</i>) | 0 |

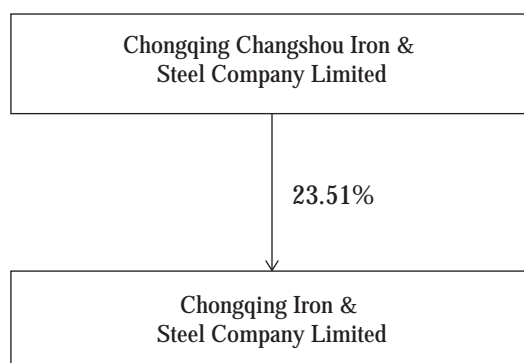
The top 10 shareholders

| 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 | 483,920 | 533,065,141 | 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 Guochuang Investment and Management Co., Ltd. | 0 | 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 | Unknown |
| Agricultural Bank of China Limited Chongqing Branch | 0 | 216,403,628 | 2.43 | 0 | Nil | 0 | State-owned legal person |
| China Shipbuilding Industry Complete Logistics Co., Ltd. | 0 | 211,461,370 | 2.37 | 0 | Nil | 0 | State-owned legal person |

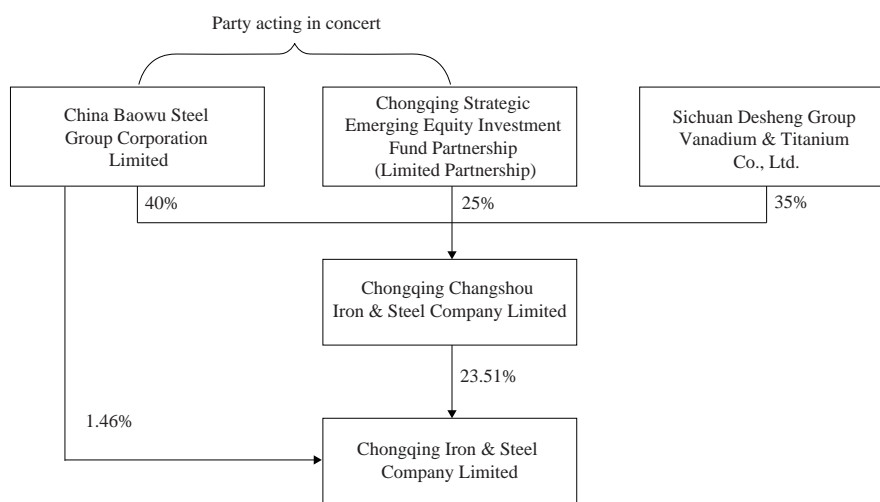
The above shareholders' connected relationship or acting in concert Chongqing Changshou Iron & Steel Company Limited is the controlling shareholder of the Company; Chongqing Changshou Iron & Steel Company Limited and Baowu Group Zhongnan Steel Co., Ltd. are under common control by China Baowu Steel Group Corporation Limited, a de facto controller of the Company, thus the two are related parties, and has no associated relationship with the other 8 shareholders and they are not parties acting in concert regulated in Administrative Measures for the Takeover of Listed Companies' Shareholders. The Company is also not aware of any connected relationship among the other 9 shareholders or whether they are acting in concert

Preferred shareholders with restored voting rights and their shareholding Not applicable

4.2 Chart of equity and the controlling relationship between the Company and the controlling shareholder



4.3 Chart of equity and the controlling relationship between the Company and the actual controllers



4.4 The total number of preferred shareholders of the Company and the top 10 shareholders at the end of the reporting period

Applicable Not applicable

5 Information on Corporate Bond

Applicable Not applicable

5.1 Existing bonds as at the date of approval of all annual reports of the Company

Unit: RMB'000

| Name of bond | Abbreviated name | Stock code | Due date | Balance of bonds | Interest rate (%) |
|---|-----------------------------------|------------|---------------|------------------|-------------------|
| Chongqing Iron & Steel Company Limited 2020 first tranche of medium-term notes (Type 2) | 20 Chongqing Iron & Steel MTN001B | 102000391 | 19 March 2023 | - | 5.13 |

5.2 Interest payment of bonds during the Reporting Period

Applicable Not applicable

5.3 Adjustment of credit rating results of the Company or bonds by credit rating agencies during the Reporting Period

Applicable Not applicable

5.4 Significant accounting data and financial indicators in the last 2 years

Applicable Not applicable

Unit: RMB'000

| Major Indicators | 2023 | 2022 | Change from the same period of last year to this period (%) |
|---|-------------------|------------|---|
| Gearing Ratio (%) | 46.85 | 45.78 | 1.07 |
| Net profit after deducting non-recurring profit or loss | -1,514,298 | -1,086,273 | N/A |
| Debt-to-EBITDA ratio | 0.03 | 0.06 | -50.00 |
| Interest coverage (times) | -5.50 | -3.04 | N/A |

III SIGNIFICANT EVENTS

- 1** The Company shall explain the significant changes in the operation of the Company during the reporting period under the principle of materiality and events that occurred during the reporting period had material impact on the operation of the Company and expected to have a material impact in the future.

Applicable Not applicable

- 2** If there is a delisting risk warning or termination of listing after the disclosure of the annual report of the Company, the reasons resulting the delisting risk warning or termination of listing shall be disclosed.

Applicable Not applicable

3 Major operations during the reporting period

During the reporting period, the Group produced 6.5160 million tonnes of iron, 7.1155 million tonnes of steel and 10.2222 million tonnes of commodity billet, representing year-on-year decrease of 9.88% and 9.63% of iron and steel and a year-on-year increase of 22.53% of commodity billet. The sales volume of commodity billet was 10.2895 million tonnes, representing a year-on-year growth of 22.74%. The operating income was RMB39.318 billion, while the total profit was RMB-1,744 million.

3.1 Main business analysis

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

Unit: RMB'000

| Item | Current period | Corresponding period of last year | Change (%) |
|---|-------------------|-----------------------------------|------------|
| Operating income | 39,318,142 | 36,561,531 | 7.54 |
| Operating cost | 40,002,413 | 36,592,389 | 9.32 |
| Selling expenses | 75,804 | 74,204 | 2.16 |
| Administrative expenses | 334,986 | 418,291 | -19.92 |
| Financial expenses | 242,279 | 358,905 | -32.49 |
| R&D expenses | 31,949 | 24,764 | 29.01 |
| Net cash flow from operating activities | 1,022,039 | 1,470,087 | -30.48 |
| Net cash flow from investing activities | -801,075 | -2,111,390 | N/A |
| Net cash flow from financing activities | -2,327,132 | -1,253,003 | N/A |

Reasons for change in financial expenses: The decrease in financial expenses was mainly due to the decrease in the size of interest-bearing liabilities and consolidated finance costs.

Reasons for change in net cash flow from operating activities: The decrease in net cash flow from operating activities was mainly due to the decrease in profit for the current period.

Reasons for change in net cash flow from investment activities: The decrease in net cash flow from operating activities was mainly due to the decrease in investment expenditure on fixed assets for current period.

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

(2) Revenue and cost analysis

In 2023, the Group realized a total profit of RMB-1,744 million, representing a year-on-year decrease of 45.13%, which was mainly due to the following reasons: the selling price of commodity billet amounted to RMB3,638/tonne, representing a year-on-year decrease of 10.13%, and commodity billet achieved an decrease of RMB3,575 million in profit; the sales volume of commodity billet reached 10.2895 million tonnes, representing a year-on-year increase of 22.74%, and achieving an decrease of RMB524 million in profit affected by products structure; the Company continued to promote cost reduction plan, thus key technical and economic indicators continued to improve, resulting in an increase of RMB1,261 million in profit from cost reduction in the aspect of process; ore price rose, prices of coal and, scrap steel fell, resulted in an increase of RMB2,208 million in profit. The Company insisted on reducing all expenses, thus resulting in an increase of RMB198 million in profit; others matters resulted in an decrease of RMB113 million in profit in total; mainly due to the year-on-year decrease of RMB42 million in profit from impairment of assets and a year-on-year decrease of RMB48 million from government grants.

In 2023, the Group's revenue from main business amounted to RMB39.030 billion, representing a year-on-year increase of 7.60%. In particular, the income from sales of commodity billet products amounted to RMB37.434 billion, representing a year-on-year increase of RMB3,502 million. Firstly, the sales volume of commodity billet was 10.2895 million tonnes, representing a year-on-year increase of 22.74%, resulting in an increase in the sales income of RMB7,077 million; secondly, the sales price of commodity billet was RMB3,638/tonne, representing a year-on-year decrease of 10.13%, resulting in a decrease in the sales income of RMB3,575 million.

Composition of income from main businesses:

| Type | 2023 | | 2022 | | Year-on-year Increase in amount (%) |
|------------------|---------------------|-------------------|---------------------|-------------------|--|
| | Amount (RMB'000) | Percentage (%) | Amount (RMB'000) | Percentage (%) | |
| Plate | 9,604,212 | 24.61 | 11,202,787 | 30.89 | -14.27 |
| Hot rolling | 17,998,354 | 46.11 | 17,256,980 | 47.57 | 4.30 |
| Bars | 3,250,795 | 8.33 | 1,633,885 | 4.50 | 98.96 |
| Double high rods | 3,969,804 | 10.17 | 2,854,994 | 7.87 | 39.05 |
| Profiles | 1,371,770 | 3.51 | 931,025 | 2.57 | 47.34 |
| billets | 1,239,556 | 3.18 | 52,305 | 0.14 | 2,269.86 |
| Subtotal | 37,434,491 | 95.91 | 33,931,976 | 93.54 | 10.32 |
| Other | 1,595,960 | 4.09 | 2,341,812 | 6.46 | -31.85 |
| Total | 39,030,451 | 100.00 | 36,273,788 | 100.00 | 7.60 |

Sales prices of commodity billet:

| Item | 2023 Sales price | | 2022 Sales price | | Year-on-year growth (%) | Income increase (RMB'000) |
|--------------------|------------------|--------------|------------------|--------------|-------------------------------|------------------------------|
| | (RMB/tonne) | (RMB/tonne) | (RMB/tonne) | (RMB/tonne) | | |
| Plate | 3,941 | 4,322 | 4,322 | 3,941 | -8.82 | -928,383 |
| Hot rolling | 3,613 | 3,994 | 3,994 | 3,613 | -9.54 | -1,898,218 |
| Bars | 3,427 | 3,606 | 3,606 | 3,427 | -4.96 | -169,782 |
| Double high rods | 3,384 | 3,748 | 3,748 | 3,384 | -9.71 | -427,008 |
| Profiles | 3,632 | 3,878 | 3,878 | 3,632 | -6.34 | -92,914 |
| billets | 3,338 | 3,495 | 3,495 | 3,338 | -4.49 | -58,294 |
| Total of commodity | 3,638 | 4,048 | 4,048 | 3,638 | -10.13 | -3,574,599 |

Sales volumes of commodity billet:

| Item | Sales volume for 2023 <i>(Ten thousand tonnes)</i> | Sales volume for 2022 <i>(Ten thousand tonnes)</i> | Year-on-year growth <i>(%)</i> | Income increase <i>(RMB'000)</i> |
|--------------------|---|---|--|--|
| Plate | 243.67 | 259.23 | -6.00 | -670,192 |
| Hot rolling | 498.22 | 432.09 | 15.30 | 2,639,592 |
| Bars | 94.85 | 45.31 | 109.34 | 1,786,692 |
| Double high rods | 117.31 | 76.19 | 53.97 | 1,541,818 |
| Profiles | 37.77 | 24.00 | 57.38 | 533,659 |
| billets | 37.13 | 1.50 | 2,375.33 | 1,245,545 |
| Total of commodity | 1,028.95 | 838.32 | 22.74 | 7,077,114 |

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

Unit: RMB'000

Main business by sectors

| By sectors | Operating income | Operating cost | Gross margin <i>(%)</i> | Year-on-year increase/ decrease in operating income <i>(%)</i> | Year-on-year increase/ decrease in operating cost <i>(%)</i> | Year-on-year increase/decrease in gross margin <i>(%)</i> |
|----------------|---------------------|-------------------|-------------------------------|---|---|--|
| Iron and steel | 39,030,451 | 39,740,404 | -1.82 | 7.60 | 9.31 | Decreased by 1.60 percentage |

Main business by products

| By products | Operating income | Operating cost | Gross margin <i>(%)</i> | Year-on-year increase/ decrease in operating income <i>(%)</i> | Year-on-year increase/ decrease in operating cost <i>(%)</i> | Year-on-year increase/ decrease in gross margin <i>(%)</i> |
|---------------------|---------------------|-------------------|-------------------------------|---|---|--|
| Commodity billet | 37,434,491 | 38,201,837 | -2.05 | 10.32 | 12.38 | Decreased by 1.87 percentage |
| Other | 1,595,960 | 1,538,567 | 3.60 | -31.85 | -34.87 | Increased by 4.48 percentage |

Main business by regions

| By regions | Operating income | Operating cost | Gross margin (%) | Year-on-year increase/ decrease in | Year-on-year increase/ decrease in | Year-on-year increase/ decrease in |
|---------------|------------------|----------------|------------------|------------------------------------|------------------------------------|------------------------------------|
| | | | | operating income (%) | operating cost (%) | gross margin (%) |
| Southwest | 31,621,178 | 32,292,465 | -2.12 | 13.15 | 14.54 | Decreased by 1.24 percentage |
| Other regions | 7,409,273 | 7,447,939 | -0.52 | -11.02 | -8.73 | Decreased by 2.52 percentage |

2) Table of production and sales volume analysis

| Main products | Unit | Production volume | Sales volume | Inventory | Year-on-year increase/ decrease in | Year-on-year increase/ decrease in | Year-on-year increase/ decrease in |
|-------------------|---------------------|-------------------|--------------|-----------|------------------------------------|------------------------------------|------------------------------------|
| | | | | | production volume (%) | sales volume (%) | inventory (%) |
| Plate | Ten thousand tonnes | 239.37 | 243.67 | 1.17 | -6.66 | -6.00 | -65.79 |
| Hot rolling | Ten thousand tonnes | 494.42 | 498.22 | 2.77 | 15.26 | 15.30 | 0.73 |
| Bars | Ten thousand tonnes | 93.46 | 94.85 | 0.04 | 100.04 | 109.34 | -97.22 |
| Double high rods | Ten thousand tonnes | 118.82 | 117.31 | 1.79 | 55.40 | 53.99 | 539.29 |
| Profiles | Ten thousand tonnes | 39.02 | 37.77 | 1.23 | 61.51 | 57.38 | 232.43 |
| Commodity billets | Ten thousand tonnes | 37.13 | 37.13 | 0.00 | 2,358.94 | 2,375.33 | -100.00 |

3) 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 | 33,511,420 | 84.33 | 29,071,795 | 79.97 | 15.27 | N/A |
| Iron and steel | Energy | 1,366,040 | 3.44 | 2,021,368 | 5.56 | -32.42 | N/A |
| Iron and steel | Labor and other costs | 4,862,944 | 12.24 | 5,261,315 | 14.47 | -7.57 | 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 | 38,201,837 | 96.13 | 33,992,172 | 93.50 | 12.38 | N/A |
| Other | Raw material and energy costs | 1,538,567 | 3.87 | 2,362,306 | 6.50 | -34.87 | N/A |

4) Major buyers and major suppliers

A. Major customers of the Company

The sales attributable to the five largest buyers amounted to RMB12,757,820,000, representing 32.45% of the total sales for the year, of which the sales attributable to related parties amounted to RMB5,339,740,000, representing 13.58% of the total sales for the year.

B. Major suppliers of the Company

Purchases from the top five suppliers amounted to RMB11,584,970,000, accounting for 28.96% of the total purchases for the year, of which purchases from related parties amounted to RMB11,584,970,000, accounting for 28.96% of the total purchases for the year.

(3) Expenses

Unit: RMB'000

| Item | Amount for the period | Amount for the previous period | Change in amount for the period as compared with the corresponding period of last year (%) |
|--------------------------------------|----------------------------------|---|---|
| Selling expenses | 75,804 | 74,204 | 2.16 |
| Administrative expenses | 334,986 | 418,291 | -19.92 |
| Finance costs | 242,279 | 358,905 | -32.49 |
| Research and development expenses | 31,949 | 24,764 | 29.01 |

(4) *R&D investment*

1) Table of R&D investment

Unit: RMB'000

| | |
|--|-----------|
| Expensed R&D investment for the period | 1,453,700 |
| Capitalised R&D investment for the period | – |
| Total R&D investment | 1,453,700 |
| Percentage of total R&D investment to revenue (%) | 3.70 |
| Percentage of capitalized R&D investment (%) | – |

2) R&D personnel

| | |
|--|-------|
| Number of R&D personnel of the Company | 1,025 |
| Percentage of R&D personnel in the total number of employees of the Company (%) | 17.33 |

Educational structure of R&D personnel

| Educational category | Number |
|-----------------------------|---------------|
| Doctoral graduate | 2 |
| Master's graduate | 61 |
| Undergraduate | 478 |
| Junior college | 484 |
| High school and below | 0 |

Age Structure of R&D Staff

| Age category | Age structure number |
|---|-------------------------------------|
| Under 30 years old (exclusive) | 246 |
| 30-40 years old (including 30 years old, excluding 40 years old) | 539 |
| 40-50 years old (including 40 years old, excluding 50 years old) | 139 |
| 50-60 years old (including 50 years old, excluding 60 years old) | 101 |
| 60 and above | 0 |

3) Explanation

In 2023, the Group's total R&D investment in approved projects was RMB1,453,700,484.75, of which RMB31,948,556.02 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 RMB1,421,751,928.73 had been included in operating costs.

(5) Cash flow

Unit: RMB'000

| Item | 2023 | 2022 | Main reasons for changes |
|---|-------------------|-------------|--|
| Net cash flow from operating activities | 1,022,039 | 1,470,087 | Decrease in profit for the current period. |
| Net cash flow from investing activities | -801,075 | -2,111,390 | Decrease in fixed assets investment projects. |
| Net cash flow from financing activities | -2,327,132 | -1,253,003 | Decrease in new borrowings for the current period. |
| Net increase in cash and cash equivalents | -2,106,168 | -1,894,306 | - |

3.2 Analysis of assets and liabilities

(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 | 1,935,398 | 5.18 | 3,995,676 | 10.15 | -51.56 | Repayment of borrowings |
| Trade receivables | 30,630 | 0.08 | 38,789 | 0.10 | -21.03 | - |
| Receivables financing | 632,329 | 1.69 | 799,687 | 2.03 | -20.93 | - |
| Prepayments | 633,937 | 1.70 | 845,433 | 2.15 | -25.02 | - |
| Other receivables | 19,740 | 0.05 | 34,846 | 0.09 | -43.35 | Recovery of amount |
| Inventories | 2,621,657 | 7.02 | 2,592,757 | 6.59 | 1.11 | - |
| Other current assets | 178,296 | 0.48 | 207,035 | 0.53 | -13.88 | - |
| Long-term equity investments | 110,935 | 0.30 | 111,123 | 0.28 | -0.17 | - |
| Other equity investments | 60,364 | 0.16 | - | - | N/A | Capital injection of Baowu Water |
| Property, plant and equipment | 26,159,118 | 70.02 | 26,281,780 | 66.76 | -0.47 | - |
| Construction in progress | 1,244,272 | 3.33 | 894,155 | 2.27 | 39.16 | Increase in current projects |
| Right-of-use assets | 310,328 | 0.83 | 388,739 | 0.99 | -20.17 | - |
| Intangible assets | 2,512,168 | 6.72 | 2,514,368 | 6.39 | -0.09 | - |
| Goodwill | 328,055 | 0.88 | 328,055 | 0.83 | - | - |
| Long-term expenses to be amortized | - | - | 237 | - | -100 | Completion of the amortization of leasehold improvement expenses |
| Deferred income tax assets | 579,071 | 1.55 | 327,989 | 0.83 | 76.55 | Increase in deductible losses |
| Other non-current assets | 737 | - | 4,132 | 0.01 | -82.16 | Decrease in prepayments for construction |
| Short-term borrowings | 450,331 | 1.21 | 1,106,441 | 2.81 | -59.30 | Repayment of borrowings |

| 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 |
|---|---------------------------------------|--|---|--|--------------------------------|------------------------------------|
| Bills payable | 1,938,301 | 5.19 | 609,368 | 1.55 | 218.08 | Increase in bills payment |
| Trade payables | 3,886,777 | 10.40 | 3,115,967 | 7.92 | 24.74 | - |
| Contract liabilities | 1,893,130 | 5.07 | 2,645,569 | 6.72 | -28.44 | - |
| Employee benefits payable | 125,720 | 0.34 | 144,905 | 0.37 | -13.24 | - |
| Tax payable | 28,301 | 0.08 | 22,974 | 0.06 | 23.19 | - |
| Other payables | 3,046,875 | 8.16 | 2,720,897 | 6.91 | 11.98 | - |
| Non-current liabilities due within one year | 2,252,747 | 6.03 | 2,352,484 | 5.98 | -4.24 | - |
| Other current liabilities | 241,403 | 0.65 | 343,924 | 0.87 | -29.81 | - |
| Long-term borrowings | 2,986,945 | 8.00 | 2,751,945 | 6.99 | 8.54 | - |
| Lease liabilities | 183,493 | 0.49 | 278,353 | 0.71 | -34.08 | Payment of asset leases |
| Long-term payables | 307,779 | 0.82 | 1,730,677 | 4.40 | -82.22 | Repayment of finance leases |
| Long-term employee benefits payable | 64,994 | 0.17 | 107,663 | 0.27 | -39.63 | Payment of termination benefits |
| Estimated liabilities | 4,227 | 0.01 | 5,540 | 0.01 | -23.70 | - |
| Deferred income | 85,732 | 0.23 | 79,743 | 0.20 | 7.51 | - |
| Deferred income tax liabilities | 5,949 | 0.02 | 6,431 | 0.02 | -7.49 | - |

(2) *Major restricted assets at the end of the Reporting Period*

Unit: RMB'000

| Item | Carrying balance | Carrying amount | Type of restriction | Restricted situation |
|-------------------------------|-------------------------|------------------------|----------------------------|--|
| Cash and bank balances | 103,634 | 103,634 | Deposit and freeze | Bill deposit and freeze |
| Receivables financing | 111,003 | 111,003 | pledge | Pledged notes for billing purposes endorsed/ discounted but not derecognized |
| Property, plant and equipment | 701,737 | 701,737 | pledge | Secured borrowings, sale and leaseback |
| Intangible assets | 280,927 | 280,927 | pledge | Secured borrowings |
| Total | 1,197,301 | 1,197,301 | - | - |

4. Management Discussion and Analysis on Future Development of the Company

4.1 Industry competition pattern and development trend

In 2024, the macroeconomic situation will rebound and improve, but will also be full of challenges. The external environment is still volatile, and the challenges for economic development are no less than last year. The global economic prospects remain bleak and uncertain, and we will continue to face the combined disturbances caused by financial tensions, geopolitical rifts, and the rapid development of generative artificial intelligence. Domestically, the basic trend of economic recovery and long-term improvement remains unchanged, but we need to overcome some unfavorable factors, including insufficient domestic demand, shrinking external demand, and diminishing investment effects. Local government debt risks are accumulating, the supply-demand relationship in the real estate market is undergoing significant changes, and the manufacturing industry's business climate is insufficient. The steel industry still faces a complex and severe situation. and efforts must continue to be made to improve the dynamic adaptability between supply and demand.

4.2 Development strategy of the Company

With the mission of “Keeping the national strength of steel alive and build a green and wonderful life” and the development goal of “to create a high-quality green intelligent steel manufacturer with an annual output exceeding 10 million tons”, 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 locations. 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 first 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, ride 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, we actively implement the production concept of “fully benchmarking to find differences, vigorously reducing costs and increasing efficiency, achieving ultimate management and minimizing consumption.” We adhere to the principles of “production with orders, production with margins, income with profits, and profits with cash”, to continuously enhance the Company’s ability to withstand market risks.

4.3 Business Plan

In 2024, the Company plans to produce 8.49 million tons of iron, 9.9 million tons of steel, and 9.32 million tons of materials, with an operating income of RMB36.7 billion. The Company will continue to be guided by the direction of “advancing to high-end, upgrading to intelligence, transforming to green, and developing efficiently,” strengthen our sense of responsibility and spare no effort in completing the annual business objectives, winning the battle to turn losses into profits, and promoting Chongqing Iron and Steel to become a leader in the steel industry in Southwest China. We will also contribute to Central South Iron and Steel being recognized as a builder of a well-known steel ecosystem and to China Baowu creating a world-class great enterprise.

In 2024, the steel industry situation will still be severe, and the Company will focus on the following areas of work: (1) strengthening safety performance, improving the responsibility system, and enhancing safety management capabilities; (2) focusing on extreme energy efficiency, deepening environmental governance, and promoting sustainable green development; (3) pursuing extreme efficiency, deepening technological innovation, and enhancing product core competitiveness; (4) adhering to change leadership, focusing on the site, and enhancing equipment system capabilities; (5) aiming for the best iron cost and creating the most efficient procurement; (6) building an extremely efficient and highly effective marketing team to promote product structure upgrades; (7) strengthening investment management and promoting environmental protection project construction to strive for green and low-carbon steel enterprises; (8) comprehensively deepening reforms, improving management efficiency, and promoting high-quality development of the Company; (9) focusing on standardized operations to promote grassroots basic management to a higher level; (10) adhering to profit-based management, vigorously reducing costs and increasing efficiency, and effectively improving business performance.

4.4 Potential risks

1. The global economic outlook is still uncertain, and the Company's main source of iron ore is imported, which is greatly affected by fluctuations in bulk raw material prices, and is facing certain risks of fuel price fluctuations.

Company response measures: In 2024, the Company will firmly establish the concept of "reducing costs is the primary guarantee against risks," focusing on "resource expansion, structural optimization, pipeline optimization, logistics optimization, and model innovation." According to the "Guidelines for the Application of Internal Control in Enterprises," we will carry out risk identification and evaluation around procurement-related business processes, such as procurement planning, supplier management, procurement and pricing, acceptance and objections, inventory, contract order management, and fund activities. We will focus on supplier management, strengthen the supplier evaluation mechanism in terms of admission evaluation, performance evaluation, and annual review, continuously optimize the supplier team, and focus on achieving quality improvement, efficiency improvement, and direct supply ratio improvement.

2. The complexity, severity, and uncertainty of the current external environment have increased, and the contradictions between supply and demand in the industry have become prominent, resulting in certain operating pressures for the Company.

Company response measures: In 2024, the Company will deepen profit-based management, strictly control investment scale, promote extreme cost and efficiency, implement a new type of management responsibility system, follow the principles of value creation and overall benefit maximization, continue to deepen technological innovation, fully utilize the production, sales, and research platform to jointly develop special steel, focus on improving product quality and technical and economic indicators, respond to market changes dynamically based on its regional positioning, adjust product structure in a timely manner, strengthen procurement and sales coordination, enhance the competitive advantage of differentiated products, increase market share and profitability, and strive to build efficient and refined manufacturing capabilities.

IV DISCLOSURE PURSUANT TO THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE

1 Compliance with the Corporate Governance Code

To the best knowledge of the Board, the Company has complied with the requirements of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the reporting period, and no deviation from the code 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 10 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 2023.

3 Purchase, Sale and Redemption of Listed Shares of the Company

No purchase, sale and redemption of the listed securities of the Company during the reporting period.

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. Zhang Jinruo, Mr. Sheng Xuejun, Mr. Guo Jiebin and Mr. Zhou Ping. Mr. Zhang Jinruo is the chairman of the Audit Committee.

The annual report of the Company for 2023 had been reviewed by the members of the Audit Committee before being submitted to the Board for approval.

6 Interests or Short Positions

As at 31 December 2023, 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 Rules Governing the Listing of Securities on the Stock Exchange and the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

| Name | The Company/ Associated Corporation | Capacity | Nature of interest | Number of Shares interested Total (Shares) | Percentage of the Company's A share Capital (%) | Percentage of total share capital of the Company (%) | Class of shares |
|------------|---|--|------------------------|--|--|---|--------------------|
| Zou An | the Company | Director, Senior Vice President, Chief Financial Officer, Secretary to the Board, General Legal Counsel | Beneficial interest | 1,684,600 (Long position) | 0.0201 | 0.0189 | A share |
| Xia Tong | the Company | Employee Supervisor | Beneficial interest | 534100 (Long position) | 0.064 | 0.006 | A share |
| Lei Yougao | the Company | Employee Supervisor | Beneficial interest | 430000 (Long position) | 0.005 | 0.0048 | A share |
| Xie Chao | the Company | Senior Vice President | Beneficial interest | 1,057,400 (Long position) | 0.0126 | 0.0119 | A share |

7 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.

8 Public Float of H Shares

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

9 Marketability Market Value

Based on the available information to the Company, as at 31 December 2023, the circulating market capitalization of H Shares of the Company (circulating H Share capital x closing price of H Shares (HK\$0.73)) was approximately HK\$393 million and the circulating market capitalization of A Shares of the Company (circulating A Share capital x closing price of A Shares (RMB1.39)) was approximately RMB11.649 billion.

10 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 scheme and decision-making mechanism, 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 does not have 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 loss attributable to the parent company for 2023 amounted to RMB1,511 million, and the unappropriated profit by the parent company as at the end of 2023 amounted to RMB-9,166 million. As the parent company recorded a negative unappropriated profit as at the end of 2023, the Board suggested not to make profit distribution or transfer capital reserve to share capital in 2023 pursuant to Article 250 of the Articles of Association.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

Unit: RMB

| Assets | 31 December 2023 | 31 December 2022 |
|---|--------------------------|--------------------------|
| Current assets | | |
| Cash and bank balances | 1,935,398,455.91 | 3,995,675,679.90 |
| Including: Cash in other financial institutions | 601,483,019.17 | 1,228,168,091.66 |
| Trade receivables | 30,630,026.22 | 38,789,243.44 |
| Receivables financing | 632,329,098.48 | 799,686,555.46 |
| Prepayments | 633,937,474.09 | 845,432,996.80 |
| Other receivables | 19,739,557.29 | 34,846,186.58 |
| Inventories | 2,621,656,663.14 | 2,592,756,838.00 |
| Other current assets | 178,296,028.42 | 207,034,907.16 |
| Total current assets | 6,051,987,303.55 | 8,514,222,407.34 |
| Non-current assets | | |
| Long-term equity investments | 110,934,705.02 | 111,123,058.00 |
| Other equity investments | 60,364,499.70 | – |
| Property, plant and equipment | 26,159,118,216.83 | 26,281,780,445.68 |
| Construction in progress | 1,244,271,745.73 | 894,154,698.17 |
| Right-of-use assets | 310,328,158.14 | 388,738,725.76 |
| Intangible assets | 2,512,167,799.59 | 2,514,367,788.86 |
| Goodwill | 328,054,770.34 | 328,054,770.34 |
| Long-term prepaid expenses | – | 237,486.45 |
| Deferred tax assets | 579,070,890.11 | 327,989,203.45 |
| Other non-current assets | 736,593.65 | 4,131,818.97 |
| Total non-current assets | 31,305,047,379.11 | 30,850,577,995.68 |
| Total assets | 37,357,034,682.66 | 39,364,800,403.02 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*For the year ended 31 December 2023**Unit: RMB*

| Liabilities and shareholders' equity | 31 December 2023 | 31 December 2022 |
|---|--------------------------|-------------------|
| Current liabilities | | |
| Short-term borrowings | 450,330,519.49 | 1,106,441,170.84 |
| Notes payable | 1,938,301,405.71 | 609,367,940.00 |
| Trade payables | 3,886,777,138.43 | 3,115,966,628.22 |
| Contract liabilities | 1,893,130,130.08 | 2,645,569,472.47 |
| Employee benefits payable | 125,719,847.89 | 144,905,310.06 |
| Taxes payable | 28,300,986.53 | 22,974,352.75 |
| Other payables | 3,046,874,537.02 | 2,720,896,934.96 |
| Non-current liabilities due within one year | 2,252,746,756.99 | 2,352,484,115.99 |
| Other current liabilities | 241,402,787.45 | 343,924,031.42 |
| Total current liabilities | 13,863,584,109.59 | 13,062,529,956.71 |
| Non-current liabilities | | |
| Long-term borrowings | 2,986,945,100.00 | 2,751,945,100.00 |
| Lease liabilities | 183,493,200.13 | 278,352,825.03 |
| Long-term payables | 307,779,167.09 | 1,730,677,459.72 |
| Long-term employee benefits payable | 64,993,865.63 | 107,663,455.08 |
| Provision | 4,226,982.76 | 5,540,444.09 |
| Deferred income | 85,732,350.43 | 79,742,929.39 |
| Deferred tax liabilities | 5,948,955.06 | 6,430,532.64 |
| Total non-current liabilities | 3,639,119,621.10 | 4,960,352,745.95 |
| Total liabilities | 17,502,703,730.69 | 18,022,882,702.66 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*For the year ended 31 December 2023**Unit: RMB*

| Liabilities and shareholders' equity | 31 December 2023 | 31 December 2022 |
|---|--|--|
| Shareholders' equity | | |
| Share capital | 8,918,602,267.00 | 8,918,602,267.00 |
| Capital reserves | 19,282,146,606.55 | 19,282,146,606.55 |
| Other Comprehensive Income | 1,585,194.71 | (2,664,805.29) |
| Special reserves | 13,954,677.59 | 7,374,566.33 |
| Surplus reserves | 607,300,662.40 | 606,990,553.42 |
| Unappropriated profit | (8,969,258,456.28) | (7,470,531,487.65) |
| Total shareholders' equity | <u>19,854,330,951.97</u> | <u>21,341,917,700.36</u> |
| Total liabilities and shareholders' equity | <u><u>37,357,034,682.66</u></u> | <u><u>39,364,800,403.02</u></u> |

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

Unit: RMB

| | 2023 | 2022 |
|--|---------------------------|--------------------|
| Revenue | 39,318,142,482.09 | 36,561,531,209.23 |
| Less: Cost of sales | 40,002,413,070.34 | 36,592,389,251.37 |
| Taxes and surcharges | 171,555,511.59 | 148,265,437.33 |
| Distribution and selling expenses | 75,803,809.64 | 74,204,262.56 |
| General and administrative expenses | 334,986,340.60 | 418,291,225.05 |
| Research and development costs | 31,948,556.02 | 24,763,704.07 |
| Finance expenses | 242,278,984.70 | 358,904,759.89 |
| Including: Interest expenses | 268,419,752.20 | 297,357,722.61 |
| Interest income | 47,286,994.74 | 58,831,730.38 |
| Add: Other income | 59,935,721.46 | 96,402,921.87 |
| Investment income | 7,380,890.39 | 32,670,179.29 |
| Including: Share of profits and losses of joint ventures and associates | 6,611,137.98 | 8,586,343.64 |
| Impairment losses on credit | - | 9,483,591.39 |
| Impairment losses on assets | (303,326,699.55) | (250,697,833.74) |
| Gain/(Loss) on disposal of items of property, plant and equipment | 12,625,015.26 | 1,675,134.36 |
| Operating profit/(loss) | (1,764,228,863.24) | (1,165,753,437.87) |
| Add: Non-operating income | 7,516,375.71 | 2,522,782.84 |
| Less: Non-operating expenses | (12,453,853.76) | 38,664,472.89 |
| Total profit/(loss) | (1,744,258,633.77) | (1,201,895,127.92) |
| Less: Income tax expenses/(credit) | (249,841,735.24) | (182,485,773.58) |
| Net Profit/(Loss) | (1,494,416,898.53) | (1,019,409,354.34) |
| Breakdown by continuity of operations | | |
| Net profit/(loss) from continuing operations | (1,494,416,898.53) | (1,019,409,354.34) |
| Breakdown by attributable interests | | |
| Net profit/(loss) attributable to shareholders of the parent | (1,494,416,898.53) | (1,019,409,354.34) |
| Non-controlling interests | - | - |

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2023

Unit: RMB

| | 2023 | 2022 |
|--|----------------------------------|----------------------------------|
| Other comprehensive income/(loss) after tax | <u>250,038.88</u> | <u>(2,664,805.29)</u> |
| Other comprehensive income/(loss) after tax attributable to shareholders of the parent | 250,038.88 | (2,664,805.29) |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of the net defined benefit liability | - | 1,585,194.71 |
| Changes in fair value of equity investments at fair value through other comprehensive income | <u>250,038.88</u> | <u>(4,250,000.00)</u> |
| Other comprehensive income/(loss) after tax attributable to non-controlling interests | <u>-</u> | <u>-</u> |
| Total comprehensive income | <u>(1,494,166,859.65)</u> | <u>(1,022,074,159.63)</u> |
| Including: | | |
| Total comprehensive income/(loss) attributable to shareholders of the parent | (1,494,166,859.65) | (1,022,074,159.63) |
| Total comprehensive income/(loss) attributable to non-controlling interests | <u>-</u> | <u>-</u> |
| Earnings per share: | | |
| Basic earnings/(loss) per share (RMB/share) | <u>(0.17)</u> | <u>(0.11)</u> |
| Diluted earnings/(loss) per share (RMB/share) | <u>(0.17)</u> | <u>(0.11)</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

Unit: RMB

2023

| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Unappropriated losses | Total shareholders' equity |
|--|------------------|-------------------|----------------------------|------------------|------------------|-----------------------|----------------------------|
| I. Closing balances of the preceding year and 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 | - | - | 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 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2023

Unit: RMB

| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Unappropriated losses | Total shareholders' equity |
|--|------------------|-------------------|----------------------------|------------------|------------------|-----------------------|----------------------------|
| I. Closing balances of the preceding year and opening balances of the current year | 8,918,602,267.00 | 19,282,146,606.55 | - | 18,593,416.55 | 606,990,553.42 | (6,451,122,133.31) | 22,375,210,710.21 |
| II. Changes in the current year | | | | | | | |
| (I) Total comprehensive income | - | - | (2,664,805.29) | - | - | (1,019,409,354.34) | (1,022,074,159.63) |
| (II) Special reserve | | | | | | | |
| 1. Amount established during the year | - | - | - | 55,971,177.10 | - | - | 55,971,177.10 |
| 2. Amount utilized during the year | - | - | - | (67,190,027.32) | - | - | (67,190,027.32) |
| III. Closing balance for the 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 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

Unit: RMB

| | 2023 | 2022 |
|--|--------------------------|-------------------|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 50,788,348,438.44 | 39,071,555,618.70 |
| Receipts of taxes refunds | 61,802,578.01 | 16,923,780.52 |
| Other cash received relating to operating activities | 224,194,735.92 | 197,862,313.90 |
| Sub-total of cash inflows from operating activities | 51,074,345,752.37 | 39,286,341,713.12 |
| Cash paid for purchase of goods and services | 48,169,812,475.25 | 35,557,135,538.78 |
| Cash paid to and on behalf of employees | 1,341,207,795.37 | 1,524,884,039.14 |
| Cash paid for all types of taxes | 393,321,914.51 | 450,085,368.00 |
| Other cash paid relating to operating activities | 147,965,016.03 | 284,149,708.37 |
| Sub-total of cash outflows from operating activities | 50,052,307,201.16 | 37,816,254,654.29 |
| Net cash flows from operating activities | 1,022,038,551.21 | 1,470,087,058.83 |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

Unit: RMB

| | 2023 | 2022 |
|---|-------------------------|--------------------|
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | - | 600,000,000.00 |
| Cash received from return on investments | 7,496,137.74 | 28,606,919.90 |
| Proceeds from disposal of items of property, plant and equipment | 6,737,712.05 | 1,675,134.34 |
| Net cash receipts from disposal of subsidiaries and other business units | 1,073,144.51 | - |
| | <hr/> | <hr/> |
| Sub-total of cash inflows from investing activities | 15,306,994.30 | 630,282,054.24 |
| | <hr/> | <hr/> |
| Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets | 816,381,606.15 | 2,692,771,888.13 |
| Cash paid for acquisition of investments | - | 48,900,000.00 |
| | <hr/> | <hr/> |
| Sub-total of cash outflows from investing activities | 816,381,606.15 | 2,741,671,888.13 |
| | <hr/> | <hr/> |
| Net cash flows from investing activities | (801,074,611.85) | (2,111,389,833.89) |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

Unit: RMB

| | 2023 | 2022 |
|--|--------------------------------|--------------------------------|
| III. Cash flows from financing activities: | | |
| Cash received from borrowings | <u>2,450,118,019.46</u> | <u>3,908,109,238.28</u> |
| Sub-total of cash inflows from financing activities | <u>2,450,118,019.46</u> | <u>3,908,109,238.28</u> |
| Cash repayments of borrowings | <u>2,562,355,799.63</u> | 4,028,011,234.83 |
| Cash paid for distribution of dividends or profits, and for interest expenses | <u>247,796,655.21</u> | 299,675,308.17 |
| Other cash paid relating to financing activities | <u>1,967,097,860.10</u> | <u>833,425,219.48</u> |
| Sub-total of cash outflows from financing activities | <u>4,777,250,314.94</u> | <u>5,161,111,762.48</u> |
| Net cash flows from financing activities | <u>(2,327,132,295.48)</u> | <u>(1,253,002,524.20)</u> |
| IV. Effect of changes in exchange rate on cash and cash equivalents | - | - |
| V. Net increase /(decrease) in cash and cash equivalents | <u>(2,106,168,356.12)</u> | <u>(1,894,305,299.26)</u> |
| Add: Cash and cash equivalents at the beginning of the year | <u>3,937,932,833.28</u> | <u>5,832,238,132.54</u> |
| VI. Cash and cash equivalents at the end of the year | <u><u>1,831,764,477.16</u></u> | <u><u>3,937,932,833.28</u></u> |

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at 31 December 2023

Unit: RMB

| Assets | 31 December 2023 | 31 December 2022 |
|---|--------------------------|-------------------|
| Current assets: | | |
| Cash and bank balances | 1,932,761,844.24 | 3,994,801,171.12 |
| Including: Cash in other financial institutions | 601,483,019.17 | 1,228,168,091.66 |
| Trade receivables | 82,672,548.13 | 181,294,862.78 |
| Receivables financing | 631,829,098.48 | 799,686,555.46 |
| Prepayments | 630,098,874.50 | 839,401,303.56 |
| Other receivables | 105,159,938.75 | 133,345,845.02 |
| Inventories | 2,608,142,027.73 | 2,574,096,616.38 |
| Other current assets | 158,929,714.60 | 189,302,364.07 |
| Total current assets | 6,149,594,046.43 | 8,711,928,718.39 |
| Non-current assets : | | |
| Long-term equity investments | 1,103,222,699.70 | 1,103,411,052.68 |
| Other equity investments | 60,364,499.70 | – |
| Property, plant and equipment | 25,206,384,607.09 | 25,255,209,027.99 |
| Construction in progress | 1,240,904,345.23 | 894,154,698.17 |
| Right-of-use assets | 310,328,158.14 | 388,738,725.76 |
| Intangible assets | 2,448,410,130.65 | 2,443,935,942.71 |
| Long-term prepaid expenses | – | 237,486.45 |
| Deferred tax assets | 545,759,646.12 | 292,699,314.69 |
| Other non-current assets | 736,593.65 | 4,131,818.97 |
| Total non-current assets | 30,916,110,680.28 | 30,382,518,067.42 |
| Total assets | 37,065,704,726.71 | 39,094,446,785.81 |

**STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY
(CONTINUED)**

As at 31 December 2023

Unit: RMB

| Liabilities and shareholders' equity | 31 December 2023 | 31 December 2022 |
|---|--------------------------|-------------------|
| Current liabilities : | | |
| Short-term borrowings | 450,330,519.49 | 1,106,441,170.84 |
| Notes payable | 1,938,301,405.71 | 609,367,940.00 |
| Trade payables | 3,851,876,789.66 | 3,100,744,371.99 |
| Contract liabilities | 1,893,124,713.20 | 2,645,569,472.47 |
| Employee benefits payable | 124,602,850.64 | 140,976,377.94 |
| Taxes payable | 21,451,669.84 | 16,713,145.35 |
| Other payables | 3,014,378,772.11 | 2,670,230,920.49 |
| Non-current liabilities due within one year | 2,252,746,756.99 | 2,352,484,115.99 |
| Other current liabilities | 241,402,083.26 | 343,924,031.42 |
| Total current liabilities | 13,788,215,560.90 | 12,986,451,546.49 |
| Non-current liabilities : | | |
| Long-term borrowings | 2,986,945,100.00 | 2,751,945,100.00 |
| Lease liabilities | 183,493,200.13 | 278,352,825.03 |
| Long-term payables | 307,779,167.09 | 1,730,677,459.72 |
| Long-term employee benefits payable | 64,780,458.09 | 106,550,937.54 |
| Provision | 4,226,982.76 | 5,540,444.09 |
| Deferred income | 85,732,350.43 | 79,742,929.39 |
| Total non-current liabilities | 3,632,957,258.50 | 4,952,809,695.77 |
| Total liabilities | 17,421,172,819.40 | 17,939,261,242.26 |

**STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY
(CONTINUED)**

As at 31 December 2023

Unit: RMB

| Liabilities and shareholders' equity | 31 December 2023 | 31 December 2022 |
|---|--|---------------------------------|
| 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 |
| Other Comprehensive Income | 1,585,194.71 | (2,664,805.29) |
| Special reserves | - | - |
| Surplus reserves | 577,012,986.42 | 577,012,986.42 |
| Unappropriated profit | (9,165,758,405.37) | (7,650,854,769.13) |
| Total shareholders' equity | <u>19,644,531,907.31</u> | <u>21,155,185,543.55</u> |
| Total liabilities and shareholders' equity | <u><u>37,065,704,726.71</u></u> | <u><u>39,094,446,785.81</u></u> |

INCOME STATEMENT OF THE PARENT COMPANY

For the year ended 31 December 2023

Unit: RMB

| | 2023 | 2022 |
|--|----------------------------------|----------------------------------|
| Revenue | 39,321,812,509.51 | 36,619,144,893.87 |
| Less: Cost of sales | 39,999,098,446.33 | 36,669,817,001.21 |
| Taxes and surcharges | 162,027,678.90 | 135,387,209.21 |
| Distribution and selling expenses | 75,803,809.64 | 74,204,262.56 |
| General and administrative expenses | 324,396,285.15 | 402,541,220.85 |
| Research and development costs | 29,432,637.79 | 21,736,831.31 |
| Finance expenses | 242,279,714.83 | 352,739,893.72 |
| Including: Interest expenses | 268,419,752.20 | 291,139,887.16 |
| Interest income | 47,274,596.05 | 58,721,783.30 |
| Add: Other income | 19,700,208.44 | 54,955,686.52 |
| Investment income | 7,380,890.39 | 32,670,179.29 |
| Including: Share of profits and losses of joint ventures and associates | 6,611,137.98 | 8,586,343.64 |
| Impairment losses on assets | – | 9,529,661.39 |
| Impairment losses on credit | (301,117,341.53) | (243,548,875.27) |
| Gain/(Loss) on disposal of items of property, plant and equipment | 12,625,015.26 | 1,675,134.36 |
| Operating profit/(loss) | (1,772,637,290.57) | (1,181,999,738.70) |
| Add: Non-operating income | 4,362,034.15 | 2,447,963.21 |
| Less: Non-operating expenses | (3,561,249.87) | 28,593,755.95 |
| Total profit/(loss) | (1,764,714,006.55) | (1,208,145,531.44) |
| Less: Income tax expenses/(credit) | (253,810,331.43) | (170,457,155.77) |
| Net Profit/(Loss) | <u>(1,510,903,675.12)</u> | <u>(1,037,688,375.67)</u> |
| Including: Net profit/(loss) from continuing operations | (1,510,903,675.12) | (1,037,688,375.67) |
| Other comprehensive income/(loss) after tax | 250,038.88 | (2,664,805.29) |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of the net defined benefit liability | – | 1,585,194.71 |
| Changes in fair value of equity investments at fair value through other comprehensive income | 250,038.88 | (4,250,000.00) |
| Total comprehensive income | <u>(1,510,653,636.24)</u> | <u>(1,040,353,180.96)</u> |

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY
For the year ended 31 December 2023

Unit: RMB

| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Unappropriated losses | Total shareholders' equity |
|--|------------------|-------------------|----------------------------|------------------|------------------|-----------------------|----------------------------|
| I. Closing balances of the preceding year and 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 |
| (IV) 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 | 1,565,194.71 | - | 577,012,986.42 | (9,165,758,405.37) | 19,644,531,907.31 |

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (CONTINUED)
For the year ended 31 December 2023

Unit: RMB

| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Unappropriated losses | Total shareholders' equity |
|--|------------------|-------------------|----------------------------|------------------|------------------|-----------------------|----------------------------|
| I. Closing balances of the preceding year and opening balances of the current year | 8,918,602,267.00 | 19,313,089,864.55 | - | 13,365,206.21 | 577,012,986.42 | (6,613,166,393.46) | 22,208,903,930.72 |
| II. Changes in the current year | | | | | | | |
| (I) Total comprehensive income | - | - | (2,664,805.29) | - | - | (1,037,688,375.67) | (1,040,353,180.96) |
| (II) Special reserve | | | | | | | |
| 1. Amount established during the year | - | - | - | 50,374,773.41 | - | - | 50,374,773.41 |
| 2. Amount utilized during the year | - | - | - | (63,739,979.62) | - | - | (63,739,979.62) |
| III. Closing balance for the 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 |

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

For the year ended 31 December 2023

Unit: RMB

| | 2023 | 2022 |
|--|--------------------------|-------------------|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 50,775,383,942.34 | 39,072,101,834.79 |
| Other cash received relating to operating activities | 220,531,463.17 | 196,846,659.11 |
| Sub-total of cash inflows from operating activities | 50,995,915,405.51 | 39,268,948,493.90 |
| Cash paid for purchase of goods and services | 48,202,142,768.76 | 35,915,449,260.45 |
| Cash paid to and on behalf of employees | 1,300,255,047.39 | 1,468,655,818.80 |
| Cash paid for all types of taxes | 340,425,243.05 | 378,661,745.24 |
| Other cash paid relating to operating activities | 142,839,053.36 | 241,432,300.08 |
| Sub-total of cash outflows from operating activities | 49,985,662,112.56 | 38,004,199,124.57 |
| Net cash flows from operating activities | 1,010,253,292.95 | 1,264,749,369.33 |

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY (CONTINUED)*For the year ended 31 December 2023**Unit: RMB*

| | 2023 | 2022 |
|---|-------------------------|--------------------|
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | – | 600,000,000.00 |
| Cash received from return on investments | 7,496,137.74 | 28,606,919.90 |
| Proceeds from disposal of items of property, plant and equipment | 6,737,712.05 | 1,675,134.34 |
| Net cash receipts from disposal of subsidiaries and other business units | 1,073,144.51 | – |
| | <hr/> | <hr/> |
| Sub-total of cash inflows from investing activities | 15,306,994.30 | 630,282,054.24 |
| | <hr/> | <hr/> |
| Cash paid for acquisition of property plant and equipment, intangible assets and other long-term assets | 806,358,450.78 | 2,681,464,733.47 |
| Cash paid for investments | – | 48,900,000.00 |
| | <hr/> | <hr/> |
| Sub-total of cash outflows from investing activities | 806,358,450.78 | 2,730,364,733.47 |
| | <hr/> | <hr/> |
| Net cash flows from investing activities | (791,051,456.48) | (2,100,082,679.23) |

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY (CONTINUED)*For the year ended 31 December 2023**Unit: RMB*

| | 2023 | 2022 |
|--|--------------------------------|--------------------------------|
| III. Cash flows from financing activities: | | |
| Cash received from borrowings | <u>2,450,118,019.46</u> | <u>3,908,109,238.28</u> |
| Sub-total of cash inflows from financing activities | <u>2,450,118,019.46</u> | <u>3,908,109,238.28</u> |
| Cash repayments of borrowings | <u>2,562,355,799.63</u> | 4,028,011,234.83 |
| Cash paid for distribution of dividends or profits, and for interest expenses | <u>247,796,655.21</u> | 293,448,792.15 |
| Other cash paid relating to financing activities | <u>1,967,097,860.10</u> | <u>646,371,992.48</u> |
| Sub-total of cash outflows from financing activities | <u>4,777,250,314.94</u> | <u>4,967,832,019.46</u> |
| Net cash flows from financing activities | <u>(2,327,132,295.48)</u> | <u>(1,059,722,781.18)</u> |
| IV. Effect of changes in exchange rate on cash and cash equivalents | <u>-</u> | <u>-</u> |
| V. Net increase /(decrease) in cash and cash equivalents | <u>(2,107,930,459.01)</u> | <u>(1,895,056,091.08)</u> |
| Add: Cash and cash equivalents at the beginning of the year | <u>3,937,058,324.50</u> | <u>5,832,114,415.58</u> |
| VI. Cash and cash equivalents at the end of the year | <u><u>1,829,127,865.49</u></u> | <u><u>3,937,058,324.50</u></u> |

The annual report for the Company for the year ended 31 December 2023 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.cqgt.cn) respectively on or before 25 April 2024.

By order of the Board
Chongqing Iron & Steel Company Limited
Zou An
Secretary to the Board

Chongqing, the PRC, 29 March 2024

As at the date of this announcement, the Directors of the Company are: Mr. Zhang Wenxue (Executive Director), Mr. Xie Zhixiong (Executive Director), Mr. Zou An (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lin Changchun (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Mr. Zhang Jinruo (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).