

重慶鋼鐵股份有限公司

Chongqing Iron & Steel Company Limited

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



2025

Interim Report

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Documents Available for Inspection	Text of the half-yearly report bearing the signature of the Company's legal representative and the Company's official seal
	Half-yearly financial accounting report signed and sealed by the legal representative, the chief financial controller and the person in charge of accounting department.
	All original company documents and drafts of announcements publicly disclosed during the Reporting Period on the information disclosure media designated by the CSRC, as well as on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.
	Other relevant documents

IMPORTANT NOTICE

- I. The Board, the Supervisory Committee and directors, supervisors and senior management of the Company warrant that there are no false representations, misleading statements contained in or material omissions from this interim report and individually and collectively accept full responsibility for the truthfulness, accuracy and completeness of the contents hereof.
- II. All directors of the Company attended the Board meeting.
- III. This interim report has not been audited.
- IV. Mr. Wang Huxiang, head of the Company, and Mr. Kuang Yunlong, the Chief Financial Officer and Ms. Lei Xiaodan, the Chief Accountant, have declared that they guarantee the truthfulness, accuracy and completeness of the financial statements in the interim report.
- V. The profit distribution proposal or proposal to transfer capital reserve to share capital for the Reporting Period as approved by the Board by way of resolution

None

- VI. Risk warning in respect of forward-looking statements

☒ Applicable ☐ Not applicable

The forward-looking statements, such as the future plans, development strategies involved in the interim report are subject to uncertainties and do not constitute the Company's substantive undertakings to investors. Investors should pay attention to investment risks.

- VII. Is there any embezzlement of non-operating funds by the controlling shareholder(s) and other related parties

No

- VIII. Is there any external guaranty provided in violation of the prescribed decision-making procedures

No

- IX. Whether more than half of the directors cannot guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company or not

No

- X. Major Risk Warning

There are no significant risks requiring investors' special attention.

- XI. Others

☐ Applicable ☒ Not applicable

Section I Definitions

Unless otherwise stated in context, the following terms should have the following meanings in this report:

DEFINITIONS OF FREQUENTLY-USED TERMS

CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
HKEx	The Stock Exchange of Hong Kong Limited
China Baowu, Baowu Group	China Baowu Steel Group Corporation Limited
Strategic Emerging Fund	Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership)
Changshou Iron & Steel, controlling shareholder	Chongqing Changshou Iron & Steel Company Limited
Hwabao Investment	Hwabao Investment Company Limited
Company, Chongqing Iron & Steel	Chongqing Iron & Steel Company Limited
Group	Chongqing Iron & Steel Company Limited and its subsidiaries
General Meeting	the general meeting of Chongqing Iron & Steel Company Limited
The Board	the board of directors of Chongqing Iron & Steel Company Limited
the board of Supervisors	the supervisory committee of Chongqing Iron & Steel Company Limited
Articles of Association	Articles of Association of Chongqing Iron & Steel Company Limited
Reporting period	From 1 January 2025 to 30 June 2025
RMB, RMB'000, RMB0'000, RMB00'000'000	RMB yuan, RMB thousand yuan, RMB ten thousand yuan, RMB hundred million yuan

Section II Company Profile and Major Financial Indicator

I. INFORMATION OF THE COMPANY

Chinese name	重慶鋼鐵股份有限公司
Chinese abbreviation	重慶鋼鐵
English name	Chongqing Iron & Steel Company Limited
English abbreviation	CISC
Legal representative	Wang Huxiang

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of securities affairs
Name	Kuang Yunlong	Peng Guoju
Correspondence address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Telephone	86-23-6898 3482	86-23-6898 3482
Fax	86-23-6887 3189	86-23-6887 3189
Email	ir_601005@baowugroup.com	ir_601005@baowugroup.com

III. CHANGES IN BASIC INFORMATION

Registered address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Historical changes of the registered address	No. 30 Gangtie Road, Dadukou District, Chongqing No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing
Office address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Postal code	401258
Website of the Company	http://www.cqgt.cn
Email	ir_601005@baowugroup.com
Query index for the change during the Reporting Period	There are no changes incurred during the Reporting Period

Section II Company Profile and Major Financial Indicator (Continued)

IV. CHANGE IN DISCLOSURE OF INFORMATION AND PLACE FOR INSPECTION

Name of newspapers designated by the Company for information disclosure	Shanghai Securities News
Website for posting the interim report	http://www.sse.com.cn (SSE) https://www.hkexnews.hk (HKEx)
Place for inspection of the interim report	Secretariat of the Board of the Company
Query index for the change during the Reporting Period	There are no changes incurred during the Reporting Period

V. BASIC INFORMATION ABOUT THE SHARES OF THE COMPANY

Class of shares	Place of listing	Abbreviated name	Stock code	Stock name before change
A Shares	Shanghai Stock Exchange	Chongqing Iron & Steel	601005	N/A
H Shares	HKEx	Chongqing Iron	01053	N/A

VI. OTHER RELATED INFORMATION

☐ Applicable ☒ Not applicable

Section II Company Profile and Major Financial Indicator (Continued)

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(1) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	Reporting period (January to June)	Same period last year	Change from the same period of last year to this Reporting Period (%)
Revenue	13,085,208,976.53	15,086,019,195.15	-13.26
Total profit	-129,921,080.35	-812,923,105.65	N/A
Net profit attributable to shareholders of listed company	-131,017,640.67	-689,212,586.56	N/A
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss	-140,507,805.03	-690,620,702.64	N/A
Net cash flows from operating activities	880,441,846.98	822,749,668.37	7.01

	At the end of the Reporting Period	At the end of last year	Change from the end of last year to the end of the Reporting Period (%)
Net assets attributable to shareholders of listed company	16,491,654,644.92	16,606,635,984.35	-0.69
Total assets	35,513,168,183.06	35,479,243,942.55	0.10

Section II Company Profile and Major Financial Indicator (Continued)

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY (CONTINUED)

(2) Key Financial Indicators

Key financial indicators	This Reporting Period (January to June)	Same period last year	Change from the same period of last year to this Reporting Period (%)
Basic earnings per share (RMB/share)	-0.01	-0.08	N/A
Diluted earnings per share (RMB/share)	-0.01	-0.08	N/A
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	-0.02	-0.08	N/A
Weighted average return on net assets (%)	-0.79	-3.54	Increased by 2.75 percentage points
Weighted average return on net assets after deducting non- recurring profit and loss (%)	-0.85	-3.55	Increased by 2.70 percentage points

Explanation on the major financial data and financial indicators

☒ Applicable ☐ Not applicable

The total profit, net profit attributable to shareholders of listed companies, and net profit attributable to shareholders of listed companies after deducting non-recurring gains or losses decreased significantly compared with last year, mainly due to the Company's focus on cost reduction and efficiency increase, the implementation of all-employee accounting operations, and the continuous efforts in the three dimensions of management efficiency, operating efficiency. In addition, the Company has overcome multiple challenges such as achieving environmental performance grade A and production ramp-up, thus resulting in significant improvements in production and operation.

VIII. DIFFERENCES IN ACCOUNTING DATA UNDER CHINESE AND INTERNATIONAL ACCOUNTING STANDARDS

☐ Applicable ☒ Not applicable

Section II Company Profile and Major Financial Indicator (Continued)

IX. NON-RECURRING ITEMS AND AMOUNTS

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items and amounts	Amount	Note (If applicable)
Profit/loss on disposal of non-current assets, including the write-off of provision for impairment on assets	2,275,107.97	N/A
Government grants included in the profit or loss for the period (except for those closely related to the ordinary businesses of the Company, in compliance with the requirements under the State's policies, and continuously entitled to quantitative or qualitative government grants according to certain standards)	5,404,454.07	N/A
Capital occupancy fee from non-financial enterprises recognized through profit or loss	3,827,032.62	N/A
Other non-operating income and expenses apart from the above mentioned	-341,695.41	N/A
Less: Effects on income tax	1,674,734.89	N/A
Total	9,490,164.36	N/A

Regarding the Company's definition of extraordinary gains or losses items according to the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses, the reasons for the defining of the extraordinary gains or losses items as illustrated in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses as recurring profit or loss items should be provided.

☐ Applicable ☒ Not applicable

X. NET PROFITS AFTER DEDUCTING THE IMPACT OF SHARE-BASED PAYMENTS WILL BE DISCLOSED BY THE COMPANY WITH EQUITY INCENTIVE OR EMPLOYEE STOCK OWNERSHIP PLANS

☐ Applicable ☒ Not applicable

XI. OTHERS

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis

I. EXPLANATION ON THE SITUATION OF THE COMPANY'S INDUSTRY AND MAIN BUSINESS DURING THE REPORTING PERIOD

(I) By industry

During the Reporting Period, the overall operation of national economy remained stable with good momentum. The preliminary calculation shows that the gross domestic product (GDP) for the first half of the year was RMB66,053.6 billion, representing a year-on-year increase of 5.3%. The output of crude steel in the iron and steel industry has declined steadily, with falling price of imported ore and improved year-on-year economic efficacy.

First, crude steel output decreased year-on-year, while steel output increased year-on-year. National crude steel output was 515 million tonnes, representing a year-on-year decrease of 3%; Steel output was 734 million tonnes, representing a year-on-year increase of 4.6%.

Second, imported ore prices dropped significantly year on year. In the first half of the year, the national imports recorded 592 million tonnes of iron ore and concentrate, representing a year-on-year decrease of 3%; The average import price was US \$97.52/ton, representing a year-on-year decrease of 17.7%.

Third, steel prices fell year on year. During the Reporting Period, the national average steel price index was 93.75 points, representing a year-on-year decrease of 13.35%. Since the beginning of the Reporting Period, steel inventories have remained at a low level, underpinning for the stable steel price movement.

Fourth, the profit of ferrous metal smelting and rolling processing industry increased significantly year-on-year. During the Reporting Period, the industry's operating revenue was RMB3,769.69 billion, a year-on-year decrease of 7.5%; operating costs amounted to RMB3,580.64 billion, a year-on-year decrease of 9.1%; and total profit was RMB46.28 billion, a year-on-year increase of 1,369.2%. (Source of information: National Bureau of Statistics of China, General Administration of Customs and China Iron and Steel Association)

(II) Explanation on the Main Business

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, high speed wire rods and bar materials.

Section III Management Discussion and Analysis (Continued)

I. EXPLANATION ON THE SITUATION OF THE COMPANY'S INDUSTRY AND MAIN BUSINESS DURING THE REPORTING PERIOD (CONTINUED)

(II) Explanation on the Main Business (Continued)

The Company's products are applied in various industries, such as machinery, architecture, engineering, automobile, motorbike, shipbuilding, offshore oil, gas cylinder, boiler as well as oil and gas pipelines. Heavy plates include five flagship products: bridge, high-rise construction, weathering, wind power, and pressure vessel steel. Marine plates, renowned for their exceptional quality, hold certifications from seven global shipping classification organizations. Hot-rolled products encompass over ten categories including low-alloy steel, automotive steel, tool steel, and electrical steel. Multiple products, such as bridge structural steel plates, offshore engineering steel, pressure vessel steel, and Q345B steel coils, have been honored with industry Gold Cup Awards (金盃獎). The products of the Company are mainly sold in Chongqing and southwestern regions, and have met the development demands in southwestern regional markets. The products are highly recognized in regional markets.

During the Reporting Period, the Company's main business, main products and their uses, business model, among others, have no significant changes.

Explanation of newly added significant non-core business activities added by the Company during the Reporting Period

☐ Applicable ☒ Not applicable

II. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS

(I) Business operations during the Reporting Period

In the first half of 2025, although the steel industry saw a slight recovery as compared with the same period of the previous year, prices of both steel products and raw material were relatively weak and the market continued to be oversupplied. The Chongqing Iron & Steel focused on cost reduction and efficiency improvement, promoted full-staff cost accounting management, and continued to make efforts in the three dimensions: management efficiency, operational efficiency, and manufacturing efficiency, overcoming multiple challenges, such as concentrated efforts to achieve environmental performance grade A and production ramp-up, and achieving significant improvements in production and operations.

Section III Management Discussion and Analysis (Continued)

II. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

(I) Business operations during the Reporting Period (Continued)

(1) Achieving breakthroughs in both cost and efficiency to lay a solid foundation for operational improvement

Focusing on core production and operational processes, the Company deepened cost reduction and efficiency improvements to achieve synergistic breakthroughs in cost control and efficiency enhancement. In terms of costs, the Company took the application of economical furnace charge as a breakthrough point, driving a reduction in hot metal costs by RMB490/tonne as compared with those in 2024 and an improvement in cost percentile by 24 percentiles, thereby achieving stable and smooth operation of blast furnaces under low-cost conditions. In terms of efficiency, the Company continued to pursue extreme inventory optimisation and deeply explored local resources, reducing the turnover days of two funds (i.e., trade receivables and inventories) by over 18% as compared with those in 2024. The Company also continued to integrate technological innovation with lean management and deeply explored manufacturing potential, achieving a 2-minute reduction in converter smelting cycle time, a 7-percentage-point increase in hot charging rate, and a 59-tonne/hour increase in hourly output of hot rolled coils as compared with those in 2024.

(2) Achieving significant improvements in quality to lay a foundation for the enhancement of specialty steels

By implementing total quality management and strictly enforcing standardised operational procedures throughout the process, the Company achieved significant improvements in product quality indicators. Quality-related losses in the first half of the year decreased by 40% as compared with those in 2024, significantly reducing unnecessary cost expenditure; objection about quality decreased by 77% as compared with that in 2024, with customer satisfaction continuing to improve; inspection pass rate steadily increased by 4.89% as compared with that in 2024, providing a reliable foundation for specialty steels.

Section III Management Discussion and Analysis (Continued)

II. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

(I) Business operations during the Reporting Period (Continued)

(3) Making significant achievements in energy conservation and emission reduction to lay a solid foundation for sustainable development

The Company promoted green development through technological innovation, achieving dual improvements in energy efficiency and innovation outcomes. The Company implemented eight energy-saving technologies such as waste heat recovery from ascension pipes, energy storage power plants, and hydrogen-oxygen cutting, with annual energy savings reaching 56,000 tonnes of standard coal. The Company also intensified efforts to reduce energy consumption in production processes, improving energy conversion efficiency, and reducing comprehensive energy consumption per tonne of steel by 7 kgce/t as compared with that in 2024. Additionally, the No. 1 sintering machine was awarded the “Pioneering Furnace (創先爐)” title in the 2025 “National Benchmarking Competition for Energy Conservation and Consumption Reduction of Key Large Energy-Consuming Iron and Steel Production Equipment”. In the first half of the year, the self-generation rate reached 93%, representing an increase of 3 percentage points as compared with that in 2024. In March, the self-generation rate reached 96.4%, hitting a new record high.

(II) Business operations prospect for the second half of the year

In the second half of 2025, the Company will persist in the “high-end orientation, intelligentization, greenisation and high efficiency” as development direction and “order-based production, marginal output, profitable income and cash-based profit” as operation principles, promote full-staff cost accounting management, and focus on improving efficiency in eight key areas, including production lines, material consumption, assets, and capital, so as to firmly respond to the long-term downside risks of the iron and steel industry. Firstly, the Company will focus on the expansion of local resources and strictly implement an extreme inventory management strategy to optimise resource allocation efficiency. Secondly, the Company will strengthen the integrated linkage mechanism between purchasing and sales to improve market response speed and comprehensive competitiveness. Thirdly, the Company will deepen the efficiency revolution and tap potential through extensive benchmark to realise cost reduction. Fourthly, the Company will pursue an extreme energy efficiency level and steadily promote green and low-carbon transformation to contribute to its sustainable development.

Significant changes in the Company’s operating conditions during the Reporting Period, as well as events occurring during the Reporting Period that have had a significant impact on the Company’s operating conditions and are expected to have a significant impact in the future.

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

1. Flexible system and mechanism advantage

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

2. Relative targeted market and logistic advantages

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

3. Brand advantage

The Company boasts a diverse production line and comprehensive product portfolio, covering medium plates, heavy plates, hot-rolled coils, long products, and other varieties. Heavy plates include five flagship products: bridge, high-rise construction, weathering, wind power, and pressure vessel steel. Marine plates, renowned for their exceptional quality, hold certifications from seven global shipping classification organizations. Hot-rolled products encompass over ten categories including low-alloy steel, automotive steel, tool steel, and electrical steel. Multiple products, such as bridge structural steel plates, offshore engineering steel, pressure vessel steel, and Q345B steel coils, have been honored with industry Gold Cup Awards (金盃獎). The “Sanfeng” product line aligns with market demand in the southwest region and enjoys high recognition and reputation.

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD

(1) Main business analysis

1. Analysis of changes in relevant items from financial statements

Unit: Yuan Currency: RMB

Item	For the reporting period	For the corresponding period last year	Change (%)
Revenue	13,085,208,976.53	15,086,019,195.15	-13.26
Cost of sales	12,931,496,798.65	15,561,151,488.93	-16.90
Distribution and selling expenses	31,831,443.79	30,490,452.74	4.40
General and administrative expenses	131,455,497.88	121,381,140.06	8.30
Finance expenses	77,213,808.50	114,996,038.96	-32.86
Research and development expenses	14,810,625.84	19,635,965.12	-24.57
Net cash flow from operating activities	880,441,846.98	822,749,668.37	7.01
Net cash flow from investing activities	-1,186,558,166.90	-408,576,530.79	N/A
Net cash flow from financing activities	19,331,885.37	-315,087,563.85	N/A

Reasons for changes in finance expenses: Increase in interest income and decrease in foreign exchange losses.

Reasons for change in net cash flows from investing activities: Increase in time deposits and fixed asset investments.

Reasons for change in net cash flows from financing activities: Decrease in loan repayments.

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(1) Main business analysis (Continued)

2. *Detailed description of major changes in the Company's type of business, profit structure or profit sources for the period*

☒ Applicable ☐ Not applicable

In the first half of 2025, the Group realized a total loss of RMB130 million, representing a year-on-year decrease of RMB683 million in loss, which was mainly due to the following reasons: the selling price of commodity billet amounted to RMB3,146/tonne, representing a year-on-year decrease of 11.28% and resulting in a decrease of RMB1,643 million in profit; the sales volume of commodity billet reached 3,882,700 tonnes, representing a year-on-year decrease of 2.59%, and recorded an increase of RMB167 million in sales volume and structure due to the influences by products structure; the decrease in prices of raw materials, such as ore, coal, alloy, scrap steel, etc., resulted in an increase of RMB1,894 million in profit. The Company continued to promote the cost reduction plan, centering on “cost reduction and benefit increase of RMB200 per tonne of steel”, and further promoted the work of reducing costs and tapping potentials, realizing the process cost reduction of RMB230 million; insisted that all expenses could be reduced including periodic expenses, achieving an increase of RMB31 million in profit.

In the first half of 2025, the Group's revenue from main business amounted to RMB12,939 million, representing a year-on-year decrease of 12.94%. In particular, the income from sales of commodity billet amounted to RMB12,215 million, representing a year-on-year decrease of RMB1,919 million. Firstly, the sales volume of commodity billet was 3,882,700 tonnes, representing a year-on-year decrease of 2.59%, resulting in a decrease in the sales income of RMB276 million; secondly, the average sales price of commodity billet was RMB3,146/tonne, representing a year-on-year decrease of 11.28%, resulting in a decrease in the sales income of RMB1,643 million.

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(1) Main business analysis (Continued)

2. Detailed description of major changes in the Company's type of business, profit structure or profit sources for the period (Continued)

Composition of revenue from principal operations:

Type	First half of 2025		First half of 2024		Year-on-year growth
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plates	3,979,614	30.76	4,437,312	29.86	-10.31
Hot rolled coils	8,116,474	62.73	8,315,509	55.95	-2.39
Bars	-	-	-	-	-
Double high rods	-	-	940,686	6.33	-100.00
Wire rods	-	-	165,354	1.11	-100.00
Steel billets	118,565	0.92	274,658	1.85	-56.83
Sub-total of commodity billets	12,214,653	94.41	14,133,519	95.10	-13.58
Others	723,908	5.59	728,456	4.90	-0.62
Total	12,938,561	100.00	14,861,975	100.00	-12.94

Sales prices of steel products:

Item	Sales price		Year-on-year growth	Income increase
	in the first half of 2025 (RMB/tonne)	in the first half of 2024 (RMB/tonne)		
Plates	3,421	3,753	-8.85	-386,149
Hot rolled coils	3,030	3,495	-13.30	-1,245,735
Bars	-	-	-	-
Double high rods	-	3,226	-	-
Wire rods	-	3,518	-	-
Steel billets	2,921	3,185	-8.29	-10,718
Total	3,146	3,546	-11.28	-1,642,602

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(1) Main business analysis (Continued)

2. *Detailed description of major changes in the Company's type of business, profit structure or profit sources for the period (Continued)*

Sales volumes of steel products:

Item	Sales volume for the first half of 2025 (Ten thousand tonnes)	Sales volume for the first half of 2024 (Ten thousand tonnes)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	116.31	118.23	-1.62	-71,549
Hot rolled coils	267.90	237.90	12.61	1,046,700
Bars	—	—	—	—
Double high rods	—	29.15	-100.00	-940,686
Wire rods	—	4.70	-100.00	-165,354
Steel billets	4.06	8.62	-52.90	-145,375
Total	388.27	398.60	-2.59	-276,264

Principal operations by sectors, products and regions:

Unit: RMB'000 Currency: RMB

Main operations by sectors						
By sectors	Revenue	Cost of sales	Gross margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sales (%)	Year-on-year increase/decrease in gross margin (%)
Iron and steel	12,938,561	12,795,130	1.11	-12.94	-16.65	4.40

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(1) Main business analysis (Continued)

2. Detailed description of major changes in the Company's type of business, profit structure or profit sources for the period (Continued)

Principal operations by sectors, products and regions: (Continued)

Main operations by product						
By product	Revenue	Cost of sales	Gross margin	Year-on-year increase/decrease in revenue	Year-on-year increase/decrease in cost of sales	Year-on-year increase/decrease in gross margin
			(%)	(%)	(%)	(%)
Steel products	12,214,653	12,060,890	1.26	-13.58	-17.48	4.67
Others	723,908	734,240	-1.43	-0.62	-0.17	-0.46

Main operations by regions						
By region	Revenue	Cost of sales	Gross margin	Year-on-year increase/decrease in revenue	Year-on-year increase/decrease in cost of sales	Year-on-year increase/decrease in gross margin
			(%)	(%)	(%)	(%)
Southwest region	10,273,383	10,178,225	0.93	-13.41	-17.14	4.46
Other regions	2,665,178	2,616,905	1.81	-11.08	-14.68	4.15
Total	12,938,561	12,795,130	1.11	-12.94	-16.65	4.40

(2) Explanation on material change in profit due to non-principal business

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(3) Analysis of assets and liabilities

☒ Applicable ☐ Not applicable

1. Assets and liabilities

Unit: Yuan

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 (%)	Percentage of changes in the end of the current period over the end of the previous year (%)	Explanation
Cash and bank balances	3,297,055,247.60	9.28	3,019,606,427.86	8.51	9.19	-
Receivables	29,828,255.66	0.08	16,605,149.32	0.05	79.63	Increase in credit customers.
Inventories	1,552,866,199.01	4.37	1,706,277,340.05	4.81	-8.99	-
Long-term equity investments	139,680,079.71	0.39	108,764,718.31	0.31	28.42	-
Property, plant and equipment	25,672,737,309.35	72.29	24,523,532,163.82	69.12	4.69	-
Construction in progress	674,623,135.25	1.90	861,172,176.21	2.43	-21.66	-
Right-of-use assets	35,010,373.87	0.10	163,281,425.80	0.46	-78.56	Repurchase of series II asset and the derecognition of relevant right-of-use assets.
Short-term borrowings	775,396,687.61	2.18	919,368,395.79	2.59	-15.66	-
Contract liabilities	1,464,675,303.57	4.12	1,812,205,815.86	5.11	-19.18	-
Long-term borrowings	1,922,781,288.58	5.41	1,652,075,334.18	4.66	16.39	-
Lease liabilities	25,163,007.19	0.07	30,544,958.67	0.09	-17.62	-
Bills receivable	-	-	294,742,106.52	0.83	-100.00	The matured bills that were endorsed or discounted without derecognition at the beginning of the year.
Accounts receivable financing	371,114,079.25	1.05	898,747,186.51	2.53	-58.71	Payment of bill endorsement.

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(3) Analysis of assets and liabilities (Continued)

☒ Applicable ☐ Not applicable

1. Assets and liabilities (Continued)

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Percentage of changes in the end of the current period over the end of the previous year (%)	Explanation
Prepayments	147,830,608.25	0.42	187,852,973.22	0.53	-21.31	–
Other receivables	32,620,437.10	0.09	38,073,563.32	0.11	-14.32	–
Other current assets	71,255,645.95	0.20	125,476,498.63	0.35	-43.21	Decrease of input VAT deductible.
Other equity instrument investments	60,364,499.70	0.17	60,364,499.70	0.17	–	–
Intangible assets	2,423,852,323.66	6.83	2,470,417,724.58	6.96	-1.88	–
Goodwill	328,054,770.34	0.92	328,054,770.34	0.92	–	–
Deferred income tax assets	676,275,218.36	1.90	676,275,218.36	1.91	–	–
Bills payable	2,421,649,296.43	6.82	1,933,510,510.45	5.45	25.25	–
Trade payables	4,405,033,721.82	12.40	4,960,412,820.44	13.98	-11.20	–
Employee benefits payable	140,146,800.44	0.39	136,435,629.44	0.38	2.72	–
Tax payable	15,882,106.06	0.04	16,332,462.83	0.05	-2.76	–
Other payables	3,423,880,503.13	9.64	2,660,297,030.92	7.50	28.70	–
Non-current liabilities due within one year	4,021,620,853.34	11.32	4,253,092,856.67	11.99	-5.44	–
Other current liabilities	190,394,594.90	0.54	235,586,756.06	0.66	-19.18	–
Long-term payables	24,011,410.39	0.07	27,491,726.81	0.08	-12.66	–
Long-term employee benefits payable	80,494,589.79	0.23	118,872,475.11	0.34	-32.28	Payment of expenses of early retired personnel.
Provisions for liabilities	–	–	3,135,452.93	0.01	-100.00	Implementation of onerous contracts.
Deferred income	104,066,330.37	0.29	107,051,670.39	0.30	-2.79	–
Deferred income tax liabilities	6,317,044.52	0.02	6,194,061.65	0.02	1.99	–

Other explanation

Not Applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(3) Analysis of assets and liabilities (Continued)

2. *Overseas assets*

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Item	Net book amount (RMB)	Book value (RMB)	Type of restriction	Restriction details
Cash and bank balances	202,807,999.30	202,807,999.30	Frozen as Security deposits	Bills and letters of credit security deposits frozen
Property, plant and equipment	126,407,276.10	121,362,250.34	Mortgaged	Mortgage loan, sale and leaseback
Intangible assets	268,669,366.72	268,669,366.72	Mortgaged	Mortgage loan
Total	597,884,642.12	592,839,616.36	/	/

4. *Other explanations*

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(4) Analysis of investment

1. Overall analysis of external equity investment

☒ Applicable ☐ Not applicable

In the first half of 2025, the Company completed equity investment projects totaling RMB34.30 million, with the primary investments as follows: On 28 August 2021, the second meeting of the Ninth Board reviewed and approved the Resolution on Formation of Joint Venture and Related Party Transaction between the Company and Baowu Environment, which agreed to establish Baowu Environmental Resources Technology (Chongqing) Co., Ltd. (“Baowu Environment”) jointly with Baowu Group Environmental Resources Technology Co., Ltd. (寶武集團環境資源科技有限公司), (“Baowu Environmental Resources”). The Company contributed RMB49.00 million to acquire a 49% equity interest in Baowu Environmental Resources. Pursuant to the Articles of Association of Baowu Environmental Resources, the Company completed its first capital contribution of RMB4.90 million in January 2022 and its second capital contribution of RMB9.80 million in June 2022. The third capital contribution of RMB34.30 million was completed in April 2025.

(1). Significant Equity Investment

☐ Applicable ☒ Not applicable

(2). Significant Non-equity Investment

☐ Applicable ☒ Not applicable

(3). Financial Assets Measured at Fair Value

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Type of assets	Opening amount	Gains or losses arising from changes in fair value during the period	Accumulated changes in fair value included into equity	Impairment accrued during the period	Amount of purchase during the period	Amount of disposal/redemption during the period	Other change	Closing amount
Others	60,364,499.70	–	–	–	–	–	–	60,364,499.70
Total	60,364,499.70	–	–	–	–	–	–	60,364,499.70

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(4) Analysis of investment (Continued)

1. Overall analysis of external equity investment (Continued)

(3). Financial Assets Measured at Fair Value (Continued)

Securities investment

☐ Applicable ☒ Not applicable

Explanation on securities investment

☐ Applicable ☒ Not applicable

Private equity investment

☐ Applicable ☒ Not applicable

Derivatives investment

☐ Applicable ☒ Not applicable

(5) Material disposal of assets and equity interests

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(6) Analysis of principal controlled and investee companies

☒ Applicable ☐ Not applicable

Principal controlled and investee companies that affect the Company's net profit by more than 10%

☒ Applicable ☐ Not applicable

Unit: RMB' million Currency: RMB

Company name	Type	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Chongqing Iron & Steel Energy Environmental Protection Company Limited (重慶鋼鐵能源環保有限公司)	Subsidiary	Electricity production and sales	525.69	800.15	722.31	947.65	2.14	2.04
Chongqing Xin Gang Chang Long Logistics Company Limited (重慶新港長龍物流有限責任公司)	Subsidiary	Transportation and warehouse	110.00	196.37	123.81	25.62	6.42	5.45

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

(7) Structured entities under the control of the Company

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

V. OTHER DISCLOSURE

(1) Potential Risks

☒ Applicable ☐ Not applicable

1. *Risk arising from operational environment volatility*

Current internal and external development environment is undergoing profound and complex changes. The pressure on the macroeconomy, combined with the steel industry's long-term reduction in production capacity and structural transformation process, has posed ongoing pressure and uncertain challenges to the operation and development of the Company.

Response Measures: The Company will anchor its development to the “Four Modernizations (四化)” direction of Baowu Group, adhere to the “Four Haves (四有)” operational principles, and deepen its cost-accounting management mechanism guided by the pragmatic philosophy of “taking every penny seriously, not wasting a single minute, and ensuring everyone takes responsibility (每一分錢都要較真、每一分鐘都不耽擱、每一個人都要擔當)”. Focusing on the guidelines of “ultimate efficiency, structural optimization, localization, industrial chain, ecosystem, and industrial park (極致效率、結構優化、近地化、產業鏈、生態圈、工業園)”, the Company will advance organizational effectiveness transformation, operational efficiency transformation, resource integration and synergy, and operational capability upgrades in a systematic manner, comprehensively fortifying operational resilience.

2. *Risks arising from prices of raw materials and fuel*

Owing to heightened global geopolitical instability, uncertainty surrounding international commodity prices has increased. The production process of the Company relies heavily on imported mineral resources, exposing itself to market volatility risks in managing raw material and fuel costs.

Response Measures: The Company will advance three core strategies centered on supply chain security and cost control: first, procurement model innovation, deepening market-oriented reforms in the procurement system to establish a dynamically adaptive price risk management mechanism; second, precise inventory control, implementing an “ultra-low risk inventory” operation model to reduce the proportion of long-distance floating goods and enhance responsiveness to spot goods within the Yangtze River basin; third, localizing resource distribution by accelerating the expansion of nearby resources and new land-sea intermodal resources to build a highly controllable local resource security network. By reinforcing regional resource distribution capabilities and establishing an integrated “resource-processing-service” ecosystem, the Company will tangibly enhance regional market competitiveness and counter-cyclical resilience.

Section III Management Discussion and Analysis (Continued)

V. OTHER DISCLOSURE (CONTINUED)

(2) OTHER DISCLOSURE

☒ Applicable ☐ Not applicable

Chongqing Iron & Steel pursues its mission of “inheritance of the nation's steel tradition to create a green and better life (傳承民族鋼鐵血脈創造綠色美好生活)”, achieving sustainable development with all stakeholders including shareholders, employees, and customers. Following assessment, the Company has effectively implemented the “quality enhancement, efficiency improvement, and value return (提質增效重回報)” action plan in the first half of 2025, with specific details as follows:

1. *Developing New-Quality Productive Forces*

The Company continued to leverage technological innovation as its core driver, filing 105 patent applications with invention patents accounting for 86.7%. With an investment intensity in R&D reaching 3.84%, it successfully prototyped 21 new products. Additionally, the Company secured approvals for 26 new scientific research projects and 50 key R&D initiatives, generating cumulative R&D-driven economic benefits of RMB2,467.8 billion. Centered on the vision of “AI Redefining Steel”, the Company promoted systematic digital transformation. Completed local deployment of the DeepSeek-R1 (70B) large model, deepened scenario research, and conducted 24 technical exchanges with partners including China Telecom, China Mobile, and Huawei to accelerate integrated innovation. By reinforcing ecosystem collaboration and talent development, 12 AI-related training sessions were held. Future efforts will continue advancing scenario applications such as predictive equipment maintenance and process self-optimization to empower lean operations. Key carbon reduction technologies, such as cold-pressed pellets for sinter return ore and efficient scrap steel preheating, were successfully implemented, achieving annual carbon savings of approximately 150,000 tonnes. Self-generation rates reached the highest historical level for the same period, with a cumulative rate of 93% from January to June—a 3-percentage-point increase compared to 2024—effectively reducing carbon emissions.

Section III Management Discussion and Analysis (Continued)

V. OTHER DISCLOSURE (CONTINUED)

(2) OTHER DISCLOSURE (Continued)

2. *Focusing on Core Responsibilities and Main Business to Enhance Operational Quality*

Implementing the guideline of “ultimate efficiency, structural optimization, localization, industrial chain, ecosystem, and industrial park (極致效率、結構優化、近地化、產業鏈、生態圈、工業園)”, we enhanced lean operational capabilities and achieved a significant reduction in losses compared to the same period last year.

Innovating management models, the Company established business centers for thick plates and hot-rolled products, breaking down process barriers to build an integrated production, sales, and R&D operational system. In the thick plate sector, we vigorously expanded market share for competitive products like weathering steel and wind power steel, secured European CE certification, and won the S355J2 contract. Fourteen new thick plate products were developed, generating RMB250 million in value through new product launches and structural adjustments. Ten new hot-rolled products were introduced, contributing RMB2.46 million in value from new products and RMB130 million from structural optimization.

On the procurement side, the Company maintained an ultra-low inventory operation, implementing a procurement strategy focused on “accelerating turnover, adjusting structure, and controlling risks (提周轉、調結構、控風險)”, achieving cost savings of RMB93 million. On the sales side, the Company adhered to a sales strategy emphasizing “high price lock-in, high proportion of specialty grades, and high market share (高鎖價、高品種比、高市佔)”. The proportion of specialty grades in medium/thick plates and hot-rolled coils increased to 49% and 53% respectively, while the proportion of end-use products rose to 77% and 86% respectively, generating additional profits of RMB146 million.

3. *Upholding Standardized Governance Strictly*

Adhering to regulatory requirements for listed company governance, the Company further advanced the standardization, normalization, and refinement of its governance framework. During the Reporting Period, we convened 1 general meeting, 6 board meetings, 8 meetings of the specialized board committees, 1 independent director meeting, and 5 supervisory board meetings. These sessions effectively safeguarded the rights of shareholders, directors, and supervisors to information, participation, and decision-making. We also implemented closed-loop tracking of resolution execution progress throughout the process, significantly enhancing governance efficiency.

Section III Management Discussion and Analysis (Continued)

V. OTHER DISCLOSURE (CONTINUED)

(2) OTHER DISCLOSURE (Continued)

4. *Strengthening Investor Communication*

In the first half of 2025, the Company handled over 200 investor phone communications, addressed 75 investor inquiries on interactive platforms, and responded to 5 investor inquiries via IR emails. These interactions provided compliant and comprehensive answers to investor concerns regarding operational performance improvements, share price enhancement measures, and restructuring expectations.

Hosted the first in-person earnings briefing since 2019—"2024 and Q1 2025 Earnings Exchange Meeting of Chongqing Iron & Steel"—attended by over 70 representatives from more than 30 institutions. Twelve feature articles were published in central media outlets, industry publications, and local mainstream media, fully showcasing the operational achievements and performance gains resulting from the Company's reform and innovation efforts, thereby enhancing market transparency and investor confidence.

5. *Emphasizing Investor Returns*

During the Reporting Period, the Company mainly enhanced shareholder value and market confidence through share repurchase and cancellation, as well as share increases by the actual controller, laying a solid foundation for investor returns.

In February 2025, the cancellation of repurchased shares was completed, reducing registered capital from RMB8,918,602,267 to RMB8,851,763,767 and thereby increasing net assets per share.

On 18 July 2024, the Company disclosed the Announcement on the Share Purchase Plan by the Wholly-Owned Subsidiary of the Actual Controlling Shareholder. By 17 July 2025, the purchase plan was fully implemented. Hwabao Investment cumulatively acquired 137,459,700 A shares of the Company, representing 1.55% of the total share capital. Thus, the Company effectively mitigated the risk of significant share price fluctuations and safeguarded the interests of minority shareholders.

Section III Management Discussion and Analysis (Continued)

V. OTHER DISCLOSURE (CONTINUED)

(2) OTHER DISCLOSURE (Continued)

6. *Strengthening “Critical Minority” Accountability*

The Company has thoroughly implemented Baowu Group’s new operational accountability system, reinforcing responsibility fulfillment and solidifying accountability. During the Reporting Period, directors, supervisors, and senior management participated in three specialized training sessions to enhance their professional capabilities. The accounting firm completed the 2024 annual report and internal control audit, issuing an unqualified standard opinion. The Board of Directors reviewed and approved the 2024 Annual Report on the Implementation of Compensation for Directors, Supervisors, and Senior Management and the Proposal on the 2025 Business Performance Responsibility Agreement for Management Personnel, which continued to implement the requirement linking the compensation of directors, supervisors, and senior management to the Company’s business performance and the accountability mechanism, strengthened the sense of responsibility, and better safeguarded the interests of the Company and all shareholders.

Section IV Corporate Governance, Environment and Society

I. CHANGES IN THE SHARES HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

☐ Applicable ☒ Not applicable

Changes in Directors, Supervisors and senior management of the Company

☐ Applicable ☒ Not applicable

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

Interim proposals on profit distribution and the proposal on transferring capital reserve to share capital

Profit distribution or transfer of capital reserve to share capital	No
Number of bonus shares for every 10 shares (share)	Not Applicable
Dividends for every 10 shares (RMB) (tax inclusive)	Not Applicable
Number of shares transferred for every 10 shares (share)	Not Applicable
Relevant explanation on proposals on profit distribution and transfer of capital reserve to share capital	Not Applicable

III. EQUITY INCENTIVE PLAN, EMPLOYEE SHARE OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF

(1) Relevant incentive events disclosed in extraordinary announcements but without subsequent development or changes during implementation

☐ Applicable ☒ Not applicable

(2) Incentive events not disclosed in extraordinary announcements or with subsequent development

Equity incentive

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

Section IV Corporate Governance, Environment and Society (Continued)

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

(2) Incentive events not disclosed in extraordinary announcements or with subsequent development (Continued)

Employee share ownership plan

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

IV. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF ENTERPRISES SUBJECT TO MANDATORY ENVIRONMENTAL DISCLOSURE

☒ Applicable ☐ Not applicable

Number of enterprises included in the list of enterprises
with legal disclosure of environmental information (*unit*)

2

Index for inquiries regarding legally disclosed environmental information reports		
No.	Name	
1	Chongqing Iron & Steel Company Limited	http://183.66.66.47:10001/eps/index/enterprise-more?code=9150000202852965T&uniqueCode=fdbb1a89fc892f2b&date=2024&type=true&isSearch=true
2	Chongqing Iron & Steel Energy Environmental Protection Company Limited (重慶鋼鐵能源環保有限公司)	http://183.66.66.47:10001/eps/index/enterprise-list?input=%E9%87%8D%E5%BA%86%E9%92%A2%E9%93%81%E8%83%BD%E6%BA%90%E7%8E%AF%E4%BF%9D%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&area=

Other explanations

☐ Applicable ☒ Not applicable

V. DETAILS OF THE WORK ON CONSOLIDATING AND DEVELOPING THE ACHIEVEMENTS IN POVERTY ALLEVIATION, VILLAGE REVITALIZATION AND OTHERS

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company primarily supported rural revitalization through targeted assistance procurement, agricultural exhibition sales, and volunteer services, with total assistance amounting to RMB1.7984 million. During the May Day Labor Festival and Dragon Boat Festival, the Company coordinated purchases of local agricultural products worth RMB1.729 million from designated assistance regions. The Company also organized four promotional events (including the Spring Festival Shopping Festival (新春年貨節) and seasonal fruit exhibitions), reaching 1,282 participants across Jiangnan Street with sales totaling RMB69,400.

Section V Significant Events

I. FULFILLMENT OF COMMITMENTS

(1) Commitment of de facto controller, shareholders, related parties, acquirer and the Company during or sustained to the Reporting Period

☒ Applicable ☐ Not applicable

Changshou Steel, China Baowu, and Strategic Emerging Fund made commitments in December 2017 and September 2020, respectively, regarding avoiding competitive conflicts, standardizing related-party transactions, and maintaining the independence of the listed company. Details of these commitments are available in the Detailed Equity Change Report of *ST Chongqing Iron & Steel (《*ST重鋼詳式權益變動報告書》) published on the SSE website on 5 December 2017, the Detailed Equity Change Report of Chongqing Iron & Steel (《重慶鋼鐵詳式權益變動報告書》) published on the SSE website on 19 September 2020, and the 2020 Annual Report. During the reporting period, there were no breaches of these commitments by the committing parties.

II. USE OF CAPITAL BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

III. GUARANTEE IN VIOLATION OF REGULATION

☐ Applicable ☒ Not applicable

IV. AUDIT ON INTERIM REPORT

☐ Applicable ☒ Not applicable

V. CHANGES AND HANDLING OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS OF ANNUAL REPORT OF THE PREVIOUS YEAR

☐ Applicable ☒ Not applicable

VI. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

VII. MATERIAL LITIGATION AND ARBITRATION MATTERS

☐ Material litigations and arbitrations occurred during the Reporting Period ☒ No material litigations and arbitrations occurred during the Reporting Period

VIII. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS OF, PUNISHMENTS TO AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, AND DE FACTO CONTROLLERS

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions related to day-to-day operation

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

In order to ensure the stable and continuous running of the production and operation of the Company, on 10 November 2023, the 30th meeting of the ninth Board of Directors approved the Proposal on Conclusion of the 2024–2026 Service and Supply Agreement and Continuing Related Party Transactions (Including the Annual Cap thereunder) with China Baowu. As agreed in the Service and Supply Agreement signed on the same day, the total amount of the materials and/or services provided by the Company and its subsidiaries (the “Group”) to China Baowu and its subsidiaries (“China Baowu Group”) during the period from 1 January 2024 to 31 December 2026 shall not exceed RMB30.10 billion, and that of materials and/or services provided by China Baowu Group to the Group during the same period shall not exceed RMB102.33 billion.

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party transactions related to day-to-day operation (Continued)

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

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

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

Type of related party transaction	Pricing principle	Transaction amount (Unit: RMB)
Procurement of goods and acceptance of services	Market price	5,901,110,366.15
Sale of goods	Market price	3,736,632,874.15

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
Ouyeel Cloud Commerce Corporation Limited	Other related party	Sale of goods	Sale of goods	With reference to market price	/	1,700,834,700.20	13.54	/	/	/
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd	Other related party	Sale of goods	Sale of goods	With reference to market price	/	1,387,932,320.96	11.05	/	/	/
Chongqing Baocheng Carbon Co., Ltd.	Other related party	Sale of goods	Sale of goods and provision of services	With reference to market price	/	173,031,925.58	1.38	/	/	/
Shanghai Ouyeel Material Technology Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	120,408,785.73	0.96	/	/	/
Baowu Environmental Science Chongqing Resource Recycling Co., Ltd.	Other related party	Sale of goods	Sale of goods and provision of services	With reference to market price	/	115,563,287.22	0.92	/	/	/
Guangdong Guangwu Zhongnan Supply Chain Development Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	112,175,835.23	0.89	/	/	/
Baowu Water Technology Limited	Other related party	Sale of goods	Sale of goods and provision of services	With reference to market price	/	96,258,571.73	0.74	/	/	/
Ma Steel International Trade and Economic Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	24,766,725.66	0.20	/	/	/
Chengdu Baosteel West Trade Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	4,230,555.18	0.03	/	/	/
Others	Other related party	Sale of goods	Sale of goods and provision of services	With reference to market price	/	1,430,166.66	0.01	/	/	/
Ma Steel International Trade and Economic Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	2,268,046,409.54	23.78	/	/	/

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements (Continued)

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
Ouyeel Industrial Products Co., Ltd.	Other related party	Purchase of goods	Purchase of materials and spare parts, purchase of raw materials, acceptance of services	With reference to market price	/	476,399,533.74	3.90	/	/	/
Baowu Resources Company Limited	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	381,722,795.27	4.00	/	/	/
Yichang Yimei City Mineral Resources Recycling Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	360,551,902.10	3.78	/	/	/
Guangdong Building Materials Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	337,203,597.53	3.54	/	/	/
Shanghai Baoding Energy Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	313,424,071.20	3.29	/	/	/
Baosteel Resources International Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	296,680,400.43	3.11	/	/	/
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	232,155,679.52	2.43	/	/	/
Baowu Raw Material Supply Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	222,436,290.97	2.33	/	/	/
Ouyeel Blockchain Finance Renewable Resources Co., Ltd. Western Branch	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	186,492,981.65	1.96	/	/	/
Baowu Water Technology Limited	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to market price	/	141,023,054.00	6.51	/	/	/
Ouyeel Blockchain Finance (Shaoguan) and Metal Recycling Resources Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	139,135,324.71	1.46	/	/	/
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	90,851,637.14	0.95	/	/	/
Shanghai Ouyeel Logistics Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	88,474,947.58	4.09	/	/	/

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements (Continued)

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
Baowu Equipment Intelligent Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services and project construction	With reference to market price	/	53,713,997.38	2.48	/	/	/
Wuhan Yangguang Industrial Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	49,612,171.69	0.52	/	/	/
Ouyeel Blockchain Finance (Sichuan) and Metal Recycling Resources Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	45,813,043.92	0.48	/	/	/
Guangdong Shaogang Engineering Technology Co., Ltd.	Other related party	Receipt of services	Project construction	With reference to market price	/	37,509,910.30	1.73	/	/	/
Baosteel Engineering & Technology Group Co., Ltd.	Other related party	Receipt of services	Project construction	With reference to market price	/	37,306,510.43	1.72	/	/	/
Ouyeel Blockchain Finance (Hubei) and Metal Recycling Resources Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	30,513,636.13	0.32	/	/	/
Baowu Wisdom Roll Technical Service (Shanghai) Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	28,318,092.22	1.31	/	/	/
Shanghai Baosight Software Co., Ltd.	Other related party	Purchase of goods	Purchase materials and spare parts, acceptance of services and engineering technology	With reference to market price	/	20,918,878.56	0.78	/	/	/
Wuhan Jingding Technology Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	10,739,118.78	0.50	/	/	/
Shanghai Baosteel Shipping Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	8,058,755.44	0.37	/	/	/
Wugang Resources Group Ezhou Pelletizing Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	7,852,823.06	0.08	/	/	/
Echeng Iron and Steel Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	5,692,721.63	0.06	/	/	/
Taicang Wugang Terminal Co., Ltd.	Other related party	Purchase of goods	Purchase of goods and acceptance of services	With reference to market price	/	4,485,690.59	0.04	/	/	/

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements (Continued)

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
WISCO MCC Industrial Technical Services Co., Ltd.	Other related party	Receipt of services	Receipt of services and project construction	With reference to market price	/	4,421,329.66	0.20	/	/	/
Baosteel Development Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	3,771,882.35	0.17	/	/	/
Shanghai Baosteel Engineering Consulting Co., Ltd.	Other related party	Receipt of services	Project construction	With reference to market price	/	3,117,106.00	0.14	/	/	/
Shanghai Baosteel Xinyue Talent Technology Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	3,035,495.46	0.14	/	/	/
Sinosteel Xi'an Machinery Co., Ltd.	Other related party	Purchase of goods	Purchase of spare parts	With reference to market price	/	2,428,600.00	0.47	/	/	/
Wuhan Iron and Steel Company Limited	Other related party	Receipt of services	Receive services	With reference to market price	/	2,386,792.45	0.11	/	/	/
Guangdong Baodi Nanhua Industrial City Development Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	1,962,088.56	0.09	/	/	/
Baoshan Iron and Steel Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	1,831,661.61	0.08	/	/	/
Baowu Environmental Science Chongqing Resource Recycling Co., Ltd.	Other related party	Receipt of services	Receive services	With reference to market price	/	1,022,470.39	0.05	/	/	/
Others	Other related party	Purchase of goods	Acceptance of services, project construction and purchase of equipment	With reference to market price	/	1,998,964.16	0.08	/	/	/
Total				/	/	9,637,743,240.30	/	/	/	/

Particulars of substantial sales return

Not Applicable

Explanation on related party transactions

Not Applicable

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions related to acquisition of assets or acquisition or disposal of equity interests

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(III) Material related party transactions related to joint external investment

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(IV) Amounts due to or from related parties

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

(V) Financial businesses between the Company and related financial companies, the Company's controlling financial companies and related parties

☒ Applicable ☐ Not applicable

1. *Deposit business*

☒ Applicable ☐ Not applicable

Unit RMB'000 Currency: RMB

Related party	Related relationship	Maximum daily deposit limit	Range of deposit interest rate	Opening balance	Amount incurred during the period		Closing balance
					Total amount deposited during the period	Total amount withdrawn during the period	
Baowu Group Finance Limited Liability Company	Other related party	-	0.3%-1.0%	927,846	2,662,840	2,590,311	1,000,375
Total	/	/	/	927,846	2,662,840	2,590,311	1,000,375

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(V) Financial businesses between the Company and related financial companies, the Company's controlling financial companies and related parties (Continued)

2. Loan business

☒ Applicable ☐ Not applicable

Unit RMB'000 Currency: RMB

Related party	Related relationship	Credit line	Loan interest rate range	Opening balance	Amount incurred during the period		Closing balance
					Total amount of loans during the period	Total amount of repaid loans during the period	
Baowu Group Finance Limited Liability Company	Other related party	-	2.3%-2.34%	500,000	350,000	250,000	600,000
Total	/	/	/	500,000	350,000	250,000	600,000

3. Credit granting business or other financial services

☒ Applicable ☐ Not applicable

Unit RMB'000 Currency: RMB

Related party	Related relationship	Business type	Total amount	Actual amount occurred
Baowu Group Finance Limited Liability Company	Other related party	Comprehensive credit facilities	1,800,000	1,174,424

4. Others

☐ Applicable ☒ Not applicable

(VI) Other material related party transactions

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

X. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(VII) Others

☐ Applicable ☒ Not applicable

XI. MATERIAL CONTRACTS AND THE IMPLEMENTATION

(I) Trust, contracted businesses and leasing affairs

☒ Applicable ☐ Not applicable

1. Trust

☐ Applicable ☒ Not applicable

2. Contracted businesses

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

XI. MATERIAL CONTRACTS AND THE IMPLEMENTATION (CONTINUED)

(I) Trust, contracted businesses and leasing affairs (Continued)

3. Leasing affairs

☒ Applicable ☐ Not applicable

Unit Yuan Currency: RMB

Name of lessor	Name of lessee	Status of leased assets	Amount of leased assets	Date of commencement of lease	Expiry date of lease	Gain on lease	Basis of determination of gain on lease	Effect of gain on lease on the Company	Whether a related party transaction	Connected relationship
Chongqing Iron & Steel Company (Group) Limited	Chongqing Iron & Steel Company Limited	Equipment	/	2021.01.01	2025.12.31	11,061,946.90	Contract	Affecting the costs	No	
Chongqing Iron & Steel Company Limited	Chongqing Chaoyang Gas Co., Ltd. Changshou Branch* (重慶朝陽氣體有限公司長壽分公司)	Equipment and structures	/	2025.01.01	2034.12.31	21,499,999.98	Contract	Affecting the revenue	No	

Explanations on leasing affairs

Not Applicable

(II) Significant guarantees that were performed or not yet performed during the Reporting Period

☐ Applicable ☒ Not applicable

(III) Other significant contracts

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

XII. USE OF THE PROCEEDS

☐ Applicable ☒ Not applicable

XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS

☒ Applicable ☐ Not applicable

(I) Repurchase of Shares

On 5 June 2024, the Company convened the 36th meeting of the 9th session of the Board, which reviewed and approved the Resolution on Repurchasing the Company's A-Shares through Centralized Auction Trading. The meeting authorized the Company to repurchase A shares using its own funds through centralized bidding.

On 5 December 2024, the term for share repurchases expired. The Company repurchased a total of 66,838,500 A shares, representing 0.749% of the total share capital. The lowest purchase price was RMB1.02 per share, and the highest purchase price was RMB1.08 per share. The total amount paid was RMB69,752,500 (excluding transaction fees).

On 30 December 2024, the Company convened its second extraordinary general meeting of 2024, its first A-share class meeting of 2024, and its first H-share class meeting of 2024. These meetings reviewed and approved the Resolution on the Change of Purpose of Repurchased Shares, Cancellation, and Capital Reduction.

On 18 February 2025, the Company completed the cancellation of repurchased shares, resulting in a change in the total number of shares from 8,918,602,267 to 8,851,763,767. For details, please refer to the Announcement on Completion of Share Repurchase Cancellation and Share Changes (Announcement No.: 2025-002) disclosed by the Company on the SSE on 18 February 2025, as well as the relevant announcements disclosed on the HKEx on 17 February 2025 and 19 February 2025.

(II) Relevant disclosure made according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")

1. *Compliance of corporate governance code*

To the best knowledge of the Board, the Company has complied with all requirements set out in Part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the Reporting Period.

Section V Significant Events (Continued)

XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS (CONTINUED)

(II) Relevant disclosure made according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (Continued)

2. *Model code for securities transactions by directors*

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the code for trading of the Company’s securities by directors. All directors of the Company confirmed upon specific enquiries that they had complied with the Model Code for the six months ended 30 June 2025.

3. *Interim dividend*

Given the fact that the accumulated undistributed profit of the Company remained negative as of the end of the Reporting Period, the Company does not recommend distribution of interim dividend for the six months ended 30 June 2025 pursuant to the provision of Article 250 of the Articles of Association.

4. *Purchase, sale or redemption of listed securities of the Company*

Save as disclosed above, none of the Company or its subsidiaries has repurchased, sold or redeemed any of the Company’s listed shares.

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

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

6. *Audit Committee*

The Audit Committee is comprised of three independent non-executive directors and one non-executive director, namely, Mr. Sheng Xuejun, Mr. Guo Jiebin, Ms. Tang Ping and Mr. Zhou Ping with Mr. Guo Jiebin acting as the chairman of the Audit Committee.

The unaudited interim financial report of the Company for the six months ended 30 June 2025 had been reviewed by the members of the Audit Committee before being submitted to the Board for approval.

Section V Significant Events (Continued)

XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS (CONTINUED)

(II) Relevant disclosure made according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (Continued)

7. *Interests or short positions*

As at 30 June 2025, the interests or short positions (including interests or short positions which they were taken or deemed to have under relevant provisions of the Securities and Futures Ordinance) of the directors, supervisors or senior management members of the Company 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, to be notified to the Company and the Stock Exchange, were as follows:

Name	The Company/ associated corporations	Capacity	Nature of interests	Total number of interested shares held (share)	Percentage in the share capital of A shares of the Company (%)	Percentage in the total share capital of the Company (%)	Class of shares
Xie Chao	The Company	Senior vice president	Beneficial interests	1,057,400 (long position)	0.0127	0.0119	A Share
Hu Enlong	The Company	Employee representative supervisor	Beneficial interests	132,600 (long position)	0.0016	0.0015	A Share
He Hongxia	The Company	Employee representative supervisor	Beneficial interests	4,500 (long position)	0.0001	0.0001	A Share

8. *Employees*

As at 30 June 2025, the Group has a total of 5,298 employees.

9. *Others*

Save as otherwise disclosed in this report, there have been no material changes in the Company’s existing information relating to the matters set out in paragraph 32 of Appendix D2 to the Listing Rules and the information disclosed in the Company’s 2024 annual report.

Section VI Movement of Shares and the Particulars of Shareholders

I. INFORMATION ON CHANGES IN SHARE CAPITAL

(I) Table of movement of shares

1. TABLE OF CHANGE IN SHARE CAPITAL

Unit: Shares

	Before the Changes in this period		Changes in this period (+, -)					After the Changes in this period	
	Number	Ratio (%)	Issuance of new shares	Bonus shares	Shares transferred from accumulated fund	Other	Sub-total	Number	Ratio (%)
I. Shares held subject to trading moratorium									
1. State shareholding									
2. Shareholdings of state-owned legal person									
3. Shareholdings of other domestic shareholders									
Of which: Shareholdings of domestic non- state-owned legal person									
Shares held by domestic natural persons									
4. Foreign investment shares									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. circulating shares not subject to trading moratorium									
1. Ordinary shares denominated in RMB	8,380,475,067	93.97				-66,838,500	-66,838,500	8,313,636,567	93.92
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	538,127,200	6.03						538,127,200	6.08
4. Others									
III. Total shares	8,918,602,267	100				-66,838,500	-66,838,500	8,851,763,767	100

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

I. INFORMATION ON CHANGES IN SHARE CAPITAL (CONTINUED)

(I) Table of movement of shares (Continued)

2. EXPLANATION OF CHANGE IN SHARES

☒ Applicable ☐ Not applicable

On 30 December 2024, the Company convened a shareholders' meeting which approved the Resolution to the Changes in Purpose of Repurchased Shares, Cancellation, and Capital Reduction. The purpose of the 66,838,500 repurchased shares was changed from "for equity incentive" to "for cancellation to reduce registered capital."

In February 2025, the Company completed the cancellation of the repurchased shares, reducing the total number of shares from 8,918,602,267 to 8,851,763,767. For details, please refer to the Announcement on Completion of Share Repurchase Cancellation and Share Changes (Announcement No. 2025-002) disclosed by the Company on the SSE on 18 February 2025, as well as the relevant announcements disclosed on the HKEx on 17 February 2025 and 19 February 2025.

3. Impact on financial indicators such as earnings per share and net assets per share from change in shares occurred from the Reporting Period up to the disclosure date of the interim report (if applicable)

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(II) Information on changes in lock-up shares

☐ Applicable ☒ Not applicable

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

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders as of the end of the Reporting Period (shareholder)	175,114
Total number of preferential shareholders with resumed voting rights as of the end of the Reporting Period (shareholder)	0

(II) Table of shareholdings of the top ten shareholders, top ten tradable share holders (or shareholders without trading limitations) as of the end of the Reporting Period

Unit: shares

Shareholdings of top 10 shareholders (excluding shares lent through securities financing)

Name of shareholder (Full name)	Increase/ Decrease during Reporting Period	Number of shares held as at the end of the Reporting Period	Ratio (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen Status of shares	Nature of shareholder
Chongqing Changshou Iron & Steel Company Limited	0	2,096,981,600	23.69	0	None	0 State-owned legal person
HKSCC NOMINEES LIMITED	22,400	533,513,291	6.03	0	Unknown	Unknown Overseas legal person
Chongqing Qianxin Group Co., Ltd.	0	427,195,760	4.83	0	Pledged	427,190,070 State-owned legal person
Chongqing Rural Commercial Bank Co., Ltd.	0	289,268,939	3.27	0	Nil	0 State-owned legal person
Chongqing Urban Construction Investment (Group) Co., Ltd.	0	278,288,059	3.14	0	Nil	0 State-owned legal person
Bank of Chongqing Co., Ltd.	0	226,042,920	2.55	0	Nil	0 State-owned legal person
Baowu Group Zhongnan Iron and Steel Co., Ltd.	0	224,831,743	2.54	0	Nil	0 State-owned legal person
Industrial Bank Co., Ltd. Chongqing Branch	0	219,633,096	2.48	0	Nil	0 Others
China Shipbuilding Industry Complete Logistics Co., Ltd.	0	211,461,370	2.39	0	Nil	0 State-owned legal person
Fang Wei	62,339,400	155,043,700	1.75	0	Nil	0 Domestic natural person

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

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of the top ten shareholders, top ten tradable share holders (or shareholders without trading limitations) as of the end of the Reporting Period (Continued)

Shareholdings of top ten shareholders without trading limitations (excluding lending of shares through refinancing)

Name of shareholder	Shareholdings of tradable shares without trading limitations	Type and number of shares	
		Category	Number
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	Renminbi ordinary shares	2,096,981,600
HKSCC NOMINEES LIMITED	533,513,291	Overseas listed foreign shares	533,513,291
Chongqing Qianxin Group Co., Ltd.	427,195,760	Renminbi ordinary shares	427,195,760
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	Renminbi ordinary shares	289,268,939
Chongqing Urban Construction Investment (Group) Co., Ltd.	278,288,059	Renminbi ordinary shares	278,288,059
Bank of Chongqing Co., Ltd.	226,042,920	Renminbi ordinary shares	226,042,920
Baowu Group Zhongnan Steel Co., Ltd.	224,831,743	Renminbi ordinary shares	224,831,743
Industrial Bank Co., Ltd. Chongqing Branch	219,633,096	Renminbi ordinary shares	219,633,096
China Shipbuilding Industry Complete Logistics Co., Ltd.	211,461,370	Renminbi ordinary shares	211,461,370
Fang Wei	155,043,700	Renminbi ordinary shares	155,043,700
Description of accounts designated for share repurchase among the top ten shareholders	Not Applicable		
Description of the entrusting/being entrusted voting rights or waiving voting rights of the above shareholders	Not Applicable		

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

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of the top ten shareholders, top ten tradable share holders (or shareholders without trading limitations) as of the end of the Reporting Period (Continued)

Name of shareholder	Shareholdings of tradable shares without trading limitations	Type and number of shares	
		Category	Number

The above shareholders' connected relationship or concerted action

Changshou Iron & Steel is the controlling shareholder of the Company, Changshou Iron & Steel and Baowu Group Zhongnan Steel Co., Ltd. are under common control by China Baowu, 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 as stipulated in the Measures for the Administration of the Takeover of Listed Companies. The Company is also not aware of whether there is any associated relationship among the other 8 shareholders or whether they are parties acting in concert.

Preferential shareholders with resumed voting rights and their shareholding

Not Applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Number of shares held by top 10 holders of shares subject to trading moratorium and trading moratorium

☐ Applicable ☒ Not applicable

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

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

(III) Strategic investors or ordinary legal persons who became top ten shareholders due to placing of new shares

☐ Applicable ☒ Not applicable

(IV) Interests and short positions of the substantial shareholders of the Company in shares and underlying shares of the Company

As at 30 June 2025, so far as was known to the directors or chief executive of the Company, the interests and short positions of the Company's substantial shareholders (excluding the directors, chief executive and Supervisors) in the shares and underlying shares of the Company who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") or as recorded in the register of interests required to be kept under Section 336 of the SFO were as set out below:

Name of shareholder	Interests held or deemed as held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued shares of the relevant class (%)	Capacity
Chongqing Changshou Iron & Steel Company Limited.	2,096,981,600 (L)	23.69	25.22	Beneficial owner

Notes:

- (L): Long position
- As of the end of the Reporting Period, China Baowu, as the controlling shareholder of Changshou Iron & Steel (holding 40% of the shares), enjoyed the equity interests associated with its aforementioned shareholding; Baowu Group Zhongnan Iron and Steel Co., Ltd. directly held 224,831,743 A shares of the Company, representing 2.70% of the total issued shares of the relevant class. China Baowu, as the controlling shareholder of Baowu Group Zhongnan Iron and Steel Co., Ltd. (holding 51% of the shares), held the equity interests associated with its shareholding.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (I) Changes in shareholdings of directors, supervisors and senior management currently holding office or having resigned during the Reporting Period

☐ Applicable ☒ Not applicable

Other information

☐ Applicable ☒ Not applicable

- (II) Information on incentive share option granted to directors, supervisors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

- (III) Other information

☐ Applicable ☒ Not applicable

IV. CHANGES IN THE CONTROLLING SHAREHOLDER OR THE DE FACTO CONTROLLER

☐ Applicable ☒ Not applicable

V. RELEVANT INFORMATION ON PREFERENCE SHARES

☐ Applicable ☒ Not applicable

Section VII Relevant Information on Bonds

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

☐ Applicable ☒ Not applicable

II. PARTICULARS OF CONVERTIBLE BOND OF THE COMPANY

☐ Applicable ☒ Not applicable

Section VIII Financial Report

I. AUDIT REPORT

☐ Applicable ☒ Not applicable

II. FINANCIAL STATEMENTS AND NOTES

Consolidated Balance Sheets

30 June 2025

RMB

Assets	Note V	30 June 2025	31 December 2024
Current assets			
Cash and bank balances	1	3,297,055,247.60	3,019,606,427.86
Including: Deposits in finance company		1,000,375,431.67	927,845,862.51
Bills receivables	2	—	294,742,106.52
Trade receivables	3	29,828,255.66	16,605,149.32
Receivables financing	4	371,114,079.25	898,747,186.51
Prepayments	5	147,830,608.25	187,852,973.22
Other receivables	6	32,620,437.10	38,073,563.32
Inventories	7	1,552,866,199.01	1,706,277,340.05
Other current assets	8	71,255,645.95	125,476,498.63
Total current assets		5,502,570,472.82	6,287,381,245.43
Non-current assets			
Long-term equity investments	9	139,680,079.71	108,764,718.31
Investment in other equity instruments	10	60,364,499.70	60,364,499.70
Fixed assets	11	25,672,737,309.35	24,523,532,163.82
Construction in progress	12	674,623,135.25	861,172,176.21
Right-of-use assets	13	35,010,373.87	163,281,425.80
Intangible assets	14	2,423,852,323.66	2,470,417,724.58
Goodwill	15	328,054,770.34	328,054,770.34
Deferred tax assets	16	676,275,218.36	676,275,218.36
Total non-current assets		30,010,597,710.24	29,191,862,697.12
Total assets		35,513,168,183.06	35,479,243,942.55

The accompanying notes form an integral part of these financial statements

Consolidated Balance Sheets (Continued)

30 June 2025

RMB

Liabilities and shareholders' equity	Note V	30 June 2025	31 December 2024
Current liabilities			
Short-term borrowings	18	775,396,687.61	919,368,395.79
Notes payable	19	2,421,649,296.43	1,933,510,510.45
Trade payables	20	4,405,033,721.82	4,960,412,820.44
Contract liabilities	21	1,464,675,303.57	1,812,205,815.86
Employee benefits payable	22	140,146,800.44	136,435,629.44
Taxes payable	23	15,882,106.06	16,332,462.83
Other payables	24	3,423,880,503.13	2,660,297,030.92
Non-current liabilities due within one year	25	4,021,620,853.34	4,253,092,856.67
Other current liabilities		190,394,594.90	235,586,756.06
Total current liabilities		16,858,679,867.30	16,927,242,278.46
Non-current liabilities			
Long-term borrowings	26	1,922,781,288.58	1,652,075,334.18
Lease liabilities	27	25,163,007.19	30,544,958.67
Long-term payables	28	24,011,410.39	27,491,726.81
Long-term employee benefits payable	29	80,494,589.79	118,872,475.11
Provisions for liabilities	30	—	3,135,452.93
Deferred income	31	104,066,330.37	107,051,670.39
Deferred tax liabilities	16	6,317,044.52	6,194,061.65
Total non-current liabilities		2,162,833,670.84	1,945,365,679.74
Total liabilities		19,021,513,538.14	18,872,607,958.20

Consolidated Balance Sheets (Continued)

30 June 2025

RMB

Liabilities and shareholders' equity	Note V	30 June 2025	31 December 2024
Shareholders' equity			
Share capital	32	8,851,763,767.00	8,918,602,267.00
Capital reserves	33	19,279,224,566.14	19,282,146,606.55
Less: Treasury shares	34	—	69,760,540.41
Other comprehensive income	35	1,585,194.71	1,585,194.71
Special reserves	36	47,618,037.92	31,581,736.68
Surplus reserves	37	607,679,608.13	607,679,608.13
Unappropriated profit/(Uncovered loss)	38	(12,296,216,528.98)	(12,165,198,888.31)
Total shareholders' equity		16,491,654,644.92	16,606,635,984.35
Total liabilities and shareholders' equity		35,513,168,183.06	35,479,243,942.55

The financial statements have been signed by:

Legal representative:
Wang Hu Xiang

Chief accountant:
Kuang Yun Long

Head of the accounting department:
Lei Xiao Dan

The accompanying notes form an integral part of these financial statements

Consolidated Income Statement

For the six months ended 30 June 2025

RMB

	Note V	Six months ended 30 June 2025	Six months ended 30 June 2024
Revenue	39	13,085,208,976.53	15,086,019,195.15
Less: Cost of sales	39	12,931,496,798.65	15,561,151,488.93
Taxes and surcharges	40	66,115,767.52	74,391,759.63
Sales expenses	41	31,831,443.79	30,490,452.74
General and administrative expenses	42	131,455,497.88	121,381,140.06
R&D expenses	43	14,810,625.84	19,635,965.12
Finance expenses	44	77,213,808.50	114,996,038.96
Including: Interest expenses		96,491,040.66	94,827,066.37
Interest income		24,664,851.80	10,820,116.57
Add: Other income	45	45,019,850.94	36,572,078.00
Investment income	46	1,359,656.65	4,659,715.85
Including: Income from investments in associates and joint ventures		1,359,656.65	4,659,715.85
Gains from disposal of assets	47	2,275,107.97	–
Operating profit/(loss)		(119,060,350.09)	(794,795,856.44)
Add: Non-operating income	48	961,330.12	1,462,760.56
Less: Non-operating expenses	49	11,822,060.38	19,590,009.77
Total profit/(loss)		(129,921,080.35)	(812,923,105.65)
Less: Income tax expenses/(credit)	50	1,096,560.32	(123,710,519.09)

The accompanying notes form an integral part of these financial statements

Consolidated Income Statement (Continued)

For the six months ended 30 June 2025

RMB

	Note V	Six months ended 30 June 2025	Six months ended 30 June 2024
Net profit/(loss)		(131,017,640.67)	(689,212,586.56)
Breakdown by continuity of operations			
Net profit/(loss) from continuing operations		(131,017,640.67)	(689,212,586.56)
Breakdown by attributable interests			
Net profit/(loss) attributable to owners of the parent company		(131,017,640.67)	(689,212,586.56)
Non-controlling interests			
Total comprehensive income		(131,017,640.67)	(689,212,586.56)
Including:			
Total comprehensive income attributable to owners of the parent company		(131,017,640.67)	(689,212,586.56)
Total comprehensive income attributable to non-controlling interests			
Earnings/(losses) per share	51		
Basic earnings/(losses) per share		(0.01)	(0.08)
Diluted earnings/(losses) per share		(0.01)	(0.08)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

RMB

	For the six months ended 30 June 2025							
	Share capital	Capital reserves	Treasury shares	Less: comprehensive income	Other special reserves	Surplus reserves	Undistributed profits	Total Shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,282,146,606.55	69,760,540.41	1,585,194.71	31,581,736.68	607,679,608.13	(12,165,198,888.31)	16,606,635,984.35
II. Changes in the current period								
(I) Total comprehensive income	-	-	-	-	-	-	(131,017,640.67)	(131,017,640.67)
(II) Capital contribution and withdrawal by shareholders								
1. Cancellation of the Company's shares repurchased	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
(III) Profit distribution								
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-
(IV) Special reserves								
1. Amount established during the period	-	-	-	-	23,137,059.96	-	-	23,137,059.96
2. Amount utilised during the period	-	-	-	-	(7,100,758.72)	-	-	(7,100,758.72)
III. Closing balance for the period	8,851,763,767.00	19,279,224,566.14	-	1,585,194.71	47,618,037.92	607,679,608.13	(12,296,216,528.98)	16,491,654,644.92

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2025

RMB

	For the six months ended 30 June 2024							
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Total Shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,282,146,606.55	-	1,585,194.71	13,954,677.59	607,300,662.40	(8,969,258,456.28)	19,854,330,951.97
II. Changes in the current period								
(I) Total comprehensive income	-	-	-	-	-	-	(689,212,586.56)	(689,212,586.56)
(II) Capital contribution and withdrawal by shareholders								
1. Repurchase of the Company's shares	-	-	69,760,540.41	-	-	-	-	(69,760,540.41)
(III) Profit distribution								
1. Appropriation to surplus reserves	-	-	-	-	-	39,254.75	(39,254.75)	-
(IV) Special reserves								
1. Amount established during the year	-	-	-	-	39,768,803.50	-	-	39,768,803.50
2. Amount utilized during the year	-	-	-	-	(31,647,025.18)	-	-	(31,647,025.18)
III. Closing balance for the year	8,918,602,267.00	19,282,146,606.55	69,760,540.41	1,585,194.71	22,076,455.91	607,339,917.15	(9,658,510,297.59)	19,103,479,603.32

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

RMB

	Note V	Six months ended 30 June 2025	Six months ended 30 June 2024
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		9,492,068,544.62	13,881,397,429.86
Receipts of taxes refunds		50,242,767.57	29,863,459.92
Other cash received relating to operating activities	52	40,684,932.57	71,938,756.57
Sub-total of cash inflows from operating activities		9,582,996,244.76	13,983,199,646.35
Cash paid for purchase of goods and services		8,050,803,652.15	12,418,479,981.03
Cash paid to and on behalf of employees		522,055,667.54	608,401,009.39
Cash paid for all types of taxes		104,193,174.45	111,572,900.07
Other cash paid relating to operating activities	52	25,501,903.64	21,996,087.49
Sub-total of cash outflows from operating activities		8,702,554,397.78	13,160,449,977.98
Net cash flows from operating activities	53	880,441,846.98	822,749,668.37
II. Cash flows from investing activities:			
Cash received from recovery of investments		30,600,000.00	—
Cash received from return on investments		4,744,295.25	7,232,797.28
Sub-total of cash inflows from investment activities		35,344,295.25	7,232,797.28
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		618,911,854.26	415,809,328.07
Cash paid for investments		602,990,607.89	—
Sub-total of cash outflows from investing activities		1,221,902,462.15	415,809,328.07
Net cash flows from investing activities		(1,186,558,166.90)	(408,576,530.79)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2025

RMB

	Note V	Six months ended 30 June 2025	Six months ended 30 June 2024
III. Cash flows from financing activities:			
Cash received from borrowings		908,130,904.44	917,700,000.00
Sub-total of cash inflows from financing activities		908,130,904.44	917,700,000.00
Cash repayments of borrowings		794,736,445.83	521,300,000.00
Cash paid for distribution of dividends or profits, and for interest expenses		94,062,573.24	81,727,023.44
Other cash paid relating to financing activities	52	—	629,760,540.41
Sub-total of cash outflows from financing activities		888,799,019.07	1,232,787,563.85
Net cash flows from financing activities		19,331,885.37	(315,087,563.85)
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		—	(26,401,813.52)
V. Net increase/(decrease) in cash and cash equivalents		(286,784,434.55)	72,683,760.21
Add: Cash and cash equivalents at the beginning of the year		2,812,341,074.96	1,831,764,477.16
VI. Cash and cash equivalents at the end of the period	53	2,525,556,640.41	1,904,448,237.37

The accompanying notes form an integral part of these financial statements

Balance Sheet

30 June 2025

RMB

Assets	Note XIII	30 June 2025	31 December 2024
Current assets			
Cash and bank balances		3,286,333,292.19	3,017,886,054.05
Including: Deposits in finance company		1,000,375,431.67	927,845,862.51
Bills receivables		—	294,742,106.52
Trade receivables	1	26,862,424.20	15,949,222.83
Receivables financing		371,114,079.25	898,747,186.51
Prepayments		148,440,657.49	184,665,612.33
Other receivables	2	96,451,148.65	98,850,007.77
Inventories		1,551,800,506.30	1,705,250,410.38
Other current assets		53,723,560.63	105,830,771.84
Total current assets		5,534,725,668.71	6,321,921,372.23
Non-current assets			
Long-term equity investments	3	1,131,968,074.39	1,101,052,712.99
Investment in other equity instruments		60,364,499.70	60,364,499.70
Fixed assets		24,784,331,225.93	23,658,825,519.25
Construction in progress		674,227,068.07	833,407,008.82
Right-of-use assets		35,010,373.87	163,281,425.80
Intangible assets		2,362,862,018.11	2,408,504,964.55
Deferred tax assets		676,246,440.70	676,246,440.70
Total non-current assets		29,725,009,700.77	28,901,682,571.81
Total assets		35,259,735,369.48	35,223,603,944.04

The accompanying notes form an integral part of these financial statements

Balance Sheet (Continued)

30 June 2025

RMB

Liabilities and shareholders' equity	30 June 2025	31 December 2024
Current liabilities		
Short-term borrowings	775,396,687.61	919,368,395.79
Notes payable	2,421,649,296.43	1,933,510,510.45
Trade payables	4,393,882,342.77	4,948,586,113.44
Contract liabilities	1,464,568,390.09	1,812,200,398.98
Employee benefits payable	138,002,879.02	134,763,630.69
Taxes payable	5,645,315.12	5,070,745.25
Other payables	3,418,083,696.60	2,637,790,673.61
Non-current liabilities due within one year	4,021,620,853.34	4,253,092,856.67
Other current liabilities	190,393,890.71	235,586,051.87
Total current liabilities	16,829,243,351.69	16,879,969,376.75
Non-current liabilities		
Long-term borrowings	1,922,781,288.58	1,652,075,334.18
Lease liabilities	25,163,007.19	30,544,958.67
Long-term payables	24,011,410.39	27,491,726.81
Long-term employee benefits payable	80,494,589.79	117,545,748.96
Provisions for liabilities	—	3,135,452.93
Deferred income	104,066,330.37	107,051,670.39
Total non-current liabilities	2,156,516,626.32	1,937,844,891.94
Total liabilities	18,985,759,978.01	18,817,814,268.69

The accompanying notes form an integral part of these financial statements

Balance Sheet (Continued)

30 June 2025

RMB

Liabilities and shareholders' equity	30 June 2025	31 December 2024
Shareholders' equity		
Share capital	8,851,763,767.00	8,918,602,267.00
Capital reserves	19,310,167,824.14	19,313,089,864.55
Less: Treasury shares	—	69,760,540.41
Other comprehensive income	1,585,194.71	1,585,194.71
Special reserves	7,393,509.92	—
Surplus reserves	577,012,986.42	577,012,986.42
Unappropriated profit/(Uncovered loss)	(12,473,947,890.72)	(12,334,740,096.92)
Total Shareholders' equity	16,273,975,391.47	16,405,789,675.35
Total liabilities and shareholders' equity	35,259,735,369.48	35,223,603,944.04

The accompanying notes form an integral part of these financial statements

Income Statement

For the six months ended 30 June 2025

RMB

	Note XIII	Six months ended 30 June 2025	Six months ended 30 June 2024
Revenue	4	13,942,271,860.38	15,852,617,953.87
Less: Cost of sales	4	13,768,788,827.90	16,319,892,437.04
Taxes and surcharges		59,669,451.27	67,917,883.92
Sales expenses		31,831,443.79	30,490,452.74
General and administrative expenses		130,418,391.48	120,500,524.84
R&D expenses		14,810,625.84	19,635,965.12
Finance expenses		77,223,822.89	114,990,043.85
Including: Interest expenses		96,491,040.66	94,827,066.37
Interest income		24,643,977.51	10,815,298.04
Add: Other income		8,388,857.18	3,236,708.63
Investment income	5	1,359,656.65	4,659,715.85
Including: Income from investments in associates and joint ventures		1,359,656.65	4,659,715.85
Gain from disposal of assets		2,275,107.97	—
Operating profit/(loss)		(128,447,080.99)	(812,912,929.16)
Add: Non-operating income		961,330.12	1,102,771.56
Less: Non-operating expenses		11,722,042.93	14,203,549.96
Total profit/(loss)		(139,207,793.80)	(826,013,707.56)
Less: Income tax expenses/(credit)		—	(123,902,056.14)
Net profit/(loss)		(139,207,793.80)	(702,111,651.42)
Including: Net profit/(loss) from continuing operations		(139,207,793.80)	(702,111,651.42)
Other comprehensive income, net after tax		—	—
Total comprehensive income/(loss)		(139,207,793.80)	(702,111,651.42)

The accompanying notes form an integral part of these financial statements

Statement of changes in Equity

For the six months ended 30 June 2025

RMB

	For the six months ended 30 June 2025							Total Shareholders' equity
	Share capital	Capital reserves	Treasury shares	Less: comprehensive income	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated profit
I. Opening balances of the current year	8,918,602,267.00	19,313,089,864.55	69,760,540.41	1,585,194.71	-	577,012,986.42	(12,334,740,096.92)	16,405,789,675.35
II. Changes in the current period								
(I) Total comprehensive income	-	-	-	-	-	-	(139,207,793.80)	(139,207,793.80)
(II) Capital contribution and withdrawal by shareholders								
1. Cancellation of the Company's shares repurchased	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
(III) Special reserves								
1. Amount established during the period	-	-	-	-	14,450,857.50	-	-	14,450,857.50
2. Amount utilized during the period	-	-	-	-	(7,057,347.58)	-	-	(7,057,347.58)
III. Closing balance for the period	8,851,763,767.00	19,310,167,824.14	-	1,585,194.71	7,393,509.92	577,012,986.42	(12,473,947,890.72)	16,273,975,391.47

	For the six months ended 30 June 2024							Total Shareholders' equity
	Share capital	Capital reserves	Treasury shares	Less: comprehensive income	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit
I. Opening balances of the current year	8,918,602,267.00	19,313,089,864.55	-	1,585,194.71	-	577,012,986.42	(9,165,758,405.37)	19,644,531,907.31
II. Changes in the current period								
(I) Total comprehensive income	-	-	-	-	-	-	(702,111,651.42)	(702,111,651.42)
(II) Capital contribution and withdrawal by shareholders								
1. Repurchase of the Company's shares	-	-	69,760,540.41	-	-	-	-	(69,760,540.41)
(III) Special reserves								
1. Amount established during the year	-	-	-	-	29,672,507.08	-	-	29,672,507.08
2. Amount utilized during the year	-	-	-	-	(29,672,507.08)	-	-	(29,672,507.08)
III. Closing balance for the year	8,918,602,267.00	19,313,089,864.55	69,760,540.41	1,585,194.71	-	577,012,986.42	(9,867,870,056.79)	18,872,659,715.48

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the six months ended 30 June 2025

RMB

	Six months ended 30 June 2025	Six months ended 30 June 2024
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	9,490,884,166.26	13,880,910,978.59
Other cash received relating to operating activities	40,658,904.82	71,657,398.56
Sub-total of cash inflows from operating activities	9,531,543,071.08	13,952,568,377.15
Cash paid for purchase of goods and services	8,069,615,890.72	12,458,082,540.76
Cash paid to and on behalf of employees	509,682,224.30	581,208,547.90
Cash paid for all types of taxes	59,555,676.85	71,727,520.58
Other cash paid relating to operating activities	25,480,244.29	21,936,442.27
Sub-total of cash outflows from operating activities	8,664,334,036.16	13,132,955,051.51
Net cash flows from operating activities	867,209,034.92	819,613,325.64
II. Cash flows from investing activities:		
Cash received from recovery of investments	30,600,000.00	—
Cash received from return on investments	4,744,295.25	7,232,797.28
Sub-total of cash inflows from investing activities	35,344,295.25	7,232,797.28
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	614,680,623.80	415,667,081.07
Cash paid for investments	602,990,607.89	—
Sub-total of cash outflows from investing activities	1,217,671,231.69	415,667,081.07
Net cash flows from investing activities	(1,182,326,936.44)	(408,434,283.79)

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows (Continued)

For the six months ended 30 June 2025

RMB

	Six months ended 30 June 2025	Six months ended 30 June 2024
III. Cash flows from financing activities:		
Cash received from borrowings	908,130,904.44	917,700,000.00
Sub-total of cash inflows from financing activities	908,130,904.44	917,700,000.00
Cash repayments of borrowings	794,736,445.83	521,300,000.00
Cash paid for distribution of dividends or profits, and for interest expenses	94,062,573.24	81,727,023.44
Other cash paid relating to financing activities	–	629,760,540.41
Sub-total of cash outflows from financing activities	888,799,019.07	1,232,787,563.85
Net cash flows from financing activities	19,331,885.37	(315,087,563.85)
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	–	(26,401,813.52)
V. Net increase in cash and cash equivalents	(295,786,016.15)	69,689,664.48
Add: Cash and cash equivalents at the beginning of the year	2,810,620,701.15	1,829,127,865.49
VI. Cash and cash equivalents at the end of the period	2,514,834,685.00	1,898,817,529.97

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

For the six months ended 30 June 2025

I. BASIC INFORMATION

According to the approval of Ti Gai Sheng Zi [1997] No. 127 issued by the State Commission for Restructuring Economic Systems and the approval of Guo Zi Qi Fa [1997] No. 156 issued by the State-owned Assets Administration Bureau, Chongqing Iron & Steel Company Limited (the “Company”) was established as a limited liability company by Chongqing Iron & Steel (Group) Co., Ltd. (“CISG”) as the sole promoter. The Company was incorporated and registered with Chongqing Municipal Administration of Industry and Commerce on 11 August 1997, whose headquarter is located in Changshou Economic Development Zone of Chongqing. The Company holds the business license with unified social credit code of 91500000202852965T, with the registered capital of RMB8,851,764,000 and the sum of 8,851,764,000 shares with par value of RMB1 each, including 8,313,637,000 A shares without any restricted condition and 538,127,000 H shares. The Company’s shares were listed on the Stock Exchange of Hong Kong Ltd. and listed on Shanghai Stock Exchange on 17 October 1997 and 28 February 2007, respectively.

Pursuant to the reorganization plan, 2,096,981,600 shares of the Company held by CISG were transferred to Chongqing Changshou Iron & Steel Company Limited (“Changshou Iron & Steel”) on 27 December 2017, and the share transfer procedures were completed with China Securities Depository and Clearing Corporation Limited. Subsequent to the completion of the share transfer, Changshou Iron & Steel holds 2,096,981,600 shares of the Company, with a shareholding percentage of 23.69%, and became the controlling shareholder of the Company. China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司) (“Baowu Group”), the parent company of Changshou Iron & Steel, and other subsidiaries acquired 505,790,024 ordinary shares of the Company, with a shareholding percentage of 5.71%. As of 30 June 2025, Baowu Group directly and indirectly held a total of 2,602,771,624 ordinary shares of the Company, with a shareholding percentage of 29.40%.

The Company and its subsidiaries (collectively the “Group”) are mainly engaged in the port operation (for the purpose of items that require approval according to law, the operation activities can only be commenced after approval by the relevant departments, and the specific operation items are subject to the approval documents or permits issued by the relevant departments); production, processing and sale of steel plates, steel sections, wire rods, bar materials, billets and thin plates, and in the production and sale of coking and coal chemical products, pig iron & grain slag, steel slag, steel scrap and domestic shipping agency, domestic freight forwarding agency.

The financial statements were approved by the Board of Directors of the Company on 27 August 2025. In accordance with the Articles of Association of the Company, these financial statements will be proposed to the general meeting for review.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Going concern

The financial statements of the Company are presented on a going concern basis.

As at 30 June 2025, the Group’s current liabilities exceeded current assets by RMB11,356,109,394.48. The Board of Directors of the Company has considered the following sources of funds available to the Group:

- 1) The Group’s expected net cash inflows from operating activities in the next 12 months;
- 2) As at 30 June 2025, the facilities from banks and other financial institutions that have been obtained but not yet used by the Group are RMB11,994 million, of which RMB9,428 million needs to be renewed within the next 12 months at the end of the reporting period. The Board of Directors of the Company is of the opinion, based on past experience and good reputation, that the available facilities can be re-approved upon expiration.

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. IMPORTANT ACCOUNTING POLICIES AND ESTIMATES

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

1. Statement of compliance

These financial statements have been prepared in accordance with CAS, and present truly and completely the financial position of the Company and the Group as at 30 June 2025 and the results of their operations and cash flows for the six months ended 30 June 2025.

2. Accounting period

The accounting year of the Group is from 1 January to 31 December of each calendar year. The current accounting period starts on 1 January 2025 and ends on 30 June 2025.

3. Measurement currency

The functional currency of the Group and the currency used in preparing the financial statements are Renminbi ("RMB"). The amounts in the financial statements were denominated in RMB Yuan, unless otherwise stated.

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. Business combination

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. Consolidated financial statements

A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). A subsidiary is an entity controlled by the Company (including an enterprise, a separable part of an investee, a structured entity, etc.). An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or accounting periods adopted by a subsidiary are inconsistent with those adopted by the Company, when preparing consolidated financial statements, necessary adjustments shall be made to the financial statements of the subsidiary in accordance with the accounting policies and accounting periods of the Company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the amount of loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount shall be allocated against minority interest.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests. When preparing the consolidated financial statements, the financial statements of subsidiaries are adjusted on the basis of the fair values of identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

7. Cash and cash equivalents

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

8. Foreign currency business

The Group translates foreign currency transactions into its functional currency.

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments

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

(1) *Recognition and derecognition of financial instruments*

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

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

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through arrangement"; and either the Group has transferred substantially all the risks and rewards of the financial asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss.

Regular way purchases and sales of financial assets are recognized and derecognized using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that under contracts whose terms require delivery within the time frame period generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group committed to purchase or sell a financial asset.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(2) *Classification and measurement of financial assets*

According to the Group's corporate business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Group's financial assets are, on initial recognition, classified into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. Only when the business model for managing financial assets is changed by the Group, the Group will reclassify the related financial assets affected.

A financial asset is recognized initially at fair value. The trade receivables or notes receivable generated from sales of goods or services, which do not contain significant financing component or do not consider financing component over one year, initially are measured at trading price.

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

The subsequent measurement of financial assets depends on their classification as follows:

Debt instrument investment at amortized cost

Financial assets are classified as financial assets at amortized cost if the financial assets meet the following conditions: the objective of the Group's business model for managing such financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flows generated on a specific date are solely payment of the principal and the interest based on the outstanding principal amount. Such financial assets recognize interest income by using the effective interest rate method. The gains or losses arising from derecognition, adjustment or impairment are recognized in profit or loss.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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

Debt instrument investment at fair value through other comprehensive income

Financial assets are classified as financial assets at fair value through other comprehensive income if the financial assets meet the following conditions: the objective of the Group's business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets; the contractual terms of the financial assets stipulate that cash flows generated on a specific date are solely payment of the principal and the interest based on the outstanding principal amount. Such financial assets recognize interest income by using the effective interest rate method. Except for interest income, impairment losses and exchange difference recognized as profit or loss, other changes in fair value are recognized as other comprehensive income. When such financial asset is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to profit or loss.

Equity instrument investment at fair value through other comprehensive income

The Group irrevocably elects to designate certain equity instrument investments not held for trading as financial assets at fair value through other comprehensive income, such that only relevant dividend income (excluding the dividends recovered as part of the investment cost) is recognized as profit or loss and the subsequent changes in fair value are recognized as other comprehensive income, and the provision for impairment is not accrued. When such financial asset is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

(3) *Classification and measurement of financial liabilities*

Except for financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, the Group's financial liabilities are, on initial recognition, classified into financial liabilities measured at amortized cost, relevant transaction costs are directly recognized in profit or loss, and transaction costs relating to financial liabilities measured at amortized cost are included in the initial recognition amounts. The subsequent measurement of financial liabilities depends on their classification. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(4) *Impairment of financial instruments*

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

On the basis of expected credit losses ("ECLs"), the Group makes impairment provisions and recognizes loss provisions for the financial assets carried at amortized cost and investments on debt instrument at fair value through other comprehensive income.

For trade receivables that do not contain significant financing components, the Group uses a simplified measurement method to measure loss provision based on the amount of ECLs throughout the lifetime.

In addition to the abovementioned financial assets for which the simplified measurement method are used, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. Financial instruments for which credit risk has not increased significantly since initial recognition, at stage 1, and for which the loss allowance is measured at an amount equal to 12-month ECLs, calculated by carrying amount and effective interest rate; financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets, at stage 2, and for which the loss allowance is measured at an amount equal to lifetime ECLs, calculated by carrying amount and effective interest rate; financial instruments that are credit-impaired since initial recognition, at stage 3, and for which the loss allowance is measured at an amount equal to lifetime ECLs, calculated at amortized cost and by effective interest rate. For these financial instruments with lower credit risk on the balance sheet date, the Group assumes the related credit risk has not increased significantly since initial recognition.

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

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

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

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

The Group determined the aging according to the billing date.

Write-off of provision of impairment

When the Group no longer reasonably expects to be able to recover, in full or in part, the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(5) *Offset of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet to the extent that there is a currently enforceable legal right to offset the recognized amounts and that there is an intention to settle on a net basis, or to realize the financial assets and settle the financial liabilities simultaneously.

(6) *Transfers of financial assets*

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: if the Group has not retained control, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

10. Inventories

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

Inventories are initially carried at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is assigned by using weighted average method. Revolving materials comprise lower valued consumables and packing materials and others, lower valued consumables and packing materials shall be amortized on the amortization in stages or immediate written-off basis.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Inventories (Continued)

The Group adopts the perpetual inventory system.

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

11. Long-term equity investments

Long-term equity investments consist of equity investments in subsidiaries and associates.

Long-term equity investments are initially measured at initial investment cost upon acquisition. Long-term equity investments acquired through business combinations: for a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of the owners' equity under the consolidated financial statements of the ultimate controlling party on the date of combination. For a long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost of the long-term equity investment shall be the cost of combination. For a long-term equity investment other than a long-term equity investment formed by a business combination, the initial investment cost shall be determined according to the following methods: for a long-term equity investment obtained by paying cash, the actual purchase price paid and the expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment shall be regarded as the initial investment cost; For those obtained by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

The cost method is applied for long-term equity investments in the financial statements of the Parent Company when the investee is controlled by the Company. Control refers to the power over the investee such that the Company is able to direct the relevant activities, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

When the cost method is adopted, long-term equity investments are recorded at initial investment cost. Adjusting the cost of long-term equity investment by adding or withdrawing investment. Cash dividends or profits declared to be distributed by the investee should be recognized as investment income for the period.

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

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing entity's interest in the fair values of the investee's identifiable net assets at the acquisition date, the excess is included in the initial investment cost. Where the initial investment cost is less than the investing entity's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

When the equity method is adopted, the investor recognizes its investment profit or loss and other comprehensive income and adjusts the carrying amount of the investment based on the post-acquisition change in the investor's share of net profit or loss and other comprehensive income of the investee. The recognition of the investee's results should be based on the fair values of the individual identifiable assets of the investee at the acquisition date according to the Group's accounting policies and accounting period. The gains and losses resulting from inter-company transactions with its associates should be eliminated to the extent of the amount attributable to the investor according to the shareholding (but if the losses from intergroup transactions belong to asset impairment losses, they should be entirely recognized). The recognition should be based on the adjusted net profit of the investee, except for that the assets investment or disposal constitutes a business. The investor's share of profit distributions or cash dividends declared by the investee is deducted from the carrying amount of the long-term equity investment. The Group recognizes net losses incurred by the investee to the extent that the carrying amount of the long-term equity investment and other long-term equity interests that are net investment in the investee in substance is reduced to zero, except for which the Group has an extra obligation to assume loss of it. For the changes of equity in an investee other than net profit or loss, other comprehensive income and profits appropriation, the investor adjusts the carrying amount of the investment and recognized it in shareholders' equity.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. Property, plant and equipment

PPE are recognized in situations when it is probable that their related future economic benefits will flow into the Group, and their cost can be measured reliably. The subsequent expenditure related to PPE is recorded in the cost of PPE only if the conditions above are met and the carrying amount of parts which had been replaced shall be derecognized; otherwise, such expenditures are recognized in profit or loss or the cost of relevant assets by beneficial owner as incurred.

PPE are initially recorded taking discard expenses into consideration. The purchase cost of PPE comprises its purchase price, related taxes, and any directly attributable expenditure for bringing the asset to its working condition for its intended use.

The depreciation of PPE is calculated on the straight-line basis. The useful lives, estimated residual values, and the annual depreciation rates of each category of PPE are as follows:

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

If the various components of fixed assets have different useful lives or provide economic benefits to the enterprise in different ways, different depreciation rates and depreciation methods are applicable.

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

13. Construction in progress

The cost of construction in progress is determined according to the actual expenditure for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that should be capitalized before the construction reaches the condition for intended use and other relevant expenses.

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

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

14. Borrowing costs

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

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Borrowing costs (Continued)

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

15. Intangible assets

(1) Useful life of intangible assets

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

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

(2) Research and development expenditures

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. Impairment of assets

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

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

When the recoverable amount of an asset or an asset group is less than its book value, the book value is reduced to its recoverable amount. The reduction amount is charged to profit or loss and an impairment provision is made accordingly.

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Employee benefits

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

(1) *Short-term employee benefits*

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

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

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Employee benefits (Continued)

(4) *Termination benefits*

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

18. Provisions

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue from contracts with customers

When the Group has fulfilled its performance obligations of the contract, the revenue is recognized when the customers take control of the relevant goods or services. Taking control of the relevant goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits from them.

(1) *Contracts for the sale of goods*

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue from contracts with customers (Continued)

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

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

(2) *Sales of energy media contracts*

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

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

(3) *Royalty income*

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Contract liabilities

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

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

21. Government grants

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

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences except:

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Deferred tax (Continued)

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

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

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

23. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) As lessee

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Lease (Continued)

(1) *As lessee (Continued)*

At the commencement date of the lease, the Group recognizes a right-of-use asset. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Where Group re-measures the lease liabilities owing to changes in the lease payment amount, the carrying value of the right-of-use assets should be adjusted accordingly. In subsequent measurement, the Group provides depreciation of the right-of-use assets using the averaging method over the lease term. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. Depreciation is provided over the remaining useful life of the leased asset if the Company, as lessee, is reasonably certain that it will obtain ownership of the leased asset by the end of the lease term. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Lease (Continued)

(1) As lessee (Continued)

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

(2) As lessor

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

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

24. Repurchase of share

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

25. Safety production funds

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

26. Fair value measurements

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

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

27. Significant accounting judgements and estimates

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

(1) Judgements

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

Determination of individual performance obligations

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(1) Judgements (Continued)

Business model

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

Characteristics of contractual cash flows

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(2) *Estimation uncertainty*

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

Impairment of financial instruments

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(2) *Estimation uncertainty (Continued)*

Impairment of goodwill

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

Deferred tax assets

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

Net realizable values of inventories

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Significant accounting judgements and estimates (Continued)

(2) *Estimation uncertainty (Continued)*

Variable consideration involving sales discounts

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

Lessee's incremental borrowing rate

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

IV TAXES

1. Main taxes and tax rates

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

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

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

IV TAXES (CONTINUED)

2. Tax benefits

Pursuant to the requirement of the Announcement on the Continuation of the Corporate Income Tax Policy for the Western Development (《關於延續西部大開發企業所得稅政策的公告》) promulgated by the MOF, the State Administration of Taxation and the National Development and Reform Commission, enterprises located in the western region that fall into the Catalogue of Encouraged Industries are subject to a reduced Corporate Income Tax rate of 15% from 1 January 2021 to 31 December 2030. The Company and its subsidiaries Chongqing Iron & Steel Energy and Xingang Changlong have qualified for the requirement of the policy. Thus the Company and its subsidiaries Chongqing Iron & Steel Energy and Xingang Changlong implement tax rates of 15% for the current year.

Chongqing Iron & Steel Energy obtained the Resource Comprehensive Utilization Certificate [Comprehensive Certificate 2014 No. 016] in January 2014, according to the Notice on Implementation of the Enterprise Income Tax Preferential Catalog for Comprehensive Utilization of Resources (Cai Shui [2008] No. 47) (《關於執行資源綜合利用企業所得稅優惠目錄有關問題的通知》(財稅[2008]47號)) by the MOF and the State Administration of Taxation, when calculating taxable income, Chongqing Iron & Steel Energy used 90% of its total income for the year.

Chongqing Iron & Steel Energy uses waste heat from industrial production to generate electricity, and pursuant to the Announcement on Improving the Policy about Value-added Tax for Comprehensive Utilization of Resources (Cai Shui [2021] No. 40) (《關於完善資源綜合利用增值稅政策的公告》(財稅[2021]40號)) promulgated by the MOF and the State Administration of Taxation, Chongqing Iron & Steel Energy can enjoy the policy of value-added tax refund.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2025	31 December 2024
Cash at banks	2,093,871,816.63	1,884,604,705.04
Other cash and bank balances	202,807,999.30	207,155,860.31
Deposits with finance companies	1,000,375,431.67	927,845,862.51
Total	3,297,055,247.60	3,019,606,427.86
Including: Total amount deposited overseas	—	—

As at 30 June 2025, the Group's other cash and bank balances included deposits for bank acceptance bills of RMB55,560,564.78, deposits for letters of credit of RMB9,936.22, frozen deposits involved in litigation of RMB147,237,498.30. Refer to Note V.17 for details of restricted monetary funds.

2. Notes receivable

(1) Classification of notes receivable

	30 June 2025	31 December 2024
Bank acceptance bills	—	294,542,106.52
Commercial acceptance bills	—	200,000.00
	—	294,742,106.52
Less: Provision for bad debts for notes receivable	—	—
Total	—	294,742,106.52

Please refer to Note V.17 for restricted notes receivable at the period end.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

3. Trade receivables

(1) Disclosed by aging

	30 June 2025	31 December 2024
Within 1 year	29,482,536.91	16,139,430.64
1 to 2 years	70,891.68	72,070.77
2 to 3 years	3,639.87	6,455.39
3 to 4 years	9,773.64	316,540.30
4 to 5 years	1,040,127.82	1,743,357.04
Over 5 years	1,468,764.33	595,833.77
	32,075,734.25	18,873,687.91
Less: Provision for bad debts for trade receivable	2,247,478.59	2,268,538.59
Total	29,828,255.66	16,605,149.32

(2) Disclosed by method of determining bad debt provision

	30 June 2025					31 December 2024				
	Book value		Impairment allowance		Carrying value	Book Value		Impairment allowance		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts by group with credit risk characteristics	32,075,734.25	100.00	2,247,478.59	7.01	29,828,255.66	18,873,687.91	100.00	2,268,538.59	12.02	16,605,149.32

As at 30 June 2025 and 31 December 2024, the Company have no individually trade receivables to separate provision.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

3. Trade receivables (Continued)

(2) Disclosed by method of determining bad debt provision (Continued)

The provision for bad debt on the trade receivable by group are as follows:

	30 June 2025			31 December 2024		
	Book Value	Provision for impairment	Provision ratio (%)	Book Value	Provision for impairment	Provision ratio (%)
Within 1 year	29,482,536.91	–	–	16,139,430.64	–	–
1 to 2 years	70,891.68	–	–	72,070.77	–	–
2 to 3 years	3,639.87	–	–	6,455.39	–	–
3 to 4 years	9,773.64	–	–	316,540.30	191,851.14	60.61
4 to 5 years	1,040,127.82	778,714.26	74.87	1,743,357.04	1,480,853.68	84.94
Over 5 years	1,468,764.33	1,468,764.33	100.00	595,833.77	595,833.77	100.00
Total	32,075,734.25	2,247,478.59	–	18,873,687.91	2,268,538.59	

(3) Provision for bad debt

The movements in provision for bad debt on the trade receivable are as follows:

	Opening balance	Provision	Recovery or reversal	Write-off	Closing balance
January–June 2025	2,268,538.59	–	–	(21,060.00)	2,247,478.59
2024	1,108,763.13	1,621,783.44	(122,105.10)	(339,902.88)	2,268,538.59

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

3. Trade receivables (Continued)

- (4) *The top 5 largest trade receivable at the end of period collected by arrears are summarized as follows*

	Closing balance	Proportion in total closing balance of trade receivables (%)
Summary	30,945,494.28	96.48

4. Receivables financing

- (1) *Classification of notes receivable*

	30 June 2025	31 December 2024
Bank acceptance bills	371,114,079.25	898,747,186.51
Commercial acceptance bills	—	—
Total	371,114,079.25	898,747,186.51

- (2) *Pledged notes receivable*

	30 June 2025	31 December 2024
Bank acceptance bills	—	—

Please refer to Note V.17 for restricted notes receivable at the period end.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

5. Prepayments

(1) The aging analysis of prepayments is as follows:

	30 June 2025		31 December 2024	
	Book value	Proportion (%)	Book value	Proportion (%)
Within 1 year	143,453,355.51	95.79	182,714,456.60	96.23
1 to 2 years	714,837.65	0.48	612,270.62	0.32
2 to 3 years	61,651.65	0.04	2,636,320.75	1.39
Over 3 years	5,523,152.84	3.69	3,919,234.65	2.06
	149,752,997.65	100.00	189,882,282.62	100.00
Less: Bad debt provision	1,922,389.40		2,029,309.40	
Total	147,830,608.25		187,852,973.22	

(2) The top 5 largest prepayments at the end of the period

	Closing balance	Proportion in total ending balance of prepayments (%)
Summary	108,213,474.63	72.26

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

6. Other receivables

	30 June 2025	31 December 2024
Dividends receivable	428,145.74	428,145.74
Other receivables	32,192,291.36	37,645,417.58
Total	32,620,437.10	38,073,563.32

Dividends receivable

	30 June 2025	31 December 2024
Baowu Water Technology Limited ("Baowu Water")	428,145.74	428,145.74

(1) Disclosed by ageing:

	30 June 2025	31 December 2024
Within 1 year	28,955,478.82	33,403,999.79
1 to 2 years	96,703.06	493,026.85
2 to 3 years	352,411.71	931,980.17
3 to 4 years	1,093,736.46	2,819,311.04
4 to 5 years	2,064,000.00	649,301.61
Over 5 years	998,471.43	716,308.24
	33,560,801.48	39,013,927.70
Less: Bad debt provision	1,368,510.12	1,368,510.12
Total	32,192,291.36	37,645,417.58

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

6. Other receivables (Continued)

(2) Classified by nature

	30 June 2025	31 December 2024
Guarantee deposits, staff advances, etc.	25,849,925.04	20,181,082.91
Government grants receivable	–	13,611,773.81
Other	7,710,876.44	5,221,070.98
Total	33,560,801.48	39,013,927.70

(3) Provision for bad debts

30 June 2025

	Balance of book amount		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Combined by credit risk characteristics Bad debt provision	33,560,801.48	100.00	1,368,510.12	4.08	32,192,291.36

31 December 2024

	Balance of book amount		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Combined by credit risk characteristics Bad debt provision	39,013,927.70	100.00	1,368,510.12	3.51	37,645,417.58

As at 30 June 2025 and 31 December 2024, there were no other receivables individually provided for bad debts.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

6. Other receivables (Continued)

(3) Provision for bad debts (Continued)

Other receivables for which bad debt provision is made on a portfolio basis are as follows:

	30 June 2025			31 December 2024		
	Book value	Provision for impairment	Provision ratio (%)	Book value	Provision for impairment	Provision ratio (%)
Within 1 year	28,955,478.82	–	–	33,403,999.79	–	–
1 to 2 years	96,703.06	–	–	493,026.85	–	–
2 to 3 years	352,411.71	–	–	931,980.17	–	–
3 to 4 years	717,439.60	–	–	2,819,311.04	635,113.33	22.53
4 to 5 years	2,330,079.84	635,113.33	27.26	649,301.61	122,856.05	18.92
Over 5 years	1,108,688.45	733,396.79	66.15	716,308.24	610,540.74	85.23
Total	33,560,801.48	1,368,510.12		39,013,927.70	1,368,510.12	

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

6. Other receivables (Continued)

(3) Provision for bad debts (Continued)

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

January–June 2025

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

2024

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

6. Other receivables (Continued)

(3) Provision for bad debts (Continued)

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

	Opening balance	Provided	Recovery or reversal	Write-off	Closing balance
January–June 2025	1,368,510.12	–	–	–	1,368,510.12
2024	1,368,510.12	–	–	–	1,368,510.12

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

	Closing balance	Percentage of total other receivable balances (%)	Nature	Aging	Closing balance of provision for bad debts Closing balance
The first	15,000,000.00	44.69	Guarantee deposits	Within one year	–
The second	4,092,368.34	12.19	Other	Within one year	–
The third	3,636,664.05	10.84	Guarantee deposits	Within one year	–
The fourth	1,500,000.00	4.47	Guarantee deposits	4 -5 years	–
The fifth	1,222,924.98	3.64	Other	Within one year	–
Total	25,451,957.37	75.83			–

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

7. Inventories

(1) Categories of inventories

	30 June 2025			31 December 2024		
	Book value	Provision for decline in value	Carrying amount	Book value	Provision for decline in value	Carrying amount
Raw materials	1,156,099,302.20	102,830,946.02	1,053,268,356.18	1,159,100,495.51	108,822,234.81	1,050,278,260.70
Work in progress	213,810,691.12	–	213,810,691.12	191,514,849.38	4,661,739.64	186,853,109.74
Finished goods	165,596,164.11	–	165,596,164.11	238,621,664.35	3,931,348.48	234,690,315.87
Low value consumables and maintenance and spare parts	170,380,285.30	50,189,297.70	120,190,987.60	284,644,951.44	50,189,297.70	234,455,653.74
Total	1,705,886,442.73	153,020,243.72	1,552,866,199.01	1,873,881,960.68	167,604,620.63	1,706,277,340.05

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

7. Inventories (Continued)

(2) Provision for inventories

January–June 2025

	Opening balance	Provision	Decrease Reversal or write off	Write-off	Closing balance
Raw materials	108,822,234.81	-	5,991,288.79	-	102,830,946.02
Work in progress	4,661,739.64	-	4,661,739.64	-	-
Finished goods	3,931,348.48	-	3,931,348.48	-	-
Low value consumables and maintenance and spare parts	50,189,297.70	-	-	-	50,189,297.70
Total	167,604,620.63	-	14,584,376.91	-	153,020,243.72

2024

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

8. Other current assets

	30 June 2025	31 December 2024
Input VAT to be credited	71,255,645.95	125,476,498.63

9. Long-term equity investments

January–June 2025

Associates	Opening balance	Investments increased	Changes for the period Investment income recognised through equity method	Cash dividends declared	Other	Closing balance	Impairment allowance at period-end
Chongqing Baocheng Carbon Material Co. Ltd. (重慶寶丞炭材有限公司) ("Baocheng Carbon Material")	14,594,861.52	-	789,037.38	2,235,000.00	-	13,148,898.90	-
Baowu Raw Material Supply Co., Ltd.* (寶武原料供應有限公司) ("Baowu Raw Material")	44,626,662.44	-	1,950,610.44	2,509,295.25	-	44,067,977.63	-
Baowu Environmental Resources Technology (Chongqing) Recycling Co., Ltd. (寶武環科重慶資源循環利用有限公司) ("Baowu Environmental Resources")	16,221,855.68	34,300,000.00	1,146,750.81	-	-	51,668,606.49	-
Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd. (寶武精成(舟山)礦業科技有限公司) ("Baowu Jingcheng")	33,321,338.67	-	(2,526,741.98)	-	-	30,794,596.69	-
Total	108,764,718.31	34,300,000.00	1,359,656.64	4,744,295.25	-	139,680,079.71	-

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

9. Long-term equity investments (Continued)

2024

Associates	Opening balance	Investments increased	Changes for the year		Other	Closing balance	Impairment allowance at year-end
			Investment income recognised through equity method	Cash dividends declared			
Chongqing Baocheng Carbon Material Co. Ltd. (重慶寶丞炭材有限公司) ("Baocheng Carbon Material")	16,870,890.82	-	2,182,970.70	(4,459,000.00)	-	14,594,861.52	-
Baowu Raw Material Supply Co., Ltd.* (寶武原料供應有限公司) ("Baowu Raw Material")	44,352,996.02	-	2,475,376.01	(2,201,709.59)	-	44,626,662.44	-
Baowu Environmental Resources Technology (Chongqing) Recycling Co., Ltd. (寶武環科重慶資源循環利用有限公司) ("Baowu Environmental Resources")	15,561,820.25	-	1,232,123.12	(572,087.69)	-	16,221,855.68	-
Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd. (寶武精成(舟山)礦業科技有限公司) ("Baowu Jingcheng")	34,148,997.93	-	(827,659.26)	-	-	33,321,338.67	-
Total	110,934,705.02	-	5,062,810.57	(7,232,797.28)	-	108,764,718.31	-

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Other equity instrument investments

(1) Other equity instrument investments

	30 June 2025	31 December 2024
Baowu Water	60,364,499.70	60,364,499.70

January–June 2025

	Gains recognized in other comprehensive income for the year	Loss recognized in other comprehensive income for the year	Gains accumulated	Accumulated losses	Dividend income	Reasons for designation at fair value through other comprehensive income
Baowu Water	–	–	–	–	–	Intends to hold for a long time to earn investment income

2024

	Gains recognized in other comprehensive income for the year	Loss recognized in other comprehensive income for the year	Gains accumulated	Accumulated losses	Dividend income	Reasons for designation at fair value through other comprehensive income
Baowu Water	–	–	–	–	428,145.74	Intends to hold for a long time to earn investment income

(2) Derecognition of investments in other equity instruments

January–June 2025 and 2024: None

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment

	30 June 2025	31 December 2024
Property, plant and equipment	25,671,950,328.96	24,522,745,183.43
Property, plant and equipment to be disposed of	786,980.39	786,980.39
Total	25,672,737,309.35	24,523,532,163.82

Property, plant and equipment

January–June 2025

	Plants and buildings	Machineries and other equipment	Motor vehicles	Total
Original price				
Opening balance	16,836,380,737.18	18,990,168,019.96	14,244,899.97	35,840,793,657.11
Purchase	–	921,726,381.12	196,972.24	921,923,353.36
Transfers from construction in progress	443,676,004.10	550,759,393.98	122,712.76	994,558,110.84
Transfer into property, plant and equipment to be disposed of	–	–	–	–
Closing balance	17,280,056,741.28	20,462,653,795.06	14,564,584.97	37,757,275,121.31
Accumulated depreciation				
Opening balance	4,366,768,012.12	5,978,037,700.02	7,624,076.31	10,352,429,788.45
Provided	207,143,120.25	545,852,599.94	807,827.49	753,803,547.68
Transfer into property, plant and equipment to be disposed of	–	–	–	–
Closing balance	4,573,911,132.37	6,523,890,299.96	8,431,903.80	11,106,233,336.13

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

	Plants and buildings	Machineries and other equipment	Motor vehicles	Total
Provision for impairment				
Opening balance	476,603,579.18	488,758,404.54	256,701.51	965,618,685.23
Provided	13,472,771.00	–	–	13,472,771.00
Transfer into property, plant and equipment to be disposed of	–	–	–	–
Closing balance	490,076,350.18	488,758,404.54	256,701.51	979,091,456.23
Carrying amount				
At the end of the period	12,216,069,258.73	13,450,005,090.57	5,875,979.66	25,671,950,328.96
At the beginning of the period	11,993,009,145.88	12,523,371,915.40	6,364,122.15	24,522,745,183.43

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

2024

	Plants and buildings	Machineries and other equipment	Motor vehicles	Total
Original value				
Opening balance	13,728,739,071.29	21,361,407,321.64	15,626,082.21	35,105,772,475.14
Purchase	–	12,561,361.72	–	12,561,361.72
Transfers from construction in progress	270,166,358.68	799,096,459.31	–	1,069,262,817.99
Adjustment of pre- transfer from construction in progress to property, plant and equipment	64,413,810.81	(99,610,922.49)	–	(35,197,111.68)
Reclassification adjustment	2,838,976,662.01	(2,838,976,662.01)	–	–
Transfer into property, plant and equipment to be disposed of	(65,915,165.61)	(244,309,538.21)	(1,381,182.24)	(311,605,886.06)
Closing balance	16,836,380,737.18	18,990,168,019.96	14,244,899.97	35,840,793,657.11
Accumulated depreciation				
Opening balance	3,430,334,711.23	5,510,412,179.68	6,694,347.79	8,947,441,238.70
Provided	368,181,660.13	1,170,020,579.59	1,615,655.03	1,539,817,894.75
Reclassification adjustment	587,331,118.72	(587,331,118.72)	–	–
Transfer into property, plant and equipment to be disposed of	(19,079,477.96)	(115,063,940.53)	(685,926.51)	(134,829,345.00)
Closing balance	4,366,768,012.12	5,978,037,700.02	7,624,076.31	10,352,429,788.45

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

	Plants and buildings	Machineries and other equipment	Motor vehicles	Total
Provision for impairment				
Opening balance	–	–	–	–
Provided	523,439,266.83	618,004,002.22	951,957.24	1,142,395,226.29
Transfer into property, plant and equipment to be disposed of	(46,835,687.65)	(129,245,597.68)	(695,255.73)	(176,776,541.06)
Closing balance	476,603,579.18	488,758,404.54	256,701.51	965,618,685.23
Carrying amount				
At the end of the year	11,993,009,145.88	12,523,371,915.40	6,364,122.15	24,522,745,183.43
At the beginning of the year	10,298,404,360.06	15,850,995,141.96	8,931,734.42	26,158,331,236.44

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Property, plant and equipment (Continued)

Property, plant and equipment (Continued)

PPE leased out under operating lease are as follows:

	30 June 2025	31 December 2024
Plants and buildings	18,520,515.36	20,269,902.96
Machinery and other equipment	453,839,623.04	462,213,435.74
Total	472,360,138.40	482,483,338.70

On 30 June 2025, PPE without certificates of ownership are as follows:

	Carrying amount	Reason for lacking certificates of ownership
Workshop in Changshou district	901,797,626.93	Application documents reviewing

For details of PPE with ownership restricted at the end of the period, please refer to Note V.17.

Property, plant and equipment to be disposed of

	30 June 2025	31 December 2024
Machineries and other equipment	786,980.39	786,980.39

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress

	30 June 2025	31 December 2024
Construction in progress	674,623,135.25	861,172,176.21

(1) Construction in progress

	30 June 2025			31 December 2024		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Safety, environmental protection and energy conservation projects	636,519,281.50	18,489,289.90	618,029,991.60	827,259,999.64	(31,572,309.31)	795,687,690.33
Technological equipment and technological transformation projects	41,234,344.49	1,261,199.93	39,973,144.56	43,258,354.45	(1,650,951.51)	41,607,402.94
Smart manufacturing project	17,247,804.90	935,227.05	16,312,577.85	24,504,888.74	(935,227.05)	23,569,661.69
Other projects	319,619.49	12,198.25	307,421.24	319,619.50	(12,198.25)	307,421.25
Total	695,321,050.38	20,697,915.13	674,623,135.25	895,342,862.33	(34,170,686.12)	861,172,176.21

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress (Continued)

(2) Changes in significant projects

January–June 2025

	Budget	Opening	Increase	Transferred to	Closing	Source of funds	Invest	Accumulated	Of which:	Interest rate
	(RMB '0,000)	balance		fixed assets	balance		proportion	amount of	of interest	of interest
							of budget	interest	capitalization	capitalization
							(%)	capitalization	during the	loan for the
									period	period
										(%)
Environmental protection and dust removal system transformation	74,632	232,221,717.75	123,437,355.32	263,110,136.69	92,548,936.38	Self-owned funds	47.66	139,139.41	46,127.36	2.19-2.44
						borrowings				
Raw material yard system capacity improvement and environmental protection yard transformation	46,362	121,847,293.68	96,175,565.33	193,571,431.50	24,451,427.50	Self-owned funds	81.90			
Total		354,069,011.43	219,612,920.65	456,681,568.19	117,000,363.88			139,139.41	46,127.36	

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress (Continued)

(2) Changes in significant projects (Continued)

2024

	Budget (RMB '0,000)	Opening balance	Increase	Transferred to fixed assets	Closing balance	Source of funds	Invest proportion of budget (%)	Accumulated amount of interest capitalization	Of which: Amount of interest capitalization during the period	Interest rate of interest capitalization loan for the period (%)
Environmental protection and dust removal system transformation	58,046.63	141,700,767.23	123,916,900.52	(33,395,950.00)	232,221,717.75	Self-owned funds borrowings	46.71	93,012.05	93,012.05	2.38
Raw material yard system capacity improvement and environmental protection yard transformation	108,017.18	71,907,877.02	49,939,416.66	-	121,847,293.68	Self-owned funds	76.31	-	-	-
Total		213,608,644.25	173,856,317.18	(33,395,950.00)	354,069,011.43			93,012.05	93,012.05	

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Right-of-use assets

(1) Right-of-use assets

January–June 2025

	Plants and buildings	Machineries and other equipment	Total
Cost			
Opening balance	16,483,288.71	706,873,297.57	723,356,586.28
Decrease	(16,483,288.71)	(653,011,183.99)	(669,494,472.70)
Closing balance	–	53,862,113.58	53,862,113.58
Accumulated depreciation			
Opening balance	13,292,975.03	540,087,451.32	553,380,426.35
Provided	1,534,014.63	68,641,984.47	70,175,999.10
Decrease	(14,826,989.66)	(589,877,696.08)	(604,704,685.74)
Closing balance	–	18,851,739.71	18,851,739.71
Provision for impairment			
Opening balance	122,284.42	6,572,449.71	6,694,734.13
Provision Decrease	(122,284.42)	(6,572,449.71)	(6,694,734.13)
Closing balance	–	–	–
Carrying amount			
At the end of the period	–	35,010,373.87	35,010,373.87
At the beginning of the period	3,068,029.26	160,213,396.54	163,281,425.80

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Right-of-use assets (Continued)

2024

	Plants and buildings	Machineries and other equipment	Total
Cost			
Opening and closing balance	16,483,288.71	706,873,297.57	723,356,586.28
Accumulated depreciation			
Opening balance	10,102,661.08	402,925,767.06	413,028,428.14
Provided	3,190,313.95	137,161,684.26	140,351,998.21
Closing balance	13,292,975.03	540,087,451.32	553,380,426.35
Provision for impairment			
Opening balance	—	—	—
Provided	122,284.42	6,572,449.71	6,694,734.13
Closing balance	122,284.42	6,572,449.71	6,694,734.13
Carrying amount			
At the end of the year	3,068,029.26	160,213,396.54	163,281,425.80
At the beginning of the year	6,380,627.63	303,947,530.51	310,328,158.14

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets

(1) Intangible assets

January–June 2025

	Land use rights	Patent and non-patent technology	Software use rights	Total
Original value				
Opening balance	3,179,266,914.23	16,500,297.78	110,251,859.13	3,306,019,071.14
Transferred from construction in progress	–	–	–	–
Adjustment of pre-transfer from construction in progress	–	–	–	–
Closing balance	3,179,266,914.23	16,500,297.78	110,251,859.13	3,306,019,071.14
Accumulated amortization				
Opening balance	808,056,371.23	16,499,804.87	11,045,170.46	835,601,346.56
Provided	33,908,714.15	492.91	12,656,193.86	46,565,400.92
Closing balance	841,965,085.38	16,500,297.78	23,701,364.32	882,166,747.48
Provision for impairment				
Opening and closing balance	–	–	–	–
Carrying amount				
At the end of the period	2,337,301,828.85	–	86,550,494.81	2,423,852,323.66
At the beginning of the period	2,371,210,543.00	492.91	99,206,688.67	2,470,417,724.58

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (Continued)

(1) Intangible assets (Continued)

2024

	Land use rights	Patent and non-patent technology	Software use rights	Total
Original value				
Opening balance	3,179,266,914.23	16,500,297.78	73,255,091.20	3,269,022,303.21
Transferred from construction in progress	–	–	33,578,800.00	33,578,800.00
Adjustment of pre-transfer from construction in progress	–	–	3,417,967.93	3,417,967.93
Closing balance	3,179,266,914.23	16,500,297.78	110,251,859.13	3,306,019,071.14
Accumulated amortization				
Opening balance	739,986,722.61	16,499,804.87	367,976.14	756,854,503.62
Provided	68,069,648.62	–	10,677,194.32	78,746,842.94
Closing balance	808,056,371.23	16,499,804.87	11,045,170.46	835,601,346.56
Provision for impairment				
Opening and closing balance	–	–	–	–
Carrying amount				
At the end of the year	2,371,210,543.00	492.91	99,206,688.67	2,470,417,724.58
At the beginning of the year	2,439,280,191.62	492.91	72,887,115.06	2,512,167,799.59

For details of land use rights with ownership restricted at the end of the year, please refer to Note V. 17.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

15. Goodwill

(1) Original value of goodwill

January to June 2025 and 2024

	Opening balance	Increase for the period Business combinations not involving entities under common control	Decrease for the period Disposal	Closing balance
Goodwill				
Chongqing Iron & Steel				
Energy	295,407,414.62	–	–	295,407,414.62
Xingang Changlong	32,647,355.72	–	–	32,647,355.72
Less: Provision for impairment				
Chongqing Iron & Steel				
Energy	–	–	–	–
Xingang Changlong	–	–	–	–
Total	328,054,770.34	–	–	328,054,770.34

(2) Relevant information about the asset group or combination of asset groups in which goodwill is located

	Composition and basis of the asset group or combination of asset groups	Consistent with prior years
Electric power processing group	Mainly composed of generator sets, the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups.	yes
Terminal asset group	Mainly composed of terminal asset group, and the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups.	yes

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

V NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill (Continued)

(1) Intangible assets (Continued)

Electric power processing group

The goodwill of the electric power processing group is formed when purchasing Chongqing Iron & Steel Energy. The original book value was RMB295,407,414.62 on 30 June 2025. The recoverable amount is determined by the present value of the estimated future cash flow and the cash flow forecast based on the five-year financial budget approved by the management. No impairment loss is recognised for the period after a period of five years, assuming that cash flows remain constant, using a discount rate that reflects current market time value of money and the risks specific to the relevant asset group or portfolio of assets, based on the recoverable amount measured using the income approach as described above, and comparing it to the relevant book value.

Terminal asset group

The goodwill of the terminal asset group is formed when purchasing Xingang Changlong. The original book value was RMB32,647,355.72 on 30 June 2025. The recoverable amount is determined by the present value of the estimated future cash flow and the cash flow forecast based on the five-year financial budget approved by the management. No impairment loss is recognised for the period after a period of five years, assuming that cash flows remain constant, using a discount rate that reflects current market time value of money and the risks specific to the relevant asset group or portfolio of assets, based on the recoverable amount measured using the income approach as described above, and comparing it to the relevant book value.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

16. Deferred tax assets/liabilities

(1) Deferred tax assets without offset

	30 June 2025		31 December 2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	4,476,200,182.30	671,430,027.34	4,476,200,182.30	671,430,027.34
Lease liabilities	35,010,373.87	5,377,930.81	163,281,425.80	24,492,213.87
Post-employment and termination benefits	26,138,742.29	3,920,811.34	26,138,742.29	3,920,811.34
Deferred income	5,970,680.04	895,602.01	5,970,680.04	895,602.01
Provision for impairment of receivables	191,851.14	28,777.67	191,851.14	28,777.67
Total	4,543,511,829.64	681,653,149.17	4,671,782,881.57	700,767,432.23

(2) Deferred tax liabilities without offset

	30 June 2025		31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustments arising from business combinations not involving entities under common control	42,113,630.13	6,317,044.52	41,293,744.33	6,194,061.65
Right-of-use assets	35,010,373.87	5,377,930.81	163,281,425.80	24,492,213.87
Total	77,124,004.00	11,694,975.33	204,575,170.13	30,686,275.52

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

16. Deferred tax assets/liabilities (Continued)

(3) *Deferred tax assets or deferred tax liabilities presented on a net basis after offset*

	30 June 2025		31 December 2024	
	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
Deferred tax assets	5,377,930.81	676,275,218.36	24,492,213.87	676,275,218.36
Deferred tax liabilities	5,377,930.81	6,317,044.52	24,492,213.87	6,194,061.65

(4) *Details of the unrecognized deferred tax assets*

	30 June 2025	31 December 2024
Deductible losses	1,105,050,351.91	965,842,558.11
Deductible temporary differences	1,214,894,011.34	1,265,918,584.17
Total	2,319,944,363.25	2,231,761,142.28

(5) *The maturity analysis of deductible losses of unrecognized deferred tax assets*

	30 June 2025	31 December 2024
2025	138,397,981.02	138,397,981.02
2027	46,860,666.69	46,860,666.69
2028	301,804,174.89	301,804,174.89
2029	478,779,735.51	478,779,735.51
2030	139,207,793.80	—
Total	1,105,050,351.91	965,842,558.11

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

17. Assets with restricted ownership or use rights

30 June 2025

	Net Book value	Book value	Limited type	Restricted circumstances
Cash and bank balances	202,807,999.30	202,807,999.30	Deposit and freeze	Notes and L/C deposits, freezing
Fixed assets	126,407,276.10	121,362,250.34	Mortgage	Mortgage loans, sale and leaseback
Intangible assets	268,669,366.72	268,669,366.72	Mortgage	Mortgage loans
Total	597,884,642.12	592,839,616.36		

31 December 2024

	Net Book value	Book value	Limited type	Restricted circumstances
Cash and bank balances	176,915,352.90	176,915,352.90	Deposit and freeze	Notes and L/C deposits, freezing
Notes receivable and receivables financing	288,472,618.00	288,472,618.00	Others	Endorsed/discounted without derecognition
Fixed assets	128,090,837.88	123,045,812.12	Mortgage	Mortgage loans, sale and leaseback
Intangible assets	272,755,187.14	272,755,187.14	Mortgage	Mortgage loans
Total	866,233,995.92	861,188,970.16		

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

18. Short-term borrowings

	30 June 2025	31 December 2024
Credit loan	775,396,687.61	919,368,395.79

As at 30 June 2025, none of the short-term borrowings was overdue.

19. Notes payable

	30 June 2025	31 December 2024
Bank acceptance bills	941,228,077.45	294,836,118.95
Commercial acceptance bills	293,600,000.00	560,629,425.11
Acceptance bills of finance company	533,477,390.00	247,800,049.54
Letter of credit	653,343,828.98	830,244,916.85
Total	2,421,649,296.43	1,933,510,510.45

As at 30 June 2025, the Group had no notes payable due and unpaid (31 December 2024: Nil).

20. Trade payables

	30 June 2025	31 December 2024
Within 1 year	4,325,452,985.42	4,893,457,972.13
1-2 years	49,848,676.13	32,256,379.04
2-3 years	7,097,802.17	13,275,859.52
More than 3 years	22,634,258.10	21,422,609.75
Total	4,405,033,721.82	4,960,412,820.44

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

21. Contract liabilities

	30 June 2025	31 December 2024
Advances from sales of goods	1,464,675,303.57	1,812,205,815.86

As at 30 June 2025, the VAT portion of advances from sales of goods totaling RMB190,394,594.90 (31 December 2024: RMB235,586,756.06) are presented as other current liabilities.

22. Employee benefits payable

(1) Details of employee benefits payable

January to June 2025

	Opening balance	Increase for the period	Decrease for the period	Closing balance
Short-term compensation	63,211,280.60	398,443,441.33	395,106,461.24	66,548,260.69
Post-employment benefits (defined contribution plan)	669.64	49,272,559.62	49,273,229.26	–
Termination benefits	73,223,679.20	38,322,365.32	37,947,504.77	73,598,539.75
Total	136,435,629.44	486,038,366.27	482,327,195.27	140,146,800.44

2024

	Opening balance	Increase for the year	Decrease for the year	Closing balance
Short-term compensation	65,976,285.54	898,873,829.99	901,638,834.93	63,211,280.60
Post-employment benefits (defined contribution plan)	604.58	121,721,743.45	121,721,678.39	669.64
Termination benefits	59,742,957.77	90,421,639.47	76,940,918.04	73,223,679.20
Total	125,719,847.89	1,111,017,212.91	1,100,301,431.36	136,435,629.44

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

22. Employee benefits payable (Continued)

(2) Details of short-term compensation

January to June 2025

	Opening balance	Increase for the period	Decrease for the period	Closing balance
Salaries, bonuses, allowances and subsidies	7,000,000.00	291,568,533.68	291,568,533.68	7,000,000.00
Staff welfare	36,519.75	19,286,900.59	19,117,967.59	205,452.75
Social insurance	478.73	35,027,672.53	35,027,551.26	600.00
Including: Medical insurance	–	30,049,180.58	30,049,180.58	–
Work-related injury insurance	478.73	4,978,491.95	4,978,370.68	600.00
Housing fund	–	41,654,233.00	41,654,233.00	–
Labor union funds and employee education funds	56,174,282.12	10,906,101.53	7,738,175.71	59,342,207.94
Total	63,211,280.60	398,443,441.33	395,106,461.24	66,548,260.69

2024

	Opening balance	Increase for the year	Decrease for the year	Closing balance
Salaries, bonuses, allowances and subsidies	9,071,452.00	639,587,918.82	641,659,370.82	7,000,000.00
Staff welfare	522,276.50	58,877,112.57	59,362,869.32	36,519.75
Social insurance	6,839.15	84,753,074.96	84,759,435.38	478.73
Including: Medical insurance	5,640.32	73,025,768.76	73,031,409.08	–
Work-related injury insurance	1,198.83	11,727,306.20	11,728,026.30	478.73
Housing fund	–	91,918,775.00	91,918,775.00	–
Labor union funds and employee education funds	56,375,717.89	23,736,948.64	23,938,384.41	56,174,282.12
Total	65,976,285.54	898,873,829.99	901,638,834.93	63,211,280.60

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

22. Employee benefits payable (Continued)

(3) Details of defined contribution plan

January to June 2025

	Opening balance	Increase for the period	Decrease for the period	Closing balance
Basic pension insurance	–	47,729,571.36	47,729,571.36	–
Unemployment insurance	669.64	1,542,988.26	1,543,657.90	–
Total	669.64	49,272,559.62	49,273,229.26	–

2024

	Opening balance	Increase for the year	Decrease for the year	Closing balance
Basic pension insurance	–	118,077,367.68	118,077,367.68	–
Unemployment insurance	604.58	3,644,375.77	3,644,310.71	669.64
Total	604.58	121,721,743.45	121,721,678.39	669.64

23. Taxes payable

	30 June 2025	31 December 2024
Value added tax	6,005,445.07	7,034,201.23
Environmental protection tax	4,920,000.00	4,395,924.91
Stamp tax	338,825.54	445,921.92
Others	4,617,835.45	4,456,414.77
Total	15,882,106.06	16,332,462.83

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

24. Other payables

	30 June 2025	31 December 2024
Other payables	3,423,880,503.13	2,660,297,030.92

Categorized by nature

	30 June 2025	31 December 2024
Project payment payable	3,187,535,680.63	2,417,307,284.34
Guarantee deposits	106,785,874.83	115,907,668.67
Rural network loan repayment	43,757,756.50	43,757,756.50
Carbon emission	20,838,034.85	20,838,034.85
Large and medium-sized reservoir resettlement support fund	14,713,545.61	14,713,545.61
Collected amount for another in disposal of leased assets	37,391,944.68	37,391,944.68
Others	12,857,666.03	10,380,796.27
Total	3,423,880,503.13	2,660,297,030.92

25. Non-current liabilities due within one year

	30 June 2025	31 December 2024
Long-term borrowings due within 1 year (Note V. 26)	4,004,045,471.11	4,093,373,700.88
Long-term payables due within 1 year (Note V. 28)	6,885,517.38	6,770,914.33
Lease liabilities due within 1 year (Note V. 27)	10,689,864.85	152,948,241.46
Total	4,021,620,853.34	4,253,092,856.67

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

26. Long-term borrowings

	30 June 2025	31 December 2024
Credit loan	5,807,317,360.84	5,588,323,755.15
Mortgage loans	119,509,398.85	157,125,279.91
Less: Long-term borrowings due within 1 year (Note V. 25)	4,004,045,471.11	4,093,373,700.88
Total	1,922,781,288.58	1,652,075,334.18

As at 30 June 2025, the annual interest rates of the above borrowings is 1.63% to 2.48% (31 December 2024: 2.19% to 3.00%).

As at 30 June 2025, none of the long-term borrowings was overdue (31 December 2024: Nil).

As at 30 June 2025, the Group obtained mortgage loans from banks with the carrying amount of land use rights of RMB268,669,366.72 and houses and buildings of RMB90,869,947.35, totaling RMB157,125,279.91 (31 December 2024: The Group obtained mortgage loans from banks with carrying amount of land use rights of RMB272,755,187.14 and houses and buildings of RMB88,556,460.73, totaling RMB157,125,279.91).

The maturity analysis of long-term borrowings is as follows:

	30 June 2025	31 December 2024
Spot or within 1 year	4,004,045,471.11	4,093,373,700.88
1-2 years	987,346,127.78	880,681,137.38
2-5 years	935,435,160.80	771,394,196.80
Total	5,926,826,759.69	5,745,449,035.06

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

27. Lease liabilities

	30 June 2025	31 December 2024
Opening balance	183,493,200.13	332,589,280.60
Decrease for the period	(133,975,713.82)	–
Interest for the period	3,185,220.65	11,391,338.66
Payment for the period	16,849,834.92	160,487,419.13
	35,852,872.04	183,493,200.13
Less: Lease liabilities due within 1 year (Note V. 25)	10,689,864.85	152,948,241.46
Closing balance	25,163,007.19	30,544,958.67

The maturity analysis of lease liabilities is as follows:

	30 June 2025	31 December 2024
Spot or within 1 year	10,689,864.85	152,948,241.46
1-2 years	10,990,155.55	10,838,971.18
2-5 years	14,172,851.64	19,705,987.49
Total	35,852,872.04	183,493,200.13

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

28. Long-term payables

	30 June 2025	31 December 2024
Long-term payables	30,896,927.77	34,262,641.14
Less: Long-term payables due within 1 year (<i>Note V.25</i>)	6,885,517.38	6,770,914.33
Total	24,011,410.39	27,491,726.81

As at 30 June 2025, none of the long-term payables was overdue (31 December 2024: Nil).

The Group engages in leaseback business with leasing companies. As at 30 June 2025, the Group uses machinery and other equipment with a book value of RMB35,537,328.72 as the subject matter, with a lease term of 5 years. As at 30 June 2025, the balance of sales and leaseback payables was RMB30,896,927.77 (31 December 2024: machinery and other equipment with a book value of RMB34,489,351.39 was the subject matter, and the balance of after-sales and leaseback payables was RMB34,262,641.14).

The maturity analysis of long-term payables is as follows:

	30 June 2025	31 December 2024
Spot or within 1 year	6,885,517.38	6,770,914.33
1-2 years	6,849,557.20	6,882,940.14
2-5 years	17,161,853.19	20,608,786.67
Total	30,896,927.77	34,262,641.14

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

29. Long-term employee benefits payable

(1) Details of long-term employee benefits payable

	30 June 2025	31 December 2024
Long-term termination benefits	68,962,436.35	107,120,379.67
Net liabilities of the defined benefit plan	11,532,153.44	11,752,095.44
Total	80,494,589.79	118,872,475.11

(2) Characteristics and major actuarial assumptions of long-term termination benefits and defined benefit plans

Long-term termination benefits

In order to optimize human resources, the Group implemented an internal retirement plan to handle internal retirement procedures for qualified employees. During the internal retirement period, the Group pays living expenses to the internal retired employees, and pays various social insurance and housing fund for the relevant employees until they reach the official retirement age. The payment amount of each social insurance and housing fund shall be determined according to the payment base and the payment ratio, and the payment ratio of enterprises shall be determined according to the local social insurance payment policy. The Group calculates the monthly internal retirement living expenses payable to employees participating in the internal retirement plan in accordance with the living expenses calculation standard of the internal retirement plan formulated by the Company, and makes provision for and pays five insurances and one fund to these employees in accordance with the local social insurance regulations. The present value of the termination benefit liabilities is determined by the expected cumulative welfare unit method.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	30 June 2025	31 December 2024
Discount rate	1.08%	1.15%
Retirement age		
Male	60	60
Female	50/55	50/55
Benefits increase rate	4.00-8.00%	4.00-8.00%

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

29. Long-term employee benefits payable (Continued)

(2) *Characteristics and major actuarial assumptions of long-term termination benefits and defined benefit plans (Continued)*

Long-term termination benefits (Continued)

The Group adjusted the payment obligations based on the average mortality rate of Chinese residents determined by the “China Life Insurance Industry Experience Life Table (2010–2013)”, and included the future payment obligation generated by the adjusted internal retirement plan into the current profit and loss after being discounted at the interest rate of national debt for the same period as of 31 December 2024. As at 30 June 2025, the liabilities expected to be paid within 12 months are classified to the short-term employee compensation payable.

Net liabilities of the defined benefit plan

The Group started to operate a defined benefit plan without capital injection for all qualified employees in 2018. After retirement, employees have the right to enjoy subsidies other than the overall pension paid to them by the Group on a regular basis. The amount of the subsidy consists of the sum of RMB38 and the length of service wage. The plan is subject to interest rate risk, turnover rate and the risk of changes in life expectancy of pension beneficiaries. The group calculates the monthly allowance payable to the eligible retired employees according to the calculation standard of the retirement allowance plan formulated by the Company. The present value of the termination benefit liabilities is determined by the expected cumulative benefit unit method. The employees who officially retire from the Group from 2022 will no longer enjoy the original subsidy of the sum of RMB38 and the working age wage (working age * 1), and the retirees in previous years will continue to enjoy the subsidy.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	30 June 2025	31 December 2024
Discount rate	1.86%	1.95%
Turnover rate	1.50%	1.50%

The Group adjusted the payment obligations based on the average mortality rate of Chinese residents determined by the “China Life Insurance Industry Experience Life Table (2010–2013)”, and included the future payment obligation generated by the adjusted internal retirement plan into the current profit and loss after being discounted at the interest rate of national debt for the same period as of 30 June 2025.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

30. Estimated liabilities

Onerous contracts to be executed	Opening balance	Increase for the period	Decrease for the period	Closing balance
January to June 2025	3,135,452.93	–	3,135,452.93	–
2024	4,226,982.76	–	1,091,529.83	3,135,452.93

31. Deferred income

January to June 2025

	Opening balance	Increase for the period	Decrease for the period	Closing balance
Special appropriation for environmental governance	81,614,170.39	–	1,560,340.02	80,053,830.37
Subsidies for waste heat power generation projects	21,187,500.00	–	1,125,000.00	20,062,500.00
Construction of intelligent operation and control platform	4,250,000.00	–	300,000.00	3,950,000.00
Total	107,051,670.39	–	2,985,340.02	104,066,330.37

2024

	Opening balance	Increase for the year	Decrease for the year	Closing balance
Special appropriation for environmental governance	57,444,850.43	27,290,000.00	3,120,680.04	81,614,170.39
Subsidies for waste heat power generation projects	23,437,500.00	–	2,250,000.00	21,187,500.00
Construction of intelligent operation and control platform	4,850,000.00	–	600,000.00	4,250,000.00
Total	85,732,350.43	27,290,000.00	5,970,680.04	107,051,670.39

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

32. Share capital

January to June 2025

	Opening balance	Increase/decrease during the period					Closing balance
		New shares issued	Bonus issue	Reserve	Others	Sub-total	
				transferred to shares			
Non-restricted share							
A Shares	8,380,475,067.00	-	-	-	(66,838,500.00)	(66,838,500.00)	8,313,636,567.00
H Shares	538,127,200.00	-	-	-	-	-	538,127,200.00
Total	8,918,602,267.00	-	-	-	(66,838,500.00)	(66,838,500.00)	8,851,763,767.00

2024

Increase/decrease during the year							
		New shares		Reserve			
	Opening balance	issued	Bonus shares	transferred	Others	Sub-total	Closing balance
				to shares			
Non-restricted share							
A Shares	8,380,475,067.00	–	–	–	–	–	8,380,475,067.00
H Shares	538,127,200.00	–	–	–	–	–	538,127,200.00
Total	8,918,602,267.00	–	–	–	–	–	8,918,602,267.00

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

33. Capital reserve

January to June 2025

	Opening balance	Increase for the period	Decrease for the period	Closing balance
Share capital premium	18,454,408,756.33	–	(2,922,040.41)	18,451,486,715.92
Others	827,737,850.22	–	–	827,737,850.22
Total	19,282,146,606.55	–	(2,922,040.41)	19,279,224,566.14

2024

	Opening balance	Increase for the year	Decrease for the year	Closing balance
Share premium	18,454,408,756.33	–	–	18,454,408,756.33
Others	827,737,850.22	–	–	827,737,850.22
Total	19,282,146,606.55	–	–	19,282,146,606.55

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

34. Treasury shares

January to June 2025

	Opening balance	Increase for the period	Decrease for the period	Closing balance
Repurchase of the Company's shares	69,760,540.41	–	69,760,540.41	–

2024

	Opening balance	Increase for the year	Decrease for the year	Closing balance
Repurchase of the Company's shares	–	69,760,540.41	–	69,760,540.41

Note: On 5 June 2024, in the 36th session of the 9th Board of Directors of the Company, the proposal on the Repurchase of A Shares of the Company through Bidding in Collective Trading was considered and approved. The Company was approved to bid in the collective trading to repurchase A shares with a raised fund that is not less than RMB50 million and not more than RMB100 million, at a price that is not more than RMB2 per share and 150% of the average price of the Company's shares that are traded for 30 trading days before the board of directors makes a resolution to approve the repurchase, to use the repurchased shares for equity-based incentives.

On 9 December 2024, in the 9th session of the 10th Board of Directors of the Company, Proposal on Changing the Use of Repurchased Shares to Cancellation and Capital Reduction was considered and approved. The Company was allowed to change the use of repurchased shares from "equity-based incentives" to "cancellation and reduction of registered capital". The proposal was approved by the shareholders' meeting on 30 December 2024.

As at 31 December 2024, the Company repurchased 66.8385 million shares through bidding in collective trading, which is a total amount of RMB69.7525 million (excluding transaction costs) and accounts for 0.749% of the Company's total equity.

On 18 February 2025, the Company completed the cancellation of share repurchase on the Shanghai Stock Exchange.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

35. Other comprehensive income

Balance of other comprehensive income attributable to the shareholders of the parent company in the consolidated statement of financial position are as follows:

January to June 2025 and 2024

	At the beginning of the period	Increase/ decrease	At the end of the period
Changes from remeasurement of defined benefit plans	1,585,194.71	–	1,585,194.71

Amount of other comprehensive income:

January to June 2025 and 2024: Nil

36. Special reserves

Safety fund	Opening balance	Increase for the period	Decrease for the period	Closing balance
January to June 2025	31,581,736.68	23,137,059.96	7,100,758.72	47,618,037.92
2024	13,954,677.59	60,951,736.63	43,324,677.54	31,581,736.68

The special reserve is the work safety expenses accrued by the Group in accordance with the Administrative Measures for the Withdrawal and Use of Work Safety Expenses of Enterprises (Cai Zi [2022] No.136) issued by the Ministry of Finance and the Ministry of Emergency Response on 21 November 2022.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

37. Surplus reserve

January to June 2025

	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserves	607,679,608.13	–	–	607,679,608.13

2024

	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserves	607,300,662.40	378,945.73	–	607,679,608.13

In accordance with Articles of Association, the net profits should be used first to make up for the previous year's losses. The Company should appropriate 10% of the net profit which had been offset for the previous year's losses to the statutory surplus reserve, where the appropriation can be ceased when the statutory surplus reserve reaches 50% of the registered capital.

38. Retained profit/(accumulated losses)

	30 June 2025	31 December 2024
Retained profit/(accumulated losses) at the beginning of the period	(12,165,198,888.31)	(8,969,258,456.28)
Add: Net profit/(loss) attributable to shareholders of the parent company	(131,017,640.67)	(3,195,561,486.30)
Less: Appropriation to statutory surplus reserve	–	378,945.73
Retained profit/(accumulated losses) at the end of the period	(12,296,216,528.98)	(12,165,198,888.31)

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

39. Revenue and cost of sales

(1) Details of revenue and cost of sales

	January to June 2025		January to June 2024	
	Revenue	Cost	Revenue	Cost
Revenue from principal operations	12,938,561,444.46	12,795,130,159.90	14,861,975,303.73	15,350,769,220.75
Revenue from other operations	146,647,532.07	136,366,638.75	224,043,891.42	210,382,268.18
Total	13,085,208,976.53	12,931,496,798.65	15,086,019,195.15	15,561,151,488.93

(2) Disaggregation of revenue from contracts with customers

January to June 2025

Main product type	Steel Products	Others	Total
Hot rolled sheets	8,116,474,169.24	–	8,116,474,169.24
Plates	3,979,614,142.94	–	3,979,614,142.94
Billets	118,564,899.57	–	118,564,899.57
Others	–	870,555,764.78	870,555,764.78
Total	12,214,653,211.75	870,555,764.78	13,085,208,976.53

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

39. Revenue and cost of sales (Continued)

(2) Disaggregation of revenue from contracts with customers (Continued)

January to June 2024

Main product type	Steel Products	Others	Total
Hot rolled sheets	8,315,509,201.71	–	8,315,509,201.71
Plates	4,437,312,309.61	–	4,437,312,309.61
Bars	940,685,835.92	–	940,685,835.92
Wire rods	165,354,165.60	–	165,354,165.60
Billets	274,657,649.88	–	274,657,649.88
Others	–	952,500,032.43	952,500,032.43
Total	14,133,519,162.72	952,500,032.43	15,086,019,195.15

	January to June 2025	January to June 2024
Timing of transferring of goods or services		
Transferred at a point in time	12,886,972,661.39	14,836,159,549.69
Transferred over time	198,236,315.14	249,859,645.46
Total	13,085,208,976.53	15,086,019,195.15

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

39. Revenue and cost of sales (Continued)

(3) Breakdown of operating costs

January to June 2025

Main product type	Steel Products	Others	Total
Hot rolled sheets	8,109,273,510.16	–	8,109,273,510.16
Plates	3,832,217,041.75	–	3,832,217,041.75
Billets	119,399,738.20	–	119,399,738.20
Others	–	870,606,508.53	870,606,508.53
Total	12,060,890,290.12	870,606,508.53	12,931,496,798.65

			For the six months ended 30 June 2025
Timing of transfer of goods or services			
At a point in time			12,738,115,409.27
Over time			193,381,389.38
Total			12,931,496,798.65

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

39. Revenue and cost of sales (Continued)

(4) Performance obligations

Revenue recognized is as follows:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Book value of contract liabilities at the beginning of the year	1,812,205,815.86	1,893,130,130.08

Information about the Group's performance obligations is as follows:

	Timing of performance obligations	Significant payment terms	Nature of promised transfer of goods	Whether it is the main responsible person
Sales of steel products	At Delivery	Advance receipts	Sales of goods	Yes
Sales of energy media	Via valve, port	Monthly Settlement Next Month Collection	Sales of energy media	Yes
Transportation services	When providing services	Advance receipts	Service	Yes
Mineral trading	At Delivery	Advance receipts	Trade	Yes
Transfer of energy media	Via valve, port	Monthly Settlement Next Month Collection	Trade	No

For sales of goods, the Group completes the performance obligation when the customer obtains control of the relevant goods; for service-providing transactions, the Group recognizes the completed performance obligation based on the progress of performance throughout the service period. For steel products, customers usually need to receive payment in advance, and the main customers also provide a 30-day credit period. For customers of other products, the Group's contract price is generally due within 30 days after delivery of the products, and there is no significant financing component; Some of the Group's contracts with customers have sales rebates (future price reductions based on cumulative sales volume), which form variable consideration. The Group determines the best estimate of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount at which it is highly probable that there will be no significant reversal in the cumulative revenue recognized when the relevant uncertainty is eliminated.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

39. Revenue and cost of sales (Continued)

(5) Allocation to the remaining performance obligations

The estimated timing of revenue recognition for performance obligations that have been entered into but have not yet been fulfilled or completed is as follows:

	30 June 2025	31 December 2024
Within 1 year	1,464,675,303.57	1,812,205,815.86

40. Taxes and surcharges

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Land use tax	23,847,149.13	23,846,849.92
Property tax	21,985,258.38	17,140,048.20
Environmental protection tax	11,309,718.22	18,814,494.04
Stamp tax	3,004,634.10	10,291,177.26
City maintenance and construction tax	2,525,699.98	2,498,954.96
Education surcharge	1,082,442.84	1,070,980.70
Local education surcharge	721,628.56	713,987.13
Others	1,639,236.31	15,267.42
Total	66,115,767.52	74,391,759.63

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

41. Selling expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Labor costs	12,188,266.10	12,476,621.31
Transportation expenses	5,791,622.98	8,452,238.65
Depreciation and amortization	2,673,768.19	1,858,086.43
Collaborative service fees	868,196.76	2,239,178.45
Maintenance costs	596,458.04	1,574,266.35
Others	9,713,131.72	3,890,061.55
Total	31,831,443.79	30,490,452.74

42. General and administrative expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Labor costs	70,666,309.86	48,666,513.03
Depreciation and amortization	41,120,655.06	41,134,266.70
Consulting fee	3,671,107.51	6,866,608.15
Safety expense	8,807,056.54	2,152,077.71
Others	7,190,368.91	22,561,674.47
Total	131,455,497.88	121,381,140.06

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

43. Research and development expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Labor costs	14,810,625.84	18,061,654.31
External assistance		1,574,310.81
Total	14,810,625.84	19,635,965.12

For the six months ended 30 June 2025, the Group incurred RMB631,046,557.05 in research and development, of which RMB14,810,625.84 was included in research and development expenses. During the research and development process, trial products were sold, and the corresponding cost of RMB616,235,931.21 was included in cost of sales.

44. Finance expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Interest expense	96,491,040.66	94,827,066.37
Less: Interest income	24,664,851.80	10,820,116.57
Exchange gain/(loss)	3,543,301.50	27,222,932.67
Others	1,844,318.14	3,766,156.49
Total	77,213,808.50	114,996,038.96

Capitalized borrowing costs have been included in construction in progress.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

45. Other income

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Government grants related to the ordinary course of business	45,019,850.94	36,572,078.00

46. Investment income

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Income from long-term equity investments accounted	1,359,656.65	4,659,715.85
Total	1,359,656.65	4,659,715.85

47. Gain on disposal of items of property, plant and equipment

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Gain on disposal of PPE	2,275,107.97	–

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

48. Non-operating Income

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Amount included in non-recurring profit or loss
Others	961,330.12	1,462,760.56	961,330.12
Total	961,330.12	1,462,760.56	961,330.12

49. Non-operating expense

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Amount included in non-recurring profit or loss
Carbon emission fees	10,519,034.85	19,060,509.55	—
Donation expenses	—	520,000.00	—
Others	1,303,025.53	9,500.22	1,303,025.53
Total	11,822,060.38	19,590,009.77	1,303,025.53

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

50. Income tax expense/(credit)

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Current income tax	1,096,560.32	191,537.05
Deferred tax	–	-123,902,056.14
Total	1,096,560.32	-123,710,519.09

The reconciliation between income tax expense and total profit/(loss) is as follows:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Total profit/(loss)	(129,921,080.35)	(812,923,105.65)
Tax rate	0.15	0.15
Income tax expense at applicable tax rate/(credit)	(19,488,162.05)	(121,938,465.85)
Effect of different tax rates applied to subsidiaries	–	(11,020,188.19)
Effect of non-deductible costs, expenses and losses	7,561,187.72	9,947,092.33
Other tax concessions		
Effect of non-taxable income	(203,948.50)	(698,957.38)
Effect of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	13,227,483.15	–
Income tax expense/(credit)	1,096,560.32	(123,710,519.09)

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

51. Earnings/(losses) per share

Basic loss per share is calculated by dividing the current loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

The Group has no dilutive potential ordinary shares.

	For the six months ended 30 June 2025 RMB per share	For the six months ended 30 June 2024 RMB per share
Basic earnings/(losses) per share		
Continuing operations	(0.01)	(0.08)

Basic earnings per share is calculated as follows:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Earnings		
Net profit/(loss) for the current period attributable to ordinary shareholders of the Company Continuing operations	(131,017,640.67)	(689,212,586.56)
Number of shares		
Weighted average number of ordinary shares outstanding	8,862,903,517.00	8,918,602,267.00

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

52. Notes to items of the consolidated cash flow statement

(1) Cash related to operating activities

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Other cash received relating to operating activities		
Transaction intercourse	—	—
Government grants	110,300.00	27,290,000.00
Interest income	18,319,280.19	2,671,076.52
Refund of income tax prepaid received	—	—
Guarantees and deposit	1,504,118.00	1,100,000.00
Others	20,751,234.38	40,877,680.05
Total	40,684,932.57	71,938,756.57
Other cash paid relating to operating activities		
Transaction intercourse paid		
General and administrative expenses	7,040,538.03	5,675,574.56
Selling expenses	1,704,839.23	6,192,653.59
Carbon emission paid	—	—
Others	16,756,526.38	10,127,859.34
Total	25,501,903.64	21,996,087.49

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

52. Notes to items in the statement of cash flows (continued)

(2) Cash related to financing activities

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Other cash received related to financing activities	—	—
Leaseback received	—	—
Other cash paid relating to financing activities	—	—
Leaseback paid	—	477,500,000.00
Lease rent paid	—	82,500,000.00
Share repurchased	—	69,760,540.41
Total	—	629,760,540.41

Changes in liabilities arising from financing activities are as follows:

	Opening balance	Increase		Decrease		Closing balance
		Change in cash	Non-cash changes	Change in cash	Non-cash changes	
Short-term borrowings	919,368,395.79	525,000,000.00	11,823,945.43	680,795,653.61	—	775,396,687.61
Long-term borrowings	5,745,449,035.06	383,130,904.44	58,682,342.78	260,435,522.59	—	5,926,826,759.69
Long-term payables	34,262,641.14	—	59,065.23	3,424,778.60	—	30,896,927.77
Total	6,699,080,071.99	908,130,904.44	70,565,353.44	944,655,954.80	—	6,733,120,375.07

(3) Significant activities not involving current cash receipts and payments

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Notes transferred by endorsement	5,029,097,456.77	3,357,323,975.74
Including: Payment for goods and service fee	4,677,394,472.74	3,075,096,835.87
Payment for equipment and works	351,702,984.03	227,220,719.57
Others	—	55,006,420.30

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

53. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Net profit/(loss)	(131,017,640.67)	(689,212,586.56)
Add: Impairment losses on assets	—	—
Credit impairment losses	—	—
Depreciation of property, plant and equipment	753,803,547.70	729,796,966.63
Depreciation of right-of-use assets	70,175,999.10	70,175,999.11
Amortization of intangible assets	46,565,400.90	70,794,496.46
Amortization of long-term deferred expenses	—	—
Amortization of deferred income	(2,985,340.02)	(2,985,340.02)
Gain on disposal of property, plant and equipment, intangible assets and other long-term assets	—	—
Loss on retirement of long-term assets	—	—
Financial expenses	96,491,040.66	77,669,422.35
Investment gains	(1,359,656.65)	(4,659,715.85)
Increase in deferred tax assets	—	(123,902,056.14)
Increase/(decrease) in deferred tax liabilities	122,982.87	122,263.96
Decrease/(increase) in inventories	153,411,141.04	298,297,944.05
Increase in operating receivables	588,213,698.39	269,895,978.22
Increase in operating payables	(692,979,326.34)	126,756,296.16
Others	—	—
Net cash flows from operating activities	880,441,846.98	822,749,668.37

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

53. Supplementary information of cash flow statement (Continued)

(1) Supplementary information to the statement of cash flows (Continued)

Net change in cash and cash equivalents:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Closing balance of cash	2,525,556,640.41	1,904,448,237.37
Less: Opening balance of cash	2,812,341,074.96	1,831,764,477.16
Net increase/(decrease) in cash and cash equivalents	(286,784,434.55)	72,683,760.21

(2) Components of cash and cash equivalents:

	30 June 2025	31 December 2024
Cash	2,525,556,640.41	2,812,341,074.96
Including: Bank deposits and deposits with finance companies that are readily available for payment	2,525,556,640.41	2,782,100,567.55
Other monetary funds that are readily available for payment	—	30,240,507.41
Closing balance of cash and cash equivalents	2,525,556,640.41	2,812,341,074.96

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

54. Foreign currency monetary items

	30 June 2025			31 December 2024		
	Original currency	Change in USD rate	Translated into RMB	Original currency	Change in USD rate	Translated into RMB
Cash and bank balances						
Dollar	3,590.92	7.1586	25,705.96	17,918.56	7.1884	128,805.78

55. Lease

(1) As lessee

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Lease liability interest expense	3,185,220.65	6,519,812.50
Short-term lease expenses through profit or loss subject to simplified treatment	2,179,588.90	2,213,800.19
Total cash outflow related to leases	26,250,000.00	82,500,000.00
Cash outflow from sale and leaseback transactions	—	477,500,000.00

Other lease information

For right-of-use assets, refer to Note V.13; Refer to Note V.27 for lease liabilities.

(2) As lessor

The Group leases part of its houses and buildings, machinery and equipment and other equipment for a lease term of 1 to 5 years, forming an operating lease.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

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

55. Lease (Continued)

(2) As lessor (Continued)

Operating leases

Profit or loss relating to operating leases is presented as follows:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Lease income	21,812,392.48	23,025,295.26

Based on the lease contract with the lessee, the undiscounted minimum lease receipts are as follows:

	30 June 2025	31 December 2024
Within 1 year	43,512,978.83	379,946.04
1 – 2 years (Within 2 years)	43,166,799.74	145,632.00
2 – 3 years (Within 3 years)	43,065,470.20	–
Over 3 years	279,813,543.67	–
Total	409,604,630.44	525,578.04

For property, plant and equipment leased out under operating leases, refer to Note V. 11.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

	Principal place of business	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	
					Direct	Indirect
Subsidiaries acquired through business combinations not under common control						
Chongqing Iron & Steel Energ	Changshou Economic Development District, Chongqing	Changshou Economic Development District, Chongqing	Electricity Production and sales	525,694,938.14	100.00	–
Xingang Changlong	Changshou Economic Development District, Chongqing	Changshou Economic Development District, Chongqing	Transportation and warehousing industry	110,000,000.00	100.00	–

As at 30 June 2025, there was no subsidiary with non-controlling interests that are material to the Group.

2. Interests in associates

(1) Significant joint ventures and associates

	Principal place of business	Place of registration	Nature of business	Strategic to the Group' s activities	Shareholding ratio (%)		Accounting treatment
					Direct	Indirect	
Associates							
Baocheng Carbon (Note 1)	Changshou District, Chongqing	Changshou District, Chongqing	Manufacturing industry	Yes	10.00	–	Equity method
Baowu Raw Materials (Note 2)	Shanghai Free Trade Zone	Shanghai Free Trade Zone	Trading industry	Yes	8.00	–	Equity method
Baowu Environmental Resource (Note 3)	Changshou District, Chongqing	Changshou District, Chongqing	Manufacturing industry	Yes	49.00	–	Equity method
Baowu Jingcheng (Note 4)	Zhoushan, Zhejiang Province	Zhoushan, Zhejiang Province	Manufacturing industry	Yes	19.00	–	Equity method

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in associates (Continued)

(1) Significant joint ventures and associates (Continued)

Note 1: The Company holds 10% equity interest in Baocheng Carbon and dispatches a director to the board of directors of Baocheng Carbon, who accordingly enjoys substantive right to participate in decision-making, and has a significant influence on Baocheng Carbon.

Note 2: The Company holds 8% equity interest in Baowu Raw Materials and dispatches a director to the Baowu Raw Materials Board of Directors, who accordingly enjoys substantive right to participate in decision-making, and has a significant impact on Baowu Raw Materials.

Note 3: The Company holds 49% of equity interest in Baowu Environmental Resource. According to the articles of association, resolutions on matters discussed at the shareholders' meeting shall be passed by shareholders representing more than half of the voting rights. Therefore, the Company only has a significant impact on Baowu Environmental Resource and accounts the latter as an associate.

Note 4: The Company holds 19% equity interest in Baowu Jingcheng and dispatches a director to the board of directors of Baowu Jingcheng, who accordingly enjoys substantive right to participate in decision-making, and has a significant impact on Baowu Jingcheng.

(2) Consolidated financial information of insignificant associates

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Associates		
Total book value of investment	139,680,079.71	108,361,623.59
Total amount calculated by shareholding ratio as follows	1,359,656.65	4,659,715.85
Net profit	1,359,656.65	4,659,715.85
Total comprehensive income	—	—

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VII. GOVERNMENT GRANTS

1. Liabilities related to government grants

As at 30 June 2025, liabilities related to government grants are as follows:

	Opening balance	Increase	Included in the current year other income	Current period Other changes	Closing balance	Related to assets/income
Special appropriation for environmental governance	81,614,170.39	–	1,560,340.02		80,053,830.37	Related to assets
Grants for waste heat power generation projects	21,187,500.00	–	1,125,000.00		20,062,500.00	Related to assets
Construction of intelligent operation and control platform	4,250,000.00	–	300,000.00		3,950,000.00	Related to assets
Total	107,051,670.39	–	2,985,340.02		104,066,330.37	

As at 31 December 2024, liabilities related to government grants are as follows:

	Opening balance	Increase	Included in the current year other income	Current year Other changes	Closing balance	Related to assets/income
Special appropriation for environmental governance	57,444,850.43	27,290,000.00	(3,120,680.04)	–	81,614,170.39	Related to assets
Grants for waste heat power generation projects	23,437,500.00	–	(2,250,000.00)	–	21,187,500.00	Related to assets
Construction of intelligent operation and control platform	4,850,000.00	–	(600,000.00)	–	4,250,000.00	Related to assets
Total	85,732,350.43	27,290,000.00	(5,970,680.04)	–	107,051,670.39	

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VII. GOVERNMENT GRANTS (CONTINUED)

3. Government grants recognized in profit or loss for the period

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Government grants related to assets		
Included in other income	2,985,340.02	2,985,340.02
Government grants related to income		
Included in other income	42,034,510.92	33,586,737.98
Total	45,019,850.94	36,572,078.00

VIII. FINANCIAL INSTRUMENTS AND RISKS

1. Risks of financial instruments

The Group is exposed to various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The Group's risk management policies are outlined below.

The Board is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks and cover market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and the Group's operating activities to determine whether to update risk management policies and systems. The risk management of the Group is managed by the Strategy and Risk Committee under the policies approved by the Board of Directors. The Committee identifies, evaluates and mitigates risks through close cooperation with other business units of the Group. The internal audit department of the Group reviews risk management controls and procedures on a regular basis and reports the results to the audit committee of the Group.

The Group diversifies the risk of financial instruments through appropriate diversified investments and business portfolios, and reduces the risk of concentration in any single industry, specific region or specific counterparty by formulating corresponding risk management policies.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risks of financial instruments (Continued)

(1) Credit risk

The Group only deals with recognized and reputable third parties. In accordance with the Group's policy, a credit review is required for all customers who require credit transactions. In addition, the Group continuously monitors the balance of trade receivables to ensure that the Group is not exposed to significant bad debt risk.

As the counterparties of monetary funds and bank acceptance bills receivable are banks with good reputation and high credit rating, these financial instruments have low credit risk.

Other financial assets of the Group include commercial acceptance bills receivable, trade receivables, other equity instrument investments and other receivables. The credit risk of these financial assets arises from the default of counterparties, and the maximum risk exposure is equal to the book value of these instruments.

The Group's maximum exposure to credit risk at each balance sheet date is the total amount charged to customers less Bad debt provisions.

As the Group only deals with recognized and reputable third parties, no collateral is required. Credit risk is centrally managed by customer and industry. At the balance sheet date, the Group has a specific concentration of credit risk and trade receivables of 96.48% of the Group (December 31, 2024: 93.58%) from the top five trade receivables balance customers. The Group does not hold any collateral or other credit enhancements on the balance of trade receivables.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risks of financial instruments (Continued)

(1) Credit risk (Continued)

Determination of significant increase in credit risk

At each balance sheet date, the Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. The Group's main criteria for determining significant increase in credit risk are that the overdue days exceed 30 days, or one or more of the following indicators have changed significantly: the operating environment of the debtor, internal and external credit ratings, actual or expected operating results have changed significantly.

Definition of credit-impaired financial assets

The Group's main criterion for determining that credit impairment has occurred is that the number of days past due exceeds 90 days. However, in some cases, if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancements held, the Group will also consider that credit impairment has occurred. Credit impairment of financial assets may be caused by the combined action of multiple events, but may not be caused by separately identifiable events.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risks of financial instruments (Continued)

(1) Credit risk (Continued)

As at 30 June 2025, the analysis of gross carrying amounts and credit risk exposure of financial assets are as follows:

	12-month expected credit losses	Lifetime ECLs			Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
Cash and bank balance	3,297,055,247.60	–	–	–	–	3,297,055,247.60
Notes receivable	–	–	–	–	–	–
Trade receivables	–	–	–	32,075,734.25	–	32,075,734.25
Receivables financing	371,114,079.25	–	–	–	–	371,114,079.25
Other receivables	31,184,946.85	1,866,774.57	937,225.80	–	–	33,988,947.22
Total	3,699,354,273.70	1,866,774.57	937,225.80	32,075,734.25	–	3,734,234,008.32

As at 31 December 2024, the analysis of gross carrying amounts and credit risk exposure of financial assets are as follows:

	12-month expected credit losses	Lifetime ECLs			Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
Cash and bank balance	3,019,606,427.86	–	–	–	–	3,019,606,427.86
Notes receivable	294,742,106.52	–	–	–	–	294,742,106.52
Trade receivable	–	–	–	18,873,687.91	–	18,873,687.91
Receivables financing	898,747,186.51	–	–	–	–	898,747,186.51
Other receivables	36,638,073.07	1,866,774.57	937,225.80	–	–	39,442,073.44
Total	4,249,733,793.96	1,866,774.57	937,225.80	18,873,687.91	–	4,271,411,482.24

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risks of financial instruments (Continued)

(2) Liquidity risk

The Group's objective is to use a variety of financing instruments to maintain a balance between continuity and flexibility of financing. The Group finances its operations through operating and borrowing funds.

The following table summarizes the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

	Book value	30 June 2025			
		Undiscounted contract amount	Within 1 year	1-2 years	2-5 years
Short-term borrowings	775,396,687.61	785,733,965.28	785,733,965.28	-	-
Notes payable	2,421,649,296.43	2,421,649,296.43	2,421,649,296.43	-	-
Trade payable	4,405,033,721.82	4,405,033,721.82	4,405,033,721.82	-	-
Other payables	3,423,880,503.13	3,423,880,503.13	3,423,880,503.13	-	-
Non-current liabilities due					
within one year	4,021,620,853.34	4,046,595,144.72	4,046,595,144.72	-	-
Long-term borrowings	1,922,781,288.58	2,007,432,102.04	46,146,751.23	970,205,461.21	991,079,889.60
Lease liabilities	25,163,007.19	26,735,594.36	690,098.29	11,575,776.03	14,469,720.04
Long-term payables	24,011,410.39	25,938,045.90	684,324.92	6,478,792.16	18,774,928.82
Total	17,019,536,768.49	17,142,998,373.68	15,130,413,805.82	988,260,029.40	1,024,324,538.46

	Book value	31 December 2024			
		Undiscounted contract amount	Within 1 year	1-2 years	2-5 years
Short-term borrowings	919,368,395.79	927,269,462.36	927,269,462.36	-	-
Notes payable	1,933,510,510.45	1,933,510,510.45	1,933,510,510.45	-	-
Trade payable	4,960,412,820.44	4,960,412,820.44	4,960,412,820.44	-	-
Other payables	2,660,297,030.92	2,660,297,030.92	2,660,297,030.92	-	-
Non-current liabilities due					
within one year	4,253,092,856.67	4,368,777,014.94	4,368,777,014.94	-	-
Long-term borrowings	1,652,075,334.18	1,809,925,188.90	40,252,439.30	986,163,665.62	783,509,083.98
Lease liabilities	30,544,958.67	35,159,654.49	432,326.47	11,575,776.04	23,151,551.98
Long-term payables	27,491,726.81	29,852,843.72	801,512.36	7,554,243.44	21,497,087.92
Total	16,436,793,633.93	16,725,204,526.22	14,891,753,117.24	1,005,293,685.10	828,157,723.88

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risks of financial instruments (Continued)

(3) *Market risk*

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's floating-rate borrowings. The Group manages interest costs by maintaining an appropriate mix of fixed-rate debt and variable-rate debt.

The net after-tax effect on net profit or loss (through the effect on floating rate borrowings) when a reasonable and possible change in interest rates occurs under the assumption that all other variables remain unchanged is not significant.

Exchange rate risk

The Group is exposed to transactional exchange rate risk. Such risks arise from purchases made by operating units in currencies other than their functional currency.

The impact on net profit or loss (due to dollar-denominated financial instruments) when a reasonable and possible change in the US dollar exchange rate occurs under the assumption that all other variables remain unchanged is not significant.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

2. Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments according to changes in economic conditions and the risk characteristics of the relevant assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not bound by any externally imposed capital requirements. From January to June 2025 and for the year of 2024, the capital management objectives, policies or procedures were not changed.

30 June 2025 31 December 2024		
Debt-to-asset ratio	53.56%	53.19%

2. Transfer of financial assets

Transfer method	Nature of transferred financial assets	Amount of financial assets transferred	Derecognition	Judgment basis of derecognition
Bill endorsement/ bill discounting	Notes receivable	5,119,384,873.07	Not derecognized	Has transferred substantially all of its risks and rewards
Total		5,119,384,873.07		

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Transfer of financial assets (Continued)

Financial assets derecognized as a result of the transfer were as follows:

	Method of transfer of financial assets	Amount of derecognized financial assets	Gains or losses related to derecognition
	Bill endorsement/bill discounting		
Notes receivable		5,119,384,873.07	2,035,594.03

As at 30 June 2025, there were no transferred financial assets that continued to be involved.

Transferred financial assets that are not derecognized in their entirety

As at 30 June 2025, the book value of bank acceptance bills endorsed by the Group to suppliers for settlement of accounts payable and other payables/discounting is RMB0 (31 December 2024: RMB288,472,618.00). In the opinion of the management, the Group retains substantially all of its risks and rewards, including the risk of default associated therewith, and therefore continues to recognize in full its and its related settled trade payables or other payables/and bank borrowings. After endorsement/discounting, the Group no longer retains the right to use it, including the right to sell, transfer or pledge it to other third parties. As at 30 June 2025, the total book value of the Group's accounts payable and other payables/bank borrowings settled with the Group and with recourse from suppliers is RMB0 (31 December 2024: RMB288,472,618.00).

Transferred financial assets that have been derecognized as a whole but continue to be involved

As at 30 June 2025, the carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement of accounts payable and other payables is RMB5,119,384,873.07 (31 December 2024: RMB3,463,065,047.85). As at 30 June 2025, the maturity date is within 6 months. According to the relevant provisions of the Bill Law, if the acceptance bank refuses to pay, the holder may exercise the right of recourse against any one, several or all of the bill debtors, including the Group, regardless of the order of the bill debtors ("Continuing Involvement"). The Group considers that it has transferred substantially all of its risks and rewards and therefore derecognizes it and its related settled accounts payable and other payables in full and recognizes discount charges. The maximum loss and undiscounted cash flow of continuing involvement and repurchase are equal to its book value. The Group believes that the continuing involvement in fair value is not significant.

For the six months ended 30 June 2025, the Group recognized a discount fee of RMB2,035,594.03 (2024: RMB3,061,082.41) at the transfer date. The Group has no income or expense recognized in the period and accumulated due to its continuing involvement in derecognized financial assets. Endorsements/discounting occur approximately evenly throughout the period.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

IX. FAIR VALUE DISCLOSURES

1. Assets and liabilities measured at fair value

30 June 2025

	Inputs used for fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other equity investments	–	–	60,364,499.70	60,364,499.70
Receivables financing	–	371,114,079.25	–	371,114,079.25
Total	–	371,114,079.25	60,364,499.70	431,478,578.95

31 December 2024

	Inputs used for fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other equity investments	–	–	60,364,499.70	60,364,499.70
Receivables financing	–	898,747,186.51	–	898,747,186.51
Total	–	898,747,186.51	60,364,499.70	959,111,686.21

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

IX. FAIR VALUE DISCLOSURES (CONTINUED)

2. Level 1 fair value measurement

The fair value of the listed equity instrument investment shall be determined based on the market quotation.

3. Level 2 fair value measurement

The Group's Level 2 fair value measurement items are mainly receivables financing. The financing of receivables is determined by discounting the market interest rate.

4. Level 3 fair value measurement

Level 3 fair value measurements held by the Group are mainly unlisted equity investments. For unlisted equity instrument investments, the fair value is estimated by market method based on unobservable market price or interest rate assumptions. The Group needs to determine comparable listed companies based on industry, size, leverage and strategy, and calculate an appropriate market multiplier for each comparable listed company identified. According to the specific facts and circumstances of the enterprise, the adjustment is made after considering factors such as liquidity and scale differences with comparable listed companies.

The following is a summary of significant unobservable inputs to Level 3 fair value measurements:

	Fair value at the end of period	Valuation techniques	Unobservable inputs	Range (Weighted Average)
Other equity investments	30 June 2025: 60,364,499.70	Listed company comparison method	Marketability discount	30 June 2025: 34%
Other equity investments	31 December 2024: 60,364,499.70	Listed company comparison method	Marketability discount	31 December 2024: 34%

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

IX. FAIR VALUE DISCLOSURES (CONTINUED)

5. Financial assets and financial liabilities not measured at fair value

Management has assessed monetary funds, trade receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, current portion of non-current assets, long-term borrowings, long-term payables, etc. Due to the short remaining maturity periods or the minimal difference between the actual interest rates and market rates for those with longer remaining maturities, the fair values are approximately equivalent to their carrying amounts.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Controlling shareholders

Name of controlling shareholders	Place of registration	Nature of business	Registered capital (RMB1,000)	For the Company Shareholding ratio (%)	For the Company Percentage of voting rights (%)
Changshou Iron and Steel	Chongqing	Engaging in technology development, technology transfer, technical services and technical management consultation in the fields of iron and steel, metallurgical minerals, coal, chemical industry, electric power and transportation; Sales of steel raw materials; Terminal operations; Warehousing services; Leases of own property and equipment; Import and export of goods and technologies; Corporate management and advisory services	2,720,000.00	23.69	23.69

Changshou Iron & Steel is the controlling shareholder.

2. Subsidiary

Please refer to Note VI. Interests in other entities for details of the Company's subsidiaries.

3. Associates

Please refer to Note VI Interests in other entities for details of the Company's associates.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties

Company name	Relationship between the Company and the other related parties
China Baowu Steel Group Co., Ltd. ("Baowu Group")	Baowu Group's subsidiary
Chongqing Baocheng Carbon Co., Ltd. ("Chongqing Baocheng")	Baowu Group's subsidiary
Sinosteel Xi'an Machinery Co., Ltd. ("Sinosteel")	Baowu Group's subsidiary
Sinosteel International Freight Zhejiang Co., Ltd. ("Sinosteel International")	Baowu Group's subsidiary
Zhejiang Zhoushan Wugang Wharf Co., Ltd. ("Wugang Wharf")	Baowu Group's subsidiary
Zhejiang Shengsi Baojie International Shipping Agency Co., Ltd. ("Zhejiang Shengsi Baojie")	Baowu Group's subsidiary
Wuhan Yangguang Industrial Co., Ltd. ("Wuhan Yangguang")	Baowu Group's subsidiary
Communication Branch of Wuhan Iron and Steel Green City Technology Development Co., Ltd. ("Wugang Technology")	Baowu Group's subsidiary
Wuhan Huafeng Sensing Technology Co., Ltd. ("Huafeng Sensing")	Baowu Group's subsidiary
Wuhan Engineering Institute ("Wuhan Engineering Institute")	Baowu Group's subsidiary
Wuhan Iron and Steel Company Limited ("Wuhan Iron & Steel")	Baowu Group's subsidiary
WISCO Resources Group Ezhou Pellets Co., Ltd. ("Ezhou Pellets")	Baowu Group's subsidiary
WISCO MCC Industrial Technical Services Co., Ltd. ("WISCO MCC")	Baowu Group's subsidiary
Wugang Group Xiangyang Heavy Equipment Materials Co., Ltd. ("Wugang Xiangyang")	Baowu Group's subsidiary
Taiyuan Iron and Steel (Group) Co., Ltd. ("Taiyuan Steel")	Baowu Group's subsidiary
Shanghai Ouyeel Logistics Co., Ltd. ("Ouyeel Logistics")	Baowu Group's subsidiary
Shanghai Ouyeel Supply Chain Co., Ltd. ("Shanghai Ouyeel")	Baowu Group's subsidiary
Shanghai Ouyeel Purchasing Information Technology Co., Ltd. ("Ouyeel Purchasing")	Baowu Group's subsidiary

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Relationship between the Company and the other related parties
Shanghai Ouyeel Materials Technology Co., Ltd. ("Ouyeel Materials")	Baowu Group's subsidiary
Shanghai Meishan Industrial Civil Engineering Design Research Institute Co., Ltd. ("Meishan Research Institute")	Baowu Group's subsidiary
Shanghai Jinyi Inspection Technology Co., Ltd. ("Jinyi Inspection")	Baowu Group's subsidiary
Shanghai Chemical Bao Digital Technology Co., Ltd. ("Shanghai Chemical Bao")	Baowu Group's subsidiary
Shanghai Baosight Software Co., Ltd. ("Baosight Software")	Baowu Group's subsidiary
Shanghai Baojing Information Technology Development Co., Ltd. ("Baojing Information")	Baowu Group's subsidiary
Shanghai Baosteel Xinyue Talent Technology Co., Ltd. ("Baosteel Xinyue")	Baowu Group's subsidiary
Shanghai Baosteel Energy Service Co., Ltd. ("Baosteel Energy Service")	Baowu Group's subsidiary
Shanghai Baosteel Construction Engineering Technology Co., Ltd. ("Baosteel Construction")	Baowu Group's subsidiary
Shanghai Baosteel Shipping Co., Ltd. ("Baosteel Shipping")	Baowu Group's subsidiary
Shanghai Baoding Energy Co., Ltd. ("Baoding Energy")	Baowu Group's subsidiary
Ouyeel Cloud Commerce Corporation Limited ("Ouyeel Cloud")	Baowu Group's subsidiary
Ouyeel Blockchain Finance and Metal Recycling Resources Co., Ltd. Western Branch ("Ouyeel Blockchain Finance")	Baowu Group's subsidiary
Ouyeel Industrial Products Co., Ltd. ("Ouyeel Industry")	Baowu Group's subsidiary
Nanjing Baodi Meishan Industrial City Development Co., Ltd. ("Meishan Development")	Baowu Group's subsidiary
Ma Steel International Trade & Economic Corporation ("Masteel International")	Baowu Group's subsidiary
HwaBao Securities Co., Limited ("HwaBao Securities")	Baowu Group's subsidiary
Hengyang Sinosteel Weighing Equipment Co., Ltd. ("Hengyang Sinosteel")	Baowu Group's subsidiary

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Relationship between the Company and the other related parties
Guangdong Shaogang Engineering Technology Co., Ltd ("Shaogang Engineering")	Baowu Group's subsidiary
Guangdong Kunlun Information Technology Co., Ltd ("Kunlun Information")	Baowu Group's subsidiary
Guangdong Baodi Nanhua Industrial Development Co., Ltd. ("Baodi Nanhua")	Baowu Group's subsidiary
Chengdu Baosteel West Trade Co., Ltd. ("Chengdu Baosteel")	Baowu Group's subsidiary
Baowu Resources Co., Ltd. ("Baowu Resources")	Baowu Group's subsidiary
Baowu Equipment Intelligent Technology Co., Ltd. ("Baowu Equipment")	Baowu Group's subsidiary
Baowu Heavy Industry Co., Ltd. ("Baowu Heavy Industry")	Baowu Group's subsidiary
Baowu Smart Roll Technology Service (Shanghai) Co., Ltd. ("Baowu Smart")	Baowu Group's subsidiary
Baowu Raw Material Supply Co., Ltd. ("Baowu Raw Material")	Baowu Group's subsidiary
Baowu Water Technology Limited ("Baowu Water")	Baowu Group's subsidiary
Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd. ("Baowu Jingcheng")	Baowu Group's subsidiary
Baowu Group Zhongnan Iron and Steel Co., Ltd. ("Zhongnan Iron and Steel")	Baowu Group's subsidiary
Echeng Iron and Steel Co., Ltd. ("Echeng Iron and Steel")	Baowu Group's subsidiary
Baowu Environmental Science Chongqing Resource Recycling Co., Ltd. ("Baowu Environmental")	Baowu Group's subsidiary
Baowu Shared Services Co., Ltd. ("Baowu Shared")	Baowu Group's subsidiary
Baowu Industry Education Integration Development (Shanghai) Co., Ltd. ("Baowu Industry Education")	Baowu Group's subsidiary
Baoshan Iron and Steel Co., Ltd. ("Baosteel Co., Ltd.")	Baowu Group's subsidiary
Baosteel Resources Holding (Shanghai) Co., Ltd. ("Baosteel Resources")	Baowu Group's subsidiary

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Relationship between the Company and the other related parties
Baosteel Resources (International) Co., Ltd. ("Baosteel International")	Baowu Group's subsidiary
Baosteel Chemical (Zhangjiagang Free Trade Zone) International Trade Co., Ltd. ("Baosteel Chemical")	Baowu Group's subsidiary
Baosteel Engineering & Technology Group Co., Ltd. ("Baosteel Engineering")	Baowu Group's subsidiary
Baosteel Development Co. Ltd. ("Baosteel Development")	Baowu Group's subsidiary
Masteel Heavy Machinery Manufacturing Co., Ltd. ("Masteel Heavy Machinery")	Baowu Group's subsidiary
Yichang Yimei City Mineral Resources Recycling Co., Ltd. ("Yichang Mineral")	Baowu Group Associates
Wuhan JingDing Technology Co., Ltd. ("Wuhan JingDing")	Baowu Group Associates
Taicang Wugang Terminal Limited ("Taicang Wugang")	Baowu Group Associates
Shanghai Gangzhijia Information Technology Co., Ltd. ("Gangzhijia Information")	Baowu Group Associates
Shanghai Baosteel Engineering Consulting Co., Ltd. ("Baosteel Engineering Consulting")	Baowu Group Associates
Ouyeel (Sichuan) Renewable Resources Co., Ltd. ("Ouyeel Sichuan")	Baowu Group Associates
Ouyeel (Shaoguan) Renewable Resources Co., Ltd. ("Ouyeel Shaoguan")	Baowu Group Associates
Ouyeel (Hubei) Renewable Resources Co., Ltd. ("Ouyeel Hubei")	Baowu Group Associates
Magang Chengxing Metal Resources Co., Ltd. ("Magang Chengxing")	Baowu Group Associates
Maanshan Iron & Steel Construction Group Mining & Trading Co. Ltd. ("Maanshan Construction")	Baowu Group Associates
Guangdong Building Materials Co., Ltd. ("Guangdong Building Materials")	Baowu Group Associates
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd. ("Zhongnan Building Materials")	Baowu Group Associates
Guangdong GW Materials Co., Ltd. ("Guangdong Materials")	Baowu Group Associates

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

(1) Related party transactions of receiving services

Related parties	Content of transactions	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Baowu Water	Receipt of services (Note 1)	115,648,130.66	25,836,295.14
Ouyeel Logistics	Receipt of services (Note 1)	88,474,947.58	106,359,269.37
Baowu Equipment	Receipt of services (Note 1)	47,626,336.39	54,583,177.92
Baowu Smart	Receipt of services (Note 1)	28,318,092.22	–
Wuhan Jingding	Receipt of services (Note 1)	10,739,118.78	–
Baosteel Shipping	Receipt of services (Note 1)	8,058,755.44	35,756,832.85
Ouyeel Industry	Receipt of services (Note 1)	4,757,187.85	13,080,878.16
Baosight Software	Receipt of services (Note 1)	4,467,750.00	13,928,464.08
Baosteel Development	Receipt of services (Note 1)	3,771,882.35	2,030,476.02
Baosteel Xinyue	Receipt of services (Note 1)	3,035,495.46	3,459,194.00
Taicang Wugang	Receipt of services (Note 1)	2,724,297.19	2,020,504.72
WISCO Metallurgy	Receipt of services (Note 1)	2,453,604.44	–
Wuhan Iron & Steel	Receipt of services (Note 1)	2,386,792.45	–
Baodi Nanhua	Receipt of services (Note 1)	1,962,088.56	3,779,578.01
Baosteel Co., Ltd.	Receipt of services (Note 1)	1,831,661.61	35,186,038.28
Baowu Environmental Resource	Receipt of services (Note 1)	1,022,470.39	2,965,263.78
Jinyi Inspection	Receipt of services (Note 1)	298,350.00	490,000.00
Baowu Industry Education Integration	Receipt of services (Note 1)	218,979.25	–
Baowu Group	Receipt of services (Note 1)	193,550.49	505,984.70
Zhejiang Shengsi Baojie	Receipt of services (Note 1)	52,361.63	–

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Related party transactions of receiving services (Continued)

Related parties	Content of transactions	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Baojing information	Receipt of services (Note 1)	37,500.00	52,500.00
Kunlun Information	Receipt of services (Note 1)	34,500.00	346,500.00
Gangzhijia Information	Receipt of services (Note 1)	2,830.19	–
Baoding Energy	Receipt of services (Note 1)	–	46,364,453.14
Baowu Heavy Industry	Receipt of services (Note 1)	–	32,153,952.52
Baowu Jingcheng	Receipt of services (Note 1)	–	17,163,490.36
Baowu Raw Materials	Receipt of services (Note 1)	–	16,151,345.13
Baosteel Engineering	Receipt of services (Note 1)	–	8,099,953.97
Huabao Securities	Receipt of services (Note 1)	–	6,367,924.53
Baosteel Energy Conservation	Receipt of services (Note 1)	–	6,000,000.00
Baosteel Resources	Receipt of services (Note 1)	–	3,584,070.80
Sinosteel International	Receipt of services (Note 1)	–	2,514,040.19
Central South Steel	Receipt of services (Note 1)	–	2,150,650.00
Wugang Wharf	Receipt of services (Note 1)	–	2,127,949.81
Ouyeel Cloud Commerce	Receipt of services (Note 1)	–	283,396.22
Baowu Industry Education	Receipt of services (Note 1)	–	238,925.47
Wuhan Engineering Institute	Receipt of services (Note 1)	–	230,000.00
Baowu shared	Receipt of services (Note 1)	–	109,873.69
Taiyuan Iron & Steel	Receipt of services (Note 1)	–	41,603.77
Total		328,116,682.93	443,962,586.63

The price of receiving related party services shall be determined by reference to the price of similar transactions between the related party and other third parties, or the cost plus profit premium, or the bidding price of the supplier.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Related party transactions of purchasing goods

Related party	Content of transactions	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Masteel International	Purchase of raw materials (Note 3)	2,268,046,409.54	732,794,033.06
Ouyeel Industry	Purchase of spare parts and equipment (Note 2)	236,120,287.17	929,328,002.64
Ouyeel Industry	Purchase of raw materials (Note 3)	235,522,058.72	–
Baowu Resource	Purchase of raw materials (Note 3)	381,722,795.27	586,062,529.47
Yichang Yimei	Purchasing of scrap steel (Note 3)	360,551,902.10	–
Guangdong building materials	Purchasing of scrap steel (Note 3)	337,203,597.53	59,740,880.02
Baoding Energy	Purchase of raw materials (Note 3)	313,424,071.20	306,761,752.89
Baosteel International	Purchase of raw materials (Note 3)	296,680,400.43	518,157,661.28
Baosteel Resource	Purchase of raw materials (Note 3)	232,155,679.52	1,920,527,305.73
Baowu Raw Materials	Purchase of raw materials (Note 3)	222,436,290.97	253,247,550.64
Ouye Lianjin	Purchase of scrap steel (Note 3)	186,492,981.65	193,394,123.51
Ouye Lianjin Shaoguan	Purchasing of scrap steel (Note 3)	139,135,324.71	173,182,611.36
Zhongnan Building Materials	Purchase of raw materials (Note 3)	90,851,637.14	190,397,207.41
Wuhan Yangguang	Purchase of raw materials (Note 3)	49,612,171.69	36,167,373.48
Ouye Lianjin Sichuan	Purchasing of scrap steel (Note 3)	45,813,043.92	28,348,763.79
Ouye Lianjin Hubei	Purchasing of scrap steel (Note 3)	30,513,636.13	100,767,649.15
Ezhou pellet	Purchase of raw materials (Note 3)	7,852,823.06	71,816,251.85
Echeng Iron & Steel	Purchase of raw materials (Note 3)	5,692,721.63	1,278,569.42

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Related party transactions of purchasing goods (Continued)

Related party	Content of transactions	For the six months ended 30 June 2025	For the six months ended 30 June 2024
		2025	2024
Sinosteel Group	Purchase of spare parts and equipment (Note 2)	2,428,600.00	–
Taichang Wugang	Purchase of raw materials (Note 3)	1,761,393.40	–
Masteel Heavy Machinery	Purchase of equipment (Note 2)	787,160.00	–
Baosight Software	Purchase of spare parts and equipment (Note 2)	719,237.52	727,052.00
Baocheng Carbon	Purchase of scrap steel (Note 3)	75,732.60	–
Magang Construction	Purchase of raw materials (Note 3)	–	89,720,730.00
Meishan Development	Purchase of raw materials (Note 3)	–	75,467,360.19
Baowu Jingcheng	Purchase of raw materials (Note 3)	–	14,220,612.42
Baowu Equipment	Purchase of spare parts and equipment (Note 2)	–	10,108,139.50
Magang Chengxing	Purchase of raw materials (Note 3)	–	9,528,252.80
Ouyeel Procurement	Purchase of raw materials (Note 3)	–	3,322,173.00
Hengyang Sinosteel	Purchase of spare parts and equipment (Note 2)	–	276,350.00
Total		5,445,599,955.90	6,305,342,935.61

The price of goods purchased from a related party is determined by reference to the price or cost plus of similar transactions between the related party and other third parties, or the bid price of the supplier.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3) Purchase of PPE and construction services

Related parties	Content of transactions	For the	For the
		six months ended 30 June 2025	six months ended 30 June 2024
Shaogang Engineering	Engineering construction (<i>Note 1</i>)	37,509,910.30	15,563,613.94
Baosteel Engineering	Engineering construction (<i>Note 1</i>)	37,306,510.43	82,013,272.60
Baowu Water	Engineering construction (<i>Note 1</i>)	25,374,923.34	9,636,500.00
Baosight Software	Engineering construction (<i>Note 1</i>)	15,731,891.04	58,018,065.13
Baowu Equipment	Engineering construction (<i>Note 1</i>)	6,087,660.99	13,311,793.50
Baosteel Engineering Consulting	Engineering construction (<i>Note 1</i>)	3,117,106.00	736,500.00
WISCO Metallurgy	Engineering construction (<i>Note 1</i>)	1,967,725.22	–
Meishan Research Institute	Engineering construction (<i>Note 1</i>)	298,000.00	8,835,876.62
Baosteel Construction	Engineering construction (<i>Note 1</i>)		836,888.08
Total		127,393,727.32	188,952,509.87

Purchase of property, plant and equipment and construction services from related parties is determined by reference to the market price negotiated by both parties or the bidding price of suppliers.

Note 1: The approved transaction caps of Baowu Group and its subsidiaries and affiliates in providing services to the Group in 2025 is RMB2,650,000,000.00, and the total amount of transactions for the provision of services to the Group by Baowu Group and its subsidiaries and affiliates for six months ended 30 June 2025 was RMB455,510,410.25. The amount of transactions for six months ended 30 June 2025 does not exceed the approved caps of transactions;

Note 2: The transaction caps approved for Baowu Group and its subsidiaries and affiliates to supply production materials (spare parts, equipment and water etc.) to the Group in 2025 is RMB960,000,000.00. The total transaction value of production materials provided by Baowu Group and its subsidiaries and affiliates to the Group for six months ended 30 June 2025 was RMB240,055,284.69. The amount of transactions for six months ended 30 June 2025 does not exceed the approved caps of transactions;

Note 3: The transaction caps approved for Baowu Group and its subsidiaries and affiliates to supply raw materials (iron ore, scrap steel, resistant materials, auxiliary materials, billets and coal, etc.) to the Group in 2025 is RMB30,900,000,000.00. The total transaction of raw materials supplied to the Group by Baowu Group, its subsidiaries and affiliates is RMB5,205,544,671.21 for six months ended 30 June 2025. The amount of transactions for six months ended 30 June 2025 does not exceed the approved caps of transactions;

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Sale of goods and rendering of services to related parties

Related parties	Content of transactions	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Ouyeel Cloud Commerce	Sale of goods	1,700,834,700.20	–
Zhongnan Building Materials	Sale of goods	1,387,932,320.96	997,112,646.72
Baocheng Carbon	Sale of goods, provision of services	173,031,925.58	226,551,866.38
Shanghai Ouyeel	Sale of goods	120,408,785.73	257,419,413.79
Baowu Environmental Resource	Sale of goods, provision of services	115,563,287.22	108,405,501.48
Zhongnan Supply Chain	Sale of goods	112,175,835.23	–
Baowu Water	Sale of goods, provision of services	96,258,571.73	98,764,330.14
Masteel International	Sale of goods	24,766,725.66	64,036,557.52
Chengdu Baosteel	Sale of goods	4,230,555.18	–
Shanghai Huagongbao	Sale of goods	569,388.23	–
Baowu Smart	Provision of services	451,548.26	–
Baosteel Chemical	Sale of goods	273,649.56	2,065,950.36
Shaogang Engineering	Sale of goods	60,505.00	13,013.54
Baowu Equipment	Sale of goods	36,043.38	22,595.62
Baosteel Engineering	Sales of energy media	13,179.07	13,996.27
Baosteel Development	Sales of energy media	9,252.60	2,203.78
Ouyeel Industry	Provision of services	7,706.40	3,302.75
Baosight Software	Sale of goods	5,051.96	1,209.08
Wuhan Jingding	Sale of goods	2,607.16	–
Baodi Nanhua	Sale of goods	1,235.04	676.00
Ouyeel Materials	Sale of goods	–	890,508,831.35
Guangdong Guangwu	Sale of goods	–	63,216,456.32
Baosteel Resource	Sale of goods	–	1,643,077.87
Baowu Heavy Industry	Provision of services	–	43,394.49
Meishan Research Institute	Sales of energy media	–	7,490.53
Baosteel Construction	Sales of energy media	–	3,744.89
Guangdong Building Materials	Sales of energy media	–	1,321.32
Subtotal		3,736,632,874.15	2,709,837,580.20

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Sale of goods and rendering of services to related parties (Continued)

The price of goods sold to related parties shall be determined according to the price charged by the Company to other third parties or the price stipulated by relevant departments of Chongqing government. The price of services provided to related parties shall be determined through negotiations between the parties with reference to market price.

(5) Loans and placements with related parties

Placements with banks and non-bank financial institutions

For the six months ended 30 June 2025	Lending amount	Start date	Due date
Baowu Finance	350,000,000.00	2025/1/17	2028/6/30

2024	Lending amount	Start date	Due date
Baowu Finance	500,000,000.00	2024/1/16	2025/1/15

(6) Interest income received from a related party

Related parties	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Baowu Finance	5,360,227.90	986,142.60

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7) Interest fee paid to related parties

Related parties	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Baowu Finance	5,734,027.77	5,366,666.65

(8) Bill custody/collection by related party

Related parties	For the six months ended 30 June 2025			2024		
	Custody/ Collection amount	Balance	Handling fee	Escrow/ Collection Amount	Balance	Service Charge
Baowu Finance	5,585,345,048.81	371,114,079.25	-	11,258,353,526.39	904,816,675.03	-

For the six months ended 30 June 2025 and in 2024, Baowu Finance has not charged the Group for the bill custody/collection service.

(9) Notes acceptance of related party

The acceptance bill accepted by Baowu Finance in the current year was RMB533,477,390.00 (2024: 247,800,049.54). As at 30 June 2025, among the balance of notes payable, the acceptance bill accepted by Baowu Finance was RMB533,477,390.00 (31 December 2024: RMB247,800,049.54).

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(10) Other related party transactions

According to the financial service agreement signed between the Group and Baowu Finance, Baowu Finance provides the Group with comprehensive credit services with a maximum daily credit limit of RMB2 billion, and financial management services with a maximum daily cash balance of RMB2 billion. In 2025, the maximum daily credit granted by Baowu Finance to the Group was RMB1,174,424,325.02 and the maximum daily deposit of the Group was RMB1,369,002,978.55 (2024: The maximum one-day credit granted by Baowu Finance to the Company is RMB888,746,984.55, and the maximum daily deposit of the Company is RMB1,141,308,500.17).

The transactions between the Group and Baowu Group and its subsidiaries are connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, and the Company has confirmed compliance with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

(11) Remuneration of key management personnel

Related parties	For the	For the
	six months ended 30 June 2025	six months ended 30 June 2024
Compensation for key management personnel	3,380,257.90	4,258,690.85

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties

(1) Trade receivables

Related parties	30 June 2025	31 December 2024
Chengdu Baosteel	588,009.70	–
Baowu Smart	10,643.41	10,643.41
Baowu Equipment	7,014.84	12,206.22
Baosteel Engineering	3,434.20	3,643.68
Baosight Software	989.89	1,387.04
Baodi Nanhua	235.56	361.04
Guangdong building materials	0.02	0.02
Baowu Environmental Resource	–	6,664,050.67
Baocheng Carbon	–	652,643.18
Shaogang Engineering	–	6,660.97
Baosteel Development	–	3,397.45
Total	610,327.62	7,354,993.68

(2) Notes receivable and receivables financing

Related party	June 30 2025	31 December 2024
Ouyeel Cloud Commerce	94,963,825.42	451,867,947.02
Baocheng Carbon	53,130,717.12	56,275,811.13
Baowu Environmental Resource	30,480,833.93	42,419,633.57
Zhongnan Building Materials	5,071,760.26	–
Ouyeel Materials	–	79,341.95
Total	183,647,136.73	550,642,733.67

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties (Continued)

(3) Other receivables

Related parties	June 30 2025	31 December 2024
Baowu Smart	1,222,924.98	766,169.04
Baowu Water	430,719.21	428,145.74
Total	1,653,644.19	1,194,314.78

(4) Prepayments

Related party	30 June 2025	31 December 2024
Baowu Smart	50,174,529.18	27,832,822.82
Echeng Iron & Steel	130,637.17	6,128,797.36
Baowu Shared	50,521.24	13,291.25
Chengdu Baosteel	7,349.69	7,349.56
Baoding Energy	—	23,287,920.44
Baowu Raw Materials	—	13,413,875.07
Baowu Heavy Industry	—	4,657,337.32
Total	50,363,037.28	75,341,393.82

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties (Continued)

5. Contract liabilities

Related parties	30 June 2025	31 December 2024
Ouyeel Cloud Commerce	204,511,600.29	403,995,813.37
Zhongnan Building Materials	65,169,604.88	94,010,124.18
Zhongnan Supply Chain	70,743,370.82	–
Baocheng Carbon	34,937,079.46	31,185,654.38
Baowu Environmental Resource	13,685,971.39	8,713,611.17
Masteel International	6,191,681.42	–
Shanghai Ouyeel	4,277,295.92	2,144,152.05
Shanghai Huagongbao	49,351.59	–
Shaogang Engineering	27,142.69	–
Wuhan Jingding	839.83	–
Baowu Water	63.81	63.81
Baosteel Development	62.09	–
Ouyeel Industry	39.82	39.82
Guangdong Guangwu	2.11	2.11
Baosteel Energy Conservation and Environmental Protection	0.69	0.69
Wuhan Iron and Steel Xiangyang	–	406,772.73
Baosteel Chemical	–	123,173.27
Ouyeel Materials	–	70,720.50
Total	399,594,106.81	540,650,128.08

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties (Continued)

(6) Trade payables

Related parties	30 June 2025	31 December 2024
Ouyeel Industry	637,086,634.06	586,925,005.59
Masteel International	337,326,737.52	410,387,355.57
Yichang Yimei	164,112,840.69	165,149,850.18
Guangdong Building Materials	156,387,376.28	176,994,030.24
Ouye Lianjin	104,815,879.94	156,710,464.47
Baowu Water	101,680,281.98	77,782,787.37
Baowu Equipment	100,139,033.93	106,251,749.17
Baowu Raw Materials	74,268,903.40	–
Ouye Lianjin Shaoguan	70,772,978.93	101,369,324.75
Baowu Resource	48,062,193.27	90,086,795.76
Ouyeel Logistics	36,351,703.45	93,781,394.86
Ouye Lianjin Sichuan	35,047,197.34	28,029,678.37
Baosteel Engineering	30,163,541.52	44,335,946.31
Wuhan Yangguang	25,021,179.48	13,937,113.81
Baosight Software	22,537,777.02	18,748,251.55
Baosteel Resource	20,940,669.21	63,063,444.56
Baowu Smart	18,439,502.92	–
Baosteel Co., Ltd.	16,160,944.03	26,053,846.30
Baosteel Shipping	12,917,264.10	22,064,736.54
Taicang Wugang	11,481,574.23	2,342,203.29
Wuhan Jingding	10,108,709.54	–
Baosteel Energy Conservation and Environmental Protection	9,851,988.78	3,685,788.78
WISCO Metallurgy	8,206,826.31	–
Baodi Nanhua	6,228,483.97	10,796,361.59
Zhongnan Building Materials	5,838,803.00	51,779,005.41
Baosteel Development	5,437,182.15	5,392,473.93
Jinyi Testing	4,826,400.00	690,000.00
Baoding Energy	4,762,699.72	–
Baosteel International	3,731,809.88	26,680,546.78
Ouye Lianjin Hubei	3,519,847.59	47,382,486.11
Subtotal	2,086,226,964.24	2,330,420,641.29

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties (Continued)

(6) Trade payables (Continued)

Related parties	30 June 2025	31 December 2024
Wugang Wharf	2,246,090.68	455,242.37
Baowu Environmental Resource	1,885,124.52	3,983,124.52
Meishan Research Institute	1,272,199.01	104,307.28
Hengyang Sinosteel	416,037.76	1,064,273.03
Baocheng Carbon	215,948.30	75,732.60
Sinosteel Group	185,291.98	2,906,976.08
Zhejiang Shengsi Baojie	55,503.33	–
Shaogang Engineering	400.00	400.00
Wugang Technology	1.00	–
Ezhou pellet	–	14,376,259.70
Baowu Jingcheng	–	6,975,955.00
Sinosteel International	–	556,357.80
Baojing information	–	37,500.00
Kunlun Information	–	34,500.00
Subtotal	6,276,596.58	30,570,628.38
Total	2,092,503,560.82	2,360,991,269.67

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties (Continued)

(7) Notes payable

Related parties	30 June 2025	31 December 2024
Ouyeel Industry	320,159,502.67	—
Baowu Equipment	61,706,037.44	—
Baowu Water	61,604,777.44	—
Yichang Yimei	42,000,000.00	70,000,000.00
Ouye Lianjin	35,000,000.00	—
Ouye Lianjin Shaoguan	25,000,000.00	11,000,000.00
Guangdong Building Materials	25,000,000.00	86,840,000.00
Baosteel Shipping	10,603,793.00	—
Baowu Smart	9,249,020.44	—
Baowu Equipment	6,498,092.03	—
Baosight Software	5,361,863.37	—
Baosteel Co., Ltd.	3,965,145.62	—
Baosteel Development	3,961,310.83	—
Ouye Lianjin Sichuan	3,000,000.00	—
Baodi Nanhua	2,079,813.89	—
Meishan Research Institute	1,167,891.73	—
Sinosteel Group	38,420.00	—
Masteel International	—	618,139,788.90
Zhongnan Building Materials	—	15,480,000.00
Total	616,395,668.46	801,459,788.90

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties (Continued)

(8) Other payables

Related parties	30 June 2025	31 December 2024
Baosteel Engineering	180,953,665.65	626,695,260.56
Baosight Software	109,103,092.58	171,921,099.75
Baowu Water	44,422,552.53	76,771,993.89
Baowu Equipment	18,904,969.16	43,249,226.80
Shaogang Engineering	6,247,132.81	25,966,858.19
Ouyeel Logistics	3,924,700.00	4,474,700.00
Baowu Environmental Resource	2,500,000.00	2,520,000.00
Ouye Lianjin Hubei	2,000,000.00	2,000,000.00
Ouye Lianjin Sichuan	2,000,000.00	2,000,000.00
Yichang Yimei	2,000,000.00	2,000,000.00
Ouye Lianjin Shaoguan	2,000,000.00	2,000,000.00
Guangdong building materials	2,000,000.00	2,000,000.00
Ouye Lianjin	2,000,000.00	2,000,000.00
WISCO Metallurgy	1,291,617.51	–
Baosteel Development	1,063,046.07	7,096,644.52
Masteel Heavy Machinery	889,490.80	–
Baosteel Engineering Consulting	824,132.36	1,749,329.45
Huafeng Sensing	720,000.00	720,000.00
Kunlun Information	406,800.00	406,800.00
Ouyeel Industry	284,468.00	284,468.00
Baodi Nanhua	220,000.00	220,000.00
Sinosteel Group	198,315.00	198,315.00
Meishan Research Institute	142,774.72	55,898,868.98
Wuhan Jingding	40,000.00	–
Ouyeel Cloud Commerce	25,840.17	25,840.17
Baosteel Chemical	–	100,000.00
Total	384,162,597.36	1,030,299,405.31

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Balance due from or to related parties (Continued)

(9) Short-term borrowings

	30 June 2025	31 December 2024
Baowu Finance	500,000,000.00	500,000,000.00

(10) Trusteeship

30 June 2025

Trustor	Trustee	The type of asset to delegate/ outsource	Asset amounts trusted	Accumulated asset amounts trusted	Income realized
The Group	Warburg Trust	Annuity custody	110,471,342.46	–	(2,956,114.47)

31 December 2024

Trustor	Trustee	The type of asset to delegate/ outsource	Asset amounts trusted	Accumulated asset amounts trusted	Income realized
The Group	Warburg Trust	Annuity custody	113,427,456.93	–	3,015,437.10

In September 2023, the Group suspended the payment of the enterprise annuity plan. For details, please refer to Note XII. 2.

As at 30 June 2025 and 31 December 2024, among current assets and current liabilities, except for deposits from related parties and borrowings from related parties, the Group's trade receivables and payables with related parties were free of interest and unsecured.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7. Capital centralized management

Baowu Finance is a national non-bank financial institution jointly held by Baosteel, Wuhan Iron and Steel, Baowu Group and other units. It mainly provides member units with comprehensive financial services such as internal settlement, deposit and loan, short-term fund management and investment and financing for the purpose of strengthening the centralized management of group funds and improving the efficiency of group fund use.

As at 30 June 2025, the balance of the Group's monetary funds deposited in the unrestricted deposit account of Baowu Finance amounted to RMB1,000,375,431.67 (31 December 2024: RMB927,845,862.51).

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

	30 June 2025	31 December 2024
Contracted, but not provided for		
Capital commitments	456,314,698.73	784,420,252.59
Investment commitments	25,000,000.00	34,300,000.00
Total	481,314,698.73	818,720,252.59

For lease commitments as lessees, please refer to Note V.55.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XII. OTHER SIGNIFICANT EVENTS

1. Segment information

(1) *Identification basis and accounting policies for reportable segments*

The Group will determine different segments based on the internal organizational structure, management requirements and internal report system. The Group's operation segments refer to those components meeting the following conditions at the same time:

- 1) The segment may generate revenue and incur expenses in daily activities;
- 2) Management of the Group can regularly evaluate the operating results of the segment to decide on the allocation of resources to it and evaluate its performance;
- 3) The segment's financial position, operation result, cash flow and other accounting information can be obtained by analysis.

(2) *Financial information of reportable segments*

The Group's revenue and profit are mainly comprised of steel manufacturing and domestic sales. The Group's major assets are all in China. The management of the Company evaluates the Group's operating results as a whole. Therefore, no segment report has been prepared in the current year.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment information (Continued)

(3) Information of significant customers

The Group generated revenue from one customer (2024: one) that reached or exceeded 10% of the Group's revenue, which accounting for approximately 17.95% of the Group's total revenue (2024: 12.22%).

Information of customer whose revenue for the six months ended 30 June 2025 reaches or exceeds 10% of the Group's revenue is as follows:

Name of Customer	Revenue	Proportion of the Group's revenue (%)
Baowu Group and its subsidiaries	2,348,697,946.03	17.95

Information of customer whose revenue in 2024 reaches or exceeds 10% of the Group's revenue is as follows:

Name	Revenue	Proportion of the Group's revenue (%)
Baowu Group and its subsidiaries	3,329,959,170.71	12.22

Note: The revenue above was the total amount generated from Baowu Group and its subsidiaries for the current year by the Group.

2. Annuity plan

The Group has implemented the annuity plan since 1 January 2022, and entrusted HwaBao Trust, a subsidiary of Baowu Group, to manage the annuity. The scheme is a defined contribution scheme, and the Group and Scheme participants pay contributions according to the established contribution standards. According to the annuity plan, the Group's contribution ratio is 4% of the employee's individual contribution base. In September 2023, the Group suspended the payment of annuity plans.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

(1) Disclosed by aging:

	30 June 2025	31 December 2024
Within 1 year	26,304,753.84	15,483,504.15
1 to 2 years	70,891.68	72,070.77
2 to 3 years	72,070.77	6,455.39
3 to 4 years	6,455.39	76,342.18
4 to 5 years	95,500.86	1,351,737.91
Over 5 years	1,353,639.23	21,060.00
	27,903,311.77	17,011,170.40
Less: Provision for bad debts of trade receivable	1,040,887.57	1,061,947.57
Total	26,862,424.20	15,949,222.83

(2) Disclosed by bad debt provision method

	30 June 2025				31 December 2024					
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
			Provision					Provision		
	Amount	Proportion	Amount	proportion	Amount	Proportion	Amount	proportion		
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)		
Receivables that are subject to provision by group with similar credit risk characteristics	27,903,311.77	100	1,040,887.57	3.73	26,862,424.20	17,011,170.40	100.00	1,061,947.57	6.24	15,949,222.83

As at 30 June 2025 and 31 December 2024, the Company had no trade receivables with separate provision for bad debts.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables (Continued)

(2) Disclosed by bad debt provision method (Continued)

Receivables that are subject to provision by group with similar credit risk characteristics are as follows:

	30 June 2025			31 December 2024		
	Book balance	Provision for impairment	Provision ratio (%)	Book balance	Provision for impairment	Provision ratio (%)
Within 1 year	26,304,753.84	–	–	15,483,504.15	–	–
1 to 2 years	70,891.68	–	–	72,070.77	–	–
2 to 3 years	72,070.77	–	–	6,455.39	–	–
3 to 4 years	6,455.39	–	–	76,342.18	–	–
4 to 5 years	95,500.86	–	–	1,351,737.91	1,040,887.57	77.00
Over 5 years	1,353,639.23	1,040,887.57	76.90	21,060.00	21,060.00	100.00
Total	27,903,311.77	1,040,887.57		17,011,170.40	1,061,947.57	

(3) Provision for bad debts

	Opening balance	Provision	Recovery or reversal	Write-off	Other additions	Closing balance
For the six months ended 30 June 2025	1,061,947.57	–	–	(21,060.00)	–	1,040,887.57
2024	25,183.25	1,376,667.20	–	(339,902.88)	–	1,061,947.57

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (Continued)

(4) *Accounts receivable of the top five ending balances collected by debtors*

	Closing balance	Percentage in total closing balance of trade receivables (%)
Summary	27,023,462.96	96.85

2. Other receivables

	30 June 2025	31 December 2024
Dividends receivable	428,145.74	428,145.74
Other receivables	96,023,002.91	98,421,862.03
Total	96,451,148.65	98,850,007.77

Dividends receivable

	30 June 2025	31 December 2024
Baowu Water	428,145.74	428,145.74

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables

(1) Disclosed by aging:

	30 June 2025	31 December 2024
Within 1 year	28,955,478.82	20,105,691.30
1 to 2 years	96,541.30	490,615.14
2 to 3 years	350,000.00	618,010.67
3 to 4 years	64,884,246.85	77,481,025.03
4 to 5 years	2,024,856.05	378,721.77
Over 5 years	1,080,390.01	716,308.24
	97,391,513.03	99,790,372.15
Less: Bad debt provision of other receivables	1,368,510.12	1,368,510.12
Total	96,023,002.91	98,421,862.03

(2) Other receivables presented by nature:

	30 June 2025	31 December 2024
Balance due from related parties	65,402,588.28	76,445,616.03
Guarantee deposits, staff advances, etc.	25,567,345.21	19,521,853.94
Other	6,421,579.54	3,822,902.18
Total	97,391,513.03	99,790,372.15

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts

30 June 2025

	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Receivables that are subject to provision by group with similar credit risk characteristics	97,391,513.03	100.00	1,368,510.12	1.41	96,023,002.91

31 December 2024

	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
Receivables that are subject to provision by group with similar credit risk characteristics	99,790,372.15	100.00	1,368,510.12	1.37	98,421,862.03

As at 30 June 2025 and 31 December 2024, the Company did not have other receivables with bad debt provision made on an individual basis.

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts (Continued)

Other receivables for which bad debt provision is made on a portfolio basis are as follows:

	30 June 2025			31 December 2024		
	Book balance	Provision for impairment	Provision ratio (%)	Book balance	Provision for impairment	Provision ratio (%)
Within 1 year	28,955,478.82	–	–	20,105,691.30	–	–
1 to 2 years	96,541.30	–	–	490,615.14	–	–
2 to 3 years	350,000.00	–	–	618,010.67	–	–
3 to 4 years	64,884,246.85	–	–	77,481,025.03	635,113.33	0.82
4 to 5 years	2,024,856.05	635,113.33	31.37	378,721.77	122,856.05	32.44
Over 5 years	1,080,390.01	733,396.79	67.88	716,308.24	610,540.74	85.23
Total	97,391,513.03	1,368,510.12		99,790,372.15	1,368,510.12	

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts (Continued)

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

30 June 2025

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

31 December 2024

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

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) *Provision for bad debts (Continued)*

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

	Opening balance	Provision	Recovery or reversal	Write-off	Closing balance
For the six months ended 30 June 2025	1,368,510.12	-	-	-	1,368,510.12
2024	1,368,510.12	-	-	-	1,368,510.12

(4) *Accounts receivable of the top five ending balances collected by debtors*

	Closing balance	Percentage in other receivables Total balance (%)	Nature	Aging	Closing balance of provision for bad debts Closing balance
The first	64,179,663.30	65.90	Related party	3 -4 years	-
The second	15,000,000.00	15.40	Guarantee deposits	Within one year	-
The third	4,092,368.34	4.20	Other	Within one year	-
The fourth	3,636,664.05	3.73	Guarantee deposits	Within one year	-
The fifth	1,500,000.00	1.54	Guarantee deposits	4 -5 years	-
Total	88,408,695.69	90.77	-		

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

Six months ended 30 June 2025

Investee	Opening balance	Increase investments	Changes for the period Investment gains and losses recognized under the equity method	Cash dividends declared	Other	Closing balance	Impairment provision at end of period
<i>Subsidiary</i>							
Chongqing Iron & Steel Energy	837,609,884.19	-	-	-	-	837,609,884.19	-
Xingang Changlong	154,678,110.49	-	-	-	-	154,678,110.49	-
Sub-total	992,287,994.68	-	-	-	-	992,287,994.68	-
<i>Associates</i>							
Baocheng Carbon	14,594,861.52	-	789,037.38	2,235,000.00	-	13,148,898.90	-
Baowu Raw Material	44,626,662.44	-	1,950,610.44	2,509,295.25	-	44,067,977.63	-
Baohuan Environmental Resources	16,221,855.68	34,300,000.00	1,146,750.81	-	-	51,668,606.49	-
Baowu Jingcheng	33,321,338.67	-	(2,526,741.98)	-	-	30,794,596.69	-
Sub-total	108,764,718.31	34,300,000.00	1,359,656.65	4,744,295.25	-	139,580,079.71	-
Total	1,101,052,712.99	34,300,000.00	1,359,656.65	4,744,295.25	-	1,131,868,074.39	-

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

2024

Investee	Opening balance	Increase investments	Changes for the year Investment gains and losses recognized under the equity method	Cash dividends declared	Other decreases	Closing balance	Impairment provision at end of year
<i>Subsidiary</i>							
Chongqing Iron & Steel Energy	837,609,884.19	-	-	-	-	837,609,884.19	-
Xingang Changlong	154,678,110.49	-	-	-	-	154,678,110.49	-
Sub-total	992,287,994.68	-	-	-	-	992,287,994.68	-
<i>Associates</i>							
Baocheng Carbon	16,870,890.82	-	2,182,970.70	(4,459,000.00)	-	14,594,861.52	-
Baowu Raw Material	44,352,996.02	-	2,475,376.01	(2,201,709.59)	-	44,626,662.44	-
Baohuan Environmental Resources	15,561,820.25	-	1,232,123.12	(572,087.69)	-	16,221,855.68	-
Baowu Jingcheng	34,148,997.93	-	(827,659.26)	-	-	33,321,338.67	-
Sub-total	110,934,705.02	-	5,062,810.57	(7,232,797.28)	-	108,764,718.31	-
Total	1,103,222,699.70	-	5,062,810.57	(7,232,797.28)	-	1,101,052,712.99	-

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost

(1) Operating income and operating costs

	For the six months ended 30 June 2025		For the six months ended 30 June 2024	
	Revenue	Cost	Revenue	Cost
Revenue from principal operations	13,781,522,560.35	13,618,320,421.19	15,612,478,796.45	16,093,414,902.86
Revenue from other operations	160,749,300.03	150,468,406.71	240,139,157.42	226,477,534.18
Total	13,942,271,860.38	13,768,788,827.90	15,852,617,953.87	16,319,892,437.04

(2) Breakdown of revenue is as follows:

Six months ended 30 June 2025

Commodity Type	Steel Products	Other	Total
Hot rolled sheets	8,116,474,169.24	—	8,116,474,169.24
Plates	3,979,614,142.94	—	3,979,614,142.94
Billets	118,564,899.57	—	118,564,899.57
Other	—	1,727,618,648.63	1,727,618,648.63
Total	12,214,653,211.75	1,727,618,648.63	13,942,271,860.38

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost (Continued)

(2) Breakdown of revenue is as follows: (Continued)

Six months ended 30 June 2024

Commodity Type	Steel Products	Other	Total
Hot rolled sheets	8,315,509,201.71	—	8,315,509,201.71
Plates	4,437,312,309.61	—	4,437,312,309.61
Bars	940,685,835.92	—	940,685,835.92
Wire rod	165,354,165.60	—	165,354,165.60
Billets	274,657,649.88	—	274,657,649.88
Other	—	1,719,098,791.15	1,719,098,791.15
Total	14,133,519,162.72	1,719,098,791.15	15,852,617,953.87

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Timing of transferring of goods or services		
At a point in time	13,727,403,793.52	15,601,126,556.69
Over time	214,868,066.86	251,491,397.18
Total	13,942,271,860.38	15,852,617,953.87

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost (Continued)

(3) Breakdown of operating costs for the year

Commodity Type	Steel Products	Other	Total
Hot rolled sheets	8,109,273,510.16	–	8,109,273,510.16
Plates	3,832,217,041.75	–	3,832,217,041.75
Billets	119,399,738.20	–	119,399,738.20
Other	–	1,707,898,537.78	1,707,898,537.78
Total	12,060,890,290.12	1,707,898,537.78	13,768,788,827.90

			For the six months ended 30 June 2025
Timing of transferring of goods or services			
At a point in time			13,570,829,776.08
Over time			197,959,051.82
Total			13,768,788,827.90

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIII. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and Costs (Continued)

(4) Performance obligations

Revenue recognized during the year included in the carrying amount of contract liabilities at the beginning of the year is as follows:

	For the six months ended 2025	For the six months ended 2024
Sales payment in advance	1,812,200,398.98	1,893,124,713.20

At the end of the period, the estimated timing of revenue recognition for performance obligations that have been entered into but have not yet been fulfilled or completed is as follows:

	30 June 2025	31 December 2024
Within 1 year	1,464,568,390.09	1,812,200,398.98

5. Investment income

	For the six months ended 2025	For the six months ended 2024
Investment income from long-term equity investment accounted for by the equity method	1,359,656.65	4,659,715.85
Total	1,359,656.65	4,659,715.85

Notes to Financial Statements (Continued)

For the six months ended 30 June 2025

XIV. OTHER SUPPLEMENTARY INFORMATION

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

	Amount
Gains or losses on disposal of non-current assets, including the offset portion of impairment provision for such asset	2,275,107.97
Government grants recognized in profit or loss for the current period (except for government grants that are closely related to ordinary operations, and gained constantly at a fixed amount or quantity according to certain standard based on state policies)	5,404,454.07
Capital occupied income from non-financial entities charged in profit or loss	3,827,032.62
Non-operating income and expenses other than the above items	(341,695.41)
Sub-total	11,164,899.25
Less: Impact of income tax	1,674,734.89
Total	9,490,164.36

2. Return on net assets and earnings per share

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	(0.79)	(0.01)	(0.01)
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	(0.85)	(0.02)	(0.02)