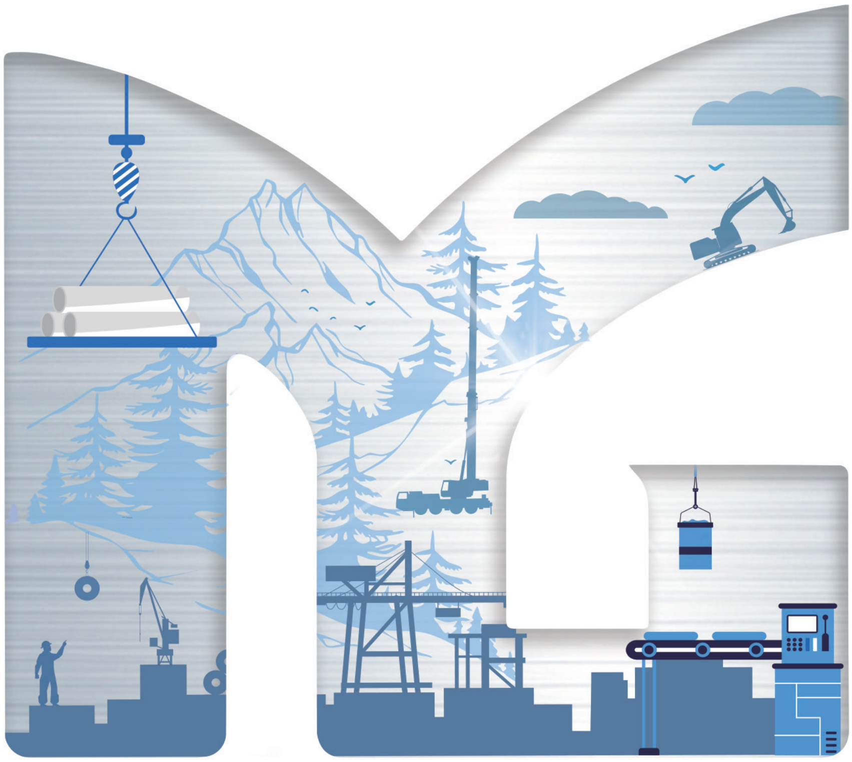
MAANSHAN IRON & STEEL COMPANY LIMITED

H Share Code: 323

A Share Code: 600808



2025 Interim Report

Contents

DOCUMENT AVAILABLE FOR INSPECTION	A copy of the interim report signed by the chairman of the Board. Financial statements signed and sealed by the Company' s legal representative, chief accountant and head of Accounting Department. Original copies of all documents and announcements of the Company disclosed in Shanghai Securities News, the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange during the Reporting Period. Interim report announced on the website of the Hong Kong Stock Exchange. The Articles of Association of the Company. Other Related Information.

IMPORTANT NOTICE

I. The board of directors (the "Board"), the supervisory committee, the directors, the supervisors and senior management of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from this interim report; and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this interim report.

II. All directors of the Company attended the Board meeting.

III. This interim report has not been audited, but has been reviewed by the Audit and Compliance Committee of the Board.

IV. Mr. Jiang Yuxiang, representative of the Company, Mr. Chen Guorong, person overseeing the accounting operations, and Mr. Le Zhihai, head of Accounting Department, make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in the interim report.

V. Profit distribution plan or plan for the capitalisation of capital reserve during the Reporting Period approved by the Board: Nil

VI. Risk relating to forward-looking statements

The report analyses major risks faced by the Company. Please refer to "(I) Potential risks" of "V. Other Disclosures" in Section III "Management Discussion and Analysis" of the report for details. Future plans and other forward-looking statements contained in this report do not constitute any substantive commitments to investors by the Company. Investors should be fully aware of the risks.

VII. Whether there was any appropriation of fund on a non-operating basis by the controlling shareholder or other related parties: Nil

VIII. Whether there was any violation of regulations, decisions or procedures in relation to provisions of external guarantees: Nil

IX. Whether there was any situation that more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company: Nil

X. Significant risk warning

The Company has no significant risk that needs to draw special attention of investors.

XI. Others

This report is prepared in both Chinese and English. In the event of any discrepancy between the Chinese and English versions, please subject to Chinese text.

I Definitions

In this report, unless the context otherwise requires, the following terms have the following meanings:

DEFINITIONS OF COMMON TERMS

Company or the Company or Magang Stock	means	Maanshan Iron & Steel Company Limited
The Group	means	the Company and its subsidiaries
China Baowu or Baowu	means	China Baowu Steel Group Corporation Limited, the controlling shareholder of the Holding
Baosteel Co., Ltd. or Baosteel	means	Baoshan Iron & Steel Co., Ltd.
Baosteel Hong Kong Investment	means	Baosteel Hong Kong Investment Company Limited, a wholly-owned subsidiary of China Baowu
The Holding	means	Magang (Group) Holding Co., Limited, the direct controlling shareholder of the Company
Shareholders' General Meeting	means	the Shareholders' General Meeting of the Company
The Board	means	the board of directors of the Company
Strategic Development Committee	means	the Strategic and Sustainable Development Committee of the Board of the Company
Audit Committee	means	the Audit and Compliance Committee of the Board of the Company
Director(s)	means	the director(s) of the Company
Supervisory Committee	means	the supervisory committee of the Company
Supervisor(s)	means	the supervisor(s) of the Company
Senior Management	means	the senior management of the Company
Hong Kong Stock Exchange	means	the Stock Exchange of Hong Kong Limited
SSE	means	the Shanghai Stock Exchange
A Shares	means	a nominal value of RMB1.00 per share, which are listed on the SSE

DEFINITIONS OF COMMON TERMS (CONTINUED)

H Shares	means	a nominal value of RMB1.00 per share, which are listed on the Hong Kong Stock Exchange
PRC	means	the People's Republic of China
Hong Kong	means	the Hong Kong Special Administrative Region
RMB	means	Renminbi Yuan
CSRC	means	the China Securities Regulatory Commission
SASAC	means	the State-owned Assets Supervision and Administration Commission of the State Council
CISA	means	China Iron and Steel Association
Articles of Association	means	the articles of association of Maanshan Iron and Steel Company Limited
Magang Limited	means	Maanshan Iron & Steel Limited Company, a controlling subsidiary of the Company
Changjiang Steel	means	Anhui Changjiang Steel Co., Ltd., a controlling subsidiary of the Company
Baowu Finance	means	Baowu Group Finance Co., Ltd.
Magang Transportation Material	means	Baowu Group Magang Rail Transportation Material Technology Co., Ltd., a controlling subsidiary of Magang Limited
4 directions of development	means	the development path of high-end orientation, intelligentization, greenization and high efficiency
4-with	means	the operation principle focusing on accounting operation: production with orders, revenue with profits, production volume with margins, and profits with cash
Inventories and receivables	means	Utilization of funds on inventories and accounts receivable
Auditor, Ernst & Young Hua Ming	means	Ernst & Young Hua Ming LLP
Reporting Period	means	From 1 January 2025 to 30 June 2025

II Company Introduction and Major Financial Indicators

1. COMPANY PROFILE

Chinese name of the Company	馬鞍山鋼鐵股份有限公司
Chinese short name of the Company	馬鋼股份
English name of the Company	Maanshan Iron & Steel Company Limited
English short name of the Company	MAS C. L.
Legal representative of the Company	Jiang Yuxiang

2. CONTACT PERSON AND METHODS

	Secretary of the Board of Directors, Joint Company Secretary	Joint Company Secretary
Name	He Hongyun	Rebecca Chiu
Contact address	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC	Room 1204–06, 12/F, The Hong Kong Chinese Bank Building, 61 Des Voeux Road Central, Hong Kong, the PRC
Telephone	86-555-2888158/2875252	(852)21552649
Fax	86-555-2887284	(852)21559568
Email	mggf@baowugroup.com	rebeccachiu@chiuandco.com

3. BASIC INFORMATION

Registered address	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province
Historical changes of the Company's registered address	January 1993 to June 2009, No. 8 Hong Qi Zhong Road, Maanshan City, Anhui Province; June 2009 to now, No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province
Office address	No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province
Postal code of the registered address	243003
The Company's website(s)	www.magang.com.cn (A Share); www.magang.com.hk (H Share)
Email address	mggf@baowugroup.com

4. INFORMATION DISCLOSURE AND CHANGES IN LOCATION FOR INSPECTION

Name of newspaper designated for information disclosure	Shanghai Securities News; www.cnstock.com
Internet website for interim report publication	www.sse.com.cn; www.hkex.com.hk
Location for inspection of interim report of the Company	The secretariat office of the Board

5. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

Type of shares	Stock exchange for listing of shares	Short name of stock	Stock code
A Shares	SSE	Magang Stock	600808
H Shares	Hong Kong Stock Exchange	Maanshan Iron & Steel	00323

The address of the A share registrar of the Company: China Securities Depository and Clearing Company Limited Shanghai Branch, No. 188 Yanggao South Road, Pudong New District, Shanghai, the PRC.

The address of the H share registrar of the Company: Hong Kong Registrars Limited, Room 1712–1716, Level 17, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

6. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(1) Major accounting data

Unit: RMB

Major accounting data	Reporting Period (January to June)	Corresponding period of the previous year	Increase/decrease at the Reporting Period compared to the same period of the previous year *(%)*
Revenue	**38,075,533,544**	43,007,478,790	-11.47
Total profit	**117,712,960**	-1,190,806,469	N/A
Net profit attributable to owners of the parent	**-74,780,316**	-1,144,779,937	N/A
Net profit excluding non-recurring gains or losses attributable to owners of the parent	**-108,239,155**	-1,236,755,384	N/A
Net cash flows from operating activities	**940,725,426**	1,227,796,059	-23.38

	As at the end of the Reporting Period	As at the end of previous year	Increase/decrease at the end of the Reporting Period as compared to the end of the previous year *(%)*
Net assets attributable to owners of the parent	**23,901,475,700**	23,257,460,660	2.77
Total assets	**82,322,514,611**	78,962,973,613	4.25
Total share capital	**7,722,104,586**	7,746,937,986	-0.32

6. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS (CONTINUED)

(2) Major financial indicators

Major Financial Indicators	**Reporting Period (January to June)**	Corresponding period of the previous year	Increase/decrease at the Reporting Period compared to the same period of the previous year *(%)*
Basic earnings per share *(RMB/share)*	**-0.01**	-0.148	N/A
Diluted earnings per share *(RMB/share)*	**-0.01**	-0.148	N/A
Basic earnings per share excluding non-recurring gains or losses *(RMB/share)*	**-0.014**	-0.160	N/A
Return on net assets (weighted average) *(%)*	**-0.32**	-4.21	Increased by 3.89 percentage points
Return on net assets excluding non-recurring gains or losses (weighted average) *(%)*	**-0.47**	-4.55	Increased by 4.08 percentage points

7. NON-RECURRING GAINS OR LOSSES ITEMS AND AMOUNTS

Unit: RMB

Non-recurring gains or losses items	Amount
Gains or losses from disposal of non-current assets (including the part offset with the provision for impairment of assets)	2,563,049
Government grants recognized in current period profit or loss (excluding those having close relationship with the Company's normal business, conforming to the national policies and regulations, being enjoyed according to determined standards and having a lasting impact on the Company's profit or loss)	22,642,603
Except for the effective hedging business related to ordinary business of the Company, profit and loss on changes in fair value from financial assets and financial liabilities held by non-financial enterprises, as well as profit and loss from the disposal of financial assets and financial liabilities	1,058
Non-operating income or expenses other than the above items	13,939,531
Less: Income tax effect	-3,192,947
Non-controlling interests effect (after tax)	-2,494,455
Total	33,458,839

Explanations for the Company's non-recurring gains or losses items with significant amounts as not illustrated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Gains or Losses, and the non-recurring gains or losses items as illustrated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Gains or Losses which has been defined as its recurring gain or loss items.

☐ Applicable ☑ Not Applicable

III Management Discussion and Analysis

1. INTRODUCTION OF THE COMPANY'S INDUSTRY PERFORMANCE AND MAJOR BUSINESSES DURING THE REPORTING PERIOD

In the first half of 2025, the national economy maintained overall stable performance, with investment, consumption, and foreign trade sustaining growth momentum, achieving GDP growth of 5.3%. Benefiting from stable demand in downstream manufacturing sectors and continued growth in steel exports, the iron and steel industry demonstrated characteristics of "reduced volume development, inventory optimization, and recovering profitability". From January to June, domestic crude steel output reached 515 million tonnes, down 3% year-on-year. Apparent crude steel consumption was 450 million tonnes, a decrease of 5.7% year-on-year. Steel exports totaled 58.147 million tonnes, up 9.2% year-on-year, alleviating supply-demand pressures in the domestic steel market.

The market prices of raw fuels represented by coking coal and coke fell more significantly than those of steel products, leading to a widening spread between input costs and output prices. According to data from the CISA, in the first half of the year, the average composite domestic steel price index was 93.75 points, down 13.35% year-on-year, while the average import price of iron ore fell by 16.7% over the same period. The procurement cost of imported iron ore fines for key iron and steel enterprises decreased by 15.87% year-on-year, the procurement cost of coking coal dropped by 32.04%, and the procurement cost of metallurgical coke declined by 28.64%. Although industry profits increased noticeably year-on-year, the overall profitability remained relatively low.

As one of the largest iron and steel producers and sellers in China, the Company's major businesses are production and sales of iron and steel products; the main production processes include iron making, steel making, steel rolling, etc. Major products of the Company are steel, which is composed of four product series of "excellent special steel, wheels and axles, long products and plates". It has automobile plate, household appliance plate, zinc aluminum magnesium, heavy H-section steel, railway vehicle materials, medium profile mining steel, low-temperature reinforcement, energy steel, high-speed wheel and other high-end products, which are widely used in aviation, railway, ocean, automobile, household appliance, shipbuilding, construction, machinery manufacturing and other fields and national key projects with broad market prospects. During the Reporting Period, there were no material changes in the applications, business models, market positions, competitive advantages and disadvantages, or key performance drivers of the Company's major steel products.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

1. Major operational overview

In the first half of 2025, the Company strictly implemented China Baowu's strategic deployment of "new stage, new strategy, new model", and adhered to the principles of the "4 directions of development" and "4-with". Focusing on enhancing value creation capabilities, the Company proactively addressed severe market challenges. Through deepened operational accounting, strengthened integration and synergy, and continuous reform and innovation, the Company solidly advanced the "three reductions and three enhancements" initiative. The overall production and operational trend improved, and reforms achieved phased progress.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

1. Major operational overview (Continued)

During the reporting period, the Group produced 9.36 million tonnes of pig iron, 10.35 million tonnes of crude steel, and 9.63 million tonnes of steel. Under Chinese Accounting Standards for Business Enterprises, the Group recorded revenue of RMB38.076 billion and a net profit attributable to shareholders of the listed company of RMB-75 million, reflecting a year-on-year improvement in profit of RMB1.07 billion.

Key initiatives and operational highlights:

First, we focused on value creation, achieving remarkable results in internal cost reduction and efficiency enhancement. On the procurement front, the Company proactively adjusted its purchasing strategies in response to market conditions, adopting delayed purchases, smaller batches, and higher frequency to reduce procurement costs. Specifically, in the ore segment, through production-supply coordination and iron ore substitution under extremely low inventory conditions, the average spot procurement price at ports outperformed the index by USD4.58/tonne from January to June. In the fuel segment, the procurement cost for coking coal was RMB1,267/tonne from January to June, which was RMB10.67/tonne lower than the industry average, improving the Company's industry ranking by two places compared to the previous year. On the marketing front, the Company increased orders for key product varieties: actual sales of key products reached 2.769 million tonnes in the first half of the year, achieving 52.9% of the annual target, with the proportion of key products reaching 35%, and the direct supply ratio at 73.4%, representing year-on-year improvements of 5.0 and 8.5 percentage points, respectively. On the manufacturing front, the Company optimized production organization and maintenance models, coordinated iron-steel balance in production, and enhanced the efficiency of high-value-added product lines. Magang Limited refreshed monthly production records 20 times across 10 lines and daily production records 43 times on 19 lines. At the same time, it strengthened quality control by conducting detailed reviews across "all processes, all operational areas, and all elements" to establish a cost and quality control system with "clear individual responsibilities and closed-loop management". At the end of June, the defect rate of post-steel making products decreased by 1.14 percentage points year-on-year, while the unplanned product rate dropped by 0.66 percentage point. During the reporting period, internal cost reduction and efficiency improvements in procurement and manufacturing achieved a cost reduction of RMB91 per ton of steel.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

1. Major operational overview (Continued)

Key initiatives and operational highlights: (Continued)

Second, we focused on product operation, and the adjustment of product structure was advanced as scheduled. In product premiumization, the Company continued to promote the quality improvement and volume expansion of key product varieties, consolidating and increasing the sales of key products such as Al-Si coated hot-forming steel. Sales of key steel products reached 2.77 million tonnes, representing a year-on-year increase of 22%. The proportion of key products reached 35%, while direct supply ratio rose to 73.4%, up 5 percentage points and 8.5 percentage points respectively compared to the previous year. The Company accelerated the development of high-end products, with cumulative sales of new products reaching 867,000 tonnes, and the excess profit per tonne of materials increasing by 39% year-on-year. The first 2200MPa hot-forming steel passed Xiaomi Automobile's material certification and received small-batch orders. The Company steadily advanced the localization of high-speed railway wheels: self-developed wheels and axles for Fuxing bullet trains are now ready for mass installation, and CR400 Fuxing bullet train self-developed wheels have been included in China State Railway Group's supplier list and received orders. In key project development, the factory building and equipment foundation of the product structure adjustment project – the cold rolling 6# galvanization line project have been basically completed, and the entire line has entering the peak phase of equipment installation, with completion expected by year-end. The No. 3 continuous caster project under the southern section steel beam renovation project has largely completed workshop construction and is expected to be substantially completed by year-end. On international expansion, the Company strategically balanced overseas market development and exploration, tapping into new markets including Southeast Asia to drive export growth and enhance profitability. In the first half of the year, the Company's total exports reached 554,000 tonnes, including over 90,000 railway wheels accounting for approximately 45% of the wheel and axle product revenue, and H-beam exports of 357,000 tonnes, representing a 5% increase compared to the previous period.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

1. Major operational overview (Continued)

Key initiatives and operational highlights: (Continued)

Third, we focused on institutional innovation, injecting vitality through both internal and external reforms. The Company implemented internal institutional and mechanism reforms with a blast furnace-centric approach. Magang Limited established a Blast Furnace Operations Technology Committee, organizing five dedicated teams for 5 blast furnaces correspondingly. These teams implemented daily morning/evening meetings, monthly evaluations, quarterly reviews, annual summaries, and performance-based incentive mechanisms. At the same time, it integrated the ironwork area, promoting the long-term stable and smooth operation of blast furnaces and further reducing the cost of molten iron. Additionally, it launched a Production-Sales-Research Integration Center to clarify product management responsibilities, driving continuous quality improvements and deeper market penetration. Externally, the Company executed a major restructuring initiative by injecting core steel assets into Magang Limited and introducing Baosteel as a strategic investor with a 49% equity stake. This partnership establishes a foundation for deep collaboration with Baosteel.

Fourth, we prioritized synergistic development, with initial collaborative results emerging through our partnership with Baosteel. Magang Limited implemented collaboration across multiple functional areas, launching 172 joint support projects (including 17 in procurement, 19 in production operations, 31 in R&D, 38 in long products and special steel, and 24 in functional support). These efforts generated significant synergies, enabling Magang Limited to achieve monthly profitability since beginning independent operations in March. In procurement, through collaborative negotiations on imported resources, the addition of alternative varieties, and the reduction of procurement prices, a cost reduction of RMB77.07 million was achieved. In production operations, through collaborative optimization of the stop-casting process operations, the residual steel in the ladle was reduced from 12.5 tonnes in 2024 to 10.5 tonnes. In sales and marketing, by focusing on the optimization of product structure and the synergy of core users and processing support capabilities, the single automotive steel plate achieved a synergy effect of RMB3.17 million. In long products and special steel, by coordinating the guidance and control of the active oxygen in the steelmaking process, we optimized the deoxidation process of molten steel and slag surface, and adopted high-temperature rapid rolling methods, making the cracking rate of the products reduce from the initial 10% to the current 0.5%, and leading to an increase in product orders.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

1. Major operational overview (Continued)

Key initiatives and operational highlights: (Continued)

Fifth, we focused on differentiated competition, driving significant performance improvements at Chang Jiang Iron & Steel. The Company has pushed Chang Jiang Iron & Steel to adhere to the norms of state-owned enterprises and give full play to the vitality of the private mechanism, fully implementing the business policy of "low cost, differentiation, high efficiency and fast pace", and significantly improving its business performance. Compared with the same period last year, the cost of molten iron decreased by 26%, the proportion of self-generated electricity increased by 18.62 percentage points, and the cost of electricity purchased per ton of steel from outside decreased by 22.97%.

2. Outlook and tasks for the second half of the year

Looking ahead to the second half of the year, the Company continues to face a severe environment. From the perspective of raw fuel and iron and steel markets, steel demand is expected to shift from weak to strong while supply may transition from strong to weak, potentially resulting in a V-shaped trend in steel prices for the full year. Supply of raw fuels is increasing while demand is decreasing, resulting in relatively relaxed supply-demand fundamentals. Raw fuel prices may struggle to sustain an upward trend and are likely to remain weak with fluctuations throughout the year. Regarding the external environment, the National Development and Reform Commission (NDRC) has implemented policies to reduce crude steel production. Internally, the factors restricting the efficiency of production, including insufficient production stability and low capacity utilization rates of production lines and other problems, have not been fully resolved. However, with the introduction and implementation of domestic policies to stabilize growth and increase volume, market liquidity will be further improved, providing development space for enterprises' production and operation activities. Next, the Company will actively respond to the severe situation in the iron and steel industry, focus on value creation, deepen accounting operation, comprehensively benchmark and identify differences, strengthen synergistic effects, intensify product structure adjustment, and strive to improve the profit percentile per tonne of steel. These efforts aim to continuously enhance efficiency and profitability, ensure stable production and operations, achieve significant improvement in operational performance, and pursue the goal of avoiding losses for the full year.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

2. Outlook and tasks for the second half of the year (Continued)

Specifically, the Company will focus on five key tasks:

First, ensuring stable and smooth production. Adhering to the principle that "production stability is the greatest cost reduction", the Company will continuously enhance production stability and build an optimal production and operation system. In stabilizing blast furnace operations, it will fully secure blast furnace production to ensure that Magang Limited's daily molten iron output steadily maintains a platform of 42,500 tonnes. In stabilizing steel rolling operations, it will improve production line efficiency, implement intensive production, orderly shut down small bar lines, renovate large bar lines, and phase out steelmaking converters in the Long Products Area 1, thereby reducing the iron-to-steel ratio, increasing the hot charging ratio, and lowering steel material consumption. In stabilizing order fulfillment, it will actively secure orders, produce based on sales demand, strengthen collaboration with Baosteel's marketing system, closely monitor key customers, and engage in joint marketing and R&D. In stabilizing equipment operations, it will reduce accident rates, enhance equipment precision management, optimize maintenance models, strengthen inspection and patrol management, and improve accident prevention and equipment condition management. In stabilizing energy supply, it will promote efficient energy operation, effectively leverage the role of the energy working group, strengthen supply security, improve efficiency, and reduce energy losses.

Second, comprehensively deepening benchmarking and gap analysis. Adhering to the principle that "costs must be reduced to the extent the market demands", the Company will strengthen management of cost and quality factors, promote cost reduction across all factors and quality improvement throughout all processes, and enhance cost competitiveness synergistically across all production stages. Focusing on the management of "cost factors and quality factors" as the main line, the Company will promote the reduction and control of molten iron costs to the bottom line, tackle the purchase and sale price difference to ensure benefits, implement daily cost management, and improve efficiency through a closed loop of incentives and constraints mechanism.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

2. Outlook and tasks for the second half of the year (Continued)

Specifically, the Company will focus on five key tasks: (Continued)

Third, closely monitoring both supply and sales markets. On the marketing front, the Company will adjust the structure, increase exports, and optimize channels. In terms of structural adjustment, it will accelerate the transition of plate and strip products toward "cold-rolled series, high-strength, coated, and new energy applications", strengthen section steel products, optimize special steel, and strive to increase the proportion of key products to 37%. It will dynamically assess development trends in downstream industries, stay close to the market, increase the direct supply ratio of cold-rolled sheet products, and further boost sales to end-users. It will continue to seize opportunities from the automotive industry development in Anhui Province, leverage its geographical and logistics advantages, and consolidate and increase the local sales ratio to 89%. In increasing exports and optimizing channels, it will enhance collaborative sales by utilizing Baosteel's global marketing network to sell section steel. It will intensify efforts to develop overseas end-customers to achieve an export ratio of 7.8%. On the procurement front, the Company will strengthen delayed purchasing, multi-batch, and small-quantity strategies. It will expand the supplier base, increase tendering activities, ensure all eligible projects are tendered, and fully leverage centralized procurement. It will enhance the alignment between demand and resources, increase the use of cost-effective resources in scrap steel, ore, and coal, flexibly respond to price differences between spot market coal and long-term contract coal, and dynamically adjust the proportion of long-term contract coal. It will practice agile operations to outperform the market, accurately time market movements, and ensure imported iron ore procurement outperforms the index.

Fourth, strengthening sci-tech innovation support. In product operations, the Company will focus on product differentiation to consolidate and enhance key product categories, and boost market competitiveness. In structural adjustment, it will accelerate the mass application of 400 km/h high-speed railway wheels and axles to maintain leading advantages. It will concentrate on reforms in long products and special steel, continuously strengthen the research, production, and sales of section steel and special steel products to support strengthening and optimization. It will leverage the advantages of Anhui's automotive industry to enhance R&D of automotive steel products and increase its market share. In core breakthroughs, the Comapny will conduct research on-site process technology, process platform technology, green and low-carbon metallurgical technology, and applied fundamental technology to support the improvement of key on-site process technology indicators and the development of key products. In industrial extension, the Company will accelerate the transformation from materials to parts, from performance to function, and from products to services.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

2. Outlook and tasks for the second half of the year (Continued)

Specifically, the Company will focus on five key tasks: (Continued)

Fifth, advancing the "three reductions and three enhancements" initiative. In reducing non-performing assets, the Company will intensify efforts to dispose of and eliminate low-efficiency and idle assets. For reducing liabilities and the scope of inventories and receivables, we will focus on the core tasks of "lowering debt, controlling accounts receivable and inventory, and revitalizing capital," strengthening bottom-line thinking and benefit-oriented approach to optimize the asset-liability structure and implement full-cycle capital management. To enhance overall labor productivity, we will conduct comprehensive human resource benchmarking, optimize workforce allocation models, and promote internal labor substitution to continuously improve personnel efficiency. In increasing the proportion of tendering and direct procurement, we will ensure all required tendering is conducted and maximize eligible tendering opportunities, eliminate hidden barriers to raise the tendering ratio, streamline source suppliers, reduce intermediate links, and boost direct procurement. In terms of increasing the proportion of direct supply, we will further strengthen channel development, deepen strategic cooperation with key users, closely penetrate regional markets to expand small and medium end-customers, and further increase direct sales to end-users.

3. Cash flow

During the Reporting Period, the Group recorded a net increase in cash and cash equivalents of RMB1.628 billion, while the net increase in the same period last year was RMB852 million. Net cash flow from operating activities was an inflow of RMB941 million, compared with RMB1.228 billion in the same period last year, with a year-on-year decrease of RMB287 million, mainly due to decreased sales revenue, lower cash inflows from sales of goods, and an increase in receivables from accepted bills. Net cash flow from investing activities was an outflow of RMB1.62 billion, compared with RMB704 million in the same period last year, with a year-on-year increase of RMB916 million, primarily attributable to increased investments in construction of long-term assets. Net cash flow from financing activities showed an inflow of RMB2.30 billion, compared with RMB330 million in the same period last year, largely resulting from the receipt of the first installment of RMB2.57 billion from the disposal of a 35.42% equity stake in Magang Limited.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

4. Financial position and exchange risks

At the end of the reporting period, the total loans of the Group were denominated in RMB with an aggregate amount of RMB22.108 billion, including short-term loans of RMB13.181 billion and long-term loans of RMB5.607 billion (including RMB3.32 billion of long-term loans due within one year). Loans amounting to RMB16.987 billion carried fixed interest rates and loans amounting to RMB5.121 billion carried floating interest rates. At the end of the reporting period, the Group's asset liability ratio was 60.49%, representing a decrease of 4.91 percentage points as compared with the end of 2024.

The amount of all loans of the Group changed with the scale of production, operation and construction. At present, the Company finances its construction projects mainly with its own funds. There was no overdue loan during the reporting period. At the end of the reporting period, banking facilities available to the Group amounted to approximately RMB88.799 billion, of which the unutilised facilities amounted to approximately RMB50.097 billion.

The Group's imports of raw materials are mainly settled in US dollars, and export products are mainly settled in US dollars. The Company proactively manages exchange rate and interest rate volatility risks arising from divergent global monetary policies, adhering to the operational principles of "cost locking, instrument locking, exposure locking, and cash flow locking". It comprehensively enhances lean management of cross-border funds and implements the specialized "three hedges and three reductions" initiative, insisting on the "three combinations": combining market hedging with natural hedging, short-term risk avoidance with long-term structural adjustment, and exchange rate control with interest rate control. The Company closely monitors the dynamics of its foreign exchange risk exposure and the effectiveness of hedging activities. It strictly controls the scale of derivative transactions, halts new transactions involving complex structured products, and increases the frequency of dynamic adjustments to hedging portfolios. In the second quarter of 2025, the Company introduced a new model for cross-border business, directly issuing RMB electronic sight letters of credit totaling RMB331 million to mining companies and conducting cross-border RMB forward letter of credit transactions of RMB168 million. By utilizing RMB settlement, the Company mitigates exchange rate fluctuation risks.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

5. Internal control and risk management

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

The Audit Committee reviewed the 2024 internal audit work report of the Company on 20 February 2025, agreeing to the internal audit work arrangements for 2025 and submitted it to the Board for consideration. The Board reviewed the 2024 anti-fraud work report and 2025 work arrangements on 24 January 2025.

The Board reviewed the 2024 Internal Control Evaluation Report on 28 March 2025, confirming that the Company has implemented an effective internal control over all important aspects pursuant to the Basic Internal Control Norms for Enterprises and other relevant requirements in 2024. The Company appointed Ernst & Young Hua Ming LLP as our auditor to audit the effectiveness of our internal control related to financial report as at 31 December 2024 and issued a standard unqualified internal control audit report. During the reporting period, the Company continued to improve the internal control system to ensure that its internal control always remains effective.

The Board reviewed the 2024 Comprehensive Risk Management and Internal Control Work Report and the 2025 Work Plan on 28 March 2025, confirming that the Company would take appropriate control measures for production safety risks, bulk raw material price fluctuation risks, exchange rate and interest rate volatility risks, cash flow management risks, environmental protection and energy consumption control risks, and other risks in 2024 and the risks were under control. During the reporting period, the Company evaluated the risks, formulated the measures for identified risks, and carried out key prevention and control to ensure that the risks were under control.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS (CONTINUED)

5. Internal control and risk management (Continued)

The Board heard the comprehensive risk management and internal control work reports for the first quarter and the first half of 2025 on 29 April and 27 August 2025, respectively.

Significant Changes in the Company's Operation during the Reporting Period, or Matters had or Expected to have Significant Influence on the Company's Operation during the Reporting Period

☐ Applicable ☑ Not applicable

3. THE COMPANY'S CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

(1) Synergy advantage

The Company actively integrated into the ecosystem of China Baowu, broadening its development horizon and continuously exploring development potential and improving operational processes by all-round benchmarking and difference finding. The Company fully leveraged its synergy advantage, and achieved the optimization of resource allocation and maximization of efficiency through the deep coordination in planning, manufacturing, marketing, procurement, R&D, services and other aspects. During the Reporting Period, the Company introduced Baosteel as a strategic investor and made dedicated efforts to advance comprehensive synergy integration between Magang Limited and Baosteel, which has begun to demonstrate positive collaborative outcomes.

(2) Location advantage

The Company's location in Ma'anshan is the bridgehead of Anhui Province integrating into the national strategy of Yangtze River Delta integration development, which offers significant geographical advantages and unique positioning, and provides the Company with a broad market space and market opportunities for growth. Ma'anshan is close to the riverside with excellent transportation. The Company can fully utilize various transportation modes, including waterways, highways and railways, to achieve efficient logistics operations and cost-effective transportation

3. THE COMPANY'S CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD (CONTINUED)

(3) Product structure advantage

In the long-term development process, the Company has established the unique product structure of "excellent special steel, wheels and axles, long products and plates". Each of the products has its own characteristics and can meet the needs of different customer groups. The excellent special steel is widely used in high-end manufacturing, wheels and axles play an important role in the field of railway transportation, and long products and plates are widely applied in industries such as machinery, automotive, home appliances, and steel structures. The diversification of the product enables the Company to adjust product strategies promptly in response to market demand changes. At the same time, the Company enlarges the percentage of high value-added products, and continuously enhances the technical content and added value of its products, so as to improve the profitability.

(4) Technical advantage

The Company possesses proprietary intellectual property and multiple core technologies across three product series: high-speed wheel, H-section steel and cold heading steel. The Company continuously advances its patent portfolio, having applied for 187 patents during the Reporting Period, including 175 invention patents. Adhering to a technology-driven approach, the Company places high importance on intellectual property protection and focuses on end-user application scenarios, continuously improving the "R&D-to-R&D" and "EVI service" mechanisms. It expands its product portfolio targeting key industries such as automotive, batteries, and home appliances, building an end-to-end value chain from material development to application integration. During this period, the Company's self-developed CR400 Fuxing bullet train wheels were included in the supplier list of China State Railway Group; stable production and delivery of high-toughness, hydrogen-embrittlement-resistant 2000 MPa grade hot-forming steel were achieved; silicon steel products for drone drive motors were launched in the low-altitude equipment sector, with small-batch supply realized; and the self-developed third-generation environmentally friendly low-friction galvanized automotive exterior panels achieved mass application. Magang Transportation Material's Academician Workstation was officially inaugurated and commenced operations. Leveraging the expertise of Academician Wang Haizhou's team, the workstation focuses on joint research in areas such as wheel-axle quality assessment and new product development, aiming to break through critical "bottleneck" technologies.

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD

(1) Analysis of principal operations

1. Analysis of changes in relevant items in the financial statements

Unit: RMB

Accounts	Amount of the current period	Amount of the same period of last year	Change (%)
Revenue	**38,075,533,544**	43,007,478,790	-11.47
Cost of sales	**36,244,525,052**	42,484,454,227	-14.69
Selling expenses	**137,798,991**	144,367,917	-4.55
General and administrative expenses	**437,312,708**	434,826,631	0.57
R&D expenses	**549,322,312**	509,627,618	7.79
Financial expenses	**245,618,668**	316,659,664	-22.43
Net cash flows from operating activities	**940,725,426**	1,227,796,059	-23.38
Net cash flows from investing activities	**-1,619,631,859**	-703,896,902	N/A
Net cash flows from financing activities	**2,297,776,926**	329,780,103	596.76
Other income	**219,162,236**	133,118,240	64.64
Investment income	**13,557,382**	84,287,590	-83.92
Credit impairment losses	**-9,568,661**	16,310,120	-158.67
Gains from disposal of assets	**11,386,204**	73,529,933	-84.51
Operating profit/(losses)	**112,596,584**	-1,182,027,063	N/A
Non-operating income	**17,953,725**	733,269	2,348.45
Non-operating expenses	**12,837,349**	9,512,675	34.95
Total profit/(losses)	**117,712,960**	-1,190,806,469	N/A
Income tax expense	**77,493,175**	121,089,148	-36.00
Net profit/(losses)	**40,219,785**	-1,311,895,617	N/A
Net losses attributable to owners of the parent	**-74,780,316**	-1,144,779,937	N/A
Non-controlling interests	**115,000,101**	-167,115,680	N/A

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(1) Analysis of principal operations (Continued)

1. Analysis of changes in relevant items in the financial statements (Continued)

Compared to the same period last year:

Revenue decreased by 11.47%, mainly due to the year-on-year decrease in average selling price of steel during the period as a result of weak demand from downstream industries.

Cost of sales decreased by 14.69%, mainly due to the Company's continuous efforts to reduce costs and increase efficiency across all processes, coupled with a year-on-year decline in the prices of raw materials such as iron ore and coking coal during the period.

Net cash inflow from operating activities decreased by 23.38%, mainly due to the decline in sales revenue, the reduction in cash inflow from selling goods and the increase in notes receivable.

Net cash outflow from investing activities increased by 130.10%, mainly due to a year-on-year rise in cash payments for the acquisition and construction of fixed assets, intangible assets, and other long-term assets.

Net cash inflow from financing activities increased by 596.76%, mainly due to Baosteel acquiring a 35.42% equity stake in Magang Limited held by Magang Stock for RMB5.139 billion during the period, with the first tranche of the consideration totaling RMB2.57 billion having been received.

Other income increased by 64.64%, mainly due to the recognition of additional deductible input VAT credits during the period.

Investment income decreased by 83.92%, mainly due to a reduction in income from associates and joint ventures recognized during the period.

Credit impairment losses decreased by 158.67%, mainly due to the provision for bad debts in the current year increased slightly compared to the previous year.

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(1) Analysis of principal operations (Continued)

1. *Analysis of changes in relevant items in the financial statements (Continued)*

Gains from disposal of assets decreased by 84.51%, mainly due to the recognition of land expropriation income by the subsidiary Maanshan Magang Cihu Steel Processing and Distribution Co., Ltd. ("**Cihu Processing**") in the same period last year.

Non-operating income increased by 2,348.45%, mainly due to the reversal of some unpaid amounts of the Company during the period.

Non-operating expenses increased by 34.95%, mainly due to a year-on-year increase in losses from the disposal of fixed assets of the Company during the period.

Income tax expense decreased by 36.00%, primarily due to a reduction in income tax expenses at Magang Transportation Material and Cihu Processing compared to the same period last year.

Profit/losses attributable to non-controlling interests increased by RMB282 million, mainly due to improved profitability of non-wholly owned subsidiaries compared to the same period last year.

Operating profit/(losses), total profit/(losses), net profit/(losses), and net loss attributable to owners of the parent improved compared to the same period last year, mainly due to the year-on-year improvement in the purchase-sale price differential, coupled with the Company's comprehensive efforts to enhance operational performance through operational accounting, cost reduction across all factors, and quality improvement throughout all processes.

2. *There was no significant change in the business type, profit composition or profit source of the Company in the current period.*

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(2) Analysis of assets and liabilities

1. *Assets and liabilities*

Unit: RMB

Item	Closing balance of the current period	Percentage of closing balance of the current period in total assets *(%)*	Closing balance of last year	Percentage of closing balance of last year in total assets *(%)*	Year-on-year change *(%)*
Cash and bank balances	**8,436,274,044**	**10.25**	6,434,105,447	8.15	31.12
Receivables financing	**2,585,459,712**	**3.14**	1,382,456,994	1.75	87.02
Inventories	**7,126,202,291**	**8.66**	7,908,952,095	10.02	-9.90
Other receivables	**3,010,330,626**	**3.66**	544,731,735	0.69	452.63
Investment property	**52,179,759**	**0.06**	53,185,391	0.07	-1.89
Long-term equity investments	**6,876,220,786**	**8.35**	6,898,903,955	8.74	-0.33
Fixed assets	**46,900,000,810**	**56.97**	48,866,413,844	61.89	-4.02
Construction in progress	**1,083,887,697**	**1.32**	795,364,312	1.01	36.28
Right-of-use assets	**312,607,033**	**0.38**	323,359,282	0.41	-3.33
Short-term loans	**13,181,240,943**	**16.01**	11,344,435,564	14.37	16.19
Contract liabilities	**3,875,313,691**	**4.71**	4,123,176,032	5.22	-6.01
Taxes payable	**157,452,946**	**0.19**	230,640,142	0.29	-31.73
Long-term loans	**5,606,797,042**	**6.81**	5,483,408,184	6.94	2.25
Lease liabilities	**326,374,215**	**0.40**	339,072,242	0.43	-3.74
Other comprehensive income	**-6,238,296**	**-0.008**	-2,023,545	0.003	N/A
Non-controlling interests	**8,623,103,874**	**10.47**	4,063,591,541	5.15	112.20

On the balance sheet, the major changes and reasons for the changes compared with the end of last year are as follows:

Cash and bank balances increased by 31.12%, mainly due to the Company's transfer of its 35.42% equity interest in Magang Limited to Baosteel for a consideration of RMB5.139 billion, with the first installment of the equity transfer consideration of RMB2.57 billion received during the period.

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(2) Analysis of assets and liabilities (Continued)

1. *Assets and liabilities (Continued)*

Receivables financing increased by 87.02%, mainly due to the Company reduced note discounting while Magang Limited received new notes after injecting major steel assets into Magang Limited during the period.

Other receivables increased by 452.63%, mainly due to the second installment of the equity transfer consideration of RMB2.57 billion for the Company's transfer of its 35.42% equity interest in Magang Limited to Baosteel, which has now met the payment conditions. According to the payment schedule, Baosteel is required to complete the payment by 31 December 2025, and this amount shall be recognized as other receivables.

Inventories decreased by 9.90%, mainly due to the Company's detailed implementation of working capital management (focusing on receivables and inventories), continuous efforts to reduce inventory levels, and a decline in raw material prices.

Construction in progress increased by 36.28%, mainly due to increased investments in projects such as the #6 galvanization line and the coke oven gas desulfurization project in the southern area of the coking plant.

Taxes payable decreased by 31.73%, mainly because taxes payable at the end of the previous year were settled during the current year.

Other comprehensive income amounted to RMB-6 million, a decrease of RMB4 million compared to the end of the last year, mainly due to a decline in the fair value of other equity instrument investments held by the Company.

Non-controlling interests increased by 112.20%, mainly due to Baosteel's investment in the Company's subsidiary, Magang Limited, during the year.

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(2) Analysis of assets and liabilities (Continued)

2. Overseas assets

The overseas assets amounted to RMB922 million, accounting for 1.12% of the total assets.

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

At the end of the Reporting Period, the aggregate restricted assets of the Company amounted to approximately RMB1,731 million, among that: bank acceptance bill deposits and performance bond guarantees amounted to RMB1,342 million, alongside RMB389 million in bank acceptance bills pledged as collateral for bank borrowings.

(3) Investment analysis

1. General analysis of external equity investments

Unit: million RMB

Investment amount as at the end of the Reporting Period of the Company	19,618
Changes in investment amount	6,482
Investment amount as at the end of previous year of the Company	13,136
Increase or decrease in investment amount as compared with previous year *(%)*	49.35

The increase in investment amount during the period was mainly due to the capital injection into the subsidiary Magang Limited.

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(3) Investment analysis (Continued)

1. *General analysis of external equity investments (Continued)*

(1) During the Reporting Period, the Company had not carried out any significant equity investments.

(2) Significant non-equity investment

Unit: million RMB

Project name	Total budgeted investment	New investment during the Reporting Period	Project progress
Product quality projects	12,298	363	4%
Energy-saving and environment protection projects	3,499	134	4%
Equipment advancement and other modification projects	3,237	397	17%
Other projects	N/A	74	N/A
Total	N/A	968	N/A

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(3) Investment analysis (Continued)

1. General analysis of external equity investments (Continued)

(2) Significant non-equity investment (Continued)

Project construction fund of the Company comes from the Company's own fund and bank loans. By the end of the Reporting Period, progresses of the major projects under construction were as follows:

Unit: million RMB

Project name	Total budgeted investment	Project progress
Newspecial steel project	8,457	The first phase is completed, and the second phase can be studied and adjusted
Product structure adjustment of cold-rolled 6# galvanization line of Masteel	895	Civil, steel structure and equipment installation construction
Section steel upgrading project in the southern area of Masteel – 3# continuous casting machine	534	Civil and steel structure construction
Third phase of the gas power generation project in the North area of Masteel	370	Civil construction
Integrated upgrading and transformation project of near-final casting and rolling for bar materials of Changjiang Steel	105	Plant steel structure and equipment foundation construction
Total	10,361	/

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(3) Investment analysis (Continued)

1. General analysis of external equity investments (Continued)

(3) Financial assets measured at fair value

☐ Applicable ☑ Not applicable

Derivatives investment

☐ Applicable ☑ Not applicable

(4) Significant disposal of the assets or equity

On 17 April 2025, the Company entered into an Equity Transfer Agreement with Baosteel and Magang Limited regarding Maanshan Iron & Steel Limited Company, pursuant to which the Company agreed to transfer its 35.42% equity interest in Magang Limited to Baosteel for a total consideration of RMB5.139 billion. Concurrently, the parties entered into a Shareholders' Agreement about Maanshan Iron & Steel Limited Company whereby Baosteel, in connection with the equity acquisition, made a cash capital contribution of RMB3.861 billion to Magang Limited. Of this amount, RMB266 million was allocated to registered capital and RMB3.595 billion to capital reserve. The Company waived its pre-emptive right to participate in this capital increase. For details, please refer to: https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-04-18/600808_20250418_AI6T.pdf.

The aforementioned equity transfer and capital increase were considered and approved by the 2024 Annual General Meeting of the Company held on 20 June 2025, and the equity settlement was completed on 30 June 2025. Upon completion of the transaction, the Company's equity interest in Magang Limited decreased from 100% to 51%, while Baosteel holds a 49% stake in Magang Limited.

The introduction of Baosteel will facilitate the transformation of Magang Limited's management model and business operations, enhance its core competitiveness and overall capabilities, and enable the full integration of Baosteel's advanced expertise in areas such as management systems, production operations, cost control, and product quality. This collaboration is aimed at achieving synergistic development between Magang Limited and Baosteel.

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(5) Analysis of the Group's major subsidiaries and investees

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

Unit: million RMB

Name of company	Type	Shareholding ratio	Principal businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Maanshan Iron & Steel Limited Company *(note 1)*	Subsidiary	51%	Steel and iron smelting, steel pressure processing	1,266	61,188	14,952	31,840	-6.79	-62
Anhui Changjiang Steel Co., Ltd.	Subsidiary	55%	Production and distribution of ferrous metallurgy, screw threaded steel, round steel, section steel, angle steel, deformed steel, wire and rod; as well as the sales, import and export of iron ore, iron ore fines and scrap steel	1,200	8,846	3,880	6,507	115	108
Maanshan Iron & Steel (Australia) Proprietary Limited	Subsidiary	100%	Investment and trading	*(note 2)*	196	191	36.99	36.80	25.63
Shenglong Chemical Co., Ltd.	Investee	31.99%	Production and sales of coke, ammonium sulfate, and coal coke chemical products (excluding other dangerous chemicals); maintenance and processing of mechanical equipment (excluding special equipment)	568.8	7,489	4,139	2,251	-79	-91
Henan Jinma Energy Co., Ltd.	Investee	26.89%	Coke, coal tar, crude benzene, ammonium sulfate, coke oven gas production and sales; coke oven gas power generation, heat production	535	10,571	4,186	4,143	-137	-139
Baowu Group Finance Co., Ltd.	Investee	22.36%	Corporate group finance company services	6,840	68,813	10,309	738	400	303
Ouye Industrial Products Co., Ltd.	Investee	9.17%	Industrial procurement management services	4,799	24,303	5,193	1,963	126	104
Linhuan Coking Co., Ltd.	Investee	5.40%	Production and sales of coke and chemical products, development of related products, sales of coal, metal materials and products, etc.	1,091	4,985	1,426	3,503	-221	-201

Note 1: Magang Limited has been profitable on a monthly basis since commencing independent operations in March.

Note 2: The registered capital of Maanshan Iron & Steel (Australia) Proprietary Limited is AUD 21.7379 million.

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD (CONTINUED)

(5) Analysis of the Group's major subsidiaries and investees (continued)

Acquisition and disposal of subsidiaries during the Reporting Period

Name of company	Method of acquisition/ disposal during the Reporting Period	Impact on overall operations and financial performance
Anhui Changjiang Steel Trade (Hefei) Co., Ltd.	Absorbed and merged by Changjiang Steel	Changjiang Steel directly recognized the return on investment in its accounting adjustments, with no changes to its registered capital or equity structure. This transaction does not impair the relevant interests of Magang Stock

(6) No structured entity controlled by the Company

5. OTHER DISCLOSURES

(1) Potential risks

Based on internal and external conditions, the Company may face major risks including operational risks, safety (production and cybersecurity) risks, environmental protection risks, and working capital management risks (receivables and inventory). In addition to the measures outlined in "The environment for production and operation and coping strategies" section above, the Company's risk mitigation strategies include:

1. Operational risk control: ① Reduce liabilities and the scale of receivables and inventories. Focusing on the core tasks of "lowering liabilities, controlling two funds, and activating capital", strengthen bottom-line thinking and benefit orientation, promote the optimization of the asset-liability structure and full-cycle capital management. Rigidly implement the target for reducing receivables and inventories, while ensuring high-level supply assurance and order delivery under low inventory conditions. Resolutely build a strong defense line for cash flow security and risk prevention. ②

5. OTHER DISCLOSURES (CONTINUED)

(1) Potential risks (Continued)

Deeply advance the "three reductions and three improvements", thoroughly review the property rights and management chains, resolutely reduce and eliminate legal entity levels and management layers with no business, no contribution, and no functionality, and strictly prevent the risk of management efficiency deteriorating layer by layer or even loss of control due to excessively long asset and management hierarchies. ③ Control the operational risks of equity investment enterprises. Comprehensively monitor the operational status of invested companies, implement dynamic management, and prevent significant operational fluctuations in invested subsidiaries from affecting the achievement of the Company's operational objectives. ④ Improve overall labor productivity, internally promote a shared employment mechanism, and continuously enhance personnel efficiency.

2. Safety (production and cybersecurity) risk control: ① Carry out special rectification actions for the safety of construction machinery use, including: the safety status of construction machinery such as excavators and cranes, the qualifications and operating procedures of operators, and safety management systems, with particular focus on rectifying the operating standards and procedures for construction machinery. ② Integrate and optimize relevant safety management systems to form the Magang Safety Management Code. ③ Continue to promote independently controllable applications and persistently enhance network and data security protection capabilities.

3. Environmental protection risk control: ① Continuously track and monitor the management of binding environmental protection indicators. ② Prepare for inclusion in the carbon market. Consistently strengthen the management of carbon data, carbon measurement, carbon emission intensity per process, and other related work, gradually establishing a reasonable, compliant, credible, and reliable daily supervision mechanism covering the entire data cycle.

(2) Other disclosures

1. Work of the Audit Committee. The Audit Committee of the Company comprises independent Directors Ms. Zeng Xiangfei, Mr. Guan Bingchun, Mr. He Anrui and Mr. Qiu Shengtao. The Audit Committee has reviewed the 2025 interim results.

5. OTHER DISCLOSURES (CONTINUED)

(2) Other disclosures (Continued)

2. On July 30, 2025, the Company's shareholders' meeting reviewed and approved the signing of a supplementary agreement to the product sales and purchase agreement for 2025–2027 between the Company and China Baowu Steel Group Co., Ltd. On August 15, 2025, Mr. Zhang Wenyang, Director, General Manager, and Chief Financial Officer of the Company, resigned. The Board of Directors appointed Mr. Chen Guorong as Deputy General Manager and Chief Financial Officer. Other than the above, no events with a material impact on the Group have occurred from the end of the Reporting Period to the date of this report.

3. Purchase, Sale or Redemption of Listed Securities of the Company. During the Reporting Period, the Company did not redeem any of its listed stocks, nor did the Company and its subsidiaries purchase or resale any of the listed stocks of the Company.

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

5. Code on Corporate Governance. During the Reporting Period, the Company had complied with all the code provisions of the Code on Corporate Governance set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. No deviation behaviour from the code was found.

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

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

5. OTHER DISCLOSURES (CONTINUED)

(2) Other disclosures (Continued)

8. Implementation status of the "Enhancing Quality, Efficiency, and Valuing Returns" action plan:

   The Company released the 2024 Special Action Plan for Enhancing Quality, Efficiency, and Valuing Returns in July 2024. Based on this plan, it issued the Value Enhancement Plan in March 2025. The implementation status of the relevant plans is reported as follows:

   (1) Production and operation status. With the "4 directions of development" as its development direction and the "4-with" as its operational principles, the Company has deepened integration and synergy, strengthened reform and innovation, and focused on improving operational performance. In the first half of 2025, the Company achieved a total profit of RMB118 million, representing a year-on-year increase of RMB1,309 million; the net profit attributable to shareholders of the listed company was RMB-75 million, reflecting a year-on-year increase in profit of RMB1,070 million. The operational performance of the Company has been significantly improved.

   (2) Scientific and technological innovation status. The Company persists in cultivating and applying new quality productive forces to drive high-quality development and lead industrial transformation and upgrading. For details, please refer to "2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS".

   (3) Market-oriented operation status. The iron and steel industry has entered a long-term phase of volume reduction and structural adjustment. To advance high-quality development, the Company has emancipated its mindset, broken away from the inertial thinking of the incremental development stage, and promoted reform and innovation through market-oriented approaches. In the first half of the year, the Company introduced Baosteel as a strategic investor by transferring part of its equity in Magang Limited to Baosteel, while Baosteel. made a cash capital injection into Magang Limited. This transaction facilitates innovation in Magang Limited's management model, business model, and other aspects, and achieve synergistic development between Baosteel and Magang Limited, thereby enhancing Magang Limited's core competitiveness and overall strength.

5. OTHER DISCLOSURES (CONTINUED)

(2) Other disclosures (Continued)

8. Implementation status of the "Enhancing Quality, Efficiency, and Valuing Returns" action plan: (Continued)

(4) Share increase status of shareholders. From September to November 2024, based on its confidence in the Company's future development prospects and recognition of its investment value, Magang (Group) Holding Co., Limited, the Company's controlling shareholder, used its own funds to cumulatively increase its holdings of the Company's A shares by 68,927,534 shares through the centralized bidding system of the Shanghai Stock Exchange, accounting for approximately 0.890% of the Company's total share capital. The cumulative share increase amount was RMB150,109,040.18, representing successful completion of the share increase plan.

(5) Shareholder returns. Since listing, adhering to the principle of valuing reasonable investment returns for shareholders while balancing the Company's legitimate capital needs, the Company has prioritized cash dividends as the primary method of profit distribution, with the total dividend payout accounts for approximately 56% of the cumulative net profit achieved. Moving forward, the Company will, on the premise of ensuring the reasonable demands of its main business development, take into account the continuity and stability of cash dividends, and strike a dynamic balance among business development, performance growth and shareholder returns, continuously enhancing the sense of gain for the majority of investors.

(6) Investor relations management. The Company is committed to maintaining positive interaction with investors to foster healthy investor relations and strengthen their recognition of the Company's value. From July 2024 to June 2025, the Company held three earnings briefings (for the first half of 2024, the third quarter of 2024, and the full year of 2024), received investors nearly 20 times, and conducted over 10 investor visits. It also responded to 158 investor inquiries on the E-Interaction platform with a 100% response rate.

5. OTHER DISCLOSURES (CONTINUED)

(2) Other disclosures (Continued)

8. Implementation status of the "Enhancing Quality, Efficiency, and Valuing Returns" action plan: (Continued)

   (7) ESG performance. The Company places high importance on environmental, social, and governance (ESG) issues and has gained recognition from multiple authorities. For example, it has been consistently included in the SASAC's "Central Enterprises ESG Pioneer 100 Index", selected again for the CCTV "China ESG Listed Companies Pioneer 100" list, and included for the first time in the CCTV "China ESG Listed Companies Yangtze River Delta Pioneer 50 (2024)" list. The case study of "Energy Refinement Dynamic Analysis and Optimization" was selected as a best practice typical case for digital transformation among listed companies of PRC in 2024. Additionally, its industrial poverty alleviation case was recognised as an outstanding example of rural revitalisation by listed companies in 2024.

IV Corporate Governance, Environment and Society

1. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, there were no changes in the Company's directors, supervisors, or senior management personnel.

On August 15, 2025, Mr. Zhang Wenyang resigned from his positions as Director of the Company, member of the Strategy and Sustainable Development Committee of the Board, general manager, and chief financial officer due to work reassignment. The Board appointed Mr. Chen Guorong as deputy general manager and chief financial officer. For details, please refer to: https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-08-16/600808_20250816_RJTL.pdf.

2. PROPOSAL OF PROFIT DISTRIBUTION OR PROPOSAL OF TRANSFERRING CAPITAL RESERVE TO SHARE CAPITAL

The interim plan for proposal of profit distribution or proposal of transferring capital reserve to share capital

Whether distributed or capitalised	No
Number of bonus shares for every 10 shares *(share)*	–
Dividend amount per 10 shares *(RMB) (tax inclusive)*	–
Number of shares capitalised for every 10 shares *(share)*	–

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

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

Summary of matter	Index of documents
Repurchase and Cancellation of Restricted A Share	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-06-21/600808_20250621_CEEC.pdf； https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-07-31/600808_20250731_NJMV.pdf.

4. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES INCLUDED IN THE STATUTORY ENVIRONMENTAL INFORMATION DISCLOSURE LIST AND THEIR MAJOR SUBSIDIARIES

Number of enterprises included in the Statutory Environmental Information Disclosure List	6

No.	Name	Query index for statutory environmental information disclosure report
1	Maanshan Iron & Steel Company Limited	
2	Maanshan Iron & Steel Limited Company	
3	Ma Steel (Hefei) Iron & Steel Co., Ltd.	Enterprise Environmental Information Disclosure System (Anhui)
4	Baowu Group Magang Rail Transportation Material Technology Co., Ltd.	https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
5	Mascometal Co., LTD	
6	Anhui Changjiang Steel Co., Ltd.	

5. THE SPECIFIC WORK TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND TO PROMOTE RURAL REVITALIZATION

(1) Strengthen organizational leadership and ensure financial support

On June 4 and June 27, 2025, leaders and relevant departments of the Company conducted rural revitalisation research in the assisted villages, listened to reports from the stationed staff, and reviewed the development of local industries. The Company convened a meeting of the rural revitalisation leadership group to arrange this year's assistance measures, and approved the 2025 external donation budget to ensuring financial support for the assistance work.

5. THE SPECIFIC WORK TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND TO PROMOTE RURAL REVITALIZATION (CONTINUED)

(2) Strengthen scientific guidance and focus on industrial development

To promote high-quality development and enhance comprehensive benefits in the designated assisted villages, the Company conducted in-depth research and provided guidance based on the actual conditions of the villages, offering development ideas and technical support. Liji Village planned to implement a fresh corn planting and processing industry project and applied to the Company for assistance funds of RMB400,000, specifically for the construction of a processing plant. Accordingly, the Company's rural revitalisation office organized feasibility research, analysis, and demonstration of the project to improve the efficiency, safety, and compliance of the donation funds. The Company coordinated with the Dicheng Town government to facilitate the transfer of over 383 mu of farmland, assisting Liji Village in attracting an investment and operation entity for the project. Anhui Yami Ecological Agriculture Technology Development Co., Ltd. (安徽省芽米生態農業科技發展有限公司) was established with a registered capital of RMB5 million to oversee the initiative. The Company also actively engaged MaGang Institute to provide design support for the fresh corn processing plant and sought expert guidance from Anhui Agricultural University and the Provincial Academy of Agricultural Sciences on seed selection and cultivation techniques, ensuring the scientific precision and viability of the industrial assistance project. Currently, farmers have completed planting according to requirements, and the project is in the field management phase. Upon completion of the processing plant, Liji Village is projected to receive an annual rental income of RMB43,500, injecting new vitality into the village's collective economy. Furthermore, to promote the integrated development of agricultural planting and processing industries in Longtai Village, the village's stationed work team and village committee conducted thorough feasibility studies and applied to the Company for RMB200,000 in assistance funds. This funding is invested in the name of Longtai Village's collective economy into a newly built seedling factory project operated by Anhui Lingjiatan Modern Agricultural Development Co., Ltd. (安徽凌家灘現代農業發展有限公司).

(3) Leverage internal strengths to provide compensated assistance

Actively implementing China Baowu's requirements for rural revitalisation, the Company utilized its resource advantages to participate in the "group-style assistance" initiative, supporting the procurement and sales of ton bags in Luotian County, Hubei Province. It organized production units to assess needs and prioritized the compliant procurement of ton bags from supported regions through the Ouye Industrial Products platform. In response to decreased demand for ton bags resulting from product mix adjustments, the Rural Revitalisation Office proactively led representatives from Hubei Baoxin Company to visit upstream and downstream enterprises, encouraging other units to give priority to purchasing ton bags from Luotian County. In the first half of the year, the Company's direct procurement and assisted sales of ton bags amounted to RMB842,600.

5. THE SPECIFIC WORK TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND TO PROMOTE RURAL REVITALIZATION (CONTINUED)

(4) Improve infrastructure to enhance quality of life

To further meet the nighttime travel needs of villagers in Liji Village and improve residential convenience, the Company allocated RMB70,000 in donation funds to purchase and install streetlights along newly built roads.

(5) Establish civilisation supermarkets to boost rural governance

The Company continued to support Liji Village in consolidating its achievements by allocating RMB30,000 in donation funds for the operation and restocking of the "Point-Based Supermarket". This initiative aims to further motivate villagers to participate in the construction of a civilised and harmonious rural community.

(6) Strengthen planning and implementation to promote consumption-based assistance

During the Reporting Period, the Company meticulously planned the decomposition and implementation steps of its annual assistance tasks. It formulated the 2025 consumption assistance work plan, clarifying the targets, funding channels, and task allocation for consumption assistance. The Company also organized and completed the procurement bidding process and contract signing for consumption assistance goods and service operators, further enhancing the compliance of assistance procurement. Currently, heatstroke prevention and cooling consumption assistance initiatives are underway, with direct procurement of products from designated assisted villages amounting to RMB2.6058 million.

(7) Emphasizing educational assistance to boost talent revitalization

To help Funan County address the practical challenges of labor shortages and a lack of technical talent in investment-attracted enterprises, the Company engaged in in-depth communication with local governments and actively planned to leverage the educational resources of Magang Technician College. Through government-school cooperation, initiatives such as "customized training programs" were implemented to guide interns in their practical training and encourage them to return to their hometowns for employment. These efforts aim to assist Funan County and Dicheng Town in cultivating technical talent and resolving labor shortages. The Company visited Dicheng Town, Funan County, to discuss government-school collaboration and conducted face-to-face promotional sessions with teachers and students at Dicheng Town Middle School. With strong support from the Dicheng Town government, the project is now progressing in an orderly manner.

1. PERFORMANCE OF UNDERTAKINGS

(1) Undertakings made by actual holder, shareholders, related parties, acquirers and the Company during the Reporting Period or subsisting to the Reporting Period

During the period when applying to CSRC for redemption for cash offer acquisition of the A Shares of the Company in 2019, and the following three commitments were made: first, to avoid horizontal competition, China Baowu issued the "Commitment Letter on Avoiding Horizontal Competition"; second, to regulate and reduce the related party transactions between China Baowu and the Company, China Baowu issued the "Commitment Letter on Regulating and Reducing Related Party Transactions"; third, to keep the independence of the Company, China Baowu issued the "Commitment Letter on Ensuring the Independence of Listed Companies".

For details of such commitments, please refer to the Company's 2019 and 2020 annual reports published on the website of the Shanghai Stock Exchange or the feedback reply of China Baowu on the "Notice regarding China Securities Regulatory Commission's First Feedback on the Review of Administrative Permission Items". During the Reporting Period, China Baowu didn't violate the commitments.

Since making the commitment to avoid horizontal competition, China Baowu has been actively exploring ways to resolve the issue through business integration and asset restructuring. However, due to the complex production processes involved in comprehensive steel enterprises, business integration has proven challenging. Additionally, the iron and steel industry has been in a weak cycle in recent years, placing performance pressure on listed steel companies. Under these market conditions, resolving the issue of horizontal competition has become more difficult. Furthermore, as Magang Stock is a listed company on both the A and H share markets, addressing horizontal competition requires compliance with regulatory rules in both capital markets and consideration of the interests of minority shareholders on both sides. Therefore, a comprehensive solution requires more time for feasibility analysis and demonstration, and China Baowu issued the Letter on Extending the Commitment to Avoid Horizontal Competition. Based on the progress of its efforts to fulfill the commitment, the Company has extended the commitment made in 2019 to avoid horizontal competition to August 25, 2027 (3 years).

2. THERE WAS NO APPROPRIATION OF FUND ON A NON-OPERATING BASIS BY THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES WAS FOUND DURING THE REPORTING PERIOD

3. THERE WAS NO VIOLATION OF GUARANTEE DURING THE REPORTING PERIOD

4. AUDIT OF INTERIM REPORT

(1) Appointment and dismissal of accounting firms

On June 20, 2025, the proposal to reappoint the auditor for the year 2025 was considered and approved at the Company's 2024 Annual General Meeting to reappoint Ernst & Young Hua Ming LLP as the Company' auditor for the year 2025. During the Reporting Period, there was no change in the appointment of the accounting firm during the audit period.

5. DURING THE REPORTING PERIOD, THE COMPANY WAS NOT INVOLVED IN ANY BANKRUPTCY REORGANIZATION MATTERS, NOR WERE THERE ANY SIGNIFICANT LITIGATION OR ARBITRATION CASES

6. NO PUNISHMENT OR RECTIFICATION ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, AND ACTUAL HOLDER FOR SUSPECTED VIOLATION OF LAWS AND REGULATIONS

7. EXPLANATION OF THE CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND ACTUAL HOLDER DURING THE REPORTING PERIOD

☐ Applicable ☑ Not Applicable

8. SUBSTANTIAL RELATED PARTY TRANSACTIONS

(1) Related party transactions related to normal operations

1. *Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation*

Summary of matter	Index of documents
2025–2027 "Sale and Purchase of Product Agreement", "Acceptance and Provision of Services Agreement" and "Financial Services Agreement"	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-10-31/600808_20241031_B4GB.pdf; https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2024-12-21/600808_20241221_B0AH.pdf.
2025–2027 Supplemental Agreement to the Product Supply and Sales Agreement	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-06-21/600808_20250621_NH8M.pdf; https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-07-31/600808_20250731_NJMV.pdf.

8. SUBSTANTIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Related party transactions related to normal operations (Continued)

1. *Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation (Continued)*

The transactions between the Group and China Baowu together with its subsidiaries were carried out in the daily course of business and were settled in cash or notes. The details of which are as follows:

(1) The continuing related party transactions under the 2025–2027 "Sale and Purchase of Product Agreement" between the Company and China Baowu

In 2024, the Company and China Baowu signed the 2025–2027 "Sale and Purchase of Product Agreement", as approved at the Shareholders' General Meeting. During the Reporting Period, the amount of related party transactions under the Agreement was as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category *(%)*
Sales of products to China Baowu	3,981	10.46
Purchasing products from China Baowu	9,035	29.92
Total	13,016	/

The prices of ores, scrap, spare parts and other products the Group purchases from China Baowu and the prices of steel, energy media and other products the Group sells to it every year are negotiated between the parties on arm's length by referring to comparable market prices and determined as per general terms and conditions during the term of the Agreement.

All Directors of the Board who are not associated with China Baowu (including Independent Non-executive Directors) considered that those transactions were carried out in the daily course of business under normal commercial terms and in accordance with the terms of "Sale and Purchase of Product Agreement". The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting Period, the amount of such transaction was under the 2025 annual cap of RMB48,717 million specified in the "Sale and Purchase of Product Agreement".

8. SUBSTANTIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Related party transactions related to normal operations (Continued)

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation (Continued)

(2) The continuing related party transactions under the 2025–2027 "Acceptance and Provision of Services Agreement" between the Company and China Baowu

In 2024, the Company and China Baowu signed the 2025–2027 "Acceptance and Provision of Services Agreement", as approved at the Shareholders' General Meeting. During the Reporting Period, the amount of related party transactions under the Agreement was as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category (%)
Provision of services to China Baowu	3	6.50
Receiving services from China Baowu	3,352	71.81
Total	3,355	/

The price the Group receives annually from China Baowu for the provision of infrastructure technology moderation and environmental protection engineering and other services, and the price for the provision of services including steel billets processing, metering, inspection, railway transport and others are negotiated between the parties on arm's length by referring to comparable market prices and determined as per general terms and conditions during the term of agreement.

All Directors of the Board who are not associated with China Baowu (including Independent Non-executive Directors) considered that those transactions were carried out in the daily course of business under normal commercial terms and in accordance with the terms of "Acceptance and Provision of Services Agreement". The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting Period, the amount of such transaction was under the 2025 annual cap of RMB8,694 million specified in the "Acceptance and Provision of Services Agreement".

8. SUBSTANTIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Related party transactions related to normal operations (Continued)

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation (Continued)

(3) The continuing related party transactions under the 2025–2027 "Financial Services Agreement" between the Group and Baowu Finance

In 2024, the Company and China Baowu signed the 2025–2027 "Financial Services Agreement", as approved at the Shareholders' General Meeting. During the Reporting Period, the amount of related party transactions under the Agreement was as follows:

Unit: million RMB

Item	Annual cap	Amount
Maximum daily deposit balance	9,500	5,476
Comprehensive credit line provided by Baowu Finance to the Company	9,500	3,937
Service fee paid by the Company to Baowu Finance for financial services	210	37
Total interest on the Company's deposits with Baowu Finance	190	24

Baowu Finance provides deposit services to the Company at the deposit interest rate determined in accordance with that of the same type and under the same terms promulgated by the People's Bank of China, in principle, not lower than the deposit interest rate of the same type and under the same terms of the independent major commercial banks in the PRC. The preferential credit interest rates and fee rates offered by Baowu Finance to the Company in respect of its credit facilities such as loans, bill acceptance and bill discounting are, in principle, not higher than the interest rates and fee rates of the Company's credit facilities of the same type and at the same time, which the Company obtains from independent major commercial banks in the PRC. Baowu Finance shall follow the principles of fairness and reasonableness to provide other financial services to the Company, and charge the relevant fees not higher than the fair market prices obtained by the Company from independent major commercial banks in the PRC or the standards stipulated by the State.

All Directors of the Board (including Independent Non-executive Directors) who are not associated with Baowu Finance considered that those transactions were set and conducted in daily course of business under normal commercial terms and in accordance with the terms of "Financial Services Agreement". The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting Period, such transactions were carried out according to the terms for the "Financial Services Agreement" and each transaction amount was under the annual cap of 2025 for that agreement.

8. SUBSTANTIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Related party transactions involving asset acquisitions or equity acquisitions and sales

1. Matters that have been disclosed in interim announcements and have no subsequent progress or changes in implementation

Summary of matter	index
Introduction of Baosteel and capital increase in Magang Limited	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-04-18/600808_20250418_AI6T.pdf; https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-06-21/600808_20250621_SCKB.pdf.

(3) There were no substantial related party transactions in respect of jointly investment during the Reporting Period

(4) There were no related credit transactions during the Reporting Period

(5) Financial business between the Company and its related financial companies and financial business between the Company's holding financial company and its related parties

1. Deposits business

Unit: million RMB

Related party	Connection	Daily maximum deposit limit	Interest rate range of deposits	Balance at the beginning of the period	Amount for the period: Total amount deposited during the period	Amount for the period: Total amount withdrawn during the period	Balance at the end of the period
Baowu Finance	Financial business between the Group and its subsidiaries and related financial companies	9,500	0.05%-1.80%	3,612	212,351	211,719	4,245

2. Loans business

Unit: million RMB

Related party	Connection	Amount for loan	Interest rate range of loans	Balance at the beginning of the period	Amount for the period: Total loan amount for the period	Amount for the period: Total amount repaid during the period	Balance at the end of the period
Baowu Finance	Financial business between the Group and its subsidiaries and its related financial companies	9,500	2.08%-2.50%	2,548	4,118	3,803	2,863

8. SUBSTANTIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Financial business between the Company and its related financial companies and financial business between the Company's holding financial company and its related parties (Continued)

3. *Credit business or other financial business*

Unit: million RMB

Related party	Connection	Business types	Total	Actual amount
Baowu Finance business	Financial between the Group and its related financial companies	Credit services	9,500	4,076
Baowu Finance business	Financial between the Group and its related financial companies	Charge for financial services	210	37

9. MATERIAL CONTRACTS AND EXECUTION THEREOF

1. During the Reporting Period, there was no entrustment, contracting and leasing

2. Significant guarantees performed and outstanding during the Reporting Period

Unit: million RMB

Guarantees Offered by the Company (excluding guarantees offered to subsidiaries)	
Total amount guarantees incurred in the Reporting Period (excluding guarantees offered to subsidiaries)	–
Total ending balance of guarantees (excluding guarantees offered to subsidiaries) (A)	–

9. MATERIAL CONTRACTS AND EXECUTION THEREOF (CONTINUED)

2. Significant guarantees performed and outstanding during the Reporting Period (Continued)

Guarantees Offered to Subsidiaries	
Total amount of guarantees newly offered to subsidiaries during the Reporting Period	–
Total ending balance of guarantees offered to subsidiaries (B)	3,000
Total Amount of Guarantees Offered by the Company (Including Guarantees Offered to Subsidiaries)	
Total amount of guarantees (A+B)	3,000
Total amount of guarantees as a percentage of net assets of the Company *(%)*	9.22
of which:	
Amount of guarantees offered to shareholders, actual holder and their related parties (C)	–
Amount of debt guarantees offered to those with asset-liability ratio exceeding 70%, directly or indirectly (D)	–
The portion of total guarantees in excess of 50% of net assets (E)	–
Total amount of the preceding three types of guarantees (C+D+E)	–
Explanation on guarantees	At the end of the Reporting Period, the Company provided Ma Steel (Hong Kong) with a guarantee for banking facilities of RMB3 billion for its trade financing, and the actual amount was nil.

10. EXPLANATION OF THE PROGRESS OF THE USE OF PROCEEDS

☐ Applicable ☑ Not Applicable

VI. Movements in Share Capital and Shareholders

1. SHARE MOVEMENTS

(1) Table on share movements

1. Table on share movements

Unit: share

	Before the change		Increase/(decrease) during the year					After the change	
	Number of shares	Percentage (%)	New shares issued	Bonus shares	Shares converted from surplus reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares with selling restriction	46,256,800	0.60	–	–	–	-24,833,400	-24,833,400	21,423,400	0.28
1. State-owned shares	–	–	–	–	–	–	–	–	–
2. State-owned legal person shares	–	–	–	–	–	–	–	–	–
3. Other domestically owned shares	46,256,800	0.60	–	–	–	-24,833,400	-24,833,400	21,423,400	0.28
Including: Domestic non-state owned legal person shares	–	–	–	–	–	–	–	–	–
Shares owned by domestic natural persons	46,256,800	0.60	–	–	–	-24,833,400	-24,833,400	21,423,400	0.28
4. Foreign shareholding	–	–	–	–	–	–	–	–	–
Including: Overseas legal person shares	–	–	–	–	–	–	–	–	–
Overseas natural person shares	–	–	–	–	–	–	–	–	–
II. Shares without selling restriction	7,700,681,186	99.40	–	–	–	–	–	7,700,681,186	99.72
1. RMB ordinary shares	5,967,751,186	77.03	–	–	–	–	–	5,967,751,186	77.28
2. Foreign shares listed domestically	–	–	–	–	–	–	–	–	–
3. Foreign shares listed overseas	1,732,930,000	22.37	–	–	–	–	–	1,732,930,000	22.44
III. Total	7,746,937,986	100	–	–	–	-24,833,400	-24,833,400	7,722,104,586	100

VI. Movements in Share Capital and Shareholders (Continued)

1. SHARE MOVEMENTS (CONTINUED)

(1) Table on share movements (Continued)

2. Explanation of share changes

On 27 November 2024, the proposal regarding the repurchase and cancellation of certain restricted shares was considered and approved at the Company's 2024 fifth extraordinary general meeting. A total of 24,833,400 restricted A shares were repurchased and cancelled, with the cancellation process completed on 17 February 2025. For details, please refer to: https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-02-13/600808_20250213_9M6H.pdf.

(2) Changes in restricted shares

Unit: share

Name of shareholder	The number of restricted shares at the beginning of the period	Number of restricted shares lifted during the period	Number of restricted shares increased during the Reporting Period	Number of restricted shares at the end of the Reporting Period
Equity incentive recipients	46,256,800	–	–	21,423,400

On 30 July 2025, with the approval of the Company's second extraordinary general meeting of shareholders in 2025, all remaining restricted shares will be repurchased and cancelled. See https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-07-31/600808_20250731_NJMV.pdf.

VI. Movements in Share Capital and Shareholders (Continued)

2. SHAREHOLDERS

(1) Total shareholders:

Number of Shareholders as at the end of the Reporting Period *(unit)* 127,414

(2) Shareholding of the top ten shareholders and the top ten tradable shareholder (or shareholders without selling restrictions) at the end of the Reporting Period

Unit: Share

Top Ten Shareholders with unrestricted selling condition (excluding shares lent through securities lending and refinancing)							
Name of Shareholder	Increase/ Decrease within the Reporting Period	No. of Shares at the end of period	Percentage *(%)*	No. of Shares under restricted condition for sales	Pledged or frozen situations Share status	Number	Shareholder nature
Magang (Group) Holding Co., Limited	–	3,733,677,149	48.35	–	Nil	–	State-owned shareholder
HKSCC Nominees Limited	-70,000	1,718,234,495	22.25	–	Unknown	Unknown	Overseas legal person
Central Huijin Investment Ltd.	–	139,172,300	1.80	–	Unknown	Unknown	State-owned shareholder
Beijing Guoxing Real Estate Management Co., Ltd.	23,202,201	46,997,901	0.61	–	Unknown	Unknown	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited	8,498,575	38,661,246	0.50	–	Unknown	Unknown	Overseas legal person
Agricultural Bank of China Limited – China Securities 500 Open-end Trading Index Securities Investment Fund	1,355,100	35,505,426	0.46	–	Unknown	Unknown	Other
Shenzhen Qianhai Daoming Investment Management Co., Ltd. – Daoming No. 1 Private Securities Investment Fund	Unknown	14,554,600	0.19	–	Unknown	Unknown	Other
Huang Hairong	Unknown	11,477,081	0.15	–	Unknown	Unknown	Domestic natural person
Hong Zhenbo	Unknown	11,267,400	0.15	–	Unknown	Unknown	Domestic natural person
Guosen Securities Co., Ltd.	Unknown	11,088,800	0.14	–	Unknown	Unknown	State-owned shareholder

VI. Movements in Share Capital and Shareholders (Continued)

2. SHAREHOLDERS (CONTINUED)

(2) Shareholding of the top ten shareholders and the top ten tradable shareholder (or shareholders without selling restrictions) at the end of the Reporting Period (Continued)

Top Ten Shareholders with unrestricted selling condition (excluding shares lent through securities lending and refinancing and locked shares of senior executives)			
	The number of unrestricted outstanding shares held	Type and quantity of Shares	
Name of Shareholder		Type	Number
Magang (Group) Holding Co., Limited	3,733,677,149	Ordinary shares	3,733,677,149
HKSCC Nominees Limited	1,718,234,495	Overseas listed foreign shares	1,718,234,495
Central Huijin Investment Ltd.	139,172,300	Ordinary shares	139,172,300
Beijing Guoxing Real Estate Management Co., Ltd.	46,997,901	Ordinary shares	46,997,901
Hong Kong Securities Clearing Company Limited	38,661,246	Ordinary shares	38,661,246
Agricultural Bank of China Limited – China Securities 500 Open-end Trading Index Securities Investment Fund	35,505,426	Ordinary shares	35,505,426
Shenzhen Qianhai Daoming Investment Management Co., Ltd. – Daoming No. 1 Private Securities Investment Fund	14,554,600	Ordinary shares	14,554,600
Huang Hairong	11,477,081	Ordinary shares	11,477,081
Hong Zhenbo	11,267,400	Ordinary shares	11,267,400
Guosen Securities Co., Ltd.	11,088,800	Ordinary shares	11,088,800
Explanation on the securities account designated for share repurchase of the top ten shareholders	Nil		
Explanation on entrusting, being entrusted voting rights or waiving voting rights of the aforesaid shareholders	Nil		
Notes on the above shareholders' affiliated relation or concerted action	Magang (Group) Holding Company Limited has no affiliated relation with any of the other foregoing shareholders, nor is a person acting in concerted action; however, it is not in the knowledge of the Company whether there is any affiliated relation among other foregoing shareholders and whether they are persons acting in concerted action.		

Note: At the end of the Reporting Period, HKSCC Nominees Limited held 1,718,234,495 H Shares of the Company on behalf of its clients, among which, 358,950,000 H Shares are held on behalf of Baosteel Hong Kong Investment.

During the Reporting Period, no shares held by the Holding and Baosteel Hong Kong Investment were pledged, frozen or hosted. However, the Company was unaware whether shares held by other shareholders who have 5% and above of the total were pledged, frozen or hosted during the Reporting Period.

None of the shareholders holding 5% or above shares, the top ten shareholders, or shareholders holding circulating shares without selling restrictions in shares have participated in shares lent through securities lending and refinancing.

VI. Movements in Share Capital and Shareholders (Continued)

2. SHAREHOLDERS (CONTINUED)

(2) Shareholding of the top ten shareholders and the top ten tradable shareholder (or shareholders without selling restrictions) at the end of the Reporting Period (Continued)

Participation of shareholders holding 5% or above shares, top ten shareholders and shareholders holding circulating shares without selling restrictions in shares lent through securities lending and refinancing

☐ Applicable ☑ Not Applicable

Shareholding of the top ten shareholders with selling restrictions and the selling restrictions:

Unit: 0'000 shares

Serial number	Name of shareholders with selling restrictions	No. of shares with selling restrictions held	Shares with selling restrictions available for listing and trading: Time available for listing and trading	Shares with selling restrictions available for listing and trading: Number of additional shares available for listing and trading	Selling restrictions
1	Mao Zhanhong	20.40	These persons are all incentive participants under the Company's 2021 Restricted A Share Incentive Scheme and the availability for trading and selling restrictions are set out in the Company's announcement http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2022-05-11/600808_20220511_1_z2lpjPUU.pdf.		
2	Tang Qiming	20.40			
3	Fu Ming	20.40			
4	Zhang Maohan	20.40			
5	Deng Songgao	15.30			
6	Luo Wulong	15.30			
7	Yang Xingliang	15.30			
8	Wang Wenbao	13.26			
9	Xu Zhou	13.26			
10	Liu Guoping	13.26			
Notes on the above shareholders' affiliated relation or concerted action			The above shareholders are all incentive participants of the Company's 2021 Restricted A Share Incentive Scheme.		

(3) During the Reporting Period, no strategic investors or general legal persons became the top ten shareholders of the Company due to the placement of new shares

VI. Movements in Share Capital and Shareholders (Continued)

3. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES

(1) Changes in shareholdings of current and outgoing Directors, Supervisors and senior executives in the Reporting Period

Unit: 0'000 shares

Name	Position	The number of shares at the beginning of the period	The number of shares at the end of the period	Increase/ Decrease in shares during the Reporting Period	Reason
Mao Zhanhong	Vice chairman	40.21	20.41	-19.80	Repurchase and cancellation due to equity incentive plan
Fu Ming	Vice general manager	40.20	20.40	-19.80	Repurchase and cancellation due to equity incentive plan
He Hongyun	Secretary to the Board	18.76	9.52	-9.24	Repurchase and cancellation due to equity incentive plan

(2) Equity incentives granted to Directors, Supervisors and senior management during the Reporting Period

☐ Applicable ☑ Not Applicable

4. DURING THE REPORTING PERIOD, THE CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER OF THE COMPANY DID NOT CHANGE

5. THE COMPANY DOES NOT HAVE ANY PREFERENCE SHARES.

VII Financial Statements

Consolidated Statement of Financial Position

30 June 2025

(Renminbi Yuan)

ASSETS	Note V	30 June 2025	31 December 2024
CURRENT ASSETS			
Cash and bank balances	1	**8,436,274,044**	6,434,105,447
Notes receivable	2	**1,056,639,979**	822,780,872
Trade receivables	3	**1,670,184,780**	1,753,824,456
Financing receivables	4	**2,585,459,712**	1,382,456,994
Prepayments	5	**415,594,907**	381,238,574
Other receivables	6	**3,010,330,626**	544,731,735
Inventories	7	**7,126,202,291**	7,908,952,095
Other current assets	8	**242,873,174**	243,920,053
Total current assets		**24,543,559,513**	19,472,010,226
NON-CURRENT ASSETS			
Long-term equity investments	9	**6,876,220,786**	6,898,903,955
Other equity instrument investments	10	**410,766,297**	414,059,200
Investment properties	11	**52,179,759**	53,185,391
Property, plant and equipment	12	**46,900,000,810**	48,866,413,844
Construction in progress	13	**1,083,887,697**	795,364,312
Right-of-use assets	14	**312,607,033**	323,359,282
Intangible assets	15	**1,821,582,114**	1,808,686,660
Deferred tax assets	16	**321,710,602**	330,990,743
Total non-current assets		**57,778,955,098**	59,490,963,387
TOTAL ASSETS		**82,322,514,611**	78,962,973,613

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

Consolidated Statement of Financial Position (Continued)

30 June 2025

(Renminbi Yuan)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2025	31 December 2024
CURRENT LIABILITIES			
Short-term loans	18	**13,181,240,943**	11,344,435,564
Notes payable	19	**10,225,214,715**	10,051,474,326
Trade payables	20	**8,644,150,840**	10,673,672,878
Contract liabilities	21	**3,875,313,691**	4,123,176,032
Payroll and employee benefits payable	22	**242,107,331**	220,119,665
Taxes payable	23	**157,452,946**	230,640,142
Other payables	24	**2,699,707,482**	3,176,283,942
Non-current liabilities due within one year	25	**3,414,493,478**	4,499,159,554
Provision	26	**10,854,720**	11,429,761
Other current liabilities	27	**473,584,559**	515,225,262
Total current liabilities		**42,924,120,705**	44,845,617,126
NON-CURRENT LIABILITIES			
Long-term loans	28	**5,606,797,042**	5,483,408,184
Lease liabilities	29	**326,374,215**	339,072,242
Long-term employee benefits payable	30	**589,501**	589,501
Deferred income	31	**939,831,046**	973,011,484
Deferred tax liabilities	16	**222,528**	222,875
Total non-current liabilities		**6,873,814,332**	6,796,304,286
TOTAL LIABILITIES		**49,797,935,037**	51,641,921,412

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

Consolidated Statement of Financial Position (Continued)

30 June 2025

(Renminbi Yuan)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2025	31 December 2024
SHAREHOLDERS' EQUITY			
Share capital	32	**7,722,104,586**	7,746,937,986
Capital reserve	33	**9,251,631,745**	8,576,312,133
Less: Treasury shares	34	**49,059,586**	105,928,072
Other comprehensive income	35	**(6,238,296)**	(2,023,545)
Special reserve	36	**113,229,803**	97,574,394
Surplus reserve	37	**4,720,262,452**	4,720,262,452
Retained earnings	38	**2,149,544,996**	2,224,325,312
Equity attributable to owners of the parent		**23,901,475,700**	23,257,460,660
Non-controlling interests		**8,623,103,874**	4,063,591,541
Total shareholders' equity		**32,524,579,574**	27,321,052,201
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**82,322,514,611**	78,962,973,613

The financial statements were signed by the following persons:

Legal Representative	*Chief Accountant*	*Head of Accounting*
Jiang Yuxiang	**Chen Guorong**	**Le Zhihai**

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

Consolidated Income Statement

For the six months ended 30 June 2025

(Renminbi Yuan)

	Note V	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Revenue	39	**38,075,533,544**	43,007,478,790
Less: Cost of sales	39	**36,244,525,052**	42,484,454,227
Taxes and surcharges	40	**244,529,804**	253,614,421
Selling expenses	41	**137,798,991**	144,367,917
General and administrative expenses	42	**437,312,708**	434,826,631
R&D expenses	43	**549,322,312**	509,627,618
Financial expenses	44	**245,618,668**	316,659,664
Including: Interest expense		**285,555,450**	312,072,546
Interest income		**66,937,989**	45,988,335
Add: Other income	45	**219,162,236**	133,118,240
Investment income	46	**13,557,382**	84,287,590
Including: Share of profits of associates and joint ventures		**14,747,429**	76,119,059
Credit impairment (losses)/gains	47	**(9,568,661)**	16,310,120
Asset impairment losses	48	**(338,366,586)**	(353,201,258)
Gains from disposal of assets	49	**11,386,204**	73,529,933
Operating profit/(losses)		**112,596,584**	(1,182,027,063)
Add: Non-operating income	50	**17,953,725**	733,269
Less: Non-operating expenses	51	**12,837,349**	9,512,675
Profit/(losses) before tax		**117,712,960**	(1,190,806,469)
Less: Income tax expense	53	**77,493,175**	121,089,148

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

Consolidated Income Statement (Continued)

For the six months ended 30 June 2025

(Renminbi Yuan)

	Note V	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Net profit/(losses)		**40,219,785**	(1,311,895,617)
Categorised by operation continuity			
Net profit/(losses) from continuing operations		**40,219,785**	(1,311,895,617)
Categorised by ownership			
Net loss attributable to owners of the parent		**(74,780,316)**	(1,144,779,937)
Net profit/(losses) attributable to non-controlling interests		**115,000,101**	(167,115,680)
Other comprehensive income, net of tax	35	**(4,214,751)**	(19,942,412)
Other comprehensive income attributable to owners of the parent, net of tax		**(4,214,751)**	(19,942,412)
Other comprehensive income that will not be reclassified to profit		**(2,469,678)**	(21,429,498)
Changes in fair value of other equity instrument investments		**(2,469,678)**	(21,429,498)
Other comprehensive income that may be reclassified to profit or loss		**(1,745,073)**	1,487,086
Other comprehensive income using the equity method that may be reclassified to profit or loss		**(875,196)**	1,471,899
Exchange differences on translation of foreign operations		**(869,877)**	15,187
Other comprehensive income attributable to non-controlling interests, net of tax	35	**–**	–
Total comprehensive income		**36,005,034**	(1,331,838,029)
Attributable to:			
Owners of the parent		**(78,995,067)**	(1,164,722,349)
Non-controlling interests		**115,000,101**	(167,115,680)
EARNINGS PER SHARE			
Basic earnings per share (RMB/share)	54	**(0.01)**	(0.15)
Diluted earnings per share (RMB/share)	54	**(0.01)**	(0.15)

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

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

(Renminbi Yuan)

For the six months ended 30 June 2025

	Attributable to owners of the parent									
	Share capital	Capital reserve	less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Non- controlling interests	Total shareholders' equity
1. Balance at the beginning of the term	7,746,937,986	8,576,312,133	105,928,072	(2,023,545)	97,574,394	4,720,262,452	2,224,325,312	23,257,460,660	4,063,591,541	27,321,052,201
2. Increase/(decrease) during the term										
1) Total comprehensive income	-	-	-	(4,214,751)	-	-	(74,780,316)	(78,995,067)	115,000,101	36,005,034
2) Shareholders' contributions and reduction in capital										
(i) Cancellation of Restricted Stock	(24,833,400)	(32,035,086)	(56,868,486)	-	-	-	-	-	-	-
(ii) Changes in other equity of associates and joint ventures	-	6,416,063	-	-	-	-	-	6,416,063	-	6,416,063
(iii) Disposal of minority equity interests	-	700,938,635	-	-	-	-	-	700,938,635	4,437,820,637	5,138,759,272
3) Profit appropriation										
(i) Distribution to shareholders	-	-	-	-	-	-	-	-	(1,611,424)	(1,611,424)
4) Special reserve										
(i) Additions	-	-	-	-	46,530,115	-	-	46,530,115	19,434,369	65,964,484
(ii) Utilisation	-	-	-	-	(30,874,706)	-	-	(30,874,706)	(11,131,350)	(42,006,056)
3. Balance at the end of the term	7,722,104,586	9,251,631,745	49,059,586	(6,238,296)	113,229,803	4,720,262,452	2,149,544,996	23,901,475,700	8,623,103,874	32,524,579,574

For the six months ended 30 June 2024

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

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

Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

(Renminbi Yuan)

	Note V	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		**35,033,101,595**	39,363,734,127
Tax refunds received		**307,531,376**	309,761,937
Cash received relating to other operating activities	55	**116,180,195**	99,716,965
Sub-total of cash inflows		**35,456,813,166**	39,773,213,029
Cash paid for purchases of goods and services		**(31,664,728,272)**	(35,841,821,538)
Cash paid to or on behalf of employees		**(1,735,936,262)**	(1,705,989,539)
Taxes and surcharges paid		**(771,144,842)**	(549,146,427)
Cash paid relating to other operating activities	55	**(344,278,364)**	(448,459,466)
Sub-total of cash outflows		**(34,516,087,740)**	(38,545,416,970)
Net cash flows from operating activities	55	**940,725,426**	1,227,796,059
2. Cash flows from investing activities			
Cash received from disposal of investments		**270,000,000**	10,693,307
Cash received from investment income		**50,651,288**	22,371,420
Proceeds from disposal of items of property, plant and equipment, intangible assets, and other non-current assets		**76,660,904**	61,234,612
Cash received relating to other investing activities	55	**86,712,277**	–
Sub-total of cash inflows		**484,024,469**	94,299,339
Purchases of property, plant and equipment, intangible assets and other non-current assets		**(1,440,942,155)**	(793,254,385)
Cash paid for investments		**(662,714,173)**	–
Cash paid relating to other investing activities		**–**	(4,941,856)
Sub-total of cash outflows		**(2,103,656,328)**	(798,196,241)
Net cash flows used in investing activities		**(1,619,631,859)**	(703,896,902)

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

Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2025

(Renminbi Yuan)

	Note V	For the six months ended 30 June 2025	For the six months ended 30 June 2024
3. Cash flows from financing activities			
Cash received from borrowings		**9,603,904,725**	8,359,534,099
Cash received from investors		**2,569,379,636**	–
Cash received relating to other financing activities	55	**238,654,381**	127,179,807
Sub-total of cash inflows		**12,411,938,742**	8,486,713,906
Repayment of borrowings		**(9,831,174,564)**	(7,820,011,177)
Cash paid for distribution of dividends or profits and for interest expenses		**(282,037,803)**	(330,146,534)
Including: dividends or profits paid to non-controlling interests by subsidiaries		**(1,611,424)**	(7,781,464)
Cash paid relating to other financing activities	55	**(949,449)**	(6,776,092)
Sub-total of cash outflows		**(10,114,161,816)**	(8,156,933,803)
Net cash flows from financing activities		**2,297,776,926**	329,780,103
4. Effect of foreign exchange rate changes on cash and cash equivalents		**8,636,839**	(2,149,341)
5. Net increase in cash and cash equivalents	56	**1,627,507,332**	851,529,919
Add: cash and cash equivalents at the beginning of the term	56	**3,687,116,397**	4,428,594,208
6. Cash and cash equivalents at the end of the term	56	**5,314,623,729**	5,280,124,127

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

Statement of Financial Position

30 June 2025

(Renminbi Yuan)

ASSETS	*Note XVI*	**30 June 2025**	31 December 2024
CURRENT ASSETS			
Cash and bank balances		**3,768,134,574**	2,890,923,633
Notes receivable		**196,335,554**	701,615,019
Trade receivables	1	**13,884,315**	1,260,157,905
Financing receivables		**672,315,347**	1,165,265,848
Prepayments		**52,462,452**	443,019,236
Other receivables	2	**6,299,517,479**	314,515,492
Inventories		**178,105,742**	5,681,379,639
Other current assets		**80,471,965**	2,530,131
Total current assets		**11,261,227,428**	12,459,406,903
NON-CURRENT ASSETS			
Long-term equity investments	3	**13,362,050,273**	12,381,050,723
Other equity instrument investments		**405,583,410**	408,876,314
Investment properties		**43,951,778**	53,185,391
Property, plant and equipment		**210,896,854**	39,069,070,582
Construction in progress		**3,494,468**	556,145,684
Right-of-use assets		**–**	316,902,972
Intangible assets		**23,591**	1,256,876,122
Deferred tax assets		**243,601,770**	268,564,121
Total non-current assets		**14,269,602,144**	54,310,671,909
TOTAL ASSETS		**25,530,829,572**	66,770,078,812

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

Statement of Financial Position (Continued)

30 June 2025

(Renminbi Yuan)

LIABILITIES AND SHAREHOLDERS' EQUITY	*Note XVI*	**30 June 2025**	31 December 2024
CURRENT LIABILITIES			
Short-term loans		**86,123,334**	10,195,613,468
Notes payable		**1,431,782,736**	6,874,295,802
Trade payables		**211,435,266**	8,776,623,562
Contract liabilities		**108,172,081**	3,939,550,767
Payroll and employee benefits payable		**9,995,555**	147,956,613
Taxes payable		**1,639,756**	143,188,385
Other payables		**2,483,127,675**	5,405,537,499
Non-current liabilities due within one year		**49,059,586**	4,486,847,308
Other current liabilities		**14,062,371**	487,572,010
Total current liabilities		**4,395,398,360**	40,457,185,414
NON-CURRENT LIABILITIES			
Long-term loans		**–**	5,377,748,184
Lease liabilities		**–**	334,104,312
Deferred income		**–**	691,659,592
Total non-current liabilities		**–**	6,403,512,088
TOTAL LIABILITIES		**4,395,398,360**	46,860,697,502
SHAREHOLDERS' EQUITY			
Share capital		**7,722,104,586**	7,746,937,986
Capital reserve		**8,444,437,149**	8,435,726,496
Less: Treasury shares		**49,059,586**	105,928,072
Other comprehensive income		**93,259,215**	96,604,089
Special reserve		**–**	36,434,036
Surplus reserve		**3,883,475,865**	3,883,475,865
Retained earnings		**1,041,213,983**	(183,869,090)
Total shareholders' equity		**21,135,431,212**	19,909,381,310
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**25,530,829,572**	66,770,078,812

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

Statement of Income Statement

For the six months ended 30 June 2025

(Renminbi Yuan)

	Note XVI	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Revenue	4	**11,072,793,087**	37,013,747,603
Less: Cost of sales	4	**11,054,955,948**	36,812,733,261
Taxes and surcharges		**52,990,604**	176,153,384
Selling expenses		**30,521,384**	80,343,429
General and administrative expenses		**127,644,748**	288,061,988
R&D expenses	5	**92,465,674**	358,032,052
Financial expenses		**76,687,319**	308,970,918
Including: Interest expense		**91,826,378**	309,116,122
Interest income		**21,670,500**	29,243,677
Add: Other income		**84,849,288**	76,785,794
Investment income	6	**1,568,207,319**	406,887,785
Including: Share of (losses)/profits of associates and joint ventures		**(2,332,241)**	72,909,499
Credit impairment gains		**(3,381,357)**	28,960,238
Asset impairment losses		**(45,730,035)**	(308,762,434)
(Loss)/gain from disposal of assets		**(5,775)**	3,456,637
Operating profit/(losses)		**1,241,466,850**	(803,219,409)
Add: Non-operating income		**13,218,802**	271,901
Less: Non-operating expenses		**3,817,002**	2,013,729

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

Statement of Income Statement (Continued)

For the six months ended 30 June 2025

(Renminbi Yuan)

	Note XVI	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Profit/(losses) before tax		**1,250,868,650**	(804,961,237)
Less: Income tax expense		**25,785,577**	9,030,540
Net profit/(losses)		**1,225,083,073**	(813,991,777)
Categorised by operation continuity			
Net profit/(losses) from continuing operations		**1,225,083,073**	(813,991,777)
Other comprehensive income, net of tax		**(3,344,874)**	(19,957,599)
Other comprehensive income that will not be reclassified to profit		**(2,469,678)**	(21,429,498)
Changes in fair value of other equity instrument investments		**(2,469,678)**	(21,429,498)
Other comprehensive income that may be reclassified to profit or loss		**(875,196)**	1,471,899
Other comprehensive income using the equity method that may be reclassified to profit or loss		**(875,196)**	1,471,899
Total comprehensive income		**1,221,738,199**	(833,949,376)

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

Statement of Changes in Equity

For the six months ended 30 June 2025

(Renminbi Yuan)

For the six months ended 30 June 2025

	Share capital	Capital reserve	less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
1. Balance at the beginning of the term	7,746,937,986	8,435,726,496	105,928,072	96,604,089	36,434,036	3,883,475,865	(183,869,090)	19,909,381,310
2. Increase/(decrease) during the term								
1) Total comprehensive income	–	–	–	(3,344,874)	–	–	1,225,083,073	1,221,738,199
2) Shareholders' contributions and reduction in capital								
(i) Cancellation of Restricted Stock	(24,833,400)	(32,035,086)	(56,868,486)	–	–	–	–	–
(ii) Changes in other equity of associates and joint ventures	–	4,311,703	–	–	–	–	–	4,311,703
3) Special reserve								
(i) Additions	–	–	–	–	1,339,601	–	–	1,339,601
(ii) Utilisation	–	–	–	–	(1,339,601)	–	–	(1,339,601)
(iii)Others	–	36,434,036	–	–	(36,434,036)	–	–	–
3. Balance at the end of the term	7,722,104,586	8,444,437,149	49,059,586	93,259,215	–	3,883,475,865	1,041,213,983	21,135,431,212

For the six months ended 30 June 2024

	Share capital	Capital reserve	less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
1. Balance at the beginning of the term	7,746,937,986	8,417,807,686	105,928,072	84,007,969	46,090,904	3,883,475,865	3,964,807,158	24,037,199,496
2. Increase/(decrease) during the term								
1) Total comprehensive income	–	–	–	(19,957,599)	–	–	(813,991,777)	(833,949,376)
2) Shareholders 'contributions and reduction in capital								
(i) Changes in other equity of associates and joint ventures	–	2,672,806	–	–	–	–	–	2,672,806
(ii) Amount of share-based payments recognized in equity	–	(11,146,732)	–	–	–	–	–	(11,146,732)
3) Special reserve								
(i) Additions	–	–	–	–	10,435,902	–	–	10,435,902
(ii) Utilisation	–	–	–	–	(10,435,902)	–	–	(10,435,902)
3. Balance at the end of the term	7,746,937,986	8,409,333,760	105,928,072	64,050,370	46,090,904	3,883,475,865	3,150,815,381	23,194,776,194

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

Statement of Cash Flows

For the six months ended 30 June 2025

(Renminbi Yuan)

		For the six months ended 30 June 2025	For the six months ended 30 June 2024
1.	Cash flows from operating activities		
	Cash received from sale of goods and rendering of services	**11,021,171,356**	30,784,305,439
	Tax refunds received	**248,660,044**	259,354,451
	Cash received relating to other operating activities	**632,936,559**	55,079,613
	Sub-total of cash inflows	**11,902,767,959**	31,098,739,503
	Cash paid for purchases of goods and services	**(9,585,373,873)**	(28,026,626,844)
	Cash paid to or on behalf of employees	**(409,169,613)**	(1,209,871,900)
	Taxes and surcharges paid	**(114,208,160)**	(295,313,412)
	Cash paid relating to other operating activities	**(1,701,435,934)**	(245,701,027)
	Sub-total of cash outflows	**(11,810,187,580)**	(29,777,513,183)
	Net cash flows from operating activities	**92,580,379**	1,321,226,320
2.	Cash flows from investing activities		
	Cash received from disposal of investments	**2,569,379,635**	7,451,481
	Cash received from investment income	**2,768,531**	355,822,066
	Proceeds from disposal of items of property, plant and equipment, intangible assets, and other non-current assets	**8,684,484**	3,263,794
	Cash received relating to other investing activities	**86,712,276**	–
	Sub-total of cash inflows	**2,667,544,926**	366,537,341
	Purchases of property, plant and equipment, intangible assets and other non-current assets	**(280,877,769)**	(485,893,985)
	Cash paid for investments	**(1,690,000,000)**	(4,941,856)
	Sub-total of cash outflows	**(1,970,877,769)**	(490,835,841)
	Net cash flows from/used in investing activities	**696,667,157**	(124,298,500)

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

Statement of Cash Flows (Continued)

For the six months ended 30 June 2025

(Renminbi Yuan)

		For the six months ended 30 June 2025	For the six months ended 30 June 2024
3.	Cash flows from financing activities		
	Cash received from borrowings	**3,825,999,481**	7,409,534,097
	Cash received relating to other financing activities	**–**	127,179,807
	Sub-total of cash inflows	**3,825,999,481**	7,536,713,904
	Repayment of borrowings	**(2,494,509,929)**	(7,580,442,610)
	Cash paid for distribution of dividends or profits and for interest expenses	**(43,754,314)**	(289,628,745)
	Cash paid relating to other financing activities	**(592,504,272)**	(2,201,856,394)
	Sub-total of cash outflows	**(3,130,768,515)**	(10,071,927,749)
	Net cash flows used in financing activities	**695,230,966**	(2,535,213,845)
4.	Effect of foreign exchange rate changes on cash and cash equivalents	**(532,950)**	1,872,047
5.	Net increase/(decrease) cash and cash equivalents	**1,483,945,552**	(1,336,413,978)
	Add: cash and cash equivalents at the beginning of the term	**2,221,617,782**	3,381,934,090
6.	Cash and cash equivalents at the end of the term	**3,705,563,334**	2,045,520,112

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

Notes to the Financial Statements

(Expressed in Renminbi Yuan unless otherwise indicated)

I. GENERAL INFORMATION OF THE GROUP

Maanshan Iron & Steel Company Limited (the "Company"), a joint stock limited company incorporated after the reorganisation of a state-owned enterprise known as Maanshan Iron and Steel Company (the "Original Magang", now named as Magang (Group) Holding Company Limited), was established in Maanshan City, Anhui Province, the People's Republic of China (the "PRC") on 1 September 1993. The unified social credit code of the Company's business licence is 91340000610400837Y. The Company's A shares and H shares were issued and listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange, respectively. The headquarter of the Company is located at No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC.

As of 30 June 2025, the Company had issued 7,722,100,000 shares in total, including ordinary A shares of 5,967,750,000 shares, restrictive A shares of 21,420,000 shares and ordinary H shares of 1,732,930,000 shares. The nominal value of each share is RMB1.

The Company, together with its subsidiaries (collectively known as the "Group"), is principally engaged in the manufacture and sale of iron and steel products and related by-products. The information on the Company's subsidiaries is described in Note VIII.

The parent company of the Group is Magang (Group) Holding Company Limited (the "Holding"), which was established in the PRC.

The ultimate controller of the Group is China Baowu Steel Group Corporation Limited ("China Baowu").

The financial statements were approved by the Board of Directors on 27 August 2025.

The scope of the consolidated financial statements is determined on the control basis. The change in the scope of consolidation during the term is described in Note VII.

II. BASIS OF FINANCIAL STATEMENT PREPARATION

1. Basis of preparation

The financial statements are prepared in accordance with "China Accounting Standards for Business Enterprises – General Principles" and other issued application guidance, interpretations and other related regulations issued later (collectively known as "CAS"). And the financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports".

II. BASIS OF FINANCIAL STATEMENT PREPARATION (CONTINUED)

2. Going concern basis

The financial statements are prepared on a going concern basis.

As of 30 June 2025, the net current liabilities of the Group amounted to RMB18,380,561,192. The directors of the Company have considered the availability of funding sources, including but not limited to unutilized banking facilities of RMB50.1 billion as of 30 June 2025 and the expected cash inflows from the operating activities in the upcoming 12 months. The Board of Directors of the Company believes that the Group has sufficient working capital to continue as a going concern for not less than 12 months after the end of reporting period. Therefore, the Board of Directors of the Company prepared the Group's financial statements for the year ended 30 June 2025 on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group has determined the accounting policies and accounting estimates based on the characteristics of the operation, especially those related to provision for impairment of financial assets measured at amortized cost, impairment provision against inventories, depreciation of property, plant and equipment. Amortisation of intangible assets, impairment of non-current assets excluding the financial instruments (other than goodwill), recognition of deferred tax assets, recognition and measurement of revenue, etc.

1. Statement of compliance with the CAS

The financial statements have been prepared in accordance with the CAS, and present truly and completely the financial position of the Company and the Group as of 30 June 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3. Reporting currency

Renminbi, in which the financial statements are presented, is used as the Company's recording and functional currency. All values are rounded to the nearest Renminbi Yuan ("RMB") except when otherwise indicated.

The Group's subsidiaries, joint ventures and associates use their respective local currencies as the reporting currencies for recording purposes in accordance with their own operating environment, which are translated into Renminbi in the preparation of the consolidated financial statements.

4. Method used to determine the materiality threshold and the basis for selection

	Materiality threshold
Significant receivables for which provisions for bad and doubtful debts are individually assessed	Amount≥RMB150,000,000
Significant receivables written-off	Amount≥RMB150,000,000
Significant receivables with ageing of more than one year	Amount≥RMB150,000,000
Significant payables with ageing of more than one year	Amount≥RMB150,000,000
Significant unpaid dividends payable with ageing of more than one year	Amount≥RMB150,000,000
Significant construction in progress	Amount≥RMB200,000,000
Significant cashes relating to investing activities	Amount≥RMB200,000,000
Significant joint ventures or associates Significant joint ventures or associates	Amount≥RMB500,000,000
Significant non-wholly-owned subsidiaries	Revenue of non-wholly-owned subsidiaries≥10% of the Group's total revenue

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Business combinations

Business combinations are classified into “Business combination involving entities under common control” and “Business combinations involving entities 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 obtained under common control (including the goodwill arising from the acquisition of the acquiree as part of the ultimate controlling party’s investment) are measured at the carrying amounts as recorded by the ultimate controlling party at the acquisition date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium, which is included in the capital reserve. If the balance of the share premium reserve is insufficient, any excess is adjusted to retained earnings.

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquirer shall, at the acquisition date, recognize the acquiree’s identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at the date of acquisition. Any excess of the sum of the fair value of consideration paid for a business combination and the fair value of the acquiree’s equity interest held before the acquisition date over the acquirer’s interest in the fair value of the acquiree’s identifiable net assets is recorded as goodwill, which is measured at cost less any accumulated impairment losses subsequently. If the acquirer’s interest in the net fair value of the acquiree’s identifiable net assets exceeds the sum of the fair value of consideration paid for a business combination and the fair value of the acquiree’s equity interest held before the acquisition date, the acquirer shall reassess the measurement of the fair value of the acquiree’s identifiable assets, liabilities or contingent liabilities, as well as the fair value of consideration paid for a business combination and the fair value of the acquiree’s equity interest held before the acquisition date, and recognize immediately in profit or loss any excess remaining after reassessment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements

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

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

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

For subsidiaries acquired through a business combination involving entities not under common control, the operating results and cash flows of the acquired company are included in the consolidated financial statements from the acquisition date until the date on which the Group ceases the control of the subsidiary. In preparing the consolidated financial statements, adjustments are made to the subsidiaries' financial statements based on fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through a business combination involving entities under common control, the operating results and cash flows of a subsidiary are included in the consolidated financial statements from the beginning of the combination period. In preparing consolidated financial statements, adjustments are made to related items in prior years' financial statements, as if the combination had occurred from the date when the combining entities first came under control of the ultimate controlling party.

The investor shall reassess its control when changes in relevant facts and circumstances lead to changes in the elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Joint arrangements and joint operations

A joint arrangement is classified as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint operators have rights to the net assets of the arrangement.

A joint operator recognises the following items in relation to its interest in a joint operation: its solely-held assets, and its share of any assets held jointly; its solely-assumed liabilities, and its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its solely-incurred expenses, and its share of any expenses incurred jointly.

8. Cash and cash equivalents

Cash represents the cash on hand and deposits which are readily available for payment. Cash equivalents represent the Group's short term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

9. Foreign operations and foreign currency translation

The Group translates foreign currencies into the reporting currency when foreign currency transactions occur.

Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the exchange rates ruling at the end of reporting period. The exchange differences are recognized in profit or loss, except those arising from the foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the foreign exchange rates at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates at the date the fair value is determined, and the exchange differences are recognized in profit or loss or other comprehensive income.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Foreign operations and foreign currency translation (Continued)

The Group translates functional currencies of overseas businesses into Renminbi when preparing the consolidated financial statements. All assets and liabilities are translated at the exchange rates ruling at the end of the reporting period; shareholders' equity, with the exception of retained earnings, are translated at the exchange rates ruling at the transaction date; all income and expense items in the income statement are translated at the average exchange rates during the period. Exchange differences arising from the translations mentioned above are recognized as other comprehensive income. When an overseas business is disposed of, the cumulative translation differences arising from the overseas business will be transferred to profit or loss in the period. In case of a partial disposal, only the proportionate share of the related exchange translation difference is transferred to profit or loss.

The foreign currency cash flows and cash flows of an overseas business shall be translated at the exchange rates ruling at the dates of the cash flows. The effect of changes in exchange rates on cash and cash equivalents is presented separately in the statement of cash flows.

10. 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, and only when, it becomes a party to the contractual provisions of the instrument.

A financial asset (either a part of financial asset or a part of a group of similar financial assets) will be derecognized, which means being written off from the account and the statement of financial position:

(1) The contractual rights to receive cash flows from the financial asset expire; or

(2) It transfers the contractual rights to receive the cash flows of the financial asset, or assumes a contractual obligation to pay the cash flows to one or more recipients in a "transfer arrangement" and that substantially transfers all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but abandons control of the financial asset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(1) Recognition and derecognition of financial instruments (Continued)

A financial liability is derecognized when the current obligation is discharged or cancelled or expires. If an existing financial liability is replaced by the same debtor with a new financial liability, whose contractual stipulations is substantially different from those of the existing financial liability, or if an enterprise makes substantial revisions to almost all of the contractual stipulations of the existing financial liability, it shall terminate the recognition of the existing financial liability, and at the same time recognize the financial liability after revising the contractual stipulation as a new financial liability, and the difference is recognized in profit or loss.

All financial assets purchased or sold in regular way are recognized or derecognized on the trading date when the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The trade date is the date that the Group committed to purchase or sell a financial asset.

(2) Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

With the exception of accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, financial assets are measured at fair value on initial recognition. Accounts receivable or notes receivable that do not contain significant financing components or for which the Group has applied the practical expedient are initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, the relevant transaction costs are charged to profit or loss; for other financial assets, the relevant transaction costs are recognized as initial investment costs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

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

The subsequent measurement of financial assets depending on their classifications as follows:

Debt instrument investments measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met: the financial asset is held whose objective is to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This type of financial asset using effective interest rate method to recognize interest income, the gain or loss generated by its' amortisation and impairment shall be accounted in the profit or loss for the year.

Equity instrument investments measured at fair value through other comprehensive income

The Group irrevocably choose to designate the equity instrument investments not held for trading as financial assets measured at fair value through other comprehensive income at initial recognition. Dividends are recognized in profit or loss (except for dividends which are clearly recovered as part of the investment costs) and the changes in fair value shall be recognized in other comprehensive income, no impairment provision is required. When the financial assets are derecognized, the cumulative gain or loss previously recognized in other comprehensive income shall be transferred to retained earnings.

Financial assets measured at fair value through profit or loss

The financial assets which is excluded in the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income is presented as financial assets measured at fair value through profit or loss. This type of financial assets are measured at fair value for subsequent measurement, all changes in fair value shall be accounted in the profit or loss for the year.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

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

A financial asset can be designated as a financial asset measured at fair value through profit or loss at the time of initial measurement only if the accounting mismatch can be eliminated or significantly reduced.

After the Group designate a financial asset as a financial asset measured at fair value through profit or loss at initial recognition, it cannot be reclassified as other types of financial assets. Other types of financial assets cannot be redesignated as financial assets measured at fair value through profit or loss after initial recognition.

(3) Classification and measurement of financial liabilities

The Group classifies its financial liabilities at initial recognition as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. With respect to financial liabilities at fair value through profit or loss, transaction costs are charged to profit or loss; whereas for financial liabilities measured at amortized cost, transaction costs are recognized at initial cost.

The subsequent measurement of financial liabilities depending on their classifications as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including financial liabilities held for trading (including derivatives liabilities) and those are designated as at fair value through profit or loss at initial recognition. Financial liabilities at fair value through profit or loss (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value. All changes in fair value of such financial liabilities are recognized in profit or loss. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will include all the changes in fair value (including the amount affected by changes in the Group's own credit risk) of such financial liabilities in profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(3) Classification and measurement of financial liabilities (Continued)

A financial liability can be designated as financial liabilities measured at fair value through profit or loss only if one of the following conditions is met:

(1) eliminate or significantly reduce accounting mismatches;

(2) the portfolio of financial instruments is managed, evaluated and reported to key management on a fair value basis as set out in formal written documentation of the risk management or investment strategy;

(3) a hybrid instrument containing one or more embedded derivatives, unless the embedded derivatives do not materially alter the cash flows of the hybrid instruments or the embedded derivatives should not be clearly separated from the relevant hybrid instruments;

(4) hybrid instruments containing embedded derivatives that are subject to spin-off but cannot be measured separately at the time of acquisition or at a subsequent balance sheet date.

Financial liabilities measured at amortized cost

Financial liabilities measured at cost are subsequently measured at amortised cost using the effective interest rate method.

(4) Impairment of financial assets

Methods for determining expected credit losses and accounting treatments

Based on the expected credit losses ("ECLs"), the Group recognises an allowance for ECLs for the financial assets measured at amortised cost and debt investments at fair value through other comprehensive income.

For accounts receivable and contract assets that do not contain a significant financing component, the Group applies the simplified approach to recognise a loss allowance based on lifetime ECLs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(4) Impairment of financial assets (Continued)

Except for financial assets which apply the simplified approach as mentioned above, other financial assets, the Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate.

For the disclosure of the Group's judgment criteria for the significant increase in credit risk, the definition of credit impaired assets, and the assumption of expected credit loss measurement please refer to Note X.1.

The factors that the Group consider for measuring the expected credit loss include unbiased probabilistic weighted average amounts determined by evaluating a range of possible outcomes, the time value of money, reasonable and evidence-based information about past events, current conditions and projections of future economic conditions that can be obtained at the balance sheet date without additional cost or effort.

Categories of groups for collective assessment based on credit risk characteristics and basis for determination

The Group has considered the credit risk characteristics of different customers and assessed the expected credit losses of receivables based on the credit risk characteristics of portfolios and combined with aging.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(4) Impairment of financial assets (Continued)

Aging calculation method based on the portfolio of credit risk characteristics based on aging

The Group determines the aging of accounts based on the date of invoicing.

Judgment criteria for determining individual impairment provision for bad debts based on individual assessment

If the credit risk characteristics of a counterparty is significantly different from those of other counterparties, a provision is individually assessed for amounts due from that counterparty.

Write-off of impairment provision

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and disclosed in the statement of financial position at net amount if the entity has a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(6) Derivative financial instruments

The Group uses derivative financial instruments. Derivative financial instruments are measured at its fair value at the transaction date at initial recognition and measured at fair value subsequently. Derivative financial instruments with positive fair value would be recognized as assets while those with negative fair value would be recognized as liabilities.

The gain or loss arising from changes in fair value of derivative financial instruments is recognized in profit or loss, except for those related to hedge accounting.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(7) Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial assets, it shall derecognize the financial assets. Whereas, if it retains substantially all the risks and rewards of ownership of the assets, it shall not derecognize the financial assets.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, the entity shall determine whether it has retained control of the financial assets in this case:(i) if the entity has not retained control of the financial assets, it shall derecognize the financial assets and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer; (ii) if the entity has retained control of the financial assets, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial assets, and shall recognizes an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

11. Inventories

Inventories include raw materials, work in progress, finished goods and spare parts.

Inventories are initially recognized at cost, which comprises purchase cost, processing cost, and other costs. Costs of delivered inventories are determined on the weighted average basis. Costs of general spare parts, lower valued consumables and packing materials are charged to profit or loss at consumption; large rolls on rolling mills are amortised according to the grinding amount, capitalised in the related assets or charged to profit or loss.

Inventories are accounted for using the perpetual inventory system.

At the end of each reporting period, inventories shall be measured at the lower of cost and net realizable value. If the cost is in excess of the amounts expected to be realised from their sale or use, provision for inventories is recognized in profit or loss. Net realisable value is the estimated selling price on normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes. Provision is considered on a category basis for raw materials, work in progress and finished goods. For the inventories sold, the relevant inventory provision shall be written off accordingly, and the current period's cost of sales shall be reversed.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For a long-term equity investment acquired through a business combination under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of cash paid, non cash assets transferred and liabilities assumed shall be adjusted to capital reserve (if the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings). For business combination involving entities not under common control, the initial investment cost should be the cost of acquisition (for step acquisitions not under common control, the initial investment cost is the sum of the carrying amount of the equity investment in the acquiree held before the acquisition date and the additional investment cost paid on the acquisition date). The initial investment cost of a long-term equity investment acquired otherwise than through a business combination shall be determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost shall be the actual purchase price paid plus those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for those acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

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

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group'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.

Under the equity method, after it has acquired a long-term equity investment, the Group recognises its share of the investee's profit or loss, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealised profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (except for assets that constitute a business). However, any loss arising from such transactions which are attributable to an impairment loss shall be recognised at its entirety. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of losses of the investee is recognised to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume further losses. The Group's share of the investee's equity changes, other than those arising from the investee's profit or loss, other comprehensive income or profit distribution, is recognised in the Group's equity, and the carrying amount of the long-term equity investment is adjusted accordingly.

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both.

If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

The Group uses the cost model for subsequent measurement of investment properties.

14. Property, plant and equipment

Property, plant and equipment are recognized 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 is recorded in the cost of property, plant and equipment only if the conditions above are met and the carrying amount of parts which had been replaced shall be derecognized; Otherwise, such expenditures are recognised in profit or loss or the cost of related assets as incurred according to the beneficiaries.

Property, plant and equipment are initially measured at cost. The purchase cost of property, plant and equipment comprises its purchase price, related taxes, and any directly attributable expenditure for bringing the asset to its working condition for its intended use.

Except for safety production funds, depreciation is calculated on the straight-line method. The estimated useful lives, estimated residual values, and the annual depreciation rates of each category of property, plant and equipment are as follows:

	Estimated useful life	**Estimated residual value**	**Annual depreciation rate**
Buildings	10-30 years	3%	3.2%-9.7%
Plant and machinery	10-15 years	3%	6.5%-9.7%
Office equipment	5-10 years	3%	9.7%-19.4%
Motor vehicles	5-8 years	3%	12.1%-19.4%

Where different components of property, plant and equipment have different useful lives or generate profit in different ways, the components are depreciated separately.

Useful lives, residual values and the depreciation method are reviewed and adjusted if appropriate, at least at each financial year end.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Construction in progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period and other relevant expenditures.

An item of construction in progress is transferred to fixed asset or intangible asset when the asset is ready for its intended use. The criteria for transferring are as follows:

Category	The criteria according to which, construction projects in progress are transferred to fixed assets or intangible asset
Plant & buildings	Meet the criteria for the construction completion acceptance
Machinery & equipment	Meet the requirements or criteria stipulated in the contract after installation and commissioning

16. Borrowing costs

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

The capitalisation 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.

Capitalisation 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 recognised in profit or loss.

During the capitalisation period, the amount of interest eligible for capitalisation 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 capitalisation 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 capitalisation 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 the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing costs (Continued)

Capitalisation 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 recognised as an expense in profit or loss until the acquisition, construction or production is resumed.

17. Intangible assets

(1) The useful lives of intangible assets:

The intangible assets are amortised using the straight-line method over their useful lives. The useful lives are as follows:

	Useful life	**Basis of determination**
Land use of rights	50 years	The term of the land use right
Patents and others	3-20 years	The shorter term between the patent term and the expected usage term

(2) Research and development expenditures

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred. Expenditure on the development phase is capitalised only when the Group can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and 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 criteria is recognised in profit or loss when incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of assets

Impairment of assets (other than the impairment of inventories and financial assets) is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are 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 the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. 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 asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

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

The carrying amount of the related asset group to which goodwill has been allocated for impairment is compared to its recoverable amount. If the carrying amount of the asset group is higher than its recoverable amount, the amount of the impairment loss is firstly allocated to reduce the carrying amount of the goodwill allocated to the asset group, and then allocated to reduce the carrying amount of other assets (other than the goodwill) within the asset group (set of asset groups), on a pro-rata basis of the carrying amount of each asset.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Payroll and employee benefits payable

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

(1) Short-term employee benefits payable

Occurred short-term employee benefits are recognised as a liability in the accounting period in which an employee provides services, with a corresponding charge to profit or loss or cost of an asset.

(2) Post-employment benefit (defined contribution plans)

For the employees of the Group participating in a pension scheme and unemployment insurance managed by the local government, and an enterprise pension fund, the corresponding expenses are included in the cost of related assets or profit or loss.

(3) Termination benefits

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

(4) Other long-term employee benefits

For other long-term employee benefits provided to employees, the relevant requirements on post-employment benefits are applied in recognising and measuring the net liabilities or net assets of other long-term employee benefits, with the changes included in profit or loss, or the cost of related assets.

20. Provisions

An obligation related to a contingency shall be recognised by the Group as a provision when the obligation is a present obligation of the Group and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation, except for contingent considerations and contingent liabilities assumed in a business combination not involving entities under common control.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Provisions (Continued)

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed and adjusted appropriately at each balance sheet date to reflect the current best estimate.

21. Share-Based Payment

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognised, with a corresponding increase in capital reserves; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognises the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest. The fair value is determined using the binomial model, please refer to Note XIII.2.

Where the terms of an equity-settled share-based award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenue from contracts with customers

Revenue is recognized when the Group has satisfied its performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services. To obtain control of the relevant good and services is to have the ability to direct the use of, and obtain substantially all of the remaining benefits from of the relevant good and services.

(1) Contracts for the sale of goods

The contract for the sale of goods between the Group and its customers usually contains performance obligations for the transfer of commodities such as steel, and the specific commitments vary depending on the agreement with the customer. Because the customers are able to benefit from the above-mentioned goods or services separately or from the use of other easily available resources, and there is no major integration or major repair between the above-mentioned goods or services modified or customised or highly related, the Group treats them as clearly distinguishable commodities and constitutes a single performance obligation.

The Group will determine the amount of consideration to which it is expected to receive as a result of the transfer of goods to the customers as the transaction price, and will determine it 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 are qualified to a certain discount, which will be directly offset against the amount payable by customers when purchasing goods in the current period. The Group is in accordance with expectations value or the amount most likely to occur, to the extent that the discounted transaction price does not exceed the amount by which the cumulative recognized revenue is unlikely to be materially reversed at the time the relevant uncertainty is eliminated, and is revalued at each balance sheet date.

When the contract contains a significant financing component, the Group determines the transaction price based on an amount that reflects the price that a customer would have paid for the goods or services in cash at the time of obtaining the control of the goods or services and amortises the difference between the transaction price and the consideration promised in the contract under the effective interest method within the contract period using the discount rate that discounts the nominal amount of the contract consideration to the current selling price of the goods or services.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenue from contracts with customers (Continued)

The Group fulfills its performance obligations by delivering steel and other commodities to its customers. The Group generally recognises revenue based on the following considerations. Taking into account the timing of control transfer, This includes obtaining the current collection rights of the goods, the transfer of the main risks and rewards of the ownership of the goods the transfer of the legal ownership of the goods, the transfer of the physical assets of the goods, and the acceptance of the goods by the customer.

Based on contractual agreements, legal provisions, etc., the Group provides warranty for steel sold, which is a warranty type of quality assurance to assure customers that the goods sold meet the established standards, and is accounted for by the Group in accordance with Note III.20.

For steel and other commodities trading business, the Group, after considering the legal form of the contract and the relevant facts and circumstances (the main responsibility for transferring the commodity to the customer, the inventory risk assumed before or after the transfer of the commodity, the right to determine the price of the traded commodity on its own, etc.), is of the opinion that the Group is in a position to dominate the use of the commodity and derive almost all the economic benefits from the commodity prior to transferring the commodity to the customer, and owns the commodity. The Group has control over the merchandise and thus the Group is considered as the principal and recognises revenue based on the total amount received or receivable when the goods are delivered to the customer and acceptance is completed.

(2) Contracts for the rendering of services

The service contract between the Group and its customers usually includes performance obligations for packaging, processing, technical consulting or technical services. Because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, or the Group's performance does not provide the service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date during the contract period, the Group treated it as performance obligation satisfied over time, the Group recognises revenue by measuring the progress towards the complete satisfaction of the performance obligation, except when the progress of the performance cannot be reasonably determined. The Group determines the progress of the performance of the services provided in accordance with the input method. When the progress of the performance cannot be reasonably determined, and the costs incurred by the Group are expected to be compensated, the revenue will be recognized based on the amount of costs incurred, until the progress of the performance can be reasonably determined.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

(1) Contract assets

The Group presents its right to consideration in exchange for goods or services as a contract asset (the right to consideration is conditional on other factors excluding the passage of time) if the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. The Group presents it as an account receivable when the Group has the right to consideration which is unconditional subsequently.

For details of how the Group measures and accounts for the ECLs of a contract asset, refer to Note III.10.

(2) Contract liabilities

The Group presents its obligation to transfer goods or services to a customer, for which the Group has received consideration or the Group has a right to an amount of consideration that is unconditional from the customer, as a contract liability.

24. Government grants

Government grants are recognized in profit or loss, when they are highly probable to be received and all conditions are fulfilled. If a government grant is in form of monetary asset, it is measured at the amount received or receivable. If a government grant is in form of non-monetary asset, it is measured at fair value of the asset. If the fair value cannot be reliably determined, it is measured at the nominal amount.

Asset-related government grants are recognized when the government document designates that the government grants are used for constructing or forming long-term assets. If the government document is inexplicit, the Group should make a judgement based on the basic conditions to obtain the government grants, and recognizes them as asset-related government grants if the conditions are to form long-term assets through construction or other method. Otherwise, the government grants should be income-related.

If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, it is recognised as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognised; if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss or offset against relevant expenses.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Government grants (Continued)

A government grant related to asset can be accounted by being recognized as deferred income and amortized systematically and reasonably to profit or loss over the useful life of the related asset (government grants measured at the nominal amount should be recognized in profit or loss immediately for the period). When the asset is sold, transferred, discarded or destroyed within the useful life, the related deferred income should be recognized in profit or loss immediately.

25. Deferred tax

Based on the differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, and the differences between the carrying amounts of some items that have a tax base but are not recognized as assets and liabilities and their tax base, the Group adopts the liability method for the provision of deferred tax.

A deferred tax liability is recognized in respect of all taxable temporary differences except those arising from:

(1) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

(2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when 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.

For all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

(1) when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Deferred tax (Continued)

(2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

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 realised 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 Group 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 deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group 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 liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

26. Leases

At inception of a contract, the Group shall assess whether the 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 or assets for a period of time in exchange for consideration.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

(1) As lessee

The Group recognises lease liabilities and right-of-use assets, except for short-term leases and leases of low-value assets.

At the commencement date of the lease, the Group recognises right-of-use assets. Right-of- use assets are initially measured at cost. The cost of the right-of-use assets comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received; any initial direct cost incurred; and estimates of costs incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease. The Group remeasures the lease liabilities for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying assets will be transferred to the Group at the end of the lease terms, the Group depreciates the assets from the commencement date to the end of the useful lives of the assets. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful lives of the assets and the end of the lease terms.

At the commencement date of the lease, the Group measures lease liabilities at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related assets as required. In addition, the Group remeasures lease liabilities at the present value of the 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

(1) As lessee (Continued)

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease of the individual underlying asset with low value, when new, as a lease of low-value assets. The Group does not recognise the right-of-use assets and lease liabilities for short- term leases and low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related assets or profit or loss on a straight- line basis over the lease terms.

(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. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

Rental income under an operating lease is recognised 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 costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

27. Share repurchase

The consideration and transaction fees paid reduce shareholders' equity. In addition to share payments, the issuance (including refinancing), repurchase, sale or cancellation of its own equity instruments is treated as a change in equity.

28. Safety production reserve

Safety production funds provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are accounted for differently when being utilised: the specialised reserves are offset against for those attributable to the expense nature; or the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the asset is brought to the working condition for the intended use, and at the same time, specialised reserves are offset against with the full depreciation of the fixed asset, at the same amount.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

30. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of provision, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(1) Judgments

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

Going concern

As stated in Note II, the going-concern of the Group relies on the cash inflows from borrowings and operating activities, in order to maintain sufficient cash on the due date of the relevant liabilities. The uncertainty of the Group's going-concern exists once the Group cannot obtain sufficient cash. The financial statements do not include any necessary adjustments related to carrying amount and classification of assets and liabilities when the Group cannot operate continuously.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

(1) Judgments (Continued)

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

Judgement on entities in which the Group holds less than 20% of voting rights but has a significant influence over them

As of 30 June 2025, the Group held 16.34% equity interests in Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd. ("Xinchuang Environmental Protection"). The Company designates one director to Xinchuang Energy Conservation according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Xinchuang Environmental Protection, despite the equity share is under 20%. Thus, the Company accounts for the investment in Xinchuang Environmental Protection as an associate.

As of 30 June 2025, the Group held 18.19% equity interests in Baoxin Software (Anhui) Co., Ltd. The Company designates one director to Baoxin Software (Anhui) Co., Ltd. according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Baoxin Software (Anhui) Co., Ltd., despite the equity share is under 20%. Thus, the Company accounts for the investment in Baoxin Software (Anhui) Co., Ltd. as an associate.

As of 30 June 2025, the Group held 9.17% equity interests in OBEI Co., Ltd. ("OBEI"). The Company designates one director to OBEI according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over OBEI, despite the equity share is under 20%. Thus, the Company accounts for the investment in OBEI as an associate.

As of 30 June 2025, the Group held 14.98% equity interests in Baowu Water Technology Co., Ltd., Led. ("Baowu Water"). The Company designates one director to Baowu Water according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Baowu Water, despite the equity share is under 20%. Thus, the Company accounts for the investment in Baowu Water as an associate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

(1) Judgments (Continued)

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods to include evaluation and report financial asset performance to key management, the risks affecting the performance of financial assets and risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

The characteristics of contractual cash flows

The classification of a financial asset at initial recognition depends on the characteristics of its contractual cash flows. This requires a determination of whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. It requires judgement to determine whether the contractual cash flows differ significantly with benchmark cash flows when assessing the adjustment of the time value of money. For financial assets with characteristics of paying in advance, it requires judgement to determine whether the fair value of this characteristics is insignificant.

(2) Estimation uncertainty

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

Estimation of inventories under net realisable value

Management reviews the condition of inventories (including spare parts) of the Group and their net realisable values and makes provision accordingly. Net realisable value of inventories is the estimated based on expected selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of a similar nature. Management reassesses the estimation at the end of each reporting period.

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

(2) Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. 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 carrying amount 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 future cash flows expected to be derived from it. 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 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.

Variable considerations involving discounts and right of return

For contracts with sales clause involving discounts and right of return, the Group forms a reasonable estimate of the discounts or the rate of return based on sales historical data, current sales, and consider all relevant information such as customer changes, market changes and etc. Estimates of the expected discounts or return rate may not be representative of the actual discounts or returns in the future. The Group re-evaluates the discounts or return rate on each balance sheet date and determines the accounting treatment based on the re- evaluated discounts or return rate.

Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and unused tax credit can be utilized. Significant management judgement 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 tax planning strategies.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (Continued)

(2) Estimation uncertainty (Continued)

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.

Impairment of financial assets

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group 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. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

Fair value of unlisted equity investments

The fair value of unlisted equity investments is determined based on the market approach. This requires the Group to identify comparable listed companies, select market multipliers, estimate liquidity discounts, etc., and hence they are subject to uncertainty.

Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful life of its fixed assets. This estimate is based on the historical experience of the actual useful lives of fixed assets of similar nature and functions.

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

IV. TAX

1. The principal kinds of taxes and related tax rates

	Tax basis	Tax rate
Value-added tax	According to tax laws, output VAT is calculated on product sales and taxable services revenue. VAT payable is determined by deducting input VAT from output VAT for the period.	6%-13%
City construction and maintenance tax	Based on VAT paid	5%-7%
Education surcharge	Based on VAT paid	3%
Local education surcharge	Based on VAT paid	2%
Land appreciation tax	Based on the appreciation amount of transferred property and the applicable tax rate	30% – 60%
Property tax	70% of the original cost of the property or the rental income	1.2%、12%
Environment protection tax	The taxable pollutants shall be determined based on the pollution equivalent quantity converted from the quantity of pollutant discharged and the applicable tax rates	For air pollutant, the tax standards RMB1.2 per pollution equivalent quantity; For water pollutant, the tax standard is RMB1.4 per pollution equivalent quantity
Income tax	Based on taxable profits	15%、16.5%、25%、30%

The applicable income tax rates for the Group and its subsidiaries are 25% (31 December 2024: 25%) except for those stated in Note IV.2 which are eligible for preferential tax treatments, and Ma Steel (Hong Kong) Company Limited ("Ma Steel (HK)"), where the applicable income tax rate is 16.5%, Maanshan Iron and Steel (Australia) Proprietary Limited, where the applicable income tax rate is 30%, and MG Trading and Development GmbH ("MG Trading"), where the applicable income tax rate is 15%.

(Expressed in Renminbi Yuan unless otherwise indicated)

IV. TAX (CONTINUED)

2. Tax preference

Pursuant to Article 28 of the Corporate Income Tax Law of the People's Republic of China, corporate income tax (CIT) is levied at a reduced rate of 15% for state-supported key high-tech enterprises. In accordance with Article 9 of the Administrative Measures on Accreditation of High-tech Enterprises, the qualification of an accredited high-tech enterprise is valid for three years from the date of issuance of the certificate.

Mascometal Co., Ltd., a subsidiary of the Group, was recognised as a high-tech enterprise in 2023. The preferential income tax rate of 15% is applicable in three years from 2023.

Masteel (Hefei) Iron & Steel Co., Ltd., a subsidiary of the Group, was recognized as a high-tech enterprise in 2023. The preferential income tax rate of 15% is applicable in three years from 2023.

Anhui Changjiang Steel Co., Ltd., a subsidiary of the Group, was recognized as a high-tech enterprise in 2023. The preferential income tax rate of 15% is applicable in three years from 2023.

V. MAJOR NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	Note	**30 June 2025**	31 December 2024
Bank balances		**2,837,298,105**	1,453,081,155
Other monetary assets		**1,341,750,516**	1,359,803,423
Deposits with Baowu Finance		**4,257,225,423**	3,621,220,869
Total		**8,436,274,044**	6,434,105,447
Including: Total overseas deposits		**658,677,497**	555,921,592
Restricted amount due to mortgage, pledge or freeze	V.17	**1,341,750,516**	1,359,803,423

2. Notes receivable

(1) Classification of Notes receivable

	30 June 2025	31 December 2024
Bank acceptance notes	**1,056,639,979**	822,780,872

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

2. Notes receivable (Continued)

(2) The pledged notes receivable of the Group at the end of the term

	Note	**30 June 2025**
Bank acceptance notes	V.17	**389,278,968**

(3) Outstanding endorsed or discounted notes that have not matured at the end of the term

	Derecognized	Not derecognized
Bank acceptance notes	**–**	770,599,278

3. Trade receivables

(1) Age analysis of the trade receivables is as follows

	30 June 2025	31 December 2024
Within one year	**1,649,390,045**	1,759,620,406
One to two years	**105,228,714**	132,286,416
Two to three years	**132,054,820**	64,863,225
Over three years	**29,658,012**	15,325,306
Sub-total	**1,916,331,591**	1,972,095,353
Less: Provisions for bad debts	**246,146,811**	218,270,897
Total	**1,670,184,780**	1,753,824,456

As of 30 June 2025, The Group didn't obtain any loans by pledging its trade receivables. (31 December 2024: RMB150,624,587) Details are described in Note V.17.

(Expressed in Renminbi Yuan unless otherwise indicated)

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

3. Trade receivables (Continued)

(2) *Trade receivables by provisioning method*

30 June 2025

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	**Ratio (%)**	**Amount**	**Ratio (%)**	
Assessed bad debt provision individually	**176,246,232**	**9**	**(176,246,232)**	**100**	**–**
Assessed bad debt provision in portfolios based on credit risk characteristics	**1,740,085,359**	**91**	**(69,900,579)**	**4**	**1,670,184,780**
Total	**1,916,331,591**	**100**	**(246,146,811)**		**1,670,184,780**

31 December 2024

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Assessed bad debt provision individually	158,026,937	8	(158,026,937)	100	–
Assessed bad debt provision in portfolios based on credit risk characteristics	1,814,068,416	92	(60,243,960)	3	1,753,824,456
Total	1,972,095,353	100	(218,270,897)		1,753,824,456

Assessed bad debt provision individually:

	30 June 2025				31 December 2024	
	Gross carrying amount	**Provision for bad debts**	**Ratio (%)**	**Basis for provision**	Gross carrying amount	Provision for bad debts
Company 1	**176,246,232**	**(176,246,232)**	**100**	Bankruptcy and reorganisation	158,026,937	(158,026,937)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

3. Trade receivables (Continued)

(2) Trade receivables by provisioning method (Continued)

As of 30 June 2025, assessment of ECLs on trade receivables:

	Gross carrying amount	Provision for bad debts	Ratio (%)
Within one year	**1,649,390,045**	**(31,732,889)**	**2**
One to two years	**74,182,338**	**(23,193,428)**	**31**
Two to three years	**3,474,405**	**(1,935,691)**	**56**
Over three years	**13,038,571**	**(13,038,571)**	**100**
Total	**1,740,085,359**	**(69,900,579)**	

(3) Assessment of ECLs on trade receivables

The movements of provisions for bad debts is as follows:

	Opening balance	Increase	Recoveries or reversals during the term	Other movements	Exchange gains or losses	Closing balance
For the six months ended 30 June 2025	**218,270,897**	**9,572,978**	**(1,917)**	**–**	**18,304,853**	**246,146,811**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

3. Trade receivables (Continued)

(4) The top five trade receivables classified by debtors are as follows

	Ending balance	Percentage of trade receivables *(%)*	Ending balance of bad debt provision
Company 1	**176,246,232**	**9**	**176,246,232**
Company 2	**169,616,228**	**9**	**2,008,375**
Company 3	**103,792,751**	**5**	**–**
Company 4	**77,875,440**	**4**	**–**
Company 5	**70,043,573**	**4**	**509,370**
Total	**597,574,224**	**31**	**178,763,977**

4. Financing receivables

(1) Presentation of Financing Receivables by Category

	30 June 2025	31 December 2024
Bank acceptance notes	**2,585,459,712**	1,382,456,994

(2) The undue notes endorsed or discounted were as follows

	Derecognized	Not derecognized
Bank acceptance notes	**15,490,720,777**	–

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

5. Prepayment

(1) *Age analysis of the prepayments is as follows:*

	30 June 2025		31 December 2024	
	Carrying amount	**Ratio (%)**	Carrying amount	Ratio (%)
Within one year	**402,098,775**	**97**	366,554,395	96
One to two years	**12,419,435**	**3**	12,710,526	3
Two to three years	**1,076,697**	**–**	1,973,653	1
Total	**415,594,907**	**100**	381,238,574	100

(2) *The top five prepayments classified by debtors are as follows:*

	Closing balance	Percentage of prepayments (%)
Company 1	**43,486,502**	10
Company 2	**36,789,293**	9
Company 3	**26,098,685**	6
Company 4	**23,820,097**	6
Company 5	**21,269,937**	5
Total	**151,464,514**	36

(Expressed in Renminbi Yuan unless otherwise indicated)

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

6. Other receivables

	30 June 2025	31 December 2024
Dividends receivable	**4,806,851**	4,806,851
Other receivables	**3,005,523,775**	539,924,884
Total	**3,010,330,626**	544,731,735

Dividends receivable

(1) Dividends receivable by category

	30 June 2025	31 December 2024
Baowu Water	**4,806,851**	4,806,851

Other receivables

(1) Age analysis of other receivables is as follows:

	30 June 2025	31 December 2024
Within one year	**2,779,046,911**	294,050,629
One to two years	**70,003,945**	61,272,052
Two to three years	**2,051,158**	161,404,747
Over three years	**175,739,078**	44,517,173
Sub-total	**3,026,841,092**	561,244,601
Less: Provisions for bad debts	**21,317,317**	21,319,717
Total	**3,005,523,775**	539,924,884

(Expressed in Renminbi Yuan unless otherwise indicated)

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

6. Other receivables (Continued)

Other receivables (Continued)

(2) Other receivables analyzed by nature were as follows:

	30 June 2025	31 December 2024
Equity transfer	**2,569,379,636**	–
Asset deposition	**372,318,177**	410,498,069
Due from trading companies	**23,506,132**	8,937,163
Deposit for steel futures	**32,139**	86,744,416
Others	**61,605,008**	55,064,953
Sub-total	**3,026,841,092**	561,244,601
Less: Provisions for bad debts	**21,317,317**	21,319,717
Total	**3,005,523,775**	539,924,884

(3) Provisions for bad debts

30 June 2025

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Assessed bad debt provision in portfolios based on credit risk characteristics	**3,026,841,092**	**100**	**(21,317,317)**	**1**	**3,005,523,775**
Total	**3,026,841,092**	**100**	**(21,317,317)**		**3,005,523,775**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

6. Other receivables (Continued)

Other receivables (Continued)

(3) Provisions for bad debts (Continued)

31 December 2024

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Assessed bad debt provision in portfolios based on credit risk characteristics	561,244,601	100	(21,319,717)	4	539,924,884
Total	561,244,601	100	(21,319,717)		539,924,884

As of 30 June 2025, Other receivables for which the portfolio is provided for bad debts are as follows:

	Gross carrying amount	Provision for bad debts	Ratio (%)
The group of pledges and deposits	**7,912,139**	**(79,121)**	**1**
The group of receivables due from others	**3,018,928,953**	**(21,238,196)**	**1**
Total	**3,026,841,092**	**(21,317,317)**	

(Expressed in Renminbi Yuan unless otherwise indicated)

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

6. Other receivables (Continued)

Other receivables (Continued)

(3) Provisions for bad debts (Continued)

Changes in impairment allowance recognized for the 12-month expected credit losses and lifetime expected credit losses on other receivables are as follows:

	Phase I 12-month expected credit losses	Phase II Lifetime expected credit losses	Phase III Credit-impaired financial assets (Lifetime expected credit losses)	Total
Opening balance	657,186	4,539,431	16,123,100	21,319,717
Reversal	(2,400)	–	–	(2,400)
Closing balance	654,786	4,539,431	16,123,100	21,317,317

(4) As of 30 June 2025, the top five other receivables were as follows:

	Ending balance	Ratio in other receivables (%)	Nature	Age	Ending balance of bad debt provision
Company 1	2,569,379,636	85	Amount from disposal of equity	Within one year	–
Company 2	174,974,406	6	Amount from disposal of assets	Within two years	(73,575)
Company 3	155,212,000	5	Amount from disposal of assets	Over three years	(308,513)
Company 4	49,891,137	2	Amount from disposal of assets	Within three years	(3,307,782)
Company 5	49,074,527	1	Amount from disposal of assets	Within one year	–
Total	2,998,531,706	99			(3,689,870)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

7. Inventories

(1) *Inventories by category*

	30 June 2025			31 December 2024		
	Gross carrying amount	**Provision for impairment**	**Carrying amount**	Gross carrying amount	Provision for impairment	Carrying amount
Raw materials	**1,969,998,271**	**(107,606,857)**	**1,862,391,414**	3,419,598,313	(258,969,131)	3,160,629,182
Work in progress	**2,051,546,410**	**(92,465,236)**	**1,959,081,174**	1,945,334,938	(142,149,848)	1,803,185,090
Finished goods	**2,007,041,973**	**(108,360,501)**	**1,898,681,472**	1,542,037,604	(73,511,464)	1,468,526,140
Spare parts	**1,263,358,104**	**(35,415,614)**	**1,227,942,490**	1,316,182,446	(67,101,142)	1,249,081,304
Others	**223,835,776**	**(45,730,035)**	**178,105,741**	227,530,379	–	227,530,379
Total	**7,515,780,534**	**(389,578,243)**	**7,126,202,291**	8,450,683,680	(541,731,585)	7,908,952,095

(2) *Impairment provision against inventories*

	Opening balance	Provided/ reversal	Write-off	Closing balance
Raw materials	**258,969,131**	**107,606,857**	**(258,969,131)**	**107,606,857**
Work in progress	**142,149,848**	**89,021,294**	**(138,705,906)**	**92,465,236**
Finished goods	**73,511,464**	**94,523,141**	**(59,674,104)**	**108,360,501**
Spare parts	**67,101,142**	**–**	**(31,685,528)**	**35,415,614**
Others	**–**	**45,730,035**	**–**	**45,730,035**
Total	**541,731,585**	**336,881,327**	**(489,034,669)**	**389,578,243**

At the balance sheet date, inventories were measured at the lower of costs and net realizable values, and provision for impairment was made for items whose costs were higher than their net realizable values. Net realizable value is the estimated selling price under normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes.

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

8. Other current assets

	30 June 2025	31 December 2024
Prepaid income tax	**18,278,886**	4,620,738
Deductible value added tax	**224,594,288**	239,299,315
Total	**242,873,174**	243,920,053

9. Long-term equity investments

(1) Long-term equity investments by category:

		Changes during the term						
	Opening balance	Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend declared	Exchange differences arising from foreign currency	Closing balance	Impairment at the end of the term
Joint ventures								
Maanshan BOC-Ma Steel Gases Company Limited ("BOC-Ma Steel")	311,282,032	29,634,493	–	373,488	(26,815,000)	–	314,475,013	–
Sub-total	311,282,032	29,634,493	–	373,488	(26,815,000)	–	314,475,013	–
Associates								
Henan JinMa Energy Co., Ltd. ("Henan JinMa Energy")	835,597,163	(31,056,265)	2,028,824	1,884,762	–	–	808,454,484	–
Shenglong Chemical Co., Ltd. ("Shenglong Chemical")	1,056,545,119	(14,960,761)	–	1,243,775	–	–	1,042,828,133	–
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd. ("Xinchuang Environmental Protection")	78,354,632	1,422,510	–	458,990	–	–	80,236,132	–

(Expressed in Renminbi Yuan unless otherwise indicated)

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

9. Long-term equity investments (Continued)

(1) Long-term equity investments by category: (Continued)

		Changes during the term						
	Opening balance	Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend declared	Exchange differences arising from foreign currency	Closing balance	Impairment at the end of the term
Anhui Magang Chemicals & Energy Technology Co., Ltd., Ltd. ("Magang Chemicals & Energy")	245,711,297	(43,756,974)	–	724,175	–	–	202,678,498	–
Anhui Baoxin Software Co., Ltd. ("Baoxin Anhui") (Formerly known as Phima Intelligence Technology Co., Ltd.)	225,928,675	–	–	–	–	–	225,928,675	–
OBEI Co., Ltd., Led. ("OBEI")	467,971,290	9,268,280	–	–	(1,090,276)	–	476,149,294	–
Baowu Water Technology Co., Ltd. ("Baowu Water")	654,879,335	(13,573,422)	–	260,495	–	–	641,566,408	–
Anhui Masteel Gas Technology Co., Ltd. ("Masteel Gases")	194,694,832	10,109,966	–	1,470,380	(13,722,694)	–	192,552,484	–
Anhui Masteel Holly Industrial Co., Ltd. ("Holly Industrial")	91,623,542	(48,584)	–	–	–	(1,343,497)	90,231,461	–
Baowu Group Finance Company Limited ("Baowu Finance")	2,736,316,038	67,708,186	(2,904,020)	–	–	–	2,801,120,204	–
Sub-total	6,587,621,923	(14,887,064)	(875,196)	6,042,577	(14,812,970)	(1,343,497)	6,561,745,773	–
Total	6,898,903,955	14,747,429	(875,196)	6,416,065	(41,627,970)	(1,343,497)	6,876,220,786	–

(Expressed in Renminbi Yuan unless otherwise indicated)

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

10. Other equity investments

(1) *Details of other equity investments*

	30 June 2025	31 December 2024
Henan Longyu Energy Co., Ltd. (“Henan Longyu”)	**62,748,280**	62,406,221
China MCC17 Group Co., Ltd. (“MCC17”)	**62,796,372**	57,319,387
Linhuan Coking Co., Ltd (“Linhuan Coking”)	**115,993,934**	127,280,084
Baowu Clean Energy Co., Ltd. (“Baowu Clean Energy”)	**164,044,825**	161,870,622
Masteel Lihua Metal Resources co. Ltd. (“Masteel Lihua”)	**5,182,886**	5,182,886
Total	**410,766,297**	414,059,200

	Gains/(losses) included in other comprehensive income during the term	Accumulated gains/(losses) included in other comprehensive income	Dividend income recognized for the year	Reason for designation
Henan Longyu	342,059	52,748,280	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
MCC17	5,476,985	54,241,571	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
Linhuan Coking	(11,286,150)	1,493,477	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
Baowu Clean Energy	2,174,203	8,598,466	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
Masteel Lihua	–	682,886	–	With the intention of establishing or maintaining a long-term investment for strategic reasons
Total	(3,292,903)	117,764,680	–	

(Expressed in Renminbi Yuan unless otherwise indicated)

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

11. Investment properties

Investment properties measured using the cost method

	Plant and buildings
Cost	
Opening and closing balance	**77,302,542**
Accumulated depreciation	
Opening balance	**24,117,151**
Provided	**1,005,632**
Closing balance	**25,122,783**
Carrying amount	
At the ending of the term	**52,179,759**
At the beginning of the term	**53,185,391**

12. Property, plant and equipment

	30 June 2025	31 December 2024
Property, plant and equipment	**46,900,000,810**	48,866,413,844

(Expressed in Renminbi Yuan unless otherwise indicated)

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

12. Property, plant and equipment (Continued)

(1) *Property, plant and equipment*

	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost					
At the beginning of the term	36,948,365,061	71,493,848,624	334,768,972	1,849,173,232	110,626,155,889
Addition	–	38,120,699	301,636	1,092,021	39,514,356
Transferred from construction in progress	29,488,185	270,225,887	10,371,435	31,268,586	341,354,093
Disposal	(89,440,536)	(462,321,802)	(731,658)	(661,838)	(553,155,834)
Exchange realignment	8,035	11,157	–	–	19,192
At the end of the term	36,888,420,745	71,339,884,565	344,710,385	1,880,872,001	110,453,887,696
Accumulated depreciation					
At the beginning of the term	16,869,393,122	43,477,471,268	212,847,645	949,388,235	61,509,100,270
Provided	601,241,952	1,333,573,632	37,699,091	105,967,097	2,078,481,772
Disposal	(10,410,892)	(208,002,274)	(723,956)	(298,483)	(219,435,605)
Exchange realignment	5,457	11,028	–	–	16,485
At the end of the term	17,460,229,639	44,603,053,654	249,822,780	1,055,056,849	63,368,162,922
Impairment					
At the beginning of the term	–	250,641,775	–	–	250,641,775
Addition	650,449	792,922	41,888	–	1,485,259
Disposal	–	(66,403,070)	–	–	(66,403,070)
At the end of the term	650,449	185,031,627	41,888	–	185,723,964
Carrying amount					
At the end of the term	19,427,540,657	26,551,799,284	94,845,717	825,815,152	46,900,000,810
At the beginning of the term	20,078,971,939	27,765,735,581	121,921,327	899,784,997	48,866,413,844

(Expressed in Renminbi Yuan unless otherwise indicated)

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

12. Property, plant and equipment (Continued)

(2) Temporarily idle property, plant and equipment

	Cost	Accumulated depreciation	Impairment	Carrying amount
Plant and buildings	**61,596,789**	**32,353,364**	**–**	**29,243,425**
Machinery and equipment	**503,151,299**	**339,381,360**	**–**	**163,769,939**
Total	**564,748,088**	**371,734,724**	**–**	**193,013,364**

Note: The 29th meeting of the 10th Board of Directors reviewed and approved the proposal on the transfer and shutdown of iron-making capacity of the Company's No.3 blast furnace, agreed to the shutdown of Masteel's No.3 blast furnace, and agreed to the transfer of iron-making capacity of the Company's No.3 blast furnace, and the transfer price shall not be lower than the approved or filed evaluation results.

(3) Property, plant and equipment leased out under operation leases

	Plant and buildings
Cost	
Opening and closing balance	**71,175,220**
Accumulated depreciation	
Opening balance	**51,865,927**
Provided	**814,818**
Closing balance	**52,680,745**
Carrying amount	
At the ending of the term	**18,494,475**
At the beginning of the term	**19,309,293**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

12. Property, plant and equipment (Continued)

(4) Property, plant and equipment pending certificates of ownership

Item	Carrying amount	Reason why certificates of ownership are pending
Plant and buildings	**1,504,360,382**	Certificate of ownership are being reviewed by relevant government authorities

13. Construction in progress

Construction in progress

	30 June 2025	31 December 2024
Construction in progress	**1,083,887,697**	795,364,312
Total	**1,083,887,697**	795,364,312

(1) Construction in progress

	30 June 2025			31 December 2024		
	Gross carrying amount	**Provision for impairment**	**Carrying amount**	Gross carrying amount	Provision for impairment	Carrying amount
Product quality projects	**457,152,348**	**–**	**457,152,348**	148,591,467	–	148,591,467
Energy-saving and environmental protection projects	**61,105,888**	**–**	**61,105,888**	82,473,804	–	82,473,804
Equipment advancement and other modification projects	**275,806,977**	**–**	**275,806,977**	212,801,156	–	212,801,156
Other projects	**289,822,484**	**–**	**289,822,484**	351,497,885	–	351,497,885
Total	**1,083,887,697**	**–**	**1,083,887,697**	795,364,312	–	795,364,312

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

13. Construction in progress (Continued)

(2) Construction in progress (Continued)

In 2025, the movement of significant projects were as follows:

	Budget *RMB'000*	Opening balance *RMB*	Addition *RMB*	Transferred to property, plant and equipment *RMB*	Reduction *RMB*	Closing balance *RMB*	Source of fund	The proportion of project investment accounted for budget *(%)*	Capitalised interest accumulated *RMB*	Capitalised interest in current period *RMB*	The capitalised interest rate in current period *(%)*
Masteel South Section Steel Reconstruction Project-2 # Continuous Casting Machine Project	569,052	–	6,846,795	–	–	6,846,795	Internally financed	1	–	–	–
Northern Area Filling and Leveling Railway Reconstruction Project	63,882	34,898,768	10,260,924	45,159,692	–	–	Internally financed	71	–	–	–
Masteel South Section Steel Reconstruction Project-3 # Continuous Casting Machine Project	534,386	214,151	39,133,839	–	–	39,347,990	Internally financed	7	–	–	–
Coal Coking Company South Coke Oven Gas Organic Sulfur Removal Project	125,000	71,308,274	53,691,656	124,999,930	–	–	Internally financed	100	–	–	–
Masteel Cold Rolled Product Structure Adjustment-New 6# Galvanized Line Project	895,000	105,313,035	203,001,460	–	–	308,314,495	Internally financed	34	–	–	–
Other projects	N/A	583,630,084	323,739,264	171,194,471	6,796,460	729,378,417	Internally financed	N/A	–	–	–
Total		795,364,312	636,673,938	341,354,093	6,796,460	1,083,887,697			–	–	–

(Expressed in Renminbi Yuan unless otherwise indicated)

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

14. Right-of-use assets

(1) Right-of-use assets

	Plant and buildings	Land use rights	Total
Cost			
At the beginning of the term	464,702,463	3,960,672	468,663,135
Addition	3,067,106	–	3,067,106
Disposal	(932,155)	–	(932,155)
At the end of the term	466,837,414	3,960,672	470,798,086
Accumulated depreciation			
At the beginning of the term	144,654,906	648,947	145,303,853
Provided	13,705,615	51,746	13,757,361
Disposal	(870,161)	–	(870,161)
At the end of the term	157,490,360	700,693	158,191,053
Carrying amount			
At the end of the term	309,347,054	3,259,979	312,607,033
At the beginning of the term	320,047,557	3,311,725	323,359,282

(Expressed in Renminbi Yuan unless otherwise indicated)

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

15. Intangible assets

(1) Intangible assets

	Land use rights	Patents and others	Total
Cost			
At the beginning of the term	2,534,770,408	291,280,398	2,826,050,806
Addition	50,186,769	4,932,901	55,119,670
Transfer from construction in progress	–	6,796,460	6,796,460
Disposal	(1,686,769)	–	(1,686,769)
At the end of the term	2,583,270,408	303,009,759	2,886,280,167
Accumulated amortisation			
At the beginning of the term	954,754,150	62,609,996	1,017,364,146
Provided	31,165,485	17,244,209	48,409,694
Disposal	(1,075,787)	–	(1,075,787)
At the end of the term	984,843,848	79,854,205	1,064,698,053
Carrying amount			
At the end of the term	1,598,426,560	223,155,554	1,821,582,114
At the beginning of the term	1,580,016,258	228,670,402	1,808,686,660

(2) Without the property right certificate Land use rights are as follows

Item	Carrying amount	Reason for not completing the Property Ownership
Land use rights	4,654,568	The relevant materials for applying the certificate have not been obtained

(Expressed in Renminbi Yuan unless otherwise indicated)

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

16. Deferred tax assets/liabilities

(1) Deferred tax assets before being offset

	30 June 2025		31 December 2024	
	Deductible temporary differences	**Deferred tax assets**	Deductible temporary differences	Deferred tax assets
Asset impairment provision	**61,973,589**	**9,343,439**	63,344,300	9,754,653
Sales incentive	**40,216,816**	**6,032,522**	40,216,816	6,032,522
Government grants	**78,361,184**	**19,590,297**	141,845,346	35,461,338
Deductible losses	**1,091,488,876**	**272,872,219**	1,092,467,803	273,116,951
Lease liabilities	**4,926,053**	**980,554**	364,048,090	90,319,176
Others	**269,456,431**	**46,421,969**	194,086,757	30,662,465
Total	**1,546,422,949**	**355,241,000**	1,896,009,112	445,347,105

(2) Deferred tax liabilities before being offset

	30 June 2025		31 December 2024	
	Taxable temporary discrepancy	**Deferred tax liabilities**	Taxable temporary discrepancy	Deferred tax liabilities
Fair value adjustments related to business combinations not under common control	**13,579,502**	**3,394,874**	16,658,685	4,164,670
Changes in fair value of other equity instrument investments	**117,764,681**	**29,372,884**	121,057,585	30,196,108
Right-of-use assets	**9,203,021**	**985,168**	323,359,282	80,218,459
Total	**140,547,204**	**33,752,926**	461,075,552	114,579,237

(Expressed in Renminbi Yuan unless otherwise indicated)

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

16. Deferred tax assets/liabilities (Continued)

(3) *Net amount of deferred tax assets/liabilities after being offset*

	30 June 2025		31 December 2024	
	Offset amount	**Net amount**	Offset amount	Net amount
Deferred tax assets	**33,530,398**	**321,710,602**	114,356,362	330,990,743
Deferred tax liabilities	**33,530,398**	**222,528**	114,356,362	222,875

(4) *The Group' s unrecognised deferred tax assets*

	30 June 2025	31 December 2024
Deductible temporary differences	**1,967,274,177**	2,780,242,407
Deductible tax losses	**11,103,762,313**	12,907,919,701
Total	**13,071,036,490**	15,688,162,108

(5) *Unrecognized deferred tax assets arising from deductible tax losses will expire in the following years*

	30 June 2025	31 December 2024
2025	**14,580,461**	14,580,461
2027	**363,361,767**	363,361,767
Due in 2029 and beyond	**10,725,820,085**	12,529,977,473
Total	**11,103,762,313**	12,907,919,701

Note: As of 30 June 2025, the Company's overseas subsidiaries did not have any accumulated deductible tax losses (31 December 2024: Nil).

(Expressed in Renminbi Yuan unless otherwise indicated)

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

17. All assets with restricted rights or use rights

30 June 2025

	Gross carrying amount	Carrying amount	Type of restriction	Note
Cash and bank balances	**1,341,750,516**	**1,341,750,516**	Guarantee	(1)
Notes receivable	**389,278,968**	**389,278,968**	Pledge	(2)
Total	**1,731,029,484**	**1,731,029,484**		

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	Gross carrying amount	Carrying amount	Type of restriction	Note
Cash and bank balances	1,359,803,423	1,359,803,423	Guarantee	(1)
Notes receivable	338,066,940	338,066,940	Pledge	(2)
Trade receivable	150,624,587	147,853,094	Pledge	(3)
Total	1,848,494,950	1,845,723,457		

Note (1): As of 30 June 2025, the Group's restricted cash and bank balances included cash deposits as collateral amounting to RMB1,341,750,516 (31 December 2024: RMB1,359,803,423) as security for trade facilities and performance for bank acceptance notes and guarantees.

Note (2): As of 30 June 2025, the Group pledged the notes receivable of RMB389,278,968 (31 December 2024: RMB338,066,940) for obtaining borrowings.

Note (3): As of 30 June 2025, the Group did not pledge the trade receivables (31 December 2024: 150,624,587) for obtaining borrowings.

(Expressed in Renminbi Yuan unless otherwise indicated)

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

18. Short-term loans

(1) Short-term loans by category:

	30 June 2025	31 December 2024
Pledged loans	**389,278,968**	488,691,527
Unsecured loans	**12,791,961,975**	10,855,744,037
Total	**13,181,240,943**	11,344,435,564

As of 30 June 2025, the interest rates of the above short-term loans ranged from 1.00% – 2.50%(31 December 2024: ：0.79%至2.50%).

19. Notes payable

	30 June 2025	31 December 2024
Bank acceptance notes	**10,225,214,715**	10,051,474,326

As of 30 June 2025, the Group did not have any past due note.

20. Trade payables

(1) Trade payables

	30 June 2025	31 December 2024
Within 1 year	**8,612,215,704**	10,408,069,219
1 to 2 years	**15,504,689**	177,175,303
1 to 2 years	**1,238,227**	35,015,927
Over 3 years	**15,192,220**	53,412,429
Total	**8,644,150,840**	10,673,672,878

(2) The material trade payables aged over one year were as follows:

As at 30 June 2025, the Group had no significant trade payables with ageing of more than one year.

(Expressed in Renminbi Yuan unless otherwise indicated)

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

21. Contract liabilities

(1) Contract liabilities

	30 June 2025	31 December 2024
Advances from customers	**3,875,313,691**	4,123,176,032

As at 30 June 2025, the Group had no significant contract liabilities with ageing of more than one year.

22. Payroll and employee benefits payable

(1) Payroll and employee benefits payable

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Short-term employee benefits	**216,812,535**	**1,516,278,398**	**1,497,830,276**	**235,260,657**
Post-employment benefits (defined contribution plans)	**5,442**	**220,319,629**	**220,319,629**	**5,442**
Termination benefits	**2,750,456**	**24,877,085**	**21,337,541**	**6,290,000**
Early retirement benefit benefits due within one year	**551,232**	**–**	**–**	**551,232**
Total	**220,119,665**	**1,761,475,112**	**1,739,487,446**	**242,107,331**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

22. Payroll and employee benefits payable (Continued)

(2) Short-term employee benefits

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Salaries, bonuses, and subsidies	133,377,401	1,149,201,103	1,158,489,322	124,089,182
Welfare	1,464,950	104,318,379	79,542,707	26,240,622
Social insurance	9,109	98,287,571	98,287,571	9,109
– Medical insurance	4,603	86,024,549	86,024,549	4,603
– Work-related injury insurance	3,905	12,228,234	12,228,234	3,905
– Maternity insurance	601	34,788	34,788	601
Housing fund	1,200	124,547,232	124,547,232	1,200
Labor union fee and employee education fee	81,959,875	39,924,113	36,963,444	84,920,544
Total	216,812,535	1,516,278,398	1,497,830,276	235,260,657

Termination benefits are a lump-sum indemnity paid to the Group's former employees as a result of the Group's human resources optimization policy.

(3) Defined contribution plan

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Pension insurance	4,934	163,783,152	163,783,152	4,934
Unemployment insurance	266	5,119,938	5,119,938	266
Supplementary pension scheme	242	51,416,539	51,416,539	242
Total	5,442	220,319,629	220,319,629	5,442

(Expressed in Renminbi Yuan unless otherwise indicated)

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

22. Payroll and employee benefits payable (Continued)

(3) Defined contribution plan (Continued)

The Group has established an enterprise annuity plan. The expenses required for the enterprise annuity shall be paid jointly by the enterprise and individual employees. The Group and employees who enjoy the annuity plan use the employee social insurance payment base as the payment base. The employee's payment and deposit ratio is1.5%, and the enterprise's payment and deposit ratio is 6%. The Group has no further statutory or presumed obligation after such payment and deposit, and the Group treated the plan as a defined contribution scheme. As of 30 June 2025, the total amount of the Group's corporate annuity expenses was approximately RMB51,416,539元(31 December 2024: RMB118,683,199元), which was recorded as labor costs.

23. Taxes payable

	30 June 2025	31 December 2024
Value-added tax	**19,105,817**	87,428,602
Corporate income tax	**31,096,782**	32,351,149
Land use tax	**23,155,176**	23,279,195
Personal income tax	**9,140,751**	5,589,568
Water conservancy funds	**13,537,670**	15,899,786
Environmental protection tax	**7,065,037**	7,100,345
City construction and maintenance tax	**1,814,880**	690,613
Others	**52,536,833**	58,300,884
Total	**157,452,946**	230,640,142

(Expressed in Renminbi Yuan unless otherwise indicated)

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

24. Other payables

	30 June 2025	31 December 2024
Dividends payable	**6,890,034**	6,719,133
Others	**2,692,817,448**	3,169,564,809
Total	**2,699,707,482**	3,176,283,942

Dividends payable

	30 June 2025	31 December 2024
Dividends paid	**6,890,034**	6,719,133

Other payables

(1) Details of others by nature are as follows:

	30 June 2025	31 December 2024
Payable for forfaiting	**1,055,935,304**	1,594,673,294
Special funds	**840,792,829**	815,380,233
Payable for construction, maintenance and inspection fees	**68,883,772**	46,967,164
Sales incentive	**393,660,802**	324,572,503
Others	**333,544,741**	387,971,615
Total	**2,692,817,448**	3,169,564,809

(2) Significant other payables aged over one year were as follows:

As at 30 June 2025, the Group had no significant other payables with ageing of more than one year.

(Expressed in Renminbi Yuan unless otherwise indicated)

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

25. Non-current liabilities due within one year

	30 June 2025	31 December 2024
Long-term loans due within one year	**3,320,304,390**	4,425,124,120
Lease liabilities due within one year	**45,129,502**	24,975,848
Obligation to repurchase restricted shares due within one year	**49,059,586**	49,059,586
Total	**3,414,493,478**	4,499,159,554

26. Provision

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Warranty	**11,429,761**	**10,150**	**585,191**	**10,854,720**

27. Other current liabilities

	30 June 2025	31 December 2024
Advances for output tax	**473,584,559**	515,225,262

(Expressed in Renminbi Yuan unless otherwise indicated)

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

28. Long-term loans

	30 June 2025	31 December 2024
Unsecured loans	**8,927,101,432**	9,908,532,304
Less: Long-term loans due within one year	**3,320,304,390**	4,425,124,120
Total	**5,606,797,042**	5,483,408,184

As of 30 June 2025, the interest rates of the above long-term loans ranged from 2.20% to 2.70% (31 December 2024 from 2.05% to 2.80%).

29. Lease liabilities

	30 June 2025	31 December 2024
Long-term lease liabilities	**371,503,717**	364,048,090
Less: Lease liabilities due within one year	**45,129,502**	24,975,848
Total	**326,374,215**	339,072,242

30. Long-term employee benefits payable

	30 June 2025	31 December 2024
Early retirement benefits	**1,140,733**	1,140,733
Less: Early retirement benefits due within one year	**551,232**	551,232
Total	**589,501**	589,501

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

30. Long-term employee benefits payable (Continued)

The Group also provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement benefits refer to the wages and social insurance premiums paid to employees who have not reached the national retirement age but have voluntarily quit their jobs with the approval of the management of the Group. Although employees who accept early retirement arrangements have not terminated their labor contracts with the Group, they will no longer provide services to the Group in the future and cannot bring economic benefits to the Group, and the Group will no longer pay salary and make welfare payments after the employees formally retire, what the Group promises to provide is substantially financial compensation with the nature of dismissal benefits, and shall be dealt with by reference to dismissal benefits before the employees' official retirement date. Since the aforementioned early retirement benefits will be settled more than 12 months after the end of the annual reporting period, an evaluation was done in respect of the plan internally by the Group at the end of the year, and the evaluation method was the projected cumulative unit credit method. The source of funds for the plan mainly came from the daily working capital of the Group, and the Group has not designated any specific assets for the plan. There is no standardized calculation method for the amount to be distributed, and each member of the Group can determine its own contribution standard in accordance with its internal policies. Based on assumptions including mortality rate, expected salary growth rate and national debt discount rate for the same period, the human resources personnel of the Group made annual estimates of the defined benefits payable under the said early retirement plan, and also considered the actual settlement amount under the annual defined benefit obligations. As there was no financial management and no investment made for the said early retirement plan, as of 30 June 2025, there were no plan assets under the said early retirement plan, and the defined benefits payable amounted to approximately RMB1,140,733 (31 December 2024: RMB1,140,733), accounting for approximately 0.001% of the Group's total assets as of 30 June 2025 only (31 December 2024: 0.001%), since the early retirement plan is relatively straightforward, the estimates carried out by the Group should be sufficient, and it would not be necessary to engage professional actuary to conduct actuarial valuation of the early retirement plan. The part payable over one year is listed in the long-term employee benefits payable.

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

31. Deferred income

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Government grants	973,011,484	2,942,100	36,122,538	939,831,046

32. Share capital

	Opening balance		Increase/(decrease) during the period		Closing balance	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Registered, issued and fully paid						
I. Shares with selling restrictions						
1. State-owned shares	–	–	–	–	–	–
2. State-owned legal person shares	–	–	–	–	–	–
3. Other domestically owned shares						
Including: Shares owned by domestic natural person	46,256,800	0.6	(24,833,400)	100.0	21,423,400	0.3
Sub-total	46,256,800	0.6	(24,833,400)	100.0	21,423,400	0.3
II. Shares without selling restrictions						
1. A shares	5,967,751,186	77.0	–	–	5,967,751,186	77.3
2. H shares	1,732,930,000	22.4	–	–	1,732,930,000	22.4
Sub-total	7,700,681,186	99.4	–	–	7,700,681,186	99.7
Total shares	7,746,937,986	100.0	(24,833,400)	100.0	7,722,104,586	100.0

(Expressed in Renminbi Yuan unless otherwise indicated)

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

32. Share capital (Continued)

On 8 October 2024, at the 30th meeting of the 10th session of the Board of Directors and the 19th meeting of the 10th session of the Supervisory Committee of the Company considered and approved the "Proposal on the Repurchase and Cancellation of Certain Restricted Shares". On 27 November 2024, the Company held the Fifth Extraordinary Shareholders' General Meeting of 2024 and approved the above proposals. The "Announcement of Notice to Creditors of Maanshan Iron and Steel Co., Ltd"(2024-061) was published on the website of Shanghai Stock Exchange. As of 11 January, 2025, the 45-day period has expired, the Company has not received any written documents from creditors declaring creditor's rights to demand repayment of debts or providing corresponding guarantees. The Company has repurchased and cancelled 24,833,400 restricted shares and has fulfilled the relevant cancellation procedures.

33. Capital reserve

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Share premium	**8,402,802,691**	**–**	**–**	**8,402,802,691**
Others *(Note)*	**173,509,442**	**707,354,698**	**32,035,086**	**848,829,054**
Total	**8,576,312,133**	**707,354,698**	**32,035,086**	**9,251,631,745**

Note : On 17 April 2025, the Company signed an Equity Transfer Agreement with Baoshan Iron and Steel Co., Ltd. to transfer 35.42% of the equity of Maanshan Iron & Steel Limited Company to Baoshan Iron and Steel Co., Ltd., and accordingly confirmed the capital reserve of RMB700,938,635. The total transfer consideration was RMB5,138,759,271.64. The equity transfer procedures were completed on 30 June 2025. The equity transfer receivables of RMB2,569,379,635.82 was received, and the remaining equity transfer amount is expected to be received by December 31, 2025.

Changes in other equity of associates and joint ventures during the year increased the capital reserve by RMB6,416,063.

The Company repurchased and cancelled treasury shares in the current period, corresponding to a decrease in capital reserve of RMB32,035,086.

(Expressed in Renminbi Yuan unless otherwise indicated)

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

34. Treasury shares

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Equity incentive plan *(Note XIII.2)*	105,928,072	–	56,868,486	49,059,586

35. Other comprehensive income

Accumulated balance of other comprehensive income attributable to owners of the parent in the consolidated balance sheet:

For the six months ended 30 June 2025

	1 January 2024	Increase/ (decrease) during the year	1 December 2024	Increase/ (decrease) during the year	30 June 2025
Other comprehensive income that may not be reclassified to profit or loss.					
Changes in fair value of other equity instrument investments	83,831,219	6,718,130	90,549,349	(2,469,678)	**88,079,671**
Other comprehensive income that will be reclassified to profit or loss:					
Other comprehensive income to be reclassified to profit or loss under the equity method	237,199	6,104,741	6,341,940	(875,196)	**5,466,744**
Exchange differences arising from foreign currency translation	(96,968,745)	(1,946,089)	(98,914,834)	(869,877)	**(99,784,711)**
Total	(12,900,327)	10,876,782	(2,023,545)	(4,214,751)	**(6,238,296)**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

35. Other comprehensive income (Continued)

The amount of other comprehensive income incurred:

30 June 2025

	Amount before tax	Less: charged to other comprehensive income before and reclassified to profit or loss in the current year	Less: charged to other comprehensive income before and reclassified to retained earnings in the current year	Less: Income tax	Attributable to controlling interests	Attributable to non controlling interests
Other comprehensive income that may not be reclassified to profit or loss:						
Changes in fair value of other equity instrument investments	(2,469,678)	–	–	–	(2,469,678)	–
Other comprehensive income that will be reclassified to profit or loss:						
Other comprehensive income to be reclassified to profit or loss under the equity method	(875,196)	–	–	–	(875,196)	–
Exchange differences arising from foreign currency translation	(869,877)	–	–	–	(869,877)	–
Total	(4,214,751)	–	–	–	(4,214,751)	–

(Expressed in Renminbi Yuan unless otherwise indicated)

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

35. Other comprehensive income (Continued)

The amount of other comprehensive income incurred (Continued):

31 December 2024

	Amount before tax	Less: charged to other comprehensive income before and reclassified to profit or loss in the current year	Less: charged to other comprehensive income before and reclassified to retained earnings in the current year	Less: Income tax	Attributable to controlling interests	Attributable to non controlling interests
Other comprehensive income that may not be reclassified to profit or loss.						
Changes in fair value of other equity instrument investments	22,065,412	–	–	(15,347,282)	6,718,130	–
Other comprehensive income that will be reclassified to profit or loss:						
Other comprehensive income to be reclassified to profit or loss under the equity method	6,104,741	–	–	–	6,104,741	–
Exchange differences arising from foreign currency translation	(1,946,089)	–	–	–	(1,946,089)	–
Total	26,224,064	–	–	(15,347,282)	10,876,782	–

36. Special reserve

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Safety fund	**97,574,394**	**46,530,115**	**30,874,706**	**113,229,803**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

37. Surplus reserves

	At the beginning of the period	Increase during the period	Decrease during the period	At the end of the period
Statutory reserve	**4,029,911,216**	–	–	**4,029,911,216**
Discretionary surplus reserve	**529,154,989**	–	–	**529,154,989**
Reserve fund	**95,685,328**	–	–	**95,685,328**
Enterprise expansion fund	**65,510,919**	–	–	**65,510,919**
Total	**4,720,262,452**	–	–	**4,720,262,452**

In accordance with the Company Law and the Articles of Association of the Company, the Company is required to allocate 10% of its profit after tax to the statutory reserve (the "SR" until such reserve reaches 50% of the registered capital of these companies.

38. Retained earnings

	30 June 2025	31 December 2024
Retained earnings at the beginning of the period/year	**2,224,325,312**	6,883,481,566
Net loss attributable to owners of the parent	**(74,780,316)**	(4,659,156,254)
Retained earnings at the end of the period/year	**2,149,544,996**	2,224,325,312

(Expressed in Renminbi Yuan unless otherwise indicated)

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

39. Revenue and cost of sales

(1) Revenue and cost of sales

	For the six months ended 30 June 2025		For the six months ended 30 June 2024	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Principal revenue	**36,639,298,472**	**34,798,921,762**	41,629,746,736	41,164,732,434
Other revenue	**1,436,235,072**	**1,445,603,290**	1,377,732,054	1,319,721,793
Total	**38,075,533,544**	**36,244,525,052**	43,007,478,790	42,484,454,227

(2) Revenue is presented as follows

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Revenue generated from contracts	**38,071,807,603**	42,923,143,195
Other income	**3,725,941**	84,335,595
Total	**38,075,533,544**	43,007,478,790

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

39. Revenue and cost of sales (Continued)

(3) Disaggregation of revenue generated from contracts with customers

For the six months ended 30 June 2025

	Industrial products
By type of business	
Sale of steel products	**35,537,054,761**
Others	**2,534,752,842**
Total	**38,071,807,603**
By operating area	
Mainland China	**35,428,468,633**
Overseas and Hong Kong	**2,643,338,970**
Total	**38,071,807,603**
By timing of revenue recognition	
At a point in time	**38,031,454,822**
Over time	**40,352,781**
Total	**38,071,807,603**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

39. Revenue and cost of sales (Continued)

(3) Disaggregation of revenue generated from contracts with customers (Continued)

For the six months ended 30 June 2024

	Industrial products
By type of business	
Sale of steel products	40,740,523,815
Others	2,182,619,380
Total	42,923,143,195
By operating area	
Mainland China	39,341,915,630
Overseas and Hong Kong	3,581,227,565
Total	42,923,143,195
By timing of revenue recognition	
At a point in time	42,824,049,314
Over time	99,093,881
Total	42,923,143,195

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

39. Revenue and cost of sales (Continued)

(4) Performance obligations

Revenue recognized is derived from:

	For the six months ended 30 June 2025
Opening carrying amount of contract liabilities	**4,123,176,032**

The Group's information relating to performance obligations is as follows:

	Time for fulfilment of performance obligations	Important payment terms	Nature of the goods promised to be transferred	Is the Group a principal	Assumptions expected to be refunded to customers	Type of quality assurance provided and related obligations
Sales of goods	The customer Obtains control of the underlying commodity	Payments received in advance	Steel Products	YES	–	Assurance-type warranties

(Expressed in Renminbi Yuan unless otherwise indicated)

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

40. Taxes and surcharges

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
City construction and maintenance tax	**31,747,273**	11,733,579
Land usage tax	**46,514,327**	46,666,851
Education surcharge	**21,455,638**	5,787,758
Property tax	**61,640,008**	95,912,566
Environmental protection tax	**14,738,012**	15,845,715
Stamp duty	**32,061,029**	37,034,044
Other taxes	**36,373,517**	40,633,908
Total	**244,529,804**	253,614,421

41. Selling expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Transportation fees	**8,189,591**	14,265,299
Employee benefits	**62,690,203**	75,862,193
Insurance premiums	**6,759,178**	8,631,701
Others	**60,160,019**	45,608,724
Total	**137,798,991**	144,367,917

(Expressed in Renminbi Yuan unless otherwise indicated)

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

42. General and administrative expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Employee benefits	**171,910,945**	152,152,905
Employee termination benefits	**16,426,961**	223,064
Office expenses	**58,078,054**	99,365,530
Depreciation of fixed assets	**66,051,377**	74,399,757
Amortization of intangible assets	**26,135,003**	27,537,679
Travelling and entertainment expenses	**5,047,261**	6,993,463
Maintenance expenses	**776,257**	1,122,920
Environmental greening expense	**10,726,957**	1,686,654
Others	**82,159,893**	71,344,659
Total	**437,312,708**	434,826,631

43. R&D expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Material expenses	**320,360,855**	340,669,307
Depreciation and amortization	**76,504,815**	52,730,186
Employee benefits	**115,261,571**	91,617,883
Testing and processing expenses	**10,420,883**	8,820,707
Outsourced research expenses	**15,566,473**	4,905,286
Other	**11,207,715**	10,884,249
Total	**549,322,312**	509,627,618

(Expressed in Renminbi Yuan unless otherwise indicated)

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

44. Finance expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Interest expense	**285,555,450**	312,774,907
Less: interest income	**66,937,989**	45,988,335
Less: interest capitalized	**–**	702,361
Exchange gain	**18,748,612**	41,563,728
Other	**8,252,595**	9,011,725
Total	**245,618,668**	316,659,664

45. Other income

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Government grants	**54,216,741**	67,743,734
Refund of withholding social security and personal income tax commission	**602,446**	1,128,117
Additional VAT credits	**164,343,049**	64,246,389
Total	**219,162,236**	133,118,240

(Expressed in Renminbi Yuan unless otherwise indicated)

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

46. Investment income

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Investment in income from long-term equity investments under the equity method	**14,747,429**	76,119,059
Gain from disposal of financial assets held for trading	**1,058**	4,498,725
Gain from disposal of investments in associates	**–**	3,669,806
Other	**(1,191,105)**	–
Total	**13,557,382**	84,287,590

47. Credit impairment losses/(profits)

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Gains from bad and doubtful debts of receivables	**(9,571,061)**	16,310,120
Gains from bad and doubtful debts of other receivables	**2,400**	–
Total	**(9,568,661)**	16,310,120

48. Asset impairment losses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Inventories	**(336,881,327)**	(353,201,258)
Fixed assets	**(1,485,259)**	–
Total	**(338,366,586)**	(353,201,258)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

49. Gain on disposal of assets

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Gain on disposal of fixed assets	**4,245,809**	57,901,418
Gain on disposal of intangible assets	**7,140,395**	15,628,515
Total	**11,386,204**	73,529,933

50. Non-operating income

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	**Included in non-recurring gains for the six months ended 30 June 2025**
Other	**17,953,725**	733,269	**17,953,725**

51. Non-operating expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	**Included in non-recurring gains for the six months ended 30 June 2025**
Scrap losses of property, plant and equipment	**8,823,155**	876,676	**8,823,155**
Penalty expenses	**–**	2,144,476	**–**
Charity donation	**–**	187,150	**–**
Other	**4,014,194**	6,304,373	**4,014,194**
Total	**12,837,349**	9,512,675	**12,837,349**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

52. Expenses classifies by nature

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Raw materials and consumables used	**32,956,373,258**	38,464,929,663
Changes in inventories of finished goods and work in progress	**(1,050,229,114)**	(2,215,053,435)
Employee benefits	**1,761,475,112**	1,736,811,608
Depreciation and amortization	**2,141,654,459**	1,985,392,021
Transport and inspection costs	**302,706,187**	539,498,482
Repair and maintenance costs	**572,608,715**	619,016,482
Testing and processing expenses	**10,420,883**	8,820,706
Outsourced research expenses	**15,566,473**	4,905,286
Office expenses	**60,654,160**	99,365,530
Other	**597,728,930**	2,329,590,050
Total	**37,368,959,063**	43,573,276,393

53. Income tax expense

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Mainland China current income tax expense*	**55,725,004**	90,571,090
Hong Kong current income tax expense*	**345**	(165)
Overseas current income tax*	**12,488,032**	14,357,070
Deferred tax expense	**9,279,794**	16,161,153
Total	**77,493,175**	121,089,148

(Expressed in Renminbi Yuan unless otherwise indicated)

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

53. Income tax expense (Continued)

The reconciliation between income tax expense and accounting profit/(loss) is presented below:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Profit/(Losses) before tax	**117,712,960**	(1,190,806,469)
Income tax expense at statutory rate *(Note)*	**29,428,240**	(297,701,617)
Effect of different tax rates applied to subsidiaries	**(33,652,799)**	104,760,466
Effect of adjustments to prior periods income taxes	**455,993**	9,158,844
Non-deductible expenses	**4,797,359**	7,759,643
Unrecognized deductible temporary difference and tax losses	**141,307,969**	361,072,782
Utilized previous years' tax losses	**(15,753,576)**	–
Share of profit or loss of joint ventures and associates	**(7,153,818)**	(10,464,963)
Other	**(41,936,193)**	(53,496,007)
Income tax expense	**77,493,175**	121,089,148

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

54. Earnings per share

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
	RMB/share	*RMB/share*
Basic earnings per share		
Continuing operations	**(0.01)**	(0.15)
Diluted earnings per share		
Continuing operations	**(0.01)**	(0.15)

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

(Expressed in Renminbi Yuan unless otherwise indicated)

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

54. Earnings per share (Continued)

The specific calculations of basic and diluted earnings per share are as follows:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Earnings		
Net loss for the period attributable to the Company's common shareholders		
Continuing operations	**(74,780,316)**	(1,144,779,937)
Total	**(74,780,316)**	(1,144,779,937)
Adjusted net loss for the period attributable to the Company's common shareholders	**(74,780,316)**	(1,144,779,937)
Attribution:		
Continuing operations	**(74,780,316)**	(1,144,779,937)
Total	**(74,780,316)**	(1,144,779,937)
Number of shares		
Weighted average number of ordinary shares of the Company	**7,700,681,186**	7,700,681,186
Dilution effect-weighted average number of ordinary shares	**–**	–
Adjusted weighted average number of ordinary shares of the Company outstanding	**7,700,681,186**	7,700,681,186

The Company has no outstanding potential common shares, so diluted earnings per share is the same as basic earnings per share.

(Expressed in Renminbi Yuan unless otherwise indicated)

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

55. Notes to statement of cash flows items

(1) *Cash related to operating activities*

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Cash received relating to other operating activities		
Government grants	**25,584,703**	36,533,658
Decrease in deposits for notes, credit and guarantee	**18,052,908**	–
Interest income	**66,769,283**	45,988,335
Others	**5,773,301**	17,194,972
Total	**116,180,195**	99,716,965
Cash paid relating to other operating activities		
Increase in deposits for notes credit and guarantee	**–**	172,697,426
Safety fund	**42,006,056**	27,124,723
Research and development expenses	**21,628,598**	29,561,592
Environmental improvement fee	**8,938,374**	49,109,993
Office expenses	**13,772,475**	23,315,015
Travel and entertainment expenses	**10,769,593**	20,151,675
Insurance expenses	**6,745,999**	14,862,184
Bank charges	**8,252,595**	9,011,725
Others	**232,164,674**	102,625,133
Total	**344,278,364**	448,459,466

(Expressed in Renminbi Yuan unless otherwise indicated)

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

55. Notes to statement of cash flows items (Continued)

(2) Cash related to investing activities

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Cash received relating to other investing activities		
Steel Futures Deposits	**86,712,277**	–
Total	**86,712,277**	–

(3) Cash relating to financing activities

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Cash received from other financing activities		
Notes discounted	**238,654,381**	127,179,807
Total	**238,654,381**	127,179,807
Cash paid relating to other financing activities		
Expenditure on lease liabilities	**949,449**	6,776,092
Total	**949,449**	6,776,092

(Expressed in Renminbi Yuan unless otherwise indicated)

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

55. Notes to statement of cash flows items (Continued)

(3) Cash relating to financing activities (Continued)

The movements in the various liabilities arising from financing activities are shown below:

	At the beginning of the period	Increase during the period		Decrease during the period		At the end of the period
		Cash movements	Non-cash changes	Cash movements	Non-cash changes	
Other trade payables forfaiting	1,594,673,294	167,743,195	168,269,181	(874,750,366)	–	1,055,935,304
Short-term loans	11,344,435,564	9,575,091,597	134,330,923	(7,383,925,614)	(488,691,527)	13,181,240,943
Non-current liabilities due within one year	4,499,159,554	–	144,522,474	(1,229,188,550)	–	3,414,493,478
Lease liabilities	339,072,242	–	–	(949,449)	(11,748,578)	326,374,215
Long-term loans	5,483,408,184	250,000,000	108,170,654	(110,412,977)	(124,368,819)	5,606,797,042
Total	23,260,748,838	9,992,834,792	555,293,232	(9,599,226,956)	(624,808,924)	23,584,840,982

(4) Cash flows presented on a net basis

	Relevant factual circumstances	Basis of net presentation	Offsetting cash flows
Notes, letters of credit and guarantee deposits	Margin collection and disbursement	fast turnaround	823,173,091
Steel Futures Deposits	Margin collection and disbursement	fast turnaround	247,487

See note V.55(1) for details of the presentation of net cash flows from notes, letters of credit and guarantee deposits. See note V.55(2) for details of the presentation of net cash flows from steel futures deposits.

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

56. Supplementary information on the statement of cash flows

(1) Supplementary information on the statement of cash flows

Reconciliation of net profit/(losses) to cash flows from operating activities.

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Net profit/(losses)	**40,219,785**	(1,311,895,617)
Add: Provision for impairment of assets	**338,366,586**	353,201,258
Provision for credit impairment	**9,568,661**	(997,876)
Depreciation of fixed assets	**2,078,481,772**	1,936,397,951
Depreciation of right-of-use assets	**13,757,361**	14,441,845
Amortisation of intangible assets	**48,409,694**	33,546,593
Depreciation and amortisation of investment properties	**1,005,632**	1,005,632
Amortisation of deferred income	**(31,574,138)**	(42,380,777)
Gain on disposal of fixed assets, intangible assets and other long-term assets	**(11,386,204)**	(73,529,933)
Increase in earmarked reserves	**15,655,409**	12,307,907
Financial expenses	**300,849,945**	354,338,635
Investment losses	**(13,557,382)**	(84,287,590)
Decrease in deferred tax assets	**9,280,141**	16,172,026
Decrease in deferred tax liabilities	**(347)**	(10,873)
Decrease/(increase) in inventories	**445,868,477**	(122,767,428)
Decrease/(increase) in operating receivables	**(1,579,695,633)**	149,382,867
Decrease in operating payables	**(724,524,333)**	(7,128,561)
Net cash flows from operating activities	**940,725,426**	1,227,796,059

(Expressed in Renminbi Yuan unless otherwise indicated)

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

56. Supplementary information on the statement of cash flows (Continued)

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

Net changes of cash and cash equivalents:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Closing balance of cash	**5,314,623,729**	5,280,124,127
Less: opening balance of cash	**3,687,116,397**	4,428,594,208
Net increase in cash and cash equivalents	**1,627,507,332**	851,529,919

(2) Composition of cash and cash equivalents

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Cash	**5,314,623,729**	5,280,124,127
Including: Balances in banks and Finance Company without restrictions	**5,314,623,729**	5,280,124,127
Balance of cash and cash equivalents at end of period	**5,314,623,729**	5,280,124,127

(Expressed in Renminbi Yuan unless otherwise indicated)

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

56. Supplementary information on the statement of cash flows (Continued)

(3) Cash and bank balances not classified as cash and cash equivalents

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	**rationale**
Other monetary assets	**1,341,750,516**	1,313,900,940	Restricted use for security purposes
Time deposits over 3 months	**1,779,899,799**	–	Not readily realizable, not readily available for payment
	3,121,650,315	1,313,900,940	

57. Leases

(1) As a lessee

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Interest expense on lease liabilities	**8,105,764**	8,567,388
Short-term lease expenses applied the practical expedient	**5,343,993**	9,807,967
Expenses relating to leases of low-value assets applied the practical expedients, excluding short-term leases of low-value assets	**218,321**	455,000
Total cash flow for leases	**6,511,764**	18,830,355

(Expressed in Renminbi Yuan unless otherwise indicated)

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

57. Leases (Continued)

(1) As a lessee (Continued)

Leased assets of the Group include plant and buildings, machinery and equipment. Motor vehicles and other equipment used in the course of operations. The lease terms of plant and buildings and machinery and equipment usually range from 1 to 10 years, and the lease terms of motor vehicles and other equipment usually range from 1 to 5 years Lease contracts usually stipulate that the Group cannot sublease the leased assets and some lease contracts require the Group's financial indicators to be maintained at a certain level, A few ease contracts contain provisions for renewal options, termination options and variable rentals.

For right-of-use assets, refer to Note V.14, for simplified treatment of short-term leases and leases of low-value assets, refer to Note Ⅲ.26: and for lease liabilities, refer to Note V. 29.

(2) As lessor

The Group leases out its buildings and structures for lease terms ranging from 1 to 10 years, forming operating leases.

Operating lease

Gains and losses related to operating leases are presented below:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Rental income	**3,725,941**	4,854,855

(Expressed in Renminbi Yuan unless otherwise indicated)

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

57. Leases (Continued)

(2) As lessor (Continued)

Undiscounted minimum lease receipts under lease agreements with lessees are as follows:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Within 1 year, inclusive	**11,865,923**	13,484,969
1 to 2 years, inclusive	**4,456,329**	12,912,469
2 to 3 years, inclusive	**3,807,236**	3,174,304
Over 3 years	**18,440,786**	4,681,143
Total	**38,570,274**	34,252,885

For more details of operating lease out of fixed assets, please refer to note V.12

58. Dividend*

The Board of Directors did not recommend the declaration of any dividend for the year ended 30 June 2025.

(Expressed in Renminbi Yuan unless otherwise indicated)

VI. R&D EXPENSES

1. Presentation by nature

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Material and power expenses	**1,277,704,359**	1,283,371,306
Depreciation	**207,901,503**	206,623,811
Employee benefits	**127,493,851**	117,416,318
Processing and testing expenses	**26,125,604**	34,412,378
Outsourced research expenses	**37,981,405**	13,604,536
Other	**27,008,589**	24,151,618
Total	**1,704,215,311**	1,679,579,967
Including: research and development expenditures that are expensed	**1,704,215,311**	1,679,579,967
Research and development expenditures that are capitalised	**–**	–

In accordance with the "Interpretation of ASBE No. 15", the R&D expenses recognized in the Group's operating costs in relation to the research and development trial production of new products are shown below:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Cost of trial production of new product development	**1,154,892,999**	1,169,952,349
Including: Materials and power expenses	**957,343,504**	951,401,249
Depreciation	**131,396,688**	153,893,625
Employee benefits	**12,232,280**	25,798,435
Testing and processing expenses	**15,704,721**	25,591,671
Other	**38,215,806**	13,267,369

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

Anhui Chang Jiang Iron and Steel Trading Co., ltd., Hefei. was absorbed and merged by Anhui Changjiang Steel Co., Ltd. a subsidiary of the Company, on January 27, 2025, and will no longer be included in the consolidated scope.

VIII. INTERESTS IN OTHER SUBJECTS

1. Interests in subsidiaries

(1) Composition of the Group

	Place of operation	Place of registration	Business nature	Registered capital	Percentage of equity (%) direct	indirect
Subsidiaries acquired through establishment or investment, etc.						
Ma Steel (Wuhu) Processing and Distribution Co., Ltd. ("Ma Steel (Wuhu)")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB35,000,000元	–	100
Ma Steel (Cihu) Processing and Distribution Co., Ltd. ("Ma Steel (Cihu)")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB30,000,000元	92	–
Ma Steel (HK)	Hong Kong, PRC	Hong Kong, PRC	Trading	HK350,000,000元	–	100
MG Trading	German	German	Trading	EUR153,388元	–	100
Ma Steel (Australia)	Australia	Australia	Mining	AUD21,737,900元	100	–
Ma Steel (Hefei)	Anhui, PRC	Anhui, PRC	Manufacturing	RMB2,500,000,000元	–	71
Ma Steel (Hefei) Processing and Distribution Co., Ltd. ("Ma Steel (Hefei) Processing")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB120,000,000元	–	95
Ma Steel (Wuhu) Material Technique Co. Ltd. ("Wuhu Technique")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB150,000,000元	–	71
Maanshan (Chongqing) Material Technology Co., Ltd. ("Chongqing Material")	Chongqing, PRC	Chongqing, PRC	Manufacturing	RMB250,000,000元	–	70
Ma Steel (Hefei) Materials Technology Co., Ltd. ("Hefei Materials")	Anhui, PRC	Anhui, PRC	Trading	RMB200,000,000元	–	70
Ma'anshan (Hangzhou) Iron and Steel Sales Co., Ltd. ("Ma Steel Hangzhou Sales")	Zhejiang, PRC	Zhejiang, PRC	Trading	RMB10,000,000元	–	100

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

	Place of operation	Place of registration	Business nature	Registered capital	Percentage of equity (%) direct	indirect
Maanshan (Nanjing) Iron and Steel Sales Co., Ltd. ("Ma Steel Nanjing Sales")	Jiangsu, PRC	Jiangsu, PRC	Trading	RMB20,000,000元	–	100
Maanshan (Shanghai) Iron and Steel Sales Co., Ltd. ("Ma Steel Shanghai Sales")	Shanghai, PRC	Shanghai, PRC	Trading	RMB10,000,000元	–	100
Anhui Chang Jiang Iron and Steel Trading Co., Ltd., Nanjing ("Changjiang Iron and Steel, Nanjing")	Jiangsu, PRC	Jiangsu, PRC	Trading	RMB30,000,000元	–	100
Masteel (Wuhan) Material Technology Co., Ltd. ("Wuhan Material")	Hubei, PRC	Hubei, PRC	Manufacturing	RMB250,000,000元	–	85
Magang Hongfei Electricity Power Co., Ltd. ("Magang Hongfei")	Anhui, PRC	Anhui, PRC	Power industry	RMB100,000,000元	51	–
Maanshan Iron & Steel Limited Company	Anhui, PRC	Anhui, PRC	Manufacturing	RMB1,266,180,371元	65	–
Subsidiaries acquired in a business combination not under common control						
Masteel (Yangzhou) Processing and Distribution Co., Ltd. ("Masteel (Yangzhou) Processing")	Jiangsu, PRC	Jiangsu, PRC	Manufacturing	US$20,000,000元	–	71
Anhui Changjiang Steel Co., Ltd.	Anhui, PRC	Anhui, PRC	Manufacturing	RMB1,200,000,000元	55	–
Baowu Group Magang Rail Transit Materials Technology Co., Ltd.	Anhui, PRC	Anhui, PRC	Manufacturing	RMB600,000,000元	–	70
Mascometal Co., Ltd. ("Mascometal")	Anhui, PRC	Anhui, PRC	Metal Producting	EUR32,000,000元	–	66

Note: The above companies incorporated in China are either limited companies or limited liability companies.

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Material non-wholly owned subsidiaries

	Proportion of ownership interest held by NCI	Profit or loss allocated to non-controlling interests during the period	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the period
Anhui Changjiang Steel Co., Ltd.	45	46,396,853	–	1,754,145,179
Maanshan Iron & Steel Limited Company	35	–	–	4,464,663,491

(3) Key financial information of material non-wholly owned subsidiaries

The following table sets out the principal financial information of Anhui Changjiang Steel Co., Ltd., this information represents amounts before offsetting among the entities in the Group:

	30 June 2025	31 December 2024
Current assets	**2,050,032,089**	2,089,939,943
Non-current assets	**6,813,250,435**	7,073,752,373
Total assets	**8,863,282,524**	9,163,692,316
Current liabilities	**(4,781,177,268)**	(5,166,510,115)
Non-current liabilities	**(184,319,861)**	(208,528,430)
Total liabilities	**(4,965,497,129)**	(5,375,038,545)
Revenue	**6,506,683,918**	5,059,398,723
Net profit/(loss)	**103,104,117**	(580,370,137)
Total comprehensive income	**103,104,117**	(580,370,137)
Net cash flows from operating activities	**(295,778,136)**	(95,841,952)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Key financial information of material non-wholly owned subsidiaries (Continued)

The following table sets out the principal financial information of Maanshan Iron & Steel Limited Company, the information represents amounts before offsetting among the entities in the Group:

	30 June 2025	31 December 2024
Current assets	**16,442,478,928**	17,315,445,621
Non-current assets	**44,457,368,363**	46,326,618,623
Total assets	**60,899,847,291**	63,642,064,244
Current liabilities	**(39,271,341,560)**	(40,189,822,537)
Non-current liabilities	**(6,730,193,019)**	(6,588,866,232)
Total liabilities	**(46,001,534,579)**	(46,778,688,769)
Revenue	**31,848,192,369**	–
Net profit	**(65,398,102)**	–
Total comprehensive income	**(65,398,102)**	–
Net cash flows from operating activities	**819,847,186**	–

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates

(1) Significant joint ventures or associates

	Place of operation	Place of registration	Nature of business	To the activities of the Group Strategic or not	Percentage of equity (%)		Accounting treatment
					direct	indirect	
Associates							
JinMa Energy	Henan, PRC	Henan, PRC	manufacturing	No	27	–	equity method
Shenglong Chemical	Shandong, PRC	Shandong, PRC	manufacturing	No	32	–	equity method
Baowu Water	Shanghai, PRC	Shanghai, PRC	water management industry	No	–	15	equity method
Baowu Finance	Shanghai, PRC	Shanghai, PRC	monetary and financial services	No	22	–	equity method

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key Financial Information of Significant Associates

The following table presents the financial information of Henan Jinma Energy, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	30 June 2025	31 December 2024
Current assets	**2,115,125,401**	2,570,685,058
Non-current assets	**8,455,555,334**	8,688,187,001
Total assets	**10,570,680,735**	11,258,872,059
Current liabilities	**5,617,134,258**	5,447,707,971
Non-current liabilities	**767,565,165**	1,494,712,687
Total liabilities	**6,384,699,423**	6,942,420,658
Non-controlling interests	**1,179,456,632**	1,208,987,049
Company Shareholders equity attributable to the parent	**3,006,524,680**	3,107,464,352
Group's share of net assets	**808,454,484**	835,597,163
Carrying amount of investments	**808,454,484**	835,597,163

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Revenue	**4,142,550,953**	6,325,610,950
Income tax expense	**(6,504,507)**	(14,229,040)
Net loss	**(139,379,756)**	(234,769,538)
Other comprehensive income	**–**	(2,866,167)
Total comprehensive income	**(139,379,756)**	(237,635,705)

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key Financial Information of Significant Associates (Continued)

The following table presents financial information of Shenglong Chemical, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	30 June 2025	31 December 2024
Current assets	**2,504,446,170**	3,329,245,482
Non-current assets	**4,925,038,048**	4,884,513,617
Total assets	**7,429,484,218**	8,213,759,099
Current liabilities	**2,043,257,283**	2,949,398,090
Non-current liabilities	**1,307,453,401**	1,098,508,704
Total liabilities	**3,350,710,684**	4,047,906,794
Non-controlling interests	**818,916,914**	863,116,704
Company Shareholders equity attributable to the parent	**3,259,856,620**	3,302,735,601
Group's share of net assets	**1,042,828,133**	1,056,545,119
Carrying amount of investments	**1,042,828,133**	1,056,545,119

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Revenue	**2,250,628,438**	1,442,986,637
Income tax expense	**12,150,171**	3,150,967
Net loss	**(91,470,993)**	(23,815,764)
Total comprehensive income	**(91,470,993)**	(23,815,764)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key Financial Information of Significant Associates (Continued)

The following table presents financial information for Baowu Water, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	30 June 2025	31 December 2024
Current assets	**4,037,901,306**	4,263,981,437
Non-current assets	**5,497,904,726**	5,409,841,098
Total assets	**9,535,806,032**	9,673,822,535
Current liabilities	**4,296,284,875**	3,754,036,221
Non-current liabilities	**679,589,526**	1,285,342,377
Total liabilities	**4,975,874,401**	5,039,378,598
Non-controlling interests	**460,466,415**	446,089,579
Company Shareholders equity attributable to the parent	**4,099,465,216**	4,188,354,358
Group's share of net assets	**613,976,906**	627,289,833
Add: Goodwill formed on acquisition of investments	**27,589,502**	27,589,502
Carrying amount of investments	**641,566,408**	654,879,335

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key Financial Information of Significant Associates (Continued)

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Revenue	**2,277,234,617**	2,588,516,774
Income tax expense	**9,244,894**	8,412,363
Net (loss)/profit	**(89,203,837)**	15,175,053
Total comprehensive income	**(89,203,837)**	15,175,053

As at 30 June 2025, the Group held 14,98% equity interests in Baowu Water. The Company designates one director to Baowu Water according to the Articles of Association. The directors of the Company believe the Company can exercise significant influence over Baowu Water, despite the equity share is under 20%. Thus, the Company accounts for the investment in Baowu Water as an associate.

The following table presents the financial information of Baowu Finance, adjusted for differences in accounting policies and reconciled to the carrying amount in these financial statements:

	30 June 2025	31 December 2024
Current assets	**13,676,840,535**	26,264,150,370
Non-current assets	**55,136,080,955**	57,701,502,170
Total assets	**68,812,921,490**	83,965,652,540
Current liabilities	**58,474,666,352**	73,909,616,472
Non-current liabilities	**29,437,146**	37,039,926
Total liabilities	**58,504,103,498**	73,946,656,398

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key Financial Information of Significant Associates (Continued)

	30 June 2025	31 December 2024
Non-controlling interests	**–**	–
Company Shareholders equity attributable to the parent	**10,308,817,992**	10,018,996,142
Group's share of net assets	**2,305,051,703**	2,240,247,537
Add: Goodwill formed on acquisition of investments	**496,068,501**	496,068,501
Carrying amount of investments	**2,801,120,204**	2,736,316,038

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Revenue	**737,501,042**	863,151,568
Income tax expense	**97,449,199**	93,908,880
Net profit	**302,787,669**	290,752,225
Other comprehensive income	**(12,515,826)**	6,465,825
Total comprehensive income	**290,271,843**	297,218,050

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

VIII. INTERESTS IN OTHER SUBJECTS (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(3) Summarized financial information for immaterial joint ventures and associates

The following table presents summarized financial information for joint ventures and associates that are not material to the Group:

	30 June 2025	31 December 2024
Joint ventures		
Total carrying amount of investments	**314,475,013**	311,282,032
Total of the following by percentage of shareholding		
Net profit	**29,634,493**	31,264,852
Total comprehensive income	**29,634,493**	31,264,852

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Associates		
Total carrying amount of investments	**1,280,536,464**	1,304,284,268
Total of the following by percentage of shareholding		
Net loss/(profit)	**(9,520,707)**	55,070,683
Total comprehensive income	**(9,520,707)**	55,070,683

(Expressed in Renminbi Yuan unless otherwise indicated)

IX. GOVERNMENT GRANTS

1. Government grants recognized at amounts receivable

Included in other receivables are government grants receivable with a year-end balance of RMB20,237,911.

2. Liability items involving government grants

	At the beginning of the period	Increase during the period	Included in other income during the year	Other changes during the period	At the end of the period	Asset/revenue related
Deferred income	973,011,484	2,942,100	31,574,138	4,548,400	939,831,046	Assets and revenues

3. Government grants recognized in profit or loss

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Government grants related to assets		
Charged to other income	**31,574,138**	42,380,777
Government grants related to revenue		
Charged to other income	**22,642,603**	26,491,074
Total	**54,216,741**	68,871,851

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Financial instrument risk

The Group is exposed to a variety of financial instrument risks in its ordinary course of activities, which primarily include credit risk, liquidity risk and market risk. The Group's risk management policies in respect of these are summarized below.

The Board of Directors is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and related guidelines and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks and cover a wide range of areas such as market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and the Group's operations to determine whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board. The Risk Management Committee identifies, evaluates and avoids relevant risks by working closely with other business units of the Group, The Group's internal audit department conducts regular audits on risk management controls and procedures and reports the results of such audits to the Group's Audit Committee.

The Group diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses and reduces the risk of concentration in any single industry, in a particular geographic region or with a particular counterparty by establishing appropriate risk management policies.

(1) Credit risk

The Group trades only with accredited, reputable third parties. In accordance with the Group's policy, credit checks are required to be performed on all customers who request to transact on credit. In addition, the Group monitors its trade receivables balances on an ongoing basis to ensure that the Group is not exposed to significant risk of bad debts. The Group does not offer credit terms for transactions that are not settled in the local currency of account of the relevant operating unit, unless specifically approved by the Group's credit control department.

As the counterparties of cash and bank balances and bank acceptances receivable are reputable banks with high credit ratings, these financial instruments have low credit risks.

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(1) Credit risk (Continued)

The Group's other financial assets include trade receivables and other receivables. Which are subject to credit risk arising from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments. Except for the financial guarantees given by the Group as set out in Note XII, the Group has not provided any other guarantees that may expose the Group to credit risk.

No collateral is required as the Group only transacts with approved and reputable third parties. Credit risk is managed according to analysis by customer, counterparty geographical region and industry intensively. As at 30 June 2025, the Group has specific concentrations of credit risk, with 10% (31 December 2024: 12%) and 34% (31 December 2024: 31%) of the Group's trade receivables originating from the largest and the top five customers, respectively, in terms of trade receivables balances. The Group did not hold any collateral or other credit enhancements on trade receivables balances.

Criteria for determining significant increase in credit risk

The Group assesses at each balance sheet date whether there has been a significant increase in the credit risk of the relevant financial instrument since its initial recognition. In determining whether there has been a significant increase in credit risk since initial recognition, the Group considers information that is reasonably available and supportable without undue additional cost or effort, including qualitative and quantitative analyses based on the Group's historical data, external credit risk ratings and forward-looking information. The Group determines the change in the risk of default over the expected life of the financial instrument by comparing the risk of default at the balance Sheet date with the risk of default at the date of initial recognition on the basis of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics.

The Group considers that a significant increase in the credit risk of a financial instrument has occurred when one or more of the following quantitative or qualitative criteria or upper bound indicators are triggered:

(1) The quantitative criterion is mainly that the probability of default for the remaining duration rises by more than a certain percentage from the initial recognition, at the reporting date;

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(1) Credit risk (Continued)

Criteria for determining significant increase in credit risk (Continued)

(2) The qualitative criteria is significant adverse change occurs in the operation or financial position of main debtors or receiving warning customer lists, etc;

(3) Maximum criteria is the overdue of debtors' contract payment (including principal and interest) has reached a specific period.

Definition of credit-impaired assets

In order to determine whether credit impairment has occurred, the Group uses criteria that are consistent with its internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators The Group considers the following factors when assessing whether a debtor has suffered credit impairment:

(1) Significant financial difficulties of the issuer or debtor;

(2) Breach of contract by the debtor, such as default or delinquency in the payment of interest or principal;

(3) The creditor grants concessions to the debtor that the debtor would not have made in any other case because of economic or contractual considerations relating to the debtor's financial difficulties;

(4) It is probable that the debtor will become insolvent or undergo other financial reorganization;

(5) The disappearance of an active market for the financial asset as a result of financial difficulties of the issuer or debtor;

(6) The purchase or origination of a financial asset at a significant discount that reflects the fact that a credit loss has been incurred.

A credit impairment of a financial asset may result from a combination of events and may not necessarily be the result of separately identifiable events.

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(2) Liquidity risk

The Group's objective is to use a variety of financing instruments in order to maintain a balance between continuity and flexibility of financing. The Group finances its operations through funds generated from operations and borrowings.

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

30 June 2025

	Within 1 year	1 to 2 years	2 to 3 years	3 to 5 years	More than 5 years	Total
Short-term loans	13,281,560,805	–	–	–	–	13,281,560,805
Notes payable	10,225,214,715	–	–	–	–	10,225,214,715
Trade payables	8,644,150,840	–	–	–	–	8,644,150,840
Other trade payables	2,699,707,482	–	–	–	–	2,699,707,482
Non-current liabilities due within one year	3,430,576,604	–	–	–	–	3,430,576,604
Long-term loans	132,585,517	4,339,112,782	1,340,592,594	–	–	5,812,290,893
Lease liabilities	–	29,555,206	28,374,082	56,532,163	225,680,384	340,141,835
Total	38,413,795,963	4,368,667,988	1,368,966,676	56,532,163	225,680,384	44,433,643,174

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(2) Liquidity risk (Continued)

31 December 2024

	Within 1 year	1 to 2 years	2 to 3 years	3 to 5 years	More than 5 years	Total
Short-term loans	11,427,742,171	–	–	–	–	11,427,742,171
Notes payable	10,051,474,326	–	–	–	–	10,051,474,326
Trade payables	10,673,672,878	–	–	–	–	10,673,672,878
Other trade payables	3,176,283,942	–	–	–	–	3,176,283,942
Non-current liabilities due within one year	4,585,137,319	–	–	–	–	4,585,137,319
Long-term loans	130,364,319	2,372,679,209	3,172,751,708	52,647,331	13,200,000	5,741,642,567
Lease liabilities	–	28,807,040	28,310,528	55,340,032	239,109,622	351,567,222
Total	40,044,674,955	2,401,486,249	3,201,062,236	107,987,363	252,309,622	46,007,520,425

(3) Market risk

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's long-term liabilities that bear interest at floating rates. The Group manages interest rate risk by closely monitoring interest rate changes and reviewing its borrowings on a regular basis.

On 30 June 2025, with all other variables held constant, it is assumed that a 50 basis points increase in interest rates would have resulted in a decrease in the Group's shareholders' equity by RMB8,671,710 (2024: RMB6,451,317) and an increase in net loss by RMB8,671,710 (2024: an increase in net loss by RMB6,451,317).

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(3) Market risk (Continued)

Exchange rate risk

The Group is exposed to transactional exchange rate risk. Such risk arises from sales or purchases made by operating units in currencies other.

In addition, the Group has an exchange rate risk exposure arising from foreign currency borrowings. The Group uses foreign exchange forward contracts to reduce its exposure to exchange rate risk.

The following table presents a sensitivity analysis of exchange rate risk, reflecting the effect that a reasonable and probable change in the exchange rates of the Unite States dollar, the euro, the Hong Kong dollar and the Japanese yen would have on net profit or loss (as a result of United States dollar-denominated financial instruments) and on other comprehensive income, net of tax, under the assumption that al other variables are held constant.

30 June 2025

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income, net of tax	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB to USD	1	9,956,318	–	9,956,318
Depreciation of RMB to EUR	1	2,309,750	326,994	2,636,744
Depreciation of RMB to HKD	1	–	5,920,353	5,920,353
Depreciation of RMB to AUD	1	–	2,095,771	2,095,771
Depreciation of RMB to USD	(1)	(9,956,318)	–	(9,956,318)
Depreciation of RMB to EUR	(1)	(2,309,750)	(326,994)	(2,636,744)
Depreciation of RMB to HKD	(1)	–	(5,920,353)	(5,920,353)
Depreciation of RMB to AUD	(1)	–	(2,095,771)	(2,095,771)

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(3) Market risk (Continued)

Exchange rate risk (Continued)

30 December 2024

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income, net of tax	Increase/ (decrease) in total shareholders' equity
Depreciation of RMB to USD	1	6,384,630	–	6,384,630
Depreciation of RMB to EUR	1	2,220,408	299,447	2,519,855
Depreciation of RMB to HKD	1	19,600	5,878,408	5,898,008
Depreciation of RMB to AUD	1	–	1,890,407	1,890,407
Depreciation of RMB to USD	(1)	(6,384,630)	–	(6,384,630)
Depreciation of RMB to EUR	(1)	(2,220,408)	(299,447)	(2,519,855)
Depreciation of RMB to HKD	(1)	(19,600)	(5,878,408)	(5,898,008)
Depreciation of RMB to AUD	(1)	–	(1,890,407)	(1,890,407)

2. Capital management

The primary objectives of the Group's capital management are to ensure the Group's ability to continue as a going concern and to maintain healthy capital ratios to support business development and maximise shareholders' value.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. in order to maintain or adjust the capital structure, the Group may adjust the profit distribution to shareholders, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. There were no changes in capital management objectives, policies or procedures during the six months ended 30 June 2025 and the six months ended 30 June 2024.

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Capital management (Continued)

The Group manages capital using a leverage ratio, which is defined as the ratio of net debt to adjusted capital plus net debt. The Group's policy will maintain this leverage ratio between 50 per cent and 70 per cent. Net liabilities include bank borrowings, notes payable, trade payables, payroll and employee benefits payable and other payables, less cash and bank balances. Capital includes total capital attributable to shareholders of the parent company. The Group's leverage ratios at the balance sheet date are as follows:

	30 June 2025	31 December 2024
Short-term loans	**13,181,240,943**	11,344,435,564
Notes payable	**10,225,214,715**	10,051,474,326
Trade payables	**8,644,150,840**	10,673,672,878
Payroll and employee benefits payable	**242,107,331**	220,119,665
Other trade payables	**2,699,707,482**	3,176,283,942
Other current liabilities	**473,584,559**	515,225,262
Non-current liabilities due within one year	**3,414,493,478**	4,499,159,554
Long term loan	**5,606,797,042**	5,483,408,184
Leasehold liability	**326,374,215**	339,072,242
Long-term employee benefits payable	**589,501**	589,501
Less: Cash and bank balances	**8,436,274,044**	6,434,105,447
Net liabilities	**36,377,986,062**	39,869,335,671
Capital attributable to owners of the parent	**23,901,475,700**	23,257,460,660
Adjusted capital	**23,901,475,700**	23,257,460,660
Capital and net liabilities	**60,279,461,762**	63,126,796,331
Gearing ratio	**60%**	63%

(Expressed in Renminbi Yuan unless otherwise indicated)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Transfer of financial assets

Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Status of derecognition	Basis for determining derecognition
Endorsement of notes	bank acceptance notes	9,721,603,622	Partly derecognized	Bank credit rating
Discounted notes	bank acceptance notes	6,539,725,433	Partly derecognized	Bank credit rating
Receivables factoring	trade receivables	352,020,710	Derecognized	Transferred substantially all risks and rewards of the ownership in financial assets
Total		16,613,349,765		

Financial assets derecognized as a result of the transfer are shown below:

	Manner of transfer	Amount of financial assets derecognized	Gains or losses associated with derecognition
Notes receivable	Endorsement of notes	9,340,283,312	–
Notes receivable	Endorsement of notes	6,150,446,465	25,621,413
Trade receivables	Receivables factoring	352,020,710	4,289,402
Total		15,842,750,487	29,910,815

Transferred financial assets with continuing involvement are shown below:

	Manner of transfer	Amount of assets from continuing involvement	Amount of liabilities from continuing involvement
Notes receivable	Endorsement of notes	381,320,310	–
Notes receivable	Discounted notes	389,278,968	–
Total		770,599,278	–

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES

1. Assets and liabilities measured at fair value

30 June 2025

	Inputs used for fair value measurement			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurement				
Financing receivables	**–**	**2,585,459,712**	**–**	**2,585,459,712**
Other equity instrument investments	**–**	**405,583,411**	**5,182,886**	**410,766,297**
Total	**–**	**2,991,043,123**	**5,182,886**	**2,996,226,009**

31 December 2024

	Inputs used for fair value measurement			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Recurring fair value measurement				
Financing receivables	–	1,382,456,994	–	1,382,456,994
Other equity instrument investments	–	408,876,314	5,182,886	414,059,200
Total	–	1,791,333,308	5,182,886	1,796,516,194

2. Level 2 fair value measurements

The Group's continuing Level 2 fair value measurements are primarily unlisted equity investments and financing receivables. The fair value of unlisted equity investments is determined based on the information in the financial statements of these unlisted companies as of 30 June 2025 and using the comparable company multiplier method in conjunction with comparable information of listed companies in the same industry. Financing receivables is determined using discounted market interest rates.

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

3. Level 3 fair value measurements

The Group's valuation of assets and liabilities measured at fair value in Level 3 is carried out by a dedicated team led by the Finance Manager, the team reports directly to the Chief financial Officer and the Audit Committee, The team prepares an analysis of changes in fair value measurements at the interim and year-end of each year, which is reviewed and approved by the Finance Director. The team discusses the valuation process and results with the Chief Financial Officer and the Audit Committee at both the interim and year-end of each year.

As of 30 June 2025, the fair values of the unlisted equity investments are determined by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

4. Reconciliation in recurring fair value measurements within Level 3 and sensitivity analysis of unobservable inputs

Reconciliation in recurring fair value measurements within Level 3 is presented below:

30 June 2025

		Total current gains or losses				
	At the beginning of the period	Gains or losses included in the income statements	Gains or losses included in other comprehensive income	Sale	At the end of the period	Assets still held on 30 June 2025 are included in changes in unrealized gains or losses in profit and loss for 2025-changes in fair value
Other equity instrument investments	5,182,886	–	–	–	–	5,182,886

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

4. Reconciliation in recurring fair value measurements within Level 3 and sensitivity analysis of unobservable inputs (Continued)

Reconciliation in recurring fair value measurements within Level 3 is presented below: (Continued)

31 December 2024

		Total current gains or losses				
	At the beginning of the period	Gains or losses included in the income statements	Gains or losses included in other comprehensive income	Sale	At the end of the period	Assets still held on 30 June 2025 are included in changes in unrealized gains or losses in profit and loss for 2025-changes in fair value
Other equity instrument investments	4,916,121	–	266,765	–	–	5,182,886

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

30 June 2025

			Inputs used for fair value disclosures		
	Carrying amount	fair value	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
long-term loans	**5,606,797,042**	**5,477,366,398**	**–**	**5,477,366,398**	**–**

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XI. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2024

	Carrying amount	fair value	Inputs used for fair value disclosures Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
long-term loans	5,483,408,184	5,380,744,161	–	5,380,744,161	–

The fair value of long-term borrowings is determined using the discounted future cash flow method, using market yields on other financial instruments with similar contractual terms credit risk and remaining maturity as the discount rate. As of 30 June 2025, the default risk for the long-term loans was evaluated as not significant.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent Company

	Place of registration	Business nature	Registered capital *RMB*	Shareholding percentage *(%)*	Percentage of voting rights *(%)*
The Holding	Anhui, PRC	Manufacturing	6,666,280,396	48.35	48.35

The ultimate controller of the Company is China Baowu.

2. Subsidiaries

For information about the subsidiaries of the Company, refer to Note VIII.1.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

3. Associates and joint ventures

For information about the joint ventures and associates of the Company, refer to Note VIII.2. Joint ventures and associates that have related party transactions with the Group during the period and the previous year are as follows:

	Relationship with the Company
Maanshan BOC-Ma Steel Gases Company Limited	Joint venture of the Group
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	Associate of the Group
Anhui Magang Chemicals & Energy Technology Co., Ltd.	Associate of the Group
Anhui Baoxin Software Co., Ltd.	Associate of the Group
OBEI Co., Ltd.	Associate of the Group
Anhui Masteel Gas Technology Co., Ltd.	Associate of the Group
Anhui Masteel Holly Industrial Co., Ltd.	Associate of the Group

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties

	Relationship with the Company
Magang (Group) Holding Company Limited	Parent Company
Anhui jiangnan Iron and Steel Material Quality Supervision and Inspection Co., Ltd.	Controlled by the Holding
Anhui Masteel Surface Technology Co., Ltd.	Controlled by the Holding
Anhui Masteel Holly Industrial Co., Ltd.	Controlled by the Holding
Anhui Magang Chemicals & Energy Technology Co., Ltd.	Controlled by the Holding
Anhui Magang Mining Resources Group Gushan Mining Co., Ltd.	Controlled by the Holding
Anhui Masteel Mining Resources Group Building Materials Technology Co., Ltd	Controlled by the Holding
Anhui Magang Mining Resources Group Mining Technology Service Co., Ltd.	Controlled by the Holding
Anhui Maanshan Iron & Steel Mining Resources Group Nanshan Mining Co., Ltd.	Controlled by the Holding
Anhui Masteel Mining Resources Group Co., Ltd	Controlled by the Holding
Anhui Masteel Luo He Mining Co., Ltd.	Controlled by the Holding
Anhui Masteel Equipment Maintenance Co., Ltd.	Controlled by the Holding
Masteel Transportation Equipment Manufacturing Co., Ltd	Controlled by the Holding
Anhui Masteel Dangerous Goods Transportation Co., Ltd	Controlled by the Holding
Anhui Masteel Logistics Container Intermodal Transport Co., Ltd.	Controlled by the Holding
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Controlled by the Holding
Anhui Masteel Zhang Zhuang Mining Co., Ltd.	Controlled by the Holding
Masteel Heavy Machinery Manufacturing Co., Ltd.	Controlled by the Holding
Baosteel Roll Science & Technology Co., Ltd.	Controlled by the Holding
Baowu Smart Roll Technical Service (Shanghai) Co., Ltd.	Controlled by the Holding
Baowu Heavy Industry Co., Ltd.	Controlled by the Holding
Maanshan Masteel Electric Repair Co., Ltd.	Controlled by the Holding
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Controlled by the Holding
Ma Steel (Guangzhou)Processing and Distribution Co., Ltd.	Controlled by the Holding

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Ma Steel (Jinhua)Processing and Distribution Co., Ltd.	Controlled by the Holding
Ma Steel International Trade and Economic Co., Ltd.	Controlled by the Holding
Masteel Group Kang Tai Land Development Co., Ltd.	Controlled by the Holding
Magang (Group) Logistics Co., Ltd.	Controlled by the Holding
Shanghai Baosteel Casting Corporation	Controlled by the Holding
Ouyeel Singapore PTE. LTD.	Controlled by the ultimate controlling party
Anhui Baosteel Steel Trade Co., Ltd.	Controlled by the ultimate controlling party
Anhui Baosteel Steel Distribution Co., Ltd.	Controlled by the ultimate controlling party
Ma Steel Powder Metallurgy Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	Controlled by the ultimate controlling party
Anhui Magang Limin Construction and Installation Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel Gas Technology Co., Ltd.	Controlled by the ultimate controlling party
Anhui Vocational College of Metallurgy and Technology	Controlled by the ultimate controlling party
Anhui Wanbao Mining Limited Co., Ltd	Controlled by the ultimate controlling party
Anhui Xiangdun Information Technology Co., Ltd.	Controlled by the ultimate controlling party
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	Controlled by the ultimate controlling party
Anhui Zhonglian Shipping Co., Ltd.	Controlled by the ultimate controlling party
Baodi Jinpu (Shanghai) Enterprise Development Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Developing Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Engineering & Technology Group Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Metals Co., Ltd	Controlled by the ultimate controlling party
BAOSTEEL TRADING AMERICA GMBH	Controlled by the ultimate controlling party
BAOSTEEL TRADING EUROPE GMBH	Controlled by the ultimate controlling party
Baosteel Special Steel Long Products Co., Ltd.	Controlled by the ultimate controlling party
Baosteel España, S. A.	Controlled by the ultimate controlling party
Baosteel Resources International Company Limited	Controlled by the ultimate controlling party
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Controlled by the ultimate controlling party
Howa Trading Co., Ltd.	Controlled by the ultimate controlling party
Bomarc (Hefei) Technology Co., Ltd.	Controlled by the ultimate controlling party

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Baoshan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Baowu Integration of Industry and Education Development (Shanghai) Co., Ltd.	Controlled by the ultimate controlling party
Baowu Shared Services Co., Ltd.	Controlled by the ultimate controlling party
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Controlled by the ultimate controlling party
Baowu Environment Technology Nanjing Co., Ltd.	Controlled by the ultimate controlling party
BAOWU GROUP FINANCE CO., LTD	Controlled by the ultimate controlling party
Wuhan Iron & Steel Group Echeng Iron& Steel Co., Ltd.	Controlled by the ultimate controlling party
Baowu Group Shanghai Baoshan Hotel Co. Ltd.	Controlled by the ultimate controlling party
Baowu Water Technology Co., Ltd.	Controlled by the ultimate controlling party
Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	Controlled by the ultimate controlling party
Baowu Special Metallurgy Co., Ltd.	Controlled by the ultimate controlling party
Baowu Raw Material Supply Co., Ltd.	Controlled by the ultimate controlling party
Baowu Equipment Intelligent Technology Co., Ltd.	Controlled by the ultimate controlling party
Baowu Resources Co., Ltd.	Controlled by the ultimate controlling party
Baowu Resources Zhenjiang Mining Technology Co., Ltd.	Controlled by the ultimate controlling party
Baosight Software (Anhui) Co., Ltd.	Controlled by the ultimate controlling party
Baosight Software (Shanxi) Co., Ltd.	Controlled by the ultimate controlling party
Chengdu (Taiyuan Iron&Steel) Sales Co., Ltd.	Controlled by the ultimate controlling party
Chengdu Baosteel Western Trade Co., Ltd.	Controlled by the ultimate controlling party
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	Controlled by the ultimate controlling party
Guangdong Shaogang Engineering Technology Co., Ltd.	Controlled by the ultimate controlling party
Guangdong Zhongnan Iron&Steel Co., Ltd.	Controlled by the ultimate controlling party
Guangzhou Baosteel Southern Trading Co., Ltd.	Controlled by the ultimate controlling party
Hefei Baodi Real Estate City Development Co., Ltd.	Controlled by the ultimate controlling party
Huabao Futures Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Baozhichun Calcium &Magnesium Technology Co. Ltd.	Controlled by the ultimate controlling party
Maanshan Bo Li Construction Supervising Co., Ltd.	Controlled by the ultimate controlling party

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Masteel Huayang Equipment Diagnosis Engineering Co., Ltd.	Controlled by the ultimate controlling party
Masteel (Hefei) Industrial Water Supply Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Engineering Design And Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Nanjing Geling Chemical Co., Ltd.	Controlled by the ultimate controlling party
Nanjing Meishan Enterprise Development Co., Ltd	Controlled by the ultimate controlling party
OBEI Co., Ltd.	Controlled by the ultimate controlling party
Ouyeel Cloud Commerce Co. Ltd.	Controlled by the ultimate controlling party
Shanxi Taigang Stainless Steel Co., Ltd.	Controlled by the ultimate controlling party
Shanxi Tisco Engineering Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Steel Products Trading Co., Ltd	Controlled by the ultimate controlling party
Shanghai Baosteel Trading Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baohua International Tendering Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baokang Electronic Control Engineering Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baoxin Software Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baoxin Intelligent Mining Information Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baochan gran Energy Development Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Iron & Steel Exchange Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Jinyi Testing Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ore International Trading Center Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Meishan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Meishan Industrial and Civil Engineering Design Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouyeel Material Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouye Purchasing Information Technology Co., Ltd.	Controlled by the ultimate controlling party

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Bsteel Online Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouyeel Jincheng Information Service Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouyeel Logistics Co., Ltd.	Controlled by the ultimate controlling party
Suzhou Baohua Carbon Co., Ltd.	Controlled by the ultimate controlling party
Wuhu Veisko Material Technology Co., Ltd.	Controlled by the ultimate controlling party
Wugang Group Xiangyang Heavy Equipment Material Co., Ltd.	Controlled by the ultimate controlling party
WISCO MCC Industrial Technology Service Co., Ltd.	Controlled by the ultimate controlling party
Ezhou Pelletizing Co., Ltd.of WISCO Resources Group	Controlled by the ultimate controlling party
Wuhan Baosteel Huazhong Trading Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron Steel Group Refractories Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron Steel Group Logistics Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron Steel River North Group Industrial Services Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Engineering Institute	Controlled by the ultimate controlling party
Wuhan Weishike Steel Processing and Distribution Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Yangguang Industrial Co., Ltd.	Controlled by the ultimate controlling party
Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	Controlled by the ultimate controlling party
Yangtze River Delta (Hefei) Digital Technology Co., Ltd.	Controlled by the ultimate controlling party
Zhejiang Zhoushan Wugang Terminal Co., Limited	Controlled by the ultimate controlling party
Sinosteel Shipping & Forwarding Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Corporation Anshan Research and Design Institute of Thermal Energy	Controlled by the ultimate controlling party
Sinosteel Engineering Design & Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Luoyang Institute of Refractories Research Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Xi'an Heavy Machinery Co., Ltd.	Controlled by the ultimate controlling party

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Sinosteel Xingtai Mechanical Rolling Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	Controlled by the ultimate controlling party
Sinosteel Mining Institute (Maanshan) Intelligent Emergency Technology Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Luonai Materials Technology Co., Ltd.	Controlled by the ultimate controlling party
SINOSTEEL Equipment & Engineering Co., Ltd.	Controlled by the ultimate controlling party
Zhonggang Wuhan Safety and Environmental Protection Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Equipment Technology Co., Ltd.	Controlled by the ultimate controlling party
BAOSTEEL RESOURCES SINGAPORE COMPANY PTE. LTD.	Controlled by the ultimate controlling party
Sinosteel International Trading Co., Ltd.	Controlled by the ultimate controlling party
Chongqing Baosteel Automotive Steel Parts Co., Ltd.	Controlled by the ultimate controlling party
Taiyuan Heavy Industry RailwayTransit Equipment Co., Ltd.	Controlled by the ultimate controlling party
Taiyuan Iron & Steel (Group) Co., Ltd.	Controlled by the ultimate controlling party
Wenzhou Environmental Development Co., Ltd.	Controlled by the ultimate controlling party
Anhui Baochang United Roll Co., Ltd.	Associate of the Holding
Anhui Gangchen Industrial Material Technology Co., Ltd.	Associate of the Holding
Anhui BRC & Masteel Weldmesh Co., Ltd.	Associate of the Holding
Changzhou Baoling Heavy Industry Machinery Co., Ltd.	Associate of the Holding
Henan Jinma Energy Company Limited	Associate of the Holding
Henan Jinma Zhongdong Energy Co., Ltd.	Associate of the Holding
Maanshan Gangchen Steel Supply Chain Co., Ltd.	Associate of the Holding
Maanshan Gangchen Iron&Steel Logistics Park Co., Ltd.	Associate of the Holding
MaanshanGangchen Hydrogen Industry Co., Ltd.	Associate of the Holding
Maanshan Chenma Trading Co., Ltd.	Associate of the Holding
Maanshan Gangchen Industrial Co., Ltd.	Associate of the Holding
Maanshan Gangchen Special SteelSupply Chain Co., Ltd.	Associate of the Holding
Maanshan Iron Construction Group Co., Ltd.	Associate of the Holding
Maanshan Shenma Metallurgy Co., Ltd.	Associate of the Holding

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

	Relationship with the Company
Maanshan Jingcheng Engineering Quality Inspection Co., Ltd.	Associate of the Holding
Ma-Steel OCI Chemical Co., Ltd	Associate of the Holding
Ruitai Masteel New Material Technology Co., Ltd.	Associate of the Holding
CRM East China Co., Ltd.	Associate of the Holding
Jiangsu Menglida Technology Development Co., Ltd.	Associate of the Holding
Maanshan BOC-Ma Steel Gases Company Limited	Associate of the Holding
Anhui Nuotai Engineering Technology Co., Ltd.	Associate of the ultimate controlling party
Anhui Qingyang Baohong MINING&RESOURCE Co., Ltd.	Associate of the ultimate controlling party
Beijing Best power Electric Technology Co., Ltd.	Associate of the ultimate controlling party
Beijing Best power Bluesky Engineering Co., Ltd.	Associate of the ultimate controlling party
BEIJING BESTPOWER INTELCONTROL CO., LTD	Associate of the ultimate controlling party
Beijing Zhongding Tec Metallurgical Equipment Co., Ltd.	Associate of the ultimate controlling party
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	Associate of the ultimate controlling party
Henan Zhongping Energy Supply Chain Management Co., Ltd.	Associate of the ultimate controlling party
Hubei Huawu Heavy Industry Group Co., Ltd.	Associate of the ultimate controlling party
Pingdingshan Tianan Coal Mining Co., Ltd.	Associate of the ultimate controlling party
Shanghai Baosteel Engineering Consulting Co., Ltd.	Associate of the ultimate controlling party
Shanghai Baoneng Information Technology Co., Ltd.	Associate of the ultimate controlling party
Shanghai Steel Home Information Technology Co., Ltd.	Associate of the ultimate controlling party
Sichuan Zhaogang Carbon Co., Ltd.	Associate of the ultimate controlling party
Taicang Wugang Wharf Co., Ltd.	Associate of the ultimate controlling party
MCC South Wuhan Engineering Consulting Management Co., Ltd.	Associate of the ultimate controlling party
MCC Southern Continuous Casting Technology Engineering Co., Ltd.	Associate of the ultimate controlling party
MCC South (Wuhan) Thermal Engineering Co., Ltd.	Associate of the ultimate controlling party
MCC South Engineering Technology Co., Ltd	Associate of the ultimate controlling party
Wuhan Xingda Iron Steel Economic Development Co., Ltd.	Associate of the ultimate controlling party
Xingtai Wochuan Equipment Manufacturing Co., Ltd.	Associate of the ultimate controlling party

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties

(1) Transactions with related parties

Purchase of products/receiving of services

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Anhui Masteel Mining Resources Group Co., Ltd.	purchases of steel products	**1,043,466,358**	2,729,026,331
Baosteel Resources Holdings (Shanghai) Co., Ltd.	purchases of steel products	**814,538,112**	832,436,437
Baowu Raw Material Supply Co., Ltd.	purchases of steel products	**2,107,052,453**	2,749,428,592
Ma Steel International Trade and Economic Co., Ltd.	purchases of steel products	**969,998,152**	660,449,369
Baosteel Resources International Company Limited	purchases of steel products	**461,369,568**	769,282,844
Ezhou Pelletizing Co., Ltd. of WiSCO Resources Group	purchases of steel products	**–**	306,673,331
Maanshan Baozhichun Calcium &Magnesium Technology Co. Ltd.	purchases of steel products	**220,531,594**	532,928,358
Baowu Resources Co., Ltd.	purchases of steel products	**1,225,562,060**	–
Baowu Resources Zhenjiang MiningTechnology Co., Ltd.	purchases of steel products	**160,340,683**	–
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	purchases of steel products	**20,857,460**	–
Bao Steel Resources Singapore Company PTE. TED.	purchases of steel products	**101,695**	4,340,526
Baoshan Iron & Steel Co., Ltd.	purchases of steel products	**717,677**	91,565
Sinosteel International Trading Co., Ltd.	purchases of steel products	**1,906,744**	403,049

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Ma Steel International Trade and Economic Co., Ltd.	purchases of agency service	**21,237,001**	4,670,586
OBEI Co., Ltd.	purchases of agency service	**43,667,567**	57,781,142
Magang (Group) Logistics Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**524,528,496**	616,465,630
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**369,046,614**	312,851,961
Baowu Water Technology Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**185,727,539**	309,187,556
Anhui Masteel Equipment Maintenance Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**265,962,063**	284,554,147
Anhui Masteel Holly Industrial Co. Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**219,121,719**	231,998,846

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Masteel Heavy Machinery Manufacturing Co., Ltd	pay labor service fees, Logistics and other service fees to related parties.	**165,094,743**	227,503,982
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**134,145,050**	240,699,964
Anhui Baoxin Software Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**125,735,073**	94,673,339
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**114,750,181**	128,646,965
Magang (Group) Holding Company Limited	pay labor service fees, Logistics and other service fees to related parties.	**33,232,653**	44,553,389

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Shanghai Baoxin Software Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**37,331,714**	47,439,506
Anhui Masteel Surface Technology Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**95,881,651**	32,363,371
Anhui Zhonglian Shipping Co., Ltd	pay labor service fees, Logistics and other service fees to related parties.	**22,133,860**	24,641,598
Masteel Transportation Equipment Manufacturing Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**37,326,593**	50,851,225
Zhejiang Zhoushan Wugang Terminal Co., Limited	pay labor service fees, Logistics and other service fees to related parties.	**17,244,598**	25,115,402

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Baowu Equipment Intelligent Technology Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**7,319,085**	1,519,780
Shanghai Jinyi Testing Technology Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**5,047,200**	15,677,200
Xingtai Mechanical Rolling Co. Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**446,405**	1,767,686
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**14,543,964**	3,382,018
Maanshan Mastee Huayang Equipment Diagnosis Engineering Co. Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**8,830,460**	6,654,868

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
RuitaiMasteel New Material Technology Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**1,563,453**	5,025,793
Ma Steel International Trade and Economic Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**4,669,124**	4,720,034
China Baowu Steel Group Corporation Limited	pay labor service fees, Logistics and other service fees to related parties.	**–**	26,515
Maanshan Masteel Electric Repair Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**2,022,491**	9,584,206
Baoshan Iron & Steel Co., Ltd.	pay labor service fees, Logistics and other service fees to related parties.	**91,479**	720,160

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Nanjing Meishan Enterprise Development Co., Ltd	pay labor service fees, Logistics and other service fees to related parties.	**1,408,512**	25,264,741
Other	pay labor service fees, Logistics and other service fees to related parties.	**86,347,552**	86,466,814
Magang (Group) Holding Company Limited Assets Management Company	Lease payments to related parties	**19,540,688**	13,207,581
Masteel Group Design and Research Institute Co., Ltd.	purchases of fixed assets and construction	**281,695,881**	118,792,555
Shanghai Baoxin Software Co., Ltd.	purchases of fixed assets and construction	**145,182,411**	133,713,137
Baowu Heavy Industry Co., Ltd.	purchases of fixed assets and construction	**129,392,490**	86,154,941
Baosteel Engineering and Technology Co., Ltd.	purchases of fixed assets and construction	**96,338,755**	23,980,518

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Anhui Masteel Equipment Maintenance Co., Ltd.	purchases of fixed assets and construction	**61,721,914**	21,071,553
Baowu Equipment intelligent Technology Co., Ltd.	purchases of fixed assets and construction	**15,186,206**	4,193,833
Anhui Magang Limin Construction and Installation Co., Ltd.	purchases of fixed assets and construction	**13,347,503**	2,560,309
Anhui Masteel Surface Technology Co., Ltd.	purchases of fixed assets and construction	**428,624**	798,754
Maanshan Iron & Steel Construction Group Co., Ltd	purchases of fixed assets and construction	**15,996,574**	11,891,455
Other	purchases of fixed assets and construction	**29,346,926**	16,369,092
OBEI Co., Ltd.	purchases of steel products	**–**	50,496,280
Anhui Masteel Gas Technology Co., Ltd.	purchases of steel products	**392,703,702**	435,751,035
Maanshan BOC-Ma Steel Gases Company Limited	purchases of steel products	**151,024,143**	232,820,419
Shanxi Taigang Stainless Steel Co., Ltd.	purchases of steel products	**–**	21,679,371
Anhui Magan Chemicals & Energy Technology Co., Ltd.	purchases of steel products	**1,163,512**	1,416,947

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Ruitai Masteel New Material Technology Co., Ltd.	purchases of steel products	**515,359,806**	538,499,850
Jiangsu Menglida Technology Development Co., Ltd.	purchases of steel products	**–**	142,484,105
Henan Jinma Energy company Limited	purchases of steel products	**351,149,295**	272,575,323
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	purchases of steel products	**457,923,446**	–
Shanghai Ouye Purchasing Information Technology Co., Ltd.	purchases of steel products	**898,392**	347,830
Masteel Group Design and Research Institute Co., Ltd.	purchases of steel products	**4,925,687**	–
Sinosteel Equipment Technology Co., Ltd.	purchases of steel products	**27,834,429**	14,424,781
Other	purchases of steel products	**105,428,512**	186,421,885
BAOWU GROUP FINANCE CO., LTD.	interest paid on customer deposits	**37,268,792**	33,196,452
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	sales of steel products	**670,617,600**	846,886,303
Shanghai Ouyeel Material Technology Co., Ltd.	sales of steel products	**422,402,181**	463,550,132
Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	sales of steel products	**300,127,921**	453,146,942
Maanshan Gangchen Steel Supply Chain Co., Ltd.	sales of steel products	**248,525,801**	226,625,576

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Masteel Heavy machinery Manufacturing Co., Ltd.	sales of steel products	**93,789,308**	188,778,324
Shanghai Baosteel Trading Co., Ltd.	sales of steel products	**139,619,859**	176,210,862
Magang (Group) Logistics Co., Ltd.	sales of steel products	**–**	90,080,747
Anhui Masteel Holly Industrial Co., Ltd.	sales of steel products	**33,654,969**	60,669,588
Anhui Xinchuang Energy Savingand Environmental Protection Science and Technology Co.. Ltd.	sales of steel products	**–**	55,870,541
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	sales of steel products	**–**	41,599,730
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	sales of steel products	**–**	24,435,031

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Changchun Baoyou Jiefang Steel Processing & Distribution Co., Ltd.	sales of steel products	**17,296,900**	19,144,758
Sinosteel Equipment Technology Co., Ltd.	sales of steel products	**11,680,128**	10,895,230
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	sales of steel products	**30,491,063**	8,536,857
Baowu Special Metallurgy (Ma'anshan) Gaojin Technology Co., Ltd.	sales of steel products	**19,888,256**	7,591,048
OBEI Co., Ltd.	sales of steel products	**1,178,944**	6,437,907
Baosteel Metals Co., Ltd.	sales of steel products	**–**	2,708,549
Baosteel Special Steel Long Products Co., Ltd.	sales of steel products	**3,984,698**	2,496,055
BAOSTEEL TRADING EUROPE GMBH	sales of steel products	**3,984,698**	1,948,405
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	sales of steel products	**11,680,128**	1,478,481
Other	sales of steel products	**3,984,698**	3,644,662
Anhui Magang Chemicals & Energy Technology Co., Ltd.	sales of goods	**523,812,681**	676,052,288

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	sales of goods	**484,324,123**	322,464,660
Ma Steel International Trade and Economic Co., Ltd.	sales of goods	**229,757,881**	300,168,107
Anhui Masteel Gas Technology Co., Ltd.	sales of goods	**217,874,882**	214,307,518
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	sales of goods	**211,740,401**	207,985,706
Baowu Water Technology Co., Ltd.	sales of goods	**55,610,569**	107,480,447
Maanshan Baozhichun Calcium &Magnesium Technology Co. Ltd.	sales of goods	**93,906,190**	101,099,907
Baowu Special Metallurgy (Ma'anshan) Gaojin Technology Co., Ltd.	sales of goods	**93,346,979**	32,674,410
Masteel Heavy machinery Manufacturing Co., Ltd.	sales of goods	**20,067,953**	23,523,628
Ma Steel Powder Metallurgy Co., Ltd.	sales of goods	**17,607,170**	20,795,402
Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	sales of goods	**8,521,261**	8,240,020

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Anhui Masteel Surface Technology Co., Ltd.	sales of goods	**1,204,977**	2,088,184
Other	sales of goods	**10,858,695**	9,864,888
Ezhou Pelletizing Co., Ltd. of WISCO Resources Group	supply of utilities services, disposal of intangible assets and sale of other goods	**–**	2,363,422
Maanshan Baozhichun Calcium &Magnesium Technology Co. Ltd.	supply of utilities services, disposal of intangible assets and sale of other goods	**1,201,999**	1,027,295
Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	supply of utilities services, disposal of intangible assets and sale of other goods	**294,359**	260,746
Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	supply of utilities services, disposal of intangible assets and sale of other goods	**125,000**	164,562

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
Anhui Magang Chemicals &Energy Technology Co., Ltd.	supply of utilities services, disposal of intangible assets and sale of other goods	**–**	15,849
Baowu Water Technology Co., Ltd.	supply of utilities services, disposal of intangible assets and sale of other goods	**294,359**	8,100
Masteel (Hefei) Industrial Water Supply Co., Ltd.	supply of utilities services, disposal of intangible assets and sale of other goods	**9,740**	3,761
Anhui Masteel Surface Technology Co., Ltd.	supply of utilities services, disposal of intangible assets and sale of other goods	**8,059**	377

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Transactions with related parties (Continued)

Purchase of products/receiving of services (Continued)

	Nature of transaction	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Other	supply of utilities services, disposal of intangible assets and sale of other goods	**294,359**	718,689
BAOWU GROUP FINANCE CO., LTD.	financial service	**22,372,969**	18,206,605
Maanshan Gangchen Industrial Co., Ltd.	sales of goods and services	**586,062,479**	391,506,532
Maanshan BOC-Ma Steel Gase Company Limited	sales of goods and services	**143,099,589**	143,664,519
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	sales of goods and services	**437,949**	8,958,447
Henan Jinma Energy Company Limited	sales of goods and services	**281,759**	203,556

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(2) Related parties leases

As lessor

	Leased type of assets	**Lease income for the six months ended 30 June 2025**	Lease income for the six months ended 30 June 2024
Anhui Masteel K. Wah New Building Materials Co., Ltd.	land lease	**–**	129,083
Anhui jiangnan Iron and Steel Material Quality Supervision and Inspection Co., Ltd.	property lease	**108,540**	–
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	property lease/land lease	**20,657**	–
Chongqing Baosteel Automotive Steel Parts Co., Ltd.	property lease/land lease	**70,021**	–
Anhui Masteel Gas Technology Co., Ltd.	property lease	**–**	4,426,506

As lessee

For the six months ended 30 June 2025

	Type of assets leased	Rental payments
The Holding	Plant and buildings	949,450

For the six months ended 30 June 2025

	Type of assets leased	Rental payments
The Holding	Plant and buildings	6,863,635
Baosteel Resources Internation Company Limited	Plant and buildings	435,918

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(3) Guarantee provided by a related party

Received guarantee by a related party

The Company had no guarantees as a guaranteed party as at 30 June 2025 and 31 December 2024.

Provided guarantee to a related party

	Guarantee amount	Start date	End date	Has guarantee expired or not
Ma Steel (Hong Kong) Co., Ltd.	3,000,000,000	2023	NA	Not yet

The Group did not provide guarantees to related parties during the period from 1 January 2025 to 30 June 2025 The Company provided guarantee for the trade financing credit of Ma Steel (Hong Kong) Co., Ltd., a subsidiary of the Company, with the maximum limit up to RMB3 billion.

(4) Related parties financial service

According to the finandipeeritee agreement signed on 30 October 2024, from 1 January 2025 to 31 December 2027, the Group's aggregate daily balance of deposits with Baowu Finance shall not exceed RMB 9.5 billion, the interest earned on deposits from other financial services shall not exceed 0.19billion per annum, the total loans provided by Baowu Finance to the Group shall not exceed RMB 9.5 billion, and the service fees for other financial services shall not exceed RMB 0.21billion per annum. As of 30 June 2025, the balance of the Group's deposits with Baowu Finance was RMB4,257,225,423.

(5) Other related-party transactions

	Nature of transaction	**For the six months ended 30 June 2025**	For the six months ended 30 June 2024
BAOWU GROUP FINANCE CO., LTD.	discounted bills	**625,509,277**	260,429,702

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties

(1) Receivables from related parties

		30 June 2025		31 December 2024	
	Related parties	**Gross carrying amount**	**Provision**	Gross carrying amount	Provision
Trade receivables	Masteel Heavy machinery Manufacturing Co., Ltd.	**41,712,741**	**12,891,308**	69,705,259	7,367,868
	Baowu Water Technology Co., Ltd.	**27,208,978**	**523,478**	61,232,497	1,126,678
	Maanshan BOC-Ma Steel Gases Company Limited	**25,099,330**	**482,890**	33,082,663	609,766
	Anhui Xinchuang Energy Saving and Environmental Protection Science and Technology Co., Ltd.	**6,566,888**	**126,341**	32,760,910	602,801
	Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	**26,134,923**	**2,679,234**	25,020,829	8,090,940
	Shanghai Baosteel Trading Co., Ltd.	**–**	**–**	24,279,551	446,744
	Baowu Huanke Maanshan Resource Utilization Co., Ltd.	**35,116,322**	**6,841,926**	21,017,953	1,072,209
	Anhui Maanshan Iron & Steel Metallurgical industry Technical Service Co., Ltd.	**6,526,294**	**6,214**	19,370,972	357,021
	Ma Steel Powder Metallurgy Co., Ltd.	**19,987,354**	**384,540**	18,645,317	343,663
	OBEI Co. Ltd.	**4,567,948**	**87,588**	15,050,045	281,956
	Taiyuan Heavy industry Railway Transit Equipment Co., Ltd.	**–**	**–**	9,914,181	182,734
	Baowu Special Metallurgy (Ma'anshan) Gaojin Technology Co., Ltd.	**14,604,088**	**280,970**	9,742,028	179,561
	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	**–**	**–**	9,539,930	175,836

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

	30 June 2025		31 December 2024	
Related parties	Gross carrying amount	Provision	Gross carrying amount	Provision
Masteel K. Wah	**7,790,216**	**149,877**	6,723,143	123,918
Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	**1,287,632**	**–**	3,855,908	71,070
Anhui Baochang United Roll Co., Ltd.	**–**	**–**	3,421,640	63,066
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	**712,633**	**30,353**	3,035,299	55,462
Ma-Steel OCI Chemical Co., Ltd.	**–**	**–**	2,776,227	51,170
Anhui Baoxin Software Co., Ltd.	**2,196,236**	**634,810**	2,180,864	1,374,525
Shanghai Ouye Purchasing Information Technology Co., Ltd.	**–**	**–**	1,407,718	25,946
Baosteel Special Steel Long Products Co., Ltd.	**1,970,168**	**9,886**	988,613	18,222
Anhui Masteel Equipment Maintenance Co., Ltd.	**1,137,936**	**21,893**	670,421	64,766
Anhui Masteel Surface Technology Co., Ltd.	**1,123,806**	**31,263**	222,398	5,534
Baosteel Metals Co., Ltd.	**–**	**–**	179,043	3,300
Maanshan Bo Li Construction Supervising Co., Ltd.	**122,693**	**38,514**	72,873	19,120
Magang (Group) Holding Company Limited	**33,000**	**635**	33,000	33,000
Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	**1,484**	**29**	24,338	449
CRM East China Co., Ltd.	**–**	**–**	14,452	266
Anhui Masteel K. Wah New Building Materials Co., Ltd.	**3,826**	**74**	2,262	42

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) *Receivables from related parties (Continued)*

		30 June 2025		31 December 2024	
	Related parties	Gross carrying amount	Provision	Gross carrying amount	Provision
	Anhui Masteel Gas Technology Co., Ltd. (Masteel Gases)	145,000	–	–	–
	Baoshan Iron & Steel Co., Ltd.	12,714,703	243,505	–	–
	Other	52,987,622	1,019,438	7,847,816	143,041
Prepayments	Bsteel Online Co., Ltd.	2,128,148	–	2,041,353	–
	Wuhan Iron & Steel Group Echeng Iron& Steel Co., Ltd.	–	–	1,750,041	–
	Shanxi Taigang Stainless Steel Co., Ltd.	8,896,239	–	1,418,234	–
	Shanghai Baosteel Trading Co., Ltd.	1,320,398	–	1,209,702	–
	Shanghai Baochangran Energy Development Co., Ltd.	1,831,846	–	1,034,129	–
	Masteel Group Kang Tai Land Development Co., Ltd.	1,162,726	–	923,926	–
	Shanghai Ouye Logistics Co., Ltd.	21,269,937	–	–	–
	Masteel Group Design and Research Institute Co., Ltd.	8,652,180	–	–	–
	Magang (Group) Logistics Co., Ltd.	6,813,186	–	–	–
	Masteel Group Design and Research Institute Co., Ltd.	8,652,180	–	–	–
	Other	479,902	–	1,510,243	–
Other receivables	Masteel Group Kang Tai Land Development Co., Ltd.	2,035,509	134,954	2,035,509	134,954
	Baowu Heavy Industry Co., Ltd.	1,775,993	74,115	1,775,993	74,115
	Sinosteel Engineering Design &Research institute Co., Ltd.	1,428,036	8,911	1,428,036	8,911
	Anhui Masteel Equipment Maintenance Co., Ltd.	566,808	37,579	566,808	37,579

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

	Related parties	30 June 2025 Gross carrying amount	30 June 2025 Provision	31 December 2024 Gross carrying amount	31 December 2024 Provision
	Shanghai Meishan Iron & Steel Co., Ltd.	**515,280**	**34,163**	515,280	34,163
	Magang (Group) Holding Company Limited	**120,000**	**7,956**	120,000	7,956
	Masteel Group Design and Research Institute Co., Ltd.	**89,489**	**630**	74,197	463
	Shanghai Ouyeel Material Technology Co., Ltd.	**8,341**	**52**	8,341	52
	Other	**19,152**	**1,270**	40,000	2,652
Notes receivable	Steel Structure Engineering Branchof Masteel Heavy Machinery Manufacturing Co., Ltd.	**–**	**–**	42,512,000	–
	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	**–**	**–**	6,700,000	–
	Masteel Heavy machinery Manufacturing Co., Ltd.	**12,694,603**	**–**	4,180,430	–
	Bsteel Online Co., Ltd.	**3,610,727**	**–**	2,169,995	–
	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	**–**	**–**	2,000,000	–
	OBEI Co., Ltd.	**88,197,198**	**–**	229,706	–
	Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	**–**	**–**	4,700	–
	Shanxi Taigang Stainless Steel Co., Ltd.	**42,971,421**	**–**	–	–
	Shanghai Baosteel Engineering &Technology Co., Ltd.	**14,107,548**	**–**	–	–

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

		30 June 2025		31 December 2024	
	Related parties	Gross carrying amount	Provision	Gross carrying amount	Provision
	WISCO MCC Industrial Technology Service Co., Ltd.	11,576,266	–	–	–
	Hubei Huawu Heavy Industry Group Co., Ltd.	12,687,797	–	–	–
	Baowu Huanke Nanjing Resources Utilization Co., Ltd.	9,497,160	–	–	–
	SINOSTEEL Equipment & Engineering Co., Ltd.	7,203,644	–	–	–
	Other	27,879,534	–	–	–
Financing receivables	Ma Steel (jinhua) Processing and Distribution Co., Ltd.	35,667,433	–	21,138,315	–
	Ma Steel (jinhua) Processing and Distribution Co., Ltd.	2,592,309	–	8,547,805	–
	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	14,598,574	–	7,018,456	–
	Ouyeel Cloud Commerce Co., Ltd.	14,810,335	–	4,828,130	–
	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	231,559	–	2,579,919	–
	Masteel Heavy Machinery Manufacturing Co., Ltd.	–	–	2,370,000	–
	Bsteel Online Co., Ltd.	7,958,151	–	1,893,034	–
	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	25,046,163	–	1,659,856	–
	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	–	–	800,000	–
	Maanshan Baozhichun Calcium &Magnesium Technology Co. Ltd.	–	–	763,391	–

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

	30 June 2025		31 December 2024	
Related parties	**Gross carrying amount**	**Provision**	Gross carrying amount	Provision
Maanshan Gangchen Special Steel Supply Chain Co., Ltd.	**703,280**	**–**	258,796	–
Wugang Group Xiang-yang Heavy Equipment Material Co., Ltd.	**–**	**–**	166,320	–
OBEI Co., Ltd.	**–**	**–**	101,040	–
Ma Steel Powder Metal-lurgy Co., Ltd.	**5,918,137**	**–**	90,611	–
Maanshan Gangchen, Special Steel Supply Chain Co., Ltd.	**58,287**	**–**	–	–
Sinosteel Zhengzhou Metal Products Re-search Institute Co. Ltd.	**110,153**	**–**	–	–
Baosteel Metals Co., Ltd.	**24,516**	**–**	–	–

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties

	Related parties	30 June 2025	31 December 2024
Trade payables	OBEI Co., Ltd.	**1,725,493,623**	1,808,124,002
	Masteel Group Design and Research Institute Co., Ltd.	**326,156,630**	467,451,179
	Anhui Masteel Mining Resources Group Co., Ltd.	**6,672,511**	317,618,634
	Ma Steel International Trade and Economic Co., Ltd.	**64,437,544**	296,027,630
	Shanghai Baoxin Software Co., Ltd.	**132,306,810**	240,602,885
	Baosteel Resources Holdings (Shanghai) Co., Ltd.	**110,112,061**	223,772,058
	Masteel Lihua Metal Resources Co., Ltd.	**–**	142,691,930
	Shanghai Baosteel Engineering &Technology Co., Ltd.	**92,044,412**	132,844,023
	Henan Zhongping Energy Supply Chain Management Co., Ltd.	**26,681,460**	79,206,352
	Masteel Heavy machinery Manufacturing Co., Ltd.	**40,938,738**	60,990,688
	Anhui Baoxin Software Co., Ltd.	**56,475,707**	60,156,206
	Magang (Group) Logistics Co., Ltd.	**69,025,965**	59,459,124
	Baowu Heavy Industry Co., Ltd.	**49,600,098**	54,717,531
	Anhui Masteel Equipment Maintenance Co., Ltd.	**62,098,421**	54,146,102
	Maanshan BOC-Ma Steel Gases Company Limited	**40,023,990**	48,251,096
	Baowu Resources Co., Ltd.	**538,135,169**	45,175,323
	Baowu Raw Material Supply Co., Ltd.	**–**	33,099,571
	Anhui Masteel Surface Technology Co., Ltd.	**80,019,246**	32,987,835
	Baowu Equipment intelligent Technology Co., Ltd.	**25,090,031**	26,243,222
	Maanshan Baozhichun Calcium & Magnesium Technology Co., Ltd.	**38,288,679**	24,776,327

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

Related parties	30 June 2025	31 December 2024
Maanshan Iron Construction Group Co., Ltd.	**6,333,019**	23,164,469
Baowu Water Technology Co., Ltd.	**31,706,470**	15,191,761
Ruitai Masteel New Material Technology Co., Ltd.	**18,517,142**	13,669,575
Anhui Maanshan Iron & Steel Metallurgical industry Technical Service Co., Ltd.	**80,362,331**	12,831,434
Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	**3,003,161**	12,072,201
Anhui Masteel Holly Industrial Co., Ltd.	**33,073,057**	11,904,780
Anhui Zhonglian Shipping Co., Ltd.	**16,842,380**	10,416,571
Anhui Masteel Gas Technology Co., Ltd.	**1,448,713**	10,327,747
Shanghai Baosteel Engineering Consulting Co., Ltd.	**1,728,940**	9,540,543
Henan Jinma Energy Company Limited	**26,183,565**	9,398,334
MCC South Continuous casting Technology Engineering Co., Ltd.	**–**	9,068,068
Easternpay Information Technology Co., Ltd.	**–**	8,793,827
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	**6,313,947**	5,359,374
Beijing Best power BlueSky Engineering Co., Ltd.	**1,005,281**	4,961,917
Baoshan Iron & Steel Co., Ltd.	**8,859,074**	4,806,264
Zhejiang Zhoushan Wugang Terminal Co., Limited	**3,562,089**	3,264,555
Sinosteel Xi'an Heavy Machinery Co., Ltd.	**4,427,516**	2,134,274
Masteel Transportation Equipment Manufacturing Co., Ltd.	**2,134,723**	2,122,800
WUHAN GUIDE ELECTRIC CO., LTD.	**–**	1,575,035
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	**5,830,305**	1,556,675

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	30 June 2025	31 December 2024
	Guangdong Shaogang Engineering Technology Co., Ltd.	**543,573**	1,286,614
	Shanghai Baoneng Information Technology Co., Ltd.	**720,240**	798,315
	Jiangsu Gongchang Roll joint Stock Co., Ltd.	**–**	482,800
	Taicang Wugang Wharf Co., Ltd.	**419,783**	233,938
	Maanshan Gangchen Industrial Co., Ltd.	**187,800**	188,024
	Jiangsu, Menglida Technology Development Co., Ltd.	**–**	70,148
	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	**11,372,175**	–
	Henan jinma Zhongdong Energy Co., Ltd.	**27,044,838**	7,452,771
	Anhui Magang Limin Construction and Installation Co., Ltd.	**13,793,398**	4,171,773
	Other	**80,026,416**	61,839,875
Other payables	Magang (Group) Logistics Co., Ltd.	**35,505,214**	10,341,964
	Anhui Zhonglian Shipping Co., Ltd.	**500,000**	500,000
	Ma Steel International Trade and Economic Co., Ltd.	**600,000**	500,000
	Maanshan Iron Construction Group Co., Ltd.	**3,445,160**	20,000
	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co., Ltd.	**–**	2,000
	Shanghai Ouyeel Material Technology Co., Ltd.	**21,269,937**	–
	Shanghai Baosteel Engineering & Technology Co., Ltd.	**20,000**	–
	Other	**410,995**	455,000

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) *Payables to related parties (Continued)*

	Related parties	30 June 2025	31 December 2024
Contract liabilities	Ma Steel (jinhua) Processing and Distribution Co., Ltd.	**77,335,586**	90,668,569
	Masteel Heavy Machinery Manufacturing Co., Ltd.	**21,437,787**	36,280,388
	Maanshan Baozhichun Calcium & Magnesium Technology Co., Ltd.	**–**	33,789,551
	Anhui Xinchuang Energy Savingand Environmental Protection Science and Technology Co., Ltd.	**–**	33,244,098
	Anhui Gangchen Industrial Material Technology Co., Ltd.	**3,425,423**	31,144,507
	Ouyeel Cloud Commerce Co., Ltd.	**159,439,631**	23,715,350
	Bsteel Online Co., Ltd.	**4,356,170**	20,511,076
	Shanghai Ouyeel Material Technology Co., Ltd.	**6,790,906**	18,816,811
	Anhui Masteel Holly Industrial Co., Ltd.	**1,767,613**	16,105,620
	Anhui Magang Chemicals & Energy Technology Co., Ltd.	**14,985,884**	11,739,430
	Sinosteel Luonai Materials Technology Co., Ltd.	**13,826,499**	7,366,612
	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	**2,374,250**	6,790,253
	Maanshan Gangchen Steel Supply Chain Co., Ltd.	**3,024,145**	6,751,610
	Maanshan Gangchen Industrial Co., Ltd.	**–**	5,293,482
	Guangdong Guangwu Zhongnan Supply Chain Development Co., Ltd.	**–**	3,318,572
	Shanghai Ouye Purchasing Information Technology Co., Ltd.	**–**	2,776,670
	Masteel Group Kang Tai Land Development Co., Ltd.	**1,821**	2,391,063

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

Related parties	30 June 2025	31 December 2024
Anhui Masteel Zhang Zhuang Mining Co., Ltd.	**2,185,715**	1,934,261
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	**4,532,662**	867,983
Maanshan Iron Construction Group Co., Ltd.	**–**	661,982
Anhui Tiankai Road and Bridge Co., Ltd	**–**	144,943
Shanghai Iron & Steel Exchange Co., Ltd.	**32,661**	33,715
Ma Steel (Guangzhou)Processing and Distribution Co., Ltd	**36,741,355**	19,397
Masteel Group Kang Cheng Building and installing Co., Ltd	**–**	8,524
Maanshan Shenma Metallurgy Co., Ltd.	**–**	3,626
Changzhou Baoling Heavy Industry Machinery Co., Ltd.	**–**	2,091
Suzhou Suma Industry Development Co., Ltd	**–**	702
Magang (Group) Logistics Co., Ltd.	**190,000**	–
Shanghai Baosteel Trading Co., Ltd.	**4,258,223**	–
Anhui Maanshan Iron & SteelMetallurgical industry TechnicalService Co., Ltd.	**389,203**	–
Anhui Masteel Equipment Maintenance Co., Ltd.	**331,783**	–
OBEI Co., Ltd.	**207,896**	–
Masteel Heavy Machinery Manufacturing Co., Ltd.	**21,437,787**	–
Anhui Masteel Surface Technology Co., Ltd.	**110,366**	–
Maanshan Masteel Electric Repair Co., Ltd.	**91,587**	–
Other	**19,319,621**	5,275,535

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

	Related parties	30 June 2025	31 December 2024
Notes payable	AI Robot (Shanghai) Co., Ltd	–	497,860
	Anhui Baochang United Roll Co., Ltd.	**980,840**	995,105
	Anhui Masteel Surface Technology Co., Ltd.	**6,105,678**	6,103,361
	Anhui Masteel Holly Industrial Co., Ltd.	**3,853,357**	5,569,379
	Anhui Masteel Mining Resources Group Co., Ltd	**404,519,639**	1,372,785,320
	Anhui Masteel Equipment Maintenance Co., Ltd.	**2,011,340**	55,935
	Anhui Maanshan Iron & Steel Metallurgical industry Technical Service Co., Ltd	**126,065,396**	7,998,740
	Masteel Heavy machinery Manufacturing Co., Ltd.	–	1,668,450
	Anhui Zhonglian Shipping Co., Ltd.	**8,672,387**	4,487,193
	Baosteel Resources Holdings (Shanghai) Co., Ltd.	**152,728,554**	101,255,290
	Baowu Raw Material Supply Co. Ltd.	**1,026,304,947**	888,253,407
	Baowu Equipment intelligent Technology Co., Ltd.	**401,715**	1,011,511
	Anhui Baoxin Software Co., Ltd.	**160,686**	439,570
	Henan Jinma Energy Company Limited	**111,993,030**	69,555,950
	Henan Jinma Zhongdong Energy Co., Ltd.	**208,119,606**	84,677,229
	Henan Zhongping Energy Supply Chain Management Co., Ltd.	–	49,969,116
	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	**84,241,601**	112,677,986
	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	–	116,600
	Ma Steel International Trade and Economic Co., Ltd.	**866,452,033**	1,048,590,640

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Unsettled items, including receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

Related parties	30 June 2025	31 December 2024
Masteel Group Design and Research Institute Co., Ltd.	**1,728,983**	6,153,074
Magang (Group) Logistics Co., Ltd.	**9,873,998**	3,064,494
Masteel Lihua Metal Resources Co., Ltd.	**–**	705,000,000
Ruitai Masteel New Material Technology Co., Ltd.	**–**	1,000,000
Shanxi Taigang Stainless Steel Co., Ltd	**12,651,348**	1,311,900
Shanghai Baoxin Software Co., Ltd.	**1,208,235**	7,180,245
WISCO MCC Industrial Technology Service Co., Ltd.	**–**	88,592
Zhejiang Zhoushan Wugang Terminal Co., Limited	**2,423,074**	2,420,237
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	**1,012,361**	1,591,605
MCC South Engineering Technology Co., Ltd	**–**	180,800
Shanghai Baosteel Engineering Consulting Co., Ltd.	**275,409**	–
Changzhou Baoling Heavy Industry Machinery Co., Ltd	**167,240**	–
Baowu Resources Co., Ltd	**110,109,229**	–
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	**764,642**	–
Masteel (Hefei) industrial Water Supply Co., Ltd.	**50,034**	–
MCC Southern (Wuhan) Thermal Power Co., Ltd.	**1,070,400**	–
Anhui Wanbao Mining Limited Co., Ltd	**8,437,453**	–
Yangtze River Delta (Hefei) Digital Technology Co., Ltd	**1,087,560**	–

All these receivables and payables were non-interest-bearing and had no guarantee.

(Expressed in Renminbi Yuan unless otherwise indicated)

XIII. SHARE-BASED PAYMENT

1. Equity instruments

The equity instruments are listed below:

	Granted during the period		Exercised during the period		Unlocked During this period		Forfeited during the period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Employees	–	–	–	–	–	–	21,423,400	49,059,586

2. Equity-settled share-based payments

At the 59th meeting of the 9th session of the Board of Directors and the 49th meeting of the 9th session of the Supervisory Committee of the Company held on 30 March 2022, the “Proposal the First Grant of Restricted Shares to the Incentive Participants under the Company’s A-share Restricted Share incentive Plan for the Year 2021" was considered and approved and the grant date of the Restricted Share Incentive Plan was determined as 30 March 2022As at 25 April 2022 the Company had received contributions totaling RMB171,864,500 from260 natural persons, of which RMB75,050,000 was credited to the new registered capital andRMB96,814,500 was credited to capital reserve. The registered capital of the Company after the change was RMB7,775,731,186. The Company recognized a liability for the full amount of the repurchase obligation for the restricted shares and treated it as acquisition of treasury shares. A total of 75,050,000 restricted shares granted for registration under the Incentive Scheme were registered with China Securities Depository & Clearing Corporation Shanghai Branch on 9 May 2022 and the Certificate of Change in Registration of Securities was obtained.

On 29 December 2022, the Third Extraordinary General Meeting of 2022 of the Company considered and approved the “Proposal on the Repurchase and Cancellation of Certain Restricted Shares”. The 1,864,000 restricted shares held by 6 persons who retired, transferred or died were no longer released from restricted sale were repurchased by the Company at the sum of the grant price of RMB2.29 per share plus interest on time deposits for the same period at the bank.

On 29 March 2023, the Second Extraordinary General Meeting of 2023 of the Company considered and approved the “Proposal on the Repurchase and Cancellation of Certain Restricted Shares”. The 4,080,000 restricted shares held by 13 persons who retired transferred or died were no longer released from restricted sale and were repurchased by the Company at the sum of the grant price of RMB2.29 per share plus interest on time deposits for the same period at the bank.

XIII. SHARE-BASED PAYMENT (CONTINUED)

2. Equity-settled share-based payments (Continued)

On 27 November 2024, the Company held the Fifth Extraordinary Shareholders' General Meeting of 2024 and approved the "Proposal on the Repurchase and Cancellation of Certain Restricted Shares". The 2,050,200 shares of restricted stock held by 16 persons who retired transferred or died were no longer released from restricted sale and were repurchased by the Company at the sum of the arrant price of RMB2.29 per share plus the interest on time deposits for the same period at the bank.

As of 30 June 2025, the Company has paid the repurchase amount of 7,944,200 shares in total to the 35 persons mentioned above due to retirement, transfer and death, and reduced the long-term payables. The Company has fulfilled the relevant cancellation procedures.

Pursuant to the Company's *2021 A-Share Restricted Stock Incentive Plan* (the "Incentive Plan"), if the performance appraisal target for the release period in any appraisal year of the Incentive Plan is not achieved, the Company shall repurchase all the restricted shares for the corresponding performance appraisal year at the lower value of the grant price and the market price. As the stipulated performance appraisal target for 2022 was not achieved. The Company was required to repurchase all the restricted shares corresponding to the appraisal year of 2022 at the lower value of the grant price and the market price, involving 242 persons with a repurchase of 22,849,200 shares and a repurchase amount of RMB52,324,668. As the stipulated performance appraisal target for 2023 was not achieved. The Company was required to repurchase all the restricted shares corresponding to the appraisal year of 2023 at the lower value of the grant price and the market price, involving 241 persons with a repurchase of 22,783,200 shares and a repurchase amount of RMB52,173,528.

As of 30 June 2025, the Company has paid the above-mentioned repurchase amount and fulfilled the relevant cancellation procedures.

(Expressed in Renminbi Yuan unless otherwise indicated)

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

	30 June 2025	31 December 2024
Capital commitments	**2,434,870,442**	2,321,330,465

Refer to Note III.26 for lease commitments as lessee.

2. Contingencies

Difference of corporate income tax

The State Administration of Taxation issued "The notice of income tax collection and management on Shanghai Petrochemical Company Limited and other eight companies listed overseas corporation"(Guo Shui Han [2007] No.664) in June 2007, with stated claims that the relevant local tax bureaus must correct immediately the expired tax incentives of the nine Hong Kong listed companies. The income tax difference between the results of the previously expired preferential rate and the applicable rate should be treated in accordance with the relevant provisions of the "People's Republic of China Administration of Tax Collection Law".

The Company was one of the nine companies mentioned above and used a 15% preferential tax rate in previous years. Then, the Company and the tax authorities had a comprehensive communication and according to the tax authorities, the applicable corporate income tax rate in 2007 was 33%, which was adjusted from the original 15%, The Company has not been charged of prior period income taxes arising from difference in income tax rates.

In view of the above, the director of the Company believed that it is uncertain whether the tax authorities will chase the difference between the previous period's income tax at this stage. And the final result of this matter cannot be estimated reliably. Therefore. The financial statements have not made any preparation or adjustments related to the income tax differences.

(Expressed in Renminbi Yuan unless otherwise indicated)

XV. OTHER SIGNIFICANT EVENTS

1. Segment reporting

(1) *Operating segment information*

The Group focus on the business of production and sales of iron and steel products and their by-products. The Group's internal organizational structure and management requirements are such that the Group's businesses are treated as a whole for the purpose of reviewing internal reports, allocating resources and evaluating performance Therefore, there is no need to present segment information other than that already presented in the financial statements.

(2) *Other information*

Product and labor information

Revenue from external transactions

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Sale of steel products	**35,537,054,761**	40,740,523,815
Other	**2,538,478,783**	2,266,954,975
Total	**38,075,533,544**	43,007,478,790

(Expressed in Renminbi Yuan unless otherwise indicated)

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(2) Other information (Continued)

Geographic information

Revenue from external transactions

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Mainland China	**35,432,194,574**	39,426,251,225
Overseas and Hong Kong	**2,643,338,970**	3,581,227,565
Total	**38,075,533,544**	43,007,478,790

Revenue from external transactions is attributable to the region in which the customer is located.

Total non-current assets

	30 June 2025	31 December 2024
Mainland China	**56,953,133,743**	58,647,571,427
Overseas and Hong Kong	**93,344,456**	98,342,017
Total	**57,046,478,199**	58,745,913,444

The non-current assets information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Significant Customer Information

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

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(3) *Other financial information*

	Group		Company	
	30 June 2025	31 December 2024	**30 June 2025**	31 December 2024
Current asset	**24,543,559,513**	19,472,010,226	**11,261,227,428**	12,459,406,903
Less: current liabilities	**42,924,120,705**	44,845,617,126	**4,395,398,360**	40,457,185,414
Net current liabilities	**(18,380,561,192)**	(25,373,606,900)	**6,865,829,068**	(27,997,778,511)

	Group		Company	
	30 June 2025	31 December 2024	**30 June 2025**	31 December 2024
Total assets	**82,322,514,611**	78,962,973,613	**25,530,829,572**	66,770,078,812
Less: current liabilities	**42,924,120,705**	44,845,617,126	**4,395,398,360**	40,457,185,414
Total assets less current liabilities	**39,398,393,906**	34,117,356,487	**21,135,431,212**	26,312,893,398

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

1. Trade receivables

(1) *Age analysis of the trade receivables is as follows.*

	30 June 2025	31 December 2024
Within 1 year (inclusive)	**13,273,692**	1,226,134,078
1 to 2 years (inclusive)	**–**	46,468,580
2 to 3 years (inclusive)	**–**	11,149,642
Over 3 years	**610,623**	14,943,023
	13,884,315	1,298,695,323
Less: Provision for bad debts	**–**	38,537,418
Total	**13,884,315**	1,260,157,905

(Expressed in Renminbi Yuan unless otherwise indicated)

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

1. Trade receivables (Continued)

(2) Trade receivables by provisioning method

30 June 2025

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio *(%)*	Amount	Ratio *(%)*	
Assessed bad debt provision in portfolios based on credit risk characteristics	**13,884,315**	**100**	**–**	**–**	**13,884,315**
Total	**13,884,315**	**100**	**–**		**13,884,315**

31 December 2024

	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Ratio *(%)*	Amount	Ratio *(%)*	
Assessed bad debt provision individually	**608,470,273**	**47**	**–**	**–**	**608,470,273**
Assessed bad debt provision in portfolios based on credit risk characteristics	**690,225,050**	**53**	**(38,537,418)**	**6**	**651,687,632**
Total	**1,298,695,323**	**100**	**(38,537,418)**		**1,260,157,905**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

1. Trade receivables (Continued)

(2) Trade receivables by provisioning method (Continued)

Trade receivable with individual bad debt provisions are as follows:

	30 June 2025			31 December 2024	
	Gross carrying amount	Provision for bad debts	Ratio (%)	Gross carrying amount	Provision for bad debts
Receivables from intra-group subsidiaries	–	–	–	**608,470,273**	–

As of 30 June 2025, assessment of ECLs on trade receivables.

	Gross carrying amount	**Provision for impairment**	**Ratio** (%)
Within 1 year (inclusive)	**13,273,692**	–	–
Over 3 years	**610,623**	–	–
Total	**13,884,315**	–	

(Expressed in Renminbi Yuan unless otherwise indicated)

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

1. Trade receivables (Continued)

(3) Provision for bad debts

The movement in the provision for bad debts on trade receivables is as follows:

	At the beginning of the year	Provision for the current year	Recovered or reversed during the year	Write-offs during the year	At the end of the year
For the six months ended 30 June 2025	**38,537,418**	**–**	**(38,537,418)**	–	–

(4) The top five largest trade receivables classified by debtor were as follows

	Trade receivables at the end of the year	Percentage of trade receivables *(%)*	Provision for bad debts on trade receivables at the end of the year
Company 1	**13,329,319**	**96**	**–**
Company 2	**364,990**	**3**	**–**
Company 3	**145,000**	**1**	**–**
Company 4	**24,159**	**–**	**–**
Company 5	**20,846**	**–**	**–**
Total	**13,884,314**	**100**	**–**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

2. Other receivables

	30 June 2025	31 December 2024
Dividends receivable	**4,806,850**	4,806,850
Other receivables	**6,294,710,629**	309,708,642
Total	**6,299,517,479**	314,515,492

Dividends receivable

(1) Classification of dividends receivable

	30 June 2025	31 December 2024
Baowu Water Technology Co., Ltd	**4,806,850**	4,806,850

Other receivables

(1) An age analysis of the other receivables is as follows:

	30 June 2025	31 December 2024
Within 1 year (inclusive)	**6,248,198,849**	234,720,154
1 to 2 years (inclusive)	**49,891,137**	61,191,147
2 to 3 years (inclusive)	**–**	92,092
Over 3 years	**2,000**	33,872,271
	6,298,091,986	329,875,664
Less: Provision for bad debts	**3,381,357**	20,167,022
Total	**6,294,710,629**	309,708,642

(Expressed in Renminbi Yuan unless otherwise indicated)

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

2. Other receivables (Continued)

Other receivables (Continued)

(2) By customer type

	30 June 2025	31 December 2024
Related parties	**6,080,938,578**	17,796,739
Third party	**217,153,408**	312,078,925
	6,298,091,986	329,875,664
Less: Provision for bad debts	**3,381,357**	20,167,022
Total	**6,294,710,629**	309,708,642

(3) Provision for bad debts

30 June 2025

	Gross carrying Amount		**Provision for bad debts**		**Gross carrying**
	Amount	**Ratio** *(%)*	**Amount**	**Ratio** *(%)*	**Amount**
Assessed bad debt provision in portfolios based on credit risk characteristics	**6,298,091,986**	**100**	**(3,381,357)**	–	6,294,710,629
Total	**6,298,091,986**	**100**	**(3,381,357)**		6,294,710,629

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts (Continued)

31 December 2024

	Gross carrying Amount		Provision for bad debts		Gross carrying
	Amount	Ratio	Amount	Ratio	Amount
		(%)		*(%)*	
Assessed bad debt provision in portfolios based on credit risk characteristics	**329,875,664**	**100**	**(20,167,022)**	6	309,708,642
Total	**329,875,664**	**100**	**(20,167,022)**		309,708,642

Other receivables for which the portfolio is provided for bad debts as of 30 June 2025 are as follows:

	Gross carrying Amount	Provision for impairment	Ratio
			(%)
The group of pledges and deposits	32,139	–	–
The group of receivables due from others	6,298,059,847	(3,381,357)	–

(Expressed in Renminbi Yuan unless otherwise indicated)

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

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for bad debts (Continued)

Movements in the bad debt provision of other receivables based on expected credit losses in the next 12 months and expected credit losses over the entire duration, respectively, are as follows:

	Phase I next 12 months Expected credit losses	Phase II entire duration Expected credit losses (No credit. (impairment)	Phase III entire duration Expected credit losses (credit impairment has occurred)	Total
At the beginning of the period	**607,638**	3,436,284	**16,123,100**	20,167,022
Other changes	**(534,063)**	(128,502)	**(16,123,100)**	(16,785,665)
At the end of the period	**73,575**	3,307,782	**–**	3,381,357

(4) The top five largest other receivables classified by debtor were as follows

	At the end of the year	Percentage other receivables balances (%)	Nature	Age	Provision at the end of the year
Company 1	**3,511,547,918**	**56**	**Due from trading companies**	**1年以內**	**–**
Company 2	**2,569,379,636**	**41**	**Consideration for equity transfer**	**1年以內**	**–**
Company 3	**167,215,040**	**2**	**Amount from disposal of assets**	**2年以內**	**(73,575)**
Company 4	**49,891,137**	**1**	**Amount from disposal of assets**	**3年以內**	**(3,307,782)**
Company 5	**15,598**	**–**	**Other**	**1年以內**	**–**
Total	**6,298,049,329**	**100**			**(3,381,357)**

(Expressed in Renminbi Yuan unless otherwise indicated)

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

3. Long-term equity investments

	30 June 2025	31 December 2024
Long-term equity investments accounted for under the equity method:		
Joint ventures	**–**	311,282,032
Associates	**5,394,328,324**	6,246,414,939
Long-term equity investments under the cost method		
Subsidiaries	**9,164,328,935**	7,019,960,738
Sub-total	**14,558,657,259**	13,577,657,709
Less: Provision for impairment of long-term equity investments	**1,196,606,986**	1,196,606,986
Total	**13,362,050,273**	12,381,050,723

(Expressed in Renminbi Yuan unless otherwise indicated)

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

3. Long-term equity investments (Continued)

(1) *Investments in joint ventures and associates*

	At the beginning of the year balances	Changes during the year						At the end of the year balances	At the end of the year provision for impairment
		Investment income under the equity method	Other comprehensive income	Other equity movement	Cash dividend declared	Disposal of associates	make provision for impairment		
Joint ventures									
BOC-Ma steel	311,282,032	8,922,622	–	–	–	(320,204,654)	–	–	–
Associates									
Henan jinMa Energy	835,597,163	(31,056,265)	2,028,824	1,884,763	–	–	–	808,454,485	–
shenglong chemical	1,056,545,119	(14,960,761)	–	1,243,775	–	–	–	1,042,828,133	–
Xinchuang Environmental Protection	78,354,632	1,422,510	–	458,990	–	–	–	80,236,132	–
Magang chemicals & Energy	228,572,875	(43,756,974)	–	724,175	–	–	–	185,540,076	–
OBEI	467,971,290	9,268,280	–	–	(1,090,276)	–	–	476,149,294	–
Baowu Water	654,879,335	(3,052,814)	–	–	–	(651,826,521)	–	–	–
Masteel Gases	188,178,487	3,172,975	–	–	–	(191,351,462)	–	–	–
Baowu Finance	2,736,316,038	67,708,186	(2,904,020)	–	–	–	–	2,801,120,204	–
Sub-total	6,246,414,939	(11,254,863)	(875,196)	4,311,703	(1,090,276)	(843,177,983)	–	5,394,328,324	–
Total	6,557,696,971	(2,332,241)	(875,196)	4,311,703	(1,090,276)	(1,163,382,637)	–	5,394,328,324	–

Notes to the Financial Statements (Continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

3. Long-term equity investments (Continued)

(2) *Investments in subsidiaries*

	At the beginning of the year	Change in current year Increase during the year	Decrease during the year	Gross carrying amount at the end of the year	Provision for impairment	Cash dividends declared
Ma Steel (Wuhu)	8,225,885	–	(8,225,885)	–	–	–
Ma Steel (Cihu)	48,465,709	–	–	48,465,709	–	–
Ma Steel (HK)	52,586,550	–	(52,586,550)	–	–	–
MG Trading	1,573,766	–	(1,573,766)	–	–	–
Ma Steel (Australia)	126,312,415	–	–	126,312,415	–	–
Ma Steel (Hefei)	1,775,000,000	–	(1,775,000,000)	–	–	–
Ma Steel (Hefei) Processing	85,596,489	–	(85,596,489)	–	–	–
Masteel (Yangzhou) Processing	116,462,300	–	(116,462,300)	–	–	–
Wuhu Technique	106,500,000	–	(106,500,000)	–	–	–
Chongqing Material	175,000,000	–	(175,000,000)	–	–	–
Changjiang Steel	1,234,444,444	–	–	1,234,444,444	–	–
Hefei Materials	140,000,000	–	(140,000,000)	–	–	–
MG-VALDUNES *(Note)*	–	–	–	–	(1,196,606,986)	–
Ma Steel Hangzhou Sales	10,000,000	–	(10,000,000)	–	–	–
Ma Steel Nanjing Sales	20,000,000	–	(20,000,000)	–	–	–
Ma Steel Shanghai Sales	10,000,000	–	(10,000,000)	–	–	–
Masteel Transit Materials	1,522,317,563	–	(1,522,317,563)	–	–	–
Mascometal	127,368,631	–	(127,368,631)	–	–	–
Magang Hongfei	51,000,000	–	–	51,000,000	–	1,677,197
MAANSHAN IRON & STEEL COMPANY LIMITED	–	10,077,397,347	(3,569,897,966)	6,507,499,381	–	–
Wuhan Material	212,500,000	–	(212,500,000)	–	–	–
Total	5,823,353,752	10,077,397,347	(7,933,029,150)	7,967,721,949	(1,196,606,986)	1,677,197

Note: As of November 20, 2023, the Group has lost control of MG-VALDUNES and is no longer included in the scope of the consolidated financial statements of the Group.

(Expressed in Renminbi Yuan unless otherwise indicated)

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

4. Revenue and cost of sales

(1) Revenue and cost of sales

	For the six months ended 30 June 2025		For the six months ended 30 June 2024	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Principal revenue	**10,757,082,314**	**10,684,704,445**	34,856,926,450	35,152,805,021
Other revenue	**315,710,773**	**370,251,503**	2,156,821,153	1,659,928,240
Total	**11,072,793,087**	**11,054,955,948**	37,013,747,603	36,812,733,261

(2) Disaggregation of revenue and cost of sales

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Revenue generated from contracts	11,070,954,654	37,008,892,748
Other revenue	1,838,433	4,854,855
Total	11,072,793,087	37,013,747,603

(Expressed in Renminbi Yuan unless otherwise indicated)

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

4. Revenue and cost of sales (Continued)

(3) Information on the breakdown of operating revenues arising from contracts with customers

For the six months ended 30 June 2025

Reporting segment	Industrial product
Product Type	
Steel products	10,470,631,672
Others	600,322,982
Total	11,070,954,654
Regions of operation	
Mainland China	10,262,160,701
Overseas and Hong Kong	808,793,953
Total	11,070,954,654
By timing of transfer of goods or services	
Recognize at a point in time	11,055,396,491
Recognize over time	15,558,163
Total	11,070,954,654

(Expressed in Renminbi Yuan unless otherwise indicated)

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

4. Revenue and cost of sales (Continued)

(3) Information on the breakdown of operating revenues arising from contracts with customers (Continued)

For the six months ended 30 June 2024

Reporting segment	Industrial product
Product Type	
Steel products	34,856,926,450
Others	2,151,966,298
Total	37,008,892,748
Regions of operation	
Mainland China	34,439,714,523
Overseas and Hong Kong	2,569,178,225
Total	37,008,892,748
By timing of transfer of goods or services	
Recognize at a point in time	36,946,916,401
Recognize over time	61,976,347
Total	37,008,892,748

(Expressed in Renminbi Yuan unless otherwise indicated)

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

5. R&D expenses

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Material and power costs	**42,850,985**	258,244,590
Depreciation	**8,834,726**	21,641,891
Employee benefits	**24,421,036**	60,899,811
Testing and processing expenses	**6,102,189**	6,433,477
Outsourced research expenses	**3,315,605**	4,905,286
Other	**6,941,133**	5,906,997
Total	**92,465,674**	358,032,052

According to Accounting Standard for Business Enterprises Interpretation No. 15, the R&D expenses recognized by the Group in its operating costs in connection with the trial production of new product development are as follows:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Cost of trial production of new product development	**245,411,796**	839,052,938
Including: Materials and power expenses	**206,501,528**	694,922,976
Depreciation	**34,176,561**	116,918,408
Testing and processing expenses	**4,733,707**	25,591,672
Other	**–**	1,619,882

(Expressed in Renminbi Yuan unless otherwise indicated)

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

6. Investment income

	For the six months ended 30 June 2025	For the six months ended 30 June 2024
Investment income from long-term investments under the cost method	**1,677,197**	325,809,755
Gain from long-term equity investments under the equity method	**(2,332,241)**	72,909,499
Gain from disposal of associates	**–**	3,669,806
Gain from disposal of subsidiaries	**1,568,861,305**	–
Gain from disposal of financial assets held for trading	**1,058**	4,498,725
Total	**1,568,207,319**	406,887,785

Supplementary Information

For the six months ended 30 June 2025 RMB YUAN

1. BREAKDOWN OF NON-RECURRING GAINS OR LOSSES

	Amount
Gains on disposal of non-current assets, including write-off of asset impairment provision	**2,563,049**
Government grants recognised in current period profit or loss (excluding those having close relationship with the Company's normal business, conforming to the national policies, entitling to under established standards and enjoying ongoing fixed amount or quantity according to certain standard)	**22,642,603**
Except for the effective hedging business related to the ordinary business of the Company, changes in fair value of financial assets and financial liabilities held for trading, as well as the return on investment generated from the disposal of financial assets and financial liabilities held for trading and financial assets at fair value through other comprehensive income	**1,058**
Net non-operating income or expenses other than the above items	**13,939,531**
	39,146,241
Less: income tax effect	**3,192,947**
Less: Non-controlling interests effect (net of tax)	**2,494,455**
Total	**33,458,839**

The Group recognizes non-recurring gains and losses items in accordance with the "interpretive Pronouncement on the Preparation of information Disclosures of Companies issuing Public Shares No.1-Extraordinary Gains and Losses" (SEC Announcement [2023] No. 65).

2. RETURN ON NET ASSETS AND LOSSES PER SHARE

	Return on weighted average net assets *(%)*	Earnings per share (RMB/share)	
		Basic	Dilute
Net loss attributable to the Company's common shareholders	**(0.32)**	**(0.01)**	**(0.01)**
Net loss attributable to ordinary shareholders of the Company after extraordinary gains and losses	**(0.47)**	**(0.01)**	**(0.01)**

The Group has no dilutive potential ordinary shares.

Chairman of the Board: **Jiang Yuxiang**

Approved and submitted by the Board of Directors on 27 August 2025

馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited