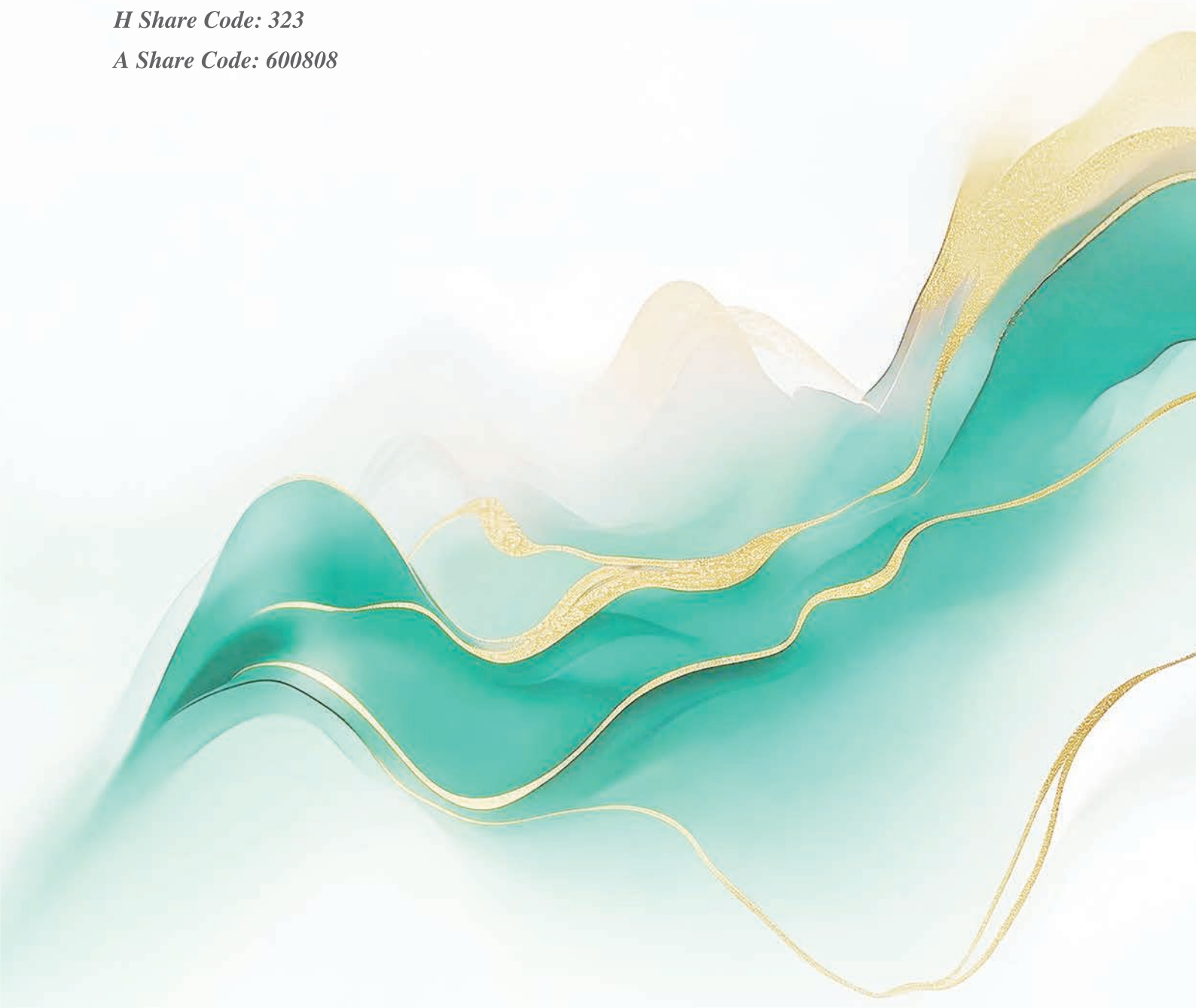




MAANSHAN IRON & STEEL COMPANY LIMITED

H Share Code: 323

A Share Code: 600808



2025
Annual Report

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Documents available for inspection	Financial statements signed and sealed by the Company's legal representative, chief accountant and head of Accounting Department. Original copy of the audit report, sealed by Deloitte Touche Tohmatsu Certified Public Accountants LLP and signed and sealed by Mr. Bu Jun and Ms. Yang Bei, certified public accountants in the PRC. 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. Annual report announced on the website of the Hong Kong Stock Exchange. The Articles of Association of the Company. Other relevant information.
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IMPORTANT NOTICE

- I. The Board of Directors (the "Board"), the directors and senior management of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from this annual report; and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this annual report.
- II. All directors attended the Board meeting.
- III. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued a standard unqualified audit opinion on the annual financial statements of the Company.
- IV. Mr. Jiang Yuxiang, representative of the Company, Mr. Chen Guorong, person overseeing the accounting operations, and Mr. Le Zhihai, head of Accounting Department, made representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in the annual report.
- V. Profit distribution plan or plan for the capitalisation of capital reserve during the Reporting Period approved by the Board
Given that the net profit of the parent company in the 2025 financial statements mainly consists of one-off investment income recognised from the disposal of equity interests in subsidiaries, such income is unsustainable and has been eliminated at the consolidated financial statements level, while the consolidated financial statements remain in a loss position. Having comprehensively considered the Company's strategic development, future capital requirements and the long-term interests of shareholders, it is proposed that no profit distribution shall be made and no capital reserve shall be converted into share capital for the year 2025.
As at the end of the Reporting Period, the parent company had no accumulated unabsorbed losses.
- VI. Risk relating to forward-looking statements
The report analyses major risks faced by the Company. Please refer to "(5) Potential Risks" of "6. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY" of "Directors' Report (Management Discussion and Analysis)" in Section III for details. Forward-looking statements such as development strategy, future business plans contained in this report do not constitute any substantive commitments to investors by the Company. Investors should be aware of the relevant risks.
- VII. There was no appropriation of fund on a non-operating basis by the controlling shareholder or other related parties during the Reporting Period.
- VIII. There was no violation of regulations, decisions or procedures in relation to provisions of external guarantees during the Reporting Period.
- IX. There was no situation that more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company.
- X. Significant risk warning
The Company has no significant risk that needs to draw special attention of investors.
- XI. Other
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.

Section I Definitions

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
Group	means	the Company and its subsidiaries
China Baowu or Baowu	means	China Baowu Steel Group Corporation Limited, the controlling shareholder of the Holding
The Holding	means	Magang (Group) Holding Co., Limited, the direct controlling shareholder of the Company
Baosteel Hong Kong Investment	means	Baosteel Hong Kong Investment Company Limited, a wholly-owned subsidiary of China Baowu
Baosteel	means	Baoshan Iron & Steel Co., Ltd. a subsidiary held by China Baowu
Articles of Association	means	The articles of association of Maanshan Iron and Steel Company Limited
Shareholders' Meeting	means	the General Meeting and the Shareholders' 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
Supervisory Committee	means	the supervisory committee of the Company, was abolished on 24 December 2025
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
H Shares	means	a nominal value of RMB1.00 per share, which are listed on the Hong Kong Stock Exchange

Section I Definitions (Continued)

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
Magang Limited	means	Maanshan Iron & Steel Limited Company (馬鞍山鋼鐵有限公司), 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.
4-with	means	the operation principle focusing on accounting operation: production with orders, revenue with profits, production volume with margins, and profits with cash
Three Pathways, Four Directions, and Five Strategies	means	innovate for strength, pioneer for scale, optimize for efficiency; pursue high-end, intelligent, green and high-efficiency development; focus on core business, integration and synergy, profit-oriented operation, risk prevention and market mechanisms
Three Reductions and Three Improvements	means	reducing legal entity and management layers, loss-making enterprises and ineffective assets, as well as debt and receivables & inventories; improving overall labor productivity and increase the proportion of bidding, direct procurement, exports and direct supply
Four Major Costs PLUS	means	ironmaking cost, logistics cost, energy cost, quality cost and steelmaking and follow-up process cost
Auditor, Deloitte Touche Tohmatsu	means	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Inventories and receivables	means	Utilization of funds on inventories and trade receivables
Reporting Period	means	From 1 January 2025 to 31 December 2025

Section 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

	Board Secretary, 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, Central, Hong Kong, the PRC
Telephone	86-555-2888158/2875251	(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

Section II Company Introduction and Major Financial Indicators (Continued)

4. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION

Name of newspaper and website designated for annual report disclosure	Shanghai Securities News; www.cnstock.com
Stock exchange website(s) designated for annual report disclosure	www.sse.com.cn; www.hkex.com.hk
Location for inspection of annual report of the Company	The secretariat office of the Board

5. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

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: Computershare Hong Kong Investor Services Limited, Room 1712- 1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan chai, Hong Kong.

6. OTHER RELATED INFORMATION

Accounting firm engaged by the Company (domestic)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, The Bund Center, 222 East Yan'an Road, Shanghai, P. R. China
	Names of the auditors who signed the report	Bu Jun, Yang Bei

Section II Company Introduction and Major Financial Indicators (Continued)

7. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(1) Major accounting data

Unit: RMB

Major accounting data	2025	2024	Increase/ decrease compared to previous year (%)	2023
Revenue	77,524,852,312	81,816,891,739	-5.25	98,937,969,364
Operating revenue excluding revenue irrelevant to core business and revenue without commercial substance	75,214,314,893	79,365,028,160	-5.23	96,403,138,119
Total profit	140,059,774	-4,829,857,723	N/A	-1,596,659,516
Net profit attributable to owners of the listed company	-208,806,314	-4,659,156,254	N/A	-1,327,161,500
Net profit attributable to owners of the listed company excluding non-recurring profit or loss	-228,717,239	-4,298,427,785	N/A	-1,719,478,874
Net cash flow generated from operating activities	4,151,508,868	960,874,794	332.06	1,991,799,262
	As at the end of 2025	As at the end of 2024	Increase/ decrease compared to the end of the previous year (%)	As at the end of 2023
Net assets attributable to shareholders of the listed company	24,026,672,263	23,257,460,660	3.31	27,768,582,604
Total assets	81,746,797,461	78,962,973,613	3.53	84,552,252,935
Total share capital	7,700,681,186	7,746,937,986	-0.60	7,746,937,986

Section II Company Introduction and Major Financial Indicators (Continued)

(2) Major financial indicators

Major financial data	2025	2024	Increase/ decrease compared to the previous year (%)	2023
Basic earnings per share (RMB/ share)	-0.027	-0.605	N/A	-0.172
Diluted earnings per share (RMB/ share)	-0.027	-0.605	N/A	-0.172
Basic earnings per share excluding non-recurring gains or losses (RMB/share)	-0.030	-0.558	N/A	-0.223
Return on net assets (weighted average) (%)	-0.88	-18.30	Increased by 17.42 percentage points	-4.67
Return on net assets excluding non-recurring gains or losses (weighted average) (%)	-0.97	-16.89	Increased by 15.92 percentage points	-6.05

8. MAJOR FINANCIAL DATA BY QUARTER IN 2025

Unit: million RMB

	1st Quarter (Jan-Mar)	2nd Quarter (Apr-Jun)	3rd Quarter (Jul-Sep)	4th Quarter (Oct-Dec)
Revenue	19,425	18,651	19,497	19,953
Net profit attributable to owners of the parent	-144	69	158	-292
Net profit excluding non- recurring gains or losses attributable to owners of the parent	-155	47	176	-297
Net cash flows from operating activities	265	676	3,383	-173

Section II Company Introduction and Major Financial Indicators (Continued)

9. NON-RECURRING ITEMS AND AMOUNTS

Unit: RMB

Non-recurring profit or loss items	2025	2024	2023
(Loss)/gain from disposal of non-current assets (including the part offset with the provision for impairment of assets)	-61,606,726	-299,810,015	94,007,628
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)	31,052,872	48,287,487	205,878,311
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	4,500,249	2,139,084
Profit and loss on exchange of non-monetary assets	–	–	334,259,810
Investment income from disposal of associates	-6,196,808	3,669,806	-250,447,259
Non-operating income or expenses other than the above items	5,019,590	-78,905,997	-3,024,628
Less: Income tax effect	2,510,996	21,225,678	-877,431
Non-controlling interests effect (after tax)	-54,151,935	17,244,321	-8,626,997
Total	19,910,925	-360,728,469	392,317,374

Section II Company Introduction and Major Financial Indicators (Continued)

10. STATEMENT OF OPERATING REVENUE DEDUCTIONS

Unit: million RMB

Item	This year	Detail of deduction	Last year	Detail of deduction
Amount of operating revenue	77,524.85	/	81,816.89	/
Total amount of operating revenue deduction items	2,310.54	/	2,451.86	/
Proportion of operating revenue deduction items to operating revenue (%)	2.98	/	3.00	/
I. Revenue irrelevant to core business				
1. Other revenue outside normal operations. Revenue generated from leasing fixed assets, intangible assets and packaging materials, selling materials, conducting non-monetary asset exchanges using materials, operating entrusted management business, etc., as well as revenue included in core business revenue but arising outside the normal operations of the listed company.	2,310.54	Revenue from sales of raw fuel and energy media: RMB2,181.59 million; revenue from provision of technical consulting, processing and manufacturing services and other revenue: RMB128.95 million.	2,451.86	Revenue from sales of raw fuel and energy media: RMB2,360.73 million; Revenue from provision of technical consulting, processing and manufacturing services and other revenue: RMB91.14 million.
Subtotal of revenue irrelevant to core business	2,310.54	/	2,451.86	/
Amount after operating revenue deductions	75,214.31	/	79,365.03	/

Section II Company Introduction and Major Financial Indicators (Continued)

11. ITEMS MEASURED AT FAIR VALUE

Unit: million RMB

Account name	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Change in the Reporting Period	Effects on the current period profit
Financing receivables	1,382.46	1,279.05	-103.41	-
Other equity instruments investments	414.05	529.51	115.46	0.30
Total	1,796.51	1,808.56	12.05	0.30

12. OTHERS

The Group's major accounting data and financial indicators for five recent years (Unit: million RMB)

Accounting data (indicators)	2025	2024	2023	2022	2021
Revenue	77,525	81,817	98,938	102,154	113,851
Profit before tax	140	-4,830	-1,597	-561	7,016
Net profit	-27	-4,984	-1,640	-820	5,994
Basic earnings per share (RMB/share)	-0.027	-0.605	-0.172	-0.115	0.692
Diluted earnings per share (RMB/share)	-0.027	-0.605	-0.172	-0.115	0.692

Section III Directors' Report (Management Discussion and Analysis)

1. INTRODUCTION OF THE COMPANY'S BUSINESS DURING THE REPORTING PERIOD

As one of the largest iron and steel producers and sellers in a single production base in China in terms of production capacity scale, 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 "special steel, wheels and axles, long products and plates". It has automobile plate, household appliance plate, new energy silicon steel, fluorocarbon color coated plate, heavy H-section steel, railway vehicle materials, H-section steel for offshore oil platform, low-temperature resistant steel bar, energy special 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.

Special steel series: Major products include continuous casting round billet, special steel bar and industrial wire rod. Continuous casting round billet is mainly used in wheel, axle, wind power, energy and other industries. Special steel bar is mainly used in axle for rail transit, bearing gear for machinery, gear for automobile, bearing, spring, etc. Industrial wire rod is mainly used for high carbon steel, cold heading steel, spring steel, bearing steel, excellent carbon steel, etc. for automobile machinery.

Wheels and axles series: Major products include train wheels, axles, wheelsets and ring forgings, which are widely used in railway transport, urban rail transit, port machinery, aerospace industry, and so forth.

Section steel series: Major products include section steel and wire rods. Section steel is mainly used in construction steel structures, machinery manufacturing, as well as petroleum drilling platforms, railway construction and other industries. Wire rods are mainly used in infrastructure and real estate construction.

Plates series: Major products include hot-rolled plate coils, cold-rolled plate coils, galvanized plates, color-coated plates and electrical steel. Hot-rolled plate coils are widely used in construction, automobile, bridge, machinery and other industries as well as petroleum transportation. Cold-rolled plate coils are used in high-grade light industry, household appliances and the production of medium and high-grade automobile parts. Galvanized plates are positioned for use as automobile plates, household appliances plates, high-grade construction plates, and in packaging, container and other industries. Color-coated plates can be used in building interior and exterior decoration, household appliances, steel windows and other fields. Electrical steel is mainly used in household appliances, new energy vehicles and other fields.

The Company adopts different business models for different products. Special steel series products and wheels and axles series products are mainly operated in the form of direct supply terminal sales; section steel series products are mainly operated in the form of direct project supply and export sales, supplemented by spot sales from dealers' warehouses; plate products are mainly operated in the form of direct supply terminal sales and distribution services from branches, subsidiaries and processing centers, supplemented by sales through professional dealers.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

During the Reporting Period, the Company's major businesses, main products and their usages, and operation modes did not undergo material changes. No significant non-core business was added by the Company during the Reporting Period.

2. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

The year 2025 witnessed a complex and volatile economic environment both domestically and internationally. Despite operating under pressure, the national economy maintained progress while pursuing improvement and higher quality, achieving new successes in high-quality development, with a year-on-year GDP growth of 5.0%. As a foundational industry for the national economy, the steel sector deeply advanced the principles of "controlling total volume, optimizing supply, strengthening foundations, and promoting transformation". The industry operated smoothly throughout the year, with continuous structural optimization and new progress in high-quality development.

From a developmental stage perspective, China's steel industry has entered a phase of high-quality development, shifting its focus from scale expansion to quality and efficiency enhancement, and deepening structural adjustments. According to data from the National Bureau of Statistics, national crude steel output in 2025 reached 961 million tonnes, a year-on-year decrease of 4.4%; pig iron output was 836 million tonnes, down 3.0% year-on-year; and steel output totalled 1.446 billion tonnes, a year-on-year increase of 3.1%. Net exports of crude steel for the year amounted to 131 million tonnes, up 17.0% year-on-year; apparent crude steel consumption was approximately 829 million tonnes, a year-on-year decrease of 7.1%. Since the start of the 14th Five-Year Plan period, the steel industry has entered a phase of volume reduction and adjustment. In 2025, crude steel output was 9.8% lower than the peak recorded in 2020. Apparent crude steel consumption, after peaking in 2020, declined for five consecutive years, falling by 20.9% in 2025 compared to its peak level.

In terms of cyclical fluctuations, the steel industry is closely linked to the macroeconomic cycle and changes in demand from downstream sectors. It is significantly influenced by the performance of major steel-consuming industries such as real estate, infrastructure, automotive, and machinery. The product mix of steel varieties continues to optimize in response to demand changes. In 2025, the output of medium and heavy wide steel strips increased by 31.2% compared to 2020; rebar output decreased by 30.1% from 2020; the output of wire rod, hot-rolled wide strips, and coated sheets each exceeded 100 million tonnes. The proportion of steel used in manufacturing surpassed that used in construction, with the plate-to-strip ratio steadily improving.

Regarding price trends, the average value of the China Steel Price Index (CSPI) in 2025 was 93.19 points, a year-on-year decrease of 9.1%, marking a low point in recent years. The price fluctuation range between the peak and trough within the year was 8.3%, indicating a relatively stable overall trend. During the same period, the average value of the CRU international steel price index was 189.5 points, down 4.1% year-on-year, a smaller decline than that seen in the domestic market. Throughout the 14th Five-Year Plan period, steel prices generally exhibited a fluctuating downward trend. The CSPI index fell from its historical peak of 174.81 points in May 2021 to a cyclical low of 89.51 points in June 2025, representing a decline of 48.8%.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Overall, the steel industry faced a severe external market environment in 2025. However, benefiting from factors such as the downward shift in the cost center of raw materials and fuels, the overall profitability of steel enterprises was better than in 2024, despite sustained operational pressures. According to statistics from the China Iron and Steel Association (CISA), the total operating revenue of key surveyed enterprises decreased by 3.1% year-on-year; operating costs decreased by 4.5% year-on-year; total profit increased by 1.4 times year-on-year; and the average profit margin increased by 1.13 percentage points year-on-year.

The period from 2025 to 2026 is a critical window period for the iron and steel industry with intensive policy implementation, as well as an important transitional stage connecting the conclusion of the "14th Five-Year Plan" and the formulation of the "15th Five-Year Plan". With the official issuance and implementation of a series of policies including the Work Plan for Steady Growth in the Iron and Steel Industry (2025–2026), Implementation Measures for Capacity Replacement in the Iron and Steel Industry (Draft for Comments), Specification Criteria for the Iron and Steel Industry (2025 Version) and the export license system for some iron and steel products, the industry is accelerating into a phase of structural reshaping with supply-side structural reform as the main line and green and low-carbon development & intelligent manufacturing as the direction. The supply-demand pattern, competition pattern and development momentum are facing systematic reconstruction.

The policy orientation presents three specific characteristics: 1. Target coordination: Taking "steady growth" as the bottom line, it strengthens the constraints of comprehensive standards such as environmental protection, energy consumption, quality and safety, and guides the concentration of resources to advantageous enterprises; 2. Mechanism linkage: According to the Specification Criteria for the Iron and Steel Industry (2025 Version), hierarchical management is implemented for enterprises. The standardization level of enterprises determines their policy space in terms of capacity replacement, differential electricity pricing and green finance; 3. Dual drive from domestic and international sides: Driven by both the domestic "Dual Carbon Goals (Carbon Peaking and Carbon Neutrality)" and the new international green trade regulations, the competition dimension has shifted from "competing on price and scale" to "competing on quality and low carbon", promoting enterprises to accelerate the transformation from scale-expansion-oriented to quality-and-benefit-oriented.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

3. DISCUSSION AND ANALYSIS OF OPERATION

In 2025, facing a severe market situation, the Company adhered to the development direction of the “Four Modernizations” and the operating principle of the “Four Havings”. It solidly promoted internal reforms and collaborative efficiency enhancement, deepened multi-dimensional accounting management and benchmarking to identify gaps, and continuously optimized the product mix to improve product management capabilities and production line operational efficiency. Throughout the year, production and operations remained generally stable, with operating performance significantly improved compared to the previous year. Total loss decreased by RMB4.970 billion year-on-year, net loss decreased by RMB4.956 billion year-on-year, and net loss attributable to shareholders of the listed company decreased by RMB4.450 billion year-on-year. However, affected by market fluctuations in the fourth quarter and the decline in performance of certain invested companies, except for profit before tax, net profit and net profit attributable to shareholders of the listed company still did not achieve a turnaround from loss to profit. The main measures and their effectiveness are as follows:

- (I) **Deepening Internal Reforms to Fully Unleash Endogenous Momentum.** To optimize resource allocation, the Company transferred the assets (excluding the decommissioned No.3 blast furnace), liabilities, personnel, and business of its core steel operations at the headquarters, along with its equity interests in 15 wholly-owned and holding subsidiaries and 3 invested companies, into Magang Limited through a capital increase, ensuring uninterrupted production and orderly operations. To attract investors, enhance the core competitiveness and comprehensive strength of Magang Limited, and accelerate the adjustment and implementation of the Company's new round of planning, the Company transferred a 35.42% equity interest in Baosteel. Concurrently, Baosteel made a cash capital contribution to Magang Limited, for which the Company waived its pre-emptive rights. Upon completion of the transaction, the Company's equity interest in Magang Limited decreased from 100% to 51%, while Baosteel holds a 49% equity interest. Simultaneously, based on the current asset situation and development needs, the Company optimized its organizational structure, streamlining its functional departments from 15 to 9. This resulted in smoother processes, clearer interfaces, and further enhanced efficiency.
 1. Magang Limited adhered to the operating policy of “breaking through inertial thinking, shaking off habitual constraints, achieving benchmarked synergy, and striving for ultimate meticulousness”. It systematically promoted organizational changes at the grassroots level, implemented simulated operations, established production-marketing-research operation centers, reshaped the scrap supply system, effectively unblocked management bottlenecks, and stimulated organizational vitality. For the full year, it achieved operating revenue of RMB64.518 billion and profit before tax of RMB74 million, a profit increase of RMB3.954 billion year-on-year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

2. Changjiang Steel focused on the operating policy of “low cost, differentiation, high efficiency, and fast response”. It promoted tier optimization and organizational structure changes, establishing a three-tier flat management model of “plant-operation zone-work team”, reducing 287 workshops, sections, and work teams to 85 operation zones and work teams. It explored and promoted a pilot simulated market-based compensation reform, linking managers' annual base salary to the average payable salary of on-duty employees, and their annual performance salary to performance indicators. An excess profit incentive sharing bonus pool was established, enabling managers' incomes to “both increase and decrease” and be closely tied to employee income. For the full year, it achieved operating revenue of RMB13.199 billion and profit before tax of RMB236 million, a profit increase of RMB1.216 billion year-on-year.

- (II) **Optimizing Product Mix, Significantly Enhancing Competitive Advantages.** Magang Limited deeply advanced product management. Both volume and profitability of steel plates increased, with automotive sheet sales reaching 2.34 million tonnes, a growth of 6.3%. The special steel product structure continued to optimize, brand value steadily increased, with production and sales volume growing by 16%, and the proportion of high value-added, high-tech content products exceeding 30%. Section steel exports reached a record high of 930,000 tonnes, a year-on-year increase of 33%. Key breakthroughs were achieved in wheel products, with domestic high-speed train wheel deliveries exceeding 2,200 pieces for the year. Technological innovation was strengthened, focusing on supporting market value creation and on-site capability improvement. New product sales volume grew by 16%, with excess profit of RMB353 per tonne of steel. Four new products, including “1.2m ultra large diameter continuous casting round billets for high quality die-casting mold frame”, were launched in China for the first time. Key project construction progressed according to plan: the cold rolling No.6 galvanizing line project and the section steel No.3 continuous caster project commenced hot commissioning, while the new flat-rolled No.4 continuous caster project progressed steadily. Changjiang Steel adhered to the principles of localization, end-user focus, branding, and leanness. It established a customer service center, developed an e-commerce platform, broke away from the agency system, and strengthened direct supply to key projects. Localized sales accounted for 85.66%, and the proportion of direct delivery to construction sites increased from 51.13% to 68.53%, achieving the best level in history. High-strength steel sales reached 321,000 tonnes, accounting for 7.2%. The new bar rolling line project was completed efficiently in 180 days, achieving project initiation, construction, and reaching designed capacity and efficiency within the same year, with the direct rolling rate increasing by 25 percentage points year-on-year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

- (III) **Intensifying Cost Control, Achieving Significant Results in Cost Reduction and Efficiency Enhancement.** Magang Limited focused on controlling the “four major cost”, deeply explored cost reduction potential. The cost per tonne of steel decreased by RMB115 year-on-year. Adhering to a blast furnace-centric approach, a Blast Furnace Operation Technology Committee was established and operated efficiently. Integration in the ironmaking area and coordination between production and supply were effectively implemented, improving the industry ranking of hot metal cost by 11 places. Management of 706 cost elements and 525 quality elements was deepened down to the operation zone level, achieving quality cost reduction of RMB145 million. An energy management working group was established to coordinate energy improvement and enhance energy-saving technologies, achieving energy cost reduction of RMB440 million. A “1+4+4” whole-process logistics management and control mechanism was established to synergistically promote logistics cost reduction across procurement, marketing, and manufacturing, lowering logistics cost per tonne of steel by 5.7% year-on-year. Changjiang Steel coordinated synergy across the entire procurement, production, marketing, and technology chain. The overall rolling operation rate increased by 11% year-on-year, the direct rolling rate reached 88%, hot metal cost decreased by RMB71.13 per tonne compared to the previous year, logistics cost decreased by RMB6 per tonne, quality cost was controlled at RMB9.1 per tonne, and energy cost decreased by RMB20 per tonne year-on-year.
- (IV) **Implementing “Three Reductions and Three Improvements”, Enhancing Operational Quality and Efficiency.** Efforts were made to reduce the number of legal entity tiers and loss-making enterprises. During the year, two indirect holding subsidiaries and loss-making enterprises were reduced, simultaneously improving management efficiency and asset quality. Strengthened fund control led to a reduction in liabilities of RMB6.1 billion for the year, of which Magang Limited contributing nearly RMB4.3 billion. The debt to asset ratio at year-end decreased by 9.73 percentage points year-on-year, and the turnover days of “two funds” accelerated by 5.6 days year-on-year, significantly enhancing fund utilization efficiency. Reforms at both the procurement and sales ends were deepened. Full-year steel exports reached 1.372 million tonnes, with a direct supply ratio of 74.7%. The proportion of procurement via tendering exceeded 80%, and the proportion of direct procurement exceeded 85%. Human resources were managed with a focus on “efficiency improvement + structural optimization + industry benchmarking”. The full-year labor productivity per employee reached RMB533,900 per person-year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

- (V) **Strengthening Risk Control, Building a Solid Foundation for Sustainable Development.** Focusing on the three key areas of operations, safety, and environmental protection, risk defense line were consolidated to promote performance improvement. Regarding operational risk, mechanisms for preventing and controlling strategic, market, credit, and liquidity risks were improved, the compliance management system was optimized, and litigation management was strengthened, leading to significant improvement in operating performance. Regarding safety risks, the principle of “three management and three must” was strictly implemented. The three-year action to address root causes of safety issues was advanced. A supervision system ensuring “full responsibility coverage and no blind spots in supervision” was established, and mechanisms of “three no violations” and “safety whistle blowing” were implemented. The number of workplace safety accidents throughout the year decreased by 75% year-on-year. Regarding environmental risks, a long-term mechanism was improved, following an ecological priority, green and low-carbon development path. Projects such as the flue gas purification and upgrade for the 1580 heating furnace and the organic sulfur removal from coke oven gas in the southern zone were completed and put into operation.

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

1. **Synergy and geographical advantages.** Relying on the China Baowu ecosystem, the Company has deepened strategic synergy with Baowu Group. After Magang Limited introduced strategic investor Baosteel in 2025, multi-dimensional synergy has been carried out in product lines, technology research and development, procurement, marketing and management systems, effectively improving resource allocation efficiency and core competitiveness. Geographically, the Company is located in Maanshan, Anhui Province, at the overlapping area of Nanjing and Hefei metropolitan areas, serving as a bridgehead for the integrated development of the Yangtze River Delta. With a comprehensive transportation network along the river and near the sea, logistics and transportation are efficient and convenient, effectively reducing operating costs. Meanwhile, close to the East China steel consumption market, the Company continuously improves the local sales ratio and direct supply ratio, responds quickly to customer needs and optimizes supply chain management.
2. **Process and equipment advantages.** The Company has complete iron and steel production equipment and supporting facilities covering coking, sintering, pelletizing, blast furnace, converter, electric furnace, hot rolling, cold rolling, continuous annealing and galvanizing, with a high overall equipment level and the capacity to produce and supply high-end and low-carbon products. The steelmaking process is equipped with converters and electric furnaces, featuring a reasonable production line structure and strong flexible production capacity, providing solid support for product upgrading and efficiency improvement.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

3. **Technology leadership advantages.** Adhering to innovation-driven development, the Company's annual R&D investment exceeded 4%. In 2025, it achieved 11 major technological innovation achievements, including 7 metallurgical science and technology awards represented by "Development and Application of Flexible Intelligent Manufacturing Technology and Equipment for Heat Treatment of High-speed Railway Wheels" and 4 Anhui Provincial Science and Technology Awards represented by "Development and Application of Key Technologies for High-strength and Toughness Ultra-thick Large Hot-rolled H-beams". It also participated in 4 sub-projects of national major science and technology projects. During the year, the Company filed 407 patents, with invention patents accounting for 93.4%. As at the end of the Reporting Period, the total number of valid patents reached 2,860, including 1,933 invention patents.
4. **Product structure advantages.** The Company has formed a unique diversified product structure of "special steel, wheels and axles, long products, plates and strips", with remarkable results from the integration of research, production and marketing. The annual sales volume of new products reached 1.93 million tonnes, and the proportion of high-profit new products rose to 54.5%. Major product breakthroughs: stable supply of 2000MPa-grade Al-Si coated hot-forming steel with high strength, toughness and hydrogen embrittlement resistance; launch of China's first deep-drawn large cylindrical battery case steel; 0.20mm thin-gauge silicon steel products entering the low-altitude economy sector for the first time; development and export of high-grade acid-resistant pipeline steel; mass delivery of domestically first-launched ultra-thick high-strength H-beams; L-shaped steel for ships certified by three classification societies; localized application of high-speed railway axle steel on trains and high-end gear steel certified by international manufacturers; CR450 high-speed railway wheels completing 160,000-kilometer on-board assessment with sound operation and realizing mass commercial application.
5. **Cost and quality control advantages.** Relying on Baowu Group's procurement platform, the Company carries out procurement synergy under the premise of law and compliance, with certain cost advantages. The Company has carried out all-round efforts in process technology and quality improvement across the entire production flow. In ironmaking, optimized coal blending, ore blending and burden structure have been implemented to achieve stable production and cost reduction. In steelmaking, technologies such as low-cost smelting of low-phosphorus steel in electric furnaces and flaw detection control for medium and high sulfur wheel steel have been promoted to control slab quality. In rolling, enhanced control over cleanliness of cold-rolled high-strength steel, alloy cost reduction and hot-rolled H-beam qualification rate improvement technologies have been adopted to support quality improvement and cost reduction. In energy and environmental protection, the Company has deepened technologies including steel slag hot-stewing carbon sequestration and wastewater reduction, promoted research on valuable component recovery of solid waste, oil sludge treatment and high-value utilization of steel slag, and promoted solid waste recycling, energy conservation and consumption reduction.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

- Customer service advantages.** Focusing on end-use application scenarios, the Company has improved the EVI service mechanism, continuously expanded product portfolios around key industries such as automotive, battery and home appliances, and built a full-process value chain from material development to application introduction. The Company has successfully entered the field of steel battery packs for new energy vehicles; achieved domestic substitution of ultra-thin cold-rolled pre-nickel-plated products; realized mass application of industrial pure iron in special alloys and expanded into new fields such as powder metallurgy and casting alloys. Customer cooperation and technical services have been deepened. Joint laboratories and workshops have been established with several leading customers, and industry-university-research-application synergy has been upgraded to a platform-based and systematic model.

5. MAIN OPERATING CONDITIONS DURING THE REPORTING PERIOD

During the Reporting Period, the Group produced 19.01 million tonnes of pig iron, representing a year-on-year increase of 5.14%, 18.69 million tonnes of crude steel, representing a year-on-year decrease of 5.75%, and 20.44 million tonnes of finished billets and products, representing a year-on-year increase of 11.33%. During the Reporting Period, as calculated in accordance with the PRC Accounting Standards for Business Enterprises, the Group's operating revenue amounted to RMB77,525 million, representing a year-on-year decrease of 5.25%; the net profit attributable to owners of the listed company amounted to RMB-209 million, representing a year-on-year decrease in loss of 95.42%. As at the end of the Reporting Period, the Group's total assets amounted to RMB81,747 million, representing a year-on-year increase of 3.53%; and the net assets attributable to owners of the listed company amounted to RMB24,027 million, representing a year-on-year increase of 3.31%.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

a) Analysis of principal operation

i. Analysis of the change in accounts of the income statement and statement of cash flows

Unit : RMB

Accounts	Amount of the current year	Amount of the same period of last year	Change (%)
Revenue	77,524,852,312	81,816,891,739	-5.25
Cost of sales	73,409,207,886	82,591,668,039	-11.12
Selling expenses	306,032,172	303,636,480	0.79
General and administrative expenses	961,804,624	872,041,999	10.29
Financial expenses	408,089,047	551,859,577	-26.05
R&D expenses	1,061,841,912	1,103,101,885	-3.74
Net cash flows from operating activities	4,151,508,868	960,874,794	332.06
Net cash flows from investing activities	-1,489,366,633	-2,793,151,796	N/A
Net cash flows from financing activities	2,868,190,347	1,088,044,705	163.61
Credit impairment losses	-14,217,334	32,313,981	-144.00
Loss from disposal of assets	-47,645,937	-270,368,636	N/A
Gain on investments	-61,782,648	8,405,954	-834.99
Operating profit	149,000,974	-4,721,510,347	N/A
Non-operating income	18,676,731	2,009,514	829.42
Non-operating expenses	27,617,931	110,356,890	-74.97
Total profit	140,059,774	-4,829,857,723	N/A
Net profit	-27,202,174	-4,983,609,089	N/A
Profit/losses attributable to non-controlling interests	181,604,140	-324,452,835	N/A
Net profit attributable to owners of the parent company	-208,806,314	-4,659,156,254	N/A

Items with changes exceeding 30% compared with the same period of last year and the reasons for such changes are as follows:

Revenue decreased by 5.25%, mainly due to the continued weak demand in downstream industries, resulting in a year-on-year decrease in the average price of steel during the year.

Cost of sales decreased by 11.12%, mainly due to the Company's continuous promotion of cost reduction and efficiency improvement throughout the entire process, as well as the year-on-year decrease in prices of raw materials such as ore and coking coal during the year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

The net cash inflow from operating activities increased by 332.06%, mainly due to the improvement of the purchase and sales gap during the year, resulting in a year-on-year decrease in cash paid for purchasing goods being higher than the year-on-year decrease in cash received for selling goods.

The net cash outflow from investment activities decreased by 46.68%, mainly due to the subsidiary's purchase of fixed deposit products in the previous year, which resulted in cash expenditures from investment activities, while the amount of fixed deposit products this year was basically balanced.

The net cash inflow from financing activities increased by 163.61%, mainly due to Baosteel's total investment of RMB9 billion this year, which acquired 49% equity of Magang Limited through equity acquisition and cash capital increase. After obtaining the funds, the Company significantly optimized its debt structure through debt repayment and other means.

The credit impairment loss decreased by 144%, mainly due to the year-on-year increase in bad debt provisions calculated based on the expected credit loss model.

loss from disposal of assets decreased by 82.38%, mainly due to a year-on-year decrease in losses incurred from the disposal of fixed assets this year.

Gain on investments decreased by 834.99%, mainly due to the year-on-year decline in profits of associates and joint ventures, especially chemical enterprises during the year.

Non-operating income increased by 829.42%, mainly due to the write-off of certain unpaid amounts during the year.

Non-operating expenses decreased by 74.97%, mainly due to a decrease in the Company's fixed asset scrapping losses compared to the previous year.

Explanation of the reasons for the changes in profit/losses attributable to non-controlling interests: it was due to Baosteel's investment in the subsidiary of the Group, Magang Limited.

The operating profit increased by RMB4.871 billion, the total profit increased by RMB4.970 billion, the net profit increased by RMB4.956 billion, and the net profit attributable to the owners of the parent company increased by RMB4.450 billion. This was mainly due to the improvement of the purchase and sales gap during the year compared to the same period last year. At the same time, the Company continued to improve its operating performance through measures such as accounting operations, total factor cost reduction, and whole process quality improvement.

There were no material changes in the Company's business types, profit composition or sources of profit during the period.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

ii. Analysis of Revenue and Cost of Sales

During the Reporting Period, the Group's revenue from principal operation was RMB77,525 million, of which the iron & steel revenue was RMB73,623 million, accounting for 95% of the principal operation revenue with no significant change in the proportion.

1. Analysis of Principal Operation by Industry, Products, Regions and Sales Pattern

Unit: million RMB

Principal operation by industry						
By industry	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Iron and Steel	73,623	70,421	4.35	-4.20	-9.22	Increased by 5.29 percentage points

Principal operation by product						
By product	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Steel plates	36,184	34,902	3.54	-9.01	-11.57	Increased by 2.79 percentage points
Long products	29,449	28,770	2.31	-4.06	-10.52	Increased by 7.06 percentage points
Wheel and axles	2,772	2,233	19.44	-1.88	-4.94	Increased by 2.59 percentage points

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Principal operation by region						
By region	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Eastern China	49,505	47,278	4.50	-10.96	-16.37	Increased by 6.18 percentage points
Other regions in China	22,822	21,420	6.14	10.32	1.38	Increased by 8.27 percentage points
Hong Kong and overseas	5,198	4,711	9.37	-6.04	-4.52	Decreased by 1.44 percentage points

Principal operation by sales pattern						
By sales pattern	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/ (decrease) of gross margin compared with last year (%)
Direct sales	30,350	29,305	3.44	-15.97	-18.44	Increased by 2.92 percentage points
Distributors	38,051	36,554	3.93	2.37	-3.90	Increased by 6.27 percentage points

2. Analysis of Production and Sales Volumes

Key products	Unit	Production volume	Sales volume	Inventory volume	Year-on-year increase/ (decrease) of production volume (%)	Year-on-year increase/ (decrease) of sales volume (%)	Year-on-year increase/ (decrease) of inventory volume (%)
Long products	ten thousand tonnes	942.5	943.1	8.3	14.35	14.48	-10.75
Steel plates	ten thousand tonnes	978.7	985.8	3.3	-0.77	0.47	-68.27
Wheel and axles	ten thousand tonnes	24.7	25.0	1.2	-4.26	0.00	-20.00
Merchant billet	ten thousand tonnes	98.4	98.4	-	12.33	12.33	-

Section III Directors' Report (Management Discussion and Analysis) (Continued)

During the Reporting Period, the Company maintained a balance between production and sales, with a steel product production-sales ratio of 100.39%. Inventory of plates decreased by 71,000 tonnes year-on-year, mainly due to the Company's strengthened marketing synergy with Baosteel and proactive expansion of sales channels to reduce inventory.

3. During the Reporting Period, the Company had no material procurement contracts or material sales contracts.
4. Analysis of Costs

Unit: million RMB

Cost components	Amount in 2025	Percentage of total costs in 2025 (%)	Amount in 2024	Percentage of total costs in 2024 (%)	Change in amount in 2024 against amount in 2024 (%)
Raw materials and fuels	58,869	80.19	66,644	80.69	-11.67
Salary	2,700	3.68	2,762	3.34	-2.24
Depreciation and amortization	3,799	5.18	4,022	4.87	-5.54
Fuels and power	4,880	6.65	5,567	6.74	-12.34
Others	3,161	4.31	3,597	4.36	-12.12

5. Changes in the Scope of Consolidation Due to Changes in Equity of Major Subsidiaries during the Reporting Period

Changjiang Iron and Steel completed the absorption merger of its wholly-owned subsidiaries, namely Anhui Changjiang Iron and Steel Trading (Hefei) Co., Ltd. and Anhui Changjiang Iron and Steel Trading (Nanjing) Co., Ltd., and such subsidiaries are no longer included in the scope of consolidation. Except for the above, there were no changes to the scope of consolidation of the Company's financial statements.

6. There was no significant change or adjustment in the Company's business, products or services during the Reporting Period.
7. Analysis of Major Customers and Major Suppliers

Customers or suppliers under the control of the same controller are presented on a consolidated basis as the same customer or supplier, except for those under the actual control of the same state-owned asset management authority.

Explanation on the presentation of the following customer and supplier information calculated and presented on a consolidated basis under the same control:

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Sales and purchase amounts in respect of the top 5 customers and top 5 suppliers are all calculated and presented on a consolidated basis under the same control. There are new additions among the Group's top 5 customers and top 5 suppliers, as detailed in Table B below.

A. Information about the Company's Major Customers and Suppliers

Sales to the top five customers amounted to RMB19,682 million, accounting for 24.64% of the total annual sales. Among them, sales to related parties included in the top five customers amounted to RMB13,683 million, accounting for 17.65% of the total annual sales.

Purchases from the top five suppliers amounted to RMB30,705 million, accounting for 36.76% of the total annual purchases. Among them, purchases from related parties included in the top five suppliers amounted to RMB17,731 million, accounting for 21.23% of the total annual purchases.

B. New Customers Included in the Top 5 Customers during the Reporting Period

Unit: RMB100 million

No.	Customer Name	Sales Amount	Proportion of Total Annual Sales (%)
1	China Baowu Steel Group Corporation Limited and its subsidiaries	136.83	17.65
2	China Railway Engineering Group Co., Ltd.	15.77	2.03

New Suppliers Included in the Top 5 Suppliers during the Reporting Period

Unit: RMB100 million

No.	Supplier Name	Purchase Amount	Proportion of Total Annual Purchases (%)
1	China Baowu Steel Group Corporation Limited and its subsidiaries	177.31	21.23
2	China Resources Circular Economy Group and its subsidiaries	39.39	4.72

Section III Directors' Report (Management Discussion and Analysis) (Continued)

iii. Expenses

Financial expenses decreased by 26.05%, mainly due to the reduction in interest-bearing liabilities and financing costs during the period. There were no significant changes in administrative expenses, selling expenses and R&D expenses.

iv. Research and Development (R&D) Expenses

1. R&D expenses details

Unit: 100 million RMB

Spent R&D expenses in 2025	36.08
Capitalized R&D expenses in 2025	–
Total R&D expenses	36.08
Total R&D expenses as a portion of revenue (%)	4.65
Percentage of capitalized R&D expenses (%)	–

2. R&D personnel details

Number of R&D personnel of the Company	2,314
Proportion of R&D personnel in the total number of the Company (%)	11.84

Education structure of R&D personnel

Category	Number
Doctor	28
Master	492
Undergraduate	1,193
College	443
High school and below	158

Age structure of R&D personnel

Category	Number
Below 30 (exclusive) years old	141
30 (inclusive) to 40 (exclusive)	852
40 (inclusive) to 50 (exclusive)	653
50 (inclusive) to 60 (exclusive)	666
Above 60 (inclusive) years old	2

3. There were no major changes in the composition of R&D personnel.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

v. *Cash flow*

During the reporting period, the net increase in cash and cash equivalents of the Group was RMB5,527 million, compared with a net decrease of RMB741 million in the previous year. Among which, the net cash inflow from operating activities amounted to RMB4,152 million, compared with a net inflow of RMB961 million in the previous year, representing an increase of RMB3,191 million year on year, mainly due to the improvement in purchase and sales margin during the period, which resulted in the year-on-year decrease in cash paid for the purchase of goods being higher than the year-on-year decrease in cash received from the sale of goods; the net cash outflow from investing activities amounted to RMB1,489 million, compared with a net cash outflow of RMB2,793 million in the previous year, representing a decrease of RMB1,304 million year on year, mainly due to the cash outflow from investing activities caused by the purchase of time deposit products by a subsidiary in the previous year, while the stock of time deposit products was basically balanced in the current year; the net cash inflow from financing activities amounted to RMB2,868 million, compared with a net inflow of RMB1,088 million in the previous year, mainly due to the fact that Baosteel invested a total of RMB9,000 million in the current year to acquire 49% of the equity of Magang Limited through equity transfer and cash capital increase, and the Company significantly optimized its liability structure by means of debt repayment and other methods after obtaining the funds.

vi. *Financial position and exchange risk*

As of December 31, 2025, the total loans of the Group amounted to RMB16.136 billion, including short-term loans of RMB10.760 billion, long-term loans of RMB3.049 billion and long-term loans due within one year of RMB2.327 billion. All loans were denominated in RMB. Among the RMB-denominated loans of the Group, RMB13.053 billion carried fixed interest rates and RMB3.083 billion carried floating interest rates. At the end of the Reporting Period, the debt to asset ratio of the Group was 55.67%, representing a decrease of 9.73 percentage points as compared with the end of 2024, mainly due to the participation of Baosteel in the investment of Magang Limited, a subsidiary of the Group during the year.

At present, the funds required by the Group for construction are mainly derived from its own funds. At the end of the Reporting Period, the major banking facilities committed to the Company amounted to approximately RMB67.9 billion, of which the unused banking facilities amounted to approximately RMB40.9 billion.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

The Group's imported raw materials and export products are mainly settled in US dollars, and the whole year is facing a market environment with intensified two-way exchange rate fluctuations. The Group adheres to the operating principles of "cost locking, tool locking, exposure locking and cash flow locking" to continuously deepen the lean management of cross-border funds. In the first half of 2025, the RMB exchange rate fluctuated weakly, and the Group strictly controlled derivative transactions, stopped new transactions of complex structured products, and focused on preventing unilateral expected risks; in the second half of the year, as the RMB appreciation trend became clear, the Group closely monitored the dynamics of foreign exchange risk exposures, timely captured favorable market windows, and improved the natural hedging ratio by optimizing the foreign exchange settlement and purchase rhythm of imports and exports. Meanwhile, the currency structure of foreign currency assets and liabilities was gradually optimized amid exchange rate fluctuations; it adhered to the combination of exchange rate control and interest rate control, and took into account exchange gains and losses and capital costs as a whole to ensure that foreign exchange risk exposures were always within a controllable range.

b) The Company had no material change in profit due to non-principal business.

c) Analysis of assets and liabilities

i. *Assets and Liabilities*

Unit: RMB

Item	Closing balance of 2025	Percentage of closing balance of 2025 in total assets (%)	Closing balance of 2024	Percentage of closing balance of 2024 in total assets (%)	Year-on-year change (%)
Cash and cash equivalents	11,769,801,934	14.40	6,434,105,447	8.15	82.93
Notes receivable	572,691,130	0.70	822,780,872	1.04	-30.40
Accounts receivable	2,816,512,581	3.45	1,753,824,456	2.22	60.59
Other receivables	376,522,535	0.46	544,731,735	0.69	-30.88
Inventories	7,410,383,368	9.07	7,908,952,095	10.02	-6.30
Long-term equity investments	6,171,725,674	7.55	6,898,903,955	8.74	-10.54
Investment properties	51,174,126	0.06	53,185,391	0.07	-3.78
Fixed assets	45,747,321,970	55.96	48,866,413,844	61.89	-6.38
Construction in progress	1,976,324,641	2.42	795,364,312	1.01	148.48
Right-of-use assets	297,919,634	0.36	323,359,282	0.41	-7.87
Short-term borrowings	10,759,496,729	13.16	11,344,435,564	14.37	-5.16
Contract liabilities	4,247,904,586	5.20	4,123,176,032	5.22	3.03

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Item	Closing balance of 2025	Percentage of closing balance of 2025 in total assets (%)	Closing balance of 2024	Percentage of closing balance of 2024 in total assets (%)	Year-on-year change (%)
Non-current liabilities due					
within one year	2,372,076,286	2.90	4,499,159,554	5.70	-47.28
Long-term borrowings	3,049,493,813	3.73	5,483,408,184	6.94	-44.39
Lease liabilities	336,261,229	0.41	339,072,242	0.43	-0.83
Other comprehensive income	-6,674,030	-0.01	-2,023,545	-0.003	不適用
Special reserves	65,676,892	0.08	97,574,394	0.12	-32.69
Non-controlling interests	12,211,560,978	14.94	4,063,591,541	5.15	200.51

Items with changes exceeding 30% compared with the end of the previous year and the reasons for such changes are as follows:

Cash and cash equivalents increased by 82.93%, mainly due to the receipt of consideration in relation to the equity transfer and capital increase of Magang Limited, a subsidiary, from Baosteel during the year. During the Reporting Period, Baosteel obtained a 49% equity interest in Magang Limited through equity transfer and cash capital increase with a total consideration of RMB9,000 million (among which: RMB5,139 million for the acquisition of 35.42% equity interest in Magang Limited held by Magang Group, and RMB3,861 million for cash capital injection into Magang Limited). All funds have been received by the Company.

Notes receivable decreased by 30.40%, mainly due to the further improvement of bill turnover efficiency and reduction of bill holding scale during the year.

Accounts receivable increased by 60.59%, mainly due to the collection of part of sales proceeds of steel billets in January 2026 after the end of the reporting period.

Other receivables decreased by 30.88%, mainly due to the recovery of part of land reserve funds and part of futures margin during the year.

Construction in progress increased by 148.48%, mainly due to the increased investment in projects such as the new No.6 galvanizing line project and the Phase III gas power generation project in the North District of Magang.

Non-current liabilities due within one year decreased by 47.28%, mainly due to the repayment of matured long-term borrowings.

Long-term borrowings decreased by 44.39%, mainly due to the continuous reduction of interest-bearing liabilities and borrowing scale during the year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Other comprehensive income increased by RMB1 million, mainly due to the decrease in foreign currency translation differences caused by exchange rate changes.

Special reserves decreased by 32.69%, mainly due to the increased investment in safe production and the use of part of the safety production fees appropriated in previous years.

Non-controlling interests increased by 200.51%, mainly due to the participation of Baosteel in Magang Limited, a subsidiary of the Group, during the year.

ii. Overseas assets

The Company's overseas assets amounted to approximately RMB0.838 billion, accounting for 1.03% of the total assets.

iii. Major restricted assets as of the end of the Reporting Period

At the end of the Reporting Period, the restricted assets of the Company totaling approximately RMB1,772 million consisted of the security deposit for bank acceptance bills and performance guarantee deposits of RMB1,321 million, the bank acceptance bill of RMB208 million pledged to banks for borrowings and the trade receivables of RMB243 million factored to banks for borrowing.

d) Operational Information Analysis of the Industry

During the Reporting Period, the production capacity and utilization rates were as follows:

Product type	Production capacity (ten thousand tonnes)	Capacity Utilization Rate (%)
Pig iron	1,775	107.07
Crude steel	2,114	88.42
Steel products	1,962	99.17

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Analysis of operational information of the steel industry

i. Manufacturing and Sales of Steel Products Based on Processing Techniques

Unit: million RMB

Types	Production volume (tonnes)		Sales volume (tonnes)		Revenue		Cost of sales		Gross margin(%)	
	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
	Cold-rolled steel	5,724,905	5,708,532	5,759,178	5,684,008	23,434	24,758	22,533	24,135	3.84
Hot-rolled steel	13,486,430	12,397,084	13,529,539	12,366,174	42,199	45,705	41,139	47,487	2.51	-3.90
Wheel and axles	246,887	258,399	249,933	249,788	2,772	2,825	2,233	2,349	19.44	16.85

ii. Manufacturing and Sales of Steel Products Based on Forms of Finished Goods

Unit: million RMB

Types	Production volume (tonnes)		Sales volume (tonnes)		Revenue		Cost of sales		Gross margin (%)	
	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
	Long products	9,424,678	8,242,265	9,430,788	8,237,890	29,449	30,694	28,770	32,152	2.31
Steel plates	9,786,657	9,863,351	9,857,929	9,812,292	36,184	39,769	34,902	39,470	3.54	0.75
Wheel and axles	246,887	258,399	249,933	249,788	2,772	2,825	2,233	2,349	19.44	16.85

iii. Sales of Steel Products Based on Sales Channels

Unit: 100 million RMB

Based on sales channels	Revenue		Percentage in total revenue (%)	
	This Year	Last Year	This Year	Last Year
Offline sales	657.7	573.5	85.5	86
Online sales	64.5	93.34	8.4	14

Section III Directors' Report (Management Discussion and Analysis) (Continued)

iv. Supply of Iron Ore

Unit: 100 million RMB

Supply source of iron ore	Supply volume (tonnes)		Expense amount	
	This Year	Last Year	This Year	Last Year
Domestic source	6,427,242	7,104,740	48.67	58.49
Overseas import	26,127,908	22,235,126	179.51	167.60
Total	32,555,150	29,339,866	228.18	226.09

v. Supply of Scrap Steel

Unit: 100 million RMB

Supply source of scrap steel	Supply volume (tonnes)		Expense amount	
	This Year	Last Year	This Year	Last Year
Domestic procurement	2,904,600	2,426,082	64.05	60.47

(5) Investment Analysis

General Analysis of External Equity Investments

Unit: million RMB

Investment amount as at the end of the Reporting Period of the Company	14,669
Changes in investment amount	1,533
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 (%)	11.67

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

Section III Directors' Report (Management Discussion and Analysis) (Continued)

2. Significant non-equity investment

Unit: million RMB

Project name	Total budgeted investment	New investment during the Reporting Period	Project progress
Product quality projects	7,211	834	5%
Energy-saving and environment protection projects	3,686	296	5%
Equipment advancement and other modification projects	2,542	169	1%
Other projects	N/A	319	N/A
Total	N/A	1,618	N/A

By the end of the Reporting Period, progresses of the major projects under construction were as follows:

Unit: million RMB

Project name of Magang Stock	Budget of total investment	Project progress
Phase II of New special steel project	639	civil engineering stage
Magang Project of structural adjustment of cold-rolled products – 6# galvanization line	895	civil engineering stage
Organic Sulfur Removal Project of Coke Oven Gas in the South District of Coking and Chemical Company	125	substantially completed
Integrated Upgrading and Transformation Project of Near-net-shape Casting and Rolling for Bar Products	106	substantially completed
Phase II Project of Intelligent Manufacturing and Operation Management & Control Information System	103	substantially completed
Total	1,868	/

Project construction fund of the Group comes from its own fund and bank loans.

3. Financial assets measured at fair value

See “11. ITEMS MEASURED AT FAIR VALUE” in Section II of this report.

4. During the Reporting Period, the Company did not carry out any major asset restructuring.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

(6) Significant disposal of assets and equity interests

On 24 January 2025, the Board reviewed and approved the Proposal on Capital Injection to Wholly-owned Subsidiaries. For details, please refer to the Announcement of Maanshan Iron & Steel Company Limited on Capital Injection to Wholly-owned Subsidiaries (Announcement No.: 2025-003) published by the Company on the same date. The Company injected and transferred the core steel assets of the head office (excluding the No. 3 blast furnace that has been suspended), liabilities, employees, businesses, equity interests in 15 wholly-owned and controlled subsidiaries, and equity interests in 3 associates into Magang Limited as a whole. Based on the benchmark date of 31 July 2024, the audited total assets to be injected by the Company amounted to RMB56.94 billion, total liabilities amounted to RMB46.27 billion, and net assets amounted to RMB10.67 billion. This matter was approved by the Company's Shareholders' Meeting on 25 February 2025.

On 17 April 2025, the Board reviewed and approved the Proposal on Introducing Baoshan Iron & Steel Co., Ltd. as a Shareholder of Maanshan Iron & Steel Limited Company. For details, please refer to the Announcement on Introducing Investors to Subsidiaries and Connected Transactions (Announcement No.: 2025-017) published by the Company on the same date. The Company transferred 35.42% of the equity interest in Magang Limited, its wholly-owned subsidiary, to the connected party Baosteel at a transaction value of RMB5.139 billion. Meanwhile, Baosteel injected RMB3.861 billion in cash into Magang Limited as capital contribution upon acquiring the relevant equity interest, and the Company waived its capital injection right. This matter was approved by the Company's Shareholders' Meeting on 20 June 2025, and the equity transfer was completed on 30 June 2025. Upon completion of the transaction, the Company's equity interest in Magang Limited decreased from 100% to 51%, and Baosteel held 49% of the equity interest in Magang Limited. Baosteel and Magang Limited have carried out collaborative development in key areas such as production and operation optimization, cost reduction, technical breakthroughs and supply chain, centering on four dimensions: industrial synergy, management synergy, technical synergy and resource synergy, helping to continuously improve the operating performance of Magang Limited.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

(7) Analysis of major controlled and invested companies

Information on major subsidiaries and associates whose net profit affects the Company's net profit by more than 10%

Unit: RMB million

Name of Company	Type of Company	Principal Business	Registered Capital	Shareholding Ratio (%)	Total Assets	Net Assets	Operating Revenue	Operating Profit	Net Profit
Magang Limited	Subsidiary	Iron and steel smelting, rolling, processing and sales of steel products, etc.	1,266	51	61,242	18,756	64,518	69	-26
Changjiang Steel	Subsidiary	Iron and steel smelting, rolling, processing and sales of steel products, etc.	1,200	55	9,591	4,018	13,199	250	248
Jinma Energy	Associate	Production and sales of coke, coal tar, crude benzene, ammonium sulfate, coke oven gas, etc.	535.421	26.89	9,101	3,592	8,124	-667	-723
Baowu Finance	Associate	Financial company services for enterprise groups	6,840	22.36	71,194	10,534	1,519	723	549
Shenglong Chemical	Associate	Production and sales of coke, ammonium sulfate, coal chemical products (excluding other hazardous chemicals), etc.	568.8	31.99	7,103	3,982	4,724	-255	-245

Magang Limited: With the strong support of the Company and the all-round synergy of Baosteel, Magang Limited adhered to the business policy of “breaking inertial thinking, breaking habitual shackles, doing a good job in benchmarking and synergy, and achieving extreme meticulousness”, took action as the priority, improved efficiency through account-based operation, enhanced effectiveness through reform and innovation, and made every effort to promote continuous improvement in operating performance. The total profit for the year reached RMB74 million, representing a year-on-year increase of RMB3,954 million.

Changjiang Steel: Changjiang Steel adhered to the combination of norms of state-owned enterprises and the vitality of private mechanisms, practiced the business policy of “low cost, differentiation, high efficiency and fast pace”, promoted an efficient and intensive production mode, grasped market conditions agilely, and turned losses into profits through management reform and technical transformation. The total profit for the year reached RMB236 million, representing a year-on-year increase of RMB1,216 million.

Jinma Energy: After the reorganization and reconstruction of the management team in 2025, Jinma Energy strengthened management, implemented agile and account-based operation, and adopted a low-inventory strategy resolutely. However, affected by the industrial policies on “high-energy-consumption, high-pollution, and overcapacity”, the prices of coke and by-products remained sluggish, and the company was still in a loss for the whole year.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Shenglong Chemical: Affected by the capacity reduction policy, Shenglong Chemical shut down one coke oven in June 2025, which resulted in a significant decrease in production and sales volume. Meanwhile, some subsidiaries of Shenglong Chemical incurred losses for the whole year due to factors such as the transfer of construction in progress to fixed assets, the corresponding increase in depreciation, and the high financial costs during the period.

Baowu Finance: Baowu Finance firmly implemented the general principle of “seeking progress while maintaining stability”, established systems and rules, strengthened technological empowerment, and enhanced account-based operation and lean management, with profit improved year-on-year. As of 31 December 2025, all monitoring indicators met the requirements of the Measures for the Administration of Enterprise Group Financial Companies.

No.	Item	Standard value	Actual value as of 31 December 2025
1	Capital adequacy ratio	≥10.5%	20.96%
2	Liquidity ratio	≥25%	96.89%
3	Non-performing asset ratio	≤4%	0.06%
4	Non-performing loan ratio	≤5%	0%
5	Loan provisioning ratio	≥1.5%	2.95%
6	Provision coverage ratio	≥150%	No non-performing loans
7	Loan ratio	≤80%	27.85%
8	Total liabilities to external parties/net capital	≤100%	0%
9	Balance of bill acceptance/total assets	≤15%	10.86%
10	Balance of bill acceptance/due from banks and other financial institutions	≤300%	82.77%
11	(Balance of bill acceptance + balance of discounted bills transferred)/net capital	≤100%	70.24%
12	Balance of acceptance bill deposits/total deposits	≤10%	0.00%
13	Total investment/net capital	≤70%	59.91%
14	Net fixed assets/net capital	≤20%	0.03%

(8) No structured entity controlled by the Company during the Reporting Period

6. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(1) Industry Landscape and Trend

Currently, the steel industry is in a phase of “volume reduction and stock optimization”. On the supply side, with the continued implementation of capacity control policies and the deepening of tiered management under the “Steel Industry Standardization Conditions (2025 Edition)”, supply elasticity is expected to narrow. On the demand side, the real estate sector continues to significantly drag on demand for construction steel, leading to a reduction in demand for construction materials, while the potential for infrastructure construction to contribute to demand is diminishing. Apparent crude steel consumption is expected to continue to decline in 2026. Although the proportion of steel used in manufacturing has surpassed that used in construction, with high-end equipment, automobiles, and energy emerging as new growth pillars for demand, this increase is insufficient to offset the decline in traditional building materials. Regarding exports, the formal implementation of the export licensing system for certain steel products from 1 January 2026, coupled with the enforcement of the EU Carbon Border Adjustment Mechanism, will subject steel exports to both quantitative and pricing constraints. This is likely to further intensify competition in the domestic market. Among these, long product manufacturers, represented by rebar and wire rod, face a more severe situation, and their profitability may come under further pressure.

(2) Corporate Development Strategy

At this critical juncture between the conclusion of the 14th Five-Year Plan and the commencement of the 15th Five-Year Plan, the Company fully implements the strategic deployment of the China Baowu Group, characterized by the “New Stage, New Strategy, New Model”. Adhering to the strategic pathway of “strengthening through innovation, excelling through efficiency, and expanding through entrepreneurship”, and anchoring onto the development direction of “premium, smart, green, and efficient”, we are executing five key strategies: focusing on our core business, integration and synergy, market mechanisms, cost-effective operations, and risk prevention and control. Focusing on strengthening special steel, optimizing flat products, refining long products, and expanding the wheel and axle business, we are accelerating our strategic transformation from a scale- and efficiency-driven model to a variety- and quality-driven one. We reinforce our differentiated competitiveness through a “quality + service” approach guided by customer value. We continuously enhance our capabilities in the differentiation of leading products as well as the specialization of low-cost products, constantly shaping new drivers and new advantages for development.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

(3) Business Plan

In 2026, guided by the overarching objective of improving operating performance and focused on the main theme of continuously deepening reforms, the Company will implement the high-quality development model of the “Three Pathways, Four Directions, and Five Strategies”. We will coordinate and advance key initiatives such as cost-effective operations, integration and synergy, the “Four Major Costs PLUS” management, and the “Three Reductions and Three Improvements” to enhance our core competitiveness. The main production targets for the year are: 18.83 million tonnes of pig iron, 20.97 million tonnes of crude steel, and 20.15 million tonnes of commercial steel billets and products. We plan to focus on the following six areas:

First, we will continuously deepen reforms to enhance the development momentum of the enterprise. Based on the Company's development strategy and operational reality, and adhering to market-oriented and rule-of-law principles, we will systematically plan the reform pathway. Focusing on optimizing the product mix and improving resource allocation efficiency, we will accelerate the construction of differentiated growth curves, optimize the industrial layout, consolidate the foundation for long-term sustainable development, and enhance the quality and intrinsic value of the listed company. Concurrently, we will improve the management mechanism for holding and associated companies, refine the support system for relevant full-time directors to perform their duties, promote the compliant operation and healthy development of holding and associated companies, and safeguard the Company's legitimate rights and interests as a shareholder.

Second, we will continuously strengthen cost control and enhance the level of cost-effective operations. Magang Limited will promote improvements in the “Four Major Costs”: deepen integration in the pre-ironmaking system to achieve optimal comprehensive blast furnace costs; continue to advance the “1+4+4” logistics management and control to reduce logistics costs across the entire process; leverage the function of the energy management working group to reduce energy costs through systemic improvements and energy-saving technologies; and advance the “1+6+N” quality strategy and CP system construction to establish a closed-loop quality management system throughout the entire process and reduce quality costs. Changjiang Steel will focus on building low-cost advantages: optimize the burden structure to reduce hot metal costs; deepen refined energy management, optimize the fuel mix, and strengthen hot metal “thermal retention” to reduce energy costs; promote freight tendering and optimize the rail-road-water transport structure to reduce logistics costs; strengthen quality traceability throughout the process to reduce quality costs; and optimize post-steelmaking production processes and implement energy-saving renovations in the converter area to reduce steelmaking and follow-up process cost.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Third, we will continuously strengthen lean operations and improve lean management standards. Magang Limited will consolidate foundational management, promoting full coverage of integrated management across production, quality, equipment, and other business chains for production units like section steel and special steel. We will restructure the process and system, strengthen the internal auditor team, and promote standardized operations and the creation of “model operation zones.” We will firmly uphold the bottom line of environmental protection, complete the assessment and public announcement of ultra-low emissions throughout the entire process and the ultra-low emissions transformation of coking operations, maintaining the routine operation of an A-grade environmental performance enterprise. We will deepen the construction of a waste-free enterprise and strengthen the coordinated consumption and disposal of solid and hazardous wastes. We will increase the R&D and application of low-carbon technologies to promote a steady decline in carbon emission intensity per unit of product. We will strengthen carbon asset management to effectively reduce carbon compliance costs. We will reinforce digital and intelligent empowerment, deeply implement the requirements of the “2526 Project”, and promote the in-depth application and iterative upgrade of information systems. We will build a digital operation platform to visualize operational data and support enhancing operational decision-making capabilities. Adhering to the principle of “working hard and focusing on effectiveness”, Changjiang Steel will center its efforts on the cost management system across the entire value chain of production, supply, and sales, optimizing processes, improving efficiency, identifying and eliminating waste; it will establish a four-tier improvement system involving the company, factories, operation areas and work teams, refine the incentive and evaluation mechanism, and resolve issues relating to hierarchical transmission.

Fourth, we will continuously strengthen technological innovation and promote the upgrade of the product mix. Magang Limited will increase technological innovation efforts, striving for an R&D investment ratio of 4.5%. We aim for trial new product sales of 1.67 million tonnes, achieving excess profit of RMB400 million. We will accelerate the mass application of domestically produced high-speed train wheels, aiming for sales exceeding 3,000 pieces. We will focus on key products: in the automotive steel sector, leverage the widest aluminum-silicon line in China to create characteristic wide aluminum-silicon hot-formed steel products; in the hot-rolled products sector, utilize cross-cut lines plus automatic flaw detection equipment to form a characteristic product portfolio of high-end container plates and ship plates; in the special steel and section steel sectors, accelerate the development of high-end products such as energy steel, automotive steel, and ultra large, ultra wide, and ultra thick specification H-beam. Changjiang Steel will be profit-oriented, focusing on profitable markets, profitable brands, profitable specifications, and profitable varieties. We aim to increase the proportion of profitable markets to over 90%, achieve no less than 600,000 tonnes of profitable brand sales, no less than 400,000 tonnes of high-strength steel sales, and achieve a profitable specification ratio of over 30%.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Fifth, we will continuously advance the “Three Reductions and Three Improvements” to enhance operational efficiency. Magang Limited plans to orderly exit Zone 1 of the Section Steel Business Unit and the CSP production line to reduce ineffective assets. We will promote the reduction and revitalization of long-aged inventory, improving the turnover efficiency of “Accounts receivable and inventory” by 5%. We will optimize the liability structure, reducing interest-bearing liabilities by RMB2.5 billion. We will steadily relocate personnel from shut-down production lines, orderly optimize head office staff, and improve overall labor productivity. We will adhere to the principle of tendering wherever required and possible, focusing on improving the proportion of direct supply, direct procurement, and tendering. Leveraging the overseas platform advantages and professional support of the ecosystem, we will enhance the export ratio and direct supply ratio. Changjiang Steel will reduce the flue gas desulfurization equipment for the North Line heating furnace to optimize the asset structure. We will continuously reduce the scale of liabilities to improve capital efficiency. We will explore regional employee sharing to increase overall labor productivity by no less than 10%. We will intensify efforts in direct supply to projects and direct delivery from manufacturers, aiming to increase the project direct supply ratio to 50% and the direct delivery ratio to 70%. We will develop direct suppliers, prioritize the use of standard parts, reduce customization of non-standard parts, and strive for a direct procurement rate of 90%.

Sixth, we will actively promote the implementation of development plans to enhance sustainable development capabilities. Magang Limited will focus on the strategic positioning of strengthening special steel, optimizing flat products, refining section steel, and expanding the wheel and axle business. We will fully leverage the advantages of special steel commercial billets, strengthen business synergy between bars and the ecosystem, and propel product competitiveness into the industry's first tier. We will accelerate the upgrade of leading flat products to the mid-to-high end, pushing automotive sheets into the domestic top three and establishing aluminum-silicon coated products for home appliances as industry “champions in segmented areas”. We will accelerate the transition of section steel towards functional and industrial materials, increasing the export ratio and the proportion of specialty steel. We will seize the opportunity presented by the domestic production of high-speed train wheels to build the world's most competitive manufacturer and service provider of wheels and axles for rail transit. We will adhere to investment based on cost-effectiveness, prioritizing high-quality, high-return projects. We will ensure the high-quality advancement of projects such as the new special steel phase II No.2 converter, the No.1 galvanizing line high-aluminum, zinc-aluminum-magnesium renovation, the No.4 slab continuous caster, as well as the intermediate repair of No.4 blast furnace and the major repair of No.6 coke oven, according to planned schedules. Changjiang Steel is dedicated to becoming a model mixed-ownership enterprise within Baowu Group, with a focus on rebar production. It aims to enhance its brand reputation and market influence, operating under two distinct brands, “Magang” and “Rongheng”, while concentrating resources to refine, elevate, and strengthen its rebar products.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

(4) Capital Plan for 2026

Target for 2026: maintain a reasonable and sound debt structure, continuously advance liability reduction, and set the annual asset liability ratio target at 51.94%; control the Company's investment capital expenditure within RMB3,302 million, including fixed asset investment of RMB3,300 million and equity investment of RMB2 million; continuously promote the control of "inventories and receivables", the growth rate of "inventories and receivables" shall not be higher than the growth rate of operating revenue in the same period, and the turnover efficiency of "inventories and receivables" shall accelerate by more than 5% compared with 2025; the ratio of actual operating cash flow to due cash flow shall not be less than 100%.

In 2026, the total amount of newly approved projects under the Company's fixed asset investment plan will be RMB2,054 million, including RMB777 million for cost reduction and efficiency enhancement projects (mainly including RMB500 million for Phase III gas power generation in the Southern District, RMB70 million for quality improvement and efficiency enhancement renovation of large bar mills, etc.), accounting for 37.82%; RMB259 million for zero-fixed assets projects, accounting for 12.65%; RMB290 million for quality improvement projects, accounting for 14.12%; RMB278 million for equipment and facilities projects, accounting for 13.52%; and the remainder for safety, environmental protection, energy saving and other projects. The total capital expenditure of the annual investment plan amounts to RMB2,921 million (including renewal and final payment projects).

The Company intends to protect the stable operation of its capital through measures such as reducing the occupation of "inventories and receivables" and internal financing.

(5) Potential Risks

In 2026, the global economic recovery will remain affected by geopolitical conflicts, inflationary pressures, and supply chain restructuring. The iron and steel industry will continue the structural shift from "incremental competition" to "stock competition". Furthermore, the country strictly prohibits the addition of new steel capacity, implements precise regulation of capacity and output, and promotes hierarchical and classified management of enterprises. Competition in the iron and steel industry will further evolve from "stock reduction" to "quality improvement and efficiency enhancement".

Section III Directors' Report (Management Discussion and Analysis) (Continued)

The main potential risks faced by the Company include risks in production safety, environmental protection, management of the inventories and receivables and cash flow, liability reduction, and asset loss of affiliated enterprises. The major response measures are as follows:

Risks	Response measures
Work safety risks	effectively implement the enterprise's main responsibility for work safety, continuously improve all employees' awareness of safety responsibilities, risk identification capability and emergency response capacity, and enhance safety and fire protection performance. compact post-level safety responsibilities and strictly implement the full-staff work safety responsibility system. consolidate grassroots safety and fire protection management, and improve all employees' safety awareness and competence. strengthen safety performance improvement, deepen the three-year campaign on fundamental control, and continuously refine the safety management system. intensify supervision in key areas and enhance the effectiveness of special rectification of major risks. strengthen emergency practical drills and improve all employees' emergency response capacity. promote technology empowerment and lean management to raise the level of intrinsic safety.
Environmental protection risks	adhere to the concept that "clear waters and green mountains are invaluable assets". focus on comprehensive benchmarking and gap identification, accurately align with advanced industry standards, and implement phased green and low-carbon planning targets. improve the energy conservation, carbon reduction and environmental protection responsibility mechanism, conduct regular ecological and environmental protection publicity campaigns, and strengthen all employees' environmental awareness. strictly implement licensing systems for pollution discharge, water intake and drainage, and comply with laws and regulations on air, wastewater, solid waste, soil and groundwater, and energy conservation to ensure standardized operation of environmental protection facilities and monitoring. conduct environmental impact assessments, energy conservation reviews and carbon emission evaluations in accordance with the law. strictly follow the "three simultaneous" principle for energy conservation and environmental protection facilities and main projects, and resolutely eliminate violations such as construction before approval, inconsistency between approval and construction, operation before acceptance and long-delayed acceptance. optimize the ecological and environmental risk prevention system, improve emergency plans for sudden environmental incidents and strengthen drills. improve the application of the environmental risk supervision platform, rectify issues prompted by platform risks, and continuously enhance the capability to prevent and resolve ecological and environmental risks.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Risks	Response measures
Inventories and receivables and cash flow control risks	formulate control objectives and action plans for “inventories and receivables” and cash flow to ensure the growth rate of “inventories and receivables” balance does not exceed that of operating revenue, or the decline rate is not lower than that of operating revenue; the turnover rate of “inventories and receivables” will increase by 5% as the basic target and 10% as the challenge target. strengthen credit control and collection mechanisms, improve the customer credit grading system, conduct dynamic credit evaluation and credit limit control, optimize the collection responsibility system, improve the aging-based graded collection mechanism, and strictly pursue liability for overdue receivables. implement lean inventory management, set safety stock and inventory early-warning mechanisms. scientifically determine safety stock levels for raw materials, work-in-progress and finished products based on historical consumption, procurement cycles and demand fluctuations to avoid excessive inventory. establish early-warning indicators for inventory turnover, inventory age and slow-moving items, and promptly clear long-aged inventory; maintain low inventory operation for bulk raw materials. strengthen fund budgeting and forecasting, prepare monthly and quarterly rolling fund budgets to identify funding gaps in advance. implement centralized fund management, pool idle funds through the capital pool to improve capital efficiency. enhance operating cash flow management, improve the business-finance integration mechanism, and control cash flow from the source. hold regular cash flow analysis meetings to analyze budget variances and adjust operation strategies in a timely manner.
Liability reduction risks	set annual liability reduction targets. reduce the scale of interest-bearing liabilities through adjusting debt maturity structure, replacing high-interest debt, controlling the scale of interest-bearing liabilities and applying innovative financing instruments. comprehensively sort out and revitalize assets combined with inventories and receivables control and special asset disposal to recycle funds for liability reduction. continuously optimize capital efficiency and avoid high deposits and high loans. proactively explore ways to improve capital liquidity, such as lowering deposit guarantee ratios and bill pools.

Section III Directors' Report (Management Discussion and Analysis) (Continued)

Risks	Response measures
Asset loss risks of invested enterprises	strengthen daily management of invested enterprises, attach high attention and deep involvement to large-scale, high-shareholding and performance-influential invested enterprises. build an equity management information system platform, establish a full-time director mechanism, give full play to the role of appointed directors, and strengthen review of major matters of invested enterprises. form a standardized equity management system to promote standardized governance, compliant operation and healthy development of invested enterprises, prevent and resolve major risks, and protect shareholders' legitimate rights and interests. continuously track the asset and financial status of invested enterprises, analyze investment efficiency, optimize the allocation of existing assets, proactively dispose of inefficient and invalid investments, and improve investment returns.

(VI) Others

1. *The service contracts and contractual interests of Directors and former Supervisors*

The Company has signed service contracts with its Directors and former Supervisors. No Director or Supervisor of the Company signed any service contract the Company is disallowed to terminate without compensation within one year (excluding statutory compensation).

During the Reporting Period, no Director or former Supervisor of the Company had any material interests, either directly or indirectly, in any contract signed by the Group, Magang Group or any affiliate of Magang Group.

During the Reporting Period and up to the issuing date of this report, no approved indemnity provisions were or are now effective to benefit the Directors (including former Directors) of the Company or any director (including former director) of an associated company thereof.

Subject to relevant laws and regulations, the Company can provide appropriate protection in a proper manner to Directors who are faced with certain legal actions.

2. *Details of tax are set out in Note IV "TAX", "16. Deferred tax assets/liabilities", "23. Taxes payable", and "55. Income tax expense" of Note V of the financial statements.*

3. *Details of land leasing, property, plant and equipment are set out in "15. Intangible assets" and "12. Property, plant and equipment" of Note V of the financial statements.*

Section III Directors' Report (Management Discussion and Analysis) (Continued)

4. *Details of various reserves and their changes are set out in the "Consolidated Statement of Changes in Equity" and "37. Special reserve" in Note V of the financial statements.*

5. *Public float*

Based on publicly available information and to the best knowledge of the Directors, as of the date of this report, the Company has been complying with the prescribed public float requirement under the Listing Rules of the Hong Kong Stock Exchange.

6. *Preferred shares issue and pre-emptive subscription rights*

During the Reporting Period, the Company did not issue any preferred shares. The Articles of Association of the Company stipulate that: the Company shall not issue preferred shares convertible into ordinary shares; when the Company issues new shares to increase the registered capital, shareholders shall not have pre-emptive subscription rights, unless otherwise stipulated in these Articles of Association or the Shareholders' Meeting resolves that shareholders have pre-emptive subscription rights.

7. *During the Reporting Period, the Group had complied with relevant laws and regulations having significant impact on the Company.*

8. *To the best knowledge of the Board, as of 31 December 2025, no Director, Senior Management or former Supervisor of the Company had any interest in any business that constitutes or may constitute competition against the Company, either directly or indirectly.*

9. *To the best knowledge of the Board, as of 31 December 2025, no financial, business, family relationship or any other substantive relationship existed among the Director, Senior Management or former Supervisor of the Company other than working relationships.*

Section IV Corporate Governance, Environment and Society

1. EXPLANATION OF CORPORATE GOVERNANCE

(1) Related Information of Corporate Governance

During the Reporting Period, in accordance with the latest requirements of the Company Law of the People's Republic of China (the "Company Law"), relevant provisions of the China Securities Regulatory Commission and other applicable laws, regulations and regulatory documents, the Company revised the Articles of Association and its appendices, and continuously improved the established corporate governance structure consisting of the Shareholders' Meeting, the Board of Directors, the Supervisory Committee and the General Manager. Subsequent to the approval by the Shareholders' Meeting, the Supervisory Committee was dissolved, and the Audit and Compliance Management Committee of the Board of Directors assumed the functions and duties of the former Supervisory Committee. The new corporate governance structure, with the Shareholders' Meeting, the Board of Directors and the general manager level as its main bodies, features clear rights and responsibilities, effective check and balance and coordinated operation, and establishes a scientific and efficient decision-making, implementation and supervision mechanism.

The Board of Directors has always been committed to continuously improving the level of corporate governance and is of the view that good corporate governance is essential to the Company's operations and sustainable development. During the Reporting Period, the Board revised 26 basic corporate governance systems in accordance with the newly revised Articles of Association. Such revisions have further optimized the corporate governance system, strengthened the self-construction of the Board of Directors, and effectively improved the overall governance efficiency of the Company.

To the best knowledge of the Board of Directors, the Company complied with the code provisions set out in the Corporate Governance Code (the "Code") under Appendix C1 of the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year 2025, and where practicable and appropriate, used its best efforts to adopt the recommended best practices contained in the Code.

Section IV Corporate Governance, Environment and Society (Continued)

(2) Directors and the Board

1. *Composition of the Board*

Pursuant to the Articles of Association of the Company, the Board of the Company consists of seven Directors, with a term of office of three years, and Directors are eligible for re-election upon the expiration of their terms. During the Reporting Period, Executive Directors Mr. Mao Zhanhong and Mr. Zhang Wenyang resigned from office, and Mr. Tang Qiming was newly appointed as the Employee Representative Director. As at the end of 2025, the tenth session of the Board consists of six Directors, among whom: Mr. Jiang Yuxiang is the Executive Director; Mr. Tang Qiming is the Employee Representative Director; Mr. Guan Bingchun, Mr. He Anrui, Mr. Qiu Shengtao and Ms. Zeng Xiangfei are Independent Non-Executive Directors (Independent Directors). There are four Independent Directors, accounting for two thirds of the Board membership. There is one female Director, accounting for one sixth of the Board membership. The names and terms of office of the Directors (including changes of Directors) are set out in detail in the section “III. Information on Directors and Senior Management” of this chapter.

The term of office of the tenth session of the Board expired on 1 December 2025. In view of the ongoing preparatory work for the re-election and reconstitution of the Board of Directors, and to ensure continuity and stability of the relevant operations of the Company, the re election and reconstitution of the Board of Directors has been appropriately extended. The terms of office of the Directors, members of the special committees of the Board of Directors and the Senior Management of the Company have been extended accordingly.

Each Director of the Company has obtained legal advice from a law firm qualified to provide advice on Hong Kong law, and understands all applicable provisions of the Listing Rules applicable to them as Directors of a listed issuer, as well as the consequences that may arise from making a false statement or providing false information. During the Reporting Period, newly appointed Director Mr. Tang Qiming obtained the legal advice as set out in Rule 3.09D of the Listing Rules on 18 December 2025, immediately before the effective date of his appointment, and confirmed that he understands his responsibilities as a Director of a listed issuer.

Section IV Corporate Governance, Environment and Society (Continued)

The Board of the Company is committed to achieving diversity and reviews the composition of the Board from time to time. The Executive Director and the Employee Representative Director are senior professionals in the iron and steel industry, with extensive experience in iron and steel production and operation management, and are capable of making reasonable decisions on matters considered by the Board. Among the four Independent Directors: Mr. Guan Bingchun has long been engaged in quality management and has extensive experience in the construction of quality systems in the metallurgical industry; Mr. He Anrui has long been engaged in research on industrial process control and intelligent manufacturing and has achieved profound results; Mr. Qiu Shengtao is an expert enjoying the Special Government Allowance of the State Council, with profound theoretical knowledge in the field of iron and steel materials technology and extensive experience in process research and development; Ms. Zeng Xiangfei is a senior accounting professional dedicated to the theoretical research of management accounting. All Independent Directors possess the ability to evaluate internal control and review financial reports. The composition of the Board of Directors complies with the requirements of applicable laws, regulations and regulatory documents both inside and outside the PRC, as well as the development needs of the Company. The Company has purchased directors' liability insurance for all Directors.

The Company has published the list of Directors in the Company's communications, with special identification for Independent Directors. The list of Directors and their roles and functions are published on the Company's website.

During the Reporting Period, to the best knowledge of the Board, there are no relationships between the members of the Board of Directors (including the Chairman and the General Manager) that are required to be disclosed, including financial, business, family or other relevant relationships. The Company has received the independence confirmation letters from all Independent Directors pursuant to the Listing Rules and other applicable provisions. The Board of the Company therefore considers all Independent Directors to be independent.

Upon written confirmation by all Directors of the Company, the Directors of the Company have complied with the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules during the Reporting Period.

Section IV Corporate Governance, Environment and Society (Continued)

2. *Employee Director and Non-executive Directors*

During the Reporting Period, to improve the corporate governance structure, strengthen democratic management and protect the legitimate rights and interests of employees, the Board of Directors added a seat for Employee Director. Elected at the First Joint Meeting of the 11th Session of the Staff Representative Congress of the Company, Mr. Tang Qiming was appointed as the Employee Director of the 10th Board of Directors of the Company for a term commencing on 18 December 2025 and ending on the date of re-election upon the expiry of the term of the 10th Board of Directors. The four current Non-executive Directors of the Board are all Independent Non-executive Directors, with a term of three years, which is consistent with that of other Directors of the Company. Upon the expiry of their respective terms, they may be re-elected, provided that the consecutive term of office of an Independent Director shall not exceed six years. The names and term information of the Employee Director and Non-executive Directors (including changes) are set out in detail in “III. Information on Directors and Senior Management” of this section.

To protect the legitimate rights and interests of the minority shareholders and stakeholders, the Company formulated and further improved the “Independent Directors Work Rules” in 2025. In addition to specifying the qualification requirements, nomination procedures, duties and performance methods of Independent Directors, as well as the performance support to be provided by the Company, the rules also stipulate that Independent Directors shall issue independent opinions on matters that may impair the interests of the Company or minority shareholders.

3. *Chairman and General Manager*

The Company’s Chairman and General Manager are held by different personnel. As at the end of 2025, the Chairman of the Company is Mr. Jiang Yuxiang, and the General Manager position is temporarily vacant after the resignation of Mr. Zhang Wenyang. For details of changes in the Chairman and General Manager during the reporting period, please refer to “3. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT” in this section.

Section IV Corporate Governance, Environment and Society (Continued)

The Chairman and General Manager have independent and clearly defined responsibilities: The Chairman is responsible for corporate planning and strategic decision-making, leading the work of the Board of Directors, ensuring that the Board considers all relevant matters in an appropriate manner, promoting the effective operation of the Board, encouraging directors to make effective contributions to the Board, and maintaining a good and constructive relationship among directors. The Chairman convenes and presides over the meetings of the Board of Directors, supervises the implementation of the resolutions of the Board of Directors, and inspects the implementation of the resolutions of the Board of Directors. Between meetings of the Board of Directors, the Chairman shall provide guidance to the Company's major business activities. In the event of force majeure, the Chairman is authorized to exercise special adjudication and disposal powers over the Company's affairs. The General Manager is accountable to the Board of Directors. The General Manager leads the management team, is responsible for the production, operation and management of the Company, and organizes the implementation of the resolutions of the Board of Directors. In accordance with the requirements of the Board of Directors, the General Manager regularly reports to the Board of Directors on the conclusion and execution of the Company's major contracts, as well as the use of funds and profit and loss conditions.

4. Duties and Authorities of the Board and the Management

The Board exercises the functions and powers conferred by laws, regulations and the articles of association of the Company, directs, guides and supervises the Company's affairs to ensure the long-term success of the Company, formulates strategic objectives focusing on value creation and risk management, convenes Shareholders' Meetings and implements resolutions of Shareholders' Meetings, decides the annual business plans and major investment proposals of the Company, adopts annual financial statements, profit distribution plans and major acquisition or disposal proposals, decides on external investments, asset acquisition and disposal, asset mortgages, external guarantees, entrustment operations, entrusted wealth management, external donations and other matters within the limits prescribed by the articles of association, formulates basic management systems, decides the establishment of special committees and appoints or removes their respective heads, appoints or dismisses the general manager of the Company and appoints or dismisses deputy general managers, finance directors and other senior management based on the nomination of the general manager, appoints or dismisses the secretary of the Board, manages the Company's information disclosure to ensure transparency, proposes to the Shareholders' Meeting the reappointment or replacement of the Company's annual auditors, listens to work reports from the general manager and oversees the performance of the general manager, and is responsible for establishing and improving the Company's internal control system, risk management system, legal system and compliance management system and conducting overall supervision and evaluation on the effective implementation of the Company's internal control, risk management, legal and compliance systems to ensure adequate resources and qualified staff in accounting, internal audit, financial reporting and other functions.

Section IV Corporate Governance, Environment and Society (Continued)

The Board has four committees under it, namely the Strategy and Sustainable Development Committee (the “Strategy Committee”), the Audit and Compliance Management Committee (the “Audit Committee”), the Nomination Committee and the Remuneration and Assessment Committee. The principal duties of these committees are as follows:

- (1) The major duties of the Strategic Committee are: to research and make suggestions on long-term development strategy and long- and medium- term planning of the Company; to monitor the implementation of development plan of the Company and report any significant deviation from the development strategy to the Board of Directors; to research material changes in economic situation, industrial policies, technological advances, industry conditions, and force majeure, and make suggestions to the Company as to adjustments to its development strategy; to review and make suggestions on major investment and financing proposals as well as major capital operation and asset management projects affecting development of the Company; to check and supervise the implementation of the above major projects, receive reports and make suggestions on post-project evaluations; to be responsible for the Company’s sustainable development, (including but not limited to: environmental, social and governance (ESG), etc.), and provide relevant suggestions to the Board of Directors; and other matters.
- (2) The major duties of the Audit Committee are: to supervise and assess the work of the external auditors and propose to engage or replace the external auditors; supervise and evaluate the internal audit work, including the Company’s internal audit system and its implementation; be responsible for communication between the internal audit and external audit; appoint or dismiss the Company’s person-in-charge of finance; review the Company’s financial information and its disclosure; reviewing the Company’s internal control, risk management and compliance management system and monitor its implementation; make changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards.

Section IV Corporate Governance, Environment and Society (Continued)

- (3) The major duties of the Nomination Committee are: to review the structure, number, and composition of the Board (including skills, knowledge, and experience) at least annually, and make recommendations on any changes proposed to the Board to align with the Company's strategy and ensure diversity of Board members (including but not limited to gender, age, cultural and educational background or professional experience); in accordance with relevant regulations of China and in line with the Company's business development, changes to shareholding structure and so forth; to determine the selection criteria and procedures for director and senior management, and make recommendations to the Board thereto; to select, review and form clear review opinions on the candidates for directors and senior management as well as their qualifications; to make recommendations to the Board regarding the nomination, appointment or dismissal of directors; to make recommendations to the Board regarding the appointment or dismissal of senior management; to evaluate the independence of independent directors; and other matters.
- (4) The major duties of the Remuneration and Appraisal Committee are: to recommend to the Board with respect to the Company's remuneration policy for all Directors and senior management, and the standardized and transparent procedures for formulating such policy; to draft equity incentive plan; to formulate assessment standards for directors and senior management and conduct assessments; to review the remuneration of the Directors and Senior Management in accordance with the corporate objectives formulated by the Board; to review the compensation to be paid to the Directors or Senior Management with respect to their removal or appointment; to ensure that none of the Directors nor their associates could decide on their own remuneration; and other matters.

Pursuant to the powers and functions conferred by the Articles of Association, the management shall conduct business operations, ensure implementation, and strengthen management, and shall primarily perform the following duties: to be in charge of the Company's production, operation and management, to co-ordinate the implementation of the resolutions of the Board; to organize the implementation of the Company's annual operating plans and investment proposals; to propose the establishment schemes of the Company's internal management structure; to propose the Company's fundamental management systems; to request the appointment or dismissal of the Company's Deputy General Manager and the financial officer; to formulate the Company's basic constitutions; to appoint or remove the officers-in-charge other than those who are appointed or removed by the Board; to decide on the rewards and penalty, promotions and demotions, increase and decrease of salaries, appointment, recruitment or removal and termination of the Company's staff; to deal with the important external businesses of the Company on its behalf; to convene and chair meetings of the general manager's office; to propose the convening of extraordinary Board meetings; other responsibilities.

Section IV Corporate Governance, Environment and Society (Continued)

5. *The Board Meeting*

The Board convenes four regular meetings annually, and notifies Directors about the time and date, location and agenda of a regular Board meeting 14 days in advance so as to ensure all Directors could attend the meetings. All Directors are given opportunities to raise matters for discussion and such matters will be included in the agenda of the regular meetings. If required by the Directors, the Management is able to provide adequate information timely to the Directors and such information can help the Directors make appropriate decisions. All or most of the Directors shall attend each regular Board meeting in person. When the Board vote on connected transactions, the connected Directors shall abstain from voting and the connected transactions shall be approved by the non-connected Directors. All Directors are entitled to and have the opportunity to access to the minutes of the Board meetings.

The Secretary to the Board is responsible for organizing and preparing the Board meetings and assists the Chairman in ensuring that the procedures for the meetings comply with the requirements of relevant laws, regulations and regulatory documents. During the Reporting Period, please refer to “RELEVANT INFORMATION ON THE BOARD MEETINGS HELD DURING THE REPORTING PERIOD” of this section below for details of the meetings of the Board of the Company.

6. *Nomination and Election of Directors*

The Company sets out a formal, prudent and transparent director election procedure in the Articles of Association. Except for certain special circumstances, a new session of the Board of the Company shall be elected every three years. The term of office of all Directors is the same as the term of office of the Board for such session. Upon the expiry of the session, re-election must be held. Employee Directors shall be elected or replaced by the employees of the Company through democratic election at the employees' representative congress, employees' congress or other forms. During the Reporting Period, Mr. Tang Qiming was elected as the Employee Director of the tenth session of the Board of Directors of the Company at the first joint meeting of the eleventh session of the employees' representative congress of the Company. Candidates for Directors other than Employee Representatives shall be nominated by the Board of Directors of the Company or shareholders who individually or jointly hold 1% or more of the issued shares of the Company.

Section IV Corporate Governance, Environment and Society (Continued)

The nomination of a Director by the Company has taken into adequate consideration of the nominee's situation including his/her career, academic background, job title, detailed work experience and all concurrent posts, with the consent of the nominee obtained in advance. With respect to the nomination of an Independent Director, the Board will give its opinion on the nominee's qualifications and independence of holding the position of Independent Director. The nominee will also issue a public statement indicating that there is no relationship between him/her and the Company that may affect his/her independent and objective judgment. Under no circumstance the Independent Directors shall serve the Company for more than six years. Prior to convening the relevant Shareholders' Meeting, the Company will submit the related materials about the candidates for Independent Directors to the SSE for approval.

(3) Remuneration of the Directors, Supervisors and Senior Management

In accordance with the Company's Articles of Association and the relevant provisions such as the Administrative Measures for Performance and Remuneration of Directors, Supervisors and Senior Management, the Remuneration and Assessment Committee of the Board is responsible for organizing the executive body to conduct performance appraisal of the Directors and Senior Management who receive remuneration from the Company and to review the appraisal results. Annual remuneration shall be calculated based on the appraisal results, and after review and approval by the Board, shall be submitted to the Shareholders' Meeting for approval.

The Independent Directors and former Independent Supervisors of the Company receive fixed remuneration from the Company. Approved by the Shareholders' Meeting, during the Reporting Period, each of the Independent Directors and each of the former Independent Supervisors of the Company receives annual remuneration from the Company of not more than RMB150,000 and RMB100,000 respectively (tax inclusive).

(4) Training and Continuing Professional Development of Directors

The Company is committed to building a learning-oriented Board. During the Reporting Period, the Company arranged appropriate continuing professional development training for Directors by organizing Directors to participate in training courses and seminars held by securities regulatory and self-regulatory authorities, associations of listed companies and professional institutions, and regularly providing Directors with the latest relevant laws and regulations as well as market and regulatory dynamics and information collected and compiled by the Company. Current Directors Mr. Jiang Yuxiang, Mr. Tang Qiming, Mr. Guan Bingchun, Mr. He Anrui, Mr. Qiu Shengtao, Ms. Zeng Xiangfei and former Directors Mr. Mao Zhanhong and Mr. Zhang Wenyang developed and updated their knowledge and skills through such means, ensured that they continuously understand the Company's business, operating conditions and market environment, fully understood the responsibilities and obligations required of them under the Listing Rules and relevant regulatory requirements, and remained equipped with the capabilities to make continuous contributions to the Board. In 2025, the average training hours per Director exceeded 30 hours.

Section IV Corporate Governance, Environment and Society (Continued)

Case one: Organized all Directors to study the Notice on Strictly Implementing Accounting Standards for Business Enterprises and Effectively Completing the 2024 Annual Report Work jointly issued by the Ministry of Finance, the State owned Assets Supervision and Administration Commission of the State Council, the State Administration of Financial Regulation and the China Securities Regulatory Commission; the Standards for the Content and Format of Information Disclosure by Companies Publicly Issuing Securities No. 2 – Content and Format of Annual Reports and Standards for the Content and Format of Information Disclosure by Companies Publicly Issuing Securities No. 3 – Content and Format of Semi annual Reports issued by the China Securities Regulatory Commission, with a focus on the latest requirements for preparing periodic reports; and studied the latest regulatory policies including the Corporate Governance Code for Listed Companies, Guidelines for the Articles of Association of Listed Companies and Measures for the Administration of Information Disclosure by Listed Companies issued by the China Securities Regulatory Commission.

Case two: Mr. Guan Bingchun, Mr. He Anrui and Mr. Qiu Shengtao participated in the online training for the Independent Director Information Database of the China Association for Public Companies organized by the China Association for Public Companies. The training courses included topics such as How Independent Directors Review Financial Statements of Listed Companies, Standardization of Shareholders' Meetings and Performance of Directors from the Perspective of Shareholding and Exercise of Rights, Latest Legislation and Practice of Listed Company Governance, and Reform of the Audit Committee and Performance Practice of Independent Directors under the New Company Law.

Case three: Ms. Zeng Xiangfei completed the online training courses including 2025 Compliance Performance Training for Directors, Supervisors and Senior Management of Listed Companies and Series of Premium Courses on Capital Market Supporting High Quality Development of Listed Companies Controlled by Central Enterprises organized by the Shanghai Stock Exchange; and Analysis of Typical Cases of Violations of Laws and Regulations by Listed Companies, Guidelines for Sustainable Development of Listed Companies and Independent Director Capacity Training (Session 6) organized by the China Association for Public Companies.

(5) Secretaries to the Board and Company Secretaries

At the end of the Reporting Period, the secretary to the Board of the Company was Ms. He Hongyun and Ms. He serves as the joint company secretaries of the Company together with Ms. Rebecca Chiu. All Directors of the Company are entitled to obtain advice and services from company secretaries. Board secretaries report to the Chairman on board governance matters, are responsible for ensuring the compliance with the procedure of the Board, and promote the information exchange and communication between directors as well as between directors and shareholders and the management. Ms. He and Ms. Chiu received more than 15 hours of professional training in 2025.

Section IV Corporate Governance, Environment and Society (Continued)

(6) Accountability and Audit

(1) *Financial Reporting*

The Board regularly receives the financial statements of the Company and other related materials, and acknowledges its responsibility for the preparation of the Company's accounts. In 2025, the Company disclosed its annual, interim and quarterly results within three months, two months, and one month after the end of the relevant accounting period. Confirmed by the Directors, the Directors has the responsibility to prepare accounts for the year ended 31 December 2025, which truly and fairly reflected the Company's financial position, operating performance and cash flow status. The auditor Deloitte Touche Tohmatsu also stated in the Auditor's Report (Audit Report) its responsibilities as the Company's auditor.

(2) *Risk Management And Internal Control*

The Board of the Company undertakes to be responsible for the availability and fine-tuning, as well as effective enforcement of a system of risk management and internal controls at the Company, and for a review of the effectiveness of this system. The Board would like to point out that this system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company measures the impact of the remaining risks on the Company in accordance with the "Internal Control Manual", based on the extent of impact of controls on inherent risks and the degree of effective control over the likelihood of occurrence, and identifies key risk exposures according to the results of such evaluation. In "Overall Risk and Internal Control Management Measures", the Company requires the office of internal controls to manage risks, define risk criteria and priorities, carry out risk evaluation, and come up with countermeasures. A well-established risk ownership structure is in place to guide all departments and entities to manage risks properly. The departments, subsidiaries and branches are responsible for managing risks associated with their activities. The Department of Business Management shall go through all potential risks the Company may meet with in achieving its business objectives and report to the Board on a quarterly basis. The Supervision and Audit Department shall carry out a test of internal controls. Key topics therein are whether all risk exposures have been identified, pertinent countermeasures have been taken, the owners of risks have been accurately defined, the risk management department has carried out regular review, and the risk supervision and evaluation situation are regularly reported to the Board. In accordance with the corporate internal control standard system and the Company's Internal Control Manual, the internal control evaluation work is organized and the "Internal Control Evaluation Report" is formed and submitted to the Board for deliberation on a yearly basis.

Section IV Corporate Governance, Environment and Society (Continued)

The Company should maintain a system of risk management and internal controls, which is overarching and applies to the whole life cycle of business processes and every staff member, so as to rule out the possibility of any gap or loophole; which is focused on high-risk business fields and significant risks that need to be identified and managed in a proactive manner; which works in a cost-effective way to achieve effective risk control in reasonable cost and is checked for effectiveness on a regular basis and improved constantly; which is designed with checks and balances to form a well-knit organization and sound business environment with reciprocal constraints and supervision in terms of governance structure, organization setup, division of duties and business processes, with equal importance given to efficiency; which complies with the applicable laws and regulations, and fits well into the scale and scope of business scale, scope and objectives, risks of the Company and the environment in which the Company operates.

The Board heard the reports on risk management and internal control as well as the risk supervision and evaluation report, and reviewed and confirmed that the control measures adopted by the Company during the Reporting Period with respect to safety (production, network, etc.) risks, environmental protection risks, bulk raw material price fluctuation risks, quality stability and sustainable competitiveness of competitive products, standardized trade business risks, overseas legal litigation risks, intellectual property rights risks, two-funds control and credit risks, and exchange rate and interest rate fluctuations were appropriate, and that the major risks were under control.

On 25 March 2026, as of the reporting date for internal control assessment (31 December 2025), the Board confirmed that the Company was free from any material defect in internal controls over financial reporting, based on the identification of material defects in internal controls over financial reporting. In the opinion of the Board, the Company maintained effective internal controls over financial reporting in all material aspects as required by good practices of internal controls and relevant rules. The Board also confirmed that as of the reporting date for internal control assessment, no material deficiency in internal controls other than over financial reporting was found, based on the identification of material deficiency in internal controls other than over financial reporting. Deloitte Touche Tohmatsu audited the Company's internal controls related to financial reporting in 2025 and issued an Internal Control Audit Report with standard unqualified opinion.

Section IV Corporate Governance, Environment and Society (Continued)

(7) The Auditor

On 20 June 2025, the Shareholders' Meeting of the Company for the year 2024 approved the appointment of Ernst & Young Hua Ming LLP ("Ernst & Young Hua Ming") as the Company's auditor for the year 2025. The scope of services included the provision of 2025 audit services (including internal control audit) and the performance of 2025 interim agreed-upon procedures for the Company. Subsequently, as Ernst & Young Hua Ming was rotated out of the list of annual financial final audit institutions of China Baowu, and having regard to the provision in the Work Rules for the Administration of Financial Final Audits of Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council that "a central enterprise shall engage no more than 5 domestic financial audit institutions", the management of the Company, based on management needs, considered it appropriate to maintain consistency with China Baowu, the controlling shareholder, and accordingly proposed to update the Company's auditor for 2025 and not to reappoint Ernst & Young Hua Ming as the Company's auditor for 2025. Having communicated with Ernst & Young Hua Ming in advance, Ernst & Young Hua Ming had no objection thereto. The Company conducted a tender process for the re-appointment of its 2025 auditor. Based on the tender result, the Audit Committee proposed the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP ("Deloitte Touche Tohmatsu") to replace Ernst & Young Hua Ming as the Company's auditor for 2025, which was approved by the Board and submitted to the Shareholders' Meeting for consideration. The relevant resolution was approved at the third extraordinary shareholders' meeting of the Company for 2025 held on 24 December 2025. Accordingly, the Company re-appointed Deloitte Touche Tohmatsu as its auditor for 2025. Deloitte Touche Tohmatsu has completed the annual financial audit and the related internal control audit work and issued the relevant audit reports, and has stated its reporting responsibilities in its audit reports.

In respect of the 2025 audit services (including internal control audit), authorised by the third extraordinary shareholders' meeting of the Company for 2025 and reviewed and recognised by the Audit Committee, the Board determined the remuneration payable by the Company to Deloitte Touche Tohmatsu as RMB2.73 million, of which RMB340,000 was for internal control audit services. The audit fee included the out-of-pocket expenses of the auditors. In addition, during the stay of the audit personnel of the accounting firm at the Company, the Company provided working meals and transportation within the factory area, while other accommodation, food and transportation expenses were borne by themselves.

Deloitte Touche Tohmatsu first provided annual audit services to the Company in 2025. The signing certified public accountants for the Company's 2025 annual audit report were Mr. Bu Jun and Ms. Yang Bei. Deloitte Touche Tohmatsu has submitted a letter of independence to the Audit Committee of the Company, stating and guaranteeing its independence.

Save as disclosed above, the Company also changed its auditors in 2023 and 2024, details of which are set out below:

Section IV Corporate Governance, Environment and Society (Continued)

In 2023, in accordance with the relevant provisions of the Notice on Issuing the Measures for the Selection and Engagement of Accounting Firms by State-owned Enterprises and Listed Companies (Cai Kuai [2023] No. 4) issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission, and given that the former auditor, Ernst & Young Hua Ming LLP, had provided audit services to the Company for consecutive years, the Audit Committee proposed the re-appointment of KPMG Huazhen Certified Public Accountants (Special General Partnership) (“KPMG Huazhen”) as the Company’s auditor for 2023. The Board approved the proposal, and the relevant resolution was considered and approved at the annual general meeting of the Company for 2022 held on 16 June 2023.

In 2024, the annual general meeting of the Company for 2023 approved the reappointment of KPMG Huazhen as the Company’s auditor for 2024 on 19 June. Subsequently, as KPMG Huazhen was rotated out of the updated list of domestic financial audit institutions of China Baowu, and having regard to the provision in the Work Rules for the Administration of Financial Final Audits of Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council that “a central enterprise shall engage no more than 5 domestic financial audit institutions”, the management of the Company, based on management needs, considered it appropriate to maintain consistency with China Baowu, the controlling shareholder, and accordingly proposed to update the Company’s auditor for 2024 and not to reappoint KPMG Huazhen as the Company’s auditor for 2024. Having communicated with KPMG Huazhen in advance, KPMG Huazhen had no objection thereto. The Company conducted a tender process for the re-appointment of its 2024 auditor. Based on the tender result, the Audit Committee proposed the appointment of Ernst & Young Hua Ming to replace KPMG Huazhen as the Company’s auditor for 2024, which was approved by the Board and submitted to the general meeting for consideration. The relevant resolution was approved at the fifth extraordinary general meeting of the Company for 2024 held on 27 November 2024.

(8) Shareholders’ Rights and Effective Communication with Shareholders

1. Shareholders’ Rights

Any shareholder who holds shares carrying 10% or more (inclusive) of the total voting rights in the Company, either individually or jointly, has the right to convene an extraordinary shareholders’ meeting in accordance with the Articles of Association. Pursuant to the Articles of Association, when the Company convenes a Shareholders’ Meeting, any shareholder who individually or jointly holds 1% or more of the issued shares of the Company has the right to submit a new proposal to the Company in writing. Shareholders who individually or jointly hold 1% or more of the issued shares of the Company may nominate candidates for Directors. Shareholders may send inquiries and comments to the Board by mail to the Company’s office (No. 8 Jiuhua West Road, Maanshan City, Anhui Province, the PRC).

Section IV Corporate Governance, Environment and Society (Continued)

2. *Effective Communication*

(1) Shareholders' Meeting

The Board maintains smooth communication channels with shareholders, striving to maintain dialogue with shareholders and encouraging their participation in Shareholders' Meetings.

During the Reporting Period, the Company clearly stated in the notices of all Shareholders' Meetings that A shareholders holding the Company's A shares as at the close of trading on the afternoon of the relevant record date as set out in such notices and registered in the register of members maintained by Shanghai Branch of China Securities Depository and Clearing Corporation Limited, and H shareholders holding the Company's H shares on the same date and registered in the register of members maintained by Hong Kong Securities Clearing Company Limited, were entitled to attend the relevant Shareholders' Meetings upon completion of the registration procedures for attendance. The Chairman attended all Shareholders' Meetings in 2025 in person and acted as chairman of the meetings. At the meetings, the chairman of the meetings proposed separate resolutions in respect of each substantially separate matter, explained the voting procedures in detail to the attending shareholders and answered questions raised by shareholders. Other Directors of the Company (including the chairmen of all committees under the Board), senior management and former Supervisors attended the Shareholders' Meetings in accordance with the relevant requirements. The Independent Directors submitted their performance reports to the annual Shareholders' Meeting.

The Company's website contains corporate information, the Company's published annual reports, interim reports, quarterly reports as well as relevant circulars and announcements, providing shareholders with access to the Company's information.

Case: prior to the convening of the second and third extraordinary shareholders' meetings of the Company in 2025, the Company proactively reminded A shareholders to participate in the relevant shareholders' meetings by means of intelligent SMS and other forms in accordance with the register of shareholders on the record date, through the shareholders' meeting reminder service provided by Shanghai Stock Exchange Information Network Co., Ltd.

Section IV Corporate Governance, Environment and Society (Continued)

(2) Communication with Shareholders

The Company has publicly available various channels for investor relations and has been proactively strengthening communication with domestic and overseas institutional investors through various forms. During the Reporting Period, the Company actively enhanced communication with investors both at home and abroad through results presentations, online conferences, telephone calls, emails, WeChat and other means, and arranged sufficient time for in-person exchanges with attending shareholders at Shareholders' Meetings, which effectively improved investors' understanding of the Company. In 2025, the Company held 3 telephone/online meetings with investors, attended 4 investment banking strategy conferences, received 13 visits from investors, organized 3 results presentations, 1 investor meeting, 2 roadshows and 1 collective investor reception day event for Anhui listed companies, during which the Company communicated with numerous investors. Among them, the 2024 annual results presentation held by the Company via live webcast on 31 March 2025 recorded more than 160,000 views for live broadcast and video playback. The Company also replied to 178 inquiries from investors through the SSE e-interactive platform.

Investor relations contact information contained in the investor relations column of the Company website:

Address: No. 8, Jiu Hua West Road, Maanshan City, Anhui Province, the PRC
Phone: 86-555-2888158/2875252;
Fax: 86-555-2887284
Email: mggf@baowugroup.com

(3) Amendments to the Articles of Association during the Reporting Period

During the Reporting Period, the Company's Articles of Association were amended twice. The primary reason and content of the first amendment were the changes in the total number of shares and registered capital of the Company resulting from the repurchase and cancellation of certain restricted shares due to the Company's failure to achieve its performance targets. For details, see https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-05-21/600808_20250521_R3HA.pdf. The second amendment was made based on the new Company Law, the new Corporate Governance Code for Listed Companies, Guidelines for the Articles of Association of Listed Companies and other relevant rules and regulatory documents issued by the China Securities Regulatory Commission. The main contents include the dissolution of the Supervisory Committee with its functions and powers assumed by the Audit Committee, and the establishment of the Employee Director position, among others. For details, see https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-05-21/600808_20250521_R3HA.pdf, https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-12-05/600808_20251205_CMPZ.pdf and https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-12-25/600808_20251225_KPET.pdf.

Section IV Corporate Governance, Environment and Society (Continued)

3. *Type of Shareholders and Shareholding*

As of 31 December 2025, the Company had 117,070 A shareholders holding a total of 5,967,751,186 A shares; and 867 H shareholders holding a total of 1,732,930,000 H shares. The controlling shareholder, Magang Group, held 3,733,677,149 A shares of the Company, and Baogang Hong Kong Investment held 358,950,000 H shares of the Company. Excluding Baogang Hong Kong Investment and Magang Group, the total number of shares held by the remaining shareholders was 3,608,054,037 shares, including 2,234,074,037 A shares and 1,373,980,000 H shares. The public float of H shares was 79.3%, which complies with the relevant requirements under Rule 8.08 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. During the Reporting Period, information regarding the shareholdings of the Company's Directors, Senior Management and incumbent Supervisors is set out in section III (1) "Changes in Shareholding and Remuneration of Incumbent and Former Directors and Senior Management during the Reporting Period" of this chapter.

4. *Market Value*

On 31 December 2025, the closing price of the Company's A shares was RMB4.22, with a market value of RMB25.184 billion; the closing price of the Company's H shares was HKD2.51, with a market value of HKD4.35 billion. The total market value was equivalent to approximately RMB29.113 billion.

There are no material differences between the Company's corporate governance and the provisions of laws, administrative regulations and the China Securities Regulatory Commission in respect of the governance of listed companies.

2. **SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS THE SOLUTIONS, PROGRESS OF WORK AND FOLLOW-UP WORK PLAN ADOPTED IN RESPONSE TO THE AFFECTED**

In accordance with the Company Law, the Securities Law of the People's Republic of China and other laws, regulations and regulatory documents, the Company has continuously improved its corporate governance, strengthened internal and external supervision, strived to enhance the overall corporate value, and respected and safeguarded the legitimate rights and interests of stakeholders including all shareholders.

The Company has established and improved its financial and accounting management systems in compliance with laws, regulations and the Articles of Association, with clear property rights. The Board and other internal institutions operate independently. Members of the management are appointed, removed and evaluated by the Board. The Company operates its business and maintains its accounts independently, and assumes its own responsibilities and risks.

Section IV Corporate Governance, Environment and Society (Continued)

Circumstances where the controlling shareholder, de facto controller and other entities under their control are engaged in the same or similar business as the Company, as well as the impact of horizontal competition or material changes in horizontal competition on the Company, the measures adopted, the progress made and the follow-up plans:

The direct controlling shareholder of the Company, Maanshan Iron & Steel Group, does not compete with the Company. Baoshan Iron & Steel Co., Ltd. and Xinyu Iron and Steel Co., Ltd., which are holding subsidiaries of China Baowu, the indirect controlling shareholder of the Company, have certain overlap and market competition with the Company in plate products. Apart from that, other enterprises engaged in the main steel business under the control of China Baowu differ from the Company in major sales regions, product types, performance and applications, and there is no substantial horizontal competition.

To avoid horizontal competition, China Baowu issued a Commitment Letter on Avoiding Horizontal Competition respectively during the restructuring of Maanshan Iron & Steel Group in 2019 and during the restructuring of Xinyu Iron & Steel Group in 2022, undertaking to comprehensively adopt various measures to steadily promote the integration of relevant businesses to resolve horizontal competition within five years.

Since making the aforesaid commitments, China Baowu has been actively exploring approaches for business integration and asset restructuring to resolve horizontal competition. However, due to the complex production processes of integrated iron and steel enterprises and the high difficulty of business integration, coupled with the fact that the steel industry has been in a weak cycle in recent years and the performance of listed steel enterprises has been under pressure, it has become more difficult to resolve horizontal competition in such a market environment. In addition, as the Company is listed on both the A-share and H-share markets, the resolution of horizontal competition must comply with the regulatory rules of the two capital markets and take into account the interests of minority shareholders of both markets. Therefore, the overall plan requires more sufficient time for feasibility analysis and demonstration. In this regard, China Baowu issued a Letter on Extending the Performance of the Commitment to Avoid Horizontal Competition in June 2024. Based on the progress of its work to fulfil the commitment to avoid horizontal competition, it extended the term of the Commitment Letter on Avoiding Horizontal Competition issued in 2019 by three years to 25 August 2027. During the Reporting Period, China Baowu did not breach such commitments.

Section IV Corporate Governance, Environment and Society (Continued)

3. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Changes in Shareholding Held by and Emoluments for Incumbent and Resigned Directors, Supervisors and Senior Management in the Reporting Period

Unit: 0'000 share

Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reason for change	Total remuneration payable by the Company during the Reporting Period (before tax) (RMB0'000)	Whether received remuneration from related parties of the Company
Jiang Yuxiang	Chairman of the Board	Male	57	29/05/2024	Note 1	-	-	-	-	-	Yes
Tang Qiming	Employee Director	Male	58	18/12/2025	Note 1	-	-	-	-	-	Yes
Guan Bingchun	Independent Director	Male	62	01/12/2022	Note 1	-	-	-	-	15.00	No
He Anrui	Independent Director	Male	54	01/12/2022	Note 1	-	-	-	-	15.00	No
Qiu Shengtao	Independent Director	Male	60	30/11/2023	Note 1	-	-	-	-	15.00	No
Zeng Xiangfei	Independent Director	Female	46	25/09/2024	Note 1	-	-	-	-	15.00	No
Fu Ming	Deputy General Manager	Male	59	11/10/2017	Note 1	40.20	-	40.20	Repurchase due to failure to achieve performance targets	79.60	No
Chen Guorong	Deputy General Manager	Male	56	15/08/2025	Note 1	-	-	-	-	25.28	No
He Hongyun	Secretary of the Board	Female	53	18/07/2024	Note 1	18.76	-	18.76	Repurchase due to failure to achieve performance targets	59.96	No
Mao Zhanhong	Vice Chairman (Resigned)	Male	56	01/12/2022	29/08/2025	40.21	0.01	40.20	Repurchase due to failure to achieve performance targets	-	Yes
Zhang Wenyang	Director (Resigned)	Male	58	25/09/2024	15/08/2025	-	-	-	-	48.92	No
	General Manager (Resigned)	Male	58	18/07/2024	15/08/2025	-	-	-	-	-	-
Hong Gongxiang	Independent Supervisor (Resigned)	Male	63	01/12/2022	24/12/2025	-	-	-	-	10.00	No
Wan Tingting	Supervisor (Resigned)	Female	38	27/11/2024	24/12/2025	-	-	-	-	-	Yes
Geng Jingyan	Supervisor (Resigned)	Female	51	29/06/2020	24/12/2025	-	-	-	-	38.33	No
Total	/	/	/	/	/	99.17	0.01	99.16	/	322.09	/

Note 1: The term of office of the tenth session of the Board of Directors of the Company expired on 1 December 2025. Given that the preparation for the re-election of the Board of Directors is still in progress, to ensure the continuity and stability of the Company's operations, the re-election of the Board of Directors has been appropriately extended, and the terms of office of the Directors, members of all special committees of the Board and Senior Management have been extended accordingly. The Board of Supervisors of the Company was dissolved on 24 December 2025 in accordance with the Company Law and relevant provisions of the China Securities Regulatory Commission, and its functions and powers have been assumed by the Audit Committee.

Section IV Corporate Governance, Environment and Society (Continued)

Note 2: The total remuneration set out above represents the actual pre-tax remuneration paid by the Company to the Directors, Supervisors and Senior Management for the year 2025. The performance-based remuneration for 2025 will be paid in 2026 upon completion of relevant verification and approval, and will be subject to separate deliberation and disclosure.

Note 3: Mr. Tang Qiming was appointed as an Employee Director of the Company on 18 December 2025. His remuneration for 2025 was paid by Magang Group. In 2026, the Company will determine his annual remuneration based on his position, the Company's performance and his personal contribution in accordance with the relevant provisions on the performance and remuneration of Directors, and will fulfill the procedures for disclosure in the relevant annual report and approval by the Shareholders' Meeting.

Name	Working Experience
Jiang Yuxiang	Mr. Jiang is the current Chairman of the Company. From May 2015 to November 2019, served as a member of the standing committee of the party committee, the deputy general manager and the general counsel of Magang Group; from November 2019 to May 2020, served as a deputy director of the Magang Work Office and the general counsel of Magang Group; from May 2020 to November 2020, served as the general counsel of China Baowu and a deputy director of the Magang Work Office; from November 2020 to March 2022, served as the general counsel and head of legal affairs department of China Baowu; from March 2022 to February 2023, served as the general counsel and head of legal affairs and compliance department of China Baowu (in March 2022, the legal affairs department was renamed as the legal affairs and compliance department); from February 2023 to April 2024, served as the general counsel and chief compliance officer, head of legal affairs and compliance department and director of bidding office of China Baowu. From April 2024, he has been serving as the Chief Legal Counsel and Chief Compliance Officer of China Baowu, Chief Representative of the Maanshan Headquarters, Chairman of Magang Group, and Secretary of the Party Committee of the Company. Since 29 May 2024, he has been the Chairman of the Board of the Company.

Section IV Corporate Governance, Environment and Society (Continued)

Name	Working Experience
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Tang Qiming Mr. Tang is currently an Employee Director of the Company. From January 2010 to December 2019, he served as Deputy General Manager of Magang Group. From December 2019 to May 2025, he successively held the positions of Deputy General Manager of Magang Group, Deputy Chief Representative of Maanshan Headquarters of China Baowu, Deputy Party Secretary, Secretary of the Discipline Inspection Commission and Chairman of the Labor Union of Magang Group, Deputy Party Secretary, Secretary of the Discipline Inspection Commission and Chairman of the Labor Union of Magang Stock, and Deputy Party Secretary of Magang Limited. Since May 2025, he has been serving as Deputy Party Secretary, Secretary of the Discipline Inspection Commission and Chairman of the Labor Union of Magang Group, Deputy Party Secretary, Secretary of the Discipline Inspection Commission and Chairman of the Labor Union of Magang Stock, and Deputy Party Secretary, Chairman of the Labor Union and Employee Director of Magang Limited. He has been serving as an Employee Director of the Company since 18 December 2025. Mr. Tang also concurrently serves as an Employee Director of Magang Group.

Guan Bingchun Mr. Guan is the current Independent Director of the Company. From October 1988 to December 2002, he successively served as the Deputy Director, Director of Quality Department of the former Ministry of Metallurgical Industry (冶金工業部), Director of Industry Management Department of State Bureau of Metallurgical Industry (國家冶金工業局) and Director of China Metallurgical Industry Quality System Certification Center (中國冶金工業質量體系認證中心). From January 2003, he served as the Chairman and General Manager of Beijing Grand Honour Management System Certification Co., Ltd. and Beijing Grand Honour Certification Co., Ltd. Mr. Guan concurrently served as the independent Director of Anyang Iron & Steel Co., Ltd. He has served as the Independent Director of the Company since 1 December 2022.

Section IV Corporate Governance, Environment and Society (Continued)

Name	Working Experience
He Anrui	<p>Mr. He is the current Independent Director of the Company. From March 2011 to October 2022, he successively served as the Vice President and President of Institute of Metallurgical Engineering of University of Science and Technology Beijing and the President of Institute of Engineering Technology of University of Science and Technology Beijing. Effective from June 2018, he served as the Vice Chairman of University of Science and Technology Beijing Engineering and Research Institute Co., Ltd.; Effective from August 2022, he served as the Director of Collaborative Innovation Center of Steel Technology of University of Science and Technology Beijing. Mr. He concurrently also served as the Director of National Engineering Research Center for Advanced Rolling and Intelligent Manufacturing. He has served as the Independent Director of the Company since 1 December 2022. Since May 2025, he has been serving as Secretary of the Party Committee of the Engineering Technology Research Institute of University of Science and Technology Beijing. Since December 2025, he has been Chairman of the Design and Research Institute Co., Ltd. of University of Science and Technology Beijing and Director of Beijing USTB Asset Management Co., Ltd (北京科大資產經營有限公司). Mr. He also concurrently serves as Director of the National Engineering Research Center for High-Efficiency Rolling and Intelligent Manufacturing.</p>
Qiu Shengtao	<p>Mr. Qiu is the current Independent Director of the Company. Since 2003 to 2025, he has been the deputy director of the National Engineering Research Center for Continuous Casting Technology of Central Iron & Steel Research Institute (鋼鐵研究總院連鑄技術國家工程研究中心); since 2008 to 2025, he has been the deputy general manager of Zhongda National Engineering & Research Center of Continuous Casting Technology Co., Ltd. (中達連鑄技術國家工程研究中心有限公司), and is currently retired. He has served as the Independent Director of the Company since 30 November 2023.</p>
Zeng Xiangfei	<p>Ms. Zeng is the current Independent Director of the Company. From July 2009 to January 2019, she served as a lecturer in the Accounting Department of the Business School at Anhui University of Technology. Since January 2019, she has been serving as an associate professor in the Accounting Department of the Business School at Anhui University of Technology. Ms. Zeng concurrently holds positions as Independent Director for Anhui Shenlanhua Color Co., Ltd. (安徽申蘭華色材有限公司) and Anhui Conch Materials Technology Co., Ltd. (安徽海螺材料科技股份有限公司). She has served as the Independent Director of the Company since 25 September 2024.</p>

Section IV Corporate Governance, Environment and Society (Continued)

Name	Working Experience
Fu Ming	<p>Mr. Fu is the current Deputy General Manager of the Company. In February 2012, he was appointed as the Manager of the Company's Production Department. From December 2013 to July 2018, he has been the Director and Deputy Party Secretary of the Company's Second Ironmaking Plant. He was appointed as the Deputy General Manager of the Company on October 2017. Since December 2019, he was appointed as the Deputy General Manager and Safety Director of the Company. He resigned from the position of Safety Director in January 2021. Since December 2024, he has served as General Manager and Party Secretary of Maanshan Iron & Steel Company Limited.</p>
Chen Guorong	<p>Mr. Chen is currently Deputy General Manager and Chief Financial Officer of the Company. He joined Baosteel in July 1992 and has successively served as Deputy Director of the Cost Division of the Planning and Finance Department of Baosteel; Assistant General Manager and Deputy General Manager of Baosteel Industrial Development Co., Ltd.; Deputy General Manager of Baosteel Group Pudong Iron and Steel Co., Ltd.; Deputy General Manager of the Medium and Heavy Plate Branch of Baosteel Co., Ltd. and Deputy General Manager of the Special Steel Business Unit; Deputy General Manager of Baosteel Special Materials Co., Ltd. and Baosteel Special Steel Co., Ltd.; Deputy General Manager and Senior Vice President of Baosteel Metal Co., Ltd. and Chairman of the Supervisory Committee of Shanghai Baosteel Gas Co., Ltd.; Director of Baowu Magnesium Technology Co., Ltd. (formerly Nanjing Yunhai Special Metals Co., Ltd.); Deputy General Manager of Magang Group and Deputy General Manager of Magang Limited. Since August 2025, he has been Deputy General Manager and Chief Financial Officer of the Company.</p>
He Hongyun	<p>Ms. He is the current Secretary to the Board of the Company. In April 2017, she served as the Deputy Director of the Board Secretary Office. On 19 April 2018, she served as the Company's Board Secretary and Joint Company Secretary. Since June 2020, she has concurrently served as Deputy Director of the Legal Affairs Department. On 1 December 2022, she resigned from the position of the Company's Board Secretary. In January 2023, she was appointed as Director of the Board Secretary Office and Director of the Legal Affairs Department. Since July 2024, she has served as the Secretary to the Board. In December 2024, she ceased to serve as Director of the Legal Affairs Department. Ms. He also concurrently holds directorships at Baowu Group Finance Co., Ltd and Baowu Group Masteel Rail Transit Materials Technology Co., Ltd.</p>

Section IV Corporate Governance, Environment and Society (Continued)

(2) Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period

1. Positions in Shareholders' Company

Name	Name of shareholders' company	Position in shareholders' company
Jiang Yuxiang	China Baowu Steel Group Corporation Limited	General Counsel and Chief Compliance Officer of China Baowu; Chief Representative of Maanshan Headquarters; Director of Xinjiang Tianshan Iron & Steel United Co., Ltd.; Chairman of the Supervisory Committee of Shanghai Baosight Software Co., Ltd.
Jiang Yuxiang Tang Qiming	Magang (Group) Holding Co., Limited Magang (Group) Holding Co., Limited	Chairman, Secretary of the Party Committee Deputy Secretary of the Party Committee Secretary of the Commission for Discipline Inspection, Chairman of the Labor Union, and Employee Director
Fu Ming	Magang (Group) Holding Co., Limited	Standing Committee Member of the Party Committee

(3) Emoluments for Directors, Supervisors and Senior Management

Decision-making process of emoluments for Directors and Senior Management	The Remuneration and Assessment Committee is responsible for organizing performance appraisal of Directors and Senior Management and reviewing the appraisal results. An annual remuneration report shall be prepared based on the appraisal results, submitted to the Board for deliberation and approval, and then submitted to the general meeting for approval.
Whether the Director abstains from the discussion of his/her emoluments	Yes
Specific circumstances where the Remuneration and Assessment Committee or special meetings of Independent Directors expressed recommendations on remuneration of Directors and Senior Management	The Remuneration and Assessment Committee recommended that the Company establish a special assessment and remuneration evaluation measure for the Secretary of the Board. In December 2025, the Company revised and issued the Work Rules for the Secretary of the Board, stipulating that the remuneration and assessment measures for the Secretary of the Board shall be separately formulated by the Remuneration and Assessment Committee.

Section IV Corporate Governance, Environment and Society (Continued)

Basis for determination of remuneration of Directors and Senior Management	Administrative Measures for Performance and Remuneration of Directors, Supervisors and Senior Management of Maanshan Iron & Steel Company Limited
Actual payment of emoluments to Directors and Senior Management	Please refer to “Changes in Shareholding and Emoluments” in the preceding part of this section.
Total actual emoluments received by all Directors and Senior Management at the end of the Reporting Period	During the Reporting Period, the total salaries received by Directors, Supervisors and Senior Management who received emoluments or allowances from the Company amounted to RMB3,220,900 (tax inclusive).
Assessment basis and completion status of actual emoluments received by all Directors and Senior Management at the end of the Reporting Period	Basis: Administrative Measures for Performance and Remuneration of Directors, Supervisors and Senior Management of Maanshan Iron & Steel Company Limited. For details, please refer to “Changes in Shareholding and Emoluments” in the preceding part of this section.
Deferred payment arrangement for actual emoluments received by all Directors and Senior Management at the end of the Reporting Period	The 2025 emoluments actually paid to Directors and Senior Management include the 2024 performance-related remuneration settled in the current period. Among them, the performance-related remuneration of Mr. Zhang Wenyang, Mr. Fu Ming and Mr. Chen Guorong is subject to deferred payment (80% paid in 2025, 10% paid in 2026 and 10% paid in 2027).
Suspension and recovery of actual emoluments received by all Directors and Senior Management at the end of the Reporting Period	No suspension or recovery of emoluments received by all Directors and Senior Management occurred as at the end of the Reporting Period.

Section IV Corporate Governance, Environment and Society (Continued)

(4) Changes in Directors, Supervisors and Senior Management

Name	Position	Change	Reason for change
Chen Guorong	Deputy General Manager, Chief Financial Officer	Appointed	Job transfer
Zhang Wenyang	Director, General Manager	Resigned	Job transfer
Mao Zhanhong	Vice Chairman	Resigned	Job transfer
Hong Gongxiang	Independent Supervisor	Resigned	Dissolution of the Supervisory Committee
Geng Jingyan	Supervisor	Resigned	Dissolution of the Supervisory Committee
Wan Tingting	Supervisor	Resigned	Dissolution of the Supervisory Committee

(5) The Company was Never Punished by Securities Regulatory Agencies in the Past Three Years

4. PERFORMANCE OF DIRECTORS

(1) Attendance of Directors in the Board Meetings and Shareholders' Meeting

Name of Director	Independent or not	Required attendance during the year	Attendance of Directors in the Board meetings				Two in consecutive personal absence	Attendance in the Shareholders' Meeting
			Attendance in person	Attendance by way of correspondence	Attendance by proxy	Absence		
Jiang Yuxiang	No	15	10	5	-	- No	4	
Tang Qiming	No	1	1	-	-	- No	1	
Guan Bingchun	Yes	15	10	5	-	- No	4	
He Anrui	Yes	15	10	5	-	- No	4	
Qiu Shengtao	Yes	15	10	5	-	- No	4	
Zeng Xiangfei	Yes	15	10	5	-	- No	4	
Zhang Wenyang	No	8	7	1	-	- No	3	
Mao Zhanhong	No	10	8	2	-	- No	3	

All Directors of the Company were not absent from the Board meetings for two consecutive times.

Number of meetings held by the Board during the year	15
Of which: Number of face-to-face meetings	10
Number of meetings with teleconferencing	5

(2) All Directors Raised No Objections to the Matters Related to the Company

Section IV Corporate Governance, Environment and Society (Continued)

5. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

(1) Special committees under the Board of Directors

Special Committee Category	Name
Strategic and Sustainable Development Committee	Jiang Yuxiang, Guan Bingchun, He Anrui, Qiu Shengtao; Mao Zhanhong, Zhang Wenyang (Note)
Audit and Compliance Committee	Zeng Xiangfei, Guan Bingchun, He Anrui, Qiu Shengtao
Nomination Committee	He Anrui, Guan Bingchun, Qiu Shengtao, Zeng Xiangfei, Jiang Yuxiang
Remuneration and Appraisal Committee	Guan Bingchun, He Anrui, Qiu Shengtao, Zeng Xiangfei

Note: During the Reporting Period, upon their resignation as Directors of the Company, Mr. Zhang Wenyang and Mr. Mao Zhanhong also resigned from their positions in the Strategy and Sustainable Development Committee.

(2) During the Reporting Period, the Strategic and Sustainable Development Committee held 4 meetings

Date	Meeting Content
24 January 2025	Approved the proposal on capital increase to the wholly-owned subsidiary and submitted it to the Board for deliberation; approved the summary of key low-carbon development work of the Company for 2024 and the key work plan for 2025, and submitted them to the Board for deliberation.
25 February 2025	Approved the 2025 fixed asset investment plan of the Company and submitted it to the Board for deliberation.
28 March 2025	Approved the 2024 Environmental, Social and Governance Report of the Company and submitted it to the Board for deliberation; approved the 2024 annual strategy implementation evaluation report of the Company; approved the 2024 performance report of the Strategy and Sustainable Development Committee of the Board.
17 April 2025	Approved the proposal on introducing Baosteel Co., Ltd. as a shareholder of Magang Co., Ltd. and submitted it to the Board for deliberation.

During the Reporting Period, Mr. Jiang Yuxiang, Mr. Guan Bingchun, Mr. He Anrui, Mr. Qiu Shengtao (members of the Committee), and Mr. Mao Zhanhong and Mr. Zhang Wenyang (former members) attended all meetings they were required to attend and deliberated and approved the relevant proposals. The convening and proceedings of all meetings of the Committee complied with relevant laws, regulations and the Articles of Association. All members of the Committee faithfully fulfilled their confidentiality obligations with respect to the reports heard at the Committee meetings, and no unauthorized disclosure of relevant information occurred.

Section IV Corporate Governance, Environment and Society (Continued)

(3) During the Reporting Period, the Audit and Compliance Committee held 8 meetings

Date	Meeting Content
23 January 2025	Reviewed and adopted the unaudited financial statements of the Company for 2024, and considered that the unaudited financial statements for 2024 complied with the requirements of Accounting Standards for Business Enterprises and relevant provisions in all material respects without material omissions, and agreed to submit them to the external accounting firm for audit.
21 February 2025	Approved the 2024 internal audit work summary and 2025 internal audit work plan of the Company and submitted them to the Board for deliberation; approved the 2024 risk supervision and evaluation report of the Company.
27 March 2025	Based on the review of the audited financial report of the Company for 2024 and discussions and communication with the internal audit department and external accounting firm on the financial report and relevant issues, considered that the Company complied with the requirements of Accounting Standards for Business Enterprises in all material respects with sufficient disclosure and no material omissions; approved the 2024 final profit distribution proposal of the Company; reviewed the related party transactions of the Company for 2024; discussed the external guarantee and fund occupation for 2024; approved the risk assessment report of Baowu Group Finance Co., Ltd.; adopted the 2024 internal control evaluation report of the Company; adopted the 2024 audit work summary of the external accounting firm; adopted the report of the Audit and Compliance Management Committee on the performance of supervision duties by the annual audit accounting firm for 2024; discussed the proposal on the remuneration of the 2024 auditor and the reappointment of Ernst & Young Hua Ming as the Company's auditor for 2025; reviewed the 2024 annual report and summary; adopted the 2024 performance report of the Audit (Nomination) Committee of the Board. The meeting also heard the 2024 comprehensive risk management and internal control work report of the Company and reviewed the 2024 internal control audit report issued by Ernst & Young Hua Ming.
28 April 2025	Reviewed the unaudited financial report of the Company for the first quarter of 2025; approved the 2025 first quarter report of the Company.
14 August 2025	Approved the resignation of Mr. Zhang Wenyang from the post of the Company's financial principal and submitted it to the Board for deliberation; proposed the appointment of Mr. Chen Guorong as the Company's financial principal and submitted it to the Board for deliberation.

Section IV Corporate Governance, Environment and Society (Continued)

Date	Meeting Content
26 August 2025	Reviewed the unaudited semi-annual financial report of the Company for 2025 and approved its submission to the Board for deliberation; approved the risk assessment report on Baowu Group Finance Co., Ltd. for the first half of 2025 and submitted it to the Board for deliberation; approved the full text and summary of the 2025 semi-annual report of the Company and submitted them to the Board for deliberation. In addition to hearing the presentation by Ernst & Young Hua Ming, the annual auditor, on the performance of interim agreed-upon procedures, the meeting also heard presentations on related party transactions for the first half of 2025, comprehensive risk management and internal control report for the first half of 2025, and internal audit work for the first half of 2025.
27 October 2025	Reviewed the unaudited third quarter financial report of the Company for 2025 and approved its submission to the Board for deliberation; approved the 2025 third quarter report of the Company and submitted it to the Board for deliberation; approved the proposal on changing the 2025 auditor of the Company and submitted it to the Board for deliberation. The meeting also heard presentations on related party transactions for the third quarter of 2025, comprehensive risk management and internal control report for the third quarter of 2025, and internal audit work for the third quarter of 2025.
26 December 2025	Approved the 2025 annual audit plan of the Company.

During the Reporting Period, Ms. Zeng Xiangfei, Mr. Guan Bingchun, Mr. He Anrui and Mr. Qiu Shengtao, members of the Committee, attended all meetings and deliberated and approved the relevant proposals. The convening, proceedings, voting and resolutions of all meetings of the Committee complied with relevant laws, regulations and the Articles of Association. All members faithfully fulfilled their confidentiality obligations with respect to the matters discussed at the Committee meetings, and no unauthorized disclosure of relevant information occurred.

The Audit Committee reviewed the Company's financial reports and material opinions on the relevant financial sections contained in the annual, semi-annual and quarterly reports, focusing on material accounting and audit issues in the financial reports, including changes in material accounting policies and estimates, and consistency of financial information, and provided opinions on the truthfulness, completeness and accuracy of the financial reports.

The Audit Committee obtained information from the auditors each year to understand their policies and procedures adopted for maintaining independence and compliance with relevant rules, including requirements on rotation of audit partners and staff; it met with the auditors at least once a year without the presence of management to discuss matters arising from the audit work and other matters the auditors wished to raise.

Section IV Corporate Governance, Environment and Society (Continued)

The Audit Committee reviewed the annual internal control work summary and work plan of the Company, and regularly heard reports on internal control and comprehensive risk management to oversee the Company's internal audit function and assess procedures for the overall governance, risk management and internal control framework. The Committee also ensured that management maintained appropriate risk management and internal control over the financial reporting process to preserve the effectiveness of the Company's financial reporting.

(4) During the Reporting Period, the Nomination Committee held 2 meetings

Date	Meeting Content
26 March 2025	Approved the special opinion on the independence of independent directors for 2024 and submitted it to the Board for deliberation; approved the 2024 performance report of the Nomination Committee of the Board.
14 August 2025	Approved the nomination of Mr. Chen Guorong as Deputy General Manager and financial principal of the Company and submitted it to the Board for deliberation.

During the Reporting Period, Mr. He Anrui, Mr. Guan Bingchun, Mr. Qiu Shengtao, Ms. Zeng Xiangfei and Mr. Jiang Yuxiang, members of the Committee, attended all meetings they were required to attend and deliberated and approved the relevant proposals. The convening, proceedings, voting and resolutions of all meetings of the Committee complied with relevant laws, regulations and the Articles of Association. All members of the Committee faithfully fulfilled their confidentiality obligations with respect to the matters discussed at the Committee meetings, and no unauthorized disclosure of relevant information occurred.

(5) During the Reporting Period, the Remuneration and Appraisal Committee held 2 meetings

Date	Meeting Content
26 March 2025	Approved the proposal on the 2024 operating performance assessment of executive directors and senior management and submitted it to the Board for deliberation; approved the 2024 remuneration of directors and senior management of the Company and submitted it to the Board for deliberation; approved the 2024 performance report of the Remuneration Committee.
17 June 2025	Approved the proposal on repurchase and cancellation of part of restricted shares and submitted it to the Board for deliberation; approved the proposal on the 2025 operating performance responsibility statement of members of the Company's management and submitted it to the Board for deliberation.

Section IV Corporate Governance, Environment and Society (Continued)

During the Reporting Period, Mr. Guan Bingchun, Mr. He Anrui, Mr. Qiu Shengtao and Ms. Zeng Xiangfei, members of the Committee, attended all meetings they were required to attend and deliberated and approved the relevant proposals. The convening, proceedings, voting and resolutions of all meetings of the Committee complied with relevant laws, regulations and the Articles of Association. When the meeting discussed the remuneration of relevant directors and senior management, none of the relevant directors participated in decisions on their own remuneration. All members of the Committee faithfully fulfilled their confidentiality obligations with respect to the matters discussed at the Committee meetings, and no unauthorized disclosure of relevant information occurred.

6. EXPLANATION ON THE AUDIT COMMITTEE'S FINDING OF EXISTING RISKS

The Audit Committee has no objection to the supervisory matters during the Reporting Period.

7. EMPLOYEES IN THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(1) Employees

The number of current employees of the parent company	183
The number of current employees of the major subsidiaries	16,597
Total number of current employees	16,780
Number of retired employees whose parent company and major subsidiaries are required to bear expenses	–

Professional constitution

Professional category	Number of staff of professional constitution
Production staff	13,045
Sales staff	774
Technician	1,842
Financial staff	196
Administrative staff	691
R&D staff	232
Total	16,780

Educational level

Education	Number of staff
Postgraduate	839
Graduate	4,230
Junior College	4,977
Vocational secondary or below	6,734
Total	16,780

Section IV Corporate Governance, Environment and Society (Continued)

(2) Remuneration policy

The Company is guided by highlighting position value, strengthening performance traction and encouraging cumulative growth, and has optimized and established a differentiated remuneration incentive system with position performance-based salary system as the main part, supplemented by position performance annual salary system, competency-based salary system and overseas remuneration management system. Remuneration distribution is tilted towards key core positions and frontline employees, so as to continuously improve the appropriateness of remuneration distribution. The Company promotes diversified incentive mechanisms such as profit sharing from the commercialization of scientific and technological achievements, equity incentive and dividend incentive for technology-based enterprises, so as to fully motivate the work enthusiasm of core backbone talents and technical personnel, and continuously drive the high-quality development of the enterprise. Meanwhile, in view of the characteristics of mixed-ownership reform subsidiaries, the Company implements a differentiated total wage control mode to improve the management autonomy of subsidiaries.

(3) Training program

In 2025, in accordance with the actual development needs of the Company's operation, the Company implemented 174 unified training programs, mainly focusing on talent cultivation and professional system construction in respect of management, technical business, post skills, youth reserve and other aspects. The Company completed the new certification or review of 19 special operations and special equipment operations, as well as the skill level certification of 53 occupations (types of work). The completion rate of the Company's training program was 98.85%.

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

(1) Formulation, implementation and adjustment of a cash dividend policy

According to the Articles of Association, based on the principle of giving proper regard to both the need to generate reasonable investment return for shareholders and the need to fulfill reasonable funding requirements of the Company, the distribution of dividends will be given priority to cash to shareholders in proportion to their shareholdings, and the Company's cash dividend policy should be maintained on a continuous and stable basis while the conditions and procedures for the adjustment and changes of the dividend distribution policy shall also be in line with regulations and transparent. There was no adjustment to the cash dividend policy during the Reporting Period.

Section IV Corporate Governance, Environment and Society (Continued)

(2) Specific Particulars of Cash Dividend Policy

Whether the policy complied with the provisions of the Articles of Association or the requirements of the resolutions of the Shareholders' Meeting	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
Whether the standard and proportion of dividend distribution were definite and clear	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
Whether the relevant decision-making procedure and mechanism were well-established	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
Whether the independent non-executive directors performed their duties and responsibilities and played their roles properly	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
Whether minority shareholders had sufficient opportunity to express their opinions and requests, whether their legitimate interests were sufficiently protected	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO

(3) Profit distribution and transfer of capital reserves to share capital during the Reporting Period

Unit: 100 million RMB

Number of bonus shares issued per 10 shares	–
Dividend per 10 shares (RMB) (tax inclusive)	–
Number of shares transferred from capital reserve per 10 shares	–
Cash dividend amount (tax inclusive)	–
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements	-2.09
Ratio of cash dividend amount to net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)	–
Amount of cash dividend included from share repurchases by cash	–
Total dividend amount (tax inclusive)	–
Proportion of total dividend amount to net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)	–

Although the profit available for distribution to shareholders of the parent company amounted to RMB898 million, the net profit attributable to ordinary shareholders of the listed company in the 2025 consolidated financial statements was RMB -209 million. After comprehensive consideration of the Company's strategic development, future capital requirements and the long-term interests of shareholders, it is proposed that the Company not distribute profits and not convert capital reserve into share capital for the year 2025.

Section IV Corporate Governance, Environment and Society (Continued)

(4) Cash dividend in the recent three financial years

Unit: 100 million RMB

Accumulated amount of cash dividends (tax inclusive) in the recent three financial years (1)	–
Accumulated amount of repurchases and cancellation in the recent three financial years (2)	–
Accumulated amount of cash dividends and repurchases and cancellation in the recent three financial years (3)=(1)+(2)	–
Average annual net profit for the recent three financial years (4)	-22.17
Cash dividend ratio (%) for the recent three financial years (5) = (3)/(4)	–
Net profit attributable to ordinary shareholders of the listed company in the consolidated statement for the recent financial years	-2.09
Undistributed profit at the end of the recent financial years in the parent company's statements	8.98

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

(1) Relevant 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 Shares	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-02-13/600808_20250213_9M6H.pdf
Repurchase and cancellation of restricted Shares	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2025-09-23/600808_20250923_0MZJ.pdf

Section IV Corporate Governance, Environment and Society (Continued)

(2) Shareholding incentives granted to directors and senior management during the Reporting Period

Unit: 10,000 share

Name	Position	Number of restricted shares held at the beginning of the year	Number of restricted shares newly granted during the reporting period	Granting price of restricted shares (RMB)	Locked shares	Unlocked shares	Number of restricted shares held at the end of the period	Market price at the end of the reporting period (RMB)
Mao Zhanhong	Vice Chairman (Resigned)	40.20	-	2.29	-	-	-	4.22
Fu Ming	Deputy General Manager	40.20	-	2.29	-	-	-	4.22
He Hongyun	Secretary of the Board	18.76	-	2.29	-	-	-	4.22
Total	/	99.16	-	/	-	-	-	/

(3) Establishment and implementation of appraisal mechanism and incentive mechanism for the senior management during the Reporting Period

The Company formulated and issued the Administrative Measures for Performance and Remuneration of Directors, Supervisors and Senior Management Personnel, adhering to a strategic orientation, value orientation and incentive orientation, and establishing an appraisal and evaluation mechanism that integrates incentives and constraints. During the Reporting Period, the system was implemented effectively.

Details of the remuneration and medium-to-long term incentives of senior management are set out in “Changes in Shareholding and Emoluments of Current Directors, Supervisors and Senior Management and Those Who Resigned during the Reporting Period”. Mr. Fu Ming, Deputy General Manager, Ms. He Hongyun, Secretary of the Board, and Mr. Mao Zhanhong, former Vice Chairman, participated in the Company’s 2021 A-share Restricted Share Incentive Scheme (the “**Incentive Scheme**”). As the 2024 performance appraisal targets set out in the Incentive Scheme were not achieved or the incentive recipients were transferred, the corresponding restricted shares were repurchased and canceled by the Company during the Reporting Period.

Pursuant to the Incentive Scheme, the Company granted a total of 75.05 million A-share restricted shares to 260 incentive recipients on 30 March 2022. Due to factors such as failure to meet the performance appraisal targets for 2022, 2023 and 2024 and personnel changes, the Company repurchased and canceled the relevant restricted shares. The Incentive Scheme was completed in September 2025, and the Company has repurchased and canceled all restricted shares.

10. THE DEVELOPMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

During the Reporting Period, the Company's internal control system was implemented effectively. In 2025, guided by risk management and focusing on compliance management and supervision, the Company further established and strengthened the internal control philosophy of institutionalized management, proceduralized systems and informationized processes. The Company strictly implemented various rules and regulations, embedded risk management and compliance management requirements into business processes, and conducted various operating activities in accordance with laws and regulations to achieve the management and control objectives of "strengthening internal control, preventing risks and promoting compliance". The major units, businesses, events and high-risk areas included in the scope of evaluation focused on safety (production, network, etc.) risks, environmental protection risks, risks of fluctuations in bulk raw material prices, quality stability and sustainable competitiveness of competitive products, standardized trade business risks, overseas legal litigation risks, intellectual property risks, two-funds control and credit risks, and exchange rate and interest rate fluctuation risks, while paying attention to the effectiveness of the design and operation of internal controls for related businesses. For details, please refer to the Company's 2025 Internal Control Evaluation Report available on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

No significant defects in internal controls were identified during the Reporting Period.

11. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

The Company has established and continuously improved its subsidiary management system and exercises classified management and control over its subsidiaries.

For its holding subsidiaries, the Company adopts vertical penetrating professional management. The main measures are as follows: 1. The Company has issued the 2025 Version of the Authorization List for Decision-Making Powers on Authorized Matters to its subsidiaries, granting hierarchical authorization within a certain scope and amount. Matters beyond the decision-making scope of the subsidiary shall be submitted to the Company for deliberation and decision-making. 2. The Company regulates the governance and operation of subsidiaries through their joint venture contracts and articles of association. For matters that are required to be reviewed and approved by the Board of Directors and shareholders' meeting of a subsidiary, the subsidiary shall submit the proposal to the Company for review before convening the meeting. 3. In respect of financial management of subsidiaries, in addition to implementing the system of assigning financial principals and regular job rotation as well as conducting regular financial inspections, the Company applies a standardized financial information-based management and control system to subsidiaries to truly reflect their operating results and financial conditions.

Section IV Corporate Governance, Environment and Society (Continued)

For its associates, in accordance with the Joint Venture Agreement and the relevant articles of association, the Company participates in their major decisions by assigning directors, supervisors and part of the management personnel and relying on the corporate governance structures such as shareholders' meetings, boards of directors and supervisory committees. Through regular collection of financial statements and tracking of operating developments, the Company focuses on associates with a large shareholding ratio and significant influence, strengthens risk monitoring, resolves material risks, promotes the compliance, sound and orderly development of such companies, and safeguards the legitimate rights and interests of the Company as a shareholder. Meanwhile, the Company actively promotes qualified associates to make reasonable dividend distributions to enhance the investment return for shareholders.

Risk warning regarding abnormal management and control over subsidiaries

Applicable Not applicable

12. PRESENTATION OF RELEVANT CONDITIONS CONCERNING THE AUDIT REPORT ON INTERNAL CONTROL

Disclosure of internal control audit report: Yes

Type of opinion on the internal control audit report: Standard unqualified opinion

13. THE RECTIFICATION OF SELF-EXAMINATION PROBLEMS IN THE SPECIAL ACTION OF LISTED COMPANY GOVERNANCE

Not applicable

14. ENVIRONMENTAL INFORMATION OF THE LISTED COMPANY AND ITS PRINCIPAL SUBSIDIARIES INCLUDED IN THE LIST OF ENTERPRISES FOR STATUTORY DISCLOSURE OF ENVIRONMENTAL INFORMATION

Number of enterprises included in the list of enterprises for statutory disclosure of environmental information (unit)

6

No.	Name of Enterprise	Query Index of Statutory Environmental Information Disclosure Report
1	Maanshan Iron & Steel Company Limited	
2	Maanshan Iron & Steel Limited Company	
3	Magang (Hefei) Iron & Steel Co., Ltd.	Enterprise Environmental Information Disclosure System
4	Baowu Group Magang Rail Transit Materials Technology Co., Ltd.	(Anhui) https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
5	Mascometal Co., Ltd.	
6	Anhui Changjiang Steel Co., Ltd.	

Section IV Corporate Governance, Environment and Society (Continued)

15. SOCIAL RESPONSIBILITY WORK

- (1) Whether to separately disclose social responsibility report, sustainability report or ESG report

The Company has published the 2025 Environmental, Social and Governance Report, which is available on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

- (2) Specific Details of Social Responsibility Work

External Donations & Public Welfare Projects	Amount/ Content	Description
Total Investment (RMB10,000)	185.635	
Of which: Funds (RMB10,000)	185.635	Expenses for targeted assistance, charitable donations, subsidies for land-lost elderly persons, etc.
Number of Beneficiaries (persons)	Over 20,000	Targeted assistance benefited 11,075 people in two villages; donations from the city's "Charity One-Day Donation" were mainly used for poverty relief, education support and medical assistance, benefiting over 10,000 people.

16. SPECIFIC WORK ON CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

Poverty Alleviation & Rural Revitalization Projects	Amount/ Content	Description
Total Investment (RMB10,000)	68.4	
Of which: Funds (RMB10,000)	68.4	RMB300,000 for the fresh corn processing industry project in Liji Village; RMB70,000 for the road lighting project in Liji Village; RMB30,000 for the civilization points supermarket project in Liji Village; RMB200,000 for Longtai Village's investment in the Lingjiatan seedling raising project; RMB84,000 for the improvement of teaching facilities at Longtai Village School.
Number of Beneficiaries (persons)	11,075	Registered population of Liji Village in Funan County and Longtai Village in Hanshan County.
Forms of Assistance (e.g. industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	/	The fresh corn processing industry project in Liji Village has created jobs for 38 local villagers; the Company supported the teaching facility improvement project at Longtai Village School to improve school-running conditions and boost rural education revitalization; special training on rice planting skills was provided to improve farmers' professional level of rice planting, helping them grow rice scientifically and improve quality and efficiency; a civilization points supermarket was built in the assisted village to promote rural civilization governance.

Section IV Corporate Governance, Environment and Society (Continued)

1. Overall planning and implementation to consolidate assistance responsibilities. The Company conducted high-level overall planning and precisely designed targeted assistance work. Firstly, consolidating leadership responsibilities. The Company organized members of the leading group and relevant departments to conduct three on-site investigations in Longtai Village, Lintou Town, Hanshan County and Liji Village, Dicheng Town, Funan County, listened to reports from the resident working teams, inspected the progress of industrial projects on the spot, and solved development problems on site. Secondly, improving the working mechanism. The Company held a special meeting of the leading group for rural revitalization to deploy annual assistance measures, clarify assistance responsibilities, and form a working pattern of “vertical linkage and full participation”. Thirdly, ensuring fund guarantee. In accordance with the annual external donation budget (including special funds for targeted assistance), the Company timely appropriated full assistance funds, and guided resident cadres to strengthen fund supervision, effectively helping the assisted areas consolidate and expand the achievements in poverty alleviation and steadily advance comprehensive rural revitalization.
2. Strengthening industrial assistance to activate endogenous impetus. Adhering to the principle of “adjusting measures to local conditions and targeted implementation”, the Company focused on fostering characteristic leading industries with core competitiveness, forming a development pattern of “one village, one product”. The Company donated RMB300,000 to support Liji Village in developing the fresh corn planting industry, assisted the village committee in coordinating with Dicheng Town Government to transfer more than 383 mu of planting land, mobilized local villagers to participate in planting, helped Liji Village introduce investment and operation entities to run the project, contacted Magang Design Institute for design support, and led visits to Anhui Agricultural University and Anhui Academy of Agricultural Sciences for guidance on seed selection and cultivation, fully ensuring the scientificity and sustainability of industrial assistance projects. Based on the actual situation of Longtai Village, the Company continued to support its mung bean soup production project, and invited the College of Food Processing, Anhui Agricultural University to provide full guidance on equipment inspection, technical negotiation, flavor mixing and solution of technical problems. The Company donated RMB200,000 to support Longtai Village in investing in the new seedling raising factory project of Lingjiatan Company in the name of the village collective, continuously providing seedlings for rice growers in Hanshan. The project adopts a fixed annualized yield rate of 4% for distribution, and Longtai Village signed a dividend agreement with Lingjiatan Company to continuously increase the collective economic income of Longtai Village. Both projects have been implemented.
3. Solidly carrying out consumption assistance to broaden production and marketing channels. Firstly, careful planning and deployment: The Company formulated a task decomposition plan and implementation steps in April 2025; finalized the consumption assistance work plan in June 2025, clarifying task indicators, expense channels and distribution mechanisms to ensure the continuity of consumption assistance work. Secondly, standardizing procurement procedures: The Company completed the bidding and contract signing of consumption assistance goods and service operation and maintenance suppliers to improve procurement compliance. Thirdly, precise assistance: With the opportunity of summer heatstroke prevention and cooling and the “Central Enterprise Consumption Assistance and Agriculture Revitalization Week”, the Company purchased a total of RMB5.04 million worth of products.

Section IV Corporate Governance, Environment and Society (Continued)

4. Focusing on talent revitalization to build a talent cultivation system. To help Funan County solve the practical problems of labor shortage and lack of technical talents in investment-attracted enterprises, the Company conducted in-depth communication with the local government, actively planned to carry out government-school cooperation “order-based schooling” by leveraging the educational resources of Magang Anye College and Technician College, and conducted face-to-face publicity and exchanges with teachers and students at Dicheng Town School to guide students to apply for the Technician College, helping cultivate technical talents for Funan County and Dicheng Town and solve labor difficulties through internships and returning home for employment. The Communist Youth League Committee of the Company carried out the “Love Assistance for Education • Youth Journey” donation activity in the assisted villages, using donations to provide RMB1,000 bursary and schoolbags each to 20 primary and secondary school students from poor families, lighting up their study path. To enrich teaching resources and help students grow healthily, the Company donated RMB84,000 of assistance funds to Zhangtuan School to improve equipment, supplement teaching equipment and create a modern teaching display effect.

5. Focusing on urgent difficulties and needs to improve happiness index. The Company puts the “urgent difficulties and worries” of the masses first. During the Spring Festival, the Company visited and comforted poverty-stricken households and monitoring households, caring about the lives of disadvantaged groups; introduced Deyu Medical into the village to carry out the “Golden Autumn Free Clinic & Light Delivery” activity, providing medical services and medicines for left-behind elderly; carried out the “Warm Agriculture Action – Helping Sell Fresh Black Corn from Liji Village, Funan” themed Party Day activity to reduce farmers’ losses from poor corn harvests. To further meet the masses’ demand for night travel and improve living convenience, the Company provided RMB70,000 of assistance funds to Liji Village in 2025 to implement lighting projects on newly built roads and ensure the safe travel of the masses; assisted Longtai Village in actively carrying out the rural road “Every Household Access” project, opening the “last mile” of serving the masses and connecting a happy life to rural courtyards. To promote rural cultural and ethical progress, the Company guided Longtai Village to continuously carry out “evening deliberation” activities to listen to the voices of the people; continued to donate RMB30,000 to Liji Village for material supplementation of the “Civilization Points Supermarket”, quantifying indicators such as promoting traditional virtues, advancing reform of outdated customs, improving the living environment and participating in public welfare activities into points, and stimulating the masses’ motivation to participate in rural construction through point redemption, significantly improving the masses’ participation.

Section IV Corporate Governance, Environment and Society (Continued)

6. Deepening group assistance to gather synergy for agriculture revitalization. The Company strictly implemented the requirements of China Baowu's "Four Developments" projects and focused on group assistance for the ton bag industry in Luotian, Hubei. The Company took the initiative to organize demand units to sort out procurement lists, led the person in charge of Hubei Baoxin Company to visit upstream and downstream enterprises, linked Ouyeel Industrial Products and affiliated enterprises to broaden sales channels, and promoted compliant priority procurement. The annual procurement reached RMB1.61 million and assisted sales reached RMB560,000, totaling RMB2.17 million, exceeding the annual target of RMB1.2 million.
7. Remarkable achievements in boosting rural revitalization. The rural revitalization case Turning Agricultural Products into "Industrial Products" – Practice of Supporting Longtai Village in Developing Yellow Peach Canned Industry to Promote Rural Revitalization was selected as the "2024 Excellent Practice Case of Rural Revitalization of Chinese Listed Companies" by the China Association of Listed Companies; the case Central Enterprise Responsibility Fulfillment & Multi-dimensional Assistance for Revitalization was selected as the "2025 Excellent Practice Case of Sustainable Development of Listed Companies" by the China Association of Listed Companies. As the most important subsidiary of Magang Group, the Company helped Magang Group be rated "Excellent" in the 2024 assessment of targeted assistance work of provincial-level units in Anhui Province, winning the highest grade evaluation in Anhui Province for 7 consecutive years.

Section V Significant Events

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

Background of Commitments	Commitment Type	Commitment entity	Commitment Content	Commitment Date	Whether there is a performance period	Commitment period	Whether it has been performed in a timely and strict manner
Other Commitments	Resolution of horizontal competition	China Baowu	Avoid horizontal competition	June 2024	Yes	25 August 2027	Yes
	Resolution of related party transactions	China Baowu	Regulate and reduce related party transactions between China Baowu and the Company	26 August 2019	No	-	Yes
	Others	China Baowu	Maintain the independence of the Company on an ongoing basis	26 August 2019	No	-	Yes

During the period when applying to CSRC for exempt from cash offer acquisition of the A shares of the Company in 2019, the following 3 commitments were made: 1. to avoid horizontal competition, China Baowu issued the “Commitment Letter on Avoiding Horizontal Competition”; 2. 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”; 3. 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”.

In June 2024, China Baowu issued the Letter on Extending the Performance of the Commitment to Avoid Horizontal Competition. Based on the progress of its commitment to resolve horizontal competition, it extended the commitment to avoid horizontal competition issued in 2019 for three years until 25 August 2027.

During the Reporting Period, China Baowu didn’t violate the commitments.

Section V Significant Events (Continued)

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

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

4. EXPLANATION FROM THE BOARD OF THE COMPANY ON THE “NON-STANDARD AUDIT OPINIONS” ISSUED BY THE AUDITORS

Applicable Not Applicable

5. DURING THE REPORTING PERIOD, THE COMPANY HAD NO CHANGES IN ACCOUNTING POLICIES OR ACCOUNTING ESTIMATES, AND NO CORRECTIONS OF MATERIAL ACCOUNTING ERRORS

(1) **Communication with former accounting firms**

The Company has communicated with Ernst & Young Hua Ming LLP (“Ernst & Young Hua Ming”) in advance regarding the change of accounting firm and Ernst & Young Hua Ming has no objection to it. Ernst & Young Hua Ming and Deloitte Touche Tohmatsu will do the communication and coordination work in accordance with the relevant provisions of PRC Auditing Standard for Certified Public Accountants No. 1153 – Communication between Former Certified Public Accountants and Subsequent Certified Public Accountants.

(2) **Approval procedures and other explanation**

For details, please refer to “1 (8) Auditors” under “IV. Corporate Governance” of this Report.

Section V Significant Events (Continued)

6. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: ten thousand RMB

	Formerly employed	Currently employed
Name of domestic accounting firm	Ernst & Young Hua Ming LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firms	226	239
Audit period of domestic accounting firm	1	1
Name of certified public accountant of domestic accounting firm	/	Bu Jun, Yang Bei
Cumulative term of service of certified public accountants of the domestic accounting firm	/	Bu Jun (1 year), Yang Bei(1 year)

	Name	Remuneration
Internal control audit accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	34

Explanation of appointment and dismissal of accounting firms

For details, please refer to “1 (8) Auditors” under “IV. Corporate Governance” of this Report.

During the Reporting Period, the Company did not change its accounting firm during the audit period, nor did it experience a decrease of more than 20% (including 20%) in audit fees compared with the previous year.

7. **THE COMPANY IS NOT AT RISK OF DELISTING.**
8. **DURING THE REPORTING PERIOD, THE COMPANY HAD NO MATTERS RELATING TO BANKRUPTCY AND REORGANIZATION.**
9. **THE COMPANY HAD NO MATERIAL LITIGATION OR ARBITRATION MATTERS DURING THE YEAR.**

Section V Significant Events (Continued)

10. THE LISTED COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER ARE NOT SUSPECTED OF VIOLATING LAWS OR REGULATIONS, NOR HAVE THEY BEEN PENALIZED OR ORDERED TO RECTIFY.

11. EXPLANATION ON THE CREDIT STATUS OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not Applicable

12. SUBSTANTIAL RELATED PARTY TRANSACTIONS

The connected transactions set out below are connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange, and have complied with the disclosure requirements of such Chapter.

(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 Matters	Reference Index
Products Purchase and Sale Agreement, Agreement for Provision and Acceptance of Services and Financial Services Agreement for 2025–2027	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
Supplementary Agreement to the Products Purchase and Sale Agreement for 2025–2027	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

Section V Significant Events (Continued)

The transactions between the Group and China Baowu and 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) Continuing Connected Transactions under the Products Purchase and Sale Agreement for 2025–2027 and its Supplementary Agreement between the Company and China Baowu

In 2024, the Company and China Baowu signed the Products Purchase and Sale Agreement for 2025–2027, which was approved by the Shareholders' Meeting. In 2025, the Company and China Baowu signed the Supplementary Agreement to the Products Purchase and Sale Agreement for 2025–2027 to increase the annual caps on the products sold by the Company to China Baowu under the Products Purchase and Sale Agreement, which was approved by the Shareholders' Meeting. During the Reporting Period, the amounts of connected transactions conducted under such agreements are as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category (%)
Sales of products to China Baowu	15,444	20
Purchasing products from China Baowu	17,372	23
Total	32,816	/

The prices of ores, scrap, spare parts and other products the Group purchases from China Baowu, as well as the prices of steel and energy media the Group sales to China Baowu 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 contract.

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 such agreements. 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 RMB65,943 million specified in such agreements.

Section V Significant Events (Continued)

- (2) Continuing Connected Transactions under the Agreement for Provision and Acceptance of Services for 2025–2027 between the Company and China Baowu

In 2024, the Company and China Baowu signed the Agreement for Provision and Acceptance of Services for 2025–2027, which was approved by the shareholders' meeting. During the Reporting Period, the amounts of connected transactions conducted under this agreement are as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category (%)
Provision of services to China Baowu	78	53
Receiving services from China Baowu	7,019	77
Total	7,097	/

The prices of services received by the Group from China Baowu each year, including infrastructure construction and technical renovation projects, energy-saving and environmental protection projects, as well as the prices of services provided by the Group to China Baowu, including steel billet processing, measurement, testing and railway transportation, are all determined by both parties through fair negotiation during the term of the agreement with reference to comparable market transaction prices and on normal commercial terms.

All Directors of the Board who are independent of China Baowu (including independent non-executive Directors) consider that such transactions were entered into in the ordinary course of business, conducted on normal commercial terms, carried out in accordance with the Agreement for Provision and Acceptance of Services, with fair and reasonable terms, and are in the overall interests of the shareholders of the Company. During the Reporting Period, the total amount of such transactions did not exceed the 2025 annual cap set out in the Agreement for Provision and Acceptance of Services, namely RMB8,694 million.

Section V Significant Events (Continued)

- (3) The continuing connected transactions under the 2025–2027 Financial Services Agreement between the Group and Baowu Finance

In 2024, the Group and Baowu Finance signed the 2025–2027 Financial Services Agreement, which was approved at the Shareholders' General Meeting. During the Reporting Period, the transaction amounts under the agreement were as follows:

Unit: million RMB

Project	Annual cap	Amount
Maximum daily deposit balance	9,500	8,855
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	63.20
Total interest on the Company's deposits with Baowu Finance	190	58.22

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 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. 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.

Section V Significant Events (Continued)

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.

In accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Hong Kong Institute of Certified Public Accountants and with reference to Practice Note 740 – Accountants’ Letters for Continuing Connected Transactions under the Hong Kong Listing Rules, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership), the Company’s auditor, has been engaged to report on the Group’s continuing connected transactions. Pursuant to Rule 14A.56 of the Listing Rules of the Hong Kong Stock Exchange, the auditor has issued an unqualified letter in respect of the continuing connected transactions disclosed by the Group in the annual report. The auditor is of the opinion that:

- (a) The auditor has not become aware of any matter that causes it to believe that the disclosed continuing connected transactions were not approved by the Board of Directors of the Company.
- (b) The auditor has not become aware of any matter that causes it to believe that the transactions for the provision of goods and services by the Group were not conducted in all material respects in accordance with the Group’s pricing policies.
- (c) The auditor has not become aware of any matter that causes it to believe that such transactions were not conducted in all material respects in accordance with the terms of the agreements governing the relevant transactions.
- (d) In respect of the total amount of each continuing connected transaction, the auditor has not become aware of any matter that causes it to believe that the amount of such continuing connected transactions exceeded the annual caps set by the Company.

Section V Significant Events (Continued)

(2) Connected Transactions in Relation to Acquisition or Disposal of Assets or Equity

1. *Matters that have been disclosed in a provisional announcement and for which there is no progress or change in subsequent implementation*

Summary of Matter	Reference Index
Introduction of Baosteel as an investor 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

On 17 April 2025, for the purpose of introducing investors, the Company entered into the Equity Transfer Agreement in respect of Maanshan Iron & Steel Limited Company and the Shareholders' Agreement in respect of Maanshan Iron & Steel Limited Company with Baosteel and Magang Limited. Baosteel is a subsidiary held by China Baowu Steel Group Corporation Limited (the indirect controlling shareholder of the Company), and Magang Limited is a wholly-owned subsidiary of the Company. Baosteel acquired a total of 49% equity interest in Magang Limited through equity acquisition and capital injection at a total consideration of RMB9 billion, of which: RMB5,139 million for the acquisition of 35.42% equity interest in Magang Limited from the Company; RMB3,861 million in cash for capital injection into Magang Limited.

At the 37th meeting of the tenth session of the Board held on 17 April 2025, the Directors considered the proposal on introducing Baoshan Iron & Steel Co., Ltd. as a shareholder of Maanshan Iron & Steel Limited Company. Five non-connected Directors (including four independent Directors) voted in favour of the proposal. Connected Directors Mr. Jiang Yuxiang and Mr. Mao Zhanhong abstained from voting in accordance with the relevant regulations. The proposal was approved at the 2024 Annual General Meeting held on 20 June 2025, and the equity transfer was completed on 30 June 2025. Upon completion of the transfer, the Company's equity interest in Magang Limited decreased from 100% to 51%, and Baosteel held 49% equity interest in Magang Limited. The Company has received the full consideration in accordance with the agreement.

During the Reporting Period, the Company did not conduct any material connected transactions of joint outward investment.

Section V Significant Events (Continued)

- (3) During the Reporting Period, the Company had no connected claims and debts transactions.
- (4) Financial business between the Company and its related financial companies and financial business between the Company's holding financial company and its related parties

a) *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		Balance at the end of the period
					Total amount deposited during the period	Total amount withdrawn during the period	
Baowu Finance	Financial business between the Group and its subsidiaries and related financial companies	9,500.00	0.10%-1.80%	3,612.46	448,910.94	444,279.70	8,243.70

b) *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		Balance at the end of the period
					Total loan amount for the period	Total amount repaid during the period	
Baowu Finance	Financial business between the Group and its subsidiaries and related financial companies	9,500.00	2.08%-2.50%	3,208.00	8,594.00	9,522.00	2,280.00

Section V Significant Events (Continued)

c) Credit business or other financial business

Unit: million RMB

Related party	Connection	Business types	Total	Actual amount
Baowu Finance	Financial business between the Group and its related financial companies	Charge for financial services	63.20	63.20

13. MATERIAL CONTRACTS AND EXECUTION THEREOF

- (1) During the Reporting Period, there was no entrustment, contracting and leasing.
- (2) During the Reporting Period, there was no guarantee made by the Company.
- (3) The Company does not engage in any entrusted cash asset management arrangements with third parties during the Reporting Period.

14. PROGRESS REPORT ON THE UTILIZATION OF RAISED FUNDS

Applicable Not Applicable

15. EXPLANATION OF OTHER MATERIAL MATTERS THAT HAVE A MATERIAL IMPACT ON INVESTORS' VALUE JUDGMENT AND INVESTMENT DECISIONS

Applicable Not Applicable

Section VI Movements in Share Capital and Shareholders

1. SHARE CAPITAL 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	0.6	-	-	-	-46,256,800	-46,256,800	-	-
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-	-	-
3. Other domestically owned shares	46,256,800	0.6	-	-	-	-46,256,800	-46,256,800	-	-
Including: Domestic non-state-owned legal person shares	-	-	-	-	-	-	-	-	-
Shares owned by domestic natural persons	46,256,800	0.6	-	-	-	-46,256,800	-46,256,800	-	-
4. Foreign shareholding	-	-	-	-	-	-	-	-	-
Including: Overseas legal person shares	-	-	-	-	-	-	-	-	-
Overseas natural person shares	-	-	-	-	-	-	-	-	-
II. Shares without selling restriction	7,700,681,186	99.4	-	-	-	-	-	7,700,681,186	100
1. RMB ordinary shares	5,967,751,186	77.03	-	-	-	-	-	5,967,751,186	77.50
2. Foreign shares listed domestically	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	1,732,930,000	22.37	-	-	-	-	-	1,732,930,000	22.50
III. Total	7,746,937,986	100	-	-	-	-46,256,800	-46,256,800	7,700,681,186	100

2. Explanation on changes in share capital

During the Reporting Period, 46,256,800 restricted A shares of the Company were repurchased and cancelled in accordance with the relevant provisions of the incentive plan.

Section VI Movements in Share Capital and Shareholders (Continued)

(2) Change in restricted shares

Unit: Share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of restricted shares lifted during the year	Number of restricted shares increased during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release of restriction
Share incentive recipients	46,256,800	–	-46,256,800	–	Share incentive	Note

Note: As the vesting conditions were not met or incentive recipients retired, among other reasons, the Company repurchased and cancelled 46,256,800 restricted A shares of the Company during the Reporting Period.

2. ISSUANCE AND LISTING OF SECURITIES

(1) Securities issued during the Reporting Period

Applicable Not Applicable

Description of the issuance of securities during the Reporting Period (please specify separately for securities with different interest rates during the duration):

Applicable Not Applicable

(2) Changes in the total number of Shares and shareholding structure of the Company, and changes in the asset and liability structure of the Company

Following the repurchase and cancellation of 46,256,800 restricted A shares of the Company during the Reporting Period, the total number of Shares decreased to 7,700,681,186 shares. There were no material changes in the shareholding structure and the asset and liability structure of the Company.

3. SHAREHOLDERS AND ACTUAL HOLDERS

(1) Total shareholders

Numbers of Shareholders as at the end of the Reporting Period (<i>unit</i>)	117,937
Numbers of Shareholders as at the end of last month prior to the report date (<i>unit</i>)	116,232

Section VI Movements in Share Capital and Shareholders (Continued)

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

Unit: Share

Shareholding of the top ten shareholders (excluding shares lent through securities lending and refinancing)							
Name of Shareholder (Full Name)	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		Shareholder Nature
					Share Status	Number	
Magang (Group) Holding Company Limited	-	3,733,677,149	48.49	-	Nil	-	State-owned shareholder
HKSCC Nominees Limited	1,819,700	1,720,124,195	22.34	-	Unknown	Unknown	Overseas legal person
Central Huijin Investment Ltd.	-	139,172,300	1.81	-	Unknown	Unknown	State-owned legal person
Hong Kong Securities Clearing Company Limited	38,162,046	68,324,717	0.89	-	Unknown	Unknown	Overseas legal person
Beijing Guoxing Real Estate Management Co., Ltd.	18,515,437	42,311,137	0.55	-	Unknown	Unknown	Domestic non-state-owned legal person
Agricultural Bank of China Co., Ltd. – China Securities 500 Open-end Trading Index Securities Investment Fund	1,060,868	35,211,194	0.46	-	Unknown	Unknown	Others
Shenzhen Qianhai Daoming Investment Management Co., Ltd. – Daoming No. 1 Private Securities Investment Fund	Unknown	29,731,334	0.39	-	Unknown	Unknown	Others
China Merchants Bank Co., Ltd. – Guotai CSI Steel Trading Open Ended Index Securities Investment Fund	Unknown	24,867,962	0.32	-	Unknown	Unknown	Others
China Resources Shenzhen Guotou Trust Co., Ltd. – China Resources Trust Runze Shijia Family Trust No. 88	Unknown	15,048,900	0.20	-	Unknown	Unknown	Others
Yan Hao	Unknown	12,756,600	0.17	-	Unknown	Unknown	Domestic natural person

Section VI Movements in Share Capital and Shareholders (Continued)

Top Ten Shareholders with unrestricted selling condition (excluding shares lent through securities lending and refinancing)			
Name of Shareholder	The number of unrestricted Outstanding shares held	Type and Quantity of Shares	
		Type	Quantity
Magang (Group) Holding Co., Limited	3,733,677,149	Ordinary shares in RMB	3,733,677,149
HKSCC Nominees Limited	1,720,124,195	Overseas listed shares	1,720,124,195
Central Huijin Investment Ltd.	139,172,300	Ordinary shares in RMB	139,172,300
Hong Kong Securities Clearing Company Limited	68,324,717	Ordinary shares in RMB	68,324,717
Beijing Guoxing Real Estate Management Co., Ltd.	42,311,137	Ordinary shares in RMB	42,311,137
Agricultural Bank of China Limited – CSI500 Index Open-ended Fund	35,211,194	Ordinary shares in RMB	35,211,194
Shenzhen Qianhai Daoming Investment Management Co., Ltd. – Daoming No. 1 Private Securities Investment Fund	29,731,334	Ordinary shares in RMB	29,731,334
China Merchants Bank Co., Ltd. – Guotai CSI Steel Trading Open Ended Index Securities Investment Fund	24,867,962	Ordinary shares in RMB	24,867,962
China Resources Shenzhen Guotou Trust Co., Ltd. – China Resources Trust Runze Shijia Family Trust No. 88	15,048,900	Ordinary shares in RMB	15,048,900
Yan Hao	12,756,600	Ordinary shares in RMB	12,756,600
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: During the Reporting Period, none of the Shares of the Company held by Maanshan Iron & Steel Group and Baogang Hong Kong Investment were pledged, frozen or held in custody. However, the Company is not aware of whether the Shares of the Company held by other shareholders holding 5% or more of the Company's Shares have been pledged, frozen or held in custody. As at the end of the Reporting Period, Hong Kong Securities Clearing (Nominees) Limited held 1,720,124,195 H shares of the Company as nominee for multiple clients, including 358,950,000 H shares of the Company held on behalf of Baogang Hong Kong Investment

Section VI Movements in Share Capital and Shareholders (Continued)

Share lent through securities lending and refinancing business by shareholders holding 5% or more of shares, top 10 shareholders, and top 10 tradable shareholders

Applicable Not Applicable

The top ten shareholders and the top ten tradable shareholders have changed over the previous period due to securities lending/return

Applicable Not Applicable

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

Applicable Not Applicable

(3) Interests or short positions recorded according to the Securities and Futures Ordinance

As of 31 December 2025, the Company was aware of below interests or short positions recorded according to the Securities and Futures Ordinance.

Name of Shareholder	Identity held or deemed to be interested	Number of shares held or deemed to be in equity of the Company's issued H shares (shares)	Approximate percentage of the Company's issued H shares (%)
Baosteel Hong Kong Investment Company Limited	Beneficial holder	358,950,000 (Long position)	20.71

As at 31 December 2025, for details of changes in shareholdings of directors, supervisors and senior executives of the Company, please refer to "(1) Changes in shareholdings of current and outgoing directors, supervisors and senior executives in the Reporting Period" in "3. Information on Directors, Supervisors and Senior Executives" in this section. Except for that, none of the directors, supervisors, or senior management had any interests or short positions in the share capital or relevant share capital and bonds of the Company or any of its associated corporations (definition refers to the Securities and Futures Ordinance).

Save as disclosed above, as at 31 December 2025, the Company was no aware of any interests or short positions recorded according to the Securities and Future Ordinance.

Section VI Movements in Share Capital and Shareholders (Continued)

4. SUBSTANTIAL SHAREHOLDERS AND ACTUAL HOLDER

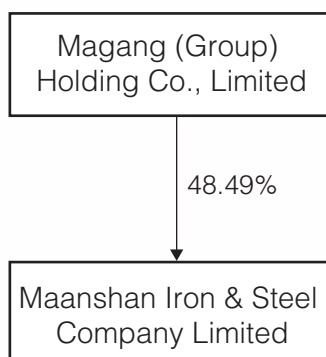
(1) Controlling shareholders

1 Legal person

Name	Magang (Group) Holding Co., Limited
Head of unit or legal representative	Jiang Yuxiang
Date of Incorporation	1 September 1993
Major business operations	Capital operation; mining and sorting of mineral products; construction, construction materials, machine manufacturing, maintenance and design; external trading; domestic trading; distribution and storage of materials; property management; consulting service; rental services; agriculture and forestry.
Equity in other domestic and overseas listed companies controlled or partially owned during the Reporting Period	At the end of the Reporting Period, in addition to the Company's stock, the Holding also held 3.31% equity interest in Anhui Huasu, 0.93% in Baoxin Sight, 0.01% in Huishang Bank.

2 *There was no change in the controlling shareholder during the Reporting Period.*

3 *Block diagram of property rights and controlling relationships between the Company and controlling shareholders*



Section VI Movements in Share Capital and Shareholders (Continued)

(2) Actual holder

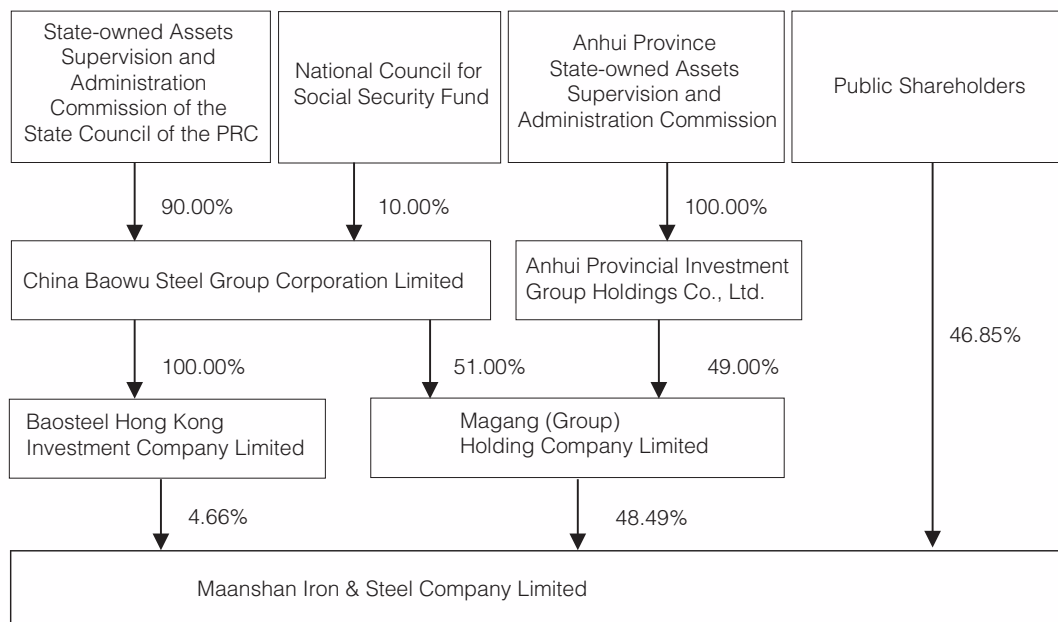
1 Legal person

Name	China Baowu Steel Group Corporation Limited
Head of unit or legal representative	Hu Wangming
Date of Incorporation	1 January 1992
Major business operations	Operation of state-owned assets within the range authorized by the State Council; operation and investment of state-owned capital
Equity in other domestic and overseas listed companies controlled or partially owned during the Reporting Period	As of the end of the Reporting Period, the equity interests of other listed companies held directly or indirectly by China Baowu in excess of 5% were as follows: Baosteel (63.69%), Baoxin Software (50.05%), Bayi Iron and Steel (50.02%), ZNGF (52.95%), Baosteel Packaging (53.74%), Taigang Stainless (63.31%), Xinyu Iron & Steel (46.14%), Chongqing Iron & Steel (29.51%), Sinosteel (48.65%), Sinosteel Luonai (41.34%), Sinosteel Tianyuan (33.07%), Baowu Magnesium (26.53%), Daming International (16.28%), Shougang (10.23%), CPIC (14.06%), New China Life Insurance (14.03%), Shanxi Securities (10.23%) and SRCB (8.29%).

2 *There was no change in the control of the Company during the Reporting Period.*

Section VI Movements in Share Capital and Shareholders (Continued)

3. Block diagram of property rights and control relationships between the Company and actual holders



5. THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND ITS CONCERTED PARTIES HAVE NOT PLEDGED THE SHARES OF THE COMPANY HELD BY THEM.

Section VII Financial Report

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (26) No. P03877

To the shareholders of Maanshan Iron & Steel Company Limited:

I. OPINION

We have audited the financial statements of Maanshan Iron & Steel Company Limited (the “Company”), which comprise the consolidated and the Company’s balance sheets as at 31 December 2025, and the consolidated and the Company’s income statements, the consolidated and the Company’s cash flow statements and the consolidated and the Company’s statements of changes in owners’ equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and present fairly the consolidated and the Company’s financial position as at 31 December 2025, and the consolidated and the Company’s results of operations and cash flows for the year then ended.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Independence Standards for Chinese Certified Public Accountants No. 1 – Independence Requirements for Financial Statement Audit and Review Engagements and the Code of Ethics for Chinese Certified Public Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We have complied with the independence requirements for audits of public interest entities during our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

The key audit matters are the most important matters that we consider to the audit of financial statements based on our professional judgement. The responses to these matters are based on the audit of the financial statements as a whole and the formation of an audit opinion. We do not express an opinion on these matters separately. We determine that the following matters are the key audit matters that need to be communicated in the Auditor’s Report.

III. KEY AUDIT MATTERS (CONTINUED)

(I) Provision for impairment of inventories

Description of matters

As stated in Note III, 16 “Inventories” and Note V, 7 “Inventories” to the financial statements, the management of the Company recognises the provision for impairment of inventories based on the difference between the net realisable value of inventories and their cost when there is objective evidence indicating that inventories are impaired. As at 31 December 2025, the gross carrying amount of the Company’s inventories was RMB7,938,616,007, with the provision for impairment of inventories being RMB528,232,639, and the carrying amount of inventories being RMB7,410,383,368. The net realisable value of inventories is determined as the estimated selling price of inventories less the costs to be incurred until completion (if any), selling expenses, and relevant taxes and fees. When determining the net realisable value, the management of the Company comprehensively considers internal and external information and makes judgements and estimates regarding the estimated selling price, costs to be incurred until completion, and other factors. Given the significant amount of inventories and the involvement of management’s significant judgements and estimates in determining the provision for impairment of inventories, we have identified the provision for impairment of inventories as a key audit matter.

Audit responses

The work we performed in relation to the provision for impairment of inventories mentioned above during our audit process mainly included:

- (1) Understood the design and implementation of the Company’s key internal controls in relation to the provision for impairment of inventories, and tested the effectiveness of their operation;
- (2) Evaluated whether the policies for the provision for impairment of inventories are in compliance with the requirements of the Accounting Standards for Business Enterprises;
- (3) Selected inventory items which were significant at the end of the period, obtained the calculation sheets for the provision for impairment of inventories and examined their calculation processes, reviewed the methodology employed by management for recognising provision for impairment of inventories and assessed the reasonableness of the estimates used in their testing, including the estimated selling prices of inventories, estimated costs to be incurred until completion, estimated selling expenses, and related taxes. This assessment involved comparing the estimated selling prices with subsequent actual selling prices and market information, as well as comparing the estimated costs, selling expenses, and related taxes with subsequent or historical actual data;

Section VII Financial Report (Continued)

III. KEY AUDIT MATTERS (CONTINUED)

(I) Provision for impairment of inventories (continued)

Audit responses (continued)

- (4) Selected inventory items at the beginning of the period and conducted a retrospective analysis of management's estimates of the net realisable value of inventories to evaluate whether there was any management bias;
- (5) In conjunction with the results of inventory observation, examined whether there were any instances of long inventory age, obsolete or damaged products among the year-end inventories, and analysed whether the provision for impairment of inventories was adequately and reasonably made; and
- (6) Examined whether the information related to provision for impairment of inventories has been appropriately presented and disclosed in the financial statements.

IV. OTHER INFORMATION

The management of the Company is responsible for preparation of the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our Auditor's Report thereon.

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by China Standards on Auditing to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Chinese Certified Public Accountant: **Bu Jun**
(Engagement Partner)

Shanghai, China

Chinese Certified Public Accountant: **Yang Bei**

25 March 2026

The Auditor's Report and the accompanying financial statements are English translations of the Chinese Auditor's Report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

THE CONSOLIDATED BALANCE SHEET

At 31 December 2025

RMB

ASSETS	Note V	Closing balance	Opening balance
Current Assets:			
Cash and bank balances	1	11,769,801,934	6,434,105,447
Notes receivable	2	572,691,130	822,780,872
Accounts receivable	3	2,816,512,581	1,753,824,456
Receivables financing	4	1,279,050,625	1,382,456,994
Prepayments	5	439,550,590	381,238,574
Other receivables	6	376,522,535	544,731,735
Inventories	7	7,410,383,368	7,908,952,095
Other current assets	8	191,002,772	243,920,053
Total Current Assets		24,855,515,535	19,472,010,226
Non-current Assets:			
Long-term equity investments	9	6,171,725,674	6,898,903,955
Investment in other equity instruments	10	529,512,184	414,059,200
Investment properties	11	51,174,126	53,185,391
Fixed assets	12	45,747,321,970	48,866,413,844
Construction in progress	13	1,976,324,641	795,364,312
Right-of-use assets	14	297,919,634	323,359,282
Intangible assets	15	1,815,809,118	1,808,686,660
Deferred tax assets	16	301,494,579	330,990,743
Total Non-current Assets		56,891,281,926	59,490,963,387
TOTAL ASSETS		81,746,797,461	78,962,973,613

THE CONSOLIDATED BALANCE SHEET (Continued)

At 31 December 2025

RMB

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	Closing balance	Opening balance
Current Liabilities:			
Short-term borrowings	18	10,759,496,729	11,344,435,564
Notes payable	19	10,452,314,143	10,051,474,326
Accounts payable	20	9,381,832,392	10,673,672,878
Contract liabilities	21	4,247,904,586	4,123,176,032
Employee benefits payable	22	274,397,346	220,119,665
Taxes payable	23	238,476,858	230,640,142
Other payables	24	3,031,625,066	3,176,283,942
Non-current liabilities due within one year	25	2,372,076,286	4,499,159,554
Provisions	26	11,218,478	11,429,761
Other current liabilities	27	548,260,463	515,225,262
Total Current Liabilities		41,317,602,347	44,845,617,126
Non-current Liabilities:			
Long-term borrowings	28	3,049,493,813	5,483,408,184
Lease liabilities	29	336,261,229	339,072,242
Long-term payables	30	–	–
Long-term employee benefits payable	31	265,081	589,501
Deferred income	32	804,941,750	973,011,484
Deferred tax liabilities	16	–	222,875
Total Non-current Liabilities		4,190,961,873	6,796,304,286
TOTAL LIABILITIES		45,508,564,220	51,641,921,412

THE CONSOLIDATED BALANCE SHEET (Continued)

At 31 December 2025

RMB

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	Closing balance	Opening balance
Shareholders' Equity:			
Share capital	33	7,700,681,186	7,746,937,986
Capital reserve	34	9,531,206,765	8,576,312,133
Less: Treasury shares	35	–	105,928,072
Other comprehensive income	36	(6,674,030)	(2,023,545)
Special reserve	37	65,676,892	97,574,394
Surplus reserve	38	4,720,262,452	4,720,262,452
Retained profits	39	2,015,518,998	2,224,325,312
Total equity attributable to shareholders of the Company		24,026,672,263	23,257,460,660
Minority interests		12,211,560,978	4,063,591,541
TOTAL SHAREHOLDERS' EQUITY		36,238,233,241	27,321,052,201
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		81,746,797,461	78,962,973,613

The accompanying notes form part of the financial statements.

Legal Representative

Chief Financial Officer

*Person in Charge of
the Accounting Body*

THE COMPANY'S BALANCE SHEET

At 31 December 2025

RMB

ASSETS	Note XVII	Closing balance	Opening balance
Current Assets:			
Cash and bank balances		7,057,410,027	2,890,923,633
Notes receivable		–	701,615,019
Accounts receivable	1	14,526,932	1,260,157,905
Receivables financing		–	1,165,265,848
Prepayments		55,455,103	443,019,236
Other receivables	2	1,886,077,914	314,515,492
Inventories		173,206,485	5,681,379,639
Other current assets		37,375,493	2,530,131
Total Current Assets		9,224,051,954	12,459,406,903
Non-current Assets:			
Long-term equity investments	3	13,273,853,207	12,381,050,723
Investment in other equity instruments		419,317,959	408,876,314
Investment properties		43,122,499	53,185,391
Fixed assets		181,639,214	39,069,070,582
Construction in progress		–	556,145,684
Right-of-use assets		–	316,902,972
Intangible assets		21,599	1,256,876,122
Deferred tax assets		216,355,176	268,564,121
Total Non-current Assets		14,134,309,654	54,310,671,909
TOTAL ASSETS		23,358,361,608	66,770,078,812

THE COMPANY'S BALANCE SHEET (Continued)

At 31 December 2025

RMB

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XVII	Closing balance	Opening balance
Current Liabilities:			
Short-term borrowings		–	10,195,613,468
Notes payable		–	6,874,295,802
Accounts payable		16,611,000	8,776,623,562
Contract liabilities		49,841,815	3,939,550,767
Employee benefits payable		18,626,522	147,956,613
Taxes payable		15,960,836	143,188,385
Other payables		2,250,122,312	5,405,537,499
Non-current liabilities due within one year		–	4,486,847,308
Other current liabilities		6,479,436	487,572,010
Total Current Liabilities		2,357,641,921	40,457,185,414
Non-current Liabilities:			
Long-term borrowings		–	5,377,748,184
Lease liabilities		–	334,104,312
Deferred income		–	691,659,592
Total Non-current Liabilities		–	6,403,512,088
TOTAL LIABILITIES		2,357,641,921	46,860,697,502
Shareholders' Equity:			
Share capital		7,700,681,186	7,746,937,986
Capital reserve		8,421,248,921	8,435,726,496
Less: Treasury shares		–	105,928,072
Other comprehensive income		96,940,327	96,604,089
Special reserve		–	36,434,036
Surplus reserve		3,883,475,865	3,883,475,865
Retained profits/(Accumulated losses)		898,373,388	(183,869,090)
TOTAL SHAREHOLDERS' EQUITY		21,000,719,687	19,909,381,310
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,358,361,608	66,770,078,812

THE CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

RMB

Item	Note V	Amount incurred in the current year	Amount incurred in the prior year
I. Total operating income	40	77,524,852,312	81,816,891,739
Including: Operating income		77,524,852,312	81,816,891,739
II. Total operating costs		76,676,691,235	85,886,553,064
Including: Operating costs	40	73,409,207,886	82,591,668,039
Taxes and surcharges	41	529,715,594	464,245,084
Selling expenses	42	306,032,172	303,636,480
Administrative expenses	43	961,804,624	872,041,999
Research and development expenses	44	1,061,841,912	1,103,101,885
Financial expenses	45	408,089,047	551,859,577
Including: Interest expenses		466,201,639	593,915,273
Interest income		109,020,482	99,418,512
Add: Other income	46	349,990,574	512,641,397
Investment (losses) income	47	(61,782,648)	8,405,954
Including: Income (losses) from investments in associates and joint ventures		698,404	(3,078,344)
Gains (losses) on credit impairment	48	(14,217,334)	32,313,981
Impairment losses of assets	49	(925,504,758)	(934,841,718)
Losses on disposal of assets	50	(47,645,937)	(270,368,636)
III. Operating profit (loss)		149,000,974	(4,721,510,347)
Add: Non-operating income	51	18,676,731	2,009,514
Less: Non-operating expenses	52	27,617,931	110,356,890
IV. Total profit (loss)		140,059,774	(4,829,857,723)
Less: Income tax expenses	54	167,261,948	153,751,366

THE CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2025

RMB

Item	Note V	Amount incurred in the current year	Amount incurred in the prior year
V. Net loss		(27,202,174)	(4,983,609,089)
(I) Classified by the continuity of operation			
1. Net loss from continuing operations		(27,202,174)	(4,983,609,089)
2. Net loss from discontinued operations		–	–
(II) Categorised by ownership			
1. Net loss attributable to shareholders of the Company		(208,806,314)	(4,659,156,254)
2. Profit or loss attributable to minority interests		181,604,140	(324,452,835)
VI. Other comprehensive income, net of tax	36	(4,650,517)	10,876,782
Other comprehensive income attributable to shareholders of the Company, net of tax		(623,652)	10,876,782
(I) Other comprehensive income that cannot be reclassified to profit or loss		5,999,520	6,718,130
1. Changes in fair value of investments in other equity instruments		5,999,520	6,718,130
(II) Other comprehensive income that will be reclassified to profit or loss		(6,623,172)	4,158,652
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		(7,494,996)	6,104,741
2. Translation differences of financial statements denominated in foreign currencies		871,824	(1,946,089)
Other comprehensive income attributable to minority interests, net of tax	36	(4,026,865)	–
VII. Total comprehensive loss		(31,852,691)	(4,972,732,307)
(I) Total comprehensive loss attributable to shareholders of the Company		(209,429,966)	(4,648,279,472)
(II) Total comprehensive income (loss) attributable to minority interests		177,577,275	(324,452,835)
VIII. Earnings per share			
(I) Basic earnings per share		(0.03)	(0.61)
(II) Diluted earnings per share		(0.03)	(0.61)

THE COMPANY'S INCOME STATEMENT

For the year ended 31 December 2025

RMB

Item	Note XVII	Amount incurred in the current year	Amount incurred in the prior year
I. Operating income	4	11,081,433,632	70,713,572,628
Less: Operating costs	4	11,083,840,077	71,957,685,282
Taxes and surcharges		86,895,948	327,220,563
Selling expenses		29,917,948	169,968,486
Administrative expenses		244,030,402	590,758,831
Research and development expenses	5	94,656,843	796,836,102
Financial expenses		60,352,781	555,136,227
Including: Interest expenses		96,839,805	572,082,282
Interest income		38,220,173	51,998,498
Add: Other income		84,920,324	315,122,875
Investment income	6	1,546,692,946	487,183,220
Including: Losses from investments in associates and joint ventures		(77,707,947)	(5,202,052)
Gains (losses) on credit impairment		(367,777)	23,911,337
Impairment losses of assets		(60,660,820)	(857,641,463)
Gains (Losses) on disposal of assets		70,114,905	(340,461,768)
II. Operating profit (loss)		1,122,439,211	(4,055,918,662)
Add: Non-operating income		13,218,803	391,703
Less: Non-operating expenses		3,817,002	83,313,029
III. Total profit (loss)		1,131,841,012	(4,138,839,988)
Less: Income tax expenses		49,598,534	9,836,260
IV. Net profit (loss)		1,082,242,478	(4,148,676,248)
(I) Net profit (loss) from continuing operations		1,082,242,478	(4,148,676,248)
(II) Net profit (loss) from discontinued operations		—	—
V. Other comprehensive income, net of tax		336,238	12,596,120
(I) Other comprehensive income that cannot be reclassified to profit or loss		7,831,234	6,491,379
1. Changes in fair value of investment in other equity instruments		7,831,234	6,491,379
(II) Other comprehensive income that will be reclassified to profit or loss		(7,494,996)	6,104,741
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		(7,494,996)	6,104,741
VI. Total comprehensive income (loss)		1,082,578,716	(4,136,080,128)

THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

RMB

Item	Note V	Amount incurred in the current year	Amount incurred in the prior year
I. Cash Flows from Operating Activities:			
Cash received from the sale of goods and the rendering of services		72,487,297,532	76,375,987,173
Receipts of tax refunds		385,889,073	545,182,604
Other cash received relating to operating activities	55	211,508,594	201,707,658
Sub-total of cash inflows from operating activities		73,084,695,199	77,122,877,435
Cash paid for goods purchased and services received		(63,460,199,975)	(70,990,427,165)
Cash paid to and on behalf of employees		(3,546,358,026)	(3,573,108,952)
Payments of various types of taxes		(1,388,223,422)	(843,344,865)
Other cash paid relating to operating activities	55	(538,404,908)	(755,121,659)
Sub-total of cash outflows from operating activities		(68,933,186,331)	(76,162,002,641)
Net Cash Flow from Operating Activities		4,151,508,868	960,874,794
II. Cash Flows from Investing Activities:			
Cash received from disposals and recovery of investments		2,060,488,403	8,412,759
Cash received from investment income		77,372,290	183,284,522
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		183,688,682	82,932,356
Other cash received relating to investing activities	55	86,712,127	–
Sub-total of cash inflows from investing activities		2,408,261,502	274,629,637
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		(1,989,836,698)	(1,682,384,945)
Cash paid to acquire investments		(1,907,791,437)	(1,379,907,780)
Other cash paid relating to investing activities	55	–	(5,488,708)
Sub-total of cash outflows from investing activities		(3,897,628,135)	(3,067,781,433)
Net Cash Flow Used in Investing Activities		(1,489,366,633)	(2,793,151,796)

THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2025

RMB

Item	Note V	Amount incurred in the current year	Amount incurred in the prior year
III. Cash Flows from Financing Activities:			
Cash received from capital contributions		9,000,000,000	–
Including: Cash received from capital contributions from minority shareholders by subsidiaries		3,861,240,728	–
Cash received from borrowings		16,213,811,814	17,496,534,770
Other cash received relating to financing activities	55	208,014,106	488,691,527
Sub-total of cash inflows from financing activities		25,421,825,920	17,985,226,297
Cash repayments of borrowings		(21,932,001,908)	(16,200,456,301)
Cash paid for distribution of dividends or profits or settlement of interest expenses		(507,080,990)	(594,562,634)
Including: payments for distribution of dividends or profits to minority shareholders by subsidiaries		(57,237,692)	(11,940,224)
Other cash paid relating to financing activities	55	(114,552,675)	(102,162,657)
Sub-total of cash outflows from financing activities		(22,553,635,573)	(16,897,181,592)
Net Cash Flow from Financing Activities		2,868,190,347	1,088,044,705
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(3,281,065)	2,754,486
V. Net Increase (Decrease) in Cash and Cash Equivalents	56	5,527,051,517	(741,477,811)
Add: Opening balance of cash and cash equivalents	56	3,687,116,397	4,428,594,208
VI. Closing Balance of Cash and Cash Equivalents	56	9,214,167,914	3,687,116,397

THE COMPANY'S CASH FLOW STATEMENT

For the year ended 31 December 2025

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
I. Cash Flows from Operating Activities:		
Cash received from the sale of goods and the rendering of services	10,249,609,076	61,254,842,652
Receipts of tax refunds	328,925,486	400,938,731
Other cash received relating to operating activities	724,374,929	78,068,166
<hr/>		
Sub-total of cash inflows from operating activities	11,302,909,491	61,733,849,549
<hr/>		
Cash paid for goods purchased and services received	(9,915,792,517)	(57,570,747,245)
Cash paid to and on behalf of employees	(435,393,969)	(2,506,752,770)
Payments of various types of taxes	(140,460,671)	(515,501,470)
Other cash paid relating to operating activities	(406,059,490)	(300,872,926)
<hr/>		
Sub-total of cash outflows from operating activities	(10,897,706,647)	(60,893,874,411)
<hr/>		
Net Cash Flow from Operating Activities	405,202,844	839,975,138
<hr/>		
II. Cash Flows from Investing Activities:		
Cash received from disposals and recovery of investments	5,138,759,272	3,669,804
Cash received from investment income	74,008,880	663,941,782
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	71,572,672	15,357,285
Other cash received relating to investing activities	86,677,272	-
<hr/>		
Sub-total of cash inflows from investing activities	5,371,018,096	682,968,871
<hr/>		
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets	(261,239,344)	(1,106,748,107)
Other cash paid relating to investing activities	(1,690,000,000)	(5,488,708)
<hr/>		
Sub-total of cash outflows from investing activities	(1,951,239,344)	(1,112,236,815)
<hr/>		
Net Cash Flow from (Used in) Investing Activities	3,419,778,752	(429,267,944)

THE COMPANY'S CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2025

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
III. Cash Flows from Financing Activities:		
Cash received from borrowings	3,658,256,288	16,020,534,769
Other cash received relating to financing activities	–	255,675,233
Sub-total of cash inflows from financing activities	3,658,256,288	16,276,210,002
Cash repayments of borrowings	(2,509,943,821)	(15,381,456,300)
Cash paid for distribution of dividends or profits or settlement of interest expenses	(68,226,519)	(562,144,123)
Other cash paid relating to financing activities	(69,002,130)	(1,907,329,720)
Sub-total of cash outflows from financing activities	(2,647,172,470)	(17,850,930,143)
Net Cash Flow from (Used in) Financing Activities	1,011,083,818	(1,574,720,141)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(332,074)	3,696,639
V. Net Increase (Decrease) in Cash and Cash Equivalents	4,835,733,340	(1,160,316,308)
Add: Opening balance of cash and cash equivalents	2,221,617,782	3,381,934,090
VI. Closing Balance of Cash and Cash Equivalents	7,057,351,122	2,221,617,782

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2025

RMB

Item	2025									
	Equity attributable to shareholders of the Company									Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Subtotal	Minority interests	
I. Opening balance of the current year	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
II. Changes for the year										
(I) Total comprehensive (loss) income	-	-	-	(623,652)	-	-	(208,806,314)	(209,429,966)	177,577,275	(31,852,691)
(II) Shareholders' contributions and reduction in capital										
1. Deregistration of restricted shares	(46,256,800)	(59,671,272)	(105,928,072)	-	-	-	-	-	-	-
2. Changes in other equity of associates and joint ventures	-	982,800	-	-	-	-	-	982,800	455,671	1,438,471
3. Others	-	1,013,583,104	-	(4,026,833)	(36,094,989)	-	-	973,461,282	8,026,538,718	9,000,000,000
(III) Profit distribution										
1. Distribution to shareholders	-	-	-	-	-	-	-	-	(57,237,692)	(57,237,692)
(IV) Special reserve										
1. Transfer for the year	-	-	-	-	77,478,655	-	-	77,478,655	23,478,096	100,956,751
2. Amount utilised in the year	-	-	-	-	(73,281,168)	-	-	(73,281,168)	(22,842,631)	(96,123,799)
III. Closing balance of the current year	7,700,681,186	9,531,206,765	-	(6,674,030)	65,676,892	4,720,262,452	2,015,518,998	24,026,672,263	12,211,560,978	36,238,233,241

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the year ended 31 December 2025

RMB

Item	2024									
	Equity attributable to shareholders of the Company									Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Subtotal	Minority interests	
I. Opening balance of the current year	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
II. Changes for the year										
(i) Total comprehensive income (loss)	-	-	-	10,876,782	-	-	(4,659,156,254)	(4,648,279,472)	(324,452,835)	(4,972,732,307)
(II) Shareholders' contributions and reduction in capital										
1. Changes in other equity of associates and joint ventures	-	30,133,273	-	-	-	-	-	30,133,273	-	30,133,273
2. Share-based payment recognised in shareholders' equity	-	(11,146,732)	-	-	-	-	-	(11,146,732)	-	(11,146,732)
3. Others	-	117,401,884	-	-	-	-	-	117,401,884	(117,401,884)	-
(III) Profit distribution										
1. Distribution to shareholders	-	-	-	-	-	-	-	-	(12,046,624)	(12,046,624)
(IV) Special reserve										
1. Transfer for the year	-	-	-	-	103,779,441	-	-	103,779,441	20,853,353	124,632,794
2. Amount utilised in the year	-	-	-	-	(103,010,338)	-	-	(103,010,338)	(14,319,216)	(117,329,554)
III. Closing balance of the current year	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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the year ended 31 December 2025

RMB

Item	2025							Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	(Accumulated losses) Retained profits	
I. Opening balance of the current year	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
II. Changes for the year								
(I) Total comprehensive income	-	-	-	336,238	-	-	1,082,242,478	1,082,578,716
(II) Shareholders' contributions and reduction in capital								
1. Deregistration of restricted shares	(46,256,800)	(59,671,272)	(105,928,072)	-	-	-	-	-
2. Changes in other equity of associates and joint ventures	-	508,530	-	-	-	-	-	508,530
(III) Special reserve								
1. Transfer for the year	-	-	-	-	8,251,131	-	-	8,251,131
2. Amount utilised in the year	-	-	-	-	-	-	-	-
(IV) Others	-	44,685,167	-	-	(44,685,167)	-	-	-
III. Closing balance of the current year	7,700,681,186	8,421,248,921	-	96,940,327	-	3,883,475,865	898,373,388	21,000,719,687

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY (Continued)

For the year ended 31 December 2025

RMB

Item	2024							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits (Accumulated losses)	Total shareholders' equity
I. Opening balance of the current year	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
II. Changes for the year								
(i) Total comprehensive income (loss)	-	-	-	12,596,120	-	-	(4,148,676,248)	(4,136,080,128)
(II) Shareholders' contributions and reduction in capital								
1. Changes in other equity of associates and joint ventures	-	29,065,542	-	-	-	-	-	29,065,542
2. Share-based payment recognised in shareholders' equity	-	(11,146,732)	-	-	-	-	-	(11,146,732)
(III) Special reserve								
1. Transfer for the year	-	-	-	-	60,094,241	-	-	60,094,241
2. Amount utilised in the year	-	-	-	-	(69,751,109)	-	-	(69,751,109)
III. Closing balance of the current year	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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

I. BASIC INFORMATION

1. Basic Information about the Company

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 (formerly “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 enterprise legal person business licence is 91340000610400837Y. The RMB ordinary A shares and overseas-listed foreign H shares issued by the Company have been listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchanges and Clearing Limited (“HKEX”), respectively. The headquarter of the Company is located at No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC.

As at 31 December 2025, the Company has issued 7,700.68 million shares in total, including 5,967.75 million RMB ordinary A shares without trading restrictions and 1,732.93 million overseas-listed foreign H shares, each with a par value of 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 holding 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”).

2. Date of Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Company’s board of directors on 25 March 2026.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises and relevant requirements promulgated by the Ministry of Finance (hereafter collectively referred to as “ASBE”). The Group also discloses related financial information in accordance with the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2023 Revision). In addition, the financial statements also include the relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules of the HKEX.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

2. Going concern

The financial statements are prepared on a going concern basis.

At 31 December 2025, the Group had current liabilities in excess of current assets of approximately RMB16,462,086,812. The directors of the Company have comprehensively considered the funding sources available for the Group, including but not limited to banking facilities of RMB40.9 billion obtained but not utilised by the Group as at 31 December 2025 and the expected cash inflows from operating activities over the next 12 months. The Board of Directors of the Company believes that the Group has sufficient working capital to enable it to continue as a going concern for the foreseeable future, which is not less than 12 months after the end of reporting period. Therefore, the Board of Directors of the Company continues to prepare the Group's financial statements for the year ended 31 December 2025 on a going concern basis.

3. Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are measured at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique, fair values measured and disclosed in these financial statements are determined on such a basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

3. Basis of accounting and principle of measurement (continued)

When measuring non-financial assets at fair value, consideration is given to the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial assets of which the transaction price is used as the fair value at initial recognition and for which a valuation technique involving unobservable inputs is used in the subsequent measurement of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group has prepared specific accounting policies and estimates tailored to its actual production and operation characteristics, addressing matters such as the methodology and selection criteria for materiality thresholds, revenue recognition, impairment of financial assets measured at amortised cost, provision for impairment of inventories, depreciation of fixed assets, and amortisation of intangible assets. Detailed disclosures are set out below.

1. Statement of compliance with the Accounting Standards for Business Enterprises ("ASBE")

The financial statements have been prepared in accordance with the ASBE, and present truly and completely, the consolidated and the Company's financial position as at 31 December 2025, and the consolidated and the Company's results of operations and cash flows for the year then ended.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Operating cycle

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose till the realisation of those assets in cash or cash equivalents. The Group's operating cycle is less than 12 months, and the Group takes 12 months as the criteria for determining liquidity of assets and liabilities.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries determine to take Euros ("EUR"), Hong Kong dollars ("HKD") or Australian dollars ("AUD") as their functional currencies according to the currencies of economic environment in which they operate. The Company adopts RMB to prepare the financial statements.

5. Determination method and selection basis of materiality criteria complied with in the disclosures of financial statements

	Materiality criteria
Significant receivables for which allowances for bad debts are individually assessed	Amount≥RMB150,000,000
Significant receivables actually written-off	Amount≥RMB150,000,000
Significant receivables with aging of more than one year	Amount≥RMB150,000,000
Significant payables with aging of more than one year	Amount≥RMB150,000,000
Significant unpaid dividends payable with aging of more than one year	Amount≥RMB150,000,000
Significant construction in progress	Amount≥RMB200,000,000
Significant cash relating to investing activities	Amount≥RMB200,000,000
Significant joint ventures or associates	Amount≥RMB500,000,000
Subsidiaries with significant minority interests	Revenue of non-wholly-owned subsidiaries≥10% of the Group's total revenue

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Business combination

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

6.1 *Business combinations involving enterprises under common control*

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained are measured at their respective carrying amounts as recorded by the combined entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

6.2 *Business combinations not involving enterprises under common control and goodwill*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Business combination (continued)

6.2 *Business combinations not involving enterprises under common control and goodwill (continued)*

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

7. Determination criteria of control and preparation method of consolidated financial statements

7.1 *Determination criteria of control*

Control is the power over the investee, exposures 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. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the above elements of the definition of control.

7.2 *Preparation method of consolidated financial statements*

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Determination criteria of control and preparation method of consolidated financial statements (continued)

7.2 *Preparation method of consolidated financial statements (continued)*

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Group.

The effects of all intra-group transactions on the consolidated financial statements are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within owners' equity/shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented as "profit or loss attributable to minority interests" under "net profit" in the consolidated income statement.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Classification of joint arrangements and accounting treatments of joint operations

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group accounts for investments in joint ventures using equity method. Refer to Note (III) 17.3.2 “Long-term equity investments accounted for using the equity method” for details.

The Group as a joint operator recognises the following items in relation to its interest in a joint operation: (1) its solely-held assets, including its share of any assets held jointly; (2) its solely-assumed liabilities, including its share of any liabilities incurred jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its solely-incurred expenses, including its share of any expenses incurred jointly. The Group accounts for the recognised assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the requirements applicable to the particular assets, liabilities, revenues and expenses.

When the Group invest or sell assets or others (except that such assets constitute a business), only profit or loss arising from the transaction attributable to parties involved in such joint operation is recognised prior to the resale of the assets to third parties by joint operations. When there is impairment of the asset investment or sale, the Group recognises such loss in full.

When the Group purchase assets and other from joint operations (except that such assets constitute a business), only profit or loss arising from the transaction attributable to parties involved in such joint operation is recognised prior to the resale of the assets to third parties. When there is impairment of purchased assets, the Group recognises losses based on its share.

9. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily available for payments. Cash equivalents are the Group’s short-term (generally due within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Translation of transactions and financial statements denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are recorded, on initial recognition, by applying the actual spot exchange rate on the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as “translation differences of financial statements denominated in foreign currencies “ in other comprehensive income, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit or loss for the period or as other comprehensive income.

10.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for “retained profits” are translated at the spot exchange rates at the dates on which such items arose; income and expense items in the income statement are translated at the spot exchange rates at the dates of the transactions; the difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognised as other comprehensive income and included in shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Translation of transactions and financial statements denominated in foreign currencies (continued)

10.2 Translation of financial statements denominated in foreign currencies (continued)

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date when the cash flows occur. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as “effect of exchange rate changes on cash and cash equivalents”.

The opening balances and the comparative figures of previous year are presented at the translated amounts in the financial statements of the prior year.

11. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Group recognises assets acquired and liabilities assumed on a trade date basis, or derecognises the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. The method for determining the fair value of financial assets and financial liabilities is set out in the relevant disclosures of basis of accounting and principle of measurement as described in Note (II). For financial assets and financial liabilities at FVTPL, transaction costs are immediately recognised in profit or loss for the period. For other financial assets and financial liabilities, transaction costs are included in their initially recognised amounts. When initially recognising accounts receivable that do not contain significant financing components or of which the financing components in the contract with a term of no more than one year are not taken into consideration in accordance with Accounting Standards for Business Enterprises No. 14 – Revenue (“Revenue Standards”), the Group adopts transaction price as defined in the Revenue Standards for initial measurement.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant accounting periods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When determining the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial assets or financial liabilities (such as repayment in advance, extension, call options or other similar options), without considering the ECLs.

The amortised cost of a financial asset or a financial liability is the initially recognised amount net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the initially recognised amount and the amount at the maturity date using the effective interest method, and then net of cumulative loss allowance (only applicable to financial assets).

11.1 *Classification, recognition and measurement of financial assets*

After initial recognition, the Group's financial assets of various types are subsequently measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL"), respectively.

If 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, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets at amortised cost, which include cash and bank balances, notes receivable, accounts receivable and other receivables, etc.

If 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 and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling such financial assets, the Group shall classify the financial asset into the financial asset at fair value through other comprehensive income ("FVTOCI"). Financial assets at FVTOCI are presented as other debt investments, and those due within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year. Notes receivable and notes receivable classified as at FVTOCI upon acquisition are presented as receivables financing, and others with the period within one year (inclusive) upon acquisition are presented as other current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.1 Classification, recognition and measurement of financial assets (continued)

Upon initial recognition, the Group may irrevocably designate the non-held-for-trading equity instrument investments other than contingent considerations recognised in business combination not involving enterprises under common control as financial assets at FVTOCI on an individual asset basis. Such type of financial assets are presented as investments in other equity instruments.

A financial asset is classified as held for trading if one of the following conditions is satisfied:

- It has been acquired principally for the purpose of selling it in the near term.
- On initial recognition, it is part of a portfolio of identifiable financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and those designated as at FVTPL:

- Financial assets not satisfying the criteria of classification as financial assets at amortised cost and financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at FVTPL other than derivative financial assets are presented as held-for-trading financial assets. Financial assets with a maturity over one year since the balance sheet date (or without a fixed maturity) and expected to be held for over one year are presented under other non-current financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.1 Classification, recognition and measurement of financial assets (continued)

11.1.1 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss.

For financial assets at amortised cost, the Group recognises interest income using effective interest method. Interest income is determined by applying an effective interest rate to the gross carrying amount of the financial asset, except for the following circumstances:

- For a purchased or originated credit-impaired financial asset, the Group calculates and determines the interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset since initial recognition.
- For a purchased or originated financial asset that is not credit-impaired but subsequently becomes credit-impaired, the Group calculates and determines the interest income by applying the effective interest rate to the amortised cost of the financial asset in subsequent period. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of above provisions, the Group will calculate and determine the interest income by applying effective interest rate to the gross carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.1 Classification, recognition and measurement of financial assets (continued)

11.1.2 Financial assets at FVTOCI

For financial assets classified as at FVTOCI, except for the impairment losses or gains and the interest income calculated using the effective interest method which are included in profit or loss for the period, the changes in fair value are included in other comprehensive income. The amounts included in profit or loss for each period are equivalent to that as if it has been always measured at amortised cost. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred to profit or loss for the period.

Changes in fair value of non-held-for-trading equity instrument investments designated as financial assets at FVTOCI are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-held-for-trading equity instrument, revenue from dividends is recognised in profit or loss for the period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.2 Impairment of financial instruments

For financial asset at amortised cost and financial assets classified as at FVTOCI, the Group accounts for the impairment and recognises allowances for losses on the basis of expected credit loss ("ECL").

The Group makes a loss allowance against amount of lifetime ECL of the notes receivable and the accounts receivable arising from transactions adopting the Revenue Standard and the operating lease receivable arising from transactions adopting the Accounting Standards for Business Enterprises No.21 – Leases.

For other financial instruments (other than purchased or originated credit-impaired financial assets), the Group assesses the changes of credit risk since initial recognition of relevant financial instruments at each balance sheet date. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognises loss allowance based on 12-month ECL of the financial instrument. The increase or reversal of credit loss allowance is recognised as an impairment loss or gain in profit or loss for the period. For financial assets classified as at FVTOCI, the credit loss allowance is recognised in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the financial assets in the balance sheet.

Where the Group has measured the loss allowance at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognises the loss allowance of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of loss allowance recognised as impairment gains in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.2 Impairment of financial instruments (continued)

11.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition with available reasonable and supportable forward-looking information.

The following factors are taken into account when assessing whether credit risk has increased significantly:

- (1) Significant changes in internal price indicators as a result of a change in credit risk;
- (2) An actual or expected significant change in the financial instrument's external credit rating;
- (3) An actual or expected decrease in the internal credit rating for the debtor;
- (4) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (5) An actual or expected significant change in the operating results of the debtor;
- (6) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (7) Significant changes in expected performance and repayment of the debtor;
- (8) Changes in the Group's credit management approach in relation to the financial instrument;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.2 Impairment of financial instruments (continued)

11.2.1 Significant increase in credit risk (continued)

Regardless of whether the credit risk has significantly increased following the aforementioned assessment, the Group considers that the credit risk of a financial instrument has significantly increased when one or more of the following quantitative, qualitative criteria, or threshold indicators are triggered:

- (1) The quantitative criterion primarily refers to, as at the reporting date, an increase in the probability of default over the remaining maturity exceeding a certain percentage compared to that at the time of initial recognition;
- (2) The qualitative criteria primarily include significant adverse changes in the operating or financial conditions of the primary obligor, inclusion in early warning customer lists, etc.;
- (3) The threshold indicator is that the obligor's contractual payments (including principal and interest) are overdue beyond a specified period.

At the balance sheet date, if the Group determines that a financial instrument has only lower credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. The financial instrument is deemed as having lower credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash obligations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.2 Impairment of financial instruments (continued)

11.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor(s) would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) Purchase or origination of a financial asset at a significant discount that reflects the fact of credit loss.

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.2 Impairment of financial instruments (continued)

11.2.3 Determination of ECL

The Group determines the ECL of relevant financial instruments using the following methods:

- For financial assets, the credit loss represents the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be received by the Group.
- For financial assets that are not purchased or originated credit-impaired financial assets but have become credit-impaired at the balance sheet date, the credit loss is the difference between the gross carrying amount of the financial assets and the present value of expected future cash flows discounted at original effective interest rate.

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

11.2.4 Write-down of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at FVTPL.
- For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss on changes in fair value that has been recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.3 *Transfer of financial assets (continued)*

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognised on the date of derecognition; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety and includes the consideration received in liability.

11.4 *Classification of financial liabilities and equity instruments*

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual terms and their economic substance, together with the definition of financial liability and equity instrument.

11.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.4 Classification of financial liabilities and equity instruments (continued)

11.4.1 Classification, recognition and measurement of financial liabilities (continued)

11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include held-for-trading financial liabilities (including derivative financial liabilities) and financial liabilities designated as at FVTPL. Except for derivative financial liabilities which are presented separately, financial liabilities at FVTPL are presented as held-for-trading financial liabilities.

A financial liability is classified as held-for-trading if any of the following criteria is satisfied:

- It has been incurred principally for the purpose of repurchasing it in the near term.
- On initial recognition, it is part of a portfolio of identifiable financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces accounting mismatch; (2) the Group makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis; (3) the qualified hybrid contract that contains embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognised in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.4 Classification of financial liabilities and equity instruments (continued)

11.4.1 Classification, recognition and measurement of financial liabilities (continued)

11.4.1.1 Financial liabilities at FVTPL (continued)

For a financial liability designated as at FVTPL, the amount of changes in the fair value of the financial liability that are attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, while other changes in fair values are included in profit or loss for the current period. Upon the derecognition of such financial liability, the accumulated amount of changes in fair value that are attributable to changes in the credit risk of that liability, which was recognised in other comprehensive income, is transferred to retained earnings. Any dividend or interest expense on the financial liabilities is recognised in profit or loss. If the accounting treatment for the impact of the change in credit risk of such financial liability in the above ways would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss for the period.

11.4.1.2 Other financial liabilities

Except for financial liabilities arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, other financial liabilities are subsequently measured at amortised cost, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

If the modification or renegotiation for the contract by the Group and its counterparties does not result in derecognition of a financial liability subsequently measured at amortised cost but the changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognised in profit or loss. The Group will determine the carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortisation during the remaining term of the modified financial liability.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (continued)

11.4 *Classification of financial liabilities and equity instruments (continued)*

11.4.2 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss for the period.

11.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Change of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group treats allocations to equity instrument holders as profit distribution and the distributed dividends do not affect the total amount of shareholders' equity.

11.5 *Offsetting financial assets and financial liabilities*

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset with the net amount presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet without offsetting.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Notes receivable

12.1 Portfolios for which allowances for bad debts are collectively assessed based on credit risk characteristics and their basis of determination

The Group classifies notes receivable into different portfolios based on shared credit risk characteristics

Item	Recognition basis	Type of portfolios
Portfolio I	Type of notes	Bank acceptances
Portfolio II	Type of notes	Commercial acceptances

Shared credit risk characteristics adopted by the Group include credit rating of the accepting bank, credit risk rating of the debtor, and the overdue status, etc.

13. Accounts receivable

13.1 Portfolios for which allowances for bad debts are collectively assessed based on credit risk characteristics and their basis of determination

Apart from accounts receivable within the scope of the Group's consolidation, the Group's customers exhibit identical risk characteristics, and allowances for bad debts are made by treating them as a single portfolio. The portfolio categories for which the Group recognises ECL on accounts receivable, along with the basis for their determination, are as follows:

Item	Recognition basis	Type of portfolios
Portfolio I	Type of customers	This portfolio consists of accounts receivable outside the scope of the Group's consolidation.

13.2 Calculation method of aging based on the portfolio of credit risk characteristics determined by aging

The Group uses the aging of accounts receivable as a basis to determine its portfolio credit losses using an impairment matrix. The aging is calculated from the date when the contracted collection right is obtained.

13.3 Basis of allowances for bad debts made on an individual basis

The Group evaluates the credit risk of accounts receivable for which there is objective evidence indicating that the amounts will not be recoverable in accordance with the original terms on an individual basis and determines the credit losses accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Receivables financing

14.1 Portfolios for which allowances for bad debts are collectively assessed based on credit risk characteristics and their basis of determination

The Group uses shared risk characteristics as the basis. The shared credit risk characteristics adopted by the Group include the credit rating of the accepting bank, and overdue status, etc.

15. Other receivables

15.1 Portfolios for which allowances for bad debts are collectively assessed based on credit risk characteristics and their basis of determination

The Group classifies other receivables into different portfolios based on shared risk characteristics. Shared credit risk characteristics adopted by the Group include the type of other receivables, and historical default condition, etc.

16. Inventories

16.1 Categories of inventories, valuation method of inventories delivered, inventory count system, amortisation method for low-value consumables and packaging materials

16.1.1 Categories of inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, spare parts, and others, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

16.1.2 Valuation method of inventories delivered

The actual cost of inventories upon delivery is calculated using the weighted average method.

16.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

16.1.4 Amortisation method for low-value consumables and packaging materials

General spare parts, low-value consumables, packaging materials, and other revolving materials are amortised using the one-off write-off method. Large rolls on rolling mills are amortised using the grinding volume-based amortisation method and included in the cost of related assets or recognised in current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Inventories (continued)

16.2 Recognition criteria and methods for determining the provision for impairment of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, provision for impairment of inventories is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of events subsequent to the balance sheet date.

After the provision for impairment of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their carrying amount, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

17. Long-term equity investments

17.1 Basis for determining joint control and significant influence

Control is the power over the investee, exposures 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. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term equity investments (continued)

17.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of carrying amount of owners' equity of combined party in financial statements of ultimate controlling party is recognised as initial investment cost of long-term equity investment at the date of combination. The difference between initial investment cost of long-term equity investment and cash paid, non-cash assets transferred and carrying amount of liabilities assumed, is adjusted in capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination.

The intermediary expenses incurred by the combining party or acquirer in respect of auditing, legal services, valuation and consultancy services, etc., and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

17.3 Subsequent measurement and recognition of profit or loss

17.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term equity investments (continued)

17.3 *Subsequent measurement and recognition of profit or loss (continued)*

17.3.2 Long-term equity investment under equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

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

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the capital reserve. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognises investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealised gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognised. However, unrealised losses are not eliminated if they result from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term equity investments (continued)

17.3 Subsequent measurement and recognition of profit or loss (continued)

17.3.2 Long-term equity investment under equity method (continued)

The Group discontinues recognising its share of net loss of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

17.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period.

18. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the cost can be measured reliably. Other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts the straight-line method for depreciation over its useful life. The depreciation method, depreciation period, estimated residual value rate and annual depreciation rate of each category of investment properties are as follows:

Category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	30-50	3	1.9-3.2

When an investment property is sold, or retired from its use and economic benefits are not expected to be recovered from disposal, the investment property should be de-recognised.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Fixed assets

19.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. Meanwhile, the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

19.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, depreciation period, residual value rate and annual depreciation rate of each category of fixed assets are as follows:

			Estimated net	
	Depreciation method	Useful life (years)	residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	10-30	3	3.2-9.7
Machinery and equipment	Straight-line method	10-15	3	6.5-9.7
Office equipment	Straight-line method	5-10	3	9.7-19.4
Transportation vehicles and equipment	Straight-line method	5-8	3	12.1-19.4

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Fixed assets (continued)

19.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and the estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

20. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated.

Construction in progress is transferred to a fixed asset when it is ready for intended use. The criteria and time points for the transfer of various types of construction in progress to fixed assets are as follows:

Category	Criteria of transfer to fixed assets
Buildings	When the acceptance criteria for building completion is satisfied
Machinery and equipment	When the design requirements or contractual standards after installation and commissioning is satisfied

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. 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 are recognised in profit or loss in the period in which they are incurred.

The capitalisation of borrowing costs commences only when the capital expenditures 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 in the period in which they are incurred.

During the capitalisation period, the amount of interest eligible for capitalisation for each accounting period shall be determined as follows: in case of special-purpose borrowings, the amount of interest eligible for capitalisation is the actual interest costs incurred on that borrowing for the period less any interest income from the temporary deposits or any investment income; in case of general borrowings in use, the amount of interest eligible for capitalisation is determined by multiplying the weighted average of asset expenditures exceeding the portion of special-purpose borrowings by the weighted average interest rate of the general borrowings in use.

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, and 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Intangible assets

22.1 *Useful life and its determination basis, estimation, amortisation method or review procedures*

Intangible assets include land use rights, patents and others.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method. The estimated net residual value of all types of intangible assets is Nil. The amortisation methods and useful lives are as follows:

	Useful life (years)	Basis of determination
Land use rights	50	Duration of land use rights
Patents and others	3-20	Shorter of duration and expected useful life of patents

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

22.2 *Scope of and related accounting treatment for research and development expenditure*

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as an intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Intangible assets (continued)

22.2 *Scope of and related accounting treatment for research and development expenditure (continued)*

- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period. The cost of intangible assets generated in internal development activities only includes the total amount of expenditures from the time point when the capitalisation conditions are met to the time when the intangible assets reach the intended uses. For the same intangible asset, the expenditures that have been expensed into profit or loss before the capitalisation conditions are met in the development process will not be adjusted.

23. *Impairment of long-term assets*

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, investment properties measured using cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, the recoverable amount is estimated. Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Impairment of long-term assets (continued)

Recoverable amount is estimated on an individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group 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 or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss of the above-mentioned assets is recognised, it will not be reversed in any subsequent period.

24. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current year and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

25. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for consideration received or receivable from the customer.

26. Employee benefits

26.1 Accounting treatment of short-term employee benefits

In an accounting period in which an employee has rendered services to the Group, the Group recognises the short-term employee benefits for that service as a liability, and the related expenditures are charged to profit or loss for the period or in costs of relevant assets. Employee welfare incurred by the Group is recognised in profit or loss for the period or the costs of relevant assets based on the actual amount when incurred. Non-monetary employee welfare is measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Employee benefits (continued)

26.1 Accounting treatment of short-term employee benefits (continued)

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

26.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognised as a liability by the Group and charged to profit or loss for the period, or included in cost of related assets.

26.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognised in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognises any related restructuring costs or expenses.

26.4 Accounting treatment of 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency such as products quality assurance and onerous contract, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

28. Share-based payments

A share-based payment is a transaction which the Group grants equity instruments, or incurs liabilities for amounts that are determined based on the price of equity instruments, in return for services rendered by employees. The Group's share-based payments are equity-settled share-based payments.

28.1 Equity-settled share-based payments

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognised as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest, with a corresponding increase in capital reserve.

At each balance sheet date during the vesting period, the Group makes the best estimate according to the subsequent latest information of change in the number of employees who are granted with options that may vest, etc. and revises the number of equity instruments expected to vest. The effect of the above estimate is recognised as related costs or expenses, with a corresponding adjustment to capital reserve.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Share-based payments (continued)

28.2 Accounting treatment related to implementation, modification and termination of share-based payment arrangement

In case the Group modifies a share-based payment arrangement, if the modification increases the fair value of the equity instruments granted, the Group will include the incremental fair value of the equity instruments granted in the measurement of the amount recognised for services received. If the modification increases the number of the equity instruments granted, the Group will include the fair value of additional equity instruments granted in the measurement of the amount recognised for services received. The increase in the fair value of the equity instruments granted is the difference between fair value of the equity instruments before and after the modification on the date of the modification. If the Group modifies the terms or conditions of the share-based payment arrangement in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group will continue to account for the services received as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

If cancellation of the equity instruments granted occurs during the vesting period, the Group will account for the cancellation of the equity instruments granted as an acceleration of vesting, and recognise immediately the amount that otherwise would have been recognised over the remainder of the vesting period in profit or loss for the period, with a corresponding recognition in capital reserve. When the employee or counterparty can choose whether to meet the non-vesting condition but the condition is not met during the vesting period, the Group treats it as a cancellation of the equity instruments granted.

29. Revenue from contracts with customers

The Group recognises revenue when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. Control over the related goods or services represents the ability to dominate the use of the goods or the rendering of the services and obtain substantially all of the economic benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Revenue from contracts with customers (continued)

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 determines the best estimate of the discount based on the expected value or most probable amount. The discounted transaction price does not exceed the amount for which it is highly probable that there will be no significant reversal of the revenue recognised in the aggregate when the related uncertainty is eliminated. The Group makes re-estimation 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.

The Group fulfils 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Revenue from contracts with customers (continued)

Contracts for the sale of goods (continued)

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 27 "Provisions".

With regard to the trading of steel and other commodities, the Group assesses whether it controls each specified good before that good is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Contract costs

30.1 Costs of obtaining a contract

For the incremental cost of obtaining the contract (cost that will not occur if the contract is not obtained) that is expected to be recoverable, it is recognised as an asset, and shall be amortised on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognised in profit or loss for the period. If the amortisation period of the asset does not exceed one year, it is recognised in profit or loss for the period when incurred. Other expenses incurred by the Group for obtaining the contract are recognised in profit or loss for the period when incurred, except for those explicitly assumed by the customer.

30.2 Costs to fulfil a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than Revenue Standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset mentioned above shall be amortised on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognised in profit or loss for the period.

30.3 Impairment losses on assets relating to contract costs

In determining the impairment loss on assets relating to contract costs, the impairment loss should first be determined for the other assets relating to contracts, which are recognised in accordance with other accounting standards for business enterprises. For assets relating to contract costs, where the carrying amount is higher than the difference between the two items below, the impairment provision will be made for the excess part with the impairment losses of assets recognised: (1) the remaining consideration that the Group expects to obtain for transfer of goods or services relating to the assets; (2) the estimated costs necessary to transfer relevant goods or services.

After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognised in profit or loss for the period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

31.1 Determination basis and accounting treatment of government grants related to assets

Government grants received by the Group that are used to construct or otherwise generate non-current assets are classified as government grants related to assets.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

31.2 Determination basis and accounting treatment of government grants related to income

Government grants received by the Group that are directly attributable to expenses incurred during the period are classified as government grants related to income.

For a government grant related to income, if the grant is a compensation for related costs or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs or losses are recognised. If the grant is a compensation for related costs or losses already incurred, the grant is recognised immediately in profit or loss for the period.

A government grant related to the Group's daily activities is recognised in other income based on the nature of economic activities. a government grant not related to the Group's daily activities is recognised in non-operating income.

When the discount fund is allocated directly to the Group by the Ministry of Finance, such discount is charged against related borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Deferred tax assets/deferred tax liabilities

Income tax expenses include current income tax and deferred income tax.

32.1 Current income tax

At the balance sheet date, current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

32.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) and does not give rise to equal taxable temporary differences and deductible temporary differences at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Deferred tax assets/deferred tax liabilities (continued)

32.2 *Deferred tax assets and deferred tax liabilities (continued)*

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or benefits are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

32.3 *Income tax offsetting*

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases

A lease is a contract whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a consideration.

The Group assesses whether a contract is, or contains, a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

33.1 *The Group as lessee*

33.1.1 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 a right-of-use asset. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group initially measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred by the Group.

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of Accounting Standards for Business Enterprises No. 4 – Fixed Assets. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

In accordance with the provisions of Accounting Standard for Business Enterprises No. 8 – Asset Impairment, the Group determines whether the right-of-use assets have been impaired and accounts for the identified impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (continued)

33.1 The Group as lessee (continued)

33.1.2 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group, including fixed payments and in-substance fixed payments.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on a fixed periodic rate, and recognises such expenses in profit or loss or costs of related assets.

After the commencement date of the lease, if there is a change in the lease term, the Group re-measures the lease liabilities by discounting the revised lease payments using a revised discount rate, and adjusts the right-of-use assets accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognise the difference in profit or loss for the period.

33.1.3 Short-term leases and leases of low-value assets

The Group chooses not to recognise right-of-use assets and lease liabilities for short-term leases of office equipment and shuttle buses and leases of low-value assets. A short-term lease refers to a lease that, at the commencement date, has a lease term of 12 months or less and does not contain a purchase option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (continued)

33.1 The Group as lessee (continued)

33.1.4 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope which is adjusted based on circumstances of the particular contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and remeasures the lease liabilities at the present value of revised lease payment discounted at revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period. For other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

33.1.5 Sale and leaseback transactions

The Group as seller-lessee

The Group applies the requirements of the ASBE No. 14 Revenue to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset does not constitute a sale, the Group shall continue to recognise the transferred assets and recognise a financial liability equal to the transfer proceeds in accordance with the ASBE No. 22 Financial Instruments: Recognition and Measurement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Leases (continued)

33.2 *The Group as lessor*

33.2.1 Separating components of a lease

For a contract that contains lease components and non-lease components, the Group allocates the contract consideration in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue on apportionment of transaction prices, based on the respective stand-alone prices of the lease components and the non-lease components.

33.2.2 Classification criteria and accounting treatment for leases as the lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

33.2.2.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognised as rental income on a straight-line basis or other systematic and reasonable methods over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalised when incurred, and are recognised in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognised in profit or loss when incurred.

34. Share repurchase

The consideration and transaction costs paid to repurchase own equity instruments are deducted from shareholders' equity. With the exception of share-based payments, equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

35. Work safety funds

Work safety funds accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When the expenditures are utilised as expenses, they should be recognised in the statement of profit or loss and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

36. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosures relating to contingent liabilities at the balance sheet 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) Judgements

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

Going concern

As stated in Note II, the Group's ability to continue as a going-concern basis 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Significant accounting judgements and estimates (continued)

(1) Judgements (continued)

Going concern (continued)

As at 31 December 2025, the Group held 16.34% equity interests in Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd. ("Xinchuang Energy Saving"). The Company has designated one director to Xinchuang Energy Saving according to the Articles of Association although the Company holds less than 20% of the equity interests in Xinchuang Energy Saving. Therefore, the Company believes that it can exercise significant influence over Xinchuang Energy Saving and thus accounts for the investment in Xinchuang Energy Saving as an associate.

As at 31 December 2025, the Group held 18.19% equity interests in Baosight Software (Anhui) Co., Ltd. ("Baosight Software (Anhui)"). The Company has designated one director to Baosight Software (Anhui) according to the Articles of Association although the Company holds less than 20% of the equity interests in Baosight Software (Anhui). Therefore, the Company believes that it can exercise significant influence over Baosight Software (Anhui) and thus accounts for the investment in Baosight Software (Anhui) as an associate.

As at 31 December 2025, the Group held 9.17% equity interests in OBEI Co., Ltd. ("OBEI"). The Company has designated one director to OBEI according to the Articles of Association although the Company holds less than 20% of the equity interests in OBEI. Therefore, the Company believes that it can exercise significant influence over OBEI and thus accounts for OBEI as an associate.

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. In determining the business model, factors to be considered include the method of evaluation on financial asset performance and reporting of financial asset performance to key management personnel, risks affecting financial asset performance and management methods for such risks, the way in which related business management personnel are remunerated, etc. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason for, timing, frequency and value of the sale before the maturity date of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Significant accounting judgements and estimates (continued)

(2) *Uncertainties in estimates*

The key assumptions concerning the future and other key sources of estimate uncertainties 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.

Estimate of realisable value of inventories

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 with a similar nature. Management reassesses the estimate at the end of each reporting period.

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

The Group assesses whether there are any indicators of impairment of 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. Impairment exists if the carrying amount of an asset or asset group is higher than recoverable amount, 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 or asset group. The fair value net of cost of disposal is determined by reference to agreed selling price of similar assets in an arm's length transaction or observable market price less the incremental cost that can be directly attributable to the disposal of the asset. When determining the present value of future cash flows, the management must estimate the expected future cash flows of the assets or asset group and adopt an appropriate discount rate to determine the present value of the future cash flows.

Deferred tax assets

Within the limit of sufficient available taxable income against which the losses can be deductible, the Group recognises deferred tax assets by all unutilised deductible losses. This requires the management to make judgement in estimating the time and amount of future taxable income, taking into account tax planning strategies, to determine the amount of deferred tax assets that should be recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Significant accounting judgements and estimates (continued)

(2) *Uncertainties in estimates*

Impairment of financial instruments

The Group adopts the ECL model to assess the impairment of financial instruments. The application of ECL model requires significant judgements and estimates, and taking all reasonable and supportable information, including forward-looking information into consideration. In making these judgements and estimates, the Group estimates the expected change of the debtor's credit risk based on historical repayment data and combined with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the provision for impairment, and the provision for impairment may not be equal to the actual amount of impairment loss in the future.

Estimate of useful life of fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

IV. TAXATION

1. Major categories of taxes and tax rates

	Tax basis	Tax rate
Value added tax ("VAT")	The difference between the output VAT calculated based on sales and the applicable tax rate, and the input VAT eligible for deduction.	6%, 13%
Urban maintenance and construction tax	Based on VAT paid	5%, 7%
Education surcharge	Based on VAT paid	3%
Local education surcharge	Based on VAT paid	2%
Housing property Tax	70% of the original cost of the property or the rental income	1.2%, 12%
Environmental protection tax	Levied by multiplying the pollution equivalent, converted from the taxable pollutant discharged, by the applicable tax rate.	The tax rate for air pollutants is RMB1.2 per pollution equivalent; the tax rate for water pollutants is RMB1.4 per pollution equivalent.
Enterprise income tax	Based on taxable profits	15%, 16.5%, 25%, 30%

Except for the subsidiaries benefiting from preferential tax rates as disclosed in Note IV, 2, the statutory tax rates for Maanshan Iron & Steel (Hong Kong) Limited ("Magang Hong Kong"), Maanshan Iron and Steel (Australia) Proprietary Limited ("Magang Australia") and MG Trading and Development GmbH ("MG Trading & Development") are 16.5%, 30% and 15%, respectively. The applicable income tax rate for the Company and its subsidiaries for the year is 25% (2024: 25%).

2. Tax concessions

According to Article 28 (Paragraph 2) of the Enterprise Income Tax Law of the People's Republic of China, with respect to a high-tech enterprise that is specifically supported by the State, the tax on its income shall be levied at a reduced rate of 15%. Pursuant to Article 9 of the Measures for the Administration of High-Tech Enterprises, the qualification of a high-tech enterprise that has passed the certification is valid for three years from the date the certificate is issued.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

IV. TAXATION (CONTINUED)

2. Tax concessions (Continued)

Mascometal Co., Ltd., a subsidiary of the Company, obtained the high-tech enterprise certification in 2023 and has been entitled to a preferential enterprise income tax rate of 15% starting from 2023, with a validity period of three years.

Ma Steel (Hefei) Iron & Steel Co., Ltd., a subsidiary of the Company, obtained the high-tech enterprise certification in 2023 and has been entitled to a preferential enterprise income tax rate of 15% starting from 2023, with a validity period of three years.

Anhui Changjiang Steel Co., Ltd., a subsidiary of the Company, obtained the high-tech enterprise certification in 2023 and has been entitled to a preferential enterprise income tax rate of 15% starting from 2023, with a validity period of three years.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB

Item	Closing balance	Opening balance
Bank deposits:	2,204,954,816	1,453,081,155
RMB	1,109,288,955	549,167,383
USD	908,699,213	710,395,790
EUR	27,442,512	37,754,514
AUD	159,190,300	148,710,113
HKD	333,836	7,053,355
Other monetary funds:	1,321,145,360	1,359,803,423
RMB	1,321,145,360	1,359,803,423
Deposits with the finance company	8,243,701,758	3,621,220,869
RMB	8,243,701,758	3,621,220,869
Total	11,769,801,934	6,434,105,447
Including: Total amount deposited overseas	584,669,849	555,921,592

Note: As at 31 December 2025, restricted monetary funds included in the Group's other monetary funds totalled RMB1,321,145,360 (31 December 2024: RMB1,359,803,423), primarily comprising note deposits and letter of guarantee deposits.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

2. Notes receivable

(1) Categories of notes receivable

RMB

Item	Closing balance	Opening balance
Bank acceptances	572,691,130	822,780,872

The Group believes that the credit risk of the bank acceptances held by the Group is low due to the remote likelihood of bank default. Therefore, no allowances for credit loss were made.

(2) As at 31 December 2025, the Group had no notes receivable that have been pledged as collateral.

(3) Notes receivable endorsed or discounted by the Group at the end of the year but not yet matured as of the balance sheet date

RMB

Item	Derecognised at the end of year	Not derecognised at the end of year
Bank acceptances	–	279,883,329

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

3. Accounts receivable

(1) Disclosures by aging

RMB

Item	Gross carrying amount at the end of year	Gross carrying amount at the beginning of year
Within 1 year	2,852,874,798	1,759,620,406
1-2 years	20,074,532	132,286,416
2-3 years	114,187,377	64,863,225
Over 3 years	76,289,372	15,325,306
Total	3,063,426,079	1,972,095,353
Less: Allowances for bad debts of accounts receivable	246,913,498	218,270,897
Total	2,816,512,581	1,753,824,456

The aging begins from the date when the accounts receivable are recognised.

As at 31 December 2025, the Group pledged accounts receivable as collateral for borrowings amounting to RMB0 (31 December 2024: RMB150,624,587). Please refer to Note V 17 for details.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

3. Accounts receivable (Continued)

(2) Disclosures of methods for determining allowances for bad debts by category

RMB

Item	31 December 2025				
	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	172,748,102	6	172,748,102	100	–
On a portfolio basis according to credit risk characteristics	2,890,677,977	94	74,165,396	3	2,816,512,581
Total	3,063,426,079	100	246,913,498	8	2,816,512,581

RMB

Item	31 December 2024				
	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	158,026,937	8	158,026,937	100	–
On a portfolio basis according to 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	11	1,753,824,456

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

3. Accounts receivable (Continued)

(2) Disclosures of methods for determining allowances for bad debts by category (Continued)

Details of accounts receivable for which allowances for bad debts are provided on an individual basis are as follows:

RMB

Item	31 December 2025				31 December 2024			
	Gross carrying amount	Allowances for bad debts	Proportion of provision (%)	Reason for provision	Gross carrying amount	Allowances for bad debts	Proportion of provision (%)	Reason for provision
Company 1	172,748,102	172,748,102	100	Bankruptcy and reorganisation	158,026,937	158,026,937	100	Bankruptcy and reorganisation

As at 31 December 2025, the Group's ECL portfolios based on aging are as follows:

RMB

Item	Gross carrying amount	Provision for impairment	Proportion of provision (%)
Within 1 year	2,852,874,798	51,018,280	2
1-2 years	20,074,532	6,767,969	34
2-3 years	3,640,215	2,290,715	63
Over 3 years	14,088,432	14,088,432	100
Total	2,890,677,977	74,165,396	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

3. Accounts receivable (Continued)

(3) Details of allowances for bad debts

Movements in allowances for bad debts of accounts receivable are as follows:

RMB

Item	Opening balance	Provision	Recovery or reversal	Change in exchange rate	Closing balance
2025	218,270,897	40,542,759	(26,647,481)	14,747,323	246,913,498

(4) Top five closing balances of accounts receivable categorised by debtors

RMB

Item	Closing balance of accounts receivable	Proportion of the total closing balance of accounts receivable (%)	Closing balance of allowances for bad debts of accounts receivable
Company 1	1,210,154,336	40	21,641,326
Company 2	506,217,742	17	5,080,568
Company 3	261,674,168	9	15,421,064
Company 4	174,236,089	6	3,410,929
Company 5	172,748,102	6	172,748,102
Total	2,325,030,437	78	218,301,989

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

4. Receivables financing

(1) *Presented by categories of receivable financing*

RMB

Item	Closing balance	Opening balance
Bank acceptances	1,279,050,625	1,382,456,994

The Group believes that the credit risk of the bank acceptances held by the Group is low due to the remote likelihood of bank default. Therefore, no allowances for credit loss were made.

(2) *As at 31 December 2025, the Group had no receivables financing that have been pledged as collateral.*

(3) *Notes receivable endorsed or discounted by the Group at the end of the year but not yet matured as of the balance sheet date*

RMB

Item	Derecognised	Not derecognised
Bank acceptances	14,968,406,503	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

5. Prepayments

(1) Disclosures by aging of prepayments

RMB

Item	Closing balance		Opening balance	
	Gross carrying amount	Proportion (%)	Gross carrying amount	Proportion (%)
Within 1 year	434,612,811	99	366,554,395	96
1-2 years	2,971,248	1	12,710,526	3
2-3 years	149	–	1,973,653	1
Over 3 years	1,966,382	–	–	–
Total	439,550,590	100	381,238,574	100

The aging begins from the date when the prepayments are recognised.

As at 31 December 2025, the Group had no significant prepayments that aged more than one year.

(2) Top five closing balances of prepayments categorised by suppliers

RMB

Item	Closing balance	Proportion to the closing balance of prepayments (%)
Company 1	199,702,952	45
Company 2	69,104,901	16
Company 3	43,389,679	10
Company 4	35,872,879	8
Company 5	9,461,290	2
Total	357,531,701	81

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

6. Other receivables

RMB

Item	Closing balance	Opening balance
Dividends receivable	–	4,806,851
Other receivables	376,522,535	539,924,884
Total	376,522,535	544,731,735

Dividends receivable

- (1) Categories of dividends receivable

RMB

Item	Closing balance	Opening balance
Baowu Water Technology Co., Ltd.	–	4,806,851

Other receivables

- (1) Disclosures by aging

RMB

Item	Closing balance	Opening balance
Within 1 year	27,406,318	294,050,629
1-2 years	187,510,395	61,272,052
2-3 years	1,234,688	161,404,747
Over 3 years	182,012,907	44,517,173
Subtotal	398,164,308	561,244,601
Less: Allowances for bad debts of other receivables	21,641,773	21,319,717
Total	376,522,535	539,924,884

The aging begins from the date when the other receivables are recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

6. Other receivables (Continued)

Other receivables (Continued)

(2) Other receivables disclosed by nature

RMB

Item	Closing balance	Opening balance
Asset transfers	323,820,797	410,498,069
Current accounts	9,455,602	8,937,163
Deposits for steel futures	32,289	86,744,416
Others	64,855,620	55,064,953
Subtotal	398,164,308	561,244,601
Less: Allowances for bad debts of other receivables	21,641,773	21,319,717
Total	376,522,535	539,924,884

(3) Provision for allowances for bad debts

2025

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On a portfolio basis according to credit risk characteristics	398,164,308	100	21,641,773	5	376,522,535
Total	398,164,308	100	21,641,773	5	376,522,535

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

6. Other receivables (Continued)

Other receivables (Continued)

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

2024

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On a portfolio basis according to credit risk characteristics	561,244,601	100	21,319,717	4	539,924,884
Total	561,244,601	100	21,319,717	4	539,924,884

As at 31 December 2025, details of other receivables for which allowances for bad debts provided on a portfolio basis are as follows:

RMB

Item	Gross carrying amount	Provision for impairment	Proportion of provision (%)
Portfolio of pledges and deposits	13,382,289	463,040	3
Other portfolios of receivables	384,782,019	21,178,733	6
Total	398,164,308	21,641,773	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

6. Other receivables (Continued)

Other receivables (Continued)

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

Movements in the allowances for bad debts recognised based on the 12-month ECL and lifetime ECL on other receivables are as follows:

RMB

Item	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
At 31 December 2024	657,186	4,539,431	16,123,100	21,319,717
Provision	–	–	3,851,532	3,851,532
Reversal	(542,584)	(2,986,892)	–	(3,529,476)
Write-off	–	–	–	–
At 31 December 2025	114,602	1,552,539	19,974,632	21,641,773

(4) Top five closing balances of other receivables categorised by debtors

RMB

Item	Closing balance	Proportion to other receivables (%)	Nature	Aging	Closing balance of allowances for bad debts
Company 1	167,215,040	42	Asset transfers	1-2 years	326,069
Company 2	155,212,000	39	Asset transfers	Over 3 years	302,664
Company 3	20,000,000	5	Awards	1-2 years	39,000
Company 4	7,000,000	2	Trading deposits	Within 1 year	42,000
Company 5	6,350,000	2	Trading deposits	Over 3 years	421,005
Total	355,777,040	90			1,130,738

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

7. Inventories

(1) Categories of inventories

RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment in value/ Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment in value/ Provision for impairment	Carrying amount
Raw materials	2,726,496,719	229,877,516	2,496,619,203	3,419,598,313	258,969,131	3,160,629,182
Work in progress	2,170,858,331	163,232,585	2,007,625,746	1,945,334,938	142,149,848	1,803,185,090
Finished goods	1,503,569,125	24,216,823	1,479,352,302	1,542,037,604	73,511,464	1,468,526,140
Spare parts	1,314,412,568	60,832,936	1,253,579,632	1,316,182,446	67,101,142	1,249,081,304
Others	223,279,264	50,072,779	173,206,485	227,530,379	–	227,530,379
Total	7,938,616,007	528,232,639	7,410,383,368	8,450,683,680	541,731,585	7,908,952,095

(2) Provision for impairment of inventories

RMB

Item	Opening balance	Provision/ Reversal	Write-off	Closing balance
Raw materials	258,969,131	331,297,916	(360,389,531)	229,877,516
Work in progress	142,149,848	256,132,606	(235,049,869)	163,232,585
Finished goods	73,511,464	107,519,507	(156,814,148)	24,216,823
Spare parts	67,101,142	31,603,779	(37,871,985)	60,832,936
Others	–	50,072,779	–	50,072,779
Total	541,731,585	776,626,587	(790,125,533)	528,232,639

Net realisable value is the estimated selling price less the estimated costs to be incurred until completion, the estimated costs necessary to make the sale and relevant taxes and fees.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

8. Other current assets

RMB

Item	Closing balance	Opening balance
Prepaid enterprise income tax	14,220,338	4,620,738
Input VAT to be deducted	174,396,551	239,299,315
Input VAT to be verified	2,385,883	–
Total	191,002,772	243,920,053

(1) Details of long-term equity investments

RMB

Item	Opening balance	Changes for the year							Closing balance
		Investment income or loss under equity method	Other comprehensive income	Other equity changes	Cash dividends declared	Translation difference	Provision of impairment	Others	
Joint ventures									
Maanshan BOC-Ma Steel Gases Company Limited ("BOC-Ma Steel")	311,282,032	60,679,390	–	–	(53,830,000)	–	–	–	318,131,422
Subtotal	311,282,032	60,679,390	–	–	(53,830,000)	–	–	–	318,131,422
Associates									
Henan Jinma Energy Co., Ltd. ("Henan Jinma Energy")	835,597,163	(140,038,044)	–	–	–	–	–	–	695,559,119
Shenglong Chemical Co., Ltd. ("Shenglong Chemical")	1,056,545,119	(48,377,461)	–	82,343	–	–	–	–	1,008,250,001
Xinchuang Energy Saving	78,354,632	5,772,425	–	146,944	(2,398,388)	–	–	–	81,875,613
Anhui Magang Chemicals & Energy Technology Co., Ltd., Ltd. ("Magang Chemicals & Energy")	245,711,297	(43,928,518)	–	279,243	–	–	–	–	202,062,022
Baosight Software (Anhui)	225,928,675	3,370,810	–	–	(1,524,082)	–	–	–	227,775,403
OBEI	467,971,290	17,096,795	–	–	(1,090,275)	–	–	–	483,977,810
Baowu Water Technology Co., Ltd. ("Baowu Water")	654,879,334	(1,612,239)	–	–	–	–	–	(653,267,095)	–
Anhui Masteel Gas Technology Co., Ltd. ("Masteel Gases")	194,694,833	30,839,038	–	929,941	(13,722,694)	–	–	–	212,741,118

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

8. Other current assets (Continued)

(1) Details of long-term equity investments (Continued)

Item	Opening balance	Changes for the year							Closing balance
		Investment income or loss under equity method	Other comprehensive income	Other equity changes	Cash dividends declared	Translation difference	Provision of impairment	Others	
Anhui Masteel Holly Industrial Co., Ltd. ("Holly Industrial")	91,623,542	368,943	-	-	-	(2,184,434)	-	-	89,808,051
Baowu Finance	2,736,316,038	122,724,073	(7,494,996)	-	-	-	-	-	2,851,545,115
Subtotal	6,587,621,923	(53,784,178)	(7,494,996)	1,438,471	(18,735,439)	(2,184,434)	-	(653,267,095)	5,853,594,252
Total	6,898,903,955	6,895,212	(7,494,996)	1,438,471	(72,565,439)	(2,184,434)	-	(653,267,095)	6,171,725,674

Note: In 2025, Maanshan Iron & Steel Limited Company ("Magang Limited"), a subsidiary of the Group, entered into a capital reduction agreement with Baowu Water, resulting in a total capital reduction of RMB538,382,177.33. Following this reduction, the Group's equity interests in Baowu Water decreased from 14.977% to 3.1510%. Due to the reduced ownership percentage, and because the Group no longer appoints directors to Baowu Water or participates in its day-to-day management, the Group no longer has significant influence over Baowu Water. Given that the remaining equity investment in Baowu Water is held for strategic purposes with the intention of long-term holding, the Group has changed the accounting method for this investment from long-term equity investment to a financial asset at FVTOCI, which is presented under the line item "Investments in other equity instruments".

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

10. Investment in other equity instruments

(1) Details of investment in other equity instruments

RMB

Item	Opening balance	Changes for the year		Closing balance
		Additional investments	Gains (losses) included in other comprehensive income in the year	
Henan Longyu Energy Co., Ltd.	62,406,221		(3,461,834)	58,944,387
China MCC17 Group Co., Ltd.	57,319,387		36,250,444	93,569,831
Linhuan Coking Co., Ltd.	127,280,084		(24,027,484)	103,252,600
Baowu Clean Energy Co., Ltd.	161,870,622		1,680,520	163,551,142
Masteel Lihua Metal Resources Co. Ltd.	5,182,886		(1,022,106)	4,160,780
Baowu Water	–	108,688,110	(2,654,666)	106,033,444
Total	414,059,200	108,688,110	6,764,874	529,512,184

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

10. Investment in other equity instruments (Continued)

(1) *Details of investment in other equity instruments (Continued)*

RMB

Item	Gains (losses) included in other comprehensive income	Dividends income	Reasons for designating as at FVTOCI
Henan Longyu Energy Co., Ltd.	48,944,387	–	Held for strategic purposes with the intention of long-term holding
China MCC17 Group Co., Ltd.	85,015,031	–	Held for strategic purposes with the intention of long-term holding
Linhuo Coking Co., Ltd.	(11,247,856)	–	Held for strategic purposes with the intention of long-term holding
Baowu Clean Energy Co., Ltd.	8,104,783	–	Held for strategic purposes with the intention of long-term holding
Masteel Lihua Metal Resources Co. Ltd.	(339,220)	298,355	Held for strategic purposes with the intention of long-term holding
Baowu Water	(2,654,665)	–	Held for strategic purposes with the intention of long-term holding
Total	127,822,460	298,355	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

11. Investment properties

Investment properties measured using the cost model

RMB

Item	Buildings
Cost	
At 31 December 2024	77,302,542
At 31 December 2025	77,302,542
Accumulated depreciation and amortisation	
At 31 December 2024	24,117,151
Provision	2,011,265
At 31 December 2025	26,128,416
Carrying amount	
At 31 December 2025	51,174,126
At 31 December 2024	53,185,391

12. Fixed assets

RMB

Item	Closing balance	Opening balance
Fixed assets	45,747,321,970	48,866,413,844

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

12. Fixed assets (Continued)

(1) Details of fixed assets

RMB

Cost	Buildings	Machinery and equipment	Transportation vehicles and equipment	Office equipment	Total
I. Cost					
1. At 31 December 2024	36,948,365,061	71,493,848,624	334,768,972	1,849,173,232	110,626,155,889
2. Increase	(654,289,575)	1,323,047,008	27,519,087	477,875,058	1,174,151,578
(1) Purchase	189,090,096	258,161,650	8,538,186	10,781,908	466,571,840
(2) Transfer from construction in progress	120,125,344	483,787,054	72,326,870	31,340,470	707,579,738
(3) Reclassification	(963,505,015)	581,098,304	(53,345,969)	435,752,680	-
3. Decrease	(387,650,723)	(943,692,698)	(21,720,237)	(97,294,439)	(1,450,358,097)
(1) Disposal or retirement	(387,650,723)	(943,692,698)	(21,720,237)	(97,294,439)	(1,450,358,097)
4. At 31 December 2025	35,906,424,763	71,873,202,934	340,567,822	2,229,753,851	110,349,949,370
II. Accumulated depreciation					
1. At 31 December 2024	16,869,393,122	43,477,471,268	212,847,645	949,388,235	61,509,100,270
2. Increase	964,540,075	2,611,788,121	59,191,290	350,300,877	3,985,820,363
(1) Provision	1,085,424,285	2,565,115,760	66,437,934	268,842,384	3,985,820,363
(2) Reclassification	(120,884,210)	46,672,361	(7,246,644)	81,458,493	-
3. Decrease	(262,235,976)	(705,294,484)	(90,577,656)	(165,816,733)	(1,223,924,849)
(1) Disposal or retirement	(262,235,976)	(705,294,484)	(90,577,656)	(165,816,733)	(1,223,924,849)
4. At 31 December 2025	17,571,697,221	45,383,964,905	181,461,279	1,133,872,379	64,270,995,784
III. Impairment provision					
1. At 31 December 2024	-	250,641,775	-	-	250,641,775
2. Increase	1,838,881	146,997,402	41,888	-	148,878,171
(1) Provision	1,838,881	146,997,402	41,888	-	148,878,171
3. Decrease	(712,999)	(67,133,443)	(41,888)	-	(67,888,330)
(1) Disposal or retirement	(712,999)	(67,133,443)	(41,888)	-	(67,888,330)
4. At 31 December 2025	1,125,882	330,505,734	-	-	331,631,616
IV. Carrying amount					
At 31 December 2025	18,333,601,660	26,158,732,295	159,106,543	1,095,881,472	45,747,321,970
At 31 December 2024	20,078,971,939	27,765,735,581	121,921,327	899,784,997	48,866,413,844

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

12. Fixed assets (Continued)

(2) Details of temporarily idle fixed assets

RMB

Item	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	61,596,789	33,012,273	1,188,432	27,396,084
Machinery and equipment	508,112,613	351,503,318	9,399,609	147,209,686
Total	569,709,402	384,515,591	10,588,041	174,605,770

Note: The Group's temporarily idle No. 3 Blast Furnace was approved for shutdown in 2024 by the 29th meeting of the 10th session of the Board of Directors. During the year, an impairment test was performed on the No. 3 Blast Furnace. The recoverable amount was determined as the net amount of fair value less costs of disposal, amounting to RMB174,605,770, resulting in an impairment provision of RMB10,588,041.

(3) Fixed assets leased out under operating leases

RMB

Item	Buildings
Cost	
At 31 December 2024	71,175,220
Increase	17,918,095
Disposal or retirement	(19,442,358)
At 31 December 2025	69,650,957
Accumulated depreciation	
At 31 December 2024	51,865,927
Increase	7,640,977
Provision	3,975,701
Disposal or retirement	(16,348,252)
At 31 December 2025	47,134,353
Carrying amount	
At 31 December 2025	22,516,604
At 31 December 2024	19,309,293

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

12. Fixed assets (Continued)

(4) Fixed assets with pending certificates of ownership

RMB

Item	Carrying amount	Reason why certificates of ownership are pending
Buildings	772,644,395	Certificates of ownership are under review by relevant government authorities

(5) Details of impairment testing of fixed assets

The recoverable amount is the net amount of fair value less costs of disposal

During the year, the Group recognised an impairment loss on fixed assets amounting to RMB135,552,018 due to its plan to dispose of assets for retirement related to the compact strip production line and the Zone I Converter & Continuous Casting Project.

Items of the compact strip production line and the Zone I Converter & Continuous Casting Project, for which the recoverable amount is the net amount of fair value less costs of disposal:

RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Methods for determining fair value and costs of disposal	Key parameter	Basis for determining key parameters
Buildings	36,968,181	150,210	36,817,971	Market inquiry price	Market unit price	Recycling price
Machinery and equipment	164,697,654	75,240,152	89,457,502			
Office equipment	3,364,156	350,565	3,013,591			
Transportation vehicles	11,530,516	5,267,562	6,262,954			
Total	216,560,507	81,008,489	135,552,018			

For details of the impairment of No. 3 Blast Furnace, please refer to Note V 12(2).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

12. Fixed assets (Continued)

(5) Details of impairment of fixed assets (Continued)

Recoverable amount is determined according to the present value of expected future cash flows

The Group performs impairment tests on long-term assets related to the production of steel products and associated by-products, including fixed assets, construction in progress, intangible assets, right-of-use assets, and other non-current assets, with the recoverable amount determined based on the present value of expected future cash flows.

The Group has primarily divided its long-term assets into two asset groups: the long-term asset group of Magang Limited and the long-term asset group of Chang Jiang Steel.

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

RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Length of the forecast period	Key parameters for the forecast period	Key parameters for the stable period	Basis for determining the key parameters for the stable period
The long-term asset group of Magang Limited	39,324,606,126	44,884,000,000	-	13 years	Pre-tax discount rate; Sales growth rate	N/A	N/A
The long-term asset group of Chang Jiang Steel	6,678,242,941	8,082,000,000	-	13 years	Pre-tax discount rate; Sales growth rate	N/A	N/A
Total	46,002,849,067	52,966,000,000	-	/	/	/	/

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

13. Construction in progress

Construction in progress

RMB

Item	Closing balance	Opening balance
Construction in progress	1,976,324,641	795,364,312
Total	1,976,324,641	795,364,312

(1) Details of construction in progress

RMB

	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Product quality projects	996,155,464	-	996,155,464	148,591,467	-	148,591,467
Energy-saving and environmental protection projects	325,756,930	-	325,756,930	82,473,804	-	82,473,804
Equipment advancement and other modification projects	206,576,410	-	206,576,410	212,801,156	-	212,801,156
Others	447,835,837	-	447,835,837	351,497,885	-	351,497,885
Total	1,976,324,641	-	1,976,324,641	795,364,312	-	795,364,312

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

13. Construction in progress (Continued)

Construction in progress (Continued)

(2) Movements of significant construction in progress

RMB

Item	Budget (RMB' 000)	Opening balance RMB	Increase	Transferred to fixed assets	Closing balance	Proportion of project expenditure to budget (%)	Project progress (%)	Cumulative amount of capitalised interest	Of which: Interest capitalised in the year	Interest capitalisation rate for the year (%)	Source of fund
Masteel Cold Rolled Product Structure Adjustment-New 6# Galvanized Line Project	895,000	105,313,035	535,445,170	(56,712)	640,701,493	72%	72%	759,830	759,830	2.65	Internally and externally financed
Masteel South Area Steel Upgrade Project-3#4# Continuous Casting Machine Engineering	534,386	214,151	250,589,239	-	250,803,390	47%	47%	-	-	-	Internally financed
Masteel North Area Phase III Coal Gas Power Generation Project	369,970	807,792	223,000,128	-	223,807,920	60%	60%	-	-	-	Internally financed

(3) Provision for impairment of construction in progress

As at 31 December 2025, details on the impairment of the Group's construction in progress are disclosed in Note V 12(5).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

14. Right-of-use assets

(1) Right-of-use assets

RMB

Item	Buildings	Land use rights	Total
I. Cost			
1. At 31 December 2024	464,702,463	3,960,672	468,663,135
2. Increase	4,052,253	–	4,052,253
3. Decrease	(3,887,300)	–	(3,887,300)
4. At 31 December 2025	464,867,416	3,960,672	468,828,088
II. Accumulated depreciation			
1. At 31 December 2024	144,654,906	648,947	145,303,853
2. Increase	29,259,056	103,491	29,362,547
3. Decrease	(3,757,946)	–	(3,757,946)
4. At 31 December 2025	170,156,016	752,438	170,908,454
III. Carrying amount			
At 31 December 2025	294,711,400	3,208,234	297,919,634
At 31 December 2024	320,047,557	3,311,725	323,359,282

(2) Details of impairment testing of right-of-use assets

As at 31 December 2025, details on the impairment of the Group's right-of-use assets are disclosed in Note V 12(5).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

15. Intangible assets

(1) Details of intangible assets

RMB

Item	Land use rights	Patents and others	Total
I. Cost			
1. At 31 December 2024	2,534,770,407	291,280,399	2,826,050,806
2. Increase	64,073,878	19,242,575	83,316,453
(1) Purchase	64,073,878	19,242,575	83,316,453
3. Decrease	(522,454)	–	(522,454)
(1) Disposal	(522,454)	–	(522,454)
4. At 31 December 2025	2,598,321,831	310,522,974	2,908,844,805
II. Accumulated amortisation			
1. At 31 December 2024	954,754,150	62,609,996	1,017,364,146
2. Increase	47,981,703	27,689,838	75,671,541
(1) Provision	47,981,703	27,689,838	75,671,541
3. At 31 December 2025	1,002,735,853	90,299,834	1,093,035,687
III. Carrying amount			
At 31 December 2025	1,595,585,978	220,223,140	1,815,809,118
At 31 December 2024	1,580,016,257	228,670,403	1,808,686,660

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

15. Intangible assets (Continued)

(2) Intangible assets with pending certificates of ownership

RMB

Item	Carrying amount	Reason why certificates of ownership are pending
Land use rights	4,589,621	The relevant materials for applying the certificate have not been prepared completely.

(3) Details of impairment testing of intangible assets

As at 31 December 2025, details on the impairment of the Group's intangible assets are disclosed in Note V 12(5).

16. Deferred tax assets/liabilities

(1) Deferred tax assets before offsetting

RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	346,735,862	60,407,428	63,344,300	9,754,653
Sales incentive	63,121,764	9,613,185	40,216,816	6,032,522
Government grants	128,603,570	19,471,596	141,845,346	35,461,338
Deductible losses	935,549,968	233,887,492	1,092,467,803	273,116,951
Lease liabilities	298,336,071	74,058,543	364,048,090	90,319,176
Others	70,742,016	10,598,291	194,086,757	30,662,465
Total	1,843,089,251	408,036,535	1,896,009,112	445,347,105

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

16. Deferred tax assets/liabilities (Continued)

(2) Deferred tax liabilities before offsetting

RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustments in business combination not involving enterprises under common control	-	-	16,658,685	4,164,670
Changes in fair value of other equity investments	130,477,124	32,568,398	121,057,585	30,196,108
Right-of-use assets	297,910,201	73,973,558	323,359,282	80,218,459
Total	428,387,325	106,541,956	461,075,552	114,579,237

(3) Deferred tax assets or liabilities that are presented at the net amount after offsetting

RMB

Item	Closing balance		Opening balance	
	Offset amount	Net amount	Offset amount	Net amount
Deferred tax assets	106,541,956	301,494,579	114,356,362	330,990,743
Deferred tax liabilities	106,541,956	-	114,356,362	222,875

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

16. Deferred tax assets/liabilities (Continued)

(4) Breakdown of unrecognised deferred tax assets

RMB

Item	Closing balance	Opening balance
Deductible temporary differences	6,958,196,463	2,780,242,407
Deductible losses	10,663,087,145	12,907,919,701
Total	17,621,283,608	15,688,162,108

(5) Deductible losses for which deferred tax assets are not recognised will expire in the following years:

RMB

Item	Closing balance	Opening balance
2025	–	14,580,461
2026	–	–
2027	–	363,361,767
2028	–	–
2029	–	–
2030 and subsequent years	10,663,087,145	12,529,977,473
Total	10,663,087,145	12,907,919,701

Note: As at 31 December 2025, the Group's overseas subsidiaries did not have any accumulated deductible losses (31 December 2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

17. Assets with restricted ownership or right to use

2025

RMB

Item	Gross carrying amount	Carrying amount	Type of restriction and details
Cash and bank balances	1,321,145,360	1,321,145,360	Deposits for bank acceptances and performance bonds
Notes receivable	279,883,329	279,883,329	Endorsed or discounted
Total	1,601,028,689	1,601,028,689	

Note: As at 31 December 2025, the Group pledged accounts receivable as collateral for borrowings amounting to RMB0 (31 December 2024: RMB150,624,587).

18. Short-term borrowings

(1) Categories of short-term borrowings

RMB

Item	Closing balance	Opening balance
Pledged borrowings	208,014,106	488,691,527
Credit borrowings	10,551,482,623	10,855,744,037
Total	10,759,496,729	11,344,435,564

At the end of this year, the Group had no outstanding short-term borrowings which were overdue.

As at 31 December 2025, the annual interest rates of the above borrowings ranged from 0.93% – 2.50% (31 December 2024: 0.79% – 2.50%).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

19. Notes payable

RMB

Item	Closing balance	Opening balance
Bank acceptances	10,452,314,143	10,051,474,326

As at 31 December 2025, the Group had no notes payable due but not yet paid.

20. Accounts payable

(1) *The aging of accounts payable based on the invoice date is as follows:*

RMB

Item	Closing balance	Opening balance
Within 1 year	9,179,470,136	10,408,069,219
1-2 years	92,773,928	177,175,303
2-3 years	70,138,975	35,015,927
Over 3 years	39,449,353	53,412,429
Total	9,381,832,392	10,673,672,878

(2) *Significant accounts payable aged more than one year or overdue*

As at 31 December 2025, the Group had no significant accounts payable aged more than one year.

21. Contract liabilities

(1) *Presentation of contract liabilities*

RMB

Item	Closing balance	Opening balance
Advances from customers	4,247,904,586	4,123,176,032

As at 31 December 2025, the Group had no significant contract liabilities aged more than one year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

22. Employee benefits payable

(1) Presentation of employee benefits payable

RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	216,812,535	3,140,423,082	3,083,644,262	273,591,355
2. Post-employment benefits (defined contribution plan)	5,442	382,995,448	382,995,448	5,442
3. Termination benefits	2,750,456	76,892,757	78,987,816	655,397
4. Early retirement benefits due within one year	551,232	–	406,080	145,152
Total	220,119,665	3,600,311,287	3,546,033,606	274,397,346

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

(2) Presentation of short-term employee benefits

RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	133,377,401	2,481,469,099	2,442,658,689	172,187,811
2. Employee welfare	1,464,950	135,830,227	136,902,797	392,380
3. Social security contributions	9,109	195,107,439	195,107,439	9,109
Including: Medical insurance	4,603	170,400,022	170,400,022	4,603
Work injury insurance	3,905	24,643,304	24,643,304	3,905
Maternity insurance	601	64,113	64,113	601
4. Housing funds	1,200	245,096,061	245,096,061	1,200
5. Union running costs and employee education costs	81,959,875	82,920,256	63,879,276	101,000,855
Total	216,812,535	3,140,423,082	3,083,644,262	273,591,355

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

22. Employee benefits payable (Continued)

(3) Presentation of defined contribution plan

RMB

Item	Opening balance	Increase	Decrease	Closing balance
1.Basic pension insurance	4,934	320,191,390	320,191,390	4,934
2.Unemployment insurance	266	11,384,939	11,384,939	266
3.Enterprise annuity	242	51,419,119	51,419,119	242
Total	5,442	382,995,448	382,995,448	5,442

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 is 1.5%, 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 plan. In 2025, the total amount of the Group's enterprise annuity expenses was approximately RMB51,419,119 (2024: RMB118,683,199), which was recorded as labour costs.

23. Taxes payable

RMB

Item	Closing balance	Opening balance
VAT	73,323,634	87,428,602
Enterprise income tax	28,424,364	32,351,149
Land use tax	23,117,700	23,279,195
Individual income tax	7,576,504	5,589,568
Water conservancy funds	16,741,870	15,899,786
Environmental protection tax	7,065,611	7,100,345
Urban maintenance and construction tax	6,207,673	690,613
Others	76,019,502	58,300,884
Total	238,476,858	230,640,142

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

24. Other payables

RMB

Item	Closing balance	Opening balance
Dividends payable	7,094,283	6,719,133
Other payables	3,024,530,783	3,169,564,809
Total	3,031,625,066	3,176,283,942

Dividends payable

RMB

Item	Closing balance	Opening balance
Dividends payable	7,094,283	6,719,133

Other payables

(1) Categorised by nature

RMB

Item	Closing balance	Opening balance
Payable for forfeiting	1,201,753,824	1,594,673,294
Special funds	799,111,848	815,380,233
Payable for construction, maintenance and inspection fees	34,703,667	46,967,164
Sales incentive	356,308,138	324,572,503
Others	632,653,306	387,971,615
Total	3,024,530,783	3,169,564,809

(2) Significant other payables aged more than one year or overdue

As at 31 December 2025, the Group had no significant other payables aged more than one year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

25. Non-current liabilities due within one year

RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,326,720,808	4,425,124,120
Lease liabilities due within one year	45,355,478	24,975,848
Obligations to repurchase restricted shares due within one year	–	49,059,586
Total	2,372,076,286	4,499,159,554

26. Provisions

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Product warranties	11,429,761	3,515,595	(3,726,878)	11,218,478

27. Other current liabilities

RMB

Item	Closing balance	Opening balance
Output VAT to be transferred	548,260,463	515,225,262

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

28. Long-term borrowings

(1) Breakdown of short-term borrowings

RMB

Item	Closing balance	Opening balance
Credit borrowings	5,376,214,621	9,908,532,304
Less: Long-term borrowings due within one year	2,326,720,808	4,425,124,120
Total	3,049,493,813	5,483,408,184

As at 31 December 2025, the annual interest rates of the above borrowings ranged from 1.85% – 3.10% (31 December 2024: 2.05% – 2.80%).

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

RMB

Period	Closing balance	Opening balance
Within 1 year	2,326,720,808	4,425,124,120
1-2 years	2,793,173,813	2,291,668,918
2-5 years	256,320,000	3,191,739,266
Total	5,376,214,621	9,908,532,304

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

29. Lease liabilities

RMB

Item	Closing balance	Opening balance
Lease liabilities	381,616,707	364,048,090
Less: Lease liabilities due within one year	45,355,478	24,975,848
Total	336,261,229	339,072,242

30. Long-term payables

RMB

Item	Closing balance	Opening balance
Obligations to repurchase restricted shares	–	49,059,586
Less: Obligations to repurchase restricted shares due within one year	–	49,059,586
Total	–	–

31. Long-term employee benefits payable

(1) Presentation of long-term employee benefits payable

RMB

Item	Closing balance	Opening balance
Early retirement benefits payable	410,233	1,140,733
Less: Early retirement benefits due within one year	145,152	551,232
Total	265,081	589,501

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

31. Long-term employee benefits payable (Continued)

(2) Movements of early retirement benefits

RMB

Item	2025	2024
At 1 January	1,140,733	3,158,820
Included in profit or loss for the period		
Net interest	188,105	39,934
Other changes		
Benefits paid	(918,605)	(2,058,021)
At 31 December	410,233	1,140,733

The Group provides early retirement benefits to employees who accept internal retirement arrangements. Since the aforementioned early retirement benefits will be settled more than 12 months after the end of the annual reporting period, an evaluation is done in respect of the plan internally by the Group at the end of the year using the projected cumulative unit credit method. As there was no financial management and no investment made for the early retirement plan, as at 31 December 2025, there were no plan assets under the early retirement plan, and the defined benefits payable amounted to approximately RMB410,233 (31 December 2024: RMB1,140,733), accounting for approximately 0.0005% (2024: 0.001%) of the Group's total assets as of 31 December 2025 only. Since the plan is not significant, 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)

For the year ended 31 December 2025

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

32. Deferred income

RMB

Item	Opening balance	Increase	Included in other income	Other decrease	Closing balance
Government grants	973,011,484	13,291,892	(75,458,747)	(105,902,879)	804,941,750

33. Share capital

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Total shares	7,746,937,986	–	(46,256,800)	7,700,681,186

Note: The decrease in share capital for the current year resulted from the repurchase of restricted shares, and the relevant deregistration procedures have been completed. For further details, please refer to Note XIII, 2.

34. Capital reserve

RMB

Item	Opening balance	Increase (Note 1)	Decrease (Note 2)	Closing balance
Capital premium	8,402,802,691	–	–	8,402,802,691
Others	173,509,442	1,014,565,904	(59,671,272)	1,128,404,074
Total	8,576,312,133	1,014,565,904	(59,671,272)	9,531,206,765

Note 1: The Group's capital reserve increased by RMB1,014,565,904 during the year, comprising: (1) a change in the Company's shareholding ratio in its subsidiary Magang Limited, increasing the capital reserve by RMB1,013,583,104 (see Note VIII, 2); and (2) other changes in the Group's equity interests in its associates and joint ventures, increasing the capital reserve by RMB982,800.

Note 2: The restricted shares did not meet the Company's performance conditions, and therefore, the Group reversed the capital reserve of RMB59,671,272 that had been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

35. Treasury shares

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Stock incentive plan (Note XIII, 2)	105,928,072	–	(105,928,072)	–

36. Other comprehensive income

RMB

Item	Opening balance	Pre-tax amount	Less: Income tax	Attributable to shareholders of the Company	Attributable to minority interests	Changes in other comprehensive income	Closing balance
I. Other comprehensive income that cannot be reclassified subsequently to profit or loss	90,549,349	6,764,874	(2,457,095)	5,999,520	(1,691,741)	–	96,548,869
Including: Changes in fair value of investments in other equity instruments	90,549,349	6,764,874	(2,457,095)	5,999,520	(1,691,741)	–	96,548,869
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(92,572,894)	(8,958,296)	–	(6,623,172)	(2,335,124)	(4,026,833)	(103,222,899)
Including: Other comprehensive income that can be reclassified to profit or loss under equity method	6,341,940	(7,494,996)	–	(7,494,996)	–	–	(1,153,056)
Translation differences of financial statements denominated in foreign currencies	(98,914,834)	(1,463,300)	–	871,824	(2,335,124)	(4,026,833)	(102,069,843)
Total	(2,023,545)	(2,193,422)	(2,457,095)	(623,652)	(4,026,865)	(4,026,833)	(6,674,030)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

37. Special reserve

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Work safety funds	97,574,394	77,478,655	(109,376,157)	65,676,892

38. Surplus reserve

RMB

Item	Opening balance	Changes for the year	Closing balance
Statutory surplus reserve (Note)	4,029,911,216	95,685,328	4,125,596,544
Discretionary surplus reserve	529,154,989	65,510,919	594,665,908
Reserve fund (Note)	95,685,328	(95,685,328)	–
Enterprise development fund (Note)	65,510,919	(65,510,919)	–
Total	4,720,262,452	–	4,720,262,452

Note: In accordance with the Company Law and the Group's articles of association, the Group appropriates statutory surplus reserve at 10% of net profit. When the aggregate of statutory surplus reserve reaches 50% of the Group's registered capital, the appropriation can be ceased.

In accordance with the regulations under Document Cai Zi [2025] No.101 issued by the Ministry of Finance, the Group transfers the balance of the original reserve fund to the statutory reserve for management and use, and the balance of the original enterprise development fund to the discretionary reserve for management and use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

39. Retained profits

RMB

Item	2025	2024
Retained profits at the beginning of the year	2,224,325,312	6,883,481,566
Net loss attributable to shareholders of the Company	(208,806,314)	(4,659,156,254)
Retained profits at the end of the year	2,015,518,998	2,224,325,312

40. Operating income and operating costs

(1) Details of operating income and operating costs

RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Income	Cost	Income	Cost
Principal operating activities	75,020,109,196	70,954,977,907	79,365,028,160	79,983,500,998
Other operating activities	2,504,743,116	2,454,229,979	2,451,863,579	2,608,167,041
Total	77,524,852,312	73,409,207,886	81,816,891,739	82,591,668,039
Including: Revenue from contracts	77,508,632,923	73,407,173,824	81,802,597,311	82,589,633,977
Other income	16,219,389	2,034,062	14,294,428	2,034,062

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

40. Operating income and operating costs (continued)

(2) Breakdown of operating income and operating costs from contracts with customers

RMB

Item Category of contracts	Amount incurred in the current year		Amount incurred in the prior year	
	Operating income	Operating costs	Operating income	Operating costs
Type of goods				
Iron and steel products	73,622,619,381	70,420,890,902	76,852,554,330	77,574,639,245
Others	3,886,013,542	2,986,282,922	4,950,042,981	5,014,994,732
Total	77,508,632,923	73,407,173,824	81,802,597,311	82,589,633,977
Place of operation				
Chinese mainland	72,310,345,461	68,695,837,090	76,270,467,906	77,655,846,536
Overseas and Hong Kong	5,198,287,462	4,711,336,734	5,532,129,405	4,933,787,441
Total	77,508,632,923	73,407,173,824	81,802,597,311	82,589,633,977
Timing of transfer of goods				
At a point in time	77,419,230,984	73,384,339,392	81,709,159,011	82,510,812,626
Over time	89,401,939	22,834,432	93,438,300	78,821,351
Total	77,508,632,923	73,407,173,824	81,802,597,311	82,589,633,977

(3) Description of performance obligations

Item	Timing of fulfilment	Important payment terms	Nature of products to be transferred under commitments	Principal or not	Amounts expected to be refunded to customers	Type of quality warranties provided and related obligations
Sales of goods	Customer obtains control over the relevant goods	Advances from customers	Steel products	Yes	-	Assurance-type warranties

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

41. Taxes and surcharges

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Urban maintenance and construction tax	60,600,593	16,788,725
Land use tax	92,927,784	93,392,580
Education surcharge	26,153,478	10,835,797
Housing property tax	121,857,079	164,334,586
Environmental protection tax	65,459,836	30,051,133
Stamp tax	74,394,650	73,974,694
Others	88,322,174	74,867,569
Total	529,715,594	464,245,084

42. Selling expenses

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Transportation fees	44,458,421	34,301,142
Employee benefits	154,926,321	162,121,148
Premiums for property insurance	15,477,903	17,669,382
Others	91,169,527	89,544,808
Total	306,032,172	303,636,480

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

43. Administrative expenses

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Employee benefits	394,667,591	307,735,378
Employee termination benefits	76,272,757	20,886,980
Office expenses	109,027,480	121,209,771
Depreciation expenses of fixed assets	105,269,550	151,919,982
Amortisation of intangible assets	55,896,511	56,276,845
Travelling and business entertainment expenses	9,932,713	13,097,793
Maintenance fee	80,147,406	44,254,402
Environmental greening expenses	37,492,964	45,433,252
Others	93,097,652	111,227,596
Total	961,804,624	872,041,999

44. Research and development expenses

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Material and power expenses	663,982,093	749,782,149
Depreciation expenses	107,383,433	104,118,484
Employee benefits	214,574,476	196,500,246
Testing and processing expenses	24,351,192	16,896,733
Outsourced research expenses	27,827,103	15,617,034
Others	23,723,615	20,187,239
Total	1,061,841,912	1,103,101,885

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

45. Financial expenses

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Interest expenses	466,961,469	594,035,828
Including: Interest expense on lease liabilities	16,244,954	17,141,526
Less: Interest income	109,020,482	99,418,512
Less: Interest capitalised	759,830	120,555
Exchange gains or losses	35,144,842	41,544,614
Others	15,763,048	15,818,202
Total	408,089,047	551,859,577

46. Other income

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Government grants	106,511,619	117,602,993
Refund of service charges for security and individual income tax	620,447	1,137,237
Extra deduction for VAT	242,858,508	393,901,167
Total	349,990,574	512,641,397

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

47. Investment (losses) income

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Income (losses) from long-term equity investments under equity method	6,895,212	(3,078,344)
Investment (losses) income from disposal of long-term equity investments	(6,196,808)	3,669,806
Investment income from disposal of held-for-trading financial assets	1,058	4,500,249
Dividends income acquired from investments in other equity instruments	298,355	3,314,243
Others	(62,780,465)	–
Total	(61,782,648)	8,405,954

48. Gains (losses) on credit impairment

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Gains (losses) on credit impairment of accounts receivable	(14,217,334)	32,313,981

49. Impairment losses of assets

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Losses on decline in value of inventories	(776,626,587)	(868,501,197)
Impairment losses of fixed assets	(148,878,171)	(66,340,521)
Total	(925,504,758)	(934,841,718)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

50. Losses on disposal of assets

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Losses on disposal of fixed assets	(54,263,878)	(284,725,501)
Gains on disposal of intangible assets	6,617,941	14,356,865
Total	(47,645,937)	(270,368,636)

51. Non-operating income

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Compensations	892,166	454,441
Others	17,784,565	1,555,073
Total	18,676,731	2,009,514

52. Non-operating expenses

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Losses on retirement of fixed assets	13,960,789	29,694,405
Charity donation	1,856,350	1,947,695
Others	11,800,792	78,714,790
Total	27,617,931	110,356,890

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

53. Expenses by nature

RMB

Item	2025	2024
Raw materials consumed	64,469,435,555	73,008,190,545
Changes in inventories of finished goods and work in progress	187,054,914	239,166,979
Employee benefits	3,600,311,287	3,564,505,116
Depreciation and amortisation	4,092,865,716	4,511,762,842
Transport and inspection costs	861,371,468	1,042,904,389
Repair and maintenance costs	952,260,867	1,334,062,403
Testing and processing expenses	24,351,193	20,187,239
Outsourced research expenses	27,827,103	15,617,034
Office expenses	126,970,993	122,562,269
Others	1,396,437,498	1,011,489,587
Total	75,738,886,594	84,870,448,403

54. Income tax expenses

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Current tax expenses levied in Chinese mainland	113,544,625	113,617,180
Current tax expenses levied in Hong Kong	1,815,315	5,593,179
Current tax expenses levied overseas	25,085,815	26,612,545
Deferred tax expenses	26,816,193	7,928,462
Total	167,261,948	153,751,366

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

54. Income tax expenses (Continued)

The relationship between income tax expenses and accounting profit (loss) is shown as follows:

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Total profit (loss)	140,059,774	(4,829,857,723)
Income tax expenses calculated at 25%	35,014,944	(1,207,464,431)
Effect of different tax rates applied by subsidiaries	(73,408,374)	518,244,950
Effect of adjustments to income taxes of prior periods	12,685,293	6,571,781
Effect of non-taxable income	–	(6,531,238)
Effect of non-deductible costs, expenses and losses	26,709,720	29,700,961
Effect of deductible temporary difference or deductible loss not recognised for deferred tax assets for the current year	1,113,106,821	1,098,526,684
Effect of changes in income tax rates on the balance of deferred tax assets	–	(119,463,119)
Effect of using deductible losses for which no deferred tax assets are recognised in the prior period	(628,102,644)	(1,013,086)
Profit or loss attributable to joint ventures and associates	(1,723,803)	1,269,172
Others	(317,020,009)	(166,090,308)
Income tax expenses	167,261,948	153,751,366

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

55. Items in the cash flow statement

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

RMB

Item	2025	2024
Government grants	47,181,865	88,526,718
Notes, letters of credit and guarantees deposits	38,658,063	–
Interest income	109,208,588	92,140,665
Others	16,460,078	21,040,275
Total	211,508,594	201,707,658

Other cash payments relating to operating activities

RMB

Item	2025	2024
Notes, letters of credit and guarantees deposits	–	218,599,909
Work safety funds	77,646,770	117,329,554
Research and development expenses	28,610,447	20,187,239
Environmental improvement fee	40,020,060	45,433,252
Office expenses	41,591,251	34,049,400
Travelling and entertainment expenses	32,538,608	25,454,838
Insurance premiums	21,863,259	17,669,382
Bank charges	15,802,343	15,818,202
Others	280,332,170	260,579,883
Total	538,404,908	755,121,659

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

55. Items in the cash flow statement (Continued)

(2) Cash related to investing activities

Other cash receipts relating to investing activities

RMB

Item	2025	2024
Other cash receipts relating to investing activities		
Steel futures deposits	86,712,127	–
Total	86,712,127	–

Other cash payments relating to investing activities

Item	2025	2024
Other cash payments relating to investing activities		
Steel futures deposits	–	5,488,708
Total	–	5,488,708

(3) Cash relating to financing activities

Other cash receipts relating to financing activities

RMB

Item	2025	2024
Other cash receipts relating to financing activities		
Notes discounting and factoring	208,014,106	488,691,527
Total	208,014,106	488,691,527

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

55. Items in the cash flow statement (Continued)

(3) Cash relating to financing activities (Continued)

Other cash payments relating to financing activities

Item	2025	2024
Expenditure on lease liabilities	2,712,624	45,294,171
Interest on discounted notes receivable	62,780,464	–
Repurchase of treasury shares	49,059,587	56,868,486
Total	114,552,675	102,162,657

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

RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Other payables – forfeiting	1,594,673,294	1,356,347,668	13,149,351	(1,762,416,489)	–	1,201,753,824
Short-term borrowings	11,344,435,564	14,694,758,017	214,472,398	(15,494,169,250)	–	10,759,496,729
Long-term borrowings (including those due within one year)	9,908,532,304	370,720,235	211,666,284	(5,101,504,202)	(13,200,000)	5,376,214,621
Lease liabilities (including those due within one year)	364,048,090	–	20,281,241	(2,712,624)	–	381,616,707
Long-term payables (including those due within one year)	49,059,586	–	–	(49,059,586)	–	–
Total	23,260,748,838	16,421,825,920	459,569,274	(22,409,862,151)	(13,200,000)	17,719,081,881

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

55. Items in the cash flow statement (Continued)

(4) Cash flows presented on a net basis

RMB

Item	Relevant factual circumstances	Basis of presentation on a net basis	Cash flows offset
Notes, letters of credit and guarantees deposits	Deposit collection and payment	Rapid turnover	2,793,801,836

The cash flows from Notes, letters of credit and guarantees deposits presented on a net basis are detailed in Note V, 55(1).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

56. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Reconciliation of net loss to cash flows from operating activities:

RMB

Item	2025	2024
Net loss	(27,202,174)	(4,983,609,089)
Add: Impairment losses of assets	925,504,758	934,841,718
Credit impairment losses (gains)	14,217,334	(32,313,981)
Depreciation of fixed assets	3,985,820,363	4,376,901,692
Depreciation of right-of-use assets	29,362,547	26,717,468
Amortisation of intangible assets	75,671,541	106,132,418
Depreciation and amortisation of investment properties	2,011,265	2,011,264
Amortisation of deferred income	(75,458,747)	(75,979,875)
Losses on disposal of fixed assets, intangible assets and other long-term assets	61,606,726	300,316,067
Increase in special reserve	4,197,487	769,103
Financial expenses	482,180,367	540,345,365
Investment loss (income)	61,782,648	(8,405,954)
Decrease in deferred tax assets	29,496,164	8,001,041
Decrease in deferred tax liabilities	(222,875)	(72,579)
(Increase) Decrease in inventories	(278,057,860)	1,140,836,756
Decrease (Increase) in operating receivables	394,601,612	(1,316,856,273)
Decrease in operating payables	(1,534,002,288)	(58,760,347)
Net Cash Flow from Operating Activities	4,151,508,868	960,874,794

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

56. Supplementary information to the cash flow statement (Continued)

(1) Supplementary information to the cash flow statement (Continued)

Net changes in cash and cash equivalents:

RMB

Item	2025	2024
Closing balance of cash	9,214,167,914	3,687,116,397
Less: Opening balance of cash	3,687,116,397	4,428,594,208
Net Increase (Decrease) in Cash and Cash Equivalents	5,527,051,517	(741,477,811)

(2) Composition of cash and cash equivalents

RMB

Item	31 December 2025	31 December 2024
Cash	9,214,167,914	3,687,116,397
Including: Bank deposits that are readily available for payment and amounts deposited in finance companies	9,214,167,914	3,687,116,397
Closing balance of cash and cash equivalents	9,214,167,914	3,687,116,397

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

RMB

Item	2025	2024	Reason
Other monetary funds	1,321,145,360	1,359,803,423	Restricted use for security purposes
Time deposits over 3 months	1,234,488,660	1,387,185,627	Not readily realisable, not readily available for payment
Total	2,555,634,020	2,746,989,050	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

57. Foreign currency monetary items

(1) Foreign currency monetary items

Monetary items denominated in foreign currencies other than RMB held by the Group at the end of the period are shown below:

RMB

Item	31 December 2025		
	Closing balance denominated in foreign currencies	Exchange rate of translation	Closing balance of RMB equivalent
Cash and bank balances			
Including: USD	129,282,269	7.0288	908,699,213
EUR	2,183,583	8.2355	17,982,895
Total			926,682,108
Accounts receivable			
Including: USD	59,311,213	7.0288	416,886,655
EUR	2,965,420	8.2355	24,421,717
Total			441,308,372
Other receivables			
Including: JPY	3,553,446	0.0448	159,194
EUR	121,091	8.2355	997,243
Total			1,156,437
Accounts payable			
Including: USD	334,080	7.0288	2,348,183
EUR	125,437	8.2355	1,033,036
AUD	62,387	4.6892	292,545
Total			3,673,764
Other payables			
Including: USD	1,348,899	7.0288	9,481,144
Total			9,481,144

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

57. Foreign currency monetary items (Continued)

(2) Description of overseas operating entities

The Group's subsidiaries in Germany, in Hong Kong, and in Australia determine their functional currencies as EUR, HKD and AUD, respectively, according to the currencies of economic environment in which they operate. The Group adopts RMB to prepare the financial statements, see Note (III), 4.

58. Leases

(1) As a lessee

RMB

Item	2025	2024
Expenses on short-term leases accounted for under the simplified approach and recognised in profit or loss for the period	37,007,408	10,789,147
Expenses on leases of low-value assets accounted for under the simplified approach and recognised in profit or loss for the period (Except for short-term leases)	1,097,321	602,298
Total cash outflows relating to leases	39,720,032	56,685,616

Leased assets of the Group include buildings, machinery and equipment, motor vehicles and other equipment used in the course of operations. The lease terms of 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 lease 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. 33; and for lease liabilities, refer to Note V. 29.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

58. Leases (Continued)

(2) As lessor

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

Operating leases

Gains and losses related to operating leases are presented below:

RMB

Item	2025	2024
Rental income	16,219,389	14,294,428

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

RMB

Item	31 December 2025	31 December 2024
Within 1 year (inclusive)	11,486,167	14,880,748
1 to 2 years (inclusive)	2,790,363	6,734,480
2 to 3 years (inclusive)	2,378,725	4,458,356
Over 3 years	20,219,474	20,019,857
Total	36,874,729	46,093,441

For fixed assets leased out under operating leases, please refer to Note V, 12.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VI. RESEARCH AND DEVELOPMENT EXPENDITURES

1. Presented by nature of expenses

RMB

Item	2025	2024
Material and power expenses	2,673,611,669	2,811,886,661
Depreciation expenses	426,075,356	443,189,910
Employee benefits	245,874,920	240,365,180
Testing and processing expenses	147,313,504	80,420,186
Outsourced research expenses	27,827,104	15,617,033
Others	86,731,395	54,155,832
Total	3,607,433,948	3,645,634,802
Including: Expensed research and development expenditures	3,607,433,948	3,645,634,802
Capitalised research and development expenditures	—	—

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

RMB

Item	2025	2024
R&D and trial production of new products	2,545,592,036	2,542,532,917
Including: Material and power expenses	2,009,629,576	2,062,104,512
Depreciation expenses	318,691,924	339,071,426
Employee benefits	31,300,444	43,864,934
Testing and processing expenses	122,962,312	63,523,453
Others	63,007,780	33,968,592

VII. CHANGES IN SCOPE OF CONSOLIDATION

During the year, Anhui Chang Jiang Iron & Steel Trading Nanjing Co., Ltd. and Anhui Chang Jiang Iron & Steel Trading Hefei Co., Ltd. were deregistered on 1 August 2025 and 27 January 2025, respectively, and will no longer be included in the consolidated scope.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Item	Principal place of operation	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	
					Direct	Indirect
Subsidiary 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	70	30
Ma Steel (Cihu) Processing and Distribution Co., Ltd. ("Ma Steel (Cihu)")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB30,000,000	92	-
Ma Steel (HK)	Hong Kong, PRC	Hong Kong, PRC	Trading	HKD350,000,000	100	-
MG Trading	Germany	Germany	Trading	EUR153,388	100	-
Ma Steel (Australia)	Australia	Australia	Mining	AUD21,737,900	100	-
Ma Steel (Hefei)	Anhui, PRC	Anhui, PRC	Manufacturing	RMB2,500,000,000	71	-
Ma Steel (Hefei) Processing and Distribution Co., Ltd. ("Ma Steel (Hefei) Processing")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB120,000,000	67	28
Ma Steel (Wuhu) Material Technique Co. Ltd. ("Wuhu Technique")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB150,000,000	71	-
Maanshan (Chongqing) Material Technology Co., Ltd. ("Chongqing Material")	Chongqing, PRC	Chongqing, PRC	Manufacturing	RMB250,000,000	70	-
Ma Steel (Hefei) Materials Technology Co., Ltd. ("Hefei Materials")	Anhui, PRC	Anhui, PRC	Trading	RMB2200,000,000	70	-
Ma'anshan (Hangzhou) Iron and Steel Sales Co., Ltd. ("Ma Steel Hangzhou Sales")	Zhejiang, PRC	Zhejiang, PRC	Trading	RMB10,000,000	100	-
Maanshan (Nanjing) Iron and Steel Sales Co., Ltd. ("Ma Steel Nanjing Sales")	Jiangsu, PRC	Jiangsu, PRC	Trading	RMB20,000,000	100	-
Maanshan (Shanghai) Iron and Steel Sales Co., Ltd. ("Ma Steel Shanghai Sales")	Shanghai, PRC	Shanghai, PRC	Trading	RMB10,000,000	100	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Item	Principal place of operation	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	
					Direct	Indirect
Masteel (Wuhan) Material Technology Co., Ltd. ("Wuhan Material")	Hubei, PRC	Hubei, PRC	Manufacturing	RMB250,000,000	85	-
Maanshan Hongfei Power Energy Co., Ltd. ("Masteel Hongfei")	Anhui, PRC	Anhui, PRC	Power industry	RMB100,000,000	51	-
Magang Limited	Anhui, PRC	Anhui, PRC	Manufacturing	RMB1,266,180,370.69	51	-
Subsidiaries acquired through a business combination not involving enterprises under common control						
Masteel (Yangzhou) Processing and Distribution Co., Ltd. ("Masteel (Yangzhou) Processing")	Jiangsu, PRC	Jiangsu, PRC	Manufacturing	USD20,000,000	71	-
Anhui Changjiang Steel	Anhui, PRC	Anhui, PRC	Manufacturing	RMB1,200,000,000	55	-
Baowu Group Masteel Rail Transit Materials Technology Co., Ltd. ("Masteel Transit Materials")	Anhui, PRC	Anhui, PRC	Manufacturing	RMB600,000,000	70	-
Mascometal Co., Ltd. ("Mascometal")	Anhui, PRC	Anhui, PRC	Metal products manufacturing	EUR32,000,000	66	-

Note: The above companies incorporated in China, except for Masteel Transit Materials, are either limited companies or limited liability companies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Significant non-wholly-owned subsidiaries

RMB

Name of subsidiaries	Shareholding ratio of minority interests	Profit or loss attributable to minority interests during the year	Dividend declared to minority interests during the year	Minority interests at the end of year
Anhui Changjiang Steel	45	111,564,007	–	1,816,599,954
Magang Limited (Note V, 34)	49	(61,212,378)	–	7,960,447,791

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

The following table sets out the key financial information of Anhui Changjiang Steel listed above. This information represents amounts before offsetting between enterprises in the Group:

RMB

Item	31 December 2025/2025	31 December 2024/2024
Current assets	2,883,689,105	2,089,939,943
Non-current assets	6,707,625,100	7,073,752,373
Total assets	9,591,314,205	9,163,692,316
Current liabilities	5,420,655,456	5,166,510,115
Non-current liabilities	152,211,407	208,528,430
Total liabilities	5,572,866,863	5,375,038,545
Operating income	13,198,657,372	11,348,592,124
Net profit (loss)	247,920,015	(987,272,292)
Total comprehensive income (loss)	247,920,015	(987,272,292)
Net cash flow from (used in) operating activities	179,968,125	(109,392,598)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

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

The following table sets out the key financial information of Magang Limited listed above. This information represents amounts before offsetting between enterprises in the Group:

RMB

Item	31 December 2025/2025	31 December 2024/2024
Current assets	17,274,864,247	17,315,769,603
Non-current assets	43,967,404,775	46,328,605,796
Total assets	61,242,269,022	63,644,375,399
Current liabilities	38,436,057,933	40,179,259,098
Non-current liabilities	4,049,968,945	6,599,429,671
Total liabilities	42,486,026,878	46,778,688,769
Operating income	64,517,955,239	70,634,904,906
Net loss	(26,299,109)	(3,993,506,831)
Total comprehensive loss	(26,299,109)	(3,993,506,831)
Net cash flow from (used in) operating activities	3,781,845,263	1,224,873,527

2. Changes of shares of owners' equity in subsidiaries but continue to remain control over transactions of subsidiaries

(1) Description about changes in shares of owners' equity in subsidiaries:

On 23 December 2024, the Company established a wholly-owned subsidiary, Magang Limited, with a registered capital of RMB1,000,000,000. In February 2025, the Company contributed cash and bank balances, assets related to the steel business (excluding the decommissioned No. 3 blast furnace), and liabilities to Magang Limited. The transfer of the relevant assets and liabilities was completed on 28 February 2025. Following the completion of the aforementioned transfer, Magang Limited had paid-in capital of RMB1,000,000,000 and capital reserve of RMB9,077,397,347.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Changes of shares of owners' equity in subsidiaries but continue to remain control over transactions of subsidiaries (Continued)

(1) Description about changes in shares of owners' equity in subsidiaries: (Continued)

On 17 April 2025, the Company, Baoshan Iron & Steel Co., Ltd. (the "Baosteel"), and Magang Limited entered into the Share Transfer Agreement Regarding Maanshan Iron & Steel Limited Company (the "Share Transfer Agreement"), pursuant to which the Company transferred a 35.42% equity interest in Magang Limited to Baosteel for a total consideration of RMB5,138,759,272; On the same day, the parties entered into the Shareholders' Agreement Regarding Maanshan Iron & Steel Limited Company (the "Shareholders' Agreement"), which stipulated that, concurrently with the acquisition of the relevant equity interest, Baosteel would contribute RMB3,861,240,728 in cash to increase the capital of Magang Limited, and the Company would waive its right to subscribe to this capital increase. The aforementioned transactions were finally completed in November 2025. Upon completion of the transactions, the Company's equity interest in Magang Limited decreased to 51%, while Baosteel held 49% equity interests in Magang Limited. As at 31 December 2025, the Group had received the full investment payment of RMB9,000,000,000 from Baosteel in connection with the aforementioned transactions.

(2) Transactions' impact over minority interests and owners' equity attributable to owners of the parent company in 2025

Magang Limited	2025
Disposal consideration	9,000,000,000
Less: Share of net assets calculated based on the shareholding proportion disposed of	8,026,538,718
Differences	973,461,282
Including: Adjustment of capital reserve	1,013,583,104
Adjustment of special reserve	(36,094,989)
Adjustment of other comprehensive income	(4,026,833)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures and associates

(1) Significant joint ventures or associates

Item	Principal place of operation	Place of registration	Nature of business	Whether it is strategic for the activities of this group	Shareholding ratio (%)		Accounting treatment
					Direct	Indirect	
Associates							
Henan Jinma Energy	Henan, PRC	Henan, PRC	Manufacturing	No	26.89	–	Equity method
Shenglong Chemical	Shandong, PRC	Shandong, PRC	Manufacturing	No	31.99	–	Equity method
Baowu Finance	Shanghai, PRC	Shanghai, PRC	Monetary and financial services	No	22.36	–	Equity method

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. 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:

RMB

Item	31 December 2025/2025	31 December 2024/2024
Current assets	1,452,401,727	2,570,685,058
Non-current assets	7,648,514,412	8,688,187,001
Total assets	9,100,916,139	11,258,872,059
Current liabilities	4,790,976,295	5,447,707,971
Non-current liabilities	717,618,600	1,494,712,687
Total liabilities	5,508,594,895	6,942,420,658
Minority interests	1,005,638,020	1,208,987,049
Equity attributable to shareholders of the Company	2,586,683,224	3,107,464,352
Share of net assets entitled based on the shareholding proportion	695,559,119	835,597,163
Carrying amount of investments	695,559,119	835,597,163
Operating income	8,123,687,623	11,668,062,895
Income tax expenses	(54,119,659)	19,565,925
Net loss	(722,691,630)	(491,209,410)
Total comprehensive income	(722,691,630)	(491,209,410)
Dividends received	–	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures and associates (Continued)

(2) Financial information of significant associates (Continued)

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

RMB

Item	31 December 2025/2025	31 December 2024/2024
Current assets	2,252,094,408	3,329,245,482
Non-current assets	4,850,604,457	4,884,513,617
Total assets	7,102,698,865	8,213,759,099
Current liabilities	1,843,486,226	2,949,398,090
Non-current liabilities	1,277,647,104	1,098,508,704
Total liabilities	3,121,133,330	4,047,906,794
Minority interests	829,799,355	863,116,704
Equity attributable to shareholders of the Company	3,151,766,180	3,302,735,601
Share of net assets entitled based on the shareholding proportion	1,008,250,001	1,056,545,119
Carrying amount of investments	1,008,250,001	1,056,545,119
Operating income	4,724,478,241	4,897,580,639
Income tax expenses	10,288,319	(14,269,978)
Net loss	(244,781,775)	(82,925,981)
Total comprehensive income	(244,781,775)	(82,925,981)
Dividends received	–	9,597,890

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures and associates (Continued)

(2) Financial information of significant associates (Continued)

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:

RMB

Item	31 December 2025/2025	31 December 2024/2024
Current assets	17,083,791,596	26,264,150,370
Non-current assets	54,109,798,120	57,701,502,170
Total assets	71,193,589,716	83,965,652,540
Current liabilities	60,629,770,156	73,909,616,472
Non-current liabilities	29,487,651	37,039,926
Total liabilities	60,659,257,807	73,946,656,398
Minority interests	–	–
Equity attributable to shareholders of the Company	10,534,331,909	10,018,996,142
Share of net assets entitled based on the shareholding proportion	2,355,476,614	2,240,247,537
Add: Goodwill formed on acquisition of investments	496,068,501	496,068,501
Carrying amount of investments	2,851,545,115	2,736,316,038
Operating income	1,519,397,324	1,752,393,144
Income tax expenses	174,280,123	40,812,839
Net profit	548,833,677	162,619,692
Other comprehensive income	(33,047,918)	26,743,909
Total comprehensive income	515,785,760	189,363,601
Dividends received	–	100,296,659

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures and associates (Continued)

(3) Summary financial information of insignificant joint ventures and associates

The following table presents the summary financial information of insignificant joint ventures and associates of the Group:

RMB

Item	31 December 2025/2025	31 December 2024/2024
Joint ventures		
Total carrying amount of investments	318,131,422	311,282,032
Total of the followings in proportion to shareholdings		
Net profit	60,679,390	61,795,191
Total comprehensive income	60,679,390	61,795,191

RMB

Item	31 December 2025/2025	31 December 2024/2024
Associates		
Total carrying amount of investments	1,298,240,017	1,304,284,268
Total of the followings in proportion to shareholdings		
Net profit	11,907,264	19,757,561
Other comprehensive income	–	–
Total comprehensive income	11,907,264	19,757,561

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

IX. GOVERNMENT GRANTS

1. Government grants recognised at amounts receivable

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

2. Liabilities items involving government grants

RMB

Item	Opening balance	Increase	Transfer to other income	Other changes	Closing balance	Related to assets/income
Deferred income	973,011,484	13,291,892	(75,458,747)	(105,902,879)	804,941,750	Assets and income

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

RMB

Item	2025	2024
Government grants related to assets charged to other income	75,458,747	69,315,506
Government grants related to income charged to other income	31,052,872	48,287,487
Total	106,511,619	117,602,993

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Financial instrument risks

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 summarised 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 analyse 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 business 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 accounts receivable 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, bank acceptances receivable, and receivables financing are reputable banks with high credit ratings, these financial instruments have low credit risks.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(1) Credit risk (Continued)

The Group's other financial assets include accounts receivable 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 31 December 2025, the Group has specific concentrations of credit risk, with 40% (31 December 2024: 12%) and 78% (31 December 2024: 31%) of the Group's accounts receivable originating from the largest and the top five customers, respectively, in terms of accounts receivable balances. The Group did not hold any collateral or other credit enhancements on accounts receivable balances.

(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 is the maturity analysis for financial liabilities held by the Group which is based on undiscounted contractual cash flows:

RMB

Item	Within 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total
Short-term borrowings	10,820,258,581	-	-	-	-	10,820,258,581
Notes payable	10,452,314,143	-	-	-	-	10,452,314,143
Accounts payable	9,381,832,392	-	-	-	-	9,381,832,392
Other payables	2,232,513,218	-	-	-	-	2,232,513,218
Non-current liabilities due within one year	2,484,766,200	-	-	-	-	2,484,766,200
Long-term borrowings	-	2,828,139,055	257,322,344	-	-	3,085,461,399
Lease liabilities	-	40,650,911	39,892,917	91,628,148	228,664,383	400,836,359
Total	35,371,684,534	2,868,789,966	297,215,261	91,628,148	228,664,383	38,857,982,292

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(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 31 December 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 RMB9,171,443 (2024: RMB6,451,317) and an increase in net loss by RMB9,171,443 (2024: an increase in net loss by RMB6,451,317).

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 than their functional currency.

In addition, the Group has exchange rate risk exposure arising from foreign currency borrowings.

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 USD, EUR, HKD and JPY would have on net profit or loss (as a result of USD-denominated financial instruments) and on other comprehensive income, net of tax, under the assumption that all other variables are held constant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risk (Continued)

(3) Market risk (Continued)

Exchange rate risk (Continued)

2025

RMB

Item	Increase (decrease) in exchange rate (%)	Increase (decrease) in net profit or loss	Increase (decrease) in other comprehensive income, net of tax	Increase (decrease) in total shareholders' equity
Depreciation of RMB against USD	1	6,180,334	-	6,180,334
Depreciation of RMB against EUR	1	1,632,323	(38,534)	1,593,789
Depreciation of RMB against HKD	1	-	(118,065)	(118,065)
Depreciation of RMB against AUD	1	(2,194)	(36)	(2,230)
Depreciation of RMB against JPY	1	83,663	-	83,663
Appreciation of RMB against USD	(1)	(6,180,334)	-	(6,180,334)
Appreciation of RMB against EUR	(1)	(1,632,323)	38,534	(1,593,789)
Appreciation of RMB against HKD	(1)	-	118,065	118,065
Appreciation of RMB against AUD	(1)	2,194	36	2,230
Appreciation of RMB against JPY	(1)	(83,663)	-	(83,663)

2024

RMB

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

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 year 2025 and 2024.

The Group manages capital using a leverage ratio, which is defined as the ratio of net liabilities to adjusted capital plus net liabilities. The Group's policy will maintain this leverage ratio between 50 percent and 100 percent. Net liabilities include bank borrowings, notes payable, accounts payable, employee benefits payable and other payables, less cash and bank balances. Capital includes total capital attributable to shareholders of the Company. The Group's leverage ratios at the balance sheet date are as follows:

RMB

Item	31 December 2025	31 December 2024
Short-term borrowings	10,759,496,729	11,344,435,564
Notes payable	10,452,314,143	10,051,474,326
Accounts payable	9,381,832,392	10,673,672,878
Employee benefits payable	274,397,346	220,119,665
Other payables	3,031,625,066	3,176,283,942
Other current liabilities	548,260,463	515,225,262
Non-current liabilities due within one year	2,372,076,286	4,499,159,554
Long-term borrowings	3,049,493,813	5,483,408,184
Lease liabilities	336,261,229	339,072,242
Long-term employee benefits payable	265,081	589,501
Less: Cash and bank balances	11,769,801,934	6,434,105,447
Net liabilities	28,436,220,614	39,869,335,671
Total capital attributable to shareholders of the Company	24,026,672,263	23,257,460,660
Adjusted capital	24,026,672,263	23,257,460,660
Capital and net liabilities	52,462,892,877	63,126,796,331
Gearing ratio	54%	63%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Transfer of financial assets

RMB

Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Status of derecognition	Basis for derecognition
Notes endorsement	Bank acceptances	6,711,805,809	Amounts partly derecognised	Bank credit rating
Notes discount	Bank acceptances	8,536,484,023	Amounts partly derecognised	Bank credit rating
Receivables factoring	Accounts receivable	242,799,299	Derecognised	Transferred substantially all risks and rewards of ownership of the financial asset
Total		15,491,089,131		

Financial assets derecognised due to transfer are shown below:

RMB

Item	Manner of transfer	Amount of financial assets derecognised	Gains or losses associated with derecognition
Notes receivable	Notes endorsement	6,639,936,586	-
Notes receivable	Notes discount	8,328,469,917	(62,780,465)
Accounts receivable	Receivables factoring	242,788,299	(2,133,915)
Total		15,211,194,802	(64,914,380)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XI. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

RMB

Item	Inputs used for fair value measurement			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Continuous fair value measurement				
Receivables financing	–	1,279,050,625	–	1,279,050,625
Investment in other equity instruments	–	–	529,512,184	529,512,184
Total	–	1,279,050,625	529,512,184	1,808,562,809

2. Level 2 fair value measurement

The Group's item under continuous Level 2 fair value measurement is receivables financing. Receivables financing is determined using discounted market interest rates.

3. Level 3 fair value measurement

As of 31 December 2025, the fair value of the Group's equity investments in unlisted companies was determined based on the adjusted net assets of those unlisted companies as at 31 December 2025, using the comparable company multiplier method in conjunction with comparable information of listed companies in the same industry, and taking into account a liquidity discount. The inputs for net asset value and the liquidity discount are unobservable. The fair value measurements are positively correlated to the net assets value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Adjustments to continuous Level 3 fair value measurements

Adjustments to continuous Level 3 fair value measurements are presented below:

RMB

Item	Opening balance	Increase for the period	Total current gains or losses		Closing balance	Assets still held on 31 December 2025 are included in changes in unrealised gains or losses in profit and loss for 2025
			Recognised in profit or loss	Recognised in other comprehensive income		
Investment in other equity instruments	414,059,200	108,688,110	-	6,764,874	529,512,184	-

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

The management of the Group believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The Company

RMB

Item	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	Proportion of voting power (%)
The Holding	Anhui, PRC	Manufacturing	6,666,280,396	48.49	48.49

The Group's ultimate holding company is China Baowu.

2. Subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint ventures and associates

For information about the significant joint ventures and associates of the Group, refer to Note VIII, 3. Other joint ventures and associates that have related party transactions with the Group during the year and the prior year are as follows:

Company name	Related party relationship
BOC-Ma steel	Joint venture of the Group
Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	Associate of the Group
Magang Chemicals & Energy	Associate of the Group
Baosight Software (Anhui) Co., Ltd.	Associate of the Group
OBEI Co., Ltd.	Associate of the Group
Masteel Gases	Associate of the Group
Holly Industrial	Associate of the Group
Henan Jinma Zhongdong Energy Co., Ltd.	Associate of the Group

4. Other related parties

Company name	Related party relationship
Anhui Masteel Mining Resources Group Co., Ltd.	Controlled by the Company
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Controlled by the Company
Ma Steel International Trade and Economic Co., Ltd.	Controlled by the Company
Magang (Group) Logistics Co., Ltd.	Controlled by the Company
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	Controlled by the Company
Maanshan Masteel K. Wah Concrete Co., Ltd.	Controlled by the Company
Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	Controlled by the Company
Masteel Group Kang Tai Land Development Co., Ltd.	Controlled by the Company
Anhui Masteel Zhang Zhuang Mining Co., Ltd.	Controlled by the Company
Anhui Masteel Luo He Mining Co., Ltd.	Controlled by the Company
Anhui Jiangnan Iron and Steel Material Quality Supervision and Inspection Co., Ltd.	Controlled by the Company
Anhui Masteel Equipment Maintenance Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel Surface Technology Co., Ltd.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Anhui Masteel Transportation Equipment Manufacturing Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Masteel Electric Repair Co., Ltd.	Controlled by the ultimate controlling party
Anhui Zhonglian Shipping Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baochangran Energy Development Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	Controlled by the ultimate controlling party
Baowu Heavy Industry Co., Ltd.	Controlled by the ultimate controlling party
Anhui Magang Limin Construction and Installation Co., Ltd.	Controlled by the ultimate controlling party
Baowu Group Finance Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Resources Singapore Company Pte. Ltd.	Controlled by the ultimate controlling party
Baoshan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Baowu Raw Material Supply 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
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Controlled by the ultimate controlling party
Shanghai Ouye Purchasing Information Technology Co., Ltd.	Controlled by the ultimate controlling party
Ezhou Pelletizing Co., Ltd. of WISCO Resources Group	Controlled by the ultimate controlling party
Zhejiang Zhoushan Wugang Terminal Co., Limited	Controlled by the ultimate controlling party
Anhui Wanbao Mining Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Engineering & Technology Co., Ltd.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Baowu Equipment Intelligent Technology Co., Ltd.	Controlled by the ultimate controlling party
Masteel Group Design and Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Anhui Magang Powder Metallurgy Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Bo Li Construction Supervising Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Trading Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosight Software Co., Ltd.	Controlled by the ultimate controlling party
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Roll Science & Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouyeel Material Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouyeel Supply Chain 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
Yangtze River Delta (Hefei) Digital Technology Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Anshan Research Institute of Thermo-energy Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Xi'an Heavy Machinery Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Steel Products Trading Co., Ltd.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Shanxi Taigang Stainless Steel Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Guide Electric 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 Luonai Materials Technology Corporation	Controlled by the ultimate controlling party
Sinosteel Engineering Design & Research Institute Co., Ltd.	Controlled by the ultimate controlling party
SINOSTEEL Equipment & Engineering Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Special Steel Long Products Co., Ltd.	Controlled by the ultimate controlling party
Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	Controlled by the ultimate controlling party
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	Controlled by the ultimate controlling party
Ouyeel Cloud Commerce Co., Ltd.	Controlled by the ultimate controlling party
Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	Controlled by the ultimate controlling party
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	Controlled by the ultimate controlling party
Sinosteel Equipment Technology Co., Ltd.	Controlled by the ultimate controlling party
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	Controlled by the ultimate controlling party
Baosteel Metals Co., Ltd.	Controlled by the ultimate controlling party
Baowu Group Echeng Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
HWABAO FUTURES CO., LTD.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Shanghai Meishan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Easternpay Information Technology Co., Ltd.	Controlled by the ultimate controlling party
Guangdong Shaogang Engineering Technology Co., Ltd.	Controlled by the ultimate controlling party
AI Robot (Shanghai) Co., Ltd.	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
Bao-trans Enterprises Limited	Controlled by the ultimate controlling party
Baowu Water	Controlled by the ultimate controlling party
BAOSTEEL TRADING EUROPE GMBH	Controlled by the ultimate controlling party
Baosteel Singapore Pte Ltd	Controlled by the ultimate controlling party
BAOSTEEL TRADING AMERICA GMBH	Controlled by the ultimate controlling party
Baosteel Middle East FZE	Controlled by the ultimate controlling party
Howa Trading Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Baosteel Huazhong Trading Co., Ltd.	Controlled by the ultimate controlling party
Guangzhou Baosteel Southern Trading Co., Ltd.	Controlled by the ultimate controlling party
Anhui Baosteel Steel Trade Co., Ltd.	Controlled by the ultimate controlling party
Beijing Baosteel Northern Trading Co., Ltd.	Controlled by the ultimate controlling party
Chengdu Baosteel Western Trade Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Pudong International Trade Co., Ltd.	Controlled by the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Chongqing Baosteel Automotive Steel Parts Co., Ltd.	Controlled by the ultimate controlling party
Baowu Environment Technology Nanjing Co., Ltd.	Controlled by the ultimate controlling party
Baowu Jinggao (Anhui) Technology Co., Ltd.	Controlled by the ultimate controlling party
Fuzhou BAO-MIT Steel Co., Ltd.	Controlled by the ultimate controlling party
Guangdong Zhongnan Iron&Steel Co., Ltd.	Controlled by the ultimate controlling party
Nanjing Meishan Steel Slag Treatment Co., Ltd.	Controlled by the ultimate controlling party
Shanxi Tisco Engineering Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baoxin Intelligent Mining Information Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Jinyi Testing Technology Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Ouyeel Logistics Co., Ltd.	Controlled by the ultimate controlling party
Shenyang Baosteel Northeast Trade Limited Company	Controlled by the ultimate controlling party
Suzhou Baohua Carbon Co., Ltd.	Controlled by the ultimate controlling party
Wugang Resources Group Jinshandian Mining Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron Steel Group Refractories Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Ouyeel Lianjin Wubao (Anhui) Renewable Resources Co., Ltd.	Associate of the Company
MaSteel Lihua Metal Resources Co., Ltd.	Associate of the Company
Shanghai Ouyeel Lianjin International Trade Company Limited	Associate of the Company
Masteel Chengxing Metal Resources Co., Ltd.	Associate of the Company
Maanshan Iron Construction Group Co., Ltd.	Associate of the Company
MCC South Continuous Casting Technology Engineering Co., Ltd.	Associate of the Company
Anhui BRC & Masteel Weldmesh Co., Ltd.	Associate of the Company

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Ma-Steel OCI Chemical Co., Ltd.	Associate of the Company
CRM East China Co., Ltd.	Associate of the Company
Maanshan Shenma Metallurgy Co., Ltd.	Associate of the Company
Anhui Baochang United Roll Co., Ltd.	Associate of the Company
Ruitai Masteel New Material Technology Co., Ltd.	Associate of the Company
Shanghai Steel Home Information Technology Co., Ltd.	Associate of the Company
CRRG Lianjin Recycling Resources Co., Ltd.	Associate of the Company
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	Associate of the ultimate controlling party
Beijing CGUTEC Engineering Technology Co., Ltd.	Associate of the ultimate controlling party
Changzhou Baoling Heavy Industry Machinery Co., Ltd.	Associate of the ultimate controlling party
Beijing Bestpower Bluesky Engineering Co., Ltd.	Associate of the ultimate controlling party
Maanshan Gangchen Steel Supply Chain Co., Ltd.	Associate of the ultimate controlling party
Maanshan Gangchen Industrial Co., Ltd.	Associate of the ultimate controlling party
Maanshan Gangchen Special Steel Supply Chain Co., Ltd.	Associate of the ultimate controlling party
Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	Associate of the ultimate controlling party
Maanshan Gangchen Hydrogen Industry Co., Ltd.	Associate of the ultimate controlling party
Anhui Baosteel Steel Distribution Co., Ltd.	Associate of the ultimate controlling party
Maanshan Gangchen Iron&Steel Logistics Park Co., Ltd.	Associate of the ultimate controlling party
Dalian Jiexiang Technology Co., Ltd.	Associate of the ultimate controlling party
Hubei Huawu Heavy Industry Group Co., Ltd.	Associate of the ultimate controlling party
Hubei Carbon Emission Exchange	Associate of the ultimate controlling party
Pingmei Shenma Machinery Equipment Group Co., Ltd.	Associate of the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Shanxi Taigang Fuda Development Co., Ltd.	Associate of the ultimate controlling party
Zhongbao Jinxin Consulting (Beijing) Co., Ltd.	Associate of the ultimate controlling party
MCC South (Wuhan) Thermal Engineering Co., Ltd.	Associate of the ultimate controlling party
MCC South WISGDRI Co., Ltd.	Associate of the ultimate controlling party
CISDI Engineering Co., Ltd.	Associate of the ultimate controlling party
Laiwu Iron and Steel Group Yinshan Sectional Steel Co., Ltd.	Associate of the ultimate controlling party
Shanghai Baoneng Information Technology Co., Ltd.	Associate of the ultimate controlling party
Henan Zhongping Energy Supply Chain Management Co., Ltd.	Associate of the ultimate controlling party
Taicang Wugang Wharf Co., Ltd.	Associate of the ultimate controlling party
Anhui Qingyang Baohong MINING&RESOURCE Co., Ltd.	Associate of the ultimate controlling party
Tongling Nonferrous Jin Xiang Materials Limited Liability Company	Associate of the ultimate controlling party
Wuhan City Environment Protection Engineering Limited Company	Associate of the ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

In addition to the transactions or matters disclosed in the other notes to the financial statements, the Group's related party transactions include:

(1) Sale of products and rendering of services

Purchase of products and receipt of services from related parties

RMB

Related party	Details of transaction	2025	2024
Baowu Resources Co., Ltd.	Purchases of ore	3,424,886,755	114,945,764
Baowu Raw Material Supply Co., Ltd.	Purchases of ore	3,376,876,202	4,302,802,627
Ma Steel International Trade and Economic Co., Ltd.	Purchases of ore	1,771,520,069	1,237,644,553
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Purchases of ore	1,657,770,791	1,333,883,856
Baosteel Resources International Company Limited	Purchases of ore	1,067,823,703	1,744,814,497
Anhui Masteel Mining Resources Group Co., Ltd.	Purchases of ore	1,066,361,177	4,536,882,642
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Purchases of ore	421,186,904	976,395,991
Baowu Resources Zhenjiang Mining Technology Co., Ltd.	Purchases of ore	377,028,127	122,251,242
Bao-trans Enterprises Limited	Purchases of ore	89,241,454	–
Baosteel Resources Singapore Company Pte. Ltd.	Purchases of ore	62,678,076	2,436,612
Anhui Wanbao Mining Co., Ltd.	Purchases of ore	48,398,653	–
Baoshan Iron & Steel Co., Ltd.	Purchases of ore	44,340,888	9,610,458
Tongling Nonferrous Jin Xiang Materials Limited Liability Company	Purchases of ore	43,558,429	–
Maanshan Shenma Metallurgy Co., Ltd.	Purchases of ore	42,991,773	–
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	Purchases of ore	31,227,841	–
Anhui Qingyang Baohong MINING&RESOURCE Co., Ltd.	Purchases of ore	12,404,233	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Purchase of products and receipt of services from related parties (Continued)

RMB

Related party	Details of transaction	2025	2024
Ezhou Pelletizing Co., Ltd. of WISCO Resources Group	Purchases of ore	–	393,649,702
Others	Purchases of ore	31,757,918	29,181,490
OBEI Co., Ltd.	Purchases of agency service	116,955,975	119,633,409
Ma Steel International Trade and Economic Co., Ltd.	Purchases of agency service	–	13,195,419
Magang (Group) Logistics Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	1,183,510,828	1,165,249,222
Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	850,515,389	950,872,241
Anhui Masteel Equipment Maintenance Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	479,190,717	512,321,553
Holly Industrial	Payment of labour service fees, logistics and other service fees to related parties	455,141,542	472,772,868
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	308,543,929	292,077,654
Baowu Water	Payment of labour service fees, logistics and other service fees to related parties	465,521,601	604,623,388
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	390,740,351	381,777,873
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	225,219,942	274,702,240

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Purchase of products and receipt of services from related parties (Continued)

RMB

Related party	Details of transaction	2025	2024
Baosight Software (Anhui) Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	162,569,004	143,928,182
Anhui Masteel Surface Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	197,269,792	65,786,181
The Holding	Payment of labour service fees, logistics and other service fees to related parties	41,446,603	85,990,683
Shanghai Baosight Software Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	56,017,246	72,032,965
Anhui Zhonglian Shipping Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	68,725,616	68,612,461
Zhejiang Zhoushan Wugang Terminal Co., Limited	Payment of labour service fees, logistics and other service fees to related parties	23,525,587	37,805,249
Baowu Equipment Intelligent Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	33,577,741	24,179,120
Ruitai Masteel New Material Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	–	7,006,275
Shanghai Steel Home Information Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	2,547,435	6,532,863
Shanghai Baosteel Trading Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	–	5,742,813

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Purchase of products and receipt of services from related parties (Continued)

RMB

Related party	Details of transaction	2025	2024
Baosteel Engineering & Technology Group Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	720,000	1,324,250
Anhui Baochang United Roll Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	3,802,480	930,471
Others	Payment of labour service fees, logistics and other service fees to related parties	460,133,768	483,961,293
CRRG Lianjin Recycling Resources Co., Ltd.	Purchases of goods from related parties	4,228,484,194	4,488,598,315
Masteel Gases	Purchases of goods from related parties	872,956,011	889,195,929
BOC-Ma steel	Purchases of goods from related parties	500,814,266	466,589,774
Shanghai Ouye Purchasing Information Technology Co., Ltd.	Purchases of goods from related parties	400,329,110	695,660
Holly Industrial	Purchases of goods from related parties	10,705,503	910,303
Ruitai Masteel New Material Technology Co., Ltd.	Purchases of goods from related parties	1,039,907,961	1,086,639,160
Magang Chemicals & Energy	Purchases of goods from related parties	616,651	2,392,718
Henan Jinma Zhongdong Energy Co., Ltd.	Purchases of goods from related parties	887,415,157	619,090,951
Henan Jinma Energy	Purchases of goods from related parties	744,112,290	583,568,862
Henan Zhongping Energy Supply Chain Management Co., Ltd.	Purchases of goods from related parties	–	187,442,592

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Purchase of products and receipt of services from related parties (Continued)

RMB

Related party	Details of transaction	2025	2024
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Purchases of goods from related parties	727,904,809	155,299,861
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	Purchases of goods from related parties	55,834,917	105,027,971
Others	Purchases of goods from related parties	663,513,518	417,044,769
Masteel Group Design and Research Institute Co., Ltd.	Purchases of fixed assets and construction services from related parties	805,043,090	507,120,639
Shanghai Baosight Software Co., Ltd.	Purchases of fixed assets and construction services from related parties	165,720,439	264,911,716
Baowu Heavy Industry Co., Ltd.	Purchases of fixed assets and construction services from related parties	158,364,377	278,087,550
Anhui Masteel Equipment Maintenance Co., Ltd.	Purchases of fixed assets and construction services from related parties	91,194,342	99,877,902
Baosteel Engineering & Technology Group Co., Ltd.	Purchases of fixed assets and construction services from related parties	81,182,622	127,284,461
Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	Purchases of fixed assets and construction services from related parties	53,783,852	6,829,128
Wuhan City Environment Protection Engineering Limited Company	Purchases of fixed assets and construction services from related parties	47,583,673	–
Baosight Software (Anhui) Co., Ltd.	Purchases of fixed assets and construction services from related parties	42,014,518	56,105,263

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Purchase of products and receipt of services from related parties (Continued)

RMB

Related party	Details of transaction	2025	2024
Maanshan Iron Construction Group Co., Ltd.	Purchases of fixed assets and construction services from related parties	25,311,946	23,782,910
MCC South Engineering Technology Co., Ltd.	Purchases of fixed assets and construction services from related parties	23,861,837	8,731,250
Anhui Magang Limin Construction and Installation Co., Ltd.	Purchases of fixed assets and construction services from related parties	13,874,135	4,663,054
Shanghai Baosteel Engineering Consulting Co., Ltd.	Purchases of fixed assets and construction services from related parties	9,873,952	10,125,063
MCC South Continuous Casting Technology Engineering Co., Ltd.	Purchases of fixed assets and construction services from related parties	9,068,068	24,193,639
Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	Purchases of fixed assets and construction services from related parties	4,804,790	15,028,319
Baowu Water	Purchases of fixed assets and construction services from related parties	2,962,217	55,262,477
Sinosteel Anshan Research Institute of Thermo-energy Co., Ltd.	Purchases of fixed assets and construction services from related parties	325,649	3,260,405
SINOSTEEL Equipment & Engineering Co., Ltd.	Purchases of fixed assets and construction services from related parties	–	46,156,190
Beijing Bestpower Bluesky Engineering Co., Ltd.	Purchases of fixed assets and construction services from related parties	–	6,415,629

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Purchase of products and receipt of services from related parties (Continued)

RMB

Related party	Details of transaction	2025	2024
Sinosteel Luoyang Institute of Refractories Research Co., Ltd.	Purchases of fixed assets and construction services from related parties	–	1,919,227
Wuhan Guide Electric Co., Ltd.	Purchases of fixed assets and construction services from related parties	–	1,773,490
Maanshan Masteel K. Wah Concrete Co., Ltd.	Purchases of fixed assets and construction services from related parties	–	470,781
Others	Purchases of fixed assets and construction services from related parties	46,526,719	72,012,197

Sales of goods and rendering of services to related parties

RMB

Company name	Details of transaction	2025	2024
Anhui Baosteel Steel Trade Co., Ltd.	Sale of steel products	2,890,254,412	–
Shanghai Baosteel Steel Products Trading Co., Ltd.	Sale of steel products	2,458,453,355	–
Ouyeel Cloud Commerce Co., Ltd.	Sale of steel products	2,481,227,813	–
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	Sale of steel products	1,455,495,270	1,808,424,953
Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	Sale of steel products	757,318,258	632,401,723
Wuhan Baosteel Huazhong Trading Co., Ltd.	Sale of steel products	553,555,139	–
Guangzhou Baosteel Southern Trading Co., Ltd.	Sale of steel products	262,894,854	3,025,768
Baosteel Singapore Pte Ltd	Sale of steel products	168,496,487	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Sales of goods and rendering of services to related parties (Continued)

RMB

Company name	Details of transaction	2025	2024
Anhui Gangchen Industrial Material Technology Co., Ltd.	Sale of steel products	152,783,463	238,013,855
Baosteel Middle East FZE	Sale of steel products	152,445,356	–
Shanghai Baosteel Trading Co., Ltd.	Sale of steel products	150,485,397	249,740,180
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Sale of steel products	142,628,549	341,581,480
BAOSTEEL TRADING EUROPE GMBH	Sale of steel products	141,275,877	–
Howa Trading Co., Ltd.	Sale of steel products	125,702,559	340,139
Beijing Baosteel Northern Trading Co., Ltd.	Sale of steel products	96,294,927	–
Chengdu Baosteel Western Trade Co., Ltd.	Sale of steel products	79,313,675	–
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	Sale of steel products	78,505,833	22,526,634
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	Sale of steel products	72,136,829	48,022,107
BAOSTEEL TRADING AMERICA GMBH	Sale of steel products	62,026,422	–
Shanghai Baosteel Pudong International Trade Co., Ltd.	Sale of steel products	52,382,658	–
Holly Industrial	Sale of steel products	49,388,553	102,512,839
Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	Sale of steel products	38,765,447	35,766,498
OBEI Co., Ltd.	Sale of steel products	11,996,517	18,219,821
Baosteel Special Steel Long Products Co., Ltd.	Sale of steel products	6,296,566	4,072,039
Shanghai Ouyeel Material Technology Co., Ltd.	Sale of steel products	3,574,026	619,558,320
Magang (Group) Logistics Co., Ltd.	Sale of steel products	–	91,656,491

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Sales of goods and rendering of services to related parties (Continued)

RMB

Company name	Details of transaction	2025	2024
Anhui BRC & Masteel Weldmesh Co., Ltd.	Sale of steel products	–	6,441,830
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	Sale of steel products	971,243	2,067,380
Sinosteel Equipment Technology Co., Ltd.	Sale of steel products	–	22,526,634
Others	Sale of steel products	176,543,616	55,069,491
Magang Chemicals & Energy	Sale of goods	1,009,088,025	1,267,685,824
Masteel Gases	Sale of goods	441,552,483	499,474,438
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Sale of goods	358,156,287	374,517,578
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Sale of goods	186,888,914	195,106,893
Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	Sale of goods	71,595,794	66,474,584
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Sale of goods	26,478,162	32,555,808
Baowu Group Echeng Iron & Steel Co., Ltd.	Sale of goods	25,972,258	66,474,584
CRRG Lianjin Recycling Resources Co., Ltd.	Sale of goods	353,525	519,669
Others	Sale of goods	42,045,298	4,016,292
Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	468,946,535	471,316,300
Baowu Water	Supply of facilities, services, disposal of intangible assets and sale of other goods	119,572,962	222,323,722
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	103,464,160	80,949,303

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Sales of goods and rendering of services to related parties (Continued)

RMB

Company name	Details of transaction	2025	2024
Baoshan Iron & Steel Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	57,845,365	–
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	45,802,758	46,700,525
Ma-Steel OCI Chemical Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	26,741,290	27,325,437
Anhui Magang Powder Metallurgy Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	24,209,890	39,140,294
Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	19,418,451	12,212,777
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	2,340,124	2,869,550
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	2,275,464	2,914,486
Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	1,232,620	1,118,946
Shenglong Chemical	Supply of facilities, services, disposal of intangible assets and sale of other goods	1,183,585	1,205,796
Baosight Software (Anhui) Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	662,925	1,233,296

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Sales of goods and rendering of services to related parties (Continued)

RMB

Company name	Details of transaction	2025	2024
Ruitai Masteel New Material Technology Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	128,914	140,012
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	126,844	30,023,817
Others	Supply of facilities, services, disposal of intangible assets and sale of other goods	22,458,226	23,079,107
Maanshan Gangchen Steel Supply Chain Co., Ltd.	Sales of goods and services	998,389,167	649,091,921
BOC-Ma steel	Sales of goods and services	279,850,628	278,318,241
Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	Sales of goods and services	15,222,663	28,766,991
Maanshan Gangchen Special Steel Supply Chain Co., Ltd.	Sales of goods and services	6,969,523	19,130,979
Henan Jinma Energy	Sales of goods and services	525,042	346,738
Maanshan Gangchen Hydrogen Industry Co., Ltd.	Sales of goods and services	442,103	502,889
CRM East China Co., Ltd.	Sales of goods and services	137,358	206,887
Maanshan Gangchen Industrial Co., Ltd.	Sales of goods and services	–	791,649,146
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	Sales of goods and services	–	77,175,266

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Leases with related parties

As a lessor

Company name	Type of leased assets	Rental income for 2025	Rental income for 2024
Masteel Gases	Building lease	6,264,564	8,352,752
BOC-Ma steel	Land lease	1,146,780	1,250,000
Maanshan Gangchen Iron&Steel Logistics Park Co., Ltd.	Building lease	1,029,703	–
Anhui Masteel Surface Technology Co., Ltd.	Building lease	617,457	1,926,606
Chongqing Baosteel Automotive Steel Parts Co., Ltd.	Building lease	203,002	–
Magang (Group) Logistics Co., Ltd.	Land lease	79,664	95,596
Baosight Software (Anhui) Co., Ltd.	Building lease	65,627	65,627
Maanshan Gangchen Hydrogen Industry Co., Ltd.	Land lease	45,130	54,156
Anhui Jiangnan Iron and Steel Material Quality Supervision and Inspection Co., Ltd.	Building lease	38,136	–
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	Building lease	16,437	–
Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	Building lease	2,706	65,413
Anhui Baosteel Steel Distribution Co., Ltd.	Building lease	131	–
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Building lease	–	861,685
Masteel Group Kang Tai Land Development Co., Ltd.	Building lease	–	617,457
Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	Building lease	–	99,083
Magang Chemicals & Energy	Building lease	–	38,136
Maanshan Masteel K. Wah Concrete Co., Ltd.	Land lease	–	129,083

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Leases with related parties (Continued)

As a lessee

2025

RMB

Company name	Type of leased assets	Rent paid	Interest expenses on lease liabilities	Increase in right-of-use assets
The Holding	Buildings	39,081,376	15,859,996	–

2024

RMB

Company name	Type of leased assets	Rent paid	Interest expenses on lease liabilities	Increase in right-of-use assets
The Holding	Buildings	45,945,011	16,884,429	–

(3) Corporate guarantees with related parties

Receipt of corporate guarantees with related parties

As at 31 December 2025 and 31 December 2024, the Group had no guarantees as a guaranteed party.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Compensation to key management personnel

RMB

Item	2025	2024
Compensation to key management personnel (Note)	2,520,860	2,402,459

Note: The amounts excluded the emoluments paid to independent directors and independent supervisors.

(5) Emoluments of directors and supervisors*

RMB

Item	2025	2024
Fees	700,000	700,000
Other emoluments		
Performance-related bonuses	191,557	131,103
Wages or salaries, allowances and benefits in kind	140,754	777,476
Pension scheme contributions	51,002	146,724
Subtotal	383,313	1,055,303
Total	1,083,313	1,755,303

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Emoluments of directors and supervisors* (Continued)

(i) Independent directors and independent supervisors

The fees paid to independent directors and independent supervisors during the year were as follows:

RMB

Item	2025	2024
Independent directors		
Mr. Guan Bingchun	150,000	150,000
Mr. He Anrui	150,000	150,000
Mr. Qiu Shengtao	150,000	150,000
Ms. Zeng Xiangfei (Note 1)	150,000	37,500
Mr. Liao Weiquan (Note 1)	–	112,500
Subtotal	600,000	600,000
Independent supervisor		
Mr. Hong Gongxiang (Note 2)	100,000	100,000
Subtotal	100,000	100,000
Total	700,000	700,000

Note 1: On 25 September 2024, Ms. Zeng Xiangfei was appointed to be the independent director of the Company by the fourth extraordinary General Meeting of the Group in 2024, and Mr. Liao Weiquan no longer served as the independent director of the Company.

Note 2: On 24 December 2025, the Articles of Association were amended and the Board of Supervisors was dissolved by the Third extraordinary General Meeting of the Group in 2025, and Mr. Hong Gongxiang no longer served as the independent director of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Emoluments of directors and supervisors* (Continued)

(ii) Non-independent directors and non-independent supervisors

RMB

Item	Fees of directors	Wages or salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions	Total wages or salaries
Executive directors					
Jiang Yuxiang (Note 1)	-	-	-	-	-
Mao Zhanhong (Note 1) (Note 5)	-	-	-	-	-
Zhang Wenyang (Note 4)	-	442,000	-	47,155	489,155
Total	-	442,000	-	47,155	489,155
Employee director					
Tang Qiming (Note 1) (Note 3)	-	-	-	-	-
Total	-	-	-	-	-
Supervisors					
Geng Jingyan (Note 2)	-	140,754	191,557	51,002	383,313
Wan Tingting (Note 1) (Note 2)	-	-	-	-	-
Total	-	140,754	191,557	51,002	383,313

Note 1: In 2025, the emoluments of Jiang Yuxiang, Mao Zhanhong, Tang Qiming and Wan Tingting were paid by the Holding rather than the Group.

Note 2: On 24 December 2025, the Articles of Association were amended and the Board of Supervisors was dissolved by the Third extraordinary General Meeting of the Group in 2025, and Ms. Wan Tingting and Ms. Geng Jingyan would no longer serve as supervisors of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Emoluments of directors and supervisors* (Continued)

(ii) Non-independent directors and non-independent supervisors (Continued)

Note 3: On 18 December 2025, Mr. Tang Qiming was elected as an employee director of the 10th session of the Board of Directors of the Company at the first joint meeting of the 11th session of the Employee Representative Congress of the Group, with a term commencing from 18 December 2025 and expiring on the date when the term of the 10th session of the Board of Directors expires.

Note 4: On 15 August 2025, the resignation of Mr. Zhang Wenyang as a non-independent director and the General Manager of the Company was approved by the 42nd meeting of the 10th session of the Board of Directors of the Group.

Note 5: On 29 August 2025, the resignation of Mr. Mao Zhanhong as a director of the Company was approved by the 44th meeting of the 10th session of the Board of Directors of the Group.

(6) Five highest paid individuals*

During the current year, one of the highest paid individuals was a director (2024: three directors and supervisors), details of whose emoluments are stated in Note XII, 5(5) above. Details of the emoluments of the other four highest paid non-directors and supervisors in 2025 (2024: two) are as follows:

RMB

Item	2025	2024
The Group		
Performance-related bonuses	1,705,941	586,542
Wages or salaries, allowances and benefits in kind	1,493,258	641,121
Pension scheme contributions	251,759	119,493
Total	3,450,958	1,347,156

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(7) Other related party transactions

Pursuant to the Financial Service Agreement signed on 30 October 2024, during the term of the agreement from 1 January 2025 to 31 December 2027, the Group's deposits with Baowu Finance shall not exceed RMB9.5 billion on any given day, and interest income from other financial services shall not exceed RMB190 million per annum, the outstanding credit balance provided by Baowu Finance to the Group shall not exceed RMB9.5 billion on any given day, and interest income from other financial services shall not exceed RMB210 million per annum. As at 31 December 2025, the Group's deposit balance with Baowu Finance was RMB8,243,701,758 (31 December 2024: RMB3,621,220,869). As at 31 December 2025, the Group's outstanding borrowing balance from Baowu Finance was RMB1,760,000,000 (31 December 2024: RMB2,548,000,000). As at 31 December 2025, the Group's balance of accounts receivable factoring facilities obtained from Baowu Finance was RMB242,799,299 (31 December 2024: RMB614,553,618).

The Group's discounts, interests, and service fee expenses related to notes with Baowu Finance are as follows:

RMB

Item	Details of related party transactions	2025	2024
Baowu Group Finance Co., Ltd.	Notes discount	1,044,989,250	704,097,607
Baowu Group Finance Co., Ltd.	Interest and service fee expenses	63,199,343	70,417,097
Baowu Group Finance Co., Ltd.	Interest income	58,219,065	40,875,121

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

(1) Receivables

RMB

	Related party	31 December 2025		31 December 2024	
		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Accounts receivable	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	1,210,154,336	21,641,326	-	-
Accounts receivable	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	127,755,233	2,284,661	9,539,930	175,836
Accounts receivable	BAOSTEEL TRADING EUROPE GMBH	100,029,243	1,788,834	-	-
Accounts receivable	Baosteel Middle East FZE	66,591,889	1,190,870	-	-
Accounts receivable	BOC-Ma steel	27,883,296	498,640	33,082,663	609,766
Accounts receivable	Baosteel Singapore Pte Ltd	26,932,459	481,636	-	-
Accounts receivable	Baowu Huanke Maanshan Resource Utilization Co., Ltd.	25,957,719	464,205	21,017,953	1,072,209
Accounts receivable	Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	21,319,495	3,382,452	25,020,829	8,090,940
Accounts receivable	BAOSTEEL TRADING AMERICA GMBH	15,616,367	279,269	-	-
Accounts receivable	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	15,480,038	276,831	-	-
Accounts receivable	Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	15,174,335	592,404	9,742,028	179,561
Accounts receivable	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	14,973,846	271,854	69,705,259	7,367,868
Accounts receivable	Anhui Magang Powder Metallurgy Co., Ltd.	14,023,987	250,793	18,645,317	343,663
Accounts receivable	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	12,740,304	227,836	19,370,972	357,021
Accounts receivable	OBEI Co., Ltd.	10,216,302	318,590	15,050,045	281,956
Accounts receivable	Baoshan Iron & Steel Co., Ltd.	8,812,274	157,591	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

	Related party	31 December 2025		31 December 2024	
		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Accounts receivable	Anhui Masteel K. Wah New Building Materials Co., Ltd.	8,495,883	151,933	6,723,143	123,918
Accounts receivable	Baowu Water	6,576,888	116,961	61,232,497	1,126,678
Accounts receivable	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	5,572,646	99,656	9,914,181	182,734
Accounts receivable	Anhui Baochang United Roll Co., Ltd.	5,055,090	744,510	3,421,640	63,066
Accounts receivable	Ma-Steel OCI Chemical Co., Ltd.	2,586,636	46,257	2,776,227	51,170
Accounts receivable	Shanghai Baosteel Trading Co., Ltd.	2,541,654	45,453	24,279,551	446,744
Accounts receivable	Baosight Software (Anhui) Co., Ltd.	2,158,405	1,122,797	2,180,864	1,374,525
Accounts receivable	Baosteel Special Steel Long Products Co., Ltd.	1,662,644	560,547	988,613	18,222
Accounts receivable	Anhui Masteel Equipment Maintenance Co., Ltd.	1,487,777	128,989	670,421	64,766
Accounts receivable	Shanghai Ouye Purchasing Information Technology Co., Ltd.	1,193,429	21,342	1,407,718	25,946
Accounts receivable	Anhui Masteel Surface Technology Co., Ltd.	484,015	12,889	222,398	5,534
Accounts receivable	Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	210,224	3,035	3,035,299	55,462
Accounts receivable	The Holding	33,000	33,000	33,000	33,000
Accounts receivable	Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	8,841	632	24,338	449
Accounts receivable	Maanshan Masteel K. Wah Concrete Co., Ltd.	3,826	791	2,262	42
Accounts receivable	Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	-	-	32,760,910	602,801
Accounts receivable	Baosteel Metals Co., Ltd.	-	-	179,043	3,300

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

	Related party	31 December 2025		31 December 2024	
		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Accounts receivable	Maanshan Bo Li Construction Supervising Co., Ltd.	-	-	72,873	19,120
Accounts receivable	Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	-	-	3,855,908	71,070
Accounts receivable	CRM East China Co., Ltd.	-	-	14,452	266
Accounts receivable	Others	6,547,438	117,089	7,847,816	143,041
Prepayments	Shanghai Ouyeel Lianjin International Trade Company Limited	9,461,290	-	9,461,290	-
Prepayments	Masteel Gases	6,570,042	-	-	-
Prepayments	Anhui Baosteel Steel Trade Co., Ltd.	4,018,934	-	-	-
Prepayments	Baosteel Resources Holdings (Shanghai) Co., Ltd.	2,429,421	-	-	-
Prepayments	Shanghai Baochangran Energy Development Co., Ltd.	1,699,154	-	1,034,129	-
Prepayments	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	1,683,302	-	-	-
Prepayments	Masteel Group Kang Tai Land Development Co., Ltd.	1,162,726	-	923,926	-
Prepayments	Holly Industrial	860,637	-	860,637	-
Prepayments	Shanghai Ouyeel Supply Chain Co., Ltd.	830,643	-	2,041,353	-
Prepayments	Shanghai Baosight Software Co., Ltd.	542,701	-	-	-
Prepayments	Shanghai Baosteel Trading Co., Ltd.	426,023	-	1,209,702	-
Prepayments	Shanxi Taigang Stainless Steel Co., Ltd.	82,376	-	1,418,234	-
Prepayments	Baowu Group Echeng Iron & Steel Co., Ltd.	-	-	1,750,041	-
Prepayments	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	-	-	427,302	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

	Related party	31 December 2025		31 December 2024	
		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Prepayments	Shanghai Ouye Purchasing Information Technology Co., Ltd.	-	-	4,036	-
Prepayments	Others	258,090	-	1,510,243	-
Other receivables	Hubei Carbon Emission Exchange	7,000,000	42,000	-	-
Other receivables	Masteel Group Kang Tai Land Development Co., Ltd.	2,035,509	2,035,509	2,035,509	134,954
Other receivables	Sinosteel Engineering Design & Research Institute Co., Ltd.	1,428,036	94,679	1,428,036	8,911
Other receivables	Baowu Heavy Industry Co., Ltd.	798,496	52,940	1,775,993	74,115
Other receivables	Anhui Masteel Equipment Maintenance Co., Ltd.	566,808	37,579	566,808	37,579
Other receivables	Shanghai Meishan Iron & Steel Co., Ltd.	515,280	34,163	515,280	34,163
Other receivables	Masteel Group Design and Research Institute Co., Ltd.	74,197	4,919	74,197	463
Other receivables	Shanghai Ouyeel Material Technology Co., Ltd.	8,341	553	8,341	52
Other receivables	HWABAO FUTURES CO., LTD.	-	-	32,417,919	447,367
Other receivables	Others	533,760	36,797	40,000	2,652
Notes receivable	OBEI Co., Ltd.	46,532,047	-	229,706	-
Notes receivable	SINOSTEEL Equipment & Engineering Co., Ltd.	21,932,335	-	-	-
Notes receivable	Shanxi Taigang Stainless Steel Co., Ltd.	16,343,444	-	-	-
Notes receivable	Baosteel Engineering & Technology Group Co., Ltd.	12,262,657	-	-	-
Notes receivable	Hubei Huawu Heavy Industry Group Co., Ltd.	3,445,093	-	-	-
Notes receivable	Baoshan Iron & Steel Co., Ltd.	3,353,247	-	-	-
Notes receivable	Anhui Zhonglian Shipping Co., Ltd.	1,899,678	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

	Related party	31 December 2025		31 December 2024	
		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Notes receivable	Wugang Resources Group Jinshandian Mining Co., Ltd.	1,691,295	-	-	-
Notes receivable	Baosteel Roll Science & Technology Co., Ltd.	1,002,285	-	-	-
Notes receivable	Wuhan Iron Steel Group Refractories Co., Ltd.	949,496	-	-	-
Notes receivable	WISCO MCC Industrial Technology Service Co., Ltd.	890,646	-	-	-
Notes receivable	Anhui Masteel Luo He Mining Co., Ltd.	772,375	-	-	-
Notes receivable	Beijing CGUTEC Engineering Technology Co., Ltd.	731,161	-	-	-
Notes receivable	Shanxi Tisco Engineering Technology Co., Ltd.	661,696	-	-	-
Notes receivable	Baowu Water	309,000	-	-	-
Notes receivable	Shanghai Baoxin Intelligent Mining Information Technology Co., Ltd.	287,467	-	-	-
Notes receivable	Suzhou Baohua Carbon Co., Ltd.	209,274	-	-	-
Notes receivable	Shanxi Taigang Fuda Development Co., Ltd.	200,000	-	-	-
Notes receivable	Wuhan Iron & Steel Co., Ltd.	113,925	-	-	-
Notes receivable	Guangdong Zhongnan Iron&Steel Co., Ltd.	100,000	-	-	-
Notes receivable	Baowu Environment Technology Nanjing Co., Ltd.	100,000	-	-	-
Notes receivable	Nanjing Meishan Steel Slag Treatment Co., Ltd.	100,000	-	-	-
Notes receivable	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	-	-	2,000,000	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

	Related party	31 December 2025		31 December 2024	
		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Notes receivable	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	-	-	46,692,430	-
Notes receivable	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	-	-	6,700,000	-
Notes receivable	Shanghai Ouyeel Supply Chain Co., Ltd.	-	-	2,169,995	-
Notes receivable	Laiwu Iron and Steel Group Yinshan Sectional Steel Co., Ltd.	-	-	50,000	-
Receivables financing	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	6,740,007	-	2,579,919	-
Receivables financing	Baowu Huanke Maanshan Resource Utilisation Co., Ltd.	6,545,173	-	-	-
Receivables financing	Dalian Jiaxiang Technology Co., Ltd.	4,250,215	-	-	-
Receivables financing	MCC South WISGDRI Co., Ltd.	800,000	-	-	-
Receivables financing	Changzhou Baoling Heavy Industry Machinery Co., Ltd.	29,260	-	-	-
Receivables financing	MCC South (Wuhan) Thermal Engineering Co., Ltd.	20,910	-	-	-
Receivables financing	Sinosteel Engineering Design & Research Institute Co., Ltd.	17,600	-	-	-
Receivables financing	Ouyeel Cloud Commerce Co., Ltd.	4,004	-	4,828,130	-
Receivables financing	Pingmei Shenma Machinery Equipment Group Co., Ltd.	3,650	-	-	-
Receivables financing	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	427	-	7,018,456	-
Receivables financing	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	-	-	21,138,315	-
Receivables financing	Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	-	-	8,547,805	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

Related party	31 December 2025		31 December 2024	
	Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Receivables financing Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	-	-	2,370,000	-
Receivables financing Shanghai Ouyeel Supply Chain Co., Ltd.	-	-	1,893,034	-
Receivables financing Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	-	-	1,659,856	-
Receivables financing Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	-	-	800,000	-
Receivables financing Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	-	-	763,391	-
Receivables financing Maanshan Gangchen Special Steel Supply Chain Co., Ltd.	-	-	258,796	-
Receivables financing Wugang Group Xiangyang Heavy Equipment Material Co., Ltd.	-	-	166,320	-
Receivables financing OBEI Co., Ltd.	-	-	101,040	-
Receivables financing Anhui Magang Powder Metallurgy Co., Ltd.	-	-	90,611	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables

RMB

Item	Related party	31 December 2025	31 December 2024
Accounts payable	OBEI Co., Ltd.	2,169,279,882	1,808,124,002
Accounts payable	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	1,073,644,902	–
Accounts payable	Baowu Resources Co., Ltd.	471,643,384	45,175,323
Accounts payable	Masteel Group Design and Research Institute Co., Ltd.	302,144,368	467,451,179
Accounts payable	Ma Steel International Trade and Economic Co., Ltd.	182,886,991	296,027,630
Accounts payable	The Holding	152,078,940	3,794,230
Accounts payable	Baosteel Resources Holdings (Shanghai) Co., Ltd.	146,162,629	223,772,058
Accounts payable	Masteel Chengxing Metal Resources Co., Ltd.	108,870,752	310,583,886
Accounts payable	CISDI Engineering Co., Ltd.	103,766,048	–
Accounts payable	Shanghai Baosight Software Co., Ltd.	92,456,698	240,602,885
Accounts payable	Baowu Heavy Industry Co., Ltd.	72,916,422	54,717,531
Accounts payable	Magang (Group) Logistics Co., Ltd.	68,783,186	59,459,124
Accounts payable	Anhui Masteel Surface Technology Co., Ltd.	60,054,821	32,987,835
Accounts payable	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	56,806,936	12,831,434
Accounts payable	Baosight Software (Anhui) Co., Ltd.	49,843,363	60,156,206
Accounts payable	Baowu Water	44,781,394	15,191,761
Accounts payable	Anhui Masteel Equipment Maintenance Co., Ltd.	39,812,613	54,146,102
Accounts payable	Ouyeel Lianjin Wubao (Anhui) Renewable Resources Co., Ltd.	39,412,350	–
Accounts payable	Baoshan Iron & Steel Co., Ltd.	31,194,691	4,806,264

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	31 December 2025	31 December 2024
Accounts payable	Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	30,573,100	–
Accounts payable	Anhui Masteel Mining Resources Group Co., Ltd.	29,567,330	317,618,634
Accounts payable	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	29,558,080	60,990,688
Accounts payable	Henan Zhongping Energy Supply Chain Management Co., Ltd.	26,645,587	79,206,352
Accounts payable	Baosteel Engineering & Technology Group Co., Ltd.	21,989,067	132,844,023
Accounts payable	Baowu Equipment Intelligent Technology Co., Ltd.	20,027,952	26,243,222
Accounts payable	Holly Industrial	12,142,749	11,904,780
Accounts payable	Maanshan Iron Construction Group Co., Ltd.	11,819,691	23,164,469
Accounts payable	Anhui Zhonglian Shipping Co., Ltd.	11,747,550	10,416,571
Accounts payable	Shanghai Ouyeel Logistics Co., Ltd.	11,715,651	–
Accounts payable	Tongling Nonferrous Jin Xiang Materials Limited Liability Company	11,145,682	–
Accounts payable	Anhui Wanbao Mining Co., Ltd.	9,355,008	–
Accounts payable	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	6,820,809	–
Accounts payable	MCC South Engineering Technology Co., Ltd.	6,108,856	–
Accounts payable	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	5,805,171	24,776,327
Accounts payable	Guangdong Shaogang Engineering Technology Co., Ltd.	5,647,152	1,286,614
Accounts payable	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	4,623,111	5,359,374

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	31 December 2025	31 December 2024
Accounts payable	Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	4,519,342	12,072,201
Accounts payable	Ruitai Masteel New Material Technology Co., Ltd.	4,065,220	13,669,575
Accounts payable	Zhejiang Zhoushan Wugang Terminal Co., Limited	3,741,769	3,264,555
Accounts payable	Sinosteel Xi'an Heavy Machinery Co., Ltd.	3,153,512	2,134,274
Accounts payable	Beijing Bestpower Bluesky Engineering Co., Ltd.	2,536,755	4,961,917
Accounts payable	Baowu Raw Material Supply Co., Ltd.	2,166,426	33,099,571
Accounts payable	Anhui Masteel Transportation Equipment Manufacturing Co., Ltd.	1,906,393	2,122,800
Accounts payable	Shanghai Baosteel Engineering Consulting Co., Ltd.	1,835,441	9,540,543
Accounts payable	Taicang Wugang Wharf Co., Ltd.	1,572,672	233,938
Accounts payable	Shanghai Baoneng Information Technology Co., Ltd.	330,613	798,315
Accounts payable	Maanshan Gangchen Industrial Co., Ltd.	188,024	188,024
Accounts payable	Masteel Gases	111,815	10,327,747
Accounts payable	BOC-Ma steel	43,133	48,251,096
Accounts payable	MaSteel Lihua Metal Resources Co., Ltd.	–	142,691,930
Accounts payable	Henan Jinma Energy	–	9,398,334
Accounts payable	MCC South Continuous Casting Technology Engineering Co., Ltd.	–	9,068,068
Accounts payable	Easternpay Information Technology Co., Ltd.	–	8,793,827

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	31 December 2025	31 December 2024
Accounts payable	Others	76,932,046	73,354,778
Other payables	China Baowu	73,670,000	–
Other payables	Magang (Group) Logistics Co., Ltd.	28,197,000	10,341,964
Other payables	Maanshan Iron Construction Group Co., Ltd.	3,445,160	20,000
Other payables	Baosight Software (Anhui) Co., Ltd.	2,277,555	–
Other payables	Shanghai Ouyeel Logistics Co., Ltd.	1,796,696	–
Other payables	Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	1,124,940	–
Other payables	Ma Steel International Trade and Economic Co., Ltd.	1,000,000	500,000
Other payables	Anhui Zhonglian Shipping Co., Ltd.	500,000	500,000
Other payables	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	14,000	2,000
Other payables	Others	990,093	455,000
Contract liabilities	Anhui Baosteel Steel Trade Co., Ltd.	667,317,986	–
Contract liabilities	Shanghai Baosteel Steel Products Trading Co., Ltd.	416,781,036	–
Contract liabilities	Wuhan Baosteel Huazhong Trading Co., Ltd.	242,048,457	–
Contract liabilities	Ouyeel Cloud Commerce Co., Ltd.	182,807,162	23,715,350
Contract liabilities	Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	79,125,336	90,668,569
Contract liabilities	Guangzhou Baosteel Southern Trading Co., Ltd.	37,552,135	–
Contract liabilities	Anhui Xinchuang Energy Saving&Environmental Protection Science&Technology Co., Ltd.	33,109,086	33,244,098
Contract liabilities	Chengdu Baosteel Western Trade Co., Ltd.	23,939,916	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	31 December 2025	31 December 2024
Contract liabilities	Maanshan Gangchen Steel Supply Chain Co., Ltd.	22,122,295	6,751,610
Contract liabilities	Beijing Baosteel Northern Trading Co., Ltd.	18,237,832	–
Contract liabilities	Baowu Huanke Maanshan Resource Utilization Co., Ltd.	11,385,909	–
Contract liabilities	Magang Chemicals & Energy	10,457,855	26,090,273
Contract liabilities	Fuzhou BAO-MIT Steel Co., Ltd.	8,976,171	–
Contract liabilities	Shanghai Ouyeel Supply Chain Co., Ltd.	7,954,976	20,511,076
Contract liabilities	Shenyang Baosteel Northeast Trade Limited Company	5,012,710	–
Contract liabilities	Shanghai Ouyeel Material Technology Co., Ltd.	4,808,071	18,816,811
Contract liabilities	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	3,801,811	6,790,253
Contract liabilities	Anhui Masteel Zhang Zhuang Mining Co., Ltd.	1,934,261	1,934,261
Contract liabilities	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	1,558,187	36,280,388
Contract liabilities	Anhui Baochang United Roll Co., Ltd.	1,304,998	–
Contract liabilities	Anhui Gangchen Industrial Material Technology Co., Ltd.	1,013,633	31,144,507
Contract liabilities	Holly Industrial	571,133	16,105,620
Contract liabilities	Sinosteel Luonai Materials Technology Corporation	326,353	7,366,612
Contract liabilities	Maanshan Gangchen Industrial Co., Ltd.	118,623	5,293,482
Contract liabilities	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	112,585	33,789,551

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	31 December 2025	31 December 2024
Contract liabilities	Others	24,474,802	15,649,746
Notes payable	Baowu Resources Co., Ltd.	873,405,315	–
Notes payable	Baowu Raw Material Supply Co., Ltd.	674,590,989	888,253,407
Notes payable	Ma Steel International Trade and Economic Co., Ltd.	422,710,717	1,048,590,640
Notes payable	Henan Jinma Energy	159,284,032	69,555,950
Notes payable	Ouyeel Lianjin Wubao (Anhui) Renewable Resources Co., Ltd.	146,212,697	–
Notes payable	Henan Jinma Zhongdong Energy Co., Ltd.	134,237,157	84,677,229
Notes payable	Masteel Chengxing Metal Resources Co., Ltd.	125,138,562	399,901,271
Notes payable	Henan Zhongping Energy Supply Chain Management Co., Ltd.	120,685,523	49,969,116
Notes payable	Magang (Group) Logistics Co., Ltd.	80,503,293	3,064,494
Notes payable	Baosteel Resources Holdings (Shanghai) Co., Ltd.	22,000,000	101,255,290
Notes payable	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	17,663,894	7,998,740
Notes payable	Tongling Nonferrous Jin Xiang Materials Limited Liability Company	17,304,230	–
Notes payable	Shanxi Taigang Stainless Steel Co., Ltd.	15,067,000	1,311,900
Notes payable	Maanshan Shenma Metallurgy Co., Ltd.	14,843,732	–
Notes payable	Shanghai Baosight Software Co., Ltd.	13,928,071	7,180,245
Notes payable	Baosight Software (Anhui) Co., Ltd.	8,809,772	439,570

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	31 December 2025	31 December 2024
Notes payable	Anhui Masteel Surface Technology Co., Ltd.	6,197,162	6,103,361
Notes payable	Holly Industrial	3,853,706	5,569,379
Notes payable	Masteel Group Design and Research Institute Co., Ltd.	2,605,319	6,153,074
Notes payable	Anhui Baochang United Roll Co., Ltd.	2,435,918	995,105
Notes payable	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	1,690,836	1,591,605
Notes payable	Yangtze River Delta (Hefei) Digital Technology Co., Ltd.	1,451,913	–
Notes payable	Baowu Equipment Intelligent Technology Co., Ltd.	1,143,636	1,011,511
Notes payable	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	1,000,000	–
Notes payable	Zhongbao Jinxin Consulting (Beijing) Co., Ltd.	980,625	–
Notes payable	Anhui Masteel Equipment Maintenance Co., Ltd.	894,211	55,935
Notes payable	Changzhou Baoling Heavy Industry Machinery Co., Ltd.	824,900	–
Notes payable	Baowu Jinggao (Anhui) Technology Co., Ltd.	732,734	–
Notes payable	Shanghai Jinyi Testing Technology Co., Ltd.	424,000	–
Notes payable	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	368,561	1,668,450
Notes payable	Maanshan Masteel Electric Repair Co., Ltd.	54,380	–
Notes payable	Anhui Zhonglian Shipping Co., Ltd.	–	4,487,193
Notes payable	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	–	112,677,986

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	31 December 2025	31 December 2024
Notes payable	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	–	116,600
Notes payable	AI Robot (Shanghai) Co., Ltd.	–	497,860
Notes payable	Anhui Masteel Mining Resources Group Co., Ltd.	–	1,372,785,320
Notes payable	MaSteel Lihua Metal Resources Co., Ltd.	–	705,000,000
Notes payable	Ruitai Masteel New Material Technology Co., Ltd.	–	1,000,000
Notes payable	WISCO MCC Industrial Technology Service Co., Ltd.	–	88,592
Notes payable	Zhejiang Zhoushan Wugang Terminal Co., Limited	–	2,420,237
Notes payable	MCC South Engineering Technology Co., Ltd.	–	180,800

Amounts due from/to related parties are non-interest bearing and unsecured.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XIII. SHARE-BASED PAYMENTS

1. Equity instruments

Equity instruments are as follows:

RMB

Item	Granted during the year		Exercised during the year		Unlocked during this year		Forfeited during the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Employees	-	-	-	-	-	-	21,423,400	49,059,586

2. Equity-settled share-based payments

RMB

Item	2025
The method of determining the fair value of equity instruments at the grant date	Market value
Key parameters for the fair value of equity instruments at the grant date	Stock market prices
The basis of determining the number of equity instruments expected to be vested	The best estimate is made for the number of equity instruments according to the subsequent latest information of change in the number of employees who are granted with options that may vest, etc.
Reasons for the significant difference between the estimate in the current year and that in the prior year	Performance conditions not met
Cumulative amount of equity-settled share-based payments included in capital reserve	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XIII. SHARE-BASED PAYMENTS (CONTINUED)

2. Equity-settled share-based payments (Continued)

At the 59th meeting of the 9th session of the Board of Directors and the 49th meeting of the 9th session of the Board of Supervisors of the Group held on 30 March 2022, the "Proposal on the First Grant of Restricted Shares to the Incentive Participants under the Company's A-share Restricted Share Incentive Plan for 2021" was deliberated and approved, and the grant date of the Restricted Share Incentive Plan was determined as 30 March 2022. As at 25 April 2022, the Company had received contributions totalling RMB171,864,500 from 260 natural persons, of which RMB75,050,000 was credited to the new registered capital and RMB96,814,500 was recognised in capital reserve. The registered capital of the Company after the change was RMB7,775,731,186. The Group recognised 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 Group deliberated 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 Group deliberated 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.

On 27 November 2024, the Fifth Extraordinary General Meeting of 2024 of the Group deliberated and approved the "Proposal on the Repurchase and Cancellation of Certain Restricted Shares". The 2,050,200 restricted shares held by 16 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XIII. SHARE-BASED PAYMENTS (CONTINUED)

2. Equity-settled share-based payments (Continued)

On 30 July 2025, the Second Extraordinary General Meeting of 2025 of the Group deliberated and approved the “Proposal on the Repurchase and Cancellation of Certain Restricted Shares”. The 397,800 restricted shares held by 3 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. As of 31 December 2025, the Group has paid the aforementioned repurchase amount and fulfilled the relevant cancellation procedures.

As of 31 December 2025, the Group has paid the repurchase amount of 8,392,000 shares in total to the 38 persons mentioned above due to retirement, transfer and death, and reduced the long-term payables. The Group has fulfilled the relevant cancellation procedures.

Pursuant to the Company’s 2021 A-Share Restricted Share 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 Group 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.

Pursuant to the Company’s 2021 A-Share Restricted Share 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 2023 was not achieved, the Group 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.

Pursuant to the Company’s 2021 A-Share Restricted Share 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 2024 was not achieved, the Group was required to repurchase all the restricted shares corresponding to the appraisal year of 2024 at the lower value of the grant price and the market price, involving 222 persons, with a repurchase of 21,025,600 shares and a repurchase amount of RMB48,148,624.

As of 31 December 2025, the Group has paid the aforementioned repurchase amounts and fulfilled the relevant cancellation procedures.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XIII. SHARE-BASED PAYMENTS (CONTINUED)

3. Share-based payments incurred during the year

RMB

Item	Equity-settled share-based payments	Cash-settled share-based payments
Employees (Note)	–	–

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Capital commitments

As at the balance sheet date, the Group had the following contracts for the acquisition of long-term assets:

RMB

Item	31 December 2025	31 December 2024
Capital commitments that have been entered into but have not been recognised in the financial statements: – Commitment for acquisition and construction of long-term assets	1,118,146,207	2,321,330,465
Total	1,118,146,207	2,321,330,465

Refer to Note III, 33 for lease commitments entered into by the Group as a lessee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XIV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies

Income tax differences

The State Administration of Taxation issued “The Notice of Enterprise Income Tax Collection and Management on Shanghai Petrochemical Co., Ltd. and Other Eight Overseas-listed Companies” (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 overseas-listed companies applying the preferential tax rate of 15%. 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 “Tax Collection Administration Law of the People’s Republic of China”.

The Group was one of the nine companies mentioned above and applied a preferential tax rate of 15% in the prior years. Then, the Group communicated with the tax authorities comprehensively, and according to the notice from tax authorities, the applicable enterprise income tax rate in 2007 was 33%, which was adjusted from the original 15%. The Group has not made supplementary payment arising from income tax difference for prior years.

In view of the notice of the tax authorities and communications with the tax authorities, directors of the Group believed that it was uncertain whether the tax authorities will chase the income tax difference for prior years at this stage, and it was not possible to estimate the final result of this event reliably. Therefore, the financial statements have not made any provision or adjustments related to the potential income tax difference for prior years.

XV. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The Group has no significant events subsequent to the balance sheet date that require disclosure.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XVI. OTHER SIGNIFICANT EVENTS

1. Segment reporting

(1) Operating segment

The Group focuses on the business of production and sale of steel products and their by-products. The Group's internal organisational structure and management requirements are such that the Group's business is 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

Information of products and services

External income

RMB

Item	2025	2024
Sale of steel products	68,400,943,013	73,287,465,129
Sales of steel billets	5,221,676,368	3,565,089,201
Others	3,902,232,931	4,964,337,409
Total	77,524,852,312	81,816,891,739

Geographic information

External income

RMB

Item	2025	2024
Chinese mainland	72,326,564,850	76,284,762,334
Overseas and Hong Kong	5,198,287,462	5,532,129,405
Total	77,524,852,312	81,816,891,739

The external income is attributed to the region in which customers are located.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

XVI. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(2) Other information (Continued)

Total non-current assets

RMB

Item	31 December 2025	31 December 2024
Chinese mainland	55,971,315,398	58,647,571,427
Overseas and Hong Kong	88,959,765	98,342,017
Total	56,060,275,163	58,745,913,444

Non-current assets are attributed to the region in which the assets are located, excluding financial assets and deferred tax assets.

Information of a major customer

Income from a major customer amounted to RMB13.7 billion, accounting for 17% of the Group's operating income in 2025

(3) Other financial information

RMB

Item	The Group		The Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Current assets	24,855,515,535	19,472,010,226	9,224,051,954	12,459,406,903
Less: Current liabilities	41,317,602,347	44,845,617,126	2,357,641,921	40,457,185,414
Net current liabilities	(16,462,086,812)	(25,373,606,900)	6,866,410,033	(27,997,778,511)

RMB

Item	The Group		The Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Total assets	81,746,797,461	78,962,973,613	23,358,361,608	66,770,078,812
Less: Current liabilities	41,317,602,347	44,845,617,126	2,357,641,921	40,457,185,414
Total assets less current liabilities	40,429,195,114	34,117,356,487	21,000,719,687	26,312,893,398

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

1. Accounts receivable

(1) Disclosures by aging

RMB

Item	31 December 2025	31 December 2024
Within 1 year	14,553,192	1,226,134,078
1-2 years	–	46,468,580
2-3 years	–	11,149,642
Over 3 years	–	14,943,023
Subtotal	14,553,192	1,298,695,323
Less: Allowances for bad debts of accounts receivable	26,260	38,537,418
Total	14,526,932	1,260,157,905

(2) Disclosures of methods for determining allowances for bad debts by category

2025

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	13,073,183	90	–	–	13,073,183
On a portfolio basis according to credit risk characteristics	1,480,009	10	26,260	2	1,453,749
Total	14,553,192	100	26,260	–	14,526,932

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

1. Accounts receivable (Continued)

(2) Disclosures of methods for determining allowances for bad debts by category (Continued)

2024

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	608,470,273	47	–	–	608,470,273
On a portfolio basis according to 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

Details of accounts receivable for which allowances for bad debts are provided on an individual basis are as follows:

RMB

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Allowances for bad debts	Proportion of provision (%)	Gross carrying amount	Allowances for bad debts	Proportion of provision (%)
Accounts receivable from intragroup subsidiaries	13,073,183	–	–	608,470,273	–	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

1. Accounts receivable (Continued)

(2) Disclosures of methods for determining allowances for bad debts by category (Continued)

As at 31 December 2025, details of accounts receivable for which allowances for bad debts are provided on a portfolio basis are as follows:

RMB

Item	Gross carrying amount	Provision for impairment	Proportion of provision (%)
Within 1 year	1,480,009	26,260	2

Movements in allowances for bad debts of accounts receivable are as follows:

RMB

Item	Opening balance	Provision	Recovery or reversal	Transfer-out	Write-off	Closing balance
2025	38,537,418	26,260	-	(38,537,418)	-	26,260

(4) Top five closing balances of accounts receivable categorised by debtors

RMB

Item	Closing balance of accounts receivable	Proportion of the total closing balance of accounts receivable (%)	Closing balance of allowances for bad debts of accounts receivable
Company 1	9,034,194	62	-
Company 2	4,038,989	28	-
Company 3	798,443	5	14,167
Company 4	662,366	5	11,753
Company 5	18,000	-	319
Total	14,551,992	100	26,239

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

2. Other receivables

RMB

Item	31 December 2025	31 December 2024
Dividends receivable	–	4,806,850
Other receivables	1,886,077,914	309,708,642
Total	1,886,077,914	314,515,492

Dividends receivable

(1) Categories of dividends receivable

RMB

Item	31 December 2025	31 December 2024
Baowu Water	–	4,806,850
Total	–	4,806,850

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

2. Other receivables (Continued)

Other receivables

(1) Disclosures by aging

RMB

Item	31 December 2025	31 December 2024
Within 1 year	1,719,202,390	234,720,154
1-2 years	167,215,040	61,191,147
2-3 years	–	92,092
Over 3 years	2,000	33,872,271
Subtotal	1,886,419,430	329,875,664
Less: Allowances for bad debts of other receivables	341,516	20,167,022
Total	1,886,077,914	309,708,642

(2) Disclosures by customer categories

RMB

Item	31 December 2025	31 December 2024
Related parties	1,717,475,905	17,796,739
Third parties	168,943,525	312,078,925
Subtotal	1,886,419,430	329,875,664
Less: Allowances for bad debts of other receivables	341,516	20,167,022
Total	1,886,077,914	309,708,642

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for allowances for bad debts

2025

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	1,717,403,906	91	–	–	1,717,403,906
On a portfolio basis according to credit risk characteristics	169,015,524	9	341,516	–	168,674,008
Total	1,886,419,430	100	341,516		1,886,077,914

2024

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	2,802,311	1	–	–	2,802,311
On a portfolio basis according to credit risk characteristics	327,073,353	99	20,167,022	6	306,906,331
Total	329,875,664	100	20,167,022		309,708,642

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

2. Other receivables (Continued)

Other receivables (Continued)

(3) Allowances for bad debts (Continued)

As at 31 December 2025, details of other receivables for which allowances for bad debts are provided on a portfolio basis according to credit risk characteristics are as follows:

RMB

Item	Gross carrying amount	Provision for impairment	Proportion of provision (%)
Portfolio of pledges and deposits	32,139	35	–
Other portfolios of receivables	168,983,385	341,481	–
Total	169,015,524	341,516	

Movements in the allowances for bad debts recognised based on the 12-month ECL and lifetime ECL on other receivables are as follows:

RMB

Item	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
At 31 December 2024	607,638	3,436,284	16,123,100	20,167,022
Provision	–	–	–	–
Reversal	(63,576)	(2,976,265)	–	(3,039,841)
Write-off	–	–	–	–
Other changes	(534,063)	(128,502)	(16,123,100)	(16,785,665)
At 31 December 2025	9,999	331,517	–	341,516

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

2. Other receivables (Continued)

Other receivables (Continued)

(4) Top five closing balances of other receivables categorised by debtors

RMB

Item	Closing balance	Proportion of total other receivables (%)	Nature	Aging	Closing balance of allowances for bad debts
Magang Limited (Note)	1,717,403,906	91	Current accounts	Within 1 year	–
Company 1	167,215,040	9	Proceeds of asset transfer	1-2 years	326,069
Company 2	642,256	–	Current accounts	Within 1 year	3,854
Company 3	418,589	–	Current accounts	Within 1 year	2,512
Company 4	302,231	–	Current accounts	Within 1 year	1,813
Total	1,885,982,022	100			334,248

Note: In February 2025, the Company contributed capital to Magang Limited in the form of cash and assets and liabilities related to the steel business (see Note VIII, 2). The liabilities included notes payable, domestic letters of credit and international letters of credit issued by the Company through financial institutions. Although these debts have been transferred to Magang Limited, pursuant to agreements signed between the Company and the financial institutions, they remain payable in the Company's name upon maturity. Consequently, the Company entered into a supplementary agreement with Magang Limited stipulating that the aforementioned debts shall be paid by the Company, and that Magang Limited shall reimburse the Company for such payments. At the end of the year, the balance of RMB1,710.24 million within the Company's other receivables from Magang Limited represents the balance of amounts due from Magang Limited to the Company pursuant to the aforementioned agreement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

3. Long-term equity investments

RMB

Item	31 December 2025	31 December 2024
Long-term equity investment under equity method:		
Joint ventures	–	311,282,032
Associates	5,306,131,258	6,246,414,939
Long-term equity investments accounted for using the cost method:		
Subsidiaries	9,164,328,935	7,019,960,738
Subtotal	14,470,460,193	13,577,657,709
Less: Provision for impairment of long-term equity investments	1,196,606,986	1,196,606,986
Total	13,273,853,207	12,381,050,723

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

3. Long-term equity investments (Continued)

(1) Associates and joint ventures

RMB

Item	Opening balance	Changes for the year					Closing balance	Provision for impairment at the end of the year
		Investment profit or loss under equity method	Other comprehensive income	Other equity changes	Cash dividends declared	Provision for impairment		
Joint venture								
BOC-Ma steel	311,282,032	8,922,622	-	-	-	-	(320,204,654)	-
Associates								
Henan Jinma Energy	835,597,163	(140,038,044)	-	-	-	-	-	695,559,119
Shenglong Chemical	1,056,545,119	(48,377,461)	-	82,343	-	-	-	1,008,250,001
Xinchuang Energy Saving	78,354,632	5,772,425	-	146,944	(2,398,388)	-	-	81,875,613
Magang Chemicals & Energy	228,572,875	(43,928,518)	-	279,243	-	-	-	184,923,600
OBEI	467,971,290	17,096,795	-	-	(1,090,275)	-	-	483,977,810
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	122,724,073	(7,494,996)	-	-	-	-	2,851,545,115
Subtotal	6,246,414,939	(86,630,569)	(7,494,996)	508,530	(3,488,663)	-	(843,177,983)	5,306,131,258
Total	6,557,696,971	(77,707,947)	(7,494,996)	508,530	(3,488,663)	-	(1,163,382,637)	5,306,131,258

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries

RMB

Item	Carrying amount at the beginning of year	Changes for the year		Carrying amount at the end of year	Cash dividends declared
		Increase	Decrease		
Ma Steel (Wuhu)	8,225,885	-	(8,225,885)	-	-
Ma Steel (Cihu)	48,465,709	-	-	48,465,709	3,496,000
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	60,976,491
Ma Steel (Hefei)	1,775,000,000	-	(1,775,000,000)	-	-
Ma Steel (Hefei) Processing	85,596,489	-	(85,596,489)	-	-
Ma Steel (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)	-	-	-	-	-
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)	-	-
Masteel Hongfei	51,000,000	-	-	51,000,000	1,677,197
Wuhan Material	212,500,000	-	(212,500,000)	-	-
Magang Limited (Note 2)	10,077,397,347	(3,569,897,966)	6,507,499,381	-	-
Total	5,823,353,752	10,077,397,347	(7,933,029,150)	7,967,721,949	66,149,688

Note 1: MG-VALDUNES has entered into bankruptcy liquidation proceedings. The Company lost control of MG-VALDUNES on 20 November 2023, and the entity is no longer included in the Group's consolidated financial statements. A full impairment provision of RMB1,196,606,986 has been recognised in respect of the long-term equity investments in MG-VALDUNES.

Note 2: See Note VIII, 2.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

4. Operating income and operating costs

(1) Details of operating income and operating costs

RMB

Item	2025		2024	
	Income	Cost	Income	Cost
Principal operating activities	10,677,393,923	10,710,475,033	68,564,368,311	69,513,512,011
Other operating activities	404,039,709	373,365,044	2,149,204,317	2,444,173,271
Total	11,081,433,632	11,083,840,077	70,713,572,628	71,957,685,282
Including: Revenue from contracts	11,080,110,226	11,082,118,935	70,699,278,200	71,955,651,220
Other income	1,323,406	1,721,142	14,294,428	2,034,062

(2) Breakdown of operating income and operating costs from contracts with customers

RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Operating income	Operating costs	Operating costs	Operating costs of industrial products
Type of goods				
Steel products	10,382,621,138	10,357,277,894	66,760,707,304	67,747,546,016
Others	697,489,088	724,841,041	3,938,570,896	4,208,105,204
Total	11,080,110,226	11,082,118,935	70,699,278,200	71,955,651,220
Place of operation				
Chinese mainland	10,272,374,133	10,540,817,954	66,054,286,971	67,339,991,588
Overseas and Hong Kong	807,736,093	541,300,981	4,644,991,229	4,615,659,632
Total	11,080,110,226	11,082,118,935	70,699,278,200	71,955,651,220
Timing of transfer of goods				
At a point in time	11,071,038,193	11,079,838,701	70,615,765,632	71,879,875,774
Over time	9,072,033	2,280,234	83,512,568	75,775,446
Total	11,080,110,226	11,082,118,935	70,699,278,200	71,955,651,220

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

5. Research and development expenses

RMB

Item	2025	2024
Materials and power expenses	48,436,636	569,529,351
Depreciation expenses	4,886,811	46,514,209
Employee benefits	24,463,286	139,996,635
Testing and processing expenses	6,102,189	6,986,693
Outsourcing R&D and trial manufacture expenses	3,315,605	14,246,015
Others	7,452,316	19,563,199
Total	94,656,843	796,836,102

According to the Interpretation of ASBE No.15, the research and development expenses relating to the R&D and trial manufacture of new products recognised by the Company in operating costs are as follows:

RMB

Item	2025	2024
R&D and trial manufacture of new products	245,411,796	1,916,117,682
Including: Materials and power expenses	202,553,613	1,579,426,690
Depreciation expenses	38,124,476	271,547,656
Testing and processing expenses	4,733,707	63,523,453
Others	–	1,619,883

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

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

6. Investment income

RMB

Item	2025	2024
Income from long-term equity investments under cost method	66,149,688	481,945,217
Loss from long-term equity investments under equity method	(77,707,947)	(5,202,052)
Investment income from disposal of part of equity in subsidiaries	1,568,861,306	–
Investment income from disposal of associates	–	3,669,806
Investment loss from disposal of held-for-trading financial assets	1,058	4,500,249
Dividend income from investment in other equity instruments	–	2,270,000
Others	(10,611,159)	–
Total	1,546,692,946	487,183,220

SUPPLEMENTARY INFORMATION

For the year ended 31 December 2025

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE YEAR

RMB

Item	Amount
Gain or loss on disposal of non-current assets, including the write-off portion of the asset impairment provision already made	(61,606,726)
Government grants recognised in profit or loss for the period (other than those closely related to normal business, in line with the national policies, available under established standards and having a continuous effect on the profit or loss)	31,052,872
Gain or loss on changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, and gain or loss on disposal of financial assets and financial liabilities, other than those used in the effective hedging activities relating to normal business	1,058
Investment income acquired from disposal of associates	(6,196,808)
Other non-operating income and expenses other than the above	5,019,590
Total:	(31,730,014)
Less: Income tax effects	2,510,996
Less: Effect attributable to minority interests, net of tax	(54,151,935)
Net effect of non-recurring profit or loss attributable to shareholders of the Company	19,910,925

Non-recurring profit or loss items are recognised in accordance with the “Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Non-Recurring Profits and Losses” (Announcement [2023] No.65 of CSRC).

SUPPLEMENTARY INFORMATION (Continued)

For the year ended 31 December 2025

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE YEAR (CONTINUED)

Items not listed in “Explanatory Announcement on Information Disclosure for Companies Offering Securities to the Public No. 1: Non-recurring Profit or Loss” defined as the non-recurring profit or loss items with significant amount and the non-recurring profit or loss items set out in such Announcement defined as recurring profit or loss items are as follows:

RMB

Item	Amount involved	Reason
Government grants	75,458,747	Amortisation of deferred income related to assets

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The statement of return on net assets and earnings per share has been prepared by Maanshan Iron & Steel Company Limited in accordance with “Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share” (Revised in 2010) issued by China Securities Regulatory Commission.

RMB/Share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net loss attributable to ordinary shareholders of the Company	(0.88)	(0.03)	(0.03)
Net loss attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	(0.97)	(0.03)	(0.03)

The Group has no dilutive potential ordinary shares.

Chairman of the Board: Jiang Yuxiang
Approved and submitted by the Board of Directors on 25 March 2026



馬鞍山鋼鐵股份有限公司
Maanshan Iron & Steel Company Limited