



MAANSHAN IRON & STEEL COMPANY LIMITED

H Share Code: 323

A Share Code: 600808



2026 Interim Report

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DOCUMENT AVAILABLE FOR INSPECTION	A copy of the interim report signed by the chairman of the Board. Financial statements signed and sealed by the Company's legal representative, chief accountant and head of Accounting Department. Original copies of all documents and announcements of the Company disclosed in Shanghai Securities News, the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange during the Reporting Period. Interim report announced on the website of the Hong Kong Stock Exchange. The Articles of Association of the Company. Other Related Information.
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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 interim report; and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this interim report.
- II. All directors of the Company attended the Board meeting.
- III. This interim report has not been audited, but has been reviewed by the Audit and Compliance Committee of the Board 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, make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in the interim report.
- V. Profit distribution plan or plan for the capitalisation of capital reserve during the Reporting Period approved by the Board: Nil
- VI. Risk relating to forward-looking statements
The report analyses major risks faced by the Company. Please refer to "(I) Potential risks" of "5. OTHER DISCLOSURES" in Section III "Management Discussion and Analysis" of the report for details. Future plans and other forward-looking statements contained in this report do not constitute any substantive commitments to investors by the Company. Investors should be fully aware of the risks.
- VII. Whether there was any appropriation of fund on a non-operating basis by the controlling shareholder or other related parties: Nil
- VIII. Whether there was any violation of regulations, decisions or procedures in relation to provisions of external guarantees: Nil
- IX. Whether there was any situation that more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company: Nil
- X. Significant risk warning
The Company has no significant risk that needs to draw special attention of investors.
- XI. Others
This report is prepared in both Chinese and English. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

I Definitions

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

DEFINITIONS OF COMMON TERMS

Company or the Company or Magang Stock	means	Maanshan Iron & Steel Company Limited
The Group	means	the Company and its subsidiaries
The Holding	means	Magang (Group) Holding Co., Limited, the direct controlling shareholder of the Company
China Baowu, Baowu Group or Baowu	means	China Baowu Steel Group Corporation Limited, the controlling direct controlling shareholder of the Holding
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 controlling subsidiary of China Baowu.
Articles of Association	means	The articles of association of Maanshan Iron and Steel Company Limited
Shareholders' Meeting	means	the Shareholders' General Meeting and the Shareholders' Meeting of the Company
The Board and Director(s)	means	the board of directors of the Company and the director(s) of the Company
Strategic 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
Senior Management	means	the senior management of the Company
Hong Kong Stock Exchange	means	the Stock Exchange of Hong Kong Limited
SSE	means	the Shanghai Stock Exchange
A Shares	means	a nominal value of RMB1.00 per share, which are listed on the SSE
H Shares	means	a nominal value of RMB1.00 per share, which are listed on the Hong Kong Stock Exchange
PRC	means	the People's Republic of China
Hong Kong	means	the Hong Kong Special Administrative Region
RMB	means	Renminbi Yuan

I Definitions (Continued)

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, 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., an investee company of the Company
Jinma Energy	means	Henan Jinma Energy Company Limited, an investee company of the Company
Xinyang Jingang	means	Xinyang Steel Jingang Energy Co., Ltd.*, a controlling subsidiary of Jinma Energy
Shenglong Chemical	means	Shenglong Chemical Co., Ltd., an investee company of the Company
Chemicals & Energy	means	Anhui Magang Chemicals & Energy Technology Co., Ltd., an investee company of the Company
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 accounts receivable
Reporting Period	means	From 1 January 2026 to 30 June 2026

II Company Introduction and Major Financial Indicators

1. COMPANY PROFILE

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

2. CONTACT PERSON AND METHODS

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

3. BASIC INFORMATION

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

4. INFORMATION DISCLOSURE AND CHANGES IN LOCATION FOR INSPECTION

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

II Company Introduction and Major Financial Indicators (Continued)

5. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

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

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

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

6. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(1) Major accounting data

Unit: RMB

Major accounting data	Reporting Period (January to June)	Corresponding period of the previous year	Increase/decrease at the Reporting Period compared to the same period of the previous year (%)
Revenue	37,224,556,728	38,075,533,544	-2.23
Total profit	119,903,073	117,712,960	1.86
Net profit attributable to owners of the parent	-69,898,789	-74,780,316	N/A
Net profit excluding non-recurring gains or losses attributable to owners of the parent	-222,777,647	-108,239,155	N/A
Net cash flows from operating activities	3,715,856,893	940,725,426	295.00

II Company Introduction and Major Financial Indicators (Continued)

	As at the end of the Reporting Period	As at the end of previous year	Increase/ decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Net assets attributable to owners of the parent	23,960,527,904	24,026,672,263	-0.28
Total assets	80,784,992,995	81,746,797,461	-1.18
Total share capital	7,700,681,186	7,700,681,186	–

(2) Major financial indicators

Major financial indicators	Reporting Period (January to June)	Corresponding period of the previous year	Increase/ decrease at the Reporting Period compared to the same period of the previous year (%)
Basic earnings per share (RMB/share)	-0.01	-0.01	N/A
Diluted earnings per share (RMB/share)	-0.01	-0.01	N/A
Basic earnings per share excluding non-recurring gains or losses (RMB/share)	-0.03	-0.014	N/A
Return on net assets (weighted average) (%)	-0.29	-0.32	Increased by 0.03 percentage point
Return on net assets excluding non-recurring gains or losses (weighted average) (%)	-0.93	-0.47	Decreased by 0.46 percentage point

7. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

☐ Applicable ☒ Not Applicable

II Company Introduction and Major Financial Indicators (Continued)

8. NON-RECURRING GAINS OR LOSSES ITEMS AND AMOUNTS

Unit: RMB

Non-recurring gains or losses items	Amount
Gains or losses from disposal of non-current assets (including the part offset with the provision for impairment of assets)	104,325,977
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)	7,622,322
Non-operating income or expenses other than the above items	-650,276
Other items of profit or loss that meet the definition of non-recurring profit or loss	97,078,464
Less: Income tax effect	702,225
Non-controlling interests effect (after tax)	54,795,404
Total	152,878,858

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

Unit: RMB

Item	Amount involved	Reason
Other items of profit or loss that meet the definition of non-recurring profit or loss	97,078,464	Mainly represents the non-recurring profit or loss arising from the disposal by the associate, Jinma Energy, of its subsidiary, Xinyang Jingang, calculated in accordance with the shareholding ratio

III Management Discussion and Analysis

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

In the first half of 2026, China's national economy operated generally steadily, with GDP growing by 4.7% year-on-year. Meanwhile, the iron and steel industry was characterised by "robust supply against weak demand, falling exports, low steel prices, rising costs and sliding profitability". Domestic crude steel output stood at approximately 500 million tonnes, down 3.0% year-on-year; the apparent crude steel consumption was 437 million tonnes, representing a year-on-year decrease of 3.6%, or 0.6 percentage point higher than the decline in output. In terms of prices, the average China Steel Price Index (CSPI) fell by 1.29% year-on-year, while prices of major raw materials and fuels rose markedly. Among them, the average price of imported iron ore increased by 4.8% year-on-year; the procurement cost of coking coal for key surveyed enterprises rose by 8.7% year-on-year, and the procurement cost of metallurgical coke climbed by 6.5% year-on-year. Caught in the dual squeeze of sluggish demand and high level costs, steel enterprises faced heightened operational pressure and further headwinds to their performance. (Source: National Bureau of Statistics of China; China Iron and Steel Association)

As one of the largest iron and steel producers and sellers in China, the Company's major businesses are production and sales of iron and steel products; the main production processes include iron making, steel making, steel rolling, etc. Major products of the Company are steel, which is composed of four product series of "excellent special steel, wheels and axles, long products and plates". It has automobile plate, household appliance plate, zinc aluminum magnesium, heavy H-section steel, railway vehicle

materials, medium profile mining steel, low-temperature reinforcement, energy steel, high-speed wheel and other high-end products, which are widely used in aviation, railway, ocean, automobile, household appliance, shipbuilding, construction, machinery manufacturing and other fields and national key projects with broad market prospects. There were no material changes in the applications, business models, market positions, competitive advantages and disadvantages, or key performance drivers of the Company's major steel products.

During the Reporting Period, the Company did not add any significant non-core businesses.

2. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

1. Operational overview

In the first half of 2026, the Company thoroughly implemented China Baowu's strategic deployment of "new stage, new strategy, new model", adhered to the principles of the "Three Pathways, Four Directions, and Five Strategies", and focused on material tasks including operational accounting, integration and synergy, the "Three Reductions and Three Improvements" initiative and deepening reform, achieving a continuously improved operational performance and further consolidating the positive momentum. During the Reporting Period, the Group produced 9.2539 million tonnes of pig iron, 10.0233 million tonnes of crude steel, and 9.9304 million tonnes of finished billets and steel products, representing a decrease of 1.18%, 3.19% and 1.64% compared to the same period of last year, respectively. Under Chinese Accounting Standards for Business Enterprises, the Group recorded revenue of RMB37.225 billion, representing a year-on-year decrease of 2.23%; total profit amounted to

III Management Discussion and Analysis (Continued)

RMB120 million, representing a slight year-on-year increase; and a net loss attributable to shareholders of the listed company amounted to RMB70 million, representing a slight year-on-year loss reduction.

Key initiatives and operational highlights:

First, we strived to advance the operational performance of the core steel business. In the face of the severe market environment, Magang Limited insisted on “quality, efficiency and profitability”, and fully advanced product operation, operational accounting and lean operation, thereby continuously boosting operational performance improvement. It produced 7.3377 million tonnes of pig iron, 7.8740 million tonnes of crude steel, and 7.6923 million tonnes of finished billets and steel products, and recorded a total profit of RMB119 million, representing a year-on-year increase of RMB115 million. By implementing the business philosophy of “low cost, differentiation, high efficiency and fast pace”, Changjiang Steel made in-depth efforts in operational accounting and lean operation. It produced 1.9162 million tonnes of pig iron, 2.1493 million tonnes of crude steel, and 2.2381 million tonnes of steel products, and the total profit amounted to RMB154 million, representing a year-on-year increase of RMB45 million.

Second, we devoted to deepening product structure adjustment. Magang Limited recorded sales of 3.63 million tonnes of key products, representing a year-on-year increase of 11%, and continued to consolidate and enhance its performance. Specifically, sales of new products reached 1.06 million tonnes, representing a year-on-year increase of 22%; while cumulative sales of automotive steel plates amounted to 1.24 million tonnes, representing a year-on-year increase of

12%. The Company actively expanded the application market for high-speed railway and subway wheel products, with Magang wheels adopted in the entire Nanjing-Ma’anshan Urban Railway. Cumulative deliveries of high-speed railway wheels reached 2,444 units, 10 new official CRCC certificates were obtained, and wheels for 4 additional high-speed train models entered on-train trial operation. In terms of new product R&D, the “high-performance extra-large size hot-rolled H-beam for nuclear power” was launched for the first time, and the “ER7- ϕ 920mm high-hardness wheel for high-speed EMUs” and the “T- ϕ 1250mm high-strength high-toughness locomotive wheel for alpine-region railways” passed provincial-level new product certification. Changjiang Steel continued to optimize its product structure, with the output of high-strength steel reaching 129,900 tonnes; its direct rolling rate peaked at 91.67%, hitting an all-time high.

Third, we strived to drive cost reduction and efficiency enhancement. As Magang Limited completely carried out the “four major costs” improvement program, compared with the average level of the previous year, the costs of ironmaking, energy, end-to-end logistics and quality during the Reporting Period decreased by RMB732 million, RMB153 million, RMB137 million and RMB70 million respectively. As Changjiang Steel vigorously advanced the “Four Major Costs PLUS” program, compared with the same period last year, the costs of molten iron, logistics, energy, quality and post-steel-making during the Reporting Period declined by RMB30 million, RMB23 million, RMB26 million, RMB7 million and RMB36 million respectively.

III Management Discussion and Analysis (Continued)

Fourth, we devoted to consolidate the foundation for work safety.

Magang Limited thoroughly implemented the deployment requirements of the “ten hard measures” for work safety in central state-owned enterprises to prepare and practice special plans. It strengthened the application of Baowu’s major work safety risk monitoring platform, smart security system platform, and video visualization platform for safety monitoring at man-machine interaction work points to accelerate the development of AI agents for safety hazard identification. It launched special rectifications on personnel gathering sites in hazardous areas, risk points of man-machine interaction operations and lifting operations to conduct in-depth screening of hidden dangers. Changjiang Steel put in place the “1+2+3+4+N” full-domain safety system, and two of its operation areas were awarded as safety demonstration operation areas by Baowu Group.

Fifth, we strived to consolidate the foundation for environmental protection.

The Company refined the long-term environmental protection mechanism and supervised compliant operation, ensuring the dual zero target of “zero Class-A and major environmental incidents, and zero administrative penalties” in the first half of the year. Magang Limited was included in the first batch of leading standardized enterprises under the Normative Conditions for the Iron and Steel Industry (2025 Edition) (《鋼鐵行業規範條件(2025年版)》) released by the Ministry of Industry and Information Technology, with a clean transportation ratio accounting for 81.07%. Changjiang Steel was included in the first batch of standardized enterprises under the Normative Conditions for the Iron and Steel Industry (2025 Edition), and was awarded the title of “Dual Carbon Best Practice Energy Efficiency Benchmark Demonstration Process”. Its

energy consumption in the steel rolling process reduced by 8.54% year-on-year, and its clean transportation ratio remained stable at 82.52%.

Sixth, we strived to improve ESG management capabilities.

The Company systematically advanced critical tasks including energy conservation and consumption reduction, emission reduction and pollution control, and rural revitalization, enhanced ESG capacity building and internal and external communication, and continuously consolidated the management foundation, propelling a continuous improvement in ESG performance. During the Reporting Period, the Company’s WIND ESG rating was upgraded from A to AA.

Seventh, we strived to shape the strategic planning.

Concentrated on the goals of “strengthening special steel, optimizing plate products, refining section steel, and expanding wheels and axles”, Magang Limited optimized its industrial layout, implemented key projects such as the second phase of the new special steel project, and built a competitive leading high-quality steel manufacturing base. Also, it phased out the production lines in Area 1 of the Section Steel Business Unit and the CSP production line in an orderly manner. Changjiang Steel actively took over Magang’s building materials brand, and focused on high-end building materials, so as to build the most competitive high-quality building materials base in the region as well as a demonstration benchmark for mixed-ownership reform.

III Management Discussion and Analysis (Continued)

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

The iron and steel industry remains in a phase of volume reduction and structural adjustment; whilst there are structural opportunities in market demand, overall supply outstrips demand, making it increasingly difficult to improve profitability. For the Group, as product structure adjustment is not yet completed, coupled with the impacts of crude steel production control and coal consumption indicator reduction, operational performance improvement will continue to face pressure. In response, the Company will remain unwavering in its full-year targets, focus on value creation, deepen operational accounting, and strengthen synergy-driven value creation, making every effort to fulfill tasks for the full year. Specifically, the Company will focus on five key tasks:

First, continuously advancing operational performance improvement.

Magang Limited will enhance the market competitiveness of its products. Focusing on product operation and product differentiation, it will consolidate and upgrade key product categories, accelerate the mass application of high-speed railway wheels and axles, consistently strengthen the development of key section steel and special steel products, as well as reinforce R&D and application of high-end automotive steel products, thereby continuously elevating product market competitiveness. Meanwhile, it will orderly carry out the construction of material projects, including the No.4 slab continuous caster project, the 750,000-unit high-quality wheel supporting project of Masteel Transit Materials, and the southern area resilient wheel production line project. By continuously deepening the operating policy of “low cost, differentiation, high efficiency and fast

pace”, Changjiang Steel will broaden business concepts, actively respond to crude steel production reduction, fully implement the “Four Major Costs PLUS” management and control, carry out the steelmaking area renovation project, and further reduce expenses, so as to optimise production organisation under the economic operation mode.

Second, continuously advancing technological innovation.

The Company will leverage sci-tech innovation as a growth engine and lay emphasis on breakthroughs in key core technologies, aiming to strengthen its core capabilities. The Company will reinforce R&D of high-performance advanced steel materials, refine innovation in critical process technologies, and complete national major special R&D tasks with high quality, with compliance in the management of major sci-tech special projects reaching 100%. Through implementation of the high-end development strategy, the Company will advance the development of pivotal products such as bearing steel, marine section steel, and high-speed railway wheels for the Sichuan-Tibet Railway, striving to reach new product annual sales of 1.67 million tonnes and maintaining R&D investment intensity at no less than 4.25%. The Company will deepen technological breakthroughs in low-cost alloy substitution, precise composition design and process optimization, attach great importance to resolving key issues in sci-tech innovation, and lift core indicators.

Third, continuously deepening collaboration with Baosteel.

Magang Limited will deepen collaboration with Baosteel in the numerous fields such as procurement, production operations and marketing, maximize synergy effects by taking advantage of its strengths in channels, talents and technologies, and enhance overall value creation capabilities. This will advance the effective practice in terms of the strategic

III Management Discussion and Analysis (Continued)

investment value. The Company will optimize the promotion mechanism for collaborative support work, focus on quality, efficiency and profitability, and strengthen management diagnosis and benchmarking analysis, ensuring the effective implementation of all support projects.

Fourth, continuously strengthening the management of invested companies. The Company will refine the management of invested companies in compliance with laws and regulations, continue to perfect the working mechanism of full-time directors, and boost standardized corporate governance and lawful as well as compliant operation of invested companies.

Fifth, continuously enhancing work safety. The Company will firmly uphold the safety development philosophy of “people first, life first”, properly handle the relationship between development and safety, and implement safety work in a solid and meticulous manner with a sense of responsibility of “constant vigilance”, creating a work safety pattern characterized by joint management among all employees, across all businesses and throughout all processes.

3. Cash flows

During the Reporting Period, the Group recorded a net decrease in cash and cash equivalents of RMB3.613 billion, while the net increase in the same period last year was RMB1.628 billion. Net cash flow from operating activities was an inflow of RMB3.716 billion, compared with RMB941 million in the same period last year, with a year-on-year increase of RMB2.775 billion, mainly due to decreased accounts receivables and notes receivable arising from operating activities and

increased operating cash collections. Net cash flow from investing activities was an outflow of RMB5.633 billion, compared with RMB1.62 billion in the same period last year, with a year-on-year increase of RMB4.013 billion, primarily attributable to the Company's engagement in time deposit business during the Period. Net cash flow from financing activities showed a net outflow of RMB1.681 billion, compared with a net inflow of RMB2.298 billion in the same period last year, with a year-on-year decrease of RMB3.979 billion, largely resulting from repayment of borrowings during the Period.

4. Financial position and exchange risks

At the end of the Reporting Period, the total loans of the Group were denominated in RMB with an aggregate amount of RMB14.335 billion, including short-term loans of RMB10.163 billion, long-term loans of RMB1.371 billion and long-term loans due within one year of RMB2.801 billion. Loans amounting to RMB11.283 billion carried fixed interest rates and loans amounting to RMB3.052 billion carried floating interest rates. At the end of the Reporting Period, the Group's asset liability ratio was 55.12%, 0.55 percentage point lower than that of the end of 2025.

The amount of all loans of the Group changed with the scale of production, operation and construction. At present, the Company finances its construction projects mainly with its own funds. There was no overdue loan during the Reporting Period. At the end of the Reporting Period, banking facilities available to the Group amounted to approximately RMB79.350 billion, of which the unutilised facilities amounted to approximately RMB44.211 billion.

III Management Discussion and Analysis (Continued)

The Group's import and export operations are mainly settled in US dollars. In response to the exchange rate and interest rate volatility risks arising from divergent global monetary policies, the Company adheres to the operational principles of "cost locking, instrument locking, exposure locking, and cash flow locking". It comprehensively enhances lean management of cross-border funds and implements the specialized "three hedges and three reductions" initiative, coordinates the implementation of the "three combinations" strategy combining market hedging with natural hedging, short-term risk avoidance with long-term structural adjustment, and exchange rate control with interest rate control, thereby strengthening foreign exchange risk management.

5. Internal control and risk management

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

The Audit Committee reviewed the 2025 internal audit work report of the Company on 25 February 2026, agreeing to the internal audit work arrangements for 2026 and submitted it to the Board for consideration. The Board reviewed the 2025 anti-fraud work report and 2026 work arrangements on 26 February 2026.

The Board reviewed the 2025 Comprehensive Risk Management and Internal Control Work Report and the 2026 Work Plan on 25 March 2026, confirming that the Company would take appropriate control measures for risks relating to safety (including production and cyber security), environmental protection, the market, legal matters, the management of accounts receivable and payables, and credit risks, and other risks in 2025 and the risks were under control. Deloitte Touche Tohmatsu audited the effectiveness of the Company's internal controls over financial statements as at 31 December 2025, and issued a standard unqualified opinion on the internal control audit report.

During the Reporting Period, the Company evaluated the risks, formulated the measures for identified risks, and carried out key prevention and control to ensure that the risks were under control. The Board heard the comprehensive risk management and internal control work reports for the first quarter and the first half of 2026 on 24 April and 28 August 2026, respectively, and were in the views that the internal controls were effective, as well as overall risks were under control.

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

☐ Applicable ☒ Not Applicable

III Management Discussion and Analysis (Continued)

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

(1) Synergy advantages

The Company is deeply integrated into the China Baowu ecosystem. Its subsidiaries Magang Limited and Changjiang Steel leverage China Baowu's unified procurement platform and smart logistics platform to achieve optimal synergy at both the raw material end and the sales end. The Company fully implements the philosophy of "accounting operation" and refines lean management down to individual working procedures and per ton costs. Magang Limited has built up management, technology and resource synergy advantages with Baosteel and possesses strong supply chain integration capabilities.

(2) Regional advantages

The Company is located along the Yangtze River in Anhui Province, with extensive market reach across the Yangtze River Delta and proximity to major downstream consumer markets. Benefiting from the Yangtze River waterway and the well developed land based logistics network in East China, the Company enjoys comprehensive logistics cost advantages. It can respond rapidly to demands from high end downstream customers concentrated in the Yangtze River Delta covering automobile, home appliance and infrastructure sectors, and boasts strong market proximity and a regional service moat.

(3) Process and equipment advantages

The Company has a full range, fully supported process and equipment system covering coking, sintering, pelletizing, blast furnace, converter, electric furnace, hot rolling, cold rolling, continuous annealing and galvanizing. During the Reporting Period, the overall equipment level advanced at an accelerated pace toward high end orientation and intelligentization. It can meet the requirements for large scale intensive production and ensures stable supply capacity.

(4) Product and brand competitiveness advantages

During the Reporting Period, Magang Limited launched the world's thickest and heaviest hot rolled H section steel, filling the gap in the international high end heavy section steel market. It issued Environmental Product Declarations (EPD) for hot rolled steel plates and strips. It has cumulatively released 15 EPDs on the steel industry EPD platform, covering section steel, railway wheels, cold rolled products and special steel, which provides data support for the green and low carbon transformation of industrial chains. Magang Limited and Changjiang Steel were shortlisted in the MIIT lists of "Leading Standardized Enterprises" and "Standardized Enterprises" respectively.

III Management Discussion and Analysis (Continued)

4. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD

(1) Analysis of principal operations

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

Unit: RMB

Accounts	Amount of the current period	Amount of the same period of last year	Change (%)
Revenue	37,224,556,728	38,075,533,544	-2.23
Cost of sales	35,434,155,007	36,244,525,052	-2.24
Selling expenses	116,765,154	137,798,991	-15.26
General and administrative expenses	520,973,738	437,312,708	19.13
Financial expenses	125,097,501	245,618,668	-49.07
R&D expenses	382,428,506	549,322,312	-30.38
Credit impairment gains/losses	12,697,963	-9,568,661	N/A
Investment loss/income	-193,448,397	13,557,382	-1,526.89
Gains from disposal of assets	168,140,266	11,386,204	1,376.70
Operating profit	184,367,638	112,596,584	63.74
Non-operating income	1,463,023	17,953,725	-91.85
Non-operating expenses	65,927,588	12,837,349	413.56
Income tax expense	46,659,899	77,493,175	-39.79
Net profit	73,243,174	40,219,785	82.11
Net cash flows from operating activities	3,715,856,893	940,725,426	295.00
Net cash flows from investing activities	-5,633,199,561	-1,619,631,859	N/A
Net cash flows from financing activities	-1,680,790,732	2,297,776,926	-173.15

Compared to the same period last year, the major change items and the reasons for changes in the above table are set out as follows:

Revenue decreased by 2.23%, mainly due to the year-on-year decrease in average selling price of steel during the period as a result of continuous weak demand from downstream industries.

Cost of sales decreased by 2.24%, mainly due to the

corresponding reduction in the cost of sales carried forward as a result of the year-on-year decrease in steel sales volumes during the period.

Financial expenses decreased by 49.07%, mainly due to the year-on-year reduction in interest expenses as a result of the decrease in both total interest-bearing liabilities and financing costs during the period as compared to the same period of last year.

III Management Discussion and Analysis (Continued)

R&D expenses decreased by 30.38%, mainly due to the adjustment made to the project structure to concentrate resources on key R&D tasks; meanwhile, the reduction of losses on new products achieved through collaboration with Baosteel during the period.

Investment income decreased by 1,526.89%, mainly due to the fact that Xinyang Jingang, a subsidiary of the invested company Jinma Energy, was ordered by the court to enter into bankruptcy liquidation proceedings during the period, resulting in the Company recognising a corresponding investment loss under the equity method.

Credit impairment gains increased by RMB22 million, mainly due to the reversal of bad debt provisions previously recognised during the period.

Gains from disposal of assets increased by 1,376.70%, mainly due to the receipt of compensation for the land expropriation during the period, as well as an increase in gains from the disposal of assets of wire production line.

Operating profit increased by 63.74%, and net profit increased by 82.11%, mainly due to the fact that the Company insisted on quality improvement and efficiency enhancement as the core, and solidly advanced key initiatives including collaborative support, cost reduction and product structure optimisation, which led to a sustained improvement in operational performance.

Non-operating income decreased by 91.85%, mainly due to the fact that the Company wrote off certain long-outstanding receivables for which no payment was required during the corresponding period of the previous year, whereas no such items arose during the period.

Non-operating expenses increased by 413.56%, mainly due to the scrapping of assets of converters in the Long-Material Zone-I and relevant assets of the Iron-Making Plant of Magang Limited in the current period and the increase in losses on the scrapping of fixed assets during the period compared with the same period of last year.

Income tax expense decreased by 39.79%, mainly due to the reduction in income tax expense for Magang Limited and its subsidiaries during the period compared with the previous period.

Net cash flows from operating activities increased by 295.00%, mainly due to the fact that the Company increased the proportion of bill settlements during the period, leading to the reduction in cash paid for the purchase of goods as a result of the increase in bills payable.

Net cash outflows from investing activities increased by RMB4.013 billion, mainly due to the Company's engagement in time deposit business during the period.

III Management Discussion and Analysis (Continued)

Net cash inflows from financing activities decreased by RMB3.979 billion, mainly due to the fact that the Company received the first instalment of RMB2.57 billion as consideration for the transfer of 35.42% equity interests in Magang Limited acquired by Baosteel during the period, whereas the Company continued to reduce its interest-bearing liabilities and repaid part of its long-term borrowings during the period.

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

(3) Analysis of assets and liabilities

1. Assets and liabilities

(2) Explanation of material profit changes arising from non-core business

Affected by the court ordered bankruptcy liquidation proceedings against Xinyang Jingang, a controlling subsidiary of Jinma Energy, an investee company of the Company, the Company recognized corresponding investment losses of RMB293 million under the equity method. For details, please refer to https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2026-07-04/600808_20260704_4OPR.pdf.

Unit: RMB

Item	Closing balance of the current period	Percentage of closing balance of the current period in total assets (%)	Closing balance of last year	Percentage of closing balance of last year in total assets (%)	Year-on-year change (%)
Cash and bank balances	12,937,958,265	16.02	11,769,801,934	14.40	9.93
Inventories	7,320,140,650	9.06	7,410,383,368	9.07	-1.22
Investment properties	222,426,198	0.28	51,174,126	0.06	334.65
Long term equity investments	5,834,014,879	7.22	6,171,725,674	7.55	-5.47
Property, plant and equipment	45,431,470,737	56.24	45,747,321,970	55.96	-0.69
Construction in progress	1,405,880,444	1.74	1,976,324,641	2.42	-28.86
Right-of-use assets	50,995,123	0.06	297,919,634	0.36	-82.88
Short-term loans	10,163,299,748	12.58	10,759,496,729	13.16	-5.54
Notes payable	13,717,916,553	16.98	10,452,314,143	12.79	31.24
Contract liabilities	3,969,422,260	4.91	4,247,904,586	5.20	-6.56
Accrued liabilities	2,964,376	0.004	11,218,478	0.01	-73.58
Long-term loans	1,370,964,421	1.70	3,049,493,813	3.73	-55.04
Lease liabilities	41,184,071	0.05	336,261,229	0.41	-87.75
Other comprehensive income	-12,947,741	-0.02	-6,674,030	-0.01	94.00

III Management Discussion and Analysis (Continued)

Compared with the same period of last year, the major items with changes and the reasons for such changes are set out as follows:

Investment properties increased by 334.65%, mainly due to certain properties of the Company being wholly leased out during the current period and transferred to be accounted for as investment properties.

Right of use assets decreased by 82.88% and lease liabilities decreased by 87.75%, both mainly due to the relocation of some business units from office buildings during the current period. The Company renewed lease contracts for office buildings, R&D centres and others. The newly signed contracts feature reduced leased area and shortened lease terms. The carrying amounts of right of use assets and lease liabilities were re measured and adjusted in accordance with the terms of the new contracts.

Notes payable increased by 31.24%, mainly attributable to the Company's strengthened cash flow control and increased proportion of settlement and payment by notes.

Accrued liabilities decreased by 73.58%, mainly because the product sales warranty provisions accrued in prior periods incurred actual losses in the current period, with corresponding write offs to accrued liabilities.

Long-term loans decreased by 55.04%, mainly due to the Company's continuous reduction of interest bearing liability scale and repayment of part of long term loans during the current period.

Changes in other comprehensive income were mainly attributable to movements in the Company's foreign currency translation differences.

2. *Overseas assets*

The overseas assets amounted to RMB646 million, accounting for 0.8% of the total assets.

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

At the end of the Reporting Period, the aggregate restricted assets of the Company amounted to approximately RMB1,444 million, among that: bank acceptance bill deposits and performance bond guarantees amounted to RMB1,247 million, alongside RMB197 million in bank acceptance bills pledged as collateral for bank borrowings.

III Management Discussion and Analysis (Continued)

(4) Investment analysis

1. General analysis of external equity investments

Unit: million RMB

Investment amount as at the end of the Reporting Period of the Company	14,328
Changes in investment amount	-341
Investment amount as at the end of previous year of the Company	14,669
Increase or decrease in investment amount as compared with previous year (%)	-2.32

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

(2) Significant non-equity investment

At the end of the Reporting Period, particulars of the Group's major engineering projects are set out as follows:

Unit: million RMB

Project name	Total budgeted investment	Actual investment during the Reporting Period	Cumulative actual investment	Project progress
Phase II of New Special Steel Project	639	111.88	111.88	Equipment installation in steel making area and civil construction in continuous casting area
Magang Limited New No.4 Slab Caster Project of Steel-making Plant	358	86.77	86.77	Pile foundation and civil construction
No.4 Blast Furnace Intermediate Overhaul Project of Iron-making Plant	128	67.09	67.09	Refractory masonry inside furnace
Total	1,125	265.74	265.74	/

Funds for the Group's project construction are sourced from internal funds and bank borrowings.

III Management Discussion and Analysis (Continued)

(3) Financial assets measured at fair value

Unit: million RMB

Asset category	Opening balance	Fair value changes recognized in profit or loss for the period	Cumulative fair value changes recognized in equity	Impairment losses recognized for the period	Amount purchased during the period	Proceeds from sale/redemption during the period	Other movements	Closing balance
Receivables financing	1,279	40	–	–	–	–	–	1,319
Other equity instrument investments	529	-3	125	–	–	–	–	526
Total	1,808	37	125	–	–	–	–	1,845

Securities investment

☐ Applicable ☒ Not Applicable

Private equity fund investment

☐ Applicable ☒ Not Applicable

Derivatives investment

☐ Applicable ☒ Not Applicable

(5) During the Reporting Period, the Company had no material sales of assets or equity interests

III Management Discussion and Analysis (Continued)

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

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

Unit: million RMB

Company name	Company type	Principal business	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Magang Limited	Subsidiary	Steel smelting, steel rolling, processing and sales, etc.	1,266	51	58,455	18,781	30,346	184	90
Changjiang Steel	Subsidiary	Steel smelting, steel rolling, processing and sales, etc.	1,200	55	9,145	4,173	6,887	154	151
Jinma Energy	Investee	Production and sales of coke, coal tar, crude benzene, ammonium sulphate, coke oven gas, etc.	535.421	26.89	6,586	2,520	4,562	-1,148	-1,169
Baowu Finance	Investee	Enterprise group finance company services	6,840	22.36	75,945	10,205	616	282	212
Shenglong Chemical	Investee	Production and sales of coke, ammonium sulphate, coal chemical products (excluding other hazardous chemicals), etc.	568.8	31.99	7,601	3,932	2,605	14	9
Chemicals & Energy	Investee	R&D, production and sales of chemical products (excluding hazardous chemicals and precursor chemicals), etc.	696.6459	32	1,083	547	674	22	14

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable ☒ Not Applicable

(7) Structured entities controlled by the Company

☐ Applicable ☒ Not Applicable

III Management Discussion and Analysis (Continued)

5. OTHER DISCLOSURES

(1) Potential risks

Risks encountered by the Company in production and operation and corresponding response measures are set out in “2. Outlook and tasks for the second half of the year” under “2. Discussion and Analysis on Business Operations” above. Other major potential risks and response measures are as follows:

1. Safety (production, cyber security) risks. Response measures: ① Fully recognize the long term, complex and uncertain nature of safety management. Managers at all levels shall attach high importance and always keep safety production awareness high, strengthen whole process safety control, and implement accident prevention and risk early warning. ② Further reinforce the management philosophy and requirement that “violation is a crime and hidden danger is an accident”, and avoid lenient, loose and feeble management. Conduct annual comprehensive safety training and continuously push forward the “Small cut” special campaign. ③ Further promote the application of self controllable technologies to enhance cyber and data security. Guided by digital intelligent planning and cyber security policies, prioritize the implementation of three major protection strategies and the construction of four tier security lines to continuously improve cyber and data security protection capabilities.
2. Environmental protection, energy and carbon management risks. Response measures: In response to the new requirements of the Ecological Environment Code and the Guidelines for Investigation of Soil Pollution Hidden Hazards of Key supervised Entities (Trial) which take effect on 15 August 2026, the Company shall promptly identify and control environmental risks, and drive the transformation of environmental management from passive response to active prevention and from end of pipe control to whole process supervision. The third quarter falls within Maanshan’s summer ozone pollution control period. The Company will actively liaise with relevant government authorities to arrange reasonable maintenance works during the control period. On the basis of stable production operation and on site environmental performance, strengthen the control of nitrogen oxides and VOCs and reduce pollutant emissions.
3. Operating risks of investee companies. Response measures: Pay close attention to key investee companies with large shareholdings, large scale and material impact on the Company’s performance. In addition to routine supervision, focus on the progress of their major initiatives. Adopt multi pronged approaches to guard against various risks of investee companies, safeguard state owned asset safety and shareholders’ rights and interests, and preserve and increase the value of state owned assets.

III Management Discussion and Analysis (Continued)

(2) Other disclosures

1. Work of the Audit Committee. The Audit Committee of the Company comprises independent Directors Ms. Zeng Xiangfei, Mr. Guan Bingchun, Mr. He Anrui and Mr. Qiu Shengtao. The Audit Committee has reviewed the 2026 interim results.
2. Material events affecting the Group after the Reporting Period. On 28 August 2026, the 10th session of the Board of the Company appointed Mr. Fu Ming as general manager of the Company. Other than the above, no events with a material impact on the Group have occurred from the end of the Reporting Period to the date of this report.
3. Purchase, Sale or Redemption of Listed Securities of the Company. During the Reporting Period, the Company did not redeem any of its listed stocks, nor did the Company and its subsidiaries purchase or resale any of the listed stocks of the Company.
4. Pre-emptive Rights. There are no requirements under the Articles of Association of the Company and Chinese laws that the current shareholders shall purchase new shares based on their holding shares before the Company issues new shares.
5. Code on Corporate Governance. During the Reporting Period, the Company had complied with all the code provisions of the Code on Corporate Governance set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. No deviation behaviour from the code was found.
6. Model Code for Securities Transactions by Directors of Listed Issuers. During the Reporting Period, the Company had complied with the requirements stipulated by the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. No deviation behaviour from the code was found.
7. Shareholders' Rights. Any shareholder who holds 10% or more of the shares in the Company, either individually or jointly, has the right to demand an extraordinary general meeting from the Board in writing. When the Company convenes a general meeting, any shareholder who meets the conditions specified in Article 74 of the Articles of Association is entitled to file a new proposal with the Company in accordance with such Article in writing. Shareholders may send inquiries or comments to the Board by mail to the Company (No. 8 Jiu Hua Xi Road, Maanshan City, Anhui Province, the PRC).
8. Implementation status of the "Enhancing Quality, Efficiency, and Valuing Returns" action plan:

In April 2026, based on the Valuation Enhancement Plan, the Company formulated and issued the 2026 "Enhancing Quality, Efficiency, and Valuing Returns" action plan. In accordance with relevant requirements, the Company assessed the implementation of relevant measures under the Valuation Enhancement Plan and the

III Management Discussion and Analysis (Continued)

action plan against the half year actual performance for 2026, as detailed below:

First, strive to improve operating quality. See “1. Major operational overview” under “II. Discussion and Analysis on Business Operations” above.

Second, explore and foster new growth curves for the enterprise. The steel industry has entered a development cycle of output reduction and structural adjustment, and the scope for traditional scale expansion models keeps narrowing. Based on its strategic positioning as “a core player in high quality special long products and an important player in plate and strip products”, the Company targets the development goal of a “new Magang with strong momentum, large scale and great strength”. Adhering to the direction of high end development, green transition, intelligent transformation and high efficiency operation, the Company will take approaches of consolidating the existing business fundamentals, fostering new growth drivers, deepening reform and coordination, and innovating business models. It will coordinate quality and efficiency improvement for traditional steel business, breakthroughs in high value added new materials, layout in emerging tracks, monetisation of green value and institutional mechanism reform, systematically build new enterprise growth curves, shift the development model from scale driven growth to quality benefit and innovation driven growth, and accelerate the development of new productive forces.

Third, establish and improve long term incentive mechanisms. The Company has put in place performance oriented long term incentive mechanisms combining long term and short term incentives. The Company thoroughly implements the philosophy of the new type operating responsibility system, attaches importance to the core role of the “vital few”, strengthens accountability for performance, and stimulates potential and efficiency. It fully implements the tenure system and contract based management for the operation management team, issues appointment letters and operating performance responsibility letters for members of the management for annual and tenure terms. Remuneration for senior management is reasonably determined based on key indicators such as total profit, return on net assets and asset liability ratio as well as individual performance evaluation results, to ensure close alignment with the Company's strategic objectives.

Fourth, attach great importance to shareholder returns. The Company always values shareholder returns. Although dividends were not distributed during the Reporting Period due to operating losses, relevant clauses on interim dividends have been clearly stipulated in the Articles of Association: when reviewing the annual profit distribution proposal at the annual general meeting, the meeting may concurrently review and approve the conditions, upper limit of ratio and upper limit of amount for interim cash dividends for the following year. Such upper limit for interim

III Management Discussion and Analysis (Continued)

dividends shall not exceed the net profit attributable to the Company's shareholders for the corresponding period.

Fifth, continuously optimise information disclosure. The Company strictly complies with national laws, regulations and securities regulatory requirements, earnestly implements internal corporate policies, adheres to the disclosure principles of truthfulness, accuracy, completeness, timeliness and fairness, avoids false records, misleading statements and material omissions, and keeps improving disclosure quality. Information disclosure work in the first half of 2026 was standardised and orderly. Meanwhile, the Company strengthened process control over inside information, strictly implemented confidentiality administration and insider registration and filing systems. No insider trading or other illegal or irregular conduct occurred during the Reporting Period, effectively safeguarding the legitimate rights and interests of the Company and its investors.

Sixth, further improve investor relations management. The Company attaches great importance to investor relations management and market expectation guidance. It communicates with the capital market through diversified channels including performance briefings, institutional roadshows, visitor receptions and online interactions, objectively delivers corporate value, stabilises market expectations and boosts investor confidence. During the Reporting Period, the 2025

annual performance briefing was held via simultaneous Chinese and English live broadcast. Multiple exchanges and visitor receptions for investment institutions were conducted, and the reply rate on the SSE E Interactive platform reached 100%, effectively safeguarding investors' rights to know, participate and supervise.

Seventh, coordinate with the controlling shareholder to stabilise market expectations. The Company focuses on maintaining regular communication with its controlling shareholder, this "vital few", for information alignment, and urges the controlling shareholder to fulfil its primary responsibilities and give better play to its role as a supportive shareholder. The Company keeps tracking changes in market valuation. Should secondary market performance deviate materially from the Company's intrinsic value, the Company will promote the controlling shareholder to stabilise market expectations and boost investor confidence through compliant measures including voluntary share increase, lock up period extension and commitment against share reduction.

IV Corporate Governance, Environment and Society

1. DURING THE REPORTING PERIOD, THERE WERE NO CHANGES IN THE COMPANY'S DIRECTORS OR SENIOR MANAGEMENT PERSONNEL

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

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

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

3. NO EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES

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

Number of enterprises included in the Statutory Environmental Information Disclosure List 5

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

IV Corporate Governance, Environment and Society (Continued)

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

(1) Strengthen overall planning and deployment, and consolidate organisational and fund guarantees

The Company made overall plans for designated assistance work in 2026, ensuring solid implementation and tangible results of poverty alleviation support. The Company's leaders and relevant business departments conducted two on-site investigations in designated assistance villages, listened to work reports from resident village teams, inspected the development of characteristic industries on site, and put forward targeted optimisation plans. The Company approved the external donation budget for 2026 and fully allocated special assistance funds, providing solid financial support for assistance initiatives.

(2) Deepen the development of characteristic industries and stimulate rural development momentum

Focusing on the quality and efficiency improvement of industries in Liji Village, Funan County, the characteristic fresh corn planting project has achieved practical results. Guided by the corn expert team of the Anhui Academy of Agricultural Sciences, the project firstly organised villagers to carry out trial planting on 13 mu of land, yielding 8,000 kilograms of corn. The corn features soft, glutinous and sweet taste with favourable market feedback. Coordinated by the local town government, the expert team

provided full-process technical services including improved variety cultivation and field management. The village collective transferred 105 mu of dry land to expand the planting scale and designated 45 mu of land as standard demonstration experimental fields. After two years of practice, local farmers have mastered standardised planting techniques. The harvested corn is uniformly purchased and further processed for sales by Anhui Yami Ecological Agricultural Technology Development Co., Ltd. This model effectively expands income-increasing channels for farmers, drives local employment, and continuously strengthens the village collective economy.

(3) Leverage corporate advantages and innovate paid clustered assistance mechanisms

Relying on its industrial resource advantages, the Company promoted cross-regional "clustered assistance" to support the sales of ton bags in Luotian County, Hubei Province. By comprehensively sorting out internal material procurement demands, the Company gave priority to purchasing ton bags from assisted regions and cooperated with upstream and downstream partners to expand procurement channels. In the first half of the year, the Company directly purchased ton bags from Luotian County worth RMB1.05 million, boosting income growth of assisted industries through market-oriented means.

IV Corporate Governance, Environment and Society (Continued)

(4) Focus on people's livelihood needs and solidify talent and education assistance

The Company prioritises people's livelihood concerns and delivers practical services for the public. It conducted visits and condolences to poverty-alleviated households and monitoring households to guarantee the basic living standards of disadvantaged groups. In cooperation with Ranger-Duree Healthcare, the Company provided free medical consultations and medication guidance for left-behind elderly people in assisted villages. The Company also launched student assistance activities in Lintou Town, Hanshan County, raising RMB10,950 in charitable donations from youth league members, together with school bags and stationery, to support 10 needy students, empowering rural teenagers' education with youthful efforts.

(5) Coordinate production and sales docking and implement comprehensive consumption assistance

The Company carried out regular consumption assistance activities to expand production and sales channels for agricultural products from assisted villages. Special live-streaming sessions were held to promote characteristic agricultural products of assisted counties and villages and share rural revitalisation stories. The Company formulated and issued the 2026 Consumption Assistance Work Plan, clarifying task indicators, fund sources and responsibility division. A total of RMB2.8309 million of consumption assistance was completed in the first half of the year.

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

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

For details of such commitments, please refer to the Company's 2019 and 2020 annual reports published on the website of the Shanghai Stock Exchange or the feedback reply of China Baowu on the “Notice regarding China Securities Regulatory Commission's First Feedback on the Review of Administrative Permission Items”.

Since making the commitment to avoid horizontal competition, China Baowu has been actively exploring ways to resolve the issue through business integration and asset restructuring. However, due to the complex production processes involved in comprehensive steel enterprises, business integration has proven challenging. Additionally, the iron and steel industry has been in a weak cycle in recent years, placing performance

pressure on listed steel companies. Under these market conditions, resolving the issue of horizontal competition has become more difficult. Furthermore, as Magang Stock is a listed company on both the A and H share markets, addressing horizontal competition requires compliance with regulatory rules in both capital markets and consideration of the interests of minority shareholders on both sides. Therefore, a comprehensive solution requires more time for feasibility analysis and demonstration, and China Baowu issued the Letter on Extending the Commitment to Avoid Horizontal Competition in 2024. Based on the progress of its efforts to fulfill the commitment, the Company has extended the commitment made in 2019 to avoid horizontal competition to August 25, 2027 (3 years).

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

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

V Significant Events (Continued)

4. AUDIT OF INTERIM REPORT

(1) Appointment and dismissal of accounting firms

On June 16, 2026, the proposal to reappoint the auditor for the year 2026 was considered and approved at the Company's 2025 Annual General Meeting to reappoint Deloitte Touche Tohmatsu as the Company's auditor for the year 2026.

During the Reporting Period, there was no change in the appointment of the accounting firm during the audit period.

5. DURING THE REPORTING PERIOD, THE COMPANY WAS NOT INVOLVED IN ANY BANKRUPTCY REORGANIZATION MATTERS

6. THERE WERE NO ANY SIGNIFICANT LITIGATION OR ARBITRATION CASES DURING THE REPORTING PERIOD

9. SUBSTANTIAL RELATED PARTY TRANSACTIONS

(1) Related party transactions related to normal operations

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

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

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

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

☐ Applicable ☒ Not Applicable

V Significant Events (Continued)

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

- (1) The continuing related party transactions under the 2025–2027 “Sale and Purchase of Product Agreement” and its supplemental agreement between the Company and China Baowu

In 2024, the Company and China Baowu signed the 2025–2027 “Sale and Purchase of Product Agreement”, which

was approved at the shareholders' meeting. In 2025, the Company and China Baowu signed the 2025–2027 Supplemental Agreement to the Product Supply and Sales Agreement to raise the respective annual cap on the amount of products sold by the Company to China Baowu under the “Sale and Purchase of Product Agreement”, which was approved at the shareholders' meeting. During the Reporting Period, the amounts of related party transactions incurred under such agreements were as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category (%)
Sales of products to China Baowu	16,225	43.59
Purchasing products from China Baowu	8,355	29.23
Total	24,580	/

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

All Directors of the Board who are not associated with China Baowu (including Independent Non-executive Directors) considered that those transactions were carried out in the daily course of business under normal commercial terms and in accordance with the terms of such agreements. The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting

V Significant Events (Continued)

Period, the amount of such transaction was under the 2026 annual cap of RMB 79,293 million specified in such agreements.

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

In 2024, the Company and China Baowu signed the 2025–2027 “Acceptance and Provision of Services Agreement”, as approved at the shareholders' meeting. During the Reporting Period, the amount of related party transactions under the agreement was as follows:

Unit: million RMB

	Amount	Proportion of transaction of the same category (%)
Provision of services to China Baowu	31	62.37
Receiving services from China Baowu	3,013	57.62
Total	3,044	/

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

All Directors of the Board who are not associated with China Baowu

(including Independent Non-executive Directors) considered that those transactions were carried out in the daily course of business under normal commercial terms and in accordance with the terms of “Acceptance and Provision of Services Agreement”. The terms were fair and were in the best interest of the shareholders of the Company as a whole. During the Reporting Period, the amount of such transaction was under the 2026 annual cap of RMB 8,523 million specified in the “Acceptance and Provision of Services Agreement”.

V Significant Events (Continued)

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

In 2024, the Company and China Baowu signed the 2025–2027 “Financial Services Agreement”, as approved at the shareholders' meeting. During the Reporting Period, the amount of related party transactions under the agreement was as follows:

Unit: million RMB

Item	Annual cap	Amount
Maximum daily deposit balance	9,500	9,154
Comprehensive credit line provided by Baowu Finance to the Company	9,500	2,349
Service fee paid by the Company to Baowu Finance for financial services	210	20
Total interest on the Company's deposits with Baowu Finance	190	46

Baowu Finance provides deposit services to the Company at the deposit interest rate determined in accordance with that of the same type and under the same terms promulgated by the People's Bank of China, in principle, not lower than the deposit interest rate of the same type and under the same terms of the independent major commercial banks in the PRC. The preferential credit interest rates and fee rates offered by Baowu Finance to the Company in respect of its credit facilities such as loans, bill acceptance and bill discounting are, in principle, not higher than the interest rates and fee rates of the Company's credit facilities of the same type and at the same time, which the Company obtains from independent

major commercial banks in the PRC. Baowu Finance shall follow the principles of fairness and reasonableness to provide other financial services to the Company, and charge the relevant fees not higher than the fair market prices obtained by the Company from independent major commercial banks in the PRC or the standards stipulated by the State.

All Directors of the Board (including Independent Non-executive Directors) who are not associated with Baowu Finance considered that those transactions were set and conducted in daily course of business under normal commercial terms and in accordance with the terms of “Financial Services Agreement”. The terms were fair and

V Significant Events (Continued)

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 2026 for that agreement.

(2) No related party transactions involving asset acquisitions or equity acquisitions and sales during the Reporting Period

(3) Substantial related party transactions in respect of jointly investment

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

Summary of matter	index
Capital contribution of equity assets in Baowu Water held by Magang Limited to Baowu Huanke	https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2026-05-28/600808_20260528_1W79.pdf https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2026-08-01/600808_20260801_Z85E.pdf °

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

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

1. *Deposits business*

Unit: million RMB

Related party	Connection	Daily maximum deposit limit	Interest rate range of deposits	Balance at the beginning of the period	Amount for the period		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 related financial companies	9,500	0.1%-1.4%	8,243.70	205,129.57	204,851.14	8,522.13

V Significant Events (Continued)

2. Loans business

Unit: million RMB

Related party	Connection	Amount for loan	Interest rate range of loans	Amount for the period			
				Balance at the beginning of the period	Total loan amount for the period	Total amount repaid during the period	Balance at the end of the period
Baowu Finance	Financial business between the Group and its related financial companies	9,500	2.08%-2.30%	2,280.00	1,024.71	1,628.08	1,676.63

3. Credit business or other financial business

Unit: million RMB

Related party	Connection	Business types	Balance at the end of the period	Actual amount
Baowu Finance	Financial business between the Group and its related financial companies	Discounting	21.63	86.71
Baowu Finance	Financial business between the Group and its related financial companies	Factoring	—	41.00

10. MATERIAL CONTRACTS AND EXECUTION THEREOF

- (1) During the Reporting Period, there was no substantial entrustment, contracting and leasing
- (2) As at the end of the Reporting Period, the Company had no outstanding guarantees

11. EXPLANATION OF THE PROGRESS OF THE USE OF PROCEEDS

☐ Applicable ☒ Not Applicable

VI Movements in Share Capital and Shareholders

1. SHARE MOVEMENTS

(1) Table on share movements

1. Table on share movements

Unit: share

	Before the change		Increase/(decrease) during the year					After the change	
	Number of shares	Percentage (%)	New shares issued	Bonus shares	Shares converted from surplus reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares with selling restriction	-	-	-	-	-	-	-	-	-
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-	-	-
3. Other domestically owned shares	-	-	-	-	-	-	-	-	-
Including: Domestic non-state owned legal person shares	-	-	-	-	-	-	-	-	-
Shares owned by domestic natural persons	-	-	-	-	-	-	-	-	-
4. Foreign shareholding	-	-	-	-	-	-	-	-	-
Including: Overseas legal person shares	-	-	-	-	-	-	-	-	-
Overseas natural person shares	-	-	-	-	-	-	-	-	-
II. Shares without selling restriction	7,700,681,186	100	-	-	-	-	-	7,700,681,186	100
1. RMB ordinary shares	5,967,751,186	77.50	-	-	-	-	-	5,967,751,186	77.50
2. Foreign shares listed domestically	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	1,732,930,000	22.50	-	-	-	-	-	1,732,930,000	22.50
III. Total	7,700,681,186	100	-	-	-	-	-	7,700,681,186	100

During the Reporting Period, the total number of shares and capital structure of the Company remained unchanged.

VI Movements in Share Capital and Shareholders (Continued)

(2) Changes in restricted shares

☐ Applicable ☒ Not Applicable

2. SHAREHOLDERS

(1) Total shareholders:

Number of Shareholders as at the end of the Reporting Period (*unit*) 120,297

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

Unit: Share

Top Ten Shareholders with unrestricted selling condition (excluding shares lent through securities lending and refinancing)							
Name of Shareholder	Increase/ Decrease within the Reporting Period	No. of Shares at the end of period	Percentage (%)	No. of Shares under restricted condition for sales	Pledged or frozen situations	Share status	Shareholder nature
Magang (Group) Holding Co., Limited	-	3,733,677,149	48.49	-	Nil	-	State-owned shareholder
Hong Kong Securities Clearing Company (Nominees) Limited	-	1,720,448,295	22.34	-	Unknown	Unknown	Overseas legal person
Hong Kong Securities Clearing Company Ltd.	-25,207,396	43,117,321	0.56	-	Unknown	Unknown	Overseas legal person
Beijing Guoxing Real Estate Management Co., Ltd.	65,464	42,376,601	0.55	-	Unknown	Unknown	Domestic non- state-owned legal person
Bank of Ningbo Co., Ltd. – Dongfanghong Zhiyuan 3-Year Holding Period Hybrid Securities Investment Fund	Unknown	21,407,000	0.28	-	Unknown	Unknown	Other
Industrial and Commercial Bank of China Limited – Dongfanghong China Advantage Flexible Allocation Hybrid Securities Investment Fund	Unknown	15,293,000	0.20	-	Unknown	Unknown	Other
Wang Xiaohua	Unknown	15,000,000	0.19	-	Unknown	Unknown	Domestic natural person
CITIC Securities Asset Management (Hong Kong) Co., Limited – Client Funds – RMB Inward Remittance	Unknown	14,862,092	0.19	-	Unknown	Unknown	Other
Industrial and Commercial Bank of China Limited – Rongtong China Style No.1 Flexible Allocation Hybrid Securities Investment Fund	Unknown	12,800,000	0.17	-	Unknown	Unknown	Other
Bank of China Limited – Manulife Jili Bond Securities Investment Fund	Unknown	12,498,600	0.16	-	Unknown	Unknown	Other

VI Movements in Share Capital and Shareholders (Continued)

Top Ten Shareholders with unrestricted selling condition (excluding shares lent through securities lending and refinancing and locked shares of senior executives)			
Name of Shareholder	The number of outstanding shares held	Type and quantity of Shares	
		Type	Number
Magang (Group) Holding Co., Limited	3,733,677,149	Ordinary shares	3,733,677,149
Hong Kong Securities Clearing Company (Nominees) Limited	1,720,448,295	Overseas listed foreign shares	1,720,448,295
Hong Kong Securities Clearing Company Ltd.	43,117,321	Ordinary shares	43,117,321
Beijing Guoxing Real Estate Management Co., Ltd.	42,376,601	Ordinary shares	42,376,601
Bank of Ningbo Co., Ltd. – Dongfanghong Zhiyuan 3-Year Holding Period Hybrid Securities Investment Fund	21,407,000	Ordinary shares	21,407,000
Industrial and Commercial Bank of China Limited – Dongfanghong China Advantage Flexible Allocation Hybrid Securities Investment Fund	15,293,000	Ordinary shares	15,293,000
Wang Xiaohua	15,000,000	Ordinary shares	15,000,000
CITIC Securities Asset Management (Hong Kong) Co., Limited – Client Funds – RMB Inward Remittance	14,862,092	Ordinary shares	14,862,092
Industrial and Commercial Bank of China Limited – Rongtong China Style No.1 Flexible Allocation Hybrid Securities Investment Fund	12,800,000	Ordinary shares	12,800,000
Bank of China Limited – Manulife Jili Bond Securities Investment Fund	12,498,600	Ordinary shares	12,498,600
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.		

At the end of the Reporting Period, HKSCC Nominees Limited held 1,720,448,295 H Shares of the Company on behalf of its clients, among which, 358,950,000 H Shares are held on behalf of Baosteel Hong Kong Investment. During the Reporting Period, no shares of the Company held by the Holding and Baosteel Hong Kong Investment were pledged, frozen or hosted. However, the Company was unaware whether shares of the Company held by other shareholders who have 5% and above of the total were pledged, frozen or hosted.

Shareholders holding 5% or above shares, the top ten shareholders, or shareholders holding circulating shares without selling restrictions in shares have participated in shares lent through securities lending and refinancing

☐ Applicable ☒ Not Applicable

VI Movements in Share Capital and Shareholders (Continued)

Changes in the top ten shareholders and top ten shareholders holding unrestricted circulating shares as compared with the previous period arising from securities lending and refinancing share lending/return activities

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

3. INFORMATION ON DIRECTORS AND SENIOR EXECUTIVES

- (1) No change in shareholdings of current and outgoing Directors and senior executives in the Reporting Period
- (2) No equity incentives granted to Directors and senior management during the Reporting Period

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

VII Financial Statements

The Consolidated Balance Sheet

30 June 2026

RMB

ASSETS	Note V	30 June 2026	31 December 2025
Current Assets:			
Cash and bank balances	1	12,937,958,265	11,769,801,934
Notes receivable	2	407,847,184	572,691,130
Accounts receivable	3	2,204,079,808	2,816,512,581
Receivables financing	4	1,319,332,544	1,279,050,625
Prepayments	5	375,316,812	439,550,590
Other receivables	6	487,144,689	376,522,535
Inventories	7	7,320,140,650	7,410,383,368
Other current assets	8	206,712,172	191,002,772
Total Current Assets		25,258,532,124	24,855,515,535
Non-current Assets:			
Long-term equity investments	9	5,834,014,879	6,171,725,674
Investment in other equity instruments	10	526,200,874	529,512,184
Investment properties	11	222,426,198	51,174,126
Fixed assets	12	45,431,470,737	45,747,321,970
Construction in progress	13	1,405,880,444	1,976,324,641
Right-of-use assets	14	50,995,123	297,919,634
Intangible assets	15	1,760,148,292	1,815,809,118
Deferred tax assets	16	295,324,324	301,494,579
Total Non-current Assets		55,526,460,871	56,891,281,926
TOTAL ASSETS		80,784,992,995	81,746,797,461

The Consolidated Balance Sheet (Continued)

30 June 2026

RMB

LIABILITIES AND SHAREHOLDERS' EQUITY		Note V	30 June 2026	31 December 2025
Current Liabilities:				
Short-term borrowings	18		10,163,299,748	10,759,496,729
Notes payable	19		13,717,916,553	10,452,314,143
Accounts payable	20		7,697,419,839	9,381,832,392
Contract liabilities	21		3,969,422,260	4,247,904,586
Employee benefits payable	22		214,038,891	274,397,346
Taxes payable	23		206,625,712	238,476,858
Other payables	24		3,029,393,636	3,031,625,066
Non-current liabilities due within one year	25		2,821,089,336	2,372,076,286
Provisions	26		2,964,376	11,218,478
Other current liabilities	27		525,208,383	548,260,463
Total Current Liabilities			42,347,378,734	41,317,602,347
Non-current Liabilities:				
Long-term borrowings	28		1,370,964,421	3,049,493,813
Lease liabilities	29		41,184,071	336,261,229
Long-term employee benefits payable	30		265,081	265,081
Deferred income	31		771,572,816	804,941,750
Total Non-current Liabilities			2,183,986,389	4,190,961,873
TOTAL LIABILITIES			44,531,365,123	45,508,564,220

The Consolidated Balance Sheet (Continued)

30 June 2026

RMB

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2026	31 December 2025
Shareholders' Equity:			
Share capital	32	7,700,681,186	7,700,681,186
Capital reserve	33	9,532,614,062	9,531,206,765
Less: Treasury shares		—	—
Other comprehensive income	34	(12,947,741)	(6,674,030)
Special reserve	35	74,297,736	65,676,892
Surplus reserve	36	4,720,262,452	4,720,262,452
Retained profits	37	1,945,620,209	2,015,518,998
Total equity attributable to shareholders of the Company		23,960,527,904	24,026,672,263
Minority interests		12,293,099,968	12,211,560,978
TOTAL SHAREHOLDERS' EQUITY		36,253,627,872	36,238,233,241
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		80,784,992,995	81,746,797,461

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

Legal Representative:
Jiang Yuxiang

Chief Financial Officer:
Chen Guorong

Person in Charge of the Accounting Body:
Le Zhihai

The Consolidated Income Statement

For the six-month period ended 30 June 2026

RMB

Item	Note V	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Total operating income		37,224,556,728	38,075,533,544
Including: Operating income	38	37,224,556,728	38,075,533,544
II. Total operating costs		36,814,781,068	37,859,107,535
Including: Operating costs	38	35,434,155,007	36,244,525,052
Taxes and levies	39	235,361,162	244,529,804
Selling expenses	40	116,765,154	137,798,991
Administrative expenses	41	520,973,738	437,312,708
Research and development expenses	42	382,428,506	549,322,312
Financial expenses	43	125,097,501	245,618,668
Including: Interest expenses		177,435,964	285,555,450
Interest income		79,806,315	66,937,989
Add: Other income	44	92,016,400	219,162,236
Investment (loss) income	45	(193,448,397)	13,557,382
Including: (Losses) income from investments in associates and joint ventures		(178,253,695)	14,747,429
Credit impairment gains (losses)	46	12,697,963	(9,568,661)
Asset impairment losses	47	(304,814,254)	(338,366,586)
Gains from disposal of assets	48	168,140,266	11,386,204
III. Operating profit		184,367,638	112,596,584
Add: Non-operating income	49	1,463,023	17,953,725
Less: Non-operating expenses	50	65,927,588	12,837,349
IV. Total profit		119,903,073	117,712,960
Less: Income tax expenses	52	46,659,899	77,493,175

The Consolidated Income Statement (Continued)

For the six-month period ended 30 June 2026

RMB

Item	Note V	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
V. Net profit		73,243,174	40,219,785
(I) Categorised by the continuity of operation			
1. Net profit from continuing operations		73,243,174	40,219,785
2. Net profit from discontinued operations		—	—
(II) Categorised by ownership			
1. Net loss attributable to shareholders of the Company		(69,898,789)	(74,780,316)
2. Profit or loss attributable to minority interests		143,141,963	115,000,101
VI. Other comprehensive income, net of tax	34	(15,143,375)	(4,214,751)
Other comprehensive income attributable to shareholders of the Company, net of tax		(6,273,711)	(4,214,751)
(I) Other comprehensive income that cannot be reclassified to profit or loss		(2,839,011)	(2,469,678)
1. Changes in fair values of investments in other equity instruments		(2,839,011)	(2,469,678)
(II) Other comprehensive income that will be reclassified to profit or loss		(3,434,700)	(1,745,073)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		7,643,095	(875,196)
2. Translation differences of financial statements denominated in foreign currencies		(11,077,795)	(869,877)
Other comprehensive income attributable to minority interests, net of tax	34	(8,869,664)	—
VII. Total comprehensive income		58,099,799	36,005,034
(I) Total comprehensive loss attributable to shareholders of the Company		(76,172,500)	(78,995,067)
(II) Total comprehensive income attributable to minority interests		134,272,299	115,000,101
VIII. Earnings per share			
(I) Basic earnings per share		(0.01)	(0.01)
(II) Diluted earnings per share		(0.01)	(0.01)

The Consolidated Statement of Changes in Shareholders' Equity

For the six-month period ended 30 June 2026

RMB

For the six-month period ended 30 June 2026

Item	Equity attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Subtotal		
I. Opening balance of the current period	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
II. Changes for the period	-	1,407,297	-	(6,273,711)	8,620,844	-	(69,898,789)	(66,144,359)	81,538,990	15,394,631
(I) Total comprehensive (loss) income	-	-	-	(6,273,711)	-	-	(69,898,789)	(76,172,500)	134,272,299	58,099,799
(II) Shareholders' contributions and reduction in capital	-	1,407,297	-	-	-	-	-	1,407,297	(48,987)	1,358,310
1. Changes in other equity of associates and joint ventures	-	1,407,297	-	-	-	-	-	1,407,297	(48,987)	1,358,310
(III) Profit distribution	-	-	-	-	-	-	-	-	(62,352,898)	(62,352,898)
1. Distribution to shareholders	-	-	-	-	-	-	-	-	(62,352,898)	(62,352,898)
(IV) Special reserve	-	-	-	-	8,620,844	-	-	8,620,844	9,668,576	18,289,420
1. Transfer for the period	-	-	-	-	23,267,387	-	-	23,267,387	26,561,409	49,828,796
2. Amount utilised in the period	-	-	-	-	(14,646,543)	-	-	(14,646,543)	(16,892,833)	(31,539,376)
III. Closing balance of the current period	7,700,681,186	9,532,614,062	-	(12,947,741)	74,297,736	4,720,262,452	1,945,620,209	23,960,527,904	12,293,099,968	36,253,627,872

For the six-month period ended 30 June 2025

Item	Equity attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Subtotal		
I. Opening balance of the current period	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 period	(24,833,400)	675,319,612	(56,868,486)	(4,214,751)	15,655,409	-	(74,780,316)	644,015,040	4,559,512,333	5,203,527,373
(I) Total comprehensive (loss) income	-	-	-	(4,214,751)	-	-	(74,780,316)	(78,995,067)	115,000,101	36,005,034
(II) Shareholders' contributions and reduction in capital	(24,833,400)	675,319,612	(56,868,486)	-	-	-	-	707,354,698	4,437,820,637	5,145,175,335
1. Changes in other equity of associates and joint ventures	-	6,416,063	-	-	-	-	-	6,416,063	-	6,416,063
2. Cancellation of restricted stocks	(24,833,400)	(32,035,086)	(56,868,486)	-	-	-	-	-	-	-
3. Disposal of minority interests	-	700,938,635	-	-	-	-	-	700,938,635	4,437,820,637	5,138,759,272
4. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	(1,611,424)	(1,611,424)
1. Distribution to shareholders	-	-	-	-	-	-	-	-	(1,611,424)	(1,611,424)
(IV) Special reserve	-	-	-	-	15,655,409	-	-	15,655,409	8,303,019	23,958,428
1. Transfer for the period	-	-	-	-	46,530,115	-	-	46,530,115	19,434,369	65,964,484
2. Amount utilised in the period	-	-	-	-	(30,874,706)	-	-	(30,874,706)	(11,131,350)	(42,006,056)
III. Closing balance of the current period	7,722,104,586	9,251,631,745	49,059,586	(6,238,296)	113,229,803	4,720,262,452	2,149,544,996	23,901,475,700	8,623,103,874	32,524,579,574

The Consolidated Cash Flow Statement

For the six-month period ended 30 June 2026

RMB

Item	Note V	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		34,249,270,107	35,033,101,595
Receipts of tax refunds		26,774,918	307,531,376
Other cash receipts relating to operating activities	53	231,196,743	116,180,195
Sub-total of cash inflows from operating activities		34,507,241,768	35,456,813,166
Cash payments for goods purchased and services received		(27,703,519,148)	(31,664,728,272)
Cash payments to and on behalf of employees		(1,741,302,930)	(1,735,936,262)
Payments of various types of taxes		(917,477,794)	(771,144,842)
Other cash payments relating to operating activities	53	(429,085,003)	(344,278,364)
Sub-total of cash outflows from operating activities		(30,791,384,875)	(34,516,087,740)
Net Cash Flow from Operating Activities	54	3,715,856,893	940,725,426
II. Cash Flows Used in Investing Activities:			
Cash receipts from disposals and recovery of investments		697,523,611	270,000,000
Cash receipts from investment income		170,838,649	50,651,288
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		54,997,211	76,660,904
Other cash receipts relating to investing activities	53	—	86,712,277
Sub-total of cash inflows from investing activities		923,359,471	484,024,469
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		(1,003,583,204)	(1,440,942,155)
Cash payments to acquire investments		(5,552,975,828)	(662,714,173)
Sub-total of cash outflows from investing activities		(6,556,559,032)	(2,103,656,328)
Net Cash Flow Used in Investing Activities		(5,633,199,561)	(1,619,631,859)

The Consolidated Cash Flow Statement (Continued)

For the six-month period ended 30 June 2026

RMB

Item	Note V	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
III. Cash Flows (Used in) from Financing Activities:			
Cash receipts from capital contributions		–	2,569,379,636
Cash receipts from borrowings		10,652,301,831	9,603,904,725
Other cash receipts relating to financing activities	53	104,658,019	238,654,381
Sub-total of cash inflows from financing activities		10,756,959,850	12,411,938,742
Cash repayments of debts		(12,174,351,465)	(9,831,174,564)
Cash payments for distribution of dividends or profits or settlement of interest expenses		(239,612,437)	(282,037,803)
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		(62,352,898)	(1,611,424)
Other cash payments relating to financing activities	53	(23,786,680)	(949,449)
Sub-total of cash outflows from financing activities		(12,437,750,582)	(10,114,161,816)
Net Cash Flow (Used in) from Financing Activities		(1,680,790,732)	2,297,776,926
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(14,873,032)	8,636,839
V. Net (Decrease) Increase in Cash and Cash Equivalents	54	(3,613,006,432)	1,627,507,332
Add: Opening balance of cash and cash equivalents	54	9,214,167,914	3,687,116,397
VI. Closing Balance of Cash and Cash Equivalents	54	5,601,161,482	5,314,623,729

The Company's Balance Sheet

At 30 June 2026

RMB

ASSETS		Note XVI	30 June 2026	31 December 2025
Current Assets:				
Cash and bank balances			6,774,013,036	7,057,410,027
Notes receivable			611,444	–
Accounts receivable	1		12,975,473	14,526,932
Prepayments			56,159,052	55,455,103
Other receivables	2		389,299,099	1,886,077,914
Inventories			60,531	173,206,485
Other current assets			38,435,439	37,375,493
Total Current Assets			7,271,554,074	9,224,051,954
Non-current Assets:				
Long-term equity investments	3		12,922,868,080	13,273,853,207
Investment in other equity instruments			414,529,323	419,317,959
Investment properties			214,550,924	43,122,499
Fixed assets			2,656,368	181,639,214
Intangible assets			19,607	21,599
Deferred tax assets			217,552,335	216,355,176
Total Non-current Assets			13,772,176,637	14,134,309,654
TOTAL ASSETS			21,043,730,711	23,358,361,608

The Company's Balance Sheet (Continued)

At 30 June 2026

RMB

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XVI	30 June 2026	31 December 2025
Current Liabilities:			
Accounts payable		303,164	16,611,000
Contract liabilities		25,016,475	49,841,815
Employee benefits payable		8,351,664	18,626,522
Taxes payable		473,156	15,960,836
Other payables		106,395,408	2,250,122,312
Other current liabilities		27,565,239	6,479,436
Total Current Liabilities		168,105,106	2,357,641,921
Non-current Liabilities:			
Deferred income		370,711	—
Total Non-current Liabilities		370,711	—
TOTAL LIABILITIES		168,475,817	2,357,641,921
Shareholders' Equity:			
Share capital		7,700,681,186	7,700,681,186
Capital reserve		8,422,334,530	8,421,248,921
Other comprehensive income		100,991,945	96,940,327
Surplus reserve		3,883,475,865	3,883,475,865
Retained profits		767,771,368	898,373,388
TOTAL SHAREHOLDERS' EQUITY		20,875,254,894	21,000,719,687
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,043,730,711	23,358,361,608

The Company's Income Statement

For the six-month period ended 30 June 2026

RMB

Item	Note XVI	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Operating income	4	9,469,180	11,072,793,087
Less: Operating costs	4	1,717,529	11,054,955,948
Taxes and levies		838,098	52,990,604
Selling expenses		–	30,521,384
Administrative expenses		39,203,888	127,644,748
Research and development expenses	5	196,760	92,465,674
Financial expenses		(42,354,946)	76,687,319
Including: Interest expenses		10,194,040	91,826,378
Interest income		52,902,817	21,670,500
Add: Other income		687,994	84,849,288
Investment (loss) income	6	(160,510,247)	1,568,207,319
Including: Losses on investments in associates and joint ventures		(222,468,290)	(2,332,241)
Credit impairment losses		–	(3,381,357)
Asset impairment losses		–	(45,730,035)
Gains (losses) on disposal of assets		19,352,382	(5,775)
II. Operating (loss) profit		(130,602,020)	1,241,466,850
Add: Non-operating income		–	13,218,802
Less: Non-operating expenses		–	3,817,002
III. Total (loss) profit		(130,602,020)	1,250,868,650
Less: Income tax expenses		–	25,785,577
IV. Net (loss) profit		(130,602,020)	1,225,083,073
(I) Net (loss) profit from continuing operations		(130,602,020)	1,225,083,073
(II) Net loss from discontinued operations		–	–
V. Other comprehensive income, net of tax		4,051,618	(3,344,874)
(I) Other comprehensive income that cannot be reclassified to profit or loss		(3,591,477)	(2,469,678)
1. Changes in fair value of investment in other equity instruments		(3,591,477)	(2,469,678)
(II) Other comprehensive income that will be reclassified to profit or loss		7,643,095	(875,196)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		7,643,095	(875,196)
VI. Total comprehensive (loss) income		(126,550,402)	1,221,738,199

Statement of Changes in Shareholders' Equity of the Company

For the six-month period ended 30 June 2026

RMB

For the six-month period ended 30 June 2026

Item	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 period	7,700,681,186	8,421,248,921	-	96,940,327	-	3,883,475,865	898,373,388	21,000,719,687
II. Changes for the period	-	1,085,609	-	4,051,618	-	-	(130,602,020)	(125,464,793)
(I) Total comprehensive income (loss)	-	-	-	4,051,618	-	-	(130,602,020)	(126,550,402)
(II) Shareholders' contributions and reduction in capital	-	1,085,609	-	-	-	-	-	1,085,609
1. Changes in other equity of associates and joint ventures	-	1,085,609	-	-	-	-	-	1,085,609
(III) Special reserve	-	-	-	-	-	-	-	-
1. Transfer for the period	-	-	-	-	-	-	-	-
2. Amount utilised in the period	-	-	-	-	-	-	-	-
(IV) Others	-	-	-	-	-	-	-	-
III. Closing balance of the current period	7,700,681,186	8,422,334,530	-	100,991,945	-	3,883,475,865	767,771,368	20,875,254,894

For the six-month period ended 30 June 2025

Item	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	(Accumulated losses) Retained profits	Total shareholders' equity
I. Opening balance of the current period	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 period	(24,833,400)	8,710,653	(56,868,486)	(3,344,874)	(36,434,036)	-	1,225,083,073	1,226,049,902
(I) Total comprehensive (loss) income	-	-	-	(3,344,874)	-	-	1,225,083,073	1,221,738,199
(II) Shareholders' contributions and reduction in capital	(24,833,400)	(27,723,383)	(56,868,486)	-	-	-	-	4,311,703
1. Changes in other equity of associates and joint ventures	-	4,311,703	-	-	-	-	-	4,311,703
2. Cancellation of restricted stocks	(24,833,400)	(32,035,086)	(56,868,486)	-	-	-	-	-
3. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-
(III) Special reserve	-	36,434,036	-	-	(36,434,036)	-	-	-
1. Transfer for the period	-	-	-	-	1,339,601	-	-	1,339,601
2. Amount utilised in the period	-	-	-	-	(1,339,601)	-	-	(1,339,601)
3. Others	-	36,434,036	-	-	(36,434,036)	-	-	-
III. Closing balance of the current period	7,722,104,586	8,444,437,149	49,059,586	93,259,215	-	3,883,475,865	1,041,213,983	21,135,431,212

The Company's Cash Flow Statement

For the six-month period ended 30 June 2026

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	11,247,079	11,021,171,356
Receipts of tax refunds	–	248,660,044
Other cash receipts relating to operating activities	1,758,665,495	632,936,559
Sub-total of cash inflows from operating activities	1,769,912,574	11,902,767,959
Cash payments for goods purchased and services received	(17,899,499)	(9,585,373,873)
Cash payments to and on behalf of employees	(32,246,856)	(409,169,613)
Payments of various types of taxes	(16,325,779)	(114,208,160)
Other cash payments relating to operating activities	(12,732,587)	(1,701,435,934)
Sub-total of cash outflows from operating activities	(79,204,721)	(11,810,187,580)
Net Cash Flow from Operating Activities	1,690,707,853	92,580,379
II. Cash Flows (Used in) from Investing Activities:		
Cash receipts from disposals and recovery of investments	–	2,569,379,635
Cash receipts from investment income	199,203,584	2,768,531
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	746,780	8,684,484
Other cash receipts relating to investing activities	–	86,712,276
Sub-total of cash inflows from investing activities	199,950,364	2,667,544,926
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	(3,382,184)	(280,877,769)
Cash payments to acquire investments	(5,500,000,000)	(1,690,000,000)
Sub-total of cash outflows from investing activities	(5,503,382,184)	(1,970,877,769)
Net Cash Flow (Used in) from Investing Activities	(5,303,431,820)	696,667,157

The Company's Cash Flow Statement (Continued)

For the six-month period ended 30 June 2026

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
III. Cash Flows (Used in) from Financing Activities:		
Cash receipts from borrowings	–	3,825,999,481
Other cash receipts relating to financing activities	282,454	–
Sub-total of cash inflows from financing activities	282,454	3,825,999,481
Cash repayments of debts	–	(2,494,509,929)
Cash payments for distribution of dividends or profits or settlement of interest expenses	(10,194,040)	(43,754,314)
Other cash payments relating to financing activities	(2,159,870,583)	(592,504,272)
Sub-total of cash outflows from financing activities	(2,170,064,623)	(3,130,768,515)
Net Cash Flow (Used in) from Financing Activities	(2,169,782,169)	695,230,966
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(890,854)	(532,950)
V. Net (Decrease) Increase in Cash and Cash Equivalents	(5,783,396,990)	1,483,945,552
Add: Opening balance of cash and cash equivalents	7,057,351,122	2,221,617,782
VI. Closing Balance of Cash and Cash Equivalents	1,273,954,132	3,705,563,334

Notes to the Financial Statements

For the six-month period ended 30 June 2026

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 30 June 2026, 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 for issue of the financial statements

The financial statements were approved and authorised for issue by the Company’s board of directors on 28 August 2026.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 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.

2. Going concern

The financial statements are prepared on a going concern basis.

At 30 June 2026, the Group had current liabilities in excess of current assets of approximately RMB17,088,846,610. The directors of the Company have comprehensively considered the funding sources available for the Group, including but not limited to banking facilities of RMB44.2 billion obtained but not utilised by the Group as at 30 June 2026 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 30 June 2026 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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

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

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.

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 decline in value 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 30 June 2026, and the consolidated and the Company’s results of operations and cash flows for the six-month period ended 30 June 2026.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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 ageing of more than one year	Amount≥RMB150,000,000
Significant payables with ageing of more than one year	Amount≥RMB150,000,000
Significant unpaid dividends payable with ageing of more than one year	Amount≥RMB150,000,000
Significant construction in progress	Amount≥RMB200,000,000
Significant 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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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 from 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.

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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)

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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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 prior 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.

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 for the prior year are presented at the translated amounts in the financial statements of the prior year.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments

Financial assets or 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.

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 expected credit losses (“**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).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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 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.

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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 FVTP.
- 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 six-month period ended 30 June 2026

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.

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 priorly 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 priorly 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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.1 *Classification, recognition and measurement of financial assets (Continued)*

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.

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 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 on the financial instrument. The increase or reversal of allowance for credit losses is recognised as an impairment loss or gain in profit or loss for the period. For financial assets classified as at FVTOCI, the allowance for credit losses 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 on 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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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).

11.2.3 Determination of ECL

The Group determines the ECL on 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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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 (Continued)

The Group's measurement of ECL on 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

When the Group no longer reasonably expects that the contractual cash flows of a financial asset can be collected in aggregate or in part, the Group will directly write down the gross carrying amount of the financial asset, which constitutes derecognition of the relevant financial asset.

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

11.3 Transfer of financial assets (Continued)

- 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 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.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to the 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 on changes in fair value allocated to the part derecognised which has been priorly recognised in other comprehensive income, is recognised in profit or loss for the period. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses priorly 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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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 FVTPL and other financial liabilities.

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) it is a qualifying hybrid contract containing 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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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*

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*

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 ageing based on the portfolio of credit risk characteristics determined by ageing*

The Group uses the ageing of accounts receivable as a basis to determine its portfolio credit losses using an impairment matrix. The ageing 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 six-month period ended 30 June 2026

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*

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*

The Group classifies other receivables into different portfolios based on shared risk characteristics. The 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 six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Inventories (Continued)

16.2 *Recognition criteria and methods for determining the provision for decline in value 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 decline in value 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 decline in value of inventories is made, if the circumstances that priorly 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 over the investee*

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 arrangement, and exists only when the activities relating to the arrangement 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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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.

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 priorly not recognised.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term equity investments (Continued)

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 six-month period ended 30 June 2026

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, estimated residual value rate and annual depreciation rate of each category of fixed assets are as follows:

	Depreciation method	Useful life (years)	Estimated net 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 six-month period ended 30 June 2026

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

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Borrowing costs (Continued)

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.

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

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;
- (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 six-month period ended 30 June 2026

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 on 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 related assets. Employee welfare incurred by the Group is recognised in profit or loss for the period or the costs of related assets based on the actual amount when incurred. Non-monetary employee welfare is measured at fair value.

Social security contributions paid by the Group for employees such as contributions on medical insurance, work injury insurance and maternity insurance, 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 profit or loss for the period or the costs of related assets in the accounting period in which employees provide services.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Employee benefits (Continued)

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.

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Revenue from contracts with customers

The Group recognises revenue when it has fulfilled its performance obligations under the contract, i.e., when the customer obtains the control over the related 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.

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 six-month period ended 30 June 2026

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 at the time of the transaction. 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 the total consideration received or receivable after deducting the prices payable to other related parties.

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 recognised 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 six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Contract costs

30.1 *Costs of obtaining a contract*

If the incremental costs (costs that will not occur if no contract obtained) incurred for obtaining the contract are expected to be recovered, the Group recognises it as an asset and the asset shall be amortised on a basis that is consistent with the transfer to the customer 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 asset impairment loss 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 asset impairment losses 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 prior 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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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 income 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 income (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 income 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 differences and it is probable that the temporary differences 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 income 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 six-month period ended 30 June 2026

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 income 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 income 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 income 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 six-month period ended 30 June 2026

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 six-month period ended 30 June 2026

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, the Group initially measures lease liabilities at the present value of the outstanding lease payments at the commencement date. In calculating the present value of the lease payments, the Group uses the implicit interest rate of the lease as the discount rate. If it is not possible to determine the implicit interest rate of the lease, the incremental borrowing rate shall be applied.

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 is 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 six-month period ended 30 June 2026

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 lease modification expanded the scope of the lease by adding the right-of-use of one or more lease 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 six-month period ended 30 June 2026

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.

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

As at 30 June 2026, 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 equity investment in Xinchuang Energy Saving as an associate.

As at 30 June 2026, 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 equity investment in Baosight Software (Anhui) as an associate.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Significant accounting judgements and estimates (Continued)

(1) Judgements (Continued)

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

As at 30 June 2026, 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.

(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 net 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 and considers any corresponding impairment.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

36. Significant accounting judgements and estimates (Continued)

(2) *Uncertainties in estimates (Continued)*

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

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When the carrying amount of an asset or asset group is higher than its recoverable amount (i.e., the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in the relevant sales agreement or an observable market price in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused deductible losses to the extent that it is probable that sufficient taxable income will be available to offset the deductible losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable income, combining tax planning strategies.

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 six-month period ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

37. Changes in significant accounting policies

Interpretation No. 19 of the Accounting Standards for Business Enterprises (the “**Interpretation No. 19**”) was issued by the Ministry of Finance on 5 December 2025, which specified accounting treatment for compensatory assets in business combinations not involving enterprises under common control, accounting treatment for capital reserve arising from disposal of subsidiaries priorly acquired through business combinations involving enterprises under common control, derecognition of financial liabilities settled using an electronic payment system, assessment and relevant disclosures of contractual cash flow characteristics of financial assets and disclosures of equity instruments designated as at fair value through other comprehensive income. It came into effect on 1 January 2026. After assessment, the Group considers that, apart from disclosures of equity instruments designated as at fair value through other comprehensive income, the provisions of Interpretation No. 19 have no significant impact on the Group's financial statements.

Interpretation No. 20 of the Accounting Standards for Business Enterprises (the “**Interpretation No. 20**”) was issued by the Ministry of Finance on 4 June 2026, which specified the assessment of contractual cash flow characteristics of financial assets, and accounting treatment and related disclosures when a currency lacks exchangeability. It came into effect on 1 January 2026. After assessment, the Group considers that the provisions of Interpretation No. 20 have no significant impact on the Group's financial statements.

38. Changes in significant accounting estimates

For the period from 1 January 2026 to 30 June 2026, the Group has no changes in significant accounting estimates.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

IV. TAXES

1. Major categories of taxes and tax rates

	Tax base	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%
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% (31 December 2025: 25%).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

IV. TAXES (CONTINUED)

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.

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.

Baowu Group Magang Rail Transit Material Technology 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.

The Group's management expects that the four companies mentioned above will complete the renewal of their high-tech enterprise certification and be eligible for the corresponding tax concessions prior to the 2026 annual filing. Therefore, they are subject to the enterprise income tax at a rate of 15% in 2026.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB

Item	30 June 2026	31 December 2025
Cash on hand:	1,055	—
EUR	1,055	—
Bank deposits:	3,168,967,685	2,204,954,816
RMB	2,038,478,981	1,109,288,955
USD	884,317,995	908,699,213
EUR	116,569,025	27,442,512
AUD	124,513,114	159,190,300
HKD	5,088,570	333,836
Other monetary funds:	1,246,855,905	1,321,145,360
RMB	1,246,855,905	1,321,145,360
Deposits with the finance company	8,522,133,620	8,243,701,758
RMB	8,522,133,620	8,243,701,758
Total	12,937,958,265	11,769,801,934
Including: Total amount deposited overseas	530,912,226	584,669,849

Note: At the end of the period, restricted monetary funds included in the Group's other monetary funds totalled RMB1,246,855,905 (31 December 2025: RMB1,321,145,360), primarily comprising note deposits and letter of guarantee deposits.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

2. Notes receivable

(1) Categories of notes receivable

RMB

Item	30 June 2026	31 December 2025
Bank acceptances	407,847,184	572,691,130

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) At the end of the period, 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 period but not yet matured as of the balance sheet date

RMB

Item	Derecognised at the end of the period	Not derecognised at the end of the period
Bank acceptances	–	197,494,578

3. Accounts receivable

(1) Disclosures by ageing

RMB

Item	Gross carrying amount at 30 June 2026	Gross carrying amount at 31 December 2025
Within 1 year	2,231,288,836	2,852,874,798
1-2 years	17,237,242	20,074,532
2-3 years	2,997,624	114,187,377
Over 3 years	176,603,940	76,289,372
Total	2,428,127,642	3,063,426,079
Less: Allowances for bad debts of accounts receivable	224,047,834	246,913,498
Total	2,204,079,808	2,816,512,581

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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

3. Accounts receivable (Continued)

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

RMB

Item	30 June 2026				
	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	162,962,758	7	162,962,758	100	–
On a portfolio basis according to credit risk characteristics	2,265,164,884	93	61,085,076	3	2,204,079,808
Total	2,428,127,642	100	224,047,834	9	2,204,079,808

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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

3. Accounts receivable (Continued)

(2) Disclosure 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	30 June 2026				31 December 2025			
	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	162,962,758	162,962,758	100	Bankruptcy and reorganisation	172,748,102	172,748,102	100	Bankruptcy and reorganisation

As at 30 June 2026, the Group's ECL portfolios based on ageing are as follows:

RMB

Item	Gross carrying amount	Provision for impairment	Proportion of provision (%)
Within 1 year	2,231,288,836	39,746,150	2
1-2 years	17,237,242	5,811,399	34
2-3 years	2,997,624	1,886,345	63
Over 3 years	13,641,182	13,641,182	100
Total	2,265,164,884	61,085,076	

(3) Details of allowances for bad debts

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

RMB

Item	31 December 2025	Provision	Recovery or reversal	Changes in exchange rate	30 June 2026
For the six-month period ended 30 June 2026	246,913,498	17,197,024	(30,110,642)	(9,952,046)	224,047,834

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

3. Accounts receivable (Continued)

(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	1,004,116,039	41	23,984,461
Company 2	301,601,810	13	5,372,460
Company 3	299,131,263	12	6,105,180
Company 4	162,962,758	7	162,962,758
Company 5	78,726,122	3	1,402,356
Total	1,846,537,992	76	199,827,215

4. Receivables financing

(1) Presented by categories of receivables financing

RMB

Item	30 June 2026	31 December 2025
Bank acceptances	1,319,332,544	1,279,050,625

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) At the end of the year, 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 period but not yet matured as of the balance sheet date

RMB

Item	Derecognised	Not derecognised
Bank acceptances	9,094,671,157	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

5. Prepayments

(1) Presented by ageing of prepayments

RMB

Item	30 June 2026		31 December 2025	
	Gross carrying amount	Proportion (%)	Gross carrying amount	Proportion (%)
Within 1 year	346,058,445	92	434,612,811	99
1-2 years	27,852,286	8	2,971,248	1
2-3 years	145	—	149	—
Over 3 years	1,405,936	—	1,966,382	—
Total	375,316,812	100	439,550,590	100

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

At the end of the period, 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 total closing balance of prepayments (%)
Company 1	93,978,929	25
Company 2	77,077,365	20
Company 3	41,928,388	11
Company 4	40,514,176	11
Company 5	10,768,619	3
Total	264,267,477	70

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

6. Other receivables

RMB

Item	30 June 2026	31 December 2025
Interest receivable	—	—
Other receivables	487,144,689	376,522,535
Total	487,144,689	376,522,535

Other receivables

(1) Disclosures by ageing

RMB

Item	30 June 2026	31 December 2025
Within 1 year	140,573,570	27,406,318
1-2 years	4,873,657	187,510,395
2-3 years	187,373,052	1,234,688
Over 3 years	176,181,838	182,012,907
Subtotal	509,002,117	398,164,308
Less: Allowances for bad debts of other receivables	21,857,428	21,641,773
Total	487,144,689	376,522,535

The ageing begins from the date when the other receivables are recognised.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	30 June 2026	31 December 2025
Proceeds of asset transfer	434,289,080	323,820,797
Current accounts	33,386,387	9,455,602
Deposits for steel futures	32,407	32,289
Others	41,294,243	64,855,620
Subtotal	509,002,117	398,164,308
Less: Allowances for bad debts of other receivables	21,857,428	21,641,773
Total	487,144,689	376,522,535

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

For the six-month period ended 30 June 2026

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	509,002,117	100	21,857,428	4	487,144,689
Total	509,002,117	100	21,857,428	4	487,144,689

As at 31 December 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 six-month period ended 30 June 2026

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)

As at 30 June 2026, 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	13,382,407	463,040	3
Other portfolios of receivables	495,619,710	21,394,388	4
Total	509,002,117	21,857,428	4

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 12-month ECL	Stage 2 Life-time ECL (not credit-impaired)	Stage 3 Life-time ECL (credit-impaired)	Total
At 31 December 2025	114,602	1,552,539	19,974,632	21,641,773
Provision	–	215,655	–	215,655
Reversal	–	–	–	–
Write-off	–	–	–	–
At 30 June 2026	114,602	1,768,194	19,974,632	21,857,428

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

6. Other receivables (Continued)

Other receivables (Continued)

(4) Top five closing balances of other receivables categorised by debtors

RMB

Item	Closing balance	Proportion to other receivables (%)	Nature	Ageing	Closing balance of allowances for bad debts
Company 1	167,215,040	33	Proceeds of asset transfer	2-3 years	326,069
Company 2	155,212,000	30	Proceeds of asset disposal	Over 3 years	302,663
Company 3	91,119,380	18	Proceeds of asset disposal	Within 1 year	177,683
Company 4	20,000,000	4	Awards	2-3 years	39,000
Company 5	19,472,772	4	Proceeds of asset disposal	Within 1 year	37,972
Total	453,019,192	89			883,387

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

7. Inventories

(1) Categories of inventories

RMB

Item	30 June 2026			31 December 2025		
	Gross carrying amount	Provision for decline in value/ Provision for impairment	Carrying amount	Gross carrying amount	Provision for decline in value/ Provision for impairment	Carrying amount
Raw materials	2,511,141,035	87,611,289	2,423,529,746	2,726,496,719	229,877,516	2,496,619,203
Work in progress	2,128,211,943	234,890,379	1,893,321,564	2,170,858,331	163,232,585	2,007,625,746
Finished goods	1,705,397,777	12,426,845	1,692,970,932	1,503,569,125	24,216,823	1,479,352,302
Spare parts	1,369,944,814	59,626,406	1,310,318,408	1,314,412,568	60,832,936	1,253,579,632
Others	–	–	–	223,279,264	50,072,779	173,206,485
Total	7,714,695,569	394,554,919	7,320,140,650	7,938,616,007	528,232,639	7,410,383,368

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

7. Inventories (Continued)

(2) Provision for decline in value of inventories

RMB

Item	Opening balance	Provision/ Reversal	Write-off	Other transfer-out	Closing balance
Raw materials	229,877,516	89,822,334	(232,088,561)	–	87,611,289
Work in progress	163,232,585	176,663,877	(105,006,083)	–	234,890,379
Finished goods	24,216,823	38,338,423	(50,128,401)	–	12,426,845
Spare parts	60,832,936	(10,380)	(1,196,150)	–	59,626,406
Others	50,072,779	–	–	(50,072,779)	–
Total	528,232,639	304,814,254	(388,419,195)	(50,072,779)	394,554,919

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.

8. Other current assets

RMB

Item	30 June 2026	31 December 2025
Prepaid enterprise income tax	3,189,167	14,220,338
Input VAT to be deducted	166,350,533	174,396,551
Input VAT to be verified	37,172,472	2,385,883
Total	206,712,172	191,002,772

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

9. Long-term equity investments

(1) Details of long-term equity investments

RMB

Item	Changes for the period								Closing balance
	Opening balance	Investment income or loss under equity method	Other comprehensive income	Other equity changes	Cash dividends declared	Translation differences of financial statements denominated in foreign currencies	Provision for impairment	Others	
Joint ventures									
Maanshan BOC-Ma Steel Gases Company Limited ("BOC-Ma Steel")	318,131,422	29,159,400	-	-	(27,895,000)	-	-	-	319,395,822
Subtotal	318,131,422	29,159,400	-	-	(27,895,000)	-	-	-	319,395,822
Associates									
Henan Jinma Energy Co., Ltd. ("Henan Jinma Energy")	695,559,119	(292,810,042)	-	-	-	-	-	-	402,749,077
Shenglong Chemical Co., Ltd. ("Shenglong Chemical")	1,008,250,001	2,748,420	-	304,688	-	-	-	-	1,011,303,109
Xinchuang Energy Saving	81,875,613	2,776,433	-	299,108	-	-	-	-	84,951,154
Anhui Magang Chemicals & Energy Technology Co., Ltd. ("Magang Chemicals & Energy")	202,062,022	6,560,745	-	481,813	-	-	-	-	209,104,580
Baosight Software (Anhui)	227,775,403	4,278,912	-	(1,234,689)	-	-	-	-	230,819,626
OBEI	483,977,810	10,771,250	-	-	(8,463,121)	-	-	-	486,285,939
Anhui Masteel Gas Technology Co., Ltd. ("Masteel Gases")	212,741,118	11,417,440	-	1,507,390	-	-	-	-	225,665,948
Anhui Masteel Holly Industrial Co., Ltd. ("Holly Industrial")	89,808,051	(641,157)	-	-	-	(3,317,964)	-	-	85,848,930
Baowu Group Finance Co., Ltd. ("Baowu Finance")	2,851,545,115	47,484,904	7,643,095	-	(128,782,420)	-	-	-	2,777,890,694
Subtotal	5,853,594,252	(207,413,095)	7,643,095	1,358,310	(137,245,541)	(3,317,964)	-	-	5,514,619,057
Total	6,171,725,674	(178,253,695)	7,643,095	1,358,310	(165,140,541)	(3,317,964)	-	-	5,834,014,879

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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 period		Closing balance
		Additional investment	Gains (losses) included in other comprehensive income in the year	
Henan Longyu Energy Co., Ltd.	58,944,387	—	(1,837,919)	57,106,468
China MCC17 Group Co., Ltd.	93,569,831	—	(716,698)	92,853,133
Linhuo Coking Co., Ltd.	103,252,600	—	(4,823,698)	98,428,902
Baowu Clean Energy Co., Ltd.	163,551,142	—	2,589,678	166,140,820
Zhongzihuan Lianjin Xinhua Renewable Resources (Anhui) Co., Ltd. (formerly known as Masteel Lihua Metal Resources Co. Ltd.)	4,160,780	—	22,819	4,183,599
Baowu Water Technology Co., Ltd. ("Baowu Water")	106,033,444	—	1,454,508	107,487,952
Total	529,512,184	—	(3,311,310)	526,200,874

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	Accumulated gains (losses) recognised in other comprehensive income	Dividends income	Reasons for designation as at FVTOCI
Henan Longyu Energy Co., Ltd.	47,106,468	1,325,967	Held for strategic purposes with the intention of long-term holding
China MCC17 Group Co., Ltd.	84,298,333	4,350,000	Held for strategic purposes with the intention of long-term holding
Linhuan Coking Co., Ltd.	(16,071,554)	–	Held for strategic purposes with the intention of long-term holding
Baowu Clean Energy Co., Ltd.	10,694,461	22,140	Held for strategic purposes with the intention of long-term holding
Zhongzihuan Iianjin Xinhua Renewable Resources (Anhui) Co., Ltd. (formerly known as Masteel Lihua Metal Resources Co. Ltd.)	(316,401)	–	Held for strategic purposes with the intention of long-term holding
Baowu Water	(1,200,157)	–	Held for strategic purposes with the intention of long-term holding
Total	124,511,150	5,698,107	

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

11. Investment properties

Investment properties measured using the cost model

RMB

Item	Buildings
I. Cost	
1. At 31 December 2025	77,302,542
2. Increase	173,145,954
(1) Transfer from inventories	173,145,954
3. At 30 June 2026	250,448,496
II. Accumulated depreciation and amortisation	
1. At 31 December 2025	26,128,416
2. Increase	1,893,882
(1) Provision	1,893,882
3. 30 June 2026	28,022,298
III. Carrying amount	
At 30 June 2026	222,426,198
At 31 December 2025	51,174,126

12. Fixed assets

RMB

Item	30 June 2026	31 December 2025
Fixed assets	45,431,470,737	45,747,321,970

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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 2025	35,906,424,763	71,873,202,934	340,567,822	2,229,753,851	110,349,949,370
2. Increase	339,124,964	1,499,958,240	5,893,351	22,853,194	1,867,829,749
(1) Purchase	–	47,492,512	2,664,820	2,332,656	52,489,988
(2) Transfer from construction in progress	592,960,424	1,198,630,268	3,228,531	20,520,538	1,815,339,761
(3) Reclassification	(253,835,460)	253,835,460	–	–	–
3. Decrease	(277,535,970)	(1,570,803,361)	(23,302,898)	(2,513,112)	(1,874,155,341)
(1) Disposal or retirement	(277,535,970)	(1,570,803,361)	(23,302,898)	(2,513,112)	(1,874,155,341)
4. At 30 June 2026	35,968,013,757	71,802,357,813	323,158,275	2,250,093,933	110,343,623,778
II. Accumulated depreciation					
1. At 31 December 2025	17,571,697,221	45,383,964,905	181,461,279	1,133,872,379	64,270,995,784
2. Increase	496,981,469	1,466,778,301	6,002,965	106,980,866	2,076,743,601
(1) Provision	509,794,441	1,453,965,329	6,002,965	106,980,866	2,076,743,601
(2) Reclassification	(12,812,972)	12,812,972	–	–	–
3. Decrease	(208,360,552)	(1,360,499,201)	(18,612,914)	(1,816,548)	(1,589,289,215)
(1) Disposal or retirement	(208,360,552)	(1,360,499,201)	(18,612,914)	(1,816,548)	(1,589,289,215)
4. At 30 June 2026	17,860,318,138	45,490,244,005	168,851,330	1,239,036,697	64,758,450,170
III. Impairment provision					
1. At 31 December 2025	1,125,882	330,505,734	–	–	331,631,616
2. Increase	–	–	–	–	–
(1) Provision	–	–	–	–	–
3. Decrease	–	(177,928,745)	–	–	(177,928,745)
(1) Disposal or retirement	–	(177,928,745)	–	–	(177,928,745)
4. At 30 June 2026	1,125,882	152,576,989	–	–	153,702,871
IV. Carrying amount					
At 30 June 2026	18,106,569,737	26,159,536,819	154,306,945	1,011,057,236	45,431,470,737
At 31 December 2025	18,333,601,660	26,158,732,295	159,106,543	1,095,881,472	45,747,321,970

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	33,802,964	1,188,432	26,605,393
Machinery and equipment	511,955,611	362,278,216	9,399,609	140,277,786
Total	573,552,400	396,081,180	10,588,041	166,883,179

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. The Group performed an impairment test on the No. 3 Blast Furnace and made an impairment provision of RMB10,588,041.

(3) Fixed assets leased out under operating leases

RMB

Item	Buildings
Cost	
At 31 December 2025	69,650,957
Increase	50,792,268
Disposal or retirement	(1,377,338)
At 30 June 2026	119,065,887
Accumulated depreciation	
At 31 December 2025	47,134,353
Increase	38,859,853
Provision	1,637,784
Disposal or retirement	(1,204,695)
At 30 June 2026	86,427,295
Carrying amount	
At 30 June 2026	32,638,592
At 31 December 2025	22,516,604

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	768,264,174	Certificates of ownership are under review by relevant government authorities

13. Construction in progress

Construction in progress

RMB

Item	30 June 2026	31 December 2025
Construction in progress	1,405,880,444	1,976,324,641
Total	1,405,880,444	1,976,324,641

(1) Details of construction in progress:

RMB

Item	30 June 2026			31 December 2025		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Product quality projects	166,013,149	–	166,013,149	996,155,464	–	996,155,464
Energy-saving and environmental protection projects	355,625,906	–	355,625,906	325,756,930	–	325,756,930
Equipment advancement and other modification projects	222,215,606	–	222,215,606	206,576,410	–	206,576,410
Others	662,025,783	–	662,025,783	447,835,837	–	447,835,837
Total	1,405,880,444	–	1,405,880,444	1,976,324,641	–	1,976,324,641

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

13. Construction in progress (Continued)

(2) Movements of significant construction in progress

RMB

Item	Budget (RMB'000)	31 December 2025	Increase	Transferred to fixed assets	30 June 2026	Proportion of accumulated project expenditure to budget (%)	Project progress (%)	Cumulative amount of capitalised interest	Including: Interest capitalised in the period	Interest capitalisation rate for the period (%)	Source of fund
Masteel Cold Rolled Product Structure Adjustment – New 6# Galvanized Line Project	895,000	640,701,493	183,273,307	(823,974,800)	-	100%	100%	-	-	-	Internally and externally financed
Masteel South Area Steel Upgrade Project – 3#4# Continuous Casting Machine Engineering	534,386	250,803,390	77,128,669	(327,932,059)	-	100%	100%	-	-	-	Internally financed
Masteel North Area Phase III Coal Gas Power Generation Project	369,970	223,807,920	81,224,680	(305,032,600)	-	100%	100%	-	-	-	Internally financed
Steelmaking and Refining Engineering for the New Special Steel Project	238,372	-	141,518,204	-	141,518,204	61%	61%	-	-	-	Internally financed
Continuous Casting and Rolling Mill Project of the New Special Steel Project Phase I	250,495	69,866,125	4,582,449	-	74,448,574	88%	88%	-	-	-	Internally financed

14. Right-of-use assets

RMB

Item	Buildings	Land use rights	Transportation equipment	Total
I. Cost				
1. At 31 December 2025	464,867,416	3,960,672	-	468,828,088
2. Increase	58,693,853	-	772,099	59,465,952
3. Decrease	(460,085,559)	(3,896,903)	-	(463,982,462)
4. At 30 June 2026	63,475,710	63,769	772,099	64,311,578
II. Accumulated depreciation				
1. At 31 December 2025	170,156,016	752,438	-	170,908,454
2. Increase	10,714,963	-	42,894	10,757,857
3. Decrease	(167,661,187)	(688,669)	-	(168,349,856)
4. At 30 June 2026	13,209,792	63,769	42,894	13,316,455
III. Carrying amount				
At 30 June 2026	50,265,918	-	729,205	50,995,123
At 31 December 2025	294,711,400	3,208,234	-	297,919,634

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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 2025	2,598,321,831	310,522,974	2,908,844,805
2. Increase	1,455,000	4,101,130	5,556,130
(1) Purchase	1,455,000	4,101,130	5,556,130
3. Decrease	(25,856,722)	—	(25,856,722)
(1) Disposal	(25,856,722)	—	(25,856,722)
4. At 30 June 2026	2,573,920,109	314,624,104	2,888,544,213
II. Accumulated amortisation			
1. At 31 December 2025	1,002,735,853	90,299,834	1,093,035,687
2. Increase	30,101,611	15,035,894	45,137,505
(1) Provision	30,101,611	15,035,894	45,137,505
3. Decrease	(9,777,271)	—	(9,777,271)
(1) Disposal	(9,777,271)	—	(9,777,271)
4. At 30 June 2026	1,023,060,193	105,335,728	1,128,395,921
III. Carrying amount			
At 30 June 2026	1,550,859,916	209,288,376	1,760,148,292
At 31 December 2025	1,595,585,978	220,223,140	1,815,809,118

(2) Intangible assets with pending certificates of ownership

RMB

Item	Carrying amount	Reason why certificates of ownership are pending
Land use rights	4,524,673	The relevant materials for applying the certificate have not been prepared completely.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

16. Deferred tax assets/liabilities

(1) Deferred tax assets before offsetting

RMB

Item	30 June 2026		31 December 2025	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	313,680,334	55,301,093	346,735,862	60,407,428
Sales incentive	63,121,764	9,613,185	63,121,764	9,613,185
Government grants	125,194,392	18,911,655	128,603,570	19,471,596
Deductible losses	935,549,968	233,887,492	935,549,968	233,887,492
Lease liabilities	292,106,999	72,839,584	298,336,071	74,058,543
Others	60,092,141	8,983,508	70,742,016	10,598,291
Total	1,789,745,598	399,536,517	1,843,089,251	408,036,535

(2) Deferred tax liabilities before offsetting

RMB

Item	30 June 2026		31 December 2025	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustments in business combination not involving enterprises under common control	—	—	—	—
Changes in fair value of other equity investments	125,711,307	31,380,366	130,477,124	32,568,398
Right-of-use assets	292,059,980	72,831,827	297,910,201	73,973,558
Total	417,771,287	104,212,193	428,387,325	106,541,956

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

16. Deferred tax assets/liabilities (Continued)

(3) *Deferred tax assets or liabilities that are presented at the net amount after offsetting*

RMB

Item	30 June 2026		31 December 2025	
	Offset amount	Net amount	Offset amount	Net amount
Deferred tax assets	104,212,193	295,324,324	106,541,956	301,494,579
Deferred tax liabilities	104,212,193	—	106,541,956	—

(4) *Breakdown of unrecognised deferred tax assets*

RMB

Item	30 June 2026	31 December 2025
Deductible temporary differences	6,941,123,757	6,958,196,463
Deductible losses	10,775,177,515	10,663,087,145
Total	17,716,301,272	17,621,283,608

(5) *The maturity analysis of deductible losses for which deferred tax assets are not recognised is as follows*

RMB

Item	30 June 2026	31 December 2025
2030	1,356,533,169	10,663,087,145
2031 and subsequent years	9,418,644,346	—
Total	10,775,177,515	10,663,087,145

Note: As at 30 June 2026, the Group's overseas subsidiaries did not have any accumulated deductible losses (31 December 2025: Nil).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

17. Assets with restricted ownership or right to use

For the six-month period ended 30 June 2026

RMB

Item	Gross carrying amount	Carrying amount	Type of restriction and details
Cash and bank balances	1,246,855,905	1,246,855,905	Deposits for bank acceptances and performance bonds
Notes receivable	197,494,578	197,494,578	Endorsed or discounted
Total	1,444,350,483	1,444,350,483	

18. Short-term borrowings

(1) Categories of short-term borrowings

RMB

Item	30 June 2026	31 December 2025
Pledged borrowings	104,658,019	208,014,106
Credit borrowings	10,058,641,729	10,551,482,623
Total	10,163,299,748	10,759,496,729

At the end of the period, the Group had no outstanding short-term borrowings which were overdue.

As at 30 June 2026, the annual interest rate for the above borrowings ranged from 0.93% to 2.50% (31 December 2025: 0.93% to 2.50%).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

19. Notes payable

RMB

Item	30 June 2026	31 December 2025
Bank acceptances	12,904,418,957	10,452,314,143
Commercial acceptances	813,497,596	–
Total	13,717,916,553	10,452,314,143

As at 30 June 2026, the Group had no notes payable due but not yet paid.

20. Accounts payable

(1) The ageing of accounts payable based on the invoice date is as follows:

RMB

Item	30 June 2026	31 December 2025
Within 1 year	7,553,322,373	9,179,470,136
1-2 years	48,580,408	92,773,928
2-3 years	37,279,602	70,138,975
Over 3 years	58,237,456	39,449,353
Total	7,697,419,839	9,381,832,392

(2) Significant accounts payable aged more than one year or overdue

As at 30 June 2026, the Group had no significant accounts payable aged more than one year.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

21. Contract liabilities

(1) Presentation of contract liabilities

RMB

Item	30 June 2026	31 December 2025
Advances from customers	3,969,422,260	4,247,904,586

As at 30 June 2026, the Group had no significant contract liabilities aged more than one year.

22. Employee benefits payable

(1) Presentation of employee benefits payable

RMB

Item	31 December 2025	Increase	Decrease	30 June 2026
1. Short-term employee benefits	273,591,355	1,465,979,701	(1,531,601,133)	207,969,923
2. Post-employment benefits (defined contribution plan)	5,442	179,318,615	(179,318,615)	5,442
3. Termination benefits	655,397	47,675,529	(42,412,552)	5,918,374
4. Early retirement benefits due within one year	145,152	—	—	145,152
Total	274,397,346	1,692,973,845	(1,753,332,300)	214,038,891

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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

22. Employee benefits payable (Continued)

(2) Presentation of short-term employee benefits

RMB

Item	31 December 2025	Increase	Decrease	30 June 2026
1. Wages and salaries, bonuses, allowances and subsidies	172,187,811	1,102,692,247	(1,222,312,647)	52,567,411
2. Employee welfare	392,380	85,795,722	(48,582,113)	37,605,989
3. Social security contributions	9,109	105,134,615	(105,134,615)	9,109
Including: Medical insurance	4,603	91,921,602	(91,921,602)	4,603
Work injury insurance	3,905	13,185,611	(13,185,611)	3,905
Maternity insurance	601	27,402	(27,402)	601
4. Housing funds	1,200	131,305,026	(131,305,026)	1,200
5. Union running costs and employee education costs	101,000,855	41,052,091	(24,266,732)	117,786,214
Total	273,591,355	1,465,979,701	(1,531,601,133)	207,969,923

(3) Presentation of defined contribution plan

RMB

Item	31 December 2025	Increase	Decrease	30 June 2026
1. Basic pension insurance	4,934	173,883,178	(173,883,178)	4,934
2. Unemployment insurance	266	5,435,437	(5,435,437)	266
3. Enterprise annuity	242	–	–	242
Total	5,442	179,318,615	(179,318,615)	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. For the six-month period ended 30 June 2026, the total amount of the Group's enterprise annuity expenses was approximately RMB0 (For the six-month period ended 30 June 2025: RMB51,416,539), which was recorded as labour costs.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

23. Taxes payable

RMB

Item	30 June 2026	31 December 2025
VAT	97,812,623	73,323,634
Enterprise income tax	4,518,427	28,424,364
Land use tax	22,877,905	23,117,700
Individual income tax	2,575,188	7,576,504
Water conservancy funds	14,779,597	16,741,870
Environmental protection tax	6,755,120	7,065,611
Urban maintenance and construction tax	5,027,179	6,207,673
Others	52,279,673	76,019,502
Total	206,625,712	238,476,858

24. Other payables

RMB

Item	30 June 2026	31 December 2025
Dividends payable	7,133,538	7,094,283
Other payables	3,022,260,098	3,024,530,783
Total	3,029,393,636	3,031,625,066

Dividends payable

RMB

Item	30 June 2026	31 December 2025
Dividends payable	7,133,538	7,094,283

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

24. Other payables

Other payables

(1) Other payables disclosed by nature

RMB

Item	30 June 2026	31 December 2025
Payable for forfeiting	1,584,421,645	1,201,753,824
Special funds	561,077,252	799,111,848
Payable for construction, maintenance and inspection fees	33,253,490	34,703,667
Sales incentive	298,182,311	356,308,138
Others	545,325,400	632,653,306
Total	3,022,260,098	3,024,530,783

(2) Significant other payables aged more than one year or overdue

As at 30 June 2026, the Group had no significant other payables aged more than one year.

25. Non-current liabilities due within one year

RMB

Item	30 June 2026	31 December 2025
Long-term borrowings due within one year	2,800,480,342	2,326,720,808
Lease liabilities due within one year	20,608,994	45,355,478
Total	2,821,089,336	2,372,076,286

26. Provisions

RMB

Item	31 December 2025	Increase	Decrease	30 June 2026
Product warranties	11,218,478	—	(8,254,102)	2,964,376

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

27. Other current liabilities

RMB

Item	30 June 2026	31 December 2025
Output VAT to be transferred	525,208,383	548,260,463

28. Long-term borrowings

(1) Breakdown of short-term borrowings

RMB

Item	30 June 2026	31 December 2025
Credit borrowings	4,171,444,763	5,376,214,621
Less: Long-term borrowings due within one year	2,800,480,342	2,326,720,808
Total	1,370,964,421	3,049,493,813

As at 30 June 2026, the annual interest rate for the above borrowings ranged from 2.2% to 2.8% (31 December 2025: 1.85% to 3.10%).

(2) The maturity analysis of long-term borrowings is as follows

RMB

Period	30 June 2026	31 December 2025
Within 1 year	2,800,480,342	2,326,720,808
1-2 years	1,270,964,421	2,793,173,813
2-5 years	100,000,000	256,320,000
Total	4,171,444,763	5,376,214,621

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

29. Lease liabilities

RMB

Item	30 June 2026	31 December 2025
Lease liabilities	61,793,065	381,616,707
Less: Lease liabilities due within one year	20,608,994	45,355,478
Total	41,184,071	336,261,229

30. Long-term employee benefits payable

(1) Presentation of long-term employee benefits payable

RMB

Item	30 June 2026	31 December 2025
Early retirement benefits payable	410,233	410,233
Less: Early retirement benefits due within one year	145,152	145,152
Total	265,081	265,081

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 30 June 2026, there were no plan assets under the early retirement plan, and the defined benefits payable amounted to approximately RMB410,233 (31 December 2025: RMB410,233), accounting for approximately 0.0005% (2025: 0.0005%) of the Group's total assets as of 30 June 2026 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 six-month period ended 30 June 2026

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

31. Deferred income

RMB

Item	31 December 2025	Increase	Included in other income	Other decreases	30 June 2026
Government grants	804,941,750	7,088,635	(40,457,569)	–	771,572,816

32. Share capital

RMB

Item	31 December 2025	Increase	Decrease	30 June 2026
Total shares	7,700,681,186	–	–	7,700,681,186

33. Capital reserve

RMB

Item	31 December 2025	Increase (Note)	Decrease	30 June 2026
Capital premium	8,402,802,691	–	–	8,402,802,691
Others	1,128,404,074	1,407,297	–	1,129,811,371
Total	9,531,206,765	1,407,297	–	9,532,614,062

Note: The Group's capital reserve increased by RMB1,407,297 during the period due to other changes in the Group's equity interests in its associates and joint ventures, increasing the capital reserve by RMB1,407,297.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

34. Other comprehensive income

RMB

Item	31 December 2025	Pre-tax amount	Less: Income tax	Attributable to shareholders of the Company	Attributable to minority interests	30 June 2026
I. Other comprehensive income that cannot be reclassified subsequently to profit or loss						
Including: Changes in fair value of investments in other equity instruments	96,548,869	(3,311,310)	1,193,736	(2,839,011)	721,437	93,709,858
II. Other comprehensive income that will be reclassified subsequently to profit or loss						
Including: Other comprehensive income that can be reclassified to profit or loss under equity method	(103,222,899)	(13,025,801)	–	(3,434,700)	(9,591,101)	(106,657,599)
Translation differences of financial statements denominated in foreign currencies	(1,153,056)	7,643,095	–	7,643,095	–	6,490,039
	(102,069,843)	(20,668,896)	–	(11,077,795)	(9,591,101)	(113,147,638)
Total	(6,674,030)	(16,337,111)	1,193,736	(6,273,711)	(8,869,664)	(12,947,741)

35. Special reserve

RMB

Item	31 December 2025	Increase	Decrease	30 June 2026
Work safety funds	65,676,892	23,267,387	(14,646,543)	74,297,736

36. Surplus reserve

RMB

Item	31 December 2025	Changes for the period	30 June 2026
Statutory surplus reserve	4,125,596,544	–	4,125,596,544
Discretionary surplus reserve	594,665,908	–	594,665,908
Total	4,720,262,452	–	4,720,262,452

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

37. Retained profits

RMB

Item	For the six-month period ended 30 June 2026	As at 31 December 2025
Retained profits at the beginning of the period	2,015,518,998	2,224,325,312
Net loss attributable to shareholders of the Company	(69,898,789)	(208,806,314)
Retained profits at the end of the period	1,945,620,209	2,015,518,998

38. Operating income and operating costs

(1) Details of operating income and operating costs

RMB

Item	Amount incurred for the six-month period ended 30 June 2026		Amount incurred for the six-month period ended 30 June 2025	
	Income	Cost	Income	Cost
Principal operating activities	35,842,261,604	34,060,635,895	36,639,298,472	34,798,921,762
Other operating activities	1,382,295,124	1,373,519,112	1,436,235,072	1,445,603,290
Total	37,224,556,728	35,434,155,007	38,075,533,544	36,244,525,052
Including: Revenue from contracts	37,205,179,894	35,432,249,726	38,071,807,603	36,243,633,189
Other income	19,376,834	1,905,281	3,725,941	891,863

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

38. Operating income and operating costs (Continued)

(2) Breakdown of operating income from contracts with customers

RMB

Item	Amount incurred for the six-month period ended 30 June 2026 Operating income	Amount incurred for the six-month period ended 30 June 2025 Operating income
Categories of contracts		
Type of goods		
Iron and steel products	35,164,353,802	35,537,054,761
Others	2,040,826,092	2,534,752,842
Total	37,205,179,894	38,071,807,603
Place of operation		
Chinese mainland	33,960,015,678	35,428,468,633
Overseas and Hong Kong	3,245,164,216	2,643,338,970
Total	37,205,179,894	38,071,807,603
Timing of transfer of goods		
At a point in time	37,174,474,647	38,031,454,822
Over time	30,705,247	40,352,781
Total	37,205,179,894	38,071,807,603

(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 six-month period ended 30 June 2026

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

39. Taxes and levies

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Urban maintenance and construction tax	24,501,987	31,747,273
Land use tax	46,171,262	46,514,327
Education surcharge	17,683,017	21,455,638
Property tax	60,507,672	61,640,008
Environmental protection tax	25,427,986	14,738,012
Stamp tax	28,206,718	32,061,029
Others	32,862,520	36,373,517
Total	235,361,162	244,529,804

40. Selling expenses

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Transportation fees	13,286,570	8,189,591
Employee benefits	73,512,298	62,690,203
Premiums for property insurance	4,724,733	6,759,178
Others	25,241,553	60,160,019
Total	116,765,154	137,798,991

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

41. Administrative expenses

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Employee benefits	143,918,526	171,910,945
Employee termination benefits	47,675,529	16,426,961
Office expenses	53,686,647	58,078,054
Depreciation expenses of fixed assets	47,498,173	66,051,377
Amortisation of intangible assets	28,045,569	26,135,003
Travelling and business entertainment expenses	3,337,408	5,047,261
Maintenance fee	78,258,534	776,257
Environmental greening expenses	16,970,532	10,726,957
Others	101,582,820	82,159,893
Total	520,973,738	437,312,708

42. Research and development expenses

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Material and power expenses	234,368,402	320,360,855
Depreciation expenses	43,203,013	76,504,815
Employee benefits	76,457,653	115,261,571
Testing and processing expenses	4,725,408	10,420,883
Outsourced research expenses	5,716,691	15,566,473
Others	17,957,339	11,207,715
Total	382,428,506	549,322,312

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

43. Financial expenses

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Interest expenses	177,435,964	285,555,450
Including: Interest expense on lease liabilities	1,044,575	8,105,764
Less: Interest income	79,806,315	66,937,989
Exchange gains or losses	21,824,104	18,748,612
Others	5,643,748	8,252,595
Total	125,097,501	245,618,668

44. Other income

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Government grants	44,375,606	54,216,741
Refund of service charges for security and individual income tax	820,859	602,446
Extra deduction for VAT	46,819,935	164,343,049
Total	92,016,400	219,162,236

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

45. Investment (loss) income

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
(Losses) income from long-term equity investments under equity method	(178,253,695)	14,747,429
Investment income on disposal of held-for-trading financial assets	–	1,058
Dividends income from investments in other equity instruments	5,698,107	–
Others	(20,892,809)	(1,191,105)
Total	(193,448,397)	13,557,382

46. Credit impairment gains (losses)

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Credit impairment gains (losses) of receivables	12,913,618	(9,571,061)
Bad debt (losses) gains of other receivables	(215,655)	2,400
Total	12,697,963	(9,568,661)

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

47. Asset impairment losses

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Losses on decline in value of inventories	(304,814,254)	(336,881,327)
Impairment losses of fixed assets	–	(1,485,259)
Total	(304,814,254)	(338,366,586)

48. Gains from disposal of assets

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Gains from disposal of fixed assets	53,677,198	4,245,809
Gains from disposal of intangible assets	70,014,751	7,140,395
Gains from disposal of right-of-use assets	44,448,317	–
Total	168,140,266	11,386,204

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

49. Non-operating income

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Compensations	691,965	–
Others	771,058	17,953,725
Total	1,463,023	17,953,725

50. Non-operating expenses

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Losses on retirement of fixed assets	64,132,333	8,823,155
Charity donation	100,000	–
Others	1,695,255	4,014,194
Total	65,927,588	12,837,349

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

51. Expenses by nature

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Raw materials consumed	31,041,627,740	32,956,373,258
Changes in inventories of finished goods and work in progress	157,840,166	(1,050,229,114)
Employee benefits	1,692,973,845	1,761,475,112
Depreciation and amortisation	2,134,532,845	2,141,654,459
Transport and inspection costs	309,108,313	302,706,187
Repair and maintenance costs	457,380,025	572,608,715
Testing and processing expenses	4,725,408	10,420,883
Outsourced research expenses	5,716,691	15,566,473
Office expenses	55,078,180	60,654,160
Others	595,339,192	597,728,930
Total	36,454,322,405	37,368,959,063

52. Income tax expenses

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Current tax expenses levied in Chinese mainland	26,647,187	55,725,004
Current tax expenses levied in Hong Kong	(298)	345
Current tax expenses levied overseas	12,649,019	12,488,032
Deferred tax expenses	7,363,991	9,279,794
Total	46,659,899	77,493,175

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

52. Income tax expenses (Continued)

The relationship between income tax expenses and accounting profit is shown as follows:

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
Total profit	119,903,073	117,712,960
Income tax expenses calculated at 25%	29,975,768	29,428,240
Effect of different tax rates applied by subsidiaries	(39,142,127)	(33,652,799)
Effect of adjustments to income taxes for prior periods	(4,213,257)	455,993
Effect of non-deductible costs, expenses and losses	544,275	4,797,359
Effect of deductible temporary difference or deductible loss not recognised for deferred tax assets for the current period	62,789,681	141,307,969
Use of tax loss from prior years	(39,035,265)	(15,753,576)
Profit or loss attributable to joint ventures and associates	44,936,817	(7,153,818)
Others	(9,195,993)	(41,936,193)
Income tax expenses	46,659,899	77,493,175

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

53. Items in the cash flow statement

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Government grants	58,647,466	25,584,703
Notes, letters of credit and guarantees deposits	74,289,455	18,052,908
Interest income	79,806,315	66,769,283
Others	18,453,507	5,773,301
Total	231,196,743	116,180,195

Other cash payments relating to operating activities

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Work safety funds	28,592,859	42,006,056
Research and development expenses	23,391,834	21,628,598
Environmental improvement fee	16,985,132	8,938,374
Office expenses	37,278,254	13,772,475
Travelling and entertainment expenses	10,277,209	10,769,593
Insurance premiums	8,700,597	6,745,999
Bank charges	5,643,747	8,252,595
Others	298,215,371	232,164,674
Total	429,085,003	344,278,364

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

53. Items in the cash flow statement (Continued)

(2) Cash related to investing activities (Continued)

Other cash receipts relating to investing activities

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Deposits for steel futures	–	86,712,277

(3) Cash relating to financing activities

Other cash receipts relating to financing activities

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Notes discounting and factoring	104,658,019	238,654,381

Other cash payments relating to financing activities

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Expenditure on lease liabilities	2,893,871	949,449
Interest on discounted notes receivable	20,892,809	–
Total	23,786,680	949,449

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

53. Items in the cash flow statement (Continued)

(3) Cash relating to financing activities (Continued)

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

RMB

Item	31 December 2025	Increase		Decrease		30 June 2026
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Other payables – forfeiting	1,201,753,824	1,525,259,772	–	(1,142,591,951)	–	1,584,421,645
Short-term borrowings	10,759,496,729	9,131,700,078	67,196,574	(9,795,093,633)	–	10,163,299,748
Long-term borrowings (including those due within one year)	5,376,214,621	100,000,000	55,734,114	(1,360,503,972)	–	4,171,444,763
Lease liabilities (including those due within one year)	381,616,707	–	59,713,182	(2,893,871)	(376,642,953)	61,793,065
Total	17,719,081,881	10,756,959,850	182,643,870	(12,301,083,427)	(376,642,953)	15,980,959,221

(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	8,758,239,502

The cash flows from notes, letters of credit and guarantees deposits presented on a net basis are detailed in Note V, 53(1).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

54. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Reconciliation of net profit to cash flows from operating activities:

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Net profit	73,243,174	40,219,785
Add: Asset impairment losses	304,814,254	338,366,586
Credit impairment (gains) losses	(12,697,963)	9,568,661
Depreciation of fixed assets	2,076,743,601	2,078,481,772
Depreciation of right-of-use assets	10,757,857	13,757,361
Amortisation of intangible assets	45,137,505	48,409,694
Depreciation and amortisation of investment properties	1,893,882	1,005,632
Amortisation of deferred income	(40,457,569)	(31,574,138)
Gains from disposals of fixed assets, intangible assets and other long-term assets	(104,326,037)	(11,386,204)
Increase in special reserve	8,620,844	15,655,409
Financial expenses	192,308,997	300,849,945
Investment loss (income)	193,448,397	(13,557,382)
Decrease in deferred tax assets	8,500,018	9,280,141
Decrease in deferred tax liabilities	(2,329,763)	(347)
(Increase) decrease in inventories	(387,717,490)	445,868,477
Decrease (increase) in operating receivables	819,085,987	(1,579,695,633)
Increase (decrease) in operating payables	528,831,199	(724,524,333)
Net Cash Flow from Operating Activities	3,715,856,893	940,725,426

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

54. 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Closing balance of cash	5,601,161,482	5,314,623,729
Less: Opening balance of cash	9,214,167,914	3,687,116,397
Net (Decrease) Increase in Cash and Cash Equivalents	(3,613,006,432)	1,627,507,332

(2) Composition of cash and cash equivalents

RMB

Item	30 June 2026	30 June 2025
Cash	5,601,161,482	5,314,623,729
Including: Bank deposits that are readily available for payment and amounts deposited in finance companies	5,601,161,482	5,314,623,729
Closing balance of cash and cash equivalents	5,601,161,482	5,314,623,729

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

RMB

Item	30 June 2026	30 June 2025	Reason
Other monetary funds	1,246,855,905	1,341,750,516	Restricted use for security purposes
Time deposits over 3 months	6,089,940,878	1,779,899,799	Not readily realisable, not readily available for payment
Total	7,336,796,783	3,121,650,315	

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

55. 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	30 June 2026		
	Closing balance denominated in foreign currencies	Translation exchange rate	Closing balance of RMB equivalent
Cash and bank balances			
Including: USD	129,573,743	6.8109	882,513,808
EUR	13,820,603	7.7671	107,346,003
HKD	310,298	0.8686	269,525
Total			990,129,336
Accounts receivable			
Including: USD	53,436,182	6.8109	363,948,494
EUR	30,922,901	7.7671	240,181,262
Total			604,129,756
Prepayments			
Including: USD	1,826,769	6.8109	12,441,941
JPY	408,458,257	0.042	17,155,247
EUR	2,900,108	7.7671	22,525,425
AUD	63,672	4.6804	298,010
Total			52,420,623
Accounts payable			
Including: USD	166,798	6.8109	1,136,047
EUR	433,767	7.7671	3,369,112
AUD	62,387	4.6804	291,996
JPY	64,118,000	0.0420	2,692,956
Total			7,490,111

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

55. Foreign currency monetary items (Continued)

(1) Foreign currency monetary items (Continued)

Item	30 June 2026		
	Closing balance denominated in foreign currencies	Translation exchange rate	Closing balance of RMB equivalent
Other payables Including: USD	4,867,581	6.8109	33,152,611
Total			33,152,611
Contract liabilities Including: USD	9,562,651	6.8109	65,130,262
EUR	2,998,556	7.7671	23,290,084
Total			88,420,346

(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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

56. Leases

(1) As a lessee

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Interest expenses of lease liabilities	1,044,575	8,105,764
Expenses on short-term leases accounted for under the simplified approach and recognised in profit or loss for the period	4,737,242	5,343,993
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)	898,781	218,321
Total cash outflows relating to leases	8,529,893	6,511,763

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.

(2) As a 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Lease income	19,376,834	3,725,941

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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

56. Leases (Continued)

(2) As a lessor (Continued)

Operating leases (Continued)

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

RMB

Item	30 June 2026	31 December 2025
Within 1 year (inclusive)	11,693,384	11,486,167
1 to 2 years (inclusive)	17,112,882	2,790,363
2 to 3 years (inclusive)	10,865,194	2,378,725
Over 3 years	33,337,674	20,219,474
Total	73,009,134	36,874,729

For fixed assets leased out under operating leases, please refer to Note V, 12.

VI. RESEARCH AND DEVELOPMENT EXPENDITURES

1. Presented by nature of expenses

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Material and power expenses	1,544,595,151	1,277,704,359
Depreciation expenses	125,518,375	207,901,503
Employee benefits	88,380,335	127,493,851
Testing and processing expenses	61,766,682	26,125,604
Outsourced research expenses	37,523,485	37,981,405
Others	23,644,975	27,008,589
Total	1,881,429,003	1,704,215,311
Including: Expensed research and development expenditures	1,881,429,003	1,704,215,311
Capitalised research and development expenditures	—	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

VI. RESEARCH AND DEVELOPMENT EXPENDITURES (CONTINUED)

1. Presented by nature of expenses (Continued)

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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
R&D and trial production of new products	1,499,000,497	1,154,892,999
Including: Material and power expenses	1,310,226,749	957,343,504
Depreciation expenses	82,315,362	131,396,688
Employee benefits	11,922,682	12,232,280
Testing and processing expenses	57,041,274	15,704,721
Others	37,494,430	38,215,806

VII. CHANGES IN SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation for the period.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Item	Principal place of operation	Place of incorporation	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	–	100
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, China	Hong Kong, China	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) Iron & Steel Co., Ltd.	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	–	95
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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) Composition of the Group (Continued)

Item	Principal place of operation	Place of incorporation	Nature of business	Registered capital	Shareholding ratio (%)	
					Direct	Indirect
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
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	-
Maanshan Iron & Steel Limited Company ("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 all limited liability companies.

(2) Significant non-wholly-owned subsidiaries

RMB

Name of subsidiaries	Shareholding ratio of minority interests	Profit or loss attributable to minority interests during the period	Dividends paid to minority interests during the period	Minority interests at the end of period
Anhui Changjiang Steel	45%	65,512,951	-	1,881,139,073
Magang Limited	49%	74,791,529	-	10,340,009,067

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(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	30 June 2026/January – June 2026	31 December 2025/January – June 2025
Current assets	2,638,481,796	2,883,689,105
Non-current assets	6,506,587,914	6,707,625,100
Total assets	9,145,069,710	9,591,314,205
Current liabilities	4,851,401,297	5,420,655,456
Non-current liabilities	120,744,354	152,211,407
Total liabilities	4,972,145,651	5,572,866,863
Operating income	6,886,975,808	6,506,683,918
Net profit	150,716,306	103,104,117
Total comprehensive income	150,716,306	103,104,117
Net Cash Flow from Operating Activities	578,103,156	(295,778,136)

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	30 June 2026/January – June 2026	31 December 2025/January – June 2025
Current assets	15,223,898,364	17,274,864,247
Non-current assets	43,231,434,727	43,967,404,775
Total assets	58,455,333,091	61,242,269,022
Current liabilities	37,611,458,751	38,436,057,933
Non-current liabilities	2,062,871,324	4,049,968,945
Total liabilities	39,674,330,075	42,486,026,878
Operating income	30,346,067,813	31,848,192,369
Net profit (loss)	90,390,667	(65,398,102)
Total comprehensive profit (loss)	90,390,667	(65,398,102)
Net Cash Flow from Operating Activities	2,617,241,469	819,847,186

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates

(1) Significant joint ventures or associates

Item	Principal place of operation	Place of incorporation	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 six-month period ended 30 June 2026

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key financial information of significant associates

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

RMB

Item	30 June 2026/January – June 2026	31 December 2025/January – June 2025
Current assets	2,116,344,708	1,452,401,727
Non-current assets	4,469,649,101	7,648,514,412
Total assets	6,585,993,809	9,100,916,139
Current liabilities	3,490,396,210	4,790,976,295
Non-current liabilities	575,804,573	717,618,600
Total liabilities	4,066,200,783	5,508,594,895
Minority interests	1,022,027,771	1,005,638,020
Equity attributable to shareholders of the Company	1,497,765,255	2,586,683,224
Share of net assets entitled based on the shareholding proportion	402,749,077	695,559,119
Carrying amount of investments	402,749,077	695,559,119
Operating income	4,562,168,791	4,142,550,953
Income tax expenses	(20,147,123)	(6,504,507)
Net losses	(1,168,524,641)	(139,379,756)
Total comprehensive loss	(1,168,226,080)	(139,379,756)
Dividends received	–	–

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Key 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	30 June 2026/January – June 2026	31 December 2025/January – June 2025
Current assets	2,933,293,592	2,252,094,408
Non-current assets	4,667,630,733	4,850,604,457
Total assets	7,600,924,325	7,102,698,865
Current liabilities	2,529,346,046	1,843,486,226
Non-current liabilities	1,139,497,210	1,277,647,104
Total liabilities	3,668,843,256	3,121,133,330
Minority interests	770,770,943	829,799,355
Equity attributable to shareholders of the Company	3,161,310,126	3,151,766,180
Share of net assets entitled based on the shareholding proportion	1,011,303,109	1,008,250,001
Carrying amount of investments	1,011,303,109	1,008,250,001
Operating income	2,605,003,763	2,250,628,438
Income tax expenses	2,090,984	12,150,171
Net profit (loss)	8,683,901	(91,470,993)
Total comprehensive profit (loss)	8,683,901	(91,470,993)
Dividends received	–	–

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	30 June 2026/January – June 2026	31 December 2025/January – June 2025
Current assets	21,438,907,062	17,083,791,596
Non-current assets	54,506,168,658	54,109,798,120
Total assets	75,945,075,720	71,193,589,716
Current liabilities	65,699,183,828	60,629,770,156
Non-current liabilities	40,962,579	29,487,651
Total liabilities	65,740,146,407	60,659,257,807
Minority interests	–	–
Equity attributable to shareholders of the Company	10,204,929,313	10,534,331,909
Share of net assets entitled based on the shareholding proportion	2,281,822,193	2,355,476,614
Add: Goodwill formed on acquisition of investments	496,068,501	496,068,501
Carrying amount of investments	2,777,890,694	2,851,545,115
Operating income	616,282,123	737,501,042
Income tax expenses	69,837,161	97,449,199
Net profit	212,365,403	302,787,669
Other comprehensive income (loss)	34,182,001	(12,515,826)
Total comprehensive income	246,547,404	290,271,843
Dividends received	128,782,420	–

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	30 June 2026/January – June 2026	31 December 2025/January – June 2025
Joint ventures		
Total carrying amount of investments	319,395,822	318,131,422
Total of the followings in proportion to shareholdings		
Net profit	29,159,400	29,634,493
Total comprehensive income	29,159,400	29,634,493

RMB

Item	30 June 2026/January – June 2026	31 December 2025/January – June 2025
Associates		
Total carrying amount of investments	1,322,676,177	1,298,240,017
Total of the followings in proportion to shareholdings		
Net profit	35,163,623	(9,520,707)
Other comprehensive income	–	–
Total comprehensive income	35,163,623	(9,520,707)

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

IX. GOVERNMENT GRANTS

1. Government grants recognised at amounts receivable

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

2. Liabilities items involving government grants

RMB

Item	31 December 2025	Increase	Included in other income	30 June 2026	Related to assets/ income
Deferred income	804,941,750	7,088,635	(40,457,569)	771,572,816	Assets and income

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

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Government grants related to assets charged to other income	40,457,569	31,574,138
Government grants related to income charged to other income	3,918,037	22,642,603
Total	44,375,606	54,216,741

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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.

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 30 June 2026, the Group has specific concentrations of credit risk, with 41% (31 December 2025: 40%) and 76% (31 December 2025: 78%) 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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instrument risks (Continued)

(2) Liquidity risk

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

The following 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	10,255,567,003	-	-	-	-	10,255,567,003
Notes payable	13,717,916,553	-	-	-	-	13,717,916,553
Accounts payable	7,697,419,839	-	-	-	-	7,697,419,839
Other payables	3,029,393,636	-	-	-	-	3,029,393,636
Non-current liabilities due within one year	2,822,724,895	-	-	-	-	2,822,724,895
Long-term borrowings	-	1,287,429,185	102,347,250	-	-	1,389,776,435
Lease liabilities	-	21,043,762	20,878,599	-	-	41,922,361
Total	37,523,021,926	1,308,472,947	123,225,849	-	-	38,954,720,722

(3) Market risk

Interest rate risk

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

On 30 June 2026, 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 RMB11,443,175 (31 December 2025: RMB9,171,443) and a decrease in net profit by RMB11,443,175 (31 December 2025: a decrease in net profit by RMB9,171,443).

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)**1. Financial instrument risks (Continued)****(3) Market risk (Continued)**

Exchange rate risk

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

For the six-month period ended 30 June 2026

RMB

Item	Increase (decrease) in exchange rate %	Increase (decrease) in net profit or loss	(Decrease) increase in other comprehensive income, net of tax	Increase (decrease) in total shareholders' equity
Depreciation of RMB against USD	1	7,650,745	–	7,650,745
Depreciation of RMB against EUR	1	2,575,451	(37,852)	2,537,599
Depreciation of RMB against HKD	1	2,021	(1,676,164)	(1,674,143)
Depreciation of RMB against AUD	1	45	(168)	(123)
Depreciation of RMB against JPY	1	108,583	–	108,583
Appreciation of RMB against USD	(1)	(7,650,745)	–	(7,650,745)
Appreciation of RMB against EUR	(1)	(2,575,451)	37,852	(2,537,599)
Appreciation of RMB against HKD	(1)	(2,021)	1,676,164	1,674,143
Appreciation of RMB against AUD	(1)	(45)	168	123
Appreciation of RMB against JPY	(1)	(108,583)	–	(108,583)

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)**1. Financial instrument risks (Continued)****(3) Market risk (Continued)**

Exchange rate risk (Continued)

31 December 2025

RMB

Item	Increase (decrease) in exchange rate %	Increase (decrease) in net profit or loss	(Decrease) increase 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)

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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 for the six-month period ended 30 June 2026 and for the six-month period ended 30 June 2025.

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	30 June 2026	31 December 2025
Short-term borrowings	10,163,299,748	10,759,496,729
Notes payable	13,717,916,553	10,452,314,143
Accounts payable	7,697,419,839	9,381,832,392
Employee benefits payable	214,038,891	274,397,346
Other payables	3,029,393,636	3,031,625,066
Other current liabilities	525,208,383	548,260,463
Non-current liabilities due within one year	2,821,089,336	2,372,076,286
Long-term borrowings	1,370,964,421	3,049,493,813
Lease liabilities	41,184,071	336,261,229
Long-term employee benefits payable	265,081	265,081
Less: Cash and bank balances	12,937,958,265	11,769,801,934
Net liabilities	26,642,821,694	28,436,220,614
Total capital attributable to shareholders of the Company	23,960,527,904	24,026,672,263
Adjusted capital	23,960,527,904	24,026,672,263
Capital and net liabilities	50,603,349,598	52,462,892,877
Gearing ratio	53%	54%

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)**3. Transfer of financial assets**

RMB

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred	Status of derecognition	Basis for derecognition
Notes endorsement	Bank acceptances	5,613,931,151	Amounts partly derecognised	Bank credit rating
Notes discount	Bank acceptances	3,678,234,584	Amounts partly derecognised	Bank credit rating
Total		9,292,165,735		

Financial assets derecognised due to transfer are shown below:

RMB

Item	Manner of transfer	Amount of financial assets derecognised	Gains associated with derecognition
Notes receivable	Notes endorsement	5,437,236,998	—
Notes receivable	Notes discount	3,657,434,159	20,516,696
Total		9,094,671,157	20,516,696

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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 (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Receivables financing	–	1,319,332,544	–	1,319,332,544
Investment in other equity instruments	–	–	526,200,874	526,200,874
Total	–	1,319,332,544	526,200,874	1,845,533,418

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. Adjustments to continuous Level 3 fair value measurements

Adjustments to continuous Level 3 fair value measurements are presented below:

RMB

Item	31 December 2025	Increase	Total current gains or losses		30 June 2026	Assets still held the end of the period are included in changes in unrealised gains or losses in profit and loss for the period
			Recognised in profit or loss	Recognised in other comprehensive income		
Investment in other equity instruments	529,512,184	–	–	(3,311,310)	526,200,874	–

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Level 3 fair value measurement

As at 30 June 2026, 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 30 June 2026, 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.

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 incorporation	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 six-month period ended 30 June 2026

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, 2. 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
Xinchuang Energy Saving	Associate of the Group
Magang Chemicals & Energy	Associate of the Group
Baosight Software (Anhui)	Associate of the Group
OBEI	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
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 Logistics Container Intermodal Transport Co., Ltd.	Controlled by the Company
Anhui Masteel Mining Resources Group Nanshan Mining Co., Ltd.	Controlled by the Company
Anhui Masteel Mining Resources Group Mining Technology Service Co., Ltd.	Controlled by the Company
Maanshan Masteel K. Wah Concrete 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 six-month period ended 30 June 2026

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
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
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
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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
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
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 Xingtai Mechanical Rolling Co. Ltd.	Controlled by the ultimate controlling party
Shanghai Baosteel Steel Products Trading Co., Ltd.	Controlled by the ultimate controlling party
Shanxi Taigang Stainless Steel Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Guide Electric Co., Ltd.	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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
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
Shanghai Meishan Iron & Steel 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
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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
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
SINOSTEEL International Trading Company Limited	Controlled by the ultimate controlling party
Ma Steel (Hefei) Industrial Water Supply Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Baoding Energy Co., Ltd.	Controlled by the ultimate controlling party
Shanghai Meishan Industrial Civil Engineering Design Research Institute Co., Ltd.	Controlled by the ultimate controlling party
Baowu Shared Services Co., Ltd.	Controlled by the ultimate controlling party
Baowu Smart Roll Technology Services (Shanghai) Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd.	Controlled by the ultimate controlling party
Baosteel Spain S. L.	Controlled by the ultimate controlling party
Sinosteel Shenzhen Co., Ltd.	Controlled by the ultimate controlling party
Wuhan Iron & Steel Co., Ltd.	Controlled by the ultimate controlling party
Baowu Resources Port (Shanghai) Co., Ltd.	Controlled by the ultimate controlling party
Nanjing Baodi Meishan Industrial City Development Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Luonai Materials Technology Corporation	Controlled by the ultimate controlling party

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
Guangdong Shaogang Engineering Technology Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Xi'an Heavy Machinery Co., Ltd.	Controlled by the ultimate controlling party
Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	Controlled by the ultimate controlling party
Maanshan Iron Construction Group Co., Ltd.	Associate of the Company
Ma-Steel OCI Chemical 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
Maanshan Gangchen Steel Supply Chain Co., Ltd.	Associate of the Company
Maanshan Gangchen Industrial Co., Ltd.	Associate of the Company
Maanshan Gangchen Hydrogen Industry Co., Ltd.	Associate of the Company
Anhui Gangchen Industrial Material Technology Co., Ltd.	Associate of the Company
Maanshan Gangchen Iron&Steel Logistics Park 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
Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	Associate of the ultimate controlling party
Dalian Jiaxiang 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
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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

4. Other related parties (Continued)

Company name	Related party relationship
CISDI Engineering Co., Ltd.	Associate of the ultimate controlling party
Henan Zhongping Energy Supply Chain Management Co., Ltd.	Associate of the ultimate controlling party
Shanghai Baosteel Engineering Consulting Co., Ltd.	Associate of the ultimate controlling party
MCC South Engineering Technology Co., Ltd.	Associate of the ultimate controlling party
CIMC Baochuang (Wuxi) Steel Processing Co., Ltd.	Associate of the ultimate controlling party
Guangdong Building MATERIALS Co., Ltd.	Associate of the ultimate controlling party
Yongmei Group Co., Ltd.	Associate of the ultimate controlling party
Xingtai Roller WoChuan Equipment Manufacturing Co., Ltd.	Associate of the ultimate controlling party
Shanghai Baoneng Information Technology Co., Ltd.	Associate of the ultimate controlling party
Taicang Wugang Wharf Co., Ltd.	Associate of the ultimate controlling party

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Baowu Resources Co., Ltd.	Purchases of ore	2,061,612,367	1,225,562,060
Baowu Raw Material Supply Co., Ltd.	Purchases of ore	1,141,987,110	2,107,052,453
Ma Steel International Trade and Economic Co., Ltd.	Purchases of ore	581,553,059	969,998,152
Baosteel Resources International Company Limited	Purchases of ore	920,720,260	461,369,568
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Purchases of ore	367,959,416	814,538,112
Baowu Resources Zhenjiang Mining Technology Co., Ltd.	Purchases of ore	179,867,502	160,340,683
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Purchases of ore	159,162,474	220,531,594
Bao-trans Enterprises Limited	Purchases of ore	109,255,096	—
Anhui Wanbao Mining Co., Ltd.	Purchases of ore	38,122,658	—
Baoshan Iron & Steel Co., Ltd.	Purchases of ore	33,336,109	717,677
Baosteel Resources Singapore Company Pte. Ltd.	Purchases of ore	3,172,280	101,695
Anhui Masteel Mining Resources Group Co., Ltd.	Purchases of ore	—	1,043,466,358
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	Purchases of ore	—	20,857,460
SINOSTEEL International Trading Company Limited	Purchases of ore	—	1,906,744
OBEI	Agency service fees	56,611,499	43,667,567
Ma Steel International Trade and Economic Co., Ltd.	Agency service fees	—	21,237,001

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Magang (Group) Logistics Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	581,062,074	524,528,496
Xinchuang Energy Saving	Payment of labour service fees, logistics and other service fees to related parties	357,550,495	369,046,614
Holly Industrial	Payment of labour service fees, logistics and other service fees to related parties	211,221,172	219,121,719
Anhui Masteel Equipment Maintenance Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	204,679,897	265,962,063
The Holding	Payment of labour service fees, logistics and other service fees to related parties	180,638,359	33,232,653
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	146,474,024	134,145,050

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	126,236,205	165,094,743
Baowu Water	Payment of labour service fees, logistics and other service fees to related parties	109,657,953	185,727,539
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	93,824,617	114,750,181
Baosight Software (Anhui)	Payment of labour service fees, logistics and other service fees to related parties	92,072,187	125,735,073
Shanghai Ouyeel Logistics Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	89,901,405	—
Shanghai Baosight Software Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	81,560,680	37,331,714

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Anhui Masteel Transportation Equipment Manufacturing Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	35,316,458	37,326,593
Anhui Masteel Surface Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	33,356,533	95,881,651
Baowu Smart Roll Technology Services (Shanghai) Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	21,299,306	—
Anhui Zhonglian Shipping Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	20,151,696	22,133,860
Xingtai Roller WoChuan Equipment Manufacturing Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	19,500,943	—
Baowu Shared Services Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	16,992,539	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Zhejiang Zhoushan Wugang Terminal Co., Limited	Payment of labour service fees, logistics and other service fees to related parties	14,324,235	17,244,598
Baowu Equipment Intelligent Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	14,118,414	7,319,085
Masteel Group Kang Tai Land Development Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	11,086,380	–
Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	Payment of labour service fees, logistics and other service fees to related parties	7,888,248	8,830,460
Maanshan Iron Construction Group Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	5,027,877	–
Maanshan Masteel Electric Repair Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	4,858,976	2,022,491

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Baowu Jinggao (Anhui) Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	3,668,496	—
Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	3,036,539	—
Ruitai Masteel New Material Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	2,347,130	1,563,453
Shanghai Jinyi Testing Technology Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	1,438,364	5,047,200
Baoshan Iron & Steel Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	787,224	91,479
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	—	14,543,964

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Ma Steel International Trade and Economic Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	—	4,669,124
Nanjing Baodi Meishan Industrial City Development Co., Ltd.	Payment of labour service fees, logistics and other service fees to related parties	—	1,408,512
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	Payment of labour service fees, logistics and other service fees to related parties	—	446,405
Others	Payment of labour service fees, logistics and other service fees to related parties	24,539,895	86,347,552
Ma Steel (Group) Holding Co., Ltd. Asset Management Company	Lease payments to related parties	—	19,540,688
Ma Steel International Trade and Economic Co., Ltd.	Purchases of goods from related parties	528,695,781	—
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Purchases of goods from related parties	500,565,078	—
Ruitai Masteel New Material Technology Co., Ltd.	Purchases of goods from related parties	456,979,719	515,359,806

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Masteel Gases	Purchases of goods from related parties	406,817,202	392,703,702
Henan Jinma Zhongdong Energy Co., Ltd.	Purchases of goods from related parties	376,603,983	—
Henan Jinma Energy	Purchases of goods from related parties	307,865,945	351,149,295
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Purchases of goods from related parties	252,122,408	457,923,446
BOC-Ma steel	Purchases of goods from related parties	225,820,081	151,024,143
Shanghai Ouye Purchasing Information Technology Co., Ltd.	Purchases of goods from related parties	150,028,748	898,392
Guangdong Building MATERIALS Co., Ltd.	Purchases of goods from related parties	137,706,693	—
Shanghai Baosteel Steel Products Trading Co., Ltd.	Purchases of goods from related parties	115,953,563	—
Anhui Baosteel Steel Trade Co., Ltd.	Purchases of goods from related parties	64,602,735	—
Shanghai Baoding Energy Co., Ltd.	Purchases of goods from related parties	55,086,439	—
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Purchases of goods from related parties	54,889,635	—
Anhui Masteel Transportation Equipment Manufacturing Co., Ltd.	Purchases of goods from related parties	28,510,489	20,678,646

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Anhui Masteel Surface Technology Co., Ltd.	Purchases of goods from related parties	27,074,654	—
Baowu Water	Purchases of goods from related parties	23,498,813	—
Magang (Group) Logistics Co., Ltd.	Purchases of goods from related parties	17,741,287	—
Yongmei Group Co., Ltd.	Purchases of goods from related parties	16,897,484	—
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	Purchases of goods from related parties	15,019,724	—
Shanxi Taigang Stainless Steel Co., Ltd.	Purchases of goods from related parties	10,176,224	—
Magang Chemicals & Energy	Purchases of goods from related parties	856,928	1,163,512
SINOSTEEL Equipment & Engineering Co., Ltd.	Purchases of goods from related parties	194,196	27,834,429
Masteel Group Design and Research Institute Co., Ltd.	Purchases of goods from related parties	—	4,925,687
Others	Purchases of goods from related parties	133,632,493	84,749,866

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Masteel Group Design and Research Institute Co., Ltd.	Purchases of fixed assets and construction services from related parties	216,442,363	281,695,881
MCC South Engineering Technology Co., Ltd.	Purchases of fixed assets and construction services from related parties	161,210,973	—
Anhui Masteel Equipment Maintenance Co., Ltd.	Purchases of fixed assets and construction services from related parties	32,978,346	61,721,914
Shanghai Baosteel Engineering & Technology Co., Ltd.	Purchases of fixed assets and construction services from related parties	29,877,609	96,338,755
Shanghai Baosight Software Co., Ltd.	Purchases of fixed assets and construction services from related parties	23,377,889	145,182,411
Baosight Software (Anhui)	Purchases of fixed assets and construction services from related parties	14,718,133	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Wuhan Guide Electric Co., Ltd.	Purchases of fixed assets and construction services from related parties	9,070,653	—
Baowu Water	Purchases of fixed assets and construction services from related parties	8,060,900	—
Shanghai Meishan Industrial Civil Engineering Design Research Institute Co., Ltd.	Purchases of fixed assets and construction services from related parties	7,002,079	—
Shanghai Baosteel Engineering Consulting Co., Ltd.	Purchases of fixed assets and construction services from related parties	5,816,663	—
Baowu Equipment Intelligent Technology Co., Ltd.	Purchases of fixed assets and construction services from related parties	5,384,279	15,186,206
Maanshan Iron Construction Group Co., Ltd.	Purchases of fixed assets and construction services from related parties	5,114,096	15,996,574

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Anhui Masteel Surface Technology Co., Ltd.	Purchases of fixed assets and construction services from related parties	1,739,800	428,624
Anhui Magang Limin Construction and Installation Co., Ltd.	Purchases of fixed assets and construction services from related parties	14,591	13,347,503
Baowu Heavy Industry Co., Ltd.	Purchases of fixed assets and construction services from related parties	—	129,392,490
Others	Purchases of fixed assets and construction services from related parties	16,512,908	29,346,926

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties transactions (Continued)

(1) Sale of products and rendering of services (Continued)

Sales of goods and rendering of services to related parties

RMB

Company name	Details of transaction	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Shanghai Baosteel Steel Products Trading Co., Ltd.	Sale of steel products	4,211,615,557	—
Anhui Baosteel Steel Trade Co., Ltd.	Sale of steel products	3,731,813,274	—
Ouyeel Cloud Commerce Co., Ltd.	Sale of steel products	1,281,360,655	—
Baosteel Singapore Pte Ltd	Sale of steel products	915,287,365	—
Wuhan Baosteel Huazhong Trading Co., Ltd.	Sale of steel products	806,000,622	—
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	Sale of steel products	786,227,556	670,617,600
Guangzhou Baosteel Southern Trading Co., Ltd.	Sale of steel products	586,930,714	—
Howa Trading Co., Ltd.	Sale of steel products	459,830,006	—
BAOSTEEL TRADING AMERICA GMBH	Sale of steel products	458,073,745	—
Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	Sale of steel products	340,910,871	300,127,921
BAOSTEEL TRADING EUROPE GMBH	Sale of steel products	310,125,261	3,984,698
Maanshan Gangchen Steel Supply Chain Co., Ltd.	Sale of steel products	289,751,884	248,525,801
Chengdu Baosteel Western Trade Co., Ltd.	Sale of steel products	265,791,021	—
Beijing Baosteel Northern Trading Co., Ltd.	Sale of steel products	111,294,903	—
Baosteel Special Steel Long Products Co., Ltd.	Sale of steel products	106,350,726	3,984,698
Baosteel Spain S. L.	Sale of steel products	69,367,615	—
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Sale of steel products	60,224,214	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Sinosteel Xingtai Mechanical Rolling Co. Ltd.	Sale of steel products	51,793,553	–
Baosteel Middle East FZE	Sale of steel products	50,731,131	–
Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	Sale of steel products	50,556,570	–
Shanghai Ouyeel Material Technology Co., Ltd.	Sale of steel products	37,769,253	422,402,181
Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	Sale of steel products	35,073,694	19,888,256
Fuzhou BAO-MIT Steel Co., Ltd.	Sale of steel products	25,980,967	–
Shenyang Baosteel Northeast Trade Limited Company	Sale of steel products	25,324,650	–
Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	Sale of steel products	17,065,320	17,296,900
OBEI	Sale of steel products	13,438,089	1,178,944
Baoshan Iron & Steel Co., Ltd.	Sale of steel products	12,642,882	–
Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	Sale of steel products	10,436,147	–
CIMC Baochuang (Wuxi) Steel Processing Co., Ltd.	Sale of steel products	6,285,452	–
Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	Sale of steel products	2,562,472	30,491,063
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Sale of steel products	1,695,055	93,789,308
Shanghai Baosteel Trading Co., Ltd.	Sale of steel products	(82,284)	139,619,859

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Holly Industrial	Sale of steel products	64,628	33,654,969
Sinosteel Equipment Technology Co., Ltd.	Sale of steel products	—	11,680,128
Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	Sale of steel products	323,208	11,680,128
Others	Sale of steel products	3,869,236	3,984,698
Magang Chemicals & Energy	Sales of goods	573,837,153	523,812,681
Masteel Gases	Sales of goods	333,870,640	217,874,882
Ma Steel International Trade and Economic Co., Ltd.	Sales of goods	—	229,757,881
Xinchuang Energy Saving	Sales of goods	185,156,500	484,324,123
BOC-Ma steel	Sales of goods	136,380,901	—
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Sales of goods	82,817,164	211,740,401
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Sales of goods	81,796,830	93,906,190
Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	Sales of goods	38,190,572	93,346,979
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Sales of goods	17,130,986	20,067,953
Anhui Magang Powder Metallurgy Co., Ltd.	Sales of goods	13,760,601	17,607,170
Ma-Steel OCI Chemical Co., Ltd.	Sales of goods	12,900,797	—
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Sales of goods	11,920,811	—
Baowu Water	Sales of goods	9,898,346	55,610,569

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	Sales of goods	9,235,577	8,521,261
Anhui Masteel Surface Technology Co., Ltd.	Sales of goods	—	1,204,977
Others	Sales of goods	6,687,699	10,858,695
Ouyeel Cloud Commerce Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	17,274,411	—
BOC-Ma steel	Supply of facilities, services, disposal of intangible assets and sale of other goods	12,130,820	—
Holly Industrial	Supply of facilities, services, disposal of intangible assets and sale of other goods	2,610,272	—
Ma-Steel OCI Chemical Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	2,525,845	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Maanshan Iron Construction Group Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	1,686,814	—
Baosight Software (Anhui)	Supply of facilities, services, disposal of intangible assets and sale of other goods	1,203,955	—
Anhui Masteel Equipment Maintenance Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	1,041,483	—
Masteel Group Kang Tai Land Development Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	856,730	—
Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	693,661	294,359

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	580,323	1,201,999
Henan Jinma Energy	Supply of facilities, services, disposal of intangible assets and sale of other goods	432,890	—
Magang (Group) Logistics Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	280,915	—
Anhui Masteel Mining Resources Group Nanshan Mining Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	272,440	—
Xinchuang Energy Saving	Supply of facilities, services, disposal of intangible assets and sale of other goods	147,129	125,000

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	141,509	—
Masteel Gases	Supply of facilities, services, disposal of intangible assets and sale of other goods	138,208	—
Magang Chemicals & Energy	Supply of facilities, services, disposal of intangible assets and sale of other goods	132,075	—
Baowu Huanke Maanshan Resource Utilization Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	125,000	—
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	123,492	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Maanshan Gangchen Iron&Steel Logistics Park Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	116,898	—
Anhui Masteel Transportation Equipment Manufacturing Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	116,500	—
Anhui Masteel Luo He Mining Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	111,742	—
Anhui Masteel Surface Technology Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	103,962	8,059
Anhui Masteel Mining Resources Group Taochong Mining Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	94,340	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Masteel Group Design and Research Institute Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	85,094	—
Ma Steel International Trade and Economic Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	80,189	—
Anhui Masteel Mining Resources Group Mining Technology Service Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	80,056	—
Anhui Masteel Logistics Container Intermodal Transport Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	79,778	—
Baowu Water	Supply of facilities, services, disposal of intangible assets and sale of other goods	78,021	294,359

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Ma Steel (Hefei) Industrial Water Supply Co., Ltd.	Supply of facilities, services, disposal of intangible assets and sale of other goods	5,046	9,740
Others	Supply of facilities, services, disposal of intangible assets and sale of other goods	568,204	294,359
Maanshan Gangchen Industrial Co., Ltd.	Sales of products and services	—	586,062,479
BOC-Ma steel	Sales of products and services	—	143,099,589
Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	Sales of products and services	—	437,949
Henan Jinma Energy	Sales of products and services	—	281,759

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties transactions (Continued)

(2) Leases with related parties

As a lessor

RMB

Company name	Type of leased assets	Rental income for the six-month period ended 30 June 2026	Rental income for the six-month period ended 30 June 2025
Masteel Gases	House rental	8,352,752	—
BOC-Ma steel	Land lease	2,990,597	—
Masteel Group Kang Tai Land Development Co., Ltd.	House rental	1,926,606	—
Anhui Masteel Surface Technology Co., Ltd.	House rental	617,457	—
Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	House rental	451,363	—
Magang (Group) Logistics Co., Ltd.	Land lease	191,193	—
Anhui Jiangnan Iron and Steel Material Quality Supervision and Inspection Co., Ltd.	House rental	146,676	108,540
Maanshan Gangchen Hydrogen Industry Co., Ltd.	Land lease	108,312	—
Xinchuang Energy Saving	House rental	99,083	—
Chongqing Baosteel Automotive Steel Parts Co., Ltd.	House rental/Land lease	—	70,021
Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	House rental/Land lease	—	20,657

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

5. Related parties transactions (Continued)

(2) Leases with related parties (Continued)

As a lessee

For the six-month period ended 30 June 2026

RMB

Company name	Type of leased assets	Rent paid
The Holding	Buildings	5,990,740

For the six-month period ended 30 June 2025

RMB

Company name	Type of leased assets	Rent paid
The Holding	Buildings	949,450

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related parties transactions (Continued)

(3) 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 30 June 2026, the Group's deposit balance with Baowu Finance was RMB8,522,133,620 (31 December 2025: RMB8,243,701,758). As at 30 June 2026, the Group's outstanding borrowing balance from Baowu Finance was RMB1,655,000,000 (31 December 2025: RMB1,760,000,000). As at 30 June 2026, the Group's balance of accounts receivable factoring facilities obtained from Baowu Finance was RMB0 (31 December 2025: RMB242,799,299).

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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Baowu Finance	Notes discount	86,705,749	625,509,277
	Interest and service fee		
Baowu Finance	expenses	20,328,657	37,268,792
Baowu Finance	Interest income	45,739,643	24,125,684

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties

(1) Receivables

RMB

		30 June 2026		31 December 2025	
Related party		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Accounts receivable	BAOSTEEL TRADING AMERICA GMBH	166,217,891	2,960,854	15,616,367	279,269
Accounts receivable	Baosteel Singapore Pte Ltd	154,838,374	2,758,150	26,932,459	481,636
Accounts receivable	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	127,227,947	2,266,323	127,755,233	2,284,661
Accounts receivable	BAOSTEEL TRADING EUROPE GMBH	110,314,356	1,965,040	100,029,243	1,788,834
Accounts receivable	Xinchuang Energy Saving	78,420,502	1,396,912	—	—
Accounts receivable	Howa Trading Co., Ltd.	57,223,865	1,019,334	—	—
Accounts receivable	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	36,473,727	649,710	—	—
Accounts receivable	Baosteel Spain S. L.	31,954,835	569,214	—	—
Accounts receivable	BOC-Ma steel	31,358,909	558,599	27,883,296	498,640
Accounts receivable	Baosteel Middle East FZE	28,650,720	510,358	66,591,889	1,190,870
Accounts receivable	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	26,667,872	475,037	15,480,038	276,831
Accounts receivable	Maanshan Limin Spark Metallurgical Slag Environmental Protection Technology Development Co., Ltd.	23,653,373	3,338,668	21,319,495	3,382,452
Accounts receivable	Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	20,520,591	365,535	15,174,335	592,404
Accounts receivable	Baowu Huanke Maanshan Resource Utilization Co., Ltd.	19,384,066	387,601	25,957,719	464,205
Accounts receivable	Baosteel Special Steel Long Products Co., Ltd.	18,801,702	334,916	1,662,644	560,547
Accounts receivable	Anhui Magang Powder Metallurgy Co., Ltd.	16,095,175	286,705	14,023,987	250,793
Accounts receivable	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	14,353,502	259,756	14,973,846	271,854
Accounts receivable	OBEI	12,140,923	377,116	10,216,302	318,590

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

		30 June 2026		31 December 2025	
Related party		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Accounts receivable	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	11,328,951	201,804	12,740,304	227,836
Accounts receivable	Baowu Water	10,235,418	187,676	6,576,888	116,961
Accounts receivable	Baoshan Iron & Steel Co., Ltd.	9,770,276	174,039	8,812,274	157,591
Accounts receivable	Taiyuan Heavy Industry Railway Transit Equipment Co., Ltd.	7,894,012	140,617	5,572,646	99,656
Accounts receivable	Baosight Software (Anhui)	3,796,866	1,426,641	2,158,405	1,122,797
Accounts receivable	Anhui Baochang United Roll Co., Ltd.	3,681,197	180,477	5,055,090	744,510
Accounts receivable	Anhui Masteel K. Wah New Building Materials Co., Ltd.	3,570,827	63,607	8,495,883	151,933
Accounts receivable	Masteel Group Kang Tai Land Development Co., Ltd.	3,008,134	53,584	–	–
Accounts receivable	Masteel Gases	2,936,336	52,305	–	–
Accounts receivable	Magang Chemicals & Energy	2,865,029	735,557	–	–
Accounts receivable	Ma-Steel OCI Chemical Co., Ltd.	2,854,205	50,842	2,586,636	46,257
Accounts receivable	Holly Industrial	2,766,888	49,287	–	–
Accounts receivable	Anhui Masteel Equipment Maintenance Co., Ltd.	2,529,379	397,963	1,487,777	128,989
Accounts receivable	Maanshan Limin Metallurgical Solid Waste Comprehensive Utilization Technology Co., Ltd.	1,406,983	25,537	8,841	632
Accounts receivable	Anhui Masteel Surface Technology Co., Ltd.	1,198,499	63,902	484,015	12,889
Accounts receivable	Changchun Baoyou Jiefang Steel Processing & Distribution Co. Ltd.	855,848	15,245	–	–
Accounts receivable	Shanghai Ouye Purchasing Information Technology Co., Ltd.	379,680	6,763	1,193,429	21,342

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

		30 June 2026		31 December 2025	
Related party		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Accounts receivable	Sinosteel Zhengzhou Metal Products Research Institute Co. Ltd.	229,772	4,093	210,224	3,035
Accounts receivable	The Holding	33,000	33,000	33,000	33,000
Accounts receivable	Maanshan Masteel K. Wah Concrete Co., Ltd.	3,826	1,290	3,826	791
Accounts receivable	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	—	—	1,210,154,336	21,641,326
Accounts receivable	Shanghai Baosteel Trading Co., Ltd.	—	—	2,541,654	45,453
Accounts receivable	Others	4,856,203	581,542	6,547,438	117,089
Prepayments	Shanghai Baosteel Steel Products Trading Co., Ltd.	44,055,990	—	—	—
Prepayments	Anhui Baosteel Steel Trade Co., Ltd.	28,395,694	—	4,018,934	—
Prepayments	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	7,981,912	—	—	—
Prepayments	Shanxi Taigang Stainless Steel Co., Ltd.	5,293,226	—	82,376	—
Prepayments	Baowu Water	3,219,892	—	—	—
Prepayments	Baosteel Resources Holdings (Shanghai) Co., Ltd.	1,972,480	—	2,429,421	—
Prepayments	Masteel Group Kang Tai Land Development Co., Ltd.	1,162,726	—	1,162,726	—
Prepayments	Holly Industrial	860,637	—	860,637	—
Prepayments	Shanghai Baosteel Trading Co., Ltd.	467,963	—	426,023	—
Prepayments	OBEI	379,640	—	—	—
Prepayments	Baowu Resources Port (Shanghai) Co., Ltd.	133,039	—	—	—
Prepayments	Shanghai Ouyeel Supply Chain Co., Ltd.	39,991	—	830,643	—
Prepayments	Masteel Gases	—	—	6,570,042	—
Prepayments	Shanghai Baochangran Energy Development Co., Ltd.	—	—	1,699,154	—
Prepayments	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	—	—	1,683,302	—
Prepayments	Shanghai Baosight Software Co., Ltd.	—	—	542,701	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

Related party	30 June 2026		31 December 2025	
	Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Prepayments Others	18,775	—	9,719,380	—
Other Hubei Carbon Emission Exchange receivables	7,000,000	42,000	7,000,000	42,000
Other Masteel Group Kang Tai Land receivables Development Co., Ltd.	2,035,509	2,035,509	2,035,509	2,035,509
Other Sinosteel Engineering Design & receivables Research Institute Co., Ltd.	1,428,036	94,679	1,428,036	94,679
Other Baowu Heavy Industry Co., Ltd. receivables	726,496	48,167	798,496	52,940
Other Anhui Masteel Equipment Maintenance receivables Co., Ltd.	566,808	37,579	566,808	37,579
Other Shanghai Meishan Iron & Steel Co., receivables Ltd.	515,280	34,163	515,280	34,163
Other Anhui Baosteel Steel Trade Co., Ltd. receivables	270,698	1,624	—	—
Other Masteel Group Design and Research receivables Institute Co., Ltd.	101,860	6,753	74,197	4,919
Other Shanghai Ouyeel Material Technology receivables Co., Ltd.	8,341	553	8,341	553
Other Others receivables	449,771	9,882	533,760	36,797
Notes Maanshan Baozhichun Calcium & receivable Magnesium Technology Co. Ltd.	29,188,313	—	—	—
Notes Ma Steel (Guangzhou) Processing and receivable Distribution Co., Ltd.	14,700,425	—	—	—
Notes Taiyuan Heavy Industry Railway Transit receivable Equipment Co., Ltd.	3,898,833	—	—	—
Notes Sinosteel Xingtai Mechanical Rolling receivable Co. Ltd.	737,521	—	—	—
Notes OBEI receivable	123,746	—	46,532,047	—
Notes Shanghai Baosteel Steel Products receivable Trading Co., Ltd.	78,144	—	—	—
Notes SINOSTEEL Equipment & Engineering receivable Co., Ltd.	—	—	21,932,335	—
Notes Shanxi Taigang Stainless Steel Co., receivable Ltd.	—	—	16,343,444	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

		30 June 2026		31 December 2025	
Related party		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Notes receivable	Shanghai Baosteel Engineering & Technology 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 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 to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

		30 June 2026		31 December 2025	
Related party		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
Notes receivable	Nanjing Meishan Steel Slag Treatment Co., Ltd.	–	–	100,000	–
Receivables financing	Shanghai Baosteel Steel Products Trading Co., Ltd.	152,473,664	–	–	–
Receivables financing	Ouyeel Cloud Commerce Co., Ltd.	47,886,949	–	4,004	–
Receivables financing	Wuhan Baosteel Huazhong Trading Co., Ltd.	40,874,685	–	–	–
Receivables financing	Ma Steel (Guangzhou) Processing and Distribution Co., Ltd.	35,493,264	–	–	–
Receivables financing	Anhui Baosteel Steel Trade Co., Ltd.	22,172,222	–	–	–
Receivables financing	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	20,669,556	–	–	–
Receivables financing	Baosteel Special Steel Long Products Co., Ltd.	18,531,637	–	–	–
Receivables financing	Chengdu Baosteel Western Trade Co., Ltd.	10,315,575	–	–	–
Receivables financing	Beijing Baosteel Northern Trading Co., Ltd.	4,366,297	–	–	–
Receivables financing	Guangzhou Baosteel Southern Trading Co., Ltd.	3,800,140	–	–	–
Receivables financing	Anhui Magang Powder Metallurgy Co., Ltd.	3,505,620	–	–	–
Receivables financing	Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	957,363	–	–	–
Receivables financing	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	16,163	–	427	–
Receivables financing	Shenyang Baosteel Northeast Trade Limited Company	630	–	–	–
Receivables financing	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	–	–	6,740,007	–
Receivables financing	Baowu Huanke Maanshan Resource Utilization Co., Ltd.	–	–	6,545,173	–

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Receivables (Continued)

RMB

		30 June 2026		31 December 2025	
Related party		Gross carrying amount	Allowances for bad debts	Gross carrying amount	Allowances for bad debts
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	Pingmei Shenma Machinery Equipment Group Co., Ltd.	–	–	3,650	–

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables

RMB

Item	Related party	30 June 2026	31 December 2025
Accounts payable	OBEI	1,634,138,754	2,169,279,882
Accounts payable	Baowu Resources Co., Ltd.	648,346,906	471,643,384
Accounts payable	Masteel Group Design and Research Institute Co., Ltd.	251,973,166	302,144,368
Accounts payable	Ma Steel International Trade and Economic Co., Ltd.	208,602,905	182,886,991
Accounts payable	Magang (Group) Logistics Co., Ltd.	110,482,927	68,783,186
Accounts payable	Baosteel Resources Holdings (Shanghai) Co., Ltd.	110,289,183	146,162,629
Accounts payable	Anhui Masteel Surface Technology Co., Ltd.	68,816,897	60,054,821
Accounts payable	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	60,554,940	29,558,080
Accounts payable	Holly Industrial	50,022,989	12,142,749
Accounts payable	Shanghai Baosight Software Co., Ltd.	49,662,743	92,456,698
Accounts payable	Anhui Masteel Equipment Maintenance Co., Ltd.	47,337,143	39,812,613
Accounts payable	Baosight Software (Anhui)	47,104,725	49,843,363
Accounts payable	The Holding	45,939,204	152,078,940
Accounts payable	MCC South Engineering Technology Co., Ltd.	43,472,696	6,108,856
Accounts payable	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	41,182,432	56,806,936
Accounts payable	Henan Jinma Zhongdong Energy Co., Ltd.	39,099,390	9,836,914
Accounts payable	BOC-Ma steel	38,711,116	43,133
Accounts payable	Baowu Heavy Industry Co., Ltd.	28,475,652	72,916,422

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	30 June 2026	31 December 2025
Accounts payable	Baowu Equipment Intelligent Technology Co., Ltd.	24,186,456	20,027,952
Accounts payable	Shanghai Baosteel Engineering & Technology Co., Ltd.	22,676,428	21,989,067
Accounts payable	Baowu Water	22,541,653	44,781,394
Accounts payable	Bao-trans Enterprises Limited	22,171,394	—
Accounts payable	CISDI Engineering Co., Ltd.	18,060,502	103,766,048
Accounts payable	Xinchuang Energy Saving	17,788,719	30,573,100
Accounts payable	Baoshan Iron & Steel Co., Ltd.	17,663,845	31,194,691
Accounts payable	Shanghai Ouyeel Logistics Co., Ltd.	17,079,843	11,715,651
Accounts payable	Anhui Baosteel Steel Trade Co., Ltd.	15,836,493	—
Accounts payable	Henan Zhongping Energy Supply Chain Management Co., Ltd.	15,829,612	26,645,587
Accounts payable	Maanshan Iron Construction Group Co., Ltd.	14,190,597	11,819,691
Accounts payable	Shanghai Baoding Energy Co., Ltd.	12,368,271	—
Accounts payable	Beijing Bestpower Bluesky Engineering Co., Ltd.	8,995,989	2,536,755
Accounts payable	Shanghai Ouye Purchasing Information Technology Co., Ltd.	7,405,574	7,578,746
Accounts payable	Anhui Zhonglian Shipping Co., Ltd.	7,274,300	11,747,550
Accounts payable	Anhui Wanbao Mining Co., Ltd.	6,732,633	9,355,008
Accounts payable	Baowu Raw Material Supply Co., Ltd.	6,364,954	2,166,426
Accounts payable	Ruitai Masteel New Material Technology Co., Ltd.	6,004,723	4,065,220
Accounts payable	Baowu Shared Services Co., Ltd.	5,596,680	13,733,311

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	30 June 2026	31 December 2025
Accounts payable	Shanghai Meishan Industrial Civil Engineering Design Research Institute Co., Ltd.	5,547,541	986,155
Accounts payable	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	4,623,111	4,623,111
Accounts payable	Anhui Masteel Mining Resources Group Co., Ltd.	4,100,446	29,567,330
Accounts payable	Zhejiang Zhoushan Wugang Terminal Co., Limited	3,373,005	3,741,769
Accounts payable	Taicang Wugang Wharf Co., Ltd.	2,048,256	1,572,672
Accounts payable	Shanghai Baosteel Engineering Consulting Co., Ltd.	990,920	1,835,441
Accounts payable	Guangdong Shaogang Engineering Technology Co., Ltd.	709,107	5,647,152
Accounts payable	Sinosteel Xi'an Heavy Machinery Co., Ltd.	596,968	3,153,512
Accounts payable	Sinosteel Maanshan General Institute of Mining Research Co., Ltd.	214,040	4,519,342
Accounts payable	Maanshan Gangchen Industrial Co., Ltd.	188,024	188,024
Accounts payable	Shanghai Baoneng Information Technology Co., Ltd.	146,437	330,613
Accounts payable	Masteel Gases	76,250	111,815
Accounts payable	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	—	1,073,644,902
Accounts payable	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	—	6,820,809
Accounts payable	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	—	5,805,171
Accounts payable	Others	58,132,905	206,132,098
Other payables	Magang (Group) Logistics Co., Ltd.	28,297,000	28,197,000
Other payables	China Baowu	19,660,000	73,670,000

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	30 June 2026	31 December 2025
Other payables	The Holding	3,500,163	—
Other payables	Maanshan Iron Construction Group Co., Ltd.	3,445,160	3,445,160
Other payables	Ma Steel International Trade and Economic Co., Ltd.	1,000,000	1,000,000
Other payables	Maanshan Shenma Metallurgy Co., Ltd.	1,000,000	—
Other payables	Shanghai Meishan Iron & Steel Co., Ltd.	515,280	—
Other payables	Anhui Zhonglian Shipping Co., Ltd.	500,000	500,000
Other payables	Henan Zhongping Energy Supply Chain Management Co., Ltd.	500,000	—
Other payables	Baoshan Iron & Steel Co., Ltd.	200,000	—
Other payables	Xinchuang Energy Saving	58,955	1,124,940
Other payables	Baosight Software (Anhui)	55,000	2,277,555
Other payables	Shanghai Ouyeel Logistics Co., Ltd.	171	1,796,696
Other payables	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	—	14,000
Other payables	Others	481,450	990,093
Contract liabilities	Shanghai Baosteel Steel Products Trading Co., Ltd.	695,006,187	416,781,036
Contract liabilities	Anhui Baosteel Steel Trade Co., Ltd.	677,887,025	667,317,986
Contract liabilities	Ma Steel (Jinhua) Processing and Distribution Co., Ltd.	139,017,285	79,125,336
Contract liabilities	Ouyeel Cloud Commerce Co., Ltd.	131,464,088	182,807,162
Contract liabilities	Wuhan Baosteel Huazhong Trading Co., Ltd.	53,741,594	242,048,457
Contract liabilities	Beijing Baosteel Northern Trading Co., Ltd.	38,910,218	18,237,832

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	30 June 2026	31 December 2025
Contract liabilities	Chengdu Baosteel Western Trade Co., Ltd.	36,757,042	23,939,916
Contract liabilities	Guangzhou Baosteel Southern Trading Co., Ltd.	23,711,167	37,552,135
Contract liabilities	Shanghai Ouyeel Material Technology Co., Ltd.	15,053,091	4,808,071
Contract liabilities	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	9,107,052	1,558,187
Contract liabilities	Maanshan Iron Construction Group Co., Ltd.	6,330,561	–
Contract liabilities	Baowu Special Metallurgy (Maanshan) Gaojin Technology Co., Ltd.	4,890,402	–
Contract liabilities	Fuzhou BAO-MIT Steel Co., Ltd.	4,499,630	8,976,171
Contract liabilities	Maanshan Gangchen Steel Supply Chain Co., Ltd.	3,564,907	22,122,295
Accounts payable	Shanghai Baoneng Information Technology Co., Ltd.	146,437	330,613
Accounts payable	Masteel Gases	76,250	111,815
Accounts payable	Guangdong Guangwu Zhongnan Building Materials Group Co., Ltd.	–	1,073,644,902
Accounts payable	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	–	6,820,809
Accounts payable	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	–	5,805,171
Accounts payable	Others	58,132,905	206,132,098
Contract liabilities	Shanghai Ouyeel Supply Chain Co., Ltd.	2,107,066	7,954,976
Contract liabilities	Magang Chemicals & Energy	2,051,343	10,457,855
Contract liabilities	Anhui Masteel Zhang Zhuang Mining Co., Ltd.	1,934,261	1,934,261
Contract liabilities	Shenyang Baosteel Northeast Trade Limited Company	1,512,616	5,012,710

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	30 June 2026	31 December 2025
Contract liabilities	Dongguan Baosteel Special Steel Processing and Distribution Co., Ltd.	1,239,339	3,801,811
Contract liabilities	Holly Industrial	699,578	571,133
Contract liabilities	Anhui Gangchen Industrial Material Technology Co., Ltd.	404,486	1,013,633
Contract liabilities	Maanshan Gangchen Industrial Co., Ltd.	384,078	118,623
Contract liabilities	Sinosteel Luonai Materials Technology Corporation	326,353	326,353
Contract liabilities	Xinchuang Energy Saving	383	33,109,086
Contract liabilities	Baowu Huanke Maanshan Resource Utilization Co., Ltd.	—	11,385,909
Contract liabilities	Anhui Baochang United Roll Co., Ltd.	—	1,304,998
Contract liabilities	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	—	112,585
Contract liabilities	Others	9,133,868	24,474,802
Notes payable	Baowu Resources Co., Ltd.	1,143,957,525	873,405,315
Notes payable	OBEI	809,741,207	—
Notes payable	Ma Steel International Trade and Economic Co., Ltd.	762,788,388	422,710,717
Notes payable	Baowu Raw Material Supply Co., Ltd.	617,741,150	674,590,989
Notes payable	Baosteel Resources Holdings (Shanghai) Co., Ltd.	381,770,053	22,000,000
Notes payable	Xinchuang Energy Saving	268,162,801	—
Notes payable	Henan Jinma Zhongdong Energy Co., Ltd.	109,183,072	134,237,157
Notes payable	Baowu Resources Zhenjiang Mining Technology Co., Ltd.	103,095,000	1,000,000
Notes payable	Anhui Maanshan Iron & Steel Metallurgical Industry Technical Service Co., Ltd.	91,632,909	17,663,894

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	30 June 2026	31 December 2025
Notes payable	Henan Zhongping Energy Supply Chain Management Co., Ltd.	78,229,885	120,685,523
Notes payable	Henan Jinma Energy	36,302,899	159,284,032
Notes payable	Shanxi Taigang Stainless Steel Co., Ltd.	15,687,000	15,067,000
Notes payable	Maanshan Baozhichun Calcium & Magnesium Technology Co. Ltd.	15,289,445	–
Notes payable	Maanshan Shenma Metallurgy Co., Ltd.	8,372,224	14,843,732
Notes payable	Anhui Masteel Surface Technology Co., Ltd.	6,532,215	6,197,162
Notes payable	Baosight Software (Anhui)	5,332,041	8,809,772
Notes payable	Masteel Group Design and Research Institute Co., Ltd.	4,206,600	2,605,319
Notes payable	Holly Industrial	3,588,067	3,853,706
Notes payable	Shanghai Baosight Software Co., Ltd.	3,023,731	13,928,071
Notes payable	Anhui Masteel Equipment Maintenance Co., Ltd.	2,659,170	894,211
Notes payable	Zhongbao Jinxin Consulting (Beijing) Co., Ltd.	1,723,392	980,625
Notes payable	Anhui Masteel Heavy Machinery Manufacturing Co., Ltd.	1,026,347	368,561
Notes payable	Yangtze River Delta (Hefei) Digital Technology Co., Ltd.	697,319	1,451,913
Notes payable	Sinosteel Shenzhen Co., Ltd.	558,697	–
Notes payable	Baowu Equipment Intelligent Technology Co., Ltd.	448,497	1,143,636
Notes payable	Maanshan Masteel Huayang Equipment Diagnosis Engineering Co. Ltd.	194,016	–
Notes payable	Baowu Resources Port (Shanghai) Co., Ltd.	98,015	–
Notes payable	Magang (Group) Logistics Co., Ltd.	–	80,503,293

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS
(CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Payables (Continued)

RMB

Item	Related party	30 June 2026	31 December 2025
Notes payable	Anhui Baochang United Roll Co., Ltd.	—	2,435,918
Notes payable	Sinosteel Xingtai Mechanical Rolling Co. Ltd.	—	1,690,836
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	Maanshan Masteel Electric Repair Co., Ltd.	—	54,380
Notes payable	Others	—	288,655,489

Amounts due from/to related parties are non-interest bearing and unsecured.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XIII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Capital commitments

As at the balance sheet date, the Group had the following non-cancellable contracts for the acquisition of long-term assets:

RMB

Item	30 June 2026	31 December 2025
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	2,513,824,870	1,118,146,207
Total	2,513,824,870	1,118,146,207

Refer to Note III, 33 for lease commitments entered into by the Group as a lessee.

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.

XIV. 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 six-month period ended 30 June 2026

XV. 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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Sale of steel products	35,164,353,802	35,537,054,761
Others	2,060,202,926	2,538,478,783
Total	37,224,556,728	38,075,533,544

Geographic information

External income

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Chinese mainland	33,979,392,513	35,432,194,574
Overseas and Hong Kong	3,245,164,215	2,643,338,970
Total	37,224,556,728	38,075,533,544

The external income is attributed to the region in which customers are located.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(2) Other information (Continued)

Geographic information (Continued)

Total non-current assets

RMB

Item	30 June 2026	31 December 2025
Chinese mainland	54,617,688,531	55,971,315,398
Overseas and Hong Kong	87,247,142	88,959,765
Total	54,704,935,673	56,060,275,163

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 RMB16.2 billion, accounting for 44% of the Group's operating income from January to June 2026.

(3) Other financial information

RMB

Item	The Group		The Company	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
Current assets	25,258,532,124	24,855,515,535	7,271,554,074	9,224,051,954
Less: Current liabilities	42,347,378,734	41,317,602,347	168,105,106	2,357,641,921
Net current (liabilities) assets	(17,088,846,610)	(16,462,086,812)	7,103,448,968	6,866,410,033

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (Continued)

(3) Other financial information

RMB

Item	The Group		The Company	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
Total assets	80,784,992,995	81,746,797,461	21,043,730,711	23,358,361,608
Less: Current liabilities	42,347,378,734	41,317,602,347	168,105,106	2,357,641,921
Total assets less current liabilities	38,437,614,261	40,429,195,114	20,875,625,605	21,000,719,687

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosures by ageing

RMB

Item	30 June 2026	31 December 2025
Within 1 year	13,001,733	14,553,192
Less: Allowances for bad debts of accounts receivable	26,260	26,260
Total	12,975,473	14,526,932

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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

As at 30 June 2026

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	4,977,271	38	–	–	4,977,271
On a portfolio basis according to credit risk characteristics	8,024,462	62	26,260	–	7,998,202
Total	13,001,733	100	26,260	–	12,975,473

As at 31 December 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 six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2) Disclosure 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	30 June 2026			31 December 2025		
	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	4,977,271	–	–	13,073,183	–	–

As at 30 June 2026, 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	8,024,462	26,260	–

(3) Details of allowances for bad debts

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

RMB

Item	31 December 2025	Provision	Recovery or reversal	Transfer-out	Write-off	30 June 2026
For the period ended 30 June 2026	26,260	–	–	–	–	26,260

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(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	11,108,184	85	20,064
Company 2	773,690	6	2,532
Company 3	641,832	5	2,100
Company 4	458,864	4	1,502
Company 5	18,000	—	59
Total	13,000,570	100	26,257

2. Other receivables

RMB

Item	30 June 2026	31 December 2025
Dividends receivable	—	—
Other receivables	389,299,099	1,886,077,914
Total	389,299,099	1,886,077,914

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

2. Other receivables (Continued)

Other receivables

(1) Disclosures by ageing

RMB

Item	30 June 2026	31 December 2025
Within 1 year	222,423,575	1,719,202,390
1-2 years	—	167,215,040
2-3 years	167,215,040	—
Over 3 years	2,000	2,000
Subtotal	389,640,615	1,886,419,430
Less: Allowances for bad debts of other receivables	341,516	341,516
Total	389,299,099	1,886,077,914

(2) Disclosures by customer categories

RMB

Item	30 June 2026	31 December 2025
Related party	221,087,829	1,717,475,905
Third party	168,552,786	168,943,525
Subtotal	389,640,615	1,886,419,430
Less: Allowances for bad debts of other receivables	341,516	341,516
Total	389,299,099	1,886,077,914

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

(3) Provision for allowances for bad debts

As at 30 June 2026

RMB

Item	Gross carrying amount		Allowances for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
On an individual basis	221,087,829	57	–	–	221,087,829
On a portfolio basis according to credit risk characteristics	168,552,786	43	341,516	–	168,211,270
Total	389,640,615	100	341,516	–	389,299,099

As at 31 December 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

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

Other receivables (Continued)

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

As at 30 June 2026, 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	32,407	35	–
Other portfolios of receivables	168,520,379	341,481	–
Total	168,552,786	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 12-month ECL	Stage 2 Life-time ECL (not credit-impaired)	Stage 3 Life-time ECL (credit-impaired)	Total
At 31 December 2025	9,999	331,517	–	341,516
At 30 June 2026	9,999	331,517	–	341,516

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY 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 to other receivables (%)	Nature	Ageing	Closing balance of allowances for bad debts
Company 1	221,098,960	57	Current accounts	Within 1 year	12
Company 2	167,215,040	43	Proceeds of asset transfer	2-3 years	326,069
Company 3	1,018,054	–	Current accounts	Within 1 year	6,108
Company 4	254,540	–	Others	Within 1 year	1,527
Company 5	9,842	–	Futures deposits	Within 1 year	11
Total	389,596,436	100			333,727

3. Long-term equity investments

RMB

Item	30 June 2026	31 December 2025
Long-term equity investment under equity method:	–	–
Associates	4,955,146,131	5,306,131,258
Long-term equity investments accounted for using the cost method:		
Subsidiaries	9,164,328,935	9,164,328,935
Subtotal	14,119,475,066	14,470,460,193
Less: Provision for impairment of long-term equity investments	1,196,606,986	1,196,606,986
Total	12,922,868,080	13,273,853,207

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

3. Long-term equity investments (Continued)

(1) Associates

RMB

Item	31 December 2025	Investment income or loss under equity method	Other comprehensive income	Changes for the period			Reduction in investment	30 June 2026	Provision for impairment at the end of the period
				Other equity changes	Cash dividends declared	Provision for impairment			
Associates									
Henan Jinma Energy	695,559,119	(292,810,042)	-	-	-	-	-	402,749,077	-
Shenglong Chemical	1,008,250,001	2,748,420	-	304,688	-	-	-	1,011,303,109	-
Xinchuang Energy Saving	81,875,613	2,776,433	-	299,108	-	-	-	84,951,154	-
Magang Chemicals & Energy	184,923,600	6,560,745	-	481,813	-	-	-	191,966,158	-
OBEI	483,977,810	10,771,250	-	-	(8,463,121)	-	-	486,285,939	-
Baowu Finance	2,851,545,115	47,484,904	7,643,095	-	(128,782,420)	-	-	2,777,890,694	-
Total	5,306,131,258	(222,468,290)	7,643,095	1,085,609	(137,245,541)	-	-	4,955,146,131	-

(2) Investments in subsidiaries

RMB

Item	Carrying amount at 31 December 2025	Changes for the period		Carrying amount at 30 June 2026	Cash dividends declared
		Increase	Decrease		
Ma Steel (Cihu)	48,465,709	-	-	48,465,709	
Ma Steel (Australia)	126,312,415	-	-	126,312,415	56,259,936
Anhui Changjiang Steel	1,234,444,444	-	-	1,234,444,444	
MG-VALDUNES (Note)	-	-	-	-	-
Masteel Hongfei	51,000,000	-	-	51,000,000	-
Magang Limited	6,507,499,381	-	-	6,507,499,381	-
Total	7,967,721,949	-	-	7,967,721,949	56,259,936

Note: 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.

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

4. Operating income and operating costs

(1) Details of operating income and operating costs

RMB

Item	For the six-month period ended 30 June 2026		For the six-month period ended 30 June 2025	
	Income	Cost	Income	Cost
Principal operating activities	–	–	10,757,082,314	10,684,704,445
Other operating activities	9,469,180	1,717,529	315,710,773	370,251,503
Total	9,469,180	1,717,529	11,072,793,087	11,054,955,948
Including: Revenue from contracts	7,334,242	–	11,070,954,654	11,054,064,085
Other income	2,134,938	1,717,529	1,838,433	891,863

(2) Breakdown of operating income from contracts with customers

RMB

Item	Amount incurred for the six-month period ended 30 June 2026	Amount incurred for the six-month period ended 30 June 2025
	Operating income	Operating income
Categories of contracts		
Type of goods		
Iron and steel products	–	10,470,631,672
Others	7,334,242	600,322,982
Total	7,334,242	11,070,954,654
Place of operation		
Chinese mainland	7,334,242	10,262,160,701
Overseas and Hong Kong	–	808,793,953
Total	7,334,242	11,070,954,654
Timing of transfer of goods		
At a point in time	885,172	11,055,396,491
Over time	6,449,070	15,558,163
Total	7,334,242	11,070,954,654

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

5. Research and development expenses

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Material and power expenses	—	42,850,985
Depreciation expenses	—	8,834,726
Employee benefits	—	24,421,036
Testing and processing expenses	—	6,102,189
Outsourced research expenses	190,000	3,315,605
Others	6,760	6,941,133
Total	196,760	92,465,674

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	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
R&D and trial production of new products	—	245,411,796
Including: Material and power expenses	—	206,501,528
Depreciation expenses	—	34,176,561
Testing and processing expenses	—	4,733,707
Others	—	—

Notes to the Financial Statements (Continued)

For the six-month period ended 30 June 2026

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

6. Investment (loss) income

RMB

Item	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
Income from long-term equity investments under cost method	56,259,936	1,677,197
Loss on long-term equity investments under equity method	(222,468,290)	(2,332,241)
Investment income from disposal of part of equity in subsidiaries	–	1,568,861,305
Investment income from disposal of held-for-trading financial assets	–	1,058
Dividends income from investments in other equity instruments	5,698,107	–
Total	(160,510,247)	1,568,207,319

Supplementary Information

For the six-month period ended 30 June 2026

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD

RMB

Item	Amount
Gain or loss on disposal of non-current assets, including the write-off portion of the asset impairment provision already made	104,325,977
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)	7,622,322
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	—
Investment income acquired from disposal of associates	—
Other non-operating income and expenses other than the above	(650,276)
Other profit or loss that meets the definition of non-recurring profit or loss	97,078,464
Total:	208,376,487
Less: Income tax effects	702,225
Less: Effect attributable to minority interests, net of tax	54,795,404
Net effect of non-recurring profit or loss attributable to shareholders of the Company	152,878,858

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).

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 are as follows:

RMB

Item	Amount involved	Reason
Other profit or loss that meets the definition of non-recurring profit or loss	97,078,464	Non-recurring profit or loss arising from the disposal of its subsidiary Xinyang Jingang by Jinma Energy, an associate accounted for using the equity method

Supplementary Information (Continued)

For the six-month period ended 30 June 2026

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The statement of return on net assets and earnings per share has been prepared 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	(0.29)	(0.01)	(0.01)
Net loss attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	(0.93)	(0.03)	(0.03)

The Group has no dilutive potential ordinary shares.

Legal Representative: **Jiang Yuxiang**

Date of approval by the Board of Directors for submission: 28 August 2026



馬 鞍 山 鋼 鐵 股 份 有 限 公 司
Maanshan Iron & Steel Company Limited

