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(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00323)

2025 ANNUAL RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- 1 This annual report summary is abstracted from the full text of that of current year's annual report. To fully understand the business performance, financial position and future development plans of the Company, investors shall carefully read the full Annual Report published on the website of Shanghai Stock Exchange and other media designated by the China Securities Regulatory Commission as well as the website of The Stock Exchange of Hong Kong Limited.
- 2 The board of directors, the directors, and senior management of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from this annual report; and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this annual report and assume individual and joint legal liabilities.
- 3 All directors attended the board meeting.
- 4 Deloitte Touche Tohmatsu Certified Public Accountants LLP issued an auditor's report containing a standard unqualified opinion on the annual financial statements of the Company.
- 5 Profit distribution plan or plan for the capitalization of capital reserve during the reporting period proposed by the Board: For the year 2025, no dividend will be paid, and no capital reserve shall be transferred to share capital.

II. BASIC INFORMATION OF THE COMPANY

1. Company Profile

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

	Secretary of the Board of Directors	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
Telephone	86-555-2888158/2875252	(852)21552649
Fax	86-555-2887284	(852)21559568
Email	mggf@baowugroup.com	rebeccachiu@chiuandco.com

2. Introduction of the Company's Major Businesses during the Reporting Period

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 can be roughly divided into four types, i.e. excellent special steel, wheels and axles, long products and plates. During the reporting period, the major businesses, main products and their usages, operation modes, major driving factors of performance of the Company did not experience substantial changes.

3. Major Accounting Data and Financial Indicators of the Company

3.1 Major Accounting Data and Financial Indicators for the Past Three Years

Unit: million RMB

	2025	2024	Increase/ decrease compared to previous year (%)	2023
Total assets	81,747	78,963	3.53	84,552
Revenue	77,525	81,817	-5.25	98,938
Net profit attributable to owners of the listed company	-209	-4,659	N/A	-1,327
Net profit excluding non-recurring gains or losses attributable to owners of the listed company	-229	-4,298	N/A	-1,719
Net assets attributable to owners of the parent	24,027	23,257	3.31	27,769
Net cash flows from operating activities	4,152	961	332.06	1,992
Basic gains per share (RMB/share)	-0.027	-0.605	N/A	-0.172
Diluted gains per share (RMB/share)	-0.027	-0.605	N/A	-0.172
Return on net assets (weighted average) (%)	-0.88	-18.30	Increased by 17.42 percentage points	-4.67

3.2 Major Accounting Data by Quarter during the Reporting Period

Unit: million RMB

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

4. Share Capital and Shareholders

4.1 Numbers of Shareholders and Shareholding of the Top Ten Shareholders

Unit: Share

Total number of shareholders as at the end of the reporting period (unit)	117,937
Total number of shareholders as at the end of last month prior to the report date (unit)	116,232

Shareholding of the top ten shareholders

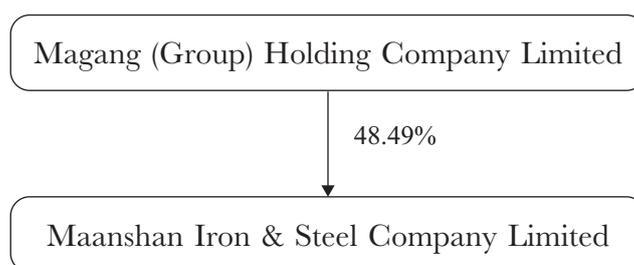
Name of Shareholder (Full Name)	Increase/ Decrease during the reporting period	No. of Shares at the end of the reporting period	Percentage (%)	No. of Shares under Restricted Condition for Sales	Pledged or Frozen Situations		Shareholder Nature
					Share Status	Number	
Magang (Group) Holding Company Limited	–	3,733,677,149	48.49	–	Nil	–	State-owned shareholder
HKSCC Nominees Limited	1,819,700	1,720,124,195	22.34	–	Unknown	Unknown	Overseas legal person
Central Huijin Investment Ltd.	–	139,172,300	1.81	–	Unknown	Unknown	State-owned legal person
Hong Kong Securities Clearing Company Limited	38,162,046	68,324,717	0.89	–	Unknown	Unknown	Overseas legal person
Beijing Guoxing Real Estate Management Co., Ltd.	18,515,437	42,311,137	0.55	–	Unknown	Unknown	Domestic non- state-owned legal person
Agricultural Bank of China Co., Ltd. – China Securities 500 Open-end Trading Index Securities Investment Fund	1,060,868	35,211,194	0.46	–	Unknown	Unknown	Others
Shenzhen Qianhai Daoming Investment Management Co., Ltd. – Daoming No. 1 Private Securities Investment Fund	Unknown	29,731,334	0.39	–	Unknown	Unknown	Others
China Merchants Bank Co., Ltd. – Guotai CSI Steel Trading Open Ended Index Securities Investment Fund	Unknown	24,867,962	0.32	–	Unknown	Unknown	Others

Shareholding of the top ten shareholders							
Name of Shareholder (Full Name)	Increase/ Decrease during the reporting period	No. of Shares at the end of the reporting period	Percentage (%)	No. of Shares under Restricted Condition for Sales	Pledged or Frozen Situations		Shareholder Nature
					Share Status	Number	
China Resources Shenzhen Guotou Trust Co., Ltd. – China Resources Trust Runze Shijia Family Trust No. 88	Unknown	15,048,900	0.20	–	Unknown	Unknown	Others
Yan Hao	Unknown	12,756,600	0.17	–	Unknown	Unknown	Domestic natural person

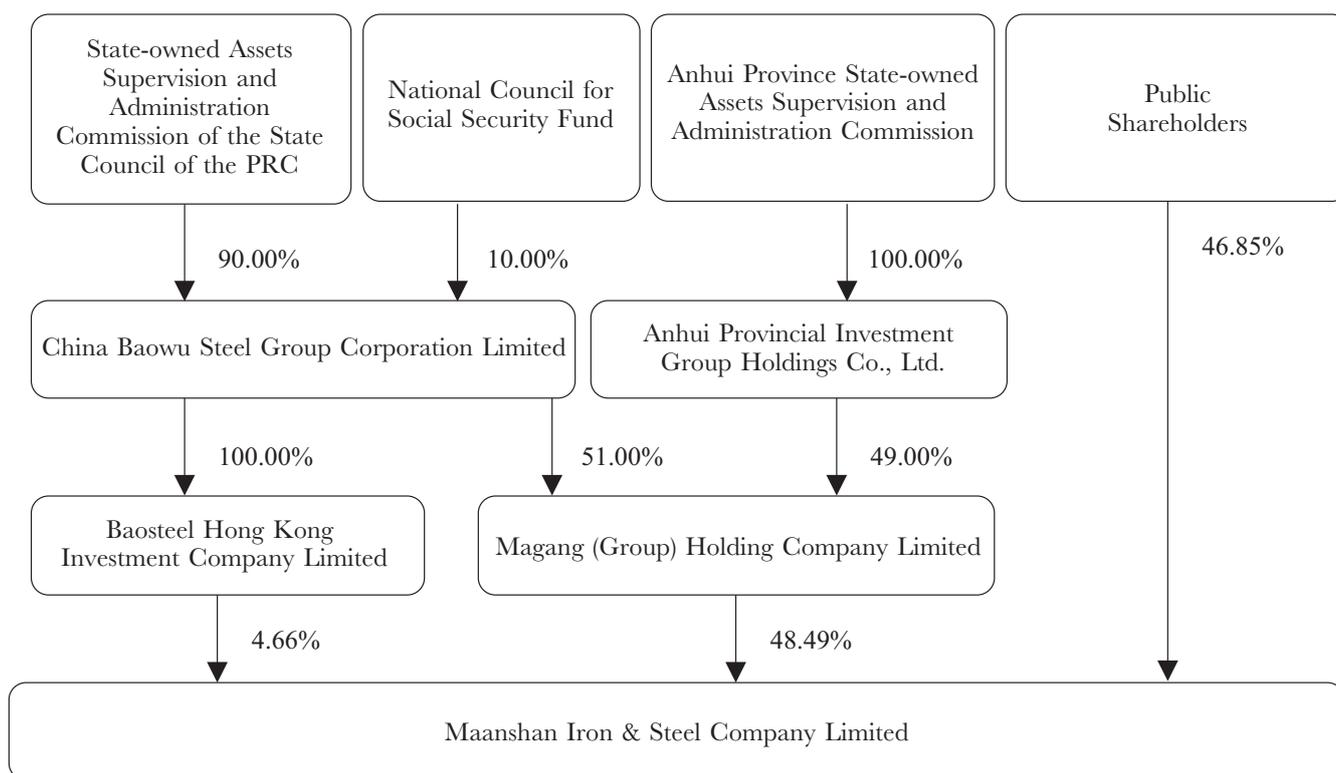
Notes on the above shareholders' Connected relation or concerted action
Magang (Group) Holding Company Limited has no connected relation with any of the other foregoing shareholders, nor is a person acting in concerted action. However, it is not in the knowledge of the Company whether there is any connected relation among other foregoing shareholders and whether they are persons acting in concert.

Note: As at the end of the reporting period, HKSCC Nominees Limited held 1,720,124,195 H Shares of the Company, which were held on behalf of its customers, including 358,950,000 H Shares of the Company held on behalf of Baosteel Hong Kong Investment Company Limited.

4.2 Block Diagram of Property Rights and Control Relationships between the Company and Controlling Shareholder



4.3 Block Diagram of Property Rights and Control Relationships between the Company and Actual Controllers



III. MANAGEMENT DISCUSSION AND ANALYSIS

1. Steel industry during the reporting period

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

From a developmental stage perspective, China’s steel industry has entered a phase of high-quality development, shifting its focus from scale expansion to enhancing quality and efficiency, and deepening structural adjustments. According to data from the National Bureau of Statistics, national crude steel output in 2025 reached 961 million tonnes, a year-on-year decrease of 4.4%; pig iron output was 836 million tonnes, down 3.0% year-on-year; and

steel output totalled 1.446 billion tonnes, a year-on-year increase of 3.1%. Net exports of crude steel for the year amounted to 131 million tonnes, up 17.0% year-on-year; apparent crude steel consumption was approximately 829 million tonnes, a year-on-year decrease of 7.1%. Since the start of the 14th Five-Year Plan period, the steel industry has entered a phase of volume reduction and adjustment. In 2025, crude steel output was 9.8% lower than the peak recorded in 2020. Apparent crude steel consumption, after peaking in 2020, declined for five consecutive years, falling by 20.9% in 2025 compared to its peak level.

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

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

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

2. Major Business Performance during the Reporting Period

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

- (I) Deepening Internal Reforms to Fully Unleash Endogenous Momentum. To optimize resource allocation, the Company transferred the assets (excluding the decommissioned No.3 blast furnace), liabilities, personnel, and business of its core steel operations at the headquarters, along with its equity interests in 15 wholly-owned and holding subsidiaries and 3 invested companies, into Magang Limited through a capital increase, ensuring uninterrupted production and orderly operations. To attract investors, enhance the core competitiveness and comprehensive strength of Magang Limited, and accelerate the adjustment and implementation of the Company’s new round of planning, the Company transferred a 35.42% equity interest in Magang Limited to Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as “**Baosteel**”). Concurrently, Baosteel made a cash capital contribution to Magang Limited, for which the Company waived its pre-emptive rights. Upon completion of the transaction, the Company’s equity interest in Magang Limited decreased from 100% to 51%, while Baosteel holds a 49% equity interest. Simultaneously, based on the current asset situation and development needs, the Company optimized its organizational structure, streamlining its functional departments from 15 to 9. This resulted in smoother processes, clearer interfaces, and further enhanced efficiency.

1. Maanshan Iron & Steel Limited Company (“**Magang Limited**”) adhered to the operating policy of “breaking through inertial thinking, shaking off habitual constraints, achieving benchmarked synergy, and striving for ultimate meticulousness”. It systematically promoted organizational changes at the grassroots level, implemented simulated operations, established production-marketing-research operation centers, reshaped the scrap supply system, effectively unblocked management bottlenecks, and stimulated organizational vitality. For the full year, it achieved operating revenue of RMB64.518 billion and profit before tax of RMB74 million, a profit increase of RMB3.954 billion year-on-year.
 2. Anhui Changjiang Steel Co., Ltd. (“**Changjiang Steel**”) focused on the operating policy of “low cost, differentiation, high efficiency, and fast response”. It promoted tier optimization and organizational structure changes, establishing a three-tier flat management model of “plant-operation zone-work team”, reducing 287 workshops, sections, and work teams to 85 operation zones and work teams. It explored and promoted a pilot simulated market-based compensation reform, linking managers’ annual base salary to the average payable salary of on-duty employees, and their annual performance salary to performance indicators. An excess profit incentive sharing bonus pool was established, enabling managers’ incomes to “both increase and decrease” and be closely tied to employee income. For the full year, it achieved operating revenue of RMB13.199 billion and profit before tax of RMB236 million, a profit increase of RMB1.216 billion year-on-year.
- (II) Optimizing Product Mix, Significantly Enhancing Competitive Advantages. Magang Limited deeply advanced product management. Both volume and profitability of steel plates increased, with automotive sheet sales reaching 2.34 million tonnes, a growth of 6.3%. The special steel product structure continued to optimize, brand value steadily increased, with production and sales volume growing by 16%, and the proportion of high value-added, high-tech content products exceeding 30%. Section steel exports reached a record high of 930,000 tonnes, a year-on-year increase of 33%. Key breakthroughs were achieved in wheel products, with domestic high-speed train wheel deliveries exceeding 2,200 pieces for the year. Technological innovation was strengthened, focusing on supporting market value creation and on-site capability improvement. New product sales volume grew by 16%, with excess profit of RMB353 per tonne of steel. Four new products, including “1.2m ultra large diameter continuous casting round billets

for high quality die-casting mold frame”, were launched in China for the first time. Key project construction progressed according to plan: the cold rolling No.6 galvanizing line project and the section steel No.3 continuous caster project commenced hot commissioning, while the new flat-rolled No.4 continuous caster project progressed steadily. Changjiang Steel adhered to the principles of localization, end-user focus, branding, and leanness. It established a customer service center, developed an e-commerce platform, broke away from the agency system, and strengthened direct supply to key projects. Localized sales accounted for 85.66%, and the proportion of direct delivery to construction sites increased from 51.13% to 68.53%, achieving the best level in history. High-strength steel sales reached 321,000 tonnes, accounting for 7.2%. The new bar rolling line project was completed efficiently in 180 days, achieving project initiation, construction, and reaching designed capacity and efficiency within the same year, with the direct rolling rate increasing by 25 percentage points year-on-year.

- (III) Intensifying Cost Control, Achieving Significant Results in Cost Reduction and Efficiency Enhancement. Magang Limited focused on controlling the “four major cost”, deeply explored cost reduction potential. The cost per tonne of steel decreased by RMB115 year-on-year. Adhering to a blast furnace-centric approach, a Blast Furnace Operation Technology Committee was established and operated efficiently. Integration in the ironmaking area and coordination between production and supply were effectively implemented, improving the industry ranking of hot metal cost by 11 places. Management of 706 cost elements and 525 quality elements was deepened down to the operation zone level, achieving quality cost reduction of RMB145 million. An energy management working group was established to coordinate energy improvement and enhance energy-saving technologies, achieving energy cost reduction of RMB440 million. A “1+4+4” whole-process logistics management and control mechanism was established to synergistically promote logistics cost reduction across procurement, marketing, and manufacturing, lowering logistics cost per tonne of steel by 5.7% year-on-year. Changjiang Steel coordinated synergy across the entire procurement, production, marketing, and technology chain. The overall rolling operation rate increased by 11% year-on-year, the direct rolling rate reached 88%, hot metal cost decreased by RMB71.13 per tonne compared to the previous year, logistics cost decreased by RMB6 per tonne, quality cost was controlled at RMB9.1 per tonne, and energy cost decreased by RMB20 per tonne year-on-year.

- (IV) Implementing “Three Reductions and Three Improvements”, Enhancing Operational Quality and Efficiency. Efforts were made to reduce the number of legal entity tiers and loss-making enterprises. During the year, two indirect holding subsidiaries and loss-making enterprises were reduced, simultaneously improving management efficiency and asset quality. Strengthened fund control led to a reduction in liabilities of RMB6.1 billion for the year, of which Magang Limited contributing nearly RMB4.3 billion. The asset-liability ratio at year-end decreased by 9.73 percentage points year-on-year, and the turnover days of “two funds” accelerated by 5.6 days year-on-year, significantly enhancing fund utilization efficiency. Reforms at both the procurement and sales ends were deepened. Full-year steel exports reached 1.372 million tonnes, with a direct supply ratio of 74.7%. The proportion of procurement via tendering exceeded 80%, and the proportion of direct procurement exceeded 85%. Human resources were managed with a focus on “efficiency improvement + structural optimization + industry benchmarking”. The full-year labor productivity per employee reached RMB533,900 per person-year.
- (V) Strengthening Risk Control, Building a Solid Foundation for Sustainable Development. Focusing on the three key areas of operations, safety, and environmental protection, risk defense line were consolidated to promote performance improvement. Regarding operational risk, mechanisms for preventing and controlling strategic, market, credit, and liquidity risks were improved, the compliance management system was optimized, and litigation management was strengthened, leading to significant improvement in operating performance. Regarding safety risks, the principle of “three management and three must” was strictly implemented. The three-year action to address root causes of safety issues was advanced. A supervision system ensuring “full responsibility coverage and no blind spots in supervision” was established, and mechanisms of “three no violations” and “safety whistle blowing” were implemented. The number of workplace safety accidents throughout the year decreased by 75% year-on-year. Regarding environmental risks, a long-term mechanism was improved, following an ecological priority, green and low-carbon development path. Projects such as the flue gas purification and upgrade for the 1580 heating furnace and the organic sulfur removal from coke oven gas in the southern zone were completed and put into operation.

3. Analysis of Principal Operation

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

Unit: RMB

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

Compared to last year:

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

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

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

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

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

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

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

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

Reason for change: The year-on-year improvement in the purchase and sales gap during the year and continuous improvement in operating performance through measures such as accounting management, total factor cost reduction, and whole process quality improvement.

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

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

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

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

3.1 Analysis of Revenue and Cost of Sales

(1) Analysis of Principal Operation by Industry, Product and Region

Unit: million RMB

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

Principal operation by product

Industry	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/(decrease) of gross margin compared with last year (%)
Steel plates	36,184	34,902	3.54	-9.01	-11.57	Decreased by 2.79 percentage points
Long products	29,449	28,770	2.31	-4.06	-10.52	Decreased by 7.06 percentage points
Wheel and axles	2,722	2,233	19.44	-1.88	-4.94	Increased by 2.59 percentage points

Revenue by region

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

Principal operation by sales pattern

Industry	Revenue	Cost of sales	Gross margin (%)	Increase/ (decrease) of revenue compared with last year (%)	Increase/ (decrease) of cost of sales compared with last year (%)	Increase/(decrease) of gross margin compared with last year (%)
Direct supply	30,350	29,305	3.44	-15.97	-18.44	Increased by 2.93 percentage points
Non-direct sales	38,051	36,554	3.93	2.37	-3.90	Increased by 6.27 percentage points

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

(2) Analysis of Production and Sales Volumes

Key products	Unit	Production volume	Sales volume	Inventory volume	Year-on-year increase/ (decrease) of production volume (%)	Year-on-year increase/ (decrease) of sales volume (%)	Year-on-year increase/ (decrease) of inventory volume (%)
Long products	ten thousand tonnes	942.5	931.2	20.1	14.35	13.01	116.13
Steel plates	ten thousand tonnes	978.7	985.8	3.3	-0.77	0.47	-68.27
Wheel and axles	ten thousand tonnes	24.6	25	1.2	-4.65	0.00	-20.00
Merchant billet	ten thousand tonnes	98.4	98.4	-	-	-	-

(3) Analysis of Costs

Unit: million RMB

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

(4) Analysis of Major Customers and Major Suppliers

During the reporting period, sales to the top five customers amounted to RMB19,682 million, accounting for 24.62% of total annual sales; among the sales to the top five customers, sales to related party amounted to RMB13,683 million, accounting for 17.65% of the total annual sales. The purchases by the top five suppliers amounted to RMB30,705 million, accounting for 36.76% of the total annual purchases; among the purchases by the top five suppliers, purchases by related party amounted to RMB17,731 million, accounting for 21.23% of the total annual purchases.

The aforesaid related party is China Baowu and its subsidiaries. Saved as the above, there were no directors or supervisors or their connected persons or any shareholders (to the best knowledge of the Board, holding 5% or above of the shares in the Company) having any beneficial interests in the top five suppliers or customers of the Group in 2025.

3.2 Expenses

During the reporting period, financial expenses decreased by 26.05%, which was mainly due to the reduction in the scale of interest-bearing liabilities and the decrease in financing costs. There were no significant changes in selling expenses, general and administrative expenses and R&D expenses.

3.3 Research and Development (R&D) Expenses

R&D expenses details

Unit: RMB 100 million

Spent R&D expenses in 2025	36.08
Capitalized R&D expenses in 2025	–
Total R&D expenses	36.08
Total R&D expenses as a portion of revenue (%)	4.65
Number of the Company's R&D staff	2,314
Percentage of R&D staff number to the Company's total number of employees (%)	11.84
Percentage of capitalized R&D expenses (%)	–

4. Analysis of Assets and Liabilities

4.1 Assets and Liabilities

In the balance sheet, compared to the previous year, materially changed items from the end of the previous year and reasons for the changes are as follows:

Cash and bank balances increased by 82.93%, mainly due to the receipt of consideration from Baosteel for the acquisition of the equity interest in the subsidiary Magang Limited and the related capital injection during the year. During the reporting period, the total consideration paid by Baosteel for a 49% equity interest in Magang Limited through a combination of equity transfer and cash capital increase amounted to RMB9.0 billion (comprising RMB5.139 billion for the purchase of a 35.42% equity stake in Magang Limited from the Company and RMB3.861 billion as a cash capital injection into Magang Limited). The Company has received all payments.

Bills receivable decreased by 30.40%, mainly due to the Company's efforts to further enhance bill turnover efficiency and reduce the scale of bills held during the year.

Trade receivables increased by 60.59%, mainly due to the fact that a portion of the proceeds from sales of steel billets at the end of the year was collected in January 2026.

Other receivables decreased by 30.88%, mainly due to the receipt of partial proceeds from land reserve compensation and the receipt of partial futures margins during the year.

Construction in progress increased by 148.48%, mainly due to the increased investment in projects such as the new No. 6 galvanizing line and the third phase of the gas power generation project in the North area of Masteel.

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

Long-term borrowings decreased by 44.39%, mainly due to the Company's continuous efforts to reduce interest-bearing liabilities and lower the scale of borrowings during the year.

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

Special reserves decreased by 32.69%, mainly due to the Company's increased expenditure on work safety during the year, utilising a portion of the work safety funds set aside in previous years.

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

5. Analysis of Operational Information

During the reporting period, the production capacity and utilization rates were as follows:

Name	Production capacity of equipments (ten thousand tonnes)	Utilization rate of production capacity (%)
Pig iron	1,775	107.07
Crude steel	2,114	88.42
Steel products	1,962	99.17

5.1 Manufacturing and Sales of Steel Products Based on Processing Techniques

Unit: million RMB

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

5.2 Manufacturing and Sales of Steel Products Based on Forms of Finished Goods

Unit: million RMB

Types	Production volume (tonnes)		Sales volume (tonnes)		Revenue		Cost of sales		Gross margin (%)	
	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
	Long products	9,424,678	8,242,265	9,430,788	8,237,890	29,449	30,694	28,770	32,152	2.31
Steel plates	9,786,657	9,863,351	9,857,929	9,812,292	36,184	39,769	34,902	39,470	3.54	0.75
Wheel and axles	246,887	258,399	249,933	249,788	2,722	2,825	2,233	2,349	19.44	16.85

5.3 Sales of Steel Products Based on Sales Channels

Unit: RMB 100 million

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

5.4 Supply of Iron Ore

Unit: RMB 100 million

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

5.5 Supply of Scrap Steel

Unit: RMB 100 million

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

6. Investment Analysis

6.1 General Analysis of External Equity Investments

Unit: million RMB

The Company's investment amount as at the end of the reporting period	14,669
Changes in investment amount	1,533
The Company's investment amount as at the end of the previous year	13,136
Decrease in investment amount (%)	11.67

During the reporting period, the Company did not carry out any significant equity investments.

6.2 Significant Non-equity Investment

Unit: million RMB

Project Name	Budgeted Investment	New Investment during the Reporting Period	Project Progress
Product quality projects	7,211	834	5%
Energy-saving and environment protection projects	3,686	296	5%
Modification	2,542	169	1%
Other projects	N/A	319	N/A
Total	<u>N/A</u>	<u>1,618</u>	<u>N/A</u>

6.3 Significant disposal of the assets or equity

On 24 January 2025, the Board of Directors considered and approved the “Proposal on the Capital Increase to the Wholly-owned Subsidiary”. For details, refer to the “Announcement in Relation to the Capital Injection to a Wholly-owned Subsidiary of Maanshan Iron & Steel Company Limited” (Announcement No.: 2025-003) published by the Company on the same day. The Company transferred the assets of the Company’s iron and steel main business (excluding the suspended No. 3 blast furnace), liabilities, personnel, business, equity interests in 15 wholly-owned and controlling subsidiaries, as well as equity interests in three equity shareholding companies held, into Magang Limited as a whole in the form of a capital injection. Taking 31 July 2024 as the benchmark date, the total audited assets of the Company to be injected amounted to RMB56.94 billion, total liabilities amounted to RMB46.27 billion and total net assets amounted to RMB10.67 billion. This matter was approved by the Company’s shareholders’ meeting on 25 February 2025.

On 17 April 2025, the Board of Directors considered and approved the “Proposal on Introducing Baoshan Iron & Steel Co., Ltd. as an Investor in Maanshan Iron & Steel Limited Company”. For details, refer to the “Announcement on Introduction of Investors to a Subsidiary and Connected Transactions” (Announcement No.: 2025-017) published by the Company on the same day. The Company transferred a 35.42%

equity interest in its wholly-owned subsidiary, Magang Limited to Baosteel, a related party, for a consideration of RMB5.139 billion. Concurrent with the equity transfer, Baosteel made a cash capital contribution of RMB3.861 billion to Magang Limited, for which the Company waived its pre-emptive rights. This matter was approved by the Company's shareholders' meeting on 20 June 2025, and the equity transfer was completed on 30 June 2025. Upon completion of the transaction, the Company's equity interest in Magang Limited decreased from 100% to 51%, while Baosteel holds a 49% equity interest. Leveraging synergies in four key dimensions – industrial coordination, management collaboration, technological synergy, and resource sharing – Baosteel and Magang Limited will pursue coordinated development in key areas such as production operation optimization, cost reduction, technological breakthroughs, and the supply chain, thereby contributing to the continuous improvement of Magang Limited's operating performance.

7. Outlook for Future Development

7.1 Industry Landscape and Trend

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

7.2 Corporate Development Strategy

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

7.3 Business Plan

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

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

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

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

Fourth, we will continuously strengthen technological innovation and promote the upgrade of the product mix. Magang Limited will increase technological innovation efforts, striving for an R&D investment ratio of 4.5%. We aim for trial new product sales of 1.67 million tonnes, achieving excess profit of RMB400 million. We will accelerate the mass application of domestically produced high-speed train wheels, aiming for sales exceeding 3,000 pieces. We will focus on key products: in the automotive steel sector, leverage the widest aluminum-silicon line in China to create characteristic wide aluminum-silicon hot-formed steel products; in the hot-rolled products sector, utilize cross-cut lines plus automatic flaw detection equipment to form a characteristic product portfolio of high-end container plates and ship plates; in the special steel and section steel sectors, accelerate the development of high-end products such as energy steel, automotive steel, and ultra large, ultra

wide, and ultra thick specification H-beam. Changjiang Steel will be profit-oriented, focusing on profitable markets, profitable brands, profitable specifications, and profitable varieties. We aim to increase the proportion of profitable markets to over 90%, achieve no less than 600,000 tonnes of profitable brand sales, no less than 400,000 tonnes of high-strength steel sales, and achieve a profitable specification ratio of over 30%.

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

Sixth, we will actively promote the implementation of development plans to enhance sustainable development capabilities. Magang Limited will focus on the strategic positioning of strengthening special steel, optimizing flat products, refining section steel, and expanding the wheel and axle business. We will fully leverage the advantages of special steel commercial billets, strengthen business synergy between bars and the ecosystem, and propel product competitiveness into the industry’s first tier. We will accelerate the upgrade of leading flat products to the mid-to-high end, pushing automotive sheets into the domestic top three and establishing aluminum-silicon coated products for home appliances as industry “champions in segmented areas”. We will accelerate the transition of section steel towards functional and industrial materials, increasing the export ratio and the proportion of specialty steel. We will seize the opportunity presented by the domestic production of high-speed train wheels to build the world’s most

competitive manufacturer and service provider of wheels and axles for rail transit. We will adhere to investment based on cost-effectiveness, prioritizing high-quality, high-return projects. We will ensure the high-quality advancement of projects such as the new special steel phase II No.2 converter, the No.1 galvanizing line high-aluminum, zinc-aluminum-magnesium renovation, the No.4 slab continuous caster, as well as the intermediate repair of No.4 blast furnace and the major repair of No.6 coke oven, according to planned schedules. Changjiang Steel is dedicated to becoming a model mixed-ownership enterprise within Baowu Group, with a focus on rebar production. It aims to enhance its brand reputation and market influence, operating under two distinct brands, “Magang” and “Rongheng”, while concentrating resources to refine, elevate, and strengthen its rebar products.

7.4 Potential Risks

Based on the domestic and international political and economic situation, the main risks that the Company may face include production safety risks, environmental protection risks, the risk of control of the “accounts receivable and inventory” and cash flow, the risk of reduction in liabilities, as well as the risks of losses in invested companies. The implementation of the Company’s measures responding to the risks depends on many factors such as market and policy, and subject to certain uncertainties, which should be paid special attention on by investors.

IV. SIGNIFICANT EVENTS

1. Profit Distribution

In accordance with PRC Accounting Standards for Business Enterprises, the Company’s net loss attributable to owners of the parent amounted to RMB209 million for the year 2025. Due to the Company’s losses, the Board recommended that no profit distribution or capitalization of capital reserves be carried out for the year 2025. This distribution plan will be submitted for deliberation at the annual shareholders’ meeting (the date of which will be announced in due course).

2. Remunerations of the Auditor

In respect of the audit service (including internal control audit) for 2025, pursuant to the authorization of the 2025 third extraordinary shareholders’ meeting, which was reviewed and approved by the Audit Committee, the Board of Directors determined that the remuneration payable by the Company to Deloitte Touche Tohmatsu was RMB2,730,000, among them, the internal control audit cost was RMB340,000. The audit fees were already

inclusive of disbursements incurred by the auditor. In addition, the Company provided the auditors with working meals and transportation within the plants while they were working in the Company, and they were responsible for other accommodation and transportation.

3. Audit and Compliance Committee

The Company's audit and compliance committee ("**Audit Committee**") held a meeting on 24 March 2026 and reviewed the 2025 annual accounts.

4. Purchase, Sales or Redemption of Listed Securities of the Company

During the reporting period, the Company didn't repurchase any of its listed shares, and the Group didn't purchase or resale any listed share.

5. Pre-emptive Rights

During the reporting period, the Company did not issue any preferred shares. The Articles of Association of the Company stipulate that the Company shall not issue preferred shares convertible into ordinary shares. When the Company issues new shares to increase its registered capital, shareholders do not have pre-emptive rights to subscribe for such shares, unless otherwise provided in the Articles of Association or unless a resolution of the shareholders' meeting determines that shareholders shall have pre-emptive rights.

6. Public Float

Based on the data accessible for the Company and to the best knowledge of the board of directors, as of the date of this announcement, the Company meets relevant requirements about public holdings in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

7. Code on Corporate Governance

In 2025, the Company had complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

All of the Directors of the Company had confirmed in written form that they had complied with the requirements stipulated by the Model Code for Securities Transactions by Directors of Listed Companies in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange during the reporting period.

V. MATTERS RELATED TO FINANCIAL REPORT

- 1. After auditing, the Company's auditor Deloitte Touche Tohmatsu Certified Public Accountants LLP issued an auditor's report containing a standard unqualified opinion on the 2025 Annual Financial Report of the Company.**
- 2. During the reporting period, the Company had no significant changes in accounting policies and accounting estimates, and there were no material accounting errors.**
- 3. Compared with the financial report of the previous year, the Company shall make specific explanation about the changes to the scope of the consolidation of financial statements.**

During the reporting period, Changjiang Steel completed the absorption merger of its wholly-owned subsidiaries, Anhui Changjiang Steel Trade (Hefei) Co., Ltd. and Anhui Changjiang Steel Trade (Nanjing) Co., Ltd., which are no longer included in the consolidation scope. Saved as the above, there was no change in the scope of the Company's consolidated financial statement compared with that of the previous year.

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

Renminbi Yuan

ASSETS	Notes	31 December 2025 Group	31 December 31 2024 Group	31 December 2025 Company	31 December 31 2024 Company
CURRENT ASSETS					
Cash and bank balances		11,769,801,934	6,434,105,447	7,057,410,027	2,890,923,633
Notes receivable		572,691,130	822,780,872	–	701,615,019
Trade receivables	4	2,816,512,581	1,753,824,456	14,526,932	1,260,157,905
Financing receivables	5	1,279,050,625	1,382,456,994	–	1,165,265,848
Prepayments	6	439,550,590	381,238,574	55,455,103	443,019,236
Other receivables		376,522,535	544,731,735	1,886,077,914	314,515,492
Inventories		7,410,383,368	7,908,952,095	173,206,485	5,681,379,639
Other current assets		191,002,772	243,920,053	37,375,493	2,530,131
Total current assets		<u>24,855,515,535</u>	<u>19,472,010,226</u>	<u>9,224,051,954</u>	<u>12,459,406,903</u>
NON-CURRENT ASSETS					
Long-term equity investments		6,171,725,674	6,898,903,955	13,273,853,207	12,381,050,723
Other equity instruments investments		529,512,184	414,059,200	419,317,959	408,876,314
Investment properties		51,174,126	53,185,391	43,122,499	53,185,391
Property, plant and equipment		45,747,321,970	48,866,413,844	181,639,214	39,069,070,582
Construction in progress		1,976,324,641	795,364,312	–	556,145,684
Right-of-use assets		297,919,634	323,359,282	–	316,902,972
Intangible assets		1,815,809,118	1,808,686,660	21,599	1,256,876,122
Deferred tax assets		301,494,579	330,990,743	216,355,176	268,564,121
Total non-current assets		<u>56,891,281,926</u>	<u>59,490,963,387</u>	<u>14,134,309,654</u>	<u>54,310,671,909</u>
TOTAL ASSETS		<u>81,746,797,461</u>	<u>78,962,973,613</u>	<u>23,358,361,608</u>	<u>66,770,078,812</u>

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Notes</i>	31 December 2025 Group	31 December 31 2024 Group	31 December 2025 Company	31 December 31 2024 Company
CURRENT LIABILITIES					
Short-term loans		10,759,496,729	11,344,435,564	–	10,195,613,468
Notes payable	7	10,452,314,143	10,051,474,326	–	6,874,295,802
Trade payables	8	9,381,832,392	10,673,672,878	16,611,000	8,776,623,562
Contract liabilities		4,247,904,586	4,123,176,032	49,841,815	3,939,550,767
Payroll and employee benefits payable		274,397,346	220,119,665	18,626,522	147,956,613
Taxes payable		238,476,858	230,640,142	15,960,836	143,188,385
Other payables		3,031,625,066	3,176,283,942	2,250,122,312	5,405,537,499
Non-current liabilities due within one year		2,372,076,286	4,499,159,554	–	4,486,847,308
Accrued liabilities		11,218,478	11,429,761	–	–
Other current liabilities		548,260,463	515,225,262	6,479,436	487,572,010
Total current liabilities		<u>41,317,602,347</u>	<u>44,845,617,126</u>	<u>2,357,641,921</u>	<u>40,457,185,414</u>
NON-CURRENT LIABILITIES					
Long-term loans		3,049,493,813	5,483,408,184	–	5,377,748,184
Lease liabilities		336,261,229	339,072,242	–	334,104,312
Long-term payable		–	–	–	–
Long-term employee benefits payable		265,081	589,501	–	–
Deferred revenue		804,941,750	973,011,484	–	691,659,592
Deferred tax liabilities		–	222,875	–	–
Total non-current liabilities		<u>4,190,961,873</u>	<u>6,796,304,286</u>	<u>–</u>	<u>6,403,512,088</u>
Total liabilities		<u>45,508,564,220</u>	<u>51,641,921,412</u>	<u>2,357,641,921</u>	<u>46,860,697,502</u>

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Notes</i>	31 December 2025	31 December 31 2024	31 December 2025	31 December 31 2024
		Group	Group	Company	Company
SHAREHOLDERS' EQUITY					
Share capital		7,700,681,186	7,746,937,986	7,700,681,186	7,746,937,986
Capital reserve		9,531,206,765	8,576,312,133	8,421,248,921	8,435,726,496
Treasury shares		-	105,928,072	-	105,928,072
Other comprehensive income		(6,674,030)	(2,023,545)	96,940,327	96,604,089
Special reserve		65,676,892	97,574,394	-	36,434,036
Surplus reserve		4,720,262,452	4,720,262,452	3,883,475,865	3,883,475,865
Retained earnings		<u>2,015,518,998</u>	<u>2,224,325,312</u>	<u>898,373,388</u>	<u>(183,869,090)</u>
Equity attributable to owners of the parent		24,026,672,263	23,257,460,660		
Non-controlling interests		<u>12,211,560,978</u>	4,063,591,541		
Total shareholders' equity		36,238,233,241	27,321,052,201	21,000,719,687	19,909,381,310
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>81,746,797,461</u>	<u>78,962,973,613</u>	<u>23,358,361,608</u>	<u>66,770,078,812</u>

CONSOLIDATED AND COMPANY'S INCOME STATEMENT

For the year ended 31 December 2025

Renminbi Yuan

	Notes	2025 Group	2024 Group	2025 Company	2024 Company
Revenue	10	77,524,852,312	81,816,891,739	11,081,433,632	70,713,572,628
Less: Cost of sales	10	73,409,207,886	82,591,668,039	11,083,840,077	71,957,685,282
Taxes and surcharges		529,715,594	464,245,084	86,895,948	327,220,563
Selling expenses		306,032,172	303,636,480	29,917,948	169,968,486
General and administrative expenses		961,804,624	872,041,999	244,030,402	590,758,831
R&D expenses		1,061,841,912	1,103,101,885	94,656,843	796,836,102
Financial expenses	11	408,089,047	551,859,577	60,352,781	555,136,227
including: interest expense		466,201,639	593,915,273	96,839,805	572,082,282
interest income		109,020,482	99,418,512	38,220,173	51,998,498
Add: Other income		349,990,574	512,641,397	84,920,324	315,122,875
Investment income		(61,782,648)	8,405,954	1,546,692,946	487,183,220
including: share of (losses)/ profits of associates and joint ventures		698,404	(3,078,344)	(77,707,947)	(5,202,052)
Loss on the changes in fair value		-	-	-	-
Credit impairment reverse		(14,217,334)	32,313,981	(367,777)	23,911,337
Assets Impairment losses		(925,504,758)	(934,841,718)	(60,660,820)	(857,641,463)
(Loss)/gain from disposal of assets	12	(47,645,937)	(270,368,636)	70,114,905	(340,461,768)
Operating loss		149,000,974	(4,721,510,347)	1,122,439,211	(4,055,918,662)
Add: Non-operating income	13	18,676,731	2,009,514	13,218,803	391,703
Less: Non-operating expenses	14	27,617,931	110,356,890	3,817,002	83,313,029
Loss before tax		140,059,774	(4,829,857,723)	1,131,841,012	(4,138,839,988)
Less: Income tax expenses	15	167,261,948	153,751,366	49,598,534	9,836,260
Net loss		<u>(27,202,174)</u>	<u>(4,983,609,089)</u>	<u>1,082,242,478</u>	<u>(4,148,676,248)</u>

CONSOLIDATED AND COMPANY'S INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2025

Renminbi Yuan

	<i>Notes</i>	2025 Group	2024 Group	2025 Company	2024 Company
Categorized by operation continuity					
Net loss from continuing operations		<u>(27,202,174)</u>	<u>(4,983,609,089)</u>	<u>1,082,242,478</u>	<u>(4,148,676,248)</u>
Categorized by ownership					
Net loss attributable to owners of the parent		<u>(208,806,314)</u>	<u>(4,659,156,254)</u>		
Net loss attributable to non-controlling interests		<u>181,604,140</u>	<u>(324,452,835)</u>		
Other comprehensive income, net of tax		(4,650,517)	10,876,782	336,238	12,596,120
Other comprehensive income attributable to owners of the parent, net of tax		(623,652)	10,876,782	-	-
Other comprehensive income that will not be reclassified to profit or loss:		5,999,520	6,718,130	7,831,234	6,491,379
Changes in fair value of other equity investments		5,999,520	6,718,130	7,831,234	6,491,379
Other comprehensive income that may be reclassified to profit or loss:		(6,623,172)	4,158,652	(7,494,996)	6,104,741
Other comprehensive income using the equity method that may be reclassified to profit or loss		(7,494,996)	6,104,741	(7,494,996)	6,104,741
Net increase in fair value of other debt investments		-	-		
Exchange differences on translation of foreign operations		<u>871,824</u>	<u>(1,946,089)</u>		
Other comprehensive income attributable to non-controlling interests, net of tax		<u>(4,026,865)</u>	<u>-</u>		
Total comprehensive income		<u>(31,852,691)</u>	<u>(4,972,732,307)</u>	<u>1,082,578,716</u>	<u>(4,136,080,128)</u>

CONSOLIDATED AND COMPANY'S INCOME STATEMENT (CONTINUED)*For the year ended 31 December 2025**Renminbi Yuan*

	<i>Notes</i>	2025 Group	2024 Group	2025 Company	2024 Company
Attributable to:					
Owners of the parent		<u>(209,429,966)</u>	<u>(4,648,279,472)</u>		
Non-controlling interests		<u>177,577,275</u>	<u>(324,452,835)</u>		
PER SHARE:					
Basic losses per share <i>(RMB/share)</i>	<i>16</i>	<u>0.03</u>	<u>0.61</u>		
Diluted losses per share <i>(RMB/share)</i>	<i>16</i>	<u>0.03</u>	<u>0.61</u>		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Renminbi Yuan

2025

	Attributable to owners of the parent										Total Shareholders' equity
	Share capital	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests		
1. Balance at the beginning of the year	7,746,937,986	8,576,312,133	105,928,072	(2,023,545)	97,574,394	4,720,262,452	2,224,325,312	23,257,460,660	4,063,591,541	27,321,052,201	
2. Increase/(decrease) during the year	-	-	-	(623,652)	-	-	(208,806,314)	(209,429,966)	177,577,275	(31,852,691),307)	
1) Total comprehensive income	(46,256,800)	(59,671,272)	(105,928,072)	-	-	-	-	-	-	-	
2) Shareholders' contributions and reduction in capital	-	982,800	-	-	-	-	-	982,800	455,671	1,438,471	
(i) Cancellation of restricted shares	-	1,013,583,104	-	(4,026,833)	(36,094,989)	-	-	973,461,282	8,026,538,718	9,000,000,000	
(ii) Changes in the share of other equity of associates and joint ventures	-	-	-	-	-	-	-	-	(57,237,692)	(57,237,692)	
(iii) Others	-	-	-	-	-	-	-	-	-	-	
3) Profits appropriation	-	-	-	-	-	-	-	-	-	-	
(i) Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	
4) Special reserve	-	-	-	-	77,478,655	-	-	77,478,655	23,478,096	100,956,751	
(i) Additions	-	-	-	-	(73,281,168)	-	-	(73,281,168)	(22,842,631)	(96,123,799)	
(ii) Utilization	-	-	-	-	-	-	-	-	-	-	
5) Others	-	-	-	-	-	-	-	-	-	-	
3. Balance at the end of the year	7,700,681,186	9,531,206,765	-	(6,674,030)	65,676,892	4,720,262,452	2,015,518,998	24,026,672,263	12,211,560,978	36,238,233,241	

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

Renminbi Yuan

	Attributable to owners of the parent										Total Shareholders' equity
	Share capital	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests		
4. Balance at the beginning of the year	7,746,937,986	8,439,923,708	105,928,072	(12,900,327)	96,805,291	4,720,262,452	6,883,481,566	27,768,582,604	4,510,958,747	32,279,541,351	
5. Increase/(decrease) during the year											
1) Total comprehensive income	-	-	-	10,876,782	-	-	(4,659,156,254)	(4,648,279,472)	(324,452,835)	(4,972,732,307)	
2) Shareholders' contributions and reduction in capital											
(i) Changes in the share of other equity of associates and joint ventures	-	30,133,273	-	-	-	-	-	30,133,273	-	30,133,273	
(ii) Amount of share-based payments recognised in equity	-	(11,146,732)	-	-	-	-	-	(11,146,732)	-	(11,146,732)	
(iii) Others	-	117,401,884	-	-	-	-	-	117,401,884	(117,401,884)	-	
3) Profits appropriation											
(i) Distribution to shareholders	-	-	-	-	-	-	-	-	(12,046,624)	(12,046,624)	
4) Special reserve											
(i) Additions	-	-	-	-	103,779,441	-	-	103,779,441	20,853,353	124,632,794	
(ii) Utilization	-	-	-	-	(103,010,338)	-	-	(103,010,338)	(14,319,216)	(117,329,554)	
5) Others	-	-	-	-	-	-	-	-	-	-	
6. Balance at the end of the year	7,746,937,986	8,576,312,133	105,928,072	(2,023,545)	97,574,394	4,720,262,452	2,224,325,312	23,257,460,660	4,063,591,541	27,321,052,201	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

Renminbi Yuan

	2025	2024
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	72,487,297,532	76,375,987,173
Tax refunds received	385,889,073	545,182,604
Net decrease in deposits in central bank	–	–
Net decrease in financial assets purchased under agreements to resell	–	–
Net decrease in loans and advances to customers	–	–
Cash received for interest charges, fees and commissions	–	–
Cash received relating to other operating activities	<u>211,508,594</u>	<u>201,707,658</u>
Sub-total of cash inflows	<u>73,084,695,199</u>	<u>77,122,877,435</u>
Cash paid for purchases of goods and services	(63,460,199,975)	(70,990,427,165)
Net decrease in repurchase agreements	–	–
Net decrease in deposits and balances from banks and other financial institutions and customer deposits	–	–
Cash paid to or on behalf of employees	(3,546,358,026)	(3,573,108,952)
Taxes and surcharges paid	(1,388,223,422)	(843,344,865)
Cash paid for interest charges, fees and commissions	–	–
Cash paid relating to other operating activities	<u>(538,404,908)</u>	<u>(755,121,659)</u>
Sub-total of cash outflows	<u>(68,933,186,331)</u>	<u>(76,162,002,641)</u>
Net cash flows from operating activities	<u>4,151,508,868</u>	<u>960,874,794</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

Renminbi Yuan

	2025	2024
2. Cash flows from investing activities		
Cash received from disposal of investments	2,060,488,403	8,412,759
Cash received from investment income	77,372,290	183,284,522
Proceeds from disposal of items of property, plant and equipment, intangible assets, and other non-current assets	183,688,682	82,932,356
Net cash received from disposal of subsidiaries and other business units		–
Cash received relating to other investing activities	<u>86,712,127</u>	<u>–</u>
Sub-total of cash inflows	<u>2,408,261,502</u>	<u>274,629,637</u>
Purchases of property, plant and equipment, intangible assets and other non-current assets	(1,989,836,698)	(1,682,384,945)
Cash paid for investments	(1,907,791,437)	(1,379,907,780)
Cash paid relating to other investing activities	<u>–</u>	<u>(5,488,708)</u>
Sub-total of cash outflows	<u>(3,897,628,135)</u>	<u>(3,067,781,433)</u>
Net cash flows used in investing activities	<u>(1,489,366,633)</u>	<u>(2,793,151,796)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

Renminbi Yuan

	2025	2024
3. Cash flows from financing activities		
Cash received from investors	9,000,000,000	–
Including: capital injection from a subsidiary's non-controlling interests	3,861,240,728	–
Cash received from issuance of short-term financing bills		–
Cash received from borrowings	16,213,811,814	17,496,534,770
Cash received relating to other financing activities	<u>208,014,106</u>	<u>488,691,527</u>
Sub-total of cash inflows	<u>25,421,825,920</u>	<u>17,985,226,297</u>
Repayment of borrowings	(21,932,001,908)	(16,200,456,301)
Cash paid for distribution of dividends or profits and for interest expenses	(507,080,990)	(594,562,634)
Including: dividends or profits paid to non-controlling interests by subsidiaries	(57,237,692)	(11,940,224)
Cash paid relating to other financing activities	<u>(114,552,675)</u>	<u>(102,162,657)</u>
Sub-total of cash outflows	<u>(22,553,635,573)</u>	<u>(16,897,181,592)</u>
Net cash flows from/(used in) financing activities	<u>2,868,190,347</u>	<u>1,088,044,705</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>(3,281,065)</u>	<u>2,754,486</u>
5. Net (decrease)/increase in cash and cash equivalents	5,527,051,517	(741,477,811)
Add: cash and cash equivalents at the beginning of the year	<u>3,687,116,397</u>	<u>4,428,594,208</u>
6. Cash and cash equivalents at the end of the year	<u><u>9,214,167,914</u></u>	<u><u>3,687,116,397</u></u>

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2025

Renminbi Yuan

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements are prepared in accordance with “China Accounting Standards for Business Enterprises – General Principles” issued by the Ministry of Finance and the specific accounting standards, interpretation and other relevant provisions promulgated and revised thereafter (collectively known as the “CAS”). In addition, these financial statements disclose financial information in accordance with the disclosure requirements set out in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission (the “CSRC”).

The financial statements are prepared on a going concern basis.

As of 31 December 2025, the net current liabilities of the Group amounted to RMB16,462,086,812. The directors of the Company have considered the availability of funding sources, including but not limited to an unutilized credit line of banking institutions of RMB40.9 billion as at 31 December 2025 and the expected cash inflows from the operating activities in the upcoming 12 months. The board of directors of the Company believes that the Group has sufficient working capital to continue as a going concern for not less than 12 months after the end of reporting period. Therefore, the board of directors of the Company continues to prepare the Group’s financial statements for the year ended 31 December 2025 on a going concern basis.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. Assets classified as held for sale are disclosed at the lower of carrying amount and fair value less costs to disposal on the date of classification. Provision for asset impairment is provided in accordance with related regulations.

1.2 Statement of compliance with the CAS

The financial statements have been prepared in accordance with the CAS, and present truly and completely the financial position of the Company and the Group as of 31 December 2025, and the results of their operations and cash flows for the year ended 31 December 2025.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

2. SCOPE OF CONSOLIDATION

Anhui Changjiang Iron and Steel Trade Nanjing Co., Ltd. and Anhui Changjiang Iron and Steel Trade Hefei Co., Ltd. were deregistered on August 1, 2025 and January 27, 2025 respectively, and will no longer be included in the consolidation scope.

3. OPERATING SEGMENT INFORMATION

Operating segments

The Group is treated as an integrated entity for the review of internal reporting, resource allocation and performance evaluation which are determined based on the internal organization structure, management requirements and internal reporting system:

The Group focuses on the production and sale of iron and steel products and by-products.

Other information

Product and service information

External principal operating income

	2025	2024
Sale of steel products	68,400,943,013	73,287,465,129
Sale of steel billets and pig iron	5,221,676,368	3,565,089,201
Financial Services Income	–	–
Others	3,902,232,931	4,964,337,409
	<u>77,524,852,312</u>	<u>81,816,891,739</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

3. OPERATING SEGMENT INFORMATION

Other information (Continued)

Geographical information

External operating income

	2025	2024
Mainland China	72,326,564,850	76,284,762,334
Overseas and Hong Kong	5,198,287,462	5,532,129,405
	<u>77,524,852,312</u>	<u>81,816,891,739</u>

Non-current assets

	31 December 2025	31 December 2024
Mainland China	55,971,315,398	58,647,571,427
Overseas and Hong Kong	88,959,765	98,342,017
	<u>56,060,275,163</u>	<u>58,745,913,444</u>

The non-current assets information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Major customer information

Revenue from a major customer amounted to RMB 13.7 billion, accounting for 17% of the Group's total operating revenue for 2025.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

4. TRADE RECEIVABLES

The Group's trade receivables were interest-free with normal credit terms of 30 to 90 days.

The ageing of trade receivables, based on the invoice date, is analyzed below:

	31 December 2025	31 December 2024
Within one year	2,852,874,798	1,759,620,406
One to two years	20,074,532	132,286,416
Two to three years	114,187,377	64,863,225
Over three years	76,289,372	15,325,306
	3,063,426,079	1,972,095,353
Less: Provisions for bad debts	246,913,498	218,270,897
	<u>2,816,512,581</u>	<u>1,753,824,456</u>

As of December 31, 2025, the Group had no actual write-offs of allowance for doubtful accounts on receivables (2024: None).

As of December 31, 2025, the Group entered into a trade receivable factoring arrangements and transferred certain trade receivables to banks. The carrying amount of the assets that are derecognised as at 31 December 2024 was RMB242,788,299, the Group also recognised interest expense amounting to RMB2,133,915 (2024: the derecognised accounts receivable factored to financial institutions by the Group amounted to RMB754,804,409, and the recognised factoring expenses amounted to RMB7,214,310).

As of December 31, 2025, borrowings amounting to RMB0 were secured by certain of the Group's trade receivables with a carrying amount of RMB150,624,587. (2024: the Group pledged accounts receivable to obtain borrowings of RMB150,624,587)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

5. FINANCING RECEIVABLES

	31 December 2025	31 December 2024
Bank acceptance notes	<u>1,279,050,625</u>	<u>1,382,456,994</u>

As at 31 December 2025, the Group obtained short-term loans of RMB208,014,106 (31 December 2024: RMB338,066,940) by pledging bank acceptance notes.

The undue notes discounted or endorsed were as follows :

	31 December 20025	Not derecognized
	Derecognized	derecognized
Bank acceptance notes	<u>14,968,406,503</u>	<u>–</u>

As of 31 December 2025 and 2024, there were no trade receivable transferred from notes receivable because of the drawers' inability to pay.

As of 31 December 2025 , the Group derecognized notes receivable discounted to financial institutions amounting to RMB8,328,469,917 (2024: RMB4,972,291,159), and recognized discount expense amounting to RMB62,780,465 (2024: RMB94,301,849).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

6. PREPAYMENTS

An ageing analysis of the prepayments is as follows:

	31 December 2025		31 December 2024	
	Book value	Ratio (%)	Book value	Ratio (%)
Within one year	434,612,811	99	366,554,395	96
One to two years	2,971,248	1	12,710,526	3
Two to three years	149	–	1,973,653	1
Over three years	1,966,382	–	1,973,653	1
	<u>439,550,590</u>	<u>100</u>	<u>381,238,574</u>	<u>100</u>

7. NOTES PAYABLE

	31 December 2025	31 December 2024
Bank acceptance notes	<u>10,452,314,143</u>	<u>10,051,474,326</u>

As of 31 December 2025 and 2024, the Group had no matured and unpaid accounts payable.

8. TRADE PAYABLES

The trade payables are interest-free and are normally settled within three months. The ageing analysis of trade payables, based on the invoice date, is as follows:

	31 December 2025	31 December 2024
Within one year	9,179,470,136	10,408,069,219
One to two years	92,773,928	177,175,303
Two to three years	70,138,975	35,015,927
Over three years	<u>39,449,353</u>	<u>53,412,429</u>
	<u>9,381,832,392</u>	<u>10,673,672,878</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

9. DIVIDENDS

The board of directors does not recommend the payment of any dividends for the year ended 31 December, 2025.

10. REVENUE AND COST OF SALES

	2025		2024	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating income	75,020,109,196	70,954,977,907	79,365,028,160	79,983,500,998
Other operating income	<u>2,504,743,116</u>	<u>2,454,229,979</u>	<u>2,451,863,579</u>	<u>2,608,167,041</u>
	<u>77,524,852,312</u>	<u>73,409,207,886</u>	<u>81,816,891,739</u>	<u>82,591,668,039</u>

Revenue is presented as follows:

	2025	2024
Revenue from contracts with customers	77,508,632,923	81,802,597,311
Other income	<u>16,219,389</u>	<u>14,294,428</u>
	<u>77,524,852,312</u>	<u>81,816,891,739</u>

Timing of revenue recognition from contracts with customers :

	2024	2023
At a point in time	77,419,230,984	81,709,159,011
Over time	<u>89,401,939</u>	<u>93,438,300</u>
	<u>77,508,632,923</u>	<u>81,802,597,311</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

10. REVENUE AND COST OF SALES (CONTINUED)

Revenue recognized that was included in contract liabilities at the beginning of the year:

	2025	2024
Revenue	<u>4,123,176,032</u>	<u>4,013,383,663</u>

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the year end is expected to be recognized as revenue as follows:

	2025	2024
Within one year	<u>4,247,904,586</u>	<u>4,123,176,032</u>

Note: For sales of products, the Group satisfies a performance obligation when customer obtained the control of the relevant products, and for provide of services, the Group satisfies a performance obligation based on performance progress over the contract period. The maturity on contract payment of the Group is 30 to 90 days, without existence of significant financing component. The contracts between the Group and its certain customers containing sales rebate arrangements (future price reductions based on cumulative sales volumes), which forms a variable consideration. The Group determines the variable consideration based on the expected or the most probable value. However, the sales price including variable considerations should not exceed the amount accumulatively recognized which is not likely to be significantly reversed when the uncertainty disappears.

11. FINANCIAL EXPENSES

	2025	2024
Interest expenses	466,961,469	594,035,828
Less: interest income	109,020,482	99,418,512
Less: capitalised borrowing costs	759,830	120,555
Exchange loss	35,144,842	41,544,614
Others	15,763,048	15,818,202
	<u>408,089,047</u>	<u>551,859,577</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

12. (LOSS)/GAIN FROM DISPOSAL OF ASSETS

	2025	2024
(Loss)/Gain on disposal of fixed assets	(54,263,878)	(284,725,501)
Gain on disposal of intangible assets	6,617,941	14,356,865
Gain on disposal of construction in process	—	—
	<u>(47,645,937)</u>	<u>(270,368,636)</u>

13. NON-OPERATING INCOME

	2025	2024
Compensation	892,166	454,441
Others	17,784,565	1,555,073
	<u>18,676,731</u>	<u>2,009,514</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

14. NON-OPERATING EXPENSES

	2025	2024
Loss from scrap of fixed assets	13,960,789	29,694,405
Charity donation	1,856,350	1,947,695
Others	11,800,792	78,714,790
	<u>27,617,931</u>	<u>110,356,890</u>

15. INCOME TAX EXPENSES

	2025	2024
Mainland China current income tax expense	113,544,625	113,617,180
Hong Kong current income tax expense	1,815,315	5,593,179
Overseas current income tax expense	25,085,815	26,612,545
Deferred tax expense	26,816,193	7,928,462
	<u>167,261,948</u>	<u>153,751,366</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

15. INCOME TAX EXPENSES (CONTINUED)

Reconciliation between income tax expenses and profit before tax is as follows:

	2025	2024
Loss before tax	140,059,774	(4,829,857,723)
Tax at the applicable tax rate of 25% (Note)	35,014,944	(1,207,464,431)
Effect of different tax rates of subsidiaries	(73,408,374)	518,244,950
Non-deductible expenses	26,709,720	29,700,961
Adjustment of income tax of prior period	12,685,293	6,571,781
Other tax preference	(317,020,009)	(166,090,308)
Income not subject to tax	–	(6,531,238)
Unrecognized deductible temporary difference and tax losses	1,113,106,821	1,098,526,684
Effect on deferred tax of change in the tax rate	–	(119,463,119)
Utilised previous years' tax losses	(628,102,644)	(1,013,086)
Share of profit or loss of joint ventures and associates	(1,723,803)	1,269,172
Tax charge at the Group's effective rate	<u>167,261,948</u>	<u>153,751,366</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

16. LOSSES PER SHARE

	2025	2024
	<i>RMB/share</i>	<i>RMB/share</i>
Basic losses per share		
Continuing operations	<u>(0.03)</u>	<u>(0.61)</u>
Diluted losses per share		
Continuing operations	<u>(0.03)</u>	<u>(0.61)</u>

Basic Earnings Per Share (EPS) is calculated by dividing the net loss attributable to ordinary shareholders of the Company for the period by the weighted average number of ordinary shares outstanding during the period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

16. LOSSES PER SHARE (CONTINUED)

The calculations of the basic losses per share amounts are based on:

	2025	2024
Net Loss		
Net Loss Attributable to Ordinary Shareholders for the Period		
Continuing operations	<u>(208,806,314)</u>	<u>(4,659,156,254)</u>
Total	<u><u>(208,806,314)</u></u>	<u><u>(4,659,156,254)</u></u>
Adjusted Net Loss Attributable to Ordinary Shareholders for the Period	<u><u>(208,806,314)</u></u>	<u><u>(4,659,156,254)</u></u>
Attributable to:		
Continuing operations	<u><u>(208,806,314)</u></u>	<u><u>(4,659,156,254)</u></u>
Total	<u><u>(208,806,314)</u></u>	<u><u>(4,659,156,254)</u></u>
Number of shares		
Weighted Average Number of Ordinary Shares in Issue During the Period	7,700,681,186	7,700,681,186
Dilution Effect – Weighted Average Number of Ordinary Shares Restricted Shares	–	–
Adjusted Weighted Average Number of Ordinary Shares in Issue During the Period	<u><u>7,700,681,186</u></u>	<u><u>7,700,681,186</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

17. CONTINGENT EVENTS

Difference of corporate income tax

The State Administration of Taxation issued “The notice of income tax collection and management on Shanghai Petrochemical Company Limited and other eight companies listed overseas corporation” (Guo Shui Han [2007] No. 664) in June 2007, with stated claims that the relevant local tax bureaus must correct immediately the expired tax incentives of the nine overseas listed companies. The income tax difference between the results of the previously expired preferential rate and the applicable rate should be treated in accordance with the relevant provisions of the “People’s Republic of China Administration of Tax Collection Law”.

The Company was one of the nine companies mentioned above and used a 15% preferential tax rate in the previous period. After understanding the above information, the Company and the tax authorities issued a comprehensive communication and according to the tax authorities, the applicable corporate income tax rate in 2007 was 33%, which was adjusted from the original 15%. The Company had not been recovered prior period income tax differences.

Based on the comprehensive communication between the Company and the tax authorities, the director of the Company believed that it is uncertain whether the tax authorities will recover the difference between the previous period’s income tax at this stage, and the final result of this matter cannot be estimated reliably. Therefore, the financial statements have not made any provision or adjustments related to the income tax differences.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2025

Renminbi Yuan

18. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of approval of these financial statements, the Group has no material matters subsequent to the balance sheet date that require disclosure.

By order of the Board
Maanshan Iron & Steel Company Limited
Jiang Yuxiang
Chairman

25 March 2026

Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include executive director Jiang Yuxiang; employee director Tang Qiming; and independent non-executive directors Guan Bingchun, He Anrui, Qiu Shengtao and Zeng Xiangfei.