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Chongqing Iron & Steel Company Limited **重慶鋼鐵股份有限公司**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1053)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

I. IMPORTANT NOTICE

1. This results announcement is abstracted from the full text of the annual report. In order to comprehensively understand the operating results, financial position and future development plans of Chongqing Iron & Steel Company Limited (the “**Company**”), investors shall refer to the website of the Shanghai Stock Exchange (the “**SSE**”) (<http://www.sse.com.cn>) and the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (<https://www.hkexnews.hk>) to carefully read the full text of the annual report.
2. The board of directors (the “**Board**”), directors and members of senior management of the Company guarantee the authenticity, accuracy and completeness of the contents of the annual report, in which there are no false representations, misleading statements contained or material omissions, and assume the several and joint responsibilities as well.
3. All directors of the Company attended the Board meeting.
4. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard and unqualified audit report for the Company.
5. The profit distribution proposal or proposal to transfer capital reserve to share capital for the reporting period as passed by the Board meeting

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the realized net profit attributable to the parent company for 2025 amounted to RMB-2,507 million, and the unappropriated profit of the parent company as at the end of 2025 amounted to RMB-14,842 million. As the unappropriated profit of the parent company was negative as at the end of 2025, the Board recommended that no profit distribution or transfer capital reserve to share capital be made in 2025 pursuant to Article 213 of the Articles of Association.

II. BASIC INFORMATION OF THE COMPANY

1. Company Profile

Stock profile

Stock type	Relevant exchange that stock listed on	Stock abbreviation	Stock code	Stock abbreviation before change
A Share	Shanghai Stock Exchange	Chongqing Iron & Steel	601005	N/A
H Share	The Stock Exchange of Hong Kong Limited	Chongqing Iron	01053	N/A

Contact information	Secretary to the Board	Securities affairs representative
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2. Main Business Profile during the Reporting Period

The Company, belonging to the ferrous metal smelting and rolling processing industry in the manufacturing sector, is mainly engaged in the production and sale of hot rolled sheets, medium plates, billets, steel by-products and coke, coal chemical products, water granulated slag and other products. The Company has an annual steel production capacity of 10 million tons with the main production lines of 4,100mm wide and thick plate, 2,700mm medium plate, 1,780mm hot rolled sheet, etc.

The products of the Company are widely used in fields such as railways, airports, bridges, tunnels, ships and high-rise buildings. In 2025, the Company completed the full-process public notification for ultra-low emissions and was rated as a Class A enterprise in air pollution prevention and control performance in Chongqing. The Company successively obtained the following titles of honor: National Labor Day certificate, National Advanced Enterprise in Implementing the Performance Excellence Model, Chongqing Famous Trademark, and Advantageous Enterprise in Terms of National Intellectual Property.

In 2025, the domestic iron and steel industry continued to operate under the pattern of “high output, high cost, high inventory, low demand, low price, and low efficiency”, and the industry as a whole was in a phase of deep adjustment. The Company firmly adhered to the concept that “all costs can be reduced”, deepened the practice of cost accounting in business operations, optimized the product structure, improved process efficiency, refined cost control, and strengthened marginal contribution and cash flow management, steering resources toward higher-value products and highly profitable regions. Through structural cost reduction and strategic efficiency enhancement, the Company built an industrial chain cluster ecosystem, striving to strengthen risk resistance and sustainable development capabilities.

3. Key Accounting Data and Financial Indicators of the Company

3.1. Major accounting data and financial indicators for the last three years

Unit: RMB'000 Currency: RMB

	2025	2024	Increase/ decrease from last year (%)	2023
Total assets	32,086,178	35,479,244	-9.56	37,357,035
Net assets attributable to shareholders of listed company	13,911,785	16,606,636	-16.23	19,854,331
Revenue	24,001,657	27,244,169	-11.90	39,318,142
Total profit	-2,734,532	-3,291,641	N/A	-1,744,259
Operating revenue net of business revenue not related to principal business and income lacking commercial substance	23,700,571	26,997,779	-12.21	39,030,451
Net profit attributable to shareholders of listed company	-2,721,832	-3,195,561	N/A	-1,494,417
Net profit attributable to shareholders of listed company, netting non-recurring gains and losses	-2,745,542	-3,206,738	N/A	-1,514,298
Net cash flow from operating activities	1,648,910	1,309,863	25.88	1,022,039
Weighted average return on net assets (%)	-17.84	-17.53	Decreased by 0.31 percentage points	-7.26
Basic earnings per share (RMB/share)	-0.31	-0.36	N/A	-0.17
Diluted earnings per share (RMB/share)	N/A	N/A	N/A	N/A

3.2. Major accounting data by quarter during the reporting period

Unit: RMB'000 Currency: RMB

	1st Quarter (January – March)	2nd Quarter (April – June)	3rd Quarter (July – September)	4th Quarter (October – December)
Revenue	6,614,112	6,471,097	6,006,074	4,910,374
Net profit attributable to shareholders of listed company	-117,415	-13,602	-87,309	-2,503,506
Net profit attributable to shareholders of listed company, netting non- recurring gains and losses	-118,020	-22,488	-90,770	-2,514,264
Net cash flow from operating activities	408,717	471,725	952,300	-183,832

4. Particulars of Shareholders

4.1 Total number of ordinary shareholders, the total number of preferential shareholders with resumed voting rights and the total number of shareholders with special voting rights, as well as the top 10 shareholders as at the end of the reporting period and as of 28 February 2026

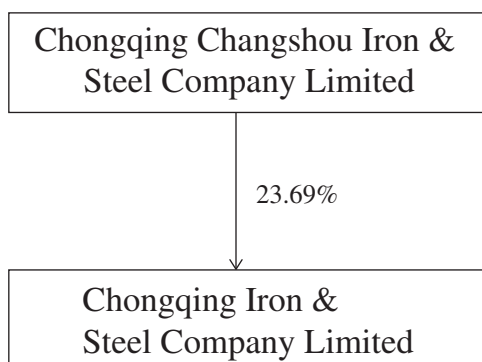
Unit: shares

Total number of ordinary shareholders as of the end of the reporting period (<i>shareholder</i>)	174,991
Total number of ordinary shareholders as of 28 February 2026 (<i>shareholder</i>)	168,089
Total number of preferential shareholders with resumed voting rights as of the end of the reporting period (<i>shareholder</i>)	0
Total number of preferential shareholders with resumed voting rights as of 28 February 2026 (<i>shareholder</i>)	0

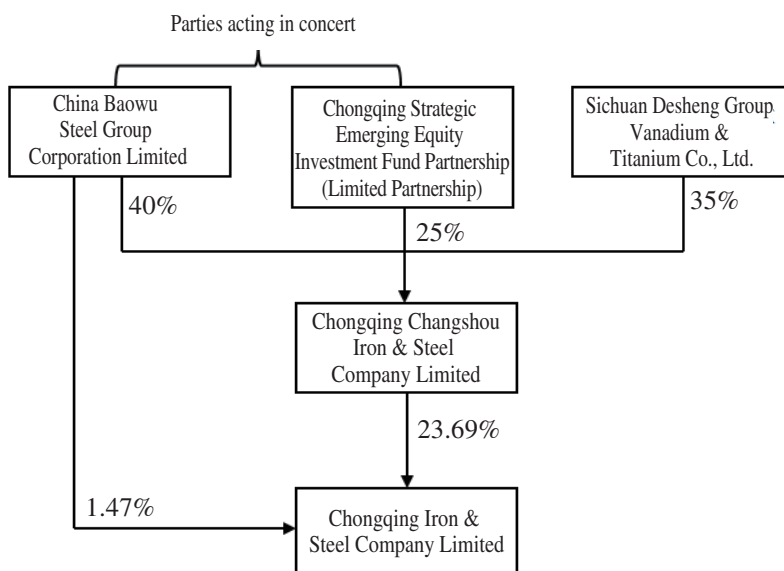
Shareholdings of top 10 shareholders (excluding shares lent through securities financing)

Name of shareholder (Full name)	Increase/ decrease during reporting period	Number of shares held as at the end of the reporting period	Ratio (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen Status of shares	Number	Nature of shareholder
Chongqing Changshou Iron & Steel Company Limited	0	2,096,981,600	23.69	0	None	0	State-owned legal person
HKSCC NOMINEES LIMITED	236,800	533,727,691	6.03	0	Unknown		Overseas legal person
Chongqing Qianxin Foreign Trade and Economic Cooperation Group Co., Ltd. (重慶千信外經貿集團有限公司)	0	427,195,760	4.83	0	Pledged	327,190,070	State-owned legal person
Chongqing Rural Commercial Bank Co., Ltd.	0	289,268,939	3.27	0	None	0	State-owned legal person
Chongqing Urban Construction Investment (Group) Co., Ltd.	0	278,288,059	3.14	0	None	0	State-owned legal person
Bank of Chongqing Co., Ltd.	0	226,042,920	2.55	0	None	0	State-owned legal person
Baowu Group Zhongnan Iron and Steel Co., Ltd.	0	224,831,743	2.54	0	None	0	State-owned legal person
China Shipbuilding Industry Complete Logistics Co., Ltd.	0	211,461,370	2.39	0	None	0	State-owned legal person
Huabao Investment Company Limited	24,500,000	137,459,680	1.55	0	None	0	State-owned legal person
China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司)	0	129,815,901	1.47	0	None	0	State-owned legal person
The above shareholders' connected relationship or concerted action	Chongqing Changshou Iron & Steel Company Limited is the controlling shareholder of the Company; Chongqing Changshou Iron & Steel Company Limited, Baowu Group Zhongnan Steel Co., Ltd. and Huabao Investment Company Limited are under common control by China Baowu Steel Group Corporation Limited, a de facto controller of the Company, thus the four are related parties, and have no associated relationship with the other 6 shareholders and they are not parties acting in concert regulated in Measures for Management on Acquisition of Listed Companies. The Company is also not aware of any connected relationship among the other 6 shareholders or whether they are acting in concert						
Preferential shareholders with resumed voting rights and their shareholding	N/A						

4.2 Chart of equity and the controlling relationship between the Company and the controlling shareholder



4.3 Chart of equity and the controlling relationship between the Company and the de facto controllers



III. SIGNIFICANT EVENTS

1. The Company shall disclose the significant changes in the operating conditions of the Company during the reporting period and events that have had or are expected to have a significant impact on the Company's operating conditions during the reporting period in accordance with the principle of materiality.

On 19 December 2025, the Board of the Company considered and approved the issuance of A Shares to specific target subscriber, namely Huabao Investment Co., Ltd. (“**Huabao Investment**”), at an issue price of RMB1.32 per share, with a total number of 757,575,757 A Shares issued. Regarding this matter, relevant resolutions were submitted for consideration and approved at the Extraordinary General Meeting, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders on 13 March 2026; on 25 March 2026, the Company received the “Notice on Acceptance of the Application for Issuance of Securities by Chongqing Iron & Steel Company Limited, a Listed Company on the Shanghai Stock Exchange Main Board” issued by the SSE for details, please refer to the Company's announcements published on the same day on the websites of the Shanghai Stock Exchange and the Stock Exchange.

2. If there is a delisting risk warning or termination of listing after the disclosure of the annual report of the Company, the reasons resulting the delisting risk warning or termination of listing shall be disclosed.

Applicable Not applicable

3. Major Operations during the Reporting Period

During the reporting period, the Group produced 6.2359 million tonnes of iron, 7.2258 million tonnes of steel and 7.1081 million tonnes of commodity billet, representing year-on-year decreases of 7.86%, 4.71% and 6.63%, respectively. The sales volume of commodity billet was 7.1199 million tonnes, representing a year-on-year decrease of 6.31%. The revenue was RMB24.002 billion, while the total profit was RMB-2.735 billion.

3.1 Main business analysis

(1) Analysis of changes in certain items from Income Statement and Cash Flow Statement

Unit: RMB'000 Currency: RMB

Item	For the reporting period	For the corresponding period last year	Change (%)
Revenue	24,001,657	27,244,169	-11.90
Cost of sales	23,804,751	28,599,482	-16.77
Distribution and selling expenses	68,888	56,788	21.31
General and administrative expenses	228,810	370,595	-38.26
Finance expenses	166,047	200,673	-17.25
Research and development expenses	45,007	41,784	7.71
Net cash flow from operating activities	1,648,910	1,309,863	25.88
Net cash flow from investing activities	-1,627,653	-789,202	N/A
Net cash flow from financing activities	-893,790	459,916	-294.34

Reasons for changes in general and administrative expenses: The decrease in general and administrative expenses was mainly due to the decrease in the provision for termination benefits.

Reasons for changes in net cash flow from investing activities: The increase in net cash flow from investing activities was mainly due to the increase in investment expenditures resulting from the purchase of time deposits.

Reasons for changes in net cash flow from financing activities: The decrease in net cash flow from financing activities was mainly due to the repayment of bank loans.

(2) *Revenue and cost analysis*

In 2025, the Group realized a total profit of RMB-2,735 million, representing a year-on-year decrease of RMB557 million in loss, which was mainly due to the following reasons: the sale price of commodity billet amounted to RMB3,146/tonne, representing a year-on-year decrease of 6.56%, and resulting in a decrease of RMB1,726 million in profit of commodity billet; the sales volume of commodity billet reached 7,119,900 tonnes, representing a year-on-year decrease of 6.31%, and profit increased by RMB230 million due to the impact of products structure; the decline in prices of ore, coal, scrap steel, and alloys contributed an additional profit of RMB2,680 million; the Company deeply advanced cost reduction and potential tapping efforts, achieving cost reduction in production processes and an additional profit of RMB240 million; adhering to the principle that all expenses could be reduced, the Company lowered sales, logistics, and periodic expenses, resulting in a year-on-year increase of RMB264 million in profit; other items collectively reduced profit by RMB1,135 million, among which asset impairment losses totaled RMB2,442 million, representing a year-on-year decrease of RMB1,209 million in profit, while other income amounted to RMB157 million, representing a year-on-year increase of RMB74 million in profit.

In 2025, the Group's revenue from main business amounted to RMB23,701 million, representing a year-on-year decrease of 12.21%. In particular, the income from sales of commodity billet products amounted to RMB22,401 million, representing a decrease of RMB3,184 million compared with the same period of the previous year. Firstly, the sales volume of commodity billet was 7,119,900 tonnes, representing a year-on-year decrease of 6.31%, resulting in a decrease in the sales income of RMB1,458 million; secondly, the sales price of commodity billet was RMB3,146/tonne, representing a year-on-year decrease of 6.56%, resulting in a decrease in the sales income of RMB1,726 million.

Composition of revenue from principal operations:

Type	2025		2024		Year-on-year growth (%)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Medium plates	7,742,589	32.67	8,355,106	30.95	-7.33
Hot rolled coils	14,539,856	61.35	15,085,578	55.88	-3.62
Bars	-	-	-	-	-
Double high rods	-	-	940,105	3.48	-100.00
Wire rods	-	-	165,320	0.61	-100.00
Steel billets	118,565	0.50	1,038,791	3.85	-88.59
Sub-total	<u>22,401,010</u>	<u>94.52</u>	<u>25,584,900</u>	<u>94.77</u>	<u>-12.44</u>
Others	<u>1,299,562</u>	<u>5.48</u>	<u>1,412,879</u>	<u>5.23</u>	<u>-8.02</u>
Total	<u>23,700,572</u>	<u>100.00</u>	<u>26,997,779</u>	<u>100.00</u>	<u>-12.21</u>

Sales prices of commodity billet:

Item	Sales price for 2025 (RMB/tonne)	Sales price for 2024 (RMB/tonne)	Year-on-year growth (%)	Income increase (RMB'000)
Medium plates	3,418	3,547	-3.64	-292,250
Hot rolled coils	3,020	3,318	-8.98	-1,434,512
Bars	-	-	-	-
Double high rods	-	3,224	-	-
Wire rods	-	3,518	-	-
Steel billets	2,921	2,893	0.97	1,137
Total of commodity billets	<u>3,146</u>	<u>3,367</u>	<u>-6.56</u>	<u>-1,725,625</u>

Sales volumes of commodity billet:

Item	Sales volume for 2025 (Ten thousand tonnes)	Sales volume for 2024 (Ten thousand tonnes)	Year-on-year growth (%)	Income increase (RMB'000)
Medium plates	226.55	235.54	-3.82	-320,267
Hot rolled coils	481.38	454.64	5.88	888,790
Bars	-	-	-	-
Double high rods	-	29.15	-100.00	-940,105
Wire rods	-	4.70	-100.00	-165,320
Steel billets	4.06	35.91	-88.69	-921,363
Total of commodity billets	<u>711.99</u>	<u>759.94</u>	<u>-6.31</u>	<u>-1,458,265</u>

1) Principal operations by sector, product, region and sales model

Unit: RMB'000 Currency: RMB

Principal operations by sector

By sector	Revenue	Cost of sales	Gross margin (%)	Year-on-year increase/ decrease in revenue (%)	Year-on-year increase/ decrease in cost of sales (%)	Year-on-year increase/ decrease in gross margin (%)
Iron and steel	23,700,572	23,552,312	0.63	-12.21	-17.02	Increased by 5.76 percentage points

Principal operations by product

By product	Revenue	Cost of sales	Gross margin (%)	Year-on-year	Year-on-year	Year-on-year
				increase/ decrease in revenue (%)	increase/ decrease in cost of sales (%)	increase/ decrease in gross margin (%)
Commodity billet	22,401,010	22,232,711	0.75	-12.44	-17.55	Increased by 6.14 percentage points
Others	1,299,562	1,319,601	-1.54	-8.02	-6.94	Decreased by 1.17 percentage points

Principal operations by region

By region	Revenue	Cost of sales	Gross margin (%)	Year-on-year	Year-on-year	Year-on-year
				increase/ decrease in revenue (%)	increase/ decrease in cost of sales (%)	increase/decrease in gross margin (%)
Southwest region	19,090,046	19,035,577	0.29	-7.65	-12.49	Increased by 5.50 percentage points
Other regions	4,610,526	4,516,735	2.03	-27.11	-31.88	Increased by 6.85 percentage points

2) Table of production and sales volume analysis

Main products	Unit	Production volume	Sales volume	Inventory	Year-on-year	Year-on-year	Year-on-year
					increase/ decrease in production volume (%)	increase/ decrease in sales volume (%)	increase/ decrease in inventory (%)
Medium plates	10,000 tonnes	228.56	226.55	3.94	-3.56	-3.82	59.51
Hot rolled coils	10,000 tonnes	478.22	481.38	1.37	4.49	5.88	-70.91
Bars	10,000 tonnes	-	-	-	-	-	-
Double high rods	10,000 tonnes	-	-	-	-100.00	-100.00	-
Wire rods	10,000 tonnes	-	-	-	-100.00	-100.00	-
Commodity billet	10,000 tonnes	4.03	4.06	-	-88.79	-88.69	-100.00

3) Cost analysis table

Unit: RMB'000 Currency: RMB

By sector

By sector	Cost component	Amount for the period	Percentage of the amount for the period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs (%)	Year-on-year change (%)	Explanation
Iron and steel	Raw material	18,444,049	78.31	23,278,452	82.02	-20.77	N/A
Iron and steel	Energy	957,042	4.06	920,090	3.24	4.02	N/A
Iron and steel	Labor and other costs	4,151,221	17.63	4,183,021	14.74	-0.76	N/A

By product

By product	Cost component	Amount for the period	Percentage of the amount for the period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs (%)	Year-on-year change (%)	Explanation
Commodity billet	Raw material and energy costs	22,232,711	94.40	26,963,525	95.00	-17.55	N/A
Others	Raw material and energy costs	1,319,601	5.60	1,418,038	5.00	-6.94	N/A

4) Major buyers and major suppliers of the Company

The sales attributable to the five largest buyers amounted to RMB13,991,900,000, representing 58.30% of the total sales for the year, of which the sales attributable to related parties amounted to RMB7,497,650,000, representing 31.24% of the total sales for the year.

The total purchase amount from the top five suppliers amounted to RMB13,159,780,000, representing 55.28% of the total purchase amount for the year, of which the purchase amount from related parties amounted to RMB11,039,270,000, representing 46.37% of the total purchase amount for the year.

(3) Expenses

Unit: RMB'000 Currency: RMB

Item	For the reporting period	For the corresponding period last year	Change (%)	Main reasons for changes
Distribution and selling expenses	68,888	56,788	21.31	-
General and administrative expenses	228,810	370,595	-38.26	Decrease in the provision for termination benefits
Finance expenses	166,047	200,673	-17.25	-
Research and development expenses	45,007	41,784	7.71	-

(4) *R&D investment*

1) Table of R&D investment

Unit: RMB'000 Currency: RMB

Expensed R&D investment for the period	968,967
Capitalized R&D investment for the period	–
Total R&D investment	968,967
Percentage of total R&D investment to revenue (%)	4.04
Percentage of capitalized R&D investment (%)	–

2) R&D personnel

Number of R&D personnel of the Company	841
Percentage of R&D personnel in the total number of employees of the Company (%)	16.16

Educational structure of R&D personnel

Educational category	Number
Doctoral graduate	2
Master's graduate	74
Undergraduate	513
Junior college	249
High school and below	3

Age structure of R&D personnel

Age category	Number
Under 30 years old (exclusive)	108
30 – 40 years old (including 30 years old, excluding 40 years old)	418
40 – 50 years old (including 40 years old, excluding 50 years old)	200
50 – 60 years old (including 50 years old, excluding 60 years old)	115
60 years old and above	0

(5) Cash flow

Unit: RMB'000 Currency: RMB

Item	For the reporting period	For the corresponding period last year	Change (%)	Analysis of the reasons for changes
Net cash flow from operating activities	1,648,910	1,309,863	25.88	/
Net cash flow from investing activities	-1,627,653	-789,202	N/A	The increase in investment expenditure resulted from the purchase of time deposits
Net cash flow from financing activities	-893,790	459,916	-294.34	The decrease in net cash flow from financing activities was mainly due to the repayment of bank loans

3.2 Analysis of assets and liabilities

(1) Assets and liabilities

Unit: RMB'000 Currency: RMB

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Percentage of changes in amount at the end of the period over amount at the end of the previous period (%)	Explanation
Cash and bank balances	2,712,339	8.45	3,019,606	8.51	-10.18	/
Bills receivable	4,186	0.01	294,742	0.83	-98.58	The matured bills that were endorsed or discounted without derecognition at the beginning of the year.
Trade receivables	10,948	0.03	16,605	0.05	-34.07	The receivable credit line decreased.
Accounts receivable financing	459,630	1.43	898,747	2.53	-48.86	Payment of bill endorsement.
Prepayments	171,896	0.54	187,853	0.53	-8.49	/
Other receivables	53,775	0.17	38,074	0.11	41.24	The balance of policy-related funds increased.
Inventories	1,396,761	4.35	1,706,277	4.81	-18.14	/
Other current assets	35,537	0.11	125,476	0.35	-71.68	The amount of VAT to be deducted decreased compared with the beginning of the year.
Long-term equity investments	141,954	0.44	108,765	0.31	30.51	Final payments for investment projects from prior years.
Other equity instrument investments	60,364	0.19	60,364	0.17	-	/
Property, plant and equipment	23,585,898	73.51	24,523,532	69.12	-3.82	/
Construction in progress	170,112	0.53	861,172	2.43	-80.25	This was mainly due to the transfer of construction in progress to fixed assets.
Right-of-use assets	73,173	0.23	163,281	0.46	-55.19	Purchase of leased assets.
Intangible assets	2,476,069	7.72	2,470,418	6.96	0.23	/
Goodwill	42,871	0.13	328,055	0.92	-86.93	Provision for impairment in the period.
Deferred income tax assets	690,665	2.15	676,275	1.91	2.13	/
Short-term borrowings	975,503	3.04	919,368	2.59	6.11	/
Bills payable	3,255,609	10.15	1,933,511	5.45	68.38	Increase in invoice payment.
Trade payables	4,105,402	12.79	4,960,413	13.98	-17.24	/

Item	Amount at the end of the period	Percentage of the amount at the end of the period in total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period in total assets (%)	Percentage of changes in amount at the end of the period over amount at the end of the previous period (%)	Explanation
Contract liabilities	1,137,073	3.54	1,812,206	5.11	-37.25	Advance receipts for steel products in the following month decreased.
Employee benefits payable	116,943	0.36	136,436	0.38	-14.29	/
Tax payable	12,616	0.04	16,332	0.05	-22.75	/
Other payables	3,118,211	9.72	2,660,297	7.5	17.21	/
Non-current liabilities due within one year	2,432,156	7.58	4,253,093	11.99	-42.81	Decrease in reclassification of long-term borrowings due within one year.
Other current liabilities	143,044	0.45	235,587	0.66	-39.28	The tax on advance receipts decreased.
Long-term borrowings	2,526,396	7.87	1,652,075	4.66	52.92	Repayment of loans in the period.
Lease liabilities	59,245	0.18	30,545	0.09	93.96	Purchase of leased assets.
Long-term payables	20,549	0.06	27,492	0.08	-25.25	/
Long-term employee benefits payable	57,009	0.18	118,872	0.34	-52.04	Severance benefits decreased.
Provisions for liabilities	8,026	0.03	3,135	0.01	156.01	Loss-making contracts to be executed decreased.
Deferred income	200,222	0.62	107,052	0.3	87.03	New special funds for environmental governance were added.
Deferred income tax liabilities	6,390	0.02	6,194	0.02	3.16	/

(2) *Major restricted assets at the end of the Reporting Period*

Unit: RMB'000 Currency: RMB

Item	Book balance	Book value	Type of restriction	Restriction details
Cash and bank balances – time deposits	412,089	412,089	Pledge	Pledged fixed deposits
Cash and bank balances – other cash and bank balances	135,182	135,182	Deposit and freeze	Notes and L/C deposits, frozen deposits, etc.
Notes receivable and receivables financing	1,497	1,497	Others	Endorsed/discounted without derecognition
Fixed assets	125,106	125,106	Mortgage	Mortgage loans, sale and leaseback
Intangible assets	264,584	264,584	Mortgage	Mortgage loans
Total	938,458	938,458	/	/

4. Management Discussion and Analysis on Future Development of the Company

4.1 Industry competition pattern and development trend

According to the policy guidance of the National Development and Reform Commission, the Ministry of Industry and Information Technology and other ministries, as well as the industry analysis of the China Iron and Steel Association, China's steel industry has entered a new stage of comprehensive stock optimization and high-quality development, with core trends focusing on the following three major directions:

- (1) **Green and Low-Carbon Transformation:** Under the “dual carbon” goals, ultra-low emission retrofitting has become an industry standard. The “Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry” issued by the National Development and Reform Commission and other departments has set clear energy efficiency improvement targets. Meanwhile, five departments including the Ministry of Industry and Information Technology explicitly support the research, development and industrialization of low-carbon frontier technologies such as hydrogen metallurgy in the “Work Plan for Stabilizing Growth in the Steel Industry (2025-2026)”.

- (2) **High-End and Intelligent Upgrading:** The industry strictly implements the requirement of “prohibiting new capacity additions” and promotes equipment upgrading through capacity replacement. Research and development focus has shifted to high value-added steel products required by new energy and high-end manufacturing sectors, such as high-performance bearing steel, gear steel and other key materials. In addition, the industry is deeply integrating smart manufacturing, and several national-level smart manufacturing demonstration factories have emerged.
- (3) **Demand Structure Transition:** Traditional construction demand has slowed, with growth momentum shifting to fields such as new energy, new energy vehicles and high-end equipment. According to data from the China Iron and Steel Association, the proportion of steel used in China’s manufacturing sector reached 51% in 2025, exceeding steel used in the construction sector for the first time in history, marking a fundamental transformation in demand structure.

4.2 Development strategy of the Company

Guided by the mission of “inheritance of the nation’s steel tradition to create a green and better life” (傳承民族鋼鐵血脈，創造綠色美好生活), the Company is committed to establishing itself as the most competitive plate manufacturing base in Southwest China. The Company strives to become a leader in the steel industry in Southwest China, and provides steel support for social development.

During the “15th Five-Year Plan” period, the Company will fully implement national strategic deployments, embrace China Baowu’s strategic path of strengthening innovation, optimizing efficiency and expanding with entrepreneurship and the direction of high-end, intelligent, green and efficient development, and adhere to the business principle of production with orders, output with margins, income with profits, and profits with cash. The Company will focus on guidelines of “ultimate efficiency, structural optimization, localization, industrial chain, ecosystem and industrial park” (極致效率、結構優化、近地化、產業鏈、生態圈、工業園). Through production line upgrades and process enhancement, the Company will build three value drivers, namely smart logistics, green energy industrial park and material services, to advance the transformation from a material supplier to a regional industrial chain organizer and service provider, thereby achieving high-quality development.

Leveraging Chongqing's geographical advantages, the Company will deeply integrate itself into the construction of the Chengdu-Chongqing economic circle, contribute to the development of the Yangtze River Economic Belt, and support the Western Development Strategy. By driving intelligent manufacturing through technological innovation, the Company will continuously transform regional strategic opportunities into development momentum, deeply cultivate the market in Southwest China, and strive to become a steel enterprise featuring a sound governance structure, efficient management system, leading production technology, significant economies of scale, low-carbon and environmental protection, and a dominant market position.

4.3 Business plan

In 2026, the Company plans to produce 6.07 million tonnes of iron, 7.05 million tonnes of steel and 6.78 million tonnes of materials.

The year 2026 marks the beginning of the "15th Five-Year Plan" and is also a year of deepening reform in "lean management" for Chongqing Iron & Steel. The Company will focus on advancing the following key areas:

(1) tightening the chain of responsibility, strictly guarding against risks and hidden dangers, and comprehensively strengthening the safety defense line; (2) solidifying the operation and maintenance of environmental protection, and enhancing resource utilization to achieve green and low-carbon development; (3) focusing on enhancing efficiency throughout the entire process, striving for ultimate efficiency, and unleashing the potential of production and operation; (4) making breakthroughs in four major initiatives, deepening the coordination between steelmaking and rolling, and enhancing cost competitiveness; (5) focusing on dual drivers, activating business centers, and unleashing the potential for value creation; (6) deepening organizational reform, optimizing the performance system, and stimulating intrinsic motivation among all employees; (7) facilitating total productive maintenance, deepening integration of operation, inspection, maintenance, and adjustment, and enhancing equipment support capability; (8) laying out industrial synergy, building a "1+X" system, and cultivating diversified profit growth poles; (9) coordinating procurement and sales efforts, and focusing on value creation to drive the quality improvement and upgrading of business operations; (10) strengthening foundational management, deepening lean operations, and enhancing the level of management refinement; (11) adhering to the bottom line of compliance, strengthening risk prevention and control, and ensuring stable operations; (12) refining staffing and position management and deepening collaborative reforms to enhance human resource efficiency; and (13) expediting the layout of industrial parks and ecosystem to create a new model of harmonious coexistence.

4.4 Potential risks

In 2026, the external environment has become increasingly complex and uncertain, with the spread of international trade protectionism, the raising of trade barriers by some economies, and heightened risks of supply chain decoupling. The iron and steel industry will continue to face a pronounced imbalance between strong supply and weak demand, maintaining a trend of “reducing production volume and optimizing existing capacity,” while steel enterprises will face sustained pressure on profitability. The Company will continue to face numerous risks, including the transition to green and low-carbon operations, ensuring safety and environmental compliance, and achieving full production capacity and operational efficiency for investment projects. It must further strengthen the enterprise’s internal momentum and risk-resilience, maintain strategic resolve, adhere to a high-quality development model, continuously improve corporate governance and internal control standards, and effectively enhance risk prevention capabilities.

IV. DISCLOSURE PURSUANT TO THE LISTING RULES

1. Compliance with the Corporate Governance Code

To the best knowledge of the Board, the Company has complied with the code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the reporting period, and no deviation from the code has been identified.

2. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the directors. All directors of the Company confirmed upon specific enquiries that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2025.

3. Purchase, Sale or Redemption of Listed Securities of the Company

On 18 February 2025, the Company completed the cancellation of 66,838,500 shares repurchased in 2024 and the total number of issued shares of the Company changed from 8,918,602,267 shares to 8,851,763,767 shares.

Save as disclosed above, during the reporting period, the Company did not purchase, sell or redeem any of its listed securities.

4. Major Acquisition and Disposal of Subsidiaries and Affiliates

No major acquisition and disposal of subsidiaries and affiliates occurred during the reporting period.

5. Audit and Risk Committee

The audit and risk committee of the Company consists of three independent non-executive Directors and one non-executive director, namely Mr. Guo Jiebin, Mr. Sheng Xuejun, Ms. Tang Ping and Mr. Zhou Ping. Mr. Guo Jiebin is the chairman of the audit and risk committee.

The annual results announcement of the Company for 2025 had been reviewed by the members of the audit and risk committee before being submitted to the Board for approval.

6. Interests or Short Positions held by Directors or Senior Management Members

As at 31 December 2025, the interests and short positions (including interests or short positions which they were taken or deemed to have under relevant provisions of the Securities and Futures Ordinance (“SFO”)) of the directors or senior management members in the shares or underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Name	The Company/ associated corporations	Capacity	Nature of interests	Total number of interested shares held (share)	Percentage in the share capital of A shares of the Company (%)	Percentage in the total share capital of the Company (%)	Class of shares
Xie Chao	The Company	Senior vice president	Beneficial interests	1,057,400 (long position)	0.0127	0.0119	A Share
Chen Yingming (陳應明)	The Company	Director	Beneficial interests	100 (long position)	0.0000	0.0000	A Share

Save as disclosed above, as at 31 December 2025, none of the directors or their respective associates had any interest in the shares of the Company or its associated corporations.

7. Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association and the relevant laws of the People's Republic of China which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

8. Public Float of H Shares

As of the date hereof, to the best knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules.

9. Marketability Market Value

Based on the information available to the Company, as at 31 December 2025, the circulating market capitalization of H Shares of the Company (circulating H Share capital x closing price of H Shares (HK\$1.18)) was approximately HK\$635 million and the circulating market capitalization of A Shares of the Company (circulating A Share capital x closing price of A Shares (RMB1.46)) was approximately RMB12.138 billion.

10. Final Dividend

The Company's profit distribution policies are set out in detail in the Articles of Association, which provides the principles, forms and conditions of distribution, the justification procedures for distribution schemes and decision-making mechanisms, as well as policy adjustments. When determining profit distribution (including dividend payment) and distribution proportion, the Company will follow several major principles including the continuity and stability of profit distribution policies, paying full attention to the reasonable investment return for investors, and considering the long-term interests of the Company, sustainable development and the interests of all shareholders as a whole, and the Board will prepare the proposal for profit distribution according to the operating situations and development of the Company, then submit it to the general meeting for approval. Please refer to the profit distribution policies set out in the Articles of Association for more details.

The Company has not set any predetermined dividend distribution proportion or ratio, the payment and amount of dividend will be determined by the Board's discretion based on the above policies.

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the realized net profit attributable to the parent company for 2025 amounted to RMB-2,507 million, and the unappropriated profit of the parent company as at the end of 2025 amounted to RMB-14,842 million. As the unappropriated profit of the parent company was negative as at the end of 2025, the Board recommended that no profit distribution or transfer capital reserve to share capital be made in 2025 pursuant to Article 213 of the Articles of Association.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

RMB

Assets	31 December 2025	31 December 2024
Current assets		
Cash and bank balances	2,712,339,198.87	3,019,606,427.86
Notes receivable	4,185,550.14	294,742,106.52
Trade receivables	10,948,466.78	16,605,149.32
Receivables financing	459,630,155.77	898,747,186.51
Prepayments	171,895,658.54	187,852,973.22
Other receivables	53,775,499.93	38,073,563.32
Including: Interest receivable	–	–
Dividends receivable	–	428,145.74
Inventories	1,396,760,706.20	1,706,277,340.05
Other current assets	35,536,755.83	125,476,498.63
Total current assets	4,845,071,992.06	6,287,381,245.43
Non-current assets		
Long-term equity investments	141,954,046.42	108,764,718.31
Other equity investments	60,364,499.70	60,364,499.70
Property, plant and equipment	23,585,897,975.23	24,523,532,163.82
Construction in progress	170,112,476.56	861,172,176.21
Right-of-use assets	73,172,761.56	163,281,425.80
Intangible assets	2,476,068,688.22	2,470,417,724.58
Goodwill	42,871,263.01	328,054,770.34
Deferred tax assets	690,664,598.09	676,275,218.36
Total non-current assets	27,241,106,308.79	29,191,862,697.12
Total assets	32,086,178,300.85	35,479,243,942.55

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2025**RMB*

Liabilities and shareholders' equity	31 December 2025	31 December 2024
Current liabilities		
Short-term borrowings	975,503,250.15	919,368,395.79
Notes payable	3,255,608,622.05	1,933,510,510.45
Trade payables	4,105,401,735.68	4,960,412,820.44
Contract liabilities	1,137,072,939.29	1,812,205,815.86
Employee benefits payable	116,942,823.98	136,435,629.44
Taxes payable	12,615,839.64	16,332,462.83
Other payables	3,118,211,051.73	2,660,297,030.92
Including: Interest payable	–	–
Dividends payable	–	–
Non-current liabilities due within one year	2,432,156,341.55	4,253,092,856.67
Other current liabilities	143,043,750.60	235,586,756.06
Total current liabilities	15,296,556,354.67	16,927,242,278.46
Non-current liabilities		
Long-term borrowings	2,526,395,643.01	1,652,075,334.18
Lease liabilities	59,244,715.99	30,544,958.67
Long-term payables	20,548,671.60	27,491,726.81
Long-term employee benefits payable	57,009,173.39	118,872,475.11
Provision	8,026,222.30	3,135,452.93
Deferred income	200,222,244.58	107,051,670.39
Deferred tax liabilities	6,390,213.87	6,194,061.65
Total non-current liabilities	2,877,836,884.74	1,945,365,679.74
Total liabilities	18,174,393,239.41	18,872,607,958.20

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2025**RMB*

Assets	31 December 2025	31 December 2024
Shareholders' equity		
Share capital	8,851,763,767.00	8,918,602,267.00
Capital reserves	19,279,224,566.14	19,282,146,606.55
Less: Treasury stocks	–	69,760,540.41
Other Comprehensive Income	1,585,194.71	1,585,194.71
Special reserves	58,562,796.44	31,581,736.68
Surplus reserves	608,477,851.26	607,679,608.13
Unappropriated profit	(14,887,829,114.11)	(12,165,198,888.31)
Total shareholders' equity	<u>13,911,785,061.44</u>	<u>16,606,635,984.35</u>
Total liabilities and shareholders' equity	<u><u>32,086,178,300.85</u></u>	<u><u>35,479,243,942.55</u></u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2025

RMB

Assets	31 December 2025	31 December 2024
Current assets:		
Cash and bank balances	2,708,032,380.47	3,017,886,054.05
Notes receivables	4,185,550.14	294,742,106.52
Trade receivables	9,505,363.37	15,949,222.83
Receivables financing	459,630,155.77	898,747,186.51
Prepayments	171,403,280.98	184,665,612.33
Other receivables	86,057,973.27	98,850,007.77
Including: Interest receivable	–	–
Dividends receivable	–	428,145.74
Inventories	1,395,732,881.16	1,705,250,410.38
Other current assets	15,802,113.18	105,830,771.84
Total current assets	4,850,349,698.34	6,321,921,372.23
Non-current assets:		
Long-term equity investments	1,079,273,596.44	1,101,052,712.99
Other equity investments	60,364,499.70	60,364,499.70
Property, plant and equipment	22,809,350,263.94	23,658,825,519.25
Construction in progress	160,117,476.22	833,407,008.82
Right-of-use assets	73,172,761.56	163,281,425.80
Intangible assets	2,416,000,837.10	2,408,504,964.55
Deferred tax assets	690,635,820.42	676,246,440.70
Other non-current assets	27,288,915,255.38	28,901,682,571.81
Total assets	32,139,264,953.72	35,223,603,944.04

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

As at 31 December 2025

RMB

Liabilities and shareholders' equity	31 December 2025	31 December 2024
Current liabilities:		
Short-term borrowings	975,503,250.15	919,368,395.79
Notes payable	3,255,608,622.05	1,933,510,510.45
Trade payables	4,209,467,944.98	4,948,586,113.44
Contract liabilities	1,136,817,199.47	1,812,200,398.98
Employee benefits payable	115,510,894.98	134,763,630.69
Taxes payable	10,159,528.93	5,070,745.25
Other payables	3,081,301,995.42	2,637,790,673.61
Including: Interest payable	–	–
Dividends payable	–	–
Non-current liabilities due within one year	2,432,156,341.55	4,253,092,856.67
Other current liabilities	143,010,504.42	235,586,051.87
Total current liabilities	15,359,536,281.95	16,879,969,376.75
Non-current liabilities		
Long-term borrowings	2,526,395,643.01	1,652,075,334.18
Lease liabilities	59,244,715.99	30,544,958.67
Long-term payables	20,548,671.60	27,491,726.81
Long-term employee benefits payable	57,009,173.39	117,545,748.96
Provision	8,026,222.30	3,135,452.93
Deferred income	200,222,244.58	107,051,670.39
Total non-current liabilities	2,871,446,670.87	1,937,844,891.94
Total liabilities	18,230,982,952.82	18,817,814,268.69

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)*As at 31 December 2025**RMB*

Liabilities and shareholders' equity	31 December 2025	31 December 2024
Shareholders' equity		
Share capital	8,851,763,767.00	8,918,602,267.00
Capital reserves	19,310,167,824.14	19,313,089,864.55
Less: Treasury stocks	–	69,760,540.41
Other Comprehensive Income	1,585,194.71	1,585,194.71
Special reserves	9,557,715.26	–
Surplus reserves	577,012,986.42	577,012,986.42
Unappropriated profit	(14,841,805,486.63)	(12,334,740,096.92)
Total shareholders' equity	<u>13,908,282,000.90</u>	<u>16,405,789,675.35</u>
Total liabilities and shareholders' equity	<u><u>32,139,264,953.72</u></u>	<u><u>35,223,603,944.04</u></u>

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

RMB

	2025	2024
Revenue	24,001,657,475.68	27,244,169,261.07
Less: Cost of sales	23,804,750,788.55	28,599,481,666.56
Taxes and surcharges	161,261,596.86	148,499,039.47
Distribution and selling expenses	68,888,245.99	56,787,974.15
General and administrative expenses	228,810,282.91	370,594,975.82
Research and development costs	45,007,085.71	41,783,693.19
Finance expenses	166,047,249.90	200,672,865.83
Including: Interest expenses	200,060,219.69	185,550,737.25
Interest income	42,154,845.61	22,389,740.43
Add: Other income	156,707,406.92	82,935,653.30
Investment income	3,545,513.60	5,490,956.31
Including: Share of profits and losses of joint ventures and associates	3,545,513.60	5,062,810.57
Impairment losses on credit	(4,276,267.21)	(3,528,987.74)
Impairment losses on assets	(2,442,488,772.07)	(1,233,901,418.16)
Gain/(Loss) on disposal of assets	16,986,944.97	2,556,283.20

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2025

RMB

	2025	2024
Operating profit/(loss)	(2,742,632,948.03)	(3,320,098,467.04)
Add: Non-operating income	2,039,244.58	5,665,157.48
Less: Non-operating expenses	<u>(6,061,397.24)</u>	<u>(22,792,239.71)</u>
Total profit/(loss)	(2,734,532,306.21)	(3,291,641,069.85)
Less: Income tax expenses/(credit)	<u>(12,700,323.54)</u>	<u>(96,079,583.55)</u>
Net Profit/(Loss)	<u>(2,721,831,982.67)</u>	<u>(3,195,561,486.30)</u>
Breakdown by continuity of operations		
Net profit/(loss) from continuing operations	<u>(2,721,831,982.67)</u>	<u>(3,195,561,486.30)</u>
Breakdown by attributable interests		
Net profit/(loss) attributable to shareholders of the parent	<u>(2,721,831,982.67)</u>	<u>(3,195,561,486.30)</u>
Total comprehensive income/(loss)		
Total comprehensive income attributable to shareholders of the parent	<u>(2,721,831,982.67)</u>	<u>(3,195,561,486.30)</u>
Earnings/(loss) per share:		
Basic earnings/(loss) per share	(0.31)	(0.36)
Diluted earnings/(loss) per share	<u>N/A</u>	<u>N/A</u>

INCOME STATEMENT OF THE COMPANY

For the year ended 31 December 2025

RMB

	2025	2024
Revenue	24,031,750,193.52	27,286,800,239.92
Less: Cost of sales	23,851,819,605.11	28,619,666,820.93
Taxes and surcharges	145,508,240.43	135,640,649.57
Distribution and selling expenses	68,888,245.99	56,787,974.15
General and administrative expenses	226,502,922.17	364,825,739.58
Research and development costs	45,007,085.71	37,983,877.15
Finance expenses	166,059,300.75	200,548,294.68
Including: Interest expenses	200,060,219.69	185,399,196.75
Interest income	42,132,842.30	22,350,908.94
Add: Other income	66,088,704.44	12,062,463.32
Investment income	3,545,513.60	5,490,956.31
Including: Share of profits and losses of joint ventures and associates	3,545,513.60	5,062,810.57
Impairment losses on credit	(3,274,428.57)	(3,405,976.60)
Impairment losses on assets	(2,140,923,956.50)	(1,204,928,543.17)
Gain/(Loss) on disposal of assets	16,943,944.97	2,556,283.20
Operating profit/(loss)	(2,529,655,428.70)	(3,316,877,933.08)
Add: Non-operating income	2,039,244.58	8,489,400.13
Less: Non-operating expenses	(6,161,414.69)	(8,920,046.82)
Total profit/(loss)	(2,521,454,769.43)	(3,299,468,486.13)
Less: Income tax expenses/(credit)	(14,389,379.72)	(130,486,794.58)
Net Profit/(Loss)	(2,507,065,389.71)	(3,168,981,691.55)
Net profit/(loss) from continuing operations	(2,507,065,389.71)	(3,168,981,691.55)
Total comprehensive income/(loss)	(2,507,065,389.71)	(3,168,981,691.55)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

RMB

	2025	2024
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	20,229,094,731.66	24,200,962,058.28
Receipts of taxes refunds	77,786,638.11	58,687,379.46
Other cash received relating to operating activities	186,122,183.46	114,904,580.65
Sub-total of cash inflows from operating activities	20,493,003,553.23	24,374,554,018.39
Cash paid for purchase of goods and services	17,419,804,459.40	21,437,528,872.33
Cash paid to and on behalf of employees	1,064,636,285.13	1,132,765,665.62
Cash paid for all types of taxes	250,747,361.47	215,742,253.05
Other cash paid relating to operating activities	108,905,096.84	278,653,867.62
Sub-total of cash outflows from operating activities	18,844,093,202.84	23,064,690,658.62
Net cash flows from operating activities	1,648,910,350.39	1,309,863,359.77

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

RMB

	2025	2024
Cash flows from investing activities:		
Cash received from recovery of investments	285,580,457.21	–
Cash received from return on investments	8,319,113.39	7,232,797.28
Proceeds from disposal of items of property, plant and equipment, intangible assets and other long-term assets	2,565,594.70	–
Sub-total of cash inflows from investing activities	296,465,165.30	7,232,797.28
Cash paid for acquisition of property plant and equipment, intangible assets and other long- term assets	997,238,327.11	766,085,126.85
Cash paid for acquisition of investments	926,879,379.88	30,350,000.00
Sub-total of cash outflows from investing activities	1,924,117,706.99	796,435,126.85
Net cash flows from investing activities	(1,627,652,541.69)	(789,202,329.57)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the year ended 31 December 2025**RMB*

	2025	2024
Cash flows from financing activities:		
Cash received from borrowings	<u>2,911,970,253.19</u>	<u>2,446,701,461.70</u>
Other cash received relating to financing activities	<u>–</u>	<u>34,247,786.00</u>
Sub-total of cash inflows from financing activities	<u>2,911,970,253.19</u>	<u>2,480,949,247.70</u>
Cash repayments of borrowings	3,585,334,194.70	1,152,678,019.46
Cash paid for distribution of dividends or profits, and for interest expenses	184,582,356.87	154,962,406.10
Other cash paid relating to financing activities	<u>35,844,051.13</u>	<u>713,393,254.54</u>
Sub-total of cash outflows from financing activities	<u>3,805,760,602.70</u>	<u>2,021,033,680.10</u>
Net cash flows from financing activities	<u>(893,790,349.51)</u>	<u>459,915,567.60</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>–</u>	<u>–</u>
Net increase /(decrease) in cash and cash equivalents	(872,532,540.81)	980,576,597.80
Add: Cash and cash equivalents at the beginning of the year	<u>2,812,341,074.96</u>	<u>1,831,764,477.16</u>
Cash and cash equivalents at the end of the year	<u><u>1,939,808,534.15</u></u>	<u><u>2,812,341,074.96</u></u>

STATEMENT OF CASH FLOWS OF THE COMPANY

For the year ended 31 December 2025

RMB

	2025	2024
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	19,998,820,858.08	24,308,783,491.12
Other cash received relating to operating activities	201,762,086.89	117,211,194.50
Sub-total of cash inflows from operating activities	20,200,582,944.97	24,425,994,685.62
Cash paid for purchase of goods and services	17,253,777,395.80	21,636,425,787.63
Cash paid to and on behalf of employees	1,023,534,746.44	1,087,010,040.67
Cash paid for all types of taxes	140,419,456.75	132,361,349.27
Other cash paid relating to operating activities	141,355,128.96	264,881,389.31
Sub-total of cash outflows from operating activities	18,559,086,727.95	23,120,678,566.88
Net cash flows from operating activities	1,641,496,217.02	1,305,316,118.74

STATEMENT OF CASH FLOWS OF THE COMPANY (CONTINUED)*For the year ended 31 December 2025**RMB*

	2025	2024
Cash flows from investing activities:		
Cash received from recovery of investments	285,580,457.21	–
Cash received from return on investments	8,319,113.39	7,232,797.28
Proceeds from disposal of items of property, plant and equipment, intangible assets and other long-term assets	2,522,594.69	–
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	296,422,165.29	7,232,797.28
	<hr/>	<hr/>
Cash paid for acquisition of property plant and equipment, intangible assets and other long- term assets	992,367,638.32	760,621,647.96
Cash paid for acquisition of investments	926,879,379.88	30,350,000.00
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	1,919,247,018.20	790,971,647.96
	<hr/>	<hr/>
Net cash flows from investing activities	(1,622,824,852.91)	(783,738,850.68)
	<hr/>	<hr/>

STATEMENT OF CASH FLOWS OF THE COMPANY (CONTINUED)*For the year ended 31 December 2025*

RMB

2025

2024

Cash flows from financing activities:

Cash received from borrowings	<u>2,911,970,253.19</u>	<u>2,446,701,461.70</u>
Other cash received relating to financing activities	<u>–</u>	<u>34,247,786.00</u>
Sub-total of cash inflows from financing activities	<u>2,911,970,253.19</u>	<u>2,480,949,247.70</u>
Cash repayments of borrowings	3,585,334,194.70	1,152,678,019.46
Cash paid for distribution of dividends or profits, and for interest expenses	184,582,356.87	154,962,406.10
Other cash paid relating to financing activities	<u>35,844,051.13</u>	<u>713,393,254.54</u>
Sub-total of cash outflows from financing activities	<u>3,805,760,602.70</u>	<u>2,021,033,680.10</u>
Net cash flows from financing activities	<u>(893,790,349.51)</u>	<u>459,915,567.60</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>–</u>	<u>–</u>
Net increase /(decrease) in cash and cash equivalents	(875,118,985.40)	981,492,835.66
Add: Cash and cash equivalents at the beginning of the year	<u>2,810,620,701.15</u>	<u>1,829,127,865.49</u>
Cash and cash equivalents at the end of the year	<u><u>1,935,501,715.75</u></u>	<u><u>2,810,620,701.15</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

RMB

2025

	Share capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated losses	Total Shareholders' equity
I. Opening balances of the current year	<u>8,918,602,267.00</u>	<u>19,282,146,606.55</u>	<u>69,760,540.41</u>	<u>1,585,194.71</u>	<u>31,581,736.68</u>	<u>607,679,608.13</u>	<u>(12,165,198,888.31)</u>	<u>16,606,635,984.35</u>
II. Changes in the current year	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	26,981,059.76	798,243.13	(2,722,630,225.80)	(2,694,850,922.91)
I) Total comprehensive income	-	-	-	-	-	-	(2,721,831,982.67)	(2,721,831,982.67)
II) Capital contribution and reduction by shareholders	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
1. Repurchase of company shares	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
III) Profit distribution	-	-	-	-	-	798,243.13	(798,243.13)	-
(i) Appropriation of surplus reserves	-	-	-	-	-	798,243.13	(798,243.13)	-
IV) Special reserves	-	-	-	-	26,981,059.76	-	-	26,981,059.76
1. Amount established during the year	-	-	-	-	47,121,924.78	-	-	47,121,924.78
2. Amount utilized during the year	-	-	-	-	(20,140,865.02)	-	-	(20,140,865.02)
III. Closing balance for the year	<u><u>8,851,763,767.00</u></u>	<u><u>19,279,224,566.14</u></u>	<u><u>-</u></u>	<u><u>1,585,194.71</u></u>	<u><u>58,562,796.44</u></u>	<u><u>608,477,851.26</u></u>	<u><u>(14,887,829,114.11)</u></u>	<u><u>13,911,785,061.44</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2025

RMB

2024

	Share capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated losses	Total Shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,282,146,606.55	–	1,585,194.71	13,954,677.59	607,300,662.40	(8,969,258,456.28)	19,854,330,951.97
II. Changes in the current year	–	–	69,760,540.41	–	17,627,059.09	378,945.73	(3,195,940,432.03)	(3,247,694,967.62)
I) Total comprehensive income	–	–	–	–	–	–	(3,195,561,486.30)	(3,195,561,486.30)
II) Capital contribution and reduction by shareholders	–	–	69,760,540.41	–	–	–	–	(69,760,540.41)
1. Repurchase of company shares	–	–	69,760,540.41	–	–	–	–	(69,760,540.41)
III) Profit distribution	–	–	–	–	–	378,945.73	(378,945.73)	–
(i) Appropriation of surplus reserves	–	–	–	–	–	378,945.73	(378,945.73)	–
IV) Special reserves	–	–	–	–	17,627,059.09	–	–	17,627,059.09
1. Amount established during the year	–	–	–	–	60,951,736.63	–	–	60,951,736.63
2. Amount utilized during the year	–	–	–	–	(43,324,677.54)	–	–	(43,324,677.54)
III. Closing balance for the year	8,918,602,267.00	19,282,146,606.55	69,760,540.41	1,585,194.71	31,581,736.68	607,679,608.13	(12,165,198,888.31)	16,606,635,984.35

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

For the year ended 31 December 2025

RMB

2025

	Share capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated losses	Total Shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,313,089,864.55	69,760,540.41	1,585,194.71	-	577,012,986.42	(12,334,740,096.92)	16,405,789,675.35
II. Changes in the current year	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	9,557,715.26	-	(2,507,065,389.71)	(2,497,507,674.45)
I) Total comprehensive income	-	-	-	-	-	-	(2,507,065,389.71)	(2,507,065,389.71)
II) Capital contribution and reduction by shareholders	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
1. Repurchase of company shares	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
III) Special reserves	-	-	-	-	9,557,715.26	-	-	9,557,715.26
1. Amount established during the year	-	-	-	-	29,629,768.73	-	-	29,629,768.73
2. Amount utilized during the year	-	-	-	-	(20,072,053.47)	-	-	(20,072,053.47)
III. Closing balance for the year	8,851,763,767.00	19,310,167,824.14	-	1,585,194.71	9,557,715.26	577,012,986.42	(14,841,805,486.63)	13,908,282,000.90

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

For the year ended 31 December 2025

RMB

2024

	Share capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Unappropriated losses	Total Shareholders' equity
I. Opening balances of the current year	8,918,602,267.00	19,313,089,864.55	–	1,585,194.71	–	577,012,986.42	(9,165,758,405.37)	19,644,531,907.31
II. Changes in the current year	–	–	69,760,540.41	–	–	–	(3,168,981,691.55)	(3,238,742,231.96)
I) Total comprehensive income	–	–	–	–	–	–	(3,168,981,691.55)	(3,168,981,691.55)
II) Capital contribution and reduction by shareholders	–	–	69,760,540.41	–	–	–	–	(69,760,540.41)
1. Repurchase of company shares	–	–	69,760,540.41	–	–	–	–	(69,760,540.41)
III) Special reserves	–	–	–	–	–	–	–	–
1. Amount established during the year	–	–	–	–	41,544,953.11	–	–	41,544,953.11
2. Amount utilized during the year	–	–	–	–	(41,544,953.11)	–	–	(41,544,953.11)
III. Closing balance for the year	8,918,602,267.00	19,313,089,864.55	69,760,540.41	1,585,194.71	–	577,012,986.42	(12,334,740,096.92)	16,405,789,675.35

TRADE RECEIVABLES

(1) Disclosed by aging:

RMB

The ageing of trade receivables	31 December 2025	31 December 2024
Within one year	10,944,588.41	16,139,430.64
One to two years	0.56	72,070.77
Two to three years	1,337.96	6,455.39
Over three years	1,331,057.87	2,655,731.11
	<u>12,276,984.80</u>	<u>18,873,687.91</u>
Less: Provisions for credit loss	<u>1,328,518.02</u>	<u>2,268,538.59</u>
	<u><u>10,948,466.78</u></u>	<u><u>16,605,149.32</u></u>

(2) Disclosed by credit loss provision methods

RMB

	31 December 2025					31 December 2024				
	Book value		Bad debt provision			Book value		Bad debt provision		
	Amount	Proportion (%)	Carrying amount	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Carrying amount
Credit loss provision on a portfolio basis	<u>12,276,984.80</u>	<u>100.00</u>	<u>1,328,518.02</u>	<u>10.82</u>	<u>10,948,466.78</u>	<u>18,873,687.91</u>	<u>100.00</u>	<u>2,268,538.59</u>	<u>12.02</u>	<u>16,605,149.32</u>

As at 31 December 2025 and at 31 December 2024, the Group had no accounts receivable for which bad debt provision is individually assessed.

TRADE RECEIVABLES (CONTINUED)

(2) Disclosed by credit loss provision methods (Continued)

Credit loss provision on a portfolio basis:

As part of the Group's credit risk management, the Group determines the expected credit losses on trade receivables arising from various types of businesses by applying an ageing-based impairment matrix. These businesses share similar risk characteristics, and ageing information can reflect the repayment ability of such customers upon the maturity of trade receivables. The ageing of the aforementioned trade receivables is calculated from the date of delivery of goods or provision of services.

As at the end of the reporting period, the credit risk and expected credit losses over entire life of trade receivables in respect of such businesses are as follows:

The ageing of trade receivables	31 December 2025			RMB
	Book value	Credit loss provision	Provision ratio (%)	Carrying amount
Within one year	10,944,588.41	-	-	10,944,588.41
One to two years	0.56	-	-	0.56
Two to three years	1,337.96	-	-	1,337.96
Over three years	1,331,057.87	1,328,518.02	99.81	2,539.85
Total	<u>12,276,984.80</u>	<u>1,328,518.02</u>		<u>10,948,466.78</u>

TRADE RECEIVABLES (CONTINUED)

(3) Movements in Provision for Expected Credit Losses

RMB

	Opening balance	Movement during the year		Write-off in current year	Closing balance
		Provision for the year	Recovered or reversed in the current year		
Credit loss provision on a portfolio basis	<u>2,268,538.59</u>	<u>461,840.85</u>	<u>680,400.00</u>	<u>721,461.42</u>	<u>1,328,518.02</u>

Provision for credit losses based on expected credit loss model

RMB

Credit loss provision	Lifetime expected credit losses		Total
	(without credit impairment)	Lifetime expected credit losses (credit-impaired)	
Opening balance	2,268,538.59	-	2,268,538.59
Provision for the year	461,840.85	-	461,840.85
Recovered or reversed in the current year	680,400.00	-	680,400.00
Write-off in current year	<u>721,461.42</u>	<u>-</u>	<u>721,461.42</u>
Closing balance	<u>1,328,518.02</u>	<u>-</u>	<u>1,328,518.02</u>

(4) Trade receivables write-offs during the year

There were no material write-offs of trade receivable during the year.

TRADE RECEIVABLES (CONTINUED)

(5) The top 5 largest accounts receivable at the end of 2025 collected by arrears are summarized as follows:

<i>RMB</i>			
Company*	Closing balance of trade receivables	Proportion in total closing balance of trade receivables (%)	Closing balance of expected credit loss on trade receivables
Sichuan Chuanmei Supply Chain Management Co., Ltd.	4,909,434.73	39.99	-
Baowu Environmental Technology Chongqing Resources Recycling Co., Ltd.	4,308,270.52	35.09	-
Chongqing Iron & Steel (Group) Steel Tube Co., Ltd.	1,328,518.34	10.82	1,324,641.41
Chongqing Weijin Environmental Technology Co., Ltd.	281,440.60	2.29	-
Chongqing Iron & Steel (Group) Transportation Co., Ltd.	171,955.52	1.41	-
Total	10,999,619.71	89.60	1,324,641.41

* English name for edification only

TRADE PAYABLES

(1) The ageing analysis of trade payables is as follows:

	<i>RMB</i>	
	31 December 2025	31 December 2024
Within one year	4,051,663,405.02	4,893,457,972.13
One to two years	30,408,149.31	32,256,379.04
Two to three years	4,444,834.01	13,275,859.52
Over three years	18,885,347.34	21,422,609.75
Total	<u>4,105,401,735.68</u>	<u>4,960,412,820.44</u>

(2) At the end of the reporting period, there were no material trade payables of the Group that were aged over one year or overdue.

TRADE PAYABLES (CONTINUED)

(3) Supplier financing arrangements

To ensure suppliers obtain financing support and facilitate the early settlement of trade payables, the Group has entered into reverse factoring arrangements. Under such contractual arrangements, Baowu Group Finance Co., Ltd. provides factoring financing to suppliers, and the Group shall repay the full amount to Baowu Group Finance Co., Ltd. on the agreed payment due date. The payment tenors for such trade payables generally range from 30 to 40 days.

The Group's trade payables arising from supplier financing arrangements are as follows:

	<i>RMB</i>	
	31 December 2025	31 December 2024
Trade payables arising from supplier financing arrangements (<i>Note</i>)	<u>121,909,274.94</u>	<u>–</u>

Note: As at 31 December 2025, all suppliers in respect of trade payables arising from supplier financing arrangements had received payment in full.

REVENUE AND COST OF SALES

(1) Information on revenue and cost of sales

RMB

	2025		2024	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating income	23,700,571,824.97	23,552,311,913.50	26,997,779,177.05	28,381,563,065.28
Other operating income	301,085,650.71	252,438,875.05	246,390,084.02	217,918,601.28
Total	<u>24,001,657,475.68</u>	<u>23,804,750,788.55</u>	<u>27,244,169,261.07</u>	<u>28,599,481,666.56</u>

REVENUE AND COST OF SALES (CONTINUED)

(2) Disaggregation of revenue and cost of sales from contracts with customers are as follows:

	<i>RMB</i>			
	2025		2024	
	Revenue	Cost of sales	Revenue	Cost of sales
Products type				
Sale of Steel Products				
Hot rolled sheets	14,539,856,250.65	14,399,575,214.55	15,085,577,580.06	15,700,992,422.67
Plates	7,742,588,995.61	7,521,423,038.99	8,355,105,577.39	8,650,670,799.28
Bars (<i>Note 1</i>)	-	132,538,724.02	940,105,504.97	1,211,107,394.46
Wire rod (<i>Note 1</i>)	-	61,781,856.00	165,319,884.01	236,643,814.16
Billets	118,564,899.57	117,391,751.27	1,038,791,367.62	1,164,110,647.31
Sub-total	22,401,010,145.83	22,232,710,584.83	25,584,899,914.05	26,963,525,077.88
Others (<i>Note 2</i>)	1,600,647,329.85	1,572,040,203.72	1,659,269,347.02	1,635,956,588.68
	<u>24,001,657,475.68</u>	<u>23,804,750,788.55</u>	<u>27,244,169,261.07</u>	<u>28,599,481,666.56</u>
Total	<u>24,001,657,475.68</u>	<u>23,804,750,788.55</u>	<u>27,244,169,261.07</u>	<u>28,599,481,666.56</u>
By geographical location				
Mainland China	<u>24,001,657,475.68</u>	<u>23,804,750,788.55</u>	<u>27,244,169,261.07</u>	<u>28,599,481,666.56</u>

Note 1: The costs for the current year mainly consist of depreciation of fixed assets and amortization of intangible assets relating to products that have suspended production, as such products have sustained negative gross margins and incurred substantial losses.

Note 2: During the year, the Group recognized rental income of RMB 52,182,876.35 (Previous year: RMB 46,319,926.32).

INCOME TAX EXPENSES

RMB

	2025	2024
Current income tax expense	1,492,903.97	879,638.11
Deferred tax expense	<u>(14,193,227.51)</u>	<u>(96,959,221.66)</u>
Total	<u><u>(12,700,323.54)</u></u>	<u><u>(96,079,583.55)</u></u>

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

RMB

	2025	2024
Profit (Loss) before tax	(2,734,532,306.21)	(3,291,641,069.85)
Tax rate	15%	15%
Income tax expense at the applicable tax rate	(410,179,845.93)	(493,746,160.48)
Effect of non-deductible costs, expenses and losses	250,681,783.98	71,012,753.08
Other tax preference	(9,206,413.02)	(8,350,019.08)
Income not subject to tax	(531,827.04)	(823,643.45)
Utilised previous years' tax losses	(10,860,516.55)	–
Unrecognized deductible temporary difference and tax losses	167,396,495.02	335,827,486.38
Income tax expense	<u><u>(12,700,323.54)</u></u>	<u><u>(96,079,583.55)</u></u>

EARNINGS/(LOSS) PER SHARE

RMB per share

	Earnings/(loss) per share	
	Basic	Diluted
Profit/(loss) attributable to ordinary shareholders of the Company	(0.31)	(0.31)
Profit/(loss) attributable to ordinary shareholders of the Company, excluding non-recurring items	<u>(0.31)</u>	<u>(0.31)</u>

The annual report for the Company for the year ended 31 December 2025 will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cqgt.cn) respectively on or before 28 April 2026.

By order of the Board
Chongqing Iron & Steel Company Limited
Kuang Yunlong
Secretary to the Board

Chongqing, the PRC, 30 March 2026

As at the date of this announcement, the Directors of the Company are: Mr. Wang Huxiang (Executive Director), Mr. Kuang Yunlong (Executive Director), Mr. Chen Yingming (Executive Director), Mr. Song De An (Non-executive Director), Mr. Lin Changchun (Non-executive Director), Mr. Zhou Ping (Non-executive Director), Mr. Sheng Xuejun (Independent Non-executive Director), Ms. Tang Ping (Independent Non-executive Director) and Mr. Guo Jiebin (Independent Non-executive Director).