鞍 鋼 股 份 有 限 公 司

ANGANG STEEL COMPANY LIMITED*

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

Stock Code: 00347

2026

INTERIM REPORT

* For identification purposes only

Contents

Important Notice and Definitions

IMPORTANT NOTICE

The Board, the Directors and the senior management of the Company confirm that there are no false representations or misleading statements contained in, or material omissions from, this interim report, and jointly and severally assume responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

Mr. Wang Jun, the Chairman of the Company, Mr. Li Jingdong, Chief Accountant and the person-in-charge of accounting as well as Ms. Ma Li, the person-in-charge of the accounting institution, guarantee the truthfulness, accuracy and completeness of the financial statements in this interim report.

The Company proposed not to distribute cash dividends, issue bonus shares or convert capital reserve into share capital for the interim period.

The 2026 interim financial report of the Company is unaudited.

The 2026 interim financial report of the Company is prepared in accordance with the Accounting Standards for Business Enterprises of the PRC.

DEFINITIONS

In this report, the following expressions shall have the following meanings unless otherwise stated:

Term	Meaning
"Company" or "Angang Steel"	Angang Steel Company Limited (鞍鋼股份有限公司)
"Group"	Angang Steel Company Limited and its subsidiaries
"Angang Holding"	Anshan Iron & Steel Co. Ltd* (鞍山鋼鐵集團有限公司), the controlling shareholder of the Company
"Anshan Iron & Steel Group"	Angang Holding and the companies in which it holds 30% or above interests (excluding the Group)

"Angang"	Angang Group Company Limited (鞍鋼集團有限公司), the de facto controller of the Company
"Angang Group"	Angang and the companies in which it holds 30% or above interests (excluding the Group)
"Angang Financial Company"	Angang Group Financial Company Limited (鞍鋼集團財務有限責任公司)
"Framework Agreement for Mutual Supply of Commodities (2025–2027)"	the Framework Agreement for Mutual Supply of Commodities (2025–2027) entered into between the Company and Angang, which was approved at the first extraordinary general meeting of the Company in 2024 on 30 December 2024
"Framework Agreement for Mutual Supply of Services (2025–2027)"	the Framework Agreement for Mutual Supply of Services (2025–2027) entered into between the Company and Angang, which was approved at the first extraordinary general meeting of the Company in 2024 on 30 December 2024
"Financial Service Agreement (2025–2027)"	the Financial Service Agreement (2025–2027) entered into between the Company and Angang Financial Company, which was approved at the first extraordinary general meeting of the Company in 2024 on 30 December 2024
"Industrial Financial Services Framework Agreement (2025–2027)"	the Industrial Financial Services Framework Agreement (2025–2027) entered into between the Company and Angang Group Capital Holdings Co., Ltd., which was approved at the first extraordinary general meeting of the Company in 2024 on 30 December 2024

"Continuing Connected Transaction Framework Agreements"	collectively, the Framework Agreement for Mutual Supply of Commodities (2025–2027), the Framework Agreement for Mutual Supply of Services (2025–2027), the Financial Service Agreement (2025–2027) and the Industrial Financial Services Framework Agreement (2025–2027)
"Anshan Headquarter"	Anshan production base of Angang Steel Company Limited (鞍鋼股份有限公司)
"Bayuquan Branch Company"	Bayuquan Iron & Steel Branch Company of Angang Steel (鞍鋼股份鱍魚圈鋼鐵分公司)
"Chaoyang Iron and Steel"	Angang Group Chaoyang Iron and Steel Co., Ltd. (鞍鋼集團朝陽鋼鐵有限公司)
"Yingkou Port"	Angang Yingkou Port Co., Ltd. (鞍鋼營口港務有限公司)
"Angang International Trade"	Angang Group International Economic and Trade Co., Ltd. (鞍鋼集團國際經濟貿易有限公司)
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

I. CORPORATE INFORMATION

Stock Exchange of Listing	Shenzhen Stock Exchange		
Stock Abbreviation	Angang Steel	Stock Code	(A share) 000898
Stock Exchange of Listing	Hong Kong Stock Exchange		
Stock Abbreviation	Angang Steel	Stock Code	(H share) 00347
Chinese Name of the Company	鞍鋼股份有限公司		
Chinese Name Abbreviation	鞍鋼股份		
English name of the Company	Angang Steel Company Limited		
English Name Abbreviation	ANSTEEL		
Legal Representative of the Company	Wang Jun		

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary of the Board	**Securities Affairs Representative**
Name	Li Jingdong	Zhang Junfeng
Address	Production Area of Angang Steel, Tiexi District, Anshan City, Liaoning Province, the PRC	Production Area of Angang Steel, Tiexi District, Anshan City, Liaoning Province, the PRC
Telephone	0412–6736889	0412–8417273 0412–6751100
Fax	0412–6722093	0412–6727772
E-mail	lijingdong69@ansteel.com.cn	zhangjunfeng@ansteel.com.cn

III. OTHER INFORMATION

1. Contact methods of the Company

There was no change in registered address, business address and postal code, website and email address of the Company during the Reporting Period. Please refer to the annual report for 2025 of the Company for details.

2. Information disclosure and place for inspection

There was no change in the website of the stock exchanges and the name and website of the media on which the Company disclosed the interim report and the places for inspection of the interim report of the Company during the Reporting Period. Please refer to the 2025 annual report for details.

3. Other relevant information

There was no change in other relevant information during the Reporting Period.

I. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE GROUP

Whether the Group needs to retrospectively adjust or restate accounting data for previous years

☑ Yes ☐ No

Reasons for retrospective adjustment: business combinations under common control

Unit: RMB million

Items	**During the Reporting Period (from January to June)**	Corresponding period of the previous year Before adjustment	Corresponding period of the previous year After adjustment	Increase/decrease for the Reporting Period as compared with the corresponding period of the previous year (after adjustment) *(%)*
Operating income	**45,907**	48,599	48,618	-5.58
Net profit attributable to the shareholders of the Company	**-2,047**	-1,144	-1,115	-83.59
Net profit attributable to shareholders of the Company after extraordinary items	**-2,166**	-1,231	-1,231	-75.95
Net cash flow from operating activities	**1,672**	405	386	333.16
Basic earnings per share *(RMB/Share)*	**-0.218**	-0.122	-0.119	-83.19
Diluted earnings per share *(RMB/Share)*	**-0.218**	-0.122	-0.119	-83.19
Returns on net assets on weighted average basis *(%)*	**-4.69**	-2.43	-2.33	Decreased by 2.36 percentage points

Items	As at the end of the Reporting Period	As at the end of the previous year Before adjustment	As at the end of the previous year After adjustment	Increase/ decrease at the end of the Reporting Period as compared with the end of the previous year (after adjustment) (%)
Total assets	**97,367**	96,047	97,065	0.31
Owner's equity attributable to shareholders of the Company	**41,636**	43,880	44,661	-6.77

Note: Pursuant to the approval granted at the 6th meeting of the 10th session of the Board of Directors of the Company held on 30 March 2026, the Company entered into a Share Transfer Agreement with Angang Holding on 30 March 2026. The Company acquired 80% equity interest in Yingkou Port held by Angang Holding, whereby Angang Holding became a subsidiary under the Company's control. During the Reporting Period, the capital contribution by the Company was completed, and the Company retrospectively adjusted the accounting figures of the corresponding period of last year based on the principle of business combinations under common control.

II. NON-RECURRING GAINS OR LOSSES ITEMS

Unit: RMB million

Items	Amount
1. Gains/losses from disposal or retirement of non-current assets	-16
2. Government grant recorded in to profit/loss for current period except that relevant to enterprise operation, in compliance with government policies, entitled for standard amount or quantities and continuously impacts the gains/losses of the Company	67
3. Changes in fair value of financial assets held for trading	-5
4. Changes in fair value of other non-current financial assets	21
5. Gains or losses arising from disposal of other non-current financial assets	63
6. Net profit and loss of subsidiaries arising from business combination under common control from the initial period to the day of combination	16
7. Other non-operating revenue and expenses except those mentioned above	6
Subtotal	152
Less: Effect on income tax	22
Effect on minority interest (after tax)	11
Total	119

Details of other profit and loss items in line with the definition of non-recurring gains and losses:

☐ Applicable ☑ Not applicable

There are no other profit and loss items in line with the definition of non-recurring gains and losses in the Group.

Note to defining the non-recurring gain and loss items listed in the Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No.1 – Extraordinary Gains and Losses as recurring profit and loss items:

☐ Applicable ☑ Not applicable

The Group involves no circumstances where the non-recurring gains and losses listed in the Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No.1 – Extraordinary Gains and Losses are defined as recurring gains and losses.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industry overview of the Company during the Reporting Period

In the first half of 2026, the domestic steel industry was characterised by a pattern of "strong supply amid weak demand and inventory pressure". National crude steel output stood at 499.95 million tonnes, representing a year-on-year decrease of 3.0%; pig iron output reached 426.64 million tonnes, down 2.8% year-on-year; steel product output totalled 718.78 million tonnes, a year-on-year drop of 0.9%. Apparent consumption of crude steel nationwide was 436.55 million tonnes, declining by 3.6% year-on-year. Demand contracted more noticeably, leading to a year-on-year widening of inventory growth and prominent signs of periodic oversupply in the market.

During the first half of the year, domestic steel product prices generally trended low at the early stage before rising and then falling back from peaks. According to the price index (CSPI) released by the China Iron and Steel Association, the average composite steel product price index for the domestic market in the first half of the year stood at 92.54 points, down 1.28% year-on-year. International steel prices kept rising, with overall levels higher than those of the prior comparative period. Per statistics published by CRU, the average CRU International Steel Price Index for the first half of 2026 amounted to 208.3 points, up 9.2% year-on-year. China exported 54.87 million tonnes of steel products, a year-on-year decrease of 5.6%, while the average export price edged up by 0.3% year-on-year.

In terms of raw material and fuel supply, geopolitical conflicts drove a sharp surge in international oil prices, fuelling inflationary sentiment across global commodities. Rising freight costs along supply chains also pushed up steel product costs. Meanwhile, prices of coking coal and coke trended higher amid continuous volatility, and import ore prices remained at high levels, further lifting steel production costs and squeezing profit margins of steel manufacturing enterprises.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) The principal business activities, primary products and their applications, business model, and key performance drivers of the Company during the Reporting Period

The Company is principally engaged in iron and steel manufacturing. It also actively develops business segments related to its core steel making operations, including steel product processing and distribution, chemical industry, green energy, e commerce and clean power generation. The Company operates three major production bases in Anshan, Yingkou and Chaoyang, and maintains processing distribution and sales service outlets in Dalian, Shenyang, Changchun, Tianjin, Shanghai, Wuhan, Hefei, Zhengzhou, Guangzhou and other cities. It conducts international business leveraging the overseas sales network of Angang Holding. Adopting the management philosophy of "coordinated planning among bases and integrated operation within each base", the Company has built a multi base operation framework featuring complementary strengths and high efficiency collaboration. Boasting a diversified product portfolio, the Company offers a comprehensive range of steel products including hot rolled coils, medium heavy plates, cold rolled sheets, galvanized sheets, colour coated sheets, cold rolled silicon steel, heavy rails, profiles, seamless steel tubes and wire rods. Its products are widely used in machinery, metallurgy, petroleum, chemical engineering, coal, power generation, railway, shipbuilding, automobile manufacturing, construction, home appliances, aviation and other industries. The Company's brands enjoy high recognition and reputation. It supplies a series of premium flagship steel grades for automobile manufacturing, shipbuilding and offshore engineering, railway transport, home appliances, container manufacturing, energy projects, bridge construction, high end metal products and tool and die applications.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) The principal business activities, primary products and their applications, business model, and key performance drivers of the Company during the Reporting Period (Continued)

In the first half of the year, the Company thoroughly implemented the important spirit of General Secretary Xi Jinping's key remarks made during his inspection tour of Liaoning and Benxi Iron & Steel under Ansteel Group. Upholding the principle of prioritising stability and operational efficiency, the Company took multiple measures including strengthening system wide collaboration, tapping cost reduction potential through refined management, boosting profitability via product mix optimisation and tightening capital control. Various operational risks were effectively mitigated. Overall production and operation remained stable, and new progress was achieved across all fronts. The Company was accredited as a "Leading Standard Compliant Enterprise" in China's iron and steel industry by the Ministry of Industry and Information Technology, being the sole long process steel enterprise in Liaoning Province to receive such accreditation.

1. Intensive regulation of production and operation. Production rhythm was rationally calibrated in light of market conditions, resource allocation optimised, intensive production scheduling implemented to improve efficiency and moderate output. Output of iron, crude steel and steel products stood at 11.2722 million tonnes, 12.1372 million tonnes and 11.5295 million tonnes respectively, representing year-on-year decreases of 7.33%, 5.11% and 4.20%. Sales volume of steel products totalled 11.4591 million tonnes, down 4.68% year-on-year, with a production sales ratio of 99.39%.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) The principal business activities, primary products and their applications, business model, and key performance drivers of the Company during the Reporting Period (Continued)

2. Targeted and forceful cost reduction initiatives. First, remarkable progress was made in improving the quality and efficiency of logistics. Special campaigns were rolled out to deepen port rail enterprise collaboration and optimise logistics system operations. Logistics costs for the Anshan Headquarter, Bayuquan Branch Company and Chaoyang Iron and Steel fell by 3.9%, 11.3% and 5.8% year-on-year respectively, with logistics efficiency substantially enhanced. Second, procurement costs were well controlled. Purchase prices for blast injection coal and imported fine ore outperformed market benchmarks. Domestic substitution of imported spare parts was accelerated, delivering notable cost savings for bearings, instruments, filters and other categories. Third, the purchased energy cost per tonne of steel dropped by 29% year-on-year, hitting an all time low. The self power generation ratio rose by 4.04 percentage points year-on-year, while comprehensive energy consumption per tonne of steel decreased by 10 kg, marking a historic breakthrough.

3. Continuous optimisation of product oriented business. First, with profitability as the core objective, the Company kept improving earnings via product mix adjustment. The proportion of high end product sales increased by 9.3 percentage points year-on-year. Second, sales of steel for major engineering projects surged by 44.59% year-on-year. The Company won bids for multiple major steel supply projects including Dayahe Pumped Storage Power Station of State Grid Corporation of China, Dalian Jinzhouwan International Airport, and the renovation and upgrade of ageing facilities at Qilu Petrochemical under Sinopec. Third, contract execution management was reinforced. The full lifecycle contract execution rate climbed by 0.61 percentage points year-on-year.

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

(II) The principal business activities, primary products and their applications, business model, and key performance drivers of the Company during the Reporting Period (Continued)

4. Accelerated reform and innovation. First, internal institutional reform was deepened. An integrated pre ironmaking operation team and a full cycle silicon steel management team were set up to implement coordinated end to end control, further lifting cost reduction performance of the pre ironmaking system and improving silicon steel product quality. Second, fruitful scientific and technological innovation was achieved. Important progress was registered for three national key science and technology special projects led by the Company. Two product grades made their global debut. Steel wire ropes under the "Jinsuoju" brand were successfully deployed in the feed source cabin traction system of the China FAST telescope. Third, digital intelligent transformation advanced steadily. AI technology application scenarios were further expanded, with 55 intelligent agents launched. Innovative BI+AI analytical tools were deployed to boost resolution efficiency for procurement and sales issues. The Company was selected as a benchmark enterprise for digital intelligent upgrading in Liaoning Province for 2026.

5. Effective risk prevention and control. First, the three year fundamental improvement campaign was further advanced. The safety responsibility supervision system was refined, third party party management standardised, and hazard identification and rectification exercises continuously carried out to elevate intrinsic safety performance. Second, enterprise wide environmental protection management was strengthened. The Anshan Headquarter attained Grade A environmental performance accreditation. Third, capital flow management was tightened. Occupancy of receivables and inventory ("two gold" assets) was continuously reduced to improve working capital efficiency. Financing channels including bond issuance and letter of credit forfaiting were expanded, and credit lines from financial institutions enlarged to secure stable and safe cash flow.

II. CORE COMPETITIVE STRENGTH ANALYSIS

(I) Focus on High-end Leadership to Expand Product Competitive Advantages

The Company firmly implements a high end product strategy, taps into latent market demand for high end products, and strengthens R&D for high price, high margin premium products and new grade steel. It obtained green steel certification for 25 percent scrap steel ratio products and secured corresponding commercial orders. Hot rolled thin gauge wear resistant steel, ZJNi3 welding wire steel and high grade chain steel were successfully developed. L415MH coils and plates for hydrogen transport pipelines were trial produced. The first batch of high quality ship building steel with low carbon equivalent was delivered. Thin aluminium silicon products were supplied to customers including Geely and Chery, and the first bulk order for GHF1500AS was secured from GAC Aion.

(II) Customer Centric Approach to Demonstrate Service and Brand Value

Long term strategic partnerships have been established with leading domestic and overseas customers in the automotive, rail transit and major equipment sectors. The Company has received honours including the “Gold medal Supplier” award from China State Shipbuilding Corporation, “Excellent Supplier” from CIMC Containers and the “Strategic Partner Award 2026” from Haier Smart Home. An integrated R&D production sales application collaboration mechanism has been established, alongside a unified customer voice management platform to deliver end to end closed loop management from feedback collection to effect verification. Joint development initiatives were carried out with 11 key customers including Dalian Shipbuilding Industry, Midea and Leapmotor. A deeply integrated application innovation mechanism was formed, effectively driving product mix optimisation and the roll out of green steel certification, and continuously improving customer loyalty.

II. CORE COMPETITIVE STRENGTH ANALYSIS (CONTINUED)

(III) Boost Science and Technology Driven Development and Accelerate Commercialisation of R&D Achievements

The Company formulated the 15th Five Year Science and Technology Development Plan with high standards, realising full chain closed loop management for technological innovation from top level design to on the ground implementation. It further supports national strategic science and technology initiatives and steadily advances key national special project research tasks including key new material special projects commissioned by the Ministry of Industry and Information Technology. Two Science and Technology Awards were granted by Chinese Society for Corrosion and Protection. Among them, Key Green Manufacturing Technologies for High performance Ferritic Stainless Steel under Harsh Service Conditions won the First class Award. Twenty achievement transformation promotion meetings were convened, and 101 achievement transformation projects were initiated, yielding remarkable results. Commercialised R&D outputs generated more than RMB60 million in benefits during the Reporting Period. Technological innovation was further leveraged to support production and operation. Benefit indicators were emphasised in research project initiation. Research subjects such as Study on Production and Conveyance Control Technology for Sized Coke delivered benefits exceeding RMB90 million.

II. CORE COMPETITIVE STRENGTH ANALYSIS (CONTINUED)

(IV) Deepen Digital Intelligent Empowerment to Build a Benchmark for Industrial Transformation

Following its "1232" digital intelligent transformation strategy, the Company built a digital framework covering strategy, operation and execution, and rolled out full value chain digital solutions spanning R&D and design, manufacturing, business administration and supply chain collaboration. It has become a pioneer in digital intelligent upgrading within the iron and steel industry in Northeast China. In the first half year, a total of 19 national and provincial level pilot demonstration projects were applied for, and the Company was recognised as an industry benchmark for digital intelligent transformation. Steady progress was made in DCMM Level 5 data governance. The Company led the compilation of the intelligent manufacturing atlas for the steel sector; the deliverables were endorsed by the Ministry of Industry and Information Technology and included in industry wide promotion materials.

III. ANALYSIS OF PRINCIPAL BUSINESSES

1. Overview

In the first half of the year, the Group achieved operating income of RMB45,907 million, representing a decrease of 5.58% over the corresponding period of the previous year. The total profit reached RMB-1,924 million, representing a decrease of 88.63% over the corresponding period of the previous year. The net profit attributable to shareholders of the Company was RMB-2,047 million, representing a decrease of 83.59% over the corresponding period of the previous year. The basic earnings per share were RMB-0.218 per share, representing a decrease of 83.19% over the corresponding period of the previous year.

Unit: RMB million

Items	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/ decrease (%)	Reasons for the changes
Operating income	**45,907**	48,618	-5.58	–
Operating costs	**46,733**	48,247	-3.14	–
Marketing expenses	**214**	242	-11.57	–
Administrative expenses	**491**	486	1.03	–
Financial expenses	**235**	163	44.17	Finance costs increased by RMB72 million year-on-year. The primary reasons are: first, by expanding the scale of letter of credit forfaiting business, procurement costs were further reduced, and the related interest expenses were recognized in full at the time of occurrence, contributing to the increase in finance expenses; second, to supplement cash flow, the scale of interest-bearing liabilities increased, which also affected the increase.

III. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

1. Overview (Continued)

Items	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/ decrease (%)	Reasons for the changes
Income tax expenses	**55**	57	-3.51	–
R&D expenses	**222**	259	-14.29	–
Total profit	**-1,924**	-1,020	-88.63	In the first half of 2026, the steel industry faced oversupply, with the industry operating under weak cyclical trends and low business sentiment. Steel prices remained depressed, whilst the prices of raw materials and fuels such as iron ore and coking coal remained elevated, continuously narrowing the price differential between the procurement and sales sides.
Net profit attributable to the shareholders of the Company	**-2,047**	-1,115	-83.59	
Net cash flow from operating activities	**1,672**	386	333.16	Net cash flow from operating activities increased by RMB1,286 million year-on-year. The primary reason is that the Company fully utilized its bill resources to expand its letter of credit forfaiting business, thereby reducing monetary capital expenditures. Meanwhile, affected by factors such as procurement pace and payment terms, net cash flow from operating activities increased year-on-year.
Net cash flow from investing activities	**-2,459**	-1,929	-27.48	–

III. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

1. Overview (Continued)

Items	The Reporting Period	Corresponding period of the previous year	Year-on-year increase/ decrease (%)	Reasons for the changes
Net cash flow from financing activities	**1,993**	121	1,547.11	Net cash flow from financing activities increased by RMB1,872 million year-on-year. The increase was primarily attributable to the expansion of financing scale for the acquisition of Yingkou Port, payment of construction costs and replenishment of working capital.
Net increase in cash and cash equivalents	**1,206**	-1,422	184.81	Net increase in cash and cash equivalents increased by RMB2,628 million as compared to the corresponding period of the previous year, mainly due to (i) the increase of RMB1,286 million in the net cash flow from operating activities as compared to the corresponding period of the previous year; (ii) decrease of RMB530 million in the net cash flow from investing activities as compared to the corresponding period of the previous year; (iii) increase of RMB1,872 million in the net cash flow from financing activities as compared to the corresponding period of the previous year.

III. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

2. Significant change in profit composition or source of profit of the Company during the Reporting Period

☐ Applicable ☑ Not applicable

3. Composition of operating income

Unit: RMB million

Items	The Reporting Period		Corresponding period of the previous year		
	Amount	**As a percentage of the operating income *(%)***	Amount	As a percentage of the operating income *(%)*	Year-on–year increase/decrease *(%)*
Total operating income	**45,907**	**100**	48,618	100	-5.58
By industry					
Steel rolling and processing industry	**45,843**	**99.86**	48,410	99.57	-5.30
Others	**64**	**0.14**	208	0.43	-69.23
By product					
Steel products	**40,458**	**88.13**	43,189	88.83	-6.32
Others	**5,449**	**11.87**	5,429	11.17	0.37
By geographical location					
Domestic China	**43,370**	**94.47**	45,177	92.92	-4.00
Export sales	**2,537**	**5.53**	3,441	7.08	-26.27

III. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

3. Composition of operating income (Continued)

Industries, products and geographical locations accounting for more than 10% of the operating income or operating profit of the Company

☑ Applicable ☐ Not applicable

Unit: RMB million

Items	Operating income	Operating costs	Gross profit margin	Increase/ decrease in operating income as compared with the corresponding period of the previous year	Increase/ decrease in operating costs as compared with the corresponding period of the previous year	Increase/ decrease in gross profit margin as compared with the corresponding period of the previous year (percentage point)
			(%)	*(%)*	*(%)*	*(percentage point)*
By industry						
Steel rolling and processing industry	45,843	46,684	-1.83	-5.30	-2.86	-2.55
By product						
Hot-rolled sheets products	14,032	14,506	-3.38	-6.98	-5.71	-1.40
Cold-rolled sheets products	15,409	15,907	-3.23	-6.43	-0.72	-5.94
Medium and heavy sheets	8,376	8,401	-0.30	-1.56	4.70	-6.00
By geographical location						
Domestic China	43,306	43,843	-1.24	-3.70	-1.44	-2.32
Export sales	2,537	2,841	-11.98	-26.27	-20.60	-8.00

III. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

3. Composition of operating income (Continued)

In case of adjustment in statistical calibres of principal businesses of the Company during the Reporting Period, the principal business data of the Company in the latest period according to adjusted calibres at the end of the Reporting Period

☐ Applicable ☑ Not applicable

4. Liquidity and financial resources

(1) Loan and credit

As at 30 June 2026, the Group's total borrowings amounted to RMB13,712 million. The interest rates on bank borrowings were either fixed or floating based on LPR, with an average borrowing rate of 2.19%. The loan tenors ranged from 1 to 9 years, primarily utilized for working capital replenishment and payment of construction payable.

In 2026, with good credibility, the Group was reviewed and rated by the rating committee of China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) with a credit rating of "AAA". With ample credit resources available from over ten financial institutions and unimpeded financing channels, and approved but not yet expired short-term financing quota, super short-term commercial paper and medium-term notes in the interbank market, the Group is capable of repaying its debts when they become due.

III. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

4. Liquidity and financial resources (Continued)

(2) Capital commitment

As at 30 June 2026, the Group had a total capital commitment of RMB642 million, which was primarily the construction and renovation contracts of RMB628 million entered into but not yet performed or partially performed and foreign investment contracts of RMB14 million entered into but not yet performed or partially performed.

5. Foreign exchange risk

The Group carries out import and export through agent trade Angang International Trade for its main foreign currency transactions, including the export of sales products, import of raw materials for production and engineering equipment. Foreign currency risk is mainly reflected in the impact of exchange rate changes when settling through agent on sales revenue and procurement costs.

IV. ANALYSIS OF NON-PRINCIPAL BUSINESSES

Unit: RMB million

Items	Amount	As a percentage of total profit *(%)*	Reasons	Sustainable or not
Investment income	233	N/A	Mainly included investment income from long-term equity investments accounted by equity method and other equity instruments during holding period and investment income from the disposal of other non current financial assets	Yes
Gains or losses arising from changes in fair value	39	N/A	Changes in fair value of derivative financial instruments, other non-current financial assets, and trading financial assets.	Yes
Asset impairment loss ("-" for loss)	-219	N/A	Provision for inventory write-downs.	No
Credit impairment loss ("-" for losses)	2	N/A	Write back of the impairment provision in respect of other receivables.	No
Other gains	452	N/A	Gains from government grants and preferential tax policies.	No
Non-operating income	8	N/A	Mainly comprised gains from disposal of non-current assets, compensation income for breach of contract.	No
Non-operating expenses	18	N/A	Primarily comprised of losses from the disposal of non-current assets.	No

V. ASSETS AND LIABILITIES

1. Significant changes in composition of assets

Unit: RMB million

Items	As at the end of the Reporting Period		As at the end of the previous year			
	Amount	As a percentage of total assets *(%)*	Amount	As a percentage of total assets *(%)*	Increase/ decrease *(percentage point)*	Explanation for significant changes
Monetary capital	**5,175**	**5.31**	3,936	4.06	1.25	–
Accounts receivables	**3,809**	**3.91**	3,084	3.18	0.73	–
Inventories	**10,928**	**11.22**	11,995	12.36	-1.14	–
Long-term equity investments	**4,015**	**4.12**	4,211	4.34	-0.22	–
Fixed assets	**54,693**	**56.17**	55,615	57.30	-1.13	–
Construction in progress	**2,118**	**2.18**	2,373	2.44	-0.26	–
Right-of-use assets	**1,588**	**1.63**	105	0.11	1.52	–
Short-term loans	**6,259**	**6.43**	8,070	8.31	-1.88	–
Contract liabilities	**4,356**	**4.47**	4,739	4.88	-0.41	–
Long-term loans	**6,423**	**6.60**	6,121	6.31	0.29	–
Lease liabilities	**1,350**	**1.39**	36	0.04	1.35	–

2. Information on main overseas assets

☐ Applicable ☑ Not applicable

V. ASSETS AND LIABILITIES (CONTINUED)

3. Assets and liabilities measured at fair value

☑ Applicable ☐ Not applicable

Unit: RMB million

Items	Opening balance	Gains or losses on fair value change for the current period	Accumulative changes in fair value included in equity	Impairment provision made for the period	Purchase amount for the current period	Disposal amount for the current period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	20	-5	–	–	–	–	–	15
2. Derivative financial assets	4	-2	–	–	–	–	–	2
3. Other debt investment	–	–	–	–	–	–	–	–
4. Other equity instrument investments	675	–	233	–	–	–	–	671
5. Other non-current financial assets	142	21	–	–	–	126	–	100
Sub-total of financial assets	841	14	233	–	–	126	–	788
Investment properties	–	–	–	–	–	–	–	–
Productive biological assets	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–
Total	841	14	233	–	–	126	–	788
Financial liabilities	1	4	–	–	–	–	–	5

V. ASSETS AND LIABILITIES (CONTINUED)

3. Assets and liabilities measured at fair value (Continued)

Material changes in measurement of major assets during the Reporting Period

☐ Yes ☑ No

4. Gearing ratio

As at 30 June 2026 and 31 December 2025, the Group's equity-to-debt ratio was 0.79 times and 0.90 times, respectively. This ratio was calculated on the basis of total shareholders' equity divided by total liabilities.

5. Restrictions on assets as at the end of the Reporting Period

As at 30 June 2026, the Group's total restricted assets amounted to RMB42 million, comprising RMB3 million in bill deposits and RMB39 million in futures margin deposits under the cash and cash equivalents category.

6. Contingent liabilities

As at 30 June 2026, the Group had no contingent liabilities.

VI. ANALYSIS OF INVESTMENTS

1. Overview

☑ Applicable ☐ Not applicable

Unit: RMB million

External investments		
Investments for the Reporting Period	**Investments for the corresponding period of the previous year**	**Change**
1,029	271	279.70%

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

2. Significant equity investments made during the Reporting Period

☐ Applicable ☑ Not applicable

3. Significant non-equity investments being conducted during the Reporting Period

☐ Applicable ☑ Not applicable

4. Financial asset investments

(1) Securities investments

Unit: RMB million

Stock type	Stock code	Stock abbreviation	Initial investment	Accounting measurements	Book value at the beginning of the period	Gains or losses on fair value change for the current period	Accumulative changes in fair value included in equity	Purchase amount for the current period	Disposal amount for the current period	Loss or gain during the Reporting Period	Book value at the end of the period	Accounting Items	Source of funds
Shares	600961	Zhuye Group (株冶集團)	81	Measured at fair value	74	21	-	-	126	84	32	Financial asset held for trading	Self-owned funds
Shares	601777	Qianli Technology (千里科技)	17	Measured at fair value	20	-5	-	-	-	-5	15	Financial asset held for trading	Self-owned funds

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments

1) Derivatives investments for hedging purposes during the Reporting Period

☑ Applicable ☐ Not applicable

Unit: RMB million

Type of derivatives investment	Initial investment amount	Amount at the beginning of the period	Gains or losses on fair value change for the current period	Accumulative changes in fair value included in equity	Purchase amount during the Reporting Period	Disposal amount during the Reporting Period	Amount at the end of the period	Proportion of investments at the end of the period to net assets of the Company at the end of the Reporting Period
Futures hedging	1	102	23	–	653	421	309	0.72%
Total	1	102	23	–	653	421	309	0.72%

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Explanation as to whether there has been a material change in the accounting policy and specific accounting and auditing principles for the hedging business during the Reporting Period as compared to last reporting period	No significant changes.
Explanation of actual profit or loss during the Reporting Period	All financial derivatives business undertaken by the Company was conducted based on the principle of hedging. Every derivatives operation was linked to corresponding physical – commodity business. Under the futures-spot linkage principle, losses and gains from financial derivatives could be effectively hedged against profits and losses in physical-commodity operations.
Explanation of hedging effectiveness	All commodity financial derivatives trading is conducted to lock in risks associated with actual operations, mitigating price-volatility risks of relevant raw materials or commodities. The overall hedging effect has proven effective.

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Source of funds for derivatives investments	Self-owned funds
Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The Company's engagement in futures hedging business enables partial mitigation of commodity price volatility risks, thereby contributing to stabilizing normal production and operations. However, due to the inherent financial characteristics of hedging instruments, certain additional risks may also be entailed, including market risk, liquidity risk, credit risk, operational risk, and legal risk. The Company will rigorously enforce the principle of hedging for non-speculative purposes and take the initiative to implement measures across organisational structure, policies and procedures, and risk controls to effectively prevent, identify, and mitigate risks:

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

1. The Company has developed and continuously improved the Management Measures for the Hedging Business of Angang Steel Company Limited, and has established a robust management organisational structure for commodity financial derivatives to ensure that the entire business process is standardised and rigorous, the segregation between execution and supervisory functions is strictly implemented, and operations proceed in an orderly manner.

2. The position held by the Company is related to the steel industry, which is highly relevant to spot commodity operated by the Company. Although the Company makes regular analysis and forecast on the market, the judgment on the market may be deviated, resulting in potential risk. However, the risk is controllable after futures hedging with spot commodities.

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

3. As the category of position held has sufficient liquidity, there is no liquidity risk.

4. The futures exchange provides credit guarantee for the category of position held, thus the credit risk is minimal.

5. The Company continues to strengthen training for relevant personnel, designing specific operational procedures and plans f o r futures trading, and constantly improving the professional competence of the relevant staff.

6. The Company has performed evaluation of relevant legal risks. Business development is carried out in accordance with the laws and regulations of futures exchanges in the PRC, and thus, risks can be controlled.

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments (Continued)

1) Derivatives investments for hedging purposes during the Reporting Period (Continued)

Changes in the market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value	During the Reporting Period the fair value of derivatives was calculated based on market prices, the futures-spot price difference, and valuation reports provided by trading institutions.
Litigation case (if applicable)	N/A
Date of the announcement disclosing the approval of derivatives investment by the Board (if any)	On 3 February 2026, the Resolution in relation to the Company's 2026 Annual Hedging Business Amount was approved at the 5th meeting of the tenth session of the Board.
Date of the announcement disclosing the approval of derivatives investment at shareholders' meeting (if any)	N/A

VI. ANALYSIS OF INVESTMENTS (CONTINUED)

4. Financial asset investments (Continued)

(2) Derivatives investments

2) Derivatives investments for speculative purposes during the Reporting Period

☐ Applicable ☑ Not applicable

5. Use of proceeds

☐ Applicable ☑ Not applicable

The Company did not have any use of proceeds from raised capital during the Reporting Period.

VII. DISPOSAL OF MAJOR ASSETS AND EQUITY INTERESTS

1. Disposal of major assets

☐ Applicable ☑ Not applicable

2. Disposal of major equity interests

☐ Applicable ☑ Not applicable

VIII. ANALYSIS OF MAJOR SUBSIDIARIES AND INVESTEES

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

Unit: RMB million

Name of companies	Type of companies	Principal activities	Registered capital	Total assets	Net assets	Operating income	Operating Profit	Net profit
Chaoyang Iron and Steel	Manufacturing enterprise	Steel rolling and processing	8,000	5,457	3,021	3,737	-218	-218

Acquisition and disposal of subsidiaries during the Reporting Period:

☑ Applicable ☐ Not applicable

Name of companies	Means of acquisition and disposal of subsidiary during the Reporting Period	Effect on overall business operation and results
Taishin Ansteel Auto Parts (Hefei) Co., Ltd.	Established	No significant impact
Yingkou Port	Business combination under common control	No significant impact
Ningbo Ansteel International Trade Co., Ltd.	Deregistered	No significant impact

IX. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

☐ Applicable ☑ Not applicable

X. WORK FOR THE SECOND HALF OF THE YEAR AND RISKS FACED

(I) Work Plan for the Second Half of the Year

In the face of difficulties and challenges, the Company will firmly implement the work plan of "pooling efforts to tackle five key priorities, and striving to achieve a new start in strategy, management, and Party building." We will maintain our strategic resolve, withstand external pressures, focus on improving quality, efficiency, and stable growth, and make every effort to accomplish the full year's production and operational targets.

1. Focus on "Ultimate Cost Control" to safeguard the bottom line of survival.

2. Focus on "Lean Management" to rebuild an efficient operating system.

3. Focus on "Value Creation" to enhance competitive advantages.

4. Focus on "Reform and Innovation" to unleash internal drivers of growth.

5. Focus on "Risk Prevention and Control" to solidify the foundation for development.

6. Focus on "Strict Party Discipline" to strengthen safeguarding capabilities.

X. WORK FOR THE SECOND HALF OF THE YEAR AND RISKS FACED (CONTINUED)

(II) Risks Faced by the Company and its Countermeasures

In the second half of 2026, rising global trade protectionism and geopolitical tensions have heightened external uncertainties. Steel exports are confronted with dual challenges of compliance requirements and trade barriers. The domestic industry continues to see a pattern of "strong supply amid weak demand". Homogeneous cut throat competition in downstream sectors has severely eroded profits. Coupled with frequent price volatility of raw materials and fuels, as well as higher carbon costs stemming from rigid constraints under the "dual control of carbon emissions", iron and steel enterprises will continue to face operational pressure. Faced with multiple risks, the Company will deepen its analysis and judgement of macro policies and market trends, comprehensively upgrade corporate governance and compliance standards. By optimising its product mix, strengthening digital intelligent empowerment and advancing green transition, the Company will effectively guard against major risks and achieve sound operation amid the development cycle of output reduction.

XI. IMPLEMENTATION OF MARKET CAPITALISATION MANAGEMENT SYSTEM AND VALUATION ENHANCEMENT PLANS

Whether the Company has established a market capitalisation management system.

☐ Yes ☑ No

Whether the Company has disclosed the valuation enhancement plan.

☑ Yes ☐ No

To enhance the Company's market value management level and promote the reasonable reflection of the Company's investment value in line with the quality of the listed company, in accordance with the requirements of the Guidelines for Supervision of Listed Companies No. 10 – Market Value Management, the Company has formulated the 2026 Valuation Enhancement Plan by combining its own actual situation, referencing the implementation effect of the 2025 Valuation Enhancement Plan and considering its future development strategy.

In 2026, the Company shall adopt the following specific measures:

1. Focus on the principal business and improve operational quality.

2. Accelerate industrial upgrading and enhance competitive advantages.

3. Improve the distribution system and share development outcomes.

4. Strengthen investor relations management and enhance capital market recognition.

5. Focus on investor concerns and improve the quality of information disclosure.

XII. IMPLEMENTATION OF THE "DUAL ENHANCEMENT OF QUALITY AND RETURNS" ACTION PLAN

Whether the Company has disclosed the announcement regarding the "Quality and Returns Dual Enhancement" action plan.

☐ Yes ☑ No

XIII. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any securities of the Company.

XIV. SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the relevant code for Directors' securities transactions for the purpose of complying with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. In response to the Company's specific enquiries with all Directors, the Directors have confirmed that they have complied with the code set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Company has also adopted a code of conduct governing securities transactions by the employees of the Company who may possess or have access to price sensitive information in relation to the Company or its securities.

XV. INDEPENDENT NON EXECUTIVE DIRECTORS

Throughout the Reporting Period, the Board had been in compliance with Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, which requires a company to maintain at least three independent Non-executive Directors, and with Rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, which requires one of the independent non-executive Directors to possess professional qualifications or accounting or related financial management expertise.

XVI. AUDIT AND RISK COMMITTEE

The Company has established the Audit and Risk Committee (the "Audit and Risk Committee") in compliance with Rule 3.21 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The Audit and Risk Committee and management have reviewed the accounting standards, principles and methods adopted by the Company, and considered matters relating to audit, internal controls as well as the unaudited interim financial report for the six months ended 30 June 2026.

XVII. DISCLOSURE UNDER CHAPTER 13 OF THE HONG KONG STOCK EXCHANGE LISTING RULES

The Directors confirmed that there was no matter occurring for the six months ended 30 June 2026 which would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Stock Exchange Listing Rules. The Company's controlling shareholder did not pledge any of its shares in the Company to secure any debts, guarantees or other support of obligations of the Company, nor did the Company sign loan agreements imposing specific performance obligations on the controlling shareholders.

XVIII. SUFFICIENCY OF PUBLIC FLOAT

Based on the information obtained by the Company through public channels and to the best knowledge of the Directors as at the date of this interim report, the Company has maintained a sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2026.

XIX. PLANS FOR FUTURE MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

As at the date of this report, there are no plans for material investments or acquisition of capital assets approved by the Board.

I. INFORMATION ON CORPORATE GOVERNANCE

In compliance with the requirements of the Company Law, the Securities Law, the relevant requirements of the CSRC, the Hong Kong Stock Exchange Listing Rules, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange and the Corporate Governance Guideline of Listed Companies and other requirements, the Company has regulated its operations and established a comprehensive corporate governance system and an effective internal control system. There is no difference between the Company's corporate governance practice and that as required under the Company Law and the relevant provisions of the CSRC.

With shares listed on both Hong Kong and Shenzhen stock exchanges, the Company is committed to improving its corporate governance in accordance with international corporate governance standards. The Board and the management understand that they are responsible for establishing good corporate governance practices and procedures and the strict implementation of such practices and procedures, so as to ensure the interests of the shareholders and to create value for the shareholders in the long term.

The Company has adopted the code provisions set out in Appendix C1 to the Hong Kong Stock Exchange Listing Rules as currently in force. The Company has periodically reviewed its corporate governance practices. During the six months ended 30 June 2026, save for the matters set out below, the Company was in compliance with the Corporate Governance Code.

Pursuant to Paragraph F.1.3 of Appendix C1 to the Listing Rules of The Stock Exchange of Hong Kong Limited, "the chairman should attend the annual general meeting". Mr. Wang Jun, Chairman of the Company, was unable to attend the Company's 2025 annual general meeting in person due to other official duties. He appointed Mr. Tian Yong, a Director of the Company, to attend and preside over the 2025 Annual General Meeting.

II. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

☑ Applicable ☐ Not applicable

Name	Position	Category	Date	Reason
Wang Wanglin	Independent Non-executive Director	Resigned	16 March 2026	Expiration of his 6-year term of office
Jiang Yi	Deputy General Manager	Appointed	30 March 2026	–

Save as disclosed above, as far as is known to the Company, during the six months ended 30 June 2026, there were no changes to information that were required to be disclosed by the Directors and chief executives pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Stock Exchange Listing Rules.

III. PROFIT DISTRIBUTION AND TRANSFER OF RESERVE TO SHARE CAPITAL DURING THE REPORTING PERIOD

The Company will not distribute cash dividend or bonus share, or conduct conversion of capital reserves into share capital for the interim period.

IV. IMPLEMENTATION OF THE SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIPS SCHEME AND OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY

☐ Applicable ☑ Not applicable

During the Reporting Period, the company had no share incentive scheme, employee stock ownership scheme or other employee incentive measures and no relevant implementation activities thereof.

V. EMPLOYEES OF THE COMPANY

Composition of employees of the Company as of 30 June 2026:

Number of current employees in the Company *(person)*	19,783
Number of current employees in major subsidiaries *(person)*	3,434
Total number of current employees *(person)*	23,217
Total number of employees receiving remuneration during the period *(person)*	23,217
Number of ex-employees or retired employees for which the Company and the major subsidiaries have obligations *(person)*	–

Specialty composition

Category of specialty composition	**Number of people** *(person)*
Production	16,738
Sales	379
Technical	4,006
Finance	126
Administration	1,146
Others	822
Total	23,217

Education level

Category of education level	**Number of people** *(person)*
Bachelor's degree and above	9,704
Post-secondary	6,903
Technical secondary school	6,248
Others	362
Total	23,217

V. EMPLOYEES OF THE COMPANY (CONTINUED)

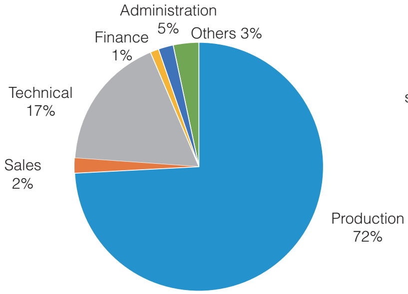
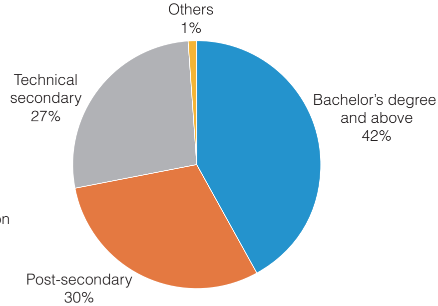


Figure of category of specialty composition



Composition of education level

Training work: In 2026, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company pressed ahead with the development of five-type enterprises and strengthened talent development covering new-recruit staff, "double carbon", digitalisation, lean management as well as procurement sales management. In the first half of the year, the Company completed entrusted training for 1,070 persons, key special training for 760 persons and training on job knowledge and skills of the grassroots units for 10,850 persons.

Remuneration policy of the Company: the Company has adopted "base salary + annual profit-linked salary + performance-linked award + tenure incentive" packages for senior management; the allocation method of "base salary + annual merit salary + allowance + performance bonus + R&D bonus" remuneration packages for scientific research positions; "base salary + annual merit salary + allowance + performance bonus + profit-linked bonus" remuneration packages for sales personnel; and position and-performance based remuneration packages for other personnel.

VI. DISCLOSURE OF ENVIRONMENTAL INFORMATION

Whether listed companies and their major subsidiaries are included in the list of companies with legal disclosure of environmental information

☑ Yes ☐ No

Number of enterprises included in the list of enterprise with legal disclosure of environmental information (unit)	13

No.	Name	Index for inquiries regarding legally disclosed environmental information reports
1	Cold Rolling Plant of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
2	Heavy Section Mill of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
3	Coking General Plant of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
4	Steelmaking General Plant of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
5	Ironmaking General Plant of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
6	Hot Rolling Strip Mill of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
7	Energy and Power General Plant of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
8	Medium and Heavy Plate Mill of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
9	Wire Rod Mill of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
10	Angang Chemical Technology Co., Ltd.	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
11	Angang Kobe Steel Cold Rolled High-Strength Automotive Steel Sheet Co., Ltd.	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
12	Bayuquan Branch of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index
13	Chaoyang Iron and Steel of Angang Steel Company Limited	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index

Circumstances relating to environmental accidents of the listed company: Nil

VII. SOCIAL RESPONSIBILITY

In 2026, the Company plans to donate RMB16.20 million to Taxkorgan Tajik Autonomous County, Xinjiang for targeted assistance, and fund six assistance-aided projects, all of which have been commenced. In the first half of the year, the Company actively mobilised organisations at all levels to participate in the "Central SOE Spring Festival Consumption assistance Initiative". The Company procured products such as spicy-numbing chicken and yak beef produced from the aided projects. During the campaign, the Company purchased special agricultural products of Taxkorgan County, Xinjiang totalling RMB1.4945 million and facilitated sales amounting to RMB35,000.

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD

Reason for Undertaking	Undertaking Party	Type of Undertaking	Content of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
Undertaking made during the restructuring of assets	Angang Holding	Non-competition undertakings	The Non-competition Undertaking Letter of Anshan Iron & Steel Group Complex《鞍山鋼鐵集團公司避免同業競爭承諾函》: (1) Angang Holding and its wholly-owned and controlled subsidiaries have complied with relevant requirements of the state on non-competition. (2) Angang Holding and its wholly-owned and controlled subsidiaries have never engaged in any business which directly or indirectly competes with the iron and steel business, the principal business of the Company. (3) Angang Holding undertakes that the Company is entitled to the pre-emptive rights for the assets and business to be disposed by Angang Holding or the wholly-owned and controlled subsidiaries of Angang Holding under the same conditions, which are related to the iron and steel business of the Company. (4) If the enterprises in which Angang Holding holds equity interests produce products or engage in business which compete or may compete with the Company, Angang Holding undertakes that, at the request of the Company, it will transfer all the capital contribution, shares or equity interests it holds in such companies and grant the Company preemptive rights for such capital contribution, shares or equity interests under the same conditions.	20 May 2007	Indefinite	There was no breach of such undertaking

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD (CONTINUED)

Reason for Undertaking	Undertaking Party	Type of Undertaking	Content of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			(5) If Angang Holding and its wholly-owned and controlled subsidiaries have assets and business which compete or may compete with the Company's principal iron and steel business, when the Company proposes to purchase such assets and business, Angang Holding and its wholly-owned and controlled subsidiaries will transfer relevant assets and business to the Company with priority based on reasonable prices and conditions according to the processes required by laws. (6) During the effective period of the undertakings, on the premise of equal investment qualifications, Angang Holding shall inform the Company first of the opportunity of new business. If the Company accepts such opportunity of new business, Angang Holding shall transfer such new business to the Company for free. Angang Holding and its wholly-owned and controlled subsidiaries have the rights to invest in the new business only if the Company expressly refuses such opportunity. If the Company proposes to acquire such business in the future, Angang Holding and its wholly-owned and controlled subsidiaries still need to transfer the assets and business formed by such opportunities to the Company with priority based on reasonable prices and conditions.			

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD (CONTINUED)

Reason for Undertaking	Undertaking Party	Type of Undertaking	Content of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			(7) Other effective measures to avoid and eliminate horizontal competition. The above undertakings do not restrict Angang Holding and its wholly-owned and controlled subsidiaries from engaging in or continuing to engage in businesses that do not compete with the Company, especially the business of provision of required materials or services necessary for the operation of the Company. All the undertakings made by Angang Holding are based on the national requirements and subject to the adjustments according to the national requirements. Angang Holding is eligible to engage in business not prohibited by the state.			

I. THE UNDERTAKINGS PERFORMED BY DE FACTO CONTROLLERS, SHAREHOLDERS, CONNECTED PARTIES, OFFERORS AND THE COMPANY DURING THE REPORTING PERIOD AS WELL AS THE UNDERTAKINGS THAT THEY HAVE NOT YET PERFORMED BUT MATURED DURING THE REPORTING PERIOD (CONTINUED)

Reason for Undertaking	Undertaking Party	Type of Undertaking	Content of Undertaking	Date of Undertaking	Period of Undertaking	Performance of Undertaking
			Such undertakings became effective from the date of issuance, and shall be terminated once one of the following conditions occurs: (1) Angang Holding ceases to be the controlling shareholder of the Company; (2) The shares of the Company cease to be listed on any stock exchanges (except for temporary suspension of trading of the shares of the Company due to any reason); (3) When the state does not require certain undertakings, the relevant sections shall be terminated automatically. Considering that Angang Holding does not have any iron and steel production projects already put into production which compete with the Company, therefore, the undertakings made in the undertaking letter shall prevail if any inconsistencies occur between such undertakings and all the undertakings made by Angang Holding concerning the competitions with the Company before the date of the issuance of the undertaking letter.			
Whether the undertaking are fulfilled on time	Yes					

II. INFORMATION ON THE NON-OPERATING USE OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES

☐ Applicable ☑ Not applicable

During the Reporting Period, there was no non-operating use of funds of the listed company by the controlling shareholder of the Group and other related parties.

III. INFORMATION ON ILLEGAL EXTERNAL GUARANTEES

☐ Applicable ☑ Not applicable

During the Reporting Period, the Group had no illegal external guarantee.

IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Whether this interim financial report has been audited

☐ Yes ☑ No

This interim report of the Group is unaudited.

V. EXPLANATION OF THE BOARD AND THE SUPERVISORY COMMITTEE REGARDING THE "NON-STANDARD AUDITOR'S REPORT" FOR THE REPORTING PERIOD ISSUED BY THE ACCOUNTING FIRM

☐ Applicable ☑ Not applicable

VI. EXPLANATION OF THE BOARD REGARDING THE INFORMATION RELATING TO THE "NON-STANDARD AUDITOR'S REPORT" FOR THE PREVIOUS YEAR

☐ Applicable ☑ Not applicable

VII. MATTERS RELATING TO INSOLVENCY AND RESTRUCTURING

☐ Applicable ☑ Not applicable

There was no matter relating to insolvency and restructuring during the Reporting Period.

VIII. LITIGATION

Material litigation and arbitration

☐ Applicable ☑ Not applicable

The Group was not involved in any material litigation and arbitration during the Reporting Period.

Other litigations

☑ Applicable ☐ Not applicable

Basic information of the litigation (arbitration)	Amount involved in the litigation *(RMB'0,000)*	Whether caused estimated liabilities or not	Progress of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Execution of judgment of the litigation (arbitration)	Date of disclosure	Disclosure index
Non-material proceedings	833	No	The case has been filed and is pending hearing.	-	Still pending judgement	-	-
Non-material proceedings	1392	No	Some have been closed while some are still pending hearing.	-	There are no enforcement cases against the company.	-	-

IX. PENALTY AND RECTIFICATIONS

☐ Applicable ☑ Not applicable

The Company has not been subject to any material penalty and rectification during the Reporting Period.

X. CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

☐ Applicable ☑ Not applicable

XI. MAJOR CONNECTED TRANSACTIONS

The connected transactions set out below fall within the definition relating to "Connected Transaction" or "Continuing Connected Transaction" under Chapter 14A of the Hong Kong Listing Rules. Relevant connected transactions have complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount (RMB million)	As a Percentage of the amount similar transactions (%)	Approved transaction cap (RMB million)	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Mining Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase goods	Market principle	–	7,019	11.78	52,662	No	In cash	–
Angang Steel Green Gold Industry Development Co., Ltd.* (鞍鋼綠金產業發展有限公司)	Controlling shareholder associate	Purchase goods/ Receive services	Purchase goods	Market principle	–	1,806	3.03			In cash	–
Delin Lugang Supply Chain Service Co., Ltd.*(德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase goods	Market principle	–	702	1.18			In cash	–
Ansteel Group Refractory Materials Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase goods	Market principle	–	403	0.68			In cash	–
Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase goods	Market principle	–	398	0.67			In cash	–
Bensteel Group Corporation Limited	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase goods	Market principle	–	308	0.52			In cash	–
Shanxi Wuchan International Energy Co., Ltd.	Controlling shareholder associate	Purchase goods/ Receive services	Purchase goods	Market principle	–	285	0.48			In cash	–

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount *(RMB million)*	As a Percentage of the amount similar transactions *(%)*	Approved transaction cap *(RMB million)*	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase goods	Market principle	–	256	0.43			In cash	–
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Purchase goods	Market principle	–	653	1.09			In cash	–
Sub-total	–	–	Purchase goods	–	–	11,830	19.86			–	–
Delin Lugang Supply Chain Service Co., Ltd.*(德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive services	Market principle	–	1,200	17.66	12,349	No	In cash	–
Angang Group Engineering Technology Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive services	Market principle	–	402	5.92			In cash	–
Angang Holding	Controlling shareholder	Purchase goods/ Receive services	Receive services	Market principle	–	331	4.87			In cash	–
Angang Steel Group Engineering Technology Co., Ltd.	Controlling shareholder associate	Purchase goods/ Receive services	Receive services	Market principle	–	313	4.61			In cash	–
Angang Group Zhongyuan Industry Development Co., Ltd.	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive services	Market principle	–	229	3.37			In cash	–

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount *(RMB million)*	As a Percentage of the amount similar transactions *(%)*	Approved transaction cap *(RMB million)*	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Purchase goods/ Receive services	Receive services	Market principle	–	802	11.80			In cash	–
Sub-total	–	–	Receive services	–	–	3,277	48.23			–	–
Delin Lugang Supply Chain Service Co., Ltd.*(德鄰陸港供應鏈服務有限公司)	Controlled by the same controlling shareholder	Sell goods/ Receive services	Sell products	Market principle	–	2,165	3.05	28,756	No	In cash	–
Angang International Trade	Controlled by the same controlling shareholder	Sell goods/ Receive services	Sell products	Market principle	–	1,204	1.70			In cash	–
Ansteel Cold Rolled Steel Plate (Putian) Co., Ltd.	Controlled by the same controlling shareholder	Sell goods/ Receive services	Sell products	Market principle	–	678	0.95			In cash	–
Lingyuan Iron and Steel Group Co., Ltd.	Controlled by the same controlling shareholder	Sell goods/ Receive services	Sell products	Market principle	–	464	0.65			In cash	–
Other subsidiaries of Angang Group	Controlled by the same controlling shareholder	Sell goods/ Receive services	Sell products	Market principle	–	559	0.79			In cash	–
Sub-total	–	–	Sell products	–	–	5,070	7.14			–	–

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount *(RMB million)*	As a Percentage of the amount similar transactions *(%)*	Approved transaction cap *(RMB million)*	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Group	Controlled by the same controlling shareholder	Sell goods/ Receive services	Provide services	Market principle	–	231	17.32	567	No	In cash	–
Sub-total	–	–	Provide services	–	–	231	17.32			–	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Settle fund and deposit interests	Market principle	–	12	70.59	100	No	In cash	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Maximum daily deposit balance	Market principle	–	4,922	–	5,000	No	–	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Credit business interest	Market principle	–	4	2.34	250	No	In cash	–
Angang Financial Company	Controlled by the same controlling shareholder	Receive finance services	Entrusted loan interest	Market principle	–	–	–	100	No	In cash	–
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring	Market principle	–	–	–	1,000	No	In cash	–
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Commercial factoring interest	Market principle	–	–	–	50	No	In cash	–

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

1. Connected transactions related to daily operations (Continued)

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Connected transaction price	Connected transaction amount *(RMB million)*	As a Percentage of the amount similar transactions *(%)*	Approved transaction cap *(RMB million)*	Whether exceeding approved cap	Settlement method of connected transactions	Market price of available similar transactions
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Daily maximum balance of accounts receivable factoring provided to the company's suppliers	Market principle	–	25	–	3,000	No	–	–
Angang Group Capital Holding Co., Ltd.	Controlled by the same controlling shareholder	Receive finance services	Daily maximum balance of financial leasing	Market principle	–	–	–	3,000	No	–	–

Particulars on refund of bulk sale	–
Estimated total amount for daily connected transactions to be conducted during the period and their actual performance during the Reporting Period	During the Reporting Period, the total amount of the Group's daily connected transactions did not exceed the relevant caps applicable to such category as set out in the relevant daily connected transaction agreements approved at the general meeting and the estimated amounts of each type of daily connected transactions expected at the beginning of the year.
Reason for the large difference between transaction price and market reference price	–
Relevant explanation on connected transactions	As production in the iron and steel industry is on a continuous basis, Angang Group has been engaged in mining, supplying, processing and manufacturing of raw materials, auxiliary materials and energy and power, which is a part of the supply chain of the Group. In the meantime, its subsidiaries have a high technological level and service capabilities, which can provide necessary supporting services for production and operation of the Group. The Group would sell certain products, abandoned steel, abandoned materials and integrated services to Angang Group which is a client of the Group.

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

2. Connected party transactions in relation to asset or equity acquisition or disposal

☑ Applicable ☐ Not applicable

Unit: RMB million

Connected party	Connected relationship	Type of connected transaction	Type of connected transaction	Pricing principle of connected transaction	Carrying value of the transferred assets	Assessed value of the transferred assets	Transfer Price	Settlement method for connected transactions	Gain or loss on the transaction
Angang Holding	The controlling shareholder of the Company	Equity acquisition	Acquisition of 80% equity in Yingkou Port	Determination of transaction consideration based on appraised value	781	1,010	1,024	In cash	–

Reasons for significant differences between the transfer price and the carrying value or appraised value	The difference of RMB14 million between the transfer price and the appraised value represents the profit or loss for the interim period from the valuation reference date (31 December 2025) to the completion date (30 April 2026).
Impact on the Company's operating results and financial position	Net profit for the current period increased by RMB26 million.
Where the relevant transaction involves performance covenants, performance achievement during the Reporting Period	Not applicable

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

3. Related party transactions in relation to joint external investments

☐ Applicable ☑ Not applicable

4. Related party credit and debt transaction

☑ Applicable ☐ Not applicable

Whether there are claims or obligations for non-operating purpose

☐ Yes ☑ No

There were no claims or obligations for non-operating purpose during the Reporting Period.

5. Transaction with connected financial company

☑ Applicable ☐ Not applicable

Unit: RMB million

Deposit business

Connected party	Connected relationship	Maximum daily deposit limit	Range of deposit interest rate *(%)*	Balance as at the beginning of the period	Amount during the period: Total amount deposited during the period	Amount during the period: Total amount with drawn during the period	Balance as at the end of the period
Angang Financial Company	Controlled by the same Controlling shareholder	5,000	0.2-1.45	3,493	163,455	162,214	4,734

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

5. Transaction with connected financial company (Continued)

Loan business

Connected party	Connected relationship	Loan facility	Range of loan interest rate (%)	Balance as at the beginning of the period	Amount during the period: Total amount loaned for the period	Amount during the period: Total amount repaid during the period	Balance as at the end of the period
Angang Financial Company	Controlled by the same Controlling shareholder	2,790	2.11	615	–	315	300

Credit extension or other financial business

Connected party	Connected relationship	Type of business	Total amount	Actual amount
Angang Financial Company	Controlled by the same controlling shareholder	Credit extension	2,790	228

Note: During the period, the Company carried out bill discounting transactions with Angang Financial Company. The discounting amount was RMB228 million, utilising the credit extension limit of RMB228 million. The discounted bills had not matured as at the end of the Reporting Period.

XI. MAJOR CONNECTED TRANSACTIONS (CONTINUED)

6. Transaction with connected financial company which is under the control of the Company

☐ Applicable ☑ Not applicable

7. Other major connected transactions

☐ Applicable ☑ Not applicable

There was no other major connected transaction of the Company during the Reporting Period.

XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

1. Trust, contractual or lease arrangement

(1) Trust arrangement

The Company entered into the Entrusted Management Services of Asset and Business Agreement with Angang Holding as the specific agreement for execution under daily connected party transactions. Pursuant to the Entrusted Management Services of Asset and Business Agreement, Angang Holding entrusts the Company to operate and manage the assets, businesses, additional future assets and businesses of the unlisted units under its control daily.

During the Reporting period, there were no entrusted projects generating profit or loss for the Group equal to or exceeding 10% of the total profit for the Reporting period.

XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (CONTINUED)

1. Trust, contractual or lease arrangement (Continued)

(2) Contractual arrangement

☐ Applicable ☑ Not applicable

During the Reporting period, there were no contractual projects generating profit or loss for the Group equal to or exceeding 10% of the total profit for the Reporting period.

There was no contractual arrangement by the Company during the Reporting Period.

(3) Lease arrangement

☑ Applicable ☐ Not applicable

Lease arrangement explanation:

During the Reporting Period, The Group leased certain land assets from Angang Holding and its subsidiaries for its production and operation, and paid land leasehold payment of RMB32 million with reference to the market rates.

Items that bring profit or loss of more than 10% of the total profit of the Group during the Reporting Period

☐ Applicable ☑ Not applicable

During the Reporting Period, there was no lease which generated profit of more than 10% of the gross profit of the Group.

XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (CONTINUED)

2. Material guarantee

☐ Applicable ☑ Not applicable

During the Reporting Period, there was no material guarantee provided by the Group.

3. Entrusted wealth management

☐ Applicable ☑ Not applicable

During the Reporting Period, the Group did not have entrusted wealth management.

4. Other significant contracts

☐ Applicable ☑ Not applicable

During the Reporting Period, the Company had no other significant contracts.

XIII. EXPLANATION ON OTHER SIGNIFICANT MATTERS

☐ Applicable ☑ Not applicable

XIV. REGISTER OF RECEIVING RESEARCH VISITS, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

☑ Applicable ☐ Not applicable

Reception date	Reception venue	Reception mode	Type of recipients	Recipients	Key discussion topics and materials provided	Index to research activity details
10 April 2026	Anshan	Performance Briefing	Others	Corporate events Zone of "Panoramic Network"	The Company's production and operation status as well as industry operating conditions	SZSE Interactive Easy/Record Form of Investor Relations Activity dated 10 April 2026
8 May 2026	Anshan	Onsite Research	Institution	EFund Fund: Tu Chengliang, Huo Yihua	The Company's production and operation status as well as industry operating conditions	SZSE Interactive Easy/Record Form of Investor Relations Activity dated 08 May 2026
11 May 2026	Anshan	Telephone Communication	Institution	Fidelity International: Zhao Binyu	The Company's production and operation status as well as industry operating conditions	SZSE Interactive Easy/Record Form of Investor Relations Activity dated 11 May 2026
12 May 2026	Anshan	Onsite Research	Institution	Cinda Securities: Liu Bo	The Company's production and operation status as well as industry operating conditions	SZSE Interactive Easy/Record Form of Investor Relations Activity dated 12 May 2026

XV. EXPLANATION ON OTHER SIGNIFICANT MATTERS

☐ Applicable ☑ Not applicable

XVI. SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

☐ Applicable ☑ Not applicable

I. MOVEMENTS IN SHARES

1. Movements in Shares

As at 30 June 2026, the structure of share capital of the Company was as follows:

Unit: Share

	Before the change		Increase/decrease during the period (+/-)					After the change	
	Number	Percentage (%)	Issue of new shares	Bonus shares	Shares transferred from accumulated fund	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading moratorium	206,250	0.00				-33,000	-33,000	173,250	0.00
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares	206,250	0.00				-33,000	-33,000	173,250	0.00
Including: shares held by domestic legal persons									
Shares held by domestic natural persons	206,250	0.00				-33,000	-33,000	173,250	0.00
4. Foreign investment shares									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Shares not subject to trading moratorium	9,369,015,008	100.00				33,000	33,000	9,369,048,008	100.00
1. Renminbi ordinary shares	7,957,475,008	84.93				33,000	33,000	7,957,508,008	84.93
2. Domestically listed foreign investment shares									
3. Overseas listed foreign investment shares	1,411,540,000	15.07						1,411,540,000	15.07
4. Others									
III. Total shares	9,369,221,258	100.00				0	0	9,369,221,258	100.00

I. MOVEMENTS IN SHARES (CONTINUED)

1. Movements in Shares (Continued)

Notes:

(1) Reasons for movement in share capital:

During the Reporting Period, the six-month lockup period for the resigned directors and senior management of the Company expired. Changes in the number of locked-up shares held by senior management resulted in movements in domestic natural person shareholdings among restricted-sale shares and in Renminbi ordinary shares among unrestricted-sale shares.

(2) Approval of movement in share capital:

☐ Applicable ☑ Not applicable

(3) Transfer of movement in share capital:

☐ Applicable ☑ Not applicable

(4) Progress on the implementation of the share repurchase:

☐ Applicable ☑ Not applicable

(5) Progress on the implementation of reduction in the holding of repurchased shares by way of centralized bidding

☐ Applicable ☑ Not applicable

I. MOVEMENTS IN SHARES (CONTINUED)

1. Movements in Shares (Continued)

(6) Impact of movement in shares on the basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company and other financial indicators in the latest year and the latest period

☐ Applicable ☑ Not applicable

(7) Other information considered necessary by the Company or required by securities regulators that should be disclosed

☐ Applicable ☑ Not applicable

2. Changes in shares subject to trading moratorium

Unit: share

Name of shareholder	Shares subject to trading moratorium at the beginning of the period	Increase in shares subject to trading moratorium during the period	Decrease in shares subject to trading moratorium during the period	Shares subject to trading moratorium at the end of the period	Reason for the trading moratorium	Date of release of the trading moratorium
Zhang Hongjun	132,000		33,000	99,000	The senior management has completed six months since their departure from office but has not yet completed their board tenure, with 75% of their shares in the Company subject to lockup.	–
Total	132,000		33,000	99,000	–	–

II. ISSUANCE AND LISTING OF SECURITIES

☐ Applicable ☑ Not applicable

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY

Unit: share

The total number of ordinary shareholders of the Company as at the end of the Reporting Period	97,275, of which 410 were holders of H shares	Total number of preferred shareholders with voting rights resumed at the end of the reporting period (if any)	None

Details of shareholders holding more than 5% of ordinary shares or top ten shareholders holding ordinary shares

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of ordinary shares held as at the end of the Reporting Period	Increase/ decrease during the Reporting Period	Number of ordinary shares held subject to trading moratorium	Number of ordinary shares held not subject to trading moratorium	Pledged, tagged or frozen Status of shares	Pledged, tagged or frozen Number
Anshan Iron and Steel Group Co., Ltd.	State-owned legal person	53.97%	5,056,865,067	0	0	5,056,865,067	-	-
HKSCC (Nominees) Limited	Overseas legal person	14.96%	1,401,662,472	218,796	0	1,401,662,472	-	-
China National Petroleum Corporation	State-owned legal person	9.02%	845,000,000	0	0	845,000,000	-	-
Cui Lijie	Domestic natural person	0.88%	82,601,800	1,800	0	82,601,800	-	-
Power Construction Corporation of China	State-owned legal person	0.30%	28,275,300	0	0	28,275,300	-	-
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.29%	27,358,614	-49,745,198	0	27,358,614	-	-
Hebei Jianzhi Casting Group Ltd.	Domestic general legal person	0.26%	24,579,900	3,679,900	0	24,579,900	-	-
Zhang Guoxian	Domestic natural person	0.20%	18,358,312	1,441,212	0	18,358,312	-	-
Lan Jiawang	Domestic natural person	0.14%	12,800,470	500,000	0	12,800,470	-	-
Tian Jie	Domestic natural person	0.13%	12,552,700	0	0	12,552,700	-	-

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Details of shareholders holding more than 5% of ordinary shares or top ten shareholders holding ordinary shares（Continued）

Description of strategic investors or general legal persons who became top 10 ordinary shareholders due to placement of new shares (if any)	–
Explanations on the connected relationship or concerted action among the shareholders mentioned above	The Company is not aware of any connected relationship among the above-mentioned shareholders of the Company or any party acting in concert as provided in the Procedures for the Administration of Information Disclosure for Changes in Shareholdings of the Shareholders of Listed Companies.
Description of the above shareholders involved in entrustment/entrusted voting rights and waiver of voting rights	–
Special explanations on the special repurchase account among the top 10 shareholders (if any)	–

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Top ten shareholders holding ordinary shares not subject to trading moratorium

Name of shareholder	Number of ordinary shares held not subject to trading moratorium as at the end of the Reporting Period	Type of shares	
		Type of shares	Number
Anshan Iron and Steel Group Co., Ltd.	5,056,865,067	Renminbi ordinary shares	5,056,865,067
HKSCC (Nominees) Limited	1,401,662,472	Overseas listed foreign shares	1,401,662,472
China National Petroleum Corporation	845,000,000	Renminbi ordinary shares	845,000,000
Cui Lijie	82,601,800	Renminbi ordinary shares	82,601,800
Power Construction Corporation of China	28,275,300	Renminbi ordinary shares	28,275,300
Hong Kong Securities Clearing Company Limited	27,358,614	Renminbi ordinary shares	27,358,614
Hebei Jianzhi Casting Group Ltd.	24,579,900	Renminbi ordinary shares	24,579,900
Zhang Guoxian	18,358,312	Renminbi ordinary shares	18,358,312
Lan Jiawang	12,800,470	Renminbi ordinary shares	12,800,470
Tian Jie	12,552,700	Renminbi ordinary shares	12,552,700

Explanations on the connected relationship or concerted action among the top 10 ordinary shareholders not subject to trading moratorium, and the top 10 ordinary shareholders not subject to trading moratorium and the top 10 ordinary shareholders	The Company is not aware of any connected relationship among the above-mentioned shareholders of the Company or any party acting in concert as provided in the Procedures for the Administration of Information Disclosure for Changes in Shareholdings of the Shareholders of Listed Companies.
Description of top ten shareholders holding ordinary shares to participate in securities margin trading business (if any)	Among the top 10 shareholders, Cui Lijie held 82,600,000 shares through an investor credit securities account and 1,800 shares through an ordinary securities account；Lan Jiawang held 12,800,470 shares through an investor credit securities account.

III. NUMBER OF SHAREHOLDERS AND DETAILS OF SHAREHOLDING OF THE COMPANY (CONTINUED)

Top ten shareholders holding ordinary shares not subject to trading moratorium (Continued)

Details of shareholdings of shareholders with more than 5% of shares, top ten shareholders and top ten shareholders not subject to trading moratorium lent through refinancing

☐ Applicable ☑ Not applicable

Changes in the top ten shareholders and top ten shareholders not subject to trading moratorium due to lending/returning resulting from refinancing as compared with the previous period

☐ Applicable ☑ Not applicable

Have the Company's top ten ordinary shareholders, and top ten ordinary shareholders not subject to trading moratorium, conducted agreed repurchase transactions during the Reporting Period?

☐ Yes ☑ No

The Company's top ten ordinary shareholders, and top ten ordinary shareholders not subject to trading moratorium, have not conducted agreed repurchase transactions during the Reporting Period.

IV. CHANGES IN THE SHARES HELD BY DIRECTORS AND SENIOR MANAGEMENT UNIT: SHARE

Name	Position	Current status of position	No. of shares held at the beginning of the Reporting Period	No. of shares increased in the Reporting Period	No. of shares decreased in the Reporting Period	No. of shares held at the end of the Reporting Period	No. of restricted shares granted at the beginning of the Reporting Period	No. of restricted shares granted in the Reporting Period	No. of restricted shares granted at the end of the Reporting Period
Wang Jun	Chairman and Executive Director	In office	–	–	–	–	–	–	–
Tian Yong	Executive Director, General Manager	In office	99,000	–	–	99,000	–	–	–
Zhao Zhongmin	Employee Director	In office	–	–	–	–	–	–	–
Li Jingdong	Executive Director, Deputy General Manager, Chief Accountant, and Secretary to the Board	In office	–	–	–	–	–	–	–
Tan Yuhai	Non-executive Director	In office	–	–	–	–	–	–	–
Zhu Keshi	Independent Non-executive Director	In office	–	–	–	–	–	–	–
Hu Caimei	Independent Non-executive Director	In office	–	–	–	–	–	–	–
Liu Chaojian	Independent Non-executive Director	In office	–	–	–	–	–	–	–
Zhang Hua	Deputy General Manager	In office	–	–	–	–	–	–	–
He Tianqing	Deputy General Manager	In office	–	–	–	–	–	–	–
Yu Haolan	Deputy General Manager	In office	–	–	–	–	–	–	–
Jiang Yi	Deputy General Manager	In office	–	–	–	–	–	–	–
Wang Wanglin	Independent Non-executive Director	Resigned	–	–	–	–	–	–	–
Total	–	–	99,000	–	–	99,000	–	–	–

Notes: all the shares held by the persons above were A shares of the Company and were held by them in their capacity as individual beneficial owners.

IV. CHANGES IN THE SHARES HELD BY DIRECTORS AND SENIOR MANAGEMENT UNIT: SHARE (CONTINUED)

Save as disclosed above, as at 30 June 2026, none of the Directors, and senior management of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong) which were recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance of Hong Kong, or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules of Hong Kong Exchange. Nor are there any arrangements to which the Company, its parent company, subsidiaries or fellow subsidiaries are parties, the purpose of which is to enable the directors of the Company to obtain benefits through the acquisition of shares or debentures of the Company or any other legal entity.

V. CHANGE TO CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

☐ Applicable ☑ Not applicable

During the Reporting Period, there was no change to the controlling shareholder or the de facto controller of the Company.

VI. INFORMATION ON PREFERENCE SHARES

☐ Applicable ☑ Not applicable

During the Reporting Period, the Company has no preference shares.

VII. SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 30 June 2026, no parties (other than Directors and senior management of the Company) had any interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance of Hong Kong:

Interests in ordinary shares of the Company as at the end of the Reporting Period

Name of shareholder	Number of shares held and Category	Proportion of total equity	Proportion of total issued H shares	Proportion of total issued domestic shares	Identity
Angang Group Company Limited	5,056,865,067 (L) A Shares	53.97% (L)	–	63.55% (L)	Interests of controlled corporation
Anshan Iron & Steel Co., Ltd.	5,056,865,067 (L) A Shares	53.97% (L)	–	63.55% (L)	Beneficial owner
China National Petroleum Corporation	845,000,000 (L) A Shares	9.02% (L)	–	10.62% (L)	Beneficial owner

(L) – a long position, (S) – a short position, and (P) – a lending pool

Anshan Iron & Steel Co. Ltd is a wholly-owned subsidiary of Angang Group Company Limited. For the purpose of the SFO, Angang Group Company Limited is therefore deemed to be interested in the A Shares held by Anshan Iron & Steel Co. Ltd., holding 5, 056,865,067 A Shares, representing approximately 63.55% of the A Shares and approximately 53.97% of the total share capital of the Company, respectively.

I. COMPANY BONDS

☐ Applicable ☑ Not applicable

During the Reporting Period, the Company did not have company bonds.

II. CORPORATE BONDS

☐ Applicable ☑ Not applicable

During the Reporting Period, the Company did not have corporate bonds.

III. NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

☑ Applicable ☐ Not applicable

1. Basic information of non-financial enterprise debt financing instruments

Unit: RMB million

Bond name	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Bond balance	Interest rate	Way of principal and interest repayment	Trading place
Angang Steel Company Limited 2026 First Tranche of Short-term Commercial Paper	26Angang Steel CP001	042680142.IB	7 April 2026	8 April 2026	8 April 2027	1,000	1.60%	Repayment of principal and interest in a lump sum upon maturity	China Interbank Bond Market
Angang Steel Company Limited 2026 Second Tranche of Short-term Commercial Paper	26 Angang Steel CP002	042680162.IB	20 April 2026	21 April 2026	21 April 2027	700	1.56%	Repayment of principal and interest in a lump sum upon maturity	China Interbank Bond Market
Angang Steel Company Limited 2026 Third Tranche of Short-term Commercial Paper	26 Angang Steel CP003	042680188.IB	19 May 2026	20 May 2026	20 May 2027	500	1.50%	Repayment of principal and interest in a lump sum upon maturity	China Interbank Bond Market

Bond name	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Bond balance	Interest rate	Way of principal and interest repayment	Trading place
Angang Steel Company Limited 2026 First Tranche of Super Short-term Commercial Paper	26 Angang Steel SCP001	012681328.IB	27 May 2026	28 May 2026	22 February 2027	500	1.53%	Repayment of principal and interest in a lump sum upon maturity	China Interbank Bond Market
Investor eligibility arrangement (if any)					–				
Applicable trading mechanism					–				
Risk of termination of listing and trading (if any) and countermeasures					–				

Overdue bonds

☐ Applicable ☑ Not applicable

2. Triggering of terms on the issuer' s or investor' s right to choose and investor protection and enforcement

☐ Applicable ☑ Not applicable

3. Credit rating result adjustments during the Reporting Period

☐ Applicable ☑ Not applicable

4. Implementation and change of guarantees, debt repayment plans and other debt repayment guarantee measures during the Reporting Period and their impact on the rights and interests of bond investors

☐ Applicable ☑ Not applicable

IV. CONVERTIBLE DEBENTURES

☐ Applicable ☑ Not applicable

During the Reporting Period, the Company did not have convertible debentures.

V. LOSSES IN THE SCOPE OF CONSOLIDATED STATEMENTS DURING THE REPORTING PERIOD EXCEEDING 10% OF NET ASSETS AS AT THE END OF THE PREVIOUS YEAR

☐ Applicable ☑ Not applicable

VI. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY FOR THE PAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD

Unit: RMB million

Item	**As at the end of the Reporting Period**	As at the end of the previous year	Increase/decrease at the end of the Reporting Period as compared with the end of the previous year
Current ratio	**0.57**	0.57	–
Gearing ratio	**55.83%**	52.65%	Increased by 3.18 percentage points
Quick ratio	**0.33**	0.30	10.00%

VI. PRINCIPAL ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY FOR THE PAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD (CONTINUED)

	During the Reporting Period	Corresponding period of the previous year	Increase/ decrease for the Reporting Period as compared with the corresponding period of the previous year
Net profit attributable to the shareholders of the Company after deduction of non-recurring gains or losses items	**-2,166**	-1,231	-75.95%
EBITDA to total debts ratio	**1.12%**	2.61%	Decreased by 1.49 percentage points
Interest coverage ratio	**-6.73**	-4.53	-48.57%
Cash interest coverage ratio	**7.89**	3.28	140.55%
EBITDA interest coverage ratio	**2.45**	7.22	-66.07%
Loan payment ratio	**100%**	100%	–
Interest payment ratio	**100%**	100%	–

I. AUDITOR'S REPORT

Whether the interim report has been audited

☐ Yes ☑ No

The interim financial report of the Company is unaudited.

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet

As at 30 June, 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2026	31 December 2025
Current assets:			
Cash and cash equivalents	VI.1	**5,175**	3,936
Trading financial assets	VI.2	**15**	20
Derivative financial assets	VI.3	**2**	4
Notes receivable	VI.4	**180**	315
Accounts receivable	VI.5	**3,809**	3,084
Receivables financing	VI.6	**1,625**	1,480
Prepayments	VI.7	**2,922**	2,482
Other receivables	VI.8	**91**	675
Including: Interests receivable			
Dividends receivable			
Inventories	VI.9	**10,928**	11,995
Other current assets	VI.10	**924**	1,111
Total current assets		**25,671**	25,102
Non-current assets:			
Long-term equity investments	VI.11	**4,015**	4,211
Other equity instrument investments	VI.12	**671**	675
Other non-current financial assets	VI.13	**100**	142
Fixed assets	VI.14	**54,693**	55,615
Construction in progress	VI.15	**2,118**	2,373
Right-of-use assets	VI.16	**1,588**	105
Intangible assets	VI.17	**6,174**	6,352
Long-term deferred expenses	VI.18	**56**	65
Deferred income tax assets	VI.19	**2,169**	2,169
Other non-current assets	VI.20	**112**	256
Total non-current assets		**71,696**	71,963
Total assets		**97,367**	97,065
Current liabilities:			
Short-term loans	VI.22	**6,259**	8,070
Derivative financial liabilities	VI.23	**5**	1
Notes payable	VI.24	**19,943**	19,318
Accounts payable	VI.25	**6,956**	5,904
Contract liabilities	VI.26	**4,356**	4,739
Staff remuneration payable	VI.27	**189**	112
Tax payable	VI.28	**163**	151
Other payables	VI.29	**2,712**	4,313
Including: Interests payable			
Dividends receivable			
Non-current liabilities due within 1 year	VI.30	**1,243**	619
Other current liabilities	VI.31	**3,159**	437
Total current liabilities		**44,985**	43,664

Consolidated Balance Sheet (Continued)

As at 30 June, 2026   Prepared by: Angang Steel Company Limited   Monetary unit: RMB million

Item	Notes	30 June 2026	31 December 2025
Non-current liabilities:			
Long-term loans	VI.32	**6,423**	6,121
Bonds payable			
Lease liability	VI.33	**1,350**	36
Long-term payables	VI.34	**321**	321
Long-term employee benefits payable	VI.35	**40**	40
Deferred income	VI.36	**1,234**	924
Deferred income tax liabilities	VI.19	**6**	1
Total non-current liabilities		**9,374**	7,443
Total liabilities		**54,359**	51,107
Shareholders' equity:			
Share capital	VI.37	**9,369**	9,369
Capital reserve	VI.38	**33,816**	34,839
Less: Treasury shares			
Other comprehensive income	VI.39	**200**	201
Special reserve	VI.40	**133**	87
Surplus reserve	VI.41	**4,499**	4,499
Retained earnings	VI.42	**(6,381)**	(4,334)
Subtotal of Shareholders' equity attributable to shareholders of parent company		**41,636**	44,661
Minority interests		**1,372**	1,297
Total shareholders' equity		**43,008**	45,958
Total liabilities and shareholders' equity		**97,367**	97,065

Legal representative :	*Financial controller :*	*Person in charge of accounting department :*
Wang Jun	**Li Jingdong**	**Ma Li**

Consolidated Income Statement

For the six months ended 30 June 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
I. Total operating revenue		**45,907**	48,618
Including: Operating revenue	VI.43	**45,907**	48,618
II. Total operating cost		**48,328**	49,926
Including: Operating cost	VI.43	**46,733**	48,247
Taxes and surcharges	VI.44	**433**	529
Selling expenses	VI.45	**214**	242
Administrative expenses	VI.46	**491**	486
Research and development expenses	VI.47	**222**	259
Finance expenses	VI.48	**235**	163
Including: Interest expenses	VI.48	**248**	182
Interest income	VI.48	**20**	33
Add: Other incomes	VI.49	**452**	146
Investment income (Loss is listed with “-”)	VI.50	**233**	218
Including: Investment incomes in associates and joint ventures	VI.50	**205**	234
Gain from fair-value changes (Loss is listed with “-”)	VI.51	**39**	(12)
Credit impairment losses (Loss is listed with “-”)	VI.52	**2**	
Impairment on assets (Loss is listed with “-”)	VI.53	**(219)**	(81)
Gains on disposal of assets (Loss is listed with “-”)			
III. Operating profit (Loss is listed with “-”)		**(1,914)**	(1,037)
Add: Non-operating income	VI.54	**8**	21
Less: Non-operating expenses	VI.55	**18**	4
IV. Profit before tax (Loss is listed with “-”)		**(1,924)**	(1,020)
Less: Income tax expenses	VI.56	**55**	57
V. Net profit (Loss is listed with “-”)		**(1,979)**	(1,077)
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with “-”)		**(1,979)**	(1,077)
2. Termination of business operating profit (Loss is listed with “-”)			
(II) Classification of ownership			
1. Net income attributable to the Company owners		**(2,047)**	(1,115)
2. Net income attributable to minority shareholders		**68**	38

Consolidated Income Statement (Continued)

For the six months ended 30 June 2026   Prepared by: Angang Steel Company Limited   Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
VI. Other comprehensive income after tax	VI.57	**(1)**	8
Other comprehensive income after tax attributable to parent company owners	VI.57	**(1)**	8
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss	VI.57	**(1)**	8
1. Net gain on other equity instruments at fair value through other comprehensive income	VI.57	**(3)**	5
2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method	VI.57	**2**	3
(II) Other comprehensive income which will be reclassified subsequently to profit or loss			
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method			
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income		**(1,980)**	(1,069)
Total comprehensive income attributed to the Company owners		**(2,048)**	(1,107)
Total comprehensive income attributable to minority shareholders		**68**	38
VIII. Earnings per share			
(I) Basic earnings per share *(RMB/share)*	XXI.2	**(0.218)**	(0.119)
(II) Diluted earnings per share *(RMB/share)*	XXI.2	**(0.218)**	(0.119)

A business combination under common control took place during the current period. The net profit realised by the combinee prior to the combination amounted to RMB16 million, and the corresponding net profit of the combinee for the previous year amounted to RMB36 million.

Legal representative:	*Financial controller:*	*Person in charge of accounting department:*
Wang Jun	**Li Jingdong**	**Ma Li**

Consolidated Cash Flow Statement

For the six months ended 30 June 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
I. Cash Flows from Operating Activities:			
Cash received from sales and services		**49,861**	49,467
Taxes and surcharges refunds		**47**	6
Other cash receipts related to operating activities	VI.58	**560**	250
Sub-total of cash inflows from operating activities		**50,468**	49,723
Cash payments for goods purchased and services received		**45,328**	45,813
Cash payments to and on behalf of employees		**1,813**	1,889
Payments of taxes and surcharges		**744**	803
Other cash payments relating to operating activities	VI.58	**911**	832
Sub-total of cash outflows from operating activities		**48,796**	49,337
Net Cash Flows from Operating Activities	VI.58	**1,672**	386
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and returns of investments		**126**	
Cash receipts from returns on investments		**401**	462
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**27**	
Other cash receipts relating to investing activities	VI.58	**655**	1,014
Sub-total of cash inflows from investing activities		**1,209**	1,476
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		**1,991**	1,614
Cash payments to acquire investments		**1,024**	212
Other cash payments relating to investing activities	VI.58	**653**	1,579
Sub-total of cash outflows from investing activities		**3,668**	3,405
Net Cash Flows from Investing Activities		**(2,459)**	(1,929)

Consolidated Cash Flow Statement (Continued)

For the six months ended 30 June 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
III. Cash Flows from Financing Activities:			
Cash received from investments		**5**	10
Including: cash receipts from minorities making investment in subsidiaries		**5**	10
Cash receipts from borrowings		**15,458**	12,744
Other cash receipts relating to financing activities	VI.58	**583**	
Sub-total of cash inflows from financing activities		**16,046**	12,754
Cash repayments of amounts borrowed		**13,783**	12,410
Cash payments for distribution of dividends or profit or interest expenses		**211**	151
Including: payments for distribution of dividends or profit to minorities of subsidiaries			
Other cash payments relating to financing activities	VI.58	**59**	72
Sub-total of cash outflows from financing activities		**14,053**	12,633
Net Cash Flows from Financing Activities		**1,993**	121
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
V. Net Increase in Cash and Cash Equivalents	VI.59	**1,206**	(1,422)
Add: Opening balance of Cash and Cash Equivalents	VI.59	**3,927**	4,576
VI. Closing Balance of Cash and Cash Equivalents	VI.59	**5,133**	3,154

Legal representative: **Wang Jun**

Financial controller: **Li Jingdong**

Person in charge of accounting department: **Ma Li**

Financial Report (Continued)

Consolidated Statement of Changes in Shareholders' Equity

As at 30 June, 2026   Prepared by: Angang Steel Company Limited   Monetary unit: RMB million

Item	January to June 2026									
	Equity attributable to parent company									
	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests	Total Shareholders' equity
I. Balance at the end of prior year	9,369	34,839		201	87	4,499		(4,334)	1,297	45,958
Add: Changes in accounting policies										
Merger of enterprises under the same control										
Others										
II. Balance at the beginning of current year	9,369	34,839		201	87	4,499		(4,334)	1,297	45,958
III. Current period increase (or less: decrease)		(1,023)		(1)	46			(2,047)	75	(2,950)
(I) Total comprehensive income				(1)				(2,047)	68	(1,980)
(II) Capital contributed or withdrew by owners		(1,023)							5	(1,018)
1. Ordinary shares contributed by owners		(641)							5	(636)
2. Amount of share-based payment included										
3. Others		(382)								(382)
(III) Profit Distribution										
1. Withdrawal surplus reserves										
2. Distribution to shareholders										
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					46				2	48
1. Current withdrawal					76				3	79
2. Current use					(30)				(1)	(31)
IV. Balance as at 30 June, 2025	9,369	33,816		200	133	4,499		(6,381)	1,372	43,008

Legal representative: **Wang Jun**   *Financial controller:* **Li Jingdong**   *Person in charge of accounting department:* **Ma Li**

Consolidated Statement of Changes in Shareholders' Equity (Continued)

As at 30 June, 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

	Year 2025									
	Equity attributable to parent company									
Item	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests	Total Shareholders' equity
I. Balance at the end of prior year	9,383	33,920	27	215	52	4,457		(321)	992	48,671
Add: Changes in accounting policies										
Merger of enterprises under the same control		684				36		51	193	964
Others										
II. Balance at the beginning of current year	9,383	34,604	27	215	52	4,493		(270)	1,185	49,635
III. Current period increase (or less: decrease)	(14)	235	(27)	(14)	35	6		(4,064)	112	(3,677)
(I) Total comprehensive income				(14)				(4,008)	90	(3,932)
(II) Capital contributed or withdrew by owners	(14)	235	(27)						40	288
1. Ordinary shares contributed by owners	(14)	(13)	(27)						40	40
2. Amount of share-based payment included										
3. Others		248								248
(III) Profit Distribution						6		(56)	(18)	(68)
1. Withdrawal surplus reserves						6		(6)		
2. Distribution to shareholders								(50)	(18)	(68)
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					35					35
1. Current withdrawal					191				7	198
2. Current use					(156)				(7)	(163)
IV. Balance asat 31 December, 2025	9,369	34,839		201	87	4,499		(4,334)	1,297	45,958

Legal representative: **Wang Jun**

Financial controller: **Li Jingdong**

Person in charge of accounting department: **Ma Li**

Financial Report (Continued)

Balance Sheet

As at 30 June, 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	*Notes*	**30 June 2026**	31 December 2025
Current assets:			
Cash and cash equivalents		**2,943**	2,213
Trading financial assets		**15**	20
Derivative financial assets		**2**	4
Notes receivable		**116**	276
Accounts receivable	XVIII.1	**4,320**	3,218
Receivables financing		**1,169**	1,153
Prepayments		**2,242**	2,008
Other receivables	XVIII.2	**34**	22
Including: Interests receivable			
Dividends receivable			
Inventories		**7,868**	9,242
Other current assets		**617**	788
Total current assets		**19,326**	18,944
Non-current assets:			
Long-term equity investments	XVIII.3	**15,049**	14,606
Other equity instrument investments		**671**	675
Other non-current financial assets		**100**	142
Fixed assets		**46,077**	46,883
Construction in progress		**1,804**	2,054
Right-of-use assets		**1,498**	61
Intangible assets		**5,332**	5,494
Deferred income tax assets		**2,057**	2,056
Other non-current assets		**111**	252
Total non-current assets		**72,699**	72,223
Total assets		**92,025**	91,167
Current liabilities:			
Short-term loans		**5,619**	7,470
Derivative financial liabilities		**5**	1
Notes payable		**19,028**	18,431
Accounts payable		**5,621**	4,402
Contract liabilities		**4,474**	5,155
Staff remuneration payable		**166**	100
Tax payable		**102**	94
Other payables		**2,985**	4,553
Including: Interests payable			
Dividends payable			
Non-current liabilities due within 1 year		**1,194**	579
Other current liabilities		**2,825**	111
Total current liabilities		**42,019**	40,896

Balance Sheet (Continued)

As at 30 June, 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	30 June 2026	31 December 2025
Non-current liabilities:			
Long-term loans		**6,129**	5,896
Bonds payable			
Lease liability		**1,277**	
Long-term payables		**321**	321
Long-term employee benefits payable		**39**	39
Deferred income		**976**	663
Deferred income tax liabilities		**1**	
Total non-current liabilities		**8,743**	6,919
Total liabilities		**50,762**	47,815
Shareholders' equity:			
Share capital		**9,369**	9,369
Capital reserve		**26,911**	27,140
Less: Treasury shares			
Other comprehensive income		**200**	201
Special reserve		**98**	72
Surplus reserve		**4,447**	4,447
Retained earnings		**238**	2,123
Total shareholders' equity		**41,263**	43,352
Total liabilities and shareholders' equity		**92,025**	91,167

Legal representative: **Wang Jun**

Financial controller: **Li Jingdong**

Person in charge of accounting department: **Ma Li**

Income Statement

For the six months ended 30 June 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
I. Total operating revenue		**39,502**	41,808
Including: Operating revenue	XVIII.4	**39,502**	41,808
II. Total operating cost		**41,913**	43,041
Including: Operating cost	XVIII.4	**40,588**	41,634
Taxes and surcharges		**333**	423
Selling expenses		**138**	150
Administrative expenses		**390**	408
Research and development expenses		**221**	234
Finance expenses		**243**	192
Including: Interest expenses		**244**	188
Interest income		**10**	14
Add: Other incomes		**398**	53
Investment income (Loss is listed with "-")	XVIII.5	**297**	1,153
Including: Investment incomes in associates and joint ventures	XVIII.5	**130**	193
Gain from fair-value changes (Loss is listed with "-")		**39**	(12)
Credit impairment losses (Loss is listed with "-")			1
Impairment on assets (Loss is listed with "-")		**(198)**	(63)
Gains on disposal of assets (Loss is listed with "-")			
III. Operating profit (Loss is listed with "-")		**(1,875)**	(101)
Add: Non-operating income		**5**	20
Less: Non-operating expenses		**15**	3
IV. Profit before tax (Loss is listed with "-")		**(1,885)**	(84)
Less: Income tax expenses			**6**
V. Net profit (Loss is listed with "-")		**(1,885)**	(90)
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with "-")		**(1,885)**	(90)
2. Termination of business operating profit (Loss is listed with "-")			
(II) Classification of ownership			
1. Net income attributable to the Company owners		**(1,885)**	(90)
2. Net income attributable to minority shareholders			

Income Statement (Continued)

For the six months ended 30 June 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
VI. Other comprehensive income after tax		**(1)**	8
Other comprehensive income after tax attributable to parent company owners		**(1)**	8
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss		**(1)**	8
1. Net gain on other equity instruments at fair value through other comprehensive income		**(3)**	5
2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method		**2**	3
(II) Other comprehensive income which will be reclassified subsequently to profit or loss			
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity method			
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income		**(1,886)**	(82)
Total comprehensive income attributed to the Company owners		**(1,886)**	(82)
Total comprehensive income attributable to minority shareholders			

Legal representative:	*Financial controller:*	*Person in charge of accounting department:*
Wang Jun	**Li Jingdong**	**Ma Li**

Financial Report (Continued)

Cash Flow Statement

For the six months ended 30 June 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
I. Cash Flows from Operating Activities:			
Cash received from sales and services		**42,926**	42,665
Taxes and surcharges refunds		**18**	
Other cash receipts related to operating activities		**494**	137
Sub-total of cash inflows from operating activities		**43,438**	42,802
Cash payments for goods purchased and services received		**39,306**	40,665
Cash payments to and on behalf of employees		**1,529**	1,591
Payments of taxes and surcharges		**372**	507
Other cash payments relating to operating activities		**734**	686
Sub-total of cash outflows from operating activities		**41,941**	43,449
Net Cash Flows from Operating Activities		**1,497**	(647)
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and returns of investments		**226**	
Cash receipts from returns on investments		**538**	1,436
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**33**	
Other cash receipts relating to investing activities		**647**	994
Sub-total of cash inflows from investing activities		**1,444**	2,430
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		**1,756**	1,438
Cash payments to acquire investments		**1,029**	173
Other cash payments relating to investing activities		**651**	1,379
Sub-total of cash outflows from investing activities		**3,436**	2,990
Net Cash Flows from Investing Activities		**(1,992)**	(560)

Cash Flow Statement (Continued)

For the six months ended 30 June 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

Item	Notes	January to June 2026	January to June 2025
III. Cash Flows from Financing Activities:			
Cash received from investments			
Cash receipts from borrowings		**14,931**	13,392
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities		**14,931**	13,392
Cash repayments of amounts borrowed		**13,482**	12,546
Cash payments for distribution of dividends or profit or interest expenses		**207**	162
Including: payments for distribution of dividends or profit to minorities of subsidiaries			
Other cash payments relating to financing activities		**48**	192
Sub-total of cash outflows from financing activities		**13,737**	12,900
Net Cash Flows from Financing Activities		**1,194**	492
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
V. Net Increase in Cash and Cash Equivalents		**699**	(715)
Add: Opening balance of Cash and Cash Equivalents		**2,205**	2,293
VI. Closing Balance of Cash and Cash Equivalents		**2,904**	1,578

Legal representative:	Financial controller:	Person in charge of accounting department:
Wang Jun	**Li Jingdong**	**Ma Li**

Statement of Changes in Shareholders' Equity

As at 30 June, 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

	January to June 2026									
	Equity attributable to parent company									
Item	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests	Total Shareholders' equity
I. Balance at the end of prior year	**9,369**	**27,140**		**201**	**72**	**4,447**		**2,123**		**43,352**
Add: Changes in accounting policies										
Others										
II. Balance at the beginning of current year	**9,369**	**27,140**		**201**	**72**	**4,447**		**2,123**		**43,352**
III. Current period increase (or less: decrease)		**(229)**		**(1)**	**26**			**(1,885)**		**(2,089)**
(I) Total comprehensive income				**(1)**				**(1,885)**		**(1,886)**
(II) Capital contributed or withdrew by owners		**(229)**								**(229)**
1. Ordinary shares contributed by owners										
2. Amount of share-based payment included										
3. Others		**(229)**								**(229)**
(III) Profit Distribution										
1. Withdrawal surplus reserves										
2. Distribution to shareholders										
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					**26**					**26**
1. Current withdrawal					**42**					**42**
2. Current use					**(16)**					**(16)**
IV. Balance as at 30 June, 2025	**9,369**	**26,911**		**200**	**98**	**4,447**		**238**		**41,263**

Legal representative:	*Financial controller:*	*Person in charge of accounting department:*
Wang Jun	**Li Jingdong**	**Ma Li**

Statement of Changes in Shareholders' Equity (Continued)

As at 30 June, 2026 Prepared by: Angang Steel Company Limited Monetary unit: RMB million

	Year 2025									
	Equity attributable to parent company									
Item	Share Capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Minority interests	Total Shareholders' equity
I. Balance at the end of prior year	9,383	26,905	27	215	31	4,447		4,928		45,882
Add: Changes in accounting policies										
Others										
II. Balance at the beginning of current year	9,383	26,905	27	215	31	4,447		4,928		45,882
III. Current period increase (or less: decrease)	(14)	235	(27)	(14)	41			(2,805)		(2,530)
(I) Total comprehensive income				(14)				(2,805)		(2,819)
(II) Capital contributed or withdrew by owners	(14)	235	(27)							248
1. Ordinary shares contributed by owners	(14)	(13)	(27)							
2. Amount of share-based payment included										
3. Others		248								248
(III) Profit Distribution										
1. Withdrawal surplus reserves										
2. Distribution to shareholders										
3. Others										
(IV) Internal carryforward of shareholders' equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
4. Other comprehensive income carried forward to retained earnings										
5. Others										
(V) Special Reserve					41					41
1. Current withdrawal					139					139
2. Current use					(98)					(98)
IV. Balance as at 31 December, 2023	9,369	27,140		201	72	4,447		2,123		43,352

Legal representative: **Wang Jun**

Financial controller: **Li Jingdong**

Person in charge of accounting department: **Ma Li**

I. CORPORATE PROFILE

Angang steel company limited (Hereinafter referred to as "the company") is a joint stock limited company established on 8 May 1997，Currently headquartered in Anshan Iron and Steel Factory, Tiexi District, Anshan City, Liaoning Province, China.

This financial statement was approved and presented by the board of directors of the company on August 27, 2026.

As of the end of this period, Details of subsidiaries within the Company's consolidation scope are set out in Note IX–Interests in Other Entities. The Company added two subsidiaries and removed one subsidiary during the current period; please refer to Note VIII–Changes in Consolidation Scope.

The main business of our company and its subsidiaries (hereinafter referred to as "the Group") is ferrous metal smelting and steel rolling processing.

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

The Group has evaluated the continuous operations ability for the 12 months from June 30, 2026, and has not found any matters or circumstances that have significant doubts about the continuous operations ability. Therefore, the financial statements are prepared on the assumption of going concern principle.

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS (CONTINUED)

In addition, the Group has prepared this report based on the actual transactions and events and in accordance with the Basic Standard and 42 specific standards of the Accounting Standards for Business Enterprises (Ministry of Finance issued No. 33, the Ministry of Finance to amend No. 76) issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as the "CAS") and the disclosure requirements regulation in the Preparation Convention of Information Disclosure of information of public listed companies, No. 15–General Requirements on Financial Reports revised by the China Securities Regulatory Commission 2023, Preparation of applicable disclosure provisions for the Listing Rules.

According to the relevant provisions of Accounting Standards, the Group adopted an accrual accounting basis. Except for certain financial instruments, the financial statements are reported at historical cost. If assets are impaired, relevant provisions are made in accordance with relevant standards.

III. STATEMENTS ON COMPLIANCE WITH THE ENTERPRISE ACCOUNTING STANDARDS

The financial statements prepared by the Group comply with the requirements of Accounting Standards for Business enterprises and give a true and complete picture of the Group's financial position as at 30 June 2026 and its operating results and cash flows for January-June 2026. In addition, these financial statements also comply with, in all material respects, the disclosure requirements of "Regulation on disclosure of information of public listed companies, No. 15: General Requirements for Financial Reports", revised by the China Securities Regulatory Commission (CSRC) in 2023, the relevant disclosure provisions of the Listing Rules, and the applicable disclosure provisions under the Hong Kong Companies Ordinance.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

As for the statements of significant accounting judgments and estimates made by the management, please refer to Note IV.28 "Significant accounting judgments and estimates".

1. Accounting period

The Group's fiscal year is the calendar year that starts from January 1 and December 31.

2. Operating cycle

The normal operating cycle refers to the period from purchasing the assets for processing to realize the cash and cash equivalents. The operating cycle consists of 12 months which is the standard of the classification for the liquidity of the assets and liabilities.

3. Recording currency

The recording currency is the prevailing currency of the primary economic environment in which business of the Group operated. RMB is chosen as its recording currency by the group and the financial statements of the Group are presented in RMB.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

4. Accounting treatment of business combinations

Business combination refers to a transaction or event bringing together two or more separate entities into one. Business combinations are classified into the business combinations under common control and not under common control.

(1) The business combinations under common control

A business combination under common control is a business combination in which all of the combined entities are ultimately controlled by the same party or the same parties both before and after the business combination and on (in) which the control is not temporary. In a business combination under common control, the party which obtains control power over the other combined entity on the combining date is the acquirer and the other combined entity is the acquiree. The acquisition date refers to the date on which the combining party actually obtains control power over the combined party.

The assets and liabilities that the combining party obtained in a business combination are measured on the basis of their carrying value in the combined party on the combining date. The difference between the carrying value of the net assets obtained from the combination and the carrying amount of the consideration paid (or the total par value of the shares issued) for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to cover the difference, the rest shall be deducted from retained earnings.

The direct cost occurred in the business combination is recorded into the profit or loss in the current period when they actually occurred.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

4. Accounting treatment of business combinations (continued)

(2) The business combinations not under common control

Enterprises participating in a merger that are not ultimately controlled by the same party or multiple parties before and after the merger are not under the same control. For a merger of enterprises not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the purchaser, and the other participating enterprises are the acquiree. The purchase date refers to the date on which the purchaser actually obtains control over the acquired party.

For business combinations not under the same control, the merger cost includes the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree on the acquisition date. The intermediary fees for auditing, legal services, evaluation and consulting, as well as other management expenses incurred for the business combination, are included in the current profit and loss when incurred. The transaction costs of equity or debt securities issued by the purchaser as consideration for the merger are included in the initial recognition amount of the equity or debt securities. The contingent consideration involved shall be included in the merger cost based on its fair value on the purchase date. If there is new or further evidence of the existing situation on the purchase date within 12 months after the purchase date that requires adjustment of the contingent consideration, the merged goodwill shall be adjusted accordingly.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

4. Accounting treatment of business combinations (continued)

(2) The business combinations not under common control (continued)

The merger costs incurred by the purchaser and the identifiable net assets obtained during the merger are measured at their fair value on the acquisition date. The difference between the merger cost and the fair value of the identifiable net assets obtained from the acquiree on the acquisition date is recognized as goodwill. If the merger cost is less than the fair value share of the identifiable net assets obtained from the acquiree in the merger, the fair values of the identifiable assets, liabilities, and contingent liabilities obtained from the acquiree, as well as the measurement of the merger cost, are first reviewed. If the merger cost is still less than the fair value share of the identifiable net assets obtained from the acquiree in the merger, the difference is recorded in the current profit and loss.

5. Methods for preparation of consolidated financial statements

(1) Recognition principle of consolidated scope

The scope of consolidation of consolidated financial statements is ascertained on the basis of effective control. Control refers to the right to obtain the variable returns by the involvement with the investee, and has the ability to affect those returns through its power to direct the activities of the investee. The consolidated financial statements comprise the financial statements of the company and all of its subsidiaries. Subsidiaries refer to the entities over which the company has control power.

The company shall reevaluate if there are changes of relevant elements of defined control due to the changes in the relevant facts and circumstances.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. Methods for preparation of consolidated financial statements (continued)

(2) Methods for preparation of consolidated financial statements

From the date of obtaining actual control over the net assets and production and operation decisions of the subsidiary, the company begins to include it in the scope of consolidation; From the date of losing actual control, it shall cease to be included in the merger scope. For the disposed subsidiaries, the operating results and cash flows prior to the disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; For subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet will not be adjusted. For subsidiaries that are not under the same control and are added through business combinations, their operating results and cash flows after the purchase date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the opening and comparative amounts of the consolidated financial statements are not adjusted. The operating results and cash flows of subsidiaries and merged parties under the same control from the beginning of the merger period to the merger date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative amount of the consolidated financial statements has been adjusted at the same time.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

5. Methods for preparation of consolidated financial statements (continued)

(2) Methods for preparation of consolidated financial statements (continued)

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the company are inconsistent, necessary adjustments shall be made to the subsidiary's financial statements in accordance with the company's accounting policies and accounting periods. For subsidiaries obtained through business combinations not under the same control, adjustments to their financial statements are made based on the fair value of identifiable net assets on the purchase date.

All significant transaction balances, transactions, and unrealized profits within the company are offset during the preparation of the consolidated financial statements.

The shareholders' equity and current net profit and loss of subsidiaries that are not owned by the company are separately presented as minority shareholders' equity and minority shareholders' profit and loss in the consolidated financial statements under shareholders' equity and net profit. The portion of the subsidiary's current net profit and loss that belongs to minority shareholders' equity is presented under the "Minority Shareholders' Profit and Loss" item in the consolidated income statement. If the losses shared by minority shareholders in the subsidiary exceed the minority shareholders' share in the initial shareholders' equity of the subsidiary, the minority shareholders' equity will still be offset.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. The classification of the joint venture arrangement and accounting treatment of joint operation

The joint venture arrangement refers to the arrangement jointly controlled by two or more parties. According to the differences in the rights and responsibilities, the joint venture arrangement is classified as a joint operation and joint venture. A joint operation refers to a joint arrangement whereby the parties have the rights to the assets, and obligations for the liabilities, and Joint venture refers to the entity which is only entitled to the joint venture arrangement of the net assets.

The equity method is adopted for the investment of the joint venture, please refers to Note IV.11.2.2 Long-term equity investments accounted by equity method.

As a joint venture, the company recognizes the assets held by the company separately, the liabilities assumed separately, and the co-held assets and co-owned liabilities recognized by the Company's share; confirms its revenue from the sale of its share of the output arising from the joint operation; and recognizes the expenses incurred by the company separately and the expenses incurred arising from the joint operation according to the share of the company. When the company transacts with a joint operation in which the company is a joint operator, such as a sale or contribution assets, (The asset do not constitute a business, the same as below). The profit or loss resulting from the transactions is recognized only to the extent of the other parties' interests in the joint operation.

When the company transacts with a joint operation in which the company is a joint operator, such as a purchase of assets, the company does not recognize its share of the profit or loss until it resells those assets to a third party. A loss shall be recognized in the full amount of the sale or contribution of assets, and of the purchase of the assets from the joint operation in accordance with CAS – No.8 assets impairment" and other provisions.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

7. Recognition standard for cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and highly liquid short-term (within 3 months from the purchase date) investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

8. Foreign currency transactions and the translation of foreign currency financial statement

(1) Foreign currency transactions

Foreign currency transactions occurring in the Group are initially recognized at the spot exchange rate (usually the midpoint of the foreign exchange rate published by the People's Bank of China on the day of the transaction, the same below) and converted into the amount of the bookkeeping base currency. However, foreign currency exchange transactions or transactions involving foreign currency exchange are converted into the amount of the bookkeeping base currency at the actual exchange rate used.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

8. Foreign currency transactions and the translation of foreign currency financial statement (continued)

(2) Translation method for foreign currency monetary items and foreign currency non monetary items

On the balance sheet date, foreign currency monetary items are translated using the spot exchange rate on the balance sheet date. The resulting exchange differences, except for those arising from foreign currency specialized loans related to the acquisition and construction of assets that meet capitalization conditions, are treated according to the principle of capitalization of borrowing costs; Foreign currency monetary items invested in other equity instruments, except for amortized costs, are recognized in the current period's profit or loss for exchange differences arising from changes in their book balances, which are recognized in other comprehensive income.

Foreign currency non monetary items measured at historical cost are still measured using the recording currency amount converted at the spot exchange rate on the transaction date. Foreign currency non monetary items measured at fair value are translated using the spot exchange rate on the date of fair value determination. The difference between the converted amount in the recording currency and the original amount in the recording currency is treated as changes in fair value (including exchange rate changes) and recorded in current profit or loss or recognized as other comprehensive income.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities

Financial assets and liabilities are recognized when the Group becomes one party under the financial instrument contract.

(1) Financial assets

1) Classification, confirmation basis and measurement method of financial assets

The Group classifies financial assets into financial assets measured at amortized cost, financial assets measured at fair value with changes recognized in other comprehensive income, and financial assets measured at fair value with changes recognized in current profit or loss based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets.

The Group classifies financial assets that meet the following conditions as financial assets measured at amortized cost: ① The business model for managing these financial assets is to collect contract cash flows as the goal. ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Subsequent measurement is carried out at amortized cost. Except for those designated as hedged items, the difference between the initial amount and the maturity amount shall be amortized using the effective interest rate method. The amortization, impairment, exchange gains and losses, as well as gains or losses arising from derecognition, shall be recognized in the current period's profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

1) Classification, confirmation basis and measurement method of financial assets (continued)

The Group classifies financial assets that meet the following conditions as financial assets measured at fair value with changes recognized in other comprehensive income: ① The business model for managing such financial assets is aimed at both receiving contractual cash flows and selling such financial assets. ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. These financial assets are initially measured at fair value, and related transaction costs are included in the initial recognition amount. Except for those designated as hedged items, other gains or losses arising from such financial assets, except for credit impairment losses or gains, exchange gains and losses, and interest calculated using the effective interest rate method, are recognized in other comprehensive income; When a financial asset is derecognized, the accumulated gains or losses previously recognized in other comprehensive income shall be transferred out of other comprehensive income and included in the current profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

1) Classification, confirmation basis and measurement method of financial assets (continued)

The Group designates non trading equity instrument investments as financial assets measured at fair value with changes recognized in other comprehensive income. Once the designation is made, it cannot be revoked. Non trading equity instrument investments designated by the Group to be measured at fair value with changes recognized in other comprehensive income are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Except for dividends received (excluding those that belong to the recovery of investment costs), other related gains and losses (including exchange gains and losses) are included in other comprehensive income and shall not be subsequently transferred to the current period's profit and loss. When it is derecognized, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

Financial assets other than those classified as financial assets measured at amortized cost and those classified as financial assets measured at fair value with changes recognized in other comprehensive income. The Group classifies it as a financial asset measured at fair value through profit or loss for the current period. This type of financial asset is initially measured at fair value, and related transaction costs are directly included in the current profit or loss. The gains or losses of such financial assets are recognized in the current profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

1) Classification, confirmation basis and measurement method of financial assets (continued)

If the contingent consideration recognized by the Group in a business merger not under the same control constitutes a financial asset, the financial asset is classified as a financial asset measured at fair value with changes recognized in the current period's profit or loss.

At initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should have been measured at amortized cost or at fair value with changes recognized in other comprehensive income as financial assets measured at fair value with changes recognized in current profit or loss.

When the Group changes its business model for managing financial assets, it reclassifies all affected related financial assets.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

1) Classification, confirmation basis and measurement method of financial assets (continued)

The Group recognizes interest income using the effective interest rate method. Interest income is calculated and determined based on the book balance of financial assets multiplied by the actual interest rate, except for the following situations: ① For financial assets that have been purchased or generated with credit impairment, interest income is calculated and determined based on the amortized cost of the financial asset and the actual interest rate adjusted by credit from initial recognition. ② For financial assets purchased or generated without credit impairment but that have become credit impaired in subsequent periods, interest income is calculated and determined based on the amortized cost and effective interest rate of the financial asset in subsequent periods.

2) Confirmation basis and measurement method of financial asset transfer.

The group will terminate the recognition of financial assets that meet one of the following conditions: ① the contractual right to receive cash flow from the financial assets is terminated; ② Financial assets have been transferred, and the group has transferred almost all risks and rewards in the ownership of financial assets; ③ When a financial asset is transferred, the group neither transfers nor retains almost all the risks and rewards of ownership of the financial asset, nor retains control over the financial asset.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

2) Confirmation basis and measurement method of financial asset transfer. (continued)

If the overall transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be, The difference between the sum of the consideration received due to the transfer and the amount of the corresponding derecognized part of the cumulative amount of fair value changes originally directly included in other comprehensive income (the contract terms involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount) is included in the current profit and loss.

If the partial transfer of financial assets meets the conditions for termination of recognition, the overall book value of the transferred financial assets shall be apportioned between the part whose recognition is terminated and the part whose recognition is not terminated according to their respective relative fair values, And the sum of the consideration received due to the transfer and the amount corresponding to the derecognized part of the cumulative amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part (the contract terms involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount), The difference with the overall book value of the aforementioned financial assets shall be included in the current profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

3) Impairment of financial instruments

On the basis of expected credit losses, the group carries out impairment accounting for the following items and recognizes loss reserves: ① creditor's rights investment; ② Lease receivables; ③ Contract assets; ④ Accounts receivable; ⑤ Financial guarantee contract.

Expected credit losses refer to the weighted average value of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received by the group discounted at the original effective interest rate, that is, the present value of all cash shortages.

For the following projects, the group always measures its loss reserve at an amount equivalent to the expected credit loss during the whole duration: ① provision for loss of receivables or contract assets formed by transactions regulated by the accounting standards for enterprises No.14 – income standards, regardless of whether the project contains significant financing components. ② Finance lease receivables; ③ Operating lease receivables.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

3) Impairment of financial instruments (continued)

In addition to the above items, for other items, the group measures the loss reserve according to the following circumstances: ① for financial assets whose credit risk has not increased significantly since initial recognition, the group measures the loss reserve according to the amount of expected credit loss in the next 12 months; ② For financial assets whose credit risk has increased significantly since initial recognition, the group measures the loss reserve according to the amount equivalent to the expected credit loss of the financial instrument throughout its life; ③ For financial assets purchased or derived from which credit impairment has occurred, the group measures the provision for loss at an amount equivalent to the expected credit loss for the entire duration.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

3) Impairment of financial instruments (continued)

Judgment on whether credit risk has increased significantly since initial recognition. By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Group determines the relative change in the risk of default during the expected duration of financial instruments to assess whether the credit risk of financial instruments has increased significantly since initial recognition. However, if the Group determines that a financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since initial recognition. Generally, if it is overdue for more than 30 days, it indicates that the credit risk of financial instruments has increased significantly. Unless the group can obtain reasonable and substantiated information without unnecessary additional cost or effort to demonstrate that credit risk has not increased significantly since initial recognition even if it is more than 30 days overdue. In determining whether credit risk has increased significantly since initial recognition, the group considers reasonable and substantiated information, including forward-looking information, that can be obtained without unnecessary additional cost or effort. The information considered by the group includes: ① the failure of the debtor to pay the principal and interest on the due date of the contract; ② Serious deterioration of the external or internal credit rating (if any) of the financial instruments that have occurred or are expected to occur; ③ Serious deterioration of the debtor's operating results that has occurred or is expected; ④ Changes in the existing or expected technical, market, economic or legal environment will have a significant adverse impact on the debtor's ability to repay.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

3) Impairment of financial instruments (continued)

The Group assesses whether credit risk has increased significantly on the basis of a single financial instrument or a combination of financial instruments. When assessing on the basis of a portfolio of financial instruments, the group may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings of different customers.

4) Presentation of provision for expected credit losses

In order to reflect the changes in the credit risk of financial instruments since initial recognition, the group remeasures the expected credit loss on each balance sheet date, and the increase or reversal of the loss provision thus formed shall be included in the current profit and loss as an impairment loss or gain. For financial assets measured at amortized cost, the loss reserve shall be set off against the book value of the financial assets listed in the balance sheet.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(1) Financial assets (continued)

5) Write off

If the group no longer reasonably expects the contract cash flow of a financial asset to be recovered in whole or in part, the book balance of the financial asset is directly written down. Such write downs constitute the derecognition of the relevant financial assets. This usually occurs when the Group determines that the debtor has no assets or sources of income to generate sufficient cash flow to repay the amount to be written down. However, in accordance with the Group's procedures for collecting amounts due, the written-down financial assets may still be subject to enforcement activities. If the written-down financial assets are subsequently recovered, the recovered amount shall be recognised in profit or loss of the recovery period as a reversal of impairment losses.

(2) Financial liabilities

1) Classification, recognition basis and measurement method of financial liabilities

The group's financial liabilities are classified as financial liabilities measured at fair value through profit or loss and other financial liabilities at initial recognition.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(2) Financial liabilities (continued)

1) Classification, recognition basis and measurement method of financial liabilities (continued)

Financial liabilities measured at fair value with changes included in the current profit and loss, including trading financial liabilities and financial liabilities designated at fair value with changes included in the current profit and loss at initial recognition (the relevant classification basis is disclosed with reference to the classification basis of financial assets). Subsequent measurements are made at fair value, and gains or losses arising from changes in fair value and dividends and interest expenses related to the financial liabilities are included in current profits and losses.

Other financial liabilities (Disclosure of specific financial liabilities according to the actual situation). The effective interest rate method is adopted for subsequent measurement according to the amortized cost. In addition to the following items, the Group classifies financial liabilities as financial liabilities measured at amortized cost: ① financial liabilities measured at fair value with changes included in current profit and loss, including trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value with changes included in current profit and loss. ② Financial liabilities formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets. ③ Financial guarantee contracts that do not fall under the circumstances of ① or ② above, and loan commitments that do not fall under the circumstances of ① above and loans at lower market interest rates.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(2) Financial liabilities (continued)

1) Classification, recognition basis and measurement method of financial liabilities (continued)

If the group forms financial liabilities as contingent consideration recognized as the acquirer in business combinations not under the same control, it shall be accounted for at fair value and the changes shall be included in the current profit and loss.

2) Conditions for termination of recognition of financial liabilities

When the current obligation of a financial liability has been discharged in whole or in part, the recognition of the discharged part of the financial liability or obligation shall be terminated. If the group enters into an agreement with creditors to replace existing financial liabilities by assuming new financial liabilities, and the contract terms of new financial liabilities and existing financial liabilities are substantially different, the recognition of existing financial liabilities shall be terminated and new financial liabilities shall be recognized at the same time. If the group makes substantial amendments to the contract terms of all or part of the existing financial liabilities, it shall terminate the recognition of the existing financial liabilities or part of them, and recognize the financial liabilities after the amendment as a new financial liability. The difference between the book value of the derecognized part and the consideration paid shall be included in the current profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(3) Method for determining the fair value of financial assets and financial liabilities

The group measures the fair value of financial assets and financial liabilities at the price of the main market. If there is no main market, the fair value of financial assets and financial liabilities is measured at the price of the most favorable market, and the valuation technology applicable at that time and supported by sufficient available data and other information is adopted. The input value used in fair value measurement is divided into three levels, that is, the input value of the first level is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market; The second level input value is the directly or indirectly observable input value of related assets or liabilities in addition to the first level input value; The third level of input value is the unobservable input value of related assets or liabilities. The group gives priority to the first level of input values, and finally uses the third level of input values.

The group's investment in equity instruments is measured at fair value. However, in limited circumstances, if the recent information used to determine fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value within that range, the cost can represent its appropriate estimate of fair value within that distribution

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(4) Offsetting financial assets and liabilities

The financial assets and financial liabilities of the group are presented separately in the balance sheet and are not offset against each other. However, when the following conditions are met at the same time, the net amount after mutual offset is listed in the balance sheet: ① the group has the legal right to offset the recognized amount, and such legal right is currently enforceable; ② The group plans to settle on a net basis, or to realize the financial asset and settle the financial liability at the same time.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(5) Distinction between financial liabilities and equity instruments and related treatment methods

The group distinguishes between financial liabilities and equity instruments according to the following principles: ① if the group cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation conforms to the definition of financial liabilities. Although some financial instruments do not explicitly contain the terms and conditions of the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument is required or can be settled by the group's own equity instruments, it is necessary to consider whether the group's own equity instruments used to settle the instrument are used as a substitute for cash or other financial assets, or to enable the holder of the instrument to enjoy the remaining equity in the assets of the issuer after deducting all liabilities. If the former, the instrument is the financial liability of the issuer; If the latter, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract provides that the group is required or available to settle the financial instrument with its own equity instruments, where the amount of the contractual rights or contractual obligations is equal to the number of its own equity instruments available or to be delivered multiplied by its fair value at settlement, whether the amount of the contractual rights or obligations is fixed, Or changes based entirely or in part on changes in variables other than the market price of the group's own equity instruments (such as interest rates, the price of a commodity or the price of a financial instrument), which are classified as financial liabilities.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial assets and liabilities (continued)

(5) Distinction between financial liabilities and equity instruments and related treatment methods (continued)

In classifying financial instruments (or components thereof) in the consolidated statements, the group takes into account all terms and conditions agreed between members of the group and holders of financial instruments. If the group as a whole is obligated to deliver cash, other financial assets or settle in other ways that result in the instrument becoming a financial liability as a result of the instrument, the instrument should be classified as a financial liability.

If a financial instrument or its components belong to a financial liability, the group shall record the relevant interest, dividend (or dividend), gain or loss, and the gain or loss arising from redemption or refinancing in the current profit or loss.

If a financial instrument or its components are equity instruments, the group shall treat it as a change in equity when it is issued (including refinancing), repurchased, sold or cancelled, and shall not recognize the change in fair value of equity instruments.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Inventories

(1) Category

The inventories of the Group comprise raw material, work in progress, finished goods, turnover materials, spare parts, materials in transit, and outsourced materials etc.

(2) Pricing of inventories

Inventory is valued at actual cost upon acquisition, including procurement costs, processing costs, and other costs. Valuation shall be based on weighted average method and individual valuation method when receiving and sending out.

(3) Measurement of net realizable, value of inventory and measurement of provision for impairment of inventories

Net realizable value refers to the estimated selling price of inventory in daily activities, minus the estimated costs to be incurred until completion, estimated sales expenses, and related taxes. When determining the net realizable value of inventory, it is based on conclusive evidence obtained, while considering the purpose of holding inventory and the impact of events after the balance sheet date.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Inventories (continued)

(3) Measurement of net realizable, value of inventory and measurement of provision for impairment of inventories (continued)

On the balance sheet date, inventory is measured at the lower of cost or net realizable value. When its net realizable value is lower than cost, a provision for inventory depreciation is withdrawn. Inventory depreciation reserves are calculated for each individual inventory item, except for spare parts. For inventories with large quantities and low unit prices, provision for inventory price decline may be made according to inventory categories; For inventories that are related to product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for inventory depreciation may be consolidated. Spare parts shall be subject to inventory depreciation reserves based on their actual condition and management's estimation.

After the provision for inventory depreciation is made, if the influencing factors of the previous reduction in inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its book value, it shall be reversed within the original provision for inventory depreciation, and the reversed amount shall be included in the current profit and loss. For sold inventories, their costs are transferred to profit or loss for the current period, and the corresponding provision for inventory impairment shall also be transferred.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Inventories (continued)

(4) The inventory system adopted is the perpetual inventory system.

(5) Amortization of reusable materials

Turnover materials include low-value consumables, packaging materials, and other turnover materials, which are amortized using the one-time amortization method, workload method, and installment amortization method according to their different properties, and are included in the cost of relevant assets or current profit and loss.

11. Long-term equity investment

The long-term equity investment referred to in this section refers to the long-term equity investment that the company has control, joint control, or significant influence over the invested entity. The long-term equity investments of the company that do not have control, joint control, or significant influence over the invested entity are treated as other equity instrument investments and transactional financial assets. The accounting policies are detailed in Note IV.9 “Financial Assets and Financial Liabilities”.

Joint control refers to the common control that the company has over a certain arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be unanimously agreed upon by the participants who share control before making decisions. Significant impact refers to the company having the power to participate in decision-making on the financial and operational policies of the invested entity, but not being able to control or jointly control the formulation of these policies with other parties.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(1) Determination of investment costs

For long-term equity investments obtained through the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be determined based on the share of the book value of the merged party's shareholders' equity in the final controlling party's consolidated financial statements on the merger date. The difference between the initial investment cost of long-term equity investment and the cash paid, non cash assets transferred, and the book value of the assumed debts shall be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If equity securities are issued as the merger consideration, the initial investment cost of the long-term equity investment shall be based on the share of the book value of the merged party's shareholders' equity in the final controlling party's consolidated financial statements on the merger date, and the total face value of the issued shares shall be used as the share capital. The difference between the initial investment cost of the long-term equity investment and the total face value of the issued shares shall be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

For long-term equity investments obtained through business combinations not under the same control, the initial investment cost of the long-term equity investment is recognized at the merger cost on the acquisition date. The merger cost includes the sum of the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser. The intermediary fees for auditing, legal services, evaluation and consultation, as well as other related management expenses incurred by the merging party or purchaser for the merger of the enterprise, are recognized in the current profit and loss at the time of occurrence.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(1) Determination of investment costs (continued)

Other equity investments, except for long-term equity investments formed by business mergers, are initially measured at cost. This cost is determined by the actual cash purchase price paid by the company, the fair value of equity securities issued by the company, the value agreed upon in the investment contract or agreement, the fair value or original book value of assets surrendered in non monetary asset exchange transactions, depending on the method of obtaining long-term equity investments The fair value of the long-term equity investment itself is determined through other methods. The expenses, taxes, and other necessary expenses directly related to obtaining long-term equity investments are also included in the investment cost.

(2) Subsequent measurement and profit and loss recognition method

Long term equity investments that have joint control over or significant impact on the invested entity (excluding those forming joint operators) shall be accounted for using the equity method. In addition, the company's financial statements use the cost method to calculate long-term equity investments that can exercise control over the invested entity.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(2) Subsequent measurement and profit and loss recognition method (continued)

1) Long term equity investments accounted for using the cost method

When using the cost method for accounting, long-term equity investments are valued at the initial investment cost, and the cost of long-term equity investments is adjusted by adding or recovering investments. Except for the actual payment of the investment or the cash dividends or profits declared but not yet distributed included in the consideration, the current investment income is recognized based on the cash dividends or profits declared to be distributed by the invested entity.

2) Long term equity investments accounted for using the equity method

When using the equity method for accounting, if the initial investment cost of a long-term equity investment is greater than the fair value share of the identifiable net assets of the invested entity that should be enjoyed at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the invested entity that should be enjoyed at the time of investment, the difference is included in the current profit and loss, and the cost of long-term equity investment is adjusted.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(2) Subsequent measurement and profit and loss recognition method (continued)

2) Long term equity investments accounted for using the equity method (continued)

When using the equity method for accounting, investment income and other comprehensive income are recognized separately based on the share of net profit or loss and other comprehensive income that should be enjoyed or shared by the invested entity, while adjusting the book value of long-term equity investments; Calculate the portion that should be enjoyed based on the profits or cash dividends declared to be distributed by the invested entity, and correspondingly reduce the book value of long-term equity investments; For changes in shareholders' equity of the invested entity other than net profit and loss, other comprehensive income, and profit distribution, the book value of long-term equity investments shall be adjusted and included in the capital reserve. When recognizing the share of the net profit and loss of the invested entity that should be enjoyed, the fair value of the identifiable assets of the invested entity at the time of acquisition of the investment is used as the basis for adjusting the net profit of the invested entity before recognition. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the company, the financial statements of the invested entity shall be adjusted in accordance with the company's accounting policies and accounting periods, and investment income and other comprehensive income shall be recognized accordingly. For transactions

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(2) Subsequent measurement and profit and loss recognition method (continued)

2) Long term equity investments accounted for using the equity method (continued)

between the company and affiliated enterprises and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction gains and losses shall be offset by the portion attributable to the company calculated in proportion to the ownership, and investment gains and losses shall be recognized on this basis. However, if the unrealized internal transaction losses between the company and the invested entity belong to the impairment losses of the transferred assets, they will not be offset.

When confirming the net loss incurred by the invested entity that should be shared, the book value of long-term equity investments and other long-term equity that essentially constitute the net investment in the invested entity shall be reduced to zero. In addition, if the company has an obligation to bear additional losses to the invested entity, the estimated liabilities shall be recognized based on the expected obligations and included in the current investment losses. If the invested unit realizes net profit in the future period, the company will restore the recognition of the profit sharing amount after the profit sharing amount compensates for the unrecognized loss sharing amount.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(2) Subsequent measurement and profit and loss recognition method (continued)

3) Acquisition of minority interests

When preparing consolidated financial statements, the difference between the newly added long-term equity investment due to the purchase of minority equity and the net asset share of the subsidiary calculated continuously from the purchase date (or merger date) based on the newly added shareholding ratio shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

4) Disposal of long-term equity investments

In the consolidated financial statements, the parent company partially disposes of its long-term equity investments in its subsidiaries without losing control. The difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is recognized in shareholders' equity; If the parent company partially disposes of its long-term equity investment in a subsidiary, resulting in the loss of control over the subsidiary, the relevant accounting policies described in Note IV.5 (2) "Methods for Preparing Consolidated Financial Statements" shall be followed.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(2) Subsequent measurement and profit and loss recognition method (continued)

4) Disposal of long-term equity investments (continued)

In other cases, for the disposal of long-term equity investments, the difference between the book value of the disposed equity and the actual acquisition price shall be recorded in the current profit and loss.

For long-term equity investments accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, the other comprehensive income originally included in shareholders' equity shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the invested entity in the corresponding proportion at the time of disposal. The owner's equity recognized due to changes in shareholders' equity of the invested party other than net profit and loss, other comprehensive income, and profit distribution shall be carried forward proportionally to the current profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Long-term equity investment (continued)

(2) Subsequent measurement and profit and loss recognition method (continued)

4) Disposal of long-term equity investments (continued)

For long-term equity investments accounted for using the cost method, if the remaining equity is still accounted for using the cost method after disposal, the other comprehensive income recognized by using the equity method or financial instrument recognition and measurement standards before obtaining control over the invested entity shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the invested entity, and shall be carried forward proportionally to the current profit and loss; The changes in shareholders' equity recognized in the net assets of the invested entity using the equity method, excluding net profit and loss, other comprehensive income, and profit distribution, are carried forward proportionally to the current profit and loss.

12. Fixed Assets

(1) Recognition

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, renting or operating management, with a useful life exceeding one accounting year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the group and their costs can be reliably measured. Fixed assets are initially measured at cost and considering the impact of expected disposal costs.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. Fixed Assets (continued)

(2) Depreciation method of fixed assets

Fixed assets are depreciated using the straight-line method over their useful life starting from the month after they reach their intended usable state. The service life and estimated net residual value of various fixed assets are as follows：

Category of fixed assets	Useful lives	Estimate residual rate (%)	Annual depreciation rate (%)
Plants and buildings	40 years	3-5	2.375-2.425
Machinery and equipment	17-24 years	3-5	3.958-5.706
Other fixed assets	5-12 years	3-5	7.917-19.40

Expected net residual value refers to the amount obtained by the Group from the disposal of a fixed asset, after deducting the expected disposal expenses, assuming that the expected useful life of the asset has expired and is in the expected state at the end of its useful life.

(3) The impairment testing method and impairment provision method for fixed assets

The impairment testing method and impairment provision method for fixed assets are detailed in Note IV.16.Impairment of long-term assets

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

12. Fixed Assets (continued)

(4) Other instructions

Subsequent expenses related to fixed assets, if the economic benefits related to the fixed asset are likely to flow in and its cost can be reliably measured, are included in the cost of the fixed asset and the book value of the replaced part is derecognized. Other subsequent expenses shall be included in the current profit and loss when incurred.

The difference between the disposal income from the sale, transfer, scrapping, or damage of fixed assets after deducting their book value and relevant taxes and fees is recognized in the current profit and loss.

The Group regularly reviews the service life, estimated net residual value, and depreciation method of fixed assets, and any changes are treated as changes in accounting estimates.

13. Construction in progress

The cost of construction in progress is determined based on actual project expenditures, including various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches its intended usable state, and other related expenses. Construction in progress is carried forward as fixed assets after reaching its intended usable state.

The impairment testing method and impairment provision method for construction in progress are detailed in Note IV.16. Impairment of long-term assets.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, auxiliary expenses, and exchange differences arising from foreign currency borrowings. The borrowing costs that can be directly attributed to the acquisition, construction, or production of assets that meet the capitalization conditions begin capitalization when the asset expenditure has already occurred, the borrowing costs have already occurred, and the necessary acquisition, construction, or production activities to bring the assets to their intended usable or saleable state have begun; When the assets that meet the capitalization conditions for acquisition, construction or production reach their intended usable or saleable state, capitalization shall cease. The remaining borrowing costs are recognized as expenses in the current period.

The actual interest expenses incurred in the current period of specialized borrowing, minus the interest income obtained from unused borrowing funds deposited in banks or investment income obtained from temporary investments, are capitalized; The capitalization amount of general borrowing is determined by multiplying the weighted average of the accumulated asset expenses that exceed the specialized borrowing by the capitalization rate of the general borrowing used. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the capitalization period, all exchange differences on foreign currency specialized loans shall be capitalized; The exchange difference of foreign currency general loans is recognized in the current profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Borrowing costs (continued)

Assets eligible for capitalization refer to fixed assets, investment real estate, inventories and other assets that require a considerable period of time for acquisition and construction or production activities to reach their intended serviceable or marketable status.

If an asset that meets the capitalization conditions undergoes an abnormal interruption during the acquisition, construction, or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended until the acquisition, construction, or production activities of the asset restart.

15. Intangible assets

(1) Intangible assets

Intangible assets refer to identifiable non monetary assets that are owned or controlled by the Group and do not have physical form.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are recognized as intangible asset costs if the relevant economic benefits are likely to flow into the group and their costs can be reliably measured. Expenditures for other items other than this are recognized in the current period's profit and loss when incurred.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Intangible assets (continued)

(1) Intangible assets (continued)

The land use rights obtained are usually accounted for as intangible assets. Self developed and constructed buildings such as factories, and related land use rights expenses and building construction costs are accounted for as intangible assets and fixed assets, respectively. If it is a purchased house or building, the relevant price will be distributed between the land use right and the building. If it is difficult to allocate it reasonably, all will be treated as fixed assets.

Intangible assets with limited useful lives are amortized on a straight-line basis over their expected useful lives by subtracting their original value from their expected net residual value and the accumulated amount of impairment provisions that have been made. Intangible assets with uncertain useful lives are not amortized.

The Group regularly reviews the service life and amortization method of intangible assets with limited service lives, and if there are changes, they are treated as changes in accounting estimates. In addition, the service life of intangible assets with uncertain service lives is also reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is foreseeable, its service life is estimated and amortized according to the amortization policy for intangible assets with limited service lives.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Intangible assets (continued)

(2) Research and development expenditure

The expenditure for internal research and development projects of our group is divided into research stage expenditure and development stage expenditure.

The expenses incurred during the research phase are recognized in the current period's profit and loss when incurred.

Expenditures during the development stage that meet the following conditions simultaneously are recognized as intangible assets, while expenditures during the development stage that cannot meet the following conditions are included in the current profit and loss:

① It is technically feasible to complete the intangible asset so that it can be used or sold;

② Having the intention to complete the intangible asset and use or sell it;

③ The ways in which intangible assets generate economic benefits, including the ability to prove the existence of a market for the products produced using the intangible assets or the existence of a market for the intangible assets themselves, and the usefulness of intangible assets that will be used internally;

④ Having sufficient technical, financial, and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset;

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Intangible assets (continued)

(2) Research and development expenditure (continued)

⑤ The expenses attributable to the development stage of the intangible asset can be reliably measured.

If it is impossible to distinguish between research stage expenditure and development stage expenditure, all R&D expenses incurred shall be included in the current profit and loss.

(3) The impairment testing method and impairment provision method for intangible assets

The impairment testing method and impairment provision method for intangible assets are detailed in Note IV.16. Impairment of long-term assets.

16. Impairment of long-term assets

For non current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, and long-term equity investments in subsidiaries, joint ventures, and associated enterprises, the Group determines whether there is any indication of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount is estimated and impairment testing is conducted. Intangible assets with uncertain useful lives and intangible assets that have not yet reached their usable state, regardless of whether there are signs of impairment, are subject to impairment testing annually.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. Impairment of long-term assets (continued)

If the impairment test results indicate that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made based on the difference and included in the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset minus disposal expenses and the present value of the expected future cash flow of the asset. The fair value of assets is determined based on the sales agreement price in fair trade; If there is no sales agreement but an active market for the asset, the fair value shall be determined based on the buyer's bid for the asset; If there is no sales agreement or active asset market, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees related to asset disposal, relevant taxes, handling fees, and direct expenses incurred to bring the asset into a sellable state. The present value of the expected future cash flow of an asset is determined by discounting it at an appropriate discount rate based on the expected future cash flow generated during its continuous use and final disposal. The provision for asset impairment is calculated and recognized on a single asset basis. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest combination of assets that can independently generate cash inflows.

Once the impairment loss of the above-mentioned assets is confirmed, the portion that is worth recovering will not be reversed in the future.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Estimated liabilities

When obligations related to contingencies meet the following conditions simultaneously, they are recognized as estimated liabilities: ① the obligation is a current obligation undertaken by the group; ② Fulfilling this obligation is likely to result in an outflow of economic benefits; ③ The amount of this obligation can be reliably measured.

On the balance sheet date, considering factors such as risks, uncertainties, and time value of currency related to contingencies, the estimated liabilities are measured based on the best estimate of the expenses required to fulfill the relevant current obligations.

If all or part of the expenses required to settle the estimated liability are expected to be compensated by a third party, the compensation amount shall be separately recognized as an asset when it is basically certain that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liability.

18. Share-based payment

The share based payment of the Group is a transaction that grants equity instruments or assumes liabilities based on equity instruments to obtain services provided by employees. The group's share-based payments are equity settled share-based payments.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

18. Share-based payment (continued)

(1) Equity settled share-based payments

For equity settled share-based payments in exchange for services provided by employees, the Group measures them at the fair value of the equity instruments granted to employees on the grant date. The amount of this fair value is calculated and included in relevant costs or expenses using the straight-line method based on the best estimate of the number of exercisable equity instruments during the waiting period, with a corresponding increase in capital reserve. On each balance sheet date during the waiting period, the Group makes the best estimate based on the latest changes in the number of employees with exercisable rights and other subsequent information, and corrects the estimated number of exercisable equity instruments. The impact of the above estimates is included in the relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

18. Share-based payment (continued)

(2) Implement, modify, and terminate the share-based payment plan

When the Group modifies the share-based payment plan, if the modification increases the fair value of the granted equity instruments, the increase in services obtained shall be recognized accordingly based on the increase in fair value of the equity instruments; If the modification increases the number of granted equity instruments, the fair value of the increased equity instruments will be recognized as an increase in the acquisition of services accordingly. The increase in fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the modification reduces the total fair value of the share-based payment plan or adopts other unfavorable methods to modify the terms and conditions of the share-based payment plan, the accounting treatment of the obtained services will continue, and it will be deemed that the change has never occurred, unless the Group cancels some or all of the granted equity instruments.

(3) Other

If the restricted stock subscription payment paid by the incentive object does not meet the unlocking conditions, the subscription payment will be returned to the incentive object. When the Group obtains the payment, it recognizes the share capital and capital reserve (capital premium) based on the acquired subscription funds, and at the same time, fully recognizes a liability for repurchase obligations and recognizes treasury shares.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue

The Group recognizes revenue when it fulfills its contractual obligations, that is, when a customer obtains control of the relevant goods or services.

If a contract contains two or more performance obligations, the Group shall, at the beginning of the contract, allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation, and measure income based on the transaction price allocated to each individual performance obligation.

The transaction price refers to the amount of consideration that the Group is expected to be entitled to receive for the transfer of goods or services to customers, excluding payments received on behalf of third parties. The transaction price confirmed by the Group does not exceed the amount that is highly unlikely to result in a significant reversal of the cumulative recognized income when the relevant uncertainty is eliminated. The expected refund to the customer is not included in the transaction price as a liability. If there is a significant financing element in the contract, the Group determines the transaction price based on the assumed amount payable in cash when the customer obtains control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized using the effective interest rate method during the contract period. On the commencement date of the contract, if the Group expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment of the price does not exceed one year, the significant financing components present in the contract will not be considered.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue (continued)

If one of the following conditions is met, the Group shall fulfill its performance obligations within a certain period of time; Otherwise, it belongs to fulfilling the performance obligation at a certain point in time:

① Customers obtain and consume the economic benefits brought by the Group's performance at the same time as the Group's performance;

② Customers are able to control the goods under construction during the performance process of the group;

③ The goods produced during the performance process of the Group have irreplaceable uses, and the Group has the right to collect payments for the cumulative performance portion completed to date throughout the entire contract period.

For performance obligations performed within a certain period of time, the Group recognizes revenue based on the progress of performance during that period. When the progress of performance cannot be reasonably determined, if the cost incurred by the group is expected to be compensated, revenue shall be recognized based on the amount of cost incurred until the progress of performance can be reasonably determined.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Revenue (continued)

For performance obligations performed at a certain point in time, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services. When determining whether a customer has obtained control over goods or services, the Group considers the following indications:

① The Group has the current right to receive payment for the goods or services;

② The group has transferred the legal ownership of the product to the customer;

③ The group has transferred the physical item of the product to the customer;

④ The group has transferred the main risks and rewards of ownership of the goods to customers;

⑤ The customer has accepted the product or service, etc.

The Group has transferred goods or services to customers and has the right to receive consideration (and this right depends on factors other than the passage of time) as contract assets, which are depreciated based on expected credit losses. The right of the Group to receive consideration from customers unconditionally (only depending on the passage of time) is listed as receivables. The obligation of the Group to transfer goods or services to customers for consideration received or receivable from customers is presented as a contractual liability.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Government grants

Government subsidies refer to the group's free acquisition of monetary and non monetary assets from the government, excluding capital invested by the government as an owner. Government subsidies are divided into asset related government subsidies and income related government subsidies.

The Group defines government subsidies obtained for the purchase, construction or other forms of long-term assets as government subsidies related to assets; Other government subsidies are defined as government subsidies related to income. If the government documents do not specify the subsidy target, the subsidy will be divided into government subsidies related to income and government subsidies related to assets in the following way: ① If the government documents specify the specific project targeted by the subsidy, the subsidy will be divided based on the relative proportion of the expenditure amount formed in the asset and the expenditure amount included in the expense in the budget of the specific project. The division proportion needs to be reviewed on each balance sheet date, Make necessary changes; ② The government documents only provide general descriptions of the purpose and do not specify specific projects as government subsidies related to income.

Government subsidies that are monetary assets are measured at the amount received or receivable. If government subsidies are non monetary assets, they shall be measured at fair value; If the fair value cannot be reliably obtained, it shall be measured at its nominal amount. Government subsidies measured at nominal amounts are directly recognized in the current period's profits and losses.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Government grants (continued)

The Group usually recognizes and measures government subsidies based on the actual amount received when they are actually received. However, for those who have conclusive evidence at the end of the period indicating that they can meet the relevant conditions stipulated in the financial support policies and are expected to receive financial support funds, they shall be measured at the amount receivable. Government subsidies measured according to the receivable amount should simultaneously meet the following conditions: ① the amount of the receivable subsidy has been confirmed by the authorized government department through a document, or can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and the expected amount is not subject to significant uncertainty; ② The basis is the financial support projects and their financial fund management measures officially released by the local financial department and actively disclosed in accordance with the provisions of the "Regulations on Government Information Disclosure", and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; ③ The relevant subsidy approval documents have clearly promised the payment deadline, and the allocation of this amount is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed to be received within the specified period.

Government subsidies related to assets are recognized as deferred income and are evenly distributed throughout the useful life of the relevant assets and included in the current profit and loss. Government subsidies related to income, which are used to compensate for related expenses and losses in the future period, are recognized as deferred income and included in the current profit and loss or offset against related costs during the period when the relevant expenses are recognized; Those used to compensate for related expenses and losses that have already occurred shall be included in the current profit and loss or offset against related costs.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Government grants (continued)

Government subsidies related to the daily activities of the Group are recognized in other income or offset against related costs and expenses based on the essence of economic business; Government subsidies unrelated to daily activities are included in non operating income.

When confirmed government subsidies need to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income shall be offset, and the excess shall be included in the current profit and loss; If there is no relevant deferred income, it shall be directly included in the current profit and loss.

21. Deferred income tax asset and liability

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods are measured at the expected amount of income tax payable (or refunded) calculated in accordance with tax laws. The taxable income amount based on which the current income tax expenses are calculated is calculated after making corresponding adjustments to the pre tax accounting profit of the current period in accordance with relevant tax laws and regulations.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Deferred income tax asset and liability (continued)

(2) Deferred income tax assets and deferred income tax liabilities

The temporary differences arising from the difference between the book value of certain asset and liability items and their tax basis, as well as the difference between the book value and tax basis of items that are not recognized as assets and liabilities but can be determined according to tax laws, are recognized using the balance sheet liability method for deferred income tax assets and deferred income tax liabilities.

Taxable temporary differences related to the initial recognition of goodwill, as well as the initial recognition of assets or liabilities arising from transactions that are not business combinations and do not affect accounting profits and taxable income (or deductible losses), shall not be recognized as deferred income tax liabilities. In addition, for taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, if the Group can control the timing of the reversal of temporary differences and the temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liabilities will not be recognized. Except for the above exceptions, the Group recognizes deferred income tax liabilities arising from all other taxable temporary differences.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Deferred income tax asset and liability (continued)

(2) Deferred income tax assets and deferred income tax liabilities (continued)

Deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profits and taxable income (or deductible losses) shall not be recognized as deferred income tax assets. In addition, for deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or if it is not likely to obtain taxable income to offset the deductible temporary differences in the future, the relevant deferred income tax assets will not be recognized. Except for the above exceptions, the Group recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is likely to obtain taxable income to offset the deductible temporary differences.

For deductible losses and tax deductions that can be carried forward to future years, the corresponding deferred income tax assets are recognized to the extent that it is likely to obtain future taxable income to offset the deductible losses and tax deductions.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the expected period of asset recovery or liability settlement in accordance with tax laws.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Deferred income tax asset and liability (continued)

(2) Deferred income tax assets and deferred income tax liabilities (continued)

On the balance sheet date, the book value of deferred income tax assets is reviewed. If it is likely that sufficient taxable income will not be available in the future to offset the benefits of deferred income tax assets, the book value of deferred income tax assets is written down. When it is highly possible to obtain sufficient taxable income, the amount written down shall be reversed.

(3) Income tax expenses

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

Except for the current period income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly recognized in shareholders' equity, as well as the book value of goodwill adjusted for deferred income tax generated from business mergers, other current period income tax and deferred income tax expenses or gains are recognized in current profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases

On the commencement date of the contract, the Group evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or includes a lease. To determine whether the contract transfers the right to control the use of identified assets for a certain period of time, the Group evaluates whether customers in the contract have the right to obtain almost all economic benefits arising from the use of identified assets during the use period, and have the right to dominate the use of identified assets during that use period.

If multiple separate leases are included in the contract, the group will split the contract and accounting for each separate lease separately. If the following conditions are met simultaneously, the right to use the identified asset constitutes a separate lease in the contract: ① the lessee can profit from using the asset alone or using it together with other readily available resources; ② This asset does not have a high degree of dependence or correlation with other assets in the contract.

If both the leasing and non leasing parts are included in the contract, the Group, as the lessor and lessee, will split the leasing and non leasing parts for accounting treatment.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (continued)

(1) The Group records leasing business as a lessee

The asset categories of the Group's use rights mainly include leased houses and buildings, machinery and equipment, other equipment, and land use rights.

1) Initial measurement

On the lease commencement date, the Group recognizes its right to use the leased asset during the lease term as a right to use asset, and recognizes the present value of unpaid lease payments as a lease liability, except for short-term leases and low value asset leases. When calculating the present value of lease payments, the Group uses the implicit interest rate of the lease as the discount rate; If the implicit interest rate of the lease cannot be determined, the lessee's incremental borrowing rate shall be used as the discount rate.

2) Subsequent measurement

In the subsequent measurement, if it can be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, the Group shall accrue depreciation within the remaining useful life of the leased asset. If it is impossible to reasonably determine that ownership of the leased asset can be obtained at the end of the lease term, the Group shall accrue depreciation during the shorter of the lease term or the remaining useful life of the leased asset.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (continued)

(1) The Group records leasing business as a lessee (continued)

2) Subsequent measurement (continued)

The Group calculates the interest expense of lease liabilities for each period of the lease term at a fixed periodic interest rate and includes it in the current profit and loss.

The variable lease payments that are not included in the measurement of lease liabilities are recognized in the current profit and loss when they are actually incurred.

After the start date of the lease term, when there is a change in the actual fixed payment amount, a change in the expected payable amount of the guarantee residual value, a change in the index or ratio used to determine the lease payment amount, a change in the evaluation results or actual exercise of the purchase option, renewal option, or termination option, the Group remeasures the lease liability based on the present value of the changed lease payment amount, And adjust the book value of the right to use assets accordingly. If the book value of the right to use asset has been reduced to zero, but the lease liability still needs to be further reduced, the group will include the remaining amount in the current profit and loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (continued)

(1) The Group records leasing business as a lessee (continued)

3) Lease Change

Lease changes refer to changes in the lease scope, lease consideration, and lease term beyond the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the contract, etc.

If a lease undergoes a change and simultaneously meets the following conditions, the Group will treat the lease change as a separate lease for accounting purposes: ① the lease change expands the lease scope by increasing the right to use one or more leased assets; ② The increased consideration is equivalent to the individual price for the majority of the expansion of the lease scope adjusted according to the contract situation.

If the lease change is not accounted for as a separate lease, the Group will re determine the lease term on the effective date of the lease change and use the revised discount rate to discount the changed lease payment amount to remeasure the lease liability. When calculating the present value of lease payments after changes, the Group adopts the implicit interest rate of the remaining lease period as the discount rate; If the implicit interest rate of the remaining lease period cannot be determined, the discount rate shall be the incremental borrowing rate of the Group on the effective date of the lease change.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (continued)

(1) The Group records leasing business as a lessee (continued)

3) Lease Change (continued)

Regarding the impact of the above lease liability adjustment, the Group distinguishes the following situations for accounting treatment: ① If the lease change results in a reduction in the lease scope or lease term, the Group adjusts the book value of the right to use assets to reflect partial or complete termination of the lease. The Group will record the gains and losses related to partial or complete termination of leases in the current profit and loss For other lease changes, the Group will adjust the book value of the right to use assets accordingly.

4) Short term leasing and low value asset leasing

The Group chooses not to recognize right of use assets and lease liabilities for short-term leases and low value asset leases. During each period of the lease term, the relevant asset costs or current profit and loss are recognized using the straight-line method, and contingent rents are recognized in the current profit and loss when actually incurred.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (continued)

(2) The Group, as the lessor, records operating lease business

The rental income from operating leases is recognized as current profit or loss on a straight-line basis during each period of the lease term. The initial direct expenses with a large amount shall be capitalized when incurred, and shall be recognized in the current profit and loss in installments throughout the entire lease period on the same basis as the recognition of rental income; Other initial direct expenses with smaller amounts are recognized in the current profit and loss when incurred. Contingent rent is recognized in the current profit and loss when it is actually incurred.

(3) The Group, as the lessor, records financial leasing business

On the commencement date of the lease term, the sum of the minimum lease receipt amount on the lease commencement date and the initial direct expenses shall be recognized as the entry value of the receivable financing lease payments, while recording the unguaranteed residual value; The difference between the sum of the minimum lease receipt amount, initial direct expenses, and unguaranteed residual value and their present value is recognized as unrealized financing income. The balance of receivable financing lease payments after deducting unrealized financing income is presented separately as long-term debt and long-term debt due within one year.

Unrealized financing income is calculated and recognized as current financing income using the effective interest rate method during the lease term. Contingent rent is recognized in the current profit and loss when it is actually incurred.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Leases (continued)

(4) Sale and leaseback transactions

As a lessee, the transfer of assets in the sale and leaseback transaction belongs to sales. The Group, as a lessee, measures the use rights assets formed by the sale and leaseback based on the portion of the original asset book value related to the leaseback obtained, and only recognizes the relevant gains or losses based on the rights transferred to the lessor; If the asset transfer in a sale and leaseback transaction does not belong to sales, the Group, as the lessee, continues to recognize the transferred asset and recognizes a financial liability equal to the transfer income.

When acting as a lessor, asset transfer in a sale and leaseback transaction belongs to sales. The Group, as the lessor, conducts accounting treatment for asset purchases and leases assets in accordance with the aforementioned regulations; The transfer of assets in a sale and leaseback transaction does not belong to sales, and the Group, as the lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income.

23. Contract liabilities

Contractual liabilities reflect the obligation of the Group to transfer goods to customers for consideration received or receivable from customers. If the customer has already paid the contract consideration or the group has obtained the unconditional right to receive the contract consideration before transferring the goods to the customer, the contract liability shall be recognized based on the received or receivable amount at the earlier of the actual payment by the customer or the due payment

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. Employee benefits

The employee compensation of the Group mainly includes short-term employee compensation, post employment benefits, termination benefits, and other long-term employee benefits. Among them:

Short term compensation mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident fund, labor union funds and employee education expenses, non monetary benefits, etc. The Group recognizes the actual short-term employee compensation incurred during the accounting period when employees provide services to the Group as a liability and includes it in the current profit and loss or related asset costs. Non monetary benefits are measured at fair value.

Post employment benefits mainly include defined contribution plans. The designated contribution plan mainly includes basic pension insurance, unemployment insurance, and annuity, and the corresponding payable amount is included in the relevant asset cost or current profit and loss when incurred.

If the employment relationship with the employee is terminated before the expiration of the employment contract, or if compensation is proposed to encourage the employee to voluntarily accept layoffs, and the Group cannot unilaterally withdraw the termination benefits provided due to the termination of the employment relationship plan or layoff proposal, or if the Group recognizes the costs related to the restructuring involving the payment of termination benefits, whichever is earlier, the employee compensation liability arising from the termination benefits shall be recognized and included in the current profit and loss. However, if the expected termination benefits cannot be fully paid within twelve months after the end of the annual reporting period, they will be treated as other long-term employee compensation.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. Employee benefits (continued)

The internal retirement plan for employees adopts the same principle as the aforementioned dismissal benefits. The Group will include the salaries and social insurance premiums to be paid for early retirees during the period from the date when employees cease providing services to the normal retirement date, in the current profit and loss (termination benefits) when they meet the recognition criteria for expected liabilities.

25. Segmental reporting

The Group determines operating segments on the basis of its internal organizational structure, management requirements and internal reporting system, and determines reporting segments and discloses segment information on the basis of operating segments.

Operating segment refers to a component of the Group that simultaneously meets the following conditions: (1) The component can generate revenue and incur expenses in its daily activities; (2) The management of the Group is able to evaluate the operating results of the component on a regular basis to determine the allocation of resources to it and evaluate its performance; (3) The Group is able to obtain accounting information regarding the financial position, operating results and cash flows of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they may be combined into one operating segment.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

26. Methods and selection basis for determining significance criteria

Items	Standard
The important Construction in progress	RMB50 million
Significant account payable aging over 1 year	RMB5 million
Significant balances of other payables aging over 1 year	RMB100 million
The important joint ventures	RMB600 million
The important association	RMB1,000 million

27. Corrections of prior period errors

There are no corrections of prior year errors for the period.

28. Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of operating activities, the Group needs to make judgments, estimates, and assumptions about the book value of statement items that cannot be accurately measured. These judgments, estimates, and assumptions are based on the past historical experience of the management of the group, and are made taking into account other relevant factors. These judgments, estimates, and assumptions will affect the reported amounts of income, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities on the balance sheet date. However, the uncertainty of these estimates may result in significant adjustments to the carrying amount of future affected assets or liabilities.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (continued)

The Group conducts regular reviews of the aforementioned judgments, estimates, and assumptions on a going concern basis. If changes in accounting estimates only affect the current period of the change, their impact will be recognized in the current period of the change; If it affects both the current and future periods of the change, the impact amount shall be recognized in the current and future periods of the change.

On the balance sheet date, the important areas in which the Group needs to make judgments, estimates, and assumptions about the amounts of financial statement items are as follows:

(1) Inventory depreciation reserves

According to the inventory accounting policy, the Group measures inventory at the lower of cost and net realizable value. For inventory with costs higher than net realizable value, as well as obsolete and unsold inventory, a provision for inventory depreciation is made. The impairment of inventory to net realizable value is based on the evaluation of its marketability and net realizable value. Identifying inventory impairment requires management to make judgments and estimates based on obtaining conclusive evidence and considering factors such as the purpose of holding inventory and the impact of events after the balance sheet date. The difference between the actual results and the original estimate will affect the book value of inventory and the provision or reversal of inventory depreciation reserves during the period when the estimate is changed.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (continued)

(2) Provision for impairment of non current assets

On the balance sheet date, the Group assesses whether there are any signs of possible impairment of non current assets other than financial assets. For intangible assets with uncertain useful lives, in addition to annual impairment tests, impairment tests are also conducted when there are signs of impairment. Other non current assets, other than financial assets, are tested for impairment when there are signs that their carrying amount is not recoverable.

When the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of the net amount of fair value minus disposal expenses and the present value of expected future cash flows, it indicates impairment.

The net amount of fair value minus disposal expenses is determined by referring to the sales agreement price or observable market price of similar assets in fair trade, minus the incremental costs directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, significant judgments need to be made regarding the output, selling price, related operating costs, and discount rate used in calculating the present value of the asset (or asset group). The Group will use all available relevant information when estimating the recoverable amount, including predictions based on reasonable and supported assumptions regarding production, selling prices, and related operating costs.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (continued)

(3) Depreciation and amortization

The Group calculates depreciation and amortization of fixed assets and intangible assets on a straight-line basis over their useful lives, taking into account their residual values. The Group regularly reviews the service life to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Group based on past experience with similar assets and in combination with expected technological updates. If there is a significant change in previous estimates, depreciation and amortization expenses will be adjusted in future periods.

(4) Deferred income tax assets

To the extent that there is a high likelihood of sufficient taxable income to offset losses, the Group recognizes deferred income tax assets for unused tax losses. This requires the management of the group to use judgment to estimate the time and amount of future taxable income, and combine it with tax planning strategies to determine the amount of deferred income tax assets that should be recognized.

(5) Income tax

In the normal business activities of the Group, there is some uncertainty in the final tax treatment and calculation of certain transactions. Whether some projects can be disbursed before tax requires approval from the tax authorities. If there is a difference between the final recognition results of these tax matters and the initial estimated amount, the difference will have an impact on the current income tax and deferred income tax during the final recognition period.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

28. Significant accounting judgments and estimates (continued)

(6) Internal retirement benefits and supplementary retirement benefits

The amount of expenses and liabilities for retirement benefits and supplementary retirement benefits within the group is determined based on various assumptions. These assumptions include discount rates, average medical expense growth rates, subsidy growth rates for early retirees and retirees, and other factors. The difference between the actual results and assumptions will be immediately recognized and included in the current year's expenses upon occurrence. Although the management believes that reasonable assumptions have been adopted, changes in actual experience values and assumptions will still affect the expenses and liability balances of retirement benefits and supplementary retirement benefits within the group.

(7) Impairment of financial instruments

The Group adopts the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgment and estimation, taking into account all reasonable and evidence-based information, including forward-looking information. When making such judgments and estimates, the Group infers expected changes in the debtor's credit risk based on historical repayment data, combined with economic policies, macroeconomic indicators, industry risks, significant changes in the debtor, warning customer lists, collateral, and other factors.

29. Changes of significant accounting policies and estimates

There were no changes in accounting policies and estimates during the current period.

V. TAXATION

1. Main taxes and tax rate

Type of tax	Specific tax rate
Value added tax ("VAT")	Output VAT is calculated based on taxable income, according to the applicable tax, Applicable tax rates include 13%, 9%, 6%.
City construction and Education surtax	Paid circulating tax: 7%, 3%, 2%
Enterprise income tax	Taxable income: 15%, 25%
Environmental protection tax	Atmospheric pollutant: Multiply the pollution equivalent number converted from the amount of pollutant discharge by 1.2 or 2.4.
	Water pollutants: Multiply the pollution equivalent number converted from the amount of pollutant discharge by 1.4.
	Solid wastes: Multiply the emission of solid wastes by 25.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

V. TAXATION (CONTINUED)

1. Main taxes and tax rate (continued)

Disclosure requirements for entities subject to different corporate income tax rates

Taxpayer Name	Income Tax Rate
The Company	15%
Angang steel Group Chaoyang Iron and Steel Co., Ltd. ("Chaoyang Iron and Steel")	15%
Angang Chemical Technology Co., Ltd. ("Chemical Technology")	15%
Kobelco Angang Auto Steel Co Ltd. ("Angang Kobelco ")	15%
CCAS(Changchun) Steel Service Center Ltd. ("CCAS")	15%
Liaoning Aurnex Materials Technology Co., Ltd (“Aurnex Materials”)	15%

2. Tax Incentives

(1) Pursuant to Article 28 of the Enterprise Income Tax Law of the People’s Republic of China “High-tech enterprises that are nationally recognized as requiring key support shall be subject to a reduced enterprise income tax rate of 15%", the company and five subsidiaries qualify for this tax incentive, as detailed below:

Taxpayer Name	Nature	Certificate No.	Validity Period
The Company	High-Tech Enterprise	GR202421000799	2024.11.27-2027.11.27
Chaoyang Iron and Steel	High-Tech Enterprise	GR202421001134	2024.11.27-2027.11.27
Chemical Technology	High-Tech Enterprise	GR202421000274	2024.11.27- 2027.11.27
Angang Kobelco	High-Tech Enterprise	GR202321000828	2023.11.29- 2026.11.29
CCAC	High-Tech Enterprise	GR202522000161	2025.10.28- 2028.10.28
Aurnex Materials	High-Tech Enterprise	GR202521000324	2025.12.08- 2028.12.08

V. TAXATION (CONTINUED)

2. Tax Incentives (continued)

(2) In accordance with the Announcement on Improving the VAT Policy for Resource Comprehensive Utilization (MOF and SAT Announcement No. 40 [2021]), general VAT taxpayers selling self-produced resource comprehensive utilization products or providing related services may enjoy a VAT "refund upon collection" policy. The Company, Chaoyang Iron and Steel, and Ansteel Green Gold Industry Development Co., Ltd. ("Green Gold Industry") qualify for this incentive.

(3) Pursuant to the Announcement on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises (MOF and SAT Announcement No. 43 [2024]), from January 1, 2024, to December 31, 2027, advanced manufacturing enterprises are permitted to deduct an additional 5% of the current deductible input VAT from their payable VAT. The company and subsidiaries (Chaoyang Iron and Steel, Chemical Technology, Angang Kobelco, and CCAS) are eligible for this incentive.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise specified, the current period refers to the 6-month period ending on June 30, 2026, and the previous period refers to the 6-month period ending on June 30, 2025.

1. Cash and cash equivalents

Item	30 June 2026	31 December 2025
Cash		
Bank deposits *(Note 1)*	**4,880**	3,686
Other cash and cash equivalents *(Note 2)*	**295**	250
Total	**5,175**	3,936

Note 1: For details of the funds deposited by the Group in Angang Finance, please refer to Note XIII.5.3

Note 2: Other cash and cash equivalents primarily consist of bank acceptance bill deposits and funds deposited in futures accounts.

2. Trading financial assets

Item	30 June 2026	31 December 2025
Financial assets measured at fair value through profit or loss	**15**	20
Including: Equity instrument investments	**15**	20
Total	**15**	20

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Derivative financial assets

Item	30 June 2026	31 December 2025
Futures contract	**2**	4
Total	**2**	4

4. Notes receivable

(1) Classification of notes receivable

Items	30 June 2026			31 December 2025		
	Book Balance	Bad Debt Provision	Net Book Value	Book Balance	Bad Debt Provision	Net Book Value
Bank acceptance notes	**180**		**180**	315		315
Commercial acceptance notes						
Total	**180**		**180**	315		315

(2) Notes receivable transferred to accounts receivable due to insolvency of the issuer as of 30 June 2026

Items	Amount transferred to accounts receivable at the end of the period
Bank acceptance notes	**20**
Commercial acceptance notes	
Total	**20**

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivable (Continued)

(3) Aging of notes receivable at the end of the period

The age of the accounts receivable of the group at the end of the period mentioned above is within 1 year.

5. Accounts receivable

(1) Classification of accounts receivable

Item	30 June 2026				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	107	2.74	87	81.31	20
Account receivable for which bad debt is prepared based on group combination	3,793	97.26	4	0.11	3,789
including: Risk-free group combination	1,685	43.21			1,685
Risk group combination on the basis of aging-matrix	2,108	54.05	4	0.19	2,104
Total	3,900	100.00	91	2.33	3,809

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Accounts receivable (continued)

(1) Classification of accounts receivable (continued)

(continued)

Item	31 December 2025				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	107	3.37	87	81.31	20
Account receivable for which bad debt is prepared based on group combination	3,068	96.63	4	0.13	3,064
including: Risk-free group combination	1,187	37.39			1,187
Risk group combination on the basis of aging-matrix	1,881	59.24	4	0.21	1,877
Total	3,175	100.00	91	2.87	3,084

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Accounts receivable (continued)

(2) Accounts receivable subject to separate assessment for bad debts provision

	31 December 2025		30 June 2026			
Debtors	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision	Percentage (%)	Reason
Tianjin Property Group Finance Co., Ltd.	20		20			
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	65	65	65	65	100.00	Business is in trouble. It does not have repayment ability
Dongbei Special Steel Group	15	15	15	15	100.00	Estimated uncollectible
Shanghai Junshang Supply Chain Management Co., LTD	5	5	5	5	100.00	Business is in trouble. It does not have repayment ability
Dalian material trading Co., Ltd.	2	2	2	2	100.00	Bankruptcy of debtor. It does not have repayment ability
Total	107	87	107	87		

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Accounts receivable (continued)

(3) Accounts receivable classified by aging

Aging	30 June 2026	31 December 2025
Within 1 year	**3,659**	3,054
1 to 2 years	**132**	12
2 to 3 years	**5**	5
3 to 4 years		
4 to 5 years		
Over 5 years	**104**	104
Total	**3,900**	3,175

Note: In the above analysis, based on the invoice date.

(4) Provision for expected credit losses on trade receivables

		Increase/Decrease				
Type	31 December 2025	Bad debt provision	Reverse	Resale or verification	Others	30 June 2026
Accounts receivable	91					**91**

(5) Accounts receivable written off this period

There are no accounts receivables that have been written off this period.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Accounts receivable (continued)

(6) The condition of accounts receivable of the top five debtors by the balances as of 30 June 2026

The total amount of top five accounts receivable according to closing balance of debtors of the Group was RMB2,519 million as of 30 June 2026, which accounted for 64.59% of the closing balance of the total accounts receivable. The summary closing balance of corresponding bad debt provision amounted to RMB0 million as of 30 June 2026.

6. Receivables financing

(1) Classification of receivables financing

	30 June 2026			31 December 2025		
Items	**Book Balance**	**Bad Debt Provision**	**Net Book Value**	Book Balance	Bad Debt Provision	Net Book Value
Bank acceptance notes	**1,625**		**1,625**	1,480		1,480
Commercial acceptance notes						
Total	**1,625**		**1,625**	1,480		1,480

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Receivables financing (continued)

(2) Receivable financing that have been endorsed or discounted as of June 30, 2026 and have not yet matured on the balance sheet date

Items	Amount of termination confirmation	Amount of Non-termination confirmation
Bank acceptance notes	**16,277**	
Commercial acceptance notes		
Total	**16,277**	

7. Prepayments

(1) Prepayments classified by aging

Items	30 June 2026 Balance	30 June 2026 Percentage (%)	31 December 2025 Balance	31 December 2025 Percentage (%)
Within 1 year	**2,904**	**99.38**	2,470	99.52
1 to 2 years	**18**	**0.62**	1	0.04
2 to 3 years			9	0.36
Over 3 years			2	0.08
Total	**2,922**	**100.00**	2,482	100.00

(2) The top five prepayments with outstanding balance as of June 30, 2026

The total amount of the top five prepayments collected by the group as of June 30, 2026 based on the prepayments is 1,818 million, accounting for 62.22% of the total balance of prepayments as of June 30, 2026.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables

Items	30 June 2026	31 December 2025
Interests receivable		
Dividends receivable		
Other receivables	**91**	675
Total	**91**	675

8.1 The condition of other receivables

(1) Classification of other receivables

Items	30 June 2026				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision	9	8.41	9	100.00	
Other receivables for which bad debt is prepared based on group combination	98	91.59	7	7.14	91
Including: Risk-free group combination	12	11.21			12
Risk group combination on the basis of aging-matrix	86	80.38	7	8.14	79
Total	107	100.00	16	14.95	91

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

8.1 The condition of other receivables (continued)

(1) Classification of other receivables (continued)

(continued)

Items	31 December 2025				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision	9	1.30	9	100	
Other receivables for which bad debt is prepared based on group combination	684	98.70	9	1.32	675
Including: Risk-free group combination	581	83.84			581
Risk group combination on the basis of aging-matrix	103	14.86	9	8.74	94
Total	693	100.00	18	2.60	675

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

8.1 The condition of other receivables (continued)

(2) Other receivables classified by the nature

Item	30 June 2026	31 December 2025
The service fee of land acquisition	**9**	9
Bid security	**5**	7
Industrial injury loan	**2**	4
Others	**91**	673
Total	**107**	693

(3) Other receivables classified by aging

Aging	30 June 2026	31 December 2025
Within 1 year	**83**	166
1 to 2 years	**1**	1
2 to 3 years	**12**	513
3 to 4 years		2
4 to 5 years	**1**	1
Over 5 years	**10**	10
Total	**107**	693

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

8.1 The condition of other receivables (continued)

(4) The accrual condition of bad debt provision

Bad debt provision	The first stage Expected credit losses within the next 12 months	The second stage Expected credit losses for the entire duration of the period (no credit impairment)	The third stage Expected credit losses for the entire duration of the period (credit impairment has occurred)	Total
Balance at 31 December 2025	9		9	18
Bad debt provision	(2)			(2)
Reverse				
Resale or verification				
Write of				
Other changes				
Balance at 30 June 2026	7		9	16

(5) Bad debt provision at the end of the period

Item	31 December 2025	Change in this period: Bad debt provision	Change in this period: Reverse	Change in this period: Resale or verification	30 June 2026
Other receivables	18	(2)			**16**

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

8.1 The condition of other receivables (continued)

(6) Other receivables subject to separate assessment for bad debts provision

	31 December 2025		30 June 2026			
Name	Book Value	Bad Debt Provision	Book Value	Bad Debt Provision	Percentage (%)	Reason
Land acquisition service station of Chaoyang City	9	9	9	9	100.00	Not expected to be recovered
Total	9	9	9	9	-	

(7) Other receivables with the top five balances as of June 30, 2026

The summary amount of the top five other accounts receivable as of June 30, 2026 collected by the debtor in this period is RMB73 million, accounting for 68.22% of the total balance of other accounts receivable as of June 30, 2026. The corresponding provision for bad debts as of June 30, 2026 is RMB12 million.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories

(1) Classification of Inventory

Item	30 June 2026 Book Value	Inventory falling Price Reserves	Carrying Value
Raw materials	**5,022**	**271**	**4,751**
Work in progress	**2,880**	**255**	**2,625**
Finished goods	**2,476**	**29**	**2,447**
Revolving materials	**482**	**130**	**352**
Spare parts	**686**	**21**	**665**
Materials in transit	**83**		**83**
Materials for Consigned Processing	**5**		**5**
Total	**11,634**	**706**	**10,928**

(continued)

Item	31 December 2025 Book Value	Inventory falling Price Reserves	Carrying Value
Raw materials	5,702	320	5,382
Work in progress	3,343	257	3,086
Finished goods	2,442	99	2,343
Revolving materials	497	130	367
Spare parts	750	22	728
Materials in transit	84		84
Materials for Consigned Processing	5		5
Total	12,823	828	11,995

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (Continued)

(2) Inventory falling price reserves

Item	31 December 2025	Increase Provision	Decrease Written Back	Others	30 June 2026
Raw materials	320	50	99		**271**
Work in progress	257	105	107		**255**
Finished goods	99	64	134		**29**
Revolving materials	130				**130**
Spare parts	22		1		**21**
Total	828	219	341		**706**

10. Other current assets

Item	30 June 2026	31 December 2025
Tax retained	**297**	494
Prepayment of enterprise income tax	**18**	20
Time deposit	**609**	597
Total	**924**	1,111

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments

Details of long-term equity investments

The invested entity	31 December 2025	Increase/Decrease Increase	Decrease	Investment income under the equity method	Other comprehensive income
Jointly venture					
TKAS Auto Steel Company Limited ("TAGAL Dalian")	868			123	
The iron and Steel shares – Dalian ship heavy industry steel processing Distribution Co. Ltd. ("ANSC – Dachuan")	116				
Ansteel Guangzhou Automobile Steel Co., Ltd. ("Guangzhou Automobile Steel")	791			(27)	
Anji (Yingkou) New Energy Technology Co., Ltd. ("Anji Yingkou")	263			58	
Sub-total	2,038			154	

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (Continued)

Details of long-term equity investments (Continued)

The invested entity	31 December 2025	Increase/Decrease			
		Increase	Decrease	Investment income under the equity method	Other comprehensive income
Associated venture					
Angang Group Finance Co., Ltd. ("Angang Finance")	1,737			41	2
Anshan Anshan Iron Oxide Powder Co., Ltd. ("Iron Oxide Powder Company")	23			2	
Guangzhou Nansha Steel Logistical Co., Ltd. ("Nansha Logistical")	48				
Ansteel-Jingu (Hangzhou) Metal Company Limited("Ansteel-Jingu")	118			2	
Guangzhou GAC Baoshang Steel Processing Co., Ltd. ("GAC Baoshang")	111			4	
Meizhou GAC Automobile Spring Co., Ltd. ("Meizhou Motor Company")	38				
Chaoyang Zhong'an Water Co., Ltd. ("Zhong'an Water")	30				
Green Gold (Benxi) Renewable Resources Co., LTD. (hereinafter referred to as "Green Gold Benxi")	33			2	
Tianjin Wuchang No.19 Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Tianwu No.19")	35				
Sub-total	2,173			51	2
Total	4,211			205	2

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (Continued)

Details of long-term equity investments (Continued)

(continued)

The invested entity	Increase/Decrease				30 June 2026	Closing Value of the Provision for Impairment
	Other Equity Changes	Declaration of Cash Dividends or Profits	Provision for impairment Loss	Others		
Jointly venture						
TAGAL Dalian		327		(9)	**655**	
ANSC – Dachuan					**116**	
Guangzhou Automobile Steel		47		(6)	**711**	
Anji Yingkou					**321**	
Sub-total		374		(15)	**1,803**	
Associated venture						
Angang Finance					**1,780**	
Iron Oxide Powder Company		5			**20**	
Nansha Logistical					**48**	
Ansteel-Jingu					**120**	
GAC Baoshang		9			**106**	
Meizhou Motor Company					**38**	
Zhong'an Water					**30**	
Green Gold Benxi					**35**	
Tianwu No.19					**35**	
Sub-total		14			**2,212**	
Total		388		(15)	**4,015**	

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Other equity instrument investments

(1) Changes of other equity instrument investments

Items	31 December 2025	Gains included in other comprehensive income this period	Losses included in other comprehensive income this period	30 June 2026
WISDRI Engineering & Research Incorporation Limited("WISDRI")	**570**	13		583
Heilongjiang Longmay Mining Group Co., Ltd. ("Longmay Group")	**54**		(16)	38
Anshan Falan Co., Ltd. (hereinafter referred to as "Anshan Falan")	**26**		(1)	25
Changsha Bao steel steel processing & Distribution Co., Ltd. ("Changsha steel")	**12**			12
China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd. ("China Shipbuilding")	**6**			6
Guoqi Automobile Lightweight (Beijing) Technology Research Institute Co., Ltd. ("Guoqi Lightweight")	**3**			3
Shanghai HGB Digital Technology CO., LTD. ("Shanghai HGB")	**4**			4
Jindi An (Hangzhou) Technology Co., Ltd. ("Jindi An")				
Total	**675**	13	(17)	671

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Other equity instrument investments (continued)

(1) Changes of other equity instrument investments (continued)

(continued)

Items	Accumulated gains included in other comprehensive income at the end of this period	Accumulated losses included in other comprehensive income at the end of this period	Recognized dividend income current period	Designation Reason (measured at fair value and the changes of their value are recorded in other comprehensive income.)
WISDRI	444		12	
Longmay Group		(207)		
Anshan Falan	4		2	
Changsha steel		(4)		
China Shipbuilding		(4)		
Guoqi Lightweight				
Shanghai HGB	2			
Jindi An		(2)		
Total	450	(217)	14	

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Other equity instrument investments (continued)

(2) Non-tradable investments in equity instruments current period

Items	Recognized dividend income current period	Accumulated gain	Accumulated loss	other comprehensive income transfer to retained earnings.	Designation Reason (measured at fair value and the changes of their value are recorded in other comprehensive income.)	Reason (other comprehensive income transfer to retained earnings)
WISDRI	12	444				
Longmay Group			(207)			
Anshan Falan	2	4				
Changsha steel			(4)			
China Shipbuilding			(4)			
Guoqi Lightweight						
Shanghai HGB		2				
Jindi An			(2)			
Total	14	450	(217)			

Note: The equity instrument investments that the Group does not offer in the open market are investments that the Group plans to hold for the long term. Therefore, the Group designates them as financial assets measured at fair value with changes recognized in other comprehensive income.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Other non-current financial assets

The Invested Entity	Book value 30 June 2026	Book value 31 December 2025
Zhuzhou Smelter Group Co., Ltd. ("ZhuYe Group")	**32**	74
HNA bankruptcy reorganization special service trust	**47**	47
Caidie NO.6 property rights trust plan	**16**	16
Caidie NO.5 property rights trust plan	**5**	5
Total	**100**	142

14. Fixed assets

(1) Analysis of fixed assets

Items	Houses and Buildings	Machinery	Others	Total
① **Original Cost**				
31 December 2025	39,413	100,757	7,443	147,613
Increase in the period	42	1,161	83	1,286
(1) Purchase				
(2) Transform from project under construction	63	963	83	1,109
(3) Increase from combination				
(4) Others	(21)	198		177
Decrease in the period	44	321	27	392
(1) Disposal or scrap	44	317	26	387
(2) Others		4	1	5
6.30 June 2026	39,411	101,597	7,499	148,507

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets (Continued)

(1) Analysis of fixed assets (Continued)

Items	Houses and Buildings	Machinery	Others	Total
② **Accumulated depreciation**				
31 December 2025	18,494	64,469	5,587	88,550
Increase in the period	421	1,562	177	2,160
(1) Depreciation	440	1,362	177	1,979
(2) Increase from combination				
(3) Others	(19)	200		181
Decrease in the period	34	284	25	343
(1) Disposal or scrap	34	284	25	343
(2) Others				
30 June 2026	18,881	65,747	5,739	90,367
③ **Provision for impairment**				
31 December 2025	603	2,706	139	3,448
Increase in the period				
(1) Provision				
(2) Others				
Decrease in the period		1		1
(1) Disposal or scrap		1		1
(2) Others				
30 June 2026	603	2,705	139	3,447
④ **Book Value**				
30 June 2026	19,927	33,145	1,621	54,693
31 December 2025	20,316	33,582	1,717	55,615

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets (Continued)

(2) Fixed assets leased out by operating lease

Type	30 June 2026	31 December 2025
Houses and buildings	**13**	13
Machinery	**5**	5
Total	**18**	18

15. Construction in progress

Item	30 June 2026	31 December 2025
Construction in progress	**2,117**	2,372
Construction materials	**1**	1
Total	**2,118**	2,373

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(1) Details of constructions in progress

Item	30 June 2026 Book balance	30 June 2026 Impairment Provision	30 June 2026 Book value	31 December 2025 Book balance	31 December 2025 Impairment Provision	31 December 2025 Book value
Overhaul of No.3 and No.4 Coke Ovens, No.1 Coking Plant of General Coking Works	288		288	232		232
Panzhihua Tar Processing Project	254		254	250		250
Upgrading and Efficiency Improvement Project for Combined Units of No.2 Branch, Cold Rolling Mill	81		81	158		158
Revamping Project of No.1, No.2 and No.3 Heating Furnaces for 1780 Production Line, Hot Strip Mill	73		73	28		28
Environmental Upgrade Revamping Project of Sintering Machine, General Ironmaking Plant (Owned by Ironmaking Division)	69		69	65		65
Standard-upgrading Revamping Project of Secondary Dust Removal System for No.4, No.5 and No.6 Converters, No.1 Branch of General Steelmaking Plant	50		50			
Upgrading Revamping Project of Controlled Cooling System for 5500 Production Line, Heavy Plate Department, Bayuquan Iron & Steel Branch	46		46	34		34
New Continuous Annealing & Pickling Line (AP2) Project, West Zone, Cold Rolled Silicon Steel Mill	45		45	44		44
New Construction Project of 220kV Substation	40		40	4		4
Revamping Project of Auxiliary Public Facilities, West Zone, Cold Rolled Silicon Steel Mill	38		38	29		29
Others	1,139	6	1,133	1,534	6	1,528
Total	2,123	6	2,117	2,378	6	2,372

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(2) Changes in major constructions in progress

Items	Budget	31 December 2025	Increase of the period	Transferred into fixed assets	Other decrease	30 June 2026
Overhaul of No.3 and No.4 Coke Ovens, No.1 Coking Plant of General Coking Works	400	232	56			288
Panzhihua Tar Processing Project	318	250	4			254
Upgrading and Efficiency Improvement Project for Combined Units of No.2 Branch, Cold Rolling Mill	190	158	10	87		81
Revamping Project of No.1, No.2 and No.3 Heating Furnaces for 1780 Production Line, Hot Strip Mill	273	28	45			73
Environmental Upgrade Revamping Project of Sintering Machine, General Ironmaking Plant (Owned by Ironmaking Division)	1,020	65	4			69
Standard-upgrading Revamping Project of Secondary Dust Removal System for No.4, No.5 and No.6 Converters, No.1 Branch of General Steelmaking Plant	54		50			50
Upgrading Revamping Project of Controlled Cooling System for 5500 Production Line, Heavy Plate Department, Bayuquan Iron & Steel Branch	60	34	18	6		46
New Continuous Annealing & Pickling Line (AP2) Project, West Zone, Cold Rolled Silicon Steel Mill	130	44	1			45
New Construction Project of 220kV Substation	370	4	36			40
Revamping Project of Auxiliary Public Facilities, West Zone, Cold Rolled Silicon Steel Mill	96	29	9			38
Others	10,357	1,534	641	1,016	20	1,139
Total	13,268	2,378	874	1,109	20	2,123

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(2) Changes in major constructions in progress (continued)

(continued)

Items	Accumulated capitalized borrowing cost	Of Which: Capitalized this Period	Capitalization Rate (%)	Expenditure Over Budget (%)	Project Progress (%)	Resource of Fund
Overhaul of No.3 and No.4 Coke Ovens, No.1 Coking Plant of General Coking Works	2	1	2.71	72	72	Self-financing
Panzhihua Tar Processing Project				80	80	Self-financing
Upgrading and Efficiency Improvement Project for Combined Units of No.2 Branch, Cold Rolling Mill	3			88	88	Self-financing
Revamping Project of No.1, No.2 and No.3 Heating Furnaces for 1780 Production Line, Hot Strip Mill	1			92	92	Self-financing
Environmental Upgrade Revamping Project of Sintering Machine, General Ironmaking Plant (Owned by Ironmaking Division)				99	99	Self-financing
Standard-upgrading Revamping Project of Secondary Dust Removal System for No.4, No.5 and No.6 Converters, No.1 Branch of General Steelmaking Plant				93	93	Self-financing
Upgrading Revamping Project of Controlled Cooling System for 5500 Production Line, Heavy Plate Department, Bayuquan Iron & Steel Branch				86	86	Self-financing
New Continuous Annealing & Pickling Line (AP2) Project, West Zone, Cold Rolled Silicon Steel Mill				80	80	Self-financing
New Construction Project of 220kV Substation				94	94	Self-financing
Revamping Project of Auxiliary Public Facilities, West Zone, Cold Rolled Silicon Steel Mill				98	98	Self-financing
Others	5			98	98	Self-financing
Total	11	1				

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(3) Provision of Impairment

Items	31 December 2025	Increase in Current Period Provision	Increase in Current Period Reversal	30 June 2026
Hot-rolled pickling plate production line project	6			**6**
Total	6			**6**

15.2 Construction materials

Item	30 June 2026	31 December 2025
Special equipment	**1**	1
Total	**1**	1

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Right-of-use assets

Item	Houses and buildings	Land Use Right	Machinery	Total
Original Cost				
1. 31 December 2025	37	199	25	261
2. Increase in the period	638	19	908	1,565
(1) Lease	638	19	908	1,565
(2) Increase from business combination				
(3) Others				
3. Decrease in the period				
(1) Disposal				
(2) Transferred out to fixed assets				
(3) Decrease from business combination				
(4) Others				
4. 30 June 2026	675	218	933	1,826
Accumulated depreciation				
1. 31 December 2025	17	137	2	156
2. Increase in the period	10	33	39	82
(1) Depreciation	10	33	39	82
(2) Increase from business combination				
3. Decrease in the period				
(1) Disposal				
(2) Transferred out to fixed assets				
(3) Decrease from business combination				
(4) Others				
4. 30 June 2026	27	170	41	238

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Right-of-use assets (Continued)

Item	Houses and buildings	Land Use Right	Machinery	Total
Provision for impairment				
1. 31 December 2025				
2. Increase in the period				
(1) Provision				
3. Decrease in the period				
(1) Disposal				
4. 30 June 2026				
Book Value				
30 June 2026	648	48	892	1,588
31 December 2025	20	62	23	105

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets

Items	Land Use Right	Non-Patented Technology	Software	Patent	Steel Capacity Indicators	Total
Original Cost						
1. 31 December 2025	9,050	51	986	5	276	10,368
2. Increase in the period	18		19			37
(1) Purchase	18		19			37
(2) Internal R&D						
(3) Enterprise merger						
(4) Others						
3. Decrease in the period						
(1) Disposal						
(2) Decrease from business combination						
4. 30 June 2026	9,068	51	1,005	5	276	10,405
Accumulative amortization						
1. 31 December 2025	3,237	48	715		16	4,016
2. Increase in the period	93		118		4	215
(1) Counting	93		118		4	215
(2) Enterprise merger						
(3) Others						
3. Decrease in the period						
(1) Disposition						
(2) Decrease from business combination						
(3) Others						
4. 30 June 2026	3,330	48	833		20	4,231
Provision for impairment						
1. 31 December 2025						
2. Increase in the period						
(1) Counting						
3. Decrease in the period						
(1) Disposal						
4. 30 June 2026						
Book Value						
30 June 2026	5,738	3	172	5	256	6,174
31 December 2025	5,813	3	271	5	260	6,352

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Long-term Deferred Expenses

Items	31 December 2025	Additions during the period	Amortisation for the period	Other reductions	**30 June 2026**	Reasons for Other Reductions
Channel dredging and other costs	65		9		**56**	
Total	65		9		**56**	

19. Deferred income tax assets and deferred income tax liabilities

(1) Details of Deferred Income Tax Assets Before Offset

	30 June 2026		31 December 2025	
Items	**Deferred income tax assets**	**Temporary difference or deductible loss**	Deferred income tax assets	Temporary difference or deductible loss
Provision for impairment	**293**	**1,799**	294	1,801
Deductible loss	**1,712**	**11,410**	1,712	11,410
Dismissal welfare	**10**	**58**	12	72
Accumulated depreciation of fixed assets	**43**	**173**	43	173
Lease	**30**	**129**	31	131
Employee training expenses	**12**	**77**	12	77
Deferred income	**137**	**703**	137	703
Changes in the fair value of other equity instrument investments	**33**	**217**	30	201
Total	**2,270**	**14,566**	2,271	14,568

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred income tax assets and deferred income tax liabilities (Continued)

(2) Details of Deferred Income Tax Liabilities Before Offset

	30 June 2026		31 December 2025	
Items	**Deferred Income Tax Liabilities**	**Taxable Temporary Difference**	Deferred Income Tax Liabilities	Taxable Temporary Difference
Changes in the fair value of other equity instrument investments	**68**	**450**	66	438
Unrealized profit within the group	**6**	**40**	1	7
Valuation of trading financial instruments and derivative financial instrument conversion of equity	**4**	**24**	6	38
Lease	**29**	**124**	30	127
Total	**107**	**638**	103	610

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred income tax assets and deferred income tax liabilities (Continued)

(3) Deferred income tax assets or liabilities presented on a net basis after offsetting

	30 June 2026		31 December 2025	
Items	**Offsetting amount of deferred tax assets and liabilities**	**Net deferred tax assets/ liabilities closing balance**	Offsetting amount of deferred tax assets and liabilities	Net deferred tax assets/ liabilities closing balance
Deferred Income Tax Assets	**101**	**2,169**	102	2,169
Deferred Income Tax Liabilities	**101**	**6**	102	1

(4) Details of Unrecognized Deferred Income Tax Assets

Items	**30 June 2026**	31 December 2025
Deductible temporary difference-provision for impairment	**2,468**	2,590
Deductible temporary difference-deductible losses	**11,684**	11,684
Total	**14,152**	14,274

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred income tax assets and deferred income tax liabilities (Continued)

(5) The deductible losses of unrecognized deferred income tax assets will expire in the following years

Year	30 June 2026	31 December 2025
2029	**1,363**	1,363
2030	**772**	772
2033	**2,055**	2,055
2034	**6,297**	6,297
2035	**1197**	1,197
Total	**11,684**	11,684

20. Other non-current assets

Items	30 June 2026	31 December 2025
Prepayment for Construction Projects	**112**	256
Total	**112**	256

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Assets with restricted ownership or usage rights

	30 June 2026			
Items	Book Balance	Net Book Value	Type of restriction	Description of restrictions
Monetary Funds	3	3	Bill Deposit	Bill Deposit
Monetary Funds	39	39	Futures Margin Deposit	Futures Margin Deposit
Total	42	42		

22. Short-term loans

Items	30 June 2026	31 December 2025
Credit loans pledged loan	6,259	8,070
Total	6,259	8,070

23. Derivative financial liabilities

Items	30 June 2026	31 December 2025
Future contracts	5	1
Total	5	1

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Notes payable

Items	30 June 2026	31 December 2025
Bank acceptance notes	**19,722**	19,114
Commercial acceptance notes	**221**	204
Total	**19,943**	19,318

25. Accounts payable

(1) Aging of accounts payable

Items	30 June 2026		31 December 2025	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year	**6,874**	**98.82**	5,822	98.61
1 to 2 years	**36**	**0.52**	40	0.68
2 to 3 years	**13**	**0.19**	9	0.15
Over 3 years	**33**	**0.47**	33	0.56
Total	**6,956**	**100.00**	5,904	100.00

Note: the above aging analysis is based on the invoice date.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Accounts payable (Continued)

(2) Significant account payable aging over 1 year

Creditors	**Balance**	**Aging**
Angang Construction Group Co., Ltd.	5	1–2 years, 2–3 years, Over 3 years
Total	5	

26. Contract liabilities

Items	**30 June 2026**	31 December 2025
Products selling	**4,302**	4,579
Others	**54**	160
Total	**4,356**	4,739

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Staff remuneration payable

(1) Analysis of employee benefits payable

Items	31 December 2025	Increase	Decrease	30 June 2026
Short-term remuneration	89	1,713	1,623	**179**
After-service benefits defined contribution plans		230	230	
Termination benefits	23	31	44	**10**
Total	112	1,974	1,897	**189**

(2) Short-term compensation

Items	31 December 2025	Increase	Decrease	30 June 2026
1. Salaries, bonus and allowance		1,201	1,182	**19**
2. Staff welfare		164	108	**56**
3. Social insurance		110	110	
Including: Medical insurance		95	95	
Staff and workers' injury insurance		15	15	
Maternity insurance				
Others				
4. Housing fund		135	135	
5. Labor union fee and staff training fee	89	42	27	**104**
6. Short paid absences				
7. The short-term profit sharing plan				
8. Others		61	61	
Total	89	1,713	1,623	**179**

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Staff remuneration payable (Continued)

(3) Defined Contribution Plans

Items	31 December 2025	Increase	Decrease	30 June 2026
1. Basic pension insurance		197	197	
2. Unemployment insurance		6	6	
3. Occupational pension		27	27	
Total		230	230	

28. Tax payable

Items	30 June 2026	31 December 2025
Land use tax	**38**	38
VAT	**38**	15
Corporate income tax	**23**	20
Stamp tax	**22**	20
Property tax	**16**	16
Environmental protection tax	**12**	13
Resource tax	**7**	8
City maintenance and construction tax	**3**	2
Educational surcharges	**2**	1
Individual income tax	**1**	17
Consumption tax	**1**	1
Total	**163**	151

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other payables

Items	30 June 2026	31 December 2025
Interest Payable		
Dividends Payable		
Other Payables	**2,712**	4,313
Total	**2,712**	4,313

29.1 Other payables

(1) Classification of other payables by nature

Items	30 June 2026	31 December 2025
Construction payable	**1,105**	2,640
Retention Money	**995**	828
Margin	**176**	344
Administrative Fund	**10**	11
Others	**426**	490
Total	**2,712**	4,313

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other payables (Continued)

29.1 Other payables (Continued)

(2) Significant balances of other payables aging over 1 year

Creditors	Balance	Reason	Whether paid after 30 June 2025
Angang Steel Group Engineering Technology Co., Ltd	761	Quality guarantee, Project payment	No
Total	761		

30. Non-current liabilities due within 1 year

Items	30 June 2026	31 December 2025
Long-term borrowings due within one year *(VI.32)*	**1,030**	546
Lease liabilities due within one year *(VI.33)*	**213**	73
Total	**1,243**	619

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other current liabilities

Items	30 June 2026	31 December 2025
VAT pending transfer to output tax	**450**	437
Short-term and ultra-short-term financing bills	**2,709**	
Total	**3,159**	437

32. Long-term loans

(1) Classification of long-term loans

Items	30 June 2026	31 December 2025
Credit loans	**7,453**	6,667
Subtotal	**7,453**	6,667
Long-term borrowings due within one year *(Note VI.30)*	**1,030**	546
Total	**6,423**	6,121

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term loans (Continued)

(2) Classification of long-term loans by the maturity date

Items	30 June 2026	31 December 2025
Within 1 year	**1,030**	546
1 year to 2 year (including 2 year)	**803**	2,607
2 year to 3 year (including 3 year)	**5,066**	3,035
3 year to 5 year (including 5 year)	**260**	254
more than five years	**294**	225
Total	**7,453**	6,667

33. Lease liability

Items	30 June 2026	31 December 2025
lease payments	**1,798**	114
Less: Unrecognized financing expenses	**235**	5
Less: Lease liabilities due within one year *(Note VI.30)*	**213**	73
Total	**1,350**	36

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term payables

Items	30 June 2026	31 December 2025
Long-term payables		
Special payables	**321**	321
Total	**321**	321

34.1 Special payables

Items	31 December 2025	Increase	Decrease	30 June 2026	Reason
Special funds	321			321	Special funds
Total	321			321	

35. Long-term employee benefits payable

Items	30 June 2026	31 December 2025
Termination benefits	**40**	40
Total	**40**	40

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Deferred income

Items	31 December 2025	Increase	Decrease	30 June 2026	Reason
Government grants	924	377	67	**1,234**	Government grants
Total	924	377	67	**1,234**	

Among them, the projects involved the government grants are as follows：

Items	31 December 2025	Increase	Belong to Non-business income	Belong to Other income	Other decrease	30 June 2026	Associated with the asset/income
The government grants related to environmental protection	326	327		39		**614**	Related to assets
The government grant related to scientific research	405	36		10		**431**	Related to assets/income
Others	193	14		18		**189**	Related to assets/income
Total	924	377		67		**1,234**	

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Share capital

Items	31 December 2025 Balance	31 December 2025 Proportion (%)	Increase/Decrease New shares issued	Increase/Decrease Bonus issue	Increase/Decrease Shares transferred from reserves	Increase/Decrease Others	Increase/Decrease Subtotal	30 June 2026 Balance	30 June 2026 Proportion (%)
Shares unrestricted on sale:									
1. Ordinary A shares	7,958	85						**7,958**	**85**
2. Foreign shares listed overseas	1,411	15						**1,411**	**15**
Total	9,369	100						**9,369**	**100**

38. Capital reserve

Items	31 December 2025	Increase	Decrease	30 June 2026
Capital premium	32,967		1,023	**31,944**
Other capital reserve	1,872			**1,872**
Total	34,839		1,023	**33,816**

Note: The company reduced its capital reserve by RMB1,023 million due to the business combination under common control.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Other comprehensive income

		The amount of this period					
Items	31 December 2025	Amount for the period before tax	Minus: transform into profit or loss from other comprehensive income	Minus: income tax expenses	The After-tax amount attributed to the parent company	The after-tax amount attributed to minority shareholders	30 June 2026
1. Other comprehensive income will not reclassified into the gains and losses	201	(2)		(1)	(1)		**200**
Including: Net gain on other equity instruments at fair value through other comprehensive income	201	(4)		(1)	(3)		**198**
The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in equity method		2			2		**2**
Total	201	(2)		(1)	(1)		**200**

40. Special reserve

Items	31 December 2025	**Increase**	**Decrease**	**30 June 2026**
Safety production Expenses	87	**76**	30	**133**
Total	87	**76**	30	**133**

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Surplus reserve

Items	31 December 2025	Increase	Decrease	30 June 2026
Statutory surplus reserve	4,499			**4,499**
Total	4,499			**4,499**

42. Retained earnings

Items	This period
Balance as of 31 Dec. 2025	**(4,334)**
Changes in accounting policies	
Business combination under common control	
Balance as of 1 Jan. 2026	**(4,334)**
Increase in 2026	**(2,047)**
Including: Net profit transferred this period	**(2,047)**
Other adjustment factors	
Decrease in 2026	
Including: Extraction of surplus reserve this period	
Extraction of general risk provisions in this period	
Distribution of cash dividend this period	
Conversed capital	
Other decreases	
Balance as of 30 June. 2026	**(6,381)**

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Operating revenue and operating cost

(1) Classified by production

Items	**This period**		Last period	
	Income	**Cost**	Income	Cost
Prime operating	**45,843**	**46,684**	48,410	48,060
Other operating *(Note 2)*	**64**	**49**	208	187
Total	**45,907**	**46,733**	48,618	48,247

Note 1: The Group is classified into an operating segment based on the type of business: production and sale of steel products.

Note 2: Other business income and other business costs of the Group are mainly generated from the sales of materials and scrap materials.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Operating revenue and operating cost (Continued)

(2) The net profit before and after deduction of non-recurring gains and losses is negative.

Items	This period	Specific deduction situation	Last period	Specific deduction situation
Operating revenue	**45,907**		48,618	
The total amount of deductions for operating revenue	**80**	Revenue arising from sales of materials, sales of waste materials and the revenue of Ansteel Yingkou Port Co., Ltd(hereinafter referred to as Ansteel Yingkou Port) from the beginning of the period to the combination date under business combination under common control	229	Revenue derived from sales of materials, sales of waste materials and other businesses, as well as revenue of Ansteel Yingkou Port from the beginning of the period to the combination date arising from business combination under common control
The proportion of total deductions for operating revenue to operating revenue	**0.17%**		0.47%	
1. Unrelated Revenue to the main business	**80**		229	
(1) Other revenue outside normal operations	**64**	Generated from materials sales, waste materials sales, etc.	208	Generated from materials sales, waste materials sales, etc.

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Operating revenue and operating cost (Continued)

(2) The net profit before and after deduction of non-recurring gains and losses is negative. (Continued)

Items	This period	Specific deduction situation	Last period	Specific deduction situation
(2) Operating revenue of subsidiaries from the beginning of the current period to the date of the merger arising from business combination under the common control	**16**	**Ansteel Yingkou Port**	21	Ansteel Yingkou Port
2. revenue without commercial substance				
3. Other revenue unrelated to the main business or without commercial substance				
The amount of operating revenue after deduction	**45,827**		48,389	

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Operating revenue and operating cost (Continued)

(3) Classified by region

Items	This period	Last period
Foreign transaction income from the within borders	**43,370**	45,177
Foreign exchange income from outside borders	**2,537**	3,441
Total	**45,907**	48,618

(4) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	**45,907**	48,618
Total	**45,907**	48,618

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Taxes and surcharges

Items	This period	Last period
Land use tax	**221**	220
Property tax	**94**	92
Stamp tax	**46**	53
Environmental protection tax	**22**	112
City maintenance and construction tax	**17**	18
Resources tax	**15**	15
Educational surcharge and local educational surcharge	**13**	13
Consumption tax	**4**	5
Others	**1**	1
Total	**433**	529

Note: Please refer to Note V "Taxation" for details of various taxes and surcharges payment standards.

45. Selling expenses

Items	This period	Last period
Employee benefits	**80**	95
Warehouse storage expense	**35**	35
Handling charge	**15**	18
Packaging expenses	**15**	13
Rental fee	**14**	17
Agency fee for commissioned sales	**12**	16
Sales and service expense	**7**	9
Others	**36**	39
Total	**214**	242

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Administrative expenses

Items	This period	Last period
Employee benefits	**197**	188
Amortization of intangible asset	**102**	114
Depreciation	**54**	51
Information system maintenance expense	**17**	23
Agency fee	**16**	6
Of which: Remuneration for annual report auditors	**5**	5
Environmental protection fee	**5**	11
Fee for the exploitation of patent	**4**	5
Others	**96**	88
Total	**491**	486

47. Research and development expenses

Items	This period	Last period
Raw material consumption fee	**63**	88
Labor cost	**65**	73
Depreciation	**18**	12
Outsourcing expenses	**61**	76
Travel expenses	**3**	3
Others	**12**	7
Total	**222**	259

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Finance expenses

Items	This period	Last period
Interest expense	**249**	185
Less: Interest income	**20**	33
Less: Capitalized interest expense	**1**	3
Exchange gain or loss		
Less: Capitalized exchange gain or loss		
Others	**7**	14
Total	**235**	163

49. Other incomes

Items	This period	Last period	Recorded into Extraordinary gains and losses
The government grants related to environment protection	**39**	21	39
The government grants related to scientific research	**10**	29	10
Other government grants	**18**	51	18
Additional deduction of VAT input tax	**334**	38	
VAT refund upon collection	**51**	6	
Others		1	
Total	**452**	146	67

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Investment income

Items	This period	Last period
Long-term equity income under the equity method	**205**	234
Investment income of other investments in equity instruments invested in the holding period	**14**	1
Investment income arising from disposal of other non-current financial assets	**63**	
Others	**(49)**	(17)
Total	**233**	218

51. Gain from fair-value changes

Items	This period	Last period
Changes in fair value of financial assets held for trading	**(5)**	1
Changes in fair value of derivative financial assets	**28**	8
Changes in fair value of other non-current financial assets	**21**	16
Changes in fair value of derivative financial liabilities	**(5)**	(37)
Total	**39**	(12)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Credit impairment losses

Items	This period	Last period
Accounts receivable		(1)
Other receivables	**2**	1
Total	**2**	

Note: The positive numbers refer to gains and negative numbers refer to losses.

53. Impairment on assets

Items	This period	Last period
inventory falling price loss	**(219)**	(81)
Total	**(219)**	(81)

Note: The positive numbers refer to gains and negative numbers refer to losses.

54. Non-operating income

Items	This period	Last period	Recorded into extraordinary gains and losses
Gains from scrap of non-current assets	**1**	4	1
Liquidated damages	**6**	4	6
Unpayable accounts payable		12	
Others	**1**	1	1
Total	**8**	21	8

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Non-operating expenses

Items	This period	Last period	Recorded into extraordinary gains and losses
The loss on scrap of non-current assets	**17**	2	17
Compensation and liquidated damages		1	
External donations			
Others	**1**	1	1
Total	**18**	4	18

56. Income tax expenses

(1) Income tax expenses

Items	This period	Last period
Income tax during this period	**49**	50
Changes on deferred income tax expenses	**6**	7
Total	**55**	57

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Income tax expenses (continued)

(2) The reconciliation between accounting profit and income tax expenses

Items	This period
Total profit	**(1,924)**
Income tax expenses calculated at statutory/ applicable tax rates	**(289)**
Effect of different tax rates applied by subsidiary companies	**(13)**
Effect of current unrecognized deductible temporary difference or deductible loss arising from deferred tax income assets	**357**
Income tax expenses	**55**

57. The other comprehensive income

Please refer to Note VI.39

58. Items on statements of cash flow

(1) Other cash receipts related to operating activities

Items	This period	Last period
Income from deposits received	**116**	70
Government grants	**398**	98
Others	**46**	82
Total	**560**	250

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Items on statements of cash flow (continued)

(2) Other cash payments relating to operating activities

Items	This period	Last period
Air pollution fee	**177**	154
Environmental monitoring fee	**108**	107
Renewable energy development fund	**78**	79
Research and development expenses	**67**	79
Collecting and paying retirement wages	**57**	33
Insurance fee	**25**	11
Travel expenses	**17**	14
Hazardous materials disposal fee	**17**	4
Funeral expenses	**12**	45
Miscellaneous expenses for procurement and sales business	**11**	15
Rental fee	**7**	11
Donation expenditure		8
Party affairs activity expenses	**2**	4
Other operating expenses	**333**	268
Total	**911**	832

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Items on statements of cash flow (continued)

(3) Other cash receipts relating to investing activities

Items	This period	Last period
Time deposit	**607**	977
Interest revenue	**18**	33
Future contract income	**30**	4
Total	**655**	1,014

(4) Other cash payments relating to investing activities

Items	This period	Last period
Time deposit	**619**	1,563
Futures contract losses	**1**	16
Futures margin	**31**	
Others	**2**	
Total	**653**	1,579

(5) Other cash receipts relating to financing activities

Items	Current Period	Last period
Recouping loans	**583**	
Total	**583**	

Note: Prior to the Company's acquisition of Ansteel Yingkou Port, the loans of RMB580 million were repaid.

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Items on statements of cash flow (continued)

(6) Other cash payments relating to financing activities

Items	This period	Last period
Pay rental fees	**50**	34
Financing service fees	**9**	26
Payment for share repurchase		12
Total	**59**	72

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Supplement of cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities

Items	This period	Last period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	**(1,979)**	(1,077)
Add: Provision for impairment on asset	**219**	81
Provision for impairment on credit	**(2)**	
Depreciation of fixed assets	**1,979**	1,916
Depreciation of right-of-use asset	**82**	32
Amortization of intangible assets	**215**	225
Amortization of long-term deferred expenses	**9**	
Loss on disposal of fixed assets, Intangible assets and other non-current assets ("–" for gains)		
Loss on scrap of fixed assets ("–" for gains)	**16**	(2)
Loss on the change of fair value ("–" for gains)	**(39)**	12
Financial expenses ("–" for gains)	**225**	140
Investment loss ("–" for gains)	**(233)**	(218)
Decrease in deferred tax assets ("–" for increase)	**4**	9
Increase in deferred tax liabilities ("–" for decrease)	**2**	(2)
Decrease in inventories ("–" for increase)	**802**	852
Decrease in operating receivables ("–" for increase)	**(622)**	(636)
Increase in operating payable ("–" for decrease)	**963**	(1,004)
Others	**31**	58
Net cash flow from operating activities	**1,672**	386
2. Change in cash and cash equivalent		
Cash at the end of the period	**5,133**	3,154
Less: cash at the beginning of the period	**3,927**	4,576
Add: cash equivalent at the end of the period		
Less: cash equivalent at the beginning of the period		
Net increase in cash and cash equivalents	**1,206**	(1,422)

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VI. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Supplement of cash flow statement (continued)

(2) Composition of cash and cash equivalent

Items	30 June 2026	31 December 2025
1. Cash	**5,133**	3,927
Of which: Cash at bank		
Bank deposits available	**4,880**	3,686
Other cash available	**253**	241
2. Cash equivalents		
Of which: Bonds due within 3 months		
3. Closing balance of cash and cash equivalents	**5,133**	3,927

VII. RESEARCH AND DEVELOPMENT EXPENDITURE

Items	This period	Last period
Raw material consumption fee	**63**	88
Labor cost	**65**	73
Depreciation	**18**	12
Outsourcing expenses	**61**	76
Travel expenses	**3**	3
Others	**12**	7
Total	**222**	259
Including: Expensing	**222**	259
Capitalization		

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION

1. **During the current period, the Company established a new holding subsidiary, Anjin Auto Parts (Hefei) Co., Ltd. (hereinafter referred to as "Anjin Hefei").**

2. **During the current period, the Company deregistered its subsidiary Ningbo Anshan Iron and Steel International Trade Co., Ltd. (hereinafter referred to as "Ningbo Trade").**

3. **Business combinations under common control**

(1) Business combinations under common control effected during the current period

During the current period, the Company brought Ansteel Yingkou Port into the scope of consolidation via a business combination under common control, the Company acquired an 80.00% equity interest in Ansteel Yingkou Port. The combination date of this transaction is 30 April 2026. From the beginning of the current period to the combination date, Ansteel Yingkou Port generated revenue of RMB91 million and net profit of RMB16 million. In the comparative period, Ansteel Yingkou Port achieved revenue of RMB131 million and net profit of RMB36 million.

(2) Cost of business combination

During the current period, the Company acquired the 80.00% equity interest in Ansteel Yingkou Port held by Anshan Iron & Steel Co., Limited ("**Angang Holding**"), with the equity transfer consideration amounting to RMB1,024 million.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

3. Business combinations under common control (continued)

(3) Carrying amounts of the acquiree's assets and liabilities at the combination date

	Ansteel Yingkou Port	
Items	**Combination Date**	as at the end of the previous year
Current assets:		
Cash and cash equivalents	**598**	23
Accounts receivable	**23**	15
Other receivables		580
Inventories	**2**	2
Other current assets		4
Total current assets	**623**	624
Non-current assets:		
Fixed assets	**338**	343
Right-of-use assets	**16**	
Intangible assets		
Long-term prepaid expenses	**57**	65
Total non-current assets	**411**	408
Total assets	**1,034**	1,032
Current liabilities:		
Accounts payable	**8**	10
Contract liabilities	**1**	1
Tax payable	**2**	5
Other payables	**14**	40
Total current liabilities	**25**	56
Non-current liabilities:		
Lease liability	**16**	
Total non-current liabilities	**16**	
Total liabilities	**41**	56
Net assets	**993**	976
Net assets acquired	**993**	976

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

3. Business combinations under common control (continued)

(4) Impact of Retrospective Restatement of Financial Statements for Business Combinations Under Common Control

① Balance Sheet as at 31 December 2025

Items	Before retrospective restatement	After retrospective restatement	Adjustment amount
Current assets：			
Cash and cash equivalents	3,913	3,936	23
Trading financial assets	20	20	
Derivative financial assets	4	4	
Notes receivable	315	315	
Accounts receivable	3,083	3,084	1
Receivables financing	1,480	1,480	
Prepayments	2,482	2,482	
Other receivables	95	675	580
Inventories	11,993	11,995	2
Other current assets	1,107	1,111	4
Total current assets	24,492	25,102	610

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

3. Business combinations under common control (continued)

(4) Impact of Retrospective Restatement of Financial Statements for Business Combinations Under Common Control (continued)

① Balance Sheet as at 31 December 2025 (continued)

Items	Before retrospective restatement	After retrospective restatement	Adjustment amount
Non-current assets:			
Long-term equity investments	4,211	4,211	
Other equity instrument investments	675	675	
Other non-current financial assets	142	142	
Fixed assets	55,272	55,615	343
Construction in progress	2,373	2,373	
Right-of-use assets	105	105	
Intangible assets	6,352	6,352	
Long-term prepaid expenses		65	65
Deferred income tax assets	2,169	2,169	
Other non-current assets	256	256	
Total non-current assets	71,555	71,963	408
Total assets	96,047	97,065	1,018
Current liabilities:			
Short-term loans	8,070	8,070	
Derivative financial liabilities	1	1	
Notes payable	19,318	19,318	
Accounts payable	5,908	5,904	(4)
Contract liabilities	4,738	4,739	1
Staff remuneration payable	112	112	
Tax payable	146	151	5
Other payables	4,273	4,313	40
Non-current liabilities due within 1 year	619	619	
Other current liabilities	437	437	
Total current liabilities	43,622	43,664	42

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

3. Business combinations under common control (continued)

(4) Impact of Retrospective Restatement of Financial Statements for Business Combinations Under Common Control (continued)

① Balance Sheet as at 31 December 2025 (continued)

Items	Before retrospective restatement	After retrospective restatement	Adjustment amount
Non-current liabilities:			
Long-term loans	6,121	6,121	
Bonds payable			
Lease liability	36	36	
Long-term payables	321	321	
Long-term employee benefits payable	40	40	
Deferred income	924	924	
Deferred income tax liabilities	1	1	
Total non-current liabilities	7,443	7,443	
Total liabilities	51,065	51,107	42
Shareholders' equity:			
Share capital	9,369	9,369	
Capital reserve	34,155	34,839	684
Less: Treasury shares			
Other comprehensive income	201	201	
Special reserve	87	87	
Surplus reserve	4,457	4,499	42
Retained earnings	(4,389)	(4,334)	55
Subtotal of Shareholders' equity attributable to shareholders of parent company	43,880	44,661	781
Minority interests	1,102	1,297	195
Total shareholders' equity	44,982	45,958	976
Total liabilities and shareholders' equity	96,047	97,065	1,018

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

3. Business combinations under common control (continued)

(4) Impact of Retrospective Restatement of Financial Statements for Business Combinations Under Common Control (continued)

② Profit Statement for the half-year ended 30 June 2025

Items	Before retrospective restatement	After retrospective restatement	Adjustment amount
I. Total operating revenue	48,599	48,618	19
Including: Operating revenue	48,599	48,618	19
II. Total operating cost	49,956	49,926	(30)
Including: Operating cost	48,283	48,247	(36)
Taxes and surcharges	527	529	2
Selling expenses	231	242	11
Administrative expenses	486	486	
Research and development expenses	259	259	
Finance expenses	170	163	(7)
Including: Interest expenses	182	182	
Interest income	26	33	7
Add: Other incomes	146	146	
Investment income (Loss is listed with "-")	218	218	
Including: Investment incomes in associates and joint	234	234	
Gain from fair-value changes (Loss is listed with "-")	(12)	(12)	
Credit impairment losses (Loss is listed with "-")			
Impairment on assets (Loss is listed with "-")	(81)	(81)	

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

3. Business combinations under common control (continued)

(4) Impact of Retrospective Restatement of Financial Statements for Business Combinations Under Common Control (continued)

② Profit Statement for the half-year ended 30 June 2025 (continued)

Gains on disposal of assets (Loss is listed with "-")			
III. Operating profit (Loss is listed with "-")	(1,086)	(1,037)	49
Add: Non-operating income	21	21	
Less: Non-operating expenses	4	4	
IV. Profit before tax (Loss is listed with "-")	(1,069)	(1,020)	49
Less: Income tax expenses	45	57	12
V. Net profit (Loss is listed with "-")	(1,114)	(1,077)	37
(I) Classification of business operation			
1. Continuous operation profit (Loss is listed with "-")	(1,114)	(1,077)	37
2. Termination of business operating profit (Loss is listed with "-")			
(II) Classification of ownership			
1. Net income attributable to the Company owners	(1,114)	(1,115)	(1)
2. Net income attributable to minority shareholders	30	38	8
VI. Other comprehensive income after tax	8	8	
Other comprehensive income after tax attributable to parent company owners	8	8	
(I) Other comprehensive income which cannot be reclassified subsequently to profit or loss	8	8	
1. Net gain on other equity instruments at fair value through other comprehensive income	5	5	

30 June 2026 (Expressed in million RMB unless otherwise indicated)

VIII. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

3. Business combinations under common control (continued)

(4) Impact of Retrospective Restatement of Financial Statements for Business Combinations Under Common Control (continued)

② Profit Statement for the half-year ended 30 June 2025 (continued)

2. The shares of the other comprehensive income which cannot be reclassified in profit or loss of the invested company in	3	3	
(II) Other comprehensive income which will be reclassified subsequently to profit or loss			
1. The shares of the other comprehensive income which can be reclassified in profit or loss of the invested company in equity			
Other comprehensive income after tax attributable to minority shareholders			
VII. Total comprehensive income	(1,106)	(1,069)	37
Total comprehensive income attributed to the Company owners	(1,136)	(1,107)	29
Total comprehensive income attributable to minority shareholders	30	38	8

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES

1. The constitution of the enterprise group

(1) The constitution of the enterprise group

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding(%) Direct	Holding(%) Indirect	Acquisition	Nature of Subsidiaries
Angang Steel Distribution (Wuhan) Co., Ltd. ("Angang Wuhan")	Wuhan	Wuhan	237	Steel processing and distribution	100		Establishment	Wholly-owned
Angang Steel Distribution (Hefei) Co., Ltd. ("Angang Hefei")	Hefei	Hefei	281	Steel processing and distribution	100		Establishment	Wholly-owned
Shenyang Angang steel International Trade Co., Ltd. ("Shenyang Trade")	Shenyang	Shenyang	300	Sales of metal materials and products, building materials, etc	100		Combination under common control	Wholly-owned
Shanghai Anshan Iron and Steel International Trade Co., Ltd. ("Shanghai Trade")	Shanghai	Shanghai	300	Sale of steel products, metal materials, building materials, machinery and equipment and others	100		Combination under Common control	Wholly-owned
Tianjin Anshan Iron and Steel International Trade Co., Ltd. ("Tianjin Trade")	Tianjin	Tianjin	200	Sale of steel products, metal materials, building materials, machinery and equipment and others	100		Combination under common control	Wholly-owned
Guangzhou Anshan Iron and Steel International Trade Co., Ltd. ("Guangzhou Trade")	Guangzhou	Guangzhou	300	Wholesale of steel, sales of steel, import and export of goods	100		Combination under common control	Wholly-owned
Shenyang Anshan Iron and Steel Processing and Distribution Co., Ltd. ("Angang Shenyang ")	Shenyang	Shenyang	187	Steel processing and distribution	100		Combination under common control	Wholly-owned
Ansteel processing and distribution (dalian) co. LTD ("Angang Dalian")	Dalian	Dalian	266	Steel processing and distribution	100		Establishment	Wholly-owned
Yantai Anshan Iron and Steel International Trade Co., Ltd. ("Yantai Trade")	Yantai	Yantai	200	Steel trade	100		Establishment	Wholly-owned
Ansteel Steel Distribution (Zhengzhou) Co., Ltd. ("Angang Zhengzhou")	Zhengzhou	Zhengzhou	229	Steel processing and distribution	100		Establishment	Wholly-owned

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. The constitution of the enterprise group (Continued)

(1) The constitution of the enterprise group (Continued)

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding(%) Direct	Indirect	Acquisition	Nature of Subsidiaries
Ansteel Guangzhou Steel Service Center Co., Ltd. ("Angang Guangzhou")	Guangzhou	Guangzhou	120	Steel processing and distribution	75		Establishment	Joint venture
Anshan Iron and Steel Processing and Distribution (Tianjin) Co., Ltd. ("Angang Tianjin")	Tianjin	Tianjin	43	Steel processing and distribution	51		Combination under common control	Joint venture
Angang Kobelco	Anshan	Anshan	700	Steel calendering and sales	51		Establishment	Sino-Japanese joint venture
CCAS	Changchun	Changchun	427	Research and development of sales and logistics distribution technology of self-produced products	100		Combination not under common control	Wholly-owned
Aurnex Materials	Anshan	Anshan	60	Sales of metal ropes and production	71.62		Establishment	Joint venture
Chemical Technology	Anshan	Anshan	2,500	Coking gas purification, coal chemical products processing and production	100		Establishment	Wholly-owned
Sichuan Lüxin Ding Carbon Industry Co., Ltd (hereinafter referred to as "Lüxinding")	Panzhihua	Panzhihua	180	Coking and chemical products processing and production		60	Establishment	Joint venture
Energy and Technology	Anshan	Anshan	201	Dissolved acetylene manufacturing; Distribution of compressed and liquefied gases	60		Combination under common control	Joint venture

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. The constitution of the enterprise group (Continued)

(1) The constitution of the enterprise group (Continued)

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding(%) Direct	Holding(%) Indirect	Acquisition	Nature of Subsidiaries
Changchun Angang Jiefang Steel Processing and Distribution Co., Ltd. (hereinafter referred to as "Jiefang Angang")	Changchun	Changchun	90	Steel processing and distribution	60		Combination not under common control	Joint venture
Chaoyang Iron and Steel	Chaoyang	Chaoyang	8000	Steel calendering and sales	100		Combination under common control	Wholly-owned
Ansteel (Hangzhou) Automotive Material Technology Co., LTD("Hangzhou Auto Material")	Hangzhou	Hangzhou	118	Steel, steel coil processing and sales, distribution	51	49	Establishment	Wholly-owned
New Energy Air Products	Anshan	Anshan	100	Sales of gas and liquid separation and purification equipment		51	Establishment	Joint venture
Beijing Angang Trade Co., Ltd. ("Beijing Trade")	Beijing	Beijing	198	Sales of metal materials and products, building materials, etc	100		Establishment	Wholly-owned
Delin Industrial Product Co., Ltd. ("Delin Industrial Products")	Anshan	Anshan	180	Purchasing and consulting services for industrial products such as equipment and materials; E-commerce transactions of industrial products and supply chain financial services	91		Establishment	Joint venture
Ansteel (Liaoning) Materials Technology Co., Ltd("Material Technology")	Anshan	Anshan	20	Sales of metal materials and production	100		Establishment	Wholly-owned
Ansteel Green Gold Industry Development Co., Ltd. (hereinafter referred to as "Green Gold Industry")	Anshan	Anshan	469	Comprehensive utilization of waste resources	34.4804		Establishment	Joint venture

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. The constitution of the enterprise group (Continued)

(1) The constitution of the enterprise group (Continued)

Full Name of Subsidiaries	Principal place of business	Registration place	Registration capital	Nature of the business	Holding(%) Direct	Holding(%) Indirect	Acquisition	Nature of Subsidiaries
Anshan Scrap Resources (Anshan) Co., Ltd. (hereinafter referred to as "Scrap Resources")	Anshan	Anshan	196	Comprehensive utilization of waste resources		77.5589	Combination under common control	Joint venture
Green Gold (Yingkou Bayuquan) Renewable Resources Co., Ltd. (hereinafter referred to as "Green Gold Bayuquan")	Yingkou	Yingkou	20	Comprehensive utilization of waste resources		100	Establishment	Wholly-owned
Green Gold (Chaoyang) Renewable Resources Co., Ltd.	Chaoyang	Chaoyang	20	Comprehensive utilization of waste resources		100	Establishment	Wholly-owned
Green Gold (Lingyuan) Renewable Resources Co., Ltd.	Chaoyang	Chaoyang	50	Comprehensive utilization of waste resources		100	Establishment	Wholly-owned
Anshan Youcai Trading Co., Limited (hereinafter referred to as "Anshan Youcai")	Anshan	Anshan	10	Steel trading	100		Establishment	Wholly-owned
Anjin Auto Parts (Hefei) Co., Limited (hereinafter referred to as "Anjin Hefei")	Anshan	Anshan	10	Manufacture of auto parts and components	51		Establishment	Wholly-owned
Ansteel Yingkou Port	Yingkou	Yingkou	802	Port services	80		Combination under common control	Joint venture

Note: All of the above subsidiaries are incorporated under the laws of the People's Republic of China and are limited liability companies.

(2) As of June 30, 2026, none of our subsidiaries issued share capital or debt securities.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates

(1) The joint ventures or associates

The name of the joint venture or associated enterprise	Principal place of business	Registration place	Nature of the business	Direct shareholding ratio(%)	Accounting Treatment
TAGAL Dalian	Dalian	Dalian	Galvanized and alloyed steel Board production and sales	50	Equity method
ANSC – Dachuan	Dalian	Dalian	Steel processing and selling	50	Equity method
Guangzhou Automobile Steel	Guangzhou	Guangzhou	Manufacturing Steel products	50	Equity method
Anji Yingkou	Yingkou	Yingkou	Hazardous chemicals	50	Equity method
Angang Finance	Anshan	Anshan	Deposits and loans and financing	20	Equity method
Iron Oxide Powder Company	Anshan	Anshan	Iron powder processing	35.29	Equity method
Nansha Logistical	Guangzhou	Guangzhou	Freight Forwarding, steel packaging, trade, warehousing services	49.8	Equity method
Ansteel-Jingu	Hangzhou	Hangzhou	Steel processing and selling	49	Equity method
GAC Baoshang	Guangzhou	Guangzhou	Steel processing and distribution	30	Equity method
Meizhou Motor Company	Meizhou	Meizhou	Automobile parts	25	Equity method
Zhong'an Water	Chaoyang	Chaoyang	Water production and supply	45	Equity method
Green Gold Benxi	Benxi	Benxi	Comprehensive utilization of waste resources	49	Equity method
Tianjin Wuchan No.19 Enterprise Management Partnership	Tianjin	Tianjin	Management consulting	25.4822	Equity method

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

(2) The accounting information of the important joint ventures

	TAGAL Dalian	
Items	**30 June 2026/ This period**	31 December 2025/ Last period
Current assets	**3,439**	2,792
Including: Cash and cash equivalents	**1,696**	1,786
Non- Current assets	**922**	953
Total Assets	**4,361**	3,745
Current liabilities	**2,944**	1,922
Non- Current liabilities		
Total Liabilities	**2,944**	1,922
Minority interests		
Subtotal of Shareholders' equity	**1,417**	1,823
attributable to shareholders of parent Company	**709**	912
Adjusting events		
– goodwill		
– unrealized profit resulting from trade within the group	**(54)**	(44)
– others		
The book value of equity investments in joint ventures	**655**	868
Fair value of equity investment in joint ventures with publicly quoted price		
Operating revenue	**2,494**	2,616
Finance costs	**(4)**	(10)
Income tax expenses	**44**	64
Net profit	**240**	320
Net profit from discontinued operations		
Other comprehensive income		
The total of comprehensive income	**240**	320
Dividends received from joint ventures this period	**327**	407

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

(3) The accounting information of the important association

	Angang Finance	
Items	**30 June 2026/ This period**	31 December 2025/ Last period
Current assets	**15,741**	13,831
Including: Cash and cash equivalents	**15,581**	13,661
Non- Current assets	**21,963**	21,463
Total Assets	**37,704**	35,294
Current liabilities	**28,793**	26,596
Non- Current liabilities	**11**	15
Total Liabilities	**28,804**	26,611
Minority interests		
attributable to shareholders of parent Company	**8,900**	8,683
Share of net assets calculated based on shareholding percentage	**1,780**	1,737
Adjusting events		
– goodwill		
– unrealized profit resulting from trade within the group		
– others		
The book value of equity investments in joint ventures	**1,780**	1,737
Fair value of equity investment in joint ventures with publicly quoted price		
Operating revenue	**355**	426
Finance costs		
Income tax expenses	**68**	71
Net profit	**203**	212
Net profit from discontinued operations		
Other comprehensive income	**9**	13
The total of comprehensive income	**212**	225
Dividends received from associates this period		

30 June 2026 (Expressed in million RMB unless otherwise indicated)

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

(4) The accounting information of the unimportant joint ventures and associations

Items	30 June 2026/ This period	31 December 2025/ Last period
Joint ventures:		
The book value of equity investments	**1,148**	1,170
The followings are calculated by shares		
–Net profit	**57**	38
–Other comprehensive income		
–The total of comprehensive income	**57**	38
Associations:		
The book value of equity investments	**432**	436
The followings are calculated by shares		
–Net profit	**30**	6
–Other comprehensive income		
–The total of comprehensive income	**30**	6

30 June 2026 (Expressed in million RMB unless otherwise indicated)

X. GOVERNMENT GRANTS

1. Types, amounts and line items of government grants

(1) Government grants included in the profit or loss

	The basic situation of government grants identified at the beginning of the period		Government grants included in the profit or loss
Items	**Amounts**	**Items**	
The government grants related to environmental protection	327	Deferred income/ other income	39
The government grants related to scientific research	36	Deferred income/ other income	10
Others	14	Deferred income/ other income	18
Refund of VAT upon collection	51	Other income	51
Total	428		118

(2) Debt projects involved the government grants

Items	31 December 2025	Increase	Belong to Non-business income	Belong to other income	Offset cost expenses	30 June 2026	Related to assets/ income
Deferred income	924	377		67		**1,234**	Related to assets/ income

2. Return of government grants

There were no repayments of government grants for the Group in the current period.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Market risk

(1) Exchange risk

Foreign exchange risk refers to the risk of losses arising from changes in exchange rates. The foreign exchange risk borne by the Group is mainly related to the US dollar and Hong Kong dollar. As of June 30, 2026, except for the assets or liabilities mentioned in the table below which are in US dollars and Hong Kong dollars, the assets and liabilities of the Group are all in RMB balance.

Items	**30 June 2026**	31 December 2025
Bank deposits *(USD)*	**100,427.63**	100,406.50
Bank deposits *(HKD)*	**1,884.68**	1,884.58

In terms of the major foreign currency transactions such as exporting sales of products, importing and procurement of raw materials for production and engineering equipment, the Group conducts imports and exports agency transactions through trading with Angang Group International Economic and Trade Co., Ltd ("**Angang Trade**"). The foreign exchange risk is mainly reflected in the impact of exchange rate changes on sales and purchase costs during agency settlement.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Market risk (Continued)

(1) Exchange risk (Continued)

A. The foreign exchange risk exposure of various foreign currency asset liability items listed in the local currency by the Group as of June 30, 2026 is set out in Note VI.1.

B. The Group's main foreign exchange rates apply as follows:

	Average Exchange Rate		Middle Exchange Rate on the Reporting Date	
Items	**This period**	Last period	**This period**	Last period
U.S. dollar	**6.8956**	7.1837	**6.8109**	7.1586
H.K. dollar	**0.8814**	0.9219	**0.8686**	0.1920

C. Sensitivity analysis

The increase of one percentage point in the exchange rate between the US dollar and Hong Kong dollar to the Chinese yuan on 30 June 2026, will result in an increase (decrease) of RMB0 million in the Group's shareholders' equity and net profit.

As of June 30, 2026, assuming other variables remain unchanged, a decrease of one percentage point in the exchange rate between the US dollar and Hong Kong dollar against the Chinese yuan will result in changes in shareholder equity and profit and loss, which are the same as the amounts listed in the table above but in the opposite direction.

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Market risk (Continued)

(1) Exchange risk (Continued)

C. Sensitivity analysis (Continued)

The above sensitivity analysis is based on the assumption that there is a change in exchange rate on the balance sheet date, and this change applies to all derivative and non derivative financial instruments of the group. The change of one percentage point is based on the Group's reasonable expectation of exchange rate changes from the balance sheet date to the next balance sheet date. The analysis of the previous year was also based on this assumption.

(2) Interest rate risk

The interest bearing financial instruments held by the Group as of June 30, 2026 are listed in Notes VI 1, 22, 30,31and 32. (Monetary funds, short-term loans, Non-current liabilities due within 1 year, long-term loans, other current liabilities–short–term and ultra–short–term financing bills)

Sensitivity analysis:

The principle of managing interest rate risk for the Group is to reduce the impact of short-term fluctuations on the Group's profits. However, in the long run, permanent changes in interest rates will have an impact on profits.

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Market risk (Continued)

(2) Interest rate risk (Continued)

As of June 30, 2026, assuming other variables remain unchanged, an increase of one percentage point in the interest rates of bank deposits, short-term loans, non current liabilities due within one year, other current liabilities–short–term and ultra–short–term financing bills, long-term loans, and bonds payable will result in a decrease of RMB100 million in the net profit and shareholder's equity of the group (December 31, 2025: RMB97 million).

The above sensitivity analysis is based on the assumption that there is a change in interest rates on the balance sheet date, and this change applies to all derivative and non derivative financial instruments of the group. The change of one percentage point is based on the reasonable expectation of the Group's interest rate changes from the balance sheet date to the next balance sheet date. The previous analysis was also based on this assumption.

2. Credit risk

Credit risk refers to the risk that one party to a financial instrument cannot fulfill its obligations, resulting in financial losses for the other party. The credit risk of the group mainly comes from accounts receivable. The management will continuously check the exposure of these credit risks.

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Credit risk (Continued)

For accounts receivable, the group has formulated credit policies based on actual situations, and conducted credit assessments on customers to determine the credit sales limit. Our group requires most customers to prepay the full amount of the goods in cash or bills before shipping them. The accounts receivable related to credit customers expire within 1-4 months from the date of issuance of the invoice. Debtors who are overdue for more than a month will be required to settle all outstanding balances before obtaining further credit limits. In general, the Group does not require customers to provide collateral.

The vast majority of our clients have had years of business dealings with our group and rarely experience credit losses. To monitor the credit risk of the Group, the Group analyzes its customer information based on factors such as aging and maturity.

On the balance sheet date, due to the fact that the accounts receivable of the top five customers of the group accounted for 65% of the total accounts receivable and other receivables of the group (at the beginning of the period: 67%), the group experienced a certain degree of concentration of credit risk.

The maximum credit risk exposure that the group is exposed to is the carrying amount of each financial asset on the balance sheet. The Group has not provided any other guarantees that may expose the Group to credit risk.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Liquidity risk

The group is responsible for its own cash management work, including short-term investments in cash surplus and borrowing loans to meet expected cash needs. The policy of the Group is to regularly monitor short-term and long-term liquidity needs, as well as compliance with loan agreements, to ensure the maintenance of sufficient cash reserves and marketable securities available for immediate realization, while obtaining commitments from major financial institutions to provide sufficient backup funds to meet short-term and longer-term liquidity needs.

The analysis of the repayment period of the Group's long-term debts is set out in Notes VI.32 (long-term loans).

The group's various financial liabilities are listed as follows based on the undiscounted contractual cash flow based on the maturity date:

	30 June 2026					
Items	Within 1 year	1 to 2 years	2 to 5years	Over 5 years	Total undiscounted contract amounts	Book value
Short-term loans	6,259				6,259	6,259
Notes payable	19,943				19,943	19,943
Accounts payable	6,956				6,956	6,956
Other payable	2,712				2,712	2,712
Non-current liabilities due within 1 year	1,243				1,243	1,243
Other current liabilities – Short-term and ultra-short-term financing bills	2,709				2,709	2,709
Long-term loans		803	5,326	294	6,423	6,423
Short-term loans, long-term loans and bonds payable(Generated interest)	224	135	123	17	499	
Lease liability		240	575	720	1,535	1,535

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Liquidity risk (Continued)

(Continued)

	31 December 2025					
Items	Within 1 year	1 to 2 years	2 to 5years	Over 5 years	Total undiscounted contract amounts	Book value
Short-term loans	8,070				8,070	8,070
Notes payable	19,318				19,318	19,318
Accounts payable	5,903				5,903	5,903
Other payable	4,314				4,314	4,314
Non-current liabilities due within 1 year	619				619	619
Long-term loans		2,607	3,289	225	6,121	6,121
Short-term loans, long-term loans and bonds payable (Generated interest)	230	121	91	15	457	
Lease liability		16	21	2	39	39

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

4、Hedging

(1) The Company carries out hedging business for risk management

Items	Corresponding risk management strategies and objectives	Qualitative and quantitative information on hedged risk	The economic relationship between the hedged item and the related hedging instrument	Expected achievement of risk management objectives	The impact of hedging activities on risk exposure
Commodity price risk	The raw materials required for the production of the Company include iron ore, thermal coal, coking coal, coke, nonferrous metals, alloys, etc., and the finished products produced by the Company include hot-rolled coils, etc. The prices of these raw materials and finished products fluctuate significantly, making the Company exposed to the risk of commodity price changes. In order to reduce the impact of large fluctuations in commodity prices on the company's operations, the company chooses to use financial instruments (commodity futures) to generate reverse risk exposure for risk management, so as to achieve the purpose of preserving value, on the premise that funds can be effectively supported and the scale can be carefully controlled.	Fluctuations in the prices of raw materials and finished products will impact the stability of the Company's operations.	There is an economic relationship between the hedged item and the hedged item, which causes the value of the hedged item and the hedged item to change in the opposite direction due to the same hedged risk.	Anticipatory risk management objectives can be achieved	By engaging in hedging activities, the Company can fully utilize the hedging functions of the futures market to mitigate the risks associated with fluctuations in the prices of raw materials and finished products.

XI. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

4、Hedging (Continued)

(2) The Company engages in hedging activities for risk management purposes with the expectation of achieving its risk management objectives; however, hedge accounting is not applied.

The Company's hedging activities do not satisfy the criteria for applying hedge accounting as outlined in Article 15 of the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting. Consequently, hedge accounting has not been applied. For the current period, the net profit resulting from the cumulative value changes of the hedging instruments and the hedged items amounted to RMB6 million.

5. Transfer of financial assets

Modes of transfer of financial assets	Transferred financial assets		終止確認情況
	Nature	Amount	
Discounting of immature bills	Bank acceptance bill	10,729	Yes
Endorsement of immature bills	Bank acceptance bill	5,548	Yes
Total		16,277	

The Group considers that substantially all the risks and rewards of these financial assets of RMB16,277 million have been transferred, and therefore derecognition is appropriate.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XII. DISCLOSURE OF THE FAIR VALUE

1. The amount of asset and liability measured at fair value and the measurement hierarchies

The fair value measurement is classified into three hierarchies, listed as follows:

Level 1: The quoted price (unadjusted) in dynamic market for identical asset or liability.

Level 2: In puts other than quoted price included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The unobservable inputs for asset or liability (unobservable inputs).

	The Fair Value on 30 June 2026			
Items	The Fair Value Measured at First Level	The Fair Value Measured at Second Level	The Fair Value Measured at Third Level	Total
Continues fair value measurement:				
Trading financial assets	15			15
Derivative financial assets	2			2
Receivables financing		1,625		1,625
Other investments in equity instruments			671	671
Other non-current financial assets	32		68	100
Derivative financial liabilities	5			5

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XII. DISCLOSURE OF THE FAIR VALUE

1. The amount of asset and liability measured at fair value and the measurement hierarchies (Continued)

(Continued)

Items	The Fair Value on 31 December 2025			
	The Fair Value Measured at First Level	The Fair Value Measured at Second Level	The Fair Value Measured at Third Level	Total
Continues fair value measurement:				
Trading financial assets	**20**			**20**
Derivative financial assets	**4**			**4**
Receivables financing		**1,480**		**1,480**
Other investments in equity instruments			**675**	**675**
Other non-current financial assets	**74**		**68**	**142**
Derivative financial liabilities	**1**			**1**

2. The qualitative and quantitative information of the valuation techniques and significant parameters used for the continuous and non-continuous third-level fair value measurement projects.

The determination of fair value relies on the third tier input value. For other equity instrument investments, the net assets at the end of the investment entity's period serve as a crucial reference point for assessing its fair value. If the net assets at the end of the period can essentially mirror its fair value, these net assets should be utilized as the foundation for evaluating its fair value.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XII. DISCLOSURE OF THE FAIR VALUE

3. Adjustment information between the book value of the continuous third-level fair value measurement project

	Other investments in equity instruments	Other non-current financial assets
Balance at 1 January 2026	675	68
Additional investment		
Changes in fair value (included in other comprehensive income)	(4)	
Changes in fair value (included in current profit and loss)		
Balance at 30 June 2026	671	68

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent company

Group Name	Registration Place	The Nature of Business	Registered Capital	The Group's Shareholding (%)	Proportion of Voting-Right (%)
Angang Holding	Tie Xi District Anshan Liaoning Province	Production and sale of steel and metal products, steel filament Tubes, and etc.	26,000	53.97	53.97

Note: Angang Group Company Ltd. is the ultimate controlling party, registered in China.

2. Information on the subsidiaries of the parent company

Please refer to Note IX.1 The constitution of the enterprise group.

3. Information on the joint ventures and associates of the group

Please refer to Note IX.2 Interests in joint ventures or associates.

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related parties without control relationship

Name of Enterprise	Relation with the Parent Company
Guangzhou Automobile Steel	Joint venture
TAGAL Dalian	Joint venture
Anji Yingkou	Joint venture
ANSC – Dachuan	Joint venture
Ansteel-Jingu	Associate
Nansha Logistical	Associate
Zhong'an Water	Associate
GAC Baoshang	Associate
Meizhou Motor Company	Associate
Iron Oxide Powder Company	Associate
Angang Finance	Associate, Fellow subsidiary
Shanxi Wuchan International Energy Co., Ltd.	Associates of Angang Holding
China Ordins Group Co., Ltd.	Associates of Angang Holding
Falan Packing	Fellow subsidiary
Angang Steel Casting Co., Ltd.	Fellow subsidiary
Angang Group Mining Co., Ltd.	Fellow subsidiary
Angang Steel Rope Co., Ltd.	Fellow subsidiary
Anshan Iron and Steel Group Refractory Materials Co., Ltd	Fellow subsidiary
Ansteel Cold Rolled Steel Plate (Putian) Co., Ltd	Fellow subsidiary
Ansteel Group Real Estate Property Co., Ltd	Fellow subsidiary
Anshan Iron and Steel Labor Research Institute Technology Co., Ltd	Fellow subsidiary
Delin land Port Supply Chain Service Co., Ltd	Fellow subsidiary
Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd	Fellow subsidiary
Ansteel Electric Co., Ltd	Fellow subsidiary
Yingkou Angang International Freight Forwarding Co., Ltd	Fellow subsidiary
Anshan Kede Roll Surface Treatment Co., Ltd.	Joint venture of Angang Group
Anshan Jidong Cement Co., Ltd.	Joint venture of Angang Group
Angang Steel Group Engineering Technology Co., Ltd	Joint venture of Angang Group
Ansteel Mining Construction Co., Ltd	Joint venture of Angang Group
Pangang Group Gongke Engineering Consulting Co., Ltd.	Joint venture of Angang Group
Sichuan Pangang Jiade Precision Technology Co., Ltd.	Associates of Angang Group
Ansteel Yasheng Special Materials Co., Ltd.	Associates of Angang Group
Lingyuan Iron and Steel Group Co., Ltd.	Fellow subsidiary
Lingyuan Iron and Steel Co., Ltd.	Fellow subsidiary

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Related parties without control relationship (Continued)

Name of Enterprise	Relation with the Parent Company
Angang Steel Group Capital Holding Co., Ltd.	Fellow subsidiary
Ansteel Resources Co., Ltd.	Fellow subsidiary
Angang Group International Trade Corporation Ltd.	Fellow subsidiary
Angang Lianzhong Stainless Steel Corporation	Fellow subsidiary
Pangang Group International Economic & Trading Co., Ltd.	Fellow subsidiary
Pangang Group Vanadium and Titanium Resources Co., Ltd.	Fellow subsidiary
Pan Gang Group Jiangyou Changcheng Special Steel Co., Ltd.	Fellow subsidiary
Pangang Group Mining Co., Ltd.	Fellow subsidiary
Angang Group Engineering Technology Development Co., Ltd.	Fellow subsidiary
Ansteel Group Zhongyuan Industrial Development Co., Ltd.	Fellow subsidiary
Ansteel Commercial Factoring (Shenzhen) Co., Ltd.	Fellow subsidiary
Benxi Beiying Iron & Steel (Group) Co., Ltd.	Fellow subsidiary
Benxi Steel Group Corporation Limited	Fellow subsidiary
Bengang Steel Plates Co., Ltd.	Fellow subsidiary
Ansteel Group Beijing Research Institute Co., Ltd.	Fellow subsidiary
Ansteel Digital Technology (Liaoning) Co., Ltd.	Fellow subsidiary
Benxi Steel Group International Economic & Trading Co., Ltd.	Fellow subsidiary
Sichuan Pangang Jiade Precision Technology Co., Ltd.	Fellow subsidiary
Ansteel Yasheng Special Materials Co., Ltd.	Fellow subsidiary

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions

(1) Related-party transactions within Angang Group Company Ltd.

① Related-party transactions on Procurement of Goods and Services

Contents	Pricing policy	This period	Last period
Purchasing of goods	Note.1	**11,830**	13,799
Acceptance of services	Note.2	**3,277**	3,266
Total	–	**15,107**	17,065

② Related-party transactions on Sales of Goods and Services

Contents	Pricing Policy	This period	Last period
Sale of goods	Note.3	**5,070**	5,033
Provision of services	Note.4	**231**	210
Total	–	**5,301**	5,243

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Company Ltd. (Continued)

② Related-party transactions on Sales of Goods and Services (Continued)

Note 1: The pricing of iron concentrate, pellet ore, scrap steel, billets, ingots, pig iron, alloys, non-ferrous metals, coke, coal, coking by-products, limestone, quicklime, refractory materials, spare parts, renewable resources, etc. shall be based on market prices;The pricing of sinter shall be determined as the iron concentrate price plus the (T-1) month's process cost;The pricing of steel products shall be determined as either the price at which Angang Steel Co., Ltd. sells to third parties minus a consignment fee of not less than RMB15 per ton, or the market price.

Note 2: Electricity, water, etc., are priced at government-set prices; Railway, road, pipeline and water transportation and services; Port agency services; Agency services; Equipment maintenance and services; Design and engineering services; Telecommunication services; Information systems; Education and training, translation services; Newspapers and other publications; Production collaboration and maintenance; Living collaboration and maintenance; Official vehicle services; Energy conservation, environmental protection, safety, testing, technology development and services; Medical and health services; Business entertainment and conference expenses; Greening services; Security services; Land and house leasing; Wastewater treatment; Energy supply services (such as steam); Entrusted management; Other specialized services, etc., are priced at market prices; Processing with supplied materials is priced at market prices or cost plus reasonable profit.

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Company Ltd. (Continued)

② Related-party transactions on Sales of Goods and Services (Continued)

Note 3: Steel products, scrap steel, pig iron, billets, by-products of iron and steel production, coke, coal, coking by-products, ores, e-commerce products, scrap steel materials, waste materials, scrapped assets or idle assets, etc., are priced at market prices.

Note 4: Metrology, testing, product testing, transportation services, agency services, heating services, leasing services, etc., are priced at market prices; Energy supply services (including but not limited to clean circulating water, waste circulating water, soft water, gas, steam, nitrogen, oxygen, argon, compressed air, hydrogen, residual hot water, liquid oxygen, liquid nitrogen, liquid argon, gas products, etc.), contract processing, entrusted asset management, etc., are priced at market prices or cost plus reasonable profit; Electricity, water, etc., are priced at government-set prices.

③ Related party transactions of asset acquisition

The company has no related party transactions for asset acquisition in the current period.

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(1) Related-party transactions within Angang Group Company Ltd. (Continued)

④ Related-party guarantee

The company applied to become the designated rebar delivery factory warehouse of Shanghai Futures Exchange (hereinafter referred to as the Shanghai Futures Exchange), and Angang Holding provided guarantee for the company's application for delivery factory warehouse qualification to the Shanghai Futures Exchange and signed the guarantee letter (hereinafter referred to as the guarantee letter). Angang Holding requires the company to provide counter guarantee to the company for the above guarantee provided by it. The amount of counter guarantee guarantee shall not exceed 300 million. The period of counter guarantee guarantee shall be from the date of signing the agreement on designated rebar futures factory warehouse of Shanghai futures exchange with the company in the previous period to the date of termination of the contract (I. E. The duration of the contract) and two years after the end of the duration of the contract.

(2) Other related party transactions

① In this period, Angang trade provided export agents to sell 0.8 million tonnes of steel products (last period: 1.03 million tonnes).

② During the current period, subsidiaries of Ansteel Group Capital Holdings Co., Ltd. provided accounts receivable factoring services to suppliers of the Group in the amount of RMB25 million (prior period: RMB29 million).

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(3) Borrowings, bill discounting, deposits and interest payments from Angang finance

Items	Annual interest rate (%)	31 December 2025	Increment	Decrement	30 June 2026	Terms
Deposit	0.2-1.45	3,493	163,455	162,214	**4,734**	
Loan	2.11	615		315	**300**	
Bill discounting	0.5		228		**228**	

During the current period, the group's deposit interest income in Angang finance was 12 million (previous period: 18 million), and the loan interest expenditure (including discount) was 4 million (previous period: 1 million). The maximum daily deposit of the group in Anshan finance in the current period is 4,922 million (previous period: 4,781 million).

(4) The group's related party transactions with joint ventures and associates

① Statement of purchasing products

Name	This period	Last period
TAGAL Dalian	**303**	229
Guangzhou Automobile Steel	**23**	17
Zhong'an Water	**10**	10
Anji Yingkou	**7**	7
Iron Oxide Powder Company	**4**	5
GAC Baoshang	**3**	3
Ansteel-Jingu	**3**	3
Total	**353**	274

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(4) The group's related party transactions with joint ventures and associates (Continued)

② Statement of selling products

Name	This period	Last period
TAGAL Dalian	**1,644**	1,679
Guangzhou Automobile Steel	**923**	825
Anji Yingkou	**208**	164
Ansteel-Jingu	**184**	188
Iron Oxide Powder Company	**28**	26
GAC Baoshang	**5**	3
Meizhou Motor Company	**4**	3
Nansha Logistical		4
Total	**2,996**	2,892

(5) During the year, the Group purchased products worth RMB301 million from China Ordins Group Co., Ltd., an associate of Anshan Iron and Steel, and sold products to it with an amount of RMB2,659 million.

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related-party transactions (Continued)

(6) Remuneration of the directors, supervisors and senior management

Name	This period	Last period
Key management personnel compensation	**2.27**	1.74
Total	**2.27**	1.74

(7) Continuing Connected Transactions

The connected transactions disclosed in items (1) to (3) of Note XIII.5 also constitute connected transactions or recurring connected transactions as defined in Chapter 14A of the Listing Rules of The Stock Exchange of Hong Kong Limited.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions

(1) Accounts receivable

Items	Related party	30 June 2026	31 December 2025
Accounts receivable	Angang Trade	**1,552**	961
Accounts receivable	Benxi Steel Plate Co., Ltd.	**51**	87
Accounts receivable	Angang Group Engineering Technology Development Co., Ltd.	**40**	41
Accounts receivable	Angang Steel Wire Rope Co., Ltd.	**9**	14
Accounts receivable	Angang Steel Casting Co., Ltd.	**9**	1
Accounts receivable	Lingyuan Iron & Steel Co., Ltd.	**8**	
Accounts receivable	Sichuan Pangang Jiade Precision Technology Co., Ltd.	**7**	
Accounts receivable	TAGAL Dalian	**6**	8
Accounts receivable	Delin Land Port Supply Chain Service Co., Ltd.	**3**	2
Accounts receivable	Anshan Iron & Steel Co., Ltd.	**3**	2
Accounts receivable	Lingyuan Iron & Steel Group Co., Ltd.	**2**	9
Accounts receivable	Angang Group Zhongyuan Industrial Development Co., Ltd.	**2**	3
Accounts receivable	Benxi Beiying Iron & Steel (Group) Co., Ltd.	**1**	15
Accounts receivable	Anshan Iron & Steel Group Refractory Materials Co., Ltd.	**1**	
Accounts receivable	Angang Lianzhong (Guangzhou) Stainless Steel Co., Ltd.		45
Accounts receivable	Angang Group Mining Co., Ltd.		4
Accounts receivable	Benxi Iron & Steel (Group) Co., Ltd.		2
Accounts receivable	Pangang Group Mining Co., Ltd.		1
Total		**1,694**	1,195
Other receivables	Angang Group Capital Holding Co., Ltd.	**11**	
Other receivables	Benxi Steel Sheets Co., Ltd.		1
Other receivables	Anshan Iron & Steel Co., Ltd.		580
Total		**11**	581

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(1) Accounts receivable (Continued)

Items	Related party	30 June 2026	31 December 2025
Prepayment	Angang Trade	1,218	1,215
Prepayment	TAGAL Dalian	125	39
Prepayment	Angang Cold Rolled Steel Sheet (Putian) Co., Ltd.	77	152
Prepayment	Delin Land Port Supply Chain Service Co., Ltd.	75	56
Prepayment	Benxi Steel Sheets Co., Ltd.	48	25
Prepayment	Benxi Beiying Iron & Steel (Group) Co., Ltd.	41	14
Prepayment	Lingyuan Iron & Steel Group Co., Ltd.	15	10
Prepayment	Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	9	
Prepayment	Angang Lianzhong (Guangzhou) Stainless Steel Co., Ltd.	8	38
Prepayment	Lingyuan Iron & Steel Co., Ltd.	3	7
Prepayment	Angang Group Mining Co., Ltd.	2	
Prepayment	Angang Group Capital Holding Co., Ltd.	2	
Prepayment	Pangang Group International Economic & Trade Co., Ltd.	1	3
Prepayment	Benxi Steel Group International Economic & Trade Co., Ltd.	1	
Prepayment	Angang Group Engineering Technology Co., Ltd.		2
Total		1,625	1,561

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable

Items	Related party	30 June 2026	31 December 2025
Accounts payable	Angang Group Mining Co., Ltd.	**454**	297
Accounts payable	Delin Land Port Supply Chain Service Co., Ltd.	**315**	348
Accounts payable	Zhongyuan Industry	**185**	124
Accounts payable	Angang Trade	**144**	84
Accounts payable	Angang Group Engineering Technology Development Co., Ltd.	**106**	172
Accounts payable	Anshan Iron & Steel Group Refractory Materials Co., Ltd.	**95**	100
Accounts payable	Anshan Iron & Steel Metallurgical Furnace Material Technology Co., Ltd.	**85**	
Accounts payable	China Ordnance Industry Materials Group Co., Ltd.	**80**	3
Accounts payable	TAGAL Dalian	**74**	59
Accounts payable	Anshan Iron & Steel Co., Ltd.	**51**	2
Accounts payable	Angang Mine Construction Co., Ltd.	**41**	28
Accounts payable	Benxi Beiying Iron & Steel (Group) Co., Ltd.	**32**	13
Accounts payable	Guangzhou Automotive Steel	**25**	24
Accounts payable	Pangang Group International Economic & Trade Co., Ltd.	**19**	22
Accounts payable	Zhong'an Water Service	**18**	15
Accounts payable	Benxi Steel Sheets Co., Ltd.	**16**	19
Accounts payable	Angang Cold Rolled Steel Sheet (Putian) Co., Ltd.	**8**	8
Accounts payable	Angang Digital Intelligence Technology (Liaoning) Co., Ltd.	**8**	5
Accounts payable	Angang Steel Wire Rope Co., Ltd.	**7**	1
Accounts payable	Angang Lianzhong (Guangzhou) Stainless Steel Co., Ltd.	**6**	17
Accounts payable	Angang Resources Co., Ltd.	**6**	11
Accounts payable	Angang Electric Co., Ltd.	**6**	10
Accounts payable	Lingyuan Iron & Steel Co., Ltd.	**6**	10
Accounts payable	Anshan Kede Roll Surface Treatment Co., Ltd.	**6**	2
Accounts payable	Angang Group Engineering Technology Co., Ltd.	**5**	24

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	30 June 2026	31 December 2025
Accounts payable	Pangang Group Vanadium & Titanium Resources Co., Ltd.	5	
Accounts payable	Angang Group Real Estate & Property Co., Ltd.	2	2
Accounts payable	Benxi Iron & Steel (Group) Co., Ltd.	1	19
Accounts payable	Anshan Falan	1	1
Accounts payable	Iron Oxide Powder	1	1
Accounts payable	Ansteel-Jingu	1	1
Accounts payable	Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	1	
Accounts payable	Angang Yasheng Special Materials Co., Ltd.	1	
Accounts payable	GAC Baoshang		2
Accounts payable	Yingkou Angang International Freight Forwarding Co., Ltd.		2
Accounts payable	Angang Steel Casting Co., Ltd.		1
Accounts payable	Anshan Iron & Steel Labor Research Institute Technology Co., Ltd.		1
Total		1,811	1,428
Other payables	Angang Group Engineering Technology Co., Ltd.	997	1,734
Other payables	Angang Group Engineering Technology Development Co., Ltd.	137	200
Other payables	Angang Digital Intelligence Technology (Liaoning) Co., Ltd.	100	105
Other payables	Angang Group Capital Holding Co., Ltd.	30	84
Other payables	Angang Group Zhongyuan Industrial Development Co., Ltd.	15	13
Other payables	Anshan Iron & Steel Labor Research Institute Technology Co., Ltd.	9	11
Other payables	Angang Trade	8	8

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	30 June 2026	31 December 2025
Other payables	Angang Group Beijing Research Institute Co., Ltd.	**7**	6
Other payables	China Ordnance Industry Materials Group Co., Ltd.	**6**	6
Other payables	Delin Land Port Supply Chain Service Co., Ltd.	**5**	5
Other payables	Angang Group Company Ltd.	**3**	6
Other payables	Anshan Iron & Steel Metallurgical Furnace Material Technology Co., Ltd.	**3**	3
Other payables	Angang Electric Co., Ltd.	**2**	27
Other payables	Angang Mine Construction Co., Ltd.	**2**	6
Other payables	Shanxi Materials International Energy Co., Ltd.	**2**	3
Other payables	Anshan Iron & Steel	**2**	
Other payables	Benxi Iron & Steel (Group) Co., Ltd.	**1**	3
Other payables	Angang Group Real Estate & Property Co., Ltd.	**1**	2
Other payables	Pangang Group Gongke Engineering Consulting Co., Ltd.	**1**	
Other payables	Angang Lianzhong (Guangzhou) Stainless Steel Co., Ltd.		2
Other payables	Anshan Falan		1
Total		**1,331**	2,225

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(2) Accounts payable (Continued)

Items	Related party	30 June 2026	31 December 2025
Contract liabilities	Delin Land Port Supply Chain Service Co., Ltd.	**517**	663
Contract liabilities	China Ordnance Industry Materials Group Co., Ltd.	**489**	522
Contract liabilities	Angang Cold Rolled Steel Sheet (Putian) Co., Ltd.	**120**	90
Contract liabilities	Anshan Falan	**37**	25
Contract liabilities	Angang Group Mining Co., Ltd.	**35**	47
Contract liabilities	Zhongyuan Industry	**24**	41
Contract liabilities	Angang Group Engineering Technology Development Co., Ltd.	**24**	34
Contract liabilities	Guangzhou Automotive Steel	**23**	150
Contract liabilities	Iron Oxide Powder	**17**	8
Contract liabilities	Angang Electric Co., Ltd.	**9**	6
Contract liabilities	TAGAL Dalian	**8**	102
Contract liabilities	Ansteel-Jingu	**7**	19
Contract liabilities	Angang Steel Casting Co., Ltd.	**5**	5
Contract liabilities	Anshan Iron & Steel Group Refractory Materials Co., Ltd.	**5**	3
Contract liabilities	GAC Spring	**4**	3
Contract liabilities	Angang Holding	**3**	
Contract liabilities	Pangang Group International Economic & Trade Co., Ltd.	**1**	2
Contract liabilities	Nansha Logistics	**1**	1
Contract liabilities	Angang Mine Construction Co., Ltd.	**1**	1
Contract liabilities	Angang Trade	**1**	1
Contract liabilities	Benxi Steel Sheets Co., Ltd.	**1**	
Contract liabilities	Benxi Iron & Steel (Group) Co., Ltd.	**1**	
Contract liabilities	Anshan Jidong Cement Co., Ltd.		2
Total		**1,333**	1,725

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balances of related-party transactions (Continued)

(3) Other non-current assets

Items	Related party	30 June 2026	31 December 2025
Other non-current assets	Angang Trade	**106**	207
Other non-current assets	Angang Steel Group Engineering Technology Co., Ltd	**1**	2
Total		**107**	209

XIV. COMMITMENTS AND CONTINGENCIES

As at 30 June 2026, the Group had no share-based payment arrangements requiring disclosure.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Items	30 June 2026	31 December 2025
Investment contracts entered but not yet performed or performed partially	**14**	14
Construction and renovation contracts entered but not yet performed or performed partially	**628**	1,083
Total	**642**	1,097

2. Contingencies

As of June 30, 2026, the group has no material contingencies to disclose.

XVI. SUBSEQUENT EVENTS

As of June 30, 2026, there are no post-balance sheet events requiring disclosure for the Group.

XVII. OTHER SIGNIFICANT INTRODUCTIONS

As of June 30, 2026, the group had no other important matters to explain.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Accounts Receivable

(1) Classification of Accounts Receivable

Item	30 June 2026				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable subject to separate assessment for bad debts provision	85	1.94	65	76.47	20
Account receivable for which bad debt is prepared based on group combination	4,304	98.06	4	0.09	4,300
including: Risk-free group combination	3,317	75.58			3,317
Risk group combination on the basis of aging-matrix	987	22.48	4	0.41	983
Total	4,389	100.00	69	1.57	4,320

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

(1) Classification of Accounts Receivable (Continued)

(Continued)

	31 December 2025				
	Book Value		Bad Debt Provision		Net Book
Item	Amount	Percentage (%)	Amount	Percentage (%)	Value
Accounts receivable subject to separate assessment for bad debts provision	85	2.59	65	76.47	20
Account receivable for which bad debt is prepared based on group combination	3,202	97.41	4	0.12	3,198
including: Risk-free group combination	2,302	70.03			2,302
Risk group combination on the basis of aging-matrix	900	27.38	4	0.44	896
Total	3,287	100.00	69	2.10	3,218

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

(2) Accounts receivable subject to separate assessment for bad debts provision

	31 December 2025		30 June 2026			
Debtors	Book Value	Bad Debt Provision	**Book Value**	**Bad Debt Provision**	**Percentage (%)**	**Reason**
Tianjin Property Group Finance Co., Ltd.	20		**20**			
Anshan Zhongyou Tianbao Steel Pipe Co., Ltd.	65	65	**65**	**65**	**100.00**	**The business is in trouble and it does not have the ability to pay debts**
Total	85	65	**85**	**65**		

(3) Accounts Receivable classified by aging

Aging	**30 June 2026**	31 December 2025
Within 1 year	**4,184**	3,193
1 to 2 years	**115**	4
2 to 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years	**90**	90
Total	**4,389**	3,287

Note: In the above analysis, based on the invoice date.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. Accounts Receivable (Continued)

(4) Bad debt provision at the end of the period

Type	31 December 2025	Increase/Decrease Bad debt provision	Reverse	Resale or verification	Others	30 June 2026
Accounts Receivable	69					**69**

(5) Accounts receivable written off during the current period

There are no accounts receivables that have been written off this period.

(6) The condition of accounts receivable of the top five debtors by the balances as of 30 June 2026

The aggregate balance of accounts receivable due from the top five debtors as at 30 June 2026 amounted to RMB3,097 million, accounting for 70.56% of the total accounts receivable balance as at 30 June 2026. The aggregate allowance for bad debts provided in respect thereof stood at RMB0 million as at 30 June 2026.

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

Items	30 June 2026	31 December 2025
Dividends receivable		
Other receivables	**34**	22
Total	**34**	22

2.1 Other receivables

(1) Classification of other receivables

Items	30 June 2026				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision					
Other receivables for which bad debt is prepared based on group combination	41	100.00	7	17.07	34
Including: Risk-free group combination	8	19.51			8
Risk group combination on the basis of aging-matrix	33	80.49	7	21.21	26
Total	41	100.00	7	17.07	34

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.1 Other receivables (Continued)

(1) Classification of other receivables (Continued)

(Continued)

Items	31 December 2025				
	Book Value		Bad Debt Provision		Net Book Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables subject to separate assessment for bad debts provision					
Other receivables for which bad debt is prepared based on group combination	29	100.00	7	24.14	22
Including: Risk-free group combination					
Risk group combination on the basis of aging-matrix	29	100.00	7	24.14	22
Total	29	100.00	7	24.14	22

(2) Other receivables classified by the nature

Type	**30 June 2026**	31 December 2025
Industrial injury loan	**2**	5
Bid security	**4**	3
Others	**35**	21
Total	**41**	29

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.1 Other receivables (Continued)

(3) Other receivables classified by aging

Aging	30 June 2026	31 December 2025
Within 1 year	**26**	12
1 to 2 years	**1**	1
2 to 3 years	**12**	13
3 to 4 years		2
4 to 5 years	**1**	
Over 5 years	**1**	1
Total	**41**	29

(4) The recognition of bad debt provision

Bad debt provision	The first stage Expected credit losses within the next 12 months	The second stage Expected credit losses for the entire duration of the period (no credit impairment)	The third stage Expected credit losses for the entire duration of the period (credit impairment has occurred)	Total
Balance at 1 January 2026	7			7
Bad debt provision				
Reverse				
Resale or verification				
Write of				
Other changes				
Balance at 30 June 2026	7			7

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.1 Other receivables (Continued)

(5) Bad debt provision at the end of the period

Type	31 December 2025	Increase/Decrease: Bad debt provision	Increase/Decrease: Reverse	Increase/Decrease: Resale or verification	30 June 2026
Other receivables	7				**7**

(6) Other receivables with the top five balances on June 30, 2026

The summary amount of the top five other receivables collected by the company according to the debtor on June 30, 2026 is RMB23 million, accounting for 56.10% of the total balance of other receivables on June 30, 2026, and the summary amount of the corresponding bad debt provision on June 30, 2026 is RMB3 million.

3. Long-term equity investments

(1) Classification of long-term equity investment

Items	30 June 2026			31 December 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	**11,420**		**11,420**	10,721		10,721
Investments in joint ventures and associates	**3,629**		**3,629**	3,885		3,885
Total	**15,049**		**15,049**	14,606		14,606

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries

The invested entity	31 December 2025	Increment	Decrement	30 June 2026	Provision for impairment	Provision 30 June 2026
Angang Wuhan	237			**237**		
Angang Hefei	281			**281**		
Angang Guangzhou	90			**90**		
Shenyang Trade	321			**321**		
Shanghai Trade	303			**303**		
Tianjin Trade	203			**203**		
Guangzhou Trade	315			**315**		
Angang Shenyang	181			**181**		
Angang Tianjin	27			**27**		
Angang Dalian	266			**266**		
Ningbo Trade	100		100			
Yantai Trade	200			**200**		
Angang Kobelco	357			**357**		
CCAS	496			**496**		
Aurnex Materials	35			**35**		
Angang Zhengzhou	229			**229**		
Chaoyang Iron and Steel	3,545			**3,545**		
Energy and Technology	184			**184**		
Chemical Technology	2,677			**2,677**		
Jiefang Angang	119			**119**		
Hangzhou Auto Material	60			**60**		
Beijing Trade	198			**198**		
Delin Industrial Products	164			**164**		
Material Technology	20			**20**		
GreenGold Industry	103			**103**		
Anshan Youcai	10			**10**		
Anjin Hefei		5		**5**		
Ansteel Yingkou Port		794		**794**		
Total	10,721	799	100	**11,420**		

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(3) Investments for the joint ventures and associates

Please refer to Note VI.11 (excluding Zhong'an Water, Anji Yingkou and Green Gold Benxi) .

4. Operating income and operating cost

(1) Classified by production

	This period		Last period	
Items	Income	Cost	Income	Cost
Prime operating	**39,429**	**40,540**	41,596	41,449
Other operating	**73**	**48**	212	185
Total	**39,502**	**40,588**	41,808	41,634

Note: The Company is classified into an operating segment based on the type of business: production and sale of steel products.

(2) Classified by region

Items	This period	Last period
Foreign transaction income from the within borders	**36,965**	38,367
Foreign exchange income from outside borders	**2,537**	3,441
Total	**39,502**	41,808

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XVIII. NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

4. Operating income and operating cost (Continued)

(3) Classified by the time when the revenue is confirmed

Items	This period	Last period
Confirmed at a certain point	**39,502**	41,808
Total	**39,502**	41,808

5. Investment income

Items	This period	Last period
Investment income from-long-term equity investments accounted for using the cost method	**131**	974
Investment income from long-term equity investments accounted for using the equity	**130**	193
Investment income arising from disposal of other non-current financial assets	**63**	
Investment income from investments in other equity instruments during the holding period	**14**	1
Investment income arising from disposal of long-term equity investments	**7**	
Others	**(48)**	(15)
Total	**297**	1,153

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XIX. NET CURRENT ASSETS

Items	30 June 2026	31 December 2025
Current assets	**25,671**	25,102
Less: Current liabilities	**44,985**	43,664
Net current assets/(liabilities)	**(19,314)**	(18,562)

XX. TOTAL ASSETS LESS CURRENT LIABILITIES

Items	30 June 2026	31 December 2025
Total assets	**97,367**	97,065
Less: Current liabilities	**44,985**	43,664
Total assets less current liabilities	**52,382**	53,401

XXI. SUPPLEMENTARY DOCUMENTS

1. Non-recurring gains and losses

Items	This period	Last period
Gains and losses from disposal of non-current assets	**(16)**	2
Government grant recorded into profit and loss for current period (except government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, enjoyed in accordance with established standards and have a lasting impact on the company's profit and loss)	**67**	101

30 June 2026 (Expressed in million RMB unless otherwise indicated)

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

1. Non-recurring gains and losses (Continued)

Items	This period	Last period
Changes in fair value of trading financial assets	**(5)**	1
Changes in the fair value of other non-current financial assets	**21**	16
Gain or loss arising on disposal of other non-current financial assets	**63**	
Reversal of impairment provision for receivables subject to individual impairment assessment		1
Net profit and loss of subsidiaries from the beginning of the current period to the date of the merger arising from business combination under the common control	**16**	
Net profit or loss of subsidiaries for prior period arising from business combinations under common control		36
Other non-operating income and loss not listed above	**6**	15
Subtotal	**152**	172
Less: Effect on taxation	**22**	26
Effect on minority interest (after tax)	**11**	30
Total	**119**	116

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

1. Non-recurring gains and losses (Continued)

The Group's confirmation of non-recurring profit and loss items is carried out in accordance with the provisions of the Interpretive Announcement No. 1 of the company Information Disclosure of Public Offering Securities–Non-recurring Gains and Losses(Revised in 2023). The Group's implementation of the Interpretive Announcement No. 1 of the company Information Disclosure of Public Offering Securities–Non-recurring Gains and Losses (Revised in 2023) has no impact on non-recurring profit and loss in comparable accounting periods.

2. Return on equity (ROE) and Earnings per Share (EPS)

Profit in this period	Weighted average (ROE) *(%)*	EPS *(Yuan per share)*	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	**(4.69)**	**(0.218)**	(0.218)
Net profit (exclusive of non-operating profit) attributable to ordinary shareholders	**(4.84)**	**(0.231)**	0.231

The above data is calculated using the following formula:

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

2. Return on equity (ROE) and Earnings per Share (EPS) (Continued)

(1) Weighted average return on equity

Weighted average return on equity=P0/(E0＋NP÷2＋Ei×Mi÷M0–Ej×Mj÷M0±Ek×Mk÷M0)

Among them, P.0 corresponds to the net profit attributable to ordinary shareholders of the company and the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses; NPIS the net profit attributable to ordinary shareholders of the company; E0 is the net assets at the beginning of the period attributable to ordinary shareholders of the company; EI is the new net assets attributable to ordinary shareholders of the company, such as the issuance of new shares or debt to equity swap during the reporting period; EJ is the net assets attributable to ordinary shareholders of the company reduced by repurchase or cash dividend during the reporting period; M0 is the number of months in the reporting period; Mi is the cumulative number of months from the next month of new net assets to the end of the reporting period; MJ is the cumulative number of months from the next month after the reduction of net assets to the end of the reporting period; EK is the increase or decrease in net assets attributable to ordinary shareholders of the company due to other transactions or events; MK is the cumulative number of months from the month following the increase or decrease in other net assets to the end of the reporting period.

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

2. Return on equity (ROE) and Earnings per Share (EPS) (Continued)

(2) Basic earnings per share

Basic earnings per share=P0÷S，S=S0+S1+Si×Mi÷M0–Sj×Mj÷M0-Sk

Among them, P.0 is the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders after deducting non recurring gains and losses; S is the weighted average number of ordinary shares outstanding; S0 is the total number of shares at the beginning of the year; S1 is the number of shares increased due to the conversion of provident fund into share capital or stock dividend distribution during the reporting period; Si is the number of shares increased due to the issuance of new shares or debt to equity swap during the reporting period; SJ is the number of shares reduced due to repurchase during the reporting period; SK is the number of shares withdrawn during the reporting period; M0 number of months in the reporting period; Mi is the cumulative number of months from the next month after the increase of shares to the end of the reporting period; MJ is the cumulative number of months from the next month after the reduction of shares to the end of the reporting period.

XXI. SUPPLEMENTARY DOCUMENTS (CONTINUED)

2. Return on equity (ROE) and Earnings per Share (EPS) (Continued)

(3) Diluted earnings per share

Diluted earnings per share=P1/(S0＋S1＋Si×Mi÷M0–Sj×Mj÷M0–Sk+Weighted average number of common shares increased by warrants, share options, convertible bonds, etc.)

Among them, P1 is the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses, and considering the impact of dilution of potential ordinary shares, it is adjusted in accordance with the accounting standards for business enterprises and relevant provisions. When calculating the diluted earnings per share, the company shall consider the impact of all diluted potential ordinary shares on the net profit attributable to ordinary shareholders of the company or the net profit attributable to ordinary shareholders of the company after deducting non recurring gains and losses and the weighted average number of shares, and shall include them in the diluted earnings per share in the order of dilution from large to small until the diluted earnings per share reaches the minimum.

Documents Available for Inspection

1. Financial statements signed by the Responsible Officer, Chief Accountant and Person-in-charge of the accounting firm and with seal affixed;

2. Original copies of all corporate documents and original drafts of announcements publicly disclosed on the designated website of the China Securities Regulatory Commission during the Reporting Period;

3. Text of the Company's Articles of Association;

4. Interim report of the Company disclosed in the Hong Kong stock market;

The above documents are available for inspection at the secretarial office of the Board of Angang Steel Company Limited* situated at Production Area of Angang Steel, Tie Xi District, Anshan City, Liaoning Province, the PRC.

Angang Steel Company Limited*
The Board

27 August 2026

Note: This report is prepared in both Chinese and English. The Chinese version shall prevail in case of any inconsistency between the two versions.

鞍鋼股份有限公司
ANGANG STEEL COMPANY LIMITED*