

重慶鋼鐵股份有限公司

Chongqing Iron & Steel Company Limited

(H Share Stock Code: 1053) (A Share Stock Code: 601005)

 **BAOWU** 重慶鋼鐵

2026

INTERIM REPORT

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Documents Available for Inspection	Text of the half-yearly report bearing the signature of the Company's legal representative and the Company's official seal
	Half-yearly financial accounting report signed and sealed by the legal representative, the person in charge of accounting affairs and the person in charge of the accounting department
	All original company documents and drafts of announcements publicly disclosed during the Reporting Period on the information disclosure media designated by the CSRC, as well as on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.
	Other relevant documents

IMPORTANT NOTICE

I. The Board and the directors and members of senior management of the Company guarantee that the contents of the interim report are true, accurate and complete, without false representations, misleading statements or material omissions, and assume several and joint legal responsibilities in respect thereof.

II. All directors of the Company attended the Board meeting.

III. This interim report has not been audited.

IV. Mr. Wang Huxiang, head of the Company, and Mr. Kuang Yunlong, the Chief accountant and Ms. Hui Zhirong, the head of the accounting department, have declared that they guarantee the truthfulness, accuracy and completeness of the financial statements in the interim report.

V. The profit distribution proposal or proposal to transfer capital reserve to share capital for the Reporting Period as approved by the Board by way of resolution

The Reporting Period did not meet the profit distribution conditions stipulated in the Articles of Association, and there is no relevant proposal.

VI. Risk warning in respect of forward-looking statements

☒ Applicable ☐ Not applicable

The forward-looking statements, such as the operating plans, future plans and development strategies involved in this report, are subject to uncertainties and do not constitute the Company's substantive undertakings to investors. Investors should pay attention to investment risks and invest prudently.

VII. Is there any non-operational fund occupancy by the controlling shareholder(s) and other related parties

No

VIII. Is there any external guaranty provided in violation of the prescribed decision-making procedures

No

IX. Whether more than half of the directors cannot guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company or not

No

X. Major risk warning

Nil

XI. Others

☐ Applicable ☒ Not applicable

Section I Definitions

Unless otherwise stated in context, the following terms should have the following meanings in this report:

Definitions of frequently-used terms

CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
HKEx, Stock Exchange	The Stock Exchange of Hong Kong Limited
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
China Baowu, Baowu Group	China Baowu Steel Group Corporation Limited
Strategic Emerging Fund	Chongqing Strategic Emerging Equity Investment Fund Partnership (Limited Partnership)
Sichuan Fangda Vanadium & Titanium	Sichuan Fangda Vanadium & Titanium Group Co., Ltd. (formerly Sichuan Desheng Group Vanadium & Titanium Co., Ltd.)
Changshou Iron & Steel, controlling shareholder	Chongqing Changshou Iron & Steel Company Limited
Hwabao Investment	Hwabao Investment Co., Ltd.
Company, the Company, Chongqing Iron & Steel	Chongqing Iron & Steel Company Limited
the Group	Chongqing Iron & Steel Company Limited and its subsidiaries
General Meeting	the general meeting of Chongqing Iron & Steel Company Limited
the Board	the board of directors of Chongqing Iron & Steel Company Limited
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Chongqing Iron & Steel Company Limited
Reporting Period	From 1 January 2026 to 30 June 2026
RMB, RMB'000, RMB0'000, RMB00'000'000	RMB yuan, RMB thousand yuan, RMB ten thousand yuan, RMB hundred million yuan

Section II Company Profile and Major Financial Indicator

I. INFORMATION OF THE COMPANY

Chinese name	重慶鋼鐵股份有限公司
Chinese abbreviation	重慶鋼鐵
English name	Chongqing Iron & Steel Company Limited
English abbreviation	CISC
Legal representative	Wang Huxiang

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of securities affairs
Name	Kuang Yunlong	Peng Guoju
Correspondence address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Telephone	86-23-6898 3482	86-23-6898 3482
Fax	86-23-6887 3189	86-23-6887 3189
Email	ir_601005@baowugroup.com	ir_601005@baowugroup.com

III. CHANGES IN BASIC INFORMATION

Registered address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Historical changes of the registered address	No. 30 Gangtie Road, Dadukou District, Chongqing; No. 1 Gangcheng Avenue, Changshou Economic Development Zone, Chongqing
Office address	No. 2 Jiangnan Avenue, Jiangnan Street, Changshou District, Chongqing
Postal code of the office address	401258
Website of the Company	http://www.cqgt.cn
Email	ir_601005@baowugroup.com
Query index for the change during the Reporting Period	There are no changes incurred during the Reporting Period

IV. CHANGE IN DISCLOSURE OF INFORMATION AND PLACE FOR INSPECTION

Name of newspapers designated by the Company for information disclosure	Shanghai Securities News
Website for posting the interim report	http://www.sse.com.cn (SSE) https://sc.hkex.com.hk (HKEx)
Place for inspection of the interim report	Office of the Board
Query index for the change during the Reporting Period	There are no changes incurred during the Reporting Period

V. BASIC INFORMATION ABOUT THE SHARES OF THE COMPANY

Class of shares	Place of listing	Abbreviated name	Stock code	Stock name before change
A Shares	SSE	Chongqing Iron & Steel	601005	Not applicable
H Shares	Stock Exchange	Chongqing Iron	01053	Not applicable

VI. OTHER RELATED INFORMATION

☐ Applicable ☒ Not applicable

Section II Company Profile and Major Financial Indicator (Continued)

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: RMB'000 Currency: RMB

Major accounting data	This Reporting Period (January-June)	Same period last year	Change from the same period of last year to this Reporting Period (%)
Revenue	11,825,977	13,085,209	-9.62
Total profit	-177,968	-129,921	Not applicable
Net profit attributable to shareholders of listed company	-178,903	-131,018	Not applicable
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss	-202,557	-140,508	Not applicable
Net cash flows from operating activities	562,683	880,442	-36.09

Major accounting data	At the end of the Reporting Period	At the end of last year	Change from the end of last year to the end of the Reporting Period (%)
Net assets attributable to shareholders of listed company	14,745,768	13,911,785	5.99
Total assets	32,812,833	32,086,178	2.26

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY (Continued)

(II) Key financial indicators

Key financial indicators	This Reporting Period (January-June)	Same period last year	Change from the same period of last year to this Reporting Period (%)
Basic earnings per share (RMB/share)	-0.02	-0.01	Not applicable
Diluted earnings per share (RMB/share)	Not applicable	Not applicable	Not applicable
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	-0.02	-0.02	Not applicable
Weighted average return on net assets (%)	-1.25	-0.79	Decreased by 0.46 percentage points
Weighted average return on net assets after deducting non-recurring profit or loss (%)	-1.41	-0.85	Decreased by 0.56 percentage points

Explanation on the key financial data and financial indicators

☐ Applicable ☒ Not applicable

VIII. DIFFERENCES IN ACCOUNTING DATA UNDER THE PRC ACCOUNTING STANDARDS AND OVERSEAS ACCOUNTING STANDARDS

☐ Applicable ☒ Not applicable

Section II Company Profile and Major Financial Indicator (Continued)

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Non-recurring profit or loss items	Amount
Profit/loss on disposal of non-current assets, including the write-off of provision for impairment on assets	25,025
Government grants included in the profit or loss for the period (except for those closely related to the ordinary businesses of the Company, in compliance with the requirements under the Nation's policies, entitled according to certain standards and continuously affecting the profit or loss of the Company)	1,495
Capital occupancy fee from non-financial enterprises recognized through profit or loss	1,242
Other non-operating income and expenses apart from the above mentioned	66
Less: Effects on income tax	4,174
Total	23,654

Reasons shall be given with respect to the Company classifying the items not listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items as non-recurring profit and loss items with significant amounts, and classifying the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items as recurring profit and loss items.

☐ Applicable ☒ Not applicable

X. COMPANIES WITH EQUITY INCENTIVE SCHEMES OR EMPLOYEE STOCK OWNERSHIP PLANS MAY CHOOSE TO DISCLOSE NET PROFIT AFTER DEDUCTING THE IMPACT OF SHARE-BASED PAYMENTS

☐ Applicable ☒ Not applicable

XI. OTHERS

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis

I. EXPLANATION ON THE SITUATION OF THE COMPANY'S INDUSTRY AND MAIN BUSINESS DURING THE REPORTING PERIOD

In the first half of 2026, the overall operation of the national economy remained stable with a shift toward new and higher-quality growth. GDP amounted to RMB69.6 trillion, representing a year-on-year increase of 4.7%. The iron and steel industry was characterised by “reducing production volume, optimizing existing capacity and differentiating structure”. From January to June, domestic crude steel output was 499.95 million tonnes, representing a year-on-year decrease of 3%; steel output was 718.78 million tonnes, representing a year-on-year decrease of 0.9%. Apparent consumption of domestic crude steel was approximately 455 million tonnes, representing a year-on-year decrease of approximately 4.2%. Steel exports were 54.874 million tonnes, representing a year-on-year decrease of 5.6%, with the decline narrowing by 2.5 percentage points as compared with the first five months; exports in June amounted to 10.32 million tonnes, representing a year-on-year increase of 6.6%, remaining above the 10 million-tonne mark for the second consecutive month. Steel exports eased supply-demand pressure in the domestic market to a certain extent, but overseas trade protection continued to intensify and the momentum of export growth came under pressure.

Price movements of raw materials and fuels diverged markedly. Monitoring data of the China Iron and Steel Association (CISA) showed that the average China Steel Price Index (CSPI) in the first half of the year was 92.54 points, representing a year-on-year decrease of 1.28%. Prices of coal and coke surged: from January to June, the procurement cost of coking coal rose 8.72% year-on-year and that of metallurgical coke rose 6.53% year-on-year; iron ore prices rose moderately, with the procurement costs of domestic iron concentrate and imported fines rose 2.66% and 1.52% year-on-year, respectively.

Data of the National Bureau of Statistics showed that from January to June 2026, total profit of the ferrous metal smelting and rolling processing industry was RMB31.77 billion, representing a year-on-year decrease of 25%. By quarter, the industry recorded a total loss of RMB3.34 billion in the first quarter; although the second quarter recovered month-on-month, it still declined year-on-year.

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

The Company's products are widely applied in railways, airports, bridges, tunnels, ships, high-rise buildings and other fields. During the Reporting Period, the Company's principal business remained unchanged.

Explanation of significant non-main business activities newly added by the Company during the Reporting Period

☐ Applicable ☒ Not applicable

II. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS

(I) Business operations during the Reporting Period

In the first half of 2026, the iron and steel industry continued to be oversupplied, steel prices declined and raw material prices remained firm. Coupled with the overhaul of the Three Gorges Dam, logistics costs increased and industry profits came under pressure. The Company focused on full-staff cost accounting and cost reduction across the entire value chain, strengthened end-to-end control over production and sales, procurement, manufacturing and capital, and maintained stable production. Although the Company remained loss-making during the Reporting Period, its industry rankings in profitability and cost continued to move forward and management efficiency improved significantly.

1. The operations continued to recover from the trough, and a turnaround to profit was achieved in a single quarter in the second quarter. The substantial loss-making trend in the first quarter was effectively contained; production and sales, costs and selling prices improved concurrently in the second quarter, and a quarterly profit was realised. Compared with 2025, industry competitiveness recovered steadily: the industry percentiles of profit per tonne of steel and return on net assets for January to June both improved by 13 percentiles as compared with last year; the CISA industry percentiles of selling prices of hot rolled coils and heavy plates improved by 10 percentiles and 5 percentiles, respectively.
2. Energy control and process optimisation were advanced in tandem, and breakthroughs were achieved in core indicators. In June, energy control and manufacturing process improvements delivered significant results: purchased energy cost decreased by RMB27/t as compared with 2025, hitting a record low; the blast furnace fuel ratio decreased by 20 kg/t, the lowest in nearly two years; the converter smelting cycle time was shortened by 3.48 minutes, setting a new historical record; and the residual-material utilisation rate of the 4,100 mm heavy plate production line of the rolling mill hit a new monthly high.
3. Product channels continued to be optimised and risk-hedging capability was enhanced. High-end orientation accelerated: the proportions of high value-added specialty steels of hot rolled coils and medium and heavy plates in the first half of the year increased by 17 percentage points and 9 percentage points, respectively, as compared with 2025. Price-lock intensity increased, with price-locked orders of hot rolled coils and medium and heavy plates each rising by 9 percentage points year-on-year, effectively smoothing spot price fluctuations. Direct supply to end-users continued to expand, substantially reducing profit leakage through intermediate links.

Section III Management Discussion and Analysis (Continued)

II. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (Continued)

(I) Business operations during the Reporting Period (Continued)

4. The lean industrial park delivered significant results in efficiency creation. The Company actively explored the “steel manufacturing + value-added services” (1+X) profit model, covering diversified businesses including logistics, energy, plant leasing and resource leasing. Capacity of key projects was released in a steady manner, investment promotion achieved phased progress, and the value of park businesses continued to be unleashed.

(II) Business operations prospect for the second half of the year

In the second half of 2026, the Company will address current operational shortcomings, spare no effort to drive operational improvement, and respond to the long-cycle downturn risks of the iron and steel industry. Firstly, on the procurement side, the Company will optimise the ore and coal blending structure, increase procurement under long-term contracts and of nearby low-cost resources, strictly control raw material inventories, and narrow the gap in industry cost percentiles. Secondly, the Company will strengthen the linkage between production and sales to optimise the product mix, increase the proportion of high value-added specialty steels, accelerate destocking of finished products, and expand projects with central and state-owned enterprises and long-term supply agreement projects. Thirdly, on the manufacturing side, the Company will tackle the three cost-reduction targets of hot metal, process energy consumption and quality-related losses, and promote energy-saving technical transformation and process optimisation. Fourthly, the Company will continue to reduce occupation of the two funds (i.e., inventories and receivables), strictly control the asset-liability ratio, and deeply tap the potential of capital in creating efficiency. Fifthly, the Company will deepen the application of digital systems, complete metering data governance, and realise refined full-staff and full-process accounting-based operations.

Significant changes in the operation of the Company during the Reporting Period, and events that occurred during the Reporting Period which had or are expected to have a material impact on the operation of the Company

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

1. Layout advantages

The Company is located in Chongqing, the only municipality in central and western China, adjacent to the golden waterway of the Yangtze River. Process and production-line layout is compact: hot metal is transferred by ladle at the iron-steel interface with short transfer time, and billets are transported by roller table at the steel-rolling interface with a short distance between casting and rolling. The compact process layout reduces energy consumption and enables efficient, low-carbon and green steel manufacturing.

2. Geographical advantages

The Company has relatively rich production lines and a relatively complete product mix, and its products enjoy relatively high awareness and reputation in the southwest regional market. Against a long-cycle backdrop of development with reduced volume, demand in southwest China is stable, demand for specialty steels is strong and scrap resources are abundant, giving the Company a clear overall advantage over regional competitors.

3. Foundation for high-quality development

The smart centre has been completed and information systems further improved, creating conditions for accounting-based operations and lean management. Through technical transformation, equipment standards have been raised, ultra-low emission upgrades completed, green and intelligent manufacturing capability enhanced and technological innovation capability strengthened. The Company has taken shape as a green intelligent steel enterprise and has been included as a standardised enterprise.

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD

During the Reporting Period, the Group's output of iron, steel and commodity billet was 2,722,200 tonnes, 3,274,000 tonnes and 3,549,100 tonnes, respectively, representing year-on-year decreases of 19.15%, 16.89% and 8.19%; sales volume of commodity billet was 3,531,500 tonnes, representing a year-on-year decrease of 9.05%; revenue was RMB11,826 million, representing a year-on-year decrease of 9.62%; and total profit was RMB-178 million, representing a year-on-year increase in loss of RMB48 million.

(I) Main business analysis

1. Analysis of changes in relevant items from financial statements

Unit: RMB'000 Currency: RMB

Item	Amount for the period	Amount for the corresponding period last year	Percentage of change (%)
Revenue	11,825,977	13,085,209	-9.62
Cost of sales	11,726,333	12,931,497	-9.32
Selling expenses	33,357	31,831	4.79
Administrative expenses	130,379	131,455	-0.82
Finance expenses	78,167	77,214	1.23
Research and development expenses	28,700	14,811	93.78
Net cash flows from operating activities	562,683	880,442	-36.09
Net cash flow from investing activities	-213,277	-1,186,558	Not applicable
Net cash flow from financing activities	635,880	19,332	3,189.28

Reasons for change in Research and development expenses: The number of scientific research projects and the number of participants in R&D projects increased year-on-year.

Reasons for change in net cash flow from operating activities: Mainly due to the increase in occupation of inventory funds.

Reasons for change in net cash flow from investing activities: Mainly due to time deposits purchased in the previous year maturing in the current year, resulting in an increase in cash inflows from investing activities.

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(I) Main business analysis (Continued)

1. Analysis of changes in relevant items from financial statements (Continued)

Reasons for change in net cash flow from financing activities: Mainly due to the increase in cash inflows from proceeds of the issuance of A Shares to specific target subscriber.

2. Detailed description of major changes in the Company's type of business, profit structure or profit sources

☒ Applicable ☐ Not applicable

In the first half of 2026, the Group realised a total loss of RMB178 million, representing a year-on-year increase in loss of RMB48 million, which was mainly due to the following reasons: the selling price of commodity billet amounted to RMB3,114/tonne, representing a year-on-year decrease of 1.02% and resulting in a decrease of RMB111 million in profit; the sales volume of commodity billet reached 3,531,500 tonnes, representing a year-on-year decrease of 9.05%, and, together with the impact of product mix, recorded a decrease of RMB14 million in profit from sales volume and structure; the increase in prices of raw materials, such as ore, coal, alloy, etc., resulted in a decrease of RMB216 million in profit. The Company continued to promote the cost reduction plan and further promoted the work of reducing costs and tapping potentials, realising process cost reduction of RMB125 million; gain from disposal of assets, other income and others resulted in a combined increase of RMB43 million in profit.

In the first half of 2026, the Group's revenue from main business amounted to RMB11,695 million, representing a year-on-year decrease of 9.61%. In particular, the sales income of commodity billet amounted to RMB10,998 million, representing a year-on-year decrease of RMB1,217 million. Firstly, the sales volume of commodity billet was 3,531,500 tonnes, representing a year-on-year decrease of 9.05%, resulting in a decrease in the sales income of RMB1,106 million; secondly, the average sales price of commodity billet was RMB3,114/tonne, representing a year-on-year decrease of 1.02%, resulting in a decrease in the sales income of RMB111 million.

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(I) Main business analysis (Continued)

2. Detailed description of major changes in the Company's type of business, profit structure or profit sources (Continued)

Composition of revenue from principal operations:

Type	First half of 2026		First half of 2025		Year-on-year growth in amount (%)
	Amount (RMB' 000)	Percentage (%)	Amount (RMB'000)	Percentage (%)	
Plates	3,660,431	31.30	3,979,614	30.76	-8.02
Hot rolled coils	6,889,549	58.91	8,116,474	62.73	-15.12
Steel billets	447,534	3.83	118,565	0.92	277.46
Sub-total of commodity billets	10,997,514	94.04	12,214,653	94.41	-9.96
Others	697,055	5.96	723,908	5.59	-3.71
Total	11,694,569	100.00	12,938,561	100.00	-9.61

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(I) Main business analysis (Continued)

2. Detailed description of major changes in the Company's type of business, profit structure or profit sources (Continued)

Sales prices of steel products:

Item	Sales price in the first half of 2026 (RMB/tonne)	Sales price in the first half of 2025 (RMB/tonne)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	3,362	3,421	-1.72	-64,245
Hot rolled coils	3,010	3,030	-0.66	-45,782
Steel billets	2,915	2,921	-0.21	-921
Total	3,114	3,146	-1.02	-110,948

Sales volumes of steel products:

Item	Sales volume for the first half of 2026 (Ten thousand tonnes)	Sales volume for the first half of 2025 (Ten thousand tonnes)	Year-on-year growth (%)	Income increase (RMB'000)
Plates	108.89	116.31	-6.38	-254,938
Hot rolled coils	228.91	267.90	-14.55	-1,181,143
Steel billets	15.35	4.06	278.08	329,890
Total	353.15	388.27	-9.05	-1,106,191

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(I) Main business analysis (Continued)

2. Detailed description of major changes in the Company's type of business, profit structure or profit sources (Continued)

Principal operations by sectors, products and regions:

Unit: RMB'000 Currency: RMB

Principal operations by sectors						
By sectors	Revenue	Cost of sales	Gross margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sales (%)	Year-on-year increase/decrease in gross margin (%)
Iron and steel	11,694,569	11,622,820	0.61	-9.61	-9.16	-0.50

Principal operations by products						
By products	Revenue	Cost of sales	Gross margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sales (%)	Year-on-year increase/decrease in gross margin (%)
Steel products	10,997,514	10,958,240	0.36	-9.96	-9.14	-0.90
Others	697,055	664,580	4.66	-3.71	-9.49	6.09

Principal operations by regions						
By regions	Revenue	Cost of sales	Gross margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in cost of sales (%)	Year-on-year increase/decrease in gross margin (%)
Southwest region	8,325,177	8,293,694	0.38	-18.96	-18.52	-0.55
Other regions	3,369,392	3,329,126	1.20	26.42	27.22	-0.61
Total	11,694,569	11,622,820	0.61	-9.61	-9.16	-0.50

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(II) Explanation on material changes in profit caused by non-principal business

☐ Applicable ☒ Not applicable

(III) Analysis of assets and liabilities

☒ Applicable ☐ Not applicable

As at the end of the Reporting Period, the capital-to-liability ratio was 123%, calculated on the basis of: capital-to-liability ratio = total liabilities/shareholders' equity, where the numerator and the denominator were taken as the total amount of liabilities and the aggregate amount of owners' equity respectively, as set out in the balance sheet.

1. Assets and liabilities

Unit: RMB'000 Currency: RMB

Item	Amount at the end of the period	Percentage of total assets at the end of the period (%)	Amount at the end of the previous period	Percentage of total assets at the end of the previous period (%)	Change from the end of the previous period to the end of the period (%)	Explanation
Cash and bank balances	3,493,088	10.65	2,712,339	8.45	28.79	/
Bills receivables	483	-	4,186	0.01	-88.46	Change in collection policy
Trade receivables	22,006	0.07	10,948	0.03	101.00	Change in collection policy
Receivables financing	578,102	1.76	459,630	1.43	25.78	/
Prepayments	191,991	0.59	171,896	0.54	11.69	/
Other receivables	365,655	1.11	53,775	0.17	579.97	Impact of cross-period settlement
Inventories	1,685,874	5.14	1,396,761	4.35	20.70	/
Other current assets	17,441	0.05	35,537	0.11	-50.92	Decrease in VAT to be deducted as compared with the beginning of the year
Long-term equity investments	136,106	0.41	141,954	0.44	-4.12	/

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(III) Analysis of assets and liabilities (Continued)

1. Assets and liabilities (Continued)

Item	Amount at the end of the period	Percentage of total assets at the end of the period (%)	Amount at the end of the previous period	Percentage of total assets at the end of the previous period (%)	Change from the end of the previous period to the end of the period (%)	Explanation
Investments in other equity instruments	60,364	0.18	60,364	0.19	-	/
Fixed assets	22,888,258	69.75	23,585,898	73.51	-2.96	/
Construction in progress	145,018	0.44	170,112	0.53	-14.75	/
Right-of-use assets	65,411	0.20	73,173	0.23	-10.61	/
Intangible assets	2,429,498	7.40	2,476,069	7.72	-1.88	/
Goodwill	42,871	0.13	42,871	0.13	-	/
Deferred tax assets	690,665	2.10	690,665	2.15	-	/
Short-term borrowings	979,429	2.98	975,503	3.04	0.40	/
Bills payables	3,652,853	11.13	3,255,609	10.15	12.20	/
Trade payables	4,400,884	13.41	4,105,402	12.79	7.20	/
Contract liabilities	1,071,725	3.27	1,137,073	3.54	-5.75	/
Employee benefits payable	116,245	0.35	116,943	0.36	-0.60	/
Taxes payable	45,361	0.14	12,616	0.04	259.55	Increase in VAT payable
Other payables	2,642,618	8.05	3,118,211	9.72	-15.25	/

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(III) Analysis of assets and liabilities (Continued)

1. Assets and liabilities (Continued)

Item	Amount at the end of the period	Percentage of total assets at the end of the period (%)	Amount at the end of the previous period	Percentage of total assets at the end of the previous period (%)	Change from the end of the previous period to the end of the period (%)	Explanation
Non-current liabilities due within one year	1,086,873	3.31	2,432,156	7.58	-55.31	Decrease in the amount of long-term borrowings reclassified as due within one year
Other current liabilities	139,324	0.42	143,044	0.45	-2.60	/
Long-term borrowings	3,492,816	10.64	2,526,396	7.87	38.25	Decrease in the amount of long-term borrowings reclassified as due within one year
Lease liabilities	51,850	0.16	59,245	0.18	-12.48	/
Long-term payables	17,151	0.05	20,549	0.06	-16.54	/
Long-term employee benefits payable	34,861	0.11	57,009	0.18	-38.85	Payment of expenses for internally retired employees during the period
Provisions	10,372	0.03	8,026	0.03	29.23	/
Deferred income	318,266	0.97	200,222	0.62	58.96	Increase in project subsidies
Deferred tax liabilities	6,439	0.02	6,390	0.02	0.77	/

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(III) Analysis of assets and liabilities (Continued)

2. Overseas assets

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Item	Net book amount	Book value	Type of restriction	Restriction details
Cash and bank balances – time deposits	315,597	315,597	Pledged	Pledged as security for bank acceptance bills
Cash and bank balances – other monetary funds	138,889	138,889	Deposits, frozen	Bills and letters of credit security deposits, frozen
Fixed assets	122,962	122,962	Mortgaged	Mortgage loan, sale and leaseback
Intangible assets	260,498	260,498	Mortgaged	Mortgage loan
Total	837,946	837,946	/	/

4. Other explanations

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(IV) Analysis of investment

1. Overall analysis of external equity investment

☒ Applicable ☐ Not applicable

On 27 May 2026, the twenty-sixth meeting of the tenth session of the Board considered and approved the Resolution on Making a Capital Injection into Baowu Environment Using Equity Interests in Baowu Water, pursuant to which the Company and the other 15 shareholders of Baowu Water Technology Limited (“Baowu Water”) agreed to make capital injections to Baowu Group Environmental Resources Technology Co., Ltd. (“Baowu Environment”) with their equity interests in Baowu Water at appraised value, so as to build an integrated green environmental management industrial platform covering solid waste, wastewater and waste gas treatment.

On 31 July 2026, the Company and the parties to the agreement completed the signing of the Capital Injection Agreement of Baowu Group Environmental Resources Technology Co., Ltd. The value of the equity interests in Baowu Water contributed by the Company in the Capital Injection was RMB57.9726 million. Upon completion of the capital injection, the Company will hold 0.53% equity interest in Baowu Environment.

For specific details of the capital injection, please refer to the announcements disclosed by the Company on the website of the Stock Exchange on 27 May 2026 and 31 July 2026, respectively.

(1) Significant Equity Investment

☐ Applicable ☒ Not applicable

(2) Significant Non-equity Investment

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(IV) Analysis of investment (Continued)

1. Overall analysis of external equity investment (Continued)

(3) Financial Assets Measured at Fair Value

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Asset category	Opening balance	Gains or losses from changes in fair value during the period	Cumulative changes in fair value included in equity	Impairment provided for the period	Amount purchased during the period	Amount sold/redeemed during the period	Other changes	Closing balance
Others	60,364	-	-	-	-	-	-	60,364
Total	60,364	-	-	-	-	-	-	60,364

Securities investment

☐ Applicable ☒ Not applicable

Explanation of securities investment

☐ Applicable ☒ Not applicable

Private equity fund investment

☐ Applicable ☒ Not applicable

Derivatives investment

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(V) Material disposal of assets and equity interests

☐ Applicable ☒ Not applicable

(VI) Analysis of principal controlled and investee companies

☒ Applicable ☐ Not applicable

Principal controlled and investee companies that affect the Company's net profit by more than 10%

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Name of company	Type of company	Type of legal person	Principal business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Chongqing Iron & Steel Energy Environmental Protection Company Limited (重慶鋼鐵能源環保有限公司)	Subsidiary	Limited liability company	Power production and sales	525,695	819,319	754,471	925,289	10,440	10,440
Chongqing Xin Gang Chang Long Logistics Company Limited (重慶新港長龍物流有限公司)	Subsidiary	Limited liability company	Transportation and warehousing	110,000	204,353	131,194	40,498	5,459	4,573

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

Section III Management Discussion and Analysis (Continued)

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD (Continued)

(VII) Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

V. OTHER DISCLOSURES

(I) Potential risks

☒ Applicable ☐ Not applicable

1. New starts in real estate remained sluggish, recovery of traditional demand from machinery and construction machinery was modest, the purchase-sale spread continued to narrow and profit margins stayed low.

Countermeasures: Implement China Baowu's "four haves" operational principles (production with orders, output with margin, revenue with profit, and profit with cash) and the "four modernizations" development direction (high-end, intelligent, green and efficient development), follow a differentiated development path, improve the high-end product supply system, shift the product mix from scale competition to competition in technology and services, and comprehensively raise the share of high-end products and customer-service capability. Focus on raising the proportion of specialty steels in medium and heavy plates and hot rolled coils, with strategic products such as wind-power steel and bridge steel. Strictly control finished-goods inventories, operate with low inventories to reduce write-downs, and extend downstream into shearing, processing and distribution to enhance product premium and customer stickiness.

V. OTHER DISCLOSURES (Continued)

(I) Possible risks (Continued)

2. Environmental regulation continued to tighten, with routine inspections of ultra-low emissions and continuously rising pollutant-treatment standards. As the national carbon market mechanism continued to improve, the industry's carbon-emission compliance constraints became more rigid, and enterprises increased input in carbon management and low-carbon process transformation.

Countermeasures: Take the creation of a green factory as the overall goal and advance green and low-carbon transformation. Implement lean environmental management by all staff, maintain Grade A environmental performance, and raise the comprehensive utilisation of solid waste. Focus on a green circular economy, strengthen recovery of secondary energy such as residual pressure, heat and gas, and build a green energy network comprising blast furnace slag steam power generation, photovoltaic generation and energy-storage plants. With extreme energy efficiency as the focus, reduce the iron-to-steel ratio, optimise coal blending, lower the fuel ratio and raise the pellet ratio, so that low-carbon development targets are effectively implemented. With breakthroughs in low-carbon technology and optimisation of green energy at the core, combine source emission reduction with product R&D. Build a systematic carbon-reduction system by developing the circular economy and improving participation in the carbon market.

Section III Management Discussion and Analysis (Continued)

V. OTHER DISCLOSURES (Continued)

(II) Other disclosure matters

☒ Applicable ☐ Not applicable

In March 2026, the Company disclosed the Valuation Improvement Plan and the Action Plan for Improving Quality and Efficiency and Increasing Returns for 2026 (the “Valuation Improvement Plan and Action Plan”). A phased assessment of the Valuation Improvement Plan and Action Plan is set out below:

1. Substantial breakthrough in optimisation of the capital structure. The Company issued 757,575,757 A Shares to Hwabao Investment, a wholly-owned subsidiary of China Baowu, the de facto controller, raising proceeds of RMB1 billion. On 22 June, the shares under this issuance to specific target subscriber completed registration, custody and lock-up procedures with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Upon receipt of the proceeds, the Company’s net assets increased, the asset-liability ratio declined and the financial structure was optimised, providing funding support for product-mix adjustment and strategic transformation.
2. Market-value management tools were applied appropriately and market confidence was effectively boosted. On 28 June, Mr. Wang Huxiang, chairman of the Company, and six other directors and senior management disclosed a share increase plan with an aggregate amount of not less than RMB1.50 million and not more than RMB2.40 million, which commenced implementation from 1 July. The chairman also called on core backbones and management personnel of the Company to actively purchase shares of the Company on a voluntary and compliant basis. The parties increasing their shareholdings undertook not to reduce their holdings within 12 months after completion, conveying confidence in the Company’s long-term investment value.
3. Quality and efficiency improvement in the principal business began to take effect, and operations improved quarter-on-quarter. In the first half of 2026, affected by weak supply and demand in the steel market, rising raw-material costs and a decline in production and sales scale in the first quarter, the Company recorded a net loss attributable to shareholders of the listed company of RMB179 million. The Company continued to deepen cost reduction and efficiency improvement across the whole process and to advance nearby procurement and a higher-end product mix. Net profit for the second quarter was RMB20 million, turning from loss to profit as compared with the first quarter, the first quarterly profit in recent years.

V. OTHER DISCLOSURES (Continued)

(II) Other disclosure matters (Continued)

4. Investor-relations management and information disclosure continued to be deepened. On 25 May, the Company held an online results briefing to communicate fully with investors on the progress of the issuance to specific target subscriber, market-value management measures and business expansion; it responded to concerns in a timely manner through SSE e-interaction, the investor hotline and other channels, and fulfilled information-disclosure obligations in accordance with laws and regulations in respect of share increases, results forecasts, ESG reports and other matters.

In the first half of 2026, various measures were advanced in an orderly manner, the issuance to specific target subscriber was completed and took effect, market-value management tools were applied in a regulated manner, market confidence was boosted to a certain extent, and implementation of the plan was generally in line with expectations. Affected by the downturn cycle of the iron and steel industry, the Company's operating results and share-price performance remained under pressure, and the secondary-market price once approached the RMB1 range. Valuation recovery remains a long-term task. Going forward, the Company will continue to: first, deepen cost reduction and efficiency improvement and optimisation of the product mix to drive continued operational improvement; second, advance implementation of the directors' and senior management's share increase plan and track and assess its effect; third, assess implementation of the Valuation Improvement Plan in due course and improve measures based on the assessment, so as to promote a reasonable reflection of the Company's intrinsic quality in its investment value.

Section IV Corporate Governance, Environment and Society

I. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

☒ Applicable ☐ Not applicable

Name	Position held	Change	Reason for change	Explanation of the reason for change
Li Haifeng	Senior vice president	Appointment	Appointment	/
Song De An	Director, vice chairman, member of the Strategy and ESG Committee, member of the Nomination Committee, member of the Remuneration and Appraisal Committee	Resignation	Personal and business engagements	Resigned due to personal and business engagements
Zhou Ping	Director, member of the Strategy and ESG Committee, member of the Audit and Risk Committee	Resignation	Personal and business engagements	Resigned due to personal and business engagements

Explanation of changes in directors and senior management of the Company

☒ Applicable ☐ Not applicable

On 30 March 2026, the Company convened the twenty-fourth meeting of the tenth session of the Board, which considered and approved the Resolution on Changes in Senior Management, authorised Mr. Zhao Shiqing, senior vice president of the Company, to perform the duties of president, and appointed Mr. Li Haifeng as senior vice president.

On 3 June 2026, Mr. Song De An and Mr. Zhou Ping resigned from their respective positions in the Company due to personal and business engagements.

Section IV Corporate Governance, Environment and Society (Continued)

II. SCHEME FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

Interim proposals on profit distribution and the proposal on transferring capital reserve to share capital

Whether to distribute or convert into share capital	No
Bonus shares for every 10 shares (share)	0
Dividends for every 10 shares (RMB) (tax inclusive)	0
Conversion into share capital for every 10 shares (share)	0

Explanation of the profit distribution or conversion of capital reserve into share capital

The Company did not meet the profit distribution conditions stipulated in the Articles of Association for the first half of 2026, and will not distribute profit or convert capital reserve into share capital.

III. EQUITY INCENTIVE PLAN, EMPLOYEE SHARE OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF

- (I) Matters relating to share incentives that have been disclosed in provisional announcements and have no subsequent progress or change in implementation

☐ Applicable ☒ Not applicable

- (II) Incentive matters not disclosed in provisional announcements or with subsequent progress

Share incentives

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

Employee stock ownership plan

☐ Applicable ☒ Not applicable

Section IV Corporate Governance, Environment and Society (Continued)

III. EQUITY INCENTIVE PLAN, EMPLOYEE SHARE OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF (Continued)

- (II) Incentive matters not disclosed in provisional announcements or with subsequent progress
(Continued)

Other incentive measures

☐ Applicable ☒ Not applicable

IV. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF ENTERPRISES SUBJECT TO MANDATORY ENVIRONMENTAL DISCLOSURE

☒ Applicable ☐ Not applicable

Number of enterprises included in the 2
list of enterprises with legal disclosure
of environmental information (unit)

No.	Enterprise Name	Index for inquiries regarding legally disclosed environmental information reports
1	Chongqing Iron & Steel Company Limited	http://219.152.238.198:20041/eps/index/enterprise-search
2	Chongqing Iron & Steel Energy Environmental Protection Company Limited (重慶鋼鐵能源環保有限公司)	http://219.152.238.198:20041/eps/index/enterprise-search

Other explanations

☐ Applicable ☒ Not applicable

Section IV Corporate Governance, Environment and Society (Continued)

V. SPECIFIC INFORMATION ON CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

☒ Applicable ☐ Not applicable

1. Targeted welfare procurement

Through a consumption-assistance procurement platform cooperating with the Company, employees were organised to use festival welfare quotas to purchase rice, flour, edible oil and other agricultural products from assisted regions. Cumulative procurement during the Reporting Period was RMB1.636 million, providing stable order support to assisted regions.

2. Product exhibition and sales activities

The Company, together with Jiangnan Sub-district where it is located, held a special exhibition and sales event on the Company's premises, inviting local farmers to sell seasonal fruit and various agricultural products on site. Sales during the Reporting Period amounted to RMB109,700, expanding farmers' sales channels.

3. Participation in field production services

The Company's "Qingfeng" volunteers went deep into villages of Jiangnan Sub-district to provide farming support, focusing on assisting fruit farmers with loquat thinning. In March 2026, volunteers were organised to Tianxing Village for a rural-revitalisation farming volunteer activity. Participation in front-line production eased labour shortages in the busy farming season and consolidated the basic links of industrial assistance.

4. Donation of special assistance funds

In February 2026, RMB500,000 was donated to the Changshou District Charity Federation of Chongqing. It was mainly used for paired assistance to Jiangnan Sub-district of Changshou District, focusing on environmental improvement of parts of Jiangnan Avenue, continuing targeted assistance to households that have been lifted out of poverty and monitored households, and accelerating infrastructure upgrading in Dabao Village, Dayuan Village, Tianxing Village and other villages, so as to consolidate and expand the achievements in poverty alleviation and contribute to rural revitalization.

Section V Significant Events

I. FULFILMENT OF COMMITMENTS

- (I) Undertakings of the Company's de facto controller, shareholders, related parties, acquirers and the Company and other undertaking parties during the Reporting Period or continuing into the Reporting Period

☒ Applicable ☐ Not applicable

1. Changshou Iron & Steel, China Baowu and the Strategic Emerging Fund issued undertakings in December 2017 regarding the regulation of related party transactions and maintaining the independence of the listed company. Details of such undertakings are set out in the Detailed Equity Change Report of *ST Chongqing Iron & Steel (《*ST重鋼詳式權益變動報告書》) published on the SSE website on 5 December 2017, the Detailed Equity Change Report of Chongqing Iron & Steel (《重慶鋼鐵詳式權益變動報告書》) published on the SSE website on 19 September 2020, and the 2020-2023 annual reports. During the Reporting Period, the undertaking parties did not breach such undertakings.
2. In September 2020, China Baowu made an undertaking regarding the avoidance of horizontal competition, undertaking that within five years, and striving to do so in a shorter period, in accordance with the requirements of the relevant securities regulatory authorities and subject to the laws, regulations and regulatory rules then applicable, and based on the principle of being conducive to the development of the listed company and safeguarding the interests of shareholders, especially minority shareholders, it would comprehensively use various methods including asset restructuring, business adjustment and entrusted management to steadily advance the integration of relevant businesses so as to resolve the issue of horizontal competition.

Since making the above undertaking, China Baowu has been actively exploring ways to resolve the issue of horizontal competition through business adjustment and other means. On 28 August 2025, China Baowu issued the Letter on Extension of the Commitment to Avoid Horizontal Competition, extending the validity period of the undertaking by three years on the basis of the original undertaking letter. During the Reporting Period, the undertaking continued to be duly performed.

Section V Significant Events (Continued)

I. FULFILMENT OF COMMITMENTS (Continued)

(I) Undertakings of the Company's de facto controller, shareholders, related parties, acquirers and the Company and other undertaking parties during the Reporting Period or continuing into the Reporting Period (Continued)

3. The undertakings dated 19 December 2025 in connection with the issuance of A Shares to specific target subscriber are as follows. Such undertakings are all within the performance period and are being duly performed.

Party making the undertaking	Type of undertaking	Content of undertaking	Term of undertaking
China Baowu Steel Group Corporation Limited	Share lock-up	Within 18 months from the date of completion of this issuance, the enterprise and the subordinate enterprises controlled by it, as parties acting in concert with Hwabao Investment Co., Ltd., will not transfer the shares of Chongqing Iron & Steel held prior to this issuance, provided that transfers among different entities under the common control of the same de facto controller shall not be subject to the aforesaid 18-month restriction.	Within 18 months from the date of completion of this issuance
	Others	As the de facto controller of Chongqing Iron & Steel Company Limited, the enterprise makes the following undertakings to ensure the effective implementation of the measures to make up for the dilution of immediate returns arising from this issuance of A Shares to specific target subscriber: 1. Not to intervene beyond authority in the Company's operation and management activities, not to encroach upon the Company's interests, and to procure that the Company effectively implements the relevant measures to make up for the dilution of immediate returns; 2. From the date of this undertaking until the completion of the Company's issuance of A Shares to specific target subscriber, if the CSRC or the SSE issues other new regulatory provisions on measures to make up for returns and undertakings thereon, and the above undertakings cannot satisfy such provisions of the CSRC or the SSE, the enterprise undertakes to issue a supplemental undertaking in accordance with the latest provisions of the CSRC and the SSE;	Long-term

Section V Significant Events (Continued)

I. FULFILMENT OF COMMITMENTS (Continued)

(I) Undertakings of the Company's de facto controller, shareholders, related parties, acquirers and the Company and other undertaking parties during the Reporting Period or continuing into the Reporting Period (Continued)

3. The undertakings dated 19 December 2025 in connection with the issuance of A Shares to specific target subscriber are as follows. Such undertakings are all within the performance period and are being duly performed. (Continued)

Party making the undertaking	Type of undertaking	Content of undertaking	Term of undertaking
Hwabao Investment Co., Ltd.	Share lock-up	3. As one of the responsible parties in respect of the measures to make up for returns, if it breaches the above undertakings or refuses to perform the above undertakings, the enterprise agrees to the relevant penalties or administrative measures imposed by the CSRC, the SSE and other securities regulatory authorities in accordance with the relevant provisions and rules formulated or published by them. If the enterprise's breach of the above undertakings causes losses to the Company or investors, the enterprise is willing to bear compensation liability to the Company or investors in accordance with the law.	
		From the pricing benchmark date of this issuance until six months after completion of this issuance, not to reduce the shares of Chongqing Iron & Steel held by the enterprise, and to comply with other relevant provisions of the CSRC and the SSE; if the shares of Chongqing Iron & Steel are reduced in breach of the foregoing undertaking, the enterprise undertakes that all proceeds from such reduction shall belong to Chongqing Iron & Steel.	From the pricing benchmark date of this issuance until six months after completion of this issuance
		Within 18 months from the date of completion of this issuance, not to transfer the shares of Chongqing Iron & Steel held by the enterprise prior to this issuance, provided that transfers among different entities under the common control of the same de facto controller shall not be subject to the aforesaid 18-month restriction.	Within 18 months from the date of completion of this issuance
		Within 36 months from the date of completion of this issuance, not to transfer the shares of this issuance subscribed for by the enterprise.	Within 36 months from the date of completion of this issuance

Section V Significant Events (Continued)

I. FULFILMENT OF COMMITMENTS (Continued)

(I) Undertakings of the Company's de facto controller, shareholders, related parties, acquirers and the Company and other undertaking parties during the Reporting Period or continuing into the Reporting Period (Continued)

3. The undertakings dated 19 December 2025 in connection with the issuance of A Shares to specific target subscriber are as follows. Such undertakings are all within the performance period and are being duly performed. (Continued)

Party making the undertaking	Type of undertaking	Content of undertaking	Term of undertaking
Chongqing Changshou Iron & Steel Company Limited	Others	As the controlling shareholder of Chongqing Iron & Steel Company Limited, the enterprise makes the following undertakings to ensure the effective implementation of the measures to make up for the dilution of immediate returns arising from this issuance of A Shares to specific target subscriber: 1. Not to intervene beyond authority in the Company's operation and management activities, not to encroach upon the Company's interests, and to procure that the Company effectively implements the relevant measures to make up for the dilution of immediate returns; 2. From the date of this undertaking until the completion of the Company's issuance of A Shares to specific target subscriber, if the CSRC or the SSE issues other new regulatory provisions on measures to make up for returns and undertakings thereon, and the above undertakings cannot satisfy such provisions of the CSRC or the SSE, the enterprise undertakes to issue a supplemental undertaking in accordance with the latest provisions of the CSRC and the SSE;	Long-term

Section V Significant Events (Continued)

I. FULFILMENT OF COMMITMENTS (Continued)

(I) Undertakings of the Company's de facto controller, shareholders, related parties, acquirers and the Company and other undertaking parties during the Reporting Period or continuing into the Reporting Period (Continued)

3. The undertakings dated 19 December 2025 in connection with the issuance of A Shares to specific target subscriber are as follows. Such undertakings are all within the performance period and are being duly performed. (Continued)

Party making the undertaking	Type of undertaking	Content of undertaking	Term of undertaking
		3. As one of the responsible parties in respect of the measures to make up for returns, if it breaches the above undertakings or refuses to perform the above undertakings, the enterprise agrees to the relevant penalties or administrative measures imposed by the CSRC, the SSE and other securities regulatory authorities in accordance with the relevant provisions and rules formulated or published by them. If the enterprise's breach of the above undertakings causes losses to the Company or investors, the enterprise is willing to bear compensation liability to the Company or investors in accordance with the law.	
Directors and senior management of the Company	Others	As a director/senior management member of Chongqing Iron & Steel Company Limited, the undersigned makes the following undertakings to ensure the effective implementation of the measures to make up for the dilution of immediate returns arising from this issuance of A Shares to specific target subscriber: 1. Not to transfer benefits to other entities or individuals without consideration or on unfair terms, and not to harm the Company's interests by other means; 2. To restrain the undersigned's job related consumption behaviour; 3. Not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of the undersigned's duties;	Long-term

Section V Significant Events (Continued)

I. FULFILMENT OF COMMITMENTS (Continued)

(I) Undertakings of the Company's de facto controller, shareholders, related parties, acquirers and the Company and other undertaking parties during the Reporting Period or continuing into the Reporting Period (Continued)

3. The undertakings dated 19 December 2025 in connection with the issuance of A Shares to specific target subscriber are as follows. Such undertakings are all within the performance period and are being duly performed. (Continued)

Party making the undertaking	Type of undertaking	Content of undertaking	Term of undertaking
		4. Within the scope of the undersigned's lawful authority, to use the undersigned's best endeavours to procure that the remuneration system formulated by the Board or the Remuneration and Appraisal Committee is linked to the implementation of the Company's measures to make up for returns;	
		5. If the Company subsequently implements a share incentive, the undersigned undertake that the exercise conditions of the share incentive scheme will be linked to the implementation of the Company's measures to make up for returns;	
		6. From the date of this undertaking until the completion of the Company's issuance of A Shares to specific target subscriber, if the CSRC or the SSE makes other new regulatory provisions on measures to make up for returns and undertakings thereon, and the above undertakings cannot satisfy such provisions of the CSRC or the SSE, the undersigned undertake to issue a supplemental undertaking in accordance with the latest provisions of the CSRC and the SSE;	
		7. The undersigned undertake to effectively implement the relevant measures to make up for returns formulated by the Company and any undertakings the undersigned have made in respect of such measures. If the undersigned breach such undertakings and cause losses to the Company or investors, the undersigned is willing to bear compensation liability to the Company or investors in accordance with the law.	

Section V Significant Events (Continued)

II. EMBEZZLEMENT OF NON-OPERATING FUNDS BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

III. EXTERNAL GUARANTEES IN VIOLATION OF REGULATIONS

☐ Applicable ☒ Not applicable

IV. AUDIT OF THE INTERIM REPORT

☐ Applicable ☒ Not applicable

V. CHANGES IN AND HANDLING OF MATTERS INVOLVED IN THE NON-STANDARD AUDIT OPINION ON THE PREVIOUS ANNUAL REPORT

☐ Applicable ☒ Not applicable

VI. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

☐ Applicable ☒ Not applicable

VII. MATERIAL LITIGATION AND ARBITRATION

☐ Material litigations and arbitrations occurred during the Reporting Period
☒ No material litigations and arbitrations occurred during the Reporting Period

VIII. PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS FOR SUSPECTED UNLAWFULNESS AND RECTIFICATION MEASURES

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

IX. EXPLANATION OF THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

X. MATERIAL CONNECTED TRANSACTIONS

(I) Related party transactions related to day-to-day operation

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

☐ Applicable ☒ Not applicable

2. *Matters that have been disclosed in provisional announcements but have subsequent progress or change in implementation*

☒ Applicable ☐ Not applicable

On 10 November 2023, the 30th meeting of the ninth session of the Board approved the Resolution in relation to the entering into of the 2024–2026 Service and Supply Agreement and the continuing connected transactions (including the annual caps) with China Baowu. As agreed in the Service and Supply Agreement signed on the same day, the total amount of the materials and/or services provided by the Group to China Baowu and its subsidiaries (“China Baowu Group”) during the period from 1 January 2024 to 31 December 2026 shall not exceed RMB30.10 billion, and that of materials and/or services provided by China Baowu Group to the Group during the same period shall not exceed RMB102.33 billion.

During the Reporting Period, the actual amount of connected transactions with China Baowu Group was within the annual caps, the details of which are as follows:

Type of transaction	Pricing principle	Transaction amount (Unit: RMB'000)
Purchase of goods and receipt of services	Market pricing	2,814,304
Sale of goods	Market pricing	1,980,126

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Related party transactions related to day-to-day operation (Continued)

2. *Matters that have been disclosed in provisional announcements but have subsequent progress or change in implementation (Continued)*

On 10 November 2023, the 30th meeting of the ninth session of the Board considered and approved the Resolution in relation to the entering into of the 2024–2026 Financial Service Agreement and the connected transactions with Baowu Group Finance Co., Ltd. According to the Financial Service Agreement entered into by the Company and Baowu Group Finance Co., Ltd. (a company controlled by China Baowu, the indirect substantial shareholder of the Company) on the same date: (1) For clearing services, during the term of the agreement, the maximum service fee paid to Baowu Finance Company for providing settlement services to the Company and its subsidiaries shall not exceed RMB200,000 per annum (excluding acceptance fee, settlement handling fee, L/C issuance fee and other fees charged by the concerned bank on behalf). (2) For deposit services, during the term of the agreement, the maximum daily deposit balance of the Company in Baowu Finance Company shall not exceed RMB2 billion in principle. (3) For credit services, during the term of the agreement, the maximum daily credit provided by Baowu Finance Company to the Company and its subsidiaries shall be RMB2 billion. Both parties shall separately sign an agreement on special matters concerning credit services. (4) For other financial services, during the term of the agreement, the maximum service fee paid to Baowu Finance Company for providing other financial services to the Company and its subsidiaries shall not exceed RMB1 million per annum (excluding acceptance fee, settlement handling fee, L/C issuance fee and other fees charged by the concerned bank on behalf). Please refer to the relevant announcements and circulars disclosed by the Company on 11 November 2023 and 7 December 2023 for further details and defined terms. The connected transactions were considered and approved at the 2023 first extraordinary general meeting of the Company held on 28 December 2023.

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
Ouyeel Cloud Commerce Corporation Limited	Other related party	Sale of goods	Sale of goods	With reference to market price	/	1,155,192	10.14	/	/	/
Chongqing Chaoyang Gas Co., Ltd.	Other related party	Sale of goods	Sale of energy media and provision of services	With reference to market price	/	194,853	44.74	/	/	/
Shanghai Ouyeel Supply Chain Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	193,881	1.70	/	/	/
Chongqing Baocheng Carbon Co., Ltd.	Other related party	Sale of goods	Sale of goods, energy media and provision of services	With reference to market price	/	192,144	1.62	/	/	/
Baowu Environmental Science Chongqing Resource Recycling Co., Ltd.	Other related party	Sale of goods	Sale of goods, energy media and provision of services	With reference to market price	/	86,899	0.73	/	/	/
Baowu Water Technology Limited	Other related party	Sale of goods	Sale of energy media and provision of services	With reference to market price	/	69,600	15.98	/	/	/
OUYEEL SINGAPORE PTE. LTD.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	39,851	0.35	/	/	/
Ma Steel International Trade and Economic Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	37,422	0.33	/	/	/
Chongqing Iron & Steel Group Industrial Co., Ltd.	Other related party	Sale of goods	Sale of energy media and provision of services	With reference to market price	/	3,092	0.71	/	/	/
Chongqing Iron & Steel Group Transportation Co., Ltd.	Other related party	Sale of goods	Sale of energy media and provision of services	With reference to market price	/	2,780	0.64	/	/	/
Chongqing Iron & Steel (Group) Steel Tube Co., Ltd.	Other related party	Sale of goods	Sale of energy media and provision of services	With reference to market price	/	2,378	0.55	/	/	/
Baowu Special Metallurgy Hangyan Technology Co., Ltd.	Other related party	Sale of goods	Sale of goods	With reference to market price	/	1,123	0.01	/	/	/
Others	Other related party	Sale of goods	Sale of goods, energy media and provision of services	With reference to market price	/	912	0.01	/	/	/

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements (Continued)

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
Ma Steel International Trade and Economic Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	471,321	4.48	/	/	/
Baosteel Resources International Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	429,922	4.08	/	/	/
Baowu Raw Material Supply Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	404,654	3.84	/	/	/
Ouyeel Industrial Products Co., Ltd.	Other related party	Purchase of goods	Purchase of materials and spare parts, raw materials and receipt of services	With reference to market price	/	383,051	3.27	/	/	/
Baosteel Resources Holdings (Shanghai) Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	274,644	2.61	/	/	/
Baowu Water Technology Limited	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to market price	/	134,268	11.18	/	/	/
Baowu Resources Marketing (Nanjing) Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	132,437	1.26	/	/	/
Shanghai Ouyeel Logistics Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	88,511	8.22	/	/	/
Chongqing Chaoyang Gas Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	78,622	7.3	/	/	/
Chongqing Iron & Steel Group Transportation Co., Ltd.	Other related party	Purchase of goods	Receipt of services and purchase of raw materials	With reference to market price	/	55,683	0.48	/	/	/
Baowu Environmental Science Chongqing Resource Recycling Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	46,306	4.3	/	/	/
Shanghai Baoding Energy Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials and receipt of services	With reference to market price	/	44,793	0.39	/	/	/
Shanghai Baosight Software Co., Ltd.	Other related party	Receipt of services	Purchase of materials and spare parts, receipt of services and engineering technology	With reference to market price	/	43,206	0.37	/	/	/
Baowu Equipment Intelligent Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to market price	/	42,031	3.5	/	/	/
Baowu Wisdom Roll Technical Service (Shanghai) Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	35,793	3.33	/	/	/
Baowu Resources Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	33,274	0.32	/	/	/

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements (Continued)

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
Wuhan Yangguang Industrial Co., Ltd.	Other related party	Purchase of goods	Purchasing of raw materials	With reference to market price	/	21,994	0.21	/	/	/
Chongqing Iron & Steel Group Electronics Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	16,470	1.53	/	/	/
Chongqing Sansteel Steel Industry Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to market price	/	14,210	1.18	/	/	/
Baosteel Engineering & Technology Group Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to market price	/	14,123	1.18	/	/	/
WISCO MCC Industrial Technical Services Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to market price	/	9,292	0.77	/	/	/
Zhejiang Zhoushan Wugang Terminal Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	6,454	0.6	/	/	/
Shanghai Baosteel Energy Conservation and Environmental Protection Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	5,908	0.55	/	/	/
Chongqing Sanhuan Construction Supervision Consulting Co., Ltd.	Other related party	Receipt of services	Project construction	With reference to market price	/	5,855	4.68	/	/	/
Sinosteel Xi'an Heavy Machinery Co., Ltd.	Other related party	Purchase of goods	Purchase of materials and spare parts and receipt of services	With reference to market price	/	4,197	0.04	/	/	/
Guangdong Shaogang Engineering Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services and engineering construction	With reference to market price	/	3,335	0.28	/	/	/
Shanghai Baosteel Xinyue Talent Technology Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	2,253	0.21	/	/	/
Shanghai Meishan Industrial and Civil Engineering Design & Research Institute Co., Ltd.	Other related party	Receipt of services	Project construction	With reference to market price	/	1,961	1.57	/	/	/
Shanghai Baosteel Construction Engineering Technology Co., Ltd.	Other related party	Receipt of services	Project construction	With reference to market price	/	1,589	1.27	/	/	/
Baoshan Iron & Steel Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	1,319	0.12	/	/	/
Baowu Group Echeng Iron and Steel Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	1,252	0.12	/	/	/

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(I) Related party transactions related to day-to-day operation (Continued)

3. Matters not disclosed in provisional announcements (Continued)

Related party	Related relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Transaction price of related party	Transaction amount of related party	As a percentage of the amount of similar transactions (%)	Settlement method of related party transaction	Market price	Reason for the difference between transaction price and market reference price
Wuhan Iron and Steel Co., Ltd.	Other related party	Receipt of services	Receipt of services	With reference to market price	/	1,132	0.11	/	/	/
Others	Other related party	Purchase of goods	Receipt of services, engineering construction and purchase of equipment	With reference to market price	/	4,443	0.04	/	/	/
Total				/	/	4,794,430	/	/	/	/
Particulars of material sales returns					Not applicable					
Explanation of related party transactions					Not applicable					

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(II) Related party transactions related to acquisition of assets or acquisition or disposal of equity interests

1. *Events disclosed in provisional announcements but without subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

4. *Disclosure of the performance of the results relating to the results agreement during the Reporting Period*

☐ Applicable ☒ Not applicable

(III) Material related party transactions related to joint external investment

1. *Events disclosed in provisional announcements but without subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(IV) Amounts due to or from related parties

1. *Events disclosed in provisional announcements but without subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

2. *Events disclosed in provisional announcements with subsequent development or changes during implementation*

☐ Applicable ☒ Not applicable

3. *Events not disclosed in provisional announcements*

☐ Applicable ☒ Not applicable

(V) Financial business between the Company and a finance company with a related relationship, and between a finance company controlled by the Company and related parties

☒ Applicable ☐ Not applicable

1. *Deposit business*

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related party	Related relationship	Maximum daily deposit limit	Range of deposit interest rates	Opening balance	Amount incurred during the period		Closing balance
					Total amount deposited during the period	Total amount withdrawn during the period	
Baowu Group Finance Co., Ltd.	Other related party	-	0.05%-1.0%	788,435	4,618,038	4,366,072	1,040,401
Total	/	/	/	788,435	4,618,038	4,366,072	1,040,401

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

- (V) Financial business between the Company and a finance company with a related relationship, and between a finance company controlled by the Company and related parties (Continued)

2. *Loan business*

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related party	Related relationship	Loan facility	Range of loan interest rates	Opening balance	Amount incurred during the period		Closing balance
					Total amount of loans during the period	Total amount of repayments during the period	
Baowu Group Finance Co., Ltd.	Other related party	-	2.11%-2.34%	795,000	150,000	255,000	690,000
Total	/	/	/	795,000	150,000	255,000	690,000

3. *Credit granting business or other financial services*

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Related party	Related relationship	Type of business	Total amount	Actual amount incurred
Baowu Group Finance Co., Ltd.	Other related party	Comprehensive credit facilities	1,700,000	1,283,403

4. *Other explanations*

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

X. MATERIAL CONNECTED TRANSACTIONS (Continued)

(VI) Other material related party transactions

☐ Applicable ☒ Not applicable

(VII) Others

☐ Applicable ☒ Not applicable

XI. MATERIAL CONTRACTS AND THE IMPLEMENTATION

(I) Custody, contracting and leasing affairs

☒ Applicable ☐ Not applicable

1. Custody

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

XI. MATERIAL CONTRACTS AND THE IMPLEMENTATION (Continued)

(I) Trust, contracted businesses and leasing affairs (Continued)

3. Leasing affairs

☒ Applicable ☐ Not applicable

Unit: RMB'000 Currency: RMB

Name of lessor	Name of lessee	Particulars of leased assets	Amount involved in leased assets	Lease commencement date	Lease termination date	Lease income	Basis for determining lease income	Impact of lease income on the Company	Whether a related party transaction	Related relationship
Chongqing Iron & Steel Company Limited	Chongqing Chaoyang Gas Co., Ltd. Changshou Branch	Equipment and structures	415,641	2025.01.01	2034.12.31	21,500	Asset lease contract	Affecting the revenue	Yes	Other related party

Explanation of leasing
Not Applicable

(II) Significant guarantees that were performed or not yet performed during the Reporting Period

☐ Applicable ☒ Not applicable

(III) Other material contracts

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

XII. PROGRESS OF USE OF PROCEEDS

☒ Applicable ☐ Not applicable

(I) Overall use of proceeds

☒ Applicable ☐ Not applicable

Unit: RMB'000

Source of proceeds	Time of receipt of proceeds	Total proceeds	Net proceeds	or offering circular	Reporting Period	surplus proceeds	Total end of the Reporting Period	Including: cumulative surplus proceeds invested as of the end of the Reporting Period	Cumulative progress of investment of proceeds as of the end of the Reporting Period	Cumulative progress of investment of surplus proceeds as of the end of the Reporting Period	Amount invested in the current year	Percentage of amount invested in the current year	Total proceeds with changed use
(3)=	(%)	(%)	(%)										
(1)	(2)	(1)-(2)	(4)	(5)	(6)=(4)/(1)	(7)=(5)/(3)	(8)	(9)=(8)/(1)					
Issuance of shares													
to specific target subscriber	11 June 2026	1,000,000	993,723	993,723	–	–	362,432	–	36.47	–	362,432	36.47	–
Total	/	1,000,000	993,723	993,723	–	–	362,432	–	36.47	–	362,432	36.47	–

Other explanations

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

XII. PROGRESS OF USE OF PROCEEDS (Continued)

(II) Particulars of proceeds-funded projects

☒ Applicable ☐ Not applicable

1. Use of proceeds by project

☒ Applicable ☐ Not applicable

Unit: RMB'000

Source of proceeds	Item	Nature of project	Whether a committed investment project in the prospectus or offering circular	Whether involving a change of investment direction	Planned investment amount of proceeds (1)	Amount invested in the current year	Cumulative proceeds invested as of the end of the Reporting Period (2)	Unused amount as of the end of the Reporting Period	Cumulative progress of investment as of the end of the Reporting Period (%) (3) = (2)/(1)	Date on which the project reached the intended usable condition	Whether completed	Whether the investment progress is in line with the plan	Specific reasons why the investment progress fell short of the plan	Benefits realised in the current year	Benefits realised or R&D results of the project	Whether the feasibility of the project has undergone material change; if yes, please explain	Surplus amount	Expected time of which the proceeds will be fully utilized
Issuance of shares to specific target subscriber	Replenishment of working capital	Replenishment of working capital	Yes	No	266,223	34,932	34,932	231,291	13.12	Not applicable								Before 31 December 2026
	Repayment of bank loans	Repayment of bank loans	Yes	No	727,500	327,500	327,500	400,000	45.02									
Total	/	/	/	/	993,723	362,432	362,432	631,291	36.47	/								

The actual usage and the intended usage of the above-mentioned proceeds were consistent with the plan for use of proceeds previously disclosed by the Company, and there was no material change or material delay.

2. Use of surplus proceeds

☐ Applicable ☒ Not applicable

3. Particulars of reassessment of proceeds-funded projects during the Reporting Period

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

XII. PROGRESS OF USE OF PROCEEDS (Continued)

(III) Change or termination of proceeds-funded projects during the Reporting Period

☐ Applicable ☒ Not applicable

(IV) Other use of proceeds during the Reporting Period

1. *Replacement of preliminary investment in proceeds-funded projects*

☐ Applicable ☒ Not applicable

2. *Temporary replenishment of working capital with idle proceeds*

☐ Applicable ☒ Not applicable

3. *Cash management of idle proceeds and investment in related products*

☐ Applicable ☒ Not applicable

4. *Others*

☐ Applicable ☒ Not applicable

(V) Explanation of abnormalities identified by intermediaries in the deposit and use of proceeds

☐ Applicable ☒ Not applicable

(VI) Subsequent rectification of unauthorised change of use of proceeds or misappropriation of proceeds

☐ Applicable ☒ Not applicable

Section V Significant Events (Continued)

XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS

☒ Applicable ☐ Not applicable

(I) Adjustment of the shareholding structure of the controlling shareholder

The shareholders of Changshou Iron & Steel, the controlling shareholder of the Company, are China Baowu, Sichuan Fangda Vanadium & Titanium and the Strategic Emerging Fund, holding 40%, 35% and 25%, respectively. On 16 September 2020, China Baowu, the Strategic Emerging Fund and Chongqing Yufu Capital Private Equity Investment Fund Management Co., Ltd. entered into the Acting-in-Concert Agreement, and China Baowu is the de facto controller of the Company.

In July 2026, China Baowu and the Strategic Emerging Fund entered into an equity transfer agreement, pursuant to which the Strategic Emerging Fund agreed to transfer, and China Baowu agreed to acquire, the 25% equity interest in Changshou Iron & Steel held by the Strategic Emerging Fund. Upon completion, China Baowu's shareholding in Changshou Iron & Steel will increase from 40% to 65%; Changshou Iron & Steel will remain the controlling shareholder of the Company, and China Baowu will remain the de facto controller of the Company.

(II) Relevant disclosures under the Listing Rules of the Stock Exchange

1. *Compliance with the Corporate Governance Code*

To the best knowledge of the Board, the Company has complied with the provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules during the Reporting Period, and no deviation from the code provisions was identified.

2. *Model Code for Securities Transactions by Directors*

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code for trading of the Company's securities by directors. All directors of the Company confirmed upon specific enquiries that they had complied with the Model Code for the six months ended 30 June 2026.

XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS (Continued)

(II) Relevant disclosures under the Listing Rules of the Stock Exchange (Continued)

3. *Interim dividend*

Given that the accumulated undistributed profit of the Company remained negative as of the end of the Reporting Period, the Company will not distribute interim dividend for the six months ended 30 June 2026 according to Article 213 of the Articles of Association.

4. *Repurchase, sale or redemption of listed securities of the Company*

None of the Company or any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

5. *Major acquisition and disposal of subsidiaries and affiliated companies*

No major acquisition and disposal of subsidiaries and affiliated companies occurred during the Reporting Period.

6. *Audit and Risk Committee*

The Audit and Risk Committee is comprised of three independent non-executive directors, namely, Mr. Sheng Xuejun, Mr. Guo Jiebin and Ms. Tang Ping, with Mr. Guo Jiebin acting as the chairman of the Audit and Risk Committee.

The unaudited interim financial report of the Company for the six months ended 30 June 2026 had been reviewed by the members of the Audit and Risk Committee before being submitted to the Board for approval.

Section V Significant Events (Continued)

XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS (Continued)

(II) Relevant disclosures under the Listing Rules of the Stock Exchange (Continued)

7. Interests or short positions

(1) Interests or short positions of shareholders

As at 30 June 2026, so far as is known to the directors of the Company, the following persons (other than the directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under Part XV of the Securities and Futures Ordinance (the “SFO”) and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, as follows:

Name of shareholder	The Company/ associated corporations	Capacity	Nature of interests	Total number of interested shares held (share)	Percentage in the share capital of A shares of the Company (%)	Percentage in the total share capital of the Company (%)	Class of shares
China Baowu Steel Group Corporation Limited	the Company	De facto controller	Beneficial interests and interests of controlled corporations	3,369,804,955 (long position)	37.1483	35.0680	A Shares
Hwabao Investment Co., Ltd.	the Company	Substantial shareholder	Beneficial interests	895,035,437 (long position)	9.8668	9.3142	A Shares
Chongqing Changshou Iron & Steel Company Limited	the Company	Controlling shareholder	Beneficial interests	2,096,981,600 (long position)	23.1169	21.8223	A Shares

Note: China Baowu directly holds 129,815,901 A shares of the Company and is deemed under the SFO to be interested in 3,239,989,054 A shares held by its controlled corporations. Therefore, China Baowu is deemed to be interested in an aggregate of 3,369,804,955 A shares.

Section V Significant Events (Continued)

XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS (Continued)

(II) Relevant disclosures under the Listing Rules of the Stock Exchange (Continued)

7. Interests or short positions (Continued)

(2) Interests or short positions of directors and senior management

As at 30 June 2026, the interests and short positions (including interests or short positions which they were taken or deemed to have under relevant provisions of the SFO of the directors or senior management members in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Name	The Company/ associated corporations	Capacity	Nature of interests	Total number of interested shares held (share)	Percentage in the share capital of A shares of the Company (%)	Percentage in the total share capital of the Company (%)	Class of shares
Xie Chao	the Company	Senior vice president	Beneficial interests	1,057,400 (long position)	0.0117	0.0110	A Shares
Chen Yingming	the Company	Employee director	Beneficial interests	100 (long position)	0.0000	0.0000	A Shares

Section V Significant Events (Continued)

8. *Employees*

As at 30 June 2026, the Group had a total of 5,030 employees.

Employees' remuneration mainly comprises basic salary, subsidies and allowances (including shift allowances, high-temperature allowances, etc.) and bonus. Within the budgeted total amount of salaries and based on the profitability and results of operations, the Company determines the remuneration allocation system, form of remuneration allocation and level of remuneration payment with a focus on "creating value and sharing value". The Company implements a minimum wage system, pursuant to which the remuneration paid by the Company to the employee shall not be lower than the minimum wage standard prescribed by the Chongqing Municipal People's Government, so long as an employee provides normal labour during the statutory working hours (including the probationary period, internship period and inspection period).

The Company adheres to its talent-driven enterprise development strategy. Centring on the high-quality development plan and the three-year human resources capability enhancement objectives, the Company has formulated an annual training implementation scheme and planned the annual "1129" talent project. Through a combination of in-house independent training and external training, the Company further strengthens the development of three talent teams and promotes the enhancement of the competence of all employees.

9. *Events after the Reporting Period*

The Company had no material events after 30 June 2026.

10. *Others*

Save as otherwise disclosed in this report, there have been no material changes in the Company's existing information relating to the matters set out in paragraph 32 of Appendix D2 to the Listing Rules as compared with the information disclosed in the Company's 2025 annual report.

Section VI Movement of Shares and the Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: shares

	Before this change		Increase/decrease in this change (+, -)					After this change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion of reserve into shares	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading restrictions	0	0	+757,575,757				+757,575,757	757,575,757	7.88
1. State shareholding									
2. State-owned legal person shareholding			+757,575,757				+757,575,757	757,575,757	7.88
3. Other domestic shareholding									
Including: Domestic non-state-owned legal person shareholding									
Domestic natural person shareholding									
4. Foreign shareholding									
Including: Overseas legal person shareholding									
Overseas natural person shareholding									
II. Circulating shares not subject to trading restrictions	8,851,763,767	100						8,851,763,767	92.12
1. RMB ordinary shares	8,313,636,567	93.92						8,313,636,567	86.52
2. Domestically listed foreign shares									
3. Overseas listed foreign shares	538,127,200	6.08						538,127,200	5.60
4. Others									
III. Total number of shares	8,851,763,767	100	757,575,757				757,575,757	9,609,339,524	100

Section VI Movement of Shares and the Particulars of Shareholders (Continued)

I. CHANGES IN SHARE CAPITAL (Continued)

(I) Table of changes in shares (Continued)

2. Explanation of changes in shares

☒ Applicable ☐ Not applicable

To optimise the Company's capital structure, enhance its risk resilience capabilities and to simultaneously support the stable development of the Company's principal business, and to create favourable conditions for enhancing the core competitiveness and achieving sustainable high-quality development for the Company, on 13 March 2026, the general meeting of the Company considered and approved the Resolution on the Plan for Issuance of A Shares to Specific Target Subscriber in 2025 by the Company and other resolutions, agreeing to issue shares to Hwabao Investment, a wholly-owned subsidiary of the de facto controller of the Company. On 22 June 2026, the Company completed the issuance of 757,575,757 A Shares to Hwabao Investment at an issue price of RMB1.32 per share. The net proceeds raised amounted to approximately RMB993.7 million, representing a net price of approximately RMB1.31 per share. Upon completion, the total number of issued shares of the Company increased from 8,851,763,767 shares to 9,609,339,524 shares. The terms of this issuance were determined on 19 December 2025. On the same date, the closing price of the H Shares of the Company on the Stock Exchange was HK\$1.19 per share, and the closing price of the A Shares of the Company on the SSE was RMB1.48 per share.

3. Impact of changes in shares from the end of the Reporting Period to the date of disclosure of the interim report on financial indicators such as earnings per share and net assets per share (if any)

☐ Applicable ☒ Not applicable

4. Other information that the Company considers necessary or that securities regulators require to be disclosed

☐ Applicable ☒ Not applicable

Section VI Movement of Shares and the Particulars of Shareholders (Continued)

I. CHANGES IN SHARE CAPITAL (Continued)

(II) Information on changes in restricted shares

☒ Applicable ☐ Not applicable

Unit: shares

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Number of restricted shares increased during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Date of release from trading restrictions
Hwabao Investment Co., Ltd.	0	0	757,575,757	757,575,757	Restricted shares issued to specific target subscriber	22 June 2029
Total	0	0	757,575,757	757,575,757	/	/

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders as of the end of the Reporting Period (shareholder)	171,798
Total number of preferential shareholders with resumed voting rights as of the end of the Reporting Period (shareholder)	0

Section VI Movement of Shares and the Particulars of Shareholders (Continued)

II. PARTICULARS OF SHAREHOLDERS (Continued)

- (II) Table of shareholdings of the top ten shareholders and the top ten shareholders holding circulating shares (shares not subject to trading restrictions) as of the end of the Reporting Period

Unit: shares

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

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with trading restrictions	Pledged, marked or frozen		
					Status of shares	Number	Nature of shareholder
Chongqing Changshou Iron & Steel Company Limited	0	2,096,981,600	21.82	0	Nil	0	State-owned legal person
Hwabao Investment Co., Ltd.	757,575,757	895,035,437	9.31	757,575,757	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	28,520	533,756,211	5.55	0	Unknown	Unknown	Overseas legal person
Chongqing Rural Commercial Bank Co., Ltd.	0	289,268,939	3.01	0	Nil	0	State-owned legal person
Chongqing Urban Construction Investment (Group) Company Limited	0	249,276,959	2.59	0	Nil	0	State-owned legal person
Bank of Chongqing Co., Ltd.	0	226,042,920	2.35	0	Nil	0	State-owned legal person
Baowu Group Zhongnan Iron and Steel Co., Ltd.	0	224,831,743	2.34	0	Nil	0	State-owned legal person
China Shipbuilding Industry Complete Logistics Co., Ltd.	0	211,461,370	2.20	0	Nil	0	State-owned legal person
Chongqing Qianxin Foreign Trade and Economic Cooperation Group Co., Ltd.	0	171,490,070	1.78	0	Pledged	71,493,570	State-owned legal person
China Baowu Steel Group Corporation Limited	0	129,815,901	1.35	0	Nil	0	State-owned legal person

Section VI Movement of Shares and the Particulars of Shareholders (Continued)

II. PARTICULARS OF SHAREHOLDERS (Continued)

- (II) Table of shareholdings of the top ten shareholders and the top ten shareholders holding circulating shares (shares not subject to trading restrictions) as of the end of the Reporting Period (Continued)

Shareholdings of top ten shareholders without trading limitations (excluding lending of shares through refinancing)

Name of shareholder	Shareholdings of tradable shares without trading limitations	Type and number of shares	
		Type	Number
Chongqing Changshou Iron & Steel Company Limited	2,096,981,600	RMB ordinary shares	2,096,981,600
HKSCC NOMINEES LIMITED	533,756,211	Overseas listed foreign shares	533,756,211
Chongqing Rural Commercial Bank Co., Ltd.	289,268,939	RMB ordinary shares	289,268,939
Chongqing Urban Construction Investment (Group) Company Limited	249,276,959	RMB ordinary shares	249,276,959
Bank of Chongqing Co., Ltd.	226,042,920	RMB ordinary shares	226,042,920
Baowu Group Zhongnan Iron and Steel Co., Ltd.	224,831,743	RMB ordinary shares	224,831,743
China Shipbuilding Industry Complete Logistics Co., Ltd.	211,461,370	RMB ordinary shares	211,461,370
Chongqing Qianxin Foreign Trade and Economic Cooperation Group Co., Ltd.	171,490,070	RMB ordinary shares	171,490,070
Hwabao Investment Co., Ltd.	137,459,680	RMB ordinary shares	137,459,680
China Baowu Steel Group Corporation Limited	129,815,901	RMB ordinary shares	129,815,901

Section VI Movement of Shares and the Particulars of Shareholders (Continued)

II. PARTICULARS OF SHAREHOLDERS (Continued)

(II) Table of shareholdings of the top ten shareholders and the top ten shareholders holding circulating shares (shares not subject to trading restrictions) as of the end of the Reporting Period (Continued)

Description of accounts designated for share repurchase among the top ten shareholders	Not Applicable
--	----------------

Description of the entrusting/being entrusted voting rights or waiving voting rights of the above shareholders	Not Applicable
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Description on the associated relationship or acts in concert among the above shareholders	Changshou Iron & Steel is the controlling shareholder of the Company; Changshou Iron and Steel, Baowu Group Zhongnan Iron and Steel Co., Ltd. and Hwabao Investment are under common control by China Baowu, a de facto controller of the Company, thus the four are related parties, and have no associated relationship with the other 6 shareholders and they are not parties acting in concert as stipulated in the Administrative Measures for Takeovers of Listed Companies. The Company is also not aware of whether there is any associated relationship among the other 6 shareholders or whether they are parties acting in concert.
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Description on the preferred shareholders with restored voting rights and their shareholdings	Not Applicable
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Section VI Movement of Shares and the Particulars of Shareholders (Continued)

II. PARTICULARS OF SHAREHOLDERS (Continued)

- (II) Table of shareholdings of the top ten shareholders and the top ten shareholders holding circulating shares (shares not subject to trading restrictions) as of the end of the Reporting Period (Continued)

Participation of shareholders holding more than 5% of the shares, top ten shareholders and top ten shareholders without trading limitations in lending of shares in the refinancing business

☐ Applicable ☒ Not applicable

Changes in the top ten shareholders and top ten shareholders without trading limitations due to lending/returning resulting from refinancing as compared with the previous period

☐ Applicable ☒ Not applicable

Number of shares held by top 10 holders of shares subject to trading restrictions and their trading restrictions

☒ Applicable ☐ Not applicable

Unit: shares

Listing and trading of shares subject to trading restrictions					
No.	Name of shareholder subject to trading restrictions	Number of shares subject to trading restrictions	Time when listing and trading is permitted	Number of additional shares permitted for listing and trading	Trading restrictions
1	Hwabao Investment Co., Ltd.	757,575,757	22 June 2029	–	Restricted shares issued to specific target subscriber
	Description on the associated relationship or acts in concert among the above shareholders	Not applicable			

- (III) Strategic investors or ordinary legal persons who became top ten shareholders due to placing of new shares

☐ Applicable ☒ Not applicable

Section VI Movement of Shares and the Particulars of Shareholders (Continued)

III. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

- (I) Changes in shareholdings of current and resigned directors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

Other information

☒ Applicable ☐ Not applicable

During the Reporting Period, there was no change in the shareholdings of Mr. Chen Yingming, employee director of the Company, and Mr. Xie Chao, senior vice president of the Company. In June 2026, the Company disclosed a share increase plan of directors and senior management, according to which the relevant persons commenced the share increase from 1 July. For details, please refer to the announcements disclosed by the Company on the official websites of the SSE and the Stock Exchange.

- (II) Information on incentive share option granted to directors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

- (III) Other information

☐ Applicable ☒ Not applicable

- (IV) Changes in the controlling shareholder or the de facto controller

☐ Applicable ☒ Not applicable

- (V) Relevant information on preference shares

☐ Applicable ☒ Not applicable

Section VII Relevant Information on Bonds

I. COMPANY BONDS (INCLUDING CORPORATE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

☐ Applicable ☒ Not applicable

II. PARTICULARS OF CONVERTIBLE BOND OF THE COMPANY

☐ Applicable ☒ Not applicable

Section VIII Financial Report

I. AUDIT REPORT

☐ Applicable ☒ Not applicable

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet

30 June 2026

RMB

Assets	Note V	30 June 2026	31 December 2025
Current assets			
Cash and bank balances	1	3,493,088,422.45	2,712,339,198.87
Notes receivables	2	482,594.59	4,185,550.14
Trade receivables	3	22,006,386.18	10,948,466.78
Receivables financing	4	578,101,966.46	459,630,155.77
Prepayments	5	191,991,303.80	171,895,658.54
Other receivables	6	365,655,245.24	53,775,499.93
Inventories	7	1,685,874,117.25	1,396,760,706.20
Other current assets	8	17,441,357.40	35,536,755.83
Total current assets		6,354,641,393.37	4,845,071,992.06
Non-current assets			
Long-term equity investments	9	136,105,514.98	141,954,046.42
Investment in other equity instruments	10	60,364,499.70	60,364,499.70
Fixed assets	11	22,888,258,307.05	23,585,897,975.23
Construction in progress	12	145,018,144.35	170,112,476.56
Right-of-use assets	13	65,411,172.12	73,172,761.56
Intangible assets	14	2,429,497,690.50	2,476,068,688.22
Goodwill	15	42,871,263.01	42,871,263.01
Deferred tax assets	16	690,664,598.09	690,664,598.09
Total non-current assets		26,458,191,189.80	27,241,106,308.79
Total assets		32,812,832,583.17	32,086,178,300.85

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet (Continued)

30 June 2026

RMB

Liabilities and shareholders' equity	Note V	30 June 2026	31 December 2025
Current liabilities			
Short-term borrowings	18	979,428,962.99	975,503,250.15
Notes payable	19	3,652,852,778.51	3,255,608,622.05
Trade payables	20	4,400,884,083.39	4,105,401,735.68
Contract liabilities	21	1,071,724,750.91	1,137,072,939.29
Employee benefits payable	22	116,245,049.98	116,942,823.98
Taxes payable	23	45,360,809.82	12,615,839.64
Other payables	24	2,642,618,242.48	3,118,211,051.73
Non-current liabilities due within one year	25	1,086,872,511.47	2,432,156,341.55
Other current liabilities	21	139,324,217.61	143,043,750.60
Total current liabilities		14,135,311,407.16	15,296,556,354.67
Non-current liabilities			
Long-term borrowings	26	3,492,816,261.47	2,526,395,643.01
Lease liabilities	27	51,849,502.12	59,244,715.99
Long-term payable	28	17,150,863.15	20,548,671.60
Long-term employee benefits payable	29	34,860,763.26	57,009,173.39
Provisions for liabilities	30	10,371,609.89	8,026,222.30
Deferred income	31	318,265,926.82	200,222,244.58
Deferred tax liabilities	16	6,438,715.50	6,390,213.87
Total non-current liabilities		3,931,753,642.21	2,877,836,884.74
Total liabilities		18,067,065,049.37	18,174,393,239.41

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet (Continued)

30 June 2026

RMB

Liabilities and shareholders' equity	Note V	30 June 2026	31 December 2025
Shareholders' equity			
Share capital	32	9,609,339,524.00	8,851,763,767.00
Capital reserves	33	19,515,371,342.00	19,279,224,566.14
Less: Treasury shares	34	—	—
Other comprehensive income	35	1,585,194.71	1,585,194.71
Special reserves	36	77,725,322.64	58,562,796.44
Surplus reserves	37	608,477,851.26	608,477,851.26
Unappropriated profit (uncovered loss)	38	(15,066,731,700.81)	(14,887,829,114.11)
Total shareholders' equity		14,745,767,533.80	13,911,785,061.44
Total liabilities and shareholders' equity		32,812,832,583.17	32,086,178,300.85

The financial statements were signed by the following:

Wang Huxiang
Legal representative:

Kuang Yunlong
Chief accountant:

Hui Zhirong
Head of the accounting department:

The accompanying notes form part of the financial statements.

Balance Sheet of the Parent

30 June 2026

RMB

Assets	Note XIII	30 June 2026	31 December 2025
Current assets			
Cash and bank balances		3,483,366,797.62	2,708,032,380.47
Notes receivables		–	4,185,550.14
Trade receivables	1	14,702,248.32	9,505,363.37
Receivables financing		578,101,966.46	459,630,155.77
Prepayments		184,371,284.90	171,403,280.98
Other receivables	2	407,913,499.98	86,057,973.27
Inventories		1,685,708,093.66	1,395,732,881.16
Other current assets		1,613.25	15,802,113.18
Total current assets		6,354,165,504.19	4,850,349,698.34
Non-current assets			
Long-term equity investments	3	1,073,425,065.00	1,079,273,596.44
Investment in other equity instruments		60,364,499.70	60,364,499.70
Fixed assets		22,146,699,482.15	22,809,350,263.94
Construction in progress		132,253,143.84	160,117,476.22
Right-of-use assets		65,411,172.12	73,172,761.56
Intangible assets		2,370,352,293.84	2,416,000,837.10
Deferred tax assets		690,635,820.42	690,635,820.42
Total non-current assets		26,539,141,477.07	27,288,915,255.38
Total assets		32,893,306,981.26	32,139,264,953.72

The accompanying notes form part of the financial statements.

Balance Sheet of the Parent (Continued)

30 June 2026

RMB

Liabilities and shareholders' equity	30 June 2026	31 December 2025
Current liabilities		
Short-term borrowings	979,428,962.99	975,503,250.15
Notes payable	3,652,852,778.51	3,255,608,622.05
Trade payables	4,565,563,846.79	4,209,467,944.98
Contract liabilities	1,069,380,485.75	1,136,817,199.47
Employee benefits payable	114,272,096.49	115,510,894.98
Taxes payable	34,078,581.48	10,159,528.93
Other payables	2,608,458,668.03	3,081,301,995.42
Non-current liabilities due within one year	1,086,872,511.47	2,432,156,341.55
Other current liabilities	139,019,463.14	143,010,504.42
Total current liabilities	14,249,927,394.65	15,359,536,281.95
Non-current liabilities		
Long-term borrowings	3,492,816,261.47	2,526,395,643.01
Lease liabilities	51,849,502.12	59,244,715.99
Long-term payables	17,150,863.15	20,548,671.60
Long-term employee benefits payable	34,860,763.26	57,009,173.39
Provisions for liabilities	10,371,609.89	8,026,222.30
Deferred income	318,265,926.82	200,222,244.58
Total non-current liabilities	3,925,314,926.71	2,871,446,670.87
Total liabilities	18,175,242,321.36	18,230,982,952.82

The accompanying notes form part of the financial statements.

Balance Sheet of the Parent (Continued)

30 June 2026

RMB

Liabilities and shareholders' equity	30 June 2026	31 December 2025
Shareholders' equity		
Share capital	9,609,339,524.00	8,851,763,767.00
Capital reserves	19,546,314,600.00	19,310,167,824.14
Other comprehensive income	1,585,194.71	1,585,194.71
Special reserves	19,808,617.81	9,557,715.26
Surplus reserves	577,012,986.42	577,012,986.42
Unappropriated profit (uncovered loss)	(15,035,996,263.04)	(14,841,805,486.63)
Total shareholders' equity	14,718,064,659.90	13,908,282,000.90
Total liabilities and shareholders' equity	32,893,306,981.26	32,139,264,953.72

The accompanying notes form part of the financial statements.

Consolidated Income Statement

For the six months ended 30 June 2026

RMB

	Note V	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Revenue	39	11,825,977,206.37	13,085,208,976.53
Less: Cost of sales	39	11,726,332,800.83	12,931,496,798.65
Taxes and surcharges	40	77,403,653.48	66,115,767.52
Selling expenses	41	33,357,417.29	31,831,443.79
Administrative expenses	42	130,378,885.77	131,455,497.88
Research and development expenses	43	28,700,483.83	14,810,625.84
Finance expenses	44	78,167,122.84	77,213,808.50
Including: Interest expenses		90,457,216.40	96,491,040.66
Interest income		11,533,279.20	24,664,851.80
Add: Other income	45	65,605,788.08	45,019,850.94
Investment income (loss)	46	(12,505,304.13)	1,359,656.65
Including: Income (loss) from investments in associates and joint ventures		1,680,233.08	1,359,656.65
Credit impairment gains (losses)	47	—	—
Asset impairment gains (losses)	48	(7,797,417.06)	—
Gain (losses) from disposal of assets	49	25,025,014.20	2,275,107.97
II. Operating profit (loss)		(178,035,076.58)	(119,060,350.09)
Add: Non-operating income	50	566,637.81	961,330.12
Less: Non-operating expenses	51	500,000.00	11,822,060.38
III. Total profit (loss)		(177,968,438.77)	(129,921,080.35)
Less: Income tax expenses	52	934,147.93	1,096,560.32
IV. Net profit (loss)		(178,902,586.70)	(131,017,640.67)
(I) Breakdown by continuity of operations			
1. Net profit (loss) from continuing operations		(178,902,586.70)	(131,017,640.67)
(II) Breakdown by attributable interests			
1. Net profit (loss) attributable to owners of the parent company		(178,902,586.70)	(131,017,640.67)
VI. Total comprehensive income			
1. Total comprehensive income attributable to owners of the parent company		(178,902,586.70)	(131,017,640.67)
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)	53	(0.02)	(0.01)
(II) Diluted earnings per share (RMB/share)		Not applicable	Not applicable

The accompanying notes form part of the financial statements.

Income Statement of the Parent

For the six months ended 30 June 2026

RMB

	Note XIII	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Revenue	4	12,630,883,475.25	13,942,271,860.38
Less: Cost of sales	4	12,528,878,733.71	13,768,788,827.90
Taxes and surcharges		71,579,131.72	59,669,451.27
Selling expenses		33,357,417.29	31,831,443.79
Administrative expenses		127,576,217.81	130,418,391.48
Research and development expenses		28,700,483.83	14,810,625.84
Finance expenses		78,159,657.12	77,223,822.89
Including: Interest expenses		90,457,216.40	96,491,040.66
Interest income		11,529,706.12	24,643,977.51
Add: Other income		38,388,459.01	8,388,857.18
Investment income (loss)	5	(12,505,304.13)	1,359,656.65
Including: Income (loss) from investments in associates and joint ventures		1,680,233.08	1,359,656.65
Credit impairment gains (losses)		—	—
Asset impairment gains (losses)		(7,797,417.06)	—
Gain (losses) from disposal of assets		25,025,014.20	2,275,107.97
II. Operating profit (loss)		(194,257,414.21)	(128,447,080.99)
Add: Non-operating income		566,637.80	961,330.12
Less: Non-operating expenses		500,000.00	11,722,042.93
III. Total profit (loss)		(194,190,776.41)	(139,207,793.80)
Less: Income tax expenses		—	—
IV. Net profit (loss)		(194,190,776.41)	(139,207,793.80)
(I) Net profit (loss) from continuing operations		(194,190,776.41)	(139,207,793.80)
V. Total comprehensive income		(194,190,776.41)	(139,207,793.80)

The accompanying notes form part of the financial statements.

Consolidated Cash Flows Statement

For the six months ended 30 June 2026

RMB

	Note V	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		11,398,025,399.74	9,492,068,544.62
Receipts of taxes refunds		53,617,003.34	50,242,767.57
Other cash received relating to operating activities	53	181,348,106.24	40,684,932.57
Sub-total of cash inflows from operating activities		11,632,990,509.32	9,582,996,244.76
Cash paid for purchase of goods and services		10,486,728,720.76	8,050,803,652.15
Cash paid to and on behalf of employees		460,610,334.09	522,055,667.54
Cash paid for all types of taxes		106,686,826.38	104,193,174.45
Other cash paid relating to operating activities	53	16,281,243.74	25,501,903.64
Sub-total of cash outflows from operating activities		11,070,307,124.97	8,702,554,397.78
Net cash flow from operating activities	54	562,683,384.35	880,441,846.98
II. Cash flows from investing activities:			
Cash received from recovery of investments		623,841,019.89	30,600,000.00
Cash received from return on investments		6,948,600.26	4,744,295.25
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		101,629,700.00	–
Sub-total of cash inflows from investing activities		732,419,320.15	35,344,295.25
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		530,099,604.51	618,911,854.26
Cash paid for investments		415,596,926.28	602,990,607.89
Sub-total of cash outflows from investing activities		945,696,530.79	1,221,902,462.15
Net cash flow from investing activities		(213,277,210.64)	(1,186,558,166.90)

The accompanying notes form part of the financial statements.

Consolidated Cash Flows Statement (Continued)

For the six months ended 30 June 2026

RMB

	Note V	Six months ended 30 June 2026	Six months ended 30 June 2025
III. Cash flows from financing activities:			
Cash received from capital contributions		998,300,000.00	–
Cash received from borrowings		2,106,996,971.68	908,130,904.44
Other cash received relating to financing activities	53	–	–
Sub-total of cash inflows from financing activities		3,105,296,971.68	908,130,904.44
Cash repayments of borrowings		2,386,068,595.00	794,736,445.83
Cash paid for distribution of dividends or profits, and for interest expenses		83,348,720.53	94,062,573.24
Other cash paid relating to financing activities	53	–	–
Sub-total of cash outflows from financing activities		2,469,417,315.53	888,799,019.07
Net cash flow from financing activities		635,879,656.15	19,331,885.37
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		–	–
V. Net increase (decrease) in cash and cash equivalents		985,285,829.86	(286,784,434.55)
Add: Cash and cash equivalents at the beginning of the year		1,939,808,534.15	2,812,341,074.96
VI. Cash and cash equivalents at the end of the period	54	2,925,094,364.01	2,525,556,640.41

The accompanying notes form part of the financial statements.

Cash Flows Statement of the Parent

For the six months ended 30 June 2026

RMB

	Six months ended 30 June 2026	Six months ended 30 June 2025
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	11,385,932,656.92	9,490,884,166.26
Other cash received relating to operating activities	180,958,962.53	40,658,904.82
Sub-total of cash inflows from operating activities	11,566,891,619.45	9,531,543,071.08
Cash paid for purchase of goods and services	10,471,141,999.85	8,069,615,890.72
Cash paid to and on behalf of employees	450,218,487.61	509,682,224.30
Cash paid for all types of taxes	72,457,840.32	59,555,676.85
Other cash paid relating to operating activities	16,229,416.75	25,480,244.29
Sub-total of cash outflows from operating activities	11,010,047,744.53	8,664,334,036.16
Net cash flow from operating activities	556,843,874.92	867,209,034.92
II. Cash flows from investing activities:		
Cash received from recovery of investments	623,841,019.89	30,600,000.00
Cash received from return on investments	6,948,600.26	4,744,295.25
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	101,629,700.00	—
Sub-total of cash inflows from investing activities	732,419,320.15	35,344,295.25
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	529,674,901.51	614,680,623.80
Cash paid for investments	415,596,926.28	602,990,607.89
Sub-total of cash outflows from investing activities	945,271,827.79	1,217,671,231.69
Net cash flow from investing activities	(212,852,507.64)	(1,182,326,936.44)

The accompanying notes form part of the financial statements.

Cash Flows Statement of the Parent (Continued)

For the six months ended 30 June 2026

RMB

	Six months ended 30 June 2026	Six months ended 30 June 2025
III. Cash flows from financing activities:		
Cash received from capital contributions	998,300,000.00	–
Cash received from borrowings	2,106,996,971.68	908,130,904.44
Sub-total of cash inflows from financing activities	3,105,296,971.68	908,130,904.44
Cash repayments of borrowings	2,386,068,595.00	794,736,445.83
Cash paid for distribution of dividends or profits, and for interest expenses	83,348,720.53	94,062,573.24
Sub-total of cash outflows from financing activities	2,469,417,315.53	888,799,019.07
Net cash flow from financing activities	635,879,656.15	19,331,885.37
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	–	–
V. Net increase (decrease) in cash and cash equivalents	979,871,023.43	(295,786,016.15)
Add: Cash and cash equivalents at the beginning of the year	1,935,501,715.75	2,810,620,701.15
VI. Cash and cash equivalents at the end of the period	2,915,372,739.18	2,514,834,685.00

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2026

For the six months ended 30 June 2026

RMB

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit (Uncovered loss)	Total shareholders' equity
I. Opening balance of the current year	8,851,763,767.00	19,279,224,566.14	-	1,585,194.71	58,562,796.44	608,477,851.26	(14,887,829,114.11)	13,911,785,061.44
II. Changes in the current period	757,575,757.00	236,146,775.86	-	-	19,162,526.20	-	(178,902,586.70)	833,982,472.36
(I) Total comprehensive income	-	-	-	-	-	-	(178,902,586.70)	(178,902,586.70)
(II) Capital contribution and withdrawal								
by shareholders	757,575,757.00	236,146,775.86	-	-	-	-	-	993,722,532.86
1. Capital contribution by owners	757,575,757.00	236,146,775.86	-	-	-	-	-	993,722,532.86
(III) Special reserves	-	-	-	-	19,162,526.20	-	-	19,162,526.20
1. Amount provided during the period	-	-	-	-	22,687,938.42	-	-	22,687,938.42
2. Amount utilized during the period	-	-	-	-	(3,525,412.22)	-	-	(3,525,412.22)
III. Closing balance for the period	9,609,339,524.00	19,515,371,342.00	-	1,585,194.71	77,725,322.64	608,477,851.26	(15,066,731,700.81)	14,745,767,533.80

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity (Continued)

For the six months ended 30 June 2026

For the six months ended 30 June 2025

RMB

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit (Uncovered loss)	Total shareholders' equity
I. Opening balance of the current year	8,918,602,267.00	19,282,146,606.55	69,760,540.41	1,585,194.71	31,581,736.68	607,679,608.13	(12,165,198,888.31)	16,606,635,984.35
II. Changes in the current period	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	16,036,301.24	-	(131,017,640.67)	(114,981,339.43)
(I) Total comprehensive income	-	-	-	-	-	-	(131,017,640.67)	(131,017,640.67)
(II) Capital contribution and withdrawal								
by shareholders	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
1. Cancellation of treasury shares	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
(III) Special reserves	-	-	-	-	16,036,301.24	-	-	16,036,301.24
1. Amount provided during the period	-	-	-	-	23,137,059.96	-	-	23,137,059.96
2. Amount utilized during the period	-	-	-	-	(7,100,758.72)	-	-	(7,100,758.72)
III. Closing balance for the period	8,851,763,767.00	19,279,224,566.14	-	1,585,194.71	47,618,037.92	607,679,608.13	(12,296,216,528.98)	16,491,654,644.92

The accompanying notes form part of the financial statements.

Statement of Changes in Shareholders' Equity of the Parent

For the six months ended 30 June 2026

For the six months ended 30 June 2026

RMB

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit (Uncovered loss)	Total shareholders' equity
I. Opening balance of the current year	8,851,763,767.00	19,310,167,824.14	-	1,585,194.71	9,557,715.26	577,012,986.42	(14,841,805,486.63)	13,908,282,000.90
II. Changes in the current period	757,575,757.00	236,146,775.86	-	-	10,250,902.55	-	(194,190,776.41)	809,782,659.00
(I) Total comprehensive income			-	-	-	-	(194,190,776.41)	(194,190,776.41)
(II) Capital contribution and withdrawal by shareholders	757,575,757.00	236,146,775.86	-	-	-	-	-	993,722,532.86
1. Capital contribution by owners	757,575,757.00	236,146,775.86	-	-	-	-	-	993,722,532.86
(III) Special reserves	-	-	-	-	10,250,902.55	-	-	10,250,902.55
1. Amount provided during the period	-	-	-	-	13,579,050.24	-	-	13,579,050.24
2. Amount utilized during the period	-	-	-	-	(3,328,147.69)	-	-	(3,328,147.69)
III. Closing balance for the period	9,609,339,524.00	19,546,314,600.00	-	1,585,194.71	19,808,617.81	577,012,986.42	(15,035,996,263.04)	14,718,064,659.90

The accompanying notes form part of the financial statements.

Statement of Changes in Shareholders' Equity of the Parent (Continued)

For the six months ended 30 June 2026

For the six months ended 30 June 2025

RMB

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit (Uncovered loss)	Total shareholders' equity
I. Opening balance of the current year	8,918,602,267.00	19,313,089,864.55	69,760,540.41	1,585,194.71	-	577,012,986.42	(12,334,740,096.92)	16,405,789,675.35
II. Changes in the current period	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	7,393,509.92	-	(139,207,793.80)	(131,814,283.88)
(I) Total comprehensive income	-	-	-	-	-	-	(139,207,793.80)	(139,207,793.80)
(II) Capital contribution and withdrawal by shareholders	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
1. Cancellation of treasury shares	(66,838,500.00)	(2,922,040.41)	(69,760,540.41)	-	-	-	-	-
(III) Special reserves	-	-	-	-	7,393,509.92	-	-	7,393,509.92
1. Amount provided during the period	-	-	-	-	14,450,857.50	-	-	14,450,857.50
2. Amount utilized during the period	-	-	-	-	(7,057,347.58)	-	-	(7,057,347.58)
III. Closing balance for the period	8,851,763,767.00	19,310,167,824.14	-	1,585,194.71	7,393,509.92	577,012,986.42	(12,473,947,890.72)	16,273,975,391.47

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

For the six months ended 30 June 2026

I. BASIC INFORMATION

1. Basic information

According to the approval of Ti Gai Sheng Zi [1997] No. 127 issued by the State Commission for Restructuring Economic Systems and the approval of Guo Zi Qi Fa [1997] No. 156 issued by the State-owned Assets Administration Bureau, Chongqing Iron & Steel Company Limited (the “Company”) was established as a limited liability company by Chongqing Iron & Steel (Group) Co., Ltd. (“CISG”) as the sole promoter. The Company was incorporated and registered with Chongqing Municipal Administration of Industry and Commerce on 11 August 1997, whose headquarter is located in Changshou District, Chongqing. The Company’s shares were listed in The Stock Exchange of Hong Kong Ltd. and listed in Shanghai Stock Exchange on 17 October 1997 and 28 February 2007, respectively. The Company holds the business license with unified social credit code of 91500000202852965T, with the registered capital of RMB8,851,763,767.00. In June 2026, the Company completed the registration for the issuance of A shares to specific investors. The sum has been changed to 9,609,339,524 shares with par value of RMB1 each, including 8,313,636,567 A shares and 538,127,200 H shares without any restricted condition, and 757,575,757 A shares with restricted condition.

The Company underwent restructuring in 2017. Pursuant to the reorganization plan, 2,096,981,600 shares of the Company held by CISG were transferred to Chongqing Changshou Iron & Steel Company Limited (“Changshou Iron & Steel”) on 27 December 2017, and the share transfer procedures were completed with China Securities Depository and Clearing Corporation Limited. Subsequent to the completion of the share transfer, Changshou Iron & Steel held 2,096,981,600 shares of the Company, with a shareholding percentage of 23.51%, and became the controlling shareholder of the Company. In 2025, the Company repurchased a total of 66,838,500 shares. Upon completion of the repurchase and cancellation, the shareholding percentage of Changshou Iron & Steel was 23.69%. In June 2026, the Company completed the registration for the issuance of A shares to specific investors. The shareholding percentage of Changshou Iron & Steel has been changed to 21.82%. As of 30 June 2026, China Baowu Steel Group Corporation Limited (“Baowu Group”) is the parent company of Changshou Iron & Steel. Baowu Group and its subsidiaries held 1,272,823,355 ordinary shares of the Company, with a shareholding percentage of 13.25%. Baowu Group directly and indirectly controlled 3,369,804,955 ordinary shares of the Company, with a shareholding percentage of 35.07%.

The Company and its subsidiaries (collectively the “Group”) operate in the steel manufacturing industry and are mainly engaged in the production, processing and sale of steel plates, steel sections, wire rods, bar materials, billets and thin plates, and in the production and sale of coking and coal chemical products (excluding hazardous chemicals other than crude benzene for aromatic hydrocarbon processing and crude benzene for solvent use, and subject to the scope and term specified in the license), pig iron & grain slag, steel slag, and steel scrap, domestic shipping agency, domestic cargo transport agency.

2. Date of approval for issue of the financial statements

The consolidated and the Company’s financial statements have been approved by the Company’s Board of Directors on 28 August 2026.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group implements the Accounting Standards for Business Enterprises issued by the Ministry of Finance and the relevant regulations. In addition, the Group has disclosed relevant financial information in accordance with *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports*, the *Hong Kong Companies Ordinance*, and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

2. Going concern

As at 30 June 2026, the Group had accumulated losses of RMB15,066,731,700.81, total current liabilities in excess of total current assets of RMB7,780,670,013.79. The Board of Directors of the Company has considered the following sources of funds available to the Group, including but not limited to unused financing facilities and expected net cash inflows from operating activities in the next 12 months. After the assessment, the Board of Directors of the Company believes that the Group has sufficient working capital to continue as a going concern for a period not less than 12 months from the end of the reporting period. Therefore, the financial statements have been prepared on a going concern basis.

As at 30 June 2026, the facilities from banks and other financial institutions that have been obtained but not yet used by the Group are RMB12,429 million, of which RMB11,604 million needs to be renewed within the next 12 months at the end of the reporting period. The Board of Directors of the Company is of the opinion, based on past experience and good reputation, that the available facilities can be re-approved upon expiration.

3. Basis of accounting and principle of measurement

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the consolidated and the Company’s financial position as at 30 June 2026, and the consolidated and the Company’s results of operations, changes in shareholders’ equity and cash flows for the first half of 2026.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December. The current accounting period starts on 1 January 2026 and ends on 30 June 2026.

3. Operating cycle

The operating cycle refers to the period from purchase of assets used for processing to realization of cash or cash equivalents. The Group’s operating cycle is usually 12 months.

4. Functional currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its subsidiaries operate. Therefore, the Company and its subsidiaries choose RMB as their functional currency. The Company adopts RMB to prepare its financial statements.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Determination method and selection basis of materiality criteria

Item	Materiality criteria
Recovery or reversal amount of credit loss allowance for significant receivables	Recovery or reversal amount $\geq$ 0.5% of current assets
Actual write-off of significant receivables	Write-off amount $\geq$ 0.5% of current assets
Significant construction in progress	Investment budget $\geq$ RMB500 million
Significant associates	Carrying amount of the long-term equity investment in a single investee $\geq$ 0.5% of consolidated net assets
Significant accounts payable aged over one year or overdue	Single account receivable aged over one year $\geq$ 10% of total trade receivable aged over one year
Significant contract liabilities aged over one year	Single contract liability aged over one year $\geq$ 10% of total contract liabilities aged over one year
Significant other payables aged over one year or overdue	Single other receivable aged over one year $\geq$ 10% of total other payables aged over one year
Cash receipts relating to significant investing activities	Cash inflows from single investment activity $\geq$ 10% of total cash inflows from investing activities
Cash payments relating to significant investing activities	Cash outflows from single investment activity $\geq$ 10% of total cash outflows from investing activities
Significant activities that do not involve cash receipts and payments	Amount of a single activity $\geq$ 10% of total corresponding cash inflows or outflows
Significant investing and financing activities that do not involve cash receipts and payments	Amount of a single activity $\geq$ 10% of total corresponding cash inflows or outflows

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

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

6.1 *Business combinations involving enterprises under common control*

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control (Continued)

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

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

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

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

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

7.1 *Determination criteria of control*

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the above elements of the definition of control.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

7.2 Preparation method of consolidated financial statements

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

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

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

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

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

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

8. Recognition criteria of cash and cash equivalents

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Transactions denominated in foreign currencies

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

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions.

Cash flows in foreign currencies are translated using the spot exchange rate at the date the cash flows occur. The effect of foreign exchange rate changes on cash and cash equivalents is presented separately in the cash flow statement as a reconciling item under “Effect of foreign exchange rate changes on cash and cash equivalents”.

10. Financial instruments

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

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

Financial assets and financial liabilities are initially measured at fair value (for the methods used to determine the fair value, please refer to the relevant disclosures in Note II regarding the basis of accounting and principle of measurement). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initially recognized amounts. When recognizing trade receivable that do not contain significant financing components or of which the financing components in the contract with a term of no more than one year are not taken into consideration in accordance with the *Accounting Standards for Business Enterprises No. 14 - Revenue* (“Revenue Standards”), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

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

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. When determining the effective interest rate, the Group estimates future cash flows by considering all contractual terms of the financial asset or financial liability including repayment in advance, extension, call option, or other similar options, etc., without considering the expected credit losses.

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

10.1 *Classification, recognition and measurement of financial assets*

On initial recognition, the Group's financial assets are classified as measured at amortized cost and at fair value through other comprehensive income ("FVTOCI") based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets at amortized cost, which include cash and bank balances, notes receivable, trade receivable, and other receivables.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

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

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset, the Group classifies such financial asset as financial assets at FVTOCI. Other financial assets of such type are presented as other debt investments if they are due after one year since the acquisition, or presented under non-current assets due within one year if they are due within one year (inclusive) since the balance sheet date. The trade receivable and notes receivable classified as at FVTOCI upon acquisition are presented under receivables financing, while the remaining items due within one year (inclusive) upon acquisition are presented under other current assets.

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

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

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

10.1.1 Financial assets measured at amortized cost

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

Interest income from financial assets at amortized cost are recognized by the Group based on the effective interest method. Interest income is determined by applying an effective interest rate to the gross carrying amount of the financial asset, except for the following circumstances:

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

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

10.1.2 Financial assets at FVTOCI

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

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

10.2 Impairment of financial instruments

The Group makes accounting treatment on impairment and recognizes loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost, financial assets classified as at FVTOCI and lease receivables.

For notes receivable and trade receivable arising from transactions regulated by the Revenue Standards that do not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year, as well as lease receivables arising from transactions adopting the *Accounting Standards for Business Enterprises No. 21- Leases*, the Group recognizes the loss allowance at an amount equivalent to the lifetime ECL.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.2 Impairment of financial instruments (Continued)

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.2 Impairment of financial instruments (Continued)

10.2.1 Significant increase in credit risk

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

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

- (1) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (2) An actual or expected significant change in the operating results of the debtor;
- (3) Significant increase in the credit risk of other financial instruments issued by the same debtor;
- (4) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (5) Significant changes in expected performance and repayment of the debtor;

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.2 Impairment of financial instruments (Continued)

10.2.2 Credit-impaired financial assets

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.2 Impairment of financial instruments (Continued)

10.2.3 Determination of expected credit loss ("ECL")

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

- For financial assets and lease receivables, the credit loss represents the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be received by the Group;

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

10.2.4 Write-down of financial assets

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.3 Transfer of financial assets

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

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.3 Transfer of financial assets (Continued)

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

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.4 Classification of financial liabilities and equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities consist entirely of other financial liabilities, which primarily comprise short-term borrowings, notes payable, accounts payable, other payables, non-current liabilities due within one year (borrowings), long-term borrowings and long-term payables, etc..

10.4.1.1 Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost, and any gains or losses arising from termination of recognition or amortization are included in profit or loss.

10.4.2 Derecognition of financial liabilities

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

10.4 Classification of financial liabilities and equity instruments (Continued)

10.4.3 Equity instruments

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

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

10.5 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset with the net amount presented in the balance sheet. Otherwise, financial assets and financial liabilities are separately presented in the balance sheet without offsetting.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Notes receivable

11.1 *Determination method of and accounting treatment for ECL of notes receivable*

The Group determines the credit losses on notes receivable on an individual asset basis. The increase or reversal amount of ECL of notes receivable is included in profit or loss for the period as credit impairment loss or gain.

11.2 *Basis of allowances for credit losses made on an individual basis*

The Group assesses the credit risk of notes receivable on an individual asset basis where there is objective evidence that it has become impaired.

12. Trade receivable

12.1 *Portfolios for which allowances for credit losses are collectively assessed based on credit risk characteristics and their basis*

The Group classifies trade receivable into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Group include: initial recognition date, remaining contractual term, duration of past due, etc.

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

The Group uses the aging of trade receivable as a credit risk characteristic to determine its credit losses using an impairment matrix. The aging is calculated from the date of initial recognition. Where the terms and conditions of trade receivable are amended without resulting in a derecognition, the ageing is calculated on a continuous basis.

12.3 *Basis of allowances for credit losses made on an individual basis*

The Group assesses the credit risk of trade receivable on an individual asset basis where there is objective evidence that it has become impaired.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Receivables financing

13.1 Determination method of and accounting treatment for ECL of receivables financing

The Group determines the credit losses on receivables financing on an individual asset basis. Credit loss allowance on receivables financing is recognized in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the receivables financing.

13.2 Basis of allowances for credit losses made on an individual basis

The Group assesses the credit risk of receivables financing on an individual asset basis where there is objective evidence that it has become impaired.

14. Other receivables

14.1 Portfolios for which allowances for credit losses are collectively assessed based on credit risk characteristics and their basis

The Group classifies other receivables, excluding deposits and guarantees, petty cash, dividends receivable and government grants receivable relating to VAT refunds, into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Group include: initial recognition date, remaining contractual term, duration of past due, etc.

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

The aging is calculated from the date of initial recognition. Where the terms and conditions of other receivables are amended without resulting in a derecognition, the ageing is calculated on a continuous basis.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Other receivables (Continued)

14.3 Basis of allowances for credit losses made on an individual basis

The Group assesses the credit risk of deposits and guarantees, petty cash, dividends receivable and government grants receivable relating to VAT refunds on an individual asset basis where there is objective evidence that it has become impaired.

15. Inventories

15.1 Categories of inventories, valuation method of inventories delivered, inventory count system and amortization method for low-value consumables and spare parts

15.1.1 Categories of inventories

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

15.1.2 Valuation method of inventories delivered

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

15.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

15.1.4 Amortization method of low-value consumables and spare parts

Low-value consumables and spare parts are amortized using the multiple-stage amortization method or immediate write-off method.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Inventories (Continued)

15.2 Recognition criteria and methods for determining the provision for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

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

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

15.3 Portfolios for which allowances for bad debts are collectively assessed and their basis, and basis for determining the net realizable value of different categories of inventories

Due to the large volume of inventories, the Group categorizes them into raw materials, work in progress, and goods on hand, and accordingly makes provisions for decline in value by category. Basis for determining net realizable value of inventories:

- (1) Raw materials and work in progress: Net realizable value is the estimated selling price of finished goods less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes;
- (2) Goods on hand: Net realizable value is the estimated selling price less the estimated costs necessary to make the sale and relevant taxes.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term equity investments

16.1 Determination criteria of joint control and significant influence

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Joint control is the contractually agreed sharing of control over an arrangement, and exists only when the activities relating to the arrangement require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

16.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer determines if these transactions are considered to be a "package deal": if it belongs to a "package deal", transactions will be dealt as transactions to acquire control. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is temporarily not subject to accounting treatment.

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

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with the *Accounting Standards for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement* and the additional investment cost.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term equity investments (Continued)

16.3 Subsequent measurement and recognition of profit or loss

16.3.1 Long-term equity investments accounted for using the cost method

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

Under the cost method, a long-term equity investment is measured at initial investment cost. Increase or recovery of investment is adjusted to the cost of long-term equity investment. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

16.3.2 Long-term equity investments accounted for using the equity method

The Group accounts for investment in associates using the equity method. An associate is an entity over which the Group has significant influence.

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term equity investments (Continued)

16.3 Subsequent measurement and recognition of profit or loss (Continued)

16.3.2 Long-term equity investments accounted for using the equity method (Continued)

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Company recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the time of obtaining the investment after making appropriate adjustments. When the investee's accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive income after making appropriate adjustments on the investee's financial statements according to the Company's accounting policies and accounting period. For the Group's transactions with its associates where assets contributed or sold do not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognizing its share of net loss of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. If the investee realizes net profit in the subsequent period, the Group will resume to recognize the income share after the income share makes up for the unrecognized loss share.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term equity investments (Continued)

16.4 Disposal of long-term equity investments

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

17. Fixed assets

17.1 Recognition criteria for fixed assets

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Fixed assets (Continued)

17.2 Depreciation method

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

Category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	25-50	3-5	1.90-3.88
Machinery and equipment and other equipment	Straight-line method	5-22	3-5	4.32-19.40
Transportation vehicles	Straight-line method	6-8	3-5	11.88-16.17

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

17.3 Other descriptions

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Construction in progress

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

Construction in progress is transferred to a fixed asset when it is ready for intended use. Criteria for transferring construction in progress to fixed assets:

Category	Criteria of transfer to fixed assets
Buildings	Actual start of use or completion of physical handover upon acceptance
Machinery and equipment and other equipment	Completion of thermal load testing or completion of physical handover upon acceptance
Transportation vehicles	Completion of physical handover upon acceptance

19. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Company determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Intangible assets

20.1 Useful life and its determination basis, estimation, amortization method or review procedures

Intangible assets include land use rights, patent and non-patented technologies, software, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized. Amortization method, useful life and residual value rate of all intangible assets are as follows:

Category	Amortization method	Useful life	Determination basis
Land use rights	Straight-line method	50 years	Term of land use right
Patent and non-patented technologies	Straight-line method	3-4 years	Shorter of patent term or estimated useful life
Software use rights	Straight-line method	5-10 years	Estimated useful life

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Intangible assets (Continued)

20.2 Scope of and related accounting treatment for research and development expenditure

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

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

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Intangible assets (Continued)

20.2 Scope of and related accounting treatment for research and development expenditure (Continued)

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

The scope of research and development expenditure includes salaries and welfare expenses of personnel directly engaged in research and development activities, materials, fuel and power expenses directly consumed in research and development activities, depreciation expenses of instruments and equipment in research and development activities, lease and maintenance expenses of research and development sites, travel, transportation and communication expenses required for research and experimental development. The Group uses technical and economic feasibility studies as specific criteria for distinguishing between the research and development phases.

21. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, right-of-use assets and intangible assets with finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on an individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Impairment of long-term assets (Continued)

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

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related asset group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such asset group or sets of asset groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

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

22. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for consideration received or receivable from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

23. Employee benefits

23.1 Accounting treatment for short-term employee benefits

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Employee benefits (Continued)

23.2 Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans. In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognized as a liability by the Group and charged to profit or loss for the period, or included in cost of related assets.

For defined benefit plans, the Group assigns the welfare obligation generated from the defined benefit plans to the period of rendering services using the formula determined by the projected unit credit method, and includes it in the profit or loss or related asset costs for the period.

Employee benefit costs generated from the defined benefit plans are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on settlements);
- net interest of net liabilities or assets of defined benefit plan (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling); and
- Changes arising from remeasurement of net liabilities or net assets of defined benefit plans.

Service costs and net interest of net liabilities or net assets of defined benefit plans are recognized in profit or loss for the period or costs of related assets. Remeasurement of changes in net liabilities or net assets of defined benefit plans (including actuarial gains or losses, return on plan assets excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans, and changes to the asset ceiling excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans) is included in other comprehensive income.

Deficit or surplus generated from the present value of the obligation of defined benefit plan less the fair value of defined benefit plan asset is recognized as a net liability or a net asset of defined benefit plan.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Employee benefits (Continued)

23.3 Accounting treatment of termination benefits

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

24. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Revenue

25.1 Accounting policies for revenue recognition and measurement disclosed by business types

The Group's revenue is mainly from the following:

- (1) Sales of steel products: The Group mainly sells hot rolled sheets, plates, billets, etc.;
- (2) Sales of ores: The Group mainly sells ore products;
- (3) Sales of energy media: The Group mainly sells products such as water, electricity, and gas, and performs its performance obligations by delivering gas, electricity and other energy media to customers. Revenue is recognized at the time when the energy media passes through the valves and ports. The revenue is measured based on the metered data from the contractual measurement devices and the agreed transaction price, with revenue recognized on a gross basis;
- (4) Resales of energy media: The Group mainly resells products such as water, electricity, and gas, and performs its performance obligations by reselling gas, electricity and other energy media to customers. Revenue is recognized at the time when the energy media passes through the valves and ports. The revenue is measured based on the metered data from the contractual measurement devices and the agreed transaction price, with revenue recognized on a net basis.

The Group recognizes revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers distinct goods or services to a customer in the contract.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Revenue (Continued)

25.1 *Accounting policies for revenue recognition and measurement disclosed by business types (Continued)*

The Group assesses a contract at contract inception, identifies each separate performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. It is a performance obligation satisfied over time and the Group recognizes revenue over time according to the progress of performance if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods or services in progress during the Group's performance; (iii) goods or services generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, revenue is recognized at a point in time when the customer obtains control over the relevant goods or services.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. In determining the transaction price, the Group considers such factors as variable consideration, significant financing components in the contract, non-cash consideration and consideration payable to customers.

For sales that are affixed with terms of sales return, as the customer obtains control of related goods, the Group recognizes revenue based on the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to charge due to the transfer of goods to the customer, and recognizes liabilities based on the expected refund amounts due to sales returns. Meanwhile, the carrying amount at the time of transfer of goods expected to be returned, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), is recognized as an asset and carried forward to cost at the carrying amount at which goods are transferred, net of the cost of asset.

In case of the existence of variable consideration (e.g., future price concessions based on cumulative sales volume) in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognized revenue which is most unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration to be included in the transaction price.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Revenue (Continued)

25.1 *Accounting policies for revenue recognition and measurement disclosed by business types (Continued)*

For sales that are affixed with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a separate performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the *Accounting Standards for Business Enterprises No. 13 - Contingencies*.

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

For the business of reselling energy media such as electricity, the Group considers the legal form of the contract and relevant facts and circumstances (the main responsibility for transferring the goods to the customer, the inventory risk assumed before or after the transfer of the goods, whether it has the right to determine the price of the transaction goods independently, etc.), and believes that the Group has not obtained control of the goods before reselling the goods to the customer, it is essentially an agency sales business (that is, assisting upstream suppliers to find downstream customers to facilitate transactions and collect agency fees); The Group, as an agent, recognizes revenue at the point in time when the energy media passes through the valve in accordance with the agency fee to which it is expected to be entitled, the amount of which is determined on the basis of the net amount of the total consideration received or receivable after deducting the amount payable to other relevant parties.

Where the Group receives receipts in advance from a customer for sales of goods or rendering of services, the amount is first recognized as a liability and then transferred to revenue when the related performance obligation has been satisfied. When the Group's receipts in advance are not required to be refunded and it is probable that the customer will waive all or part of its contractual rights, the Group recognizes the said amounts as revenue on a pro-rata basis in accordance with the pattern of exercise of the customer's contractual rights, if the Group expects to be entitled to the amounts relating to the contractual rights waived by the customer; otherwise, the Group reverses the related balance of the said liabilities to revenue only when it is highly unlikely that the customer will require performance of the remaining performance obligations.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

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

The Group's government grants, including special appropriation for environmental governance, subsidies for waste heat power generation projects, and funding for the construction of an intelligent operation and control platform, are classified as government grants related to assets, as these grants are used to generate long-term assets.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset with a reasonable and systematic method.

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

Government grants related to income refer to those other than grants related to assets.

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

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

For repayment of a government grant already recognized, the repayment is offset against the gross carrying amount of the deferred income, and any excess is recognized in profit or loss for the period.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Deferred tax assets/deferred tax liabilities

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

27.1 Current income tax

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

27.2 Deferred tax assets and deferred tax liabilities

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

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Deferred tax assets/deferred tax liabilities (Continued)

27.2 Deferred tax assets and deferred tax liabilities (Continued)

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

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

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Deferred tax assets/deferred tax liabilities (Continued)

27.3 Income tax offsetting

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

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

28. Leases

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

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

28.1 The Group as lessee

28.1.1 Right-of-use assets

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognizes a right-of-use asset. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Bank measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

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

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

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with the *Accounting Standards for Business Enterprises No. 8 - Impairment of Assets*.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

28.1 The Group as lessee (Continued)

28.1.2 Lease liabilities

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

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

28.1 The Group as lessee (Continued)

28.1.2 Lease liabilities (Continued)

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

After the commencement date of the lease, the Group remeasures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognize the difference in profit or loss for the period:

- there is a change in the lease term, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

28.1.3 Determination basis and accounting treatment of short-term leases and leases of low-value assets treated under a simplified method as lessee

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

28.1 *The Group as lessee (Continued)*

28.1.4 Lease modifications

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

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

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

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

28.2 *The Group as lessor*

28.2.1 Classification criteria and accounting treatment for leases as the lessor

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

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Leases (Continued)

28.2 The Group as lessor (Continued)

28.2.1 Classification criteria and accounting treatment for leases as the lessor (Continued)

28.2.1.1 The Group as lessor under operating leases

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

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

28.2.2 Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any advances from customers or lease receivable relating to the original lease as part of the lease receivable for the new lease.

29. Work safety funds

Work safety funds accrued based on regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When using, it is necessary to distinguish whether fixed assets are formed and deal with them separately: if it belongs to expense expenditure, special reserve shall be directly offset; If it results in the formation of a fixed asset, the costs incurred are accumulated and recognized as a fixed asset when it is ready for intended use. At the same time, an amount equal to the cost is deducted from the special reserve and an equivalent amount of accumulated depreciation is recognized.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Accounting treatment in relation to the repurchase of shares

The consideration and transaction costs paid to repurchase shares are deducted from equity. No gain or loss is recognized in profit or loss on the repurchase, sale or cancellation of the Company's shares.

31. Fair value measurement

For assets and liabilities measured at fair value in the financial statements, the level of fair value measurement is determined based on the lowest level of the inputs that are significant to the fair value measurement as a whole: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 inputs are inputs, other than inputs included within Level 1, that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Group reassesses the assets and liabilities recognized in the financial statements that are measured at fair value on a recurring basis to determine whether there has been a transfer between fair value measurement levels.

32. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

32.1 Judgements

The management has made the following judgements in applying the Group's accounting policies, which have had a significant impact on the amounts recognized in the financial statements:

32.1.1 Going concern

The Group's ability to continue as a going concern depends on its ability to obtain borrowings and generate cash inflows from operating activities, so that it has sufficient cash flow to meet its liabilities as they fall due. If the Group is unable to secure adequate funding, there is uncertainty regarding its ability to continue as a going concern. These financial statements do not include any adjustments that might be necessary to the carrying amounts and classifications of assets and liabilities in the event that the Group is unable to continue as a going concern.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgements and estimates (Continued)

32.1 Judgements (Continued)

32.1.2 Business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise evaluation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contractual cash flows, the Group is required to analyze and exercise judgement in respect of the reasons, timing, frequency and values of any disposals prior to maturity of the financial assets.

32.1.3 Characteristics of contractual cash flows

The classification of financial assets at initial recognition is dependent on the financial asset's contractual cash flow characteristics. Judgement is required to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, including when assessing the modification of the time value of money, the judgement on whether there is any significant difference from the benchmark cash flow, and whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc..

32.2 Uncertainties in estimates

The key assumptions concerning the future and other key sources of uncertainties in estimates at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the future accounting periods, are described below.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgements and estimates (Continued)

32.2 *Uncertainties in estimates (Continued)*

32.2.1 Impairment of financial instruments

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

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

The Group assesses whether there are any indicators of impairment of all non-current assets other than financial assets at the balance sheet date. The impairment test will be performed at the time when there is an indication that the carrying amount cannot be recovered. Impairment exists if the carrying amount of an asset or asset group is higher than recoverable amount, the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. The fair value net of cost of disposal is determined by reference to agreed selling price of similar assets in an arm's length transaction or observable market price less the incremental cost that can be directly attributable to the disposal of the asset. When determining the present value of future cash flows, the management must estimate the expected future cash flows of the assets or asset group and adopt an appropriate discount rate to determine the present value of the future cash flows.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgements and estimates (Continued)

32.2 *Uncertainties in estimates (Continued)*

32.2.3 Impairment of goodwill

The Group tests goodwill for impairment at least annually. This requires an estimate of the present value of the future cash flows of the asset group or portfolio of asset groups to which the goodwill has been allocated. When determining the present value of future cash flows, the Group must estimate the expected future cash flows of the asset group or portfolio of asset groups and adopt an appropriate discount rate to determine the present value of the future cash flows.

32.2.4 Deferred tax assets

Deferred tax assets should be recognized for all unutilized deductible losses to the extent that there is likely to be sufficient taxable income to offset the loss. This requires the management to make judgement in estimating the time and amount of future taxable income, taking into account tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

32.2.5 Estimate of net realizable values of inventories

Management recognizes impairment losses based on the condition of the Group's inventories and its estimates of their net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. These estimates are based on current market conditions and historical experience in the manufacture and sale of similar products. Management reassesses these estimates at each balance sheet date and takes into account any corresponding impairment.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

IV. TAXATION

1. Major categories of taxes and tax rates

Item	Tax basis	Tax rate
Value-added tax (“VAT”)	The difference between the output tax, calculated on the basis of sales revenue and the applicable tax rates, and the deductible input tax	Output tax on taxable income from sales of steel product is calculated at a rate of 13%; other applicable VAT rates are 6% and 9%
Property tax	Taxes for self-occupied houses are calculated on the basis of the residual value (70% of the original cost with a tax rate of 1.2%); Taxes for rented houses are calculated on the basis of the rental income, and the applicable tax rate is 12%	1.2%, 12%
Urban maintenance and construction tax	Actual turnover tax paid	7%
Education surcharge	Actual turnover tax paid	3%
Local education surcharge	Actual turnover tax paid	2%
Enterprise income tax (Note)	Taxable income	15%
Environmental protection tax	Actual air pollutant emissions	RMB3.0-3.5 per pollution equivalent

Note: The entities within the Group subject to different enterprise income tax rates are as follows:

	Enterprise income tax rate
The Company	15%
Chongqing Iron and Steel Energy and Environmental Protection Co., Ltd. (“Chongqing Iron and Steel Energy”)	15%
Chongqing Xingang Changlong Logistics Co., Ltd. (“Xingang Changlong”)	15%

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

IV. TAXATION (Continued)

2. Tax concessions

Pursuant to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China*, enterprises located in the western region that fall into the Catalogue of Encouraged Industries are subject to a reduced enterprise income tax rate of 15% from 1 January 2021 to 31 December 2030. The Company and its subsidiaries, Chongqing Iron and Steel Energy and Xingang Changlong, meet the above requirements and have calculated the enterprise income tax payable for the current year at a rate of 15%.

Pursuant to the *Notice of the Ministry of Finance and the State Taxation Administration on the Issues Concerning the Implementation of the Catalogue of Resources for Comprehensive Utilization Entitling Enterprises to Income Tax Preferences* (No. 47 [2008] of the Ministry of Finance and the State Taxation Administration), income derived from the production of products listed in the catalogue that meet relevant national or industry standards shall be included in the total income for the year at a reduced rate of 90% when calculating taxable income. Chongqing Iron and Steel Energy meets the conditions for tax incentives for resource comprehensive utilization; therefore, when calculating taxable income, 90% of its income for the current year shall be included.

Pursuant to the *Notice of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises* (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are permitted to deduct an additional 5% of deductible input VAT for the current period from the amount of VAT payable. The Company meets the above requirements and therefore applies a 5% additional deduction of deductible input VAT for the current period to offset the VAT payable.

Chongqing Iron and Steel Energy utilizes waste heat generated during industrial production to generate electricity. Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on Improving the Value-Added Tax Policies for the Comprehensive Utilization of Resources* (Announcement No. 40 [2021] of the Ministry of Finance and the State Taxation Administration), Chongqing Iron and Steel Energy is eligible for immediate VAT refund.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB

Item	30 June 2026	31 December 2025
Bank deposits (<i>Note 1</i>):		
RMB	2,312,585,740.91	1,788,411,386.47
USD	1,212,549.78	311,035.44
Other monetary funds (<i>Note 2</i>):		
RMB	138,889,229.38	135,181,683.43
USD	–	58.62
Deposits with the finance company (<i>Note X 7</i>):		
RMB	1,013,154,635.03	784,919,189.09
USD	27,246,267.35	3,515,845.82
Total	3,493,088,422.45	2,712,339,198.87
Including: Total amount deposited overseas	–	–

Note 1: As at 30 June 2026, the balance of bank deposits includes time deposits and large-denomination certificates of deposit maturing within more than three months but less than one year, amounting to RMB429,104,829.06, with interest rates ranging from 1.1% to 2.9% (31 December 2025: RMB637,348,922.67, with interest rates ranging from 1.2% to 3.25%). Of this amount, RMB315,596,926.28 of time deposits were pledged to banks as collateral for the issuance of bank acceptance (31 December 2025: RMB412,088,771.99). Please refer to Note V 17 for details of time deposits with restrictions.

Note 2: The breakdown of other monetary funds is as follows:

RMB

Item	30 June 2026	31 December 2025
Deposits for bank acceptances	81,594,222.44	98,861,803.48
Deposits frozen due to litigation	55,933,196.37	36,290,704.08
L/C guarantee deposits	18,287.95	9,938.75
Others	1,343,522.62	19,295.74
Total	138,889,229.38	135,181,742.05

Please refer to Note V 17 for details of other monetary funds with restrictions.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

2. Notes receivable

(1) Classification of notes receivable

RMB

Category	30 June 2026	31 December 2025
Bank acceptances	482,594.59	4,185,550.14
Total	482,594.59	4,185,550.14

(2) As at 30 June 2026, the Group had no pledged notes receivable. Please refer to Note V 17 for details of notes receivable with restrictions.

(3) Notes receivable endorsed or discounted which were not yet due at the balance sheet date

RMB

Item	30 June 2026	31 December 2025
Bank acceptances	–	–

The Group has not derecognized notes receivable endorsed or discounted which were not yet due at the balance sheet date. For further details, please refer to Note VIII 2.

(4) In the current year, the Group considers that there is no significant credit risk associated with the bank acceptances held; consequently, no credit impairment loss has been made in respect of notes receivable.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

3. Trade receivable

(1) Disclosures by aging

RMB

Aging	30 June 2026	31 December 2025
Within 1 year	22,005,844.70	10,944,588.41
1-2 years	–	0.56
2-3 years	–	1,337.96
Over 3 years	1,329,059.50	1,331,057.87
Subtotal	23,334,904.20	12,276,984.80
Less: Credit loss allowance of trade receivable	1,328,518.02	1,328,518.02
Total	22,006,386.18	10,948,466.78

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

3. Trade receivable (Continued)

(2) Disclosures by methods for providing credit losses

RMB

Category	30 June 2026					31 December 2025				
	Gross carrying amount		Credit loss allowance		Carrying amount	Gross carrying amount		Credit loss allowance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Allowances for credit losses provided on a portfolio basis	23,334,904.20	100.00	1,328,518.02	5.69	22,006,386.18	12,276,984.80	100.00	1,328,518.02	10.82	10,948,466.78

As at 30 June 2026, the Group has no trade receivable for which allowance for credit losses are assessed on an individual basis (31 December 2025: Nil).

Allowance for credit losses provided on a portfolio basis

As part of the Group's credit risk management, the Group uses the impairment matrix to recognize the expected credit loss of trade receivable from businesses based the aging of trade receivable. These businesses share the same risk characteristics and the aging information reflects customers' solvency upon maturity of trade receivable. The above aging analysis of trade receivable is calculated from the date of delivery of goods or services.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

3. Trade receivable (Continued)

(2) Disclosures by methods for providing credit losses (Continued)

Allowance for credit losses provided on a portfolio basis (Continued)

As at 30 June 2026, the credit risk associated with trade receivable for this type of business and their lifetime ECLs are as follows:

RMB

Aging	Gross carrying amount	30 June 2026 Credit loss allowance	Proportion of provision (%)	Carrying amount
Within 1 year	22,005,844.70	–	–	22,005,844.70
1-2 years	–	–	–	–
2-3 years	–	–	–	–
Over 3 years	1,329,059.50	1,328,518.02	99.21	541.48
Total	23,334,904.20	1,328,518.02		22,006,386.18

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

3. Trade receivable (Continued)

(3) Allowance for credit losses

Category	Opening balance	Changes for the period			Closing balance
		Provision	Recovery or reversal	Write-off	
Allowance for credit losses provided on a portfolio basis	1,328,518.02	-	-	-	1,328,518.02

Allowance for credit losses provided based on ECL model

RMB

Credit loss allowance	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
Balance at 31 December 2025	1,328,518.02	-	1,328,518.02
Provision	-	-	-
Reversal	-	-	-
Write-off	-	-	-
Balance at 30 June 2026	1,328,518.02	-	1,328,518.02

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

3. Trade receivable (Continued)

(4) Trade receivable actually written off in the current period

There were no significant write-offs of trade receivable during the period.

(5) Top five closing balances of trade receivable categorized by debtor

RMB

Name	Closing balance of trade receivable	Proportion to the closing balance of trade receivable (%)	Closing balance of credit loss allowance of trade receivable
Sany Heavy Machinery (Chongqing) Co., Ltd.	10,451,332.86	44.79	–
Chengdu Western IoT Group Co., Ltd.	5,473,884.96	23.46	–
State Grid Chongqing Electric Power Company	4,110,678.61	17.62	–
Chongqing Iron & Steel (Group) Steel Tube Co., Ltd.	1,239,770.90	5.31	1,224,641.41
Chongqing Qianxin Intelligent Manufacturing Technology Co., Ltd.	722,429.84	3.10	–
Total	21,998,097.17	94.27	1,224,641.41

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

4. Receivables financing

(1) Category of receivables financing

RMB

Item	30 June 2026	31 December 2025
Bank acceptances measured at fair value (Note 1)	578,101,966.46	459,630,155.77

(2) Receivables financing pledged by the Company at 30 June 2026

As at 30 June 2026, the Group has no pledged receivables financing.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

4. Receivables financing (Continued)

- (3) *Receivables financing endorsed or discounted by the Company at the end of the period which were not yet due at the balance sheet date*

RMB

Item	Amount derecognized at 30 June 2026	Amount not derecognized at 31 December 2025
Bank acceptances (Note 2)	6,429,029,855.89	2,681,739,395.05

Note 1: In managing the Group's corporate liquidity, the Group endorses certain bank acceptances prior to maturity and derecognizes the endorsed bank acceptances based on the fact that the Group has transferred substantially all the risks and rewards to the relevant counterparties. The Group's business model for managing bank acceptances receivable issued by acceptors with high credit ratings is aimed both at collecting contractual cash flows and at selling these financial assets. Therefore, such bank acceptances receivable are classified as financial assets at FVTOCI. For the method used to determine fair value, please refer to Note IX.

Note 2: As of 30 June 2026, the Group's discounted or endorsed receivables financing that had not yet due amounted to RMB6,429,029,855.89 (31 December 2025: RMB2,681,739,395.05). The Group derecognized discounted or endorsed receivables financing which were not yet due at the balance sheet date. Please refer to Note VIII 2 for further details.

- (4) In the first half of 2026, the Group considers that there is no significant credit risk associated with the bank acceptances held, as the accepting banks have high credit ratings; consequently, no credit impairment loss has been made in respect of receivables financing.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

5. Prepayments

(1) Aging analysis of prepayments

RMB

Aging	30 June 2026		31 December 2025	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	141,357,578.54	71.90	171,100,765.21	96.94
1-2 years	50,501,649.88	25.69	310,187.01	0.18
2-3 years	89,132.20	0.05	34,401.89	0.02
Over 3 years	4,641,367.31	2.36	5,048,728.56	2.86
Subtotal	196,589,727.93	100.00	176,494,082.67	100.00
Less: Provision for impairment	4,598,424.13		4,598,424.13	
Total	191,991,303.80		171,895,658.54	

In the six months ended 30 June 2026, the Group recognized the provision for impairment of prepayments amounting to RMB0 (31 December 2025: RMB2,676,034.73), and wrote off the provision amounting to RMB0 (31 December 2025: RMB106,920.00).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

5. Prepayments (Continued)

(2) Top five closing balances of prepayments categorized by suppliers as at 30 June 2026

RMB

Name	30 June 2026	Proportion to closing balance of total prepayments (%)
Baowu Smart Roll Technology Service (Shanghai) Co., Ltd.	67,293,878.08	34.23
Huainan Mining Industry (Group) Co., Ltd.	26,531,333.30	13.50
Shanxi Coking Coal Group Coal and Coke Sales Co., Ltd.	19,481,042.51	9.91
China Railway Chengdu Group Co., Ltd.	14,607,881.55	7.43
China Coal (Wuhan) Sales Co., Ltd.* (中煤(武漢)銷售有限公司)	11,645,240.72	5.92
Total	139,559,376.16	70.99

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

6. Other receivables

6.1 Presentation of items

RMB

Item	30 June 2026	31 December 2025
Dividends receivable	—	—
Other receivables	365,655,245.24	53,775,499.93
Total	365,655,245.24	53,775,499.93

6.2 Dividends receivable

RMB

Item	30 June 2026	31 December 2025
—	—	—

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

6. Other receivables (Continued)

6.3 Other receivables

(1) Disclosures by aging

RMB

Aging	30 June 2026	31 December 2025
Within 1 year	347,284,131.40	35,893,654.24
1-2 years	17,173,430.38	17,199,035.77
2-3 years	532,623.02	93,177.01
Over 3 years	3,852,362.19	3,776,934.66
Subtotal	368,842,546.99	56,962,801.68
Less: Allowance for credit losses on other receivables	3,187,301.75	3,187,301.75
Total	365,655,245.24	53,775,499.93

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

6. Other receivables (Continued)

6.3 Other receivables (Continued)

(2) Classified by nature

RMB

Nature	30 June 2026	31 December 2025
Guarantee deposits, petty cash, etc.	27,894,123.45	21,563,261.42
Government grants receivable relating to VAT refunds	–	26,399,674.27
Current accounts	17,438,951.10	3,735,314.60
Others	323,509,472.44	5,264,551.39
Total	368,842,546.99	56,962,801.68

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

6. Other receivables (Continued)

6.3 Other receivables (Continued)

(3) Provision for credit loss allowance

RMB

Credit loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL (not credit-impaired)	Stage 3 Lifetime ECL (credit-impaired)	Total
Balance at 1 January 2026	–	564,748.41	2,622,553.34	3,187,301.75
Provision	–	–	–	–
Balance at 30 June 2026	–	564,748.41	2,622,553.34	3,187,301.75

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

6. Other receivables (Continued)

6.3 Other receivables (Continued)

(4) Allowance for credit losses

RMB

Category	Opening balance	Provision	Closing balance
Allowance for credit losses provided on an individual basis	2,622,553.34	–	2,622,553.34
Allowance for credit losses provided on a portfolio basis with credit risk characteristics	564,748.41	–	564,748.41
Total	3,187,301.75	–	3,187,301.75

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

6. Other receivables (Continued)

6.3 Other receivables (Continued)

(5) Top five closing balances of other receivables categorized by debtor for the period

RMB

Name	Closing balance	Proportion to closing balance of other receivables (%)	Nature	Aging	Closing balance of credit loss allowance
Jilin Steel Group Taihua Metal Equipment Manufacture Co., Ltd.* (吉林吉鋼鐵 集團泰華冶金設備製 造有限公司)	225,125,794.80	61.04	Others	Within 1 year	–
Sichuan Yaan Anshan Iron and Steel Co., Ltd.* (四川雅安安山 鋼鐵有限公司)	95,960,912.97	26.02	Others	Within 1 year	–
Shudao Investment Group Co., Ltd.	21,100,000.00	5.72	Guarantee deposits, petty cash, etc.	Within 1 year, 1-2 years	–
Chongqing Chaoyang Gas Co., Ltd.* (重慶朝陽氣體有限 公司)	16,116,542.04	4.37	Current accounts	Within 1 year	–
Sichuan Road & Bridge Group Co., Ltd.	3,636,664.05	0.99	Guarantee deposits, petty cash, etc.	1-2 years	–
Total	361,939,913.86	98.14			

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

7. Inventories

(1) Categories of inventories

RMB

Item	30 June 2026			31 December 2025		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	1,053,355,734.26	30,838,548.95	1,022,517,185.31	837,034,090.52	30,838,548.95	806,195,541.57
Work in progress	264,029,961.63	-	264,029,961.63	238,784,752.63	16,848,613.94	221,936,138.69
Goods on hand	237,054,346.89	-	237,054,346.89	194,644,383.87	16,015,644.87	178,628,739.00
Low-value consumables and spare parts	204,320,553.95	42,047,930.53	162,272,623.42	234,588,573.45	44,588,286.51	190,000,286.94
Total	1,758,760,596.73	72,886,479.48	1,685,874,117.25	1,505,051,800.47	108,291,094.27	1,396,760,706.20

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

7. Inventories (Continued)

(2) Provision for decline in value of inventories

RMB

Item	Opening balance	Increase Provision	Decrease		Closing balance
			Reversal or transfer out	Write-off	
Raw materials	30,838,548.95	-	-	-	30,838,548.95
Work in progress	16,848,613.94	-	16,848,613.94	-	-
Goods on hand	16,015,644.87	-	16,015,644.87	-	-
Low-value consumables and spare parts	44,588,286.51	-	-	2,540,355.98	42,047,930.53
Total	108,291,094.27	-	32,864,258.81	2,540,355.98	72,886,479.48

8. Other current assets

RMB

Item	30 June 2026	31 December 2025
Input VAT to be deducted	17,441,357.40	35,536,755.83

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

9. Long-term equity investments

RMB

Investee	Opening balance	Addition in investment	Changes for the period			Closing balance	Provision for impairment at the end of the period
			Investment income recognized under the equity method	Cash dividends declared	Other increases		
Associates							
Chongqing Baocheng Carbon Material Co., Ltd. ("Baocheng Carbon Material")	14,232,704.58	-	583,208.32	2,025,158.46	-	12,790,754.44	-
Baowu Raw Material Supply Co., Ltd. ("Baowu Raw Material")	45,572,807.74	-	1,983,463.58	3,015,411.90	-	44,540,859.42	-
Baowu Environmental Resources	54,447,922.63	-	1,584,818.66	2,488,194.16	-	53,544,547.13	-
Baowu Jingcheng (Zhoushan) Mining Technology Co., Ltd. ("Baowu Jingcheng")	27,700,611.47	-	(2,471,257.48)	-	-	25,229,353.99	-
Total	141,954,046.42	-	1,680,233.08	7,528,764.52	-	136,105,514.98	-

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

10. Investments in other equity instruments

(1) Investments in other equity instruments

RMB

Item	Opening balance	Addition in investment	Reduction in investment	Changes for the period		Others	Closing balance	Dividend income recognized in the current period	Gains accumulated in other comprehensive income	Losses accumulated in other comprehensive income	Reasons for designation as at FVTOCI
				Gains recognized in other comprehensive income in the current period	Losses recognized in other comprehensive income in the current period						
				income in the current period	income in the current period						
Baowu Water	60,364,499.70	-	-	-	-	-	60,364,499.70	-	-	-	Intends to hold for the long term

- (2) In the six months ended 30 June 2026 and in 2025, the Group has not derecognized any investments in other equity instruments.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

11. Fixed assets

11.1 Summary of fixed assets

RMB

Item	30 June 2026	31 December 2025
Fixed assets	22,887,471,326.66	23,585,110,994.84
Disposal of fixed assets	786,980.39	786,980.39
Total	22,888,258,307.05	23,585,897,975.23

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

11. Fixed assets (Continued)

11.2 Fixed assets

(1) Details of fixed assets

RMB

Item	Buildings	Machinery and equipment and other equipment	Transportation vehicles	Total
I. Cost				
1. Opening balance	17,328,453,452.30	21,130,870,404.80	12,598,688.98	38,471,922,546.08
2. Increase	55,796,298.95	114,844,647.39	–	170,640,946.34
(1) Purchase <i>(Note)</i>	1,223,800.00	–	1,223,800.00	937,911,630.77
(2) Transfer from construction in progress	55,796,298.95	113,620,847.39	–	169,417,146.34
(3) Reclassification adjustment	–	–	–	–
3. Decrease	615,279.72	526,196,081.60	–	526,811,361.32
(1) Transfer to disposal of fixed assets	615,279.72	526,196,081.60	–	526,811,361.32
4. Closing balance	17,383,634,471.53	20,719,518,970.59	12,598,688.98	38,115,752,131.10

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

11. Fixed assets (Continued)

11.2 Fixed assets (Continued)

(1) Details of fixed assets (Continued)

RMB

Item	Buildings	Machinery and equipment and other equipment	Transportation vehicles	Total
II. Accumulated depreciation				
1. Opening balance	4,808,147,464.86	7,034,262,409.01	6,870,599.62	11,849,280,473.49
2. Increase	187,769,705.96	590,755,613.22	355,058.61	778,880,377.79
(1) Provision	187,769,705.96	590,755,613.22	355,058.61	778,880,377.79
(2) Reclassification adjustment	40,380,042.91	(81,499,923.49)	–	(41,119,880.58)
3. Decrease	188,602.34	79,520,958.07	–	79,709,560.41
(1) Transfer to disposal of fixed assets	188,602.34	79,520,958.07	–	79,709,560.41
4. Closing balance	4,995,728,568.48	7,545,497,064.16	7,225,658.23	12,548,451,290.87

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

11. Fixed assets (Continued)

11.2 Fixed assets (Continued)

(1) Details of fixed assets (Continued)

RMB

Item	Buildings	Machinery and equipment and other equipment	Transportation vehicles	Total
III. Impairment provision				
1. Opening balance	599,550,332.33	2,437,724,043.91	256,701.51	3,037,531,077.75
2. Increase	426,677.38	8,253,524.65	–	8,680,202.03
(1) Provision	426,677.38	7,370,739.68	–	7,797,417.06
(2) Transfer from construction in progress	–	882,784.97	–	882,784.97
3. Decrease	426,677.38	365,955,088.83	–	366,381,766.21
(1) Transfer to disposal of fixed assets	426,677.38	365,955,088.83	–	366,381,766.21
4. Closing balance	599,550,332.33	2,080,022,479.73	256,701.51	2,679,829,513.57
IV. Carrying amount				
1. Closing balance	11,788,355,570.72	11,093,999,426.70	5,116,329.24	22,887,471,326.66
2. Opening balance	11,920,755,655.11	11,658,883,951.88	5,471,387.85	23,585,110,994.84

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

11. Fixed assets (Continued)

11.2 Fixed assets (Continued)

(1) Details of fixed assets (Continued)

As at 30 June 2026, the Group obtained long-term borrowings secured by land use rights with a carrying amount of RMB260,497,725.88 (31 December 2025: RMB264,583,546.30) and buildings with a carrying amount of RMB87,083,501.17 (31 December 2025: RMB88,393,241.65). Concurrently, the Group entered into a sale-and-leaseback transaction with a leasing company, under which machinery and equipment and other equipment with a carrying amount of RMB35,878,292.60 (31 December 2025: RMB36,712,405.30) were involved. The total carrying amount of the aforementioned buildings and machinery and equipment is RMB122,961,793.77 (31 December 2025: RMB125,105,646.95). These fixed assets are subject to restricted ownership or usage rights. For further details, refer to Note V 17.

(2) Fixed assets leased out under operating leases

RMB

Item	Carrying amount at the end of the period	Carrying amount at the beginning of the period
Buildings	186,987,554.01	109,368,903.10
Machinery and equipment and other equipment	388,822,014.49	391,888,246.43
Transportation vehicles	2,495,087.27	2,121,438.44
Total	578,304,655.77	503,378,587.97

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

11. Fixed assets (Continued)

11.2 Fixed assets (Continued)

- (3) Details of the fixed assets without certificate of titles

As at 30 June 2026, fixed assets without certificate of titles are as follows:

RMB

Item	Carrying amount	Reason why the certificate of titles is not completed
Workshop in Changshou District	878,859,246.40	Application documents are currently under review

Fixed assets without certificate of titles do not have a material impact on the Group's operations.

11.3 Disposal of fixed assets

RMB

Item	30 June 2026	31 December 2025
Machinery and equipment and other equipment	786,980.39	786,980.39

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

12. Construction in progress

(1) Details of construction in progress

RMB

Item	30 June 2026			31 December 2025		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Safety, environmental protection and energy conservation projects	60,567,624.53	5,019,012.67	55,548,611.86	109,012,115.21	5,901,797.64	103,110,317.57
Technological equipment and technological transformation projects	85,326,037.57	3,875,844.22	81,450,193.35	67,728,185.13	3,875,844.22	63,852,340.91
Smart manufacturing projects	7,899,412.21	-	7,899,412.21	2,993,236.56	-	2,993,236.56
Other projects	144,923.29	24,996.36	119,926.93	181,577.88	24,996.36	156,581.52
Total	153,937,997.6	8,919,853.25	145,018,144.35	179,915,114.78	9,802,638.22	170,112,476.56

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

12. Construction in progress (Continued)

(2) Changes in construction in progress (Continued)

RMB

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated invest proportion of budget (%)	Progress	Accumulated capitalized interest	Of which: Amount of interest capitalization during the period	Interest rate of interest capitalization loan for the period (%)	Source of funds
Total												

(3) Provision for impairment of construction in progress recognized in the current period

RMB

Provision for impairment of assets	Amount
Balance at 1 January 2026	9,802,638.22
Provision	—
Transfer to fixed assets (Note V 11.2(1))	882,784.97
Balance at 30 June 2026	8,919,853.25

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

13. Right-of-use assets

(1) Details of right-of-use assets

RMB

Item	Buildings	Machinery and equipment	Total
I. Cost			
1. Opening balance	–	101,369,676.14	101,369,676.14
2. Increase	–	–	–
3. Decrease (Note)	–	–	–
4. Closing balance	–	101,369,676.14	101,369,676.14
II. Accumulated depreciation			
1. Opening balance	–	28,196,914.58	28,196,914.58
2. Increase	–	7,761,589.44	7,761,589.44
3. Decrease (Note)	–	–	–
4. Closing balance	–	35,958,504.02	35,958,504.02
III. Impairment provision			
1. Opening balance	–	–	–
2. Decrease (Note)	–	–	–
3. Closing balance	–	–	–
IV. Carrying amount			
1. Closing balance	–	65,411,172.12	65,411,172.12
2. Opening balance	–	73,172,761.56	73,172,761.56

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

14. Intangible assets

(1) Details of intangible assets

RMB

Item	Land use rights	Patent and non-patented technologies	Software use rights	Total
I. Cost				
1. Opening balance	3,179,266,914.23	16,500,297.78	250,159,337.08	3,445,926,549.09
2. Increase	–	–	–	–
(1) Transfer from construction in progress	–	–	–	–
(2) Reclassification adjustment	–	–	–	–
3. Closing balance	3,179,266,914.23	16,500,297.78	250,159,337.08	3,445,926,549.09
II. Accumulated amortization				
1. Opening balance	876,126,019.86	16,499,804.87	77,232,036.14	969,857,860.87
2. Increase	–	–	–	–
(1) Provision	34,034,824.32	–	12,536,173.40	46,570,997.72
(2) Reclassification adjustment	–	–	–	–
3. Closing balance	910,160,844.18	16,499,804.87	89,768,209.54	1,016,428,858.59
III. Carrying amount				
1. Closing balance	2,269,106,070.05	492.91	160,391,127.54	2,429,497,690.50
2. Opening balance	2,303,140,894.37	492.91	172,927,300.94	2,476,068,688.22

At the end of the period, the Group obtained long-term borrowings secured by land use rights with a carrying amount of RMB260,497,725.88 (31 December 2025: RMB264,583,546.30) and buildings with a carrying amount of RMB87,083,501.17 (31 December 2025: RMB88,393,241.65). Please refer to Note V 17 for details.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

15. Goodwill

(1) Original carrying amount of goodwill

RMB

Investee or the transaction giving rise to goodwill	Opening balance	Increase	Decrease	Closing balance
Chongqing Iron and Steel Energy	295,407,414.62	–	–	295,407,414.62
Xingang Changlong	32,647,355.72	–	–	32,647,355.72
Total	328,054,770.34	–	–	328,054,770.34

(2) Provision for impairment of goodwill

RMB

Investee or the transaction giving rise to goodwill	Opening balance	Increase	Decrease	Closing balance
Acquisition of Chongqing Iron and Steel Energy	256,131,997.21	–	–	256,131,997.21
Acquisition of Xingang Changlong	29,051,510.12	–	–	29,051,510.12
Total	285,183,507.33	–	–	285,183,507.33

The main reason for the impairment of the aforementioned goodwill was the decline in electricity generation at Chongqing Iron and Steel Energy and the fall in cargo throughput at Xingang Changlong port.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

15. Goodwill (Continued)

(3) Net book value of goodwill

RMB

Investee or the transaction giving rise to goodwill	Opening balance	Increase	Decrease	Closing balance
Acquisition of Chongqing Iron and Steel Energy	39,275,417.41	–	–	39,275,417.41
Acquisition of Xingang Changlong	3,595,845.60	–	–	3,595,845.60
Total	42,871,263.01	–	–	42,871,263.01

(4) Information of the asset group or portfolio of asset groups with goodwill

Name	Composition of the asset group or portfolio of asset groups and its basis	Operating segment and its basis	Consistent with prior years or not?
Electric power processing group	Comprising Chongqing Iron and Steel Energy, which consists primarily of power generation sets, the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups.	For internal management purposes, the Group has not prepared segment reports.	Yes
Terminal asset group	Comprising Xingang Changlong, which consists primarily of terminal asset groups, the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups.	For internal management purposes, the Group has not prepared segment reports.	Yes

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

16. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	30 June 2026		31 December 2025	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	4,416,812,920.52	662,521,938.09	4,416,812,920.52	662,521,938.09
Lease liabilities	65,411,172.12	9,811,675.82	73,172,761.56	10,975,914.23
Termination and post-employment benefits	18,921,340.88	2,838,201.13	18,921,340.88	2,838,201.13
Deferred income	168,504,541.34	25,275,681.20	168,504,541.34	25,275,681.20
Provision for impairment of receivables	191,851.14	28,777.67	191,851.14	28,777.67
Total	4,669,841,826.00	700,476,273.91	4,677,603,415.44	701,640,512.32

(2) Deferred tax liabilities before offsetting

RMB

Item	30 June 2026		31 December 2025	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Adjustment to fair values under business combinations not involving enterprises under common control	42,924,770.00	6,438,715.50	42,601,425.80	6,390,213.87
Right-of-use assets	65,411,172.12	9,811,675.82	73,172,761.56	10,975,914.23
Total	108,335,942.12	16,250,391.32	115,774,187.36	17,366,128.10

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

16. Deferred tax assets/deferred tax liabilities (Continued)

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

RMB

	30 June 2026		31 December 2025	
	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
Deferred tax assets	9,811,675.82	690,664,598.09	10,975,914.23	690,664,598.09
Deferred tax liabilities	9,811,675.82	6,438,715.50	10,975,914.23	6,390,213.87

(4) *Details of unrecognized deferred tax assets*

RMB

	30 June 2026	31 December 2025
Deductible losses	1,379,700,344.72	1,379,700,344.72
Deductible temporary differences	1,560,608,565.26	1,855,966,051.35
Total	2,940,308,909.98	3,235,666,396.07

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

16. Deferred tax assets/deferred tax liabilities (Continued)

(5) Maturity analysis of deductible losses without recognizing deferred tax assets

RMB

	30 June 2026	31 December 2025
2026	—	—
2027	882,576,348.97	882,576,348.97
2028	356,651,981.65	356,651,981.65
2029	140,472,014.10	140,472,014.10
Total	1,379,700,344.72	1,379,700,344.72

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

17. Assets with restricted ownership or right to use

Item	Gross carrying amount	30 June 2026			Gross carrying amount	31 December 2025		
		Carrying amount	Type of restriction	Circumstances of restriction		Carrying amount	Type of restriction	Circumstances of restriction
Cash and bank balances – Time deposits	315,596,926.28	315,596,926.28	Pledge	Pledge of bank acceptances	412,088,771.99	412,088,771.99	Pledge	Pledge of bank acceptances
Cash and bank balances – Other monetary funds	138,889,229.38	138,889,229.38	Frozen guarantees, etc.	Guarantees, frozen deposits, etc.	135,181,742.05	135,181,742.05	Frozen guarantees, etc.	Guarantees, frozen deposits, etc.
Notes receivable	-	-	-	-	1,496,842.13	1,496,842.13	Others	Notes receivable that have been endorsed or discounted but not derecognized
Fixed assets	122,961,793.77	122,961,793.77	Mortgage	Mortgaged borrowings sale-and-leaseback transactions	125,105,646.95	125,105,646.95	Mortgage	Mortgaged borrowings sale-and-leaseback transactions
Intangible assets	260,497,725.88	260,497,725.88	Mortgage	Mortgaged borrowings	264,583,546.30	264,583,546.30	Mortgage	Mortgaged borrowings
Total	837,945,675.31	837,945,675.31	/	/	938,456,549.42	938,456,549.42	/	/

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

18. Short-term borrowings

(1) Categories of short-term borrowings

RMB

Item	30 June 2026	31 December 2025
Credit loan	979,428,962.99	975,503,250.15

As at 30 June 2026, the annual interest rates on the aforementioned bank borrowings were 2.11% (31 December 2025: ranged from 2.11% to 2.30%), with maturities ranging from 359 to 365 days (31 December 2025: 359 to 365 days).

(2) As at 30 June 2026, there were no short-term borrowings of the Group that were overdue.

19. Notes payable

RMB

Item	30 June 2026	31 December 2025
Bank acceptances	2,154,754,455.32	1,349,889,680.74
Commercial acceptances	339,590,694.89	563,944,007.97
Finance company acceptances (Note)	543,402,793.20	541,663,244.14
Letter of credit	615,104,835.10	800,111,689.20
Total	3,652,852,778.51	3,255,608,622.05

Note: The item represents notes accepted by Baowu Group Finance Co., Ltd. ("Baowu Finance"). Please refer to Note X 5(9) for details.

As at 30 June 2026, there were no notes payable of the Group that were overdue but not yet repaid (at the end of previous year: Nil).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

20. Accounts payable

(1) The aging analysis of accounts payable is as follows:

RMB

Item	30 June 2026	31 December 2025
Within 1 year	4,302,819,638.25	4,051,663,405.02
1-2 years	62,062,873.77	30,408,149.31
2-3 years	17,443,310.53	4,444,834.01
Over 3 years	18,558,260.84	18,885,347.34
Total	4,400,884,083.39	4,105,401,735.68

(2) As at 30 June 2026, the Group had no significant accounts payable aged over one year or overdue.

(3) *Matters relating to supplier financing arrangements*

To ensure suppliers have access to financing support and to facilitate early settlement of payables, the Group has entered into reverse factoring arrangements. Under these contractual arrangements, Baowu Finance provides factoring financing to suppliers. The Group will repay the full amount to Baowu Finance on the agreed payment due date. The payment terms for such accounts payable typically range from 30 to 40 days.

Accounts payable arising from supplier financing arrangements are as follows:

Item	30 June 2026	31 December 2025
Accounts payable arising from supplier financing arrangements (<i>Note</i>)	–	121,909,274.94

Note: As at 30 June 2026, amounts related to accounts payable arising from supplier financing arrangements have been fully disbursed to the respective suppliers.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

21. Contract liabilities

(1) Details of contract liabilities

RMB

Item	30 June 2026	31 December 2025
Advances from sales of goods	1,071,724,750.91	1,137,072,939.29

As at 30 June 2026, the VAT portion of advances from sales of goods, amounting to RMB139,324,217.61 (31 December 2025: RMB143,043,750.60), were presented as other current liabilities.

(2) As at 30 June 2026, the Group had no significant contract liabilities aged over one year.

(3) Analysis of contract liabilities

The Group's advances from sales of goods consist primarily of amounts received in advance for the sale of steel products. The Group recognizes these as contract liabilities upon receipt of the transaction considerations and recognizes revenue when control of the goods is transferred to the customer.

(4) Revenue recognized in the current period included in the opening carrying amount of contract liabilities

An amount of RMB1,137,072,939.29 included in the opening carrying amount of contract liabilities has been recognized as revenue during the current period. An amount of RMB1,071,724,750.91 included in the carrying amount of contract liabilities as at 30 June 2026 is expected to be recognized as revenue in 2026.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

22. Employee benefits payable

(1) Employee benefits payable

RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	73,919,726.29	359,964,289.59	358,326,347.23	75,557,668.65
2. Post-employment benefits-defined contribution plans	–	50,520,038.16	50,520,038.16	–
3. Termination benefits	3,469,333.77	18,564,889.84	22,034,223.61	–
4. Long-term employee benefits payable due within one year (Note V 29)	39,553,763.92	40,687,381.33	39,553,763.92	40,687,381.33
Total	116,942,823.98	469,736,598.92	470,434,372.92	116,245,049.98

(2) Short-term employee benefits

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Wages or salaries, bonuses, allowances and subsidies	13,500,000.00	251,798,767.55	251,798,767.55	13,500,000.00
Employee welfare	519,167.42	29,129,842.81	29,157,333.09	491,677.14
Social insurance contributions	600.00	36,162,395.13	36,162,348.33	646.80
Including: Medical insurance	–	29,089,853.01	29,089,853.01	–
Work injury insurance	600.00	7,072,542.12	7,072,495.32	646.80
Housing funds	–	33,710,450.00	33,710,450.00	–
Union running costs and employee education costs	59,899,958.87	9,162,834.10	7,497,448.26	61,565,344.71
Total	73,919,726.29	359,964,289.59	358,326,347.23	75,557,668.65

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

22. Employee benefits payable (Continued)

(3) Defined contribution plan

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	–	48,989,050.88	48,989,050.88	–
Unemployment insurance	–	1,530,987.28	1,530,987.28	–
Total	–	50,520,038.16	50,520,038.16	–

The Group participates in pension insurance and unemployment insurance plans established by government agencies according to regulations. According to these plans, the Group makes contributions to these plans monthly according to a certain proportion of employees' basic salary and performance-related pay, respectively. Except for the above monthly contributions, the Group will not undertake further payment obligations. The corresponding expenses are included in profit or loss or the cost of relevant assets when they are incurred.

In this period, the Group should contribute RMB48,989,050.88 and RMB1,530,987.28 (2025: RMB90,260,373.60 and RMB2,823,684.80) to pension insurance and unemployment insurance plans respectively. As at 30 June 2026, the Group has no outstanding contributions to pension insurance and unemployment insurance plans (31 December 2025: Nil).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

23. Taxes payable

RMB

Item	30 June 2026	31 December 2025
VAT	34,627,254.87	–
Environmental protection tax	3,150,000.00	3,360,000.00
Stamp tax	3,450,000.00	3,750,000.00
Others	4,133,554.95	5,505,839.64
Total	45,360,809.82	12,615,839.64

24. Other payables

24.1 Presentation of items

RMB

Item	30 June 2026	31 December 2025
Other payables	2,642,618,242.48	3,118,211,051.73

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

24. Other payables (Continued)

24.2 Other payables

(1) Other payables by nature

RMB

Item	30 June 2026	31 December 2025
Payments for construction payable	2,437,026,655.89	2,881,190,805.64
Guarantees and deposits payable	87,982,636.76	101,534,933.63
Loan repayment funds for rural power grids	43,757,756.50	43,757,756.50
Post-resettlement support fund for relocated residents of medium and large reservoirs	14,713,545.61	14,713,545.61
Carbon emission payments	9,501,779.33	9,501,779.33
Others	49,635,868.39	67,512,231.02
Total	2,642,618,242.48	3,118,211,051.73

(2) Significant other payables aged over one year or overdue

As at 30 June 2026, other payables aged over one year primarily consisted of certain payments for construction payable with longer settlement cycles, guarantees and deposits, loan repayment funds for rural power grids, and post-resettlement support fund for relocated residents of medium and large reservoirs.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

25. Non-current liabilities due within one year

RMB

Item	30 June 2026	31 December 2025
Long-term borrowings due within one year (Note V, 26)	1,064,600,835.55	2,410,049,103.84
Lease liabilities due within one year (Note V, 27)	15,422,118.72	15,223,889.34
Long-term payables due within one year (Note V, 28)	6,849,557.20	6,883,348.37
Total	1,086,872,511.47	2,432,156,341.55

26. Long-term borrowings

RMB

Item	30 June 2026	31 December 2025
Mortgaged borrowings (Note)	44,472,503.66	81,994,430.74
Unsecured borrowings	4,512,944,593.36	4,854,450,316.11
Less: Long-term borrowings due within one year (Note V, 25)	1,064,600,835.55	2,410,049,103.84
Total	3,492,816,261.47	2,526,395,643.01

As at 30 June 2026, the annual interest rates of above borrowings ranged from 1.63% to 2.48% (31 December 2025: from 1.63% to 2.48%).

Note: As at 30 June 2026, the Group had a balance of long-term borrowings of RMB44,472,503.66 (31 December 2025: RMB81,994,430.74), mortgaged by land use rights with a carrying amount of RMB260,497,725.88 (31 December 2025: RMB264,583,546.30) and buildings with a carrying amount of RMB87,083,501.17 (31 December 2025: RMB88,393,241.65).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

27. Lease liabilities

RMB

Item	30 June 2026	31 December 2025
Lease liabilities	67,271,620.84	74,468,605.33
Less: Lease liabilities included in non-current liabilities due within one year (Note V, 25)	15,422,118.72	15,223,889.34
Net amount	51,849,502.12	59,244,715.99

The following is the maturity analysis for lease liabilities held by the Group which is based on undiscounted remaining contractual obligations:

RMB

	Within 1 year	1-2 years	2 to 5 years	Over 5 years	Total
Closing balance	16,865,628.61	16,865,628.61	18,763,501.74	19,396,126.12	71,890,885.07
Opening balance	16,865,628.60	16,865,628.60	27,445,333.72	22,481,873.38	83,658,464.30

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

28. Long-term payables

RMB

Item	30 June 2026	31 December 2025
Payables to sale-and-leaseback transactions	24,000,420.35	27,432,019.97
Less: Long-term payables due within one year (Note V, 25)	6,849,557.20	6,883,348.37
Net amount	17,150,863.15	20,548,671.60

The Group engages in sale-and-leaseback transactions with leasing companies. As at 30 June 2026, the balance of payables for sale-and-leaseback transactions was RMB24,000,420.35 (31 December 2025: RMB27,432,019.97), and the carrying amount of the underlying machinery and equipment, and other equipment related to these transactions was RMB35,878,292.60 (31 December 2025: RMB36,712,405.30).

29. Long-term employee benefits payable

RMB

Item	30 June 2026	31 December 2025
1. Long-term termination benefits	64,788,236.34	85,574,327.06
2. Post-employment benefits-Net liabilities from defined benefit plan	10,759,908.25	10,988,610.25
Subtotal	75,548,144.59	96,562,937.31
Less: Long-term employee benefits payable due within one year (Note V, 22)	40,687,381.33	39,553,763.92
Total	34,860,763.26	57,009,173.39

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

30. Provisions

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Pending onerous contracts (Note 1)	1,567,012.41	–	1,567,012.41	–
Pending litigations (Note 2)	6,459,209.89	3,912,400.00	–	10,371,609.89
Total	8,026,222.30	3,912,400.00	1,567,012.41	10,371,609.89

Note 1: When a pending contract becomes an onerous contract, the fulfillment of that contract is likely to result in an outflow of economic benefits, and the amount of the expected loss can be reliably measured.

Note 2: A pending litigation gives rise to a present obligation on the Group to bear the consequences of a potential adverse judgment, the fulfillment of which is likely to result in an outflow of economic benefits, and the amount of the obligation can be reliably measured.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

31. Deferred income

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Government grants	200,222,244.58	124,641,000.00	6,597,317.76	318,265,926.82

The details of government grants are as follows:

RMB

Item	Opening balance	Increase	Included in other income	Closing balance	Related to assets/income
Special appropriation for environmental governance	176,086,744.58	124,641,000.00	5,043,317.76	295,684,426.82	Related to assets
Subsidies for waste heat power generation projects	18,937,500.00	-	1,125,000.00	17,812,500.00	Related to assets
Construction of intelligent operation and control platform	5,198,000.00	-	429,000.00	4,769,000.00	Related to assets
Total	200,222,244.58	124,641,000.00	6,597,317.76	318,265,926.82	

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

32. Share capital

RMB

	Opening balance	New shares issued	Bonus issue	Changes for the period Reserve transferred to shares	Others	Subtotal	Closing balance
Total shares	8,851,763,767.00	757,575,757.00	-	-	-	757,575,757.00	9,609,339,524.00

In the current accounting period, the Company issued a total of 757,575,757 shares to specific target subscribers. On 11 June, the Company received proceeds amounted to 1 billion. On 15 June, the issuance summary report and related documents for reference were reviewed and approved by the SSE. On June 22, the registration and confirmation of rights for the newly issued shares were completed.

33. Capital reserves

RMB

	Opening balance	Increase	Decrease	Closing balance
Share premium	18,451,486,715.92	236,146,775.86	-	18,687,633,491.78
Others	827,737,850.22	-	-	827,737,850.22
Total	19,279,224,566.14	236,146,775.86	-	19,515,371,342.00

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

34. Treasury shares

RMB

	Opening balance	Increase	Decrease	Closing balance
Repurchase of the Company's shares	-	-	-	-

35. Other comprehensive income

RMB

	Closing balance and opening balance
Other comprehensive income that cannot be reclassified to profit or loss	1,585,194.71
Including: Recalculation of the changes in defined benefit plans	1,585,194.71

36. Special reserve

RMB

Item	Opening balance	Increase	Decrease	Closing balance
Work safety funds	58,562,796.44	22,687,938.42	3,525,412.22	77,725,322.64

The Group accrues work safety funds in accordance with the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* ("Administrative Measures ") (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management on 21 November 2022, and utilizes the funds in accordance with the provisions of the Administrative Measures.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

37. Surplus reserve

RMB

Item	Opening balance	Increase	Closing balance
Statutory surplus reserve	608,477,851.26	–	608,477,851.26

In accordance with the provisions of the *Company Law* and the Articles of Association, after-tax profit shall first be used to offset losses from prior years, and thereafter, appropriate 10% of the after-tax profit which had been offset for the prior years' losses to the statutory surplus reserve, where the appropriation can be ceased when the statutory surplus reserve reaches 50% of the registered capital.

38. Retained profits (Accumulated losses)

RMB

Item	30 June 2026	31 December 2025
Retained profits (Accumulated losses) at the beginning of the period	(14,887,829,114.11)	(12,165,198,888.31)
Add: Net profit (loss) attributable to shareholders of the Company	(178,902,586.70)	(2,721,831,982.67)
Less: Appropriation to statutory surplus reserve	–	798,243.13
Retained profits (Accumulated losses) at the end of the period	(15,066,731,700.81)	(14,887,829,114.11)

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

39. Operating income and cost of sales

(1) Details of operating income and cost of sales

RMB

Item	Six months ended 30 June 2026		Six months ended 30 June 2025	
	Income	Costs	Income	Costs
Principal operating activities	11,694,569,361.20	11,622,819,875.55	12,938,561,444.46	12,795,130,159.90
Other operating activities	131,407,845.17	103,512,925.28	146,647,532.07	136,366,638.75
Total	11,825,977,206.37	11,726,332,800.83	13,085,208,976.53	12,931,496,798.65

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

39. Operating income and cost of sales (Continued)

(2) Breakdown of operating income and cost of sales

RMB

Item	Six months ended 30 June 2026		Six months ended 30 June 2025	
	Income	Costs	Income	Costs
Types of products or services				
Steel product sales				
Hot rolled sheets	6,889,549,333.01	6,899,552,317.32	8,116,474,169.24	8,002,016,724.73
Plates	3,660,431,322.21	3,598,197,558.60	3,979,614,142.94	3,801,917,191.50
Bars	-	17,089,441.66	-	77,760,717.61
Wire rods	-	10,757,585.53	-	36,451,348.11
Billets	447,533,605.03	432,643,470.36	118,564,899.57	117,823,597.19
Subtotal	10,997,514,260.25	10,958,240,373.48	12,214,653,211.75	12,035,969,579.14
Others (Note)	828,462,946.12	768,092,427.35	870,555,764.78	895,527,219.51
Total	11,825,977,206.37	11,726,332,800.83	13,085,208,976.53	12,931,496,798.65
Classified by operating region				
Chinese mainland	11,825,977,206.37	11,726,332,800.83	13,085,208,976.53	12,931,496,798.65

Note: In the period, the Group recognized rental income of RMB32,284,186.43 (Same period last year: RMB21,812,392.48).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

39. Operating income and cost of sales (Continued)

(3) Description of performance obligations

Item	Category	Timing of performance obligations	Significant payment terms	Nature of promised transfer of goods	Whether it is the principal	Amounts expected to be refunded to customers	Types of assurance provided and related obligations
Hot rolled sheets, plates, billets	Sales of steel products	Upon delivery	Advances from customers	Sales of goods	Yes	None	Warranty-type quality assurance
Others	Mineral trading	Upon delivery	Advances from customers	Mineral trading	Yes	None	Warranty-type quality assurance
Others	Sales of energy media	Via valve, port	Monthly settlement, next month collection	Sales of water, electricity, and gas	Yes	None	None
Others	Resales of energy media	Via valve, port	Monthly settlement, next month collection	Resales of water, electricity, and gas	No	None	None

For transactions involving the sale of goods, the Group satisfies its performance obligations when the customer obtains control of the goods; for transactions involving the rendering of services, the Group recognizes completed performance obligations over the period during which the service is provided, based on the stage of completion.

For customers purchasing steel products, the Group typically requires advance payment and offers a 30-day credit term to major customers. For customers purchasing other products, the Group's contract prices are generally due within 30 days of product delivery and do not contain significant financing components. Some of the Group's contracts with customers include sales rebate arrangements (future price discounts granted based on cumulative sales volume), which constitute variable consideration. The Group determines the best estimate of variable consideration based on the expected value or the most likely amount. The transaction price with variable consideration cannot exceed the amount at which the accumulated income recognized is not probable to be reversed significantly when the relevant uncertainty is eliminated.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

40. Taxes and levies

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Land use tax	23,971,579.61	23,847,149.13
Property tax	35,027,503.29	21,985,258.38
Environmental protection tax	5,913,044.96	11,309,718.22
Stamp tax	6,933,556.70	3,004,634.10
Urban maintenance and construction tax	2,547,085.59	2,525,699.98
Education surcharge	1,091,608.11	1,082,442.84
Local education surcharge	727,738.74	721,628.56
Others	1,191,536.48	1,639,236.31
Total	77,403,653.48	66,115,767.52

41. Selling expenses

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Labor costs	11,747,449.89	12,188,266.10
Transportation fee	7,372,402.93	5,791,622.98
Depreciation and amortization	2,639,063.09	2,673,768.19
Collaborative service fees	833,824.42	868,196.76
Maintenance costs	2,364,426.36	596,458.04
Others	8,400,250.60	9,713,131.72
Total	33,357,417.29	31,831,443.79

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

42. Administrative expenses

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Termination benefits	30,622,406.85	28,913,232.79
Labor costs	36,511,929.88	41,753,077.07
Depreciation and amortization	41,101,259.29	41,120,655.06
Safety expense	12,341,001.06	8,807,056.54
Consulting and services expenses	3,338,776.84	4,571,453.68
Repair costs	95,844.06	-521,752.38
Auditors' fees	85,283.52	-709,712.18
Labor costs	1,008,622.49	1,265,724.46
Others	5,273,761.78	6,255,762.84
Total	130,378,885.77	131,455,497.88

43. Research and development expenses

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Labor costs	15,310,038.01	14,809,840.88
Raw materials consumed	—	—
External assistance expenses	13,390,445.82	784.96
Total	28,700,483.83	14,810,625.84

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

44. Finance expenses

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Interest expenses	90,457,216.40	96,491,040.66
Including: Interest expense on lease liabilities	795,008.76	3,185,220.65
Less: Amount of interest capitalized	–	–
Subtotal: Interest expenses	90,457,216.40	96,491,040.66
Less: Interest income	11,533,279.20	24,664,851.80
Exchange gains or losses	(2,628,541.35)	3,543,301.50
Others	1,871,726.99	1,844,318.14
Total	78,167,122.84	77,213,808.50

45. Other income

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Proceeds from VAT refunds	27,155,032.70	36,630,056.85
Additional deduction for VAT	30,358,672.25	–
Industrial development fund	–	5,000,000.00
Amortization of deferred income	6,597,317.76	2,985,340.02
Special Fund for the Innovation-Driven Development Strategy	1,434,995.00	–
Other government grants	59,056.00	134,300.00
Refund of withholding individual income tax handling fees	714.37	270,154.07
Total	65,605,788.08	45,019,850.94

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

46. Investment income (loss)

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Income from long-term equity investments under equity method	1,680,233.08	1,359,656.65
Dividend income from investments in other equity instruments during the holding period	(14,185,537.21)	–
Total	(12,505,304.13)	1,359,656.65

47. Credit impairment gains (losses)

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Gains (Losses) on credit impairment of trade receivable	–	–
Gains (Losses) on credit impairment of other receivables	–	–
Losses on other credit impairment	–	–
Total	–	–

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

48. Gains (Losses) on impairment of assets

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Losses on decline in value of inventories (Note V, 7)	–	–
Losses on impairment of fixed assets (Note V, 11)	(7,797,417.06)	–
Losses on impairment of construction in progress (Note V, 12)	–	–
Losses on impairment of right-of-use assets	–	–
Losses on impairment of goodwill (Note V, 15)	–	–
Total	(7,797,417.06)	–

49. Gains (Losses) on disposal of assets

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Gains on disposal of fixed assets	25,025,014.20	2,275,107.97
Gains on disposal of right-of-use assets	–	–
Total	25,025,014.20	2,275,107.97

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

50. Non-operating income

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025	Amount included in non-recurring profit or loss for the period
Fines and compensations	583,742.50	955,070.00	583,742.50
Others	(17,104.69)	6,260.12	(17,104.69)
Total	566,637.81	961,330.12	566,637.81

51. Non-operating expenses

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025	Amount included in non-recurring profit or loss for the period
Carbon emission	–	10,519,034.85	–
Losses from fines	–	–	–
Compensations	–	–	–
Others	500,000.00	1,303,025.53	500,000.00
Total	500,000.00	11,822,060.38	500,000.00

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

52. Income tax expenses

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Current tax expenses	885,646.30	1,096,560.32
Deferred tax expenses	48,501.63	–
Total	934,147.93	1,096,560.32

Reconciliation of income tax expenses to the accounting profit

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Total profit (loss)	(177,968,438.77)	(129,921,080.35)
Tax rate	0.15	0.15
Income tax expenses calculated at an applicable tax rate	(26,695,265.82)	(19,488,162.05)
Effect of non-deductible costs, expenses and losses	72,185,071.62	7,561,187.72
Other tax concessions	–	–
Effect of non-taxable income	(252,034.96)	(203,948.50)
Effect of utilizing recoverable losses for which no deferred tax assets are recognized in prior years	–	–
Effect of deductible temporary difference or deductible loss for which no deferred tax assets are recognized for the period	(44,303,622.91)	13,227,483.15
Income tax expenses	934,147.93	1,096,560.32

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

53. Notes to the items in the cash flow statement

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Receipt of receivables	–	–
Government grants	124,641,000.00	110,300.00
Interest income received	11,533,279.20	18,319,280.19
Guarantees and deposits received	19,581,203.13	1,504,118.00
Others	25,592,623.91	20,751,234.38
Total	181,348,106.24	40,684,932.57

Other cash payments relating to operating activities

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Settlement of payables	–	–
Administrative expenses	2,307,784.80	7,040,538.03
Selling expenses	1,088,422.85	1,704,839.23
Carbon emission paid	–	–
Others	12,885,036.09	16,756,526.38
Total	16,281,243.74	25,501,903.64

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

53. Notes to the items in the cash flow statement (Continued)

(2) Cash relating to investing activities

Cash receipts relating to significant investing activities

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Recovery of large-denomination certificate of deposit from SPD Bank upon maturity	161,752,247.90	30,600,000.00
Recovery of certificate of deposit from PINGAN Bank upon maturity	412,088,771.99	—
Recovery of large-denomination certificate of deposit from CZ Bank upon maturity	50,000,000.00	—
Total	462,088,771.99	30,600,000.00

Cash payments relating to significant investing activities

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Acquisition of assets held by CISG, including the 4,100 mm wide plate production line	200,000,000.00	314,197,993.16

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

53. Notes to the items in the cash flow statement (Continued)

(3) Cash relating to financing activities

Other cash receipts relating to financing activities

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Receipt of proceeds from sale-and-leaseback transactions	–	–

Other cash payments relating to financing activities

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Payment for sale-and-leaseback transactions	–	–
Payment of lease rent	–	–
Repurchase of shares	–	–
Total	–	–

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

53. Notes to the items in the cash flow statement (Continued)

(3) Cash relating to financing activities (Continued)

Changes in liabilities arising from financing activities are as follows:

RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement (Note)	
Short-term borrowings	975,503,250.15	400,000,000.00	225,996,971.68	534,788,351.40	87,282,907.44	979,428,962.99
Lease liabilities	74,468,605.33	-	795,008.76	7,991,993.25	-	67,271,620.84
Long-term borrowings (including long-term borrowings due within one year)	4,936,444,746.85	1,481,000,000.00	70,799,382.41	1,930,827,032.24	-	4,557,417,097.02
Long-term payables (financing related)	27,432,019.97	-	370,332.27	3,801,931.89	-	24,000,420.35
Total	6,013,848,622.30	1,881,000,000.00	297,961,695.12	2,477,409,308.78	87,282,907.44	5,628,118,101.20

Note: The decrease in short-term borrowings resulting from non-cash movements is primarily due to discounted notes from the prior year-end being classified as short-term borrowings because they did not meet the criteria for derecognition, as these notes matured during the current year and met the criteria for derecognition, this resulted in a decrease in short-term borrowings due to non-cash movements.

(4) Significant activities that do not involve cash receipts and payments for the year

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Notes transferred by endorsement	2,086,676,683.36	5,029,097,456.77
Including: Payment for goods and Labor costs	1,974,905,849.11	4,677,394,472.74
Payment for equipment and construction costs	111,770,834.25	351,702,984.03
Equipment and construction costs offset with steel	98,467,093.92	-

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

54. Supplementary information to the cash flow statement

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

RMB

Supplementary information	Six months ended 30 June 2026	Six months ended 30 June 2025
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit (loss)	(178,902,586.70)	(131,017,640.67)
Add: Impairment losses of assets	7,797,417.06	–
Impairment losses of credit	–	–
Depreciation of fixed assets	779,101,739.87	753,803,547.70
Depreciation of right-of-use assets	7,761,589.44	70,175,999.10
Amortization of intangible assets	46,570,997.72	46,565,400.90
Amortization of deferred income	–	(2,985,340.02)
Losses (Gains) on disposal of fixed assets, intangible assets and other long-term assets	(25,025,014.20)	–
Finance expenses	90,457,216.40	96,491,040.66
Investment loss (income)	12,505,304.13	(1,359,656.65)
Decrease (Increase) in deferred tax assets	–	–
Increase (Decrease) in deferred tax liabilities	48,501.63	122,982.87
Decrease (Increase) in inventories	(289,113,411.05)	153,411,141.04
Decrease (Increase) in operating receivables	(439,706,766.68)	588,213,698.39
Increase (Decrease) in operating payables	557,785,714.49	(692,979,326.34)
Others	(6,597,317.76)	–
Net cash flow from operating activities	562,683,384.35	880,441,846.98

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

54. Supplementary information to the cash flow statement (Continued)

(2) Net changes in cash and cash equivalents:

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Closing balance of cash and cash equivalents	2,925,094,364.01	2,525,556,640.41
Less: Opening balance of cash and cash equivalents	1,939,808,534.15	2,812,341,074.96
Net increase (decrease) in cash and cash equivalents	985,285,829.86	(286,784,434.55)

(3) Composition of cash and cash equivalents

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Cash	2,925,094,364.01	1,939,808,534.15
Including: Bank deposits and deposits with the finance company that are readily available for payment	2,925,094,364.01	1,939,808,534.15
Other monetary funds that can be readily available for payment	—	—
Closing balance of cash and cash equivalents	2,925,094,364.01	1,939,808,534.15

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

55. Foreign currency monetary items

RMB

Item	Closing balance as at 30 June 2026 in foreign currency	Exchange rate	Closing balance as at 30 June 2026 in RMB
Cash and bank balances	4,178,422.40	6.8109	28,458,817.13
Including: USD	4,178,422.40	6.8109	28,458,817.13

56. Leases

(1) As a lessee

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Interest expenses of lease liabilities	795,008.76	3,185,220.65
Short-term lease expenses through profit or loss subject to simplified treatment	–	2,179,588.90
Total cash outflows related to leases	8,588,953.83	26,250,000.00
Gains or losses arising from sale-and- leaseback transactions	–	–
Cash outflow from sale-and-leaseback transactions	–	–

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

56. Leases (Continued)

(1) As a lessee (Continued)

In the Group's sale-and-leaseback transactions, the transfer of the relevant assets does not constitute a sale. Upon expiration of the lease term, the Group retains the right to repurchase the relevant assets at a price significantly lower than the original sale price; therefore, the lessor does not obtain control of the relevant assets at the time of transfer, and the transaction does not meet the criteria for a sale. Consequently, the Group, as the lessee, continues to recognize the transferred assets and simultaneously recognizes a financial liability equal to the amount of the transfer proceeds.

The Group's leased assets include buildings, machinery and equipment, transportation vehicles and other equipment used in its operations. The lease terms for buildings, machinery and equipment are typically one year or longer, while those for transportation vehicles and other equipment are typically one year. Lease agreements generally prohibit the Group from subleasing these assets. The aforementioned right-of-use assets cannot be used for purposes such as collateral for loans or guarantees.

As at 30 June 2026, the Group had no significant leases that had been committed to but had not yet commenced.

(2) As lessor

As lessor under operating leases

RMB

Item	Rental income for the period	Including: Income related to variable lease payments not included in lease receipts
Buildings	14,327,103.24	—
Machinery and equipment and other equipment	39,246,262.68	—
Transportation vehicles	1,433,987.87	—
Total	55,007,353.79	—

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

56. Leases (Continued)

(2) As lessor (Continued)

As lessor under operating leases (Continued)

The Group's operating leases as lessor include land and buildings, machinery and equipment, other equipment, and transportation vehicles. The lease terms range from 1 to 10 years, with no renewal options and no purchase options.

Based on the lease agreements entered into with lessees, the remaining undiscounted minimum lease payments are as follows:

RMB

Item	30 June 2026	31 December 2025
1st year subsequent to the balance sheet date	75,315,844.63	51,445,816.52
2nd year subsequent to the balance sheet date	50,780,406.11	48,304,118.28
Total	126,096,250.74	99,749,934.80

For fixed assets leased out under operating leases, refer to Note V, 11.2(2).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

RMB

Name of the subsidiary	Principal place of operation	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Chongqing Iron & Steel Energy	Chongqing Changshou Economic Development Zone	525,694,938.14	Chongqing Changshou Economic Development Zone	Electricity generation and sales	100.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
Xingang Changlong	Chongqing Changshou Economic Development Zone	110,000,000.00	Chongqing Changshou Economic Development Zone	Transportation and warehousing	100.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control

As at 30 June 2026, there was no subsidiary with minority interest that are material to the Group.

The subsidiaries above have been included in the scope of the consolidated financial statements. In the period, the scope of the consolidated financial statements remained unchanged.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VI. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures or associates

(1) General information of associates

Item	Principal place of operation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatments for investments in associates
				Direct	Indirect	
Associates						
Baocheng Carbon Material <i>(Note 1)</i>	Changshou District, Chongqing	Changshou District, Chongqing	Manufacturing	10.00	–	Equity method
Baowu Raw Material <i>(Note 2)</i>	Shanghai Free Trade Zone	Shanghai Free Trade Zone	Trade	8.00	–	Equity method
Baowu Environmental Resources <i>(Note 3)</i>	Changshou District, Chongqing	Changshou District, Chongqing	Manufacturing	49.00	–	Equity method
Baowu Jingcheng <i>(Note 4)</i>	Zhoushan, Zhejiang Province	Zhoushan, Zhejiang Province	Manufacturing	19.00	–	Equity method

Note 1: The Company holds 10% equity of Baocheng Carbon Material, and has appointed one director to its Board of Directors (which consists of five members). Accordingly, the Company exercises substantial decision-making authority and exerts significant influence over Baocheng Carbon Materials.

Note 2: The Company holds 8% equity of Baowu Raw Material, and has appointed one director to its Board of Directors (which consists of nine members). Accordingly, the Company exercises substantial decision-making authority and exerts significant influence over Baowu Raw Material.

Note 3: The Company holds 49% of the equity of Baowu Environmental Resource, while the other shareholder holds 51% of the equity. According to the Articles of Association, resolutions on matters discussed at the shareholders' meeting must be passed by shareholders representing more than half of the voting rights. Therefore, the Company only has a significant impact on Baowu Environmental Resource, which is accounted for as an associate.

Note 4: The Company holds 19% equity of Baowu Jingcheng, and has appointed one director to its Board of Directors (which consists of five members). Accordingly, the Company exercises substantial decision-making authority and exerts significant influence over Baowu Jingcheng.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VI. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures or associates (Continued)

(2) Consolidated financial information of associates

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Associates		
Total carrying amount of investments	136,105,514.98	139,680,079.70
Total amount calculated by shareholding ratio as follows		
Net profit	1,680,233.08	1,359,656.65
Total comprehensive income	1,680,233.08	1,359,656.65

VII. GOVERNMENT GRANTS

1. Government grants recognized at amount of receivables at the end of the reporting period

As at 30 June 2026, the balance of government grants receivable included in other receivables was RMB0 (31 December 2025: RMB26,399,674.27).

2. Liabilities items involving government grants

RMB

Item of liabilities	Opening balance	Increase	Included in other income	Closing balance	Related to assets/income
Deferred income	200,222,244.58	124,641,000.00	6,597,317.76	318,265,926.82	Related to assets

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VII. GOVERNMENT GRANTS (Continued)

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

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Government grants related to assets included in other income	6,597,317.76	2,985,340.02
Government grants related to income included in other income	28,649,083.70	41,764,356.85
Total	35,246,401.46	44,749,696.87

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, notes receivable, receivables financing, trade receivable, other receivables, investments in other equity instruments, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including the portion due within one year), long-term payables (including the portion due within one year), etc. As at 30 June 2026, details of these financial instruments held by the Group are disclosed in Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure the risks are monitored at a certain level.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

RMB

Item	30 June 2026	31 December 2025
Financial assets		
Measured at FVTOCI		
Receivables financing	578,101,966.46	459,630,155.77
Investments in other equity instruments	60,364,499.70	60,364,499.70
Measured at amortized cost		
Cash and bank balances	3,493,088,422.45	2,712,339,198.87
Notes receivable	482,594.59	4,185,550.14
Trade receivable	22,006,386.18	10,948,466.78
Other receivables	365,655,245.24	53,775,499.93
Financial liabilities		
Measured at amortized cost		
Short-term borrowings	979,428,962.99	975,503,250.15
Notes payable	3,652,852,778.51	3,255,608,622.05
Accounts payable	4,400,884,083.39	4,105,401,735.68
Other payables	2,642,618,242.48	3,118,211,051.73
Non-current liabilities due within one year	1,071,450,392.75	2,416,932,452.21
Long-term borrowings	3,492,816,261.47	2,526,395,643.01
Long-term payables	17,150,863.15	20,548,671.60

The Group adopts sensitivity analysis techniques to analyze how the profit or loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have a significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Risk management objectives, policies and procedures, and changes in the year

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1. *Market risk*

1.1.1 Currency risk

The Group's operations are primarily located in China, and its sales and purchases are primarily settled in RMB. As at the balance sheet date, the Group's principal assets and liabilities were denominated in RMB. As at 30 June 2026, assuming all other variables remain constant, a reasonable and possible change in the USD exchange rate would have no material impact on the Group's net profit or loss (due to financial instruments denominated in USD) or shareholders' equity.

1.1.2 Interest rate risk

The Group's exposure to changes in cash flows from financial instruments due to changes in interest rates relates primarily to floating-rate bank borrowings. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. It is the Group's policy to keep its borrowings at floating rate of interests. At present, there is no interest rate swap arrangement or similar arrangement in place. As at 30 June 2026, assuming all other variables remain constant, a reasonable and possible change in interest rates (an increase or decrease of 10%) would have no material impact on the Group's net profit or loss (due to the effect on floating-rate borrowings) or on shareholders' equity.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Risk management objectives, policies and procedures, and changes in the year (Continued)

1.2. Credit risk

As at 30 June 2026, the Group's maximum exposure to credit risk which will cause a credit loss to the Group was mainly losses on financial assets due to failure to discharge an obligation by the counterparties and financial guarantees assumed by the Group (regardless of available collateral or other credit enhancements), including: cash and bank balances (Note V 1), notes receivable (Note V 2), trade receivable (Note V 3), receivables financing (Note V 4), and other receivables (Note V 6). As at the balance sheet date, the carrying amount of the Company's financial assets represented their maximum exposure to credit risk.

To mitigate credit risk, the Group conducts transactions only with recognized, reputable third parties. In accordance with the Group's policy, all customers requesting credit terms are subject to credit reviews, and other monitoring procedures are implemented to ensure that necessary measures are taken to recover overdue debts. In addition, the Group reviews the recoverable amounts of financial assets at each balance sheet date to ensure that adequate allowances for credit losses are made for relevant financial assets. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's cash and bank balances are held at banks and finance companies with high credit ratings, and its notes receivable – bank acceptances and receivables financing consist of bank acceptances issued by banks with high credit ratings. Management considers that these financial assets carry a low level of credit risk.

The Group's other financial assets include notes receivable – commercial acceptances, trade receivable, and other receivables. The credit risk associated with these financial assets arises from counterparty default, and the maximum exposure is equal to the carrying amount of these instruments.

As the Group only deals with recognized and reputable third parties, no collateral is required. Credit risk is centrally managed by customers and industries. As at 30 June 2026, the balance of trade receivable of the Group from its top five customers was RMB21,998,097.17 (31 December 2025: RMB10,999,619.71), accounting for 94.27% (31 December 2025: 89.60%) of the balance of trade receivable of the Group. Other than this, the Group has no other significant credit risk exposures concentrated in a single financial asset or a portfolio of financial assets with similar characteristics. The Group does not hold any collateral or other credit enhancements against its trade receivable balance.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Risk management objectives, policies and procedures, and changes in the year (Continued)

1.2. Credit risk (Continued)

1.2.1 Determination of significant increase in credit risk

At each balance sheet date, the Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. The Group's main criteria for determining a significant increase in credit risk are that the overdue days exceed 30 days, or one or more of the following indicators have changed significantly: the operating environment of the debtor, external credit ratings, or actual or expected operating results have changed significantly.

1.2.2 Definition of credit-impaired financial assets

The Group's main criterion for determining that credit impairment has occurred is that the number of days past due exceeds 90 days. However, in some cases, if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancements held, the Group will also consider that credit impairment has occurred. Credit impairment of financial assets may be caused by the combined action of multiple events, but may not be caused by separately identifiable events. The credit risk ratings of the Group's financial assets have not changed from the prior year.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Risk management objectives, policies and procedures, and changes in the year (Continued)

1.2 Credit risk (Continued)

1.2.2 Definition of credit-impaired financial assets (Continued)

As at 30 June 2026, the analysis of gross carrying amounts and credit risk exposure of financial assets are as follows:

RMB

Item	12-month ECL	Lifetime ECL		Total
		(Not credit-impaired)	(Credit-impaired)	
Cash and bank balances	3,493,088,422.45	–	–	3,493,088,422.45
Notes receivable	482,594.59	–	–	482,594.59
Trade receivable	Not applicable	23,334,904.20	–	23,334,904.20
Receivables financing	578,101,966.46	–	–	578,101,966.46
Other receivables	365,412,635.91	807,357.74	2,622,553.34	368,842,546.99
Total	4,437,085,619.41	24,142,261.94	2,622,553.34	4,463,850,434.69

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Risk management objectives, policies and procedures, and changes in the year (Continued)

1.2 Credit risk (Continued)

1.2.2 Definition of credit-impaired financial assets (Continued)

As at 31 December 2025, the analysis of gross carrying amounts and credit risk exposure of financial assets are as follows:

RMB

Item	12-month ECL	Lifetime ECL		Total
		(Not credit-impaired)	(Credit-impaired)	
Cash and bank balances	2,712,339,198.87	–	–	2,712,339,198.87
Notes receivable	4,185,550.14	–	–	4,185,550.14
Trade receivable	Not applicable	12,276,984.80	–	12,276,984.80
Receivables financing	459,630,155.77	–	–	459,630,155.77
Other receivables	53,532,890.60	807,357.74	2,622,553.34	56,962,801.68
Total	3,229,687,795.38	13,084,342.54	2,622,553.34	3,245,394,691.26

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Risk management objectives, policies and procedures, and changes in the year (Continued)

1.3. Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group's objective is to utilize a variety of financing methods to maintain a balance between the continuity and flexibility of its financing. The Group finances its operations using funds generated from operations and borrowings. As at 30 June 2026, the Group had an unused bank borrowing facility of RMB1,564,043,787.94.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

RMB

Item	Undiscounted contract amount				Total
	Within 1 year	1-2 years	2 to 5 years	Over 5 years	
Short-term borrowings	859,318,756.39	-	-	-	859,318,756.39
Notes payable	3,652,852,778.51	-	-	-	3,652,852,778.51
Accounts payable	4,400,884,083.39	-	-	-	4,400,884,083.39
Other payables	2,642,618,242.48	-	-	-	2,642,618,242.48
Long-term borrowings (including the portion due within one year)	1,084,162,459.45	3,066,922,960.90	426,193,300.55	-	4,577,278,720.90
Lease liabilities (including the portion due within one year)	16,865,628.61	16,865,628.61	18,763,501.74	19,396,126.12	71,890,885.07
Long-term payables (including the portion due within one year)	6,948,447.68	6,849,557.20	10,274,335.80	-	24,072,340.68
Total	12,663,650,396.51	3,090,638,146.71	455,231,138.09	19,396,126.12	16,228,915,807.42

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

2. Transfer of financial assets

(1) Category of transfer method

RMB

Transfer method	Nature of transferred financial assets	Amount of financial assets transferred	Derecognition	Judgment basis for derecognition
Notes endorsement	–	–	–	–
Notes endorsement	Receivables financing	1,963,638,422.09	Derecognized	Has transferred substantially all of its risks and rewards
Notes discounting	Receivables financing	4,465,391,433.80	Derecognized	Has transferred substantially all of its risks and rewards
Total		6,429,029,855.89		

(2) Financial assets derecognized due to transfer

RMB

Item	Method of transfer of financial assets	Amount of derecognized financial assets	Losses related to derecognition
Receivables financing	Notes endorsement	1,963,638,422.09	–
Receivables financing	Notes discounting	4,465,391,433.80	–
Total		6,429,029,855.89	

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

2. Transfer of financial assets (Continued)

(3) *Transferred financial assets with continuous involvement*

Financial assets that have been transferred but not derecognized as a whole

As at 30 June 2026, the carrying amount of bank acceptances endorsed by the Group to suppliers for settlement of accounts payable and other payables/discounted but not derecognized was RMB0 (31 December 2025: RMB1,496,842.13). Management considered that the Group retained substantially all of the risks and rewards, including the associated default risk, and therefore continued to recognize the full amount of the settled accounts payable and other payables/bank borrowings. Upon endorsement/discounting, the Group no longer retained the right to use them, including the right to sell, transfer, or pledge them to other third parties. As at the end of the period, the total carrying amount of the Group's accounts payable and other payables settled by the Group and for which the suppliers have recourse, and the recognized bank borrowings was RMB0 (31 December 2025: RMB1,496,842.13).

Financial assets that have been derecognized as a whole but with continuous involvement

As at 30 June 2026, the carrying amount of bank acceptance endorsed by the Group to suppliers for settlement of accounts payable and other payables/that had not yet matured but were derecognized is RMB1,963,638,422.09 (31 December 2025: RMB2,681,739,395.05). As at 30 June 2026, the maturity date is within 6 months. Pursuant to the relevant provisions of the Negotiable Instruments Law, if the acceptance bank refuses to pay, the holder may exercise the right of recourse against anyone, several or all of the bill debtors, including the Group, regardless of the order of the bill debtors ("Continuing Involvement"). The Group considered that it had transferred substantially all of its risks and rewards and therefore derecognized it and its related settled accounts payable and other payables in full and recognized discount charges. The maximum loss and undiscounted cash flow of continuing involvement and repurchase were equal to its carrying amount.

In the six months ended 30 June 2026, the Group recognized discount fees of RMB1,963,638,422.09 (2025: RMB2,856,298.44) at the transfer date. The Group has no income or expense recognized in the current year and accumulated due to its continuing involvement in derecognized financial assets. Endorsements/discounting occur approximately evenly throughout the year.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

IX. DISCLOSURE OF FAIR VALUE

1. Closing fair value of assets and liabilities measured at fair value

RMB

Item	Fair value as at 30 June 2026			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Continuous fair value measurement				
Receivables financing	–	578,101,966.46	–	578,101,966.46
Investments in other equity instruments	–	–	60,364,499.70	60,364,499.70
Total	–	578,101,966.46	60,364,499.70	638,466,466.16

2. Level 1 fair value measurement items

As at 30 June 2026, the Group did not hold any Level 1 fair value measurement items (31 December 2025: Nil).

3. Level 2 fair value measurement items

The Group's level 2 fair value measurement items are mainly receivables financing. The receivables financing is determined by discounting the market interest rate.

4. Level 3 fair value measurement items

Level 3 fair value measurement items held by the Group are mainly investments in other equity instruments. For investments in unlisted equity instruments, the fair value is estimated using the market method based on unobservable market price or interest rate assumptions. The Group is required to identify comparable listed companies based on industry, size, leverage and strategy and calculate an appropriate market multiplier for each comparable listed company identified. Based on the specific facts and circumstances of the enterprise, adjustments are made after considering factors such as liquidity and scale differences with comparable listed companies. As at 30 June 2026, there have been no significant changes in the measurement methods or fair values of investments in other equity instruments compared with the end of the prior year.

5. Financial assets and financial liabilities not measured at fair value

Management has assessed cash and bank balances, notes receivable, trade receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, non-current liabilities due within one year (excluding lease liabilities due within one year), long-term borrowings, long-term payables, etc. Due to the short remaining maturity periods/the minimal difference between the actual interest rates and market rates for those with longer remaining maturity periods, the fair values are approximately equivalent to their carrying amounts.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

RMB'000

Name of the parent company	Place of registration	Nature of business	Registered capital	For the Company Shareholding ratio (%)	For the Company Percentage of voting rights (%)
Changshou Iron & Steel	Chongqing	Engaging in technology development, technology transfer, technical services and technical management consultation in the fields of iron and steel, metallurgical minerals, coal, chemical industry, electric power and transportation; Sales of steel and iron raw materials; Terminal operations; Warehousing services; Leases of own property and equipment; Import and export of goods and technologies; Corporate management and advisory services.	2,720,000.00	21.82	21.82

The Company's parent company is Changshou Iron & Steel; its indirect controlling party is Baowu Group, and the ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the State Council.

2. Subsidiaries of the Company

For details regarding the Company's subsidiaries, please refer to Note VI 1 to the financial statements.

3. Joint ventures and associates of the Company

For details regarding the Company's joint ventures and associates, please refer to Note VI 2 to the financial statements.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4. Other related parties

The following is a summary of other related parties that engaged in related party transactions with the Group during the year, or that have outstanding balances resulting from related party transactions with the Group in prior periods:

Name of the company	Relationship between the other related parties and the Group
Baowu Group	Indirect controlling party of the Group
Baocheng Carbon Material	A subsidiary of Baowu Group, an associate of the Company
Baowu Environmental Resources	A subsidiary of Baowu Group, an associate of the Company
Baowu Raw Material	A subsidiary of Baowu Group, an associate of the Company
Baowu Jingcheng	A subsidiary of Baowu Group, an associate of the Company
Baowu Finance	A subsidiary of Baowu Group
Baowu Water Technology Limited ("Baowu Water")	A subsidiary of Baowu Group
Shanghai Ouyeel Logistics Co., Ltd. ("Ouyeel Logistics")	A subsidiary of Baowu Group
Chongqing Zhaoyang Gas Co., Ltd. ("Zhaoyang Gas")	A subsidiary of Baowu Group
Chongqing Iron & Steel Group Transportation Co., Ltd. ("CISG Transportation")	A subsidiary of Baowu Group
Baowu Smart Roll Technology Service (Shanghai) Co., Ltd. ("Baowu Smart")	A subsidiary of Baowu Group
Baowu Equipment Intelligent Technology Co., Ltd. ("Baowu Equipment")	A subsidiary of Baowu Group
Chongqing Iron & Steel Group Electronics Co., Ltd. ("CSIG Electronics")	A subsidiary of Baowu Group
Shanghai Baosight Software Co., Ltd. ("Baosight Software")	A subsidiary of Baowu Group
Chongqing Sangang Steel Industry Co., Ltd. ("Chongqing Sangang")	A subsidiary of Baowu Group
Ouyeel Industrial Products Co., Ltd. ("Ouyeel Industrial")	A subsidiary of Baowu Group
Wuhan Iron and Steel MCC Industrial Technology Service Co., Ltd. ("Wuhan Iron and Steel MCC")	A subsidiary of Baowu Group
Zhejiang Zhoushan Wugang Wharf Co., Ltd. ("Wugang Wharf")	A subsidiary of Baowu Group
Shanghai Baosteel Energy Conservation and Environmental Protection Technology Co., Ltd. ("Baosteel Energy Conservation")	A subsidiary of Baowu Group
Shanghai Baoding Energy Co., Ltd. ("Baoding Energy")	A subsidiary of Baowu Group
Baosteel Engineering Technology Group Co., Ltd. ("Baosteel Engineering")	A subsidiary of Baowu Group
Guangdong Shaogang Engineering Technology Co., Ltd. ("Shaogang Engineering")	A subsidiary of Baowu Group

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4. Other related parties (Continued)

Name of the company	Relationship between the other related parties and the Group
Sinosteel Group Xi'an Heavy Machinery Co., Ltd. ("Sinosteel Group")	A subsidiary of Baowu Group
Shanghai Baosteel Xinyue Talent Technology Co., Ltd. ("Baosteel Xinyue")	A subsidiary of Baowu Group
Baoshan Iron & Steel Co., Ltd. ("Baosteel Co., Ltd.")	A subsidiary of Baowu Group
Baowu Group Echeng Iron & Steel Co., Ltd. ("Echeng Steel")	A subsidiary of Baowu Group
Wuhan Iron & Steel Co., Ltd. ("Wuhan Iron & Steel")	A subsidiary of Baowu Group
Sinosteel Wuhan Safety & Environmental Protection Research Institute Co., Ltd. ("Sinosteel Wuhan")	A subsidiary of Baowu Group
Chongqing Iron & Steel Group Industry Co., Ltd. ("CSIG Industry")	A subsidiary of Baowu Group
Baowu Shared Services Co., Ltd. ("Baowu Shared Services")	A subsidiary of Baowu Group
Hengyang Sinosteel Hengzhong Equipment Co., Ltd. ("Hengyang Sinosteel")	A subsidiary of Baowu Group
Huabao Securities Co., Ltd. ("Huabao Securities")	A subsidiary of Baowu Group
Chongqing Duoli Real Estate Management Co., Ltd. ("Duoli Real Estate Management")	A subsidiary of Baowu Group
Chongqing Iron & Steel Group Mining Co., Ltd. ("CISG Mining")	A subsidiary of Baowu Group
Ouyeel Cloud Commerce Co., Ltd. ("Ouyeel Cloud Commerce")	A subsidiary of Baowu Group
China Baowu Steel Group Corporation Limited ("Baowu Group")	A subsidiary of Baowu Group
Baowu Industry-Education Integration Development (Shanghai) Co., Ltd. ("Baowu Industry-Education Integration")	A subsidiary of Baowu Group
Anshan Research and Design Institute of Thermal Energy, Sinosteel Corporation ("Anshan Thermal Energy")	A subsidiary of Baowu Group
Shanghai Baosteel Shipping Co., Ltd. ("Baosteel Shipping")	A subsidiary of Baowu Group
Baosteel Development Co., Ltd. ("Baosteel Development")	A subsidiary of Baowu Group
Guangdong Baodi Nanhua Industrial City Development Co., Ltd. ("Baodi Nanhua")	A subsidiary of Baowu Group
Shanghai Jinyi Testing Technology Co., Ltd. ("Jinyi Testing")	A subsidiary of Baowu Group
Zhejiang Shengsi Baojie International Shipping Agency Co., Ltd. ("Zhejiang Shengsi")	A subsidiary of Baowu Group
Shanghai Baojing Information Technology Development Co., Ltd. ("Baojing Information")	A subsidiary of Baowu Group
Guangdong Kunlun Information Technology Co., Ltd. ("Kunlun Information")	A subsidiary of Baowu Group
Ma Steel International Trade & Economic Corporation ("Masteel International")	A subsidiary of Baowu Group
Baosteel Resources (International) Co., Ltd. ("Baosteel International")	A subsidiary of Baowu Group
Baosteel Resources Holding (Shanghai) Co., Ltd. ("Baosteel Resources")	A subsidiary of Baowu Group
Baowu Resources Marketing (Nanjing) Co., Ltd. ("Baowu Resources (Nanjing)")	A subsidiary of Baowu Group

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4. Other related parties (Continued)

Name of the company	Relationship between the other related parties and the Group
Baowu Resources Co., Ltd. ("Baowu Resources")	A subsidiary of Baowu Group
Wuhan Yangguang Industrial Co., Ltd. ("Wuhan Yangguang")	A subsidiary of Baowu Group
Chengdu Baosteel Western Trading Co., Ltd. ("Chengdu Baosteel")	A subsidiary of Baowu Group
Chongqing Iron & Steel Group Steel Tube Co., Ltd. ("CISG Steel Tube")	A subsidiary of Baowu Group
Wugang Resources Group Ezhou Pellet Co., Ltd. ("Ezhou Pellet")	A subsidiary of Baowu Group
Chongqing Sanhuan Construction Supervision Consulting Co., Ltd. ("Chongqing Sanhuan")	A subsidiary of Baowu Group
Shanghai Meishan Industrial & Civil Engineering Design&Research Institute Co., Ltd. ("Meishan Research Institute")	A subsidiary of Baowu Group
Shanghai Baosteel Construction Engineering Technology Co., Ltd. ("Baosteel Construction")	A subsidiary of Baowu Group
Shanghai Ouyeel Supply Chain Co., Ltd. ("Shanghai Ouyeel")	A subsidiary of Baowu Group
OUYEEL SINGAPORE PTE. LTD. ("Ouyeel Overseas")	A subsidiary of Baowu Group
Baowu Teye Aviation Research Technology Co., Ltd. ("Baowu Teye")	A subsidiary of Baowu Group
Baowu Jinggao (Anhui) Technology Co., Ltd. ("Baowu Jinggao")	A subsidiary of Baowu Group
Shanghai Chemical Bao Digital Technology Co., Ltd. ("Shanghai Chemical Bao")	A subsidiary of Baowu Group
Baosteel Chemical (Zhangjiagang Free Trade Zone) International Trade Co., Ltd. ("Baosteel Chemical")	A subsidiary of Baowu Group
Chongqing Iron & Steel (Group) Co., Ltd. ("CISG")	A subsidiary of Baowu Group
Chongqing Iron & Steel Group Duoli Real Estate Co., Ltd. ("CISG Duoli")	A subsidiary of Baowu Group
Wuhan Wugang Green City Technology Development Co., Ltd. ("Wugang Technology")	A subsidiary of Baowu Group
Baosight Software (Wuhan) Co., Ltd. ("Baosight Wuhan")	A subsidiary of Baowu Group
BAOSTEEL RESOURCES SINGAPORE COMPANY PTE. LTD. ("Baosteel Resources Singapore")	A subsidiary of Baowu Group
Anhui MA Steel Heavy Machinery Manufacturing Co., Ltd. ("Anhui MA Steel")	A subsidiary of Baowu Group
Baowu Group Environmental Resources Technology Co., Ltd. ("Baowu Environmental")	A subsidiary of Baowu Group
Pingdingshan Tianan Coal Mining Co., Ltd. ("Pingdingshan Coal")	An associate of Baowu Group
Taicang Wugang Wharf Co., Ltd. ("Taicang Wugang")	An associate of Baowu Group
Wuhan Jingding Technology Co., Ltd. ("Wuhan Jingding")	An associate of Baowu Group

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4. Other related parties (Continued)

Name of the company	Relationship between the other related parties and the Group
Shanghai Gangzhijia Information Technology Co., Ltd. ("Gangzhijia Information")	An associate of Baowu Group
Guangdong Guangwu Central South Building Materials Group Co., Ltd. ("Central South Building Materials")	An associate of Baowu Group
Guangdong Guangwu Materials Co., Ltd. ("Guangdong Guangwu")	An associate of Baowu Group
Guangdong Building Materials Co., Ltd. ("Guangdong Building Materials")	An associate of Baowu Group
Yichang Yimei Urban Mineral Resources Recycling Co., Ltd. ("Yichang Yimei")	An associate of Baowu Group
Shandong Steel International Co., Ltd. ("Shandong Steel")	An associate of Baowu Group
CRRG Lianjin Recycling Resources Co., Ltd. ("CRRG Lianjin")	An associate of Baowu Group
Ouyeel Lianjin (Hubei) Renewable Resources Co., Ltd. ("Ouyeel Lianjin Hubei")	An associate of Baowu Group
Ouyeel Lianjin (Shaoguan) Renewable Resources Co., Ltd. ("Ouyeel Lianjin Shaoguan")	An associate of Baowu Group
Ouyeel Lianjin (Sichuan) Renewable Resources Co., Ltd. ("Ouyeel Lianjin Sichuan")	An associate of Baowu Group
Shanghai Baosteel Engineering Consulting Co., Ltd. ("Baosteel Engineering Consulting")	An associate of Baowu Group
Ruitai Masteel New Material Technology Co., Ltd. ("Ruitai Technology")	An associate of Baowu Group
Guangdong Guangwu Central South Supply Chain Development Co., Ltd. ("Guangwu Central South")	An associate of Baowu Group

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions

(1) Related transactions of receiving services

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
Baowu Water	Receipt of services	134,268,369.33	115,648,130.66
Ouyeel Logistics	Receipt of services	88,511,082.88	88,474,947.58
Zhaoyang Gas	Receipt of services	78,622,026.19	–
CISG Transportation	Receipt of services	55,637,537.77	–
Baowu Environmental Resources	Receipt of services	46,305,800.53	1,022,470.39
Baowu Smart	Receipt of services	35,793,176.60	28,318,092.22
Baowu Equipment	Receipt of services	32,745,600.87	47,626,336.39
Pingdingshan Coal	Receipt of services	22,376,751.29	–
CSIG Electronics	Receipt of services	16,469,697.01	–
Baosight Software	Receipt of services	13,009,122.08	4,467,750.00
Chongqing Sangang	Receipt of services	11,687,572.82	–
Ouyeel Industrial	Receipt of services	9,956,581.79	4,757,187.85
Wuhan Iron and Steel MCC	Receipt of services	6,949,859.33	2,453,604.44
Wugang Wharf	Receipt of services	6,454,006.34	–
Taicang Wugang	Receipt of services	6,106,985.83	2,724,297.19
Baosteel Energy Conservation	Receipt of services	5,907,670.58	–
Baoding Energy	Receipt of services	4,496,661.99	–
Wuhan Jingding	Receipt of services	4,276,304.00	10,739,118.78
Baosteel Engineering	Receipt of services	4,247,001.28	–
Shaogang Engineering	Receipt of services	3,334,760.00	–
Sinosteel Group	Receipt of services	2,418,000.00	–
Baosteel Xinyue	Receipt of services	2,253,362.00	3,035,495.46
Baosteel Co., Ltd.	Receipt of services	1,318,729.40	1,831,661.61
Echeng Steel	Receipt of services	1,251,914.61	–
Wuhan Steel	Receipt of services	1,132,075.47	2,386,792.45

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(1) Related transactions of receiving services (Continued)

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
Sinosteel Wuhan	Receipt of services	883,594.65	–
CSIG Industry	Receipt of services	873,057.27	–
Baowu Shared Services	Receipt of services	814,709.57	–
Hengyang Sinosteel	Receipt of services	495,159.18	–
Huabao Securities	Receipt of services	235,849.06	–
Duoli Real Estate Management	Receipt of services	217,991.70	–
CISG Mining	Receipt of services	123,768.85	–
Ouyeel Cloud Commerce	Receipt of services	113,584.90	–
Baowu Group	Receipt of services	79,631.13	193,550.49
Baowu Industry-Education Integration	Receipt of services	28,941.51	218,979.25
Anshan Thermal Energy	Receipt of services	7,547.17	–
Gangzhijia Information	Receipt of services	5,188.68	2,830.19
Baosteel Shipping	Receipt of services	–	8,058,755.44
Baosteel Development	Receipt of services	–	3,771,882.35
Baodi Nanhua	Receipt of services	–	1,962,088.56
Jinyi Testing	Receipt of services	–	298,350.00
Zhejiang Shengsi	Receipt of services	–	52,361.63
Baojing Information	Receipt of services	–	37,500.00
Kunlun Information	Receipt of services	–	34,500.00
Total		599,409,673.66	328,116,682.93

The price for services received from a related party is determined by reference to the price or cost plus for similar transactions between the related party and other third parties, or the bid price of the supplier.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(2) Related transactions of purchasing goods

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
Central South Building Materials	Purchases of raw materials	907,103,066.41	90,851,637.14
Maanshan International	Purchases of raw materials	471,320,533.84	2,268,046,409.54
Guangdong Guangwu	Purchase of scrap steel	440,632,686.92	–
Guangdong Building Materials	Purchase of scrap steel	432,600,627.00	337,203,597.53
Baosteel International	Purchases of raw materials	429,922,096.09	296,680,400.43
Baosteel Raw Material	Purchases of raw materials	404,654,095.90	222,436,290.97
Yichang Yimei	Purchase of scrap steel	302,143,128.93	360,551,902.10
Ouyeel Industrial	Purchase of spare parts and equipment	289,234,350.77	471,642,345.89
Baosteel Resources	Purchases of raw materials	274,644,342.45	232,155,679.52
Pingdingshan Coal	Purchases of raw materials	252,737,511.65	–
Shandong Steel	Purchases of raw materials	158,277,981.31	–
Baowu Resources (Nanjing)	Purchases of raw materials	132,437,248.88	–
CRRG Lianjin	Purchase of scrap steel	117,244,858.35	186,492,981.65
Ouyeel Industrial	Purchase of spare parts and equipment	83,860,372.96	–
Ouyeel Lianjin Hubei	Purchase of scrap steel	58,826,650.00	30,513,636.13
Baoding Energy	Purchases of raw materials	40,296,411.11	313,424,071.20
Baowu Resources	Purchases of raw materials	33,274,092.39	381,722,795.27
Wuhan Yangguang	Purchases of raw materials	21,993,608.90	49,612,171.69
Taicang Wugang	Purchases of raw materials	1,837,560.30	1,761,393.40
Sinosteel Group	Purchase of materials and spare parts	1,778,500.00	2,428,600.00
Hengyang Sinosteel	Purchase of materials and spare parts	406,314.40	–

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(2) Related transactions of purchasing goods (Continued)

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
Baosight Software	Purchase of spare parts and equipment	296,527.17	719,237.52
Chengdu Baosteel	Purchase of scrap steel	126,697.84	–
Baowu Equipment	Purchase of materials and spare parts	91,675.00	–
CISG Transportation	Purchase of scrap steel	45,692.42	–
CSIG Industry	Purchase of scrap steel	17,383.76	–
Baocheng Carbon Material	Purchase of scrap steel	11,805.41	75,732.60
CISG Steel Tube	Purchase of scrap steel	8,239.76	–
Ouyeel Lianjin Shaoguan	Purchase of scrap steel	–	139,135,324.71
Ouyeel Lianjin Sichuan	Purchase of scrap steel	–	45,813,043.92
Ezhou Pellet	Purchases of raw materials	–	7,852,823.06
Echeng Steel	Purchases of raw materials	–	5,692,721.63
Anhui MA Steel	Purchase of equipment	–	787,160.00
Total		4,855,824,059.92	5,445,599,955.90

The price for services received from a related party is determined by reference to the price or cost plus for similar transactions between the related party and other third parties, or the bid price of the supplier.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(3) Purchase of fixed assets and construction services

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
Baosight Software	Engineering construction	29,899,910.03	15,731,891.04
Baosteel Engineering	Engineering construction	9,875,867.36	37,306,510.43
Baowu Equipment	Engineering construction	9,194,168.94	6,087,660.99
Chongqing Sanhuan	Engineering construction	5,855,075.06	–
Chongqing Sangang	Engineering construction	2,522,223.08	–
Wuhan Iron and Steel MCC	Engineering construction	2,342,599.25	–
Meishan Research Institute	Engineering construction	1,960,750.00	298,000.00
Baosteel Construction	Engineering construction	1,589,106.30	–
Baosteel Engineering Consulting	Engineering construction	1,219,949.60	3,117,106.00
Shaogang Engineering	Engineering construction	–	37,509,910.30
Baowu Water	Engineering construction	–	25,374,923.34
Wuhan Iron and Steel MCC	Engineering construction	–	1,967,725.22
Total		64,459,649.62	127,393,727.32

Purchase of fixed assets and construction services from related parties is determined by reference to the market price negotiated by both parties or the bidding price of suppliers.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(4) Sale of goods and rendering of services

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
Central South Building Materials	Sale of goods	1,829,554,179.58	1,387,932,320.96
Ouyeel Cloud Commerce	Sale of goods	1,155,192,279.84	1,700,834,700.20
Zhaoyang Gas	Sale of energy media, rendering of services	194,852,564.39	–
Shanghai Ouyeel	Sale of goods	193,880,511.68	120,408,785.73
Baocheng Carbon Material	Sale of goods, energy media, rendering of services	192,143,702.91	173,031,925.58
Baowu Environmental Resources	Sale of goods, energy media, rendering of services	86,899,277.73	115,563,287.22
Baowu Water	Sale of energy media, rendering of services	69,599,835.27	96,258,571.73
Ouyeel Overseas	Sale of goods	39,850,937.62	–
Maanshan International	Sale of goods	37,422,144.69	24,766,725.66
Guangdong Guangwu	Sale of goods	9,558,768.51	–
CSIG Industry	Sale of energy media, rendering of services	3,092,003.65	–
CISG Transportation	Sale of energy media, rendering of services	2,780,201.91	–

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(4) Sale of goods and rendering of services (Continued)

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
CISG Steel Tube	Sale of energy media, rendering of services	2,377,987.80	–
Baowu Teye	Sale of goods	1,122,717.75	–
Wuhan Iron and Steel MCC	Sale of energy media, rendering of services	335,621.05	–
CISG Mining	Sale of energy media, rendering of services	129,610.64	–
Baowu Equipment	Sale of energy media, rendering of services	125,199.15	36,043.38
Ouyeel Logistics	Rendering of services	102,742.79	–
CSIG Electronics	Sale of energy media, rendering of services	61,721.45	–
Baosteel Engineering	Sale of energy media	58,147.42	13,179.07
Baowu Smart	Sale of goods, energy media, rendering of services	47,320.42	451,548.26
Chongqing Sangang	Sale of energy media, rendering of services	23,110.47	–
Chongqing Sanhuan	Sale of energy media, rendering of services	10,908.86	–
Wuhan Jingding	Sale of energy media	8,275.82	2,607.16

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(4) Sale of goods and rendering of services (Continued)

RMB

Related party	Content of related transactions	Six months ended 30 June 2026	Six months ended 30 June 2025
Ouyeel Industrial	Rendering of services	7,706.41	7,706.40
Baosight Software	Sale of energy media	2,620.84	5,051.96
Duoli Real Estate Management	Sale of energy media	2,499.50	–
Shaogang Engineering	Sale of energy media	1,579.89	60,505.00
Ruitai Technology	Sale of energy media	1,386.73	–
Sinosteel Wuhan	Rendering of services	1,200.00	–
Baowu Jinggao	Rendering of services	1,087.42	–
Baodi Nanhua	Sale of energy media	558.79	1,235.04
Guangwu Central South	Sale of goods	–	112,175,835.23
Chengdu Baosteel	Sale of goods	–	4,230,555.18
Shanghai HGB	Sale of goods	–	569,388.23
Baosteel Chemical	Sale of goods	–	273,649.56
Baosteel Development	Sale of energy media	–	9,252.60
Total		3,819,248,410.98	3,736,632,874.15

The price of products sold to related parties shall be determined with reference to the price charged by the Company to other third-party customers or stipulated by relevant departments of Chongqing Municipal Government. The price of services provided to related parties shall be determined by both parties through negotiation with reference to the market price.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(5) Financing with related parties

Borrowed from

For the six months ended 30 June 2026

RMB

Related party	Lending amount	Start date	Due date
Baowu Finance	150,000,000.00	2026/2/13	2027/2/12
Total	150,000,000.00		

2025

RMB

Related party	Lending amount	Start date	Due date
Baowu Finance	250,000,000.00	2025/01/17	2026/01/16
Baowu Finance	100,000,000.00	2025/11/14	2026/11/13
Baowu Finance	250,000,000.00	2025/12/24	2026/12/23
Baowu Finance	100,000,000.00	2025/12/29	2026/12/23
Baowu Finance	100,000,000.00	2025/06/30	2028/06/29
Total	800,000,000.00		

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(5) Financing with related parties (Continued)

Repayment

For the six months ended 30 June 2026

RMB

Related party	Types of borrowings	Repayment amount	Repayment date
Baowu Finance	Short-term borrowings	250,000,000.00	2026/01/16
Baowu Finance	Long-term borrowings	5,000,000.00	2026/06/22
Total		255,000,000.00	

For the six months ended 30 June 2026, in addition to the repayment of the principal amounts of the aforementioned borrowings, the Group paid Baowu Finance interest on short-term borrowings totaling RMB6,250,013.89 and interest on long-term borrowings totaling RMB1,123,850.00, for a total of RMB7,373,863.89.

2025

RMB

Related party	Types of borrowings	Repayment amount	Repayment date
Baowu Finance	Short-term borrowings	250,000,000.00	2025/01/15
Baowu Finance	Short-term borrowings	250,000,000.00	2025/12/23
Baowu Finance	Long-term borrowings	5,000,000.00	2025/12/22
Total		505,000,000.00	

In 2025, in addition to the repayment of the principal amounts of the aforementioned borrowings, the Group paid Baowu Finance interest on short-term borrowings totaling RMB11,828,666.64 and interest on long-term borrowings totaling RMB1,137,500.00, for a total of RMB12,966,166.64.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(6) Interest income received from the related parties

RMB

Related party	Six months ended 30 June 2026	Six months ended 30 June 2025
Baowu Finance	3,500,898.41	5,360,227.90

(7) Interest expenses on borrowings from the related parties

RMB

Related party	Six months ended 30 June 2026	Six months ended 30 June 2025
Baowu Finance	7,373,863.89	5,734,027.77

(8) Note custody/collection by the related parties

RMB

Related party	Six months ended 30 June 2026			2025		
	Custody/ collection amount	Balance	Service charges	Custody/ collection amount	Balance	Service charges
Baowu Finance	8,322,104,493.70	578,101,966.46	-	9,103,221,286.96	462,318,863.78	-

For the six months ended 30 June 2026 and in 2025, Baowu Finance has not charged the Group for the note custody/collection services.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(9) *Acceptance of notes by related parties*

The notes accepted by Baowu Finance for the six months ended 30 June 2026 was RMB543,402,793.20 (2025: RMB1,075,140,634.14). As of 30 June 2026, among the balance of notes payable, the notes accepted by Baowu Finance were RMB543,402,793.20 (31 December 2025: RMB541,663,244.14).

(10) *Discounting of notes from related parties*

There were no notes discounted by Baowu Finance for the six months ended 30 June 2026 (2025: Nil).

(11) *Related-party guarantee*

Baowu Finance, acting as guarantor, assumes liability for the payment of customs duties and late payment penalties related to the Company's import and export declarations filed between 21 April 2026 and 20 April 2027, with the total guarantee amount not exceeding RMB100,000,000.00.

(12) *Other related party transactions*

According to the financial service agreement signed between the Group and Baowu Finance, Baowu Finance provides the Group with comprehensive credit services with a maximum daily credit limit of RMB2 billion, and financial management services with a maximum daily cash balance of RMB2 billion. For the six months ended 30 June 2026, the maximum daily credit granted by Baowu Finance to the Group was RMB1,578,392,222.16, and the maximum daily deposit of the Group was RMB1,056,554,547.39 (2025: the maximum daily credit granted by Baowu Finance to the Group was RMB1,587,325,162.36, and the maximum daily deposit of the Group was RMB1,376,032,088.73).

As at 30 June 2026, the Group's outstanding credit facility provided by Baowu Finance amounted to RMB311,597,206.80 (31 December 2025: RMB107,834,087.79). This outstanding balance fluctuates in line with changes in the total credit facility and the amount utilized.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(12) Remuneration of key management personnel

RMB

Related party	Six months ended 30 June 2026	Six months ended 30 June 2025
Compensation for key management personnel	1,736,536.44	3,380,257.90

The amounts for pensions, housing funds, and other social insurance contributions in the above data are all paid by the employer.

In the period, Directors Mr. Song De'an, Mr. Lin Changchun, and Mr. Zhou Ping did not receive any compensation from the Company.

6. Balance due from/to related parties

(1) Trade receivables

RMB

Related party	30 June 2026	31 December 2025
CISG Steel Tube	1,239,770.90	1,328,518.34
CISG Transportation	164,927.02	171,955.52
Ouyeel Logistics	108,907.36	–
Baocheng Carbon Material	2,492.03	94,277.95
Guangdong Building Materials	0.02	–
Baowu Environmental Resources	–	4,308,270.52
CSIG Electronics	–	6,109.45
Total	1,516,097.33	5,909,131.78

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(2) Notes receivable and receivables financing

RMB

Related party	30 June 2026	31 December 2025
Central South Building Materials	74,858,951.12	47,071,695.38
Baocheng Carbon Material	41,407,351.10	32,351,159.66
Ouyeel Cloud Commerce	39,966,255.50	39,271,546.07
Baowu Environmental Resources	18,637,497.60	15,433,845.35
Guangdong Guangwu	267,317.66	–
Guangwu Central South	–	626,035.73
Chengdu Baosteel	–	280,000.00
Total	175,137,372.98	135,034,282.19

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(3) Other receivables

RMB

Related party	30 June 2026	31 December 2025
Zhaoyang Gas	16,116,542.04	–
CISG	598,000.00	598,000.00
CISG Transportation	280,287.32	–
Duoli Real Estate Management	199,152.00	199,152.00
CSIG Industry	80,533.09	141,824.25
CISG Duoli	2,000.00	2,000.00
Baowu Environmental Resources	–	95,259.52
Baowu Water	–	2,573.47
Total	17,276,514.45	1,038,809.24

(4) Prepayments

RMB

Related party	30 June 2026	31 December 2025
Baowu Smart	67,293,878.08	61,382,397.32
Pingdingshan Coal	3,068,087.96	–
Meishan Research Institute	140,000.00	–
CSIG Electronics	28,053.67	28,053.67
Baoding Energy	–	10,615,427.96
Chengdu Baosteel	–	143,168.56
Baosteel International	–	83,559.98
Total	70,530,019.71	72,252,607.49

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(5) Contract liabilities

RMB

Related party	30 June 2026	31 December 2025
Central South Building Materials	162,513,093.46	193,914,654.76
Ouyeel Cloud Commerce	112,004,279.65	149,436,929.52
Baocheng Carbon Material	40,624,056.71	26,967,249.49
Ouyeel Overseas	15,120,520.52	186.60
Shanghai Ouyeel	9,192,867.35	397,244.72
Baowu Environmental Resources	6,684,128.81	7,529,771.84
Baowu Teye	210,461.28	–
CISG Steel Tube	175,586.73	295,298.48
Guangdong Guangwu	97,970.48	2.11
CSIG Electronics	27,629.94	–
Meishan Research Institute	11,792.42	–
Duoli Real Estate Management	5,668.98	11,831.08
Wuhan Iron and Steel MCC	2,856.38	0.04
Baosteel Development	1,507.12	1,507.12
CISG Transportation	1,197.58	48,030.05
Shaogang Engineering	928.93	3,164.47
Baowu Equipment	496.63	496.57
CISDI	453.98	453.98
Baosight Software	370.00	–
Baowu Water	63.81	63.81
Ouyeel Industrial	39.82	39.82
Baodi Nanhua	21.12	884.96
Baosteel Energy Conservation	0.69	0.69
Guangwu Central South	–	3,537,021.99
Maanshan International	–	2,964,601.77
Chongqing Sangang	–	1,188.78
Total	346,675,992.39	385,110,622.65

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(6) Accounts payable

RMB

Related party	30 June 2026	31 December 2025
Ouyeel Industrial	418,327,482.02	570,327,538.75
Yichang Yimei	174,501,153.78	64,232,539.82
Baowu Raw Material	170,049,072.74	102,517,264.28
Maanshan International	136,174,137.74	414,895,266.01
Central South Building Materials	126,015,840.76	125,464,259.74
Baowu Water	81,468,852.35	101,285,871.60
Baowu Equipment	77,514,498.07	99,417,093.18
Baosteel International	66,542,011.78	–
CRRG Lianjin	54,492,395.98	54,737,827.97
Zhaoyang Gas	54,372,206.19	13,673,830.80
Baosteel Resources	51,781,063.12	6,670,221.23
Shandong Steel	49,263,733.52	–
CISG Mining	43,256,771.76	41,037,917.93
Ouyeel Lianjin Hubei	40,559,384.17	4,772,200.09
Baowu Resources (Nanjing)	38,200,728.08	–
Ouyeel Logistics	34,407,219.26	28,450,675.07
Baosight Software	27,732,332.26	14,808,051.11
Baowu Resources	24,424,534.87	5,723,632.32

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(6) Accounts payable (Continued)

RMB

Related party	30 June 2026	31 December 2025
Chongqing Sangang	23,500,264.94	22,379,196.00
CSIG Electronics	21,937,234.30	22,979,105.03
Baosteel Engineering	20,011,868.87	20,011,868.87
Baowu Smart	19,121,694.41	30,836,316.18
Baowu Environmental Resources	19,044,621.83	12,271,770.89
Baosteel Energy Conservation	17,915,514.20	19,288,188.78
Ouyeel Lianjin Sichuan	17,310,126.86	32,271,306.08
CISG Transportation	16,828,887.48	19,607,741.29
Wuhan Iron and Steel MCC	14,063,022.17	10,626,775.98
Taichang Wugang	10,301,055.34	6,261,711.04
Wuhan Yangguang	10,170,504.50	9,348,062.76
Wugang Wharf	7,902,773.55	4,091,490.12
Chongqing Sanhuan	6,209,668.58	6,573,424.53
Baosteel Co., Ltd.	5,837,448.81	6,487,493.84
Baodi Nanhua	4,326,408.46	5,750,465.58
Sinosteel Group	2,427,656.08	146,871.98
Jinyi Testing	2,091,400.00	7,064,100.00
Baosteel Development	1,888,954.38	2,757,398.09
Hengyang Sinosteel	1,406,257.20	451,962.76
Wuhan Jingding	1,361,863.00	3,182,702.62
CSIG Industry	414,346.95	4,834,576.46
CISDI	405,000.00	405,000.00
Baowu Shared Services	374,700.26	197,601.97

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(6) Accounts payable (Continued)

RMB

Related party	30 June 2026	31 December 2025
Meishan Research Institute	244,307.28	104,307.28
Guangdong Building Materials	228,404.00	89,419,286.28
Baojing Information	82,400.00	82,400.00
Baowu Teye	48,000.00	48,000.00
Duoli Real Estate Management	43,348.50	206,106.56
Baoding Energy	20,118.59	–
Baocheng Carbon Material	14,692.64	96,412.63
CISG Steel Tube	8,239.76	–
Shaogang Engineering	400.00	400.00
Wugang Technology	1.00	1.00
Baosight Wuhan	–	3,903,536.24
Baosteel Shipping	–	2,197,251.40
Ouyeel Lianjin Shaoguan	–	2,000,000.00
Baowu Group	–	168,006.90
Baosteel Resources Singapore	–	79,619.54
Total	1,894,624,602.39	1,994,144,648.58

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(7) Notes payable

RMB

Related party	30 June 2026	31 December 2025
Maanshan International	937,424,852.84	995,625,367.29
Central South Building Materials	375,191,825.00	180,463,272.10
Guangdong Building Materials	132,436,315.81	157,115,000.00
Pingdingshan Coal	130,185,599.93	–
Ouyeel Industrial	129,071,721.00	197,264,007.97
Yichang Yimei	120,500,000.00	217,500,000.00
Baowu Resources (Nanjing)	48,491,445.02	–
Ouyeel Lianjin Hubei	11,400,654.60	–
CRRG Lianjin	10,000,000.00	–
Wuhan Yangguang	9,876,742.90	–
Baowu Environmental Resources	8,815,974.02	–
Baowu Resources	5,000,000.00	–
Ouyeel Lianjin Sichuan	2,500,000.00	–
Ouyeel Lianjin Shaoguan	–	39,679,932.33
Ouyeel Logistics	–	29,339,549.55
Baosteel Resources	–	15,896,270.25
CISG Transportation	–	2,059,650.97
Kunlun Information	–	4,500,000.00
Total	1,920,895,131.12	1,839,443,050.46

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(8) Other payables

RMB

Related party	30 June 2026	31 December 2025
CISG	569,125,255.34	738,210,658.82
Baosteel Engineering	463,846,124.04	569,378,723.38
Baosight Software	102,062,251.08	186,179,276.88
Baowu Water	45,801,376.00	66,995,625.91
Meishan Research Institute	36,671,095.27	63,665,243.87
Baowu Equipment	34,735,761.12	60,113,931.84
Shaogang Engineering	19,329,138.25	29,845,955.97
Wuhan Iron and Steel MCC	6,901,782.23	4,559,182.98
Chongqing Sanhuan	5,871,434.23	8,058,275.65
Baosteel Development	5,017,235.27	5,559,997.05
CSIG Electronics	4,571,589.90	5,816,790.85
Ouyeel Logistics	3,924,700.00	3,924,700.00
Chongqing Sangang	2,582,223.08	80,000.00
Baowu Environmental Resources	2,500,000.00	2,500,000.00
Jinyi Testing	2,408,614.20	2,408,614.20
Guangdong Building Materials	2,000,000.00	2,000,000.00
Ouyeel Lianjin Hubei	2,000,000.00	2,000,000.00
Ouyeel Lianjin Sichuan	2,000,000.00	2,000,000.00
Yichang Yimei	2,000,000.00	2,000,000.00

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(8) Other payables (Continued)

RMB

Related party	30 June 2026	31 December 2025
CRRG Lianjin	2,000,000.00	2,000,000.00
Baosteel Engineering Consulting	1,937,278.93	1,740,693.25
Baosteel Construction	1,756,958.47	–
Central South Building Materials	1,000,000.00	1,000,000.00
Sinosteel Group	600,256.00	198,315.00
Ouyeel Industrial	284,468.00	284,468.00
Anhui MA Steel	179,490.80	179,490.80
Wuhan Jingding	40,000.00	40,000.00
Ouyeel Cloud Commerce	25,840.17	25,840.17
Baodi Nanhua	20,000.00	220,000.00
Baowu Environmental	20,000.00	20,000.00
CISG Transportation	50.00	50.00
Sinosteel Wuhan	34.53	–
CISDI	–	329,546,697.91
Kunlun Information	–	6,222,666.96
Baosight Wuhan	–	1,161,869.43
Huafeng Sensing	–	720,000.00
Total	1,321,212,956.91	2,098,657,068.92

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(9) Borrowings

RMB

Related party	Item	30 June 2026	31 December 2025
Baowu Finance	Short-term borrowings	600,351,666.67	700,330,437.08
Baowu Finance	Long-term borrowings	80,000,000.00	85,000,000.00
Baowu Finance	Long-term borrowings due within one year	10,065,000.00	10,055,575.00
Total		690,416,666.67	795,386,012.08

(10) Related party trusteeship

30 June 2026

RMB

Name of trustor/ contractor	Name of trustee/ contractor	Type of the entrusted/ outsourced asset	Amount of the entrusted assets at the end of the period	Accumulated amount of the entrusted assets for the period	Income realized for the period
The Group	Warburg Trust	Annuity custody	111,985,310.87	-	5,134,910.89

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(10) Related party trusteeship (Continued)

31 December 2025

RMB

Name of trustor/ contractor	Name of trustee/ contractor	Type of the entrusted/ outsourced asset	Amount of the entrusted assets at the end of the year	Accumulated amount of the entrusted assets for the year	Income realized for the year
The Group	Warburg Trust	Annuity custody	111,548,070.74	-	7,321,108.19

As at 30 June 2026 and 31 December 2025, with the exception of interest receivable on deposits with related parties and interest payable on borrowings from related parties, the Group's receivables from and payables to related parties were non-interest-bearing and unsecured.

7. Deposits with the finance company

Baowu Finance is a national non-bank financial institution jointly held by Baosteel Co., Ltd., Wuhan Iron & Steel, Baowu Group and other units. It mainly provides member units with comprehensive financial services such as internal settlement, deposit and loan, short-term fund management and investment and financing for the purpose of strengthening the centralized management of group funds and improving the efficiency of its capital utilization.

As at 30 June 2026, the Group's balance of cash and bank balances deposited in the unrestricted deposit account of Baowu Finance was RMB1,040,400,902.38 (31 December 2025: RMB788,435,034.91).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

RMB

	30 June 2026	31 December 2025
Capital commitments that have been entered into but have not been recognized in the financial statements:		
– Commitment for acquisition and construction of long-term assets	122,233,077.47	319,812,291.19
– External investment commitment	25,000,000.00	–
Total	147,233,077.47	319,812,291.19

For the lessee's lease commitments, see Note V 56.

XII. OTHER SIGNIFICANT MATTERS

1. Segment reporting

(1) Determination basis and accounting policies of reporting segments

The Group will determine different segments based on the internal organizational structure, management requirements and internal report system. The Group's operation segments refer to those components meeting the following conditions at the same time:

- 1) The segment may generate income and incur expenses in daily activities;
- 2) Management of the Group can regularly evaluate the operating results of the segment to decide on the allocation of resources to it and evaluate its performance;
- 3) The segment's financial position, operation result, cash flow and other accounting information can be obtained by analysis.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XII. OTHER SIGNIFICANT MATTERS (Continued)

1. Segment reporting (Continued)

(2) Financial information of reporting segments

The Group's primary business is steel manufacturing, while its other businesses include the sale or supply of energy media and ore trading, both of which are closely related to the steel manufacturing business. The Group's revenue and profit or loss primarily derive from sales of steel products in the Chinese mainland, and the Group's principal assets are also located in the Chinese mainland. As management evaluates the Group's operating performance as a whole, no segment reporting has been prepared for the year.

(3) Information of significant customers

Among the Group's customers, there is one (2025: one) group of customers whose aggregate revenue accounts for 10% or more of the Group's total revenue, representing approximately 16.74% (2025: 16.68%) of the Group's total revenue.

Information of customer whose revenue for the six months ended 30 June 2026 reaches or exceeds 10% of the Group's revenue is as follows:

RMB

Name of the customer group	Revenue	Percentage in total revenue of the Group (%)
Baowu Group and its subsidiaries	1,980,125,800.35	16.74

Information of customer whose revenue in 2025 reaches or exceeds 10% of the Group's revenue is as follows:

RMB

Name of the customer group	Revenue	Percentage in total revenue of the Group (%)
Baowu Group and its subsidiaries	4,003,635,243.64	16.68

Note: This revenue was the total revenue generated from Baowu Group and its subsidiaries for the period by the Group.

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XII. OTHER SIGNIFICANT MATTERS (Continued)

2. Issuance to specific target subscribers

On 13 March 2026, the resolution in relation to the Plan for Issuance of A Shares to Specific Target Subscriber in 2025 by the Company and other resolutions were passed at the Company's general meeting of shareholders, pursuant to which approved to issue shares to Hwabao Investment Co., Ltd., a wholly-owned subsidiary of the Company's de facto controller. On 29 May 2026, the CSRC issued the Approval for Registration in relation to the Issuance of Shares to Specific Targets by Chongqing Iron & Steel Company Limited, pursuant to which approved the application of the Company's issuance of shares to specific targets. On 22 June 2026, the registration, custody and lockup procedures of the issuance of 757,575,757 shares to specific target subscribers were completed at the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited.

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

1. Trade receivables

(1) Disclosures by aging

RMB

Aging	30 June 2026	31 December 2025
Within 1 year	14,701,706.84	9,501,485.00
1-2 years	—	0.56
2-3 years	—	1,337.96
Above 3 years	1,137,208.36	1,139,206.73
Sub-total	15,838,915.20	10,642,030.25
Less: Credit loss allowance of trade receivables	1,136,666.88	1,136,666.88
Total	14,702,248.32	9,505,363.37

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

1. Trade receivables (Continued)

(2) Disclosures by methods for providing credit losses

RMB

Category	30 June 2026					31 December 2025				
	Gross carrying amount		Credit loss provision		Carrying amount	Gross carrying amount		Credit loss provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Allowances for credit losses provided on a portfolio basis	15,838,915.20	100	1,136,666.88	7.18	14,702,248.32	10,642,030.25	100.00	1,136,666.88	10.68	9,505,363.37

As at 30 June 2026, the Group has no trade receivables for which allowance for credit losses are assessed on an individual basis (31 December 2025: Nil).

Allowance for credit losses provided on a portfolio basis

As part of the Company's credit risk management, the Company uses the impairment matrix to recognize the expected credit loss of trade receivables from businesses based the aging of trade receivables. These businesses share the same risk characteristics and the aging information reflects customers' solvency upon maturity of trade receivables. The above aging analysis of trade receivables is calculated from the date of delivery of goods or services.

As at 30 June 2026, the credit risk associated with trade receivables for this type of business and their lifetime ECLs are as follows:

RMB

Aging	30 June 2026		Proportion of provision (%)	Carrying amount
	Gross carrying amount	Credit loss allowance		
Within 1 year	14,701,706.84	—	—	14,701,706.84
1-2 years	—	—	—	—
2-3 years	—	—	—	—
Over 3 years	1,137,208.36	1,136,666.88	99.08	541.48
Total	15,838,915.20	1,136,666.88		14,702,248.32

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

1. Trade receivables (Continued)

(3) Allowance for credit losses

RMB

Category	Opening balance	Changes for the period			Closing balance
		Provision	Recovery or reversal	Write-off	
Allowance for credit losses provided on a portfolio basis	1,136,666.88	–	–	–	1,136,666.88

Allowance for credit losses provided based on ECL model

RMB

Credit loss allowance	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 1 January 2026	1,136,666.88	–	1,136,666.88
Provision	–	–	–
Reversal	–	–	–
Balance at 30 June 2026	1,136,666.88	–	1,136,666.88

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

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

1. Trade receivables (Continued)

(4) Trade receivables actually written off in the current period

There were no significant write-offs of trade receivables during the period.

(5) Top five closing balances of trade receivables categorized by debtor for the period

RMB

Name	Closing balance of trade receivables	Proportion to the closing balance of trade receivables (%)	Closing balance of credit loss allowance of trade receivables
Sany Heavy Machinery (Chongqing) Co., Ltd.	10,451,332.86	65.99	–
State Grid Chongqing Electric Power Company	4,110,678.61	25.95	–
Chongqing Iron & Steel (Group) Steel Tube Co., Ltd.	1,047,919.76	6.62	1,032,790.27
Chongqing Wanli New Material Technology Co., Ltd.	184,323.56	1.16	–
Chongqing Steel Structure Industrial Company Limited	36,662.93	0.23	–
Total	15,830,917.72	99.95	1,032,790.27

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables

2.1 Presentation of items

RMB

Item	30 June 2026	31 December 2025
Dividends receivable	–	–
Other receivables	407,913,499.98	86,057,973.27
Total	407,913,499.98	86,057,973.27

2.2 Dividends receivable

RMB

Item	30 June 2026	31 December 2025
–	–	–

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

2.3 Other receivables

(1) Disclosures by aging

RMB

Aging	30 June 2026	31 December 2025
Within 1 year	347,284,131.40	9,976,279.42
1-2 years	17,173,430.38	17,198,874.01
2-3 years	—	90,765.30
Over 3 years	46,643,239.95	61,979,356.29
Subtotal	411,100,801.73	89,245,275.02
Less: Allowance for credit losses on other receivables	3,187,301.75	3,187,301.75
Total	407,913,499.98	86,057,973.27

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(2) Classified by nature

RMB

Nature	30 June 2026	31 December 2025
Amounts due from/to related parties	60,613,235.08	60,109,587.62
Guarantee deposits, petty cash, etc.	27,347,342.85	21,282,681.58
Current accounts	3,442.76	2,640,454.42
Others	323,136,781.04	5,212,551.40
Total	411,100,801.73	89,245,275.02

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) Provision for credit loss allowance

RMB

Credit loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL (not-credit impairment)	Stage 3 Lifetime ECL (credit- impaired)	Total
Balance at 1 January				
2026	-	564,748.41	2,622,553.34	3,187,301.75
Provision	-	-	-	-
Balance at 30 June				
2026	-	564,748.41	2,622,553.34	3,187,301.75

(4) Allowance for credit losses

RMB

Category	Opening balance	Provision	Closing balance
Allowance for credit losses provided on an individual basis	2,622,553.34	-	2,622,553.34
Allowance for credit losses provided on a portfolio basis with credit risk characteristics	564,748.41	-	564,748.41
Total	3,187,301.75	-	3,187,301.75

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(5) Top five closing balances of other receivables categorized by debtor for the period

RMB

Name	Opening balance	Proportion in total closing balance of other receivables (%)	Nature	Aging	Closing balance of credit loss allowance
Jilin Steel Group Taihua Metal Equipment Manufacture Co., Ltd.* (吉林吉鋼鋼鐵集團泰華冶金設備製造有限公司)	225,125,794.80	54.76	Others	Within 1 year	–
Sichuan Yaan Anshan Iron and Steel Co., Ltd.* (四川雅安安山鋼鐵有限公司)	95,960,912.97	23.34	Others	Within 1 year	–
Xingang Changlong	43,137,256.05	10.49	Amounts due from/to related parties	Over 3 years	–
Shudao Investment Group Co., Ltd.	21,100,000.00	5.13	Guarantee deposits, petty cash, etc.	Within 1 year, 1-2 years	–
Zhaoyang Gas	16,116,542.04	3.92	Amounts due from/to related parties	Within 1 year	–
Total	401,440,505.86	97.64			

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments

RMB

Investee	Opening balance	Addition in investment	Changes for the period				Closing balance	Provision for impairment at the end of the period
			Investment gain or loss recognized under equity method	Cash dividends declared	Other increases	Provision for impairment		
Subsidiaries								
Chongqing Iron & Steel Energy	782,641,439.53	-	-	-	-	-	782,641,439.53	-
Xingang Changlong	154,678,110.49	-	-	-	-	-	154,678,110.49	-
Subtotal	937,319,550.02	-	-	-	-	-	937,319,550.02	-
Associates								
Baocheng Carbon Material	14,232,704.58	-	583,208.32	2,025,158.46	-	-	12,790,754.44	-
Baowu Raw Material	45,572,807.74	-	1,983,463.58	3,015,411.90	-	-	44,540,859.42	-
Baowu Environmental Resources	54,447,922.63	-	1,584,818.66	2,488,194.16	-	-	53,544,547.13	-
Baowu Jingcheng	27,700,611.47	-	(2,471,257.48)	-	-	-	25,229,353.99	-
Subtotal	141,954,046.42	-	1,680,233.08	7,528,764.52	-	-	136,105,514.98	-
Total	1,079,273,596.44	-	1,680,233.08	7,528,764.52	-	-	1,073,425,065.00	-

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Revenue and cost of sales

(1) Details of revenue and cost of sales

RMB

Item	Six months ended 30 June 2026		Six months ended 30 June 2025	
	Income	Costs	Income	Costs
Principal operating activities	12,494,885,728.12	12,420,706,708.72	13,781,522,560.35	13,618,320,421.19
Other operating activities	135,997,747.13	108,172,024.99	160,749,300.03	150,468,406.71
Total	12,630,883,475.25	12,528,878,733.71	13,942,271,860.38	13,768,788,827.90

(2) Breakdown of revenue and cost of sales

RMB

Item	Six months ended 30 June 2026		Six months ended 30 June 2025	
	Income	Costs	Income	Costs
Type of products or services				
Steel product sales				
Hot rolled sheets	6,889,549,333.01	6,899,552,317.32	8,116,474,169.24	8,002,016,724.73
Plates	3,660,431,322.21	3,598,197,558.60	3,979,614,142.94	3,801,917,191.50
Bars	-	17,089,441.66	-	77,760,717.61
Wire rods	-	10,757,585.53	-	36,451,348.11
Billets	447,533,605.03	432,643,470.36	118,564,899.57	117,823,597.19
Subtotal	10,997,514,260.25	10,958,240,373.48	12,214,653,211.75	12,035,969,579.14
Others (Note)	1,633,369,215.00	1,570,638,360.23	1,727,618,648.63	1,732,819,248.76
Total	12,630,883,475.25	12,528,878,733.71	13,942,271,860.38	13,768,788,827.90
Classified by operating region				
Chinese mainland	12,630,883,475.25	12,528,878,733.71	13,942,271,860.38	13,768,788,827.90

Note: In the period, the Company recognized rental income of RMB55,007,353.79 (same period last year: RMB38,444,144.20).

Notes to the Financial Statements (Continued)

For the six months ended 30 June 2026

XIII. NOTES TO KEY ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Revenue and cost of sales (Continued)

(3) Description of allocation to remaining performance obligations

The estimated timing of revenue recognition for performance obligations that have been entered into but have not yet been fulfilled or completed is as follows:

RMB

	30 June 2026	31 December 2025
Within 1 year	1,069,380,485.75	1,136,817,199.47

5. Investment income

RMB

Item	Six months ended 30 June 2026	Six months ended 30 June 2025
Income from long-term equity investments under equity method	1,680,233.08	1,359,656.65
Dividend income from investments in other equity instruments during the holding period	(14,185,537.21)	–
Total	(12,505,304.13)	1,359,656.65

Supplementary Information

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

RMB

Item	Amount
Gains or losses on disposal of non-current assets, including the write-off portion of the asset impairment provision already made	25,025,014.20
Government grants recognized in profit or loss for the period (other than those closely related to the Company's business, in line with the national regulations, available under established standards and having a continuous impact on the Company's profit or loss)	1,494,765.37
Income from non-financial institutions for occupation of funds and recognized in profit or loss for the current period	1,241,911.11
Other non-operating income and expenses other than the above	66,637.80
Subtotal	27,828,328.48
Less: Income tax effects	4,174,249.27
Total	23,654,079.21

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

This statement of return on equity and earnings per share has been prepared by Chongqing Iron & Steel Company Limited in accordance with the relevant provisions of the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share (Revised in 2010), issued by the China Securities Regulatory Commission.

RMB per share

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	(1.25)	(0.02)	Not applicable
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	(1.41)	(0.02)	Not applicable