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馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

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

(Stock Code: 00323)

OVERSEAS REGULATORY ANNOUNCEMENT

ANNOUNCEMENT REGARDING THE CHANGES IN ACCOUNTING POLICIES

The board of directors (the "Board") of Maanshan Iron & Steel Company Limited (the "Company") and all directors warrant that there are no false representations and misleading statements contained in, or material omissions from, this announcement, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the content of this announcement.

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Important note:

- **The changes in accounting policies have no impact on profit and loss and net assets of the Company.**

I. Overview of the changes in accounting policies

On 29 March 2017, the Company held the twenty-sixth meeting of the eighth session of the Board and the "Resolution on Changes in Accounting Policy" was considered and approved. Pursuant to the "Value Added Tax Accounting Treatment Regulations" (Accounting [2016] No. 22) issued by the Ministry of Finance of the People's Republic of China (the "MOF") on 3 December 2016, the Company adjusted the "business tax and surcharges" item in the income statement to "tax and surcharges". In the meantime, the real estate tax, land usage tax, vehicle and vessel tax, and stamp tax relating to operating activities since 1 May 2016 were re-categorised as "tax and surcharges" items instead of "general administrative expenses" items. There is no adjustment to tax expenses incurred before 1 May 2016 and the comparative figures.

II. Impact of the changes in accounting policies on the Company

In accordance with the aforementioned regulations, the Company adjusted the "business tax and surcharges" item in the income statement to "tax and surcharges". In the meantime, the real estate tax, land usage tax, vehicle and vessel tax, and stamp tax relating to operating activities since 1 May 2016 were re-categorised as "tax and surcharges" items instead of "general administrative expenses" items. The cumulative effect of the changes in accounting policies on the financial statements for 2016 was: an increase of RMB201,027,736 in "tax and surcharges" and a decrease of RMB201,027,736 in "general administrative expenses".

The changes in accounting policies of the Company involved adjustments of profit and loss items in accordance with the "Value Added Tax Accounting Treatment Regulations" of the MOF (Accounting [2016] No. 22). There was no impact on profit or loss, or net assets, and did not involve retrospective adjustments to prior years.

III. Opinions of independent directors and supervisory committee

The independent opinions of the independent directors of the Company: The changes in accounting policies and the decision making process are in compliance with the relevant laws and regulations and the requirements under the Articles of Association, and is in the interest of the Company and its shareholders as a whole, without prejudice to the interest of the Company and its shareholders. As such, the independent directors agreed to the changes in accounting policies.

The opinions of the supervisory committee: Pursuant to the "Value Added Tax Accounting Treatment Regulations" issued by the MOF in 2016, the Company changed the original accounting policy and the relevant accounting items in compliance with the relevant requirements of the MOF, the China Securities Regulatory Commission and the Shanghai Stock Exchange. The decision making process is in compliance with the relevant laws and regulations and the requirements under the Articles of Association, without prejudice to the interest of the Company and its shareholders as a whole. As such, the supervisory committee agreed to the changes in accounting policies.

The Board
Maanshan Iron & Steel Company Limited

29 March 2017
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include:

Executive Directors: Ding Yi, Qian Haifan

Non-executive Directors: Su Shihuai, Ren Tianbao

Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan