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 ON CHANGES IN ACCOUNTING POLICIES

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.

The Board of Directors and all directors of Maanshan Iron & Steel Company Ltd (**the Company**) promise that this announcement is free from any false or misleading statement or major omission and agree to be jointly and severally liable for the reliability, accuracy and completeness of the content herein.

I. Overview of Changes in Accounting Policies

The Ministry of Finance has revised and newly promulgated some enterprise accounting standards (New Standards) since April 2017, mainly inclusive of:

1. Enterprise Accounting Standards No.14—Revenue
2. Enterprise Accounting Standards No.22—Recognition and Measurement of Financial Instruments
3. Enterprise Accounting Standards No.23 —Transfer of Financial Assets
4. Enterprise Accounting Standards No.24—Hedge Accounting
5. Enterprise Accounting Standards No. 37—Presentation of Financial Instruments
6. Enterprise Accounting Standards No.42—Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations
7. Enterprise Accounting Standards No.16—Government Grants
8. Notice of the Ministry of Finance on Revising and Circulating General Corporate Financial Statement Formats (Financial Accounting [2017] No.30)

Among abovementioned, Enterprise Accounting Standards No.42—Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations came into force on 28 May 2017; Enterprise Accounting Standards No.16—Government Grant came into effect on 12 June 2017; and the other New Standards should be put into action by companies listed at home and abroad from 1 January 2018.

The Company convened the fifth meeting of the Ninth Board of Directors on 20 March 2018 and the Bill on Changes in Accounting Policies was considered and adopted, giving permission to changes in the Company's accounting policies in compliance with the abovementioned Enterprise Accounting Standards. It is unnecessary to submit these changes in accounting policies to Annual General Meeting for approval.

II. Impact of Changes in Accounting Policies on the Company

1. Change in Revenue Accounting Policies

Change: Enterprise Accounting Standards No.14—Revenue bring current standards for revenue and construction contracts under one income recognition model; the transfer of control instead of the transfer of risks and rewards is the criterion for income recognition date; each performance obligation contained in a contract is identified and revenue is recognized on an item-by-item basis at the time of performance; clearer guidelines are provided for the accounting of contracts that contain multiple transaction arrangements; rules on revenue recognition and measurement for some specific transactions (or matters) are defined.

Impact: The implementation of this standard will not cause material changes in the revenue recognition method of the Company nor on the Company's net profit, total assets and net assets reported for the current period and prior periods

2. Change in Financial Instrument Accounting Policies

Change: Enterprise Accounting Standards No.22—Recognition and Measurement of Financial Instruments, Enterprise Accounting Standards No.23 —Transfer of Financial Assets, Enterprise Accounting Standards No.24—Hedge Accounting and Enterprise Accounting Standards No. 37—Presentation of Financial Instruments, inclusive of:

(1) The Business Model and Contractual Cashflow Characteristics of financial assets held are the criteria for financial asset classification and financial assets are categorized into financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

(2) Provision for impairment of financial assets is made by Estimated Loss instead of Incurred Loss and the scope of provision is enlarged.

(3) The portion of non-transactional equity investment in financial assets at fair value through other comprehensive income charged to other comprehensive income in subsequent measurement cannot be transferred to current profit or loss upon disposal, but adjust retained earnings directly.

(4) The criteria and accounting of transfer of financial assets are made clearer.

(5) In hedge accounting, the scope of qualified hedged items and hedging instruments is enlarged, and qualitative hedge effectiveness test is required instead of quantitative test; a hedging relationship rebalance mechanism is introduced.

(6) The disclosure requirements for financial instruments are adjusted accordingly.

Impact: The implementation of this standard will have impact on opening balance of retained earnings and other comprehensive income of the Company for the year of 2018.

3. Change in Non-current Assets Held for Sale, Disposal Groups and Discontinued

Operations Accounting Policies

Change: According to Enterprise Accounting Standards No.42—Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations, the prospective approach should apply to non-current assets held for sale, disposal groups and discontinued operations existing as of the effective date.

Impact: This change in accounting policies has no impact on consolidated and company net profit and owners' interest.

4. Change in Government Grants Accounting Policies

Change: According to Enterprise Accounting Standards No.16—Government Grants, government grants related to assets should be offset against the carrying value of the underlying assets or be recognized as deferred income; government grants related to daily activities in government grant related to income should be charged to other income or offset against relevant costs and expenses based on the economic substance of business; government grants that has nothing to do with daily activities should be included in non-operating income or expenses.

Impact: This change in accounting policies has no impact on consolidated and company net profit in 2017 and 2016.

5. Change in Statement of Gain/Loss from Disposal of Assets

Change: As required by the Notice of the Ministry of Finance on Revising and Circulating General Corporate Financial Statement Formats (Financial Accounting [2017] No.30), the Group presents the Gain/Loss from Disposal of Assets item separately under Operating Profit in the Profit and Loss Statement, and the gain/loss from disposal of some non-current assets is stated under Gain/Loss from Disposal of Assets instead of Non-operating Income and Non-operating Expenses; the Group has restated the Comparative Profit and Loss Statement retrospectively.

Impact: This change in accounting policies has no impact on consolidated and company net profit and owners' interest.

III. Comments of Independent Directors and the Board of Supervisors

Comments of independent directors: These changes in accounting policies are appropriate changes and adjustments made in accordance with accounting standards revised and newly promulgated by the Ministry of Finance and are compliant with the applicable laws and regulations. The decision-making procedure of these changes in accounting policies complies with the applicable laws and regulations and the Articles of Association, and is in the interest of the Company and all shareholders, without any conduct harmful to the interests of the Company or any shareholder. We agree to these changes in accounting policies.

Comments of the Board of Supervisors: These changes in accounting policies are appropriate changes made in accordance with accounting standards lately revised by the Ministry of Finance and are compliant with the rules of the Ministry of Finance, the China Securities Regulatory Commission and Shanghai Stock Exchange and can reflect the financial performance and business results of the Company in a fair and objective manner. The decision-making procedure complies with the applicable laws and regulations, without any conduct harmful to the interests of the Company or any shareholder. We agree to these changes in accounting policies.

The Board
Maanshan Iron & Steel Company Limited

20 March 2018
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, Zhang Wenyang
Non-executive Directors: Ren Tianbao
Independent Non-executive Directors: Zhang Chunxia, Zhu Shaofang, Wang Xianzhu