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(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.

I. OVERVIEW OF THE CHANGES IN ACCOUNTING POLICIES

(I) Reason for changes in accounting policies

As stated in the fifth batch of the Q&A of Implementation of Chinese Accounting Standards for Business Enterprises in 2021 issued by the Accounting Department of Ministry of Finance on 1 November 2021, under general circumstances, before the control of the goods or services is transferred to the customer, the transportation activities incurred for the purpose of the fulfillment of the contracts with customers do not constitute a single performance obligation, and accordingly the relevant transportation expenses shall be treated as contract performance costs, and be amortized and included in the current profit and loss on the same basis as the recognition of revenue from goods or services. Such contract performance costs shall be carried forward to “principal operations costs” or “other operating costs” upon recognition of revenue from goods or services, and shown in the income statement under “operating costs”.

(II) Date of changes in accounting policies

For the fifth batch of the Q&A of Implementation of Chinese Accounting Standards for Business Enterprises in 2021, Maanshan Iron & Steel Company Limited (hereinafter referred to as the “**Company**”) implements the changed accounting policies starting from 1 January 2021 with retrospective adjustment to the corresponding period of the previous year.

(III) The accounting policies before and after the changes

Prior to the changes, the Company implemented the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretation announcements of the Accounting Standards for Business Enterprises and other relevant regulations.

After the changes in accounting policies, the Company will implement the above Q&A of Implementation of Chinese Accounting Standards for Business Enterprises issued by the Accounting Department of Ministry of Finance on 1 November 2021. Except the changes in accounting policies aforesaid, other unchanged parts will still implement the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretation announcements of the Accounting Standards for Business Enterprises and other relevant regulations.

II. IMPACT OF THE CHANGES IN ACCOUNTING POLICIES ON THE GROUP

In accordance with the fifth batch of the Q&A of Implementation of Chinese Accounting Standards for Business Enterprises in 2021 issued by the Accounting Department of Ministry of Finance on 1 November 2021, before the control of the goods or services is transferred to the customer, the transportation expenses incurred for the performance of the customer contract that do not constitute a single performance obligation are regarded as contract performance costs, and are amortized and included in the current profit and loss on the same basis as the recognition of revenue from goods or services, and are presented in the income statement under “operating costs”. The above changes in accounting policies resulted in an increase in operating costs and a decrease in selling expenses of

RMB765,668,673 in the consolidated financial statements of the Company for 2021, and an increase in operating costs and a decrease in selling expenses of RMB328,838,980 in the financial statements of the parent company for 2021. For 2020, the Company recorded an increase in operating costs and a decrease in selling expenses of RMB747,093,921 in the consolidated financial statements of the Group, and an increase in operating costs and a decrease in selling expenses of RMB275,953,025 in the financial statements of the parent company.

III. OPINION OF INDEPENDENT DIRECTORS AND SUPERVISORY COMMITTEE

Opinion of the independent directors: The changes in accounting policies are reasonable changes and adjustment which are made in accordance with the Accounting Standard for Business Enterprises No. 14 – Revenue of the Ministry of Finance and the Q&A of the Implementation of Chinese Accounting Standards for Business Enterprises and in line with the provisions of laws and regulations. The changes in accounting policies and decision-making procedures comply with the relevant laws and regulations and the provisions of the Articles of Association, conform to the overall interests of the Company and shareholders, and do not damage the interests of the Company and shareholders. Therefore, the changes in accounting policies are agreed.

Opinion of the board of directors: The changes in accounting policies are reasonable changes and adjustment which are made in accordance with the Accounting Standard for Business Enterprises No. 14 – Revenue of the Ministry of Finance and the Q&A of the Implementation of Chinese Accounting Standards for Business Enterprises and in line with the provisions of laws and regulations. The changes in accounting policies conform to the overall interests of the Company and shareholders. Therefore, the changes in accounting policies are agreed.

Opinion of the supervisory committee: The changes in accounting policies are reasonable changes and adjustment which are made in accordance with the Accounting Standard for Business Enterprises No. 14 – Revenue of the Ministry of Finance and the Q&A of the Implementation of Chinese Accounting Standards for Business Enterprises and in line with the provisions of laws and regulations. The decision-making process is legal and compliant, does not damage the interests of the Company and shareholders. Therefore, the changes in accounting policies are agreed.

Board of Directors
Maanshan Iron & Steel Company Limited

23 March 2022
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include executive directors Ding Yi and Ren Tianbao; and independent non-executive directors Zhang Chunxia, Zhu Shaofang and Wang Xianzhu.