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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 by Maanshan Iron & Steel Company Limited (the “**Company**”) 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

On 31 December 2021, the Ministry of Finance issued the Notice on Issuing the Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) (“**Interpretation No. 15**”), which prescribed certain accounting treatment issues such as “the accounting treatment of external sales of products or by-products produced by enterprises before the fixed assets are ready for their intended use or during the research and development (the “R&D”) process”, “the presentation related to the centralized management of funds”, and “the determination of onerous contracts”, etc.

(II) Date of changes in accounting policies

In accordance with the requirements of Interpretation No. 15 and taking into account the actual situation of the Company, the content of “the accounting treatment of external sales of products or by-products produced by enterprises before the fixed assets are ready for their intended use or during the research and development (the “R&D”) process” is effective from 1 January 2022.

(III) The accounting policies before and after the changes

Prior to the changes in accounting policies, 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 as required in Interpretation No. 15 issued by the Ministry of Finance. Except the aforesaid changes in accounting policies, other unchanged parts will still follow the Accounting Standards for Business Enterprises – Basic Standards previously 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

The changes in accounting policies are reasonable changes made by the Company in accordance with the relevant provisions of Interpretation No. 15 newly issued by the Ministry of Finance, which may reflect the financial position, operating results and actual situation of the Company in a more objective and fair manner and provide more reliable and accurate accounting information, in line with the relevant regulations and the actual situation of the Company. The above changes in accounting policies resulted in an increase in operating costs and a decrease in R&D expenses of RMB2,812,451,442 in the consolidated financial statements of the Company for 2022, and an increase in operating costs and a decrease in R&D expenses of RMB2,327,254,129 in the financial statements of the parent company for 2022. For 2021, the Company recorded an increase in operating costs and a decrease in R&D expenses of RMB3,358,171,133 in the consolidated financial statements of the Company, and an increase in operating costs and a decrease in R&D expenses of RMB2,801,597,986 in the financial statements of the parent company. The changes in accounting policies had no material impact on the net profit and cash flows of the Group and the 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 Notice on Issuing the Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) of the Ministry of Finance 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 Notice on Issuing the Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) of the Ministry of Finance and are 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 Notice on Issuing the Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) of the Ministry of Finance and are in line with the provisions of laws and regulations. The changes in accounting policies conform to the overall interests of the Company and shareholders.

By Order of the Board
Maanshan Iron & Steel Company Limited
Ding Yi
Chairman

30 March 2023
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include executive directors Ding Yi, Mao Zhanhong and Ren Tianbao; and independent non-executive directors Zhang Chunxia, Zhu Shaofang, Guan Bingchun and He Anrui.