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

(Stock Code: 00323)

ANNOUNCEMENT ON CHANGE OF ACCOUNTING FIRM

I. BASIC INFORMATION ON THE ACCOUNTING FIRM TO BE ENGAGED

(I) Information about the institution

1. Basic information

Established on 18 August 1992 in Beijing, KPMG Huazhen Accounting Firm (畢馬威華振會計師事務所) was converted into a special general partnership upon approval from the Ministry of Finance on 5 July 2012 and renamed as KPMG Huazhen LLP (“**KPMG Huazhen**”). It obtained the industrial and commercial business license on 10 July 2012 and officially started operation since 1 August 2012. KPMG Huazhen is headquartered in Beijing with the registered address of 8/F, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing.

The chief partner of KPMG Huazhen is Zou Jun (鄒俊), who has Chinese nationality and is qualified as a Chinese Certified Public Accountant. As at 31 December 2022, KPMG Huazhen had 225 partners, 1,088 certified public accountants, including over 260 accountants who had previously signed audit reports on securities service business.

The total revenue from audited business of KPMG Huazhen for 2021 exceeded RMB4.0 billion, of which the revenue from audit business exceeded RMB3.8 billion (including the revenue from domestic statutory securities business of over RMB800 million, the revenue from other securities business of over RMB1.1 billion and the total revenue from securities business of over RMB1.9 billion).

In 2021, KPMG Huazhen provided annual report auditing service for 72 listed companies, and received a total audit fee of RMB455 million for auditing the financial statements of listed companies. Such listed companies were mainly engaged in industries including manufacturing, finance, electricity, heat, gas and water production and supply, wholesale and retail, transportation, warehousing and post, mining, real estate, leasing and business services, scientific research and technical services, water, environment and public facility management, information transmission, software and information technology service, health and social work, construction, as well as cultural, sports and entertainment. In 2021, KPMG Huazhen provided auditing service for 32 listed companies in the same industry.

2. Investor protection capability

The sum of cumulative compensation limit of purchased occupational insurance and accrued occupational risk fund of KPMG Huazhen has exceeded RMB200 million, which is in line with the relevant requirements of laws and regulations. KPMG Huazhen has not been subject to civil liability for civil litigation related to its practice in the past three years.

3. Integrity record

In the past three years, KPMG Huazhen and its employees have not been subject to any criminal punishment, administrative punishment, or administrative and regulatory measures by the CSRC and its agencies, or any self-discipline supervision measures or disciplinary sanctions imposed by self-regulatory organizations such as stock exchanges and industry associations for their practice.

(II) Information about the project

1. Basic information

The basic information about the project partner, the signing certified public accountant and the project quality control reviewer of KPMG Huazhen to be engaged in the audit project of financial statements of Maanshan Iron & Steel Company Limited (the “**Company**”) for the year 2023 is as follows:

Zhang Chenwei, the project partner, qualified as a Chinese certified public accountant in 2009. He started to work in KPMG Huazhen in 2007, and engaged in auditing services for listed companies in 2010. He has been providing auditing services for the Company since 2023. He has signed or reviewed five audit reports for listed companies in the past three years.

Si Lingling, the signing certified public accountant of the project, qualified as a Chinese certified public accountant in 2013. She started to work in KPMG Huazhen in 2008, and engaged in auditing services for listed companies in 2016. She has been providing auditing services for the Company since 2023. She has signed or reviewed six audit reports for listed companies in the past three years.

Huang Feng, the project quality control reviewer, qualified as a Chinese certified public accountant in 2007. He started to work in KPMG Huazhen in 2003, and engaged in auditing services for listed companies in 2015. He has been providing auditing services for the Company since 2023. He has signed or reviewed nine audit reports for listed companies in the past three years.

2. Integrity record

In the past three years, the project partner, the signing certified public accountant and the project quality control reviewer have not been subject to any criminal punishment, administrative punishment, or administrative and regulatory measures by the CSRC and its agencies, or any self-discipline supervision measures or disciplinary sanctions imposed by self-regulatory organizations such as stock exchanges and industry associations for their practice.

3. Independence

KPMG Huazhen and the project partner, the signing certified public accountant and the project quality control reviewer maintained their independence in accordance with the Code of Ethics.

4. Audit fees

KPMG Huazhen charges for its audit service based on such factors as the level of responsibility, level of complexity, work requirements, and working conditions and hours required, as well as expertise and work experience devoted by the personnel at all levels involved in the engagement. The fees of the project in 2023 were RMB3,080,000 (tax inclusive), of which the audit fees for the annual report were RMB2,400,000, the internal control audit fees were RMB340,000 and the interim fees for the execution of agreed-upon procedures were RMB340,000. The meal and transportation expenses within the factory area incurred by auditors while performing professional services at the Company shall be borne by the Company, whilst other meal, accommodation and transportation expenses shall be borne by their own.

II. EXPLANATION ON THE PROPOSED CHANGE OF ACCOUNTING FIRM

(i) Information about the former accounting firm and the auditor's opinion of last year

As of the disclosure date of this announcement, Ernst & Young Hua Ming LLP (“**Ernst & Young Hua Ming**”) has provided auditing services for the Company for consecutive years and issued a standard unqualified audit opinion on the Company's audit for the year 2022. Ernst & Young Hua Ming has fulfilled its due diligence as an auditor and safeguarded the legitimate rights and interests of the Company and the Shareholders from a professional perspective. There does not exist any circumstances where the Company terminated the services of the former accounting firm after having engaged it to carry out part of the audit.

(ii) Reasons for the proposed change of accounting firm

In accordance with the relevant regulations of the Notice on the Issuance of Administrative Measures for State-owned Enterprises and Listed Companies to Select and Engage Accounting Firms (Cai Kuai [2023] No. 4) (《關於印發〈國有企業、上市公司選聘會計師事務所管理辦法〉的通知》(財會[2023]4號)) issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission, the Company intends to change its accounting firm as the current accounting firm, Ernst & Young Hua Ming, has been providing auditing services for the Company for consecutive years.

(iii) Communication between the Company and its former and subsequent accounting firms

The Company has communicated with its former accounting firm Ernst & Young Hua Ming in advance regarding the change of accounting firm and Ernst & Young Hua Ming has no objection to it. Ernst & Young Hua Ming and KPMG Huazhen will do the communication and coordination work in accordance with the relevant provisions of PRC Auditing Standard for Certified Public Accountants No. 1153 – Communication between Former Certified Public Accountants and Subsequent Certified Public Accountants. The Company would like to express its sincere gratitude to Ernst & Young Hua Ming for providing professional auditing services to the Company over the years.

III. PROCEDURES TO BE PERFORMED FOR THE PROPOSED CHANGE OF ACCOUNTING FIRM

(i) Performance of the audit committee

The audit and compliance management committee of the board of directors of the Company, after verifying KPMG Huazhen’s professional competence, investor protection capability, integrity and independence, concluded that KPMG Huazhen has experience in auditing services for listed companies and has the qualification to serve the Company, and agreed to appoint KPMG Huazhen as the auditor of the Company for the year 2023 and submit it to the board of directors for consideration.

(ii) Prior approval and independent opinions of independent Directors

The independent Directors of the Company confirmed the resolution in advance and expressed their independent opinions that KPMG Huazhen possesses the corresponding practice qualification and professional ability, has sufficient investor protection capability, independence and good integrity, and is able to meet the work requirements of the Company’s 2023 annual auditing, which will not harm the interests of the Company and its minority shareholders. The board of directors voted on the matter legally and effectively, and agreed to appoint KPMG Huazhen as the auditor of the Company for the year 2023.

(iii) Consideration and voting by the board of directors

At the eighth meeting of the tenth session of the board of directors of the Company held on 19 May 2023, the Resolution in relation to the Appointment of the Auditor for the Year 2023 was considered and approved. It was agreed to appoint KPMG Huazhen as the auditor of the Company for the year 2023 and recommended the general meeting to authorize the board of directors to determine its remuneration.

(iv) Effective date

The appointment of the accounting firm is subject to the consideration of the general meeting of the Company and shall be effective from the date of consideration and approval by the general meeting.

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

19 May 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.