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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)**

## **FURTHER INFORMATION OF THE PAYMENT OF FINAL DIVIDENDS**

Reference is made to the announcement on resolutions passed at the 2010 annual general meeting (the "Announcement") published on 15 June 2011 by Maanshan Iron & Steel Company Limited (the "Company"). The board of directors of the Company (the "Board") hereby announces further information in relation to the distribution of the final dividends.

Due to the recent changes in the PRC tax laws and regulations, the Notice on Matters Concerning Income Taxes on Profits on Transfer of Shares (Equity Interests) and on Dividends Received by Enterprises Invested by Foreigners, Foreign Enterprises and Individual Foreigners (Guo Shui Fa [1993] No. 45) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993] 45號)) (the "Original Notice") was repealed under the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents (《關於公布全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》) issued by the State Administration of Taxation on 4 January 2011. The Original Notice stipulated that individual foreigners holding H shares were temporarily exempted from individual income tax for the dividends (bonuses) received from PRC enterprises which issued such H shares. As a result, the individual shareholders who hold the Company's H shares and whose names appear on the register of H shareholders of the Company (the "Individual H Shareholders") can no longer be exempted from the individual income tax based on the Original Notice when the Company distributes the final dividends for the year ended 31 December 2010.

Pursuant to relevant laws and regulations including the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》) and the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) (the "Notice") (the "Relevant Taxation Regulations"), as a withholding agent, the Company is required to withhold and pay the individual income tax at the tax rate of 10% in general (the "Withheld Tax") on behalf of the Individual H Shareholders. For Individual H Shareholders receiving dividends who are citizens from countries under agreements to be entitled to tax rates lower than 10%, the Company will process applications on their behalf to seek entitlement of the

relevant agreed preferential treatments pursuant to the regulations under the Notice, and upon approval by the tax authorities, over withheld tax amounts will be refunded. For Individual H Shareholders receiving dividends who are citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the Company will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and no application procedures will be necessary. For Individual H Shareholders receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, the Company will withhold the individual income tax at a tax rate of 20% when distributing dividends.

Other information in relation to the distribution of the final dividends in the Announcement remains unchanged. The Company recommends Individual H Shareholders to consult professional taxation advisors for any doubt on the impact of the aforesaid withholding of individual income tax.

By Order of the Board of Directors  
**Gao Haijian**  
*Secretary to the Board of Directors*

4 July 2011

Maanshan City, Anhui Province, the PRC

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

*Executive Directors: Gu Jianguo, Su Jiangang, Gao Haijian, Hui Zhigang*

*Non-executive Director: Zhao Jianming*

*Independent Non-executive Directors: Wong Chun Wa, Su Yong, Hui Leung Wah, Han Yi*