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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)**

**ANNOUNCEMENT**  
**RELATING TO THE INTERIM RESULTS FOR**  
**THE SIX MONTHS ENDED 30 JUNE 2011**

Reference is made to the announcement of Maanshan Iron & Steel Company Limited (the “**Company**”) dated 18 August 2011 (the “**Announcement**”) in relation to the interim results of the Company and its subsidiary for the six months ended 30 June 2011 (the “**Interim Results**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement. This announcement is made to supplement certain information contained in the Announcement, and to confirm the audit committee of the Board has reviewed and approved the Interim Results.

The supplemental information to the Announcement are as follows:

Renminbi Yuan

Income tax

|   | For the six months ended 30 June |                    |
|---|----------------------------------|--------------------|
|   | 2011                             | 2010               |
|   | Unaudited                        | Unaudited          |
| The Mainland China:                                       |                                  |                    |
| Current income expense                                    | 76,524,678                       | 51,356,730         |
| Adjustments in respect of current tax of previous periods | (30,910)                         | (3,207,925)        |
| Overseas:   |                                  |                    |
| Current income expense                                    | 15,080,553                       | 9,701,518          |
| Deferred tax income                                       | 26,470,916                       | 332,336,244        |
| Total   | <u>118,045,237</u>               | <u>390,186,567</u> |

Relationship between income tax and profit before tax:

|   | For the six months ended 30 June |                    |
|---|----------------------------------|--------------------|
|   | 2011                             | 2010               |
|   | Unaudited                        | Unaudited          |
| Profit before tax   | 488,378,170                      | 1,469,660,424      |
| Tax at the applicable tax rate of 25%   | 122,034,475                      | 367,415,007        |
| Effect of different tax rates of subsidiaries                                 | 2,437,528                        | 1,386,621          |
| Expenses not deductible for tax   | 33,104,658                       | 62,185,173         |
| Adjustments in respect of current tax of previous periods                     | (30,910)                         | (3,207,924)        |
| Other tax concessions   | (10,636,822)                     | (15,045,806)       |
| Income not subject to tax   | (17,058,673)                     | (1,297,226)        |
| Tax losses not recognised   | 12,083,114                       | 960,007            |
| Tax losses utilised   | (1,541,862)                      | (1,652,073)        |
| Profits and losses attributable to jointly-controlled entities and associates | (22,346,271)                     | (20,557,212)       |
| Tax charge at the Group's effective rate                                      | <u>118,045,237</u>               | <u>390,186,567</u> |

The corporate income tax ("CIT") for the Company for the current reporting period has been provided at the rate of 25% on the assessable profits according to the relevant tax rules and regulations.

The State Administration of Taxation ("SAT") issued a tax circular "Enterprise Income Tax Issues relating to Nine Companies Listed Overseas" ("Circular No. 664") in June 2007 which requested the relevant local tax authorities to rectify, immediately, the expired concessionary tax policy for the nine listed companies authorised by the State Council to issue shares in Hong Kong in 1993 which, at the time of writing, was still being applied. The notice stated that the difference in corporate income tax ("CIT") arising from the expired preferential rate and the applicable rate should be settled according to the provisions of "Law on the Administration of Tax Collection".

The Company is one of the nine listed companies mentioned above and applied the preferential CIT rate of 15% in prior years. Having understood the above, the Company thoroughly communicated with the relevant tax authority and was informed by the relevant tax authority that the Company applies the CIT tax rate of 33% for 2007. The Company has not been requested to pay the CIT Differences in respect of any prior years.

In response to the notice issued by relevant tax authority and communication with the relevant tax authority, the directors of the Company consider that it is uncertain whether the relevant tax authorities will retrospectively claim additional CIT from the Company and that it is not possible to reliably estimate the eventual outcome of this matter. Consequently, no provision has been made in these financial statements in respect of the CIT differences arising from prior years.

Certain subsidiaries of the Company were foreign investment enterprises which shall be subject to corporate income tax rate ranged from 22% to 25% and enjoy the “Two years exempted and subsequent three years with 50% reduction” tax holiday policy. Certain subsidiaries of the Company were high technology enterprises which shall be subject to corporate income tax rate at 15%. Other subsidiaries located in elsewhere and Hong Kong have been calculated at the rates of tax prevailing in the countries, ranging from 16.5% to 30%, in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

Profits tax for a subsidiary in Hong Kong has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the current reporting period.

The Board further confirms that all the information as set out hereinabove, in the Announcement and Interim Reports are correct in all material aspects.

By Order of the Board  
**Su Jiangang**  
*Chairman*

19 August 2011  
Maanshan City, Anhui Province, the PRC

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

*Executive Directors: 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*