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BAOSTEEL HONG KONG INVESTMENT COMPANY LIMITED

(incorporated with limited liability in Hong Kong)

(the Issuer)

US\$500,000,000 Zero Coupon Exchangeable Bonds due 2018

(the Bonds)

(Stock code: 5584)

(ISIN: XS1317749585)

Notice of Adjustment to Exchange Property

Reference is made to the Bonds issued by the Issuer with a benefit of a Keepwell and Liquidity Support Deed provided by Baosteel Group Corporation (the **Company**). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the trust deed dated 1 December 2015 entered into between the Issuer, the Company and Citicorp International Limited as the trustee.

On 17 June 2016, China Construction Bank Corporation (**CCB**) announced the payment of cash dividends of HK\$0.32311702 per H Share of CCB (including tax) whose names appear on CCB's register of members on 29 June 2016. Pursuant to Condition 7(D) of the Terms and Conditions of the Bonds, the Company shall procure that the Dividend Equivalent is added to the Exchange Property no later than 10 days after the Company's receipt of dividends and other income and other benefits and rights derived from the Exchange Property prior to an Exchange Date.

The Exchange Property initially comprises 510,546,772 Shares of par value of RMB1.00 each. The total amount of cash dividend payable by CCB in respect of the Exchange Property shall be HK\$164,966,351.539 (being the product of 510,546,772 and HK\$0.32311702 per H share of CCB (including tax)). The amount of Dividend Equivalent to be added to the Exchange Property shall be 21,734,697 Shares (being HK\$164,966,351.539 divided by HK\$7.59 (which is the value per Share as specified in Condition 5 of the Terms and Conditions of the Bonds), rounded down to the nearest whole multiple of a Share).

As at the date of this announcement, the Company has already deposited 21,734,697 Shares into the designated account with the Account Bank and the Exchange Property has been adjusted to 532,281,469 Shares.

On the exercise of Exchange Rights, Bondholders will be entitled to receive 1064.5629 Shares for each US\$1,000 principal amount of Bonds (subject to adjustment pursuant to the Terms and Conditions of the Bonds).

By order of the Board

Baosteel Hong Kong Investment Company Limited

ZHANG Yi

Director

Hong Kong, 22 July 2016

As at the date of this announcement, the Board of Directors of the Issuer comprises HU Aimin, SHEN Yan, and ZHANG Yi.