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BAOSTEEL HONG KONG INVESTMENT COMPANY LIMITED
(the Issuer)

(incorporated with limited liability in Hong Kong)

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

(Stock code: 5584)

(ISIN: XS1317749585)

Announcement – Strategic Reorganisation of Baosteel Group Corporation

On 26 June 2016, the Issuer was notified by Baosteel Group Corporation (the **Baosteel Group**), the shareholder of the Issuer and the keepwell and liquidity support provider of the Bonds, that the Baosteel Group and Wuhan Iron and Steel (Group) Corporation are planning a strategic reorganisation. The reorganisation plan is not yet determined, once the plan is determined, it will be subject to relevant administrative approvals.

The Issuer does not consider the above event would have a material adverse effect on its normal business operation or the ability to meet its debt obligations. However, investors should consult with their independent advisor and/or legal counsel and exercise caution with respect to the trading of the Bonds. The Issuer shall disclose updated development of the above event in accordance with the relevant rules and regulations.

By order of the Board
Baosteel Hong Kong Investment Company Limited
ZHANG Yi
Director

Hong Kong, 28 June 2016

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