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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 China Baowu Steel Group Corporation Limited (formerly known as 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 29 June 2018, China Construction Bank Corporation (**CCB**) announced the payment of cash dividends of HK\$0.34515479 per H Share of CCB (including tax) (**New Cash Dividends**) to shareholders of H Shares whose names appear on CCB's register of members after close of the stock market on 16 July 2018. Pursuant to Condition 7(D) of the Terms and Conditions of the Bonds, Dividend Equivalent comprising the New Cash Dividends will be added to the Exchange Property.

Prior to the adjustment to Exchange Property as described in this announcement, Bondholders are entitled to receive 1109.3761 Shares for each US\$1,000 principal amount of Bonds on the exercise of Exchange Rights. As a result of the New Cash Dividends to be paid by CCB, Bondholders will be entitled to receive additional 50.4488 shares for each US\$1,000 principal amount of Bonds (being the product of (a) 1109.3761 and (b) the result of (i) HK\$0.34515479 per H Share of CCB (including tax) divided by (ii) HK\$7.59 (which is the value per Share as specified in Condition 5 of the Terms and Conditions of the Bonds)) on the exercise of Exchange Rights. On the exercise of Exchange Rights, Bondholders will be entitled to receive an aggregate of 1159.8249 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, 6 August 2018

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