

BAOSTEEL GROUP CORPORATION

(incorporated with limited liability in the People's Republic of China)

as Issuer

CNY1,500,000,000 4.150 per cent. Bonds due 2017 (the Bonds)

(Stock Code: 86020)

(CMU Instrument No.: BCHKFB12066)

Announcement – Strategic Reorganisation of Baosteel Group Corporation

We refer to our announcement dated 28 June 2016 in relation to the strategic reorganisation of the Issuer and Wuhan Iron and Steel (Group) Corporation. The Issuer has received the “Notification Regarding the Reorganisation of Baosteel Group Corporation and Wuhan Iron and Steel (Group) Corporation” from the State-owned Assets Supervision and Administration Commission of the State Council, which approved the joint reorganization of the Issuer and Wuhan Iron and Steel (Group) Corporation. The name of the Issuer will be changed to “China Baowu Steel Group Corporation Limited” (**China Baowu**) and China Baowu will become the parent company after the reorganisation. Wuhan Iron and Steel (Group) Corporation as a whole will be merged into China Baowu with nil consideration and become a wholly-owned subsidiary of China Baowu. The change of name of the Issuer is subject to certain administrative procedure and the effective date of the change of name is to be confirmed. We will notify the Bondholders as soon as the effective date of the change of name is determined.

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. The implementation of the reorganisation mentioned above is subject to satisfaction of certain conditions and therefore the reorganisation is subject to uncertainty. Investors should exercise caution with respect to the trading of the Bonds and consult with their independent advisor and/or legal counsel. The Issuer will comply with the relevant ongoing disclosure obligations and updated development in relation to the reorganisation.

By order of the Board
Baosteel Group Corporation
CHEN Derong
Director

Hong Kong, 26 September 2016

As at the date of this announcement, the Board of Directors of the Issuer comprises XU Lejiang, CHEN Derong, WANG Xiaoqi, BEI Keiwei, WANG Fucheng, LIN Jianqing and ZHU Yiming.