

Shandong Iron and Steel Xinheng International Company Limited  
(the "Issuer")

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## UPDATE ON USE OF PROCEEDS

Shandong Iron and Steel Xinheng International Company Limited

(the "Issuer")

U.S. \$500,000,000 6.85 per cent. Guaranteed Bonds due 2022 (Bonds)  
(Stock Code: 40003)

Unconditionally and Irrevocably Guaranteed by

Shandong Iron & Steel Group Co., Ltd.

(the "Guarantor")

Reference is made to the announcement of the Issuer and the Guarantor dated 25 September 2019 (the "Announcement") and the offering circular dated 18 September 2019 relating to the offering of the Bonds. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

It was disclosed in the Offering Circular that the net proceeds from the offering of the Bonds would be used for repayment of the existing indebtedness of the Guarantor's offshore subsidiaries and general purposes. By way of update, the Issuer and the Guarantor hereby announce that the net proceeds from the offering of the Bonds have been used for repayment of the existing onshore and offshore indebtedness of the Guarantor and its offshore subsidiaries only.

10 January 2020

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