

IV. Medium- and long-term Operations

I. Business Environment

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| | <p>The global economic growth is expected at 3.5% in 2015, with increasing evident difference among American, Eurozone and Japan. It is expected that newly-emerged and developing economies stabilize the growth rate at 4.3%.</p> |
| Macro-economy & Policies | <p>General principle of China's economic development in 2015 is "structural adjustment, reform enhancement and micro incentive", with a growth rate of GDP expected at around 7%.</p> <p>Foundamental changes in China's economic growth pattern in 2015: from mainly stimulated by investment, export and others to by consumption, and from driven by elements to by innovation. The development and consumption growth of tertiary industry are about to be the main equity of China's economic growth, while major steel consumers are going to lower their growth rate such as secondary industry, investment in fixed assets and real estate.</p> |
| Domestic Steel Industry | <p>New normal in China's economic development in 2015 will accelerate the economic structural adjustment, with opportunities brought to overseas resource development and steel export, especially to indirect export, by implementing strategies like "One Belt One Road". New Environmental Protection Law will boost the operational cost of steel enterprises whose environmental protection did not hit the standard, to push an orderly development in steel industry.</p> <p>It is expected that steel price has a tendency to fall further and substantially due to the decreased steel demand resulting from slowed growth rate of steel downstream industries such as real estate, automobile and appliance, plus the oversupply of raw material like iron ore.</p> <p>With crude steel output stepping into a peak platform phase, it is expected that crude steel output continues to fall in 2015. Oversupply still highlights, with fierce competition among steel enterprises all the same.</p> |
| Global Steel Industry | <p>Most regions worldwide will show increase in steel apparent consumption in 2015, with evident growth rate in Africa and the Middle East, secondary rate in Central and South America, European Union and North America, and a little bit rise in Commonwealth of Independent States, Asia and Oceania.</p> <p>With much negative pressure faced by 2015 global steel price, it is estimated that global steel demand and price will not bounce back significantly, only show modest recovery at the end of first and third quarter.</p> |

2. Operation Ideas

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| Corporate vision | To be the leader of steel technology, the best practitioner of environmental friendship, and the example of common development of enterprise and employees. |
| Mission | To be a world-class steel producer and service provider, and to create better life for people. |
| Core Value | Integrity, cooperation, innovation, and pursuit of maximum corporate value. |
| Strategic Target | To be the world's most competitive steel company and the most valuable listed company. |

3.Development Strategy

