

VII. Incentive Measures

In active response to China's policies, the Company has energetically explored and tried to innovate in such aspects as reform for state-owned companies and equity incentive and established medium- and long-term incentive and control system. The Company in 2014 implemented Baosteel A Share Restricted Stock Plan, with incentive objective as senior executives, core managers and technical experts. Bought back from secondary market, 47,446,100 shares were granted to 136 incentive objectives in the initial award at 1.91 Yuan/ share. The lockup period is 2 years and unlocking period lasts for 3 years from the next day when lockup period ends.

When reaching the unlocking conditions in any year of the unlocking period, incentive objectives are able to apply for unlocking at a constant interval; when the Company performance or personnel performance did not reach the unlocking conditions in a year, the Company would buy back and cancel corresponding restricted stock yet to be unlocked per relevant rules.

	Quit restricted stock plan through adjustment	Restricted stocks failing to satisfy unlocking conditions	Corresponding share capital reduction
2014	2 persons	698,900 shares	698,900 Yuan
2015	9 persons	3,508,500 shares	3,508,500 Yuan
2016	11 persons	3,160,500 shares	3,160,500 Yuan

Meanwhile, business performance of the Company for 2015 did not reach the initial unlocking conditions defined by Restricted Stock Plan, therefore, the first 1/ 3 restricted stock may not be unlocked. 14,216,800 restricted stock unable to unlock shall be bought back and cancelled by the Company at the granting price with corresponding share capital reduction of RMB 14,216,800.