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I. Overview

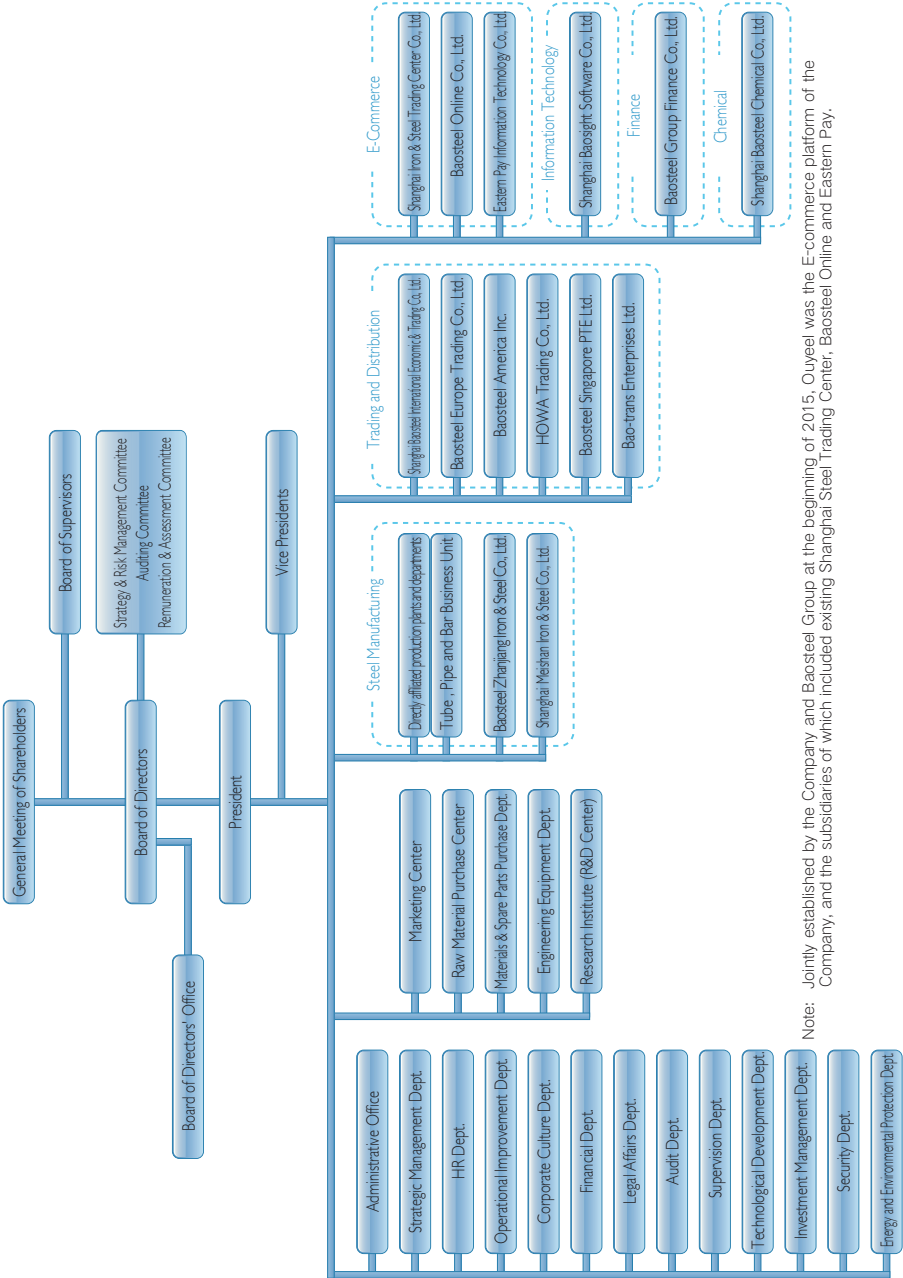
	Unit	2011	2012	2013	2014
Production					
Crude steel	Kiloton	26,641	22,996	21,996	21,529
Steel products	Kiloton	26,139	23,100	22,058	21,868
Sales					
Steel products ^[note]	Kiloton	25,803	23,566	21,993	21,817
Employees					
Number	Person	41,919	35,299	37,487	37,838

Note: The figures for sales of steel products have been adjusted due to the change in scope of consolidation.

	Unit	2011	2012	2013	2014	2014 (USD)
Income Statement						
Revenue	Million RMB/USD	222,857	191,512	190,026	187,789	30,689
Net profit	Million RMB/USD	7,736	10,433	6,040	6,091	995
Earnings per share	RMB/USD	0.42	0.60	0.35	0.35	0.057
Balance Sheet						
Total assets	Million RMB/USD	231,100	214,357	226,668	228,653	37,368
Total liabilities	Million RMB/USD	117,630	97,016	106,602	104,448	17,069
Shareholders' equity	Million RMB/USD	113,470	117,342	120,066	124,205	20,298
Stock Details						
Number of shares	Million shares	17,512	17,122	16,472	16,471	-
Capital stock	Million RMB/USD	17,512	17,122	16,472	16,471	2,692
Number of shareholders	Thousand persons	602	539	485	393	-
Year-end share price	RMB/USD	4.85	4.89	4.09	7.01	1.15

II. Organization Chart

Organization Chart of Baoshan Iron & Steel Co., Ltd.



Note: Jointly established by the Company and Baosteel Group at the beginning of 2015, Ouyeel was the E-commerce platform of the Company, and the subsidiaries of which included existing Shanghai Steel Trading Center, Baosteel Online and Eastern Pay.

III. Directors, Supervisors and Senior Executives

Board of Directors

Position	Name	Position in BOD's Special Committee
Chairman	Chen Derong ^[note]	Chairman of Strategy&Risk Management Committee
Director, President	Dai Zhihao ^[Note]	Member of Strategy&Risk Management Committee
		Member of Auditing Committee
Director	Zhao Zhouli	Member of Strategy & Risk Management Committee
	Zhu Junsheng	Member of Strategy & Risk Management Committee
	Wang Li	Member of Strategy & Risk Management Committee
	Buck Pei	Member of Strategy & Risk Management Committee
		Member of Remuneration & Appraisal Committee
Independent Directors	Wong Pik Kuen Helen	Chairwoman of Remuneration & Appraisal Committee
		Member of Auditing Committee
	Yuh-chang Hwang	Chairman of Auditing Committee
		Member of Remuneration & Appraisal Committee
	Liu Wenbo	Member of Strategy & Risk Management Committee
Member of Remuneration & Appraisal Committee		
Xia Dawei	Member of Auditing Committee	
		Member of Remuneration & Appraisal Committee

Board of Supervisors

Chairwoman	Liu Zhanying	President	Dai Zhihao
	Zhang Yong ^[note]		Li Yongxiang
	Wu Kunzong		Zhou Jianfeng ^[note]
	Liu Guowang ^[note]		Wang Jing
Supervisors	He Meifen	Vice Presidents	Guo Bin ^[note]

Senior Executives

		Chu Shuangjie
		Hou Angui
		Zhi Xiwei ^[note]
	Board Secretary, CFO	Zhu Kebing

- Note:
1. Mr. He Wenbo resigned from the chairman, director and relevant position from the Board of Directors in August, 2014 due to the change of job. Reviewed and approved by the Board of Directors and the General Meeting of Shareholders, Mr. Chen Derong acted as the chairman, director and relevant position of the Board of Directors.
 2. Mr. Guo Bin and Mr. Lin An were no longer the supervisor of the Company and of employees separately due to the change of the job. Reviewed and approved by the related meetings, Mr. Liu Guowang and Mr. Zhang Yong has been the supervisor of the Company and of employees from May 2014, and September 2014 separately.
 3. Mr. Guo Bin and Mr. Zhi Xiwei have been the vice general manager of the Company from April, 2014 and February 2014 separately.
 4. Mr. Zhou Jianfeng resigned from the vice general manager of the Company from January 2015 due to the change of the job.

IV. Medium- and long-term Operations

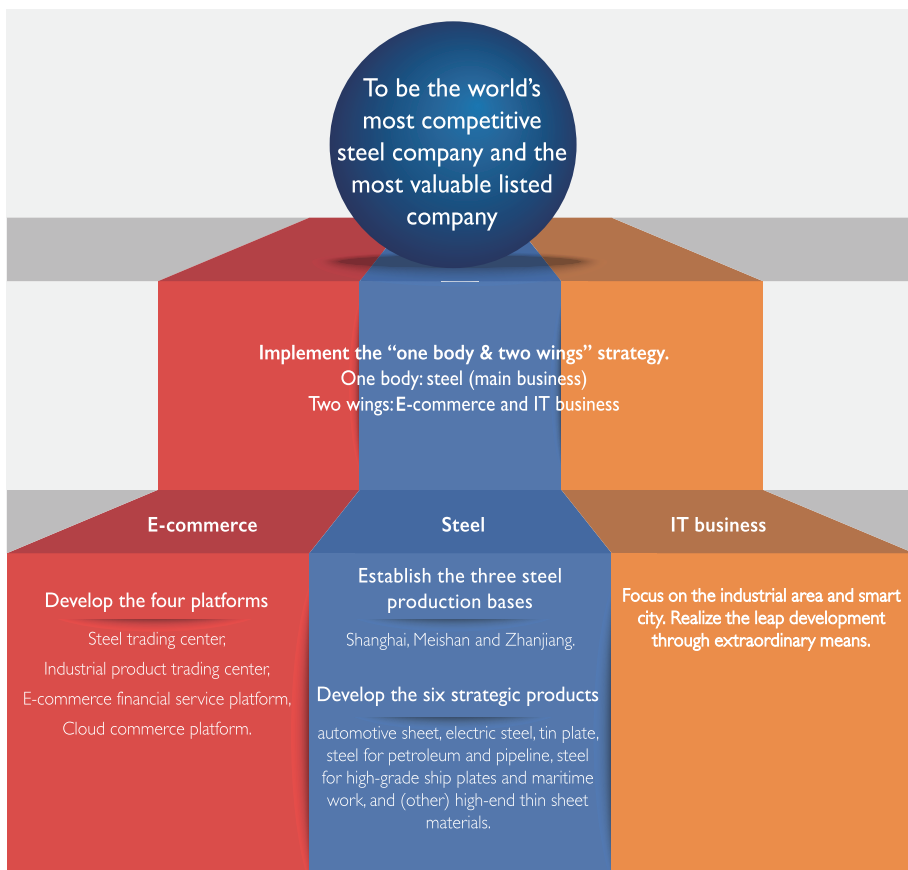
I. Business Environment

	<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

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



V. Shareholders and Shareholdings

As at December 31, 2014, the Company's shareholders totaled 393,289, and the top 10 shareholders and their shareholdings are as follows:

	Name of shareholders	Year-end shareholdings (Unit: share)	Percentage (%)
1	Baosteel Group Corporation	13,128,825,267	79.709
2	Hong Kong Securities Clearing Company Ltd.	73,917,685	0.449
3	China Merchants Bank Co., Ltd.-Ever bright Premedical advantage allocation shares securities investment funds	42,000,000	0.255
4	Ping An Annuity Insurance Company - Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product	35,702,752	0.217
5	CSOP Asset Management Co., Ltd. - CSOP Asset Management Limited A50ETF	32,666,143	0.198
6	Zheng Caiping	31,396,712	0.191
7	China Galaxy Securities Co., Ltd.-Client Account of Collateral Securities for Credit Trading	29,597,459	0.180
8	Bank of China-ChainAMC Returns Securities Investment	27,801,716	0.169
9	China Merchants Securities Co., Ltd-Client Account of Collateral Securities for Credit Trading	27,061,877	0.164
10	Bank of China Limited - Harvest Hushen 300 trading and open index securities investment funds	27,037,682	0.164

VI. Dividends

1.Dividends

	Unit	2011	2012	2013	2014	2014 (USD)
Net profit ^[Notes 1]	Million RMB/USD	7,362	10,386	5,818	5,792	947
Dividend per share ^[Notes 2]	RMB/USD	0.20	0.24	0.29	0.18	0.03
Dividend/Net profit	%	48	40	81	51	51
Dividend yield ^[Notes 3]	%	4.12	5.01	7.02	2.57	2.57

- Note:
1. The net profit is the consolidated net profit attributable to the parent company.
 2. According to the relevant rules of Shanghai Stock Exchange, the cash available for payment for the stock buyback in the year should be regarded as cash dividends for the year. The Company's cash dividends in 2012 consisted of the cash for stock buyback (RMB 1.917 billion) and cash dividends (RMB 1.647 billion). The Company's cash dividends in 2013 consist of the cash for stock buyback (RMB 3.083 billion) and cash dividends (RMB 1.647 billion).
 3. Dividend yield = Dividends per share/year-end stock price.

2.Profit Distribution

The 2004 Annual General Shareholders' Meeting approved the "Proposal on Cash Dividends Policy of Baoshan Iron & Steel Co., Ltd," which states that yearly distribution of cash dividend shall be no less than 40% of the net profit of the year.

The 2012 Annual General Shareholders' Meeting approved the "Proposal on Revision of Company Articles of Association," in which the clause about cash dividends was revised as follows: "the yearly distribution of cash dividend shall be no less than 50% of the audited consolidated net profit attributed to the parent company in the year".

VII. Incentive Measures

Due to active respond to national policies, the Company explored and innovated in the reform of state-owned enterprise and equity incentive to effectively push the marketization operation of the Company. With Chinese steel industry entering a micro-profit time, faced with growing fierce market competition, the Company has to establish a medium and long-term incentive system which is a guarantee to realize its long-term strategies, internal integration and complete the human resource mechanism.

Releasing restricted stock plan and capital management plan for staff in key positions facilitates the long-term effect of incentive system and enhancement of the Company's competitiveness in order to keep the interests of governors and shareholders aligned, realize the co-development between staff and the Company, promote the Company's long-term development of and the shareholder's value.

Restricted A Share Incentive Plan

The Company awarded 47,4461 million shares to 136 administrative personnel on May 22, 2014, with repurchased stock as resource. The lockup period was 2 years, with three years of unlocking period starting from the next day of due day. When reaching the unlocking conditions, incentive objectives are able to apply for unlocking and transfer at a ratio of constant speed in any year during the unlocking period; when the Company performance or personal performance did not reach the unlocking conditions in that year, the Company would buy back corresponding lockup restricted stock per relevant rules.

Awarding conditions:

	Awarding conditions	Performance in 2013
Total profit	2.2 times than total average profit of domestic benchmark steel enterprises or more, Top 3 operational profit per ton among foreign benchmark steel enterprises, and the Company's EVA evaluation goals reached which were allotted from Baosteel Group given by SASAC	RMB 8 billion of total profit with loss of domestic benchmark enterprises; 456 (RMB/ton) of operational profit per ton, with Top 1 among six foreign peer benchmark enterprises; RMB 530 million of EVA goals allotted to the Company by the Group, with actual performance of RMB 1.63
Growth rate of gross revenue	a fixed ratio of 1.1% more than performance value in 2012, with reaching RMB 181.2 billion, and no less than the weighted average of gross revenue of domestic peer listed companies at the same period	RMB 190.0 billion of gross profit, 6.0% more than that in 2012; 1.8% growth rate of average gross revenue of domestic peer listed companies
EBITDA/ Operational income	no less than 9%, and the average value of domestic peer listed companies at the same period	10.5% of actual performance, exceeding the average 6.0% of domestic peer listed companies

Unlocking conditions (2015-2017) :

	2015	2016	2017
Total profit	2.5 times than the average total profit of domestic benchmark steel enterprises at the same period	2.8 times than the average total profit of domestic benchmark steel enterprises at the same period	3.0 times than the average total profit of domestic benchmark steel enterprises at the same period
Operational profit per ton	Top 3 among foreign benchmark steel enterprises		
EVA	the Company's EVA evaluation goals reached which were allotted from Baosteel Group given by SASAC		
Operational income	2% of gross revenue rate more than allotted value year-on-year, reaching RMB 184.8 billion and no less than the weighted average of gross revenue growth rate of domestic peer listed companies with A share at the same period	3% of gross revenue rate more than allotted value year-on-year, reaching RMB 186.6 billion and no less than the weighted average of gross revenue growth rate of domestic peer listed companies with A share at the same period	5% of gross revenue rate more than allotted value year-on-year, reaching RMB 190.3 billion and no less than the weighted average of gross revenue growth rate of domestic peer listed companies with A share at the same period
EBITDA/ Gross revenue	No less than 10%, and no less than 75 tantile of EOS of domestic peer listed companies with A share at the same period		

Note: 1. Domestic peer listed companies with A share: refer to all 32 listed companies (Baosteel not included) in "Shenyin & Wanguo Primary Industry Index-Ferrous Metal" category edited by Shenyin & Wanguo Securities Co., Ltd., a large domestic security institution.
 2. Domestic benchmark steel enterprises: refer to Top 8 domestic peer listed companies with A share in 2012 annual operation income (Baosteel not included), which are: Hebei Iron and Steel, Taigang Stainless Steel, Wuhan Iron and Steel, Anshan Iron and Steel, Maanshan Iron and Steel, Shansteel, Jiusteel Hongxing and Valin Steel.
 3. Foreign benchmark steel enterprises: refer to POSCO, Nippon Steel & Sumitomo Metal, JFE Holdings, United States Steel Corporation, Arcelor Mittal and China Steel Corporation.

Asset Management for Staff in Key Positions

The Company implemented asset management plan for staff in key positions in 2014. The participant objects were the staff in key positions confirmed by the Company, including staff in management position, chief technicians, specialists, core technology backbones approved by the company and other approved staff making outstanding contributions and winning award at provincial level and above. There are 1,100 employees participating in the plan.

The Company determined the standard of self-raised funds according to the importance of positions and contributions of individuals in key positions. The Company jointly constituted capital management special funds in proportion, and the employees subscribe the products entrusted by Ping An Annuity Insurance Company. 70% product capital will be used to buy the stocks of Baoshan Iron & Steel, and the rest 30% is used to invest in other liquid assets. The product terminates after 3 years. If the appointment period expires and the staff in key positions meets receiving conditions, the staff may receive one time.

VIII. Financial Highlights

Income Statement

Unit: Million RMB/USD

	2011	2012	2013	2014	2014(USD)
Revenue	222,857	191,512	190,026	187,789	30,689
Revenue	214,641	189,117	171,952	180,551	29,507
Cost	441	308	414	471	77
Including: Business tax and extra charges	1,950	1,926	1,963	2,200	360
Sales expenses	8,584	7,238	6,881	7,728	1,263
Administration expenses	72	416	-544	488	80
Financial expenses	350	2,084	2,388	475	78
Loss from asset impairment	623	1,202	684	402	66
Investment income etc.	8,839	3,597	7,684	7,641	1,249
Non-operating net income and expenses	421	9,543	326	637	104
Pre-tax profit	9,260	13,140	8,010	8,278	1,353
Income tax	1,524	2,707	1,969	2,187	357
Net profit	7,736	10,433	6,040	6,091	995
Net profit attributed to shareholders of the listed company	7,362	10,386	5,818	5,792	947

Balance Sheet

Unit: Million RMB/USD

	2011	2012	2013	2014	2014(USD)
Current assets	79,234	69,381	78,056	74,386	12,157
Fixed assets	115,371	79,440	86,218	82,897	13,547
Total assets	231,100	214,357	226,668	228,653	37,368
Current liabilities	98,838	82,227	94,634	89,254	14,586
Non-current liabilities	18,792	14,789	11,968	15,193	2,483
Total liabilities	117,630	97,016	106,602	104,448	17,069
Capital stock	17,512	17,122	16,472	16,471	2,692
Capital reserves	37,331	35,892	32,967	33,254	5,435
Surplus reserves	21,132	23,230	24,528	25,851	4,225
Retained earnings	30,754	35,541	37,045	39,766	6,499
Owners' equity attributable to shareholders of the listed company	106,495	111,387	110,512	114,258	18,673
Shareholders' equity	113,470	117,342	120,066	124,205	20,298

Financial Indicators

	2011	2012	2013	2014
Growth (%)				
Revenue	10.10	-14.1	-0.8	-1.2
Net profit attributable to shareholders of the listed company	-42.79	41.1	-44.0	-0.4
Profitability (%)				
Return on total assets	4.92	6.72	4.28	4.24
Return on net assets (weighted)	7.02	9.52	5.29	5.16
Operating profit rate	3.97	1.88	4.04	4.07
EBITDA rate	11.13	13.77	10.47	10.76
Stability				
Equity/total assets (%)	49.10	54.74	52.97	54.32
Current assets/current liabilities (%)	80.17	84.38	82.48	83.34
Liabilities/net assets	1.04	0.83	0.89	0.84
EBITDA/net interest expenses	11.12	55.17	54.85	56.86
Turnover				
Revenue/total assets	0.96	0.89	0.85	0.82
Revenue/equity	1.96	1.63	1.58	1.512
Revenue/fixed assets	1.93	2.41	2.29	2.27
Revenue/inventory	5.96	6.65	6.33	7.00
Revenue/receivables	31.91	22.42	19.17	18.69

IX. Credit Rating

In May 2014, the Company was rated as AAA by China Chengxin Securities Rating Co., Ltd. with "stable" outlook. The convertible bonds with attached warrants issued by the Company were rated as AAA in the current stage.

In December 2014, the three major international credit rating agencies; Standard & Poor's, Moody and Fitch respectively gave Baoshan Iron & Steel Co., Ltd. the long-term corporate credit rating of A-, A3 and A- with "stable" outlook, continuing to be the highest rating in global steel industry.

Main Equipment

Main Equipment	No.	Type	Initiating year (Major maintenance)	Productivity (million tons/ year)
Headquarters				
1# blast furnace	1	4966m ³	1985 (2008)	4.02
2# blast furnace	1	4707m ³	1991 (2006)	3.54
3# blast furnace	1	4850m ³	1994 (2013)	4.04
4# blast furnace	1	4747m ³	2005 (2014)	3.99
1# converter 300t	1	Top-bottom blowing	1985 (2007)	7.52
2# converter 300t	1	Top-bottom blowing	1985 (2007)	
3# converter 300t	1	Top-bottom blowing	1986 (2007)	
250t converter	2	Top-bottom blowing	1998	6.46
250t converter	1	Top-bottom blowing	2006	
150t EAF	1	Direct current arc double furnace	1996 (2006)	1.15
150t EAF	1	Alternating current electric arc furnace	2008	0.85
2050mm hot strip mill	1	2050mm	1989 (2014)	5.91
1580mm hot strip mill	1	1580mm	1996 (2013)	3.55
5000mm heavy plate mill	1	5150mm	2005 (2014)	2.04
1880 hot rolling mill	1	1880mm	2007	4.04
2030 hot rolling pickling line	1		1988 (2013)	2.90
2030 new hot rolling pickling line	1		2001	0.75
1220 hot rolling pickling line	1		2011	0.70
2030mm cold strip mill	1	2030mm	1988	2.55
1420mm cold strip mill	1	1420mm	1997	0.7786
1550mm cold strip mill	1	1550mm	2000 (2007)	1.40
1220mm cold strip mill	1	1220mm	1991 (2007)	0.69
1730mm cold strip mill	1	1730mm	2008	2.04
1800mm cold strip mill	1	1800mm	2005 (2012)	2.40
Silicon steel 1# single stand mill	1	1300mm	2008	0.085
Silicon steel 2# single stand mill	1	1300mm	2008	0.085
Silicon steel 3# single stand mill	1	1300mm	2011	0.085
Silicon steel 4# single stand mill	1	1300mm	2012	0.085
Silicon steel 5# single stand mill	1	1300mm	2013	0.085
High-speed wire rod mill	1	5-25mm, 120m/s	1999	0.40
Seamless tube	1	21.3-177.8mm	1985	0.50
Medium-diameter longitudinally welded pipe (HFW)	1	φ610	2005	0.30
Large-diameter longitudinally submerged arc welded pipe	1		2007	0.50

Meishan Steel

2# blast furnace	1		1280 m3	2004	1.07
4# blast furnace	1		3200 m3	2009	2.464
5# blast furnace	1		4070 m3	2012	3.27
1# converter	1		150T	1999	1.20
2# converter	1		150T	1999	1.20
3# converter	1		150T	2008	1.20
250t converter	2		250T	2012	4.10
1422 hot rolling mill	1	Six-stand 1422 hot rolling line		1994	3.00
1420 cold rolling mill	1	1420 pickling continuous hot rolling mill		2009	0.80
Hot rolling pickling line	1			2011	1.00
1780 hot rolling mill	1		1780mm	2012	4.00

Output

Unit: Kiloton

	2011	2012	2013	2014
Pig iron	23,776	22,075	21,220	20,988
Crude steel	26,641	22,996	21,996	21,529
Steel products				
Carbon steel	23,895	22,344	22,058	21,868
HRC				
Pickled coil	6,747	6,099	6,515	6,489
Heavy plate	2,286	1,675	1,145	1,265
CRC	4,852	4,430	4,276	4,322
Hot-dip galvanized steel	2,791	2,979	3,007	3,086
Electro-galvanized steel	801	784	769	762
Color-coated sheet	686	687	686	672
Tin plate	943	911	904	897
Chrome-coated sheet	168	156	183	180
Electric steel	1,242	1,330	1,331	1,495
Tube	1,546	1,494	1,536	1,477
Billet	867	909	981	721
High speed wire rod	585	545	499	502
Rebar	380	346	226	-
Stainless steel (Headquarters)	1,298	571	-	-
HRC	456	104	-	-
CRC	836	467	-	-
Special steel	946	185	-	-
Total of steel products	26,139	23,100	22,058	21,868

XI. Sales

Sales Volume of Steel Products

Unit: Kiloton

	2011	2012	2013	2014
Carbon steel	23,860	23,139	22,471	22,314
HRC	6,821	6,358	6,564	6,675
Heavy plate	2,318	1,850	1,169	1,278
CRC	11,384	11,477	11,458	11,700
Steel tube	1,500	1,495	1,557	1,603
Billet	871	964	997	555
Wire rod	577	554	499	504
Rebar	389	441	227	-
Stainless steel	1,353	617	-	-
HRC	513	142	-	-
CRC	836	474	-	-
Special steel	962	199	-	-
Total	26,175	23,955	22,471	22,314

Note: The sales volume of steel products included that of each iron and steel production unit and Baosteel-NSC Automotive Steel Sheets Co., Ltd. (excluding trading unit). The sales volume in 2011, 2012, 2013 and 2014 above respectively included 2.024 million tons, 2.051 million tons, 2.013 million tons and 1.996 million tons of cold-rolled products sold by Baosteel-NSC Automotive Steel Sheets Co., Ltd., excluding 1.652 million tons, 1.663 million tons, 1.535 million tons and 1.5 million tons of cold-rolled products sold to Baosteel-NSC Automotive Steel Sheets Co., Ltd..

Domestic Market Shares of Major Products

	2011	2012	2013	2014
Cold-rolled automotive sheet	49.5%	50.2%	50%	50%
Tin plate	26%	26.5%	22.4%	21.2%
Non-oriented electric steel	19%	19.3%	13.8%	17.0%
Non-standard oil pipes	23.8%	26.3%	27.5%	28.0%

Note: Since 2014, the Company has focused on the domestic market share of strategic products, and not tracked the market share of home appliances sheet.

Breakdown by Region

Unit: Kiloton

	2011	2012	2013	2014
Home	23,430	21,615	20,546	20,048
Abroad	2,745	2,340	1,925	2,266
East Asia	1046	934	899	693
Southeast Asia	533	498	445	707
America	516	447	473	460
Europe & Africa	651	461	524	406
Total	26,175	23,955	22,471	22,314

Domestic Sales Breakdown by Product

Unit: Kiloton

	2011	2012	2013	2014
Carbon steel	21,344	20,891	20,546	20,048
HRC & heavy plate	8,443	7,643	7,293	7,187
CRC	9,958	10,153	10,290	10,536
Steel pipe	1,129	1,177	1,255	1,292
Billet	867	956	988	533
High-speed wire rod	947	960	721	500
Stainless steel	1,223	544	-	-
Special steel	862	180	-	-
Total	23,430	21,615	20,546	20,048

Overseas Breakdown by Product

Unit: Kiloton

	2011	2012	2013	2014
Carbon steel	2,516	2,248	1,925	2,266
HRC & heavy plate	696	565	441	766
CRC	1,426	1,324	1,168	1,163
Steel pipe	371	318	302	311
Billet	3	8	9	22
High-speed wire rod	19	34	5	4
Stainless steel	130	73	-	-
Special steel	100	20	-	-
Total	2,745	2,340	1,925	2,266

XII. Raw Material Procurement

	2011	2012	2013	Unit: Kiloton 2014
Imported raw materials				
Iron ore	36,833	34,403	30,472	30,486
Coal	1,386	1,933	1,245	2,429
Carbon steel scrap (including pig iron)	83	124	106	-
Domestic purchased raw materials				
Iron ore	1,123	1,123	2,890	2,620
Coal	18,594	17,233	17,416	14,919
Carbon steel scrap (including pig iron)	2,702	1,400	1,264	1,080
Limestone	3,514	3,087	3,297	3,087
Ferroalloy	459	335	305	315

XIII. Fixed Asset Investment

Unit: Million RMB/USD

Project	2011	2012	2013	2014	2014(USD)
Baoshan Iron & Steel Co., Ltd.	16,567	10,484	12,481	18,258	2,984
Including: Carbon steel	13,374	9,205	11,175	16,641	2,720
Infrastructure	9,699	5,866	7,715	11,884	1,942
Technical revamping	2,452	2,975	3,253	4,483	733
Non-steel Industries	1,885	1,227	1,306	1,617	264
Infrastructure	1,588	1,003	1,088	1,155	189
Technical revamping	227	157	163	380	62
Stainless steel	818	25	-	-	-
Special steel	489	27	-	-	-

Note: Carbon steels involve Headquarters, Meishan Steel, Tube, Pipe and Bar Business Unit, Huangshi and Zhanjiang Steel.
Non-steel industry involves: Industrial Company, Baosteel Chemical, Baosight and Baosteel International.

XIV. Research & Development

R&D Investment

	Unit	2011	2012	2013	2014
R&D investment	Million RMB	5,174	4,064	3,644	3,884
R&D expenditure/revenue	percentage	2.34	2.13	1.92	2.11

R&D Organization and R&D Personnel

The Technology Center of Baoshan Iron & Steel Co., Ltd. (including such centers in its subsidiaries): 1,108 persons

Among them:

Researching staff: 737 persons Technical staff: 298 persons Administrative staff: 73 persons

New Intellectual Property Rights Obtained in China in 2014

Invention patents	Utility model patents	Software copyrights
265 pieces	372 pieces	39 pieces

Scientific and Technological Achievements

Year	Total	Major achievements
2011	189	R&D and application of two piece steel can tinplate (Second prize, National Science and Technology Progress Award)
		R&D on process and complete set of equipment for high speed pickling and rolling of ultra-thin steel strip"(Grand prize, China Metallurgical Science and Technology Award)
		Research on independent integration of UOE Welded Tube Technology (First prize, China Metallurgical Science and Technology Award)
		Equipment and Application of on-line Spray Printing for Metallurgical Products (Second prize, China Metallurgical Science and Technology Award)
		Blast furnace multi-statistics integrated testing and comprehensive system for energy saving and optimization (Second prize, China Metallurgical Science and Technology Award)
2012	191	Research and application of the model for 5-meter heavy plates (Third prize, China Metallurgical Science and Technology Award)
		Advanced high-strength thin strip flexible manufacturing technology and equipment (Second prize, National Awards for Science and Technology Invention)
		Development and Industrialization of Low Temperature High Magnetic Induction Grain-oriented Silicon Steel Manufacturing Technology (Grand Prize, China Metallurgical Science and Technology Award)
		Research and Development on Integrated Technologies in Advanced High Strength Thin Strip Steel in aspects of Products, Process and Equipment (First prize, Shanghai Science and Technology Progress Award)
		Development and Application of New Performance Assessment Method on High Reactivity Coke (First prize, China Metallurgical Science and Technology Progress Award)
2013	130	Development and Application of Roll Production Line Optimization System (First prize, China Metallurgical Science and Technology Progress Award)
		Development of Key Technology to Electric Arc Furnace Continuous Casting Bloom (Second prize, China Metallurgical Science and Technology Progress Award)
		Manufacturing technology development and industrialization of low-temperature high-magnetic induction grain-oriented silicon steel (First prize, National Awards for Science and Technology)
		Manufacturing technology and industrialization of advanced high-strength thin strip steel (Special prize of metallurgical science and technology award)
		Key technology and industrial application of high-efficiency RH vacuum refining (First prize, China Metallurgical Science and Technology Progress Award)
2014	131	Research and application of steel pipe for 600 °C ultra-supercritical thermal power unit (First prize, China Metallurgical Science and Technology Progress Award)
		Research and application of steel pipe for 600 °C ultra-supercritical thermal power unit (First prize, National Awards for Science and Technology)
		R&D of cold-rolled hot-galvanizing aluminizing and zinc unit core technology and complete set (First prize, China Metallurgical Science and Technology Progress Award)
		Core technology research, equipment Development, application promotion of band steel surface quality online detection (Second prize, China Metallurgical Science and Technology Progress Award)
		R&D and application of thick plate cold straightening mechanism model, technology and equipment (Second prize, China Metallurgical Science and Technology Progress Award)
		Development and industrialization of high-grade non-oriented silicon steel manufacturing technology (First prize, Shanghai Science and Technology Progress Award)

XV. Human Resources

Employees

	Unit	2011	2012	2013	2014
Number of employees at year-end	person	41,919	35,299	37,487	37,838
Cash paid to employees and for employees	Million RMB	9,093	8,780	9,059	9,613
Steel industry	person	35,042	24,786	23,969	24,164
Production staff	person	23,676	17,176	16,751	16,222
Technical staff	person	8,305	5,504	5,257	5,834
Administrative staff	person	3,061	2,106	1,961	2,108
Other industries	person	6,877	10,513	13,518	13,692
Baosteel Co., Ltd. (excluding subsidiaries)	person	26,653	18,524	17,995	17,730
Sales revenue per capita	Million RMB	5.5	5.4	5.1	5.0
Output per capita	Ton	750	909	902	891

XVI. Operation Improvement

Supporting Zhanjiang System Capacity Construction

Based on the features of Zhanjiang construction and production preparation stage, the Company comprehensively promoted Zhanjiang system and internal control construction, perfected business and economy authorization and management mechanism, supported organization optimization and performance management and orderly prepared for various system certifications.

Optimizing Organization and Operation Management for Higher Operation Effectiveness

The Company established industry-specified and team-based big customer service model, in order to rapidly respond and meet the packed demands of specific customers, expand service value-added space and improve product value. Also the Company integrated the sales business of hot-rolled plates and heavy plates as well as the technical service management of relevant products, strengthened cooperative sales capacity in hot-rolled plates and heavy plates and promote internal information share and decision speed. While the Company adjusted sales and operation model of spot goods, strengthened adjustment of spot goods and futures and operation of e-commerce platform, intensified the warehouse and logistics management and control of spot goods and improved the storage and delivery efficiency of spot goods.

Optimizing the System Process to Enhance the Operation Capacity

To fulfill the green operation strategy and meet the increasingly rigorous requirements of users for products and hazardous substance management in production process, the Company systematically schemed and organized hazardous substance management system construction in past two years, and established hazardous management procedures and standards centering on the relevant laws, regulations and customer requirements. The Company became the first company of passing hazardous substance management system among national large-scale iron and steel enterprises when the plants and departments directly affiliated to the Company smoothly passed the system certification, thus the Company's brand value was promoted further.

Deepening the Risk Management and Internal Control System Construction

Further strengthened risk dynamics report and perfected the construction of risk prevention and control mechanism. With the analysis of risk warning according to risk trend, established risk prevention and control measures, disclosed risk dynamics to the management personnel quarterly and achieved normalization of key risk supervision and control mechanism. Solidified risk project research achievements, established the relevant evaluation standards, formulated and implemented management systems such as Key Risks Management Maturity Evaluation Management Standard, Tax Risks Management Methods, etc. Meanwhile, the Company established several plans for inventory management such as Raw Materials Inventory Management System, Inventory Emergency Plan for Sales-side under Descending Market Tendency, Emergency Plan for Raw Materials Logistics, and formed a complete process inventory risk monitoring system. On the basis of this, the company was promoting "financial management and daily inventory management and control system" to monitor and analyze the inventory structure and occupied funds in an effort to improve asset operation efficiency.

Steadily promoting information-based construction and perfecting information-based control

Based on the development idea of Germany industry 4.0 and the smart development trend in iron and steel industry, conducted a topic research in smart manufacturing of Baoshan Iron & Steel. Centering on how to comprehensively promote the intelligence degree in manufacturing management with cloud calculation, big data and other network and resource information integration technologies, as well as embedded technology, the Company introduced four objectives "large-scale customizing driven by serving customers, great coordination of manufacture and sales of several manufacturing bases, guide-predict-type intelligent analysis and decision, and improving working environment and style of staff" to achieve three transitions "transiting decision analysis from database to big data center, transiting supply chain from partial cooperation to whole optimization, transiting equipment from automation to intelligence".

XVII. Environmental Operation

Environmental management system: In 2014, the Company's steel production unit, and other non-steel production units like 21 shearing distribution centers, and Baosteel Chemicals all passed ISO14001 Environmental Management System Certification. The plants and departments directly affiliated to the Company were recognized and recommended by BSI, an international authoritative certification organization to approve hazardous substance management system (QC 080000), becoming the first company passing the system certification among national large-scale iron and steel enterprises.

Energy management system: In 2013, the Company took the lead to draft the national standard (GB/T30256-2013) of Implementation Guidelines for Energy Management System in Iron and Steel Industry which has taken into effect since July 1, 2014.

Clean production audit: In 2014, the plants and departments directly affiliated to the Company passed the second round of clean production evaluation.

Energy saving and emission reduction & waste energy recovery: In 2014, the Company implemented 53 energy saving projects including 43 projects which have been put into operation, with annual energy-saving quantity of 142,700 tons. The comprehensive energy consumption/ton steel decreased 3kg standard coal compared to annual objective. 1.86 tons standard coal was recycled as surplus energy in the whole. In 2014, the emission quantity of SO₂ decreased 13% and COD decreased 2.0% on a year-on-year basis compared to that in 2013.

Comprehensive utilization of renewable: In 2014, the Company made another great achievement in secondary resources utilization. The comprehensive utilization rate and the re-production utilization rate of byproducts reached 99.15% and 26.76% respectively. In 2014, the company greatly drove the project construction of re-production and re-process of industrial solid wastes, determined the sites of slag processing and rotary hearth furnace after several times of optimization and discussion in site selection, process design and operation model, adjusted and professionally reviewed the research scheme of slag processing projects and metallurgical sludge supporting projects, and established the transformation schemes of public, assistive and relevant facilities in metallurgical sludge supporting projects. The industrial waste projects and other solid wastes were processed in the existing dry coal shed according to the company plan and the preliminary scheme was formed. The Company steadily drove the implementation of environmental improvement scheme in solid waste storage, and gradually hardened the road, added enclosures, optimized operation site, etc.

Application demonstration of new energy technology: In December 2014, 20MW PV electricity generation project of Meishan Iron & Steel was officially put into synchronized power generation. The project was the first new energy construction project of Meishan Iron & Steel and the largest roof PV electricity generation station in Jiangsu Province. The estimated annual energy output was 18.41 million degree and the total energy output was 460.25 million degree. Compared to thermal power, the project may save 159,000 tons of standard coals and reduce the emission of 410,000 tons CO₂, 1,350 tons SO₂ and 1176.5 tons NO_x.

The environmental protection cost of the Company includes expensed cost and capitalized cost. In recent years, due to the large investment in power plants and desulphurization facilities in sintering, the operation and depreciation expenses of environmental equipment have been occupying an increasingly higher percentage in the compensation project cost, which reached 77.7% in 2014. The following is a list of its environmental protection costs in recent years:

Cost for Environmental Protection

Unit: RMB100 million

Category	Items	2010	2011	2012	2013	2014
Expensed projects and costs	Discharge fee, fee for system approval, environmental monitoring fee, facility operation fee, facility depreciation charge, labor fee, fee for transporting hazardous substances, fee for landscaping, fee for disposal of solid waste, investment on new projects and updating and expanding existing projects, research investment, and others	29.68	41.74	28.49	22.47	23.98
Capitalized projects and costs	Investment in new environmental protection projects and on updating and expanding existing projects and other supporting projects	7.23	17.64	4.23	4.81	8.03

In 2014, the Company's major indicators for energy saving and environmental protection remained at international advanced level:

Technical Indexes for Energy Saving and Emission Reduction

Items	Unit	2010	2011	2012	2013	2014
Fresh water consumption per ton of steel	%	80.8	82.9	85.6	80.2	77.7
Aggregate amount of the recovered waste energy	%	116.7	130.2	111.1	96.3	93.7
General energy consumption per ton of steel	%	95.6	95.4	98.7	99.0	98.5
SO ₂ emission per ton of steel	%	52.5	39.9	35.7	30.1	26.6
COD emission per ton of steel	%	66.7	57.8	62.2	60.0	60.0
Overall utilization ratio of industrial solid waste	%	98.58	98.81	98.90	98.90	99.15

Note: The first five indexes indicate the improvement of indexes. The data given in the Table means the ratio of performance value that year against that in 2008.

The six index "overall utilization ratio of industrial solid waste" is taken as the performance value in that year.

XVIII. Corporate Citizenship

Donations

Unit: Thousand RMB

	2011	2012	2013	2014
Poverty relieving funds	11,531	9,985	9,050	9,610
Grants in aid	3,210	24,673	7,135	708
Total	14,741	34,658	16,185	10,318

External Awards

1. The Development and Industrialization of Low Temperature High Magnetic Induction Oriented Silicon Steel Manufacturing Technology won the first prize of the China Science and Technology Award. This is the second time for Baosteel to win the first prize of the China Science and Technology Award.
2. In February, the list of valid patent holding quantity of national enterprise 2013 was published. Baoshan Iron & Steel ranked among top-10 enterprises (ranking the 9th with 1436 pieces).
3. In March, the Company won the title “advanced collective in fixed-point poverty alleviation” conferred by Central State Organ. The Company has accumulatively input RMB 89.337 million into Yunnan in past 10 years.
4. At the Great Wall Automobile’s 2014 suppliers conference held in March, the Company won the Great Wall Automobile "Sincere partner award" for a second time in a row. This award is the Great Wall's highest award for comprehensive evaluation of supplier.

5. In March, the Company won the title of "2013 outstanding supplier of GAC Fiat Co., Ltd", this is the first time GAC Fiat give such a title awarded to the material suppliers.
6. In March, Shanghai Quality Association published the Annual Quality Technology Awards Results of 2013. Among which, the project of "Designing and Application of Integrated Customer Service Management System based on Serial Standard of Quality Management System" from the Company won the first prize.
7. In April, the Company's Development & Commercialization of High Grade NGO Silicon Steel Manufacturing Technology Program won the 1st Prize of Shanghai Municipal Scientific & Technological Advancement Award.
8. In May, the Company was rated as a listed company with A-category information disclosure by Shanghai Stock Exchange.
9. In June, during the first supplier conference of DEC Dongfang Electric Machinery Co., Ltd., the Company won the title of "2013 outstanding supplier of DEC", becoming the only steel supplier with the title.
10. In June, the Company won the gold award in the 26th Shanghai Excellent Inventions Qualification Trial with "the third generation of highly anti-corrosion and weathering resistant steel hot-rolled plate used in railway vehicle".
11. The Company won six gold awards and two silver medals in the National Contest of Publishing Outstanding Outcomes Invented by QC Teams in China's Metallurgical Industry in July. Among which, "Reduction of Quantity of Iron Ore to be Accumulated in the Ore Blending and Accumulation System at Phase III Raw Material Yard", invented by the Day-shift JK working team at the blending operation area of raw material branch of Iron-making Plant of Baosteel, and "To Improve Water Production Rate of Secondary Reclaimed Water Film Device Treating Level 1 RO", by the JK working team in the D-shift for secondary reclaimed water of Water-preparing Plant of Energy and Environmental Protection Department of Baosteel, won the first prize.
12. In August, General Administration of Customs conferred the title "Sample Enterprise in China's Export Leading Indicator" to the Company.
13. In October, recommended by BSI, an international authoritative certification organization, the plants and department directly affiliated to the Company passed hazardous substance management system (QC 080000), becoming the first company passing the system certification among national large-scale iron and steel enterprises.
14. In December, Zhanjiang Iron & Steel won the gold award of ocean expo exhibition in China Marine Economy EXPO Achievement Publishing Meeting.
15. In December, results of appraisal for management innovation achievements of Shanghai Federation of Industrial Economics were released. In total fourteen items of achievements from Baosteel won prize. Value Management of Energy in Modern Enterprises Based on Information Communications Technology of Baosteel Co., Ltd. Energy and Environment Protection Department won the first prize.

XIX. Subsidiaries and Major JVs

Domestic Subsidiaries and Major JVs

SHANGHAI MEISHAN IRON & STEEL CO., LTD.

Date of establishment: 26 June 2001

Major businesses: Smelting, rolling, processing and sales of ferrous metals

Shareholding of the Company: 77.04%

Registered capital: RMB 7.08 billion

Capacity: 7.60 million tons (crude steel)

Sales volume in 2014: 6.95 million tons

Staff: 4,811 persons

BAOSTEEL ZHANJIANG IRON & STEEL CO., LTD.

Date of establishment: 18 April 2011

Major businesses: Smelting, rolling, processing and sales of ferrous metals

Shareholding of the Company: 85.71%

Registered capital: RMB 20 billion

Capacity: 8.75 million tons (crude steel)

Sales volume in 2014: The Company is in the construction period.

Staff: 3,170 persons (including 864 persons appointed by the plants and departments directly under the Company)

BAOSTEEL-NSC AUTOMOTIVE STEEL SHEETS CO., LTD. (joint venture)

Date of establishment: 30 July 2004

Major businesses: Production and sales of cold-rolled sheets and hot-dip galvanized sheets for automobiles and automotive components and related businesses

Shareholding of the Company: 50%

Registered capital: RMB 3 billion

Capacity: 2.15 million tons

Sales volume in 2014: 2 million tons (plus manufacturing volume 400 thousand tons entrusted by the listed company)

Staff: 716 persons

YANTAI LUBAO STEEL TUBE CO., LTD.

Date of establishment: 3 June 1992

Major businesses: production and sales of seamless steel tubes

Shareholding of the Company: 100%

Registered capital: RMB 500 million

Capacity: 300 thousand tons

Sales volume in 2014: 290 thousand tons

Staff: 473 persons

YANTAI BAOSTEEL STEEL TUBE CO., LTD.

Date of establishment: 6 June 2007

Major businesses: production and sales of seamless steel tubes

Shareholding of the Company: 80%

Registered capital: RMB 4 billion

Capacity: 600 thousand tons

Sales volume in 2014: 330 thousand tons

Staff: 643 persons

BAOSTEEL HUANGSHI COATED AND GALVANIZED SHEET CO., LTD.

Date of establishment: 11 December 1992

Major businesses: production and sales of cold rolled coils, aluminum galvanized steel sheets, color-coated steel sheets and related galvanized steel products

Shareholding of the Company: 58.45%

Registered capital: RMB 140 million

Capacity: 450 thousand tons

Sales volume in 2014: 640 thousand tons

Staff: 466 persons

SHANGHAI BAOSTEEL INTERNATIONAL ECONOMIC & TRADING CO., LTD.

Date of establishment: 13 June 1985

Major businesses: Directly engaged in and act as agency in the exportation of commodities and technologies that have obtained state approval and the importation of steel materials and scraps and also in raw material processing and compensation trades (processing raw material on clients' demands or with given samples and assembling parts for clients)

Shareholding of the Company: 100%

Registered capital: RMB 2.25 billion

Staff: 4,128 persons

SHANGHAI BAOSIGHT SOFTWARE CO., LTD.

Date of establishment: 14 June 2001

Major businesses: Research, designing, development, manufacturing and integration of computer software and hardware, automation as well as network communication products

Shareholding of the Company: 55.5%

Registered capital: RMB 360 million

Staff: 4,374 persons

BAOSTEEL NANTONG IRON & STEEL CO., LTD.

Date of establishment: 28 December 1994

Major businesses: Production and sales of rebar steel, round steel, section steel, semi-finished steel products, and other steel wares.

Shareholding of the Company: 95.8%

Registered capital: RMB 621 million

Capacity: 600 thousand tons (crude steel)

Sales volume in 2014: 170 thousand tons

Staff: 41 persons

BAOSTEEL GROUP FINANCE CO., LTD.

Date of establishment: October 1992

Major businesses: Deposits and loan services for member companies and internal balancing services, etc.

Shareholding of the Company: 62.10%

Registered capital: RMB 1.1 billion

Staff: 83 persons

SHANGHAI BAOSTEEL CHEMICAL CO., LTD.

Date of establishment: 23 July 2007

Major businesses: production and sales of chemical raw materials and products.

Shareholding of the Company: 100%

Registered capital: RMB 2.11 billion

Staff: 1, 894 persons

Overseas subsidiaries and Major JVs

Name	Date of Establishment	Capital stock RMB million	Shareholding of the Company	Principal operation
HOWA Trading Co., Ltd.	1993	69	100%	Trading business and agency
Baosteel Europe GMBH	1993	22	100%	Import and export business
Baosteel America. Inc.	1996	8	100%	Trading business and agency
Baosteel Singapore Pte Ltd.	1997	8	100%	Trading business and agency
Baosteel Do Brazil LTDA	1995	4	100%	Wholesale business
Bao-Island Enterprises Ltd. (JV)	1992	4	50%	Marine cargo transportation
Bao-Trans Enterprises Ltd.	1992	290	100%	Marine cargo transportation
Boly Pipe(Thailand) Co., Ltd.	2012	467	51%	Steel tube processing
BGM Co., Ltd	2012	59	50%	Steel product processing and sales

XX. Global Marketing Network

Domestic Dealers

Shanghai Baosteel Steel Products Trading Co., Ltd.

Address: 3 & 12/F, No. 370, Pudian Rd., Pudong District, Shanghai

Zip Code: 200122

Tel: 021-50509696

Fax: 021-68404618

Guangzhou Baosteel Southern Trading Co., Ltd.

Address: 13/F, Building A1, No. 191, Science Avenue, Guangzhou, Guangdong

Zip Code: 510663

Tel: 020-32219999

Fax: 020-32219555

Beijing Baosteel Northern Trading Co., Ltd.

Address: Baosteel Bld. No. C-12, Jianguomenwai Avenue, Chaoyang District, Beijing.

Zip Code: 100022

Tel: 010-56512000

Fax: 010-56512199--6706

Chengdu Baosteel Western Trading Co., Ltd.

Address: 11/F West Building La Defense Mansion, No.1480 Tianfu Ave., Chengdu

Zip Code: 610041

Tel: 028-85335388

Fax: 028-85335696

Wuhan Baosteel Central China Trading Co., Ltd

Address: No. 531, Jiangcheng Avenue, Economic and Technical Development Area, Wuhan, Hubei

Zip Code: 430056

Tel: 027-84298800

Fax: 027-84298224

Shanghai Baosteel Trading Co., Ltd.

Address: 7/F, No. 151 Mohe Rd., Baoshan District, Shanghai

Zip Code: 201900

Tel: 021-26640781

Fax: 021-26640700

Shanghai Baosteel Pudong International Trading Co., Ltd

Address: 6/F, No. 151 Mohe Rd., Baoshan District, Shanghai

Zip Code: 201900

Tel: 021-26640600

Fax: 021-26640666

Shanghai Baosteel Baoshan Steel Products Trading Co., Ltd

Address: 5/F, No. 151 Mohe Rd., Baoshan District, Shanghai

Zip Code: 201900

Tel: 021-26640524

Fax: 021-26640529

Shenyang Baosteel North-Eastern Trading Co., Ltd.

Address: No. 78 Guanquan Rd., Dadong District, Shenyang, Liaoning Province

Zip Code: 110044

Tel: 024-31391158

Fax: 024-31391160

Shanghai Baosteel Stainless Steel Trading Co., Ltd.

Address: No. 555, Yuanhe Rd., Baoshan District, Shanghai

Zip Code: 200941

Tel: 021-66933311

Fax: 021-66932879

Shanghai Baosteel Wheels Co.,Ltd

Address: No. 3962, Yunchuan Rd., Baoshan District, Shanghai

Zip Code: 200941

Tel: 021-66931000

Fax: 021-66931511

Overseas Dealers

HOWA TRADING CO., LTD.

Address: 102-0082 No. 25, 15 Banchi, Ichiban-Cho,Chiyoda-Ku,Tokyo, JAPAN

Tel: 81-3-3237 9121

Fax: 81-3-32379123

BAOSTEEL TRADING EUROPE GMBH

Address: No. 1 Nonnenstieg Avenue, Hamburg, GERMANY

Tel: 49-40-419940

Fax: 49-40-41994120

BAOSTEEL AMERICA INC.

Address: 85 Chestnut Ridge Road Montvale NJ 07645, USA

Tel: 201-307-3355

Fax: 201-307-3358

BAOSTEEL SINGAPORE PTE LTD.

Address: No.7 Temask Boulevard #40-20/30 Suntec Tower One, SINGAPORE 038987

Tel: 65-63336818

Fax: 65-63336819

BAOSTEEL DO BRASIL LTDA

Address: Rua da Assembleia 10, Sala 4113, Centro CEP 20.119-900 Rio de Janeiro RJ BRASIL

Tel: 55-21-2531 1363

Fax: 55-21-2531 0298

BAO-ISLAND ENTERPRISES LIMITED

Address: 29/F., Harbour Centre, 25 Harbour Road, Wanchai, Hongkong

Tel: 852-39625300

Fax: 852-25980268

BAO-TRANS ENTERPRISES LTD.

Address: 50/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hongkong

Tel: 852-2528-5766

Fax: 852-2529-5117

XXI. Company History

December 1977	Baosteel project headquarters was set up; Shanghai Baoshan Iron & Steel General Plant was founded.
December 1978	The construction commencement ceremony for Baosteel project was held.
September 1985	No.1 Blast Furnace was ignited.
June 1991	No.2 Blast Furnace was ignited.
July 1993	Renamed "Baoshan Iron & Steel (Group) Corporation" .
September 1994	No.3 Blast Furnace was ignited.
November 1998	Baoshan Iron & Steel (Group) Corporation merged with the former Shanghai Metallurgical Holding Group Corporation and the former Shanghai Meishan Group Co., Ltd. to set up Shanghai Baosteel Group Corporation.
February 2000	Baoshan Iron & Steel Co., Ltd. was established.
November 2000	RMB1.877 billion common shares were issued.
December 2000	Listed at Shanghai Stock Exchange (Code: 600019)
June 2001	Purchased the third-phase project assets of Shanghai Baosteel Group Corporation; capacity reached 11 million tons.
December 2002	The opening ceremonies for Heavy Plate Mill Project and 1800 Cold Rolling Strip Steel Project were held.
April 2004	BNA Automotive Steel Sheets Co., Ltd. was established.
	The Company' s Tenth Five-Year Planning projects were put into operation.
April 2005	Issued 5 billion new shares and acquired from Shanghai Baosteel Group Corporation part of its assets and successfully integrated its steel industry.
August 2005	General meeting of shareholders approved the proposal for non-tradable shares reform and the reform had been completed.
December 2007	General meeting of shareholders approved the proposal on acquisition of Luoqing Project and its related assets and issuing 10 billion convertible bonds with call warrants.
June 2008	RMB 10 billion convertible bonds with call warrants were issued.
May 2009	Issued the first sum of 5 billion Medium-term Notes.
June 2009	Issued the second sum of 5 billion Medium-term Notes.
April 2012	Assets of Stainless Steel and Special Steel business were sold to Baosteel Group.
	General meeting of shareholders approved the proposal of constructing Zhanjiang Steel.
September 2012	Initiated the stock buyback at a price not over 5 RMB per share with the total amount within RMB 5 billion.
	The COREX related assets and technology in Luoqing area were sold to Baosteel Group.
November 2012	Acquired 71.8% of equity of Zhanjiang Steel.
May 2013	Completed the largest scale A-share buyback, accumulatively spent RMB 5 billion on buyback and cancelled 1.04 billion shares.
November 2013	Additionally invested RMB 6.907 billion (twice) to Zhanjiang Steel; shareholding rose to 85.71%.
December 2013	Issued USD 500 million bonds abroad.
May 2014	Implemented A-share restricted share incentive plan and capital management plan for staff in key positions.
August 2014	Additionally invested RMB 6 billion to Zhanjiang Steel; shareholding rose to 90%.

Appendix I: China Economic Indicators

Domestic Economic Indicators

	Unit	2011	2012	2013	2014
GDP	Trillion RMB	47.16	51.93	56.88	63.65
GDP growth rate	%	9.2	7.8	7.7	7.4
Export	USD 100 million	117,819	127,127	137,170	143,912
Import	USD 100 million	108,206	112,858	121,097	120,423
Unemployment rate	%	4.1	4.1	4.15	4.1
Consumer price index	100 for previous year	105.4	102.6	102.6	100.2
Investment in fixed assets	Trillion RMB	31.15	37.47	44.71	51.28
	%	23.8	20.3	19.3	15.3

Steel Production

	Unit	2011	2012	2013	2014
Pig iron	Million tons	630	658	709	712
Crude steel	Million tons	683	717	779	823
Steel product	Million tons	881	952	1,068	1,126
Long product	Million tons	346	386	435	449
Flat product	Million tons	389	403	447	477
Tubular product	Million tons	67	76	80	89
Section steel	Million tons	65	68	82	81
Others	Million tons	18	19	24	35

Apparent Steel Consumption

	Unit	2011	2012	2013	2014
Crude steel	Million tons	648	673	728	739
Consumption per capita	Million tons	484	497	535	539
Steel product	Million tons	848	910	1,029	1,046
Long product	Million tons	341	375	416	419
Flat product	Million tons	376	392	439	446
Tubular product	Million tons	58	67	75	79
Section steel	Million tons	63	65	78	76
Others	Million tons	15	16	26	32

Steel Export & Import

	Unit	2011	2012	2013	2014
Export	Million tons	48.88	55.73	62.34	93.78
Long product	Million tons	6.69	11.75	17.11	30.86
Flat product	Million tons	26.58	26.97	27.64	43.67
Tubular product	Million tons	9.23	9.63	9.57	10.06
Section steel	Million tons	3.10	3.89	4.48	5.19
Others	Million tons	3.28	3.49	3.54	4.00
Import	Million tons	15.58	13.66	14.08	14.43
Long product	Million tons	1.15	0.89	1.03	1.20
Flat product	Million tons	13.20	11.66	11.89	12.08
Tubular product	Million tons	0.52	0.43	0.42	0.48
Section steel	Million tons	0.43	0.44	0.50	0.43
Others	Million tons	0.28	0.23	0.24	0.24

Global Steel Production

	Unit	2011	2012	2013	2014
North America	Million tons	119	122	119	121
USA	Million tons	86	89	87	88
EU (27 countries)	Million tons	178	169	166	169
Asia	Million tons	965	999	1,096	1,111
Japan	Million tons	108	107	111	111
Korea	Million tons	69	69	66	71
Russia	Million tons	69	70	69	71
Total	Million tons	1,500	1,529	1,619	1,637

Source: National Bureau of Statistics of China and China Iron & Steel Association

Appendix II: Investor Relations Information

About Baosteel Securities

Abbreviation	Code	Number	Stock Exchange
Baosteel	600019	16.471 billion	Shanghai Stock Exchange
Bao-trans 2018	6004.hk	500 thousand	Stock Exchange of Hong Kong Ltd.

As of December 31, 2014

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