

**公司实录 Fact Book 2016**

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# I. Overview

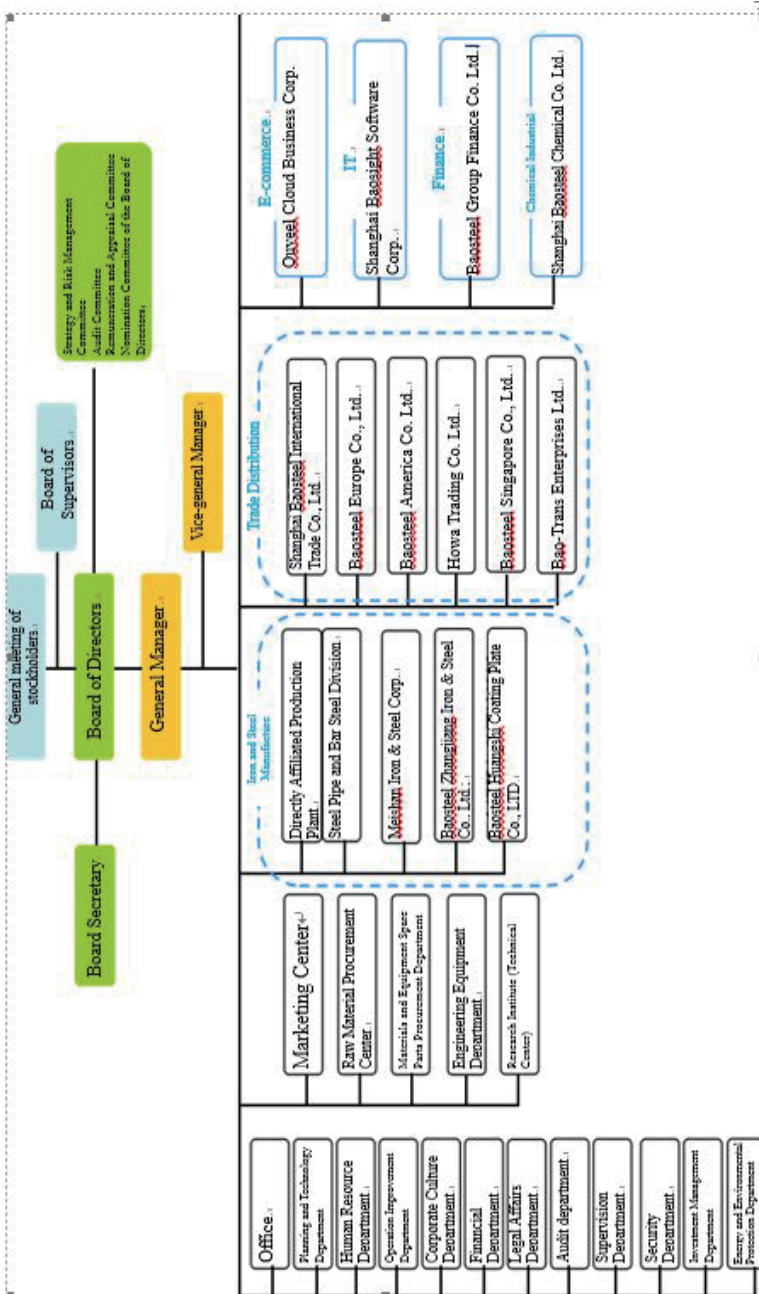
	Unit	2012	2013	2014	2015
<b>Production</b>					
Crude steel	kiloton	22,996	21,996	21,529	22,642
Steel products	kiloton	23,100	22,058	21,868	22,655
<b>Sale</b>					
Steel products <sup>[Note]</sup>	kiloton	23,566	21,993	21,817	22,148
<b>Staff</b>					
Number	person	35,299	37,487	37,838	38,089

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

	Unit	2012	2013	2014	2015	2015 (USD)
<b>Income Statement</b>						
Gross Revenue	Million RMB/USD	191,512	190,026	187,789	164,117	25,274
Net profit	Million RMB/USD	10,433	6,040	6,091	714	110
Earnings per share	RMB/USD	0.60	0.35	0.35	0.06	0.01
<b>Balance Sheet</b>						
Total assets	Million RMB/USD	214,357	226,668	228,653	234,123	36,054
Total liabilities	Million RMB/USD	97,016	106,602	104,448	111,977	17,244
Shareholder' s Equity	Million RMB/USD	117,342	120,066	124,205	122,146	18,810
<b>Stock Details</b>						
Number of Shares	Million shares	17,122	16,472	16,471	16,468	-
Capital stock	Million RMB/USD	17,122	16,472	16,471	16,468	2,536
Number of shareholders	Thousand persons	539	485	393	323	-
Year-end share price	RMB/USD	4.89	4.09	7.01	5.58	0.86

## II. Organization Chart

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



### III. Directors, Supervisors and Senior Executives

#### Board of Directors

Position	Name	Positions in BOD's Special Committee
Chairman	Chen Derong	Chairman of Strategy & Risk Management Committee
Director, President	Dai Zhihao	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
		Member of Nomination Committee
	Wang Li	Member of Strategy & Risk Management Committee
	Buck Pei	Member of Strategy & Risk Management Committee
Member of Remuneration & Appraisal Committee		
Independent Director	Yuh-chang Hwang	Director of Auditing Committee
		Member of Remuneration & Appraisal Committee
	Liu Wenbo	Member of Nomination Committee
		Member of Strategy & Risk Management Committee
		Member of Remuneration & Appraisal Committee
	Xia Dawei	Member of Nomination Committee
		Director of Remuneration & Appraisal Committee
		Member of Auditing Committee
Li Li	Member of Nomination Committee	
	Member of Auditing Committee	
		Member of Remuneration & Appraisal Committee

#### Board of Supervisors

Board of Supervisors		Senior Executives	
President of Board of Supervisors <sup>(Notes)</sup>	Chen Ying Zhou Zhuping	President	Dai Zhihao
Supervisors	Wu Kunzong		Li Yongxiang
	He Meifen		Wang Jing
	Liu Guowang	Vice Presidents	Chu Shuangjie
	Zhang Yong		Hou Angui
			Zhang Dianbo
		Board Secretary ; Chief Financial Officer (CFO)	Zhu Kebing

Note: Mrs. Chen Ying resigned her post as president and supervisor of supervisory board in our company in January 2016 for other work arrangements. Mr. Zhuping Zhou was appointed to be president and supervisor of company sixth supervisory board after election in general meeting of shareholders held on January 27, 2016.

# IV. Medium- and Long-Term Operations

## 1.Business Environment

Macro economy trend	<p>World economy in 2016 presents the characteristics of downturn, differentiation and uncertainty. Expected world economy growth rate is 2.9%, 0.2% lower than that in 2015. Obvious economic differentiation appears between emerging markets, developing countries and developed countries. Economy of Europe and the United States stops recession and starts to recover, while economic growth of emerging markets and developing countries slows sharply. Global insufficient effective demand, falling commodity prices and major currencies devaluation competition also aggravate a new round of global economy imbalance.</p>
	<p>Main keynote of domestic economy in 2016 is de-capability, destocking, off lever, cost reduction and weakness improvement. Lay emphasis on the implementation of suggestions and requirements raised in "Thirteen-Five" Plan, advance structural reform and promote sustainable and healthy economic development. Expected national GDP growth is 6.6%.</p>
	<p>According to prediction of international steel association, global steel demand will reach 1.523 billion tons in 2016, with year-on-year growth of 0.7%. From a regional point, steel demand of developed economic entity will grow 1.8% year-on-year, emerging developing countries (excluding China) of 3.8%, -2.0% of China and global growth (except China) of 2.9%.</p>
Changes in steel industry	<p>Declined domestic economic growth and structural optimization led to the decline of steel demand and the effect on the steel consumption continues to weaken. Apparent consumption of iron and steel in 2016 is expected to further drop to 670 million tons and domestic crude steel production drop to about 765 million tons.</p>
	<p>With the promotion of supply side reform, in 2016, iron and steel enterprises will accelerate to shut down and transfer, industry disorder and competition situation will improve to some extent.</p>
	<p>With the promotion of destocking in 2016, production growth of steel downstream industry, including real estate, cars and household appliances, slows down, steel demand decreases, and raw materials such as iron ore in market are oversupplied, prices continue to fall, steel prices have a downward pressure and industry overall loss state is difficult to reverse in the short run.</p>

## 2.Operation -Ideas

Corporate Vision	To be leader of steel technology, best practitioners of environmental friendship, and the example of common development of enterprise and employees.
Mission	Creation Beyond Vision
Core Value	Integrity, cooperation
Strategy Target	become the world's most competitive iron and steel enterprise and listed company with largest investment value

### 3. Development strategy





## V. Shareholdings and shareholders

By December 31, 2015, the Company's shareholders totaled 323,660 and the top 10 shareholders and their shareholdings are as follows:

Ranking	Name of Shareholders	Year-end shares holding amount (Unit: share)	Proportion (%)
1	Baosteel Group Corporation	13,130,265,267	79.734
2	China Securities Finance Co., LTD	444,813,261	2.701
3	Central Huijin Asset Management Co., LTD	122,230,300	0.742
4	Meng Lingcui	33,836,640	0.205
5	Ping An Annuity Insurance Company – Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product	32,970,563	0.200
6	Huaxia New Economy Flexible Allocation Mixed Sponsor Securities Investment Funds	30,593,576	0.186
7	E Fund Steady Income Bond Securities Investment Funds	23,999,808	0.146
8	Hong Kong Securities Clearing Co., LTD	23,648,600	0.144
9	China AMC-Huaxia China Securities Financial Assets Management Plan	21,645,400	0.131
10	ICBC Credit Suisse Fund-ICBC Credit Suisse China Securities Financial Assets Management Plan	21,645,400	0.131
10	Dacheng Fund-Dacheng China Securities Financial Assets Management Plan	21,645,400	0.131
10	Guangdong Development Fund-Guangdong Development China Securities Financial Assets Management Plan	21,645,400	0.131
10	Harvest Fund-Harvest China Securities Financial Assets Management Plan	21,645,400	0.131
10	Yinhua Fund-Yinhua China Securities Financial Assets Management Plan	21,645,400	0.131
10	E Fund - E Fund China Securities Financial Assets Management Plan	21,645,400	0.131
10	China Southern Fund-China Southern China Securities Financial Assets Management Plan	21,645,400	0.131
10	Zhong Ou Asset Management - Zhong Ou China Securities Financial Assets Management Plan	21,645,400	0.131
10	Bosera Fund-Bosera China Securities Financial Assets Management Plan	21,645,400	0.131

## VI. Dividends

### 1. Dividends

	Unit	2012	2013	2014	2015	2015 ( U.S. dollar )
Net profit <sup>Note 1</sup>	Million RMB/USD	10,386	5,818	5,792	1,013	156
Dividend per Share <sup>Notes 2</sup>	RMB/USD	0.24	0.29	0.18	0.06	0.01
Dividend/Net Profit	%	40	81	51	97.6	97.6
Dividend Yield Rate <sup>Notes 3</sup>	%	5.01	7.02	2.57	1.08	1.08

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 2.278 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. Policies for Profits Distribution

The 2004 Annual General Shareholder ' s 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% 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. 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.

### ➤ A Share Restricted Stock Plan at First Stage

The company implemented restricted stock plan in 2014 with incentive object of company senior management personnel, core management and technical backbone. At the first stage, 47446100 shares which were A-share common stocks of the company bought back by the company from Shanghai stock exchange through public bidding were awarded to 136 incentive objects. 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 personnel performance did not reach the unlocking conditions in that year, the Company would buy back corresponding lockup restricted stock per relevant rules.

	Adjust to quit restricted stock plan	Restricted stocks failing to satisfy unlock conditions	Corresponding capital stock reduction
2014	2 persons	698,900 shares	698,900 Yuan
2015	9 persons	3,508,500 shares	3,508,500 Yuan

### ➤ Assets 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 1100 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 proposition, 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 products terminate after 3 years, if the appointment period expires and the staff in key positions meets receiving conditions, the staff may receive one time.

In December 2015, according to Letter on Regulating Baosteel Key Position Staff Assets Management Plan issued by relevant state departments, 30% of liquid assets in company "capital management plan" and part of company shares will be redeemed, principal and interest of the company will be returned in full amount. Capital management plan adjust the capital to be fully paid by relevant personnel, 50% can be unlocked randomly and remaining 50% will be unlocked with expiry of original 3 years unlock period.

## VIII. Financial Highlights

### Income Statement

Unit: Million RMB/USD

	2012	2013	2014	2015	2015 (USD)
Revenue	191,512	190,026	187,789	164,117	25,274
Cost	189,117	171,952	180,551	163,311	25,149
Including: Business tax and extra charges	308	414	471	466	72
Sales Expenses	1,926	1,963	2,200	2,153	332
Administration Expenses	7,238	6,881	7,728	7,287	1,122
Financial Expenses	416	-544	488	2,393	368
Loss from asset impairment	2,084	2,388	475	1,487	229
Investment income, etc.	1,202	684	402	1,038	160
Operating Profit	3,597	7,684	7,641	1,850	285
Non-operating net Income and expenses	9,543	326	637	4	1
Pre-tax Profit	13,140	8,010	8,278	1,854	286
Income Tax	2,707	1,969	2,187	1,140	176
Net profit	10,433	6,040	6,091	714	110
Net profit attributable to shareholders of the list company	10,386	5,818	5,792	1,013	156

### Balance Sheet

Unit: Million RMB / USD

	2012	2013	2014	2015	2015 (USD)
Current assets	69,381	78,056	74,386	69,903	10,765
Fixed assets	79,440	86,218	82,897	91,068	14,024
Total assets	214,357	226,704	228,653	234,123	36,054
Current liabilities	82,227	94,646	89,254	91,860	14,146
Non-current liabilities	14,789	12,101	15,193	20,117	3,098
Total liabilities	97,016	106,747	104,448	111,977	17,244
Capital stock	17,122	16,472	16,471	16,468	2,536
Capital reserves	35,892	33,394	33,254	33,740	5,196
Surplus reserves	23,230	24,509	25,851	26,517	4,084
Retained earnings	35,541	36,963	39,766	37,148	5,721
Owner's equity attributable to shareholders of the listed company	111,387	110,413	114,258	112,803	17,371
Stockholder's equity	117,342	119,957	124,205	122,146	18,810

## Financial Indicators

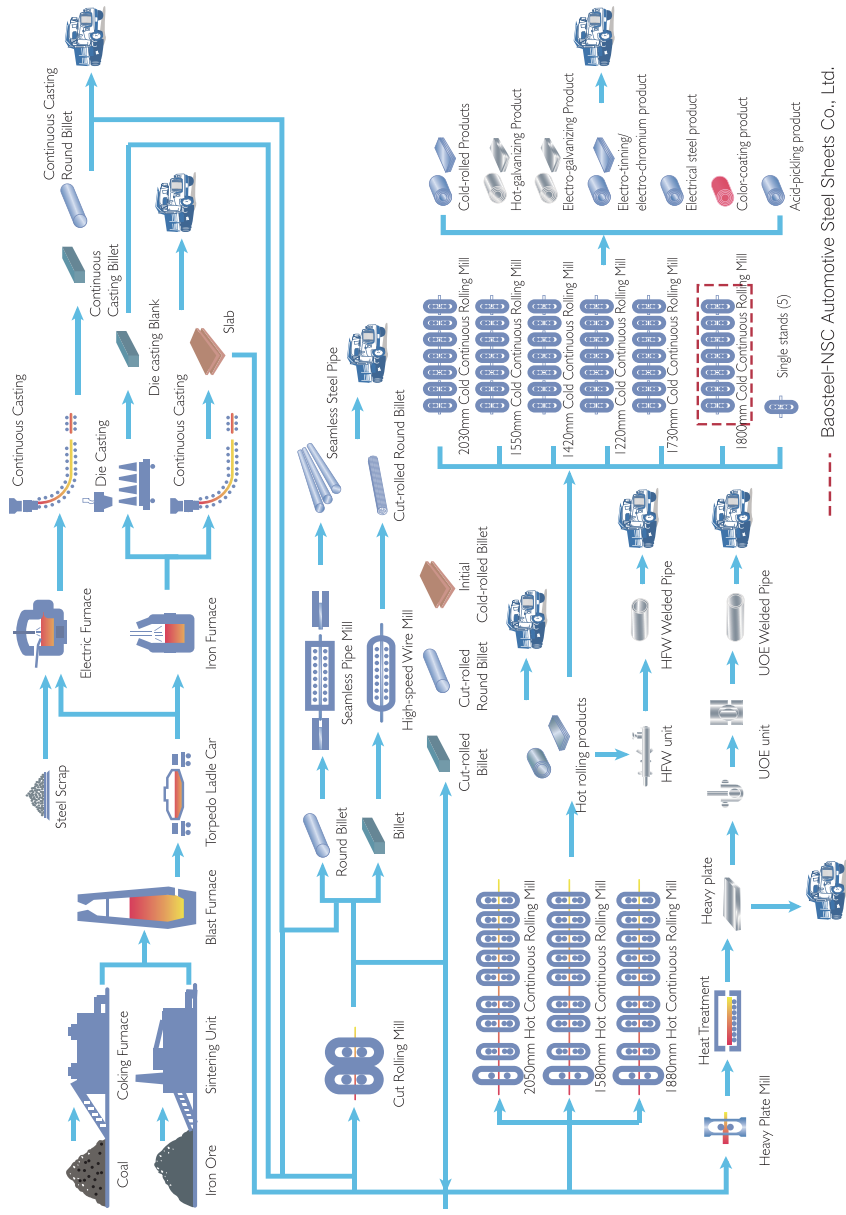
	2012	2013	2014	2015
<b>Growth (%)</b>				
Revenue	-14.1	-0.8	-1.2	-12.61
Net profit attributable to shareholders of the listed company	41.1	-44.0	-0.4	-82.51
<b>Profitability (%)</b>				
Return on total assets	6.72	4.28	4.24	1.31
Return on net assets (weighted)	9.52	5.29	5.16	0.90
Operating profit ratio	1.88	4.04	4.07	1.13
EBITDA rate	13.77	10.47	10.76	8.34
<b>Stability</b>				
Equity/Total assets (%)	54.74	52.97	54.32	52.17
Current assets/current liabilities (%)	84.38	82.48	83.34	76.10
Liabilities/net asset	0.83	0.89	0.84	0.92
EBITDA/net interest expenditure	55.17	54.85	56.86	21.20
<b>Turnover capacity</b>				
Revenue /total assets	0.89	0.85	0.82	0.70
Revenue/equity	1.63	1.58	1.512	1.34
Revenue/fixed assets	2.41	2.29	2.27	1.80
Revenue/inventory	6.65	6.33	7.00	6.98
Revenue/receivables	22.42	19.17	18.69	17.92

## IX. Credit Rating

In August 2015, the company was rated as AAA by China Chengxin Securities Rating Co., Ltd with stable outlook. Credit rating of medium-term bill at first stage issued by the company in 2015 was AAA.

In November 2015, the company was given long-term corporate credit rating of A -, A3, and A- respectively by three major international credit rating agencies-- Standard & Poor's, Moody and Fitch, continuing to maintain the highest rating in global steel industry with rating outlook of all "stable".

**Carbon Steel Process Flowsheet**  
**Production Process Chart of Headquarters**



--- Baosteel-NSC Automotive Steel Sheets Co., Ltd.

**X. Production**

## Main Production Equipment

	No.	Type	Initiating Year (Major maintenance)	Designed Capacity ( Production capacity)
<b>Headquarters</b>				
1# blast furnace	1	4966m3	1985(2008)	3.50 million tons per year (4.02 million tons per year)
2# blast furnace	1	4707m3	1991 ( 2006 )	3.50 million tons per year (3.54 million tons per year)
3# blast furnace	1	4850m3	1994(2013)	3.50 million tons per year (4.04 million tons per year)
4# blast furnace	1	4747m3	2005(2014)	3.50 million tons per year (3.99 million tons per year)
1#converter 300t	1	Top and bottom combined blow	1985(2007)	6.776 million tons per year (7.52 million tons per year)
2# converter 300t	1	Top and bottom combined blow	1985(2007)	
3# converter 300t	1	Top and bottom combined blow	1986(2007)	
250t converter	2	Top and bottom combined blow	1998	4.88 million tons per year (6.46 million tons per year)
250t converter	1	Top and bottom combined blow	2006	
150t Electric furnace	1	Double furnace body DC electrical arc furnace	1996(2006)	1 million tons per year (1.15 million tons per year)
150t Electric furnace	1	UHP AC electrical arc furnace	2008	1 million tons per year (0.85 million tons per year)
2050mm Hot strip mill	1	2050mm	1989(2014)	4 million tons per year (5.91 million tons per year)
1580mm Hot strip mill	1	1580mm	1996(2013)	2.79 million tons per year (3.55 million tons per year)
5000mm heavy plate mill	1	5150mm	2005(2014)	1.80 million tons per year (2.04 million tons per year)
1880 hot rolling mill	1	1880mm	2007	3.70 million tons per year (4.04 million tons per year)
2030 Hot rolling pickling line	1		1988(2013)	2.37 million tons per year (2.90 million tons per year)
2030 new Hot rolling pickling line	1		2001	0.75 million tons per year
1220 Hot rolling pickling line	1		2011	0.60 million tons per year (0.70 million tons per year)



	No.	Type	Initiating Year (Major maintenance)	Designed Capacity ( Production capacity)
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### Headquarters

2030mm Cold strip mill	1	2030mm	1988	2.10 million tons per year (2.55 million tons per year)
1700mm Cold strip mill	1	1700mm	2015	0.30 million tons per year
1420mm Cold strip mill	1	1420mm	1997	0.7786 million tons per year
1550mm Cold strip mill	1	1550mm	2000(2007)	1.06 million tons per year (1.40 million tons per year)
1220mm Cold strip mill	1	1220mm	1991(2007)	0.77 million tons per year (0.69 million tons per year)
1730mm Cold strip mill	1	1730mm	2008	1.73 million tons per year (2.04million tons per year)
1800mm Cold strip mill	1	1800mm	2005 ( 2012 )	1.764 million tons per year (2.40 million tons per year)
High speed wire rod mill	1	5-25mm , 120m/s	1999	0.40 million tons per year
Seamless steel tube	1	21.3-177.8mm	1985	0.50 million tons per year
Medium-diameter longitudinally welded pipe ( HFW )	1	φ 610	2005	0.30 million tons per year
Large-diameter longitudinally submerged arc welded pipe	1		2007	0.50 million tons per year

### Meishan Steel

2 # blast furnace	1	1280M2	2004.4	1.07 million tons per year
4 # blast furnace	1	3200M2	2009.5	2.464 million tons per year
5 # blast furnace	1	4070 M2	2012.6	3.27 million tons per year
1 # converter	1	150T	1999	1.20 million tons per year
2 # converter	1	150T	1999	1.20million tons per year
3 # converter	1	150T	2008	1.20million tons per year
250t converter	2	250t	2012	4.10million tons per year
1422 hot rolling mill	1	Six-stand 1422 hot rolling line	1994	3million tons per year
1420 Cold rolling mill	1	1420 picking continuous hot rolling mill	2009	0.80million tons per year
Hot rolling pickling line	1		2011	1 million tons per year
1780 hot rolling mill	1	1780mm	2012	4million tons per year

## Zhanjiang Steel

1# blast furnace	1	5050m3	2015	4.115million tons per year
350t converter	2	Top and bottom combined blow	2015	6million tons per year
2050mm Hot rolling strip mill	1	2250mm	2015	4.744million tons per year

## Output

Unit: kiloton

	2012	2013	2014	2015
Pig iron	22,075	21,220	20,988	22,174
Crude steel	22,996	21,996	21,529	22,642
Steel products				
Carbon steel	22,344	22,058	21,868	22,655
Hot rolled (HRC)				
Pickled coil	6,099	6,515	6,489	7,352
Heavy plate	1,675	1,145	1,265	1,156
CRC	4,430	4,276	4,322	4,332
Hot-dip galvanized steel	2,979	3,007	3,086	3,114
Electro-galvanized steel	784	769	762	716
Color-coated sheet	687	686	672	673
Tin plate	911	904	897	866
Chrome-coated sheet	156	183	180	178
Electric steel	1,330	1,331	1,495	1,465
Tube	1,494	1,536	1,477	1,637
Billet	909	981	721	679
High speed wire rod	545	499	502	487
Rebar	346	226	-	
Stainless steel ( headquarters )	571	-	-	
HRC	104	-	-	
CRC	467	-	-	
Special steel	185	-	-	
Total of Steel products	23,100	22,058	21,868	22,655

## XI. Sales

### Sales Volume of Steel products

Unit: Kiloton

	2012	2013	2014	2015
Carbon steel	23,139	22,471	22,314	22,493
HRC	6,358	6,564	6,675	7,303
Heavy plate	1,850	1,169	1,278	1,170
CRC	11,477	11,458	11,700	11,326
Steel tube	1,495	1,557	1,603	1,611
Billet	964	997	555	593
Wire rod	554	499	504	490
Rebar	441	227	-	0
Stainless steel	617	-	-	0
HRC	142	-	-	0
CRC	474	-	-	0
Special steel	199	-	-	0
Total	23,955	22,471	22,314	22,493

Note: Sales of Steel products contained various steel production units and Baosteel-NSC Automotive Steel Sheets Co., Ltd. (excluding trade unit). Sales in 2012, 2013, 2014 and 2015 listed in the table contained 2.051 million tons, 2.013 million tons, 1.996 million tons and 1.881 million tons of cold rolled products respectively sold by Baosteel Nippon Steel auto sheet, not including 1.663 million tons, 1.535 million tons, 1.50 million tons and 1.536 million tons of hot rolled products company sold to NSC Automotive Steel Sheets Co., Ltd.

### Domestic Market Shares of Major Products

	2012	2013	2014	2015
Cooled rolled automotive sheet	50.2%	50%	50%	50%
Tin plate	26.5%	22.4%	21.2%	23.6%
Non-oriented electrical steel	19.3%	13.8%	17.0%	14.3%
Non-standard oil pipe	26.3%	27.5%	28.0%	30%

Note: Since 2014, the company has focused on domestic market shares of strategy products and stopped to track market shares of household appliance sheet.

## Breakdown by Region

Unit: kiloton

	2012	2013	2014	2015
Home	21,615	20,546	20,048	19,938
Abroad	2,340	1,925	2,266	2,555
East Asia	934	899	693	594
Southeast Asia	498	445	707	982
America	447	473	460	367
Europe & Africa	461	524	406	612
Total	23,955	22,471	22,314	22,493

## Domestic Sales Breakdown by Products

Unit: kiloton

	2012	2013	2014	2015
Carbon steel	20,891	20,546	20,048	19,938
HRC & heavy plate	7,643	7,293	7,187	7,475
CRC	10,153	10,290	10,536	10,140
Steel pipe	1,177	1,255	1,292	1,280
Billet	956	988	533	554
High-speed Wire rod	960	721	500	488
Stainless steel	544	-	-	0
Special steel	180	-	-	0
Total	21,615	20,546	20,048	19,938

## Overseas Breakdown by Products

Unit: kiloton

	2012	2013	2014	2015
Carbon steel	2,248	1,925	2,266	2,555
HRC & heavy plate	565	441	766	998
CRC	1,324	1,168	1,163	1,186
Steel pipe	318	302	311	331
Billet	8	9	22	38
High-speed Wire rod	34	5	4	2
Stainless steel	73	-	-	0
Special steel	20	-	-	0
Total	2,340	1,925	2,266	2,555

## XII. Raw Material Procurement

	2012	2013	2014	2015
				Unit: kiloton
<b>Imported raw material</b>				
Iron ore	34,403	30,472	30,486	34,460
Coal	1,933	1,245	2,429	2,610
Carbon steel scrap (including pig iron)	124	106	-	-
<b>Domestic purchased raw material</b>				
Iron ore	1,123	2,890	2,620	925
Coal	17,233	17,416	14,919	15,827
Carbon steel scrap (including pig iron)	1,400	1,264	1,080	1,012
Limestone	3,087	3,297	3,087	2,880
Ferroalloy	335	305	315	321

### XIII. Fixed-asset Investment

Unit: Million RMB/USD

Project Name	2012	2013	2014	2015	2015 ( U.S.dollar )
Baoshan Iron & Steel Co., Ltd	10,484	12,481	18,258	23,812	3,667
Carbon steel	9,205	11,175	16,641	22,859	3,520
Infrastructure	5,866	7,715	11,884	17,793	2,740
Technical revamping	2,975	3,253	4,483	3,846	592
Non-steel Industries	1,227	1,306	1,617	1,953	301
Infrastructure	1,003	1,088	1,155	1,579	243
Technical revamping	157	163	380	296	46
Stainless Steel	25	-	-	-	-
Special Steel	27	-	-	-	-

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

## XIV. Research & Development

### R&D Investment

	Unit	2012	2013	2014	2015
R&D investment	Million RMB	4,064	3,644	3,884	3,424
R&D expenditure/revenue	percentage	2.13	1.92	2.11	2.09

### R&D Organization and R&D Personnel

The Technology Center of Baoshan Iron & Steel Co., Ltd (including such centers in its subsidiary companies): 1,105 persons

Among them : Researching staff 741 persons Technical staff: 305 persons

Management staff: 59 persons

### New Intellectual Property Rights Obtained in China in 2014

Authorized Invention Patent	Authorized Utility Mode	Software Copyrights
326 pieces	253 pieces	44 pieces

## Scientific and Technological Achievements

Year	Number of achievements	Main Achievements
2012	191	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-Orientation Silicon Steel Manufacturing Technology ( Grand Prize, China Metallurgical Science And Technology Award )
		Research and Development on Integrated Technologies in Advanced High-Strength (Ultrahigh-Strength) Thin Strip Steel in aspects of Products, Process and Equipment( First Prize, Shanghai Science and Technology Progress )
		Research and Application of New Performance Assessment Method on High Reactivity Coke ( First Prize, China Metallurgical Science and Technology Award )
		Research and Application of Roll Production Line Optimization System ( First Prize, China Metallurgical Science and Technology Award )
2013	130	Development of Key Technology to Electric Arc 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 Process Award)
2014	131	Research and application of steel pipe for 600 °C ultra-supercritical thermal power unit ( First prize, China Metallurgical Science and Technology 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 Process Award)
		Core technology research, equipment development, application promotion of band steel surface quality online detection (Second prize, China Metallurgical Science and Technology Process Award)
		R&D and application of thick plate cold straightening mechanism model, technology and equipment (Second prize, China Metallurgical Science and Technology Process Award)
2015	111	Development and industrialization of high-grade non-oriented silicon steel manufacturing technology (First prize, Shanghai Science and Technology Process Award)
		Iron Nickel Base Alloy Oil Casing Key Technology and Product Development
		Development And Application of Customers-driven Metallurgical Enterprise Whole Process Collaborative Manufacturing System
		Development and Application of High-Grade Non-Oriented Silicon Steel Acid Continuous Rolling Technology
		Hot And Rough Rolling Plate Shape Control and Quality Improvement Techniques
		Development of Iron And Nickel Base Alloy Oil Casing Products And Manufacturing Technology
Research and Development of South China Sea Liwan Project X65 And X70 Sea Pipe		
Research, Development and Industrial Application of High Quality Iron Oxide Red Green Manufacturing Technology		



## XV. Human Resources

### Employees

	Unit	2012	2013	2014	2015
Year-end employees number	Person	35,299	37,487	37,838	38,089
Cash paid to employees and for employees	Million RMB	8,780	9,059	9,613	9,169
Steel industry	Person	24,786	23,969	24,164	23,378
Production staff	Person	17,176	16,751	16,222	15,591
Technical staff	Person	5,504	5,257	5,834	5,695
Administrative staff	Person	2,106	1,961	2,108	2,092
Other industries	Person	10,513	13,518	13,674	14,711
Baosteel Co., Ltd (excluding subsidiaries)	Person	18,524	17,995	17,730	17,438
Sales revenue per capita	Million RMB	5.4	5.1	5.0	4.3
Output per capita	Ton	909	902	891	953

## XVI. Operation Improvement

### In-depth investing in Zhanjiang construction, supporting Zhanjiang System Capacity Construction

Plan key work programs including "Ensure advancement of Zhanjiang 15.9 blast furnace ignition work", "Promote mutual supply and cooperation between affiliated company, Meishan Steel and Zhanjiang Steel" and "Zhanjiang simulated sales in-depth plan and implementation", clear relevant goals and promote the responsibility system; Establish 21 monitoring indicators through cooperative combat management mechanism between Shanghai headquarter, Meishan Steel and Zhanjiang Steel, and dynamically assess and reveal risks to support fulfillment of task goal of Zhanjiang Steel in 2015.

After nearly three years' construction and development, various supporting information systems of Zhanjiang Steel production projects in 2015 were put into operation successfully and synchronously with the principal part of the project. Launch preliminary planning and preparation works of Zhanjiang Steel external certification, advance to complete construction of 23 fundamental systems (class C) including procurement, sales, new product development, technology management, intellectual property rights and other company direct management functions, and create conditions for future external certification of Zhanjiang Steel.

### Optimizing Organization and Operation Management for Higher Operation Effectiveness

Explore new measures to deepen overall reform, stimulate innovation vitality of enterprise. Put forward to actively and steadily promote the reform of relevant measures from cost reduction, organization simplification and human resource efficiency promotion.

Advance simplification of headquarters departments. 1) Integrate strategic management department and science and technology development department into planning and science and technology department to improve management efficiency and promote technology innovation to exert greater effect in the next round planning. 2) Combined with headquarters to gradually reduce construction projects, stabilize present investment scale situation, integrate investment management department and engineering department, further strengthen overall planning and coordination advancement of investment management and engineering management functions, complement each other and improve management efficiency. 3) Cancel staff service center agency system, further integrate resources and simplify administrative efficiency; Include human resources daily management business into group human resources service center.

In-depth promote management reform work of three companies including Yanbao, Lubao and Industry and Trade subsidiary to steel pipe and steel bar division, take "lean and high efficient" as principle, implement integrated operation, focus on promoting flat management, simplify secondary departments and optimize post setting. Annul asset management department and logistics management department subsidiary to Baosteel International, to meet requirements of business intensive development.

Comply with the demands of the corporate strategy development, representative office of Indonesia was newly set at Baoxin; Taiwan office was newly set at Baohe; Marketing network layout of Baomei was optimized and representative office in Calgary, Canada was newly established; In order to further strengthen the construction of overseas service system, promote overseas technical service ability, pilot European technical service center was established in Baosteel Europe.

## Striving to ensure Zhanjiang Steel information system investment and steadily promoting wisdom manufacturing

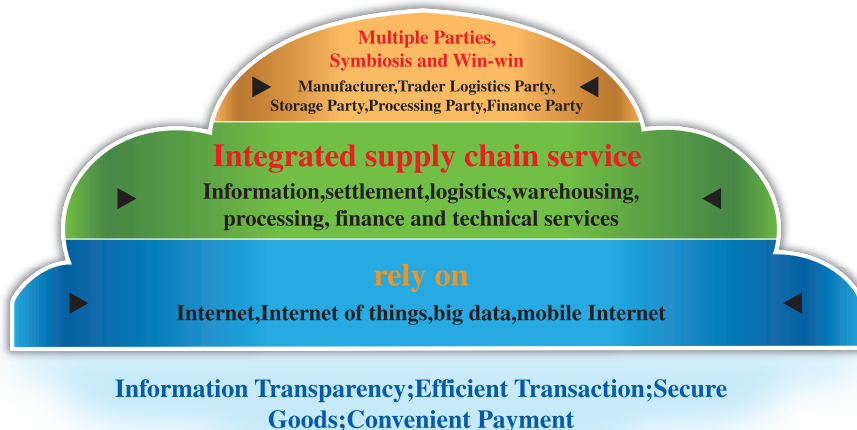
Fully implement wisdom manufacturing 2016-2021 special planning, and ensure whole life cycle of steel products, take quality improvement and efficient enhancement, and high efficient coordination as center, Internet of things, Internet, cloud computing, big data and other new technologies as well as in-depth integrated application of Baosteel whole supply chain as the basic path, gradually realize intelligence of Baosteel manufacturing equipment, whole supply chain control and decision-making process, build intelligent manufacturing system integrating intelligent equipment, intelligent factory and wisdom operation, promote competitiveness of Baosteel in cost, quality and service, form advantage gap, and become leader of domestic iron and steel enterprise intelligent manufacturing.

In 2015, steadily launched wisdom manufacturing practice and carry out probe experiment. 1) At intelligent equipment (unmanned) level, automation of 9 vehicles and application of 17 sets of industrial robot were achieved. 2) At intelligent factory level, built 3 GA shell plate production line working procedures of consistent quality information transfer and utilization system from steel-making, hot rolling, cold rolling to machining center, built process logistics tracking and cost profit analysis system covering headquarters thick plate, hot rolling, cold rolling and silicon steel in accordance with requirements of "construct market-oriented cost control system, enhance cost fine manage and control ability". 3) In the aspect of intelligent interconnection, choose parts of several vehicle models produced by Shanghai GM and SGMW to explore production and whole life cycle management by prediction, and consolidate and enhance the competitive advantage of Baosteel in supply chain security and supportability.

Choose steel manufacturing core link " 1580 hot rolling workshop" to carry out pilot intelligent plant, after assessment of MIIT expert group, 1580 hot rolling intelligent workshop got intelligent manufacturing demonstration pilot qualification issued by MIIT in 2015 and became the only pilot site among steel manufacturing industry.

## XVII. Ouyeel Commerce

Ouyeel Commerce Co., LTD (hereinafter referred to as the "Ouyeel") was established in February 2015 which integrated original steel electronic trading related resources of Baosteel, took "service production system" as business model, and served as ecological steel service platform created by new technological methods including Internet, Internet of things, big data and mobile.



From its establishment, Ouyeel has defined "co-construction and sharing, trustworthy" as culture value and development concept, and advocates to build platform with steel industry chain participants, and share values created by the platform. Taking steel industrial chain as center, Ouyeel achieved cross-products, cross-region, cross-service and multi-dimensional development, strived to create bulk commodity service platform cluster, formed network architecture for 11 sub-platforms, and basically established business models of each platform through continuous exploration and practice, and got differentiated competitive advantage against competitors.

From July 2015, Ouyeel vigorously has advanced ground promotion work in national various regions. The Group set up five regional companies, arranged 52 service sites in 2015 and established stable cooperation with 31 large and medium-sized steel plants.

Operating results of Ouyeel various parts in 2015 are listed as below:

Ouyeel E-commerce	Trade Amount	Settlement Amount	Relevant Transaction in Group Company
	10.18million tons	8.88 million tons	Below 30%
Ouyeel Logistics	System Warehouse	Managed Alliance Warehouse	Supervision Amount
	710	42	950 kiloton
Ouyeel Finance	Financial Balance	Payment Scale	Financing Balance
	RMB 650 million	RMB 56 billion	RMB 1.2 billion
Ouyeel Material	Ouyeel Technical Specifications	Ouyeel Grade	Relevant E-commerce Platform Grade
	36	635	2688
Ouyeel Procurement	Trading Amount	Ouyeel Data	E-commerce Union Trading Amount (Southern Shanxi)
	RMB 36.5 billion		RMB 1.20million

## XVIII. Environmental Operation

**Environment Management System:** Baosteel headquarters passed renewable verification of BSI environment management system in October 2015; Baosteel Meishan Steel first passed renewable verification of BSI environment management system in January 2015 and completed supervisory auditing of environment management system in August 2015.

**Energy Management System :** The company passed renewable verification of energy management system (GB/T23331-2012 idt ISO50001:2011 "Energy Management System Requirement" ) in July 2014 and audit of Beijing Grand Honor in June 2015.

**Clean Production Audit :** In 2015, Baosteel Group passed second round clean production acceptance and third round assessment.

**Energy Conservation and Emission Reduction and Complementary Energy Recycle:** In 2015, 38 energy conservation projects are implemented. Technical energy conservation amount of 107,000 tons of coal equivalent were added; Annual objective of comprehensive energy consumption of per ton steel declined 3 kg of coal equivalent, comprehensive energy saving of 37,000 tons of coal equivalent were achieved; Complementary energy of 1.88 million tons were recycled in 2015. Compared with 2014, SO<sub>2</sub> emissions of Baosteel Group fell by 8.4% year on year, COD emissions in waste water fell by 6.6% year on year.

**Renewable Resources Comprehensive Utilization:** In 2015, company secondary resource comprehensive utilization attained better achievements again. By-product resource comprehensive utilization rate reached 99.39% and by-product resources back to production efficiency reached 26.85%.

**New Energy Technology Application Demonstration :** In 2015, photovoltaic power generating capacity of Baosteel (including Meishan Steel) was 51.55 million KWH, equivalent to 16,000 tons coal and emissions of 42,000 tons of carbon dioxide were reduced. Jintaiyang phase II 20 MW photovoltaic power generation project is under construction and will be connected to the grid in first quarter of 2016.

**Company Environmental Protection Cost :** The cost includes expenditure cost and capitalization cost. Pollutants emission reduction work has been vigorously promoted in recent years, proportion of sum of environmental protection facilities operation and depreciation cost in expenditure items continued to remain high level, and reached 75.4% in 2015. The Company' s environmental protection costs in recent years are listed in the following table:

## Environmental Protection Cost Composition

Unit: RMB hundred million

Category	Items	2011	2012	2013	2014	2015
Expensed projects and costs	Discharge fee, fee for system approval, environmental monitoring fee, facility operation fee, facility depreciation charge, labor fees, fee for transporting hazardous substances, fee for landscaping, fee for disposal of solid waste, investment on new projects and upgrading and expanding existing projects, research investment, and others	41.74	28.49	22.47	23.98	24.64
Capitalized projects and costs	Investment in new environmental protection projects and on upgrading and expanding existing projects and other supporting projects	17.64	4.23	4.81	8.03	13.74

In 2015, the Company's major indicators for energy saving and environmental protection remained at international advanced level:

## Main Energy Saving and Emission Reduction Technology Indicators

Items	Unit	2011	2012	2013	2014	2015
Fresh water consumption per ton of steel	%	82.9	85.6	80.2	77.7	70.7
Aggregate amount of the recovered waste energy	%	130.2	111.1	96.3	93.7	94.7
General energy consumption per ton of steel	%	95.4	98.7	99.0	98.5	96.0
SO2 emissions per ton of steel	%	39.9	35.7	30.1	26.6	23.9
COD emissions per ton of steel	%	57.8	62.2	60.0	60.0	54.9
Overall utilization ration of industrial solid waste	%	98.8	98.9	98.9	99.2	99.4

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

## XIX. Corporate Citizenship

### External Donation

Unit: RMB 1,000

	2012	2013	2014	2015
Poverty relieving funds	9,985	9,050	9,610	9,550
Grants in aids	24,673	7,135	708	2,057
Total	34,658	16,185	10,318	11,557

### External Awards

- January ◆ “600°C ultra-supercritical thermal power generating unit pipe innovative development and application” project completed jointly by Baosteel, Baosteel Special Steel and other units were awarded First Prize for National Technology Progress. It has been the third time that Baosteel won this prize.
- May ◆ Baosteel Group won several medals on the 114th International Invention Exhibition in Paris, and ranked the first place among Chinese enterprises. Of which, Baosteel won one gold medal and two bronze medals.
- July ◆ “Technology development and application of high-grade non-oriented silicon steel acid continuous rolling” of Baosteel and “Development and application of customer-driven metallurgical enterprise whole process collaborative manufacturing system” jointly developed by Baosteel and Baosight Software were awarded First Prize for National Metallurgical Science and Technology Process in 2015.
- October ◆ Baosteel won 23 golden medals, 29 silver medals and 36 bronze medals in 21st National Invention Exhibition and was awarded excellent exhibition group.
- November ◆ “Baosteel Large Blast Furnace Fast Overhaul Management Practice” was awarded the first prize for Steel Association enterprise management modernization innovations.
- December ◆ According to selection results of investor relations in Greater China by UK authoritative Magazine “IR Magazine”, Baosteel ranked first among material industry.

Customers	Honors
Shanghai GM	Awarded “ Best Supplier ” for continuous three years by Shanghai GM.
GAC Toyota Motor	Won “ Excellent Quality Prize ” and “ Supply and Support Special Prize ” solely awarded to steel plant by GAC Toyota Motor
Volvo Cars	Best Localization Support Prize in 2015
Chang ’ an Ford Automobile	Annual Best Business Cooperation Partner Prize
GAC Fiat - Chrysler	Excellent Supplier of GAC Fiat - Chrysler
Dongfeng Nissan Motor	Excellent Supplier in 2015
Leibao	Excellent Development Supplier in 2014
Chang ’ an Auto	Annual Excellent Supplier , awarded for continuous 8 years from 2006.
BYD Auto	Top ten suppliers
Great Wall Motor	Awarded “ True Partner Prize ” for continuous three years, sole partner to win this prize among steel suppliers.
JMC	Excellent Supplier in 2015, awarded for continuous 15 years
Dongfeng	
JAC	Excellent Supplier in 2015
ELX	
Eaton Corp	Awarded “ Global Excellent Supplier ” firstly.
Haier	“ Golden Cube Award ” , sole supplier in global iron and steel company to win the prize.
Daikin ( Shanghai )	Special Prize for Partnership, first received by domestic raw material suppliers.



## XX. Subsidiaries and Major JVs

### Domestic Subsidiaries and Major JVs

#### SHANGHAI MEISHAN IRON & STEEL CO., LTD.

Date of establishment: June 26th, 2001

Main Business Scope: 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 2015: 6.99 million tons

Staff Number: 4480 persons

#### BAOSTEEL ZHANJIANG IRON & STEEL CO. LTD.

Date of establishment: April 18th, 2011

Main Business Scope: black metal smelting and rolling processing, marketing, etc.

Shareholding of the Company: 90%

Registered Capital: RMB 20.0 billion

Capacity: 8.75 million tons ( Crude steel )

Sales volume in 2015: Not applicable

Staff Number: 3274 persons

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

Date of establishment: July 30th, 2004

Main Business Scope: Production and sales of cool rolled plate and galvanized steel used for auto and auto parts, and relevant subsidiary business

Shareholding of the Company: 50%

Registered Capital: RMB 3 billion

Capacity: 2.60 million tons

Sales volume in 2015: 1.99 million tons ( plus manufacturing volume 400 thousand tons entrusted by the listed company )

Staff Number: 731 Persons

#### YANTAI LUBAO STEEL TUBE CO., LTD.

Date of establishment: June 3rd, 1992

Main Business Scope: production and sales of seamless steel tubes

Shareholding of the Company: 100%

Registered Capital: RMB 500 million

Capacity: 0.3 million tons

Sales volume in 2015: 0.27 million tons

Staff Number: 499 Persons

**YANTAI BAOSTEEL STEEL TUBE CO., LTD.**

Date of establishment: June 6th, 2007

Main Business Scope: production and sales of seamless steel tube

Shareholding of the Company: 80%

Registered Capital: RMB 4 billion

Capacity: 0.60 million tons

Sales volume in 2015: 0.38 million tons

Staff Number: 427 Persons

**BAOSTEEL HUANGSHI COATED AND GALVANIZED SHEER CO., LTD.**

Date of establishment: December 11st, 1992

Main Business Scope: Production and sales of cool rolled plate, Aluminized Steel, color-coated plate and relevant coated products

Shareholding of the Company: 58.45%

Registered Capital: RMB 140 million

Capacity: 0.45 million tons

Sales volume in 2015: 0.53 million tons

Staff Number: 496 Persons

**SHANGHAI BAOSTEEL INTERNATIONAL ECONOMIC & TRADE CO., LTD.**

Date of establishment: June 13rd, 1985

Main Business Scope: Self-management and agent of import and export of state approved commodities and technology, import of steel products and scrap steel, feedstock processing and "Three-processing and one compensation", etc.

Shareholding of the Company: 100%

Registered Capital: 2.25 billion Yuan

Staff Number: 3886 Persons

**SHANGHAI BAOSIGHT SOFTWARE CO., LTD.**

Date of establishment: June 14th, 2001

Main Business Scope: Research, designing, development, manufacturing and integration of computer software and hardware, automation as well as network communication s products

Shareholding of the Company: 55.5%

Registered Capital: 390 million Yuan

Staff Number: 4192 Person

**BAOSTEEL NANTONG IRON & STEEL CO., LTD.**

Date of establishment: December, 28th, 1994

Main Business Scope: 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: Stop production

Sales volume in 2015: Implementation of economic operation

Staff Number: 38 Persons

**BAOSTEEL GROUP FINANCE CO., LTD.**

Date of establishment: October, 1992

Main Business Scope: Deposits and loan services for member companies and internal balancing services, etc.

Shareholding of the Company: 62.10%

Registered Capital: RMB 1.4 billion

Staff Number: 58 Persons

**SHANGHAI BAOSTEEL CHEMICAL CO., LTD.**

Date of establishment: July, 23rd, 2007

Main Business Scope: Production and sales of chemical raw materials and products

Shareholding of the Company: 100%

Registered Capital: RMB 2.11 billion

Staff Number: 1843 Persons

**OUYEEL Commerce Co., Ltd.**

Date of establishment: February 4th, 2015

Main Business Scope: technology consulting and development in the field of electronic commerce

Shareholding of the Company: 51%

Registered Capital: RMB 2.4 billion

Staff Number: 705 Persons

**Overseas Subsidiary and Major Cooperative Enterprise**

Name	Established	Capital Stock Million Yuan	Enterprise Shareholding Ratio	Main Business
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
Bao-Island Enterprises Ltd. (JV)	1992	4	50%	Ocean Freight 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 products processing and sales

# XXI. Globalized Marketing Network

## Domestic Dealers

### Shanghai Baosteel Steel Products Trading Co., Ltd.

Address: 3rd and 12th floor, No. 370, Pudian Road, Pudong District, Shanghai, 200122, China  
Tel: 021-50509696  
Fax: 021-68404618

### Guangzhou Baosteel Southern Trading Co., Ltd.

Address: 13/F, Building A1, No.191, Science Avenue, Luogang District, Guangzhou City, Guangdong, 510663, China  
Tel: 020-32219999  
Fax: 020-32219555

### Beijing Baosteel Northern Trading Co., Ltd.

Address: 16th floor, Baosteel Building, No C12, Jianguomenwai Avenue, Chaoyang District, Beijing, 100022, China  
Tel: 010-56512000  
Fax: 010-56512199-6706

### Chengdu Baosteel Western Trading Co., Ltd.

Address: 11st floor, La D é fense Mansion, No.1480 Tianfu Avenue, High-tech Zone, Chengdu  
Postcode: 610041  
Tel: 028-85335388  
Fax: 028-85335696

### Wuhan Baosteel Central China Trading Co., Ltd

Address: No.531, Jiangcheng Avenue, Economic & Technical Development Area, Wuhan, Hubei Province, 430056  
Tel: 027-84298800  
Fax: 027-84298224

### Shenyang Baosteel North-Eastern Trading Co., Ltd.

Address: 78 Guanquan Road, Dadong District, Shenyang City, Liaoning Province, 110044  
Tel: 024-31391158  
Fax: 024-31391160

### Shanghai Baosteel Trading Co., Ltd.

Address: 7th floor, 151 Mohe Road, Baoshan District, Shanghai, 201900, China  
Tel: 021-26640781  
Fax: 021-26640700

### Shanghai Baosteel Pudong International Trading Co., Ltd

Address: 6th floor, No.151, Mohe Road, Baoshan District, Shanghai, 201900, China  
Tel: 021-26640600  
Fax: 021-26640666

### Shanghai Baosteel Stainless Steel Trading Co., Ltd.

Address: No.555, Yuanhe Road, Baoshan District, Shanghai, 200941  
Tel: 021-66933311  
Fax: 021-66932879

**Foshan Baosteel Stainless Steel Processing & Distribution Co., Ltd.**

Address: N0.16, Sanle East Road, Beiyao Town, Shunde District, Fushan City, Guangdong Province, 528311, China

Tel: 0757-26602888

Fax: 0757-26602302/26609308

**Overseas Dealers****Howa Trading Co., Ltd.**

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

Tel: 81-3-32379121

Fax: 81-3-32379123

**Baosteel Europe Co., Ltd.**

Address: No.1, Nonnenstieg Avenue, Hamburg, Germany

Tel: 49-40-419940

Fax: 49-40-41994120

**Baosteel America Trading Co., Ltd**

Address: 85 Chestnut Ridge Road Montvale NJ 07645, USA

Tel: 201-307-3355

Fax: 201-307-3358

**Baosteel Singapore Trading Co., Ltd**

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

Tel: 65-63336818

Fax: 65-63336819

**Baosteel Brazil Trading Co., Ltd**

Address: Av Chucri Zaidan, 1550, Chúcara Santo Antônio, São Paulo - SP BRASIL, 04583-110

Tel: +55-11-26678879

**Bao-Island Enterprises Limited**

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

Tel: 852-39625300

Fax: 852- 25980268

**Bao-Trans Enterprises LTD.**

Address: Room 2901, Office Tower, Covention Plaza, 1 Harbour Road, Wanchai, Hong Kong

Tel: 852-25285766

Fax: 852-25295117



## XXI. Brief History of Company

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 former Shanghai Meishan Group Co., Ltd, to set up Shanghai Baosteel Group Corporation.
February, 2000	Baoshan Iron & Steel Co., Ltd. was established.
November, 2000	RMB 1.877 billion common shares were issued.
December, 2000	Listed at Shanghai Stock Exchange (code : 600019)
June, 2001	Purchased Phase-3 project from Shanghai Baosteel Group and achieve 11 million tons in Capacity.
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.
April, 2005	Company tenth five year plan project was official put into operation. Issued 5 billion new shares, acquire part assets and equity of Shanghai Baosteel Group Corporation, and successfully integrated its steel industry.
August, 2005	General meeting of shareholders approved the proposal on 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 5 billion Phase-I Medium Term Note (MTN)
June, 2009	Issued 5 billion Phase-II Medium Term Note (MTN)
April, 2012	Sold all assets of stainless steel and special steel division to Baosteel Group Corporation.
September, 2012	Company as the main body to build Zhanjiang Steel project was approved by general meeting of shareholders Initiated the stock buyback at a price not over 5 RMB per share with the total amount within RMB 5 billion.
December, 2012	The COREX related assets and technology in Luoqing area were sold to Baosteel Group. 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%.
September, 2015	Zhanjiang No.1 blast furnace was ignited.

## Annex: China Economic Indicators

### Domestic economic indicators

	Unit	2012	2013	2014	2015
GDP	trillion RMB	51.93	56.88	63.65	67.6708
GDP growth rate	%	7.8	7.7	7.4	6.9
Export	Hundred million RMB	127,127	137,170	143,912	141,255
Import	Hundred million RMB	112,858	121,097	120,423	104,485
Unemployment Rate	%	4.1	4.15	4.1	4.05
Consumer Price Index	100 for last year	102.6	102.6	100.2	101.4
Fixed Assets Investment	trillion RMB	37.47	44.71	51.28	56.20
	%	20.3	19.3	15.3	9.8

### Steel Production

	Unit	2012	2013	2014	2015
Pig iron	Million tons	658	708	716	691
Crude steel	Million tons	717	815	823	804
Steel product	Million tons	952	1077	1117	1123
Long product	Million tons	386	432	443	423
Flat product	Million tons	408	455	477	489
Tubular product	Million tons	76	84	89	98
Section steel	Million tons	68	82	80	80
others	Million tons	19	29	34	38

### Apparent Steel Consumption

	Unit	2012	2013	2014	2015
Crude steel	Million tons	673	765	740	700
Consumption per head	Kilogram	498	563	543	511
Steel product	Million tons	910	1029	1038	1024
Long product	Million tons	375	416	414	380
Flat product	Million tons	392	439	445	451
Tubular product	Million tons	67	75	79	89
Section steel	Million tons	65	78	75	75
others	Million tons	16	26	30	34

## Steel export and import

	Unit	2012	2013	2014	2015
Export	Million tons	55.73	62.34	93.78	112.40
Long product	Million tons	11.75	17.11	30.86	43.89
Flat product	Million tons	26.97	27.64	43.67	48.46
Tubular product	Million tons	9.63	9.57	10.06	9.98
Section steel	Million tons	3.89	4.48	5.19	6.05
others	Million tons	3.49	3.54	4.00	4.02
Import	Million tons	13.66	14.08	14.43	12.78
Long product	Million tons	0.89	1.03	1.20	1.07
Flat product	Million tons	11.66	11.89	12.08	10.77
Tubular product	Million tons	0.43	0.42	0.48	0.38
Section steel	Million tons	0.44	0.50	0.43	0.35
others	Million tons	0.23	0.24	0.24	0.22

## Global Steel Production

	Unit	2012	2013	2014	2015
North America	Million tons	122	119	121	111
USA	Million tons	89	87	88	79
EU(28 countries)	Million tons	169	166	169	166
Asia	Million tons	999	1096	1122	1097
Japan	Million tons	107	111	111	105
Korea	Million tons	69	66	71	70
Russia	Million tons	70	69	71	71
Total	Million tons	1,529	1,619	1,647	1,600

Data Source: National Bureau of Statistics of China, China Iron and Steel Association



## Annex: Investor Relations Information

### Securities information :

Abbreviation	Code	Quantity	Trading Place
Baosteel	600019	16.468 billion shares	Shanghai Stock Exchange
Bao-trans US bonds	6004.HK	0.5 million bonds	Hong Kong Joint Stock Exchange
Bao-trans Eurobonds	BVY5P13 5877.HK	0.5 million bonds	Irish Stock Exchange Hong Kong Joint Stock Exchange

As of December 31<sup>st</sup>, 2015

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**BAOSTEEL**

**宝山钢铁股份有限公司**

**BAOSHAN IRON & STEEL CO., LTD.**