

Corporation code: 600019

Corporation abbreviation: Baosteel

Baoshan Iron & Steel Co., Ltd.

2015 Semi-annual Report

Important Notice

I. The Board of Directors and the Board of Supervisors of Baoshan Iron & Steel Co., Ltd. (hereinafter “the Company”), along with their directors, supervisors and senior executives, hereby guarantee that this Semi-annual Report (hereinafter “the Report”) is free from false statement, misleading information or grave material omission, and assume relevant separate and joint responsibilities in regard to the truth, the accuracy and the integrity of the contents of the Report.

II. Absent Directors

Position	Name	Reason	Authorized Representative
Independent director	Yuh-Chang Hwang	Work	Xia Dawei

III. The semi-annual financial statement of the Company is unaudited.

IV. Chen Derong, Chairman of the Company, Zhu Keping, person in charge of accounting work and chief financial officer, and Wang Juan, chief accountant, attest to the truthfulness, correctness and completeness of the financial statements in the Report.

V. Proposed Profit Appropriation Plan and Capitalizing of Reverses Plan for the Reporting Period Reviewed by the Board of Directors

None.

VI. Risk Disclosure on Proactive Statements

The proactive future plans and developing strategies in this Report do not constitute actual promises to investors. Investors are kindly reminded that investment involves risks.

VII. Was Capital Found in the Company to be Occupied by the Controlling Shareholder and Its Related Parties?

None.

VII. Was Guarantee Found In the Company to be Provided in Manner that is against the Stipulated Decision-making Procedures?

None.

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Section I Definitions

The following terms shall have the meaning below in this report unless the context requires otherwise:

Commonly-used words meaning		
Third generation of automotive steel	Refers to	Automotive high strength and high plastic steel products with light weight and safety index higher than those of the first generation of automotive steel, and production cost lower than that of the second generation.
Non-oriented silicon steel	Refers to	A kind of silicon steel that does not have any obvious pattern or certain orientation in crystallization arrangement, and in which the content of (Si+Al) is normally between 1.5% and 4.0%. It has a low core loss and relatively lower magnetic induction, of which the nominal thickness may be 0.35mm or 0.50mm, etc. Non-oriented silicon steel is used in motor, generator, household appliance, relay, electromagnetic switch, and so on in electric power industry.
Oriented silicon steel	Refers to	A kind of silicon steel that has an obvious pattern and certain orientation in crystallization arrangement, and in which the content of Si is commonly around 3%. It has a low core loss and high magnetic induction, of which the nominal thickness may be 0.20mm, 0.23mm, 0.27mm, 0.30mm or 0.35mm, etc. Oriented silicon steel is used in all kinds of electric transformers, etc.
UOE welded pipe	Refers to	Press the steel plate into U shape in the forming die, and then into O shape, then conduct the internal and external submerged-arc welding. End and overall length will be expanding after the welding. It is widely applied to the transmission of media such as oil, gas, ore pulp, water, high-temperature steam and others.
Bao Cloud	Refers to	The cloud computing service product developed by the subsidiary of Baosteel – Baosight. Cloud computing is a kind of business model of obtaining information service from service provider as required flexibly and quickly.

Section II. Company Profile

I. Company Profile

Chinese Name	宝山钢铁股份有限公司
Chinese Abbreviation	宝钢股份
English Name	Baoshan Iron & Steel Co., Ltd.
English Abbreviation	Baosteel
Legal Representative	Chen Derong

II. Contact Information

	Secretary of Board of Directors	Representative of Securities Affairs
Name	Zhu Keping	Yu Hong
Address	Board of Directors' Secretary Office of Baoshan Iron & Steel Co., Ltd., Baosteel Administration Center, 885 Fujin Rd. Baoshan District, Shanghai	Board of Directors' Secretary Office of Baoshan Iron & Steel Co., Ltd., Baosteel Administration Center, 885 Fujin Rd. Baoshan District, Shanghai
Tel.	86-21-26647000	86-21-26647000
Fax	86-21-26646999	86-21-26646999
E-mail	ir@baosteel.com	ir@baosteel.com

III. Basic information Change

Registered Address	Baosteel Administration Center, 885 Fujin Road, Baoshan District, Shanghai
Zip Code of Registered Address	201900
Office Address	Baosteel Administration Center, 885 Fujin Road, Baoshan District, Shanghai
Zip Code of Office Address	201900
Internet website	http://www.baosteel.com/plc/
E-mail	ir@baosteel.com

IV. Company Announcements or Disclosures & Copies of the Report Change

Company Announcements or Disclosures published in:	<i>China Securities Journal, Shanghai Securities News, and Securities Times</i>
Semi-annual Report Website Designated by China Securities Regulatory Commission	www.sse.com.cn
Copies of the Semi-annual Report of the Company available at:	Baosteel Administration Center, 885 Fujin Road, Baoshan District, Shanghai

V. Profiles of Stocks of the Company

Stock Type	Stock listed at	Abbreviation of stock	Stock code	Abbreviation of stocks before alteration
A-share	Shanghai Stock Exchange	Baosteel	600019	G Baosteel

VI. Changes of Registration of the Company during the Reporting Period

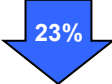

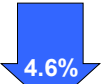




Date of registration	June 19, 2015
Place of registration	Shanghai
Registration number of Business License	310000000074519
Tax registration number	310113631696382
Organization code	63169638-2

VII. Other Relevant Information

None.

Section III Accounting and Financial Highlights

I. Key Data

<p>Domestic steel price comprehensive index (CISA)</p> <p>73.79</p> <p>First half of 2014: 95.81</p> <p></p>	<p>Baosteel straight carbon steel average price</p> <p>RMB 4019/ton</p> <p>First half of 2014: RMB 4703/ton</p> <p></p>
<p>Baosteel commercial steel sales</p> <p>10.699 million tons</p> <p>First half of 2014: 11.214 million tons</p> <p></p>	<p>Total profit and profit per ton</p> <p>RMB 4.40 billion</p> <p>RMB 411/ton</p> <p> </p>
<p>R&D ratio</p> <p>2.2 %</p> <p>First half of 2014: 1.8%</p> <p></p>	<p>Asset-liability ratio</p> <p>46.8%</p> <p>First half of 2014: 46.8%</p> <p></p>

Note: Domestic steel price comprehensive index comes from the Wind Info.

II. Highlights of the Company

- The company realized total consolidated profit of RMB 4.4 billion in the first half year, and domestic large and medium-sized steel enterprises realized profit of RMB 1.64 billion at the corresponding period. The company's operating performance kept optimal in the industry.
- Zhanjiang Steel started the comprehensive production preparation. In April, foreign ship of ore berthed in the main raw material wharf of Zhanjiang Steel for the first time; In June, 1 # unit of power plant completed the operation assessment and entered the commercial power generation mode, and 2 # unit made the first success in grid connection; In July, coke oven 1B made the success in coke discharging; In September, No.1 blast furnace will be ignited.
- Non-oriented silicon steel obtained BYD new energy automobile certification, and has received batch ordering. It will replace imported materials for manufacturing drive motor of new energy automobile. Expansion of UOE welded pipe in overseas markets made breakthrough. After TANAP project entered the European market, high standard anti-acid pipe of BP Oman project realized the batch supply, and super 13 Cr premium connection oil tubing has entered the international market for the first time.
- Efforts were made for the third party e-business platform to jointly establish Ouyeel Commerce Co., Ltd. with the group. In the first half year, Ouyeel realized 2.91 million tons of volume of E-business, up by 63% y-o-y. Ouyeel Logistics has had 50 million tons of annual storage and turnover capacity across the country and Ouyeel Finance won RMB 162.7 billion of bank credit.
- "Bao Cloud" developed by Baosight won the title of "the most influential service provider in the field of 2015 China gold service - cloud computing". It provided assistance for "Wisdom Firefighting" big data platform of Shanghai. Bao Cloud will fully support firefighting IOT and big data application platform in the next three years. Time-sharing rent system of new energy vehicles under independent research and development successfully covered more than 250 new energy vehicles of Shanghai International Automobile City.
- The company won the title of "2014 Top 100 Most Admired Listed Companies by Investors", was listed in Chinese website of Fortune "2015 Top 500 Chinese Enterprise", ranking the 26th place, and was the only steel enterprise being listed in Top 50 enterprises of Fortune China Top 500.

III. Major Accounting Data and Financial Indicators of the Company**i. Major Accounting Data**

Unit: RMB Million

Major accounting data	This reporting period (January- June)	Same period last year	Year-on-year change (%)
Business income	80,771	97,598	-17.24
Net profit attributable to shareholders of listed company	3,174	3,154	0.65
Net profit attributable to shareholders of the listed Company less non-recurring gains and losses	3,144	3,144	-0.02
Net cash flows from operating activities	9,407	14,282	-34.14
	At the end of this reporting period	At the end of last reporting period	Year-on-year change (%)
Net assets attributable to shareholders of listed company	114,959	114,258	0.61
Total assets	233,014	228,653	1.91

ii. Major Financial Data

Major Financial Indicators	This reporting period (January- June)	Same period last year	Year-on-year change (%)
Basic earnings per share (Yuan/share)	0.19	0.19	0.66
Diluted earnings per share (Yuan/share)	0.19	0.19	0.66
Basic earnings per share net of non-recurring gains and losses (Yuan/share)	0.19	0.19	-0.01
Weighted average return on equity (%)	2.76	2.83	Down by 0.07 ppts
Weighted average return on equity net of non-recurring gains and losses (%)	2.74	2.82	Down by 0.08 ppts

IV. Non-recurring Items and Amounts

√ Applicable □ Not applicable

Unit: RMB Million

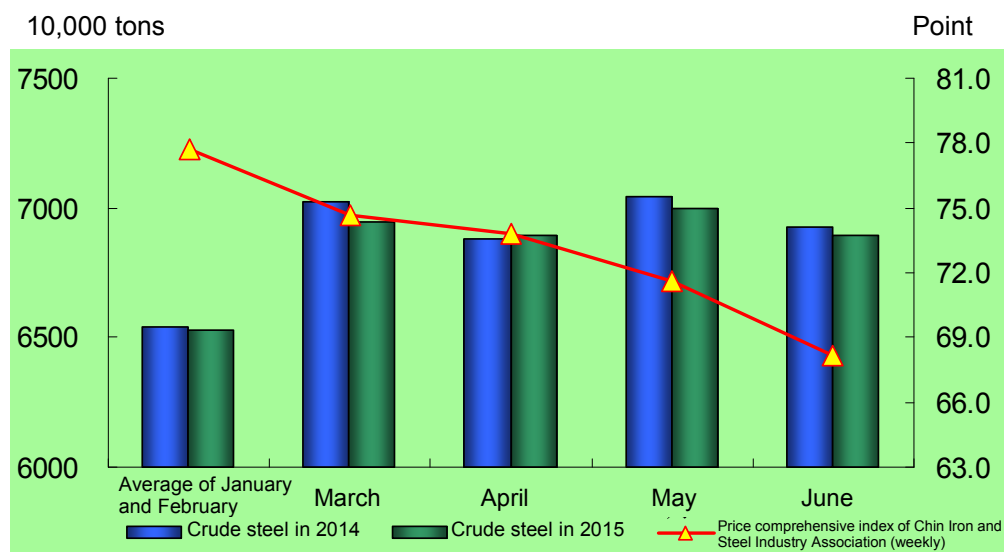
Non-recurring Gains and Losses Items	Amount	Notes (if applicable)
Gains and losses from disposal of non-current assets	(331)	
Government subsidy calculated in current gains and losses, but related to normal operating activities, except consecutive fixed government subsidy in lines with policies, rules and certain standards	296	
Gains and losses from change of fair value for holding held-for-trading financial assets and liabilities, investment income at the disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, except effective hedging operations	97	
Other non-operating income and expenditure except above mentioned items	6	
Affected amount belonging to minority shareholders	(20)	
Effect of income tax	(17)	
Total	31	

Section IV. Board of Directors' Report

I. Board of Directors' Discussion and Analysis about the Company's Operation in the Reporting Period

In the first half of 2015, the national crude steel output was 410 million tons, down by 1.3% y-o-y. At the same time, the domestic steel price fell more quickly, down by 19.7% in the first half year, which has been more than that of the whole last year - 10.6%. Domestic large and medium-sized steel enterprises realized profits of RMB 1.64 billion in the first half year, down by 73.3% y-o-y from last year.

The current international environment, domestic economic development, and steel industry are undergoing profound changes, the domestic steel demand has reached the peak for past 20 years, demand growth of downstream industry for steel is slowing down, constraints from homogeneous competition and environmental protection are growing, the steel industry enters into the "winter normal", and the company is at the crucial stage of transformation and development.



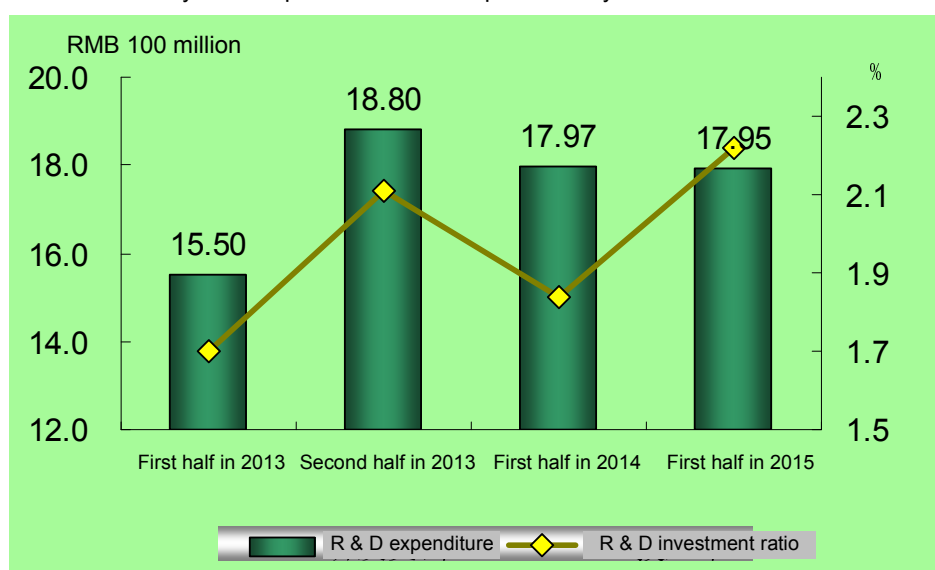
Facing the current and year-round serious situation, the company united together, changed ideas, further focused on market expansion, maximized the utilization of resources, sustained lean operation, reduced various costs, conducted structural transformation, accelerated the development of two wings, and tried to remove the external adverse factors by the optimization of internal operational measures. Iron output during the reporting period was 10.725 million tons, steel output was 10.994 million tons, commercial steel sales volume was 10.699 million tons, and consolidated profit was RMB 4.4 billion.

i. Analysis of Major Business

1. Analysis of Changes to Financial Statements

Unit: RMB Million			
Item	Current Period	Same Period Last Year	Change (%)
Operating revenue	80,771	97,598	-17.2
Operating cost	71,525	88,204	-18.9
Sales expenses	971	945	2.8
Administrative expenses	3,494	3,473	0.6
Financial expenses	444	546	-18.6
Net cash flow from operating activities	9,407	14,282	-34.1
Net cash flow from investing activities	-8,584	-3,298	-160.3
Net cash flow from financing activities	3,170	-5,072	162.5
R&D expenditures	1,795	1,797	-0.1

- (1) Explanation of reason for change to operating revenue: selling price fell more compared to that of last year.
- (2) Explanation of reason for change to operating cost: purchase price of raw material fell more compared to that of last year.
- (3) Explanation of reason for change to financial cost: financial costs reduced by RMB 100 million compared to the same period last year, which is mainly because both financing scale and interest rate decreased from a year earlier, reducing the interest payments.
- (4) Explanation of reason for change to net cash flow from operating activities: for details please see “3. Cash Flow Analysis (1) Analysis on Cash Flow from Operating Activities”
- (5) Explanation of reason for change to net cash flow from investing activities: for details please see “3. Cash Flow Analysis (2) Analysis on Cash Flow from Investing Activities”
- (6) Explanation of reason for change to net cash flow from financing activities: for details please see “3. Cash Flow Analysis (3) Analysis on Cash Flow from Financing Activities”
- (7) Explanation of reason for change to research and development expenditure: research and development expenditure is basically flat compared to the same period last year



2. Analysis of Profit Composition

The Company realized a total consolidated profit of RMB 4.40 billion in first half of 2015, basically even with same period in 2014.

3. Analysis of Cash Flows

- (1) Analysis on cash flow from operating activities:

In the first half of 2015, the company realized RMB 3.29 billion of net profit, RMB 5.36 billion of fixed assets depreciation and amortization, RMB 540 million of financial cost and other items, and RMB 9.19 billion of cash receivable from operating. Flow increased by RMB 830 million due to the decrease of stock funds occupancy; flow decreased by RMB 630 million due to the increase of operational receivables, and flow increased by RMB 20 million due to the increase of operational payables. Cumulative net cash inflow from operating activities was RMB 9.41 billion in the first half year, with RMB 14.28 billion in the same period last year and down by RMB 4.88 billion correspondingly, representing a decrease rate of 34.1%.

Excluding the influence from Finance Co., net cash inflow from operating activities in the first half year was RMB 8.02 billion, down by RMB 7.46 billion compared with the same period last year. Main reasons are as follows:

- 1) Net profit in the first half year reduced by RMB 60 million compared with that in the same period last year, decreasing the flow.
- 2) Fixed assets depreciation and amortization was RMB 5.35 billion, with RMB 5.2 billion in the same period last year, increasing the flow of RMB 150 million on year-on-year basis.

- 3) Financial cost was RMB 470 million, with RMB 590 million in the same period last year, decreasing the flow of RMB 120 million on year-on-year basis.
- 4) Assets depreciation reserves and income from the disposal of fixed, intangible, long-term assets and other items was RMB 130 million, with RMB -190 million in the same period last year, increasing the flow of RMB 320 million on year-on-year basis.
- 5) Inventories by the end of June decreased by RMB 840 million compared with the beginning of the year, with RMB 2.35 billion in the same period last year, decreasing the flow of RMB 1.52 billion on year-on-year basis.
- 6) Operational receivables by the end of June increased by RMB 1.19 billion compared with the beginning of the year, with RMB 190 million in the same period last year, decreasing the flow of RMB 1 billion on year-on-year basis.
- 7) Operational payables by the end of June increased by RMB 830 million compared with the beginning of the year, with RMB 4.41 billion in the same period last year, decreasing the flow of RMB 5.24 billion on year-on-year basis.

(2) Analysis on cash flow from investing activities:

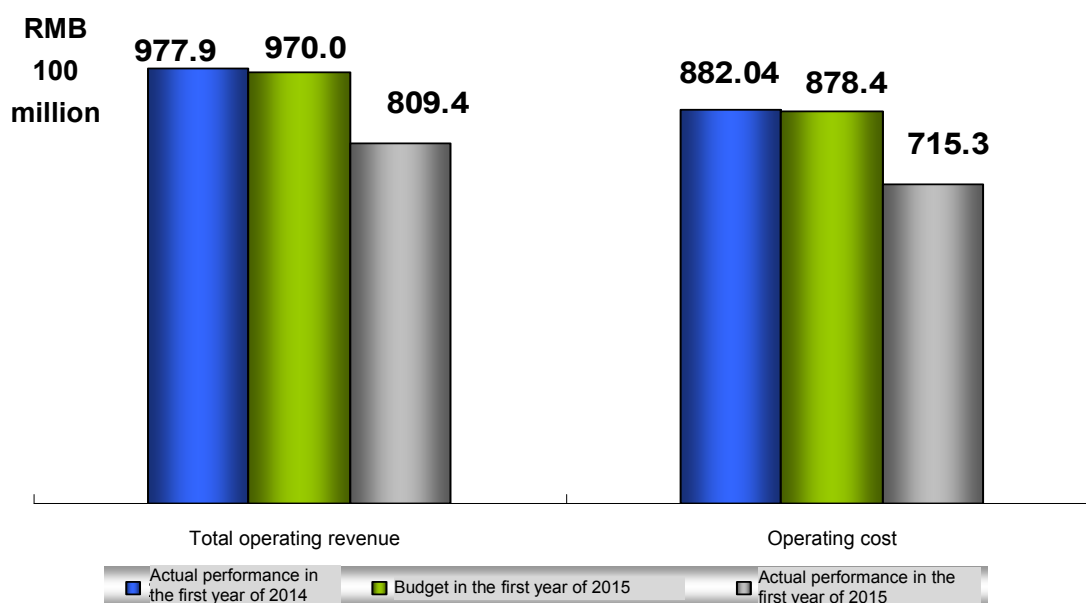
Net cash outflow from investing activities was RMB 8.58 billion, increasing by RMB 5.29 billion compared with RMB 3.3 billion in the same period last year, with growth rate of 160.3%. It is mainly because the fixed-asset investment expenditure increased by RMB 3.15 billion compared with the same period last year, and net expenditure of the company for buying trust, financial management, governmental securities repurchase and other financial products increased by RMB 1.79 billion compared with the same period last year.

(3) Analysis on cash flow from financing activities:

Net cash inflow from financing activities was RMB 3.17 billion, increasing by RMB 8.24 billion compared with net outflow of RMB 5.07 billion in the same period last year. It is mainly because debt financing scale this year increased by RMB 7.38 billion compared with the beginning of the year, and debt financing scale in same period last year decreased by RMB 2.75 billion compared with the beginning of the year, increasing RMB 10.13 billion of cash inflow on a year-on-year basis. Dividend and interest expenses increased by RMB 1.27 billion compared with the same period last year. In addition, the company paid for 46.14% of stock equity of Guangzhou Sheet Co., Ltd. to the Group, namely, RMB 1.5 billion.

4. Analysis of Budgets and Plans Fulfillment

Total operating revenue budget of 2015 is RMB 194 billion, and RMB 80.94 billion was actually realized in the first half year, completing 41.7% of the annual budget. Operating cost budget is RMB 175.7 billion, and RMB 71.53 billion was actually realized in the first half year, completing 40.7% of the annual budget. In the second half year, the company will actively deal with the more disadvantageous difficulties and challenges, conduct further refinement and implementation of various measures, and strive to maintain the leading operating performance in the domestic industry.



ii. Analysis of Business by Industry, by Products or by Region

1. Principal Business by Industry and Product

Unit: RMB Million

Principal Business by Industry						
Industry	Operating revenue	Operating cost	Gross margin (%)	YoY change in revenue (%)	YoY change in cost (%)	YoY Change in gross margin (ppt.)
Iron & steel manufacturing	51,437	45,144	12.2%	-20.5%	-22.7%	Up by 2.5 ppt.
Processing & distribution	72,807	70,526	3.1%	-18.4%	-19.1%	Up by 0.8 ppt.
Information technology	1,609	1,162	27.8%	0.2%	4.5%	Down by 3.0 ppt.
E-commerce	7,706	7,705	0.02%	27.1%	27.6%	Down by 0.4 ppt.
Chemical	3,895	3,651	6.3%	-21.7%	-19.5%	Down by 2.6 ppt.
Finance	322	151	53.2%	5.9%	5.5%	Up by 0.2 ppt.
Offset between segments	(56,770)	(56,682)	0.2%	-17.9%	-17.9%	Up by 0.1 ppt.
Total	81,006	71,657	11.5%	-17.2%	-18.9%	Up by 1.8 ppt.
Principal Business by Product						
Product	Operating revenue	Operating cost	Gross margin (%)	YoY change in revenue (%)	YoY change in cost (%)	YoY Change in gross margin (ppt.)
Cold-rolled carbon steel sheets and coils	22,574	18,588	17.7%	-17.3%	-20.3%	Up by 3.1 ppt.
Hot-rolled carbon steel sheets and coils	12,392	10,292	17.0%	-19.9%	-21.8%	Up by 2.0 ppt.

Heavy plates	1,868	1,977	-5.8%	-28.9%	-31.9%	Up by 4.6 ppt.
Steel tubes and pipes	3,768	3,754	0.4%	-18.1%	-19.5%	Up by 1.7 ppt.
Other iron and steel products	2,398	2,134	11.0%	-12.5%	-20.2%	Up by 8.6 ppt.
Total	43,000	36,745	14.5%	-18.5%	-21.4%	Up by 3.1 ppt.

Description of principal business by industries and by product:

The company is divided into six management segments- iron & steel manufacturing, processing and distribution, information technology, E-commerce, chemical industry and finance in accordance with the internal organization structure. Iron & Steel Manufacturing Segment covers steel manufacturing units, Processing and Distribution Segment covers Baosteel International and overseas companies and other trading units, Information Technology Segment covers Baosight Software's business, E-commerce Segment covers Ouyeel Commerce business, Chemical Segment covers the business of Chemical Co., and Finance Segment covers the business of Finance Co.

Operating revenue of steel products had big decline compared with the same period last year, which is mainly because selling price fell more compared with last year. Operating cost had large decline compared with the same period last year, which is mainly because the purchase price of raw material fell more compared with the same period last year.

2. Principal Business by Region

The company exported 1.147 million tons of iron and steel products in the first half of 2015, with 1.059 million tons in the same period of 2014. Operating revenue by region is as follow:

Unit: RMB Million

Region	Operating revenue	YoY change in revenue
Domestic market	71,423	-17.4%
Overseas market	9,583	-15.3%
Total	81,006	-17.2%

iii. Analysis of Core Competitiveness

Around the “One Body Two Wings” proposed by 2013-2018 plan and development strategy of implementing three major transformations and upgrading, the company refined various strategic measures, and has made the staged achievements in the following aspects during the reporting period:

1. Continuously Improved Competitiveness of Iron & Steel Business

(1) Premium Product Base Construction

During the reporting period, the main part of 2030 hot-dip galvanizing line revamping project has been conducted as planned and scheduled to be completed by the end of the year. The progress of BNA 4#GA new construction project was ahead of schedule, and galvanizing line has started the sequence test run. The production preparation of Zhanjiang Iron & Steel has started comprehensively, the entire raw material system carried out the load test run, steel-making and continuous casting equipment started the commissioning of individual unit, hot rolling project was expected to be put into production by the end of year, 2030 cold rolling project started equipment installation, heavy plate project completed construction of plant roof panel, and 1550 cold rolling project has also started construction.

(2) Manufacturing Capability Enhancement

During the reporting period, QP1180GA steel, the new member of QP family of the third generation of automotive steel, completed the production and made world debut. Non-oriented silicon steel obtained BYD new energy automobile certification, and has received batch ordering. It will replace imported materials for manufacturing drive motor of new energy automobile. UOE welded pipe completed the official delivery of the first European market order “Turkey TANAP project” and realized the mass supply for the first time. Class-S NC52 drill pipe with super high toughness supplied by the company to PetroChina Tarim oilfield successfully drilled 8038 meters, breaking the record of the deepest drilling of PetroChina. The company provided high grade steel of maritime work for “COSLPROSPECTOR”, which renders a strong support for South China Sea deepwater marine petroleum exploitation strategy.

(3) Technology Innovation Progress

During the reporting period, three projects – “Iron and nickel base alloy oil casing products and manufacturing technology development”, “Research and development of X65 and X70 subsea pipeline for South China Sea Liwan Project” and “Research and development and industrial application of green manufacturing technology of high quality iron oxide red” have won the second prize of Shanghai Science and Technology Progress.

(4) Implementation of Environmental Management

During the reporting period, the company released 2014 Sustainability Report, organized serial activities of “World Environment Day” and energy saving publicity week, and carried out the serial activities of community participation and green plant, effectively strengthening the communication with government, community and the media, and promoting the stability of the surrounding environment situation. On June 1, the company took the lead in logging in Shanghai carbon emission quota registration system, submitted the quota in full, and completed the payment of carbon emission quota of 2014. In addition, the company promoted the construction of regional grid environmental management system, conducted a comprehensive screening of the regional environmental risk points, implemented the closed-loop management measures, and made the environmental risks under control.

2. Accelerated the development of “2 Wings”

(1) E-commerce

During the reporting period, the steel E-commerce service platform - Ouyeel Commerce Co., Ltd. was jointly established by Baoshan Iron & Steel Co., Ltd. holding 51% of share and Baosteel Group holding 49% of share, with registered capital of RMB 2 billion. It includes five major sub-platforms – Ouyeel E-commerce, Ouyeel Logistics, Ouyeel Finance, Ouyeel Data and Ouyeel Material, and plans to build an ecological service platform throughout the industry and the industrial chain. At present, Ouyeel Finance has signed the strategic cooperation agreement with 13 banks in Shanghai, and received more than RMB 160 billion of credit.

As the business innovation of Baosteel implementing the state “Internet +” policy, Ouyeel Commerce plans to build an ecosphere integrating the third-party trading platform of steel E-commerce, modern logistics and cloud warehouse services, financial services, materials technology services and large data services. In the first half year, the number of registered users of steel E-commerce platform reached 35,000, the number of suppliers with visual merchandising exceeded 1,100, and quantity of daily visual merchandising exceeded 1.2 million tons. Ouyeel Logistics plans to establish the modern logistics warehouse management system, the number of all kinds of joined-in and agreed warehouses was nearly 200, and union warehouse covered more than 500. Ouyeel Finance has three financial licenses – payment, pawn and factoring, of which Eastern Pay realized third-party payment of RMB 18.5 billion in the first half year. Ouyeel Material is engaged in the product technology standardization from trademark to parts, and promoted more than 500 traders for joining in the E-commerce platform.

(2) IT Business

During the reporting period, Bao Cloud developed by Baosight has won the title of “Most influential service provider in the field of 2015 China gold service - cloud computing”. Special steel’s localized manufacturing management system is successfully introduced into the Bao Cloud, becoming a pioneer of Baosteel’s localized manufacturing management system being introduced into the cloud. Meanwhile, phase-III construction of Bao Cloud IDC was carried on as planned, with construction scale of about 10,000 cabinets. In addition, Time-sharing rent system of new energy vehicles under independent research and development successfully covered more than 250 new energy vehicles of Shanghai International Automobile City, with stable system operation condition, providing wisdom solutions to the promotion of Shanghai new energy vehicles. “Nuclear power emergency command system” under the independent research and development of Baosight successfully provided the strong technical support and guarantee for the provincial nuclear emergency system in China.

iv. Investment Analysis

1. Overall Analysis of Outward Equity Investment

The company spent RMB 2.5 billion in equity investment projects, with RMB 1.42 billion more than RMB 1.08 billion in the same period in 2014. Please see the following table for the main investment projects.

Unit: RMB Million

Name of Invested Company	Nature of Business	Baosteel's Share in Equity of Invested Company	Capital Actually Contributed by Baosteel	Means of Capital Contribution
Ouyeel Commerce Co., Ltd	Iron and steel service platform	51%	1020	Non-currency asset
Shanghai Ouyeel Logistics Co., Ltd	Logistic service platform	100%	550	Cash

Name of Invested Company	Nature of Business	Baosteel's Share in Equity of Invested Company	Capital Actually Contributed by Baosteel	Means of Capital Contribution
Shanghai Ouyeel Financial Information Service Co., Ltd	Financial service platform	90%	270	Cash
Shanghai Ouyeel Material Technology Co., Ltd	Technical service platform	90%	90	Cash
Shanghai Ouyeel Data Technology Co., Ltd	Information service platform	100%	50	Cash
Shanghai Chengrong Chattel Information Service Co., Ltd	Chattel mortgage platform	73%	73	Cash
Liuzhou Baosteel Hi-tech Parts Co., Ltd	Manufacturing	95%	152	Cash
Total			2205	

(1) Investment in Securities

□Applicable √Not applicable

(2) Stocks Held in Other Listed Companies

√Applicable □Not applicable

Unit: RMB Million

Code	Abbreviation	Initial investment	BOP shareholding ratio (%)	EOP shareholding ratio (%)	EOP book value	Gains and Losses in current period	Change in shareholders' equity in current period	Accounting type	Share source
000983	Xishan Coal Electricity Group	941.660	1.35	1.35	404.40		40.31	Financial assets available for sale	Acquisition at secondary market
601699	Lu'an Environmental Energy	5.047	0.51	0.51	148.47	0.41	9.13	Financial assets available for sale	Investment when established
600508	Shanghai Energy	5.550	0.77	0.77	87.66		18.68	Financial assets available for sale	Investment when established
600997	Kailuan Corporation	3.506	0.38	0.38	40.17	0.12	5.00	Financial assets available for sale	Investment when established
601001	Datong Coal Industry	2.571	0.22	0.22	33.26		1.54	Financial assets available for sale	Investment when established
Total		958.334	/	/	713.96	0.53	74.66	/	/

Notes to equities held in other listed companies
None.

(3) Equities Held in Financial Enterprises

□Applicable √Not applicable

2. Entrusted Financial Management Products and the Derivative Products in Non-Financial Companies

(1) Entrusted Financial Management

√Applicable □Not applicable

Unit: RMB Million

Partner Name	Products Type	Entrusted Amount	Starting Date	Expiration Date	Determined Payment Method	Anticipated Income	Actual Withdrawn Principal	Actual Gain	Legal Proceedings	Provision Depreciation Reserves	Related Transactions	Involvement in lawsuits	Capital from financing	Association
Industrial Commercial Bank of China Ltd.	ICBC financial product -win-win	1,000.00	2014-11-13	2015-5-11	Annual interest rate 5.05%	24.77	1,000.00	24.77	Yes		No	No	No	
China Construction Bank Corporation	Profit	1,000.00	2014-11-21	2015-8-18	Annual interest rate 5.2%	38.48			Yes		No	No	No	
Bank of Communications Co., Ltd.	Win of Fortune	500.00	2014-11-27	2015-2-27	Annual interest rate 5.2%	6.55	500.00	6.55	Yes		No	No	No	
Hwabao Trust Co., Ltd.	Baoying Safety Portfolio	165.50	2014-11-28	2015-4-10	Annual interest rate 7.5%	4.52	165.50	4.52	Yes		Yes	No	No	
Hwabao Trust Co., Ltd.	Baoying Safety Portfolio	100.00	2014-12-9	2015-1-16	Annual interest rate 6.5%	0.68	100.00	0.68	Yes		Yes	No	No	
Industrial Commercial Bank of China Ltd.	ICBC financial product -win-win	300.00	2015-3-9	2015-12-9	Annual interest rate 5.7%	12.88			Yes		No	No	No	
Industrial Commercial Bank of China Ltd.	ICBC financial product -win-win	200.00	2015-3-9	2015-12-8	Annual interest rate 5.7%	8.6			Yes		No	No	No	
China Construction Bank Corporation	Profit	1,000.00	2015-4-7	2015-9-29	Annual interest rate 5.4%	25.89			Yes		No	No	No	
China Construction	Profit	1,500.00	2015-4-1	2015-6-29	Annual interest rate	19.57	1,500.00	19.57	Yes		No	No	No	

Partner Name	Products Type	Entrusted Amount	Starting Date	Expiration Date	Determined Payment Method	Anticipated Income	Actual Withdrawn Principal	Actual Gain	Legal Proceedings	Provision Depreciation Reserves	Related Transactions	Involvement in lawsuits	Capital from financing	Association
Bank Corporation					5.35%									
Bank of Communications Co., Ltd.	Win of Fortune	500.00	2015-4-1	2015-5-11	Annual interest rate 5.35%	2.93	500.00	2.93	Yes		No	No	No	
Bank of China Limited	Zhihui Series	1,000.00	2015-4-1	2015-5-11	Annual interest rate 5.15%	5.64	1,000.00	5.64	Yes		No	No	No	
China Construction Bank Corporation	Profit	250.00	2015-4-24	2015-7-23	Annual interest rate 5.15%	3.17			Yes		No	No	No	
Hwabao Trust Co., Ltd.	Baoying Safety Portfolio	200.00	2015-6-2	2015-6-23	Annual interest rate 5.8%	0.67	200.00	0.68	Yes		Yes	No	No	
Bank of China Limited	Zhihui Series	37.00	2015-6-18	2015-9-17	Annual interest rate 4.7%	0.43			Yes		No	No	No	
Bank of China Limited	Zhihui Series	400.00	2015-6-25	2015-7-10	Annual interest rate 4%	0.66			Yes		No	No	No	
Hwabao Trust Co., Ltd.	Baoying Safety Portfolio II	500.00	2015-1-8	2018-1-8	Annual interest rate 4.725%	70.88		11.29	Yes		Yes	No	No	
Hwabao Trust Co., Ltd.	Baoying Safety Portfolio II	500.00	2015-3-30	2018-3-30	Annual interest rate 4.725%	70.88		6.61	Yes		Yes	No	No	
Total	/	9,152.50	/	/	/	297.20	4,965.50	83.24	/		/	/	/	/
Total Amount of Past-due Principal and Gain (RMB)						0								
Notes						None								

(2) Entrusted loans

□Applicable √Not applicable

(3) Other Investment in Financial Management Products and the Derivative Products

Unit: RMB Million

Investment type	Capital source	Signing party	Shares of investment	Investment term	Product category	Anticipated gains	Profit	Involvement in lawsuits
I. Other investment in financial management								
Financial assets available for sale								
Policy financial bonds	Self-generated fund	Interbank market	1.90	Over one year	Bond	-4.46	7.36	No
Corporate bond (Note)	Self-generated fund	Interbank market	3.00	Less than one year	Bond	0.81	7.91	Yes
Corporate bond	Self-generated fund	Interbank market	4.10	Over one year	Bond	5.75	7.32	No
Open fund	Self-generated fund	Fund company	426.08	Less than one year	Fund	9.50	1.07	No
Sub-total			435.08			11.60	23.67	
Held-to-maturity investment								
Trust plan	Self-generated fund	Trust company	508.80	Less than one year	Trust	0.00	9.75	No
Sub-total			508.80			0.00	9.75	
Held-for-trading financial assets								
Money fund	Self-generated fund	Fund company	3,216.01	Less than one year	Fund	-0.02	14.71	No
Trust plan	Self-generated fund	Trust company	180.00	Less than one year	Trust	0.00	0.15	No
Corporate bond	Self-generated fund	Shanghai Stock Exchange	0.30	Over one year	Bond	4.56	0.23	No
Sub-total			3,396.31			4.54	15.09	
Total			4,340.19			16.14	48.50	
II. Investment in derivative products								
Forwards and Swaps	Self-generated fund	Bank	1706.29	Less than one year	Derivative	2.1	-77.58	No

Note: Above available-for-sale financial assets involved in lawsuit are 500,000 “11 Tianwei MTN1” bills invested by the Company’s subordinate Finance Co., and the bill will be due on February 24, 2016. Because the interest of “11 Tianwei MTN2” bill failed to be paid on April 21 this year, “11 Tianwei MTN1” bill suffers from the default risk, the Finance Co. brought a lawsuit to Shanghai Pudong New District Court for requesting Tianwei Group to immediately pay the principal and interest of the bill per par value.

Notes:

- ① All of the above financial management businesses were carried out by the Company’s subsidiary, the Finance Co., a financial subsidiary controlled by the Company. The investment and financial management are within its business scope.
- ② The “Shares of investment” listed above consisted of the investment cost as at the end of the previous year and the capital investment in this reporting year, and was not the shares of investment corresponding to the investment types held at the end of the period.
- ③ The investment in derivative products consists of the forward business carried out by the Company and its subsidiary, Baosteel Singapore PTE Ltd. etc., to avoid the exchange rate risk of asset liabilities calculated by foreign currencies and the swap business carried out to avoid price fluctuation risk of iron ore.

3. Use of Funds Raised**(1) Total use of Funds Raised**

☐Applicable ☒Not applicable

(2) Commitment Project of Funds Raised

☐Applicable ☒Not applicable

(3) Change Project of Funds Raised

☐Applicable ☒Not applicable

(4) Others

None

4. Analysis of its Controlled Subsidiaries and Joint Stock Companies**1) Shanghai Meishan Iron & Steel Co., Ltd.**

By June 30, 2015, the Company had 77.0% shareholding of Shanghai Meishan Iron & Steel Co., Ltd. With a registered capital of RMB 7.08 billion, Meishan Steel specializes in black metal metallurgy, rolling processing and sales. By June 30, 2015, it had a total asset of RMB 33.58 billion and a net asset of RMB 11.19 billion, and achieved a net profit of RMB 40 million for the first half of 2015.

2) Baosteel Zhanjiang Iron & Steel Co., Ltd.

By June 30, 2015, the Company had 90% shareholding of Baosteel Zhanjiang Iron & Steel Co., Ltd. With a registered capital of RMB 20 billion, Zhanjiang Steel specializes in black metal metallurgy, rolling processing and sales. Currently, it is under construction. By June 30, 2015, it had a total asset of RMB 37.86 billion and a net asset of RMB 18.8 billion, and reported a net profit of RMB -90 million for the first half of 2015.

3) Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd.

By June 30, 2015, the Company owned 50% equity of Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd. (BNA). With a registered capital of RMB 3 billion, BNA is mainly engaged in the manufacturing and sales of cold-rolled steel sheets and hot-dip and electrolytic galvanized steel sheets for automobile and automotive parts and other services related to such businesses. By June 30, 2015, BNA had a total asset of RMB 4.61 billion and a net asset of RMB 3.45 billion, and achieved a net profit of RMB 140 million for the first half of 2015.

4) Yantai Lubao Steel Pipe Co., Ltd.

By June 30, 2015, the Company owned 100% equity of Yantai Lubao Steel Pipe Co., Ltd. With a registered capital of RMB 500 million, Lubao Steel Pipe is mainly engaged in the processing and sales of seamless steel pipe. Its major products include structural seamless steel pipe, low/medium pressure boiler seamless pipe, seamless pipelines for transportation of fluids, hydraulic seamless pipe, high pressure boiler seamless pipe, seamless pipe for oil pipelines, geological drillings, oil pipelines, oxygen canisters, and so on. By June 30, 2015, Lubao Steel Pipe had a total asset of RMB 0.9 billion and a net asset of RMB 0.76 billion, and reported a net profit of RMB -60 million for the first half of 2015.

5) Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd.

By the end of June 30, 2015, the Company owned 58.5% equity of Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd. (Huangshi). With a registered capital of RMB 150 million, Huangshi specializes in the production and sales of cold-rolled sheets, aluminum coated steel sheets, color-coated steel sheets and related coated steel products. By June 30, 2015, Huangshi had a total asset of RMB 1.01 billion and a net asset of RMB 370 million, and achieved a net profit of RMB 10 million for the first half of 2015.

6) Shanghai Baosteel International Economic & Trading Co., Ltd.

By June 30, 2015, the Company had a full shareholding of Shanghai Baosteel International Economic & Trading Co., Ltd. (Baosteel International). With a registered capital of RMB 2.25 billion, Baosteel International is mainly engaged in independent and agency imports and exports of goods and technology approved by the government, the imports of steel and scrap steel, processing with imported materials and the "three-plus-one" trading-mix. By June 30, 2015, Baosteel International had a total asset of RMB 38.65 billion and a net asset of RMB 14.73 billion, and achieved a net profit of RMB 840 million for the first half of 2015.

7) Shanghai Baosight Software Co., Ltd.

By June 30, 2015, the Company owned 55.5% equity of Shanghai Baosight Software Co., Ltd. (Baosight). With a registered capital of RMB 0.36 billion, Baosight is mainly engaged in the research, design, development, manufacturing and integration of computer, automation, network communication systems and software & hardware products. By June 30, 2015, Baosight had a total asset of RMB 5.29 billion and a net asset of RMB 2.68 billion, and achieved a net profit of RMB 160 million for the first half of 2015.

8) Shanghai Baosteel Chemical Co., Ltd.

By June 30, 2015, the Company had a full shareholding of Shanghai Baosteel Chemical Co., Ltd. (Baosteel Chemical). With a registered capital of RMB 2.11 billion, Baosteel Chemical is mainly engaged in the production and sales of raw chemical materials and products, "four techniques" services in chemical industry, and import and export activities of self-manufactured products. By June 30, 2015, Baosteel Chemical had a total asset of RMB 5.72 billion and a net asset of RMB 4.14 billion, and achieved a net profit of RMB 0.09 billion for the first half of 2015.

9) Nantong Baosteel Iron & Steel Co., Ltd.

By June 30, 2015, the Company had 95.82% equity of Nantong Baosteel. With a registered capital of RMB 620 million, Nantong Baosteel is mainly engaged in the production and sales of deformed steel bars, round steel bars, structural steel, semi-finished steel products (such as billet steel and steel ingot, etc.), as well as other iron & steel products and by-products. By June 30, 2015, Nantong Baosteel had a total asset of RMB 1.14 billion and a net asset of RMB -910 million, and reported a net profit of RMB -90 million for the first half of 2015. Since April 2014, Nantong Baosteel has been operating economically.

10) Baosteel Group Finance Co., Ltd.

By June 30, 2015, the Company had 62.1% equity of Baosteel Group Finance Co., Ltd. (Finance Co.). With a registered capital of RMB 1.1 billion, Finance Co. is mainly engaged in absorbing deposits from member entities, providing loans to them, conducting internal financial transfers and relevant settlements between them, helping them in entrusted loan and investment, and engaged in deposits from or to other financial institutions. By June 30, 2015, Finance Co. had a total asset of RMB 14.63 billion and a net asset of RMB 1.96 billion, and achieved a net profit of RMB 80 million for the first half of 2015.

11) Ouyeel Commerce Co., Ltd.

As of June 30, 2015, the Company and the subsidiaries had 51% equity, and Baosteel Group had 49% equity of Ouyeel Commerce Co., Ltd.. With registered capital of RMB 2 billion, Ouyeel is mainly engaged in technical consultation, technology development, technology services, technology transfer within the field of e-commerce, industrial investment, investment management, equity investment management, investment consultation, economic information consultation, enterprise management consultation, domestic trade (except those subject to special approval), import and export business of goods and technology, etc.. By June 30, 2015, Ouyeel had a total asset of RMB 2.1 billion and a net asset of RMB 1.33 billion, and achieved a net profit of RMB 30 million for the first half of 2015.

12) Yantai Baosteel Pipe Co., Ltd.

By June 30, 2015, the Company owned 80% equity of Yantai Baosteel Pipe Co., Ltd., with the rest 20% owned by Lubao Steel Pipe. With a registered capital of RMB 4 billion, Yantai Baosteel Pipe is mainly engaged in manufacturing, processing and sales of steel pipe, matching products and by-products, while providing technical consultation, storage, shipping, importing and exporting services of steel pipe rolling technology. By June 30, 2015, Yantai Baosteel Pipe had a total asset of RMB 4 billion and a net asset of RMB 1.65 billion, and reported a net profit of RMB -180 million for the first half of 2015.

13) Overseas Companies

By June 30, 2015, the Company had overseas subsidiary companies in the U.S.A., Japan, Germany, Singapore, and Hong Kong China. These overseas subsidiaries extended the Company's sales and purchase networks, and played a critical role in enhancing the Company's international competitiveness.

5. Non-fundraising Projects

√ Applicable □ Not applicable

In the first half of 2015, the Company invested RMB 12.75 billion in fixed assets.

(1) Project under Continued Construction

Phase-I coke oven overhaul project of directly affiliated plants and departments: In order to realize the coke oven technology upgrading and improve energy conservation and environmental protection level of coke oven, 6M coke oven with 4×50 holes was dismantled, and 7M coke oven with 4×50 holes was built, with annual coke output of 2.47 million tons. 1A1B coke discharging will be realized in July 2015, and 2A2B coke discharging will be realized in November 2015. After the completion of the project, phase-II 6M coke oven with 4×50 holes will be dismantled, the number of coke oven decreasing from 12 to 10, and total capacity of coke oven keeping 5.53 million tons/year. At present, 1A1B coke oven started the hot load test ahead of schedule and realized coke discharging in May, and 2A2B oven has started drying-up.

Hot-dip galvanizing line revamping of cold rolling plant's 2030 unit of directly affiliated plants and departments. In order to optimize the product mix of galvanized products and improve the competitiveness of Baosteel's galvanized products, overall revamping of the existing 1 # hot-dip galvanizing line of cold rolling plant's 2030 unit of directly affiliated plants and departments has been conducted. After revamping, the products are mainly automotive sheets with thick material, high strength and ultra-high strength, and will be completed and put into operation in December 2015. Now, the equipment installation has entered into the final stage, and equipment commissioning has started.

Zhanjiang Iron and Steel Project: In order to implement the national Planning for Adjustment and Reviving of the Iron and Steel Industry and achieve the strategic adjustment of the steel industry in Guangdong and Shanghai, the production lines for iron-making, steel-making, hot rolling, cold rolling and others will be constructed in Donghai Island, Zhanjiang, Guangdong, with designed annual output of 8.23 million tons of hot metal, 8.928 million tons of liquid steel, 8.749 million tons of cast slab, and 6.89 million tons of steel products, and it will be completed and put into operation in September 2016. At present, the blast furnace, steel-making, continuous casting, hot rolling, cold rolling and other main works have entered into the peak stage of equipment installation and commissioning, and 2 generator sets of captive power plant have realized the grid-connected power generation.

(2) Newly-started Project

Strip-to-silo revamping of coal yard E and F: In order to further improve the coal yard's regional environment, reduce unorganized dust emission, and decrease material loss, strip-to-silo revamping of coal yard E and F has been conducted. The project will be completed and put into operation in December 2017.

C-type enclosed reconstruction of Phase-I and Phase-II OC, OD strip. In order to further improve the raw material mine field environment, reduce unorganized dust emission, and decrease material loss and moisture content into the furnace, enclosed reconstruction of raw material OC, OD material strip has been conducted, and raw material yard will realize full automatic operation after the reconstruction. The project will be completed and put into operation in June, 2016.

II. Profit Distribution Plan or Capital Reserve Capitalization Plan

(一) Performance or Adjustment of Profit Distribution Plan Implemented in the Reporting Period

The historical dividend distribution plans of the Company has met the requirements of the Articles of Association and been passed with shareholders' meeting resolution. The Company's cash dividend standard and ratio are precise and clear, the related decision-making procedures and mechanisms are complete, the independent directors have performed due diligence and played due role, the minority shareholders have full opportunity to express their views and appeals, the legitimate rights and interests of minority shareholders have been fully maintained.

The Company's 2012 annual shareholders meeting passed "Motion on the Amendment of Articles of Association of Baoshan Iron & Steel Co. Ltd", which provides that "When the audited Company statements (unconsolidated) record positive net profit, the accumulated undistributed profit is positive, and the

Company's cash flow meets the Company's normal operations and sustainable development, the Company shall distribute cash dividends of the year, which shall be no less than 50% of net profits attributable to the parent company in the annual audited consolidated statements of the Company, the cash dividend amount shall be tax inclusive. The cash paid for stock repurchase in the year shall be deemed as cash dividend."

According to the Resolution of 2014 General Meeting of Shareholders held on April 24, 2015, 2014 annual profit distribution plan is as follows: with company's total share capital of 16,471,026,024 shares as the base, each share has RMB 0.18 of cash dividend (including tax), with total cash dividend amount of RMB 2,964,784,684.32 (including tax). In 2014, the company did not implement distribution plan in other forms like capital reserves capitalization. The Board of Directors of the Company released the dividend distribution announcement in China Securities Journal, Shanghai Securities News and Securities Times on May 8, 2015, and determined the equity registration date for distributing dividend as May 13, 2015, ex-dividend day as May 14, 2015, dividend distribution date as May 14, 2015, and dividend distribution object as all the shareholders of the Company registered in Shanghai Branch of China Securities Depository and Clearing Company Limited after Shanghai Stock Exchange closed the transactions in the afternoon of May 13, 2015.

(二) Proposed Profit Distribution Plan and Capital Reserves Capitalization Plan in the First Half of 2015

Distribute or capitalize	No
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III. Other Disclosure Events

(一) Warnings and Explanation of Forecasting that the Accumulative Net Profit from the Beginning of the Year to the End of Next Reporting Period may be Deficit or Undergo Substantial Change Compared with the Same Period Last Year

☒ Applicable ☐ Not applicable

The company forecasts that the net profit attributable to shareholders of the parent company from the beginning of the year to the end of next reporting period may decrease by 50%-60% compared with the same period last year, which is mainly because:

1. The central bank's exchange rate reform leads to the adjustment of median price pricing mechanism, and guides the RMB exchange rate to develop toward market-based. RMB exchange rate was devalued by more than 3% within two days, which makes the foreign exchange financing and comprehensive financing cost ratio (foreign exchange financing interest ratio + foreign exchange rate fluctuation ratio) in line with the RMB financing interest rate within two days and has reached the domestic and foreign currency financing switching point preset by the Company. The Company conducted the switching of all short-term USD financing in the third quarter in strict accordance with the switching discipline, and recognized the exchange loss of about RMB 1.2 billion. The Company also conducted the revaluation of the short-term EUR investment, medium and long-term USD and EUR bonds which are not converted temporarily and will be held further according to the exchange rate after the devaluation, and estimated that the exchange loss under the revaluation is about RMB 800 million, with total of about RMB 2 billion. For past ten years since the exchange rate reform in 2005, the Company has earned more than RMB 10 billion of exchange gain from appreciation of RMB and interest income from foreign exchange financing interest rate being far lower than RMB financing interest rate. In the process of the depreciation of RMB and convergence of the comprehensive financing cost ratio of domestic and foreign currency, the switching cost is inevitable. The Company originally forecast that it will be released moderately in different accounting periods, but due to the rapid devaluation of RMB exchange rate, the relevant switching costs were recognized in one accounting period.
2. Since the second quarter, the contradiction between domestic supply and demand of steel was further highlighted, demand of automobile industry and other downstream industries kept depressed, and profit space of steel products of the Company was constantly being narrowed, further affecting the net profit attributable to the parent company's shareholders.

(二) Notes to "Non-standard Auditor's Report" of Accounting Firm from Board of Directors and Board of Supervisors

☐ Applicable ☒ Not applicable

(三) Other Disclosure Events

None

Section V. Significant Events

I. Legal Litigation, Arbitration and Wide Criticism from the Media

☐ Applicable ☒ Not applicable

II. Bankruptcies and Restructuring

☐ Applicable ☒ Not applicable

III. Assets Trading and Enterprise Merger

☐ Applicable ☒ Not applicable

IV. Equity Incentive and Its Impact

☒ Applicable ☐ Not applicable

i. Progress of “Share Incentive Scheme” in the reporting period

To establish and perfect the medium and long term incentive mechanism of Baoshan Iron & Steel, and to tightly combine the interest of executives of the Company and core technical personnel and management leaders who have direct impact on the Company's overall performance and sustainable development with the interest of the Company, the investor and all stockholders to better realize the performance goal of the Company and operating development, according to relevant laws and regulations and provisions of superior competent departments, the Company implemented the First Rewarding of Restricted Stock Plan in 2014. For relevant information please see the Company's annual report in 2014.

During the reporting period, the Company did not conduct the unlocking and new granting of restricted stock. According to the national policy and the relevant provisions of the Company's restricted stock, four incentive objects quitted from restricted stock plan according to the deliberation of the 21st meeting of the fifth Board of Directors on March 27, 2015. 1,737,600 restricted stocks failing to reach the unlocking conditions were repurchased by the Company as per the granting price, and the cancellation was completed on May 28, 2015, decreasing the Company's share capital by RMB 1,737,600.

The specific details on the adjustment of incentive object of restricted stock plan have been disclosed, and please visit the website of Shanghai Stock Exchange, <http://www.sse.com.cn>

V. Significant Related Party Transactions

☒ Applicable ☐ Not applicable

i. Day-to-day Related Party Transactions

The major related parties of the Company are the legal persons directly controlled by Baosteel Group. In the reporting period, the Company had undertaken the following day-to-day related party transactions with its major related parties:

1. Purchase and Sale of Products and Acceptance of Labor Services

Unit: RMB Million			
Related parties	Related transactions	Pricing policy	Amount
Baosteel Stainless Steel Co., Ltd.	Sale of iron & steel products, raw materials, fuels and auxiliary materials	Market price	826
Baosteel Group Shanghai Meishan Co., Ltd.	Sale of iron & steel products, etc.	Market price	1,063
Baosteel Development Co., Ltd.	Sale of iron & steel products, etc.	Market price	441
Baosteel Special Steel Co., Ltd.	Sale of iron & steel products, raw materials, fuels and auxiliary materials	Market price	1,057
Baosteel Metal Co., Ltd.	Sale of iron & steel products and energy media	Market price	441
Baosteel Resources (International) Co., Ltd.	Sale of raw materials	Market price	550
Subtotal of product sales		Market price	4,378
Baosteel Stainless Steel Co., Ltd.	Purchase of iron & steel products, etc.	Market price	5,529

Related parties	Related transactions	Pricing policy	Amount
Baosteel Special Steel Co., Ltd.	Purchase of iron & steel products, etc.	Market price	2,767
Ningbo Baoxin Stainless Steel Co., Ltd.	Purchase of iron & steel products, etc.	Market price	2,908
Baosteel Resources Co., Ltd.	Purchase of raw materials and fuels	Market price	1,706
Ningbo Steel Co., Ltd.	Purchase of iron & steel products	Market price	-
Baosteel Group Shanghai Meishan Co., Ltd.	Purchase of raw materials, auxiliary materials, etc.	Market price	369
Baosteel Development Co., Ltd.	Purchase of raw materials and fuels and auxiliary materials	Market price	554
Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd.	Purchase of iron & steel products	Market price	421
Subtotal of products purchased			14,253
Baosteel Development Co., Ltd.	Receipt of services, e.g. comprehensive logistics, engineering, overhauling, warehousing, transportation, etc.	Negotiated price	566
Baosteel Group Shanghai Meishan Co., Ltd.	Receipt of services, e.g. comprehensive logistics, engineering, overhauling, transportation, etc.	Negotiated price	444
Baosteel Engineering Technology Group Co., Ltd.	Receipt of services, e.g. testing, overhauling, engineering, etc.	Negotiated price	905
Subtotal of services received			1,914

Note: All of the companies listed above include their subsidiaries.

The product sales above accounted for 5.4% of the Company's operating revenue in the reporting period; while the purchase of products and acceptance of services accounted for 20.0% and 2.7% respectively of the Company's operating cost in the reporting period.

All of the above transactions were settled either by cash or by notes

2. Financial Services

Baosteel Group Finance Co., Ltd. (hereafter referred to as Finance Co.), a national non-bank financial company jointly held by the Company (with 62.10% of the shares) and Baosteel Group (with 35.18% of the shares) etc., was established to enhance the central management of Group funds and increase the use efficiency of Group funds. It provides comprehensive financial services including internal accounting settlement, deposits and loans, financial management of short term capital, investment and financing, and so on for member entities.

In the reporting period, Finance Co. provided, at the RMB interest rate as set by the People's Bank of China, loans totaling RMB 8.45 billion to Baosteel Group's controlled subsidiaries, with a loan balance of RMB 1.00 billion and a total interest income of RMB 30 million. At the same time, it absorbed deposits from Baosteel Group and its controlled subsidiaries, retaining a balance held on deposit of RMB 8.07 billion and paying a total interest of RMB 120 million at the end of the period.

In the reporting period, Finance Co., at the discount rate determined on the basis of the rediscount rate set by the People's Bank of China, discounted RMB 520 million for subsidiaries controlled by Baosteel Group with an EOP balance of RMB 310 million and a discount interest income of RMB 10 million.

During the reporting period, the Finance Co. lent RMB 320 million to the controlled subsidiary under Baosteel Group, with closing balance of RMB 50 million, and earnings of RMB 200 thousand. Inter-bank lending interest rate was determined according to market interest rate.

In the reporting period, Baosteel Desheng Stainless Steel Co., Ltd., a controlled subsidiary of Baosteel Group, entrusted Finance Co. with government securities repurchase and other financial management business, where Finance Co. was entrusted to manage a total of RMB 720 million and was paid RMB 33,000 for such service.

The related party transactions between the Company and the related parties mentioned in above items (1) and (2) were conducted based on the principle of mutual maximum profits and optimal operation efficiency, where the Company and the related parties chose each other with a clear aim of making the best of each other's advantages via professional collaboration. All incurred amount are controlled within total annual estimated amount. And the day-to-day related party transactions between the Company and the related parties will continue.

3. Entrusted Capital for Management

In order to effectively raise the use efficiency of phased-available funds and with maintenance and appreciation of capital value, Baosteel entrusted its financial subsidiary for capital management, including purchasing financial products like funds and trust. During the reporting period, trading volume was RMB 1.73 billion, with RMB 1.78 billion highest closing balance, RMB 21 million confirmed incomes, and 5% estimated return.

ii. Related Transactions Resulting From Assets Acquisition and Sales

None.

iii. Significant Related Party Transactions of Common External Investment

- (1) In the first half of 2015, the Company and its wholly owned subsidiary Shanghai Baosteel International Economic & Trading Co., Ltd. and Baosteel Group Corporation jointly invested in Ouyeel Commerce Co., Ltd. of which registered capital was RMB 2 billion. The Company and Shanghai Baosteel International Economic & Trading Co., Ltd. contributed the consideration of RMB 1.02 billion with 100% equity of Bsteel Online Co., Ltd., holding 51% equity in Ouyeel, and Baosteel Group Corporation contributed RMB 980 million in cash, holding 49% equity in Ouyeel.
- (2) The subsidiary of the Company, Ouyeel Commerce Co., Ltd. together with Baosteel Group Corporation made joint investment into Shanghai Ouyeel Material Technology Co., Ltd. of which registered capital was RMB 100 million. Ouyeel Commerce Co., Ltd. contributed RMB 90 million in cash, holding 90% equity in it.
- (3) The subsidiary of the Company, Ouyeel Commerce Co., Ltd. together with the subsidiary of Baosteel Group Corporation – Hwabao Investment Co., Ltd. made joint investment into Shanghai Ouyeel Financial Information Service Co., Ltd. of which registered capital was RMB 300 million. Ouyeel Commerce Co., Ltd. contributed RMB 270 million in cash, holding 90% equity in it.

iv. Claims and liabilities between the Company and related parties

The claims and liabilities between the Company and related parties are account receivables and payables that arise from day-to-day operating related-party transactions as well as long-term account receivables that result from transfer of assets to Baosteel Group.

The Company completed transfer of related assets of the subordinate stainless steel and special steel business units on April 1, 2012. The transfer payments of RMB 22.5 billion will be collected in equal installments over five years, or 20% each year. From 2013 onwards, principal and interest of the receivables will be collected on each April 1 until full payment on April 1, 2017. The asset transfer project has been approved by the general meeting of shareholders.

At the end of June 2015, the long-term receivable balance was RMB 9 billion, including RMB 5.2 billion due from Shanghai Baosteel Stainless Steel Co., Ltd with corresponding installment interest income of RMB 60 million; and RMB 3.8 billion receivable from Baosteel Special Steel Co., Ltd., with installment interest income of RMB 40 million.

v. Others

None

VI. Major Contracts and Performance

1. Major Trusteeships, Contracts or Leases

☐ Applicable ☒ Not applicable

(1) Guarantees

In face of the more and more fierce competition in the domestic and foreign steel markets, and in order to seize the sales opportunities and encourage all sales branches at home and abroad to take an active part in the supply and bidding under the guidance and instruction of the Company, Proposal on Extending Deadline of Authorized Letter of Performance Guarantee for Wholly-Owned Subsidiaries' Supply Items was reviewed and approved by the Company's 6th session of fifth Board of Directors, fully authorizing the management level to approve the letter of performance guarantee for all wholly-owned subsidiaries which were under the guidance and instruction of the Company and involved with supply items at home and abroad based on the Company's products and services. The Company offered the joint liability performance guarantee for Baosteel Australia Trading Co., Ltd, a wholly-owned subsidiary of HOWA Trading Co., Ltd. with the amount of USD 5 million, starting from no more than 30 months after April 24, 2014. The Company offers two joint liability performance guarantees for Baosteel Europe GmbH, a wholly owned subsidiary of the Company, one of which was USD 250 million with duration from August 30, 2012 to August 30, 2017, the other of which was USD 28 million with duration from October 21, 2014 to October 21, 2017. The Company offered the joint liability performance guarantee for Baosteel Middle East Co., Ltd, a wholly-owned subsidiary of Baosteel Europe GmbH, with the amount of USD 30 million and duration from March 31, 2015 to June 29, 2018. The total amount of the above performance bonds is USD 560 million, accounting for 2.7% of the EOP net assets of the Company.

As far as the Company is concerned, the above guarantee doesn't pose any substantial increase of risks. Therefore, it is fundamentally different from ordinary guarantees.

2. Other Major Contracts or Deal

None.

VII. Commitments and Performance

√ Applicable □ Not applicable

i. Commitments of Listed Companies, Shareholders with over 5% Stock, Controlling Shareholders and Actual Controllers in and Continuing to the Reporting Period

Background	Type	Party	Commitment content	Date	If any duration	If strictly perform in time	Specific reasons for nonperformance in time	Notes for next plan if nonperformance in time
Commitment s related with the initial public offering (IPO)	Solve peer competition	Baosteel Group Corporation	Baosteel Group undertook the following two commitments as of the establishment of the Company: (1) All related transactions with the Company will be carried out in compliance with relevant laws, regulations and rules set by the authorities and will not damage the legitimate interest of the Company and its minority shareholders. (2) Baosteel Group promises it will not directly participate in any business activity or directly own interests in any business activity or entity that might pose competition to the Company's current operating business. However, Baosteel Group can maintain its existing shares in the Company, as well as manage and develop existing business which is or may be in competition with the Company. If Baosteel Group and its subsidiaries are about to engage in any new business, investment or research that might be in competition with the products or services of the Company in the future, the Company has the priority to develop and acquire business said above. Commitments above will stay in force under two conditions: A. the Company is listed in Hong Kong Exchanges and Clearing Limited and domestic stock exchange of China and, B. Baosteel Group owns no less than 30% of the Company's issued shares. In addition, on June 13, 2001, and September 6, 2002, Baosteel Group further pledged to uphold these two commitments after the Company's acquisition of the assets related to construction of its phase three project and all remaining assets thereof. These commitments were published on <i>China Securities Journal</i> , <i>Shanghai Securities News</i> and <i>Securities Times</i> dated 21st June 2001 and 12th September 2002 and the official website of Shanghai Stock Exchange (http://www.sse.com.cn) as well.	February 3, 2000	No	Yes		
Commitment s related with re-financing	Solve peer competition	Baosteel Group Corporation	Commitments made in the Prospectus of additional public offering by Baosteel Group: (1) The Company has the right to acquire, at any time it thinks appropriate, Baosteel Group's assets and businesses which may be in competition with the Company. (2) The Company shall enjoy the priority of similar business opportunities acquired by Baosteel Group, who will not invest until the Company gives up the commercial opportunities. These commitments were publicly posted on official website of the Shanghai Stock Exchange (http://www.sse.com.cn) in April 2005.	August 10, 2004	No	Yes		
Other	Others	Baosteel Group	Baosteel Group advised if the Company would like to invest in the Desheng Nickel Project on December 16, 2010 in written form of <i>Solicit Letter about</i>	December	No	Yes		

commitments		Corporation	<p><i>Investment on Desheng Nickel Project, Commitments about Desheng Nickel Project.</i> The Company agreed that Baosteel Group could invest in the project, but retained the right to purchase the equity of the project. Baosteel Group promised: When the Company wants to acquire the equity of the project, it would transfer its share of equity of the project at a fair price in line with relative laws, regulations, and other documents to the Company and on basis of asset evaluation results as conducted by an individual assets evaluation agency.</p> <p>These commitments stay in force under two conditions: (a) the company is listed at a stock exchange and (b) Baosteel Group owns no less than 30% of the Company's issued shares.</p> <p>The aforementioned commitments were published on <i>China Securities Journal</i>, <i>Shanghai Securities News</i> and <i>Securities Times</i> and the official website of Shanghai Stock Exchange (http://www.sse.com.cn) of December 23, 2010.</p> <p>During the reporting period, Baosteel Group and the Company did not breach any of the aforementioned commitments.</p>	16,2010				
Other commitments	Others	Baosteel Group Corporation	<p>Commitments Baosteel Group undertook about Luojing Land:</p> <p>Baosteel Group Shanghai Pudong Iron and Steel Co., Ltd. (hereafter, Pudong Steel), a wholly owned subsidiary of Baosteel Group, was offering its construction-in-progress and related fixed assets in Luojing (hereafter, Luojing Related Assets), which the Company intended to purchase. Luojing Related Assets covered an area of 3.228 million m², for which Pudong Steel has paid some initial expenses, but not the land transfer expense. When the assets are to be purchased, RMB 2.8 billion of the unpaid land transfer expense and the Pudong Steel's initial expenses as on the asset-assessing day (30 September 2007), as preliminarily estimated, shall be paid by the Company.</p> <p>Baosteel Group promised:</p> <p>(1) If the Company intends to purchase the Luojing Related Assets, Baosteel Group and/or Pudong Steel would help the Company to go through the transfer procedures and other matters as required by the Company.</p> <p>(2) In the event of the total actual expense exceeding RMB 2.8 billion for the procedures, Baosteel Group and/or Pudong Steel shall fully cover the exceeding amount in time, by means of paying the Company and/or the government (as it is required).</p> <p>The aforementioned commitments were published on <i>China Securities Journal</i>, <i>Shanghai Securities News</i> and <i>Securities Times</i> and the official website of Shanghai Stock Exchange (http://www.sse.com.cn) of 12 December 2007.</p> <p>Land in commitments aforementioned involved with West Luojing, East Luojing and North Energy Gallery. By the end of this report, the Company has signed west land transfer contract of Luojing Project, and paid RMB 2.34 billion for land-transferring, about RMB 20 million for north energy gallery land with land warrants. Relevant warrants for east land are in the process. And its land-transferring fees have not been paid yet.</p>	December 11, 2007	No	Yes		

VIII. Engagement and/or Termination of Accounting Firm

☐ Applicable ☒ Not applicable

IX. Punishment and Rectification of the Listed Company and Its Director, Supervisor, Senior Executives, Shareholders Holding over 5%, Actual Controller and Acquirer

☐ Applicable ☒ Not applicable

X. XI. Convertible Corporation Bonds

☐ Applicable ☒ Not applicable

XI. Corporate Governance

The Company has established a management structure with Baosteel features, in accordance with characterizations of iron and steel industry to support the strategic development and adapt to the manufacturing and operation. Moreover, the Company strictly stuck to relevant laws and regulations like Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China and Rules Governing the Listing of Stocks on Shanghai Stock Exchange Declaration, constantly enhanced standard operation, strengthened scientific management, innovated interaction and communication channels, maintained good investor relationship, kept perfecting internal control system and overall risk management, and rigorously performed the obligation of information disclosure in an effort to improve the quality of operation and running.

During the reporting period, in order to regulate the generation process of Company's directors and senior management, optimize the structure of the personnel composition of the board of directors, the Company set up the Nominating Committee of the Board of Directors. The Committee consists of 5 directors, with independent directors occupying 4/5. Until now, there are 4 special committees under the Board of Directors of the Company, namely, Strategy and Risk Management Committee, Audit Committee, Remuneration and Appraisal Committee and Nomination Committee. Establishment and constant improvement of special committee effectively improved the corporate governance structure, strengthened the Company's professional operational level, and enhanced the scientific nature of the decision of the Board of Directors.

In addition, during the reporting period, in order to adapt to the change of the Company's business development and production scale, the Company optimized and improved the examination and approval authority of fixed-asset investment, foreign long-term investment and other major matters, and conducted timely revision of the Company's Articles of Association, making the duty and authority of Company's management and decision-making level more clear, decision-making process more scientific, and the decision-making efficiency further improved.

XII. Notes to Other Significant Events**(一) Notes to the Reason and Impact of Accounting Policy, Estimation or Method Change from Board of Directors**

☐ Applicable ☒ Not applicable

(二) Notes to the Reason and Impact of Previous Important Error Correction from Board of Directors

☐ Applicable ☒ Not applicable

(三) Others

None

XIII. Significant Information Disclosure Index

S/N	Items	Published Date
1	Resolution Announcement of the 19th Meeting of the 5th Session of Board of Directors of Baoshan Iron & Steel Co., Ltd.	January 10, 2015
2	Resolution Announcement of the 16th Meeting of the 5th Session of Board of Supervisors of Baoshan Iron & Steel Co., Ltd.	January 10, 2015
3	Notice Announcement of 2015 First Extraordinary General Meeting of Shareholders of Baoshan Iron & Steel Co., Ltd.	January 10, 2015
4	2014 Annual Performance Bulletin Announcement of Baoshan Iron & Steel Co., Ltd.	January 15, 2015
5	Resolution Announcement of 2015 First Extraordinary General Meeting of Shareholders of Baoshan Iron & Steel Co., Ltd.	January 27, 2015
6	Announcement of Baoshan Iron & Steel Co., Ltd. on Progress of Issuing Euro Bonds	January 28, 2015
7	Resolution Announcement of the 20th Meeting of the 5th Session of Board of Directors of Baoshan Iron & Steel Co., Ltd.	February 4, 2015
8	Announcement of Related Party Transaction of Baoshan Iron & Steel Co., Ltd.	February 4, 2015
9	Announcement of Baoshan Iron & Steel Co., Ltd. on Progress of Issuing Euro Bonds	February 17, 2015
10	Announcement of 2014 Annual Performance Internet Illustration Meeting of Baoshan Iron & Steel Co., Ltd.	March 24, 2015
11	Announcement of Foreign Investment of Baoshan Iron & Steel Co., Ltd.	March 26, 2015
12	Resolution Announcement of the 21st Meeting of the 5th Session of Board of Directors of Baoshan Iron & Steel Co., Ltd.	March 27, 2015
13	Resolution Announcement of the 17th Meeting of the 5th Session of Board of Supervisors of Baoshan Iron & Steel Co., Ltd.	March 27, 2015
14	Announcement of 2015 Daily Related Party Transaction of Baoshan Iron & Steel Co., Ltd.	March 27, 2015
15	Notice of Baoshan Iron & Steel Co., Ltd. on Holding 2014 Annual General Meeting of Shareholders	March 27, 2015
16	Announcement of Baoshan Iron & Steel Co., Ltd. Electing Employee Supervisor	April 8, 2015
17	Announcement of 2015 First-Quarter Performance Internet Illustration Meeting of Baoshan Iron & Steel Co., Ltd.	April 18, 2015
18	Resolution Announcement of the 22nd Meeting of the 5th Session of Board of Directors of Baoshan Iron & Steel Co., Ltd.	April 24, 2015
19	Resolution Announcement of the 18th Meeting of the 5th Session of Board of Supervisors of Baoshan Iron & Steel Co., Ltd.	April 24, 2015
20	Resolution Announcement of 2014 General Meeting of Shareholders of Baoshan Iron & Steel Co., Ltd.	April 25, 2015
21	Resolution Announcement of the First Meeting of the 6th Session of Board of Directors of Baoshan Iron & Steel Co., Ltd.	April 25, 2015
22	Resolution Announcement of the First Meeting of the 6th Session of Board of Supervisors of Baoshan Iron & Steel Co., Ltd.	April 25, 2015
23	Implementation Announcement of 2014 Annual Profit Distribution Plan of Baoshan Iron & Steel Co., Ltd.	May 8, 2015
24	Announcement of Business Progress of Subsidiary of Baoshan Iron & Steel Co., Ltd.	May 8, 2015
25	Announcement of Baoshan Iron & Steel Co., Ltd. Repurchase and Cancellation of Some Restricted Stock	May 28, 2015

The aforementioned announcements may be found in "China Securities Journal", "Shanghai Securities News", "Securities Times" and the Shanghai Stock Exchange website <http://www.sse.com.cn>.

Section VI. Changes in Shares and Shareholders

I. Changes in Capital Stock

i. List of Changes in Shares

1. List of Changes in Shares

Unit: share

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio (%)	Shares newly issued	Shares dividend	Share dividend from accumulation fund	Others	Subtotal	Shares	Ratio (%)
I. Shares subject to conditional sales	46,747,200	0.28				-1,737,600	-1,737,600	45,009,600	0.27
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares									
Among which: domestic non-state-owned legal person shares									
Domestic natural person shares	46,747,200	0.28				-1,737,600	-1,737,600	45,009,600	0.27
4. Foreign shares									
Among which: foreign legal person shares									
foreign natural person shares									
II. Shares not subject to conditional sales	16,424,278,824	99.72						16,424,278,824	99.73
1.RMB ordinary shares	16,424,278,824	99.72						16,424,278,824	99.73
2.Domestic listed international investment shares									
3.Overseas listed international investment shares									
4. Others									
III. Total	16,471,026,024	100.00				-1,737,600	-1,737,600	16,469,288,424	100.00

2. Explanation of Changes in shares

On May 20, 2014, the Company convened 2014 First Extraordinary General Meeting, and reviewed and approved A Share Restricted Stock Plan of Baoshan Iron & Steel Co., Ltd. and First Rewarding Scheme Regarding A Share Restricted Stock Plan of Baoshan Iron & Steel Co., Ltd.

The Company convened the 15th Meeting of the Fifth Session of Board of Directors on May 22, 2014, and reviewed and approved Proposal about Determining Incentive Objects and Awarding Quantity Regarding A Share Restricted Share Plan and Proposal about Implementation of A Share Restricted Share Plan First Implementation Scheme, and determined May 22, 2014 as the awarding date. According to the incentive objectives and awarded quantity reviewed and determined by the Board of the Directors, the Company purchased back the A shares of the Company from Shanghai Stock Exchange via public bidding as the sources of restricted shares awarded to incentive objects from May 23, 2014. By June 11, 2014, the implementation of buy-back was completed, and the quantity of repurchased shares was 47,446,100.

The Company finished the transfer procedures for 47,446,100 shares of 136 incentive objects of the first awarding scheme on June 24, 2014. By June 24, 2014, the general share capital of the Company was 16,471,724,924 shares, 47,446,100 for shares subject to conditional sales and 16,424,278,824 for tradable shares.

On October 30, 2014, the Company convened the 18th Session of the Fifth Board of Directors, and reviewed and approved Motion on Adjustment of Incentive Objects of Restricted Share Plan.

The Company repurchased 698,900 restricted shares from incentive objects quitting A share restricted share plan on December 8, 2014, which did not yet reach the unlocking conditions, and completed the cancellation on December 16, 2014. By December 16, 2014, the general share capital of the Company was 16,471,026,024 shares, 47,747,200 for shares subject to conditional sales and 16,424,278,824 for tradable shares.

Proposal on Adjusting Incentive Objects of Restricted Stock Plan was reviewed and approved at the 21st meeting of the fifth session of Board of Directors held between March 25 and 26, 2015.

The Company repurchased 1,737,600 shares of restricted stock failing to reach the unlocking conditions of the incentive object withdrawing from A Restricted Stock Plan, and completed cancellation on May 28, 2015.

As of May 28, 2015, the Company's total capital stock has reached 16,469,288,424 shares, including 45,009,600 shares subject to conditional sales and 16,424,278,824 tradable shares.

3. Influence of Share Change upon the Earnings Per Share, Net Asset Per Share and Other Financial Indicators during the Period from the End Date of the Reporting Period to Disclosure Date of Semi-year Report (if any)

None.

4. Other Contents Necessary for the Company or Required by Securities Regulatory Institutions to Disclose

None.

ii. Change of Shares Subject to Conditional Sales

√ Applicable □ Not applicable

Unit: share

Name	Shares at the beginning of period	Shares released in the period	Shares added in the period	Shares at the end of the period	Reason	Releasing date
Stock incentive object	46,747,200	0	-1,737,600	45,009,600	Stock incentive	
Total	46,747,200	0	-1,737,600	45,009,600	/	/

Note 1: The decrease of shares subject to conditional sales during the reporting period is because the Company repurchased and cancelled 1,737,600 restricted stocks failing to reach the unlocking conditions of the incentive object quitting from A-share restricted stock plan.

Note 2: Date of releasing restricted sales is upon the expiration of two years of restricted period and when the unlocking conditions are met.

II. Shareholders**i. Total Shareholders:**

Total number of shareholders at the end of the reporting period (persons)	378,997
Total preferred stock holders whose voting right restored as of the end of the reporting period (persons)	0

ii. Top 10 Shareholders, Top 10 Tradable Shareholder (or Holders of Shares not Subject to Conditional Sales) by the End of the Reporting Period

Unit: share

Shareholding of top 10 shareholders							
Name (Full Name)	Increase or decrease during the period	Shares at the end of the reporting period	Ratio (%)	Shares subject to conditional sales	pledged or frozen		Shareholder nature
					Status	Quantity	
Baosteel Group Corporation	0	13,128,825,267	79.717	0	None		State-owned
China Galaxy Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	+283,352,611	312,950,070	1.900	0	None		Unknown
Hong Kong Securities Clearing Company Ltd.	+13,692,687	87,610,372	0.532	0	None		Unknown
Shenyin Wanguo Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	+63,124,775	76,567,802	0.465	0	None		Unknown
Everbright Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	+36,577,760	46,969,356	0.285	0	None		Unknown
Haitong Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	+32,346,790	45,622,800	0.277	0	None		Unknown
Huatai Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	+18,297,413	42,550,872	0.258	0	None		Unknown
National Social Security Fund 106 Portfolio	+40,890,074	40,890,074	0.248	0	None		Unknown
Guotai Junan Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	+19,303,155	39,658,034	0.241	0	None		Unknown

Ping An Annuity Insurance Company - Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product	0	35,702,752	0.217	0	None		Unknown
Shareholding of top 10 holders of shares not subject to conditional sales							
Name	Number of shares not subject to conditional sales	Type and number of shares					
		Type	Number				
Baosteel Group Corporation	13,128,825,267	RMB ordinary share		13,128,825,267			
China Galaxy Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	312,950,070	RMB ordinary share		312,950,070			
Hong Kong Securities Clearing Company Ltd.	87,610,372	RMB ordinary share		87,610,372			
Shenyin Wanguo Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	76,567,802	RMB ordinary share		76,567,802			
Everbright Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	46,969,356	RMB ordinary share		46,969,356			
Haitong Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	45,622,800	RMB ordinary share		45,622,800			
Huatai Securities Co., Ltd-Customers Credit and Trading Guarantee Securities Account	42,550,872	RMB ordinary share		42,550,872			
National Social Security Fund 106 Portfolio	40,890,074	RMB ordinary share		40,890,074			
Guotai Junan Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	39,658,034	RMB ordinary share		39,658,034			
Ping An Annuity Insurance Company - Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product	35,702,752	RMB ordinary share		35,702,752			
Remarks on affiliation, alliance or collusion among the aforementioned shareholders	The Company is not aware of any connected relationship among other shareholders mentioned above or any parties acting in concert specified in <i>Measures for the Administration of Acquisitions by Listed Companies</i> .						
Shareholder holding preferred stocks with voting right restored and their shares	None						

Note: Because the domestic securities market had abnormal fluctuation from the mid to late June to early July of 2015, to maintain the capital market stability and protect the interests of investors, the Company's controlling shareholder Baosteel Group responded to the spirit of relevant documents of SASAC and CSRC and increased 1,440,000 shares on July 9, 2015, accounting for 0.0087% of the Company's total share capital. After such increase, Baosteel Group holds 13,130,265,267 shares, accounting for 79.726% of the Company's total share capital.

Top 10 holders of shares subject to conditional sales, their share and the conditions

Unit: share

No.	Name	Shares	Conditional sold shares available to be listed and traded		Conditions
			Date available to be listed and traded	Newly-added tradable shares	
1	Dai Zhihao	543,000			notes
2	Zhao Zhouli	543,000			notes
3	Zhu Junsheng	543,000			notes
4	Li Yongxiang	488,700			notes
5	Zhou Jianfeng	488,700			notes

No.	Name	Shares	Conditional sold shares available to be listed and traded		Conditions
			Date available to be listed and traded	Newly-added tradable shares	
6	Wang Jing	488,700			notes
7	Guo Bin	488,700			notes
8	Chu Shuangjie	488,700			notes
9	Hou Angui	488,700			notes
10	Zhi Xiwei	488,700			notes
Notes on affiliation, alliance or collusion among the aforementioned shareholders					

Notes: For the conditions, please refer to Baosteel First Awarding Scheme of A Share Restricted Share Plan on the website of Shanghai Stock Exchange <http://www.sse.com.cn>

iii. Strategic Investors or General Legal Persons Who Become Top 10 Shareholders Due to Rights Issue

☐ Applicable ☒ Not applicable

III. Change of Controlling Shareholders and Actual Controllers

☐ Applicable ☒ Not applicable

Section VII. Preferred Stock

☐ Applicable ☒ Not applicable

Section VIII. Directors, Supervisors and Senior Executives

I. Shareholding Change

i. Shareholding of Directors, Supervisors, and Senior Executives in Service or Leaving the Company during the Period:

☐ Applicable ☒ Not applicable

No change in the reporting period.

ii. Granted Equity Incentive of Directors, Supervisors and Senior Managements in the Reporting Period

☐ Applicable ☒ Not applicable

II. Change of Directors, Supervisors, and Senior Executives

☒ Applicable ☐ Not applicable

Name	Position	Change	Reason
Ms. Wong Pick Kuen Helen	Director	Leave office	End of term
Li Li	Director	Hired	Hired for new term
Liu Zhanying	Supervisor	Leave office	End of term
Chen Ying	Supervisor	Hired	Hired for new term

III. Other Notes

None.

Section IV. Financial Statements

Audit Report

☐ Applicable ☒ Not applicable

Financial Statements

Consolidated Balance Sheet

June 30th 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan

Item	Note	Closing Balance	Beginning Balance
Current assets:			
Monetary fund	(V) 1	14,549,607,198.69	12,103,757,440.88
Deposit reservation for Balance			
Lendings to banks and other financial institutions		50,000,000.00	
Financial assets at fair value through profit or loss	(V) 2	1,726,663,411.35	180,636,573.51
Derivative financial assets			
Notes receivable	(V) 3	9,243,290,837.71	9,222,110,761.77
Accounts receivable	(V) 4	10,403,289,107.32	10,049,072,037.10
Prepayments	(V) 5	3,485,261,098.16	2,923,618,311.69
Interest receivable	(V) 6	110,354,878.44	547,356,317.25
Dividends receivable	(V) 7	138,315,833.28	11,298,647.00
Other receivables	(V) 8	1,412,653,474.25	1,080,179,452.07
Financial assets purchased under resale agreements		100,000,000.00	595,000,000.00
Inventory	(V) 9	25,914,141,134.66	26,815,100,722.39
Held-for-trading assets			
Non-current assets due within one year	(V) 10	4,796,900,000.00	6,358,800,000.00
Other current assets	(V) 11	5,773,368,203.65	4,499,073,089.90
Total current assets		77,703,845,177.51	74,386,003,353.56
Non-current assets:			
Loans and advances	(V) 12	2,518,095,206.66	2,948,545,990.88
Available-for-sale financial assets	(V) 13	10,606,966,730.58	10,447,520,041.50
Held-to-maturity investments	(V) 14	1,000,000,000.00	-
Long-term receivables	(V) 15	4,509,526,062.95	9,012,068,634.07
Long-term equity investment	(V) 16	5,021,291,484.61	4,963,108,955.16
Investment property	(V) 17	440,368,049.68	450,687,455.44
Fixed assets	(V) 18	80,795,366,153.27	82,897,000,178.55
Construction in progress	(V) 19	34,681,274,454.00	26,758,846,736.54
Engineering materials	(V) 20	47,990,899.32	173,012,390.36
Fixed assets disposal			
Intangible assets	(V) 21	9,023,708,774.50	9,136,786,103.95
Development expenditure			
Goodwill			
Long-term prepaid expenses	(V) 22	1,062,789,814.39	1,099,681,062.52
Deferred income tax assets	(V) 23	1,680,100,851.62	1,826,404,465.21
Other non-current assets	(V) 24	3,922,712,330.39	4,552,848,644.62

Total non-current assets		155,310,190,811.97	154,266,510,658.80
Total assets		233,014,035,989.48	228,652,514,012.36
Current liabilities:			
Short-term loan	(V) 25	32,923,059,482.41	31,480,011,723.61
Borrowing from the Central Bank		82,203,201.81	-
Deposits from customers and other financial institutions	(V) 26	8,901,874,026.77	7,972,063,672.99
Borrowed funds			
Financial liabilities at fair value through profit or loss	(V) 27	11,798,880.42	
Derivative financial liabilities			
Notes payable	(V) 28	4,136,141,222.30	5,416,879,164.85
Accounts payable	(V) 29	18,520,962,606.47	19,910,369,631.42
Advances from customers	(V) 30	11,352,442,858.34	11,522,938,150.20
Financial assets sold for repurchase		-	169,528,930.40
Fees and commissions payable			
Employee benefits payable	(V) 31	1,664,379,889.63	1,743,340,738.03
Taxes payable	(V) 32	2,851,974,931.49	2,162,028,290.86
Interest payable	(V) 33	312,716,993.99	281,301,392.21
Dividends payable	(V) 34	55,502,692.34	12,184,096.83
Other payables	(V) 35	1,426,882,210.88	1,141,614,196.44
Held-for-trading liabilities			
Non-current liabilities due within one year	(V) 36	4,301,114,058.40	7,442,007,303.14
Total current liabilities		86,541,053,055.25	89,254,267,290.98
Non-current liabilities:			
Long term loan	(V) 37	14,025,529,203.56	9,936,435,216.96
Bonds payable	(V) 38	6,433,996,966.05	3,024,076,037.38
Including: Preferred stock			
Perpetual bonds			
Long-term payables	(V) 39	85,968,336.00	89,287,152.00
Long-term employee benefits payables	(V) 40	165,316,078.32	162,061,249.06
Special payables	(V) 41	287,916,697.81	287,916,697.81
Estimated liabilities			
Deferred gains	(V) 42	1,034,588,502.31	1,268,675,356.46
Deferred income tax liabilities	(V) 23	423,626,597.01	423,066,461.35
Other non-current liabilities		1,852,179.16	1,902,403.65
Total non-current liabilities		22,458,794,560.22	15,193,420,574.67
Total Liabilities		108,999,847,615.47	104,447,687,865.65
Owner's equity:			
Share capital	(V) 43	16,469,288,424.00	16,471,026,024.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserve	(V) 44	33,738,124,793.17	33,253,945,989.75
Less: treasury stock	(V) 45	85,968,336.00	89,287,152.00
Other comprehensive income	(V) 46	(1,000,666,255.79)	(1,004,817,797.37)

Special reserves	(V) 47	11,286,420.02	10,040,556.78
Surplus reserve	(V) 48	25,851,173,391.46	25,851,173,391.46
General risk provisions			
Undistributed profit	(V) 49	39,975,539,636.47	39,765,842,085.69
Total owners' equity attributable to parent company		114,958,778,073.33	114,257,923,098.31
Minority interests		9,055,410,300.68	9,946,903,048.40
Total owner's equity		124,014,188,374.01	124,204,826,146.71
Total Liabilities and owner's equity		233,014,035,989.48	228,652,514,012.36

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief Accountant: Wang Juan

Balance Sheet of Parent Company

June 30th 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: RMB Yuan

Item	Note	Closing Balance	Beginning Balance
Current assets:			
Monetary fund		7,534,528,629.40	6,283,129,815.02
Financial assets at fair value through profit or loss		-	6,102,202.15
Derivative financial assets			
Notes receivable		11,771,477,363.32	13,011,611,433.29
Accounts receivable	(XV) 1	13,564,061,520.23	9,695,871,978.90
Prepayments		1,495,923,556.28	942,442,509.53
Interest receivable		145,328,192.85	624,864,604.91
Dividends receivable			
Other receivables	(XV) 2	275,806,065.60	250,571,482.39
Inventory		10,836,114,615.04	12,690,611,402.54
Held-for-trading assets			
Non-current assets due within one year		4,500,000,000.00	4,500,000,000.00
Other current assets		4,981,452,080.60	3,265,500,000.00
Total current assets		55,104,692,023.32	51,270,705,428.73
Non-current assets:			
Available-for-sale financial assets		8,200,996,309.00	8,200,996,309.00
Held-to-maturity investments			
Long-term receivables		6,573,532,930.56	11,073,532,930.56
Long-term equity investment	(XV) 3	45,421,514,340.04	45,216,589,326.30
Investment property			
Fixed assets		49,115,356,778.53	50,017,975,436.43
Construction in progress		3,205,688,808.28	3,611,532,901.23
Engineering material		25,748,034.10	32,088,334.38
Fixed assets disposal			
Intangible assets		3,747,556,439.58	3,788,628,679.26
Development expenditure			
Goodwill			
Long-term prepaid expenses		85,992,178.64	98,970,720.56
Deferred income tax assets		630,557,770.59	722,797,843.64
Other non-current assets		846,397,255.41	849,017,843.49
Total non-current assets		117,853,340,844.73	123,612,130,324.85
Total assets		172,958,032,868.05	174,882,835,753.58

Current liabilities:			
Short-term loan		12,619,553,189.30	11,540,228,080.29
Financial liabilities at fair value through profit or loss		11,798,880.42	-
Derivative financial liabilities			
Notes payable		1,406,513,472.99	1,673,935,753.74
Accounts payable		27,217,775,757.10	25,957,352,170.04
Advances from customers		10,667,268,946.00	11,502,863,539.67
Employee benefits payable		1,083,624,795.30	1,228,950,124.09
Taxes payable		3,167,822,000.57	2,067,147,371.26
Interest payable		32,511,292.00	37,402,811.31
Dividends payable			
Other payables		526,257,822.77	405,000,081.16
Held-for-trading liabilities			
Non-current liabilities due within one year		4,096,112,000.00	5,201,150,000.00
Other current liabilities		-	3,123,327,438.98
Total current liabilities		60,829,238,156.45	62,737,357,370.54
Non-current liabilities:			
Long term loan		2,086,123,800.00	1,560,345,000.00
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Long-term payables		130,741,372.43	130,741,372.43
Long-term employee benefits payables		85,968,336.00	89,287,152.00
Special payables		239,350,000.00	239,350,000.00
Estimated liabilities			
Deferred gains		382,041,101.93	605,552,512.81
Deferred income tax liabilities		412,468,456.29	413,994,006.83
Other non-current liabilities			
Total non-current liabilities		3,336,693,066.65	3,039,270,044.07
Total Liabilities		64,165,931,223.10	65,776,627,414.61
Owner's equity:			
Share capital		16,469,288,424.00	16,471,026,024.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserve		32,933,171,095.57	32,759,853,588.96
Less: treasury stock		85,968,336.00	89,287,152.00
Other comprehensive income		(103,119,495.35)	(102,586,048.25)
Special reserves			
Surplus reserve		25,851,173,391.46	25,851,173,391.46
Undistributed profit		33,727,556,565.27	34,216,028,534.80
Total owners' equity attributable to parent company		108,792,101,644.95	109,106,208,338.97
Total Liabilities and owner's equity		172,958,032,868.05	174,882,835,753.58

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief Accountant: Wang Juan

Consolidated Income Statement
January-June 2015

Unit: RMB Yuan

Item	Notes	Current Amount	Amount in previous period
I. Total operating income		80,943,653,803.99	97,792,611,108.31
Including: Operating income	(V) 50	80,770,607,226.27	97,598,401,864.49
Interest income		170,509,030.27	191,910,917.54
Fee and commission income		2,537,547.45	2,298,326.28
II. Total operating cost		76,942,236,856.99	93,527,696,490.47
Including: Operating costs	(V) 50	71,525,369,677.10	88,204,253,466.65
Interest expense		131,851,881.99	125,605,648.24
Fee and commission expense		277,606.18	337,390.93
Business tax and surcharges	(V) 51	284,322,204.99	287,334,992.42
Sales expense	(V) 52	971,497,800.63	944,929,745.86
Administrative fees	(V) 53	3,494,140,780.11	3,472,976,377.17
Financial expenses	(V) 54	444,271,811.61	545,988,124.48
Assets impairment loss	(V) 55	90,505,094.38	(53,729,255.28)
Add: Gains from changes in fair value ("-" For loss)	(V) 56	2,213,952.31	(19,267,729.51)
Investment income ("-" For loss)	(V) 57	424,721,526.37	217,830,092.37
Including: Investment income from associates and joint ventures		85,341,686.87	79,850,213.44
Exchange gains ("-" For loss)			
III. Operating profit ('-' for loss)		4,428,352,425.68	4,463,476,980.70
Add: Non-operating income	(V) 58	323,907,779.70	210,927,202.44
Including: Profit from disposal of non-current assets		2,669,489.50	23,468,782.01
Less: Non-operating expenses	(V) 59	353,009,386.71	203,030,478.48
Including: Loss from disposal of non-current assets		333,224,226.52	100,739,973.13
IV. Total profit ("-" For total loss)		4,399,250,818.67	4,471,373,704.66
Less: Income tax expense	(V) 60	1,105,475,169.32	1,145,732,611.45
V. Net profit ('-' for net loss)		3,293,775,649.35	3,325,641,093.21
Net profit attributable to the owner of parent company		3,174,482,235.10	3,154,015,369.07
Minority gains and losses		119,293,414.25	171,625,724.14
VI. Net of tax of other comprehensive income	(V) 61	(221,258.02)	(9,861,753.25)
Net of tax of other comprehensive income attributable to the owner of parent company		4,151,541.58	(22,876,836.43)
(i) Other comprehensive income that cannot be reclassified into profit or loss in future			
1. Changes in net liabilities and net assets resulting from re-measuring defined benefit plan			
2. Proportion held in the invested entities' other comprehensive incomes that cannot be reclassified into profit or loss under the equity law			
(ii) Other comprehensive income that will be reclassified into profit or loss in future		4,151,541.58	(22,876,836.43)
1. Proportion held in the invested entities' other comprehensive incomes that will be reclassified into profit or loss under the equity law		(584,521.41)	16,114,364.05
2. Gains and losses from change in fair value of available-for-sale financial assets		78,501,400.38	(88,104,439.90)
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale			

financial assets			
4. Effective part of gains and losses from cash flow hedging			
5. Translation difference of foreign currency financial statements		(73,765,337.39)	49,113,239.42
6. Others			
Net of tax of other comprehensive income attributable to minority		(4,372,799.60)	13,015,083.18
VII. Total comprehensive income		3,293,554,391.33	3,315,779,339.96
Total comprehensive income attributable to the owner of the parent company		3,178,633,776.68	3,131,138,532.63
Total comprehensive income attributable to minority interests		114,920,614.65	184,640,807.33
VIII. Earnings per share			
(i) Basic earnings per share		0.19	0.19
(ii) Diluted earnings per share		0.19	0.19

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief Accountant: Wang Juan

Income Statement of Parent Company
January-June 2015

Unit: RMB Yuan

Item	Notes	Current Amount	Amount in previous period
I. Operating income	(XV) 4	46,280,310,366.96	56,670,793,616.55
Less: Operating costs	(XV) 4	40,517,897,173.71	50,848,975,174.07
Business tax and surcharges		160,929,834.39	163,862,017.81
Sales expense		331,407,910.49	313,101,330.61
Administrative fees		2,309,506,302.56	2,363,633,359.93
Financial expenses		(103,375,774.45)	(87,265,803.35)
Assets impairment loss		(74,343,047.05)	(192,903,366.71)
Add: Gains from changes in fair value ("-" For loss)		(17,901,082.57)	(31,691,511.37)
Investment income ("-" For loss)	(XV) 5	146,750,794.52	238,856,871.69
Including: Investment income from associates and joint enterprises		46,987,962.65	41,233,460.63
II. Operating profit ("-" for loss)		3,267,137,679.26	3,468,556,264.51
Add: Non-operating income		240,518,723.67	125,840,600.11
Including: Profit from disposal of non-current assets		1,393,877.99	19,015,112.27
Less: Non-operating expenses		319,861,413.39	111,981,773.44
Including: Loss from disposal of non-current assets		309,300,180.93	78,699,722.07
III. Total profit ("-" For total loss)		3,187,794,989.54	3,482,415,091.18
Less: Income tax expense		711,482,274.75	776,758,254.05
IV. Net profit ("-" for net loss)		2,476,312,714.79	2,705,656,837.13
V. Net of tax of other comprehensive income		(533,447.10)	9,551,876.19
(i) Other comprehensive income that cannot be reclassified into profit or loss in future			
1. Changes in net liabilities and net assets resulting from re-measuring defined benefit plan			
2. Proportion held in the invested entities' other comprehensive incomes that cannot be reclassified into profit or loss under the equity law			
(ii) Other comprehensive income that will be reclassified into profit or loss in future		(533,447.10)	9,551,876.19
1. Proportion held in the invested entities' other comprehensive incomes that		(533,447.10)	9,551,876.19

will be reclassified into profit or loss under the equity law			
2. Gains and losses from change in fair value of available-for-sale financial assets			
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets			
4. Effective part of gains and losses from cash flow hedging			
5. Translation difference of foreign currency financial statements			
6. Others			
VI. Total comprehensive income		2,475,779,267.69	
VII. Earnings per share			
(i) Basic earnings per share			
(ii) Diluted earnings per share			

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief Accountant: Wang Juan

Consolidated Cash Flow Statement
January-June 2015

Unit: RMB Yuan

Item	Notes	Current Amount	Amount in previous period
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering services		92,744,158,908.32	113,028,800,964.19
Net increase in customers' deposit and deposits from banks and other financial institutions		933,040,295.46	-
Net increase in borrowings from the central bank		82,203,201.81	-
Net decrease in loans and advances to customers		435,535,527.44	-
Net decrease in deposits in central bank and due from banks and other financial institutions		173,991,662.41	52,079,770.28
Net increase in taking from other financial institutions			
Cash received from original insurance contract premium			
Net cash received from reinsurance business			
Net increase in policyholders' deposits and investments			
Net increase in disposal of financial assets at fair value through profit or loss			
Cash received from interest, fees and commissions		172,250,619.99	197,803,583.68
Net increase in borrowing funds			
Net increase in repurchase business funds			
Tax refund		84,351,505.46	137,109,885.55
Other cash received relating to operating activities	(V) 62	424,679,995.68	336,441,051.56
Subtotal of cash inflows from operating activities		95,050,211,716.57	113,752,235,255.26
Cash paid for purchase of goods and acceptance of services		76,837,136,444.26	89,265,147,480.97
Net increase in loans and advances to customers		-	315,464,699.23

Net decrease in taking from other financial institutions		50,000,000.00	300,000,000.00
Net decrease in customers' deposit and deposits from banks and other financial institutions		-	593,280,803.97
Net increase in deposits in the central bank and due from banks and other financial institutions			
Cash paid for original insurance contract claim			
Cash payment of interest, fees and commissions		105,273,085.45	123,607,536.84
Cash paid for policy dividend			
Cash paid to and on behalf of employees		4,320,024,897.23	4,347,600,088.55
Payments of taxes		3,166,420,769.29	3,375,927,161.61
Net decrease in sales of repurchased financial assets		169,528,930.40	60,787,587.66
Other cash paid relating to operating activities		995,243,991.28	1,088,367,573.38
Subtotal of cash outflows from operating activities		85,643,628,117.91	99,470,182,932.21
Net cash flow from operating activities		9,406,583,598.66	14,282,052,323.05
II. Cash flow from investing activities:			
Cash received from recovery of investments		8,174,632,572.93	772,624,279.08
Cash received from investment income		325,638,866.52	197,811,305.60
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,746,311.56	48,818,446.28
Net cash received from disposal of subsidiaries and other business units		(7,641,688.30)	-
Other cash received relating to investing activities	(V) 62	5,222,971,937.70	5,613,560,069.86
Subtotal of cash inflows from investing activities		13,730,348,000.41	6,632,814,100.82
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		12,283,658,800.56	9,136,127,777.18
Cash paid for Investment		9,973,304,319.06	768,172,591.30
Net increase in pledged loans			
Net cash received from payment by subsidiaries and other business units			
Other cash paid relating to investing activities	(V) 62	57,272,019.38	26,318,400.15
Subtotal of cash outflows from investing activities		22,314,235,139.00	9,930,618,768.63
Net cash flows from investing activities		(8,583,887,138.59)	(3,297,804,667.81)
III. Cash flow from financing activities:			
Cash received from capital contributions		1,089,507,100.00	295,146,781.71
Including: Cash received from capital contributions by minority shareholders of subsidiaries		1,089,507,100.00	295,146,781.71
Cash received from borrowings		38,033,716,920.17	36,989,470,890.19
Cash received from issuing bonds		3,440,003,254.14	-
Other cash received relating to financing activities	(V) 62	-	90,622,051.00
Subtotal of cash inflows from financing activities		42,563,227,274.31	37,375,239,722.90
Cash paid for debt repayment		34,095,964,771.22	39,736,507,518.47
Cash paid for distribution of dividends, profits or interest payments		3,796,870,198.70	2,522,608,355.10
Including: Dividends, profits paid by		84,973,630.93	75,780,833.73

subsidiaries to minority shareholders			
Cash paid for repurchasing the Company's stock		-	187,734,750.08
Other cash paid for financing activities	(V) 62	1,500,000,000.00	-
Subtotal of cash outflows from financing activities		39,392,834,969.92	42,446,850,623.65
Net cash flow from financing activities		3,170,392,304.39	(5,071,610,900.75)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(303,275,238.54)	44,555,181.39
V. Net increase in cash and cash equivalents		3,689,813,525.92	5,957,191,935.88
Add: opening balance of cash and cash equivalents		11,291,289,583.07	11,598,852,396.93
VI. Closing balance of cash and cash equivalents		14,981,103,108.99	17,556,044,332.81

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief Accountant: Wang Juan

Cash Flow Statement of Parent Company
January-June 2015

Unit: RMB Yuan

Item	Notes	Current Amount	Amount in previous period
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering services		49,123,034,293.28	63,033,402,794.07
Tax refund		18,657,137.28	99,632,634.49
Other cash received relating to operating activities		74,713,121.51	213,151,858.31
Subtotal of cash inflows from operating activities		49,216,404,552.07	63,346,187,286.87
Cash paid for purchase of goods and acceptance of services		38,704,103,586.17	45,737,989,775.37
Cash paid to and on behalf of employees		2,656,211,728.48	2,684,524,629.57
Payments of taxes		1,645,571,785.33	1,898,395,615.76
Other cash paid relating to operating activities		182,749,005.81	479,776,722.87
Subtotal of cash outflows from operating activities		43,188,636,105.79	50,800,686,743.57
Net cash flow from operating activities		6,027,768,446.28	12,545,500,543.30
II. Cash flow from investing activities:			
Cash received from recovery of investments		7,765,500,000.00	11,300,000,000.00
Cash received from investment income		176,499,267.42	224,872,437.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,573,911.90	41,098,747.20
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		5,332,310,316.12	5,842,368,411.83
Subtotal of cash inflows from investing activities		13,283,883,495.44	17,408,339,596.76
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		2,680,003,987.25	4,525,340,192.22
Cash paid for Investment		7,687,000,000.00	11,665,749,984.00
Net cash paid by subsidiaries and other business units			
Other cash paid relating to investing activities		57,272,019.38	26,318,400.15

Subtotal of cash outflows from investing activities		10,424,276,006.63	16,217,408,576.37
Net cash flows from investing activities		2,859,607,488.81	1,190,931,020.39
III. Cash flow from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		17,350,435,675.83	16,279,663,450.62
Other cash received relating to financing activities		-	90,622,051.00
Subtotal of cash inflows from financing activities		17,350,435,675.83	16,370,285,501.62
Cash paid for debt repayment		16,928,132,212.19	21,040,964,383.72
Cash paid for distribution of dividends, profits or interest payments		3,141,578,191.16	1,890,543,207.20
Cash paid for repurchasing the Company's stock		-	187,734,750.08
Other cash paid for financing activities		4,776,708,563.40	730,831,773.51
Subtotal of cash outflows from financing activities		24,846,418,966.75	23,850,074,114.51
Net cash flow from financing activities		(7,495,983,290.92)	(7,479,788,612.89)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(139,993,829.79)	7,340,694.10
V. Net increase in cash and cash equivalents		1,251,398,814.38	6,263,983,644.90
Add: opening balance of cash and cash equivalents		6,283,129,815.02	6,290,586,489.64
VI. Closing balance of cash and cash equivalents		7,534,528,629.40	12,554,570,134.54

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief accountant: Wang Juan

Consolidated Statement of Changes in Owners' Equity
January-June 2015

Unit: RMB Yuan

Item	In the period										
	Owners' Equity Attributable to Parent Company									Minority shareholders' equity	Total owners' equity
	Capital stock	Capital reserve	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	Generic Risk Reserve	Undistributed profit	Translation differences of foreign currency financial statements		
I. Closing balance of previous year	16,471,026,024.00	33,253,945,989.75	89,287,152.00	(1,004,817,797.37)	10,040,556.78	25,851,173,391.46		39,765,842,085.69		9,946,903,048.40	124,204,826,146.71
Add: Changes in accounting policies											
Error corrections of the last period											
Corporate merge under the same control											
Others											
II. Opening balance of current period	16,471,026,024.00	33,253,945,989.75	89,287,152.00	(1,004,817,797.37)	10,040,556.78	25,851,173,391.46	-	39,765,842,085.69	-	9,946,903,048.40	124,204,826,146.71
III. Amount changes of current period ("-" for loss)	(1,737,600.00)	484,178,803.42	(3,318,816.00)	4,151,541.58	1,245,863.24	-	-	209,697,550.78	-	(891,492,747.72)	(190,637,772.70)
(i) Total comprehensive income				4,151,541.58				3,174,482,235.10		114,920,614.65	3,293,554,391.33
(ii) Shareholders' contribution and reduction in capital	(1,737,600.00)	472,830,474.13	(3,318,816.00)							(962,793,620.08)	(488,381,929.95)
1. Common shares from shareholders	(1,737,600.00)	(1,581,216.00)								-	(3,318,816.00)
2. Capital from holders of other equity instruments											
3. Amount of share payment calculated in owners' equity		13,728,924.42								-	13,728,924.42
4. Others		477,119,110.36	(3,318,816.00)	-	-	-				9,655,921.36	490,093,847.72
5. Capital contribution from minority shareholders in subsidiaries										527,550,458.56	527,550,458.56
6. Purchase of minority equity of subsidiaries		(16,436,344.65)								(1,500,000,000.00)	(1,516,436,344.65)
(III) Profit distribution								(2,964,784,684.32)		(43,750,408.86)	(3,008,535,093.18)
1. Withdrawal of surplus reserves										-	-
2. Withdrawal of general risk reserves											
3. Distribution to owners (or shareholders)								(2,964,784,684.32)		(43,750,408.86)	(3,008,535,093.18)
4. Others											
(IV). Internal carry-over of owners' equity											
1. Capital reserves capitalization (or capital stock)											
2. Surplus reserves capitalization (or capital stock)											
3. Remedying loss with surplus reserves											
4. Others											
(V). Special reserves					1,245,863.24					130,666.57	1,376,529.81
1. Current withdrawal					251,245,178.23					247,748.66	251,492,926.89
2. Current use					249,999,314.99					117,082.09	250,116,397.08
(VI). Others		11,348,329.29								-	11,348,329.29
IV. Current closing balance	16,469,288,424.00	33,738,124,793.17	85,968,336.00	(1,000,666,255.79)	11,286,420.02	25,851,173,391.46	-	39,975,539,636.47	-	9,055,410,300.68	124,014,188,374.01

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Item	Last period										
	Owners' equity attributable to the parent company									Minority shareholders' equity	Total owners' equity
	Capital stock	Capital reserve	Less: Treasury share	Other Comprehensive Income	Special reserves	Surplus reserves	Generic Risk Reserve	Undistributed profit	Translation differences of foreign currency financial statements		
I. Closing balance of previous year	16,471,724,924.00	32,966,712,988.03	-	-	22,160,961.06	24,528,201,377.92	-	37,044,549,468.11	(521,151,950.22)	9,553,733,072.91	120,065,930,841.81
Add: Changes in accounting policies	-	426,950,595.97	-	(946,347,392.59)	-	(19,455,181.78)	-	(81,456,755.60)	521,151,950.22	(9,366,893.85)	(108,523,677.63)
Corrections of the last period errors											
Corporate merge under the same control											
Others											
II. Opening balance of current period	16,471,724,924.00	33,393,663,584.00	-	(946,347,392.59)	22,160,961.06	24,508,746,196.14	-	36,963,092,712.51	-	9,544,366,179.06	119,957,407,164.18
III. Amount changes of current period ("-" for loss)	(698,900.00)	(139,717,594.25)	89,287,152.00	(58,470,404.78)	(12,120,404.28)	1,342,427,195.32	-	2,802,749,373.18	-	402,536,869.34	4,247,418,982.53
(i) Total Comprehensive income				(58,470,404.78)				5,792,349,060.90		309,033,748.33	6,042,912,404.45
(ii) Shareholders' contribution and reduction in capital	(698,900.00)	(140,481,034.16)	89,287,152.00							257,516,198.01	27,049,111.85
1. Common shares from shareholders	(698,900.00)	(97,748,698.08)								309,846,783.44	211,399,185.36
2. Capital from holders of other equity instruments											
3. Amount of share payment calculated in owners' equity		16,017,078.49								-	16,017,078.49
4. Others			89,287,152.00							-	(89,287,152.00)
5. Purchase of minority equity of subsidiaries		(58,749,414.57)								(52,330,585.43)	(111,080,000.00)
(III) Profit distribution						1,342,427,195.32		(2,989,599,687.72)		(147,297,033.12)	(1,794,469,525.52)
1. Withdrawal of surplus reserves						1,342,427,195.32		(1,342,427,195.32)		-	-
2. Withdrawal of general risk reserves											
3. Distribution to owners (or shareholders)								(1,647,172,492.40)		(147,297,033.12)	(1,794,469,525.52)
4. Others											
(IV). Internal carry-over of owners' equity											
1. Capital reserves capitalization (or capital stock)											
2. Surplus reserves capitalization (or capital stock)											
3. Remedying loss with surplus reserves											
4. Others											
(V). Special reserves					(12,120,404.28)					112,920.62	(12,007,483.66)
1. Current withdrawal					395,631,820.57					189,334.28	395,821,154.85
2. Current use					407,752,224.85					76,413.66	407,828,638.51
(VI). Others		763,439.91								(16,828,964.50)	(16,065,524.59)
IV. Current closing balance	16,471,026,024.00	33,253,945,989.75	89,287,152.00	(1,004,817,797.37)	10,040,556.78	25,851,173,391.46	-	39,765,842,085.69	-	9,946,903,048.40	124,204,826,146.71

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief Accountant: Wang Juan

Statement of Changes in Owners' Equity of Parent Company
January-June 2015

Unit: RMB Yuan

Item	Current period								
	Capital stock	Capital reserve	Less: Treasury share	Other Comprehensive Income	Special reserves	Surplus reserves	Generic Risk Reserve	Undistributed profit	Total owners' equity
I. Closing balance of previous year	16,471,026,024.00	32,759,853,588.96	89,287,152.00	(102,586,048.25)	-	25,851,173,391.46	-	34,216,028,534.80	109,106,208,338.97
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Error corrections of the last period									
Others									
II. Opening balance of current period	16,471,026,024.00	32,759,853,588.96	89,287,152.00	(102,586,048.25)	-	25,851,173,391.46	-	34,216,028,534.80	109,106,208,338.97
III. Amount changes of current period ("-" for loss)	(1,737,600.00)	173,317,506.61	(3,318,816.00)	(533,447.10)	-	-	-	(488,471,969.53)	(314,106,694.02)
(i) Total Comprehensive Income				(533,447.10)				2,476,312,714.79	2,475,779,267.69
(ii) Shareholders' contribution and reduction in capital	(1,737,600.00)	169,239,177.77	(3,318,816.00)						170,820,393.77
1. Common shares from shareholders	(1,737,600.00)	(1,581,216.00)							(3,318,816.00)
2. Capital from holders of other equity instruments									
3. Amount of share payment calculated in owners' equity		13,728,924.42							13,728,924.42
4. Others		157,091,469.35	(3,318,816.00)						160,410,285.35
(III) Profit distribution								(2,964,784,684.32)	(2,964,784,684.32)
1. Withdrawal of surplus reserves									-
2. Distribution to owners (or shareholders)								(2,964,784,684.32)	(2,964,784,684.32)
3. Others									
(IV). Internal carry-over of owners' equity									
1. Capital reserves capitalization (or capital stock)									
2. Surplus reserves capitalization (or capital stock)									
3. Remedying loss with surplus reserves									
4. Others									
(V). Special reserves					-				-
1. Current withdrawal					148,147,495.71				83,461,886.41
2. Current use					148,147,495.71				83,461,886.41
(VI). Others		4,078,328.84							4,078,328.84
IV. Current closing balance	16,469,288,424.00	32,933,171,095.57	85,968,336.00	(103,119,495.35)	-	25,851,173,391.46	-	33,727,556,565.27	108,792,101,644.95

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Item	Previous period								
	Capital stock	Capital reserve	Less: Treasury share	Other Comprehensive Income	Special reserves	Surplus reserves	Generic Risk Reserve	Undistributed profit	Total owners' equity
I. Closing balance of previous year	16,471,724,924.00	32,731,184,064.17	-	-	-	24,528,201,377.92	-	30,571,312,973.03	104,302,423,339.12
Add: Changes in accounting policies	-	104,711,537.85	-	(104,711,537.85)	-	(19,455,181.78)	-	(77,820,727.14)	(97,275,908.92)
Error corrections of the last period									
Others									
II. Opening balance of current period	16,471,724,924.00	32,835,895,602.02	-	(104,711,537.85)	-	24,508,746,196.14	-	30,493,492,245.89	104,205,147,430.20
III. Amount changes of current period ("-" for loss)	(698,900.00)	(76,042,013.06)	89,287,152.00	2,125,489.60	-	1,342,427,195.32	-	3,722,536,288.91	4,901,060,908.77
(i) Total comprehensive income				2,125,489.60				6,712,135,976.63	6,714,261,466.23
(ii) Shareholders' contribution and reduction in capital	(698,900.00)	(81,731,619.59)	89,287,152.00						(171,717,671.59)
1. Common shares from shareholders	(698,900.00)	(97,748,698.08)							(98,447,598.08)
2. Capital from holders of other equity instruments									
3. Amount of share payment calculated in owners' equity		16,017,078.49							16,017,078.49
4. Others			89,287,152.00						(89,287,152.00)
(III) Profit distribution						1,342,427,195.32		(2,989,599,687.72)	(1,647,172,492.40)
1. Withdrawal of surplus reserves						1,342,427,195.32		(1,342,427,195.32)	-
2. Distribution to owners (or shareholders)								(1,647,172,492.40)	(1,647,172,492.40)
3. Others									
(IV). Internal carry-over of owners' equity									
1. Capital reserves capitalization (or capital stock)									
2. Surplus reserves capitalization (or capital stock)									
3. Remedying loss with surplus reserves									
4. Others									
(V). Special reserves									
1. Current withdrawal					348,301,699.10				348,301,699.10
2. Current use					348,301,699.10				348,301,699.10
(VI). Others		5,689,606.53							5,689,606.53
IV. Current closing balance	16,471,026,024.00	32,759,853,588.96	89,287,152.00	(102,586,048.25)	-	25,851,173,391.46	-	34,216,028,534.80	109,106,208,338.97

Legal representative: Chen Derong Person in charge of accounting work: Zhu Kebing Chief Accountant: Wang Juan

I. Company Profile

1. Company Profile

Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as "the Company") is a limited liability company registered in the territory of China in accordance with the laws of the People's Republic of China (hereinafter referred to as "China"). As per the GJMQG [1999] No. 1266 document issued by the State Economic and Trade Commission of China, the Company was founded solely by Baosteel Group Corporation (originally called "Shanghai Baosteel Group Corporation" and hereinafter referred to as "Baosteel Group"), and was officially registered in Shanghai on February 3, 2000, with the registration number of 310000000074519.

The Company took over related businesses, assets and liabilities from Baosteel Group by means of issuing 10,635,000,000 ordinary shares to Baosteel Group with a par value of RMB 1 each on the date of establishment.

The Company issued 1,877,000,000 ordinary shares (A shares) to the general public with a par value of RMB 1 each and an offer price of RMB 4.18 by means of on-line stock exchange listing coupled with off-line rationed subscription, from November 6 to 24, 2000, in compliance with the approval document No. [2000] 140 issued by China Securities Regulatory Commission (the "CSRC").

Following the approval provided in the approval document No. [2005]15 issued by the CSRC on April 13, 2005, April during 21 to 26, 2005, the Company issued five billion shares (A-shares) with a par value of RMB 1 each and an offer price of RMB 5.12 per share, including three billion state-owned shares to Baosteel Group and two billion to the general public, with the latter on a combinatory basis of preferential claiming, pro-rata and on-line and off-line bidding inquiry.

As per the Doc. No.[2008] 739 by the CSRC on May 17, 2008, the Company issued RMB 10 billion 6-year convertible loan notes featuring the separation between liability and conversion option components on June 20, 2008. In this issuance, the original circulating shareholders for unlimited sale (of shares) conditions were given the priority for placing, and the rest of the notes were sold to institutional investors through price inquiry and to on-line applicants. The notes were issued based on the face value, which was RMB 100 per share. The dividend was paid once a year and the principal was returned once and for all when it is expired. The annual contract interest rate was 0.8%. The purchaser of the note was able to obtain 16 copies of stock purchase components issued by the issuer, the duration of the component was 24 months from the day when it was listed, and the exercising period was the last 5 trading days of the duration. The exercise proportion was 2:1 and the initial exercise price was RMB 12.50 per stock. The liability and conversion option components were listed and traded on Shanghai Stock Exchange on 4 July 2008. Dividends were paid on May 24, 2010. The exercise price was then adjusted to RMB 11.80 per stock due to dividend. The exercising period was the trading days from June 28 to July 3, 2010. A total of 113,785 components were successfully exercised before the stock market closed on July 2, 2010, the last effective exercise date for "Baosteel CWB1", increasing 48,088 shares of the Company.

According to "The Board's Resolution on the Motion for Repurchasing Shares of the Company Through Centralized Bidding", "The Creditors' Notice About Repurchasing Shares of Baoshan Iron & Steel Co., Ltd.", "The Resolution of the Second Temporary Shareholders' Meeting of Baoshan Iron & Steel Co., Ltd. in 2012" and the Company's revised Articles of Association, the Company repurchased A-shares on Shanghai Stock Exchange through centralized bidding with a price no more than RMB 5 per share and an amount no more than RMB 5 billion in total. The first repurchase began on September 21, 2012, and the Company has repurchased 414,055,508 shares by the end of 2012. According to the resolution and the Company's revised Articles of Association, the Company applied for reduction of share capital by RMB 0.39 billion and finished all procedures with China Securities Depository and Clearing Corporation Limited., Shanghai Branch on December 20, 2012. The Company renewed all commercial registration on December 31, 2012, and the updated registered share capital is RMB 17,122,048,088.00 as of December 31, 2012.

In 2013 the Company has repurchased 626,267,656 shares, and completed the implementation of the repurchase scheme. In accordance with the resolution of the general shareholders' meeting of the Company and the regulations of the revised Articles of Association, the Company has applied for the decrease of the capital by RMB 650,323,164, and completed the cancellation of 650,323,164 shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (CSDC) on May 23, 2013. The Company completed the procedure on the industrial and commercial registration on June 24, 2013, and the updated registered share capital is RMB 16,471,724,924.

The Company's shares decreased by 698,900 in 2014 due to repurchasing restricted stock failing to reach the unlocking conditions, and please see note (V) 43 for the details.

The Company's shares decreased by 1,737,600 due to repurchasing restricted stock failing to reach the release conditions during the reporting period, and for detailed changes please see note (V) 43.

By the end of reporting period, the Company's registered capital and share capital have reached RMB 16,469,288,424. Among which, there are 16,424,278,824 RMB common shares not subject to conditional sale, and Baosteel Group holds 13,128,825,267 shares, with shareholding ratio of 79.72%.

The business scope of the Company: iron and steel smelting and processing, power generation, coal, industrial gas production, port terminals, warehousing, transportation and other business relating to iron & steel, as well as technology development, technology transfer, technical service, technical management consultation service, automobile maintenance/repair, exporting self-made products and technologies, importing raw/auxiliary materials, instruments, mechanical equipment, fittings and technologies necessary for production and scientific research of the Company (other than those commodities and technologies permitted to be solely dealt by the companies designated by the State, and those prohibited by the State for import/export), processing imported materials, processing and assembly with supplied materials and parts or compensation trade. The Company is mainly engaged in the manufacture and sales of iron & steel products, as well as sales and service of by-products arising from the production and sales of iron & steel products.

The parent company of the Company is Baosteel Group, which is a state-owned enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council.

The Company and its subsidiaries are hereinafter referred to as "the Group".

The Company's consolidated financial statement has been approved by the Company's Board of Directors on August 24, 2015.

2. Scope of Consolidated Financial Statement

For details of the scope of consolidated financial statement this year please see Note (VII) "Rights and interests in other subjects".

II. Basis for Preparation of Financial Statements

1. Basis for Preparation

The Group implements the Accounting Standards for Business Enterprises ("ASBE") promulgated by the Ministry of Finance (including new and revised Accounting Standards for Business Enterprises in 2014) and the relevant regulations. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15-General Provisions on Financial Statement (Revised in 2014).

2. Going-concern

The Group conducts the evaluation on the going-concern ability of 12 months from June 30, 2015, and does not find matters and situations producing significant doubt about the going-concern ability. Therefore, the financial statement is prepared based on the going-concern assumption.

III. Important Accounting Policies and Accounting Estimates

The specific accounting policies and accounting estimates tip:

The following disclosure content has covered the specific accounting policies and accounting estimates made by the Company according to the actual production and operation characteristics.

1. Statement of Compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of June 30, 2015, and the Company's and consolidated results of operations and cash flows during January to June, 2015.

2. Basis of Accounting and Principle of Measurement

The Group adopts the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Under the historical cost measurement, assets are measured in accordance with the amount of cash or cash equivalent paid during the purchase or the fair value of the consideration paid. Liabilities are measured in accordance with the amount of money or assets received actually for bearing the current

obligation, or contract amount for bearing the current obligation, or amount of cash or cash equivalent paid for repaying estimated liabilities during the daily activities.

Fair value is the price market participants selling the asset or paid for transferring the liability during the orderly transaction occurring on the measurement date. Whether the fair value is observable or estimated by adopting the valuation technique, the fair value measured and disclosed in the financial statement shall be determined on this basis. Fair value measurement is divided into three layers based on the observable degree of the input value of fair value and the importance of such input value for the overall fair value measurement.

3. Accounting Period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December of each year.

4. Operating Cycle

Operating cycle refers to the period from the enterprise's purchase of the assets for processing to the realization of cash or cash equivalents. The operating cycle of the Company is 12 months.

5. Bookkeeping Base Currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their bookkeeping base currency. The Company's foreign subsidiaries choose their bookkeeping base currency on the basis of the primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

6. Accounting Treatment Methods Concerning Business Combination Involving Enterprises Under Common Control and not Under Common Control

Business combinations are classified into the business combinations under common control and the business combinations not under common control.

6.1 Business combinations under common control

Business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their book value in the combined party on the combining date. As for the balance between the book value of the net assets obtained by the combining party and the book value of the consideration paid by it (or the total par value of the shares issued), the share premium of the capital reserve shall be adjusted. If the share premium is not sufficient to be offset, the retained earnings shall be adjusted.

The direct cost for the business combination of the combining party shall be recorded into the profits and losses for the current period.

6.2 Business Combinations not Under Common Control

A business combination not involving enterprises under common control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination.

The combination costs shall be the fair values of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquisition. For a business combination not involving enterprises under common control realized by two or more transactions of exchange, the combination costs shall be the summation of the consideration paid on the acquisition date and the fair values, on the acquisition date, of the equity of the acquired held before the acquisition date. The intermediary costs for audit, legal services, and evaluation and other related overhead costs shall be recorded into the profits and losses for the current period.

The identifiable assets, liabilities and contingent liabilities which meet the recognition conditions and are obtained by the acquirer from the acquired party shall be measured in light of the fair values.

The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired party as business reputation and conduct initial measurement on a cost basis. When there is a negative balance between the combination costs and the fair value of various identifiable net assets it obtains from the acquire, and the acquirer shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired party as well as the combination costs. If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquire, it shall record the balance into the profits and losses of the current period.

7. Preparation Method of Consolidated Financial Statements

Consolidation scope of consolidated financial statements shall be determined on the basis of control. Control refers to that the investor has power over the investee, enjoys the variable returns by participating in the relevant activities of the investee, and has the ability to use the power over investee to influence its return amount. Once the changes of relevant facts and circumstances lead to the change of relevant factors involved in the control definition, the Group will conduct the reappraisal.

Subsidiary merger begins from the Group gaining the control of the subsidiary and ends at the Group losing the control of the subsidiary. For the subsidiaries disposed by the Group, operating results and cash flow before the disposal date (date of losing the control) have been properly included in the consolidated income statement and consolidated cash flow statement.

Where a subsidiary has been acquired through a business combination not involving enterprises under common control, the subsidiary's operating results and cash flows after the acquisition date (the date the control is obtained) are appropriately included in the consolidated income statement and the consolidated cash flow statement.

For the subsidiary obtained by business combination under the same control or the combined party under the absorption merger, no matter when the business combination occurs at any time point during the reporting period, it shall be deemed as that the subsidiary or the combined party will be included into the consolidation scope of the Group since the date when both are controlled by the final controlling party, and operating results and cash flow obtained from the beginning of the earliest stage of reporting period or from the date of both being controlled by the final controlling party have been properly included in the consolidated income statement and consolidated cash flow statement.

Major accounting policies and accounting periods adopted by the subsidiaries are defined according to the standardized accounting policies and accounting periods established by the Company.

The internal transactions' impact on consolidated financial statements which is between the Company and its subsidiaries or between subsidiaries shall be eliminated on consolidation. The portion of the subsidiary owners' equity that is not attributable to the parent company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement below the "net profit" line item as "minority interests". When the amount of loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

Changes in a parent company's ownership interest in a subsidiary caused by purchase of minority interests or disposal of part of the investment that do not result in the loss of control are accounted for within equity, and the book value of owners' equity attributable to equity holders of the parent company and minority interests should be adjusted to reflect the changes.

The difference between the adjustment of minority interests and the fair value of the consideration paid or received is adjusted to capital reserve. If the capital reserve is insufficient to offset, the adjustment shall be made to the retained earnings.

If the stock equity is obtained from the acquiree by multiple transactions step by step, and business combination not under the same control is finally formed, the handling shall be conducted according to whether it belongs to "package deal". If so, all the transactions shall go through the accounting treatment as the transaction obtaining the control.

If not, the transaction shall go through the accounting treatment as the transaction obtaining the control on the purchase date. The stock equity of the acquiree held before the purchase date shall be measured again according to the fair value on the purchase date, and the difference between the fair value and book value shall be included in the current profits and losses. If the stock equity of the acquiree held before the purchase date involves the change of other comprehensive income and other owners' equity under the equity method accounting, these shall be included into the current profit of the purchase date.

If the control of the original subsidiary was lost due to the disposal of part of the equity investment or other reasons, the remaining stock equity shall be measured again according to its fair value on the date of losing control. The difference of the sum of the consideration obtained from the stock equity disposal and fair value of remaining stock equity subtracting the net asset under the continuous calculation of the original subsidiary with the original shareholding ratio since the purchase date shall be included into the current investment income of losing the control and used to offset the goodwill. Other comprehensive income related to the equity investment of the original subsidiary shall be converted as current investment income when the control is lost.

through two or more transactions until loss of control of the subsidiary, such transactions are a package of transactions if the terms and conditions of such transactions as well as their economic effects meet one or more of the following conditions: (1) such transactions were concluded at the same time or were concluded taking into consideration their mutual impacts; (2) such transactions could not form a complete

business result unless taken as a whole; (3) the occurrence of one transaction depended on the occurrence of at least one other transaction; (4) one transaction, when viewed independently, is not economic, but is economic when considered together with other transactions. Where all the transactions intended for disposal of equity investment in a subsidiary until loss of control of the subsidiary are a package of transactions, each transaction will be treated as one intended for disposal of the equity investment in and resulting in loss of control of the subsidiary. The difference between the price of each disposal and the share of the net assets of the subsidiary corresponding to the disposed investment prior to the loss of control is recognized as "Other comprehensive income" and, after loss of the control, will be recorded into the gains and losses for the period in which the control is lost. When all the transactions intended for disposal of equity investment in a subsidiary until loss of control of the subsidiary are not a package of transactions, each transaction will be recorded as an independent transaction.

8. Joint Venture Arrangement Classification and Joint Operation Accounting Treatment Methods

The joint venture arrangement is classified into joint operation and joint venture. Such classification is determined by considering the arrangement structure, legal form and terms of the contract according to the rights enjoyed and obligations borne by the jointly operated party in the joint venture arrangement. Joint operation is the joint venture arrangement of the jointly operated party enjoying the relevant assets and bearing the relevant liabilities of the arrangement. Joint venture is the joint venture arrangement of the jointly operated party only enjoying the rights of net assets of the arrangement. The Group adopts the equity method accounting for the investment of joint venture, and for details please see the Note (III) "14.3.2. Long-term equity investment under equity method accounting".

9. Criteria for Determining Cash and Cash Equivalents

Cash equivalent refers to the investment held by the enterprise, with short term (generally, due within three months from the purchase date), strong liquidity, easy conversion into cash with known amount, and small risk in value change.

10. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

10.1 Foreign Currency Transactions

At the time of initial recognition, a foreign currency transaction is translated by applying the spot exchange rate at the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated to RMB using the spot exchange rate at that date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period, except for: (1) exchange differences arising from specific-purpose borrowings in foreign currencies that are eligible for capitalization, which are capitalized during the capitalization period and included in the cost of related assets; and (2) exchange differences arising from hedging instruments for foreign currency risk, which are treated under hedge accounting (3) exchange differences arising from foreign currency non-monetary available-for-sale items i.e. stocks and changes in book value of available-for-sale monetary items other than its unamortized cost, which are treated as other comprehensive income.

Where the Consolidated Financial Statements involve overseas businesses, the exchange differences resulting from fluctuation in exchange rates will be listed into "differences from foreign currency translation" under owner's equities in case of substantial foreign currency monetary items of net overseas investments. And the foreign currency monetary items shall be recorded into current profits and losses when the overseas businesses are disposed.

Foreign currency non-monetary items carried at historical cost continue to be measured at the amounts in functional currency translated using the spot exchange rates at the dates of the transactions; foreign currency non-monetary items carried at fair value are translated using the spot exchange rates at the date when the fair value was determined. Differences between the translated amount and the original amount of functional currency are accounted for as changes in fair value (including changes in foreign exchange rates) and included in profit or loss for the period or capital reserve of shareholders' equity.

10.2 Translation of Financial Statements Denominated in Foreign Currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the average exchange rate of the transaction period; The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is confirmed as other comprehensive income and included in the shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of an overseas subsidiary are translated at the similar exchange rate in the period of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "Effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

11. Financial Instruments

The Group shall recognize a financial asset or a financial liability when the Group becomes a party to a financial instrument contract. When a financial asset or financial liability is recognized initially, the Group shall measure it at its fair value. In the case of a financial asset or financial liability at fair value through profit or loss, transaction costs shall be charged to the profit or loss for the period. For other financial assets or financial liabilities, transaction costs shall be included in their initially recognized amounts.

11.1 Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net book value of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering any future credit loss). Meanwhile, the calculation of the effective interest rate also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts etc.

11.2 Classification, Recognition and Measurement of Financial Assets

On initial recognition, financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, loans and receivables and available-for-sale (AFS) financial assets. Financial assets are initially recognized at fair value. All regular purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

11.2.1 Financial Assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if: (1) it has been acquired principally for the purpose of selling in the near future; or (2) it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or (3) it is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

The financial assets meeting any of the following requirements can be designated, when they are initially recognized, as financial assets or financial liabilities as measured at its fair value and of which the variation is included in the current profits and losses: (1) The designation is able to eliminate or significantly reduce the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liabilities; (2) The official written documents on risk management or investment strategies of the Group have recorded that the combination of said financial assets, the combination of said financial liabilities, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management; (3) Qualified mixed instruments, including embedded derivative instruments.

Financial assets at FVTPL are subsequently measured at fair value, with gains or losses arising from changes in fair value as well as dividends and interest income related to such financial assets recognized in profit or loss for the current period.

11.2.2 Held-to-maturity Investments

The term "held-to-maturity investment" refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of recoverable price and which the enterprise holds for a definite purpose or the enterprise is able to hold until its maturity.

Investments held until their maturities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognizing, impairment or amortization are recognized in profit or loss for the current period.

11.2.3 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The notes receivable, accounts receivable, interests receivable, dividends receivable, other receivables, loans and advances and long-term receivables are included in this category.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognizing, impairment or amortization are recognized in profit or loss for the current period.

11.2.4 AFS financial assets

AFS financial assets are those non-derivative financial assets that are designated as available-for-sale, or the financial assets other than the financial assets at FVTPL, loans and receivables and held-to-maturity investments.

AFS financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value (other than impairment losses and foreign exchange gains and losses resulting from foreign currency monetary assets and amortized costs which are recognized in profit or loss for the current period) are recognized as the other comprehensive incomes, transferred out and included in profit or loss for the period when such financial assets are derecognized.

Interest received during the period in which the Group holds the AFS financial assets and cash dividends declared by the invested are recognized as the current profits and losses.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivative financial assets which are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

11.3 Impairment of Financial Assets

The Group assesses the book value of all financial assets other than the financial assets which are measured at their fair values and whose variations are recorded into the current profits and losses, at each balance sheet date. If there is objective evidence that financial assets are impaired the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence arising from one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset which can be reliably estimated.

Objective evidences that a financial asset is impaired include evidences that might be observed from the following events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal or other reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- (4) It is likely that the borrower will go bankrupt or undergo any other financial restructuring;
- (5) It is impossible to continue trading the financial assets of an issuer in an active market due to its serious financial difficulties;
- (6) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Deteriorating solvency of the debtor of the group of financial assets;
 - Economic conditions in the country or region in which the debtor operates may result in nonpayment of the group of financial assets;
- (7) Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument;
- (9) Other objective evidences indicating impairment of a financial asset.

- Impairment of financial assets measured at amortized cost

If a financial asset measured at amortized cost is impaired, the book value of the financial asset shall be reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The written-down amount shall be recognized as an impairment loss in profit or loss.

If, subsequent to the recognition of an impairment loss on a financial asset measured at amortized cost, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed and recognized in profit or loss. However, the reversal shall not result in a book value of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

The Group will separately perform an impairment test on any financial asset with a significant single amount. With regard to the financial assets with insignificant single amounts, a separate impairment test may be carried out, or they may be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test. Where, upon the separate test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it shall be included in a combination of financial assets with similar risk features so as to conduct another impairment test. The financial assets which have suffered from an impairment loss in any single amount shall not be included in any combination of financial assets with similar risk features for any impairment test.

- Impairment of AFS financial assets

For an investment in an AFS equity instrument, objective evidences of impairment include significant or pro-longed decline of the fair value of the said investment. If the fair value is below the cost of the said investment, it is insufficient to indicate an impairment of it. For an investment in an AFS equity instrument held mainly for the purpose of strategic cooperation and not to be sold due to any temporary change in its share price, analysis shall be performed of the basic operation of the invested entity: impairment occurs if the operation of the invested entity seriously deteriorates with operating revenue decreasing 10% or more for three years in concession or with EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) decreasing 20% or more for three years in concession; for an investment in an AFS equity instrument held mainly for earning profit from share price, etc., an impairment occurs if the fair value of the said investment on the balance sheet date is over 50% less than its initial investment cost or has been lower than its initial investment cost for more than 24 months in concession.

Where an AFS financial asset is impaired, the accumulative losses arising from the decrease of the fair values which has been originally and directly included in the capital reserves shall be transferred out and recorded into the profits and losses of the current period. The accumulative losses that are transferred out shall be the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period. Where any financial asset is recognized as having suffered from any impairment loss, if there is any subsequent objective evidence proving that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed, the reversal of impairment losses of AFS equity instruments is recognized in other comprehensive income, and the impairment losses of AFS debt instruments are recognized in profit or loss for the current period.

- Impairment of financial assets measured at cost

Where an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or a derivative financial asset which is connected with the equity instrument and which must be settled by delivering the equity instrument, suffers from any impairment, the gap between the book value of the equity instrument investment or the derivative financial asset and the current value of the future cash flow of similar financial assets capitalized according to the returns ratio of the market at the same time shall be recognized as impairment-related losses and be recorded into the profits and losses of the current period. The impairment loss of financial assets, upon recognition, shall not be reversed.

11.4 Transfer of Financial Assets

The Group derecognizes a financial asset only when: (1) the contractual rights to the cash flows from the financial asset expire; or (2) it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity; or (3) it transfers the financial asset, neither transfers nor retains substantially all the risks and rewards of ownership but has not retained control over the financial asset.

If an enterprise neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and retains its control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the enterprises continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognizing criteria, the difference between the following two amounts is recognized in profit or loss for the current period: (1) the book value of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized directly in other comprehensive incomes.

If a part of the transferred financial asset qualifies for derecognizing, the book value of the transferred financial asset in its entirety is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. In this case, the servicing asset retained is treated as a part that continues to be recognized. The difference between the following two amounts is included in profit or loss for the current period: (1) the book value allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and (if the transfer involves an available-for-sale financial asset) any cumulative gain or loss allocated to it that had been recognized directly in equity.

11.5 Classification, Recognition and Measurement of Financial Liabilities

The Group classifies the financial instruments or its components as the financial liabilities or equity instruments during the initial recognition according to the contract terms of the financial instruments and its reflected economic essence rather than only by legal form, and by combining with the definition of financial liabilities and equity instruments. Initial recognition, financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

11.5.1 Financial Liabilities at FVTPL

A financial liability is classified as at FVTPL if it is either held for trading or designated as at FVTPL.

A financial liability is classified as held for trading if: (1) the financial liability is undertaken principally for the purpose of repurchase in the near future; or (2) it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking management by the Group; or (3) it is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

The financial liabilities meeting any of the following requirements can be designated, when they are initially recognized, as financial liabilities or financial liabilities as measured at its fair value and of which the variation is included in the current profits and losses: (1) The designation is able to eliminate or significantly reduce the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial liabilities; (2) The official written documents on risk management or investment strategies of the Group have recorded that the combination of said financial liabilities or the combination of financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management; (3) Qualified mixed instruments, including embedded derivative instruments.

Financial liabilities at FVTPL are subsequently measured at fair value, with gains or losses arising from changes in fair value as well as dividends and interest income related to such financial liabilities recognized in profit or loss for the current period.

11.5.2 Other Financial Liabilities

Derivative financial liabilities linked to and which must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be measured reliably is subsequently measured at cost. Other financial liabilities except financial guarantee contract liabilities are subsequently measured at amortized cost using the effective interest method; gains or losses arising from derecognizing or amortization is recognized in profit or loss for the period.

11.6 Derecognizing of Financial Liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, the Group recognizes the difference between the book value of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss for current period.

11.7 Derivative Instruments and Embedded Derivative Instruments

The derivative financial instruments include forward contracts, interest rate swap contracts and so on. The derivative instruments shall be initially measured at the fair value on the date when the related contracts are signed, and subsequently measured at the fair value. The variation in fair values of the derivative financial instruments shall be included in the current profits and losses.

Where a mixed instrument containing the embedded derivative instrument fails to be designated as a financial asset or financial liability measured at its fair value and of which the variation is included in the current profits and losses; where there is no close relationship between it and the principal contract in terms of economic features and risks; and where it shares the same conditions with that of the embedded derivative instrument, and the independent instrument meets the requirements of the definition of derivative instrument, the embedded derivative instruments shall be separated from the mixed instrument and treated as an independent derivative instrument. Where it is impossible to make an independent measurement on the acquisition date or subsequent balance sheet date, the mixed instrument shall be designated entirely as a financial asset or financial liability measured at its fair value and of which the variation is included in the current profits and losses.

11.8 Offset of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability is offset and the net amount presented in the balance

sheet when both of the following conditions are satisfied: (1) the Group has legal right to set off the recognized amounts and the legal right is currently enforceable; and (2) the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

11.9 Equity Instruments

Equity instrument refers to the contract which can prove that the Group has the residual equity of the assets after deducting all liabilities. The Group issues (including refinancing), repurchases, sells, or cancels the equity instruments as the handling of the equity change. The Group does not confirm the fair value change of the equity instruments. Transaction cost related to the equity transaction shall be deducted from the equity.

The Group conducts the profit distribution for distribution of the holder of equity, and the stock dividend has no effect upon the shareholders' total equity.

11.9.1 Repurchase of Shares

Where the consideration and transaction costs paid for the share repurchase minus shareholder's equity, and the shares of the Company is repurchased, transferred or cancelled, the gains or losses shall not be recognized. The repurchased shares shall, before cancellation or transfer, be controlled as the treasury shares. Total expenditures arising from share repurchase shall be transferred into the treasury share costs. The treasury shares arising from the repurchase ordinary shares repurchased by the Company shall not be involved in the profit distribution of the Company, and shall be presented as provision items of owner's equity in the balance sheet. Where the reduction of capital is made by means of the acquisition of the shares of the Company upon approval in accordance with the legal procedures, the capital shall be reduced on the basis of the total amount of the par value of cancelled shares. The difference between the costs paid for repurchase of shares (including transaction costs) and the par value of shares shall be used to adjust the owner's equity. A portion exceeding the total amount of par value shall be used to offset capital reserves (share premium), surplus reserves and undistributed profits; a portion less than the total amount of par value shall be used to increase the capital reserves (share premium).

11.10 Bond with Warrants

When issuing a bond with warrants, the Group shall determine whether it simultaneously contains the compositions of liabilities and equities in accordance with the provisions. Where the issued bonds with warrants contain both compositions of liabilities and equities, the liabilities composition shall be separated from equities composition at the time of initial recognition, and treated separately. For the separation, the priority shall be given to determine the fair value of the liabilities and to use it as the initially recognized amount. Afterwards, the initially recognized amount of the equities shall be determined by the initially recognized amount of the liabilities deducted from the integral issue price of the bond with warrants. The transaction costs shall be amortized between the composition of liabilities and equities according to their respective fair values. The liabilities composition shall be presented as the liabilities and subsequently measured at the amortized costs until cancelled, converted or redeemed. The equity composition shall be presented as the equities, dispensed with subsequent measurement. Where a subscription right holder fails to exercise the right for a bond with warrants issued by the Group, a part of it originally included in the capital reserves at maturity shall be transferred into the capital reserves (share premiums). Where a subscription right holder exercises the right, a part of it originally included in the capital reserves (other capital reserves) shall be transferred into the capital reserves (share premiums) in light of the amount of the equity composition, included into the capital in light of the total amount of par value of shares and par value of shares calculated by the translated shares, and included into the capital reserve (share premium) on the basis of the difference between the total amount of funds raised by warrants and the share capital.

12. Accounts Receivable

12.1 Individually Significant Receivables with Bad Debt Provisions Separately Recognized

Criteria for individually significant receivables	The Group recognizes the accounts receivable of top five clients as the individually significant receivables.
Provision method for individually significant receivables with bad debt provision separately recognized.	An impairment test shall be independently made on the accounts receivable with significant single amounts. Accounts receivable that are not impaired upon independent test shall be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test; The accounts receivables which have suffered from an impairment loss shall not be included in any combination of financial assets with similar risk features for any impairment test.

12.2 Account Receivables Which Provision Bad Debt Reserves According to Credit Risk Characteristics Combination

Calculation and withdrawal method of bad-debt provision according to credit risk feature combination (aging analysis, percentage of balance and other methods)
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Account receivables with single amount insignificant and the account receivables which have not been impaired during the single test in spite of significant amount	The Group shall divide the other receivables except for the receivables with significant single amount and individual bad-debt provision and receivables with bad-debt provision in spite of insignificant single amount into the account of the units within the scope of consolidated statement of Baosteel Group and account receivable from others according to the nature of the units receivable, and divide the receivables among two combinations into several aging groups by taking the account age as the credit risk feature. Based on the actual loss ratio of aging group of account receivable which are same or similar, and have the similar credit risk feature to that of the previous years, and combining with the current situation, the Group shall determine the proportion of each aging group with bad-debt provision reserve made, and then calculate the bad-debt provision which shall be provisioned among the receivables of each aging group this year. Among them, receivables of the units within the scope of consolidated statement of Baosteel Group don't provision the bad-debt provision, and for provision proportion of receivables of other parties please see the table below.
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Combination of Bad-debt Provisions Made Using the Aging Analysis Method

√ Applicable □ Not applicable

Account age	Percentage of provisions for bad debts of receivables (%)	Percentage of provisions for bad debts of other receivables (%)
Within 1 year (incl. 1 year)	5	5
1-2 years	30	30
2-3 years	60	60
3 years or more	100	100

Combination of Bad-debt Provisions Made Using the Percentage Method

□ Applicable√Not applicable

Combination of Bad-debt Provisions Made Using the Other Methods

□ Applicable√Not applicable

12.3 Accounts Receivable with Single Amount Insignificant and Bad-debt Provision Made on a Single Basis

Cause for bad-debt provision made on a single basis	Existence of objective evidence for occurrence of decrease in value
Method of bad-debt provision	The difference between the estimated revocable amount and book value shall be recognized as the bad-debt provision

13. Inventories

13.1 Classification of Inventories

The Inventories are mainly classified as raw materials, products in process, finished products, spare parts, etc., and are initially measured at the cost. The cost of inventory comprises procurement cost, processing cost, and the expenditures available to enable the inventories to reach the present destination and the condition.

13.2 Measurement of the Cost of Delivered Inventories

Upon the dispatch of inventories, the weighted average cost formula is used to determine the actual cost of inventories dispatched.

13.3 Recognition of the Net Realizable Value

On the balance sheet date, the inventories shall be measured according to the cost or the net realizable value, whichever is lower. When the net realizable value is lower than the cost, the inventory falling price shall be made. The net realizable value refers, in the daily activities, to the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories. The Group shall determine the net realizable value of inventories based on solid evidence obtained and after taking into consideration the purpose for which the inventory is held, and the effect of events occurring after the balance sheet date.

For inventories, the excess of cost over the net realizable value is generally recognized as provision for decline in value of inventories on an item-by-item basis.

After provision for decline in value of inventories has been made, if the circumstances that previously caused inventories to be written down no longer exist which results in the net realizable value is higher than the book value, the amount of the write-down is reversed in profit or loss for the current period.

13.4 Stock Counting System of Inventories

The perpetual inventory system is adopted for stock counting

13.5 Amortization Methods of Low-value Consumables and Wrap Pages

Low-value consumables and wrap pages shall be amortized using the writing-off process.

14. Long-term equity investments

Control refers to that the investor has power over the investee, enjoys the variable returns by participating in the relevant activities of the investee, and has the ability to use the power over investee to influence its return amount. Joint control refers to the mutual control of an arrangement in accordance with the relevant agreement, and the related activities of such arrangement can be decided after getting the unanimous consent of participants sharing the control. Significant impact refers to having the power of participating in decision-making of the financial and operating policies of investee, but failing to control or making joint control with other parties over the making of these policies. When determining whether to conduct the control or exert significant impact on the invested unit, potential voting right factors held by the investors and other parties such as current convertible bond and current executable warrant of the invested unit have been considered.

14.2 Determination of Initial Investment Cost

For the long-term equity investment obtained from the business combination under the same control, the share of the combined party's owners' equity in the book value of consolidated financial statement of the final controlling party on the combining date shall be taken as the initial investment cost of long-term equity investment. Difference among the initial investment cost of long-term equity investment and the cash paid, non-cash asset transferred as well as book value of incurred liability is used to adjust the capital reserves. If the capital reserves are insufficient for writing down, the retained earnings shall be adjusted. If taking the issuance of equity securities as the combination consideration, the share of the combined party's owners' equity in the book value of consolidated financial statement of the final controlling party on the combining date shall be taken as the initial investment cost of long-term equity investment, total par value of the issued shares shall be taken as the capital stock, and difference between the initial investment cost of long-term equity investment and the total par value of the issued shares shall be used to adjust the capital reserves. If the capital reserves are insufficient for writing down, the retained earnings shall be adjusted. If the stock equity is obtained from the acquire under the same control by multiple transactions step by step, and business combination under the same control is finally formed, the handling shall be conducted according to whether it belongs to "package deal". If so, all the transactions shall go through the accounting treatment as the transaction obtaining the control. If not, the enjoyed share of book value of the combined party's owners' equity in the consolidated financial statement of the final controlling party on the combining date shall be taken as the initial investment cost of long-term equity investment. Difference between the initial investment cost of long-term equity investment and the sum of book value of long-term equity investment before the combination and the book value of newly paid consideration for getting more shares is used to adjust the capital reserves. If the capital reserves are insufficient for writing down, the retained earnings shall be adjusted. Equity investment adopting equity method accounting before the combining date or other comprehensive income confirmed for available-for-sale financial assets will not undergo the accounting treatment temporarily.

For the long-term equity investment obtained from the business combination not under the same control, the combined cost on the purchase date shall be taken as the initial investment cost of long-term equity investment. If the stock equity is obtained from the acquiree by multiple transactions step by step, and business combination not under the same control is finally formed, the handling shall be conducted according to whether it belongs to "package deal". If so, all the transactions shall undergo the accounting treatment as the transaction obtaining the control. If not, the sum of book value of equity investment originally held in the acquiree and the new investment cost shall be taken as the initial investment cost of long-term equity investment under cost method accounting. If the original stock equity adopts the equity method accounting, other comprehensive income shall not undergo the accounting treatment. If the original equity investment is the available-for-sale financial assets, the difference between fair value and book value, as well as the cumulative fair value change included into the other comprehensive income shall be transferred to the current profits and losses.

Audit fee, legal service fee, assessment consultation fee and other agency fees as well as other related management fees brought by the combining party or the purchaser for business combination shall be included in the current profits and losses during their occurrence.

Except for those formed by business combination, long-term equity investment obtained by other forms shall go through the initial measurement according to the cost. The cost of long-term equity investment which has significant impact upon the invested unit or implements joint control but does not constitute the

control shall be the sum of new investment cost and fair value of the original equity investment determined by Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

14.3 Subsequent Measurement and Recognition of Profit and Loss

14.3.1 Long-term Equity Investment Accounted for Using the Cost Method

The Company's financial statement adopts the cost method for the accounting of the long-term equity investment in the subsidiary. The subsidiary is the invested entity over which the Group can implement the control.

Long-term equity investment accounted by cost method shall be valued according to the initial investment cost. Adding or retrieving investment is to adjust the cost of long-term equity investment. The current investment income shall be confirmed according to the cash dividends or profits declared by the invested unit to issue.

14.3.2 Long-term Equity Investment Accounted for Using the Equity Method

The Group adopts the equity method for the accounting of the investment in associated enterprises and joint ventures. Associated enterprise is the invested unit upon which the Group can have significant impact, and joint venture is the joint venture arrangement in which the Group only enjoy the right of the net assets of such arrangement.

When the calculation is performed using the equity method, if the initial cost of a long-term equity investment is more than the investor's attributable share of the fair value of the investee's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of a long-term equity investment is less than the investing enterprise's attributable share of the fair value of the investee's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

When equity method accounting is adopted, investment income and other comprehensive income shall be confirmed respectively according to the share of net profit or loss and other comprehensive income achieved by the invested unit which shall be enjoyed or shared, and the book value of the long-term equity investment shall be adjusted. Based on the profit or cash dividend declared by the invested unit to distribute, calculate the share which should be enjoyed to accordingly reduce book value of the long-term equity investment. For other changes of owners' equity of the invested unit except for the net profits and losses, other comprehensive incomes and profit distribution, book value of the long-term equity investment shall be adjusted and included into the capital reserves. When confirming the enjoyed share of net profits or losses of the invested unit, the net profit of the invested unit shall be adjusted and then confirmed on the basis of the fair value of all identifiable assets of the invested unit when obtaining the investment. If the accounting policy and accounting period of the invested unit are not consistent with those of the Company, the financial statement of the invested unit shall be adjusted according to the accounting policy and accounting period of the Company, and investment income and other comprehensive income shall be confirmed on this basis. For the transactions between the Group and associated enterprises and joint ventures, if the assets invested or sold fail to constitute a business, the part of unrealized gains or losses through internal transaction belonging to the Group and calculated according to the shared proportion shall be offset, and the profit and loss on investments shall be confirmed on this basis. If the unrealized losses on internal transaction between the Group and the invested unit belong to the loss from asset devaluation, these shall not be offset.

The Group's share of net losses of the invested is recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that substantially form part of the investors net investment in the invested are reduced to zero. If the Group has to assume additional obligations, the estimated obligation assumed is provided for and charged to the profit or loss as investment loss for the period. Where the invested realizes net profits in subsequent periods, the Group resumes recognizing its share of profits after setting off profits against the unrecognized share of losses.

14.4 Disposal of a Long-term Equity Investment

During the disposal of long-term equity investment, the difference between its book value and actually acquired money shall be included in the current profits and losses. For long-term equity investment accounted with the equity method, if the remaining stock equity after the disposal still adopts the equity method for accounting, other comprehensive income originally confirmed by equity method accounting shall adopt the same basis with the direct disposal of related assets and liabilities of the invested unit to go through the accounting treatment and shall be carried over to the current profits and losses with the corresponding rate. The owners' equity confirmed by the investee due to the change of other owners' equity except for the net profit and loss, other comprehensive income and profit distribution shall be carried over to the current profits and losses with the corresponding rate.

For long-term equity investment accounted by cost method, if the remaining stock equity after the disposal still adopts the cost method for accounting, other comprehensive income confirmed due to adopting equity method accounting or recognition and measurement standards of financial instruments before the Group

obtains the control of the invested unit shall adopt the same basis with the direct disposal of related assets and liabilities of the invested unit to go through the accounting treatment and shall be carried over to the current profits and losses with the corresponding rate. Other owners' equity changes in net asset of investee confirmed by equity method accounting except for the net profit and loss, other comprehensive income and profit distribution shall be carried over to the current profits and losses with the corresponding rate.

Because the Group loses the control of the invested unit due to the disposal of part of equity investment, when making the individual financial statements, if the remaining stock equity after the disposal can implement joint control over or have significant impact on the invested unit, the equity method for accounting shall be adopted, and the remaining stock equity shall be adjusted as acquired with the equity method accounting. If the remaining stock equity after the disposal cannot implement joint control over or have significant impact on the invested unit, accounting treatment shall be conducted according to relevant provisions of the financial instruments confirmation and measurement standard, and the difference between the fair value and the book value on the date of losing control shall be included in the current profits and losses. Other comprehensive income confirmed due to adopting equity method accounting or financial instruments confirmation and measurement standard before the Group obtains the control of the invested unit shall adopt the same basis with the direct disposal of related assets and liabilities of the invested unit for accounting treatment when the Group loses the control of the invested unit, and other owners' equity changes in net asset of investee confirmed by equity method accounting except for the net profit and loss, other comprehensive income and profit distribution shall be carried over to the current profits and losses when the Group loses the control of the invested unit. Among them, if the remaining stock equity after the disposal adopts the equity method accounting, other comprehensive income and other ownership interest shall be carried over with the corresponding rate. If the remaining stock equity after the disposal adopts the accounting treatment according to the financial instruments confirmation and measurement standard, other comprehensive income and other owners' equity shall be carried over in full.

If the Group loses the joint control over and significant impact on the invested unit due to the disposal of part of equity investment, remaining stock equity after the disposal shall be accounted by financial instruments confirmation and measurement standard, and the difference between the fair value and the book value on the date of losing joint control or significant impact shall be included in the current profits and losses. Other comprehensive income from the original equity investment confirmed due to adopting equity method accounting shall adopt the same basis with the direct disposal of related assets and liabilities of the invested unit for accounting treatment when the equity method accounting is not used any longer, and owners' equity confirmed due to the change of other owners' equity except for the net profit and loss, other comprehensive income and profit distribution shall be transferred to the current investment income when the equity method accounting is not used any longer.

The Group conducts the disposal of subsidiary's stock equity step by step through multiple transaction until lose the control, and if the above transaction belongs to the package deal, accounting treatment should be conducted which take each transaction as the transaction of disposing the subsidiary's stock equity and losing the control, and the difference between the disposal money and the book value of corresponding long-term equity investment before losing the control shall first be recognized as other comprehensive income, and then transferred to the current profits and losses when the control is lost.

15. Investment Property

15.1 Investment Property Measured at Cost:

Depreciation or Amortization Method

Investment property means a property held to earn rentals or for capital appreciation or both, comprising a tenure that is leased out, a building that is leased out, etc.

An investment property shall be initially measured at cost. Subsequent expenditures incurred on an investment property are recognized as cost of the investment property only when: 1) it is probable that economic benefits associated with the investment property will flow to the Group; and 2) the cost of the investment property can be measured reliably. Subsequent expenditures that fail to meet such recognition criteria are recognized in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of an investment property, and adopts the depreciation or amortization policy consistent with that applicable to buildings or tenure.

When an investment property is sold, transferred, retired or damaged, the amount of any proceeds on disposal net of the book value and related taxes is recognized in profit or loss for the current period.

16. Fixed Assets

16.1 Conditions for Recognition

Fixed assets mean tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management, with their useful life in excess of one fiscal year. No fixed asset may be recognized unless it simultaneously meets the conditions as follows: the economic benefits

pertinent to the fixed asset are likely to flow into the enterprise; and the cost of the fixed asset can be measured reliably. A fixed asset shall be initially measured at cost.

Subsequent expenditures incurred for a fixed asset that meet the recognition criteria mentioned in the previous paragraph shall be included in the cost of the fixed asset, and the book value of the replaced portions shall be derecognized. Subsequent expenditures that fail to meet the recognition criteria mentioned in the previous paragraph shall be recognized in profit or loss in the period in which they are incurred.

16.2 Depreciation Method

Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they are brought to working condition for the intended use, using the straight-line method. The useful lives, estimated net residual values rates and annual depreciation rates of each class of fixed assets are as follows:

Category of Fixed Assets	Depreciation method	Depreciable Life (Years)	Residual Value (%)	Annual Depreciation (%)
Houses and buildings	Straight-line	15-35	4	2.7-6.4
Machinery equipment	Straight-line	7-15	4	6.4-13.7
Transportation facilities	Straight-line	5-10	4	9.6-19.2
Office facilities and other facilities	Straight-line	4-9	4	10.7-24.0

Estimated net residual value of a fixed asset means the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Other notes

A fixed asset shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. When a fixed asset is sold, transferred, discarded or damaged, the book value and relevant taxes shall be deducted from the disposal income arising from the sales, transfer, discard or damage of fixed assets and the difference shall be included in the current profits and losses.

The Group shall review the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each financial year. A change in the useful life or estimated net residual value of a fixed asset or the depreciation method used shall be accounted for as a change in an accounting estimate.

17. Construction in Progress

The cost of construction in progress shall be determined at the actual cost, including the expenditure actually incurred for the construction, borrowing costs capitalized before the project reaches the working condition for its intended use and other related expenses. Construction in progress is not subject to depreciation and is carried over to fixed assets when it is ready for its intended use.

18. Borrowing Costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset, capitalization of such borrowing costs can commence only when all of the following conditions are satisfied: (1) expenditures for the asset have already been incurred; (2) borrowing costs have already been incurred; and (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have already commenced. Capitalization of such borrowing costs ceases when the qualified assets acquired, constructed or produced become ready for their intended use or sale. The amount of any other borrowing cost incurred is recognized as an expense in the period in which it is incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the amount of interest to be capitalized on such borrowings is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

19. Intangible Assets

19.1 Cost Measurement, Useful Life and Impairment Test

Intangible assets include tenure, software, etc.

The intangible assets shall be initially measured at cost. An intangible asset with a definite service life shall be, on an average basis, amortized using the straight-line method over its service life when the asset is available for use with its original cost less any accumulated impairment losses. An intangible asset with an indefinite service life shall not be amortized.

Amortization method, useful life and estimated net residual values of various intangible assets are as follow:

Category	Amortization method	Useful life (Year)	Residual values rates (%)
Land use rights	Straight-line	40-70	0%
Software	Straight-line	5	0%

At the end of the period, the service life and amortization method of intangible assets with a definite service life shall be rechecked, and adjusted when necessary.

19.2 Accounting Policies for Expenditures on Research and Development

The expenditures on research and development shall be recorded into the profits and losses of the current period when they occur.

Expenditures incurred during the development phase shall be recognized as an intangible asset only when they meet the following conditions simultaneously and shall be recognized in profits or losses for the period in which they are incurred if they fail to meet such following conditions simultaneously:

- (1) It is technically feasible to complete the intangible asset and make it ready for use or sale;
- (2) There is an intention to complete the intangible asset and use or sell it;
- (3) There exist the means by which the intangible asset can produce economic benefits, including the evidence of a market for any product produced using this intangible asset or for the intangible asset itself; where the intangible asset is intended for internal use, there exists the evidence of its usability;
- (4) Sufficient technical, financial and other resources available to support and finish the development of the intangible asset and use or sell it;
- (5) Research and development expenditures attributable to this intangible asset can be reliably measured.

If it is impossible to differentiate between the expenditures on the research phase and the expenditures on the development phase, all expenditures incurred during the research and development phases shall be recorded into the profit and losses of the current period.

20. Long-term Assets Impairment

The Group shall check whether the long-term equity investment, investment real estate measured by cost method, fixed assets, projects under construction and intangible assets with finite service life have the sign of impairment on the balance sheet date. If such assets have the sign of impairment, their recoverable amounts can be estimated. Intangible assets with uncertain service life and intangible assets having not reached the serviceable condition shall be conducted with the impairment test every year no matter whether there is the sign of impairment.

The estimation of recoverable amount of assets is based on the single asset, and if it is hard to estimate the recoverable amount of single asset, the recoverable amount of asset Group shall be determined based on the asset Group to which the assets belong. The recoverable amount is the higher one between the net amount obtained after the fair value of assets or asset Group subtracts the disposal cost and the present value of expected future cash flow.

If the recoverable amount of assets is lower than its book value, assets impairment reserves shall be made with provision according to the difference and included in the current profits and losses.

Once an impairment loss is recognized on an above mentioned asset, it will not be reversed in any subsequent period

21. Long-term Prepaid Expenses

Long-term prepaid expenses mean various expenditures incurred but that should be allocated over the current and future periods of more than one year. Long-term prepaid expenses shall be evenly amortized over the estimated beneficial period.

22. Assets Transferred Under Repurchase Agreements**22.1 Financial Assets Purchased Under Resale Agreements**

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognized in the balance sheet. The cost of purchasing such assets is presented under "financial assets purchased under resale agreements" in the balance sheet. The difference between the purchasing price and reselling price is recognized as interest income during the term of the agreement using the effective interest method.

22.2 Financial Assets Sold Under Repurchase Agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognized in the balance sheet. The proceeds from selling such assets are presented under "financial assets sold under repurchase agreements" in the balance sheet. The difference between the selling price and repurchasing price is recognized as interest expense during the term of the agreement using the effective interest method.

23. Employee Benefits**23.1 Accounting Treatment Method of Short-term Benefits**

During the accounting period of the employees providing services for the Group, the actually incurred short-term benefits will be recognized as liabilities and included into the current profits and losses or relevant asset costs. Employee services and benefits of the Group shall be included into the current profits and losses or relevant asset costs according to the actual amount incurred during the actual occurrence. Employee services and benefits which belong to the non-monetary benefits shall be measured in accordance with the fair value.

The corresponding employee compensation and corresponding liabilities of the medical insurance premiums, industrial injury insurance premium, birth insurance premium and other social insurance premium and housing accumulation fund paid by the Group for the employee, as well as the labor union expenditure and personnel education fund withdrawn by the Group according to the regulations shall be determined in accordance with the specified provision base and proportion during the accounting period of the employees providing services for the Group, and shall be included into the current profits and losses or the relevant asset costs.

23.2 Accounting Treatment Method of Post-employment Benefits

All post-employment benefits of the Group are based on the defined contribution plan.

During the accounting period of the employees providing services for the Group, the amount payable calculated according to the defined contribution plan shall be recognized as the liabilities and included into the current profits and losses or the relevant asset costs.

23.3 Accounting Treatment Method of Termination Benefits

In the case of giving compensation for terminating the labor relation with the employee before the expiration of the employee labor contract or encouraging employees to voluntarily accept the reduction, if the Group has formulated the formal plan on the termination of labor relation or has brought forward the proposal on voluntary reduction and will conduct the implementation, and the Group can't unilaterally withdraw the plan on the termination of labor relation or proposal on reduction, the estimated liabilities generated from compensating for the termination of labor relation shall be confirmed and included in the current profits and losses.

The Group will provide early retirement benefits for the employee accepting the early retirement arrangement. Early retirement benefits refer to the wage and social insurance premium paid by the Group to the employees who have not reached the retirement age specified by the state but voluntarily quit jobs according to the provisions of the Group management system. For early retirement benefits, the Group shall conduct the accounting treatment according to the termination benefits. When the relevant recognition conditions of early retirement are met, the early retirement benefits to be paid by the Group during the period from the date of the employee who voluntarily quit jobs stopping providing service to the date of normal retirement shall be recognized as the estimated liabilities and included into the current expenses.

23.4 Accounting Treatment Method of Other Long-term Employee Benefits

Other long-term employee benefits which are in conformity with the conditions of defined contribution plan shall be dealt with according to the relevant provisions of the above defined contribution plan.

24. Estimated Liabilities

When the obligation related to the contingencies is the current obligation borne by the Group, the performance of such obligation may lead to the outflow of economic interests, and the amount of such obligation can be measured reliably, such obligation shall be recognized as the estimated liabilities.

On the balance sheet date, risks associated with contingencies, uncertainty, time value of money and other factors shall be considered, and the estimated liabilities shall be measured according to the best estimate paid for the performance of current obligation. If the time value of money has significant impact, the best estimate shall be determined according to the discounted amount of the estimated future cash outflow.

25. Share-based Payment

Share-based payment of the Group is the transaction that the Group grants equity instruments or undertakes the liabilities recognized based on the equity instruments for getting the services from the employees. Share-based payment of the Group is the equity-settled share-based payment.

25.1 Equity-settled Share-based Payment

Equity-settled share-based payment granted to the employees: For equity-settled share-based payment for getting the services provided by the employees, the Group shall conduct the measurement according to the fair value of the equity instruments granted to the employee on the grant date. The amount of such fair value shall be based on the best estimate on the number of vesting equity instruments within the waiting period and shall be calculated with straight line method and included in the relevant costs or expenses, and the capital reserves shall be increased accordingly. On each balance sheet date within the waiting period, the Group shall make the best estimate and correct the number of vesting equity instruments according to the latest follow-up information such as the change of number of vesting employees. The impact from the above estimate shall be included in the current relevant costs or expenses, and the capital reserves shall be adjusted accordingly.

25.2 Relevant Accounting Treatment of Implementation, Modification and Termination of Share-based Payment Plan

When the Group changes the share-based payment plan, if such change increases the fair value of the equity instruments granted, the increase of the acquired service shall be confirmed according to the increase of the fair value of the equity instruments. If such change increases the number of the equity instruments granted, the increased fair value of the equity instrument shall be recognized as the increase of the acquired service accordingly. The increase of the fair value of equity instruments refers to the difference of fair value on the change date of equity instruments before and after the change. If such change decreases the total fair value of share-based payment or other ways which are unfavorable to the employee are used to change the terms and conditions of share-based payment plan, the acquired service shall continue to be dealt with the accounting treatment, and it shall be deemed that such change never occur, unless the Group cancels part or all of the equity instruments granted.

Within the waiting period, if the equity instruments granted are canceled, the Group will conduct the acceleration of vesting treatment for the equity instruments of which the grant is canceled, include the amount which should be recognized within the remaining waiting period into the current profits and losses, and recognize the capital reserves. The employee can select those meeting the non-vesting conditions but failing to meet within the waiting period; the Group will conduct the cancellation treatment of equity instruments granted.

25.3 Others

For restricted shares subscription money paid by incentive object, if the releasing condition fails to be met, the subscription money shall be returned to the incentive object. When getting such money, the Group shall confirm the capital stock and capital reserves (capital stock premium) according to the subscription money, and confirm the liability and treasury stock regarding to repurchase obligation.

26. Revenue**26.1 Revenue from Sales of Commodities**

No revenue from selling goods may be recognized unless all of the following conditions are met simultaneously: the significant risks and rewards of ownership of the goods have been transferred to the buyer by the enterprise; the enterprise retains neither continuous management right usually relating to the ownership nor effective control over the goods sold; the relevant amount of revenue can be measured in a reliable way; the relevant economic benefits are likely to flow into the enterprise; the relevant costs incurred or to be incurred can be measured in a reliable way.

26.2 Revenue from Rendering of Services

The outcome of a transaction concerning the rendering of labor services can be measured in a reliable way, means that the following conditions shall be met simultaneously: the amount of revenue can be measured in reliable way; the relevant economic benefits are likely to flow into the enterprise; the schedule of completion under the transaction can be confirmed in a reliable way; and the costs incurred or to be incurred in the transaction can be measured in a reliable way. The Group shall recognize the revenue from rendering services employing the percentage-of-completion method. The schedule of completion under the transaction concerning the rendering of labor services shall be determined according to the proportion of the costs incurred against the estimated total cost. If the result of a transaction concerning the rendering of labor services cannot be estimated in a reliable way, the revenue from the rendering of labor services shall be recognized in accordance with the amount of the cost of labor services which has incurred and can be compensated. If no compensation is estimated to be received for the labor service cost incurred, no revenue will be recognized.

26.3 Royalty Revenues

Royalty revenues shall be recognized in accordance with such times and methods as stipulated in the relevant contracts or agreements.

26.4 Interest Revenues

The amount of interest revenue should be measured and determined in accordance with the length of time for which the Group's cash is used by others and with the actual interest rate.

27. Government Subsidies

A government subsidy means the monetary or non-monetary asset obtained free by the Group from the government. Government subsidies are divided into government subsidies pertinent to assets and government subsidies pertinent to incomes, depending on the natures of the subsidy targets as expressly defined in relevant government documents.

No government subsidy may be recognized unless relevant conditions are met simultaneously. If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount.

27.1 Judgment Basis and Accounting Treatment Method of Government Subsidies Pertinent to Assets

Government subsidies of the Group mainly include the government subsidies related to technical reform in previous years. Because such government subsidies are pertinent to the fixed assets under acquisition and construction or purchase, these shall be the government subsidies pertinent to assets.

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses.

27.2 Judgment Basis and Accounting Treatment Method of Government Subsidies Pertinent to Income

Government subsidies of the Group mainly include the special funds for foreign economic and technological cooperation, etc. Because such government subsidies are directly pertinent to the period expense incurred, these shall be the government subsidies pertinent to income.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: those subsidies used for compensating the related future expenses or losses of the Group shall be recognized as deferred income and shall be included in the current profits and losses during the period when the relevant expenses are recognized; or those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

If it is necessary to refund any government subsidy which has been recognized, it shall be treated respectively in accordance with the circumstances as follows: if deferred income is concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses; and if no deferred income is concerned, it shall be directly included in the current profits and losses.

Government compensation for relocation of enterprises for public interest

The Group has to be relocated as a result of overall town planning and other public interests so the relocation compensation directly appropriated from the financial budget by the government shall be treated as a special account payable. Where compensation is made for losses on the fixed assets and intangible assets, the cost of expenses, losses on work stoppage during relocation and reconstruction of enterprise and proposed new assets after the relocation of assets, such compensation shall, after the special account payable is transferred to the deferred incomes, be calculated depending on its natures and in light of the government subsidies related to government and to the revenues. Any balance after the

amount transferred into the deferred incomes is deducted from the obtained relocation compensation shall be recognized as the capital reserve.

28. Deferred Income Tax Assets and Deferred Income Tax Liabilities

Income tax expenses shall include the current income taxes and the deferred income taxes.

28.1 Current Income Taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount expected to be paid (or refunded) according to the requirements of tax laws.

28.2 Deferred Tax Assets and Deferred Tax Liabilities

The difference between the carrying amount of an asset or liability and its tax base, and temporary difference between the tax base and the carrying amount of an item which has not been recognized as an asset or liability but its tax base can be determined in light of the tax law, shall be used to recognize the deferred tax assets and deferred tax liabilities using the balance sheet liability method.

In general cases, related deferred income taxes are recognized for all temporary differences. The Group shall recognize the deferred income tax liabilities arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference. Besides, the Group shall not recognize the deferred income tax assets or liabilities arising from all taxable temporary differences related to: the initial recognition of business reputation; the initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following: (a) the transaction is not business combination; (b) At the time of transaction, the accounting profits will not be affected, nor will the taxable amount (or the deductible loss) be affected. As for any deductible loss or tax deduction that can be carried forward to subsequent years, the corresponding deferred income tax assets shall be recognized to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

The taxable temporary differences related to the investments of subsidiary companies, associates and joint ventures shall recognize corresponding deferred income tax liabilities. However, those that can simultaneously meet the following conditions shall be excluded: the Group can control the time of reversing temporary differences; and the temporary differences are unlikely to be reversed in the expected future. Where the deductible temporary difference related to the investments of the subsidiaries, associates and joint ventures can meet the following requirements simultaneously, the Group shall recognize the corresponding deferred income tax assets: the temporary differences are likely to be reversed in the expected future; and it is likely to acquire any amount of taxable income tax that may be used for offsetting the deductible temporary differences.

On the balance sheet day, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

Except the income taxes of the current period and deferred income tax related to the transactions or events directly recorded in the other consolidated income or shareholder's equities shall be recorded into the other consolidated income or shareholder's equities, and except the book value of business reputation adjusted by the deferred income taxes arising from the business combination, the remaining current income taxes and deferred income tax expenses or proceeds shall be recorded into the current profits and losses.

The book value of deferred income tax assets shall be reexamined on balance sheet date. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets shall be written down. When it is likely to obtain sufficient taxable income taxes, such written-down amount shall be subsequently reversed.

When the Group has the statutory right for net settlement, and attempts to conduct net settlement or acquisition of assets and satisfaction of liabilities simultaneously, the current income tax assets and the current income tax liabilities shall be presented as the net amount after offset.

28.3 Offset of Income Tax

When the Group has the statutory right for net settlement, and attempts to conduct net settlement or acquisition of assets and satisfaction of liabilities simultaneously, the current income tax assets and the current income tax liabilities shall be presented as the net amount after offset.

The deferred income tax assets and the deferred income tax liabilities of the Group shall be presented as the net amount after offset if and only if: the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: the same taxable entity; or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets

and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

29. Leasing

29.1 Accounting Treatment Methods for Operating Lease

The term "financing lease" shall refer to a lease that has transferred substantially all the risks and rewards related to the ownership of an asset. The term "operating lease" shall refer to a lease other than a financing lease.

29.1.1 Operating Leases Recorded by the Group as a Lessee

The rental expenses from operating leases shall be recorded by the lessee in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs shall be included in the profits and losses of the current period, while contingent rents shall be included in the profits and losses of the period in which they are actually incurred.

29.1.2 Operating Leases Recorded by the Group as a Lessor

The rental incomes from operating leases shall be recognized as the current profits and losses by using the straight-line method over each period of the lease term. The initial direct costs with a relatively large amount shall be capitalized, and recorded into the current profits and losses in more than one phase on the basis same as that of the recognition of rental incomes during the entire lease term; the other initial direct costs with a relatively small amount shall be recorded into the profits and losses in the period in which they are actually incurred. Contingent rents shall be included in the profits and losses of the period in which they are actually incurred.

29.2 Accounting Treatment Methods for Financing Lease

29.2.1 Financing Leases Recorded by the Group as a Lessor

On the date when the lease term starts, the sum of the minimum lease receipts and the initial direct costs shall be treated as the entry values of the financing lease receivable, and the unsecured residual values shall be recorded simultaneously; the difference between the sum of the minimum lease receipts, the initial direct costs and the unsecured residual values thereof, and the sum of the minimum lease receipts, the initial direct costs and the present values thereof shall be recognized as the unrealized financing incomes. During the lease term, unrealized financing incomes shall be recognized during the lease term using the effective interest method. Contingent rents shall be included into the profits or losses of the period in which they are actually incurred.

After the unrealized financing incomes are deducted from the financing lease accounts receivable, the balance shall be presented as the long-term claim and the long-term claim due in one (1) year.

30. Significant Accounting Policies and Estimation Change

30.1 Significant Accounting Policies Change

☐ Applicable\Not applicable

30.2. Significant Accounting Estimation Change

☐ Applicable\Not applicable

31. Key Assumptions Adopted for and Uncertain Factors Involved in Significant Judgments and Accounting Estimates Made in the Process of Applying Accounting Policies

In the application of the accounting policies described in Note (III), the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately. These judgments, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates of the Group.

The aforementioned judgments, estimates and assumptions are reviewed regularly on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Assumptions Adopted for and Uncertain Factors Involved in Accounting Estimates

The key accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the future accounting periods are outlined as below.

31.1 Inventory Falling Price Reserve

As mentioned in Note (III), 13, the inventories shall be measured according to the cost or the net realizable value, whichever is lower. The net realizable value refers to the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories.

Whereas a considerable portion of the operating capitals of the Group is used for inventories, the Group has a special operating procedure to control this risk. On a periodic basis, the Group can implement the all-around stock-taking over the inventories and determine whether there exist obsolete and idle inventories and review their decreases in value. The review procedure involves the determination whether any obsolete and idle inventories need to make provisions in the financial statements by the comparison between the book value of obsolete and idle inventories and their corresponding net realizable value. The appropriate accounting estimate shall be required for the selling price of inventories employed by the net realizable value, the estimated cost of completion, selling expenses, and relevant taxes from the estimated sale price of inventories. The management has ensured the rationality of the accounting estimate in accordance with the optimal estimate, and considering the historical experiences, present production costs and sales expenses. Based on the aforesaid procedure, the falling price reserves have, in the opinion of the management of the Group, been made in full for the obsolete and idle inventories.

31.2 Impairment of Accounts Receivable

If there is any obvious evidence that the recoverability of the receivables is doubtful, the Group will make the bad-debt provisions for such receivables. Because the management needs to make assumptions when taking the bad-debt provisions into consideration, and make judgment for the financial conditions of previous payment collection, age, financial status of debtor, and overall economic environment, the calculation for the bad-debt provisions shall be uncertain. Although there is no reason to confirm whether a significant change in the assumptions and estimates based on which the impairment of receivable is calculated may occur in the future, the book value of receivables and bad-debt losses will be changed when the future actual result differs from the original estimate.

31.3 Deferred Income Tax Assets

The realization of the deferred income tax assets mainly depends on the future actual gains and the effective tax rate of temporary differences in the future years of use. If the future effective gains are less than the expected gains, or the effective tax rate is lower than the expected one, the recognized deferred income tax assets shall be reversed, and recognized in the Consolidated Profit Statement during the period in which the reversal is incurred. Any deductible loss that can be carried forward to the next year is not fully recognized as the deferred income tax asset because whether to obtain the sufficient taxable incomes is uncertain.

31.4 Impairment Reserve for Fixed Assets

The Group assesses at each balance sheet date whether there is any indication of impairment of fixed assets. If there is any indication that carrying amount cannot be recovered, the impairment test shall be performed. Where the carrying amount of the asset or that of asset group is higher than the recoverable amount, that is, the higher of the net amount after the fair value minus the disposal costs and the present value of expected future cash flow, there shall be indication that the impairment has occurred. The net amount after the fair value minus the disposal costs shall be determined by reference to the negotiated sales price or observable market price of similar assets in the arm's length transaction minus the incremental cost directly attributable to assets disposal. When expecting the present value of future cash flow, the management shall estimate the expected future cash flow of such asset or such asset group, and select the appropriate discount rate to determine the present value of the future cash flow. On the basis of the aforesaid procedures, in the opinion of the management of the Group, the provision for impairment losses have been fully made for the fixed assets.

31.5 Impairment Reserve for AFS Financial Assets

The Group at each balance sheet date assesses if there is any indication of impairment of AFS equity instrument investments held by the Company for strategic investment purposes and not to be sold due to any temporary share price fluctuations. The Company will make impairment provision for an AFS financial asset when and if it meets the quantitative criteria established by the Company for judging the impairment of AFS financial assets (Note (III), 11.3). The management of the Group, after comprehensively taking relevant factors into consideration, thinks there is no need to make impairment provision for AFS financial assets on the balance sheet date.

IV. Taxes

1. Main Tax Categories and Tax Rates

Tax category	Taxation Basis	Tax Rate
VAT	Taxable sales revenue	6%、11%、13%或 17%
Business tax	Taxable income	3%或 5%
Urban maintenance and construction tax	Actually-paid turnover tax	1%~7%
Enterprise income tax	Taxable income	Note
Educational surtax and surcharge	Actually-paid turnover tax	1%~5%
Riverway management fee	Actually-paid turnover tax	At the ratio specified by the government
Property tax	Taxable residual or rent income of taxable houses	At the ratio specified by the government
Individual income tax	Taxable income	At the ratio specified by the government

Note: The Company shall have the enterprise income tax rate of 25%. Each subsidiary of the Group shall, in light of their respective income tax rate, make accrual and payment for business income tax in proportion to their respective taxable incomes. The overseas subsidiaries of the Group shall, in accordance with the tax laws of their locations, make accrual and payment for business income tax.

V. Notes to Consolidated Financial Statements

1. Monetary Funds

Unit: RMB Yuan

Item	Closing balance	Opening balance
Cash on hand	623,434.08	3,220,664.08
Bank deposit	13,118,685,165.00	10,471,298,275.89
Other monetary funds	1,430,298,599.61	1,629,238,500.91
Total	14,549,607,198.69	12,103,757,440.88
Including: total overseas deposit	2,590,732,878.50	2,293,329,335.89

Particulars about restricted monetary funds:

Unit: RMB Yuan

Item	Closing balance	Opening balance
Legal reserves deposited by the Finance Co. in the Central Bank of China	1,379,508,001.49	1,553,499,852.90

On June 30, 2015, monetary fund of the Group deposited overseas was RMB 2,590,732,878.50 (December 31, 2014: RMB 2,293,329,335.89). On June 30, 2015, other monetary funds of the Group mainly included RMB 2,373,052.93 of the Group's refundable investment funds (December 31, 2014: RMB 7,153,690.05), RMB 37,796,175.30 of bank acceptance deposit (December 31, 2014: RMB 53,189,228.37), RMB 10,003,379.24 of deposit of letter of guarantee (December 31, 2014: RMB 5,618,324.70), RMB 617,990.65 of credit card deposit (December 31, 2014: RMB 59,974.24), etc..

2. Financial Assets Measured by Fair Value and the Change Calculated in Current Gain and Loss

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Held-for-trading financial assets	1,726,663,411.35	180,636,573.51
Including: Debt instrument investment	1,963,856.00	25,692,507.06
Derivative financial assets	13,695,643.56	8,912,071.36
Others	1,711,003,911.79	146,031,995.09
Total	1,726,663,411.35	180,636,573.51

Other notes:

In the opinion of the management of the Company, the realization of the held-for-trading financial asset investment has no major limitation.

3. Notes Receivable**(1) Categories of Notes Receivable**√ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank acceptance	8,797,245,896.32	8,770,444,060.10
Trade acceptance	446,044,941.39	451,666,701.67
Total	9,243,290,837.71	9,222,110,761.77

(2) Notes Receivable that Has Been Pledged by the Company at the End of the Period☐ Applicable ☒ Not applicable**(3) Notes Receivable That Have Been Endorsed or Discounted by the Company at the End of the Period and not Been Overdue on Balance Sheet Date:**☐ Applicable ☒ Not applicable

(4) Notes That Have Been Converted as Accounts Receivable by the Company at the End of the Period Because the Drawer Has not Performed the Contract

□Applicable √Not applicable

Other notes

- 1) At the end of the period and the beginning of the year, in the balance of notes receivable, there are no notes transferred into the receivables due to the drawer's inability to honor the drafts.
- 2) At the end of the period and the beginning of the year, in the balance of notes receivable, there are no arrears owed to the Company by any shareholder holding shares representing 5% or more of voting rights of the Company.
- 3) Refer to the Note (X), 6(1) for the notes receivable from the affiliated parties in the balance of notes receivable.
- 4) On June 30th 2015, there are no notes receivable that are discounted for obtaining short-term borrowings.

4. Accounts Receivable**(1) Disclosure of Receivables by Category:**

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book Value	Book balance		Bad-debt provision		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other accounts receivable with significant single amount and individual bad debt provision	2,736,943,677.86	25	41,988,798.55	2	2,694,954,879.31	2,128,896,699.99	20	48,868,178.90	2	2,080,028,521.09
Other accounts receivable with bad debt provision according to credit risk characteristics combination	8,042,681,898.03	74	334,347,670.02	4	7,708,334,228.01	8,340,196,175.47	79	371,152,659.46	4	7,969,043,516.01
Receivables with bad-debt provisions made individually in spite of insignificant single amounts	134,295,173.69	1	134,295,173.69	100	-	90,295,733.40	1	90,295,733.40	100	-
Total	10,913,920,749.58	/	510,631,642.26	/	10,403,289,107.32	10,559,388,608.86	/	510,316,571.76	/	10,049,072,037.10

Account ages of receivables are listed as follows:

Age	Closing balance				Opening balance			
	Amount	Ratio (%)	Bad-debt provision	Book value	Ratio (%)	Bad-debt provision	Book value	金额
Within 1 year	10,197,684,487.17	94	293,093,291.19	9,904,591,195.98	9,860,603,753.72	93	318,651,301.19	9,541,952,452.53
1-2 years	333,847,510.50	3	44,012,753.54	289,834,756.96	395,174,012.85	4	51,089,601.35	344,084,411.50
2-3 years	228,246,467.66	2	39,230,423.84	189,016,043.82	175,105,677.16	2	50,279,935.82	124,825,741.34
3 years or more	154,142,284.25	1	134,295,173.69	19,847,110.56	128,505,165.13	1	90,295,733.40	38,209,431.73
Total	10,913,920,749.58	100	510,631,642.26	10,403,289,107.32	10,559,388,608.86	100	510,316,571.76	10,049,072,037.10

Bad-debt provisions for EOP accounts receivable with significant single amounts or those for which independent impairment test already performed in spite of insignificant single amounts

√ Applicable □ Not applicable

Unit: RMB Yuan

Accounts receivable (by unit)	Closing Balance			
	Accounts receivable	Bad-debt provision	Provision proportion (%)	Reason
Accounts receivable with significant single amounts				
Receivables with relatively long age	2,736,943,677.86	41,988,798.55	2%	注 1
Total	134,295,173.69	134,295,173.69	100%	注 2
	2,871,238,851.55	176,283,972.24	/	/

Bad-debt provisions for accounts receivable at the end of the previous year with significant single amounts or those for which independent impairment tests already performed in spite of insignificant single amounts:

Unit: RMB Yuan

Accounts receivable (by unit)	Beginning Balance			
	Accounts receivable	Bad-debt provision	Provision proportion (%)	Reason
Accounts receivable with significant single amounts	2,128,896,699.99	48,868,178.90	2%	Note 1
Receivables with relatively long age	90,295,733.40	90,295,733.40	100%	Note 2
Total	2,219,192,433.39	139,163,912.30		

Note 1: The Group independently performed impairment tests on accounts receivable with significant single amounts and at the end of this reporting period did not make impairment provisions for single accounts receivables (nor did the Group make 2014 impairment provisions for single accounts receivables at the end of Y2014). So, bad-debt provision, RMB 41,988,798.55 (Y2014: RMB 48,868,178.90), was made by portfolio as per Note (III), 12.

Note 2: Bad-debt provisions are made in full for accounts receivable with relatively long ages and minimum possibility of recovery.

In combination, accounts receivable using account age analysis to make bad-debt provision:

√ Applicable □ Not applicable

Unit: RMB Yuan

Account age	Closing balance		
	Accounts receivable	Bad-debt provision	Provision proportion
Subtotal of within 1 year	7,460,740,809.31	251,104,492.64	3
1-2 years	333,847,510.50	44,012,753.54	13
2-3 years	228,246,467.66	39,230,423.84	17
Over 3 years	19,847,110.56	-	-
Total	8,042,681,898.03	334,347,670.02	4

Account age	Opening balance		
	Accounts receivable	Bad-debt provision	Provision proportion (%)
Within 1 year	7,731,707,053.73	269,783,122.29	3
1-2 years	395,174,012.85	51,089,601.35	13
2-3 years	175,105,677.16	50,279,935.82	29
Over 3 years	38,209,431.73	-	-
Total	8,340,196,175.47	371,152,659.46	4

In combination, accounts receivable using balance percentage method to make bad-debt provision:

□ Applicable √ Not applicable

In combination, accounts receivable using other methods to make bad-debt provision:

None

(2) Bad Debts Reserves Provisioned, Recovered or Transferred-back in Current Period:

Total Bad-debt provisioned in current period was RMB 94,094,154.21; and bad-debt provision recovered or transferred back was RMB 92,645,705.46. Bad-debt provision have decreased by RMB 731,748.90 due to the translation of foreign currency statement.

Significant bad-debt provision recovered or transferred back:

☐ Applicable ☒ Not applicable

(3) Actual Written-off Accounts Receivable in Current Period

☐ Applicable ☒ Not applicable

(4) Accounts Receivable with Top 5 Closing Balance Collected According to the Debtor

On June 30, 2015, for accounts receivable of the Group, total amount of top five units was RMB 2,736,943,677.86, accounting for 25% of the total amount of accounts receivable, with Bad-debt provision of RMB 41,988,798.55.

(5) Accounts Receivable under Derecognition due to the Transfer of Financial Assets:

None.

(6) Amount of Assets and Liabilities due to Transfer of Accounts Receivable and Formed by Continuous Involvement:

None.

Other notes:

On June 30, 2015, the Group obtained RMB 1870,000,000.00 of short-term borrowing (December 31, 2014: RMB 1,370,000,000.00) by taking RMB 1870,000,000.00 (December 31, 2014: RMB 1370000000) of accounts receivable of the Group as the pledge through the factoring.

By the end of reporting period and at the beginning of the year, For information on unit of shareholders holding 5% or more of the voting shares among the accounts receivable and information on funds receivable of other related parties, please see note (X), 6 (2).

5. Advance Payments

(1) Advance Payments Presented by Age

Unit: RMB Yuan

Age	EOP balance		BOY balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	3,316,826,089.80	95	2,803,360,868.31	96
1-2 years	82,705,827.62	2	70,374,877.29	2
2-3 years	36,684,863.52	1	32,619,116.72	1
3 years or more	49,044,317.22	1	17,263,449.37	1
Total	3,485,261,098.16	100	2,923,618,311.69	100

Notes to advances with account age over 1 year and significant amount that have not been properly settled:

On June 30, 2015, the large-amount advance payments by the Group with an age of one year or longer were mainly available for the procurement of large-sized equipment for the construction in progress.

(2) Top 5 Advance Payment among Closing Balance Collected according to the Advance Payment Object:

On June 30, 2015, total amount of advance payments of top five units was RMB 1,298,343,619.82, accounting for 37% of the total advance payments.

(3) At the end of reporting period and the beginning of the year, in the balance of advance payments, there are no accounts advanced to any shareholder holding at least 5% of the Company's shares with voting power.

(4) Advance Payments by Customer Category:

Unit: RMB Yuan

Category	Closing balance	Opening balance
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Advance payments with significant single amounts	1,298,343,619.82	1,105,477,123.16
Other advance payments with insignificant single amounts	2,186,917,478.34	1,818,141,188.53
Total	3,485,261,098.16	2,923,618,311.69

(5) For amounts advanced to the related parties, please refer to Note (X), 6(3).

6. Interest Receivable

✓ Applicable □ Not applicable

(1) Interest Receivable Category

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest receivable	110,354,878.44	547,356,317.25
Total	110,354,878.44	547,356,317.25

(2) Important Overdue Interest

□ Applicable ✓ Not applicable

Other notes:

By the end of reporting period and at the beginning of the year, account age of interest receivable is within 1 year.

For interest receivable from related parties among interest receivable please see note (X), 6 (4).

7. Dividends Receivable

✓ Applicable □ Not applicable

(1) Dividends Receivable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Dividends receivable	138,315,833.28	11,298,647.00
Total	138,315,833.28	11,298,647.00

(2) Significant Dividends Receivable with Account Age Over 1 Year:

□ Applicable ✓ Not applicable

Other notes:

At the end of the period and on the beginning of the year, all account ages of dividends receivable of the Group are within 1 year.

8. Other Receivables

(1) Disclosure of Other Receivables by Category:

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Provision proportion (%)		Amount	Ratio (%)	Amount	Provision proportion (%)	
Other receivables with significant single amount and individual bad debt provision	198,955,648.70	14	738,171.83	-	198,217,476.87	200,954,905.63	18	-	-	200,954,905.63
Other receivables with bad debt provision according to credit risk characteristics combination	1,233,521,241.73	85	19,085,244.35	2	1,214,435,997.38	899,276,750.07	80	20,052,203.63	2	879,224,546.44
Other receivables for which independent bad debt provision is performed in spite of insignificant single amounts	23,715,016.52	1	23,715,016.52	100	-	24,226,482.85	2	24,226,482.85	100	-
Total	1,456,191,906.95	/	43,538,432.70	/	1,412,653,474.25	1,124,458,138.55	/	44,278,686.48	/	1,080,179,452.07

The ages of other receivables are listed as follows:

Unit: RMB Yuan

Age	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad-debt provision	Book value	Amount	Proportion (%)	Bad-debt provision	Book value
Within 1 year	1,230,571,608.49	84	8,097,079.70	1,222,474,528.79	891,426,226.54	79	7,715,311.12	883,710,915.42
1-2 years	153,304,455.64	11	2,218,794.64	151,085,661.00	153,718,375.55	14	2,568,949.49	151,149,426.06
2-3 years	17,735,394.46	1	9,507,541.84	8,227,852.62	23,938,013.87	2	9,767,943.02	14,170,070.85
3 years or more	54,580,448.36	4	23,715,016.52	30,865,431.84	55,375,522.59	5	24,226,482.85	31,149,039.74
Total	1,456,191,906.95	100	43,538,432.70	1,412,653,474.25	1,124,458,138.55	100	44,278,686.48	1,080,179,452.07

Other receivables that have significant single amount at the end of the period with individual bad-debt provision made

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Other receivables (By units)	Closing balance			
	Other receivables	Bad-debt provision	Provision proportion	Provision cause
Other accounts receivable with significant single amounts	198,955,648.70	738,171.83	-	Note 1
Other accounts receivables with a relatively long age	23,715,016.52	23,715,016.52	100	Note 2
Total	222,670,665.22	24,453,188.35	/	/

Note 1: Other accounts receivable with significant single amounts are mainly the customs deposit receivable, advances for project and other funds with lower recovery risk, and there was no bad debt provision for receivables of related parties within the Group, so the book balance of other receivables of the Company was RMB 198,955,648.70 (December 31, 2014: RMB 200,954,905.63), and bad-debt provision was RMB 738,171.83 (December 31, 2014: RMB 0).

Note 2: Bad-debt provisions are made in full for other accounts receivable with relatively long ages and minimum possibility of recovery..

In combination, other accounts receivables using account age analysis for bad-debt provision:

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Account age	Closing balance		
	Other receivables	Bad-debt provision	Provision proportion
Subtotal of within 1 year	1,059,948,315.35	8,097,079.70	1
1-2 years	145,202,100.08	1,480,622.81	2
2-3 years	17,735,394.46	9,507,541.84	54
Over 3 years	10,635,431.84	-	0
Total	1,233,521,241.73	19,085,244.35	2

Unit: RMB Yuan

Account age	Opening balance		
	Other receivables	Bad-debt provision	Provision proportion (%)
Within 1 year	827,701,961.01	7,715,311.12	1
1-2 years	41,667,735.45	2,568,949.49	6
2-3 years	23,938,013.87	9,767,943.02	41
Over 3 years	5,969,039.74	-	-
Total	899,276,750.07	20,052,203.63	2

In combination, other accounts receivables using balance percentage method to make bad-debt provision:

☐ Applicable ☒ Not applicable

In combination, other accounts receivables using other methods for bad-debt provision:

☐ Applicable ☒ Not applicable

(2) Bad Debts Provision Accrued, Recovered or Transferred back in Current Period:

Bad-debt provision accrued in the current period was RMB 2,120,516.71; and bad-debt provision recovered or transferred back was RMB 2,867,732.19.

Bad-debt provision have increased by RMB 6,961.70 due to the translation of foreign currency statement.

Significant bad-debt provision recovered or transferred back in the current period:

☐ Applicable ☒ Not applicable

(3) Actual Written-Off Other Receivables in Current Period

☐ Applicable ☒ Not applicable

(4) Classification of Other Receivables according to Nature of Money

☐Applicable ☒Not applicable

(5) Other Receivables with Top 5 Closing Balance Collected according to the Debtor

☒Applicable ☐Not applicable

On June 30, 2015, total amount from top 5 units of other receivables of the Company was RMB 198,955,648.70, accounting for 14% of the total amount of other receivables, with RMB 738,171.83 of Bad-debt provision.

(6) Receivables Involving in Government Subsidies

☐Applicable ☒Not applicable

(7) Other Receivables under Derecognition due to the Transfer of Financial Assets:

There are no other receivables under derecognition due to the transfer of financial assets within the reporting period.

(8) Amount of Assets and Liabilities Formed by Transfer of Other Receivables and Continuous Involvement:

There is amount of assets and liabilities formed by transfer of other receivables and continuous involvement within the reporting period.

Other notes:

By the end of reporting period and at the beginning of the year, for funds of unit of shareholders holding 5% (including 5%) voting shares of the Company or more among the other receivables and funds of other related parties receivable please see note (X), 6 (5).

9. Inventory**(1) Classification of Inventories**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Falling price reserve	Book value	Book balance	Falling price reserve	Book value
Raw materials	3,189,190,730.82	89,323,706.62	3,099,867,024.20	4,227,945,657.38	51,253,456.53	4,176,692,200.85
Work-in-progress	7,799,907,272.86	300,817,696.36	7,499,089,576.50	8,501,556,445.68	384,447,881.74	8,117,108,563.94
Finished goods	12,525,847,545.90	663,864,553.73	11,861,982,992.17	11,669,206,877.71	576,324,705.93	11,092,882,171.78
Spare parts and others	3,632,969,110.26	179,767,568.47	3,453,201,541.79	3,609,447,509.58	181,029,723.76	3,428,417,785.82
Total	27,147,914,659.84	1,233,773,525.18	25,914,141,134.66	28,008,156,490.35	1,193,055,767.96	26,815,100,722.39

(2) Falling Price Reserve of Inventories

Unit: RMB Yuan

Item	Opening balance	Increased amount in the period		Decreased amount in the period		Closing balance
		Provision	Others	Write-back or Write-off	others	
Raw materials	51,253,456.53	55,071,321.38	-	17,001,071.29	-	89,323,706.62
Work-in-progress	384,447,881.74	126,200,548.22	-	209,830,733.60	-	300,817,696.36
Finished goods	576,324,705.93	193,779,007.69	-	106,024,967.80	214,192.09	663,864,553.73
Spare parts and others	181,029,723.76	435,400.85	-	1,697,556.14	-	179,767,568.47
Total	1,193,055,767.96	375,486,278.14	-	334,554,328.83	214,192.09	1,233,773,525.18

Item	Basis for inventory falling price reserve	Cause of reversing inventory falling price reserve in this period	Proportion of amount reversed in this period to EOP balance of this inventory
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Raw materials	Book value of inventories higher than net realizable value	Rising market price or falling product cost	1%
Work-in-progress	Book value of inventories higher than net realizable value	Rising market price or falling product cost	3%
Finished goods	Book value of inventories higher than net realizable value	Rising market price or falling product cost	1%
Spare parts and others	Book value of inventories higher than net realizable value	Rising market price or falling product cost	0%

(3) Notes to Closing Balance of Inventories that Includes any Borrowing Capitalization

The EOP balance of inventories does not include any amount provided for guarantee or any capitalized interest.

(4) Completed Assets that have not been Settled at the End of Period Resulting from Construction Contract

☐ Applicable ☒ Not applicable

10. Non-current Assets Due Within 1 Year

Unit: RMB Yuan

Item	Closing Balance	Beginning Balance
Trust financing products	296,900,000.00	358,800,000.00
Proceeds from transfer of assets receivable (Note 1)	4,500,000,000.00	4,500,000,000.00
Zhanjiang Steel's investment in Guangzhou Steel Sheet (Note 2)	-	1,500,000,000.00
Total	4,796,900,000.00	6,358,800,000.00

Note 1: Proceeds from transfer of assets receivable due within one year amount to RMB 4.5 billion, including RMB 2.6 billion due from Shanghai Baosteel Stainless Steel Co., Ltd. and RMB 1.9 billion due from Shanghai Baosteel Special Steel Co., Ltd.

Note 2: In December 2011, Guangzhou Steel Sheet Co., Ltd. (hereinafter referred to as Guangzhou Steel Sheet) was jointly established by Zhanjiang Iron & Steel Co., Ltd. and Guangzhou Iron & Steel Enterprises Group. Pursuant to the provisions of the JV Contract of the Guangzhou Steel Sheet, the Guangzhou Steel Sheet shall have a registered capital of RMB 3.251 billion, of which Zhanjiang Iron & Steel Co., Ltd. shall contribute 51% of its registered capital in the sum of RMB 1.658 billion. According to the iron & steel restructuring arrangement in Guangzhou by Baosteel Group and the Guangzhou Municipal SASAC, Guangzhou Iron & Steel Enterprises Group transferred 46.14% of the equity of Guangzhou Steel Sheet it has held to Zhanjiang Iron & Steel Co., Ltd. at the price of RMB 1.5 billion in April 2012. Meanwhile, it was agreed that the Guangzhou Iron & Steel Enterprises Group is entitled to repurchase such equity at the original price within three (3) years. If Guangzhou Iron & Steel Enterprises Group waived the right of repurchase in due course, Zhanjiang Iron & Steel Co., Ltd. will transfer such receivable into the long-term equity investment in Guangzhou Steel Sheet. If Guangzhou Iron & Steel Enterprises Group exercised the repurchase right, Zhanjiang Iron & Steel will retrieve and refund Baosteel Group the long-term payables of RMB 1.5 billion in the meantime. This amount was due in April 2015, and Guangzhou Iron & Steel Enterprises Group waived its repurchase right, so Zhanjiang Iron & Steel has converted the account as a long-term equity investment in Guangzhou Steel Sheet.

Other notes

As regards the accounts due from the related parties in the non-current assets and due within one year, please refer to Note (X), 6(6).

11. Other Current Assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Pending deduct VAT on purchase	1,852,280,699.65	1,363,573,089.90
Financial management products	3,921,087,504.00	3,135,500,000.00
Total	5,773,368,203.65	4,499,073,089.90

12. Loans and Advances to Customers

(1) Classification of Loans and Advances to Customers

Unit: RMB Yuan

Item	Closing balance	Opening balance
------	-----------------	-----------------

Loans	1,118,730,468.34	1,029,014,041.90
Discount	1,515,847,856.17	2,039,396,647.98
Provision for loan impairment	(116,483,117.85)	(119,864,699.00)
Total	2,518,095,206.66	2,948,545,990.88

(2) Provision for Loan Impairment

Unit: RMB Yuan

Item	BOY book value	Provision amount for the current period	Decrease for the current period		Difference from foreign currency translation	EOP book balance
			Reversed	Written-off		
Provision for loan impairment	119,864,699.00	-	3,381,581.15	-	-	116,483,117.85

At the end of this reporting period and the beginning of the current year, no loans or advance payments were made to any shareholder holding shares representing 5% or more of the voting rights of the Company.

For particulars of loans and advance payments made to other related parties at the end of this reporting period and the beginning of the current year, please refer to Note (X), 6(7).

13. Available-for-Sale (AFS) Financial Assets

√ Applicable □ Not applicable

(1) Available-for-Sale (AFS) Financial Assets

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments:	540,926,511.70	50,240,011.70	490,686,500.00	884,309,352.90	-	884,309,352.90
Available-for-sale equity instruments:	9,668,974,046.94	7,404,202.27	9,661,569,844.67	9,570,614,890.87	7,404,202.27	9,563,210,688.60
Including: Measured at fair value	713,959,852.99	-	713,959,852.99	614,408,171.98	-	614,408,171.98
Measured at cost	8,955,014,193.95	7,404,202.27	8,947,609,991.68	8,956,206,718.89	7,404,202.27	8,948,802,516.62
Others	454,710,385.91	-	454,710,385.91	-	-	-
Total	10,664,610,944.55	57,644,213.97	10,606,966,730.58	10,454,924,243.77	7,404,202.27	10,447,520,041.50

(2) Available-for-sale Financial Assets Measured at Fair value at the End of the Period

√ Applicable □ Not applicable

Unit: RMB Yuan

Available-for-sale financial assets category	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Cost of equity instruments/ amortized cost of debt instruments	897,240,514.15	522,847,328.73	447,585,341.48	1,867,673,184.36
Fair value	713,959,852.99	540,926,511.70	454,710,385.91	1,709,596,750.60
Change of fair value accumulatively included in other comprehensive income	(183,280,661.16)	18,079,182.97	7,125,044.43	(158,076,433.76)
Provisioned impairment amount	-	50,240,011.70	-	50,240,011.70

(3) Available-for-sale Financial Assets Measured at Cost at the End of the Period

√ Applicable □ Not applicable

Unit: RMB Yuan

Invested unit	Book balance				Provision for impairment				Share holding ratio in invested unit (%)	Current cash dividend
	Beginning of the period	Current increase	Current decrease	Ending of the period	Beginning of the period	Current increase	Current decrease	Ending of the period		
CISDI Engineering Co., Ltd.	9,508,999.34	-	-	9,508,999.34	-	-	-	-	6.28%	-
Jinchuan Group Automation Engineering Co., Ltd.	1,000,000.00	-	-	1,000,000.00	-	-	-	-	7.13%	-
Shanghai Huayi Information Technology Co., Ltd.	3,000,000.00	-	-	3,000,000.00	-	-	-	-	15.00%	-
Henan Longyu Energy Company Limited	370,269,254.56	-	-	370,269,254.56	-	-	-	-	12.96%	-
Yongcheng Coal & Power (Group) Co., Ltd.	279,000,000.00	-	-	279,000,000.00	-	-	-	-	7.78%	84,678,124.19
Henan Zhenglong Coal Mining Co., Ltd.	45,569,714.27	-	-	45,569,714.27	-	-	-	-	4.91%	-
China Technology & Economy Investment Consulting Co., Ltd.	3,000,000.00	-	-	3,000,000.00	666,024.47	-	-	666,024.47	5.00%	-
Yantai Tiezhong Baosteel Ironworking Co., Ltd.	5,600,000.00	-	-	5,600,000.00	-	-	-	-	10.00%	-
China Resources (Holdings) Company Limited (Beijing)	1,618,750.00	-	-	1,618,750.00	-	-	-	-	0.09%	-
Anhui Huishang Company Limited	3,000,000.00	-	-	3,000,000.00	-	-	-	-	3.53%	-
Hanyang Parts Co., Ltd.	3,311,720.00	-	-	3,311,720.00	3,311,720.00	-	-	3,311,720.00	20.00%	-
Baovale Mineracao S.A.	103,282,213.00	-	-	103,282,213.00	-	-	-	-	50.00%	-
Shanghai LuoJing Ore Terminal Co., Ltd.	88,734,096.00	-	-	88,734,096.00	-	-	-	-	12.00%	7,630,960.66
Yangtze River Economic United Development (Group) Co., Ltd.	980,000.00	-	-	980,000.00	-	-	-	-	0.15%	-
Guoqi (Beijing) Auto Lightweight Technology Research Co., Ltd.	3,000,000.00	-	-	3,000,000.00	-	-	-	-	6.90%	-
PetroChina Northwest Pipeline Co., Ltd.	8,000,000,000.00	-	-	8,000,000,000.00	-	-	-	-	12.80%	47,051,901.16
Beijing Iron Ore Trading Center Corporation	5,000,000.00	-	-	5,000,000.00	-	-	-	-	6.25%	-
Global ore Pte Ltd	15,285,079.80	-	10,465.20	15,274,614.60	3,426,457.80	-	-	3,426,457.80	14.29%	-
Bao metal S.r.L.	15,046,891.92	-	1,182,059.74	13,864,832.18	-	-	-	-	10.00%	-
Total	8,956,206,718.89	-	1,192,524.94	8,955,014,193.95	7,404,202.27	-	-	7,404,202.27	/	139,360,986.01

(4) Impairment Change of Available-for-sale Financial Assets in the Reporting Period

√ Applicable □ Not applicable

Unit: RMB Yuan

Available-for-sale financial	Available-for-sale	Available-for-sale debt	Total
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assets category	equity instruments	instruments	
Opening balance of impairment provision	7,404,202.27	-	7,404,202.27
Current provision	-	50,240,011.70	50,240,011.70
Including: Transferred-in from other comprehensive income			
Current decrease	-	-	-
Including: write-back due to rise of fair value after the period	/		
Closing balance of impairment provision	7,404,202.27	50,240,011.70	57,644,213.97

(5) Notes to Available-for-sale Equity Instruments Whose Fair Value Undergoes Significant Fall or Prolonged Fall But not yet Provision Impairment Provision:

✓ Applicable □ Not applicable

Available-for-sale equity instruments item	Investment cost	Ending fair value	Falling degree of fair value against cost (%)	Continuous falling period (months)	Provisioned impairment amount	Cause for non-provisioned impairment
Xishan Coal Electricity Group	941,660,003.69	404,400,740.88	57.05	Over 12 months	-	Note
Total	941,660,003.69	404,400,740.88	57.05	Over 12 months		/

Note: The above available-for-sale equity instruments are 42,658,306 shares (000983) of Xishan Coal Electricity Group Co., Ltd. which the Company's subsidiary - Shanghai Baosteel International Economic & Trading Co., Ltd. bought in Shenzhen Stock Exchange from 2010 to 2011, with investment costs of RMB 941,660,003.69 and average cost of RMB 22.10 per share. As of June 30, 2015, closing price of Xishan Coal Electricity Group was RMB 9.48 per share, accumulatively decreasing by RMB 537,259,262.81, and final book value was RMB 404,400,740.88. Such equity instrument investment is the investment that the Group takes the strategic holding as the main purpose and doesn't make the decision of selling out due to the temporary change, and the Group records it in the account by taking it as the available-for-sale financial assets.

According to the provisions of the Accounting Standards for Business Enterprises, the Company shall take the equity investment in Xishan Coal Electricity Group as the available-for-sale financial assets for accounting, and stock price fluctuation of Xishan Coal Electricity Group shall be included in other comprehensive income. When the Group evaluates whether there is objective evidence showing that such available-for-sale financial assets have the impairment on the balance sheet date, it mainly conducts the analysis on the basic operation of the invested unit. Xishan Coal Electricity Group is a very large coal enterprise and is the leading coal enterprise of the scarce high-quality metallurgical coke. In addition to the coal business, Xishan Coal Electricity Group has also developed two industry chains – “coal - electricity - material” and “coal - coke - chemical” based on Shanxi Coking Coal Group. The fall of its share price was mainly affected by domestic capital market downturn, and fall of share price was random with stage characteristics. Xishan Coal Electricity Group has stable operation, operating earnings in recent three years and earnings before interest, taxes, depreciation and amortization have no significant decline, operating conditions have not deteriorated seriously, and the purpose of long-term strategic holding of share of Xishan Coal Electricity Group did not change. After taking related factors into consideration, the management thought that such available-for-sale financial assets have no need for impairment reserves provision on June 30, 2015 based on the quantitative criteria (Note III, 11.3) of impairment judgment on available-for-sale financial assets.

14. Investment Held-for-maturity

✓ Applicable □ Not applicable

(1). Investment Held-for-maturity:

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Trust and financial management products	1,000,000,000.00	-	1,000,000,000.00			
Total	1,000,000,000.00	-	1,000,000,000.00			

(2). Significant Investment Held-for-maturity at the End of Period

☐ Applicable ☒ Not applicable

(3). Investment Held-for-maturity Reclassified in the Period:

None

15. Long-term Receivables

☒ Applicable ☐ Not applicable

(1) Long-term Receivables

Unit: RMB Yuan

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Financial leasing amount	6,250,000.00	125,000.00	6,125,000.00	8,750,000.00	175,000.00	8,575,000.00	
Including: Unrealized financial income	(253,125.00)	-	(253,125.00)	(472,500.00)	-	(472,500.00)	
Asset transfer receivables (Note)	4,500,000,000.00	-	4,500,000,000.00	9,000,000,000.00	-	9,000,000,000.00	
Others	3,401,062.95	-	3,401,062.95	3,493,634.07	-	3,493,634.07	
Total	4,509,651,062.95	125,000.00	4,509,526,062.95	9,012,243,634.07	175,000.00	9,012,068,634.07	/

Note : In accordance with the Related Party Transaction Bulletin (Lin 2012-005) issued by the Company on February 29, 2012 and the Supplementary Bulletin of Proposal on Sales of Related Assets of Stainless Steel and Special Steel Business Unit (Lin 2012-007) issued by the Company on March 14, 2012, the Company transferred the related assets and equities of the Stainless Steel and Special Steel Business Unit on the basis of evaluation value on the base date of assets evaluation (December 31, 2011) issued by the Zhongzixin Assets Appraisal Co., Ltd., which was completed on April 1, 2012. Out of the proceeds from transfer of these assets, RMB 22.5 billion will be collected in five years, i.e. RMB5.1 billion or 20% each year. One installment (principal and interest thereupon) will be collected on April 1st of each year beginning in 2013 and ending in 2017. As of the end of this reporting period, the balance of long-term accounts receivable is RMB 9 billion, of which RMB 5.2 billion is receivable from Shanghai Baosteel Stainless Steel Co., Ltd. and RMB 3.8 billion from Baosteel Special Steel Co., Ltd. Of the aforesaid balance of long-term accounts receivable, proceeds from transfer of assets receivable due within one year amount to RMB 4.5 billion, including RMB 2.6 billion receivable from Shanghai Baosteel Stainless Steel Co., Ltd. and RMB 1.9 billion due from Shanghai Baosteel Special Steel Co., Ltd.

(2) Long-term Receivables under Derecognition due to Transfer of Financial Assets

There are no long-term receivables under derecognition due to transfer of financial assets within the reporting period.

(3) Amount of Assets and Liabilities Formed by Transfer of Long-term Receivables and Continuous Involvement

There is no amount of assets and liabilities formed by transfer of long-term receivables and continuous involvement within the reporting period.

Other notes

Bad-debt provision of long-term receivables transferred back in current period was RMB 50,000.00.

Neither at the end of this reporting period nor at the beginning of this year did any long-term account receivable include investment by any shareholder holding shares representing 5% or more of the voting rights of the Company.

For long-term accounts receivable from other related parties at the end of this reporting period and at the beginning of this year, please see Note (X), 6(8).

16. Long-term Equity Investment

√ Applicable □ Not applicable

Unit: RMB Yuan

Name of investee	Opening balance	Current change								Closing balance	Closing balance of impairment reserves
		Added investment	Reduced investment	Investment gains and losses recognized under the Equity Method	Other comprehensive income adjustment	Other equity change	Cash dividend or profit declared to issue	Provision for impairment provision	Others		
I. Joint Ventures											
Baosteel-NSC/Arce lor Automotive Steel Sheets Co., Ltd.	1,672,147,808.63			70,130,995.45		1,379,028.84				1,743,657,832.92	-
BAO-ISLAND ENTERPRISES LIMITED	604,474,593.50			(23,143,032.80)	(533,447.10)					580,798,113.60	-
Shandong Baohua Wear-resistant Steel Co., Ltd.	93,407,511.62			(3,673,568.80)		130,000.00				89,863,942.82	-
Guangzhou JFE Steel Sheet Co., Ltd.	1,524,755,042.30			12,229,373.45						1,536,984,415.75	35,000,000.00
Hangzhou Baowei Auto Parts Co., Ltd.	148,940,305.62			762,895.88						149,703,201.50	-
Changsha Baosheng Steel Processing and Delivery Co., Ltd.	8,321,876.25			(657,234.90)						7,664,641.35	-
Changshu Baosheng Fine Blanking Materials Co., Ltd	75,708,563.13			(347,041.69)						75,361,521.44	-
Wuhan Baozhang Automobile Steel Parts Co., Ltd	30,000,000.00			41,757.76		13,125.00				30,054,882.76	-
Subtotal	4,157,755,701.05	-	-	55,344,144.35	(533,447.10)	1,522,153.84	-	-	-	4,214,088,552.14	35,000,000.00
II. Associated enterprises											
Shanghai Baosteel & Arcelor Tailor Metal Co., Ltd.	131,961,920.13			15,214,708.06			26,852,525.00			120,324,103.19	-
Shanghai Firsttech Software Co., Ltd.	2,558,835.14			118,525.08						2,677,360.22	-
Henan Pingbao	395,941,430.12			16,139,624.36		(240,000.00)				411,841,054.48	-

Coal Industry Co., Ltd.											
Tianjin BCM Distribution Co., Ltd.	52,380,878.79			89,377.30						52,470,256.09	-
Wuxi Baomit Steel Processing and Delivery Co., Ltd.	69,161,059.68			841,463.06						70,002,522.74	-
Sichuan Daxing Baohua Chemical Co., Ltd.	31,351,868.24			333,947.65		23,083.41				31,708,899.30	-
Baosteel Can Making (Vietnam) Co., Ltd.	57,874,754.44				(51,074.31)					57,823,680.13	-
Beijing Qingke Chuangtong Information Technology Co., Ltd.	8,701,224.89			222,942.08						8,924,166.97	-
MIBao Metal Processing Zhengzhou Co., Ltd.	22,433,382.05			(477,014.87)						21,956,367.18	-
Guangzhou Automobile Baoshang Steel Processing Co., Ltd.	24,766,098.61		3,400,000.00	(1,724,637.35)						19,641,461.26	-
Wuxi Baomeifeng Steel Processing Co., Ltd.	30,581,231.89			(147,159.83)						30,434,072.06	-
SFSC-Baosight Information Technology Co., Ltd.	4,691,080.95			(837,458.69)						3,853,622.26	-
Wuhan Baohan Welding Equipment Co., Ltd.		2,372,651.74		223,225.67						2,595,877.41	-
Transferred-in stock right separation regarding marketability from the original system	7,949,489.18									7,949,489.18	-
Subtotal	840,353,254.11	2,372,651.74	3,400,000.00	29,997,542.52	(51,074.31)	(216,916.59)	26,852,525.00	-	-	842,202,932.47	
Total	4,998,108,955.16	2,372,651.74	3,400,000.00	85,341,686.87	(584,521.41)	1,305,237.25	26,852,525.00	-	-	5,056,291,484.61	35,000,000.00

When the equity method is employed for calculation, the Group and all of its JVs as well as its affiliated companies have no significant difference in accounting policies, and there is no major limitation on the realization of the long-term investment and the repatriation of returns on investment.

17. Investment Property

√ Applicable □ Not applicable

Measurement mode of investment property

(1) Investment Property Measured at Cost

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I. The original book value				
1. Opening balance	330,597,594.43	323,625,025.68		654,222,620.11
2. Current increase				
(1) Purchase				
(2) Transferred-in from inventory/ fixed assets/ construction in progress				
(3) Adds from corporate merge				
3. Current decrease	283,795.34			283,795.34
(1) Disposal				
(2) Other transferred-out	283,795.34			283,795.34
4. Closing balance	330,313,799.09	323,625,025.68		653,938,824.77
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	147,392,440.20	56,142,724.47		203,535,164.67
2. Current increase	6,181,175.72	4,124,040.27		10,305,215.99
(1) Provision or amortization	6,181,175.72	4,124,040.27		10,305,215.99
3. Current decrease	269,605.57			269,605.57
(1) Disposal				
(2) Other transferred-out	269,605.57			269,605.57
4. Closing balance	153,304,010.35	60,266,764.74		213,570,775.09
III. Provision for impairment				
1. Opening balance				
2. Current increase				
(1) Provision				
3. Current decrease				
(1) Disposal				
(2) Other transferred-out				
4. Closing balance				
IV. Book value				
1. Ending book value	177,009,788.74	263,358,260.94		440,368,049.68
2. Beginning book value	183,205,154.23	267,482,301.21		450,687,455.44

(2) Investment Property Whose Certificate of Title has not been Properly Handled

□ Applicable √ Not applicable

18. Fixed Assets**(1) Fixed Assets**

Unit: RMB Yuan

Item	Houses and buildings	Machinery equipment	Transportation tools	Office and other equipment	Total
I. The original book value					
1. Opening balance	52,009,174,081.77	145,955,288,116.08	17,722,201,370.96	17,297,848,502.05	232,984,512,070.86
2. Current increase	1,021,204,926.33	1,703,653,962.86	237,549,823.67	431,390,618.43	3,393,799,331.29
(1) Purchase	381,666.91	85,747,270.30	20,809,337.02	69,781,521.42	176,719,795.65
(2) Transferred-in from construction in progress	756,355,580.05	1,818,668,293.42	198,436,058.74	443,619,603.43	3,217,079,535.64
(3) Adds from corporate merge					
(4) Reclassification	264,467,679.37	(200,761,600.86)	18,304,427.91	(82,010,506.42)	-
3. Current decrease	117,143,933.57	1,324,687,786.35	189,140,494.86	281,808,891.86	1,912,781,106.64
(1) Disposal or scrap	106,909,678.46	1,312,554,679.47	188,032,848.98	280,865,816.11	1,888,363,023.02
(2) Translation difference of foreign financial statements	10,234,255.11	12,133,106.88	1,107,645.88	943,075.75	24,418,083.62
4. Closing balance	52,913,235,074.53	146,334,254,292.59	17,770,610,699.77	17,447,430,228.62	234,465,530,295.51
II. Accumulative depreciation					
1. Opening balance	26,387,859,349.74	94,649,382,716.14	14,561,251,287.78	14,003,227,825.07	149,601,721,178.73
2. Current increase	1,047,145,611.55	3,266,690,589.51	340,411,819.94	519,161,415.95	5,173,409,436.95
(1) Provision	1,046,640,477.02	3,274,011,999.62	333,135,343.76	519,621,616.55	5,173,409,436.95
(2) Reclassification	505,134.53	(7,321,410.11)	7,276,476.18	(460,200.60)	-
3. Current decrease	88,643,544.15	1,049,788,806.58	179,749,443.51	274,130,414.70	1,592,312,208.94
(1) Disposal or scrap	87,201,411.26	1,048,987,203.21	179,372,010.27	273,793,304.20	1,589,353,928.94
(2) Translation difference of foreign financial statements	1,442,132.89	801,603.37	377,433.24	337,110.50	2,958,280.00
4. Closing balance	27,346,361,417.14	96,866,284,499.07	14,721,913,664.21	14,248,258,826.32	153,182,818,406.74
III. Provision for impairment					
1. Opening balance	69,839,971.76	412,172,259.23	705,028.43	3,073,454.16	485,790,713.58
2. Current increase	-	1,777,272.47	34,617.67	225,241.71	2,037,131.85
(1) Provision		0.01			0.01
(2) Transferred-in from other non-current assets		1,777,272.46	34,617.67	225,241.71	2,037,131.84
3. Current decrease	-	-	-	482,109.93	482,109.93
(1) Disposal or scrap				482,109.93	482,109.93
4. Closing balance	69,839,971.76	413,949,531.70	739,646.10	2,816,585.94	487,345,735.50
IV. Book value					
1. Ending book value	25,497,033,685.63	49,054,020,261.82	3,047,957,389.46	3,196,354,816.36	80,795,366,153.27
2. Beginning book value	25,551,474,760.27	50,893,733,140.71	3,160,245,054.75	3,291,547,222.82	82,897,000,178.55

(2) Leased Fixed Assets through Operating Leasing

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Ending book value
Houses and buildings	423,712,459.13
Machinery equipment	382,271,583.85
Transportation tools	127,320,494.10
Office and other equipment	33,108,128.08
Total	966,412,665.16

Other notes:

On June 30, 2015, the Group obtained RMB 22,118,838.00 of long-term loan (including RMB 0 of long-term loans payable due within one year) and RMB 37,231,824.00 of short-term loan by pledging fixed assets with net value of RMB 51,677,455.04 (December 31, 2014: RMB 77,832,669.12) and land use right with net book value of RMB 56,772,768.25 (December 31, 2014: RMB 69,435,934.83), with RMB 59,350,662.00 of total loans (December 31, 2014: RMB 71,079,039.05).

19. Construction in Progress

✓ Applicable □ Not applicable

(1) Construction in Progress

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Technical innovation and infrastructure construction projects	35,187,351,707.51	506,077,253.51	34,681,274,454.00	27,264,923,990.05	506,077,253.51	26,758,846,736.54
Total	35,187,351,707.51	506,077,253.51	34,681,274,454.00	27,264,923,990.05	506,077,253.51	26,758,846,736.54

(2) Significant Changes of Construction in Progress

✓ Applicable □ Not applicable

Unit: RMB Yuan

Item	Budget	Opening balance	Increase for the current period	Transferred-in fixed assets	Other current cuts	Closing balance	Proportion of project investment in budget	Construction progress	Accumulated amount of interest capitalization	Including: capitalized amount of interest for the current period	Capitalization rate of interest for the current period	Source of capital
Technical innovation and infrastructure projects	66,217,819,996.97	27,264,923,990.05	11,144,706,052.26	3,217,079,535.64	5,198,799.16	35,187,351,707.51	58%		966,549,953.66	281,947,158.58	4.59%-5.535%	Self-financing and borrowings
Total	66,217,819,996.97	27,264,923,990.05	11,144,706,052.26	3,217,079,535.64	5,198,799.16	35,187,351,707.51	/	/	966,549,953.66	281,947,158.58	/	/

(3) Current Impairment Provision for Construction in Progress:

□Applicable √Not applicable

20. Engineering Materials

√Applicable □Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Special materials	14,203,944.68	113,621,057.06
Special equipment	30,390,985.26	51,608,756.12
Others	3,395,969.38	7,782,577.18
Total	47,990,899.32	173,012,390.36

21. Intangible Assets**(1) Intangible Assets**

Unit: RMB Yuan

Item	Land use right	Computer software	Others	Total
I. The original book value				
1. Opening balance	9,997,045,015.28	356,399,856.84	127,970,703.64	10,481,415,575.76
2. Current increase	-	22,311,675.61	-	22,311,675.61
(1) Purchase		17,112,876.45		17,112,876.45
(2) Internal R&D				
(3) Adds from corporate merge				
(4) Transferred-in from construction in progress		5,198,799.16		5,198,799.16
3. Current decrease	1,183,478.79	174,111.00	243,300.00	1,600,889.79
(1) Disposal		121,886.80	243,300.00	365,186.80
(2) Translation difference of foreign financial statements	1,183,478.79	52,224.20		1,235,702.99
4. Closing balance	9,995,861,536.49	378,537,421.45	127,727,403.64	10,502,126,361.58
II. Accumulative amortization				
1. Opening balance	1,122,231,759.48	149,066,891.67	67,960,820.66	1,339,259,471.81
2. Current increase	99,378,017.75	30,557,058.96	4,257,865.23	134,192,941.94
(1) Provision	99,378,017.75	30,557,058.96	4,257,865.23	134,192,941.94
3. Current decrease	371,224.83	33,601.84	-	404,826.67
(1) Disposal		4,132.60		4,132.60
(2) Translation difference of foreign financial statements	371,224.83	29,469.24		400,694.07
4. Closing balance	1,221,238,552.40	179,590,348.79	72,218,685.89	1,473,047,587.08
III. Impairment Provision				
1. Opening balance	-	-	5,370,000.00	5,370,000.00
2. Increased amount in the period				
(1) provision				
3. Decreased amount in the period				
(1) Disposal				
4. Closing balance	-	-	5,370,000.00	5,370,000.00
IV. Book value				
1. Ending book value	8,774,622,984.09	198,947,072.66	50,138,717.75	9,023,708,774.50
2. Beginning book value	8,874,813,255.80	207,332,965.17	54,639,882.98	9,136,786,103.95

On June 30, 2015, the Group obtained RMB 22,118,838.00 of long-term loan (including RMB 0 of long-term loans payable due within one year) and RMB 37,231,824.00 of short-term loan by pledging fixed assets with net value of RMB 51,677,455.04 (December 31, 2014: RMB 77,832,669.12) and land use right with net book value of RMB 56,772,768.25 (December 31, 2014: RMB 69,435,934.83), with RMB 59,350,662.00 of total loans (December 31, 2014: RMB 71,079,039.05).

22. Long-term Unamortized Expenses

✓ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Amount added in the period	Amortization amount in the period	Other reduced amount	Closing balance
Decoration expenses	158,321,423.18	850,593.53	10,849,808.92		148,322,207.79
Rental expenses	8,793,972.26		712,669.11	1,058.10	8,080,245.05
Relocation payment for environmental protection of coke oven of Meishan Steel (Note)	830,763,378.24		12,683,410.38		818,079,967.86
Expenditure on HV power supply of Huangshi Cold Rolling Phase II	1,922,134.50		295,713.00		1,626,421.50
Others	99,880,154.34		13,199,290.89	(108.74)	86,680,972.19
Total	1,099,681,062.52	850,593.53	37,740,892.30	949.36	1,062,789,814.39

Note: In accordance with "Agreement on relocating residents in health protection area of Shanghai Meishan Iron & Steel Co., Ltd. in the 11th 5-year period" (hereinafter referred to as the "Agreement") jointly signed by and among Shanghai Meishan Iron & Steel Co., Ltd. (hereinafter referred to as the "Meishan Steel"), Nanjing Yuhuatai Banqiao Sub-district Office and Nanjing Yuhua Administration Committee of ETDZ on October 16, 2012, the relocation compensation shall be made for the residential areas at a protection distance of 1km from the coke oven construction project of the Meishan Steel. Therefore, Meishan Steel shall bear the relocation expenses of RMB 880,000,000.00, including the expenses of RMB 750,000,000.00 which must be paid to the Nanjing Yuhuatai Banqiao Sub-district Office, and the expenses of RMB 130,000,000.00 which must be paid to the Nanjing Yuhua Administration Committee of ETDZ. Pursuant to this Agreement, Meishan Steel paid RMB 120,000,000.00 in 2012, RMB 510,000,000.00 in 2013 and RMB 110,000,000.00 in 2014. RMB 50,000,000.00 has been paid in the period and RMB 90,000,000.00 remains outstanding which shall be included in non-current liabilities due within 1 year. The aforesaid relocation compensation borne by Meishan Steel shall be amortized according to the remaining service life of the main assets.

23. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets Which Have Not Been Offset

✓ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for assets impairment	3,085,511,230.52	771,377,807.63	3,044,970,690.40	765,909,437.72
Unrealized profits of internal purchase and sale	116,381,429.62	29,095,357.44	176,130,578.64	44,032,644.66
Deductible losses	2,234,152,480.84	558,538,120.21	2,373,896,843.54	593,474,210.89
Residual rate difference of fixed assets	14,865,874.14	4,286,096.15	14,865,874.14	4,286,096.15
Dismissal welfare	261,732,185.64	65,433,046.41	258,046,027.49	64,389,357.74
Losses from change of fair values	244,374,214.92	61,093,553.73	348,489,590.59	87,122,397.65
Others	761,107,480.20	190,276,870.05	1,066,675,776.01	267,190,320.40
Total	6,718,124,895.88	1,680,100,851.62	7,283,075,380.81	1,826,404,465.21

(2) Deferred Income Tax Liabilities That Have Not Been Offset✓ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Supplementary tax of investment income	2,198,195,918.73	413,994,006.83	2,198,195,918.73	413,994,006.83
Gains from change of fair value	27,766,290.36	6,941,572.59	25,498,100.76	6,374,525.19
Others	10,764,070.36	2,691,017.59	10,653,304.33	2,697,929.33
Total	2,236,726,279.45	423,626,597.01	2,234,347,323.82	423,066,461.35

(3) Deferred Income Tax Assets and Liabilities Listed by Net Amount after Offset:☐ Applicable ☒ Not applicable**(4) Unconfirmed Deferred Income Tax Assets Report**☐ Applicable ☒ Not applicable**(5) Deductible Losses of Unconfirmed Deferred Income Tax Assets Due in the Following Years**✓ Applicable ☐ Not applicable**24. Other Non-current Assets**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Land transfer fee prepaid for Zhanjiang Steel	2,262,105,256.43	2,262,105,256.43
Engineering equipment cost prepaid for Zhanjiang Steel	1,539,399,095.69	2,169,547,279.35
Borrowings due from Bao-Island	117,905,780.14	117,905,780.14
Others	3,302,198.13	3,290,328.70
Total	3,922,712,330.39	4,552,848,644.62

25. Short-Term Borrowings✓ Applicable ☐ Not applicable**(1) Short-term Borrowing Category**

On the balance sheet date, in the short-term borrowing of the Group, the annual interest rate of the RMB borrowings ranges from 3.40% to 6.60% (2014: 5.04% to 6.6%); that of USD borrowings ranges from 0.59% to 3.28% (2014: 0.57% to 3.86%); that of EUR borrowings ranges from 0.93% to 1.68% (2014: 1.18% to 3.61%).

Unit: RMB Yuan

Item	Closing balance	Opening balance
Pledged borrowings (Note 1)	1,870,000,000.00	1,370,000,000.00
Pledged borrowings (Note 2)	37,231,824.00	37,875,376.22
Secured borrowings		
Credit borrowings	31,015,827,658.41	30,072,136,347.39
Total	32,923,059,482.41	31,480,011,723.61

Note1: On June 30, 2015, the pledged borrowings of the Group did not include borrowing obtained through note discounting (Dec.31, 2014: none); the Group obtained borrowing of RMB 1,870,000,000.00 through factoring accounts receivable (Dec.31, 2014: RMB 1,370,000,000.00).

Note 2: Please see note (V) 18(3) for details.

(2) Bank Loan Credit Lines

As of June 30, 2015, the total amount of bank loan credit lines unused by the Group was about RMB 97.532 billion (December 31, 2014: 101.668 billion). In the opinion of the management of the Group, considering the aforesaid bank loan credit lines and the cash flows from operating activities, the Group will have sufficient funds to pay off various current liabilities which will become due within the next year.

26. Customer Deposits and Deposits from Banks and Other Financial Institutions

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current deposits	73,984,248.04	494,493,427.37
Fixed deposits	8,827,889,778.73	7,477,570,245.62
Total	8,901,874,026.77	7,972,063,672.99

For particulars about the deposits received by the end of this reporting period from shareholders each holding shares representing 5% or more of the voting rights of the Company and from other related parties, please refer to Note (X), 6(9).

27. Financial Liabilities at Fair Value through Profit or Loss

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Held-for-trading financial liabilities	11,798,880.42	
Including: Issued tradable bonds		
Derivative financial liabilities	11,798,880.42	
Total	11,798,880.42	

28. Notes Payable

√ Applicable □ Not applicable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Trade acceptance	3,014,985,530.30	3,747,365,773.67
Bank acceptance	1,121,155,692.00	1,669,513,391.18
Total	4,136,141,222.30	5,416,879,164.85

Notes payable which is due and remains outstanding at the end of the period is RMB 0.

Neither at the end of this reporting period nor at the beginning of this year did the balance of notes payable include any notes payable to shareholders each holding shares representing 5% or more of the voting rights of the Company.

For notes payable to related parties and included in the balance of notes payable, please see Note (X), 6(10).

29. Accounts Payable**(1) Accounts Payable Statement**

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Accounts payable for equipment procurement	2,576,159,640.16	4,200,747,183.56
Accounts payable for procurement of raw materials	15,944,802,966.31	15,709,622,447.86
Total	18,520,962,606.47	19,910,369,631.42

As of the end of the period and the beginning of the year, please see note (X) and 6 (11) for shareholder entities or associated parties who hold more than 5% (including 5%) shares of the Company with voting rights in accounts payable.

30. Advance Receipts**(1) Advance Receipts Statement**√ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Advance receipts	11,352,442,858.34	11,522,938,150.20
Total	11,352,442,858.34	11,522,938,150.20

(2) Significant Advances Receipts with Account Age Over 1 Year☐ Applicable √ Not applicable**(3) Uncompleted items which has been settled at the end of period resulting from construction contract**☐ Applicable √ Not applicable

Other notes:

(2) For advance receipts at the end of this reporting period and at the beginning of this year from shareholders each holding shares representing 5% or more of the voting rights of the Company and from other related parties, please refer to Note (X), 6(12).

31. Payroll Payable**(1) Employee Benefits Payable Statement:**√ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance
I. Short-term benefits	1,618,792,733.84	3,642,293,858.19	3,719,179,086.07	1,541,907,505.96
II. Benefits post resignation-defined contribution plan	1,492,791.87	632,762,376.28	632,557,259.66	1,697,908.49
III. Dismissal welfare	123,055,212.32	59,480,237.76	61,760,974.90	120,774,475.18
IV. Other benefits due within in 1 year				
Total	1,743,340,738.03	4,334,536,472.23	4,413,497,320.63	1,664,379,889.63

(2) Short-term Benefits Statement

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance
I. Wages, bonuses, allowances and subsidies	1,235,373,710.75	2,690,322,582.78	2,805,984,846.82	1,119,711,446.71
II. Employees' welfare expenses	-	148,147,855.59	148,147,855.59	-
III. Social insurance charges	630,730.30	288,351,875.00	288,069,912.28	912,693.02
Including: Medical insurance	506,833.74	251,289,720.79	251,146,739.60	649,814.93
Work-related injury insurance	24,055.94	13,222,714.96	13,215,664.63	31,106.27
Maternity insurance	39,501.76	22,710,612.40	22,690,820.99	59,293.17
Employment fee for the injured	60,014.86	344,576.73	295,929.08	108,662.51
Others	324.00	784,250.12	720,757.98	63,816.14
IV. Housing accumulation funds	68,395.06	296,845,070.49	296,727,834.37	185,631.18
V. Labor union expenditures and personnel education funds	193,266,174.87	91,975,849.60	73,530,023.94	211,712,000.53
VI. Short-term paid absence	-	50,389,468.10	50,389,468.10	-
VII. Short-term profit share plan				
VIII. Others	189,453,722.86	76,261,156.63	56,329,144.97	209,385,734.52
Total	1,618,792,733.84	3,642,293,858.19	3,719,179,086.07	1,541,907,505.96

(3) Defined Contribution Plan Statement

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance
1. Basic pension insurance	1,004,187.50	488,759,393.36	488,562,434.49	1,201,146.37
2. Unemployment insurance	85,880.35	34,757,812.27	34,746,152.23	97,540.39
3. Enterprise annuity	402,724.02	109,245,170.65	109,248,672.94	399,221.73
Total	1,492,791.87	632,762,376.28	632,557,259.66	1,697,908.49

Other notes:

As of June 30, 2015, employee benefits payable of the Group include the unissued balance of wage linked to performance, with RMB 982,397,188.61 from the parent company (December 31, 2014: RMB 982,397,188.61) and RMB 73,294,125.79 from subsidiary Baosteel International (December 31, 2014: RMB 73,294,125.79). Employee benefits payable excludes the amount in arrear and non-monetary benefits.

The Group shall participate in the endowment insurance and unemployment insurance plan developed by the governmental agencies according to the regulations, and in accordance with such plan, the Group shall pay the expense for the plan every month according to 16% and 1% of the basic wage of employees respectively. Apart from the above monthly payment, the Group no longer bears the further payment obligation. Corresponding spending shall be included into the current profits and losses or relevant assets cost during the occurrence.

32. Taxes Payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	(263,666,226.13)	(610,309,166.09)
Excise tax		
Business tax	15,766,387.33	14,437,214.58
Enterprise income tax	2,755,623,156.22	2,526,257,168.12
Individual income tax	49,337,068.21	124,386,501.24
Urban maintenance and construction tax	39,161,813.66	20,344,839.08
Property tax	18,784,185.62	20,241,189.52
Others	236,968,546.58	66,670,544.41
Total	2,851,974,931.49	2,162,028,290.86

33. Interest Payable

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest of long-term borrowing whose interest is paid by installment and the principal is returned when due		
Corporate bonds interest		
Interest payable of short-term borrowings		
Interests of preferred stock/ perpetual debt classified as financial liabilities		
Interest payable for medium-term notes	-	17,033,333.36
Interest payable for borrowings	287,567,501.76	258,531,496.35
Interest payable for corporate bonds issued by Bao-Trans Enterprises	25,149,492.23	5,736,562.50
Total	312,716,993.99	281,301,392.21

Significant interests which are overdue and outstanding

□ Applicable √ Not Applicable

Other notes:

For interest payable at the end of this reporting period and at the beginning of this year to shareholders each holding shares representing 5% or more of the voting rights of the Company and to other related parties, please see Note (X), 6(13).

34. Dividends Payable

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Common stock dividends		
China Oriental Asset Management Corporation		9,475,888.34
Mitsui & Co., Ltd.	16,965,843.73	
Corning (Hong Kong) Ltd.	2,086,167.52	2,082,443.05
Guizhou aluminum Factory	603,743.23	603,743.23
Sumitomo Corporation	16,626,066.68	
Toyota Tsusho Corporation	1,847,340.74	
Guangzhou Nansha Hi-tech Development Corporation	413,346.73	
Mitsui Tokyo Co., Ltd.	1,860,060.27	
Van Shung Chong Holdings Limited	1,041,633.75	
ARCELORMITTAL LAZARO CARDENAS, S.A.	14,036,467.48	
Others	22,022.21	22,022.21
Total	55,502,692.34	12,184,096.83

35. Other Accounts Payable**(1) Other payables presented by account nature**

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Security deposits and cash pledges	578,640,491.52	366,169,194.36
Advances	72,357,434.10	185,780,324.09
Transportation and port fees	28,782,582.55	24,828,155.24
Project funds payable	604,154,576.10	480,853,855.64
Safe production risk funds	58,456,701.27	44,892,272.95
Commission charges	12,788,898.00	10,232,090.22
Others	71,701,527.34	28,858,303.94
Total	1,426,882,210.88	1,141,614,196.44

For other accounts payable at the end of this reporting period and at the beginning of this year to shareholders each holding shares representing 5% or more of the voting rights of the Company and to other related parties, please see Note (X), 6(14).

36. Non-current Liabilities Due Within One Year

√ Applicable □ Not applicable

(1) Details about the Non-current Liabilities Due Within One Year are Listed as Follows:

Unit: RMB Yuan

Item	Closing balance	Opening balance
Long-term borrowings due within 1 year	4,211,114,058.40	5,302,606,360.49
Non-current liabilities due within 1 year	-	1,500,000,000.00
Bonds payable due within 1 year	90,000,000.00	140,000,000.00
Long-term accounts payable due within 1 year	-	499,400,942.65
Total	4,301,114,058.40	7,442,007,303.14

(2) Long-term Borrowings Due Within 1 Year

On June 30, 2015, the Group's long-term loan amount due within one year is RMB 4,211,114,058.40 (December 31, 2014: RMB 5,302,606,360.49). For details on mortgage loan of long-term loan please see note (V) 18, (3).

(3) Long-term Accounts Payable Due Within One Year

Unit: RMB Yuan

Item	Closing balance	Opening balance
Compensation funds payable for relocation (Note)	90,000,000.00	140,000,000.00

Note: Please see Note (V), Note 22.

(4) Bonds Payable Due Within One Year

Unit: RMB Yuan

Name of bond	Face value	Issuing date	Period	Amount	BOY interest payable	Interest accrued for this period	Interest paid for this period	EOP interest payable	EOP balance
Medium-term notes (1282134) (Note)	500,000,000.00	May 4 th 2012	3 years	500,000,000.00	17,033,333.36	8,516,666.64	25,550,000.00	-	-

Note: In December 2011, Shanghai Meishan Iron & Steel Co., Ltd. (hereinafter referred to as "Meishan Steel"), a subsidiary of the Group, was approved by National Association of Financial Market Institutional Investors to issue medium-term notes within the territory of China with a registered quota of RMB 4 billion which will remain valid within two years and may be issued in phases within this period of validity. Meishan Steel issued the Phase I medium-term notes of 2012 ("12 Meishan Steel MTN1") at an issuing price of RMB 100/RMB100 face value with a total value of RMB 500 million on May 4, 2012. The issuing price was RMB 100/RMB100 face value. Interest is accrued at a fixed interest rate, i.e. the coupon rate of 5.11%, and paid on May 4 each year. This note has become due on May 4, 2015.

37. Long-term Borrowings

✓ Applicable □ Not applicable

(1) Classification of Long-term Borrowings

Unit: RMB Yuan

Item	Closing balance	Opening balance
Credit borrowings	14,003,410,365.56	9,908,551,554.13
Mortgaged borrowings (Note)	22,118,838.00	27,883,662.83
Total	14,025,529,203.56	9,936,435,216.96

Note: For details of mortgaged loan please see note (V) 18(3).

Other notes, including interest rate range:

Among the above loan, annual interest rate of USD loan ranges from 1.32% to 3%; EUR loan ranges from 1.50% to 3.58%; JPY is 1%; KRW loan is 3.05%; and RMB loan is from 3.5% to 5.94%.

38. Bonds Payable

✓ Applicable □ Not applicable

(1) Bonds Payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bao-Trans Corporate Bond (Note)	6,433,996,966.05	3,024,076,037.38
Total	6,433,996,966.05	3,024,076,037.38

(2) Bond Payable Change: (Excluding Preferred Stock, Perpetual Liabilities and Other Financial Instruments Classified as Financial Liabilities)

✓ Applicable □ Not applicable

Unit: RMB Yuan

Bond name	Nominal value	Issue date	Bond period	Issue amount	Opening balance	Current issue	Interest provision per nominal value	Amortization of premiums and discounts	Current payments	Closing balance
Bao-Trans Bonds (Note1)	USD 500,000,000.00	December 5, 2013	5 years	USD 500,000,00.00	3,024,076,037.38		57,449,062.50	1,439,207.65	57,381,562.50	3,025,582,745.03
Bao-Trans Bonds (Note2)	EUR 500,000,000.00	February 22, 2015	3 years	EUR 500,000,000.00	-	3,434,314,800.00	19,090,286.46	(44,990,865.44)	-	3,408,414,221.02
Total	/	/	/		3,024,076,037.38	3,434,314,800.00	76,539,348.96	(43,551,657.79)	57,381,562.50	6,433,996,966.05

Note 1: In December 2013, Bao-Trans Co., Ltd ("Bao-Trans"), a subsidiary of the Company was approved by the 2012 general shareholders' meeting held on April 26, 2013 to issue bonds denominated in US dollar in Hong Kong with the amount of USD 0.5 billion and duration of 5 years in accordance with the resolution of the shareholders' meeting of Developing Direct Financing. Bao-Trans issued USD 500 million of bonds with issuing price 99.199% of par value and fixed interest rate 3.75% per annum on December 5, 2013. Interest will be paid semi-annually on June 12 and December 12 respectively. The bond will be due on 12 December, 2018.

Note 2: According to the Proposal on Carrying out Direct Financing in Domestic and Overseas Markets reviewed and approved by the First Extraordinary General Meeting of Shareholders held on January 26, 2015, the Group's subsidiary Bao-Trans Enterprises Ltd. (hereinafter referred to as "Bao-Trans") was approved to issue the EUR bonds which do not exceeds EUR 1 billion (including EUR 1 billion) overseas by several times. Bao-Trans issued the EUR bonds at a discount according to 99.713% of the principal on February 23, 2015, with issuing amount of EUR 500 million, interest calculation method of fixed interest rate for interest payment, and nominal interest rate at 1.625%. The method of repaying principal and interest was adopted for paying the interest on February 23 every year and paying off the principle upon the expiration. The bonds will expire on February 23, 2018.

39. Long-term Payables

✓ Applicable □ Not applicable

(1) Long-term payables listed according to the nature of money:

Unit: RMB Yuan

Item	Opening balance	Closing balance
Relocation compensation payable for environmental protection project of Meishan Steel coke oven	90,000,000.00	140,000,000.00
Less: Long-term payable due within one year	90,000,000.00	140,000,000.00
Repurchase obligations under stock incentive plan (note)	85,968,336.00	89,287,152.00
Total	85,968,336.00	89,287,152.00

Note: On June 30, 2015, amount of liabilities recognized by the repurchase obligation under restricted stock incentive plan of the Company was RMB 85,968,336.00. For details please see the note (XI).

40. Long-term Employee Benefits Payable

√ Applicable □ Not applicable

(1) Statement of Long-term Employee Benefits Payable

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Benefits after resignation-net liabilities of defined benefit plans		
II. Dismissal benefits	165,316,078.32	162,061,249.06
III. Other long-term benefits		
Total	165,316,078.32	162,061,249.06

41. Special Payables

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance	Cause
Government grants	287,916,697.81	-	-	287,916,697.81	
Total	287,916,697.81	-	-	287,916,697.81	/

42. Deferred Income

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance	Cause
Government subsidies	1,268,675,356.46	58,658,257.24	292,745,111.39	1,034,588,502.31	
Total	1,268,675,356.46	58,658,257.24	292,745,111.39	1,034,588,502.31	/

Items related to government subsidies:

Unit: RMB Yuan

Liability item	Opening balance	New current subsidiary amount	Current amount included in non-operating income	Other changes	Closing balance	Related to assets/ income
Major industries revitalization and overall technical innovation projects	880,288,408.39	57,738,778.24	274,179,242.52	-	663,847,944.11	Related to assets
Interest subsidies for special loans	133,905,378.80	-	-	-	133,905,378.80	Related to assets
Relocation compensation	101,669,341.24	-	3,153,269.87	-	98,516,071.37	Related to assets
Infrastructure subsidies	99,665,904.89	-	-	-	99,665,904.89	Related to assets
Subsidies for Baosight Hi-tech	50,682,938.66	919,479.00	15,412,599.00	-	36,189,818.66	Related to income
Others	2,463,384.48	-	-	-	2,463,384.48	
Total	1,268,675,356.46	58,658,257.24	292,745,111.39	-	1,034,588,502.31	/

43. Share Capital

Unit: RMB Yuan

	Opening balance	Current change (+,-)					Closing balance
		New issue of shares	Share dividend	Capitalization of accumulation funds	Others	Subtotal	
Total shares	16,471,026,024.00	-	-	-	(1,737,600.00)	(1,737,600.00)	16,469,288,424.00

Other notes:

In accordance with the Agreement for Proposal on Repurchase of Shares of the Company by Centralized Competitive Price Transaction, the Notification to Creditors of Baoshan Iron & Steel Co., Ltd. on Repurchase of Shares, and the Resolution of the 2nd Extraordinary General Meeting 2012 of Baoshan Iron & Steel Co., Ltd. as well as the regulations of the revised Articles of Associations, the Company will repurchase A-share stocks through centralized competitive price transactions at Shanghai Stock Exchange. The repurchase price per share shall not exceed RMB 5, and the maximum total amount available for repurchase shall not exceed RMB 5 billion. On September 21, 2012, the Company implemented the repurchase for the first time, and totally repurchased 414,055,508 shares up to December 31, 2012. In accordance with the resolutions of General Meeting and the regulations of the revised articles of association, the Company has applied for the decrease of capital of RMB 390,000,000, and completed the cancellation of 390,000,000 shares with the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited (CSDC) on December 20, 2012. The Company completed the procedure on the industrial and commercial registration on December 31, 2012. After change, the registered capital and the capital amount to RMB 17,122,048,088. The equity changes in 2012 were verified by Deloitte Touche Tohmatsu CPA LLP., for which the DSB (Y) Z (12) No. 0078 Capital Verification Report has been issued.

As of May 21, 2013, the Company had completed the implementation of the share repurchase scheme, and repurchased 1,040,323,164 shares, and the number of repurchased shares will be 650,323,164 after the 390,000,000 cancelled shares are deducted from the total repurchased shares. In accordance with the resolution of the general meeting of the Company and the regulations of the revised articles of association, the Company has applied for the decrease of the capital of RMB 650,323,164, and completed the cancellation of 650,323,164 shares with the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited (CSDC) on May 23, 2013. The Company completed the procedure on the industrial and commercial registration on June 24, 2013. After change, the registered capital and the capital amount to RMB 16,471,724,924. The equity changes in 2013 were verified by Deloitte Touche Tohmatsu CPA LLP., for which the DSB (Y) Z (13) No. 0103 Capital Verification Report has been issued.

In 2014, 698,900 shares were reduced due to the incentive plan of repurchasing restricted stock which fails to reach the unlocking conditions. For details please see the note (XI).

1,737,600 shares have been reduced within the reporting period, and for detailed changes please see note XI. By the end of reporting period, among 16,424,278,824 RMB common shares not subject to conditional sale, Baosteel Group holds 13,128,825,267 shares, with shareholding ratio of 79.72%.

44. Capital Reserves

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance
Capital premium (Share capital premium)	31,554,307,678.47	499,497,064.07	1,581,216.00	32,052,223,526.54
Others Capital reserves	1,699,638,311.28	2,699,300.00	16,436,344.65	1,685,901,266.63
Total	33,253,945,989.75	502,196,364.07	18,017,560.65	33,738,124,793.17

Other notes, including current changes and reason for change:

Capital premium increase was mainly due to the change of the difference between the capital contribution and net book assets enjoyed in Ouyee Commerce Co., Ltd. as well as capital reserves of associated companies and joint ventures accounted by the Company with equity method when the Company made investment into establishing Ouyee Commerce Co., Ltd. with its stock equity of Bsteel Online Co., Ltd.. Capital premium decrease was mainly affected by the equity incentive plan this year. For details please see Note (XI), 1.

Decrease of other capital reserves is mainly because the Company's payments for the consideration of minority equity of Guangzhou Sheet Co., Ltd. exceed the net asset of corresponding minority equity.

45. Treasury Shares

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance
Share incentive scheme	89,287,152.00	-	3,318,816.00	85,968,336.00
Total	89,287,152.00	-	3,318,816.00	85,968,336.00

Other notes, including current change and the reason:

Please see Note (XI) 1 for details.

46. Other Comprehensive Income

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Amount in the period					Closing balance
		Amount before income tax in the period	Less: currently transferred-in gains and losses previously included in other comprehensive income	Less: income tax expense	Amount after tax attributable to the parent company	Amount after tax attributable to minority	
I. Other comprehensive income that can't be reclassified in gains and losses in the following period							
II. Other comprehensive income that will be reclassified in gains and losses in the following period	(1,004,817,797.37)	26,716,196.56	-	26,937,454.58	4,151,541.58	(4,372,799.60)	(1,000,666,255.79)
Including: Proportion held in the invested entities' other comprehensive incomes that will be reclassified into profit or loss under the Equity Method	(106,722,756.33)	(584,521.41)			(584,521.41)		(107,307,277.74)
Gains and losses from change of fair value of available-for-sale financial assets	(246,705,489.81)	107,749,818.33		26,937,454.58	78,501,400.38	2,310,963.37	(168,204,089.43)
Gains and losses from available-for-sale financial assets reclassified from held-to-maturity investment							
Valid part of gains and losses from cash flow hedge							
Translation difference arising from translation of financial statements denominated in foreign currencies	(651,389,551.23)	(80,449,100.36)			(73,765,337.39)	(6,683,762.97)	(725,154,888.62)
Total other comprehensive income	(1,004,817,797.37)	26,716,196.56	-	26,937,454.58	4,151,541.58	(4,372,799.60)	(1,000,666,255.79)

47. Special Reserves

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance
Safe production expenses	10,040,556.78	251,245,178.23	249,999,314.99	11,286,420.02
Total	10,040,556.78	251,245,178.23	249,999,314.99	11,286,420.02

Other notes, including current change and the reason:

The Company appropriates special reserves in accordance with the provisions of the Measures on the Appropriation and Use of Production Safety Expenses (CQ [2012] No. 16) as the expenditure on production safety.

48. Surplus Reserves

Unit: RMB Yuan

Item	Opening balance	Current increase	Current decrease	Closing balance
Statutory surplus reserves	11,289,860,525.84	-	-	11,289,860,525.84
Arbitrary surplus reserves	14,561,312,865.62	-	-	14,561,312,865.62
Others				
Total	25,851,173,391.46	-	-	25,851,173,391.46

49. Undistributed Profits

Unit: RMB Yuan

Item	Current period	Last period
Previous ending undistributed profit before adjustment	39,765,842,085.69	37,044,549,468.11
Total number of adjusting beginning undistributed profits (more+, less-)	-	(81,456,755.60)
Beginning undistributed profits after adjustment	39,765,842,085.69	36,963,092,712.51
Add: Net profit attributable to owners of parent company in the period	3,174,482,235.10	3,154,015,369.07
Less: Provisions for statutory surplus reserves	-	-
Provisions for discretionary surplus reserves	-	-
Withdrawal of general risk reserves		
Common stock dividends payable	2,964,784,684.32	1,647,172,492.40
Common stock dividends converted to stock capital		
Ending undistributed profits	39,975,539,636.47	38,469,935,589.18

Note: According to the proposal of the 21st meeting of the fifth session of the Board of Directors on March 25, 2015, which was reviewed and approved by 2014 annual general meeting of shareholders held on April 24, 2014, based on 16,471,026,024 shares of the Company's total capital stock (see Note (V) 43), the Company distributed cash dividends amounting to RMB 2,964,784,684.32 (including tax) to all shareholders recognized in the dividend distribution announcement and registered on the equity right registration date.

50. Operating Incomes and Operating Costs

Unit: RMB Yuan

Item	Amount in the period		Amount in last period	
	Revenue	Cost	Revenue	Cost
Principal business	80,222,406,130.37	70,868,464,721.93	96,520,732,659.34	87,183,747,987.33
Other business	548,201,095.90	656,904,955.17	1,077,669,205.15	1,020,505,479.32
Total	80,770,607,226.27	71,525,369,677.10	97,598,401,864.49	88,204,253,466.65

51. Business Tax and Surcharges

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Excise tax		
Business tax	31,122,817.91	26,890,572.68
Urban construction and maintenance tax	128,188,466.65	130,077,113.10
Education surcharge	114,218,374.44	116,824,948.00
Resource tax		
Others	10,792,545.99	13,542,358.64
Total	284,322,204.99	287,334,992.42

Note: For the business tax payment criterion, see Note (IV).

52. Sales Expense

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Transportation and storage charge	491,432,461.60	491,837,192.27
Employee benefits	300,300,971.96	281,685,266.47
Depreciation and amortization	30,084,772.57	15,219,313.10
Others	149,679,594.50	156,187,974.02
Total	971,497,800.63	944,929,745.86

53. Administrative Expense

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Technical development expense	1,787,166,640.67	1,796,757,295.66
Employee benefits	853,191,224.50	870,839,187.61
Taxes	268,014,326.65	264,278,175.65
Depreciation and amortization	281,643,903.22	255,572,112.13
Inventory gains and losses of current assets	(3,508,917.39)	(4,651,616.41)
Others	307,633,602.46	290,181,222.53
Total	3,494,140,780.11	3,472,976,377.17

54. Financial Expense

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Interest expense	717,393,365.25	931,251,770.22
Less: capitalized interest costs	(281,947,158.58)	(113,639,014.23)
Less: interest incomes	(284,906,184.26)	(563,647,741.14)
Exchange losses (gains)	273,311,215.91	269,296,735.19
Others	20,420,573.29	22,726,374.44
Total	444,271,811.61	545,988,124.48

55. Loss on Assets Impairment

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
I. Loss on bad debts	651,233.27	31,309,370.98
II. Loss on inventory falling price	42,995,430.55	(131,041,979.46)
III. Impairment loss of available-for-sale financial assets	50,240,011.71	-
IV. Impairment loss of held-to-maturity investment		
V. Impairment loss of long-term equity investment		
VI. Impairment loss of investment property		
VII. Impairment loss of fixed assets		
VIII. Impairment loss of engineering materials		
IX. Impairment loss of construction in progress		
X. Impairment loss of productive biological assets		
XI. Impairment loss of oil and gas assets		
XII. Impairment loss of intangible assets		
XIII. Impairment loss of goodwill		
XIV. Others	(3,381,581.15)	46,003,353.20
Total	90,505,094.38	(53,729,255.28)

Notes: Others mean losses from loans.

56. Gains from Changes in Fair Values

√ Applicable □ Not applicable

Unit: RMB Yuan

Source of gains from changes in fair values	Amount in the period	Amount in last period
Financial assets at fair value through profit or loss	20,115,034.88	12,423,781.86
Financial liabilities at fair value through profit or loss	(17,901,082.57)	(31,691,511.37)
Investment property measured at fair value		
Total	2,213,952.31	(19,267,729.51)

57. Investment Income

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Investment income from available-for-sale financial assets	266,378,172.29	124,105,824.45
Long-term equity investment incomes calculated using the equity method	85,341,686.87	79,850,213.44
Share investment income	529,860.36	715,503.06
Bond investment income	40,826,778.82	20,233,904.50
Fund investment income	15,780,962.62	2,399,741.80
Loss arising from disposal of derivative financial instruments	(76,736,435.55)	(27,249,026.67)
Other financial management and investment income	92,600,500.96	17,773,931.79
Total	424,721,526.37	217,830,092.37

Other notes:

On June 30, 2015, the Group experienced no major limitation in the repatriation of investment incomes.

58. Non-operating Revenue

Unit: RMB Yuan

Item	Amount in the period	Amount in last period	Non-recurring gains and losses calculated in the period
Total gains from disposal of non-current assets	2,669,489.50	23,468,782.01	2,669,489.50
Including: Gains from disposal of fixed assets	2,669,489.50	23,468,782.01	2,669,489.50
Gains from disposal of intangible assets			
Gains from debt restructuring			
Gains from exchange of non-monetary assets			
Donation receipts			
Government subsidies	295,898,568.26	131,576,368.38	295,898,568.26
Compensation incomes	3,739,381.63	5,461,057.15	3,739,381.63
Others	21,600,340.31	50,420,994.90	21,600,340.31
Total	323,907,779.70	210,927,202.44	323,907,779.70

Government subsidies calculated in current gains and losses

√ Applicable □ Not applicable

Unit: RMB Yuan

Subsidiary item	Amount in the period	Amount in last period	Related to assets/income
Relocation compensation	3,244,580.51	3,162,466.71	Related to income
Special subsidiary fund for transformation of hi-tech achievement	2,854,442.48	1,531,993.31	Related to assets/income
Transferred-in government subsidies related to technical innovation assets in previous years	223,448,812.88	23,380,916.88	Related to assets
Transferred-in government subsidies related to income	45,758,381.51	68,178,162.15	Related to income
Other financial subsidies	20,592,350.88	35,322,829.33	Related to assets/income
Total	295,898,568.26	131,576,368.38	/

59. Non-operating Expenditures

Unit: RMB Yuan

Item	Amount in the period	Amount in last period	Non-recurring gains and losses calculated in current period
Total loss from disposal of non-current assets	333,224,226.52	100,739,973.13	333,224,226.52
Including: Loss from disposal of fixed assets	333,224,226.52	100,739,973.13	333,224,226.52
Loss from disposal of intangible assets			
Donations	10,500,000.00	9,805,000.00	10,500,000.00
Others	9,285,160.19	92,485,505.35	9,285,160.19
Total	353,009,386.71	203,030,478.48	353,009,386.71

60. Income Tax Expenses**(1) Statement of Income Tax Expense**

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Current income tax expenses	1,026,357,063.47	1,105,175,523.48
Deferred income tax expenses	79,118,105.85	40,557,087.97
Total	1,105,475,169.32	1,145,732,611.45

61. Other Comprehensive Income

Please see note (V) 46.

62. Items of Cash Flow Statement**(1) Other Cash Receipts Related to Operating Activities**

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Non-operating incomes, government subsidies and other incomes	424,679,995.68	336,441,051.56
Total	424,679,995.68	336,441,051.56

(2) Other Cash Payments Related to Operating Activities

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Sales expenses	442,509,120.97	456,708,240.97
Overheads	431,834,529.46	424,580,421.14
Others	120,900,340.85	207,078,911.27
Total	995,243,991.28	1,088,367,573.38

(3) Other Cash Receipts Related to Investing Activities

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Interest incomes	14,077,691.10	141,560,069.90
Proceeds from disposal of Wusong Lot	5,208,894,246.60	5,471,999,999.96
Total	5,222,971,937.70	5,613,560,069.86

(4) Other Cash Payments Related to Investing Activities

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Cash paid for settlement of derivative instruments	57,272,019.38	26,318,400.15
Total	57,272,019.38	26,318,400.15

(5) Other Cash Receipts Related to Financing Activities

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Cash received under the incentive stock ownership scheme	-	90,622,051.00
Total	-	90,622,051.00

(6) Other Cash Payments Related to Financing Activities

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Returned long-term payables	1,500,000,000.00	-
Total	1,500,000,000.00	-

63. Supplementary Data for Cash Flow Statement**(1) Supplementary Data for Cash Flow Statement**

Unit: RMB Yuan

Supplementary data	Amount in the period	Amount in last period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	3,293,775,649.35	3,325,641,093.21
Add: Provision for impairment losses of assets	90,505,094.38	(53,729,255.28)
Fixed assets depreciation, oil and gas assets depletion and productive biological assets depreciation	5,183,714,652.94	5,073,018,345.16
Amortization of intangible assets	134,192,941.94	114,212,687.52
Amortization of long-term deferred expenses	37,740,892.30	21,551,087.50
Losses on disposal of fixed, intangible and other long-term assets (with "-" for gains)	330,554,737.02	77,271,191.12
Scrap loss of fixed assets (With "-" for gains)		
Losses on the changes in fair value (with "-" for gains)	(2,213,952.31)	19,267,729.51
Financial expenses (with "-" for gains)	423,851,238.32	524,106,065.04
Investment losses (with "-" for gains)	(424,721,526.37)	(217,830,092.37)
Decrease in deferred tax assets (with "-" for increase)	121,415,693.34	40,274,715.55
Increase in deferred tax liabilities (with "-" for decrease)	(1,472,373.89)	2,291.85
Decrease in inventory (with "-" for increase)	834,638,014.79	2,351,641,601.59
Decrease in receivables from operating activities (with "-" for increase)	(631,567,331.16)	(438,509,098.48)
Increase in payables for operating activities (with "-" for decrease)	16,169,868.01	3,445,133,961.13
Others		
Net cash flow from operating activities	9,406,583,598.66	14,282,052,323.05
2. Investing and financing activities that do not involve in cash receipts and payments		
Debt capitalization		
Convertible corporate bond due within 1 year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
EOP balance of cash	13,170,099,197.20	17,184,380,641.15
Less: BOY balance of cash	10,550,257,587.98	11,507,852,396.93
Add: EOP balance of cash equivalents	1,811,003,911.79	371,663,691.66
Less: BOY balance of cash equivalents	741,031,995.09	91,000,000.00
Net increase in cash and cash equivalents	3,689,813,525.92	5,957,191,935.88

(2) Current Net Cash Paid for Subsidiaries Acquisition

□Applicable √Applicable

(3) Current Net Cash Received from Subsidiaries Disposal

√ Applicable □ Not applicable

Unit: RMB Yuan

	Amount
Cash or cash equivalent received in the current period for the disposal of subsidiaries	-
Less: Cash or cash equivalent held by the Company on the date of losing the control	7,641,688.30
Add: Cash or cash equivalent received in the current period for the disposal of subsidiaries in the previous periods	
Net cash received from the disposal of subsidiaries	(7,641,688.30)

(4) Constitution of Cash and Cash Equivalents

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	13,170,099,197.20	10,550,257,587.98
Including: cash on hand	623,434.08	3,220,664.08
Bank deposits available for payment at any time	13,098,685,165.00	10,490,797,381.05
Other monetary funds available for payment at any time	70,790,598.12	56,239,542.85
Deposit in Central Bank of China for payments		
Due from banks		
Call loan to banks		
II. Cash equivalents	1,811,003,911.79	741,031,995.09
Including: Bond investment due within in 3 months		
Including: money market funds	1,711,003,911.79	146,031,995.09
III. EOP balance of cash and cash equivalents	14,981,103,108.99	11,291,289,583.07
Including: cash and cash equivalents which the parent company or the subsidiaries within the group are restricted to use		

Other notes:

Cash and cash equivalents exclude such cash and cash equivalents which the parent company or the subsidiaries within the group are restricted to use.

64. Assets Whose Ownership or Use Right is Restricted

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Ending book value	Reason
Monetary fund	1,379,508,001.49	Legal reserves deposited by the Finance Company in the Central Bank of China
Fixed assets	51,677,455.04	Pledged borrowings
Intangible assets	56,772,768.25	Pledged borrowings
Total	1,487,958,224.78	/

65. Foreign Monetary Items

√ Applicable □ Not applicable

(1). Foreign Monetary Items:

Unit: Yuan

Item	Closing balance of foreign currency	Translation exchange rate	Closing balance of translated RMB
Monetary fund			
Including: USD	361,003,748.74	6.1136	2,207,032,518.30
EUR	40,088,149.97	6.8699	275,401,581.46
HKD	1,715,360.01	0.78861	1,352,750.06
JPY	2,474,805,200.57	0.050052	123,868,949.90
Others			124,070,299.03
RMB			
Accounts receivable			
Including: USD	173,307,204.90	6.1136	1,059,530,927.87
EUR	87,418,031.91	6.8699	600,553,137.42
HKD			
JPY	1,661,178,081.18	0.050052	83,145,285.32
KRW	24,885,197,260.10	0.005544	137,963,533.61
Long-term borrowing			
Including: USD	1,084,174,753.00	6.1136	6,628,210,769.94
EUR	18,000,000.00	6.8699	123,658,200.00
HKD			
KRW	3,989,689,436.00	0.005544	22,118,838.23
RMB			
Short-term borrowing			
Including: USD	3,328,584,914.55	6.1136	20,349,636,733.58
EUR	1,055,237,375.92	6.8699	7,249,375,248.83
JPY	10,233,242,045.00	0.050052	512,194,230.84
KRW	3,000,000,000.00	0.005544	16,632,000.00

VI. Change of Consolidated Scope**1. Merge Under Different Controls**

□ Applicable √ Not applicable

2. Merge Under the Same Control

□ Applicable √ Not applicable

3. Reverse Purchase

□ Applicable √ Not applicable

4. Disposal of Subsidiaries

Is there the situation that the control is lost during the single disposal of the subsidiary investment?

☒ Applicable ☐ Not applicable

Unit: RMB million

Name of Subsidiary	Money from equity disposal	Proportion of equity disposal (%)	Way of equity disposal	Time point of losing control	Basis of determining the time point of losing control	Difference between money from disposal and amount of net assets of the subsidiary at the level of consolidated financial statement corresponding to investment from disposal	Proportion of remaining stock equity on the date of losing control	Book value of remaining stock equity on the date of losing control	Fair value of remaining stock equity on the date of losing control	Profit or losses generated from re-measurement of remaining stock equity according to fair value	Determination method and main assumptions of fair value of remaining stock equity on the date of losing control	Amount of other comprehensive income related to the original subsidiary's equity investment and transferred into profit and loss on investments
Wuhan Baohan Welding Equipment Co., Ltd.		4.21	Introduce investors to increase capital	June 30, 2015	Completion date of capital increase		46.79%	177.72	237.27	59.54	Capital Increase and Share Expansion Project Appraisal Report of Wuhan Baohan Welding Equipment Co., Ltd. (ZQHPBZ (2014 No. 3539))	

Is there the situation that the subsidiary investment is disposed by multiple transactions step by step and the control is lost in the current period?

☐ Applicable ☒ Not applicable

5. Others Reasons for Change of Consolidated Scope

Notes to others reasons for change of consolidated scope (eg. establishment of new subsidiaries, liquidation of subsidiaries) and relevant data
None.

VII. Equity in Other Entities

1. Equity in Subsidiaries

√ Applicable □ Not applicable

(1) Constitution of the Enterprise Group

Subsidiaries name	Principal business territory	Registration address	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Yantai Lubao Steel Pipe Co., Ltd. ("Lubao Steel Pipe")	China	Yantai	Manufacturing	100%	-	Merge under the same control
Baosteel Huangshi Coated & Galvanized Sheets Co., Ltd. (Huangshi Coating & Galvanizing)	China	Huangshi	Manufacturing	58.45%	-	Merge under the same control
Shanghai Baosteel International Economic & Trading Co., Ltd. ("Baosteel International")	China	Shanghai	Iron and steel trading	100%	-	Merge under the same control
Shanghai Meishan Iron & Steel Co., Ltd. ("Meishan Steel")	China	Nanjing	Manufacturing	77.04%	-	Merge under the same control
Shanghai Baosight Software Co., Ltd. ("Baosight Software")	China	Shanghai	Information technology	55.5%	-	Merge under the same control
Baosteel America Inc. ("Baosteel America")	USA	Texas, USA	Iron and steel trading	100%	-	Merge under the same control
Howa Trading Co., Ltd. ("Howa Trading")	Japan	Tokyo, Japan	Iron and steel trading	100%	-	Merge under the same control
Baosteel Europe GmbH ("Baosteel Europe")	Germany	Hamburg, Germany	Iron and steel trading	100%	-	Merge under the same control
Baosteel Singapore PTE Ltd. ("Baosteel Singapore")	Singapore	Singapore	Iron and steel trading	100%	-	Merge under the same control
Bao-Trans Enterprises Ltd. (Bao-Trans Enterprises)	China Hong Kong	China Hong Kong	Iron and steel trading	100%	-	Merge under the same control
Shanghai Baosteel Chemical Co., Ltd. ("Baosteel Chemical")	China	Shanghai	Manufacturing	100%	-	Merge under the same control
Baosteel Group Finance Co., Ltd. ("Finance Company")	China	Shanghai	Finance	62.1%	-	Merge under the same control
Nantong Baosteel Iron & Steel Co., Ltd. ("Baotong Iron & Steel")	China	Nantong	Manufacturing	95.82%	-	Merge under the same control
Baosteel Zhanjiang Iron & Steel Co., Ltd. ("Zhanjiang Steel")	China	Zhanjiang	Manufacturing	90%	-	Merge under the same control
Yantai Baosteel Steel Pipe Co., Ltd. ("Yanbao Steel Pipe")	China	Yantai	Production and sale of steel pipes	80%	20%	Establishment, investment and others
Shanghai Huagongbao E-commerce Co., Ltd. (Huagongbao)	China	Shanghai	E-commerce	-	53.85%	Establishment, investment and others
Xinjiang Karamay Steel Pipe Ltd. (Baoma Tube)	China	Karamay	Production and sale of steel pipes	75%	-	Establishment, investment and others
Poly Pipe (Thailand) Co., Ltd. (Poly Pipe) (Note1)	Thailand	Thailand	Processing of steel pipes	-	51%	Establishment, investment and others
BGM Co., Ltd. (BGM)	South Korea	Gyeonggi-do, Korea	processing and sale of iron and steel products	-	50%	Establishment, investment and others
Ouyeel Commerce Co., Ltd. (Ouyeel Commerce)	China	Shanghai	E-commerce	8.67%	42.33%	Establishment, investment and others

Explanation that the shareholding ratio in the subsidiary is different from proportion of vote:

On the balance sheet date, the Group's proportion of investment in BGM was 50%, but the Group held the majority vote in the Board of Directors. Therefore, the Group included BGM into the consolidated statement scope for accounting by taking it as the subsidiary.

(2) Important Non-wholly-owned Subsidiaries

Unit: RMB 1,000

Subsidiaries name	Shareholding ratio of minority	Current gains and losses attributable to minority	Current dividend declared to issue to minority	Ending equity balance of minority
Meishan Steel Co.	22.96%	9,301	-	2,575,555
Finance Co.	37.90%	30,230	-	744,170
Zhanjiang Steel	10%	(10,822)	-	1,963,823

(3) Main Financial Data of Important Non-wholly-owned Subsidiaries

Unit: RMB 1,000

Subsidiaries name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Meishan Steel Co.	8,186,269	25,395,162	33,581,431	22,248,273	138,905	22,387,178	6,709,588	26,175,207	32,884,795	21,583,582	145,671	21,729,253
Finance Co.	7,902,602	6,731,731	14,634,333	12,662,357	8,467	12,670,824	5,477,501	7,573,496	13,050,997	11,166,837	6,375	11,173,212
Zhanjiang Steel	2,586,802	35,273,698	37,860,500	4,607,371	14,449,702	19,057,073	8,575,766	27,171,853	35,747,619	4,409,467	10,939,960	15,349,427

Subsidiaries name	Amount in the period				Amount in last period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Meishan Steel Co.	10,810,760	38,711	38,711	208,165	13,523,218	47,718	47,718	1,799,223
Finance Co.	259,471	79,762	85,726	2,519,853	272,956	75,680	95,220	493,212
Zhanjiang Steel	162,927	(94,765)	(94,765)	3,883	533,146	(23,386)	(23,386)	(235,050)

(4) Major Restrictions of Using the Enterprise Group Assets and Repayment of Enterprise Group Debts:

The above subsidiaries have no major restrictions in using the enterprise Group assets and repayment enterprise Group debts.

2. Transaction in which Share of Owners' Equity in the Subsidiary Changes but the Control of the Subsidiary is Kept

☐Applicable ☒Not applicable

3. Equity in the Joint Venture or Associated Enterprise

☒Applicable ☐Not applicable

(1) Important Joint Venture or Associated Enterprise

The Company takes the invested unit with year-end balance of long-term equity investment more than RMB 600 million as the important joint ventures for disclosure and the invested unit with year-end balance of long-term equity investment more than RMB 100 million as the important associated enterprises for disclosure.

JVs and associated enterprises name	Principal business territory	Registration address	Business nature	Shareholding ratio (%)		Accounting treatment method for investment in JVs and associated enterprises
				Direct	Indirect	
I. JVs						
Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd. (“BNA”)	China	Shanghai	Manufacturing	50	-	Equity Method accounting
BAO-ISLAND ENTERPRISES LIMITED (“BAO-ISLAND”)	China	Hong Kong	Ship leasing	50	-	Equity Method accounting
Guangzhou JFE Steel Sheet Co., Ltd. (Guangzhou JFE)	China	Guangzhou	Production of iron and steel	-	50	Equity Method accounting
II. Associated enterprises						
Shanghai Baosteel & Arcelor Tailor Metal Co., Ltd. (“Welding Co.”)	China	Shanghai	Manufacturing	-	38	Equity Method accounting
Henan Pingbao Coal Industry Co., Ltd. (“Henan Pingbao”)	China	Xuchang	Mining	-	40	Equity Method accounting

(2) Main Financial Data of Important JVs

Unit: RMB 1,000

	Closing balance/Amount in the period			Opening balance/Amount in last period		
	BNA	Bao-Island Enterprise	Guangzhou JFE	BNA	Bao-Island Enterprise	Guangzhou JFE
Current assets	2,414,406	507,019	1,489,257	2,243,256	590,404	1,890,998
Including: Cash and cash equivalent	632,256	396,063	424,225	696,164	493,650	624,553
Non-current assets	2,194,287	1,138,126	4,261,117	2,055,162	1,129,506	4,426,619
Total assets	4,608,693	1,645,145	5,750,374	4,298,418	1,719,910	6,317,617
Current liabilities	1,121,043	217,607	2,035,460	953,788	232,546	2,232,890
Non-current liabilities	334	265,942	1,289,106	334	278,415	1,711,701
Total liabilities	1,121,377	483,549	3,324,566	954,122	510,961	3,944,591
Minority equity				-	-	-
Shareholders' equity attributable to the parent company	3,487,316	1,161,596	2,425,808	3,344,296	1,208,949	2,373,026
Net asset amount calculated by shareholding ratio	1,743,658	580,798	1,212,904	1,672,148	604,475	1,186,513
Adjusting events			289,080			303,242
Minority equity				-	-	-
Shareholders' equity				-	-	-

	Closing balance/Amount in the period			Opening balance/Amount in last period		
	BNA	Bao-Island Enterprise	Guangzhou JFE	BNA	Bao-Island Enterprise	Guangzhou JFE
attributable to the parent company						
Net asset amount calculated by shareholding ratio			289,080	-	-	303,242
Adjusting events	1,743,658	580,798	1,501,984	1,672,148	604,475	1,489,755
Minority equity						
Operating revenue	5,177,213	252,663	1,851,278	6,226,961	327,901	2,137,071
Financial expense	(4,674)	1,846	48,109	(7,342)	2,578	116,007
Income tax expense	41,736	263	-	20,017	529	-
Net profit	140,262	(46,286)	52,783	66,762	15,659	482
Net profit of discontinued operation	-	-	-			
Other comprehensive income	-	-	-			
Total comprehensive income	140,262	(46,286)	52,783	66,762	15,659	482
Dividend from associated enterprises in the year	-	-	-	-	-	-

(3) Main Financial Data of Important Associated Enterprises

Unit: RMB 1,000

	Closing balance/Amount in the period		Opening balance/Amount in last period	
	Henan Pingbao	Welding Co.	Henan Pingbao	Welding Co.
Current assets	38,506	545,804	63,546	533,103
Non-current assets	1,792,403	257,485	1,717,816	274,269
Total assets	1,830,909	803,289	1,781,362	807,372
Current liabilities	751,306	481,859	699,508	455,316
Non-current liabilities	50,000	4,788	92,000	4,788
Total liabilities	801,306	486,647	791,508	460,104
Minority equity	-	-	-	-
Shareholders' equity attributable to the parent company	1,029,603	316,642	989,854	347,268
Net asset amount calculated by shareholding ratio	411,841	120,324	395,941	131,962
Adjusting events				
--Goodwill				
--Unrealized profit through internal transactions				
--Others				
Book value of equity investment in associated enterprises	411,841	120,324	395,941	131,962
Fair value of equity investment in associated enterprises with public offerings				
Operating revenue	330,706	543,989	332,880	522,827
Net profit	38,122	36,479	66,634	35,003
Net profit of discontinued operation				
Other comprehensive income				
Total comprehensive income	38,122	36,479	66,634	35,003
Dividend from associated enterprises in the year	-	26,852	-	-

(4) Summary Financial Data of Non-important JVs and Associated Enterprises

Unit: RMB 1,000

	Closing balance/Amount in the period	Opening balance/Amount in last period
JVs:		
Total book value of investment	352,648	356,378
Total number of following items calculated based on shareholding proportions		
--Net profit	(3,631)	(1,458)
--Other comprehensive income		
-- Total comprehensive income	(3,631)	(1,458)
Associated enterprises:		
Total book value of investment	302,088	304,500
Total number of following items calculated based on shareholding proportions		
--Net profit	(642)	(835)
--Other comprehensive income		
-- Total comprehensive income	(642)	(835)

(5) Explanation about Major Restrictions on the Ability of Joint Venture or Associated Enterprise Transferring Funds to the Company:

When equity method is used for accounting, accounting policies between the Group and all joint ventures and associated companies of the Group have no significant difference, and there are no major restrictions on the investment realization of such long-term investment and repatriation of investment income.

VIII. Risks Associated with Financial Instruments

✓ Applicable □ Not applicable

The Group's major financial instruments include the monetary funds, financial asset at fair value through profit or loss, notes receivable, accounts receivable, interest receivable, dividends receivable, other receivables, redemptory monetary capital for sale, non-current assets due within a year, finance management products in other current assets, loan granted and advances, available-for-sale financial assets, long-term receivables, short-term loans, deposits from customers and interbank, notes payable, accounts payable, financial assets sold for repurchase, interests payable, dividends payable, other payables, non-current liabilities due within one year, long-term loans, bonds payable, etc. For details of all the financial instruments please see note (V). Risks associated with these financial instruments as well as risk management policy taken by the group for reducing these risks are as described below. The Group management conducts the management and monitoring of these risk exposure in order to ensure the above risks are controlled within the limited scope.

The Group conducts the analysis on the possible impact of the reasonable and possible change of risk variables upon the current profits and losses and shareholders' equity with the sensitivity analysis technique. Because any risk variables rarely change separately, and the correlation among variables will have a significant effect upon the eventual impact amount of a risk variable, the following content is given under the assumption that the change of each variable is independent.

1. Risk Management Objectives and Policies

The objective of the Group engaging in the risk management is to achieve the right balance between the risks and benefits, reduce the negative impact on the Group's business performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on the risk management objectives, the basic strategy of the Group's risk management is to determine and analyze all kinds of risks faced by the Group, set up the appropriate bottom line of risk exposure, conduct the risk management, and supervise various risks timely and reliably, controlling the risk within the limited scope.

1.1 Market Risk

Market risk refers to the change of fair value of financial instruments being sensitive to market risk caused by the change of foreign currency exchange rate (foreign exchange risk), market price (price risk), market interest rate (interest rate risk) or other factors. Such change is caused by the effect on the single financial instrument or issuer, or financial instruments of all transaction of the whole market.

1.1.1 Foreign Exchange Risk

Foreign exchange risk refers to the risk of losses arising from change in exchange rate. The foreign exchange risk borne by the Group is mainly associated with the business activities of the Group (when the income and expenses are settled with the foreign currency which is different from the recording currency of the Group).

The Group has the large-scale procurement demand for imported iron ore and needs to settle in US dollars, also income and expenses in US dollars have big deficit. For the dollar gap, the Company takes the most favorable RMB financing cost ratio obtained in the current period as the comparison basis, and makes the superior selection out of US dollar or RMB financing. Meanwhile, the Company closely follows the trend of exchange rate of RMB against US dollar, and conducts the dynamic assessment on the exchange rate risk of US dollar debts. Under the market environment that the two-way fluctuation of exchange rate of RMB against US dollar is aggravated and unilateral appreciation trend of RMB may change, the Company avoids the fluctuation risk of exchange rate by carrying out the supporting forward foreign exchange purchase business of US dollar financing.

Based on the control idea of interest rate controlling objective, comprehensive financing cost level within the duration of loan is determined at the beginning of the Company borrowing the loan, namely, consolidate the net profit or loss for the interest expense from US dollar financing and delivery profit and loss of supporting forward foreign exchange purchase transaction. Within the duration of loan, the business has no substantial effect upon the Group's operation, but there will be time impact due to the revaluation on exchange rate change at the end of different reporting periods.

1.1.2 Interest Rate Risk

Interest rate risk refers to the risk that fair value of financial instruments or future cash flow will fluctuate due to the change of market interest rate. The risk from the fluctuation of market interest rate faced by the Group is mainly associated with the liabilities with interest calculated by floating interest rate. The Group conducts the management of interest cost by maintaining proper fixed interest debt and variable rate debt portfolio.

Risk of the change of fair value of financial instruments caused by the change of interest rate is mainly associated with the available-for-sale bond investment.

The table below is the interest rate risk of financial instruments listed by the due date and actual interest rate:

Unit: RMB Yuan

	Available-for-sale financial assets on June 31, 2015	available-for-sale financial assets on December 31, 2014
Over 1 year	540,926,511.70	884,309,352.90
Actual rate (Annual interest rate)	3.41%-4.65%	5.65%-7.58%

Unit: RMB Yuan

	June 31, 2015				December 31, 2014			
	Lendings to Banks and Other Financial Institutions	Financial assets purchased under resale agreements	Loan granted	Long-term receivables (including within 1 year)	Lendings to Banks and Other Financial Institutions	Financial assets purchased under resale agreements	Loan granted	Long-term receivables (including within 1 year)
Within 1 year	-	-	-	4,500,000,000.00	-	-	-	4,500,000,000.00
Over 1 year	-	-	2,634,578,324.50	4,509,526,062.95	-	-	3,068,410,689.88	9,012,243,634.07
Total	-	-	2,634,578,324.50	9,009,526,062.95	-	-	3,068,410,689.88	13,512,243,634.07
Actual rate (Annual interest rate)	-	-	4.60%-7.92%	4.365%-5.04%	-	-	4.96%-10.89%	5.40%-6.65%

Unit: RMB Yuan

June 30, 2015									December 31, 2014							
Short-term financing debt	Borrowing	Borrowings from bank or other financial	Deposit taking	Bonds payable	Sales of repurchased	Accounts payable	Long-term payables (including		Short-term financing	Borrowing	Borrowings from bank or other	Deposit taking	Bonds payable	Sales of repurchased financial	Accounts payable	Long-term payables (including

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			institutions			financial assets		within 1 year)	debt		financial institutions			assets	e	within 1 year)
Within 1 year	-	37,134,17 3,540.81	-	8,901,874,026. 77		-	-	-	-	36,782,618,0 84.10	-	7,972,063,67 2.99	499,400,942.65	-	-	140,000,000. 00
Over 1 year	-	14,025,52 9,203.56	-	-	6,433,996,966.0 5	-	-	85,968,336.00	-	9,936,435,21 6.96	-	-	3,024,076,037.3 8	169,528,930.4 0	-	89,287,152.0 0
Total	-	51,159,70 2,744.37	-	8,901,874,026. 77	6,433,996,966.0 5	-	-	85,968,336.00	-	46,719,053.3 01.06	-	7,972,063,67 2.99	3,523,476,980.0 3	169,528,930.4 0	-	229,287,152. 00
Actual rate (Annual interest rate)	-	0.56%-6.2 2%	-	0.4550%-4.675 0%	1.920%-4.070%	-	-	-	-	0.56%-7.21 %	-	0.05%-4.675 0%	3.75%-5.11%	3.25%-3.5%	-	-

1.1.3 Other Price Risks

Investment of available-for-sale financial assets and trading financial assets held by the Group are measured at fair value on the balance sheet date. Therefore, the Group assumes the risk of the change of securities market. The Group holds various equity security portfolios to reduce the price risk of equity securities investment.

Equity instrument investment price risk

Equity instrument investment price risk refers to the risk that the fair value of the equity securities will fluctuate due to the change of stock index level and value of individual securities. On June 30, 2015, the Group was exposed to the equity instrument investment price risk caused by the individual equity instrument investment which is classified as trading equity instrument investment (Note V, 2) and available-for-sale equity instrument investment (Note V, 13). The listed equity instrument investment held by the Group is listed in Shanghai Stock Exchange and Shenzhen Stock Exchange, and is measured on the balance sheet date with quoted market price. Market stock index of following stock exchanges when the market closed on the trading day which is the most close to the balance sheet date this year, as well as their respective highest and the lowest closing price this year are as follows:

	2015 June 30	High/low 2015	2014 December 31	High/low 2014
Shanghai - SSE Composite Index	4,277	5,178/3,049	3,235	3,235/1,991
Shenzhen - SZSE Component Index	14,338	18,211/10,635	11,015	11,015/6,998

The table below reflects the sensibility of pre-tax profit and equity to each 5% of change of fair value of equity instruments (based on the book value on the balance sheet date) in the case of keeping all other variables same and before any taxation impact. In terms of sensitivity analysis, for available-for-sale equity instrument investment, such impact is deemed as the impact upon the change of fair value of available-for-sale equity instrument investment, regardless of factors affecting the impairment of the income statement.

Unit: RMB 1,000

First half year of 2015	Book amount of equity investment	Increase/decrease of pre-tax profit	Increase/decrease of capital reserve
Investment listed in the following stock exchange			
Shanghai - Available-for-sale investment	309,559	-	15,477.95
Shenzhen - Available-for-sale investment	404,401	-	20,220.05

Unit: RMB 1,000

2014	Book amount of equity investment	Increase/decrease of pre-tax profit	Increase/decrease of capital reserve
Investment listed in the following stock exchange			
Shanghai - Available-for-sale investment	263,757	-	13,187.85
Shenzhen - Available-for-sale investment	350,651	-	17,532.55

1.2 Credit Risk

Credit risk refers to the risk that brings financial loss to the party when the other party of financial instruments fails to perform its obligation. For fixed income investment, credit risk refers to the economic loss risk because the Group's debtor fails to pay the principal or interest when it is due. For equity investment, credit risk refers to the loss risk resulting from operation failure of the invested Group.

The Group's credit risk mainly comes from all kinds of receivables, as well as loans granted and advances. The Group controls the credit risk by conducting the transaction with the authorized and reputable third party. According to the policy of this Group, the Group shall conduct the credit check of all the customers who require conducting the transaction with the form of credit. In addition, the Group shall conduct the continuous monitoring on balances receivable in order to ensure that the Group will not face the significant risk of bad debts. In the relevant sales trade settlement, the way of picking up goods with full advances received or earnest money and loan is used for settlement. In settlement of relevant trade selling, the Group only conducts the credit assessment on a small number of strategic customers and then determines the credit line and period, and conducts the settlement through the bank acceptance as far as possible. In the settlement of relevant purchase trade, the way of cash on delivery or payment with letter of credit is used for settlement. The Group only gives certain advance payment to the project contractors, some equipment suppliers with long construction cycle and suppliers with shortage of resources through the credit line and period.

All the Group's loans granted and advances is the main business of Finance Co., the debtor is only limited to the member unit of Baosteel Group with good credit assessment, and credit risk is controlled in the appropriate level.

The credit risk of other financial assets and liabilities of the Group comes from the risk of the other party's breach of contract. In the absence of available guaranty or other credit enhancement, the Group's largest exposure to risk is equal to the book value of these financial instruments. The Group does not provide any other guarantee which may make the Group suffer from the credit risk. 25% of accounts receivable of the Group on June 30, 2015 is the account receivable of top five big customers.

1.3 Liquidity Risk

Liquidity risk refers to the risk that the enterprise suffers from the shortage of funds when performing the obligations associated with financial liabilities. The Group keeps the balance between financing persistence and flexibility with the trade financing, convertible bonds, medium-term notes, short - and long-term loans and other interest-bearing loans, and get the credit with full specified amount from major financial institutions to meet the short-term and long-term capital requirements. The Group conducts the real-time monitoring of short-term and long-term capital requirements to ensure and maintain enough cash reserves and negotiable securities for realization at any time. On June 30, 2015, the Group's current liabilities were RMB 8.837 billion more than total amount of current assets. The Group can take the bank loan as the capital source of the difference between current liabilities and current assets. On June 30, 2015, the Group's credit line having not been used was RMB 97.532 billion. Therefore, the Company management holds the opinion that there is no major liquidity risk.

IX. Disclosure of the Fair Value

☒ Applicable ☐ Not applicable

Fair value refers to the price received by the market participants through selling an asset or paid for transferring a liability in the orderly transaction occurring on the measurement date. Whether fair value is observable or is estimated by adopting the valuation technique, fair value measured and/or disclosed in the financial statements has been determined on this basis.

Fair value of financial assets and financial liabilities of the Group shall be determined in accordance with the following methods: fair value of financial assets and financial liabilities having standard terms and conditions and existing in the active market shall be determined by referring to the corresponding current bid and the current offer of active market; fair value of other financial assets and financial liabilities (excluding derivatives) shall be determined with the common pricing model based on the future cash flow discount method or determined according to the observable current market transaction price; and fair value of derivative instruments shall be determined with the public offer of active market. If there is no public offer, fair value of derivative tools without option shall be estimated and determined with the future cash flow discount method on the basis of the applicable yield curve, and fair value of derivatives with option shall be determined with the option pricing model (such as binomial model).

For financial assets and financial liabilities measured with the fair value, the Group shall divide the fair value of such financial instruments into three different levels according to the observable degree of input value of fair value and the importance of input value to overall fair value measurement. The details are as follows:

First level: Fair value measurement refers to the offer of same assets or liabilities achieved on the measurement date and without adjustment in the active market, mainly including listed and tradable equity instruments (stocks, funds), listed bonds in stock exchange, etc.;

Second level: Fair value measurement refers to the directly or indirectly observable input value of relevant assets or liabilities except for the input value of the first level, mainly including derivative financial instruments of curb exchange;

Third level: Fair value measurement refers to the non-observable value of relevant assets and liabilities.

1. Ending Fair Value of Assets or Liabilities Measured at Fair Value

Unit: RMB Yuan

Item	Ending fair value			
	Fair value measurement at first level	Fair value measurement at second level	Fair value measurement at third level	Total
I. Continuous fair value measurement				
(I) Financial asset measured at fair value through profit or loss	1,712,967,767.79	13,695,643.56	-	1,726,663,411.35
1. Trading financial assets	1,712,967,767.79	13,695,643.56	-	1,726,663,411.35
(1) Debt instruments investment	1,963,856.00	-	-	1,963,856.00
(2) Equity instruments investment	1,711,003,911.79	-	-	1,711,003,911.79
(3) Derivative financial assets	-	13,695,643.56	-	13,695,643.56
2. Financial asset measured at fair value through profit or loss				
(1) Debt instruments investment				
(2) Equity instruments investment				
(II) Available-for-sale financial assets	1,254,886,364.69			1,254,886,364.69
(1) Debt instruments investment	540,926,511.70	-	-	540,926,511.70
(2) Equity instruments investment	713,959,852.99	-	-	713,959,852.99
(3) Others				
(III) Investment real estate				
1. Land use right for rental				
2. Building for rental				
3. Land use right held and to be transferred after appreciation				
(IV) Biological assets				
Total assets measured at fair value continuously	2,967,854,132.48	13,695,643.56	-	2,981,549,776.04
(V) Trading financial liabilities				
Among them: issued trading bonds				
Derivative financial liabilities				
(VI) Financial liabilities measured at fair value through profit or loss		11,798,880.42	-	11,798,880.42
Total liabilities continuously measured at fair value		11,798,880.42	-	11,798,880.42
II. Non-sustainable fair value measurement				
(I) Assets held-for-trading				
Total assets discontinuously measured at fair value				
Total liabilities discontinuously measured at fair value				

2. Continuous Fair Value Measurement Item, Current Conversion between All Levels, Reason of Conversion and Policy for Determining Conversion Time Point

There was no transfer between the first level and second level in this year and the previous years.

The Group management thinks that the book value of the financial assets and financial liabilities measured by the amortized cost in the financial statement is close to the fair value of such assets and liabilities.

The equity instrument investment in the consolidated financial statement without active market quote has no public market price, the reasonable estimate of its fair value will lead to high cost; therefore the Group did not disclose its fair value.

X. Related Parties and Related Party Transactions

1. Particulars about the Parent Company of the Company

Name of parent company	Registration place	Nature of business	Registered capital	Shareholding ratio of parent company in the Company (%)	Voting right ratio of parent company in the Company (%)
Baosteel Group Corporation	Shanghai	Steel smelting and processing	52,791,100,998.89	79.71	79.71

The final controlling party of the Company is State-owned Assets Supervision and Administration Commission of the State Council.

2. Particulars about the Subsidiaries of the Group

For particulars about the subsidiaries of the Group, please see Note (VII).

3. Particulars about JVs and the Associated Enterprises of the Group

For the particulars about important JVs and the associated enterprises, please see Note (VII).

Other joint ventures or associated enterprises having related-party transaction with the Company in this current period or in the previous periods with balance formed are as follows.

☐ Applicable ☒ Not applicable

4. Particulars about the Other Related Parties

☒ Applicable ☐ Not applicable

Name of related party	Relationship of related party with the Company
Baosteel Resources (International) Co., Ltd. ("Baosteel Resources (International) and its subsidiaries")	Brother corporation
Baosteel Metal Co., Ltd. and its subsidiaries ("Baosteel Metal and its subsidiaries")	Brother corporation
Shanghai Baosteel Engineering & Technology Group Co., Ltd. and its subsidiaries ("Engineering & Technology Co. and its subsidiaries")	Brother corporation
Hwabao Trust Co., Ltd. ("Hwabao Trust")	Brother corporation
Hwabao Investment Co., Ltd. ("Hwabao Investment")	Brother corporation
Baosteel Group Baoshan Hotel ("Baoshan Hotel")	Brother corporation
Baoshan Development Co., Ltd. and its subsidiaries ("Baosteel Development" and its subsidiaries)	Brother corporation
Baosteel Group Shanghai Ergang Co., Ltd. and its subsidiaries ("Ergang Co., Ltd. and its subsidiaries")	Brother corporation
Baosteel Group Shanghai No. 1 Iron & Steel Co., Ltd. and its subsidiaries ("No. 1 Iron & Steel Co., Ltd. and its subsidiaries")	Brother corporation
Baosteel Group Shanghai Steel Pipe Co., Ltd. ("Steel Pipe Company")	Brother corporation
Baosteel Group Shanghai Meishan Co., Ltd. and its subsidiaries ("Meishan Company and its subsidiaries")	Brother corporation
Baosteel Group Shanghai Pudong Iron & Steel Co., Ltd. and its subsidiaries ("Pudong Steel and its subsidiaries")	Brother corporation
Baosteel Group Shanghai No. 5 Iron & Steel Co., Ltd. and its subsidiaries ("No. 5 Steel Company and its subsidiaries")	Brother corporation
Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd. and its subsidiaries ("Xinjiang Bayi and its subsidiaries")	Brother corporation
Baosteel Resources Co., Ltd. and its subsidiaries ("Baosteel Resources and its subsidiaries")	Brother corporation
Shanghai Iron & Steel Research Institute ("Iron & Steel Research Institute")	Brother corporation
Baosteel Desheng Stainless Steel Co., Ltd. ("Baosteel Desheng")	Brother corporation
Ningbo Iron & Steel Co., Ltd. ("Ningbo Steel")	Brother corporation
Guangdong Baosteel Properties Co., Ltd. ("Guangdong Properties")	Brother corporation

Name of related party	Relationship of related party with the Company
Guangdong Shaoguan Iron & Steel Group Co., Ltd. ("Guangdong Shaogang and its subsidiaries")	Brother corporation
Shanghai Baosteel Stainless Steel Co., Ltd. ("Shanghai Stainless")	Brother corporation
Baosteel Stainless Steel Co., Ltd. ("Baosteel Stainless")	Brother corporation
Baosteel Special Steel Co., Ltd. ("Baosteel Special Steel and its subsidiaries")	Brother corporation
Shanghai Baohua International Tendering Co., Ltd. ("Baohua Tendering")	Brother corporation
Beijing Huili Property Development Co., Ltd. ("Beijing Huili")	Brother corporation
Shanghai Baosteel Technical and Economic Development Co., Ltd. ("Technical & Economic and its subsidiaries")	Brother corporation
Baosteel (Australia) Mining Co., Ltd. ("Baosteel Australia Mining")	Brother corporation
Ningbo Baoxin Stainless Steel Co., Ltd. ("Ningbo Baoxin")	Brother corporation
Baosteel Group (Shanghai) Properties Co., Ltd. ("Baosteel Properties (Shanghai) ")	Brother corporation
Fujian Baosteel Properties Co., Ltd. ("Fujian Properties")	Brother corporation
Shanghai Baosteel (Changning) Properties Co., Ltd. ("Changning Properties")	Brother corporation
Ningbo Baosteel New Construction Materials Co., Ltd. ("Ningbo Construction Materials")	Brother corporation
Shanghai Baosteel Aeronautical Materials Co., Ltd. (Aeronautical Materials)	Brother corporation

Other notes

Other explanations

After Baosteel Group together with minority shareholder of the original Ningbo Steel Co., Ltd. increased the investment in Ningbo Steel Co., Ltd. in December 2014, Baosteel Group lost the control of Ningbo Steel, and both parties took December 31, 2014 as the base date of implementing new stock equity. Therefore, Ningbo Steel and its Company were the related party of the Company under the control of the same ultimate holding company before December 31, 2014, and had no any associated relationship with the Company on and after December 31, 2014.

5. Particulars about Related Party Transactions

(1) Related Party Transactions of Purchases and Sales of Commodities and Provisions and Acceptance of Labor Services

√Applicable □ Not applicable

Procurement of Commodities

Unit: RMB 1,000

Related party	Details of related party transaction	Amount in the period	Amount in last period
Xinjiang Bayi and its subsidiaries	Iron & steel products, etc.	420,811	578,137
Baosteel Development and its subsidiaries	Iron & steel products, auxiliary materials, etc.	553,501	602,934
Engineering & Technology Co. and its subsidiaries	Equipment, etc.	1,124,261	269,874
Baosteel Metal and its subsidiaries	auxiliary materials, etc.	177,724	35,686
Meishan Company and its subsidiaries	Raw materials, auxiliary materials, etc.	368,903	709,785
Baosteel Resources and its subsidiaries	Raw materials	1,706,038	2,183,720
Baosteel Resources (International) and its subsidiaries	Raw materials		132,226
Baosteel Stainless	Iron & steel products, etc.	5,529,333	6,842,582
Baosteel Special Steel and its subsidiaries	Iron & steel products	2,766,851	3,671,063
Baosteel Desheng	Iron & steel products	178,385	249,181
Ningbo Baoxin	Iron & steel products	2,907,944	3,138,379
Ningbo Steel and its subsidiaries	Iron & steel products		1,171,645
BNA	Iron & steel products, etc.	4,557,970	5,748,371
Guangzhou JFE	Iron & steel products, etc.	298,302	258,562
Others	Auxiliary materials, energy, etc.	19,923	13,695
Total		20,609,946	25,605,840

Acceptance of Labor Services

Unit: RMB 1,000

Related party	Details of related party transaction	Amount in the period	Amount in the same period last year
Baosteel Development and its subsidiaries	Comprehensive logistics, engineering, transportation, maintenance service, etc.	565,646	832,162
Engineering & Technology Co. and its subsidiaries	Engineering, maintenance, detection service, etc.	905,087	159,951
Meishan Company and its subsidiaries	Comprehensive logistics, engineering, transportation, maintenance service, etc.	443,640	447,953
Baosteel Resources and its subsidiaries	Comprehensive logistics, engineering, transportation, maintenance service, etc.	227,533	161,590
Bao-Island	Comprehensive logistics, engineering, transportation, maintenance service, etc.	44,195	153,923
BNA	Processing, etc.	102,109	127,026
Baosteel Group	Education, training, etc.	14,168	4,954
Baosteel Special Steel and its subsidiaries	Processing service, etc.	10,191	7,688
Others	Transportation service, etc.	26,957	5,144
Total		2,339,526	1,900,391

Sales

Unit: RMB 1,000

Related party	Details of related party transaction	Amount in the period	Amount in last period
Baosteel Group	Energy, auxiliary materials	3,556	4,148
Xinjiang Bayi and its subsidiaries	Auxiliary materials, etc.	242	58
Baosteel Development and its subsidiaries	Iron and steel products, auxiliary materials, energy, etc.	441,069	880,002
Engineering & Technology Co. and its subsidiaries	Iron and steel products, energy, auxiliary materials, etc.	123,672	122,529
Baosteel Metal and its subsidiaries	Iron and steel products, energy, etc.	440,527	716,565
Meishan Company and its subsidiaries	Iron and steel products, energy and auxiliary materials	1,062,754	1,227,615
Baosteel Resources and its subsidiaries	Raw materials	155,679	79,624
Baosteel Resources (International) and its subsidiaries	Raw materials	550,466	485,416
Baosteel Stainless	Raw materials, auxiliary materials, energy, etc.	825,540	912,363
Baosteel Special Steel and its subsidiaries	Raw materials, auxiliary materials, energy, etc.	1,057,281	1,155,490
Baosteel Desheng	Raw materials	5,138	705
Ningbo Baoxin and its subsidiaries	Iron and steel products, etc.	107,560	148,017
Ningbo Steel and its subsidiaries	Iron and steel products, etc.		6,179
Guangdong Shaogang and its subsidiaries	Raw materials, etc.	106,737	103,286
BNA	Iron and steel products, energy and auxiliary materials	4,253,636	5,367,871
Welding Co.	Iron and steel products, energy and auxiliary material	206,367	294,080
Tianjin BCM	Iron and steel products, energy and auxiliary material	56,998	75,368
Guangzhou JFE	Iron and steel products, energy and auxiliary material	178,954	391,050
Others	auxiliary materials, etc.	41,976	40,260
Total		9,618,152	12,010,626

Provision of Transportation and Technical Services, etc.

Unit: RMB 1,000

Related party	Details of related party transaction	Amount in the period	Amount in the same period last year
Baosteel Resources and its subsidiaries	Transportation and technical services, etc.	40,096	36,637
Engineering & Technology Co. and its subsidiaries	Technical services	27,170	45,979
Meishan Company and its subsidiaries	Transportation and technical services	24,729	21,290
Baosteel Special Steel and its subsidiaries	Processing, transportation and technical services	38,300	46,123

Related party	Details of related party transaction	Amount in the period	Amount in the same period last year
Baosteel Stainless	Transportation and technical services	40,753	67,309
Baosteel Development and its subsidiaries	Technical services	13,719	9,879
Baosteel Group	Technical services	9,916	18,545
Baosteel Resources (International) and its subsidiaries	Transportation services	91,797	-
Ningbo Steel	Technical services	-	14,812
Ningbo Baoxin	Technical services	8,882	7,008
Xinjiang Bayi and its subsidiaries	Technical services	21,445	23,494
Guangdong Shaogang and its subsidiaries	Transportation and technical services	1,609	11,747
BNA	Transportation and technical services	53,267	47,106
Others	Technical services	37,957	26,065
Total		409,640	375,994

(2) Related Commissioned Management/Contracting and Entrusted Management/Contract Awarding

√ Applicable □ Not applicable

The Company's entrusted management/contract awarding

Unit: RMB 1,000

Name of commissioning party	Name of commissioned party	Type of commissioned assets	Amount of commissioned management assets at the end of the reporting period	Amount of accumulative commissioned management assets at the end of the reporting period	Income achieved in this reporting period
Baoshan Iron & Steel	Hwabao Trust	Funds and trust financial management products	1,466,500	1,728,500	20,991

(3) Other Related Party Transactions

Unit: RMB 1,000

Category of related party transaction	Note	Amount in the period	Amount in the same period last year
Payment for land use rights and leasing of houses, vehicles and equipment	Note 1	235,059	161,036
Income from land use rights and leasing of houses and equipment	Note 1	24,622	26,096
Financial service revenues	Note 2	84,411	95,938
Financial service expenditures	Note 3	126,967	113,923

Note 1: Upon the establishment of the Company, a 20-year Lease Agreement was entered into by and between Baosteel Group and the Company, whereby Baosteel Group will rent out the plant land to the Company. In September 2001, Baosteel Group signed another 20-year Lease Agreement with the Company for the plant land under the phase-III assets acquisition project. In November 2002, Baosteel Group signed another 20-year Lease Agreement with the Company for the plant land of some newly-acquired assets under custody. In November 2010, due to the increase in the tenure tax, the Supplementary Agreement on Tenure Lease was signed by and between Baosteel Group and the Company, whereby the land-use fees of the Company have been increased.

The Group rents houses from Baosteel Group, Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd. and Baosteel Metal Co., Ltd., rents automobile from Baosteel Developing Co., Ltd. and its subsidiaries as well as Baosteel Metal Co., Ltd. and its subsidiaries, and rents equipment from Shanghai Baosteel Stainless Steel Trading Co., Ltd. Meanwhile, Baosteel Resources Limited and its subsidiaries, Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd. rent the house from the Group, Shanghai Meishan Iron & Steel Co., Ltd. rents land use right from the Group, and Baosteel Special Steel rents the equipment from the Group.

Note 2: The Group, through the Finance Co., a subsidiary of the Company, provides Baosteel Group and its subsidiaries with financial services (loans, discounting, entrusted loans, etc.), and as a result receives interest incomes from loans, discount interest incomes, entrusted loan handling charges, etc.

Note 3: The Group takes the deposits from Baosteel Group and its subsidiaries and pays them the interest thereon. The RMB deposit interest rates are subject to the interest rates specified by the People's Bank of China.

6. Accounts Receivable from and Payable to Related Parties

√ Applicable □ Not applicable

(1) Notes Receivable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Baosteel Special Steel and its subsidiaries	200,233	395,737
Baosteel Development and its subsidiaries	34,400	191,257
Meishan Company and its subsidiaries	78,447	128,833
Baosteel Metal and its subsidiaries	139,612	182,601
Engineering & Technology Co. and its subsidiaries	14,283	38,154
Tianjin BCM	-	11,000
Ningbo Baoxin and its subsidiaries	3,461	6,879
Xinjiang Bayi and its subsidiaries	4,300	2,950
Desheng Stainless Steel and its subsidiaries	1,350	240
Guangzhou JFE	3,349	142,047
Total	479,435	1,099,698

(2) Accounts Receivable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Meishan Company and its subsidiaries	1,041,909	432,160
Guangdong Shaogang and its subsidiaries	206,719	83,792
Baosteel Special Steel and its subsidiaries	570,222	423,065
BNA	102,833	259,298
Baosteel Stainless	245,472	161,633
Engineering & Technology Co. and its subsidiaries	115,426	144,680
Baosteel Resources (International) and its subsidiaries	129,140	129,742
Baosteel Metal and its subsidiaries	11,804	24,870
Baosteel Development" and its subsidiaries	69,536	35,873
Ningbo Baoxin and its subsidiaries	19,492	24,413
Baosteel Group	5,097	29,427
Baosteel Resources and its subsidiaries	198,481	6,287
Desheng Stainless Steel and its subsidiaries	9,025	12,449
Welding Co.	7,163	10,671
Xinjiang Bayi and its subsidiaries	12,108	12,453
Hwabao Trust	1,121	2,862
Guangzhou JFE	10,593	5,091
Others	7,583	5,759
Total	2,763,724	1,804,525

(3) Advances

Unit: RMB 1,000

Item	Closing balance	Opening balance
BNA	474,176	452,100
Baosteel Resources and its subsidiaries	161,188	138,176
Xinjiang Bayi and its subsidiaries	33,829	119,007
Guangdong Shaogang and its subsidiaries	124,339	88,321
Baosteel Stainless	29,713	36,454
Engineering & Technology Co. and its subsidiaries	64,688	88,931
Baosteel Metal and its subsidiaries	10,872	4,271
Baosteel Special Steel and its subsidiaries	12,187	828
Meishan Company and its subsidiaries	2,085	318
Welding Co.	-	8,785
Guangzhou JFE	13,780	26,220
Others	1528	13
Total	928,385	963,424

(4) Interest Receivable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Shanghai Stainless	60,007	313,111
Baosteel Special Steel	43,851	228,812
Total	103,858	541,923

(5) Other Accounts Receivable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Baosteel Stainless	52,901	49,647
Baosteel Development and its subsidiaries	5,672	6,656
Baosteel Special Steel and its subsidiaries	-	73
Welding Co.	1,044	1,327
Guangdong Shaogang and its subsidiaries	2,628	2,934
Meishan Company and its subsidiaries	2,276	3,056
Shandong Baohua	367	513
Xinjiang Bayi and its subsidiaries	242	381
Engineering & Technology Co. and its subsidiaries	646	131
Baosteel Group	-	7,421
Baohua International	2,108	4,230
Hwabao Trust	2,532	1,777
Others	654	468
Total	71,070	78,614

(6) Non-current Assets Due Within One Year

Unit: RMB 1,000

Item	Closing balance	Opening balance
Shanghai Stainless (Note)	2,600,000	2,600,000
Baosteel Special Steel (Note)	1,900,000	1,900,000
Total	4,500,000	4,500,000

Notes: Please see Note (V)10 and note 1 for non-current assets due within one year of Shanghai Stainless and Baosteel Special Steel.

(7) Loans and Advances to Customers

Unit: RMB 1,000

Item	Closing balance	Opening balance
Xinjiang Bayi and its subsidiaries	700,000	700,000
Baosteel Resources and its subsidiaries	222,050	409,616
Engineering & Technology Co. and its subsidiaries	42,500	72,157
Baosteel Metal and its subsidiaries	59,016	74,825
Welding Co.	80,000	90,000
Guangdong Shaogang and its subsidiaries	289,645	26,072
Total	1,393,211	1,372,670

(8) Long-term Accounts Receivable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Shanghai Stainless	5,200,000	5,200,000
Baosteel Special Steel	3,800,000	3,800,000
Engineering & Technology Co. and its subsidiaries	6,250	8,750
Total	9,006,250	9,008,750

Notes: Please see Note (V)15 for long-term accounts receivable of Shanghai Stainless and Baosteel Special Steel.

(9) Customer Deposits and Deposits from Banks and Other Financial Institutions

Unit: RMB 1,000

Related Party	Ending book balance	Beginning book balance
Baosteel Group	7,847,570	7,280,829
BNA	353,255	326,882
Hwabao Trust	405,397	50,394
Baosteel Development	123,578	138,128
Engineering & Technology Co. and its subsidiaries	1,255	53,643
Iron & Steel Research Institute	48,152	44,087
Baosteel Resources and its subsidiaries	7,369	3,711
Hwabao Investment	6	6
Baosteel Stainless Steel Co., Ltd.	31,793	1
Others	7,465	3,613
Total	8,825,840	7,901,294

(10) Notes Payable

Unit: RMB 1,000

Item	Closing balance	Opening balance
BNA	538,790	593,640
Meishan Company and its subsidiaries	1,224	3,948
Ningbo Baoxin and its subsidiaries	182,110	331,800
Baosteel Special Steel and its subsidiaries	139,094	160,279
Baosteel Stainless	100,376	104,302
Engineering & Technology Co. and its subsidiaries	17,248	138,752
Baosteel Development and its subsidiaries	54,756	89,717
Guangdong Shaogang and its subsidiaries	2,088	21,584
Baosteel Resources and its subsidiaries	361,425	414,900
Baosteel Metal and its subsidiaries	6,259	-
Total	1,403,370	1,858,922

(11) Accounts Payable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Baosteel Stainless	979,220	1,641,835
Baosteel Resources and its subsidiaries	661,236	191,912
Engineering & Technology Co. and its subsidiaries	721,559	502,948
Meishan Company and its subsidiaries	541,404	625,562
Baosteel Development and its subsidiaries	416,537	427,397
BNA	258,512	112,965
Ningbo Baoxin and its subsidiaries	499,201	628,960
Baosteel Group	122,849	6,390
Baosteel Special Steel and its subsidiaries	207,566	251,487
Shanghai Stainless	24,508	9,020
Welding Co.	10,458	18,756
Others	74,203	86,295
Total	4,517,253	4,503,527

(12) Advance Receipts

Unit: RMB 1,000

Item	Closing balance	Opening balance
Baosteel Metal and its subsidiaries	170,167	163,176
Baosteel Development and its subsidiaries	54,930	101,283
Engineering & Technology Co. and its subsidiaries	9,280	47,617
Guangzhou JFE	13,082	98,102
Meishan Company and its subsidiaries	98,455	86,918
Xinjiang Bayi and its subsidiaries	6,260	3,303
Tianjin BCM	7,085	24,872
Wuxi Baomit	8,308	10,523
Guangdong Shaogang and its subsidiaries	3,548	3,548
Ningbo Baoxin and its subsidiaries	4,676	4,208
Baosteel Special Steel and its subsidiaries	11,297	3,086
Ergang and its subsidiaries	200	200
Pudong Steel and its subsidiaries	153	153
Baosteel Stainless	-	48
Welding Co.	581	2,922
Others	4,356	2,473
Total	392,378	552,432

(13) Interest Payable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Baosteel Group	209,696	183,599
Iron & Steel Research Institute	1,124	432
Others	642	696
Total	211,462	184,727

(14) Other Accounts Payable

Unit: RMB 1,000

Item	Closing balance	Opening balance
Baosteel Group	5,515	5,561
Engineering & Technology Co. and its subsidiaries	2,010	2,309
Baosteel Resources and its subsidiaries	2,009	2,008
Baosteel Development and its subsidiaries	1,958	1,636
Baosteel Metal and its subsidiaries	2,344	1,586
Meishan Company and its subsidiaries	1,642	1,567
Baosteel Special Steel and its subsidiaries	200	195
No. 5 Steel Company and its subsidiaries	22	3
Others	1,005	646
Total	16,705	15,511

(15) Non-current Liabilities Due Within One Year

Unit: RMB 1,000

Item	Closing balance	Opening balance
Baosteel Group	-	1,500,000

XI. Payment for Shares**1. Overview of Payment for Shares**√Applicable ☐ Not applicable

At the 1st temporary general meeting of shareholders of 2014 held on May 20, 2014, A-Share Restricted Stock Ownership Incentive Scheme of Baoshan Iron & Steel Co., Ltd., the Phase-I Grant Program Under the A-Share Restricted Stock Ownership Incentive Scheme of Baoshan Iron & Steel Co., Ltd. and relevant proposals were reviewed and approved. At the 15th meeting of the 5th Board of Directors of the Company held on May 22, 2014, the Proposal for Determination of the Incentive Targets and Respective Grant Quantities of A-Share Restricted Stock Ownership Incentive Scheme and the Proposal for the Implementation of Phase I Program of the A-Share Restricted Stock Ownership Incentive Scheme were reviewed and approved.

According to the incentive object list and granting quantity authorized by the Board of Directors, the Company repurchased A ordinary share of the Company from Shanghai Stock Exchange through the open bidding for taking it as the source of the incentive object getting the restricted stock since May 23, 2014. According to the regulations of restricted stock plan, two years after the grant date of restricted stock is lock-up period. Within the lock-up period, the granted restricted stock of incentive object will be locked according to the plan and shall not be transferred. Three years after the next day upon the expiry of lock-up period are the unlocking period. In any year within the unlocking period, if the unlocking conditions of restricted stock are reached, incentive object can apply for unlocking and legal transfer of the restricted stock held through the plan at constant unlocking speed (i.e., unlock with the proportion of 1/3 of each year within the unlocking period). Restricted stocks which are not unlocked due to failing to reach the unlocking conditions of the year shall be repurchased by the Company with the granting price.

As of June 11, 2014, the stock repurchase for equity incentive plan has been completed. The Company repurchased 47,446,100 shares with RMB 187,734,750.08 of repurchase cost. These shall be included in the treasury stock.

According to the provisions of the first granting scheme, the number of incentive object under equity incentive plan to whom the Company grants the repurchased stock was 136, total number of shares was 47,446,100, granting price was RMB 1.91/share, and incentive objects paid RMB 90,622,051.00 for subscription of restricted stock. The Company conducted the confirmation of a liability in full regarding to the repurchase obligation of restricted stock and handled as acquired the treasury stock. As of June 24, 2014, 47,446,100 shares initially granted have changed from non-restricted outstanding shares to restricted outstanding shares, and all the transfer procedures of initial share grant have been completed.

On December 16, 2014, the Company repurchased with the granting price and canceled 434,400 shares and 264,500 shares of restricted stock having not reached the unlocking conditions and respectively held by Mr. Zhang Yong and Ms. Zhang Xiaobo who are the incentive object under the initial granting scheme of the restricted stock plan, with repurchase cost of RMB 1,334,899.00. A few days ago, 698,900 shares among the above restricted stock have been transferred to the special security account for repurchase opened by the Company, and have been canceled on December 16, 2014. Meanwhile, the Company has reduced capital stock and capital reserve by RMB 698,900 and RMB 635,999 respectively, and reduced treasury stock by RMB 1,334,899.

Within the reporting period, the Company did not have unlocking and new grant of restricted stock. According to the national policy and the relevant provisions of the Company's restricted stock, and the resolution of the 21st meeting of the fifth session of the Board of Directors held on March 27, 2015, the Company repurchased with the granting price and canceled 488,700 shares, 434,400 shares, 434,400 shares and 380,100 shares respectively that have not reached the unlocking conditions and held by Mr. Li Shiping, Mr. Fu Jianguo, Ms. Hu Yuliang and Ms. Jia Yiyun who are the incentive object of the initial granting scheme of the restricted stock plan, with repurchase cost of RMB 3,318,816.00, and 1,733,600 shares of restricted stock that have not reached the unlocking conditions have been canceled on May 28, 2015. Meanwhile, the Company has reduced capital stock and capital reserve by RMB 1,733,600 and RMB 1,581,216 respectively, and reduced treasury stock by RMB 3,318,816.00.

Specific information on adjustment of above incentive object of restricted stock plan has been disclosed, and for details please visit the website of Shanghai Stock Exchange, <http://www.sse.com.cn>

2. Stock Payment Measured at Equity

√Applicable ☐ Not applicable

Unit: RMB Yuan

Determination method of fair value of equity instruments on grant date	Based on performance conditions estimate of each unlocking period as stipulated in the restricted stock plan
Basis of determining the number of investing equity instruments	Based on unlocking conditions of each unlocking period as stipulated in the restricted stock plan
Reason for significant difference of estimate between current period and prior period	74,816,173.55
Aggregate amount of equity-settled share-based payment included in capital reserves	29,746,002.91
Total expenses recognized by equity-settled share-based payment in current period	29,746,002.91

3. Method for Determination of Fair Value of Equity Instruments at the Grant Date

For any equity instrument granted by the Group, the fair value at the grant date is calculated and determined using the "Black Scholes Option Pricing Model" based on the market value of the Company's stock at the grant date, as well as estimated in combination with conditions and terms of stock option. Parameters selected for the model are as follows:

Estimated share price fluctuation rate (%)	18.3-22.9
Risk-free interest rate (%)	2.7-2.9
Estimated waiting period (year)	2-5
Share price at grant date (RMB/share)	3.86

The fluctuation ratio is the historical stock price fluctuation ratio of the Company, and estimated unlocking period is a forecast according to the annual transfer rate of the shares held by the incentive object, but probably is not the actual result.

Fair value of the restricted stock on grant date is shown in the table below:

Restricted stock which can be unlocked within 1 year after the expiry of lock-up period	RMB 3.59/share
Restricted stock which can be unlocked within 2 year after the expiry of lock-up period	RMB 3.51/share
Restricted stock which can be unlocked within 3 year after the expiry of lock-up period	RMB 3.36/share

XII. Commitments and Contingencies**1. Important Commitments**√Applicable ☐ Not applicable

Important commitments with the nature and amount on the date of balance sheet

(1) Capital Commitments

Unit: RMB 1,000

Item	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognized in the financial statements:		
Contracted but not provided	16,128,646	13,659,100
Approved by the Board but not contracted	1,740,520	2,187,821
Total	17,869,166	15,846,921

(2) Operating Lease Commitments

As of the balance sheet date, the non-cancellable operating leases signed by the Group with external parties are listed as follows:

Unit: RMB 1,000

Item	Closing balance	Opening balance
Minimum lease payment for irrevocable operating lease:		
1st year after the balance sheet date	388,133	406,128
2nd year after the balance sheet date	373,236	385,091
3rd year after the balance sheet date	362,758	376,390
Subsequent years	658,035	1,010,217
Total	1,782,162	2,177,826

2. Contingencies☐ Applicable √Not applicable

The group had no contingencies necessary for disclosure as of the balance sheet date.

XIII. Events after the Balance Sheet Date**1. Significant non-adjusting events**☐ Applicable √Not applicable**3. Profit Distribution**☐ Applicable √Not applicable**4. Sales Return**☐ Applicable √Not applicable**5. Notes to Other Events after Balance Sheet Date**

None

XIV. Other Significant Events**1. Previous Accounting Error Correction**☐ Applicable √Not applicable

2. Debt Restructuring☐Applicable ☒Not applicable**3. Asset Replacement**☐Applicable ☒Not applicable**4. Annuity Plan**☒Applicable ☐Not applicable

In accordance with the Reply to Trial Implementation of Enterprise Annuity System by Baosteel Group (GZFP [2008] No. 1268) issued by the State-owned Assets Supervision and Administration Commission of the State Council and the Notification on Clarifying Relevant Issues on Ratio of Enterprise Annuity Payment Made by Enterprise issued by the HR Dept. of Baosteel Group, since January 1, 2008, the Company has implemented the enterprise annuity plan. Wherein, the portions paid by enterprises shall be accrued by 4% of the base of payment made by employees in person (wage incomes in the previous year subject to capping and minimum guarantee); the portions paid by employees in person shall be paid by 1%-7% of the base of payment made by employees in person and for the account of employees in person. Since 2009, Hwabao Trust Co., Ltd., a subsidiary of Baosteel Group, has been authorized to conduct management for the aforesaid enterprises annuities.

5. Discontinued Operations☐Applicable ☒Not applicable**6. Segments**☒Applicable ☐Not applicable**(1) Determination Basis and Accounting Policy of Reporting Segments**

According to the internal organizational structure, management requirement and internal reporting system of the Group, the operating business is classified into six operating segments, whose operating results are regularly evaluated by the management of the Group to determine the allocated resources and business performance. Six reporting segments are determined on the basis of operating segments, including the iron & steel manufacturing segment, processing and distribution segment, IT segment, e-commerce segment, chemical segment and financial segment. The day-to-day activities of Finance Co. are of a financial nature, so the operating revenue of each segment includes investment incomes of the Finance Co. These reporting segments are determined based on the business structure of the Group.

Operating segments include the following subsidiaries

- (1) Iron & steel manufacturing subsidiaries: the Company, Meishan Steel, Lubao Steel Tube, Huangshi Coating & Galvanizing, Yantai Lubao Steel Tube, Baosteel Nantong Steel, Baoma Steel Pipe, Poly Pipe, Zhanjiang Steel and so on;
- (2) Iron & steel sales trading subsidiaries: Baosteel International, Baosteel America, Baosteel Europe, Baosteel Singapore, Howa Trading, Bao-Island Enterprises, Baosteel Brazil Trading, BGM and other trading subsidiaries;
- (3) IT: Baosight Software;
- (4) E-commerce: Ouyeel, B-chem;
- (5) Chemical: Baosteel Chemical;
- (6) Finance: Finance Co.

For the disclosure of the operating information of the Group, the revenues shall be disclosed by the regions where the customers are located; the assets shall be disclosed by the regions where assets are located.

The operating profit of each segment does not include financial costs, assets impairment losses, changes in fair value recognized in profit or loss, and investment incomes (other than the Finance Co.) incurred by each segment. The assets of each segment do not include deferred income tax assets. The liabilities of each segment do not include short-term borrowings, non-current liabilities due in one year, long-term borrowings, long-term accounts payable, bonds payable and deferred income tax liabilities.

The information contained in the segmental report shall be disclosed according to the accounting policies and measuring criterion with which each segment reports to the management. The measuring basis remains identical with the accounting and measuring basis for the compilation of the financial statements.

The sales to individual customer of the Group has not accounted for more than 10% of the total revenue.

(2) Financial Information of Reporting Segments

Unit: RMB 1,000

Item	Iron and steel manufacture	Iron and steel sales	Information technology	E-commerce	Chemical	Finance	Inter-segment offset	Total
Operating revenues								
Revenues from transactions with external parties	9,845,027	61,194,179	1,031,347	7,280,135	1,416,913	238,548	-	81,006,149
Revenues from inter-segment transactions	41,591,779	11,613,030	577,685	426,016	2,477,646	83,418	56,769,574	-
Total operating revenue of segments	51,436,806	72,807,209	1,609,032	7,706,151	3,894,559	321,966	56,769,574	81,006,149
Operating expenses	48,540,342	71,399,004	1,485,887	7,765,392	3,790,735	190,660	56,764,560	76,407,460
Operating profit	2,896,464	1,408,205	123,145	(59,241)	103,824	131,306	5,014	4,598,689
Total assets of segments	198,593,143	65,314,261	5,255,543	2,099,794	5,701,303	14,593,029	60,223,137	231,333,936
Total liabilities of segments	47,114,151	24,613,381	2,549,023	665,737	1,457,108	12,659,428	38,252,275	50,806,553
Supplementary information:	-	-	-	-	-	-	-	-
	4,825,316	280,358	51,333	16,423	178,310	4,021	-	5,355,761
Depreciation and amortization expenses	(33,964)	91,218	1,110	25	(14,693)	34,928	(11,880)	90,504
Losses on impairment recognized for the current period	10,784,852	398,491	248,468	51,407	195,925	262	(8,240)	11,687,645

(3) Revenues from Transactions with External Parties Divided by Sources of Revenues and Non-current Assets Divided by Places of Assets:

Unit: RMB 1,000

Item	Amount in the period	Amount in the same period last year
Revenues from transactions with external parties in China	71,423,485	86,514,496
Revenues from transactions with external parties outside China	9,582,664	11,309,178
Total	81,006,149	97,823,674

Unit: RMB 1,000

Item	Closing balance	Opening balance
Non-current assets located in China	153,858,838	152,880,035
Non-current assets located outside China	1,451,353	1,386,476
Total	155,310,191	154,266,511

Note: The non-current assets belong to the areas where they are located, excluding financial assets and deferred income tax assets.

Revenues from transactions with external parties include:

Unit: RMB 1,000

Item	Amount in the period	Amount in the same period last year
Investment incomes of the Finance Company	62,495	31,063

Items not included in segment-specific operating profits, assets and liabilities are presented as follows:

Segment-specific operating profits do not include:

Unit: RMB 1,000

Item	Amount in the period	Amount in the same period last year
Financial costs	444,272	545,988
Losses from assets impairment/(write-back)	90,505	(53,729)
Losses/gains on variation in fair values	(2,214)	19,268
Investment incomes (other than the Finance Company)	(368,283)	(186,767)
Total	164,280	324,760

Segment-specific assets do not include:

Unit: RMB 1,000

Item	Closing balance	Opening balance
Deferred income tax assets	1,680,101	1,826,404

Segment-specific liabilities do not include:

Unit: RMB 1,000

Item	Closing balance	Opening balance
Short-term borrowings	32,923,059	31,480,012
Non-current liabilities due within one year	4,301,114	7,442,007
Other current liabilities	14,025,529	9,936,435
Long-term borrowings	85,968	89,287
Bonds payable	6,433,997	3,024,076
Deferred income tax liabilities	423,627	423,067
Total	58,193,295	52,394,884

XV. Notes to Main Items of the Financial Statement of the Parent Company

1. Accounts Receivable

(1) Accounts Receivable Disclosed by Category:

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book Value	Book balance		Bad-debt provision		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other accounts receivable with significant single amount and individual bad debt provision	11,070,970,653.37	82	-	-	11,070,970,653.37	8,308,485,834.93	85	-	-	8,308,485,834.93
Other accounts receivable with bad debt provision according to credit risk characteristics combination	2,502,032,283.83	18	8,941,416.97	0	2,493,090,866.86	1,403,267,679.87	15	17,793,013.14	1	1,385,474,666.73
Receivables with bad-debt provisions made individually in spite of insignificant single amounts	21,238,727.56	0	21,238,727.56	100	-	23,162,368.18	-	21,250,890.94	92	1,911,477.24
Total	13,594,241,664.76	/	30,180,144.53	/	13,564,061,520.23	9,734,915,882.98	/	39,043,904.08	/	9,695,871,978.90

Bad-debt provisions for EOP accounts receivable with significant single amounts or those for which independent impairment tests already performed in spite of their insignificant single amounts:

√Applicable ☐ Not applicable

Unit: RMB Yuan

Accounts receivables (By unit)	Closing balance			
	Accounts receivables	Bad-debt provisions	Provision proportion (%)	Cause
Large-amount receivables	11,070,970,653.37	-	-	Note 1
Receivables with relatively long age	21,238,727.56	21,238,727.56	100	Note 2
Total	11,092,209,380.93	21,238,727.56	/	/

Bad-debt provisions for EOY accounts receivable with significant single amounts or those for which independent impairment tests already performed in spite of their insignificant single amounts:

Unit: RMB Yuan

Accounts receivables (By unit)	Opening balance			
	Accounts receivables	Bad-debt provisions	Provision proportion (%)	Cause
Large-amount receivables	8,308,485,834.93	-	-	Note 1
Receivables with relatively long age	23,162,368.18	21,250,890.94	92	Note 2
Total	8,331,648,203.11	21,250,890.94		

Note 1: There is no major problem in making collections within a year of account age, and large receivables are all from related parties. According to Company's provision policy of bad-debt provision, bad-debt provision will not be made.

Note 2: Account age is long and possibility of recovery is small, so receivables with long account age other than those with the related parties shall make bad-debt provision in full.

In the combination, receivables using account age analysis method for Bad-debt provision:

√Applicable ☐ Not applicable

Unit: RMB Yuan

Account age	Closing balance		
	Accounts receivables	Bad-debt provisions	Provision proportion (%)
Subtotal of within 1 year	1,795,504,062.97	8,207,281.36	1
1-2 years	427,301,372.74	60,476.68	0
2-3 years	200,816,480.63	673,658.93	0
3 years or more	78,410,367.49	-	0
Total	2,502,032,283.83	8,941,416.97	0

Unit: RMB Yuan

Account age	Opening balance		
	Accounts receivables	Bad-debt provisions	Provision proportion (%)
Within 1 year	1,295,509,884.21	17,201,795.00	1
1-2 years	106,909,833.41	82,440.79	0
2-3 years	847,962.25	508,777.35	60
Total	1,403,267,679.87	17,793,013.14	1

(2) Bad Debts Reserves Provisioned, Recovered or Transferred back in Current Period:

Bad-debt provision in the current period was RMB 98,938.17; and bad-debt provision recovered or transferred back was RMB 8,962,697.72.

Significant bad-debt provision recovered or transferred back in current period:

☐ Applicable ☒ Not applicable

(3) Particulars about the accounts receivable, in this reporting period, due from the shareholders each holding shares representing 5% or more of voting rights of the Company

Unit: RMB Yuan

Name of Entity	Closing balance		Opening balance	
	Amount	Amount of bad-debt provision	Amount	Amount of bad-debt provision
Baosteel Group	227,557.30	-	24,996,018.50	-

(4) Accounts Receivable with Top Five Closing Balance Collected according to the Debtor:

On June 30, 2015, total amounts receivable of top five units was RMB 11,070,970,653.37, accounting for 81% of the total amount of receivables.

(5) Accounts Receivable under Derecognition due to the Transfer of Financial Assets:

There was no accounts receivable under derecognition due to the transfer of financial assets in the current reporting period.

(6) Amount of Assets and Liabilities Formed by Transfer of Accounts Receivable and Continuous Involvement:

There was no amount of assets and liabilities formed by transfer of accounts receivable and continuous involvement in the current reporting period.

2. Other Accounts Receivable

(1) Other Accounts Receivable Disclosed by Category:

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book Value	Book balance		Bad-debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision Proportion (%)		Amount	Proportion (%)	Amount	Provision Proportion (%)	
Other accounts receivable with significant single amount and individual bad debt provision	249,271,939.01	89	-	-	249,271,939.01	220,132,348.21	87	-	-	220,132,348.21
Other accounts receivable with bad debt provision according to credit risk characteristics combination	30,646,357.09	11	4,112,230.50	13	26,534,126.59	34,332,552.71	13	3,893,418.53	11	30,439,134.18
Receivables with bad-debt provisions made individually in spite of insignificant single amounts	2,400.00	0	2,400.00	100	-	-	-	-	-	-
Total	279,920,696.10	/	4,114,630.50	/	275,806,065.60	254,464,900.92	/	3,893,418.53	/	250,571,482.39

Bad-debt provision for other EOP accounts receivable with significant single amounts or those for which independent impairment tests are performed in spite of insignificant single amounts:

√Applicable □ Not applicable

Unit: RMB Yuan

Accounts receivables (By unit)	Closing balance			
	Other accounts receivables	Bad debt provision	Provision proportion	Cause
Other large-amount receivables	249,271,939.01	-	-	Note 1
Total	249,271,939.01	-	/	/

Note 1: Such large other receivables are advances for project and purchase input VAT of related transaction. The recovery risk is very low, so the Company will not make bad-debt provision.

In combination, other receivables using account age analysis method for bad-debt provision:

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Account age	Closing balance		
	Other accounts receivables	Bad-debt provisions	Provision proportion (%)
Subtotal of within 1 year	16,690,414.66	326,752.44	2
1-2 years	6,187,691.79	296,214.88	5
2-3 years	7,768,250.64	3,489,263.18	45
Total	30,646,357.09	4,112,230.50	13

(2) Bad Debts Reserves Provisioned, Recovered or Transferred back in Current Period:

Bad-debt provision in the current period was RMB 403,844.12; and bad-debt provision recovered or transferred back was RMB 182,632.15.

Significant bad-debt provision recovered or transferred back in current period:

☐ Applicable ☒ Not applicable

(3) Particulars about the accounts receivable, in this reporting period, due from the shareholders each holding shares representing 5% or more of voting rights of the Company

Unit: RMB Yuan

Entity Name	Closing balance		Opening balance	
	Amount	Bad-debt provisions	Amount	Bad-debt provisions
Baosteel Group	-	-	7,391,193.71	-

(4) Other Receivables with Top Five Closing Balance Collected according to the Debtor:

On June 30, 2015, total amount of top five units of amounts receivable of the Company was RMB 249,271,939.01, accounting for 89% of the total amount of receivables.

3. Long-term Equity Investment

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	43,097,058,393.52	-	43,097,058,393.52	42,939,966,924.17	-	42,939,966,924.17
Investment in JV and associated enterprises	2,324,455,946.52	-	2,324,455,946.52	2,276,622,402.13	-	2,276,622,402.13
Total	45,421,514,340.04	-	45,421,514,340.04	45,216,589,326.30	-	45,216,589,326.30

(1) Investment in Subsidiaries

√Applicable □Not applicable

Unit: RMB Yuan

Investee	Opening balance	Current increase	Current decrease	Closing balance	Current provision for impairment	Closing balance for provision for impairment
Lubao Steel Tube	872,484,905.16	-	-	872,484,905.16	-	-
Huangshi Coating & Galvanizing	175,658,477.39	-	-	175,658,477.39	-	-
Baosteel International	6,013,886,552.67	-	-	6,013,886,552.67	-	-
Meishan Steel	8,938,982,988.14	-	-	8,938,982,988.14	-	-
Baosight Software	636,414,347.08	-	-	636,414,347.08	-	-
Baosteel America	187,562,180.98	-	-	187,562,180.98	-	-
Howa Trading	221,975,780.12	-	-	221,975,780.12	-	-
Baosteel Europe	328,631,981.58	-	-	328,631,981.58	-	-
Baosteel Singapore	154,883,364.09	-	-	154,883,364.09	-	-
Bao-Trans Enterprises	370,550,495.27	-	-	370,550,495.27	-	-
Baosteel Chemical	3,006,227,819.74	-	-	3,006,227,819.74	-	-
Finance Co.	568,270,003.65	-	-	568,270,003.65	-	-
Zhanjiang Steel	17,262,206,889.41	-	-	17,262,206,889.41	-	-
Yantai Lubao Steel Tube	3,200,000,000.00	-	-	3,200,000,000.00	-	-
Baosteel Nantong Steel	948,520,310.51	-	-	948,520,310.51	-	-
Baoma Steel Pipe	36,673,650.00	-	-	36,673,650.00	-	-
Baosteel Brazil Trading (Note 1)	728,647.73	-	-	728,647.73	-	-
Baosteel E-commerce Co., Ltd (Note 2)	16,308,530.65	-	16,308,530.65	-	-	-
Ouyeel Commerce Co., Ltd (Note 2)	-	173,400,000.00	-	173,400,000.00	-	-
Total	42,939,966,924.17	173,400,000.00	16,308,530.65	43,097,058,393.52	-	-

Note 1: The Company indirectly holds 73.04% of stock equity of Baosteel Brazil Trading, so the Company takes it as a subsidiary and conducts the accounting with cost method in the long-term equity investment.

Note 2: The Company establishes Ouyeel Commerce Co., Ltd. with 17% of stock equity of Bsteel Online Co., Ltd. as the investment, directly holding 8.67% of stock equity. The Company's wholly-owned subsidiary Baosteel International establishes Ouyeel Commerce Co., Ltd. with 83% of stock equity of Bsteel Online Co., Ltd. as the investment, holding 42.33% of stock equity. The Company directly and indirectly holds 51% of stock equity of Ouyeel Commerce Co., Ltd., so the Company takes it as a subsidiary and conducts the accounting with cost method in the long-term equity investment.

(2) Investment in JV and Associated Enterprises√Applicable ☐Not applicable

Unit: RMB Yuan

Investor	Opening balance	Current change								Closing balance	Closing balance of impairment provision
		Added investment	Reduced investment	Investment gains and losses confirmed under the Equity Method	Other comprehensive income adjustment	Other equity change	dividend or profit declared to issue	Provision for depreciation	Others		
I.JV											
BNA	1,672,147,808.63	-	-	70,130,995.45		1,379,028.84	-	-	-	1,743,657,832.92	-
Bao-Island	604,474,593.50	-	-	(23,143,032.80)	(533,447.10)		-	-	-	580,798,113.60	-
Subtotal	2,276,622,402.13	-	-	46,987,962.65	(533,447.10)	1,379,028.84	-	-	-	2,324,455,946.52	-
II.Associated Enterprises											
Total	2,276,622,402.13	-	-	46,987,962.65	(533,447.10)	1,379,028.84	-	-	-	2,324,455,946.52	-

4. Operating Revenues and Operating Costs

Unit: RMB Yuan

Item	Amount in the period		Amount in last period	
	Revenues	Costs	Revenues	Costs
Primary operating revenues	46,153,469,127.53	40,241,416,896.77	56,567,379,092.66	50,771,453,323.32
Other operating revenues	126,841,239.43	276,480,276.94	103,414,523.89	77,521,850.75
Total	46,280,310,366.96	40,517,897,173.71	56,670,793,616.55	50,848,975,174.07

5. Investment Income

√Applicable □ Not applicable

Unit: RMB Yuan

Item	Amount in the period	Amount in last period
Long-term equity investment incomes calculated using the cost method	54,568,841.13	93,919,236.56
Long-term equity investment incomes calculated using the equity method	46,987,962.65	41,233,460.63
Incomes from held-to-maturity investments	67,247,564.47	6,847,376.72
Incomes from financial assets available-for-sale	54,682,861.82	124,105,824.45
Incomes/(losses) from disposal of derivative financial instruments	(76,736,435.55)	(27,249,026.67)
Total	146,750,794.52	238,856,871.69

6. Bank Lines of Credit

Up to June 30, 2015, the bank lines of credit not used had amounted to RMB 78.553 billion. In the opinion of the management of the Company, in view of the cash flows arising from the bank lines of credit and operating activities, the Company will have sufficient funds in the next year to pay various current liabilities at maturity.

7. Supplements to Cash Flow statement

Unit: RMB Yuan

Supplementary data	Amount in the period	Amount in the same period last year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,476,312,714.79	2,705,656,837.13
Add: Provision for impairment losses of assets	(74,343,047.05)	(192,903,366.71)
Depreciation of fixed assets and investment property	3,484,365,643.31	3,412,071,724.56
Amortization of intangible assets	41,072,239.68	33,159,212.68
Amortization of long-term deferred expenses	12,978,541.92	5,042,416.94
Losses on disposal of fixed, intangible and other long-term assets (with "-"for gains)	307,906,302.94	59,684,609.80
Losses on the changes in fair value (with "-"for gains)	17,901,082.57	31,691,511.37
Financial expenses (with "-"for gains)	(106,492,476.19)	(90,213,987.44)
Investment losses (with "-"for gains)	(146,750,794.52)	(238,856,871.69)
Decrease in deferred tax assets (with "-"for increase)	92,240,073.05	47,523,841.33
Increase in deferred tax liabilities (with "-" for decrease)	(1,525,550.54)	-
Decrease in inventory (with "-"for increase)	1,920,197,286.97	2,508,290,000.29
Decrease in receivables from operating activities (with "-"for increase)	(3,153,286,123.70)	(3,015,209,861.17)
Increase in payables for operating activities (with "-"for decrease)	1,157,192,553.05	7,279,564,476.21
Net cash flow from operating activities	6,027,768,446.28	12,545,500,543.30
2. Net changes in cash and cash equivalents:		
EOP balance of cash	7,534,528,629.40	12,554,570,134.54
Less: BOY balance of cash	6,283,129,815.02	6,290,586,489.64
Add: EOP balance of cash equivalents	-	-
Less: BOY balance of cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	1,251,398,814.38	6,263,983,644.90

XVI. Supplements**1. List of Non-current Profits and Losses**

Unit: RMB million

Item	Amount	Notes
Profits and losses on disposal of non-current assets	(330.55)	
Government subsidies recognized in profits or losses of current period (excluding government subsidies closely related to corporate operations, or granted on a quota or quantitative basis in accordance with the uniform criteria of the government)	295.90	
Profits and losses from changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, as well as investment revenue from disposal of held-for-trading financial assets and held-for-trading financial liabilities, available-for-sale financial assets, in addition to the effective hedging	96.94	

operations related to the normal operating business of the Company		
Other non-operating incomes and expenditures than various items mentioned above	5.55	
Effect of income tax	(16.96)	
Effect of minority interests	(19.91)	
Total	30.97	

2. Return on Net Assets and EPS

Profits in the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profits attributable to ordinary shareholders of the Company	2.76	0.19	0.19
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	2.74	0.19	0.19

Section X. Directory of Documents Available for Reference

Directory of Documents Available for Reference	Financial statement bearing the signature and seal of legal representative, person responsible for accounting work and person in charge of accounting department
Directory of Documents Available for Reference	The original copies of all documents and manuscripts of announcements disclosed on the newspaper specified by China Securities Regulatory Commission in the reporting period

Chairman: Chen Derong

Submission date approved by Board of Directors: August 24, 2015