

2015

**BAOSTEEL**  
GUIDEBOOK

**2015**  
**Baosteel**  
**Guidebook**

**Baosteel Group Corporation**

## **From the Editors**

To let people from all circles, including partners of Baosteel, users, related sectors, and internal staff of Baosteel, understand the basic situation of Baosteel in a comprehensive and accurate manner, Baosteel has decided to edit and publish Baosteel Guidebook each year from 2010.

Baosteel Guidebook 2015 is a compilation of the basic information about Baosteel Group Corporation (abbreviated to Baosteel) in 2014. All data have been provided by the related departments of Baosteel and have been reviewed and approved by department heads. (The cut-off time for submission of materials was December 2014).

Editors

**June 2015**

Baosteel Group Corporation

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## Corporate Operation



# Corporate Operation

## Profile of the Enterprise

Baosteel Group Corporation (also referred to as Baosteel, Baosteel Group for short) is one of the super-scale iron and steel complexes with the highest level of modernization and the most complete varieties of steel in the world. With a registered capital of RMB 51.083 billion, it is a wholly state-owned enterprise (the State-owned Assets Supervision and Administration Commission performs the functions of investors on behalf of the State Council). Its scope of business covers: operation of the state-owned assets within the scope authorized by the State Council and development of related investment business; iron & steel; metallurgical mineral resources, chemicals (excluding dangerous materials), electric power, port construction, warehousing, transportation, and other commercial activities related with iron & steel; technological development, technology transfer, technical services, technical management consultancy; import and export practices approved by the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), domestic and foreign trade (excluding special provisions) and its service, etc. Baosteel Group is headquartered at 370 Pudian Road, Pudong New Area, Shanghai.

Baosteel (called Shanghai Baoshan General Iron & Steel Works before 1993) was established initially on December 23, 1978. It is a super-scale modern steel complex invested and constructed by the state. Occupying a land area of 18.98 square kilometers and being approximately 26 kilometers away from the city's center, the People's Square, the main factory of Baosteel is located in the northern part of Shanghai along the Yangtze River. On September 15, 1985, Baosteel's first-phase project with an annual output capacity of 3 million tons of steel was successfully put into production, which was the first of its kind that had been introduced in a complete-set manner in the history of P.R.C. In June 1991, Baosteel's first- and second-phase projects, with a

designed annual output capacity of 6.71 million tons of steel, were totally completed. The third-phase project constructed using the capital raised by the enterprise itself was completed in 2000, which enabled Baosteel to become one of the few super-large modern iron & steel enterprises with a production capacity of over ten-million tons in the world.

On November 17, 1998, with the approval of the State Council, Baoshan Iron & Steel (Group) Corporation (the original Shanghai Baoshan General Iron & Steel Works, which was renamed in 1993) merged Shanghai Metallurgical Holding (Group) Corporation and Shanghai Meishan (Group) Co., Ltd. to establish Shanghai Baosteel Group Corporation. In October 2005, Shanghai Baosteel Group Corporation was reorganized into a standard solely state-owned enterprise in accordance with the Company Law of the P.R.C., and renamed as Baosteel Group Corporation.

On February 3, 2000, based on original Baosteel's assets, Shanghai Baosteel Group Corporation exclusively established Baoshan Iron & Steel Co., Ltd. (abbreviated to Baosteel Co., Ltd.), which went public in Shanghai Securities Exchange on December 12 of the same year.

On January 16, 2007, Xinjiang Bayi Iron and Steel Group Limited Liability Company was reorganized after an agreement was signed between Baosteel and the Government of Xinjiang Uygur Autonomous Region; on April 28, 2007, Xinjiang Bayi Iron and Steel Group Limited Liability Company officially joined the Baosteel Group, and was renamed as Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd. (abbreviated to Bayi Iron & Steel).

On March 1, 2009, Ningbo Iron & Steel Co., Ltd. (abbreviated to Ningbo Iron & Steel) was reorganized after an agreement was signed between Baosteel and Hangzhou Iron & Steel Corporation. On December 16, 2014, Baosteel became the second largest shareholder of Ningbo Iron & Steel.

On December 31, 2010, Fujian Desheng Nickel Products Co., Ltd. was reorganized and named as Baosteel Desheng Stainless Steel Co., Ltd. (abbreviated to Baosteel Desheng) after an agreement was signed between Baosteel and Fujian Wugang Group Corporation; on March 18, 2011, Baosteel Desheng Stainless Steel Co., Ltd. was unveiled.

On April 18, 2011, Baosteel Zhanjiang Iron & Steel Co., Ltd. (abbreviated to Zhanjiang Iron & Steel) was registered and established in Zhanjiang, Guangdong Province. On May 24, 2012, National Development and Reform Commission (NDRC) issued an official

document to approve Baosteel to undertake the construction of Zhanjiang Iron & Steel project; on May 31, 2012, Baosteel Guangdong Zhanjiang Iron & Steel Base Project was in full-scale construction on Donghai Island of Zhanjiang. In 2013, the main projects of Zhanjiang Iron & Steel including iron-making, steel-making, continuous casting, hot rolling and cold rolling were started in succession.

On August 22, 2011, Baosteel signed relevant agreements concerning reorganization of Guangdong Shaoguan Iron & Steel Group Co., Ltd. with Guangdong State-owned Assets Supervision and Administration Commission (SASAC); on April 18, 2012, Baosteel Group Guangdong Shaoguan Iron & Steel Co., Ltd. (abbreviated to Shaoguan Iron & Steel) was established.

On July 4, 2012, Shanghai Municipal Government signed cooperation agreement with Baosteel in order to implement structure adjustment of steel industry in Shanghai Baoshan area. According to the agreement, Baosteel Group would implement structure adjustment of steel industry in Shanghai Baoshan area in principle of “output reduction, efficiency increase, adjustment and development”, aiming to reduce the output capacity of steel by 6.6 million tons in Shanghai area.

With its primary operation in iron and steel, Baosteel produces three series of iron & steel products of high added value and technology content, including plain carbon steel, stainless steel and special steel, which are widely used in automobiles, household electrical appliances, petrochemical works, machinery manufacturing, energy industry, transportation, metal ware, aeronautics and astronautics industry, nuclear power equipment and electronic instruments, etc. Centering on the supply chain, technology chain and resources utilization chain of the iron and steel industry, Baosteel vigorously develops diversified industries such as resources development and logistics, extended steel processing, engineering technological services, coal chemical industry, financial investment, IT and production services, etc., forming a business structure that is characterized by synergetic and coordinated development of these diversified industries and the iron & steel industry.

Outline of the Development Plan 2010-2015, which was promulgated by Baosteel, makes clear that Baosteel’s development in the future will set “becoming the leader of iron and steel technology, the driver of green industry and the role model of employees and enterprises developing together” as its vision goals. In order to achieve a new round of planning and development, Baosteel will undertake industrial

transformation from manufacturing to service, iron & steel to materials, China-oriented to global-oriented and will center on five aspects of “technology leadership, service first, environmental management, digitized Baosteel, combination with production and finance” to boost the competitiveness and build competitive advantages for the future.

In 2014, Chinese steel industry entered the “market winter” of “high production, low price, high cost and low profit”, but Baosteel withstood the test and achieved the annual budget goal smoothly, scoring a leading operation performance in China and leaping into the top ranks of the world. Baosteel has been listed among the Fortune Global 500 by the U.S. Fortune magazine for 11 consecutive years and ranked 211th, an 11-place rise comparing with that of the last year. Baosteel won the award of the “Most Admired Chinese Company” again, being the only iron & steel company with this award in China. In addition, Baosteel Co., Ltd. was rated A-, A3 and A-, the highest credit rating in the iron & steel industry across the world by Standard & Poor's, Moody's and Fitch respectively, showing a sound and stable outlook. As for overseas asset acquisition, Baosteel successfully held the controlling interest of Australian Aquila Resources Limited and became the first enterprise issuing exchangeable bonds in Chinese securities market. Presently, Zhanjiang Iron and Steel Base Project is under smooth construction.

By the end of 2014, Baosteel had a total of 134,684 employees.

**Ranking of Baosteel in Global Top 500 Companies**

Year	Sales Revenue (USD 100 Million)	World Ranking (Position)	Year of Rating
2003	145.48	372	2004
2004	195.433	309	2005
2005	215.014	296	2006
2006	226.634	307	2007
2007	299.39	259	2008
2008	355.166	220	2009
2009	285.91	276	2010
2010	403.27	212	2011
2011	489.16	197	2012
2013	492.973	211	2014

Former and Current Top Leaders of the Corporation

Name	Time of Appointment	Title
Xu Yan	Dec. 1977	Director of the Engineering Headquarters and Secretary of the Party Committee of Shanghai Baoshan General Iron & Steel Works
Ye Zhiqiang	Oct. 1978	Director of the Engineering Headquarters and First Secretary of the Party Committee of Shanghai Baoshan General Iron & Steel Works
Li Feiping	Oct. 1981	Director of the Engineering Headquarters and First Secretary of the Party Committee of Shanghai Baoshan General Iron & Steel Works
Li Ming	Sep. 1983	Director of the Engineering Headquarters and Secretary of the Party Committee of Shanghai Baoshan General Iron & Steel Works; Director of the Shanghai Baoshan General Iron & Steel Works; Board Chairman of Baosteel Group (Jul. 1994 — Nov. 1998)
Xu Daquan	Nov. 1998	Chairman of Shanghai Baosteel Group Corporation
Xie Qihua	Feb. 2003	Chairman of Shanghai Baosteel Group Corporation; Chairman of Baosteel Group Corporation
Xu Lejiang	Jan. 2007	Chairman of Baosteel Group Corporation

Business Performance

Performance Statement of Baosteel's Main Economic Indicators in 2014

Project Name	Number	Unit	Increase (decrease) over the Previous Year (%)
Gross Industrial Output Value (current price)	2,891	RMB 100 million	-4.76
Industrial Sales Value	2,867	RMB 100 million	-4.60

(Continued)

Project Name	Number	Unit	Increase (decrease) over the Previous Year (%)
Total Assets	5,347.06	RMB 100 million	2.93
Gross Revenue	2,977.43	RMB 100 million	-1.77
Total Profit	94.16	RMB 100 million	-6.78
Return on Equity	1.96	%	Decrease by 0.68%
Iron Output	4,263	10,000 tons	-0.42
Steel Output	4,450	10,000 tons	-1.19
Commercial Billets Output	4,401	10,000 tons	-1.07

Consolidated Income Statement of Baosteel Group Corporation

(December 31, 2014)

Unit: RMB

Item	2014	2013
<b>I. Gross Revenue</b>	297,743,014,471.95	303,100,256,695.84
Minus: Operating Costs	269,236,607,975.23	272,977,687,807.12
Business Taxes and Surcharges	1,358,542,782.16	1,321,740,934.42
Sales Expenses	6,075,530,147.36	5,405,364,308.50
Management Expenses	15,156,077,709.60	14,906,182,984.76
Financial Expenses	4,896,795,778.39	2,476,582,884.78
Assets Depreciation Loss	1,546,034,827.50	3,295,160,291.09
Plus: Profit and Loss from Fair Value Changes	204,770,772.35	48,985,259.53
Investment Income	6,240,829,056.97	4,980,157,944.22
Including: Investment Income from Associated Venture and Joint Venture	2,092,959,938.75	2,193,517,587.13
<b>II. Operating Profits</b>	5,919,025,081.03	7,746,680,688.92
Plus: Non-operating Revenues	4,283,029,803.96	3,087,310,960.67
Including: Disposal Income on Non-current Assets	579,418,934.13	1,342,796,877.85
Minus: Non-operating Expenses	785,975,769.30	710,112,292.77

(Continued)

Item	2014	2013
Including: Disposal Losses on Non-current Assets	502,747,472.39	534,249,569.88
<b>III. Total Profits</b>	9,416,079,115.69	10,123,879,356.82
Minus: Income Tax Expenses	3,885,166,310.22	2,821,502,532.15
<b>IV. Net Profits</b>	5,530,912,805.47	7,302,376,824.67
Net Profits Attributable to Owners of the Parent Company	5,871,337,997.41	5,710,372,263.50
Minority Interest	(340,425,191.94)	1,592,004,561.17
<b>V. Other Net After-tax Consolidated Income</b>	13,216,083,041.22	(5,315,796,229.35)
Net After-tax Consolidated Income Attributable to Owners of the Parent Company	13,406,757,698.78	(5,118,693,036.25)
Other Consolidated Income that will be Reclassified into Profit and Loss		
1. Share of Other Consolidated Income that will be Reclassified into Profit and Loss by the Investee in Accordance with the Equity Law	1,627,705,681.91	(589,903,866.01)
2. Profit and Loss from Fair Value Changes of the Available-for-sale Financial Assets	12,802,507,825.56	(3,727,668,440.55)
3. Balance of Foreign Currency Financial Statement Translation	(1,023,455,808.69)	(801,120,729.69)
Net After-tax Consolidated Income Attributable to Minority Shareholders	(190,674,657.56)	(197,103,193.10)
<b>VI. Total Consolidated Income</b>	18,746,995,846.69	1,986,580,595.32
Total Consolidated Income Attributable to Owners of the Parent Company	19,278,095,696.19	591,679,227.25

## Corporate Governance Structure

### I. Corporate Governance Mechanism

Within the framework of Company Law, Articles of Association of Baosteel Group Corporation (hereinafter referred to as Articles of Association) and Rules of Procedure of the Board of Directors of Baosteel Group Corporation (hereinafter referred to as Rules of Procedure of the Board of Directors), SASAC under the State Council as the representative of the investors, the Board of Directors of Baosteel Group, the Board of Supervisors dispatched by SASAC and the Management of Baosteel Group perform their respective functions in a standard manner to form a highly efficient corporate governance mechanism of checks and balances.

1. As the representative of the investors, SASAC under the State Council performs the responsibilities of investors within the corporation. By designating directors and supervisors, it reflects and realizes the investors' will in the process of decision-making and supervision of the corporation.

2. As the corporation's decision-making body, the Board of Directors is legally entitled to exercise the power and authority specified in the Articles of Association and exercise the right of investors awarded by SASAC. All the directors bear the responsibilities for the benefit of the investors and the corporation.

3. The Board of Supervisors dispatched by SASAC works as the supervising body that takes financial supervision as core and supervises the corporation's financial operation and management behavior of the person in charge of the corporation to ensure that state-owned assets and equity will not be infringed.

4. The Management of the Corporation is responsible for implementing various resolutions made by the Board of Directors, organizing production and operation, and maintaining the corporation's capability and vitality to quickly respond to the market and participate in market competition.

### II. Basic Information of Board of Directors

#### 1. Members of Board of Directors

In October 2005, as one of the first central enterprises to set up a Board of Directors on a pilot basis, Baosteel Group Corporation established its first Board of Directors consisting of 9 directors,

among whom 5 were outside directors, taking up a majority. In January 2009, the first Board of Directors of Baosteel expired. The second Board of Directors was established with the number of directors increasing from 9 to 11, among whom the number of outside directors increased to 7. In March, 2012, the third Board of Directors was established. By the end of 2014, the members of the Board of Directors are:

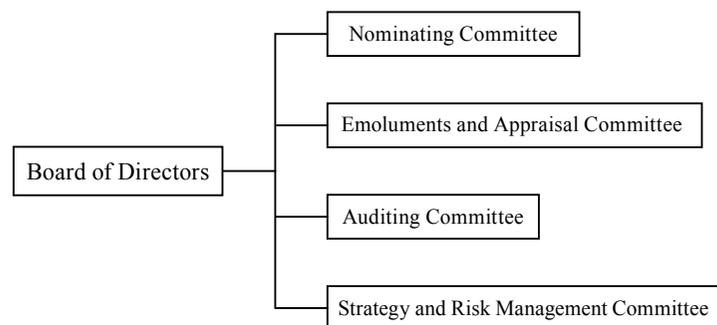
Chairman: Xu Lejiang

Directors: Xu Lejiang, Chen Derong, Gan Yong (outside director)

Wang Xiaoqi (outside director), Bei Kewei (outside director)

Jing Tianliang (outside director), Zhu Yiming (worker director)

## 2. Special Committees Established under the Board of Directors



According to the newly revised Articles of Association, Rules of Procedure of the Board of Directors and Rules of Procedure of Special Committees that were discussed and endorsed at the twelfth meeting of the third Board of Directors on April 25, 2014, four special committees were set up under the Board of Directors of Baosteel Group. Main responsibilities and staffing of the special committees are as follows:

(1) Nominating Committee (5 members, including 3 outside directors)

Main Responsibilities: discussing the standards, procedures and methods for promotion of senior executives and putting forward suggestions to the Board of Directors; examining and investigating

candidates for the position of Secretary of the Board of Directors nominated by the Chairman, for the position of Vice President and the position of Chief Financial Officer nominated by the President and offering suggestions to the Board of Directors; carrying out an investigation of senior executives upon completion of their probationary period and offering suggestions to the Board of Directors; inspecting and investigating candidates for the position of Board Director and Supervisor who are dispatched to core subsidiary based on iron & steel industry and bringing forward suggestions to the Board of Directors; headhunting talents in domestic and overseas talent market as well as our company.

(2) Emoluments and Appraisal Committee (composed completely of 4 outside directors)

Main responsibilities: drafting up performance management and salary management systems for senior executives; setting annual and term-of-office performance targets for the President; drawing up a program for compensation, evaluation, reward and punishment for the President; listening to and reviewing the program submitted by the President for compensation, evaluation, reward and punishment for Vice Presidents and Chief Financial Officer; drawing up mid- and long-term incentive programs, position-related consumption system, social welfare and security system for senior executives; discussing overall allocation strategy and salary system of corporation and offering suggestions.

(3) Auditing Committee (composed completely of 4 outside directors)

Main responsibilities: reviewing annual internal audit plan; supervising internal audit quality and financial information disclosure; examining financial report, reviewing accounting policies and policy changes, and offering suggestions to the Board of Directors; putting forward suggestions for the appointment and dismissal of personnel in charge of internal audit department; giving instructions to corporate internal auditors on how to carry out same-tier audits; supervising employing, replacing and paying of social audit and other intermediary agencies; and examining the annual internal control evaluation report.

(4) Strategy and Risk Management Committee (5 members, including 3 outside directors)

Main Responsibilities: discussing and putting forward suggestions on corporate mid- and long-term development strategy planning,

monitoring and guiding the operation of the Corporation's risk management system; examining overall risk management annual work plan and annual report; reviewing risk management strategy and major risk management solution; being responsible for other things relevant to overall risk management authorized by the Board of Directors.

Effective operation of each special committee of Baosteel's Board of Directors refines the collective decision-making process of the Board of Directors, and brings into full play the professional knowledge and managerial experience of all directors, especially the outside directors. Various proposals that are to be submitted to the Board of Directors for final approval shall firstly be submitted to the relevant special committees for a preliminary review, which effectively improves the quality and efficiency of the Board of Directors in decision making.

**Members of the Board of Directors and Special Committees**

	Director	Nominating Committee	Emoluments and Appraisal Auditing	Auditing Committee	Strategy and Risk Management Committee
Chairman of the Board of Directors	Xu Lejiang	•(Director)			•(Director)
Managing Director	Chen Derong	•			•
Outside Director	Gan Yong		•	•	•
Outside Director	Wang Xiaoqi	•	•	•	•
Outside Director	Bei Kewei	•	•	•(Director)	•
Outside Director	Jing Tianliang	•	•(Director)	•	
Worker Director	Zhu Yiming				

### 3. Articles of Association and Rules of Procedure of the Board of Directors

After Baosteel set up the Board of Directors in October 2005 on a pilot basis, the first Board of Directors built a working system with the Articles of Association, the Rules of Procedure for the Board of Directors and the Rules of Procedure for Special Committees as the framework, constantly improved the operating mechanism of the Board of Directors, standardized the meeting system and resolution mechanism of the Board of Directors and Special Committees, and enabled the Board of Directors to operate normally, efficiently and orderly. All members of the Board of Directors made it their mission to maximize the interests of the investors, actively participated in decision-making, and voiced their opinions independently and objectively. A modern corporate operating system was preliminarily established featuring clear work division, good coordination, efficient cooperation and effective checks and balances.

The second Board of Directors refined the Articles of Association and the Rules of Procedure of the Board of Directors; improved the mechanism by which Special Committees support the Board of Directors in decision making; and further rationalized the authorization and decision-making mechanisms for investors, the Board of Directors and the senior management on the principle of "appropriate authorization, hierarchical decision making and effective monitoring". All these enabled the Board of Directors to make decisions more scientifically and efficiently.

On March 28, 2012, the first meeting of the third Board of Directors deliberated and approved the newly revised Articles of Association, Rules of Procedure of the Board of Directors and the Rules of Procedure of Special Committees. Since authorization mechanism was further improved by the Board of Directors, operation frequency of the Standing Committee was gradually lowered, which led to revocation of the Standing Committee and authorization given to the Standing Committee was recalled to the Board of Directors; the Risk Management Committee was renamed as Strategy and Risk Management Committee and the Board of Directors strengthened its guidance and paid more attention on corporate strategic development; partial authorization of the Chairman and the President given by the Board of Directors was further refined and confirmed. In 2014, in response to changes of the Board of Directors, the Board of Directors

timely adjusted the members of special committees and revised the Articles of Association, Rules of Procedure of the Board of Directors as well as other documents, further detailing the decision-making power of the president and general manager authorized by the Board of Directors. These moves provide organizational and institutional guarantee for the lawful and efficient operation of the Board of Directors.

#### 4. Main Functions/Powers and Operation of the Board of Directors

As the core of corporate governance, the Board of Directors excises the following main functions and powers in strict accordance with the Articles of Association:

- Deciding on Baosteel's development strategy and mid- and long-term development program in accordance with the examination suggestion of the State-owned Assets Supervision and Administration Commission under the State Council;
- Deciding on Baosteel's business plan, investment & financing plan and program, approving the investment in non-leading industries and trading financial assets beyond the authorization scope, determining the amount of corporation's major fixed investment and external investment projects that should be determined by the Board of Directors, and approving investment projects of excess amount;
- Deciding on Baosteel's annual business objectives;
- Approving Baosteel's annual financial budget program and reporting to the State-owned Assets Supervision and Administration Commission for record;
- Formulating Baosteel's annual financial statement program and reporting to the State-owned Assets Supervision and Administration Commission for record;
- Drawing up Baosteel's profit distribution program and loss recovery plan;
- Formulating the plan to increase or reduce the registered capital;
- Drafting the plan of merger, separation, change of corporate form and dissolution;
- Deciding on the setup of internal management organizations and the establishment and revocation of branches of Baosteel;
- Appointing or dismissing the President of Baosteel; appointing or dismissing the Vice President and Chief Finance Officer according to

the nomination of the President;

- Deciding on salary strategy, salary management and performance assessment systems of senior executives; listening to the President's work report, evaluating the President and determining his/her remunerations; determining remunerations of the Vice President and Chief Finance Officer according to the suggestions of the President; deciding position-related consumption and social welfare and security system of senior executives;
- Deciding on the basic management system of Baosteel;
- Deciding on major reform and reorganization within Baosteel or making resolutions on relevant issues.

In 2014, the Board of Directors held 12 meetings, in which 50 issues were discussed and reviewed; the Nominating Committee held 4 meetings, in which 4 issues were discussed and reviewed; the Emoluments and Appraisal committee held 3 meetings, where 3 issues were discussed and reviewed; the Auditing Committee held 4 meetings, where 8 issues were discussed and reviewed; the Strategy and Risk Management Committee held 2 meetings, where 3 issues were discussed and reviewed.

#### III. Basic Information of the Board of Supervisors

In June 2013, SASAC dispatched the fifth Board of Supervisors to Baosteel, members of which were as follows:

Chairman of the Board of Supervisors: Ma Liqiang

Director of the Board of Supervisors: Wang Zimin

Deputy Director of the Board of Supervisors: Li Yingzhu (till Sept. 2014)

In accordance with the Company Law of the P.R.C., the Interim Regulations on Boards of Supervisors in State-owned Enterprises and other laws and regulations, the Board of Supervisors of Baosteel performs legal supervisions and inspections for the enterprise. Overseeing the operation of the Board of Directors, the duty performance of directors, the Management's execution of resolutions of the Board of Directors and other situations as the main content of its work, the Board of Supervisors monitors the decision-making process, decision-execution process and key operational activities, which has effectively ensured the security of state-owned assets, improved business operation and management, and standardized the operational activities of senior officials of the Corporation.

## Leaders of Baosteel Group Corporation (December 2014)

Chairman of the Board of Directors: Xu Lejiang  
 Chairman of the Board of Supervisors: Ma Liqiang  
 Directors: Xu Lejiang, Chen Derong,  
 Gan Yong (outside director), Wang Xiaoqi (outside  
 director),  
 Bei Kewei (outside director), Jing Tianliang (outside  
 director),  
 Zhu Yiming (worker director)

President: Chen Derong

Vice Presidents: Zhao Kun, Zhao Xia, Zhou Zhuping,  
 Zhao Zhouli, Chen Ying, Cui Jian

Secretary of the Party Committee: Xu Lejiang

Deputy Secretary of the Party Committee: Fu Zhongzhe

Members of the Standing Committee of the Party Committee:

Xu Lejiang, Chen Derong, Zhao Kun, Liu Zhanying, Fu  
 Zhongzhe, Dai Zhihao, Zhao Xia

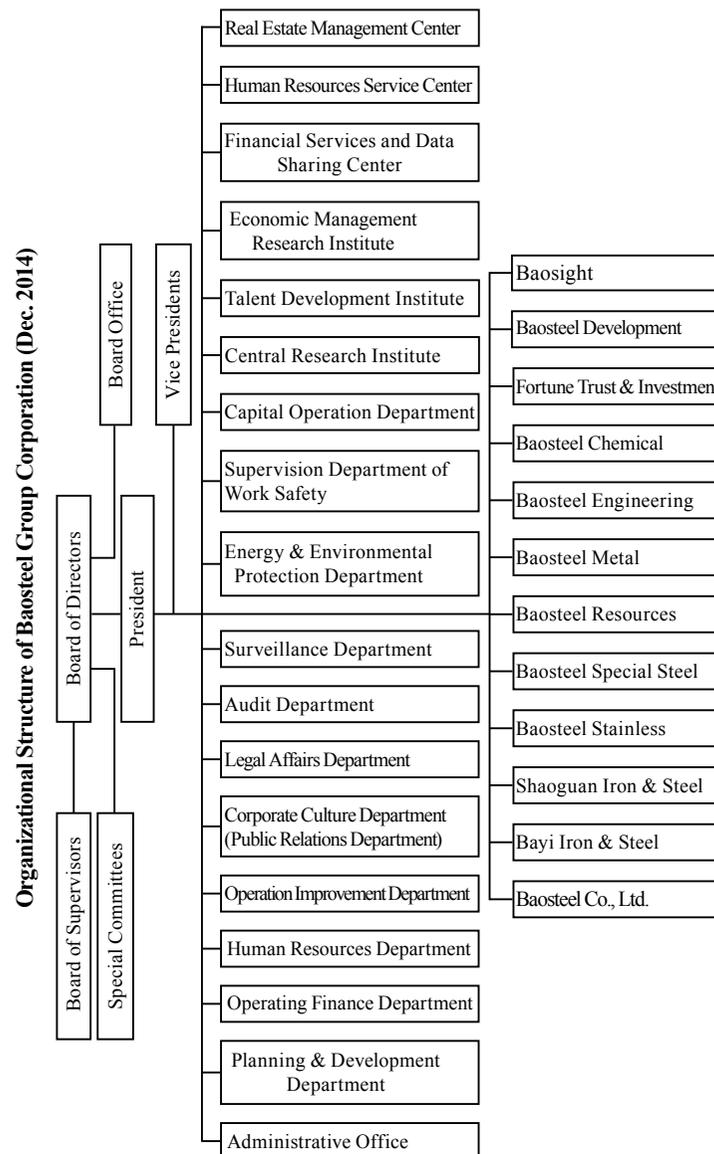
Secretary of the Discipline Inspection Committee: Liu Zhanying

Chairman of the Labor Union: Zhu Yiming

Secretary of the Board of Directors: Chen Ying

Assistants to the President: Ye Meng, Zhang Pijun, Wang Liqun,  
 Feng Taiguo, Wang Jianyue

## Organizational Structure



List of Main Subsidiaries and Controlled Companies of Baosteel Group

Company Name	Established in	Total Assets (RMB 100 Million)	Holding Proportion (%)	Operating Revenue of 2014 (RMB 100 Million)
Baosteel Co., Ltd.	2000.2	2286.53	79.71	1,877.89
Bayi Iron & Steel	1951.9	521.19	76.93	219.60
Ningbo Iron & Steel	2003.1	189.98	34	142.16
Shaoguan Iron & Steel	1966.8	241	51	209.69
Baosteel Stainless	2012.3	102.61	100	394.94
Baosteel Special Steel	2012.4	142.82	100	90.40
Baosteel Resources	2006.7	393.22	100	456.41
Baosteel Metal	2007.12	110	100	112.26
Baosteel Engineering	1999.8	152.4	100	107.38
Fortune Trust & Investment	2007.3	213.29	100	19.92
Baosteel Development	1986.9	94.05	100	90.84

Financial Statement

Consolidated Balance Sheet of Baosteel Group Corporation

By December 31, 2014

Unit: RMB

Assets	Closing Amount	Beginning Amount
<b>Current Assets:</b>		
Monetary Capital	37,029,613,982.65	36,899,724,103.56
Deposit Reservation for Balance	482,457,190.47	185,277,172.38
Monetary Assets whose Fair Value Changes would be Calculated into Current Profit and Loss	7,610,395,050.89	2,192,601,482.05

(Continued)

Assets	Closing Amount	Beginning Amount
Notes Receivable	14,064,939,752.01	21,472,358,061.21
Accounts Receivable	14,417,263,533.99	14,357,560,003.06
Prepayment	4,643,118,803.56	4,897,924,582.45
Interest Receivable	306,345,184.47	315,708,350.90
Dividends Receivable	84,431,886.42	433,202,908.83
Other Accounts Receivable	2,973,325,206.98	6,279,950,370.02
Redemptory Monetary Capital for Sale	900,971,935.00	661,500,949.40
Inventory	71,368,441,967.92	80,589,940,207.01
Non-current Assets Due within One Year	1,500,000,000.00	
Other Current Assets	20,688,796,334.32	13,126,293,374.04
<b>Total Current Assets</b>	<b>176,070,100,828.68</b>	<b>181,412,041,564.91</b>
<b>Non-current Assets:</b>		
Disbursement of Loans and Advances	1,733,323,801.27	804,299,105.85
Financial Assets Available for Sale	70,285,799,840.81	58,066,968,587.84
Investment Held to Maturity	1,667,320,770.56	1,534,707,424.45
Long-term Receivables	1,243,365,538.37	3,094,021,506.26
Long-term Equity Investment	45,323,461,084.06	37,575,424,175.61
Investment Property	3,493,574,471.34	3,440,400,466.89
Fixed Assets	155,053,646,377.27	167,543,135,568.53
Construction in Progress	38,881,887,522.28	29,187,391,489.08
Construction Materials	274,011,281.33	275,255,599.27
Intangible Assets	24,691,192,593.60	19,795,206,095.58
Goodwill	58,239,457.41	1,143,489,756.30
Long-term Deferred and Prepaid Expenses	1,912,437,880.30	1,780,013,400.32
Deferred Income Tax Assets	6,372,055,108.58	6,897,705,390.83
Other Non-current Assets	7,645,524,310.58	7,176,285,002.63
<b>Total Non-current Assets</b>	<b>358,635,840,037.76</b>	<b>338,314,303,569.44</b>
<b>Total Assets</b>	<b>534,705,940,866.44</b>	<b>519,726,345,134.35</b>

## Research and Development

In 2014, in the new-round planning, Baosteel optimized technical innovation system, maintained high-level R&D investment (2.0%), promoted the implementation of major projects during planning period, and supported business operation through new products and technologies; obtained 2,272 patents, including 1,027 patents for invention; and won the recognition of the country and the industry with its scientific achievements, such as “innovative development and application of steel tube of 600 °C ultra-supercritical thermal power generating unit”.

### Research Institutes

By the end of 2014, the main research institutes of Baosteel were Central Research Institute (R&D Center) of Baosteel Group/ Research Institute (R&D Center) of Baosteel Co., Ltd. (abbreviated to Central Research Institute), R&D Center of Meishan Iron & Steel, R&D Center of Baosight Software and R&D Center of Baosteel Chemical Co, Ltd. The Central Research Institute mainly undertakes R&D of plain carbon steel, stainless steel and special steel, etc., and provides various subsidiaries (branches) with technical support for the development of new products, processes, technologies and equipment.

### Economic Management Research Institute

Economic Management Research Institute of Baosteel Group, a professional institution engaged in research on soft science, aims to provide consultation on strategic decision-making, industrial development and operation management.

In 2014, Economic Management Research Institute of Baosteel was themed on the transformation and development of Baosteel Group and was centered on 3 core research missions of “Discovering Industrial Opportunities, Seeking Growth Pattern, and Optimizing Competitive Strategies”. Combining Baosteel’s operating decision, the Institute has carried out more than 30 research projects, which produced nearly 300 pieces of research (special subject) report. It paid attention to the correct analysis and evaluation of macro economy and industrial situation which could warn of operation risks and environmental protection risks; evaluated the annexation and reorganization of Bayi Iron & Steel, Shaoguan Iron & Steel,

Ningbo Iron & Steel, and Baosteel Desheng, and conducted the research on the reform of SOE and the coping plan of Baosteel; supported subsidiary companies to expand new business and optimize business mode, gave advice for the construction of the service platform of Baosteel Group, and improved the decision-making support in the new circumstance; and developed Baosteel’s overseas steel development roadmap in the global strategy. There has been a new development in knowledge management and the efficiency analysis of researches for the first time, comprehensively promoting the internal management innovation of the research institute; the institute continued to strengthen the internal system, break the stereotype and conduct multi-level overseas field study, which diversifies the means to train talents.

## Investment and Construction

Since operation of Baosteel in 1978, it has experienced the construction of the 1st, 2nd and 3rd phase projects. The 1st phase project was put into production in September 1985; and the 2nd phase was completed in June 1991. The investment of the 1st and 2nd phase projects amounted to RMB 28 billion (excluding the social supporting investment), in which the introduced projects were worth USD 4.78 billion. Based on the exchange rate at the time, it was equivalent to RMB 19.3 billion, which made the project the one with the largest investment in China. The 1st and 2nd phase projects were designed to produce 6.50 million tons of iron and 6.71 million tons of (molten) steel, 1.22 million tons of commercial steel billets, and 4.22 million tons of steel products (including 500,000 tons of seamless steel pipes, 2.10 million tons of cold-rolled steel plates and 1.62 million tons of commercial hot-rolled steel coils) each year.

Main Equipment for the 1<sup>st</sup> and 2<sup>nd</sup> Phase Projects

Equipment	Specification	Quantity
Blast Furnace	4,063 m <sup>3</sup>	2
Sintering Machine	450 m <sup>2</sup>	2
Coke Oven	50-hole	8
Converter	300 tons	3
Seamless Steel Tube Mill	140 mm in diameter	1
Blooming Mill	1,300 mm	1

(Continued)

Equipment	Specification	Quantity
Hot Continuous Rolling Mills	2,050 mm	1
Cold Continuous Rolling Mills	2,030 mm	1
Two-strand Continuous Slab Caster	1,930 mm	2
Thermal Generator Set	350,000 KW	2

Since put into production less than 10 years ago, Baosteel has not only paid off in advance the loan of RMB 7.5 billion and all the interests (except for the loan of RMB 7.5 billion that was borrowed from the bank, the State invested in Baosteel an original capital of RMB 20.5 billion), but also constructed the 3rd phase project with self-raised funds.

The budgetary estimate of the 3rd phase project was 62.34 billion and after the unimplemented project (RMB 2.481 billion for high-grade silicon steel) was excluded, the actual final accounts amounted to RMB 52.528 billion, approximately RMB 7 billion less than the budgetary estimate approved originally. The 3rd phase project was designed to produce 3.25 million tons of iron each year and 4.29 million tons of (molten) steel (including 1 million tons of electric furnace steel), 2.914 million tons of steel products (including 400,000 tons of tin-plated steel coils, 325,000 tons of middle- and low-grade cold-rolled silicon steel sheets, 350,000 tons of hot galvanized steel sheets, 250,000 tons of electro-galvanized sheet plates, 450,000 tons of common cold-rolled steel coils and 1.139 million tons of hot rolled steel coils) and 960,000 tons of commercial steel billets.

#### Main Equipment for the 3<sup>rd</sup> Phase Project

Equipment	Specification	Quantity
Blast Furnace	4,350 m <sup>3</sup>	1
Sintering Machine	450 m <sup>2</sup>	1
Coke Oven	50-hole	4
Converter	250t top-bottom combined blowing	2
Two-strand Continuous Slab Caster	1,450 mm	2
DC Arc Furnace	150t dual furnace shells	1

(Continued)

Equipment	Specification	Quantity
Round Billet Continuous Caster	Six strands	1
Hot Continuous Rolling Mills	1,580 mm	1
Cold Continuous Rolling Mills	1,420 mm	1
Cold Continuous Rolling Mills	1,550 mm	1
Generator Set	350,000 KW	1
Thermoelectric Device	145,000 KW	1

Technical equipment for the 1st phase project of Baosteel was introduced in a whole-set manner, and the localized equipment accounted for merely 12%. However, it was raised to 80.05% in the 3rd phase project. Put together, the 1st, 2nd and 3rd phase projects of Baosteel have a total production capacity of 11 million tons of steel, 9.75 million tons of iron and 7.136 million tons of steel products, making Baosteel one of the few world-class modern iron & steel enterprises that possess a production capacity of over 10 million tons.

After consolidation and reorganization of the iron & steel enterprises in Shanghai in 1998, Baosteel formulated a unified iron & steel development plan in accordance with the requirements of building itself into a refined steel base, and a R&D base of new technologies, processes and materials. Therefore, on the one hand, outdated equipment in old enterprises was eliminated; on the other hand, significant fund was invested to accelerate the modernization drive. From 1998 to 2006, Baosteel eliminated and/or cut down its backward iron-making capacity by 4.93 million tons (including an iron-melting capacity of 4.6 million tons), its backward steel-making capacity by 6.08 million tons and its backward rolling capacity by about 5 million tons. In 2008, Meishan Iron & Steel of Baosteel Co., Ltd. eliminated its coking capacity by 1 million tons. In 2009, it eliminated the iron-making capacity of 2 million tons. The corporate adjustment and transformation project undertaken by Shanghai No.2 Iron & Steel Co., Ltd. of Baosteel Group was listed as one of the priority projects of Shanghai in the sphere of industrial restructuring for 2009. On June 25, 2010, all of its production lines were closed.

In 2014, Baosteel Group completed the fix-asset investment of 25.5 billion yuan. Zhanjiang Iron and Steel Base Project is under smooth construction, and the 4,200 millimeter heavy plate project and 1,550 millimeter cold rolling project started consecutively. Among the diversified industries, the Cloud Internet Data Center project of Baosight Software (Phase II), Vietnamese New Canmaking Line of Baosteel Metal, and Revamping for Coke Oven and Gas Discharge (Phase I) of Baosteel Chemical started consecutively.

#### Main Projects Launched into Operation in 2014

Company Name	Project Name	Commencement Time (Year. Month)	Completion Time (Year.Month)
Baosteel Co., Ltd	Comprehensive Reconstruction of No. 1 & No.2 Generator Set of Power Plants	2012.10	2014.7
Bayi Iron & Steel	COREX Construction & Supporting Facilities Project	2012.5	2014.12
Ningbo Iron & Steel	Strip Continuous Casting Project	2012.9	2014.6
Baosight Software	Cloud Internet Data Center Project (Phase I)	2013.7	2014.6
Baosteel Resources	Coastal Fleet Project	2010.5	2014.6
Baosteel Metal	Kunshan Baoyan Gases Air Separation Project	2013.8	2014.12
Baosteel Chemical	Wuhai City & Yellow River Project	2013.3	2014.6
Baosteel Development	Solid Waste Comprehensive Utilization Project of Ningbo Iron & Steel Metallurgical Slag	2013.12	2014.12

#### Main Projects under Construction in 2014

Company Name	Project Name	Commencement Time (Year. Month)	Completion Time (Year. Month)
Baosteel Co., Ltd.	Zhanjiang Iron & Steel Base Project	2013.5	2016.6
	Project of Overhaul and Revamping for Coke Oven (Phase I)	2013.11	2015.11
	No.4 Hot Galvanizing Production Line of Baosteel-NSC/Arceor Automotive Steel Sheets	2013.11	2015.11
Shaoguan Iron & Steel	Optimization of Burden Composition - Coke Oven Construction Project	2013.5	2015.3
Baosteel Engineering	Zhanjiang Iron & Steel Base Project Equipment Reproduction and Repairation Center Project	2014.3	2015.6
Baosight Software	Cloud Internet Data Center Project (Phase II)	2014.7	2015.9
Baosteel Metal	Vietnamese New Canmaking Line	2014.7	2016.6
Baosteel Chemical	Baoshan Project of Overhaul and Revamping for Coke Oven and Gas Discharge (Phase I)	2014.6	2015.5
Baosteel Development	Zhanjiang Iron & Steel Base Project Blast Furnace Slag Comprehensive Utilization Project	2014.7	2015.11

## Environmental Management

In 2014, Baosteel kept in line with the energy-saving and emission-reducing goal during the “12th Five-Year Plan” period and positively promoted the environmental management and green manufacturing to make continuous progress in energy saving and emission reduction, based on the new-round development plan. The annual energy consumption per ton of steel and the energy consumption for every RMB 10,000 output value (comparable price) are 607 kg standard coal/ton and 920 kg standard coal/10,000 yuan, dropping by 0.6% and 2.3% respectively; the total emission of sulfur dioxide, chemical oxygen demand and nitrogen oxides are 24,391 tons, 1,261 tons and 51,807 tons, dropping by 13.9%, 18.2% and 17.8% respectively.

### Energy and Environmental Protection System

In 2014, Baosteel continued to promote the energy and environmental protection system. In accordance with the requirements of governmental supervision and internal coordinated operation of Baosteel, it formulated and revised a series of important documents, such as Energy Management Evaluation Regulations, Energy Management Evaluation Report Regulations, Environmental Protection Compliance Regulations, Environmental Protection Incidents Regulations (Emergency Response Plan of Major Environmental Pollutions) and Environmental Protection Accountability Regulations. In addition, in accordance with the requirements of the documents, Baosteel conducted quarterly and annual evaluation on its subsidiary companies, basically forming the well-functioned framework of energy and environmental protection management system.

### Cleaner Production Audit

In 2014, Baosteel continued to organize and promote the cleaner production audit. In accordance with the requirement of Shanghai Cleaner Production Center, Baosteel re-examined and pre-appraised cleaner production for key enterprises; Shanghai Baoling Electric Control Equipment Co., Ltd. and Shanghai Baomin Industrial Gases Co., Ltd. as well as other enterprises conducted the cleaner production audit.

### Energy-saving and Emission-reducing Projects

In 2014, Baosteel invested RMB 1.18 billion on energy-saving and emission-reducing project (excludes energy performance contracts) and could save 210,000 tons of standard coal per year.

Besides, Baosteel positively promoted the energy-saving and emission-reducing projects by taking advantage of the new mechanism of energy performance contracts. In January, 50 MW Golden Sun Photovoltaic Power Generation Demonstration Project (Phase I) of Baosteel Co., Ltd was built and put into operation with an annual generating capacity of 45 million kilowatt-hour. As the world's largest roof photovoltaic power generation project, the project has the leading and exemplary effect on the application of clean energy in the steel industry. In addition, Baosteel built or launched the photovoltaic power generation project in Ningbo Iron & Steel, Meishan Steel and Zhanjiang Iron & Steel. Baosteel Co., Ltd also sped up the improvement of low-temperature flue gases and waste-heat recovery, through which the low-pressure steam can be reused by the steam pipe system and the temperature of emitted fuel gas was lowered to 160 °C-180 °C. Within one year, Baosteel Co., Ltd has completed the improvement project of flue gases and waste-heat recovery of 11 large-scale heating furnaces of the headquarters, realizing the output capacity of over 50 tons of low-pressure steam at the internationally advanced level with a fuel gas temperature below 200°C on average.

Shaoguan Iron & Steel comprehensively promoted the energy conservation projects of complementary energy recycling, efficient furnace and efficient power plant. By investing RMB 323 million, Shaoguan Iron & Steel implemented nine energy management contact projects, such as flue gases and waste-heat recovery of electric furnace, energy-conservation projects of No. 1 boiler of the power plant, waste-heat recovery of heating furnace, energy-conservation project of cooling tower fan, and energy-conservation of motor system, saving an annual 145,200 tons of standard coal. Ningbo Iron & Steel built a new 50,000 m<sup>3</sup> converter gasholder, saving 20,000 tons of standard coal annually; implemented the waste-heat recovery of three heating furnaces on the hot rolling production line, saving 10,000 tons of standard coal annually; and implemented the fuel gases and waste-heat recovery of lime kiln in the steel works, saving about 8,500 tons of standard coal annually.

In 2014, a batch of major environmental protection projects were built and put into operation. Baosteel Co., Ltd. improved its efficient

dedusting facilities in the self-owned power plant and the fuel gas of pickling machine set in the cold rolling sheet plant; Baosteel Chemical met the standard of nitrogen removal from wastewater in Meishan Steel; Ningbo Iron & Steel improved its bag type dust collector in the No.1 sintering machine tail; Shaoguan Iron & Steel improved its flue gas desulphurization in the No. 5 and No. 6 sintering machine; Bayi Iron & Steel improved the dedusting of the two round stock bins with a diameter of 136.5 meters and a 40-ton converter, the slag disposal system and the dedusting of the coking storage tower, and completed the projects of coke desulfuration and salt extraction from waste fluid, oxygen manufactory, and blast furnace coal injection noise abatement; and Baosteel Special Steel lowered the reaction temperature of the nitrogen oxides processing system in the wire rod branch of the steel bar factory by applying the new-type low-temperature catalyst, achieving the emission standard of natural gas and nitrogen oxides and creating a precedent for implementing the environmental protection projects by adopting energy performance contracts.

### Shut Down Outdated Production Facilities and Equipment of High Energy Consumption

Baosteel continued to shut down outdated production facilities and equipment of high energy consumption and enhance the technical energy conservation capacity. In 2014, Bayi Iron & Steel shut down 4 small blast furnaces, 2 small converters, and 6 small boilers. All departments formulated the plan to eliminate outdated generators: Shaoguan Iron & Steel would phase out 5,165 outdated generators; Baosteel Special Steel would phase out 505 outdated generators with over 3,000 operation hours; and Baosteel Chemical started to improve 156 outdated and high energy consumption electromechanical equipment.

### Carbon Emission Reduction and Carbon Emission Trading

In 2014, all pilot organizations positively participated in the carbon emission rights trading. Baosteel Co., Ltd and Baosteel Special Steel sold the rights to emit 110,000 tons and 300,000 tons of carbon respectively; Shaoguan Iron & Steel, in accordance with the carbon trading regulations of Guangdong Province, completed the task and had a surplus of 43,000 tons of coal, becoming the first batch of contractual emission control enterprises in Guangdong Province.

### Green Production Performance

Baosteel Co., Ltd.							
Index	Unit	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Comprehensive energy consumption per ton of steel	%	100	96.64	98.55	102.62	103.43	103.28
Total residual energy recovered	%	100	99.93	113.81	96.50	76.42	76.18
Fresh water consumption per ton of steel	%	100	97.46	98.38	101.10	96.24	93.26
Sulfur dioxide emission per ton of steel	%	100	61.71	50.86	45.95	38.39	34.20
COD emission per ton of steel	%	100	88.84	83.74	90.32	85.79	86.78
Dust emission per ton of steel	%	100	91.65	88.75	92.31	89.95	87.37
Comprehensive utilization rate of solid waste resources	%	98.26	98.58	98.81	98.90	98.82	99.15

Note: Except for “Comprehensive Utilization Rate of Solid Waste Resources”, the data in the last four columns of the table are calculated by taking the corresponding data of 2009 as 100.

Bayi Iron & Steel							
Index	Unit	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Comprehensive energy consumption per ton of steel	%	100	89.85	88.42	87.02	85.69	84.91
Total residual energy recovered	%	100	146.21	159.75	191.70	211.11	243.27
Fresh water consumption per ton of steel	%	100	81.28	68.95	65.30	62.56	54.25
Sulfur dioxide emission per ton of steel	%	100	73.50	69.17	54.69	34.33	31.69

(Continued)

Bayi Iron & Steel							
Index	Unit	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
COD emission per ton of steel	%	100	53.41	47.60	24.53	10.75	1.05
Dust emission per ton of steel	%	100	109.49	89.79	56.35	82.99	89.27
Comprehensive utilization rate of solid waste resources	%	70.51	73.50	69.17	83.49	91.39	93.37

Note: Except for “Comprehensive Utilization Rate of Solid Waste Resources”, the data in the last four columns of the table are calculated by taking the corresponding data of 2009 as 100.

Ningbo Iron & Steel						
Index	Unit	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Comprehensive energy consumption per ton of steel	%	100	99.56	97.49	99.24	96.80
Total residual energy recovered	%	100	124.82	137.30	132.13	151.47
Fresh water consumption per ton of steel	%	100	102.97	82.18	97.03	136.15
Sulfur dioxide emission per ton of steel	%	100	151.26	130.61	62.41	80.58
COD emission per ton of steel	%	100	129.88	78.95	117.04	95.32
Dust emission per ton of steel	%	100	83.33	93.48	64.70	74.9
Comprehensive utilization rate of solid waste resources	%	90.33	93.77	91.95	96.58	98.73

Note: Except for “Comprehensive Utilization Rate of Solid Waste Resources”, the data in the last three columns of the table are calculated by taking the corresponding data of 2010 as 100.

Shaoguan Iron & Steel				
Index	Unit	Year 2012	Year 2013	Year 2014
Comprehensive energy consumption per ton of steel	%	100	95.42	94.75
Total residual energy recovered	%	100	123.53	134.47
Fresh water consumption per ton of steel	%	100	94.32	94.11
Sulfur dioxide emission per ton of steel	%	100	105.69	95.75
COD emission per ton of steel	%	100	122.04	110.38
Dust emission per ton of steel	%	100	90.18	83.13
Comprehensive utilization rate of solid waste resources	%	99.75	99.74	99.72

Note: Except for “Comprehensive Utilization Rate of Solid Waste Resources”, the data in the last column of the table are calculated by taking the corresponding data of 2012 as 100.

Baosteel Stainless Steel				
Index	Unit	Year 2012	Year 2013	Year 2014
Comprehensive energy consumption per ton of steel	%	100	102.04	104.37
Total residual energy recovered	%	100	120.40	125.35
Fresh water consumption per ton of steel	%	100	98.33	131.33
Sulfur dioxide emission per ton of steel	%	100	57.97	72.45
COD emission per ton of steel	%	100	79.73	78.69
Dust emission per ton of steel	%	100	97.14	109.46
Comprehensive utilization rate of solid waste resources	%	99.20	99.20	99.20

Note: Except for “Comprehensive Utilization Rate of Solid Waste Resources”, the data in the last column of the table are calculated by taking the corresponding data of 2012 as 100.

Baosteel Special Steel				
Index	Unit	Year 2012	Year 2013	Year 2014
Comprehensive energy consumption per ton of steel	%	100	98.82	98.45
Fresh water consumption per ton of steel	%	100	95.63	123.20
COD emission per ton of steel	%	100	84.44	87.14
Dust emission per ton of steel	%	100	88.21	76.92
Comprehensive utilization rate of solid waste resources	%	97.00	96.95	96.96

Note: Except for “Comprehensive Utilization Rate of Solid Waste Resources”, the data in the last column of the table are calculated by taking the corresponding data of 2012 as 100.

### Environmentally-friendly Products

Being market-oriented and striving for customer satisfaction, Baosteel constantly optimizes its product structure, improves its product quality and grade, vigorously develops environmentally-friendly products and implements “green operation” to build a “Green Baosteel”.

#### Baosteel’s Environmentally-friendly Products Featured by Energy Conservation, Consumption Reduction and Low Carbon Emission

Industry	Main Types	Advantages
Automobile	Thin plate, steel wire and rod, laser tailor welded plate	Reduce weight, improve safety and simplify processing
Food and Beverage	Ultrathin DR plate, DI plate	Reduce the weight of beverage cans
Home Appliances	Color-coated plate, electrical steel, galvanized plate	Simplify processing and improve motor efficiency
Electric Power and Energy	Boiler pipe, pipeline steel	Improve power generation efficiency and energy delivery efficiency
Architecture and Civil Engineering	High-strength steel, ultrahigh strength steel	Reduce weight, improve safety and improve efficiency of construction

#### Baosteel’s Environmentally-friendly Products of Environmental Protection Category

Industry	Main Types	Advantages
Automobile	Galvanized plate, composite plate	Reduce noise and vibration
Home Appliances	Non-chrome and environmentally-friendly coating electrical steel, non-chrome and environmentally-friendly coating galvanized plate	No substances harmful to the environment

#### Baosteel’s Environmentally-friendly Products of “Recycled and Service Life Prolonged” Category

Industry	Main Types	Advantages
Automobile	High strength galvanized plate	Prolong service life and reduce material waste
Home Appliances	Galvanized plate, color-coated plate	Prolong service life and reduce material waste
Electric Power and Energy	Boiler pipe, high strength steel	Prolong service life and improve power generation efficiency
Architecture and Civil Engineering	High-strength structural steel, steel wire, fire and weather-resistant steel, steel pipe, color-coated steel plate	Prolong service life

### Comprehensive Utilization

#### List of Comprehensive Utilization of Solid Waste Resources of Baosteel Development Co., Ltd. in 2014

Name of Product	Amount Utilized
Water Granulated Slag	4.6515 million tons (including No.1 Iron & Steel Co., Ltd.)
Mineral Powder	2.9152 million tons (Shanghai Area)

(Continued)

Name of Product	Amount Utilized
Fly Ash	242,500 tons
Iron Oxide Red	82,600 tons
Oxide Scale	82,800 tons
Slag Iron & Steel	82,500 tons
Waste Residue	242,800 tons
Scrap Refractory Materials	200,400 tons
Iron-bearing Dust	528,800 tons
Refuse Oil	8,900 tons
Industrial Refuse	39,500 tons
Other Industrial Waste	135,100 tons
Recycle of Scrap Materials	41,300 tons
Scrap Equipment	8,100 tons
Recovery Rate of Solid Waste	9.58%

### Environmental Greening

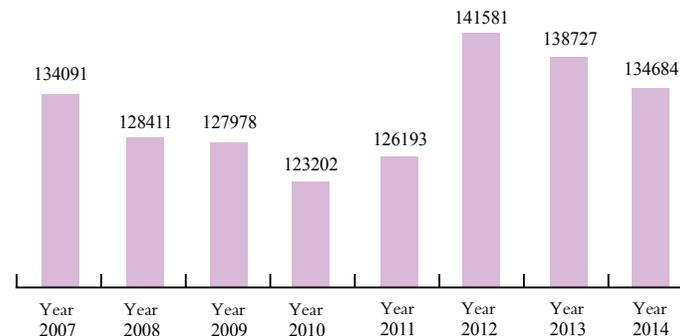
In 2014, Baosteel Development Co., Ltd. accomplished 28 Baosteel greening renovation projects with a total area of 22.8 thousand square meters, 31 greening promotion and renovation projects with an afforestation area of 485.5 thousand square meters, 141 green relocation projects with an area of 111.5 thousand square meters, and 110 green recovery projects with an area of 110.6 thousand square meters.

Baosteel Stainless has accomplished an afforestation area of 12 thousand square meters and green relocation area of 5.8 thousand square meters, and planted 9,020 trees and 2,038 square meters of grassland with greening rate reaching 29%.

Ningbo Iron & Steel has newly planted 113 thousand square meters of green land with green coverage rate reaching 32%.

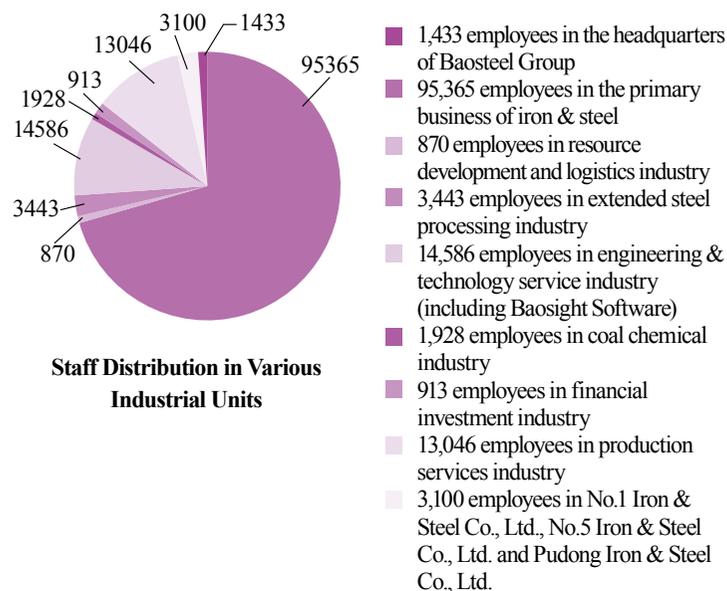
## Human Resources

### 1. Composition of Employees



Note: The data of the year 2009-2013 has been adjusted; Shaoguan Iron & Steel was acquired in 2012.

### Total Number of Registered Employees



## 2. Staff Information

### Information of On-the-job Employees of 2014

Total Number of On-the-job Employees: 124,275

By Work Nature		By Educational Background				By Age					
Managers	Technicians Operators	Postgraduates	College Graduates	Junior College Graduates	Vocational or High School Graduates	Junior High School Graduates or Below	35 or Under	36-45	46-55	56 or Above	
10,380	33,351	80,544	6,575	28,603	34,852	37,439	16,806	43,156	40,928	34,690	5,501
8.35%	26.84%	64.81%	5.29%	23.02%	28.05%	30.13%	13.52%	34.73%	32.93%	21.91%	4.43%

### Information of Professionals of 2014

Total Number of Professionals: 35,675

By Professional Qualification		By Educational Background				By Age						
Senior Intermediate	Junior Unevaluated	Postgraduates	College Graduates	Junior College Graduates	Vocational School Graduates or Below	35 or Under	36-45	46-54	55 or Above			
4,527	13,985	7,752	9,411	26,38%	4,618	20,519	8,151	2,387	13,230	11,352	9,073	2,020
12.69%	39.20%	21.73%	26.38%	12.94%	57.52%	22.85%	6.69%	37.08%	31.82%	25.43%	5.66%	

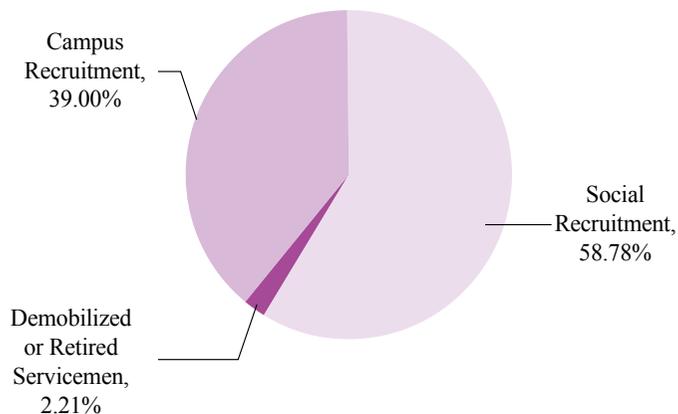
### Information of Skilled Talents of 2014

Total Number of Skilled Talents: 58,022

By Level of Skill		By Educational Background				By Age						
Senior Technicians	Technicians	Senior Workers	Intermediate Workers	Junior workers	Postgraduates	College Graduates	Junior College Graduates	Vocational School Graduates or Below	35 or Under	36-45	46-55	55 or Above
1,607	5,839	2,777	14,403	8,456	141	4,934	18,796	34,151	14,526	22,297	18,054	3,145
2.77%	10.06%	47.77%	24.82%	14.57%	0.24%	8.50%	32.39%	58.86%	25.04%	38.43%	31.12%	5.42%

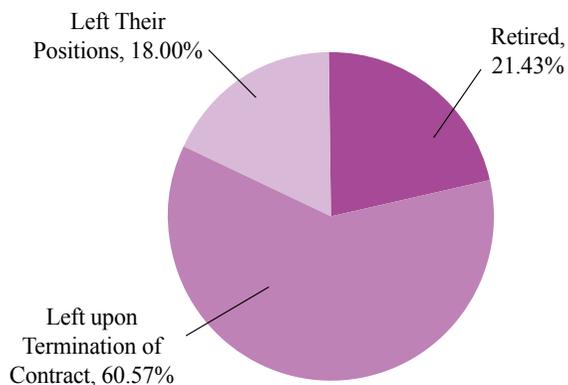
### 3. Staff Recruitment

The total number of newly recruited employees in 2014 was 6,866, a year-on-year decrease of 31%, in which 4,036 were recruited from the society, 152 were demobilized or retired servicemen and 2,678 were recruited from the campus (including 832 people with college degrees or above).



Recruitment Information

Among the 9,878 leavers in 2014, 2,117 retired, 5,983 left upon termination of contract and 1,778 left their positions.



Information of Leaver

### Development of Human Resources

Baosteel's education and training is chiefly undertaken by Baosteel Talent Development Institute, which is not only an educational and training base for Baosteel employees, but also the enterprise's management and research base and innovation activity base for employees. It performs the function of providing classified training of different levels for all Baosteel employees.

Baosteel has a group of full-time teachers involved in extensive fields. Among the 160 employees in the Talent Development Institute, 87% have received undergraduate education or above, and 24% have received postgraduate education or above. In addition, Baosteel has recruited 84 part-time professors inside and outside Baosteel, among whom 64 are Baosteel employees and 20 come from Northeastern University, Anhui University of Technology, Shanghai Jiaotong University, University of New South Wales, Australia, etc.

In 2014, Talent Development Institute carried out various kinds of training for 204,000 person-times (including 89,800 person-times for face-to-face instruction) and training days amounted to 536,000 (including 455,000 face-to-face training days); in all 134,000 Baosteel employees, each of them was trained for 32 credit hours; it also developed 18 researches on management, talent assessment for 14,745 person-times.

In 2014, the Institute won the title of "National High Skilled Talent Training Base" and "Outstanding Implementation Award in Chinese Online Study Platform Industry". Besides, "Baosteel Decision-maker Training Practice Case" won the "Best Award" of featured practice case in the State-owned Enterprise Senior Executive Training.

# Iron & Steel Industry

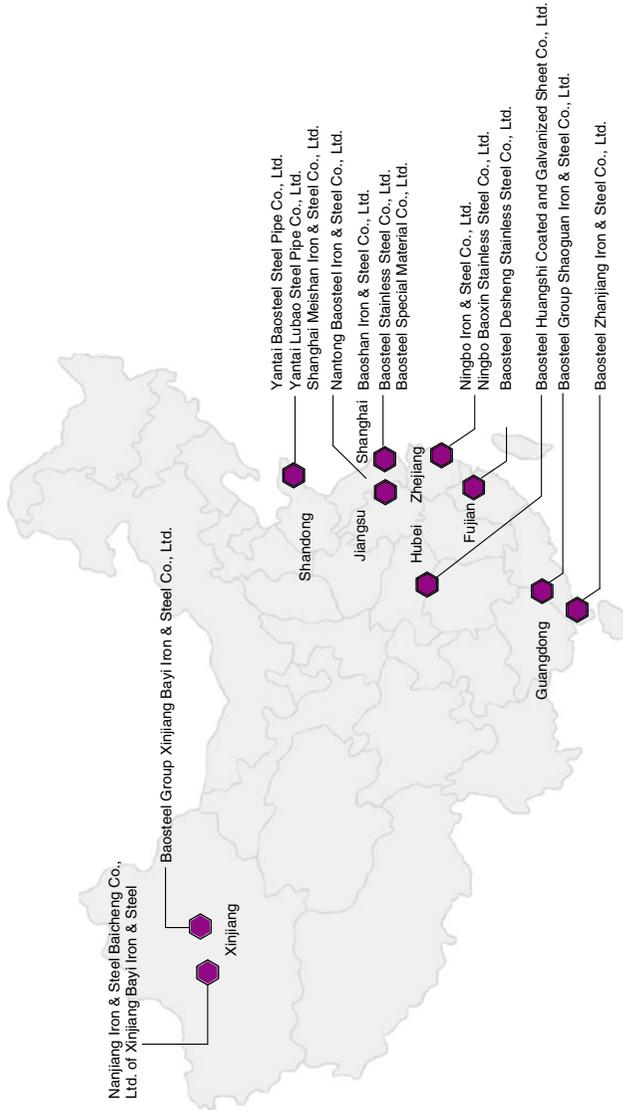
## Iron & Steel Industry



Baosteel Co., Ltd. is a core enterprise in Baosteel's primary business of iron and steel. Baosteel realized scale development through optimization of a strategic layout: in 2007 Baosteel reorganized Bayi Iron & Steel Co., Ltd.; in 2009 it reorganized Ningbo Iron & Steel Co., Ltd.; in 2012 it reorganized Shaoguan Iron & Steel Co., Ltd.; and in May 2012 Zhanjiang Iron and Steel Base Project was constructed. In 2013, the main projects of Zhanjiang Iron & Steel including iron-making, steel-making, continuous casting, hot rolling, cold rolling and others started construction in succession.

With a strategic layout of "Two Angles, One Side", Iron & Steel industry formed two strategic basis as the "Yangtze River Delta" centered in Baosteel Co., Ltd. and "Pearl River Delta" centered in Zhanjiang base; meanwhile, it consolidates the market position of Baosteel in the northwest region and gives consideration to development of central Asia and western Asia by making full use of resource advantage in Xinjiang area and policy advantage of western development.

In 2014, Baosteel Iron & Steel Industry scored a leading operation performance in China and leapt into the top ranks of the world.



## Baoshan Iron & Steel Co., Ltd. (Abbreviated to Baosteel Co., Ltd.)

Established solely by Baosteel Group on February 3, 2000, Baosteel Co., Ltd. is a subsidiary controlled by Baosteel Group. It was listed for trading at Shanghai Stock Exchange on December 12, 2000.

In 2014, Baosteel Co., Ltd. achieved a total profit of RMB 8.278 billion and a total operating revenue of RMB 187.789 billion, producing 20.989 million tons of iron and 21.529 million tons of steel and selling 21.817 million tons of commercial billets.

In 2014, Baosteel Co., Ltd. was rated A-, A3 and A- by Standard & Poor's, Moody's and Fitch respectively, the highest credit rating in the iron & steel industry across the world, showing a sound and stable outlook; Baosteel Co., Ltd. continued to win the China Most Admired Knowledge Enterprise Award; its headquarters was recommended by BSI, an authoritative certificate organization, as the first enterprise which has been awarded IECQ HSPM QC 080000 certificates in the domestic large-scale iron and steel industry. At 2014 National Science and Technology Awards Conference, Baosteel won the first prize of Science and Technology Progress with its project named as "innovative development and application of 600 °C ultra-supercritical steel tube of thermal power generating unit", and the first prize for metallurgy technology progress with its project named as "research and development of core technique and outfit of cold-rolled hot-dipping aluminizing and galvanizing unit".

## Shanghai Meishan Iron & Steel Co., Ltd. (Abbreviated to Meishan Iron & Steel)

Meishan Iron & Steel is a subsidiary of Baosteel Co., Ltd. In 2014, it produced 7.006 million tons of pig iron, a year-on-year decrease of 1,200 tons; 7.029 million tons of continuous casting billets, a year-on-year increase of 1%; 6.118 million tons of hot rolled coils, a year-on-year increase of 2.72%; 1.069 million tons of pickling, a year-on-year increase of 6.06%; 910,000 tons of cold rolling, a year-on-year increase of 2.66%; 3.02 million tons of iron ore concentrate, a year-on-year increase of 3.43%. Meanwhile, new power heat, waste heat, CDQ and TRT generated 1.57 billion KWH of power, reduced by 20.43% on year-on-year basis; objectives set for the year have all been accomplished with respect to major operational indicators.

### **Baosteel Zhanjiang Iron & Steel Co., Ltd. (Abbreviated to Zhanjiang Iron & Steel)**

Baosteel Zhanjiang Iron & Steel Co., Ltd. was registered in Zhanjiang, Guangdong Province on April 18, 2011. On May 24, 2012, National Development and Reform Commission (NDRC) issued an official document to approve Baosteel to undertake the construction of Zhanjiang Iron & Steel project; on May 31, Baosteel Guangdong Zhanjiang Iron & Steel Base Project held an opening ceremony for the construction on Donghai Island of Zhanjiang. In 2013, the main projects of iron-making, steel-making, continuous casting, hot rolling, cold rolling, etc. were started completely.

In 2014, Baosteel's construction drawings for each main unit project and the whole plant's public auxiliary project added up to 72.42% of the estimated totality, which has met the requirements of site operation. The schedule and quality of the design was under control; 2,105 equipment contracts were signed during the whole year, with 92% of the contract completed and 30% of the equipment arrived; 4,200 mm thick-plate project and 1,550 mm cold rolling engineering came into operation in succession. After completing the pile foundation construction, such as blast furnace, steelmaking, continuous steel casting, 2,250 mm hot rolling, and 2,030 mm cold rolling, the workshop's steel structure fabrication and installation, as well as equipment installation has been carried out. Baopower transformer substation was put into operation without a hitch. Self-generation power plant unit No.1 passed grid-connected adjustment and testing and the schedule was brought forward to "15•9" (September 2015) to put a blast furnace system into operation; fixed investments were planned to achieve RMB 10.3 billion, with a total investment of RMB 18.8 billion. Production preparation proceeded in an all-round way with a total of 203 goal nodes completed. 15•9 Operation Plan for Iron and Steel was formulated. Materials for cold commissioning of every unit were prepared, and simulation of operation was carried out. 865 support staff were selected and designated. At the same time, recruitment was strict. 1,965 local staff were recruited and they received training and practice in turn at Baosteel Co., Ltd. during the whole year. 1,120 of them have acquired work licenses.

The main construction of Zhangjiang Iron & Steel Base

Project covers an area of 12.98 square kilometers. The iron and steel process adopts production process of coke oven, sintering, blast furnace, converter and continuous casting. And the steel rolling process uses production facilities such as hot continuous rolling, cold continuous rolling and wide and thick plate. The project will meet the production demand of high-end carbon steel plate in target market of Southern China and around Southeast Asia. The construction scale includes 8.23 million tons of molten iron, 8.928 million tons of molten steel and 6.89 million tons of steel products. Its main varieties cover hot rolling plate, cold rolling thin plate, hot dip galvanized plate and wide and heavy plate, etc. Meanwhile, the project has the production capacity of hot rolled Ultra High Strength Steel (UHSS).

**Main Equipment (Production Lines)**

Location	Equipment and Specifications	Quantity
Plants and Business Units Directly under Baosteel Co., Ltd.	4,966 m <sup>3</sup> blast furnace	1
	4,706 m <sup>3</sup> blast furnace	1
	4,350 m <sup>3</sup> blast furnace	1
	4,747 m <sup>3</sup> blast furnace	1
	300t converter	3
	250t converter	3
	1,930 mm continuous slab caster	2
	2,300 mm continuous slab caster	1
	1,450 mm continuous slab caster	2
	1,750 mm continuous slab caster	1
	2,050 mm continuous hot rolling mill	1
	1,580 mm continuous hot rolling mill	1
	1,880 mm continuous hot rolling mill	1
	2,030 mm continuous cold rolling mill	1
	1,420 mm continuous cold rolling mill	1
	1,550 mm continuous cold rolling mill	1
	1,730 mm continuous cold rolling mill	1
1,220 mm continuous cold rolling mill	1	
5m heavy plate rolling mill	1	

(Continued)

Location	Equipment and Specifications	Quantity
Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd	1,800 mm continuous cold rolling mill	1
Meishan Iron & Steel Co., Ltd.	180 m <sup>2</sup> sintering machine, 400 m <sup>2</sup> sintering machine, 450 m <sup>2</sup> sintering machine	1 for each
	55-hole coke oven, 60-hole coke oven	2 for each
	1,280 m <sup>3</sup> blast furnace, 3,200 m <sup>3</sup> blast furnace, 4,070 m <sup>3</sup> blast furnace	1 for each
	150t converter	3
	250t converter	2
	1,320 mm two-strand continuous caster	2
	1,650 mm two-strand continuous caster	2
	1,422 mm continuous hot rolling mill	1
	1,780 mm continuous hot rolling mill	1
	1,630 mm hot rolled pickling unit	1
Tube, Pipe and Bar Business Unit	1,420 mm continuous cold rolling mill	1
	Φ140 mm seamless steel tube unit	1
	HFW welded pipe machine set	1
	UOE welded pipe machine set	1
	ARE-roll & expander	1
	460PQF continuous rolling mill	1
	Blooming mill set	1
Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd	High speed steel wire mill set	1
	Pickling machine set, cold rolling mill set, galvanizing machine set	1 for each

### Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd. (Abbreviated to Bayi Iron & Steel)

The earliest predecessor of Bayi Iron and Steel was called Xinjiang Military Area Logistics Department Iron and Steel Plant which was established in September 1951 by the People's Liberation Army stationed in Xinjiang through arduous work and frugality. It was named as Xinjiang Military Area Bayi General Iron and Steel

Plant on May 20, 1952 and renamed as Xinjiang Bayi Iron and Steel Plant in 1953 after it was handed over to the Industrial Bureau of Xinjiang Uyghur Autonomous Region. On September 27, 1995, Xinjiang Iron and Steel (Group) Co., Ltd. was established with the Xinjiang Bayi General Iron and Steel Plant as the main part and was renamed as Xinjiang Bayi Iron and Steel (Group) Co., Ltd. in November 1999. On January 16, 2007 an agreement on capital increase and reorganization of the company was executed by Baosteel Group and the Government of Xinjiang Uyghur Autonomous Region; on April 28, the company officially became a part of Baosteel Group and was named Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd.

Bayi Iron & Steel has a complete set of production processes ranging from mining, mineral separation, sintering and coking to iron making, steelmaking and steel rolling. In addition to the Yamansu iron mine and Mengku iron mine in Hami Prefecture and Altay Prefecture of Xinjiang respectively, Bayi Iron & Steel has self-owned iron mines with considerable reserves in northern and southern Xinjiang. It also has a coal mine in Ewrigol of Urumqi which mainly produces coking coal. Bayi Iron and Steel also produces products made of iron and steel such as metalware.

Bayi Iron & Steel has an annual steel output of 11 million tons. Its products include long steel products, steel plates and steel pipes, which are mainly sold in Xinjiang and other provinces in western China. Some of the products are also exported to Central Asia.

In 2014, 7.7037 million tons of iron, 7.6705 million tons of steel and 7.227 million tons of steel products were produced; 7.2756 million tons of steel products were sold, realizing an operating revenue of RMB 21.960 billion.

#### Main Equipment (Production Lines)

Equipment	Specifications	Quantity
Iron Mine		2
Coal Mine	Mainly producing coking coal	1
Sintering Machine	430 m <sup>2</sup>	2 (including 1 of Nanjiang Iron & Steel)
Sintering Machine	265 m <sup>2</sup>	2
Coke Oven	4.3m,42-hole	4
Coke Oven	4.3m,49-hole (tamping)	1

(Continued)

Equipment	Specifications	Quantity
Coke Oven	5.5m, 60-hole recuperative (tamping)	1 (Nanjing Iron & Steel Co., Ltd.)
Coke Oven	6m, 55-hole	4
Blast Furnace	2,500 m <sup>3</sup>	3
Blast Furnace	1,800 m <sup>3</sup>	1 (Nanjing Iron & Steel Co., Ltd.)
Converter	150 tons	1
Converter	120 tons	5 (including 2 of Nanjing Iron & Steel Co., Ltd.)
Electric Furnace	110 tons	1
Electric Furnace	70 tons	1
High Speed Steel Wire Mill Set		3
Steel Rod Mill Set		4
Cold Rolling Mill Set	1,420 mm rolling mill	1
Hot Rolling Mill Set	1,750 mm rolling mill	1
Medium and Heavy Plate Rolling Mill	3,500 mm	1

### Xinjiang Bayi Iron & Steel Co., Ltd. (Abbreviated to Bayi Iron & Steel Co., Ltd.)

Xinjiang Bayi Iron & Steel Co., Ltd. is a limited joint stock company established on July 27, 2000 jointly by Xinjiang Bayi Iron and Steel Group Limited Liability Company and the other 4 companies. On August 16, 2002 it was listed for trading at Shanghai Stock Exchange.

By the end of 2014, the total capital stock of Bayi Iron and Steel Co., Ltd. was 766 million shares with total assets of RMB 21.228 billion and net assets of RMB 1.6 billion. This company mainly deals with smelting, rolling, processing and marketing of iron and steel. Its comprehensive capacity of steel production is 11 million tons per year. In 2014, 1.2345 million tons of iron, 7.6705 million tons of steel and 7.227 million tons of steel products were produced; 7.2756 million tons of steel products were sold, realizing an operating revenue of RMB 20.6 billion.

Its products cover rods, sections, strips, wires, pipes, and plate. The categories of steel products it manufactures include plain carbon

steel, deformed steel, welding bar steel, cotton-packing wire steel, special steel for cold rolling ribbed steel bar, oil sucker rod steel, spring steel, alloy structural steel, quality carbon structural steel, medium and heavy plate, hot rolling thin plate, cold rolling thin plate, color-coating plate, and galvanized plate, etc.

The quality of leading products of Bayi Iron & Steel has reached the standard of internationally-recognized high-precision products. And the products have received honorable titles of “Famous Brand of Xinjiang Uygur Autonomous Region” for many times, of which “Huli” deformed steel bar was awarded with “Gold Cup Prize of Metallurgical Product Quality”.

Bayi Iron & Steel Co., Ltd. won in succession various honors such as National Advanced Credible Organization, Well-known Enterprise in China Market, Best Image of Chinese Enterprises AAA Grade, National Advanced Organization for Cultural and Ideological Progress, and one of the earliest Contract-Honoring and Credible Enterprises in Xinjiang Uygur Autonomous Region.

### Ningbo Iron & Steel Co., Ltd. (Abbreviated to Ningbo Iron & Steel)

Ningbo Iron & Steel Co., Ltd. was established on January 14, 2003. Its predecessor was Ningbo Jianlong Iron and Steel Co., Ltd. On March 16, 2006 the National Development and Reform Commission approved the application for reorganization of the iron and steel projects in Ningbo. On July 7 of the same year, Ningbo Iron & Steel Co., Ltd. was established. Baosteel Group Co., Ltd. reorganized Ningbo Iron & Steel on March 1, 2009. After reorganization, the stock proportion of Ningbo Iron & Steel was: 56.15% held by Baosteel Group, 34% by Hangzhou Iron and Steel Group, 7% by Ningbo Development and Investment Group Company and 2.85% by Ningbo Economic and Technological Development Zone Holding Company. On December 16, 2014, Proposal on Ningsteel Capital Increase Scheme was deliberated and adopted at the second shareholder meeting and the fifth session of the 3rd board meeting held by Ningbo Iron & Steel Co., Ltd. After this capital increase, Hangzhou Iron & Steel Group, Baosteel Group, Ningbo Development & Investment Group Co., Ltd. and Ningbo Economic & Technological Development Zone Holding Co., Ltd take 60.29%, 34%, 4.06% and 1.65% of the share of Ningbo Iron & Steel

respectively.

Ningbo Iron & Steel's products mainly cover steel billet and flat hot rolled coil. The types of steel it produce include: general structure carbon steel, steel for pipe, general structure low alloy steel, cold rolled or cold formed low-carbon steel and ultra-low carbon steel (D and E materials), high-quality carbon structural steel, pipeline steel (steel for oil and gas tube, steel for straight-seam electric resistance welded tube), automotive structural steel (wheel steel, beam steel, fine-grained high strength steel, steel for other automotive structural parts), container steel, ship-building steel, bridge steel, construction machinery steel and checkered plate.

In 2014, Ningbo Iron & Steel produced 4.3262 million tons of iron, 4.5532 million tons of steel, 4.0698 million tons of hot rolled coil with an operating revenue of RMB 14.216 billion.

**Main Equipment (Production Lines)**

Equipment	Specifications	Quantity
Coke Oven	55-hole, 6 m	2
Sintering Machine	430 m <sup>2</sup>	2
Blast Furnace	2,500 m <sup>3</sup>	2
Blast Furnace Top Pressure Recovery Turbine Generator Unit	12.5MW	2
Two-strand Continuous Rolling Mill	1,650 mm	2
Converter	180 tons	3
LF Ladle Refining Furnace	180 tons	1
RH Vacuum Degassing Furnace	180 tons	1
Hot Continuous Rolling Mill Unit	1,780 mm	1
Full-gas Generator Set	135MW	1
Sintering Waste Heat Generator Set	15MW	1

### Baosteel Group Guangdong Shaoguan Iron & Steel Co., Ltd. (Abbreviated to Shaoguan Iron & Steel)

Baosteel Group Guangdong Shaoguan Iron & Steel Co., Ltd. was established on August 22, 1966. Its predecessor was Guangdong

Shaoguan Iron & Steel Group Co., Ltd. Baosteel signed equity transfer agreement with Stated-owned Assets Supervision and Administration Commission (SASAC) on August 22, 2011. On the basis of spinning off societal functions, Shaoguan Iron & Steel's 51% equity was directly held by Baosteel Group. Baosteel Group Guangdong Shaoguan Iron & Steel Co., Ltd. was established on April 18, 2012.

Shaoguan Iron & Steel has an annual steel output of 6.50 million tons. Based on iron and steel industry, it implements diversified operation with simultaneous development of manufacture, science and trade. It is not only the important iron and steel production base of Guangdong Province and national high-tech enterprise, but also the vital production base of ship plate steel, high strength steel plate used for engineering machinery and hydropower station, high-building steel plate used for architectural structure, bridge plate, boiler and steel plate used for pressure vessel. Some productions, such as plate, wire rod and superior special steel bar, etc. are mainly sold in Pearl River Delta (PRD), Eastern China and provinces adjacent to Guangdong, and some are for exports.

In 2014, Shaoguan Iron & Steel produced 6.18 million tons of iron, 6.28 million tons of steel, 6.15 million tons of steel products, 8.88 million tons of sinter and self-produced 1.93 million tons of coke; realizing an operating revenue of RMB 20.969 billion.

**Main Equipment (Production Lines)**

Equipment	Specifications	Quantity
Maerz Limekiln	500 tons per day	2
Sintering Machine	105 m <sup>2</sup>	1
Sintering Machine	360 m <sup>2</sup>	2
Coke Oven	4.3m (55-hole*2)	1
Coke Oven	6m (55-hole*2)	1
Coke Oven	New 6 m (55-hole*2)	1
Blast Furnace	420 m <sup>3</sup>	1
Blast Furnace	450 m <sup>3</sup>	1
Blast Furnace	750 m <sup>3</sup>	1
Blast Furnace	2,200 m <sup>3</sup>	1
Blast Furnace	3,200 m <sup>3</sup>	1
Converter	120 tons	3

(Continued)

Equipment	Specifications	Quantity
Converter	130 tons	2
Electric Furnace	90 tons	1
High Speed Wire Rod	Finished product Φ5.5 mm-20 mm	2
Small Section Mill (Deformed steel)		3
Steel Rod Rolling Mill (Rod One)	Finished product Φ12 mm-40 mm	1
Steel Rod Rolling Mill (Rod One)	Finished product Φ12 mm-22 mm	1
Steel Rod Rolling Mill (Rod Three)	Finished product Φ12 mm-50 mm	1
Medium and Heavy Plate Rolling Mill	2,500 mm	1
Wide and Heavy Plate Rolling Mill	3,450 mm	1
Special Steel Rolling Mill (Big Rod)	Finished productΦ70 mm-180 mm	1
Special Steel Rolling Mill (Small Rod)	Finished productΦ20 mm-80 mm	1

### Baosteel Stainless Steel Co., Ltd. (Abbreviated to Baosteel Stainless)

Baosteel Stainless Steel Co., Ltd. was established on March 12, 2012. It has three major production bases—Shanghai Headquarters, Baosteel Desheng Stainless Steel Co., Ltd. (abbreviated to Baosteel Desheng) and Ningbo Baoxin Stainless Steel Co., Ltd. (abbreviated to Ningbo Baoxin), and it has a complete set of united production lines of stainless steel and carbon steel ranging from iron making, steel making, hot rolling and cold rolling, etc.

Baosteel Stainless Steel Headquarters, with an area of 3.53 square kilometers, is located in Baoshan district of Shanghai. It could produce 1.50 million tons of stainless steel and 2.25 million tons of carbon steel throughout the year. Baosteel Desheng, with an area of 2.18 square kilometers, is situated in Jin'gang Industrial Park of Luoyuan Bay Development Zone of Fujian Province. It has a complete set of production and processing capability on mining, iron making, steel making, coking, hot rolled strip, solution heat treatment and pickling, etc., and it has an annual stainless steel output of 1.20 million tons. Ningbo Baoxin is located in Ningbo Economic and Technological Development

Zone, covering an area of 650,000 square meters. It could produce 600,000 tons of cold rolled stainless thin plate and 10,000 tons of cold rolled stainless steel welded pipe throughout the year.

In 2014, Baosteel Stainless realized an operating revenue of RMB 39.494 billion. It produced 2.54 million tons of iron, 2.93 million tons of steel, 3.34 million tons of hot rolling and sold 1.49 million tons of stainless steel products and 1.83 million tons of carbon steel products.

#### Main Equipment (Production Lines)

Equipment	Specifications	Quantity
<b>Baosteel Stainless Headquarters</b>		
Blast Furnace	750 m <sup>3</sup>	1
Blast Furnace	2,500 m <sup>3</sup>	1
Converter	150 tons	2
Converter	120 tons	2
Ladle Refining Furnace	150 tons	1
Ladle Refining Furnace	120 tons	1
Electric Furnace	100 tons	2
Continuous Caster	1,650 mm	4
Hot Rolling Mill Set	1,780 mm	1
Carbon Steel Cold Rolling Mill Set	1,600 mm	1
Stainless Steel Cold Rolling Mill Set	1,600 mm	1
Annealing and Pickling Machine Set of Hot-Rolled Stainless Steel Strip	1,600 mm	1
Annealing and Pickling Machine Set of Cold-Rolled Stainless Steel Strip	1,600 mm	1
Continuous Pickling Machine Set of Carbon Steel	1,600 mm	1
Continuous Annealing Machine Set of Carbon Steel	1,600 mm	1
<b>Ningbo Baoxin</b>		
Annealing and Pickling Machine Set of Hot-Rolled Stainless Steel Strip		1

(Continued)

Equipment	Specifications	Quantity
Annealing and Pickling Machine Set of Cold-Rolled Stainless Steel Strip		3
Bright Annealing Unit		2
Bell-type Furnace		18
Grinding and Polishing Unit		3
Single Stand Cold Rolling Mill	1,350mm	7
Finishing Line (Offline Temper Mill)		3
Finishing Line (Middle Tension Leveler)		1
Finishing Line (Finished Tension Leveling Re-Coiled Vertical and Horizontal Cutting Machine)		6
Welded Pipe Machine Set		2
<b>Baosteel Desheng</b>		
Sintering Machine	126 m <sup>2</sup>	3
Blast Furnace	600 m <sup>3</sup>	3
Converter	80 tons	4
Stainless Continuous Caster	180 mm × 1,250 mm two-strand slab continuous caster, 200 mm × 1,600 mm continuous caster (one tension leveler and one casting billet)	1 for each
Hot Continuous Rolling Mill	1,150mm	1
Solvus Line	1,150mm	6

### Baosteel Special Steel Co., Ltd. (Abbreviated to Baosteel Special Steel)

Established in April 2012, Baosteel Special Steel owns several production lines of special metallurgy, long steel products of stainless steel and structural steel, silver bright materials, alloy plate and stripe and steel pipe. It has developed three series of products centering on special metallurgy, stainless steel and structural steel. Meanwhile, Baosteel Special Steel focuses on three key industries of aerospace, energy power station and transportation and centers around four

specialized products of die steel, bearing steel, steel and mandril for automobile and stainless steel.

In 2014, Baosteel Special Steel produced 379,700 tons of steel and 821,400 tons of steel materials, sold 867,000 tons with an operating revenue of RMB 9.040 billion.

#### Main Equipment (Production Lines)

Equipment	Specifications	Quantity
Electric Furnace	40 tons	4
Vertical Continuous Caster	Slab	1
Vacuum Induction Furnace	12 tons	1
Fast Forging Press	4,000 tons, 6,000 tons, 1,300 tons of radial forging	1 for each
Hot Rolled Plate Rolling Mill	2,500 mm	1
Steckel Mill	1,300 mm	1
Main Production Line of Cold Rolled Plate and Coil	1,300 mm	1
Main Hot Extrusion Line	Φ51 mm-325 mm	1
Steel Rod Rolling Mill	Φ750 mm×2,000 mm, Φ700mm×900 mm	1 for each
Consumable Electrode Vacuum Furnace	15 tons	1
Electric Slag Furnace	20 tons	5

### Overseas Companies

#### Baosteel America Inc. (Abbreviated to Baosteel America)

As a wholly-owned subsidiary of Baoshan Iron and Steel Co., Ltd., Baosteel America Inc. was established in America on April 9, 1996. It is located in Montvale, New Jersey, with 980,000 dollars of registered capital. Baosteel America Inc. is focusing on the marketing, diversified trade, investment and financing of steel and steel-related products. Its main markets cover North & South America and users include General Motors, General Electric, Electrolux, etc. It sets up representative offices in Los Angeles of U.S.A, Toronto of Canada,

Mexico City of Mexico, Rio de Janeiro of Brazil and Shanghai of China respectively.

In 2014, Baosteel America Inc. sold 465,000 tons of various iron and steel and realized 618 million US dollar of sales revenue.

### **Baosteel Europe GMBH (Abbreviated to Baosteel Europe)**

Baosteel Europe was established in Hamburg, Germany on October 11, 1993, which is a wholly owned overseas subsidiary of Baoshan Iron & Steel Co., Ltd. Its registered capital is 500,000 DEM, and solid capital fund is 4 million DEM (2.0452 million Euros). The main business are metallurgy materials, devices, spare parts and components as well as imports and exports trade of iron and steel products, etc. Baosteel Europe sets up representative offices in Eastern Europe, South Africa and Shanghai, and three subsidiaries as Baosteel Espana, S.L., Baosteel Middle East FZE, Baosteel Italia Distribution Center SPA.

In 2014, Baosteel Europe sold 416,700 tons of iron and steel and realized 392 million Euros of sales revenue.

### **Howa Trading Co., Ltd. (Abbreviated to Howa Trading)**

Howa Trading Co., Ltd. was established on August 26, 1993 with 876 million Yen of registered capital. It is a wholly-owned subsidiary of Baoshan Iron and Steel Co., Ltd. and the registered address is 15 Banchi, Ichiban-Cho, Chiyoda, Tokyo. Howa Trading Co., Ltd. is focusing on the trade of steel products, trade of devices, spare parts, materials and equipment, as well as trade of raw materials and deep processing products of iron and steel. The sales area of steel and iron covers countries and regions such as Japan, South Korea, Australia and Taiwan, China, etc. Howa Trading Co., Ltd. has set up Seoul Office in Korea and Shanghai Office in China respectively and also set up Baosteel Australia Pty Ltd. in Australia and Hanbao Distribution Center of Steel Cutting and Processing (BGM joint-stock company) in South Korea.

In 2014, Howa Trading realized 128.2 billion Yen for sales revenue, and 1.324 million tons of steel import and export.

### **Baosteel Singapore Pty Ltd. (Abbreviated to Baosteel Sinotrans)**

As a wholly-owned subsidiary of Baoshan Iron and Steel Co.,

Ltd., Baosteel Singapore Pte Ltd. was established in Singapore on February 25, 1997. The headquarter is located in No.7 Temasek Boulevard, Singapore, with 1.5 million Singapore dollars of registered capital. It also sets up a subsidiary in India and representative offices in Vietnam, Thailand and Shanghai. Baosteel Singapore Pte Ltd. is focusing on the trade of all kinds of steel and steel-related products, and its main markets cover Singapore, Malaysia, Indonesia, Philippines, Thailand and Vietnam, etc. in Southeast Asia as well as India, Pakistan and Bangladesh and so on in South Asia. Baoxin has been selected as one of Singapore's top 1,000 companies for 13 consecutive years, ranking 264th in 2014.

In 2014, Baosteel Singapore realized 2.151 billion US dollars of sales revenue with a 40.77% increase over the previous year, a record high in history.

### **Baosteel Jinshan Pty Ltd. (Abbreviated to Baosteel Jinshan)**

Baosteel (the original Shanghai Baoshan General Iron & Steel Works) and Jinshan Shipping Agency, which is under Dongshi Group in Hong Kong, registered and established Baosteel Jinshan Pty Ltd. as a joint venture (each accounted for 50% share, Baosteel's total investment is 14.921 million US dollars) on November 3, 1992 in Hong Kong. The registered capital is 3.3 million HKD (Hong Kong dollar). Baosteel Jinshan Pty Ltd. has two 160,000-ton capsize ships—"Baozhi Ship" and "Baohang Ship", two 180,000-ton capsize ships—"Baoyong Ship" and "Baotai Ship", and rent four 180,000-ton capsize ships—"Baotuo Ship", "Baoxie Ship", "Baoli Ship" and "Baocheng Ship" for a long time.

In 2014, Baosteel Jinshan Pty Ltd. realized 109 million US dollars of sales revenue.

### **Baosteel Sinotrans Pty Ltd. (Abbreviated to Baosteel Sinotrans)**

Baosteel Group and Sinotrans Ltd. registered and established Baosteel Pty Ltd. as a joint venture on January 9, 1992 in Hong Kong. With the development in shipping business, Baosteel purchased 50% shares occupied by Sinotrans Ltd., and Baosteel Sinotrans Co., Ltd. became a wholly-owned subsidiary of Baosteel Group. On November 18, 2005, Baosteel Sinotrans was included in Baosteel Co., Ltd., and

it became the only wholly-owned overseas subsidiary which mainly managed shipping business. It has also expanded business to pursue diversified development, such as marine transportation of major bulks (mainly including ore and coal), iron ore purchasing and sales agent, financing and rolled steel processing, outward foreign investments, etc.

In 2014, Baosteel Sinotrans completed 23.68 million tons of iron ore transportation and realized 449.7 million US dollars of sales revenue; it purchased 23.4 million iron ore as an agent and realized RMB 1,987 million in operating revenue.

### **Baosteel Australia Mining Company Pty Ltd. (Abbreviated to Baosteel Australia Mining Company)**

Baosteel Australia Mining Company was established in Perth City, capital of West Australia on May 10, 2002, which is a wholly-owned overseas subsidiary of Baosteel Group Cooperation. Its registered capital is 19.96 million AUD. Baosteel Australia Mining Company takes development and production of iron and steel raw materials as the main business, aims to stabilize the raw material resources supply needed by production management of Baosteel iron and steel, and gradually develops into a development and supply platform for Baosteel overseas raw materials.

In 2014, Baosteel Australia Mining Company realized 35 million AUD of sales revenue.

## Diversified Industries



## Diversified Industries

Baosteel implements the strategy of “one powerful industry along with coordinated development of related diversified industries”. While highlighting development of the primary iron and steel industry, Baosteel vigorously develops related diversified industries around the supply chain of iron and steel, the technology chain, and the resources utilization chain. Currently the industries in which Baosteel is involved are composed of 7 major sections, including resource development & logistics, extended steel processing, engineering technology services, coal chemical, financial investment, IT and production services.

### Resource Development & Logistics

The industry of resource development and logistics is the upstream industry of the iron and steel supply chain. It deals mainly with development and management of iron mines, coal and other resources and ensures the resource supply for iron and steel production.

#### **Baosteel Resources Co., Ltd. (Abbreviated to Baosteel Resources)**

Established on July 21, 2006, Baosteel Resources is a wholly-owned subsidiary of Baosteel Group Corporation. It mainly deals with the investment, trade and logistics services of mineral resources, efforts to build service platform of resources investment, trade and comprehensive logistics for iron and steel and other fields.

On December 21, 2010 Baosteel Resources established an oversea headquarters in Hong Kong—Baosteel Resources (International) Limited, practicing double-headquarter operation from Shanghai and Hong Kong. Baosteel Resources (Singapore) Limited was formally established in 2012. So far Baosteel Resources formed a embryonic network pattern in global resources areas such as Australia, Africa, America and Southeast Asia.

Baosteel Resources focuses on global distribution of mineral

resources and seeks international win-win cooperation. It commits itself to providing clients with high quality products and value-added services, as well as achieving great leap-forward development of ore, coal, alloy, nonferrous metals, metal recycling and shipping logistics, etc.

In the process of moving towards the strategic goal, Baosteel Resources continuously makes innovations in management model, constantly promotes investment cooperation and construction of “dual engines” in trade operation, further develops shipping business space, and improves international management capabilities.

Baosteel Resources has always persisted in developing together with shareholders, clients, suppliers, staff and the society. It keeps improving the management and operation functions including exploration, design, selection, processing, transportation, trade and investment, and tries to build a more mature industrial structure. It consistently improves its core competitiveness, makes effort to become a world-class comprehensive supplier of mineral resources.

In 2014, Baosteel Resources achieved operating revenue of RMB 45.641 billion with a profit of RMB 852 million.

### Extended Steel Processing

The extended steel processing industry is the downstream industry of the iron and steel supply chain. Baosteel mainly deals with development of the extended steel processing industry through utilization of its advantages in respect of iron and steel production.

#### **Baosteel Metal Co., Ltd. (Abbreviated to Baosteel Metal)**

Established on December 28, 2007 with a registered capital of RMB 4.05 billion, Baosteel Metal is a wholly-owned subsidiary of Baosteel Group. The main business of Baosteel Metal includes metal packaging, industrial gas, metal products, automobile trade, etc.

The metal packaging business mainly deals with two-piece steel and aluminum cans, metallic end and tinplate. The two-piece steel cans it produces are already exclusively present in North China, East China, Southwest and South China. Furthermore, a long-term strategic cooperation relationship with Coca Cola, Pepsi-Cola and other famous international enterprises has been established. As a leading enterprise of metal color-printing in the food and beverage industry, Baosteel Metal

possesses a domestically advanced UV metal color-coating printing production line.

The industrial gas business mainly works on pipe gas. It also works on the development and production of liquid gas, hydrogen, carbon dioxide, medical gas, special gases and rare gases, as well as the development and application of new energy products related to industrial gas.

The metal product business mainly deals with the processing and production of various steel wires and profile steels, among which the galvanized steel wire (PC) rope for cable-stayed bridges has been widely applied in such places as the Jiangsu Sutong Bridge, the Xi-houmen Bridge in Zhoushan, Zhejiang Province, and the Bay Bridge in the U.S., the Machang Bridge in South Korea and other domestic and international key projects. Other products such as the cold-heading wire, oil-tempered spring steel wire, cold forming profile steel and H-shaped profile steel and so on also have strong competitive advantages in various fields. Its first batch of steel cord has been certified in sample-sending and its sawing wire has achieved bulk supply.

The automobile trade business mainly deals with the trade and services for complete automobiles and second-hand automobiles. Baosteel Metal devotes itself to a value chain with automobile sales, maintenance, replacement, leasing and related services as core business and tries to become a famous automobile trade service provider relied by manufacturers, trusted by users and respected by the society.

In 2014, Baosteel Metal realized operating revenue of RMB 11.226 billion with a profit of RMB 330 million.

## Engineering Technology Services

The engineering technology services industry has a mission of enhancing Baosteel's independent integration and innovation capabilities, achieving lean production and improving efficiency of the iron & steel industry as well as advancing the engineering and technological industrialization progress, and is an industry related to engineering construction, operation and maintenance as well as lean operation of the primary iron & steel industry.

### **Baosteel Engineering Technology Group Co., Ltd. (Abbreviated to Baosteel Engineering)**

Shanghai Baosteel Engineering Technology Co., Ltd. was

established on August 5, 1999. Baosteel Group Corporation Engineering Technology Committee was set up in August 2009. In April 2010, the original Shanghai Baosteel Engineering Technology Co., Ltd., on the basis of incorporating and integrating relevant engineering technologies, steel structure business and resources, established a flagship company, which was renamed as Baosteel Engineering Technology Group Co., Ltd. Being a wholly-owned subsidiary of Baosteel Group Corporation, it has a registered capital of RMB 2.82 billion.

Baosteel Engineering has a complete industrial chain and it is building strategic business focusing on energy conservation and environmental protection, strategic business of urban buildings. It is also committed to strengthening and improving specialized business including metallurgical technology, equipment manufacturing and construction management consulting, etc. As a recycling business, industrial technical services guarantee the improvement of the competitiveness of iron and steel industry. The company business covers general contracting, project management and engineering consulting, project design, project bidding, project supervision, equipment design and manufacturing, supply of complete sets of equipment, construction management, operation maintenance and products inspection, etc. Its providing service for industries extended from metallurgy to environmental protection, energy, finance, coal chemistry and municipal administration.

In 2014, it fully realized RMB 10.738 billion in operating revenue.

### **Shanghai Baohua International Tendering Co., Ltd. (Abbreviated to Baohua Tendering)**

Its predecessor was the Tendering Office of Shanghai Baosteel International Economic and Trade Co., Ltd. Baohua Tendering was established on December 21, 2005 with a registered capital of RMB 10 million.

Baohua Tendering possesses tendering qualifications including A-grade international tendering for electromechanical products, A-grade engineering tendering and A-grade government procurement, etc. It can undertake multiple types of procurement tendering including domestic and international electromechanical equipment, materials and spare parts, raw and auxiliary materials, engineering tendering (design, exploration, construction and supervision) and service tendering.

In 2014, Baohua Tendering realized a sales revenue of RMB 67.82

million with a total profit of 16.19 million, completed 1,416 tendering projects with a successful bidding sum of RMB 14.888 billion.

## Coal Chemical Industry

The coal chemical industry of Baosteel is a resource utilization industry, mainly involving gas refining after coking by the steelmaking enterprises as well as production and sales of coal chemical products. Through cyclic utilization and products transformation based on coking byproducts, it seeks for value added by manufacture, exploits downstream coal chemical fields with high technology and high value added and practices concept of environmental management.

### **Shanghai Baosteel Chemical Co., Ltd. (Abbreviated to Baosteel Chemical)**

Its predecessor was the Chemical Plant of Baoshan General Iron & Steel Works. In 1985 the Phase I project of Baosteel Chemical was completed and put into operation. It grew to be a branch under Baosteel Co., Ltd. in May 2005 and resumed independent operation in September 2007, thereby becoming a wholly-owned subsidiary of Baosteel Co., Ltd. In April 2009 Baosteel Chemical was included as one of the diversified businesses by Baosteel Group Corporation and was responsible for the development of coal chemical sector of Baosteel. It has a registered capital of RMB 2.11 billion.

The company boasts production bases such as Shanghai Baoshan, Nanjing Meishan and Suzhou Baohua Carbon Black, in addition to subsidiaries, i.e., Wuhai Baohua Wanchen Coal Chemical Industry Co., Ltd., Zhanjiang Baosteel Chemical Co., Ltd., Nanjing Baoning Chemical Co., Ltd., Sichuan Daxing Baohua Chemical Co., Ltd., Baosteel Chemical International Trade Co., Ltd. (Zhangjiagang Free Trade Zone), Shanghai Bao Chemical E-commerce Co., Ltd., and Southeast Asia Representative Office and other agencies.

Baosteel Chemical has an original value of the fixed asset of RMB 9.114 billion and a total asset of RMB 5.344 billion, with a processing capacity of 4.3 billion cubic meters of coke oven gas, 1.1 million tons of tar and 250,000 tons of crude benzene and a production capacity of 280,000 tons of carbon black. The quality of its needle coke has been further improved and has taken a place in the high-end market. In terms of coke tar processing capacity, it ranks top internationally and has the potential of developing into a world-class coal chemical enterprise.

The company produces over 50 series of products, including benzene, naphthalene, phenols, quinoline, oils, coumarone, ammonia sulfate, carbazole, anthraquinone, pitch coke, needle coke and carbon black. All these products are widely applied in the fields of construction, medicine, pesticides, plastics, tyres and pigments. Baosteel refined naphthalene is rated as a national-level customer satisfaction product.

Baosteel Chemical achieved an operating income of RMB 9.219 billion and earned a profit of RMB 540 million in 2014.

## Financial Investment Industry

The financial investment industry is closely associated with the primary iron & steel business. The combination of the business with finance can effectively boost the development of the primary iron & steel business and enhance the comprehensive competitiveness of the primary iron & steel business. Baosteel's presence in the financial investment industry is achieved through Fortune Investment Co., Ltd., Hwabao Trust Co., Ltd., Fortune SG Fund Management Co., Ltd., Hwabao Securities Co., Ltd. and Baosteel Finance Co., Ltd.

### **Fortune Investment Co., Ltd. (Abbreviated to Fortune Investment)**

Fortune Investment Co., Ltd. was established in March, 2007, with registered capital of RMB 6.869 billion. It is a wholly-owned subsidiary of Baoshan Iron and Steel Co., Ltd. In accordance with the principles of corporate governance structure, it manages and controls financial institutions of Baosteel such as Hwabao Trust, Fortune SG, Hwabao Securities, etc. for promoting resource sharing and business interaction.

Fortune Investment Co., Ltd. dedicates to equity investment business, and selects outstanding enterprises for direct investment; while actively seeking investment opportunities of mainstream financial industry as well as upstream and downstream industry chain related to steel industry sector, it increases key investments in sectors such as public facilities, huge consumption, pharmaceuticals & medical and other anti-cyclical industries, and sectors such as energy conservation and environmental protection, new materials, high-end equipment and part of the high-tech sectors; in addition, it participates in the equity investment business indirectly by taking advantage of market-oriented operation.

By the end of 2014, Fortune Investment had held 14.17% shares of China Pacific Insurance (Group) Co., Ltd., 59.41% shares of Hwabao

Securities Co., Ltd., 50% equity of ALD and Fortune Automotive Leasing Co., Ltd. (Shanghai).

Fortune Investment realized an operating income of RMB 1.992 billion, gained a total profit of RMB 1.348 billion (both excluding “China Pacific Insurance”) and the size of asset under its management hit RMB 560 billion in 2014.

### **Hwabao Trust Co., Ltd. (Abbreviated to Hwabao Trust)**

Hwabao Trust was founded in 1998 with a registered capital of RMB 2 billion (including USD 15 million), 98% of its equity being held by Baosteel and 2% by Zhejiang Zhoushan Finance Bureau. On June 12, 2008 Baosteel Group Corporation entrusted Fortune Investment to manage Hwabao Trust Co., Ltd.

Over the years, Hwabao Trust has always maintained the sense of innovation whose several business qualifications or actions are at the forefront of the industry. In 2003, Hwabao Trust first disclosed information through public media and set up the first joint venture fund company of the industry. In 2004, it first introduced independent directors. In 2005, the company was granted by the Ministry of Human Resources and Social Security the first enterprise annuity business qualification of legal person trusteeship and account manager. In 2007, it was the first trust company approved and granted the replaced financial license after the new two rules were released. In 2011, it became the first trust company qualified for stock-index futures trading. In 2012, it first introduced rating of trust products in China and successfully applied for the first stock index futures hedging and arbitrage trading codes established on behalf of trust plans. In 2013, it launched Hwabao Love Trust of public interest and set up “Hwabao Circulation Treasure Platform” –the first standardized trust service platform of the industry. In August 2014, Hwabao Trust continued to become the only domestic trust company which owns the qualifications of “legal person trusteeship” and “account manager” after passing the application for renewal qualification of enterprise annuity management by the Ministry of Human Resources and Social Security.

Hwabao Trust mainly deals with assets management and trust services. In 2014, it realized a total operating income of RMB 1.330 billion and a profit of RMB 807 million.

### **Fortune SG Fund Management Co., Ltd. (Abbreviated to Fortune SG)**

Fortune SG, a Sino-French fund management company, started its business on February 12, 2003. It is one of the first joint venture fund management companies in China. Its registered capital is RMB 150 million and 51% of its stock is held by Hwabao Trust. In August 2007 the company obtained the QDII (Qualified Domestic Institutional Investor) business qualification and then specific customers’ assets management business qualification in March 2008. So far, Fortune SG has evolved into a comprehensive asset management company providing domestic publicly offered fund portfolios, overseas investment fund portfolios and wealth management account service.

By the end of 2014, Fortune SG had managed 30 open-end securities investment funds with a scale of RMB 58 billion. In 2014, it obtained an operating income of RMB 714 million and a profit of RMB 220 million.

### **Hwabao Securities Co., Ltd. (Abbreviated to Hwabao Securities)**

Established in 2007, Hwabao Securities is a wholly-funded securities company under Baosteel Group. Its shareholders are Baosteel Group Corporation, Fortune Investment Co., Ltd. and Hwabao Trust Co., Ltd., its registration place is Shanghai and its registered capital fund is RMB 1.5 billion.

Business scope of Hwabao Securities: securities brokerage; securities investment consulting; independent securities operations; securities assets management; margin requirement; securities investment funds commission; financial products sales by proxy; providing intermediary business for futures companies; securities underwriting; and financial consultant related to securities trading and securities investment, etc. The company has established business offices in developed cities, such as Shanghai, Beijing, Shenzhen, Hangzhou, Zhoushan, Fuzhou, Chengdu and Wuhan.

In 2014, the operating revenue of Hwabao Securities reached RMB 316.49 million, with a year-on-year growth of 22%; the total profit came to RMB 80.43 million, a 32% increase over the previous year. The annual turnover ranked 79th in the market, up from 80th in the last year; business scale of assets management ranked 77th, up from 84th in the last year. Within the year, Hwabao Securities

successively got the qualifications of securities underwriting, financial consultant, securities transferring and lending, internet securities trial, and participation in the quotation system of private placement of CSI capital between institutions; it was among the first batch to win the qualification of developing business in Hong Kong Stocks and option trading in Shanghai Stock Exchange.

### **Baosteel Finance Co., Ltd. (Abbreviated to Baosteel Finance)**

Baosteel Finance, founded in June 1992, is a nationwide financial institution and boasts a registered capital of RMB 1.1 billion (including USD 20 million), with Baosteel Co., Ltd. holding 62.1% of its equity and Baosteel Group holding 35.18%.

The company engages in providing financial management services to its member units under Baosteel Group. Its services cover depositing, lending, settlements, buyer's credit and financial leasing, note acceptance and discount, entrusted loans and investment, centralized fund management, financial and financing consultants, settlement and sale of exchange, transactions with peers and portfolio investments, etc. The company has the advantages of specialization in electronic payment and settlement, supply chain financing, integrated service of electric and paper tickets, fixed income investments, centralized funds management as well as financial and financing consulting.

In 2014, the company realized a pre-tax profit of RMB 210 million, net assets income of 8.86% and asset under management of RMB 17.9 billion.

## **Information Technology Industry**

Information technology industry is Baosteel's supporting industry in automation control of iron production and achieving information-based management. Shanghai Baosight Software Co., Ltd. is a platform enterprise related to information service industry in Baosteel Group. It strives to develop emerging businesses, mainly including big data, cloud computing and internet of things.

### **Shanghai Baosight Software Co., Ltd. (Abbreviated to Baosight Software)**

Established in April 2000 with a registered capital of RMB

341 million and listed in April 2001, it is a listed software enterprise held by Baosteel Co., Ltd. Baosight Software is headquartered in Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai.

Based on rich experience accumulated and advanced technologies developed while serving Baosteel and adhering to the service philosophy of "IT service improves information value", Baosight Software provides complete sets of IT solutions with proprietary intellectual property rights for industrial enterprises, integration, operation and maintenance of automation systems, intelligent comprehensive urban traffic solutions, comprehensive monitoring of roads, bridges, tunnels and tracks, related solutions of intelligent building and park and other intelligent cities, complete electromechanical equipment, electromechanical integration products as well as their operation and maintenance. Its products and services are widely used in many industries including the metallurgy, transportation, equipment manufacturing (including shipbuilding), excavation, resources, finance, coal chemical, and public service industries. And it could provide solutions and services of new technology application based on Cloud Computing, Internet of Things, Internet of Vehicles, Big Data and Mobile Office, etc.

In 2014, Baosight Software realized operating revenue of RMB 4.072 billion with net profits of RMB 322 million which belongs to the shareholder.

## **Production Services**

The production services sector shoulders two major strategic responsibilities: providing the main iron & steel business with efficient services and realizing industrialization of renewable resources utilization.

As early as in 1986 Baosteel established Baosteel Group Enterprise Development Corporation that provided production and living services for the primary business of iron & steel. In April 2008 Baosteel Group Corporation established the production services operation and management committee that was responsible for implementing operation management function for the wholly-owned subsidiaries including Baosteel Development, Shanghai Meishan Co., Ltd., No. 1 Iron and Steel Co., Ltd., Pudong Iron and Steel Co., Ltd., No. 5 Iron and Steel Co., Ltd., which engaged in production and living

services.

In 2011 the production services sector sped up its transformation. Through business integration on the basis of close coordination among No.1 Iron & Steel Co., Ltd., Pudong Iron & Steel Co., Ltd., No.5 Iron & Steel Co., Ltd. and Baosteel Development, it entered into a management phase with key responsibilities of assets management, personnel service and handling of problems left over by history; in addition it realized operation integration between Meishan Company and Meishan Iron & Steel.

### **Baosteel Development Co., Ltd. (Abbreviated to Baosteel Development)**

Baosteel Development Co., Ltd. is a wholly-owned subsidiary of Baosteel Group Corporation. Its predecessor was Baosteel General Enterprise Development Corporation which was founded in September, 1986. On October 12, 2007, through reform and reorganization, it was renamed as Baosteel Development Co., Ltd., which began to operate formally on January 1, 2008. Its registered capital is RMB 2.749 billion.

Its main businesses include comprehensive utilization of solid waste resources, environment improvement, quality life, real estate operation and management, subsidiary production, logistics and distribution, factory property, etc. It offers system integration solutions for industrial enterprises and the urban system. It aims to become a first-class supplier with a powerful brand which provides combined services, including ecological protection, quality life, production auxiliary, etc.

Baosteel Development Co., Ltd. sets up 13 functional (operating) departments and 13 sub-execution units. In 2014, it realized operating revenue of RMB 9.084 billion with a total profit of RMB 44 million.

### **Baosteel Group Shanghai No.1 Iron & Steel Co., Ltd. (Abbreviated to No.1 Iron & Steel Co., Ltd.)**

Its predecessor was the steelmaking workshop established by Nichia Steelmaking Corporation in Wusong in November 1938. After the founding of New China in 1949, it was named as Shanghai Iron and Steel Company No. 1 Plant and then in March 1957 it was renamed as Shanghai No.1 Iron and Steel Plant. In December 1995

Shanghai No. 1 Iron and Steel (Group) Co., Ltd. was established by replacing the factory system with a corporate system. It became a wholly-owned subsidiary under Baosteel Group in November 1998 and was renamed as Baosteel Group Shanghai No.1 Iron & Steel Co., Ltd. in March 1999. In May 2005, after the primary business of iron and steel was acquired by Baosteel Co., Ltd., the registered capital of No. 1 Iron and Steel Company was increased to RMB 1.593 billion. As of September 2011, No. 1 Iron and Steel Company had smoothly completed the tasks of integrating all its operation business on the related specialized platforms inside and outside Baosteel Group, and entered into the management phase focusing on assets, personnel services and solving of problems left over by history.

In 2014, it realized operating revenue of RMB 234 million.

### **Baosteel Group Shanghai Pudong Iron & Steel Co., Ltd. (Abbreviated to Pudong Iron & Steel Co., Ltd.)**

Its predecessor was Hexing Iron Melting Factory established in March 3, 1913. The factory was renamed Hexing Iron-making Factory in February 1922 and then Zhongshan Steel Pudong Iron & Steel Factory by the Japanese troops that invaded in the factory in September 1938. The factory's name was restored to Hexing Iron-making Factory in 1945 immediately after the Anti-Japanese War and then renamed as Shanghai Iron & Steel Co., Ltd. No.3 Factory in July 1947. The factory was again renamed as Shanghai No.3 Iron & Steel Factory in March 1957. Shanghai Pudong Iron & Steel (Group) Co., Ltd. was founded by replacing the old factory system with a modern corporate system in May 1996 and became a wholly-owned subsidiary of Baosteel Group in November 1998. On July 18, 2007, in order to make way for Shanghai Expo, the old plant in Pudong stopped operation and was relocated in Luojing, Baoshan District. In April 2008 its principal part of production was incorporated into Baosteel Co., Ltd. and the new Pudong Iron & Steel Co., Ltd. was established with a registered capital of RMB 3.144 billion. In March 2010, Pudong Iron & Steel Co., Ltd.'s business of production cooperation and life logistics were integrated into Baosteel Development Co., Ltd.

In October 2011, Baosteel Group confirmed that Pudong Iron & Steel Co., Ltd. entered existence status after it withdrew from the business. Responsibilities of the company are assets management,

personnel management (including non-registered personnel) and solving of problems left over by history.

In 2014, it realized an operating income of RMB 0.31 million.

### **Baosteel Group Shanghai No.5 Iron & Steel Co., Ltd. (Abbreviated to No.5 Iron & Steel Co., Ltd.)**

Its predecessor was Shanghai No.5 Iron & Steel Plant established in 1958. In December 1995 it was renamed as Shanghai Huchang Iron & Steel Co., Ltd. In 1996 Shanghai No.5 Iron & Steel (Group) Co., Ltd. was established after integrating Shanghai No.10 Iron & Steel Co., Ltd. and Shanghai Cold Drawing Steel Plant. After joining Baosteel Group in November 1998 it was renamed as Baosteel Group Shanghai No.5 Iron & Steel Co., Ltd. After 2003 Baosteel Group entrusted No.5 Iron & Steel Co., Ltd. to manage Shanghai Iron & Steel Research Institute, Shanghai No.2 Iron & Steel Co., Ltd. and Shanghai Steel Tube Co., Ltd. In May 2005, after the primary business of iron and steel was acquired by Baosteel Co., Ltd., the registered capital of No.5 Iron & Steel Co., Ltd. was increased to RMB 781 million.

No.5 Iron & Steel Co., Ltd. focuses on providing services for Baosteel's production of special steel, including waste steel processing and production cooperation. In 2011 it smoothly realized the integration of the logistics business, health care and production cooperation, and closed all the companies operating in the agricultural and by-product market of No.10 Iron & Steel Co., Ltd. So far No.5 Iron & Steel Co., Ltd. has retreated from all management function and shifted to a new phase focusing on assets management, personnel service and solving of problems left over by history.

In 2014, the operating revenue of No.5 Iron & Steel Co., Ltd. was RMB 154 million.

## Miscellaneous



# Miscellaneous

## Social Performance

### General Information about Donations

In 2014, Baosteel donated outwards about RMB 94.925 million according to External Donation and Sponsorship Regulations and Circular on Strengthening Donation Management.

#### Donations in 2012 – 2014

Year 2012	Year 2013	Year 2014
RMB 64.398 million	RMB 68.586 million	RMB 94.925 million

#### Donation Amount in 2014

Category	Amount (RMB 10,000)	Proportion
Public Relief and Public Welfare	337.6	3.6%
Poverty Alleviation & Hardship Aid, Construction Assistance	8,375.4	88.3%
Education (fellowship)	97.2	1.0%
Culture and Sports	30.0	0.3%
Other Donations	652.3	6.8%

## Community Relations

### Shanghai

Establishment of Livable Communities

Community public service projects have been carried forward with the theme of caring for the elderly, with Baoshan community as a pilot area. Taking the Youyi Road Sub-district Office as a trial, Baosteel

worked with Shanghai Social Workers Association to explore a new community which was built and governed by government, enterprise and society.

The company spread their good image of being enthusiastic about public welfare and caring for the elderly relying on the popularity and influence of Bai Wanqing, the guest host of the TV program named Lau Nyan Jieu (New Family Mediator), among the elderly. They cooperated with Bai Wanqing volunteer studio to hold 100 performances for the aged in 38 gerocomiums in Baoshan District and other districts and counties of Shanghai. They named the performance as “Loving Baosteel”.

The company also worked with Baoshan District Branch of Shanghai Senior Citizens Foundation to donate 1,000 New Year’s gifts mainly to the needy senior citizens in the districts of Youyi, Yuepu, Wusong and Yanghang.

### “An Egg’s Power-walking”

In 2014, Baosteel organized “An Egg’s Power-walking” activity for its employees by working with Shanghai United Foundation. A total of 210 employees participated in the activity. The donations amounted to RMB 220,000 which was equal to 275,000 eggs and could afford 3,063 children in poor areas to eat eggs for one semester. All the donations were used in programs to improve children’s nutrition and health, education development, safety protection, social integration, etc.

### Zhejiang

Since 2010, RMB 2 million has been donated by Ningbo Steel to Charity Federation of Beilun District in Ningbo City as serious disease rescue fund. RMB 400,000 would be donated every year in the 5-year term. Until 2014, all the donations had been paid.

### Guangdong

On June 30 (Poverty Alleviation Day in Guangdong Province), Shaoguan Iron & Steel donated RMB 2 million to Shaoguan Charity Federation.

### Xinjiang

In 2014, the outward donations of Bayi Iron & Steel totaled RMB 2.11 million, including the perennial aid to Kalasu Town, Nilka County in Yili State of RMB 630,000. Bayi Iron & Steel helped

Kalasu Town in Xinjiang Uygur Autonomous Region to strengthen infrastructure construction. During the Army Day and National Day, they visited the army forces stationed in Xinjiang 9 times, distributed consolation money and articles amount to RMB 380,000, and provided grants and scholarship of RMB 600,000 to Northeastern University, Chongqing University of Science and Technology, Changchun Institute of Technology and Xi'an University of Architecture and Technology. They chose a working group of 5 people to move into Wusute Village of Yekexianbaibazha Town, Yuepu County, Kashgar Prefecture to hold some activities with the theme of "Visiting the People, Benefiting the People and Uniting the People". They invested RMB 500 thousand to help the village committee to build security fences for office doors and windows, courtyard walls, sewers, awnings using for discussing important issues, and markets of agricultural products. They also visited poor families.

## Social Responsibility

### Support to Tibet and Qinghai

In 2014, Baosteel provided assistance for building pharmacy rooms in Zhongba County of Shigatse region in Tibet and health centers in Xianxin District.

They built libraries and theaters in Tongde County of Hainan Tibetan Autonomous Prefecture in Qinghai Province; they renovated the canteen of Kaligang Primary School and provided heating installation to Douhesuo Primary School. During the year, they organized a warm and micro public benefit activity named as "Come Together With Love", to support the students of Douhesuo Primary School to improve their learning and living conditions. More than 400 staff donated 1,715 clothes, scarves, hats and gloves, 128 schoolbags, 1,692 stationeries, 1,246 books and cash of RMB 13,450.

### Yunnan Poverty Alleviation

On May 6, Baosteel signed Agreement on 2014 Poverty Alleviation and Reconstruction Assistance in Designated Regions with Ning'er, Mojiang, Zhenyuan and Jiangcheng county governments of Yunnan Province. In 2014, Baosteel invested RMB 8.85 million and helped the 4 designated counties completing 24 projects, including 18 projects of entire-village advancement, 3 of educational training and

support system for poverty students, and 3 of industrial development and other aspects, thereby benefiting 4 counties, 16 towns and 21 villages. Since Baosteel provided poverty alleviation support to Pu'er city, it has provided RMB 99.607 million to assist 376 projects of entire-village advancement, rural industries support, social undertaking development, assistance of Kucong people of Lahu Nationality, drought resistance and disaster relief which has benefited 186,000 people in 4 counties.

### Charitable Actions for Visual Recovery

In 2014, Baosteel cooperated with China Disabled Person's Federation and China Welfare Fund for the Handicapped to carry out the activity under the theme of "Charitable Actions for Visual Recovery". They offered free cataract operations for 1,000 needy patients in Guyuan city of Ningxia and Xinjiang Construction Corps.

### Baosteel Education Foundation

Baosteel Education Foundation was established based on the former Baosteel Scholarship which was founded by Baosteel Group in 1990 with an original capital of RMB 2 million. In 1994 Baosteel Scholarship was increased to RMB 35 million and renamed as Baosteel Education Foundation. In 2000 Baosteel Scholarship was increased to RMB 50 million. In 2005 it was officially approved by the Ministry of Civil Affairs with the registered name of Baosteel Education Foundation. As a non-public foundation solely funded by Baosteel, the Foundation has an original fund of RMB 50 million, which rose to RMB 100 million in September 2005.

In 2014, 770 teachers and students from 108 universities in China won Baosteel Education Award, thereby the education foundation has paid almost RMB 11 million.

By 2014, 20,779 teachers and students from more than 100 universities and Chinese Academy of Sciences have won Baosteel Education Award; The Foundation has expended over RMB 180 million in education award and subsidy.

### Green Walk for Public Benefit

On June 28, Zhanjiang People's Government and Baosteel jointly organized the activity, "Zhanjiang • Baosteel Green Walk for Public Benefit". More than a thousand people participated in the event, including leaders and guests who attended the press conference of 2013 Baosteel CSR Report, as well as student groups and citizen

representatives from Zhanjiang. Whoever walked 5 kilometers would receive 2 saplings to plant them in the “Baosteel Garden” invested by Baosteel. “Baosteel Garden” is located in Sanlingshan Forest Park, covering 25 mu of land at the initial stage.

### **Baosteel Youth Volunteer Association**

In September 2013, the association was started by the Corporate Culture Department and Youth League Committee of Baosteel Group. In 2014, 10,135 person-time took part in 624 volunteer service activities organized by the association. Within the year, in the name of “Youth Volunteer Association”, Baosteel scholarship of RMB 81,200 was given out to 204 students and 20 teachers in 12 Hope Schools in Yunnan Province, Hunan Province and Jiangxi Province.

## **Media and Publications**

### **Baosteel Daily**

Baosteel Daily, created on August 1, 1978, is sponsored by Baosteel Group Corporation and publicly distributed in China. It is one of the major news media of Baosteel. The Daily has 4 back-to-back pages (8 back-to-back pages on weekends). A total of 296 issues are published each year with an annual subscription of RMB 180 and a circulation of 71,300 copies. Its main readers are Baosteel employees (overseas employees of Baosteel can also subscribe to it or read it online). All companies of Baosteel subscribe to it for their respective employees. External subscribers of Baosteel Daily pay to read it and the payment goes to the financial department of Baosteel Group. On January 1, 2008, Baosteel Daily was entrusted to the post office for distribution.

### **Baosteel Daily (digital version)**

Website: <http://news.baosteel.com>. The electronic version of Baosteel Daily was put online on February 4, 2005 and the digital version was launched in 2011. It publishes the content of Baosteel Daily on the internet before 10:30 the same day. Main columns: Important News, General News, Economic News, Industry Trends, Commentary on Current Events, Supplement and Special, Digital Newspaper, Baosteel Video and Interactive Platform. In 2014, it has 10,665 articles in total, 4,308 pictures, 1,180 newspaper layout, and 561 TV news and feature films. The total visits in 2014 has reached 1,415,646.

### **Baosteel TV News**

It is sponsored by Baosteel Group Corporation and edited by Television Department of Baosteel News Center. In the first half of 2014, the television news with duration of 10 minutes is shot every Monday, Wednesday and Friday and broadcasted on Channel 1 and Channel 2 of Baoshan TV Station during prime time and re-broadcasted every Tuesday, Thursday and Saturday. Baosteel TV News covers more than 1.2 million viewers from over 400,000 families in Baoshan area. Moreover, the news is transmitted through the internet to Meishan Iron & Steel, Zhanjiang Iron & Steel, Bayi Iron & Steel, Shaoguan Iron & Steel, and Zhejiang Majishan Harbour District. Since June 2014, Baosteel TV News has been broadcasted on APP client of Baosteel News instead of on Baoshan TV Station. People can also watch Baosteel TV news via Baosteel News Center or Baosteel INFO intranet.

### **CSR Report**

Created in 2009 as an annual in large sextodecimo paper size, the CSR Report is sponsored by the Public Relations Department of Baosteel Group Corporation. The Report is published in Chinese and English in both paper and electronic forms, and the electronic version can be downloaded from the official website of Baosteel Group Corporation (<http://www.baosteel.com>).

### **Baosteel Yearbook**

Created in 2001, Baosteel Yearbook is chiefly edited by Baosteel History Compilation Committee, and it is the annual literatures and materials elaborating all minutia of Baosteel Group. The Editorial Department is set up in Baosteel Historical Records Office. The Baosteel Yearbook 2014 has 343 pages printed in large sextodecimo paper size with 607,000 characters. Totally 1,000 copies were sold in 2014 at RMB 240 per copy. The Yearbook is published by Shanghai People's Publishing House of Century Publishing Group and distributed by Xinhua Bookstore.

### **Baosteel Guidebook**

Created in 2010, Baosteel Guidebook is a compilation of Baosteel's general information compiled by Baosteel Historical Record Office. As an annual publication, it is printed in 32-mo paper size, published in both Chinese and English and provided to the general public for free. The electronic document of Baosteel Guidebook can be downloaded from the website of Baosteel Group (<http://www.baosteel.com>). All the materials and data are provided by related departments of Baosteel, so the Guidebook has

sufficient authority and may help people from all walks of life know about Baosteel comprehensively and accurately. 6,000 copies of 2014 Baosteel Guidebook (Chinese version) and 4,000 of English version were issued.

### **Baosteel Technology**

Created in December 1983, Baosteel Technology is the technical journal sponsored and edited by Baosteel Group, published in the book size of large sextodecimo. It is a bimonthly journal (published in even numbered months) with six issues during the full year and 80 pages each issue, publicly distributed both at home and abroad and published in the main website of Baosteel. Baosteel Technology mainly publishes related papers on analysis, research, development and application of Baosteel technology.

### **World Iron & Steel**

Created in 1979 as a technical periodical managed and sponsored by Baosteel, it was formally known as Baosteel Information and renamed as World Iron & Steel in 1993. Published in the book size of large sextodecimo, it is a bimonthly periodical (published in odd-numbered months) with six issues a year and 72 pages per issue. It can be available both at home and abroad and is published in the main website of Baosteel. World Iron & Steel mainly publishes papers about global iron making, steel making and steel rolling technology.

### **Baosteel Technical Research (English)**

Created in October 2002, it was formally known as Baosteel Technology Newspaper (English) online edition and renamed as Baosteel Technical Research in December 2007. It is published in the website of Baosteel with Baosteel Technology simultaneously. Baosteel Technical Research is a technical periodical in English, managed and sponsored by Baosteel Group. Published quarterly in the book size of large sextodecimo both at home and abroad, the journal publishes 4 issues each year, 64 pages per issue. Baosteel Technical Research (English) mainly publishes articles of metallurgical technology research and metallurgical products research.

### **Baosteel Economy and Management**

Created in 1990, it is an economic and management journal sponsored by Baosteel Talent Development Department, Economic Management Institute, Operation Improvement Department, Baosteel Co., Ltd. Operation Improvement Department and Baosteel Corporate Management Association. As a bimonthly journal (published in even-numbered month) printed in large sextodecimo paper size, it has

52 pages per issue. Based on Baosteel's management hotspots and difficulties, it discusses how to carry out quality management, safety management, technology innovation and employees' autonomous management, etc.

## Annex: Statistical Table of Iron & Steel

The Proportion of Baosteel's Annual Crude Steel Production in China's Total Crude Steel Production

Year	Baosteel's Crude Steel Production (10,000 tons)	China's Crude Steel Production (10,000 tons)	The Proportion of Baosteel (%)
2014	4334.67	82269.8	5.27
2013	4,390.82	77,904.1	5.64
2012	4,374	71,716	6.10
2011	4,427	68,388.3	6.47
2010	4,450	62,695.9	7.10
2009	3,886	56,803.3	6.84
2008	3,544.3	50,091.5	7.08
2007	2,431	48,966	4.96
2006	1,999	42,266	4.73
2005	1,936	35,239	5.49
2004	1,638	27,279.79	6.00
2003	1,508	22,233.6	6.78
2002	1,475	18,155	8.12
2001	1,469	15,266	9.62
2000	1,473	12,850	11.46
1999	1,338	12,426	10.77
1998	1,207	11,559	10.44
1997	786	10,894.17	7.21
1996	703	1,0110	6.95
1995	801	9,400	8.52

(Continued)

Year	Baosteel's Crude Steel Production (10,000 tons)	China's Crude Steel Production (10,000 tons)	The Proportion of Baosteel (%)
1994	693	9,153.2	7.57
1993	657	8,868	7.41
1992	623	8,000	7.79
1991	437	7,057	6.19
1990	330	6,604	5.00
1989	327	6,124	5.34
1988	322	5,918	5.44
1987	308	5,602	5.50
1986	270	5,205	5.19
1985	54	4,666	1.16

The Date Source of China's Crude Steel Production: National Bureau of Statistics

### Fortune Global 500 Iron and Steel Enterprises

Unit: million dollars

Ranking in 2013	Ranking in 2012	Company	Operating Revenue in 2013	Profits in 2013	Country
101	91	ArcelorMittal	79,440.0	-2545.0	Luxembourg
177	167	POSCO	56,520.8	1,257.5	Republic of Korea
184	185	Nippon Steel & Sumitomo Metal Corporation	55,062.1	2,423.1	Japan
197	155	ThyssenKrupp	52,247.3	-1,831.4	Germany
211	222	Baosteel Group	49,297.3	925.0	China

(Continued)

Ranking in 2013	Ranking in 2012	Company	Operating Revenue in 2013	Profits in 2013	Country
271	269	Hebei Iron & Steel Group	40,829.2	-138.2	China
308	318	Shagang Group	37,095.3	172.9	China
310	328	Wuhan Iron and Steel (Group) Corp.	36,927.8	12.2	China
316	278	JFE Holdings	36,602.3	1,022.0	Japan
327	-	Bohai Steel	35,795.6	64.3	China
348	322	Shougang Group	34,292.2	-144.1	China
365	406	Xinxing Cathay International Group	32,789.8	385.8	China
475	493	Anshan Iron and Steel Group Corporation	25,230.5	-1,031.4	China
486	471	Tata Steel	24,575.3	594.5	India

Data Source: Website of Fortune Magazine

### Correspondence List of All Subsidiaries

Company Name	Website	Tel	Fax	Address	Zip Code
Baosteel Co., Ltd.	www.baosteel.com	021-26647000	021-26646999	885 Fujin Road, Baoshan District, Shanghai	201999
Bayi Iron & Steel	www.byigt.com.cn	0991-3893018	0991-3891000 or 0991-3890035	Bayi Road, Toutunhe District, Urumqi, Xinjiang	830022
Ningbo Iron & Steel	www.ningbosteel.com	0574-86859000	0574-86859126	168 Lin'gang No.2 Road, Xiapu, Beilun District, Ningbo, Zhejiang Province	315807
Shaoguan Iron & Steel	www.sgis.com.cn	0751-8785789	0751-8785701	Quijiang District, Shaoguan City, Guangdong Province	512123
Baosteel Stainless	—	021-26034567	021-56821355	580 Changjiang Road, Baoshan District, Shanghai	200431
Baosteel Special Steel	www.baosteel-specialsteel.com	021-56679080	021-56670867	1269 Shuichan Road, Baoshan District, Shanghai	200940
Baosteel Resources	www.baosteelresources.com	021-35880888	021-35880128	568 Dongdaming Road, Hongkou District, Shanghai	200080
Baosteel Metal	www.baosteelmetal.com	021-61805678	021-61801188	Building 2, Lane 803, Shuangcheng Road, Baoshan District, Shanghai	200940
Baosteel Engineering	www.baosteelengineering.com	021-26088800	021-26088755	Building 7, Lane 550, Keshan Road, Baoshan District, Shanghai	201999

(Continued)

Company Name	Website	Tel	Fax	Address	Zip Code
Baosteel Chemical	www.baochem.com	021-26648409	021-66789208	3501 Tongji Road, Baoshan District, Shanghai	201999
Fortune Trust & Investment	—	021-38506555	021-68779288	53/F, SWFC, No.100 Century Avenue, Pudong New Area Shanghai	200120
Baosight Software	www.baosight.com	021-20378899	021-20378662	No. 515 Guoshoujing Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai	201203
Baosteel Development	—	021-56125101	021-56122654	Baoshan Hotel, 1813 Mudanjiang Road, Baoshan District, Shanghai	201999
No.1 Iron & Steel	—	021-26033235	021-56825810	868 Changjiang Road, Baoshan District, Shanghai	200431
Pudong Iron & Steel	—	021-68587313	021-68587303	86 Licheng Road, Pudong New Area, Shanghai	200126
No.5 Iron & Steel Co., Ltd.	—	021-56578030	021-56671316	303 Tongji Road, Baoshan District, Shanghai	200940

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