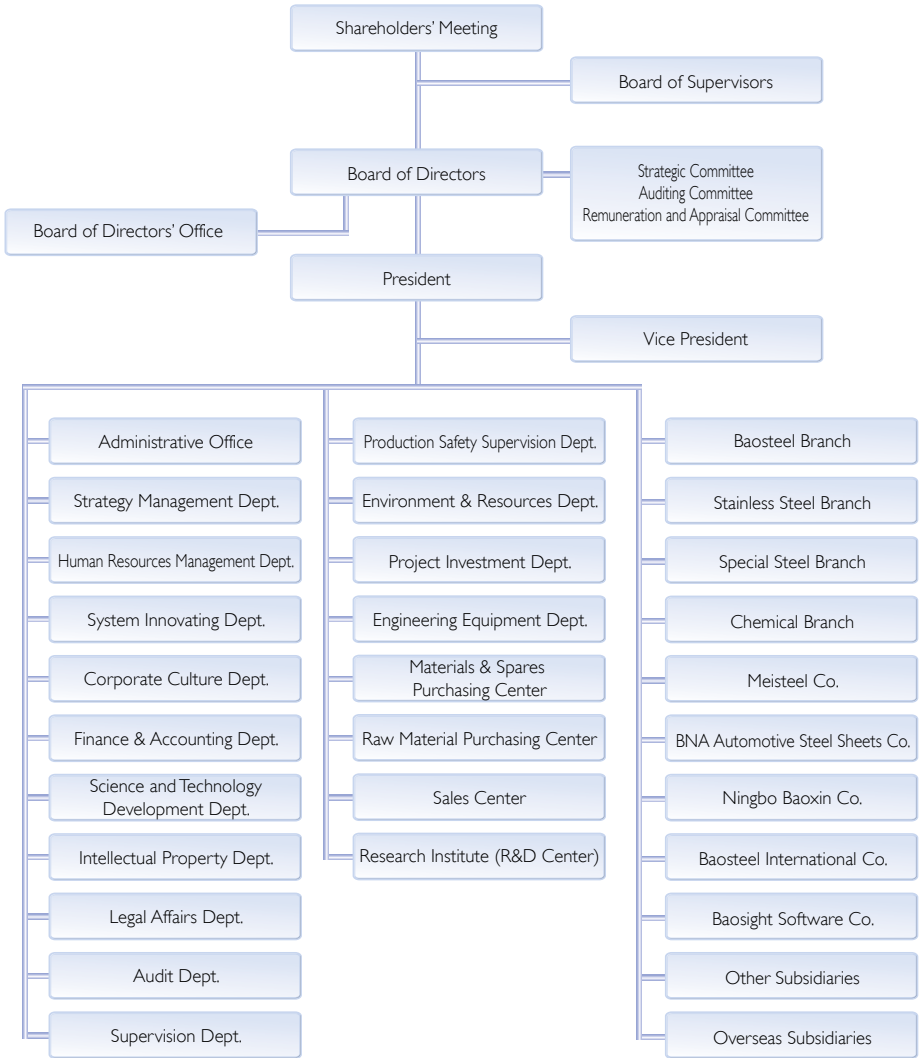

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I. Overview

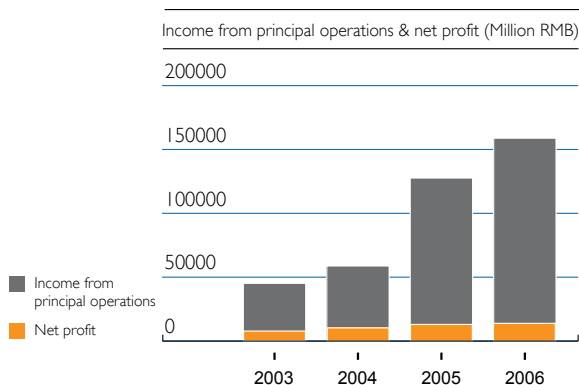
	Unit	2003	2004	2005	2006
Production					
Crude steel	Thousand tons	11,547	11,867	18,361	21,741
Finished products and billets	Thousand tons	11,068	11,644	17,997	21,352
Sales					
Finished products and billets	Thousand tons	11,104	11,590	18,785	21,405
Employees					
Number	Person	15,325	15,391	38,875	38,720
Credit Rating					
Standard & Poor's		BBB+/ Stable	BBB+/ Stable	A-/Stable	

	Unit	2003	2004	2005	2006	2006 (USD)
Income Statement						
Income from principal operations	Million RMB/USD	44,460	58,638	126,608	157,791	20,216
Net profit	Million RMB/USD	6,976	9,395	12,666	13,010	1,667
Earnings per share	Million RMB/USD	0.56	0.75	0.72	0.74	0.09
Balance Sheet						
Total assets	Million RMB/USD	60,918	64,255	142,024	151,060	19,354
Total liabilities	Million RMB/USD	25,227	22,242	63,097	64,185	8,223
Shareholder's equity	Million RMB/USD	35,466	41,861	74,475	81,961	10,501
Stock Information						
Number of shares	Million	12,512	12,512	17,512	17,512	17,512
Capital stock	Million RMB/USD	12,512	12,512	17,512	17,512	2,244
Number of shareholders	Thousand	209	165	195	118	118
Year-end share price	RMB/USD	7.07	6.00	4.12	8.66	1.11

II. Organization Chart



III. Financial Highlights

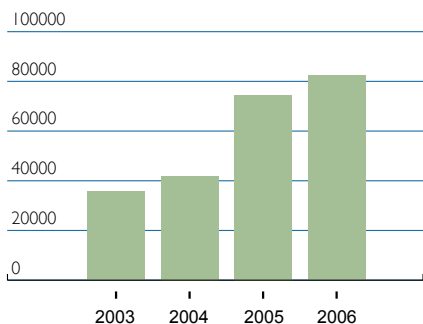


Income Statement

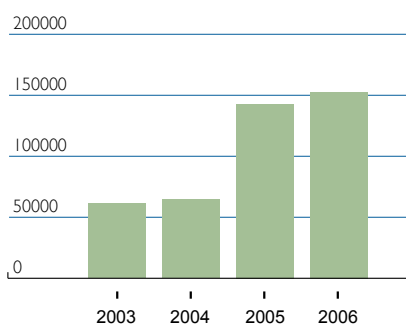
Unit: Million RMB/USD

	2003	2004	2005	2006	2006 (USD)
Income from principal operations	44,460	58,638	126,608	157,791	20,216
Cost of principal operations	30,825	41,436	99,982	129,229	16,557
Taxes and other expenses of principal operations	362	419	695	669	86
Profit from principal operations	13,273	16,783	25,931	27,893	3,574
Other operating profit	64	101	118	24	3
Operating expenses	368	438	1,607	2,239	287
Administration expense	2,158	2,473	5,095	5,388	690
Financial expenses	762	435	1,044	1,306	167
Operating profit	10,049	13,537	18,304	18,984	2,432
Gains from investment	40	11	181	325	42
Non-operating income & expenses	-161	39	-174	-301	-39
Pre-tax profit	9,929	13,586	18,311	19,008	2,435
Income tax	2,954	4,147	5,777	5,545	710
Net profit	6,976	9,395	12,666	13,010	1,667

Shareholder's equity (Million RMB)



Total assets (Million RMB)



Balance Sheet

Unit: Million RMB/USD

	2003	2004	2005	2006	2006 (USD)
Current assets	11,436	15,954	47,098	51,611	6,612
Fixed assets	49,136	47,949	89,227	94,334	12,086
Total assets	60,918	64,255	142,024	151,060	19,354
Current liabilities	9,821	12,136	42,678	47,266	6,056
Long-term liabilities	15,406	10,106	20,213	16,771	2,149
Total liabilities	25,227	22,242	63,097	64,185	8,223
Capital stock	12,512	12,512	17,512	17,512	2,244
Capital reserves	11,995	12,122	32,723	32,804	4,203
Surplus reserves	4,423	7,260	11,697	14,759	1,891
Undistributed profit	6,537	9,966	12,591	16,936	2,170
Shareholder's equity	35,466	41,861	74,475	81,961	10,501

Financial Indicators

	2003	2004	2005	2006
Growth (%)				
Sales revenue	31.24	31.89	115.92	24.63
Net profit	63.30	34.68	34.81	2.72
Profitability (%)				
Return on total assets	16.99	22.46	18.98	14.15
Return on net assets (weighted)	21.46	24.67	20.63	16.84
Gross margin on sales	30.67	29.34	21.03	18.10
Operating profit	29.03	27.87	19.21	16.26
Net profit on sales	15.69	16.02	10.00	8.25
EBITDA	40.07	38.64	24.09	21.10
Stability				
Equity / total assets (%)	58.22	65.15	52.44	54.26
Current assets / current liabilities (%)	116.44	131.46	110.36	109.19
Liabilities / net assets	0.71	0.53	0.85	0.78
EBITDA / net interest expenses	39.85	62.58	25.13	20.81
Turnover				
Sales revenue / total assets	0.73	0.91	0.89	1.04
Sales revenue / equity	1.25	1.40	1.70	1.93
Sales revenue / fixed assets	0.90	1.22	1.42	1.67
Sales revenue / inventory	9.58	8.96	5.05	5.01
Sales revenue / receivables	33.25	24.64	26.54	30.45

IV. Long- and Medium- Term Operational Plans

Operational Environment

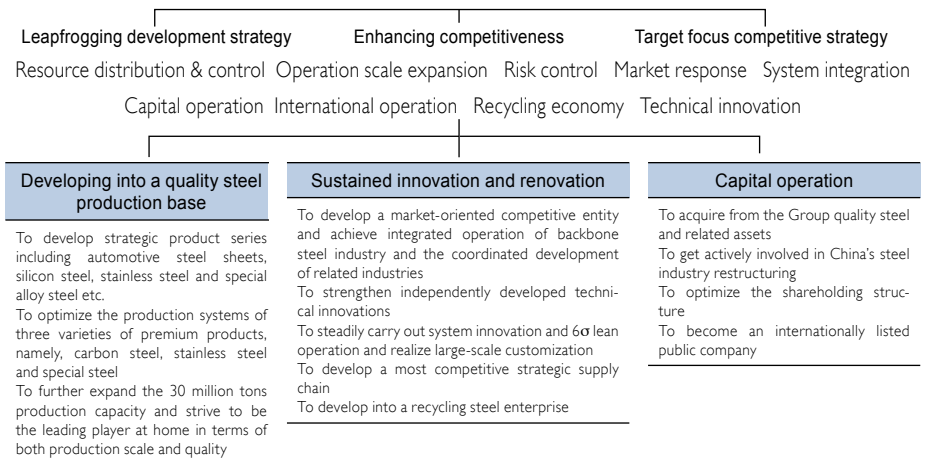
	Chinese economy will continue its stable growth momentum with steadily improved performance.
Macro-economy & Policies	Under the guidance of the Government's Concept of Scientific Development, the economy and society in the country will be put on a new track of comprehensive, coordinative and sustainable development. The Government will promote the industry restructuring and readjustment which will mainly be led by large group enterprises, and to eliminate outdated capacity, strengthen independent innovation and promote recycling economy.
Domestic Steel Industry	China's steel industry now enters a crucial stage of transition and readjustment. Overcapacity coexists with structural demand shortage. Growth rate slows to a stable pace, high-end products are expected to experience greater growth; and structural adjustment will be the main theme of development. Overseas world-class enterprises have sped up efforts to directly invest in, acquire or merge domestic steel enterprises; pace of M&A among domestic steel enterprises accelerates; domestic steel industry is expected to rise to new challenges through reshuffle and restructuring efforts.
Global Steel Industry	The price of iron ore has been kept high, and the current shortage of iron ore, nickel and other resources is expected to be alleviated. Global steel production/consumption is now rapidly moving towards developing countries, with China produces over 400 million tons, over 30% of the global steel output. Global merger and restructuring will lead to enterprise scale expansion and industry concentration; competition in high-end product market will intensify due to product mix upgrading; Control over key technologies, secure resources and vie for strategic customers through strategic supply chain, and developing recycling economy has become the new competitive focus.

Corporate Vision

Core Values	With the principle of Trustworthiness, Cooperation and Innovation, to aim for maximum enterprise value, and harmonious development of shareholders, customers, suppliers, employees and other stakeholders.
Mission	To become a top steel manufacturer in the world and commit itself to offering premium products and services.
Strategic Target	To be the most competitive steel manufacturer in the world.

Long- and Medium-term Strategy

To be the most competitive steel manufacturer in the world.



V. Enterprise System Innovation

Promotion of Internal Integration

With the expansion of the Company, soft powers like system integration become especially necessary and urgent. The Company has come to form a working procedure and mechanism, worked out working model and standards for the integrated internal coordination through efforts made to promote the sharing advantages in terms of resources and technical management. In 2006, the integration synergy reached RMB2.48 billion as a result of integrated production, marketing and research, technical transplant and promotion, and sharing of sales and procurement resources. An integrated coordination system has begun to be formed, which will further enhance the Company's internal coordination ability.

Promotion of Strategic Performance Management

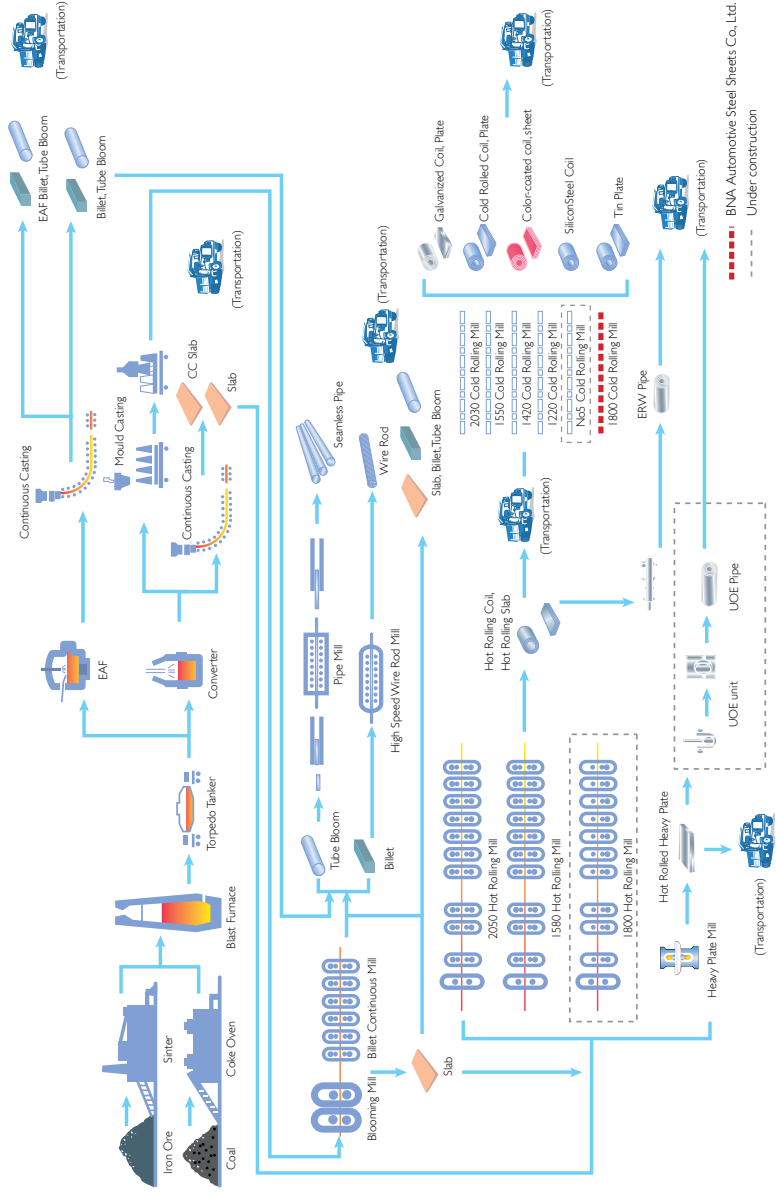
In 2006, the Company made great efforts to promote the strategic performance management model, completed the work of developing the 2006 strategy map and the BSC of the Company, its departments, branches and some of its subsidiaries, and drafting the BSC Manual and the BSC Operating Manual. At the same time, the BSC training program was conducted, covering the Company's management, department heads, and section chiefs and liaison persons. The strategic performance management further strengthened the Company's strategic directions as well as the performance evaluating system.

Promotion of Management Techniques

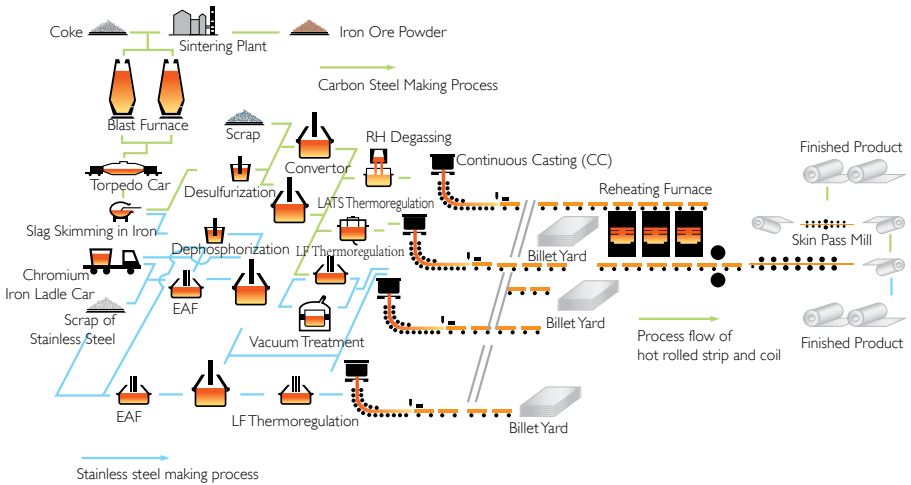
In accordance with the principle of "systematic planning and breakthrough on key point", the Company took measures to promote Baosteel modern management techniques, with its focus on the management mechanism and system, fundamental management and professional management, so as to enhance Baosteel modern management techniques and experience in individual units in a bottom-up way. In 2006, with its focus on the weak links, which influenced the on-the-spot management operations of its branches and subsidiaries, the Company took more than ten specific measures, which were crowned with success. In addition, key production areas were chosen to optimize and integrate the regional management systems. Consequently, the modern management techniques were further promoted as the cross-company labor contests at the same procedure were conducted, which accelerate the promotion of modern management techniques.

Main Process Flowsheets

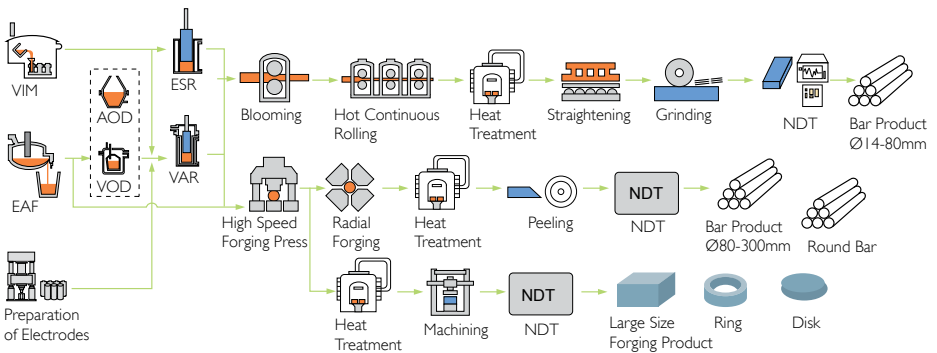
Process Flowsheet for Carbon Steel

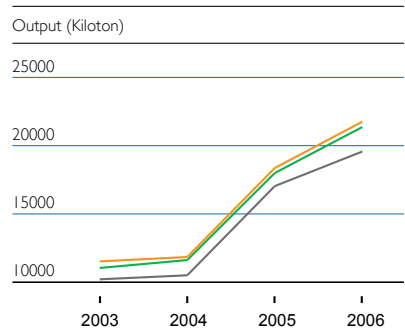


Process Flowsheet for Stainless Steel



Process Flowsheet for Special Steel





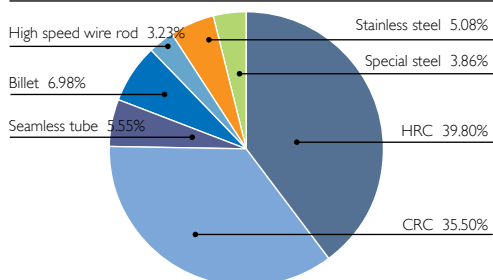
Output

Unit: kiloton

	2003	2004	2005	2006
Pig iron	10,239	10,532	17,041	19,565
Crude steel	11,547	11,867	18,361	21,741
Finished products and billets				
Carbon steel	11,068	11,644	16,894	19,372
HRC	3,446	2,696	4,476	6,333
Heavy plate	-	-	396	1,155
Pickled coil	713	844	746	735
Full hard rolled coil	281	731	596	578
CRC	2,263	2,479	3,257	3,370
Hot-dip galvanized	370	607	989	1,257
Electro-galvanized	436	493	501	492
Color-coated sheet	400	495	670	671
Tin plate	432	537	608	597
Silicon steel	509	536	692	872
Seamless tube	776	1,066	1,075	1,205
Billet	872	578	2,212	1,512
High speed wire rod	570	582	676	595
Stainless steel	-	-	581	1,108
HRC	-	-	367	609
CRC	-	-	214	424
Special steel	-	-	522	872
Total	11,068	11,644	17,997	21,352

VII. Sales

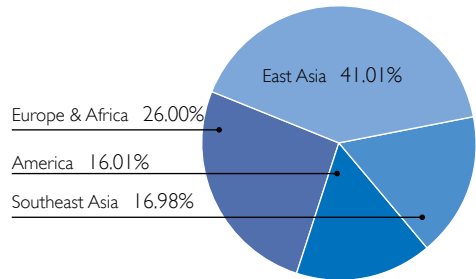
Sales in 2006



	2003	2004	2005	2006
				Unit: kiloton
Carbon steel	11,104	11,590	17,453	19,492
HRC	3,340	2,741	6,666	8,520
CRC	5,493	6,606	6,743	7,598
Seamless tube	828	1,080	1,077	1,189
Billet	873	583	2,392	1,494
High speed wire rod	570	579	575	691
Stainless steel	-	-	690	1,087
HRC	-	-	267	619
CRC	-	-	398	420
Special steel	-	-	642	826
Total	11,104	11,590	18,785	21,405

Note: HRC includes heavy plate, pickled coil, and CRC comprises full hard rolled coil, CRC and further processing CRC products.

Export breakdown by region in 2006



Market share of major products

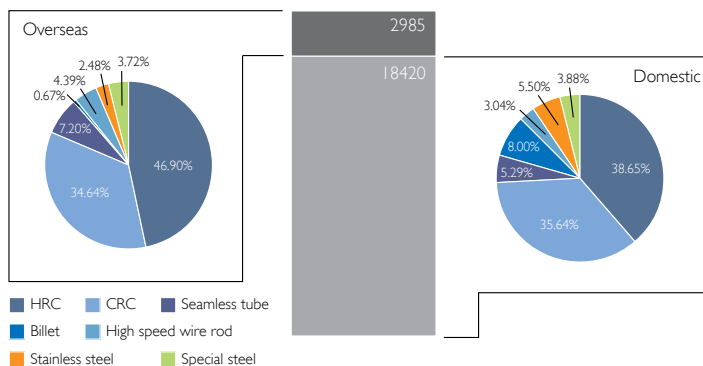
	2003	2004	2005	2006
Cold-rolled auto sheet	45%	47%	52%	52%
Home appliance sheet *1	44%	35%	35%	37%
Pipeline steel	56%	27%	30%	29%
Non-oriented silicon steel	16%	14%	15%	18%
High-pressure alloy boiler tube *2	19%	22%	34%	19%
Industrial-used plates (Stainless)	-	-	10%	41%

1. Change in coverage of home appliance sheet: the home appliance sheet used to include those used in producing color televisions, refrigerators, air conditioners, washers, microwave ovens, and compressors of refrigerators and air conditioners, the new standard includes two more: DVD/VCD players and liquid crystal televisions.
2. Change in coverage of high-pressure alloy boiler tube: the 2003 figure indicates the market share of high-pressure boiler tube, while those of 2004, 2005 and 2006 are figures of high-pressure alloy boiler tube. The market demand increased by 0.1 million tons and, as a result, the market share for the year decreased.

Breakdown by region

Unit: kiloton

	2003	2004	2005	2006
Domestic	9,790	10,021	16,794	18,420
Overseas	1,315	1,568	1,991	2,985
East Asia	513	628	956	1,224
Southeast Asia	276	345	358	507
America	118	204	219	478
Europe & Africa	408	392	458	776
Total	11,104	11,590	18,785	21,405



Domestic sales breakdown by product

Unit: kiloton

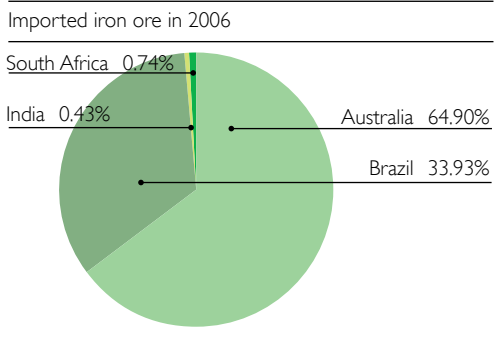
	2003	2004	2005	2006
Carbon steel	9,790	10,021	15,508	16,692
HRC	2,738	2,033	5,813	7,120
CRC	4,995	6,017	6,021	6,564
Seamless tube	701	936	957	974
Billet	855	536	2,252	1,474
High speed wire rod	500	499	465	560
Stainless steel	-	-	674	1,013
Special steel	-	-	612	715
Total	9,790	10,021	16,794	18,420

Overseas sales breakdown by product

Unit: kiloton

	2003	2004	2005	2006
Carbon steel	1,315	1,568	1,946	2,800
HRC	602	709	853	1,400
CRC	498	589	723	1,034
Seamless tube	127	144	120	215
Billet	18	47	140	20
High speed wire rod	70	80	110	131
Stainless steel	-	-	15	74
Special steel	-	-	30	111
Total	1,315	1,568	1,991	2,985

VIII. Raw Material Procurement



Unit: Kiloton

	2003	2004	2005	2006
Imported raw materials				
Iron ore	16,610	18,270	30,230	30,605
Coal	1,180	1,130	1,050	570
Carbon steel scrap	200	190	110	38
Stainless steel scrap	-	-	60	104
Nickel	-	-	26	38
Raw materials purchased at home				
Iron ore	350	310	500	462
Coal	10,620	11,190	14,670	16,196
Carbon steel scrap	1,290	1,490	2,770	2,948
Stainless steel scrap	-	-	24	200
Nickel	-	-	13	36
Limestone	2,300	2,330	5,900	4,040
Ferroalloy	100	110	150	315

Unit: Kiloton

	2003	2004	2005	2006
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Imported raw materials

Iron ore

Australia	9,980	11,810	17,780	19,863
Brazil	4,850	5,180	11,770	10,384
India	910	450	210	132
South Africa	50	60	400	226
Others	820	770	70	-
Total	16,610	18,270	30,230	30,605

Coal

Australia	500	370	580	270
New Zealand	170	120	170	113
Vietnam	190	200	90	33
Canada	210	350	210	137
Others	110	90	-	17
Total	1,180	1,130	1,050	570

IX. Investments

Unit: Million RMB/USD

Project	2003	2004	2005	2006	2006 (USD)
Baoshan Iron & Steel Co., Ltd.	13,168	15,794	13,889	18,241	2,337
Including: carbon steel	6,613	9,508	9,971	15,588	1,997
Infrastructure	4,868	7,069	7,257	13,700	1,755
Technical revamping	1,745	2,438	2,714	1,888	242
Stainless steel	5,005	4,905	2,725	1,001	128
Infrastructure	4,879	4,806	2,615	870	111
Technical revamping	126	100	110	131	17
Special steel	1,499	1,079	683	1,043	134
Infrastructure	1,049	486	284	812	104
Technical revamping	450	593	399	231	30
Other businesses	50	303	510	452	58
Infrastructure	-	-	419	265	34
Technical revamping	50	303	90	187	24

X. R & D

R&D Investment

	Unit	2003	2004	2005	2006	2006 (USD)
R&D investment	Million RMB/USD	442.9	579.6	867.9	1,385.3	177.5
R&D expenditure/sales revenue	%	1	1	0.8	0.9	0.9

R&D Organization and R&D Personnel

R&D Center: 1264

Of which: Research Staff 819; Technical Staff 332; Administrative Staff 113

Intellectual Property Rights

Invention Patents	Patents of Practical New Pattern	Software Copyright
60	272	75

Scientific and Technological Achievements

Year	Total	Major Achievements
2003	143	The research and application of process simulation model for large-scale converter
		The research and application of spiral submerged arc welded pipe, X70 coils for West-East gas pipeline project, coating line and coatings
		Improving wall thickness distribution by reforming the EIC of stretch reducer
2004	99	Toughening and controlling of ultra-fine grain structure of ferrite/pearlite plain low carbon steel
		Research on the formation and prevention of defects on continuous casting slab
2005	103	Variety development and technology research of wire for steel cord of tyre
		Research of variety, production and application of Baosteel high-grade automotive sheet
		Baosteel agile manufacturing system by customer driving
2006	126	Optimization of pass and groove series of stretch reducer
		New techniques of metal inspection and automatic iron picking
		Research on the Baosteel BRP Techniques
		Development and integration of automatic system for modern stainless steel enterprises

XI. Human Resources Management

Employees

	Unit	2003	2004	2005	2006
Number of employees at year-end	Person	15,325	15,391	38,875	38,720
Steel industry	Person	15,325	15,391	32,207	32,351
Production staff	Person	11,032	10,876	21,990	21,878
Technical staff	Person	3,111	3,292	7,381	7,482
Administrative staff	Person	1,182	1,223	2,836	2,991
Other industries	Person	-	-	6,668	6,369
Baosteel (excluding subsidiaries)	Person	15,325	15,391	27,168	27,024
Sales revenue per capita	Million RMB	2.9	3.7	4.1	4.1
Output per capita	Ton	745	773	772	674

Note: Output per capita=Crude steel output/[(employees of steel industry at beginning of the year+employees of steel industry at year-end)/2]

XII. Environmental Protection and Energy Saving

Following the Three-year Action Plan of environmental protection of Shanghai, the Company fully promoted environmental management and construction and made visible progress in the establishment of a long-term management system. The Company had engaged in technology advances and a series of major environmental protection and treatment projects, such as desulfurization, dust-prevention and wind-shielding network of the No.2 Power Generator of Baosteel Branch, the waste water recycling equipment of Special Steel Branch, the waste water recycling projects at the west outlet of Meisteel, and the dust-removal transformation project of Iron-making Plant, had been put into operation, which reduced the pressure of environmental protection. A batch of projects, such as the desulfurization of the sintering machine and the automatic system of environmental monitoring, supervision and management, had started to be implemented.

The Company makes efforts to work in line with the requirements of the environmental protection and management department of local government, signing the Target Responsibility Document on Energy-Saving during the 11th Five-Year Period with the Bureau of Environmental Protection of Shanghai. The Plan of Recycling Development, drafted during the year, specifies the strategies and the schedule in the next few years regarding energy saving, environmental protection, and comprehensive utilization of resources. The target as planned is to build the Company into a world-class green steel manufacturing enterprise. Centering round the task of meeting the requirements in lowering the amount of pollutants and saving energies by 2010, the Company is expected to be one of the top international steel enterprises regarding recycling indicators. By the year 2012, Baosteel, which will be able to operate with functions of lower energy consumption, energy transformation, and waste recycling, is expected to be a model company in terms of recycling economy in China and a technological leader in the steel industry.

Main Technical & Economic Indexes for Environmental Protection

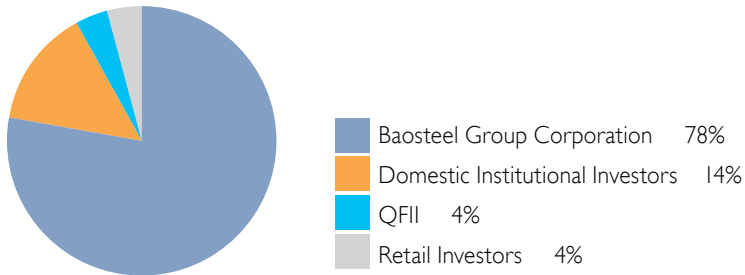
Index	Unit	2003	2004	2005	2006
Overall energy consumption per ton of steel	Kgce/t-s	675.0	675.0	749.4	734.1
Fresh water consumption per ton of steel	M ³	4.57	4.08	7.12	6.0
Dust emission per ton of steel	Kg/t-s	0.77	0.86	1.14	0.90
SO ₂ emission per ton of steel	Kg/t-s	1.78	2.09	2.37	1.99
Waste water emission per ton of steel	t/t-s	1.08	1.08	3.65	2.79
COD emission per ton of steel	Kg/t-s	0.05	0.04	0.25	0.15
Overall utilization ratio of solid wastes	%	98.13	98.31	98.11	98.32

XIII. Shareholders and Shareholdings

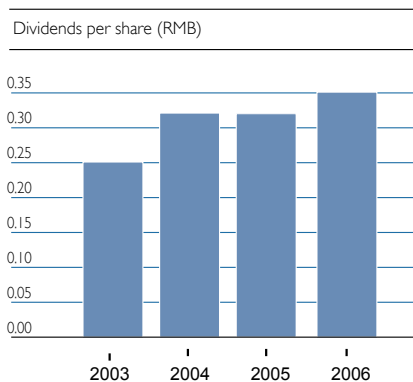
As at December 31, 2006, Baosteel's shareholders totaled 117,928; the top 10 shareholders and their shareholdings are as follows:

No.	Name of shareholder	Year-end shareholding	Percentage (%)
1	Baosteel Group Corporation	13,714,863,571	78.32%
2	Ping An Insurance Company of China Ltd. — Traditional-common Insurance Products	214,664,605	1.23%
3	Chinalife Insurance Company Ltd.—Dividends-personal Insurance-005L-FH002 (Shanghai)	136,067,324	0.78%
4	Citigroup Global Markets Limited	114,082,872	0.65%
5	Chinalife Insurance (Group) Company Ltd. — Traditional-common Insurance Products	94,782,304	0.54%
6	JP Morgan Chase Bank, National Association	69,582,483	0.40%
7	Fenghe Value Securities Investment Fund	67,162,375	0.38%
8	Harvest Strategic Growth Fund	63,934,148	0.37%
9	UBS Limited	61,392,221	0.35%
10	Morgan Stanley & Co. International Limited	61,299,941	0.35%

Shareholding Structure Diagram



XIV. Dividends



	Unit	2003	2004	2005	2006	2006 (USD)
Net profit *	Million RMB/USD	7,014	9,507	13,048	13,339	1,709
Dividends per share	RMB/USD	0.25	0.32	0.32	0.35	0.04
Dividends/Net profit	%	45	59	44	46	46
Dividend yield *	%	3.54	5.33	7.77	4.04	4.04

Note: * Non-consolidated

* Dividend yield = Dividends per share/Year-end stock price

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

* On 30th July 2005, the Board of Directors agreed to submit to the 2005, 2006 and 2007 Annual General Shareholders' Meetings the proposal on annual appropriation of profit that the yearly cash dividends shall be no less than RMB 0.32 per share.

XV. Credit Rating

Region	Organization	Rating	Date
International	Standard & Poor's	BBB/Stable	October, 2003
	Standard & Poor's	BBB+/Stable	December, 2004
	Standard & Poor's	BBB+/Stable	December, 2005
	Standard & Poor's	A-/Stable	December, 2006

XVI: Corporate Milestones

December 1977	Baosteel project headquarters was set up; Shanghai Baoshan Iron & Steel General Plant was founded.
December 1978	The construction commencement ceremony for Baosteel project was held.
September 1985	No.1 Blast Furnace was ignited.
June 1991	No.2 Blast Furnace was ignited.
July 1993	Renamed "Baoshan Iron & Steel (Group) Corporation"
September 1994	No.3 Blast Furnace was ignited.
November 1998	Baoshan Iron & Steel (Group) Corporation merged with the former Shanghai Metallurgical Holding Group Corporation and the former Shanghai Meishan Group Co., Ltd. to set up Shanghai Baosteel Group Corporation.
February 2000	Baoshan Iron & Steel Co., Ltd. was established.
November 2000	1.877 billion common shares were issued in RMB.
December 2000	Listed at Shanghai Stock Exchange (Code: 600019)
June 2001	Purchased the third-phase project assets of Shanghai Baosteel Group Corporation; capacity reached 11 million tons.
December 2002	The opening ceremony for the construction of the Heavy Plate Mill and 1800 Cold Rolling Mill was held.
April 2004	Baosteel-NSC Arcelor Automotive Steel Sheets Co., Ltd. was established.
September 2004	Baosteel's SGM approved the motion to issue 5 billion new shares.
April 2005	Baosteel's projects on the list of its Tenth Five-Year Plan were put into operation Issued 5 billion new shares and acquired from Shanghai Baosteel Group Corporation part of its assets and equities and successfully integrated its steel industry.
August 2005	Baosteel's SGM approved the proposal for non-tradable shares reform and the reform had been completed.
December 2006	After the on-the-spot overhaul, No.2 furnace was ignited. A-share Restrictive Share Incentive Plan was published.

XVII. Corporate Culture

Focusing on the corporate culture, which rests on "strict standards, learning and innovation, and striving to be the best" and "trustworthiness" and aiming at the new target, the Company managed to promote the cultural integration which features integrated coordination by means of modern management conception. As a result, the sense of identification, belonging and mission of the employees was greatly enhanced, the synergy, which supports the management and integrated operation, between companies and departments was strengthened and the soft power of the Company was further promoted.

- Nurturing a culture of integrated coordination and promoting identification between subsidiaries
- Enhancing practice of integrated advertisement campaign and promoting the Baosteel brand
- Creating an up-to-date PR network and enhancing favorable comments of mass medium

XVIII. Corporate Citizenship

Donations

Baosteel holds the belief that an enterprise should always have a strong sense of social responsibility in the cause to build up a harmonious society. The Company remained committed to their social responsibilities while striving for rapid growth and huge economic benefits. In 2006, the total donation amounts to RMB23.29 million, including poverty relieving fund of RMB8.37 million, donation funds of RMB11.28 million and grants in aid of RMB3.64 million.

Honors and Awards

January	<p>Project named "Studies on the Types, Production, and Operating Techniques of High Grade Auto Sheets" was awarded the first prize of National Science & Technology Progress Award at the National Conference of Science and Technology of China.</p> <p>Baosteel Stainless Steel Project won the only "Luban Prize" in steel industry in the year, which is the top prize for civil engineering granted by the Ministry of Construction of China.</p>
February	<p>Found to be the first among the "Most Responsible Enterprises in 2005", a list prepared by China News Weekly on the bases of leadership, trustworthiness, humanism, environmental protection, and contribution to community.</p>
March	<p>"Study on the Varieties and Technology of Tyre Cord" won first prize at the 2005 National Conference of Metallurgy.</p> <p>Baosteel's "Conducting Restructuring of Top Steel Enterprises" was awarded first prize of the 12th National Enterprise Management Innovation Achievements.</p>
June	<p>At the 2nd Conference of Investor Relations, Baosteel was awarded "Best Large Company", "Best Non-tradable Share Reformer", and "Best Communicator", and ranked second among the "Top 50 Manager in Investor Relations".</p> <p>Baosteel was listed, for a second time, among the "Most Valuable Listed Companies" by CCTV.</p>
July	<p>Awarded the honorary title of "National Enterprise in Harmonious Labor Relation"</p>
September	<p>Awarded the "National Contributor in Nurturing Technical Talents" at the Working Conference of Technical Talents and the 8th National Techniques and Technicians Award ceremony.</p>
October	<p>"Baosteel" brand was Ranked first among the "2006 China's Top 10 Influential Brands in the World" and the "2006 China's Top 10 Brands (Steel) in the World Market".</p>
November	<p>Ranked first in the steel industry in the selection of Best Innovators among Large- and Medium Sized National Enterprises.</p>
December	<p>Standard & Poor's (S & P) Ratings Services raised the long-term credit rating on the Company from BBB+/Stable to A-/Stable, making Baosteel the second steel company in the world of such rank.</p> <p>Awarded "™ 2007 Best Employer of Shanghai" in the selection of best employers for the area.</p> <p>Awarded the honorary title of "State Environment-friendly Enterprise", top award in environmental protection in China, Baosteel being the only steel enterprise won the title.</p> <p>Awarded the title of "National Enterprise in 6 Sigma Promotion", the third time in a run for the Company to win the title.</p>

XIX: Directors, Supervisors and Senior Management

Board of Directors

Position	Name	Position in BOD Special Committees
Chairman	Xu Lejiang	Chairman of Strategic Committee
Vice Chairman	Ouyang Yingpeng	Member of Strategic Committee
Director, President	Ai Baojun	Member of Strategic Committee
Director; Vice President	Li Haiping	Member of Strategic Committee
Director	He Wenbo	Member of Auditing Committee
	Wu Yaowen	Member of Strategic Committee Member of Remuneration and Appraisal Committee
Independent Director	Laura Cha	Chairwoman of Remuneration and Appraisal Committee
	Buck Pei	Chairman of Auditing Committee
	Katherine Tsang	Member of Remuneration and Appraisal Committee
	Sun Haiming	Member of Auditing Committee
	Edward C. Tse	Member of Strategic Committee Member of Remuneration and Appraisal Committee

Board of Supervisors

Chairwoman	Li Li
Supervisor	Zhou Zhuping
	Zhong Yongqun
	Liu An
	Han Guojun

Other Member of Senior Management

Vice President	Fu Zhongzhe
	Zhao Zhouli
	Dai Zhihao
	Cui Jian
	Zhu Junsheng
Financial Controller	Chen Ying
Secretary to the BOD	Chen Shouqun
Assistant of President	Li Yongxiang
	Xie Wei
	Lou Dingbo
	Jia Yanlin
	Wang Li

XX: Subsidiaries

Domestic Subsidiaries

Shanghai Meishan Iron & Steel Co., Ltd.

Incorporation date: 26 June 2001
Principal operation: smelting, mangling, processing and sales of ferrous metals
Shareholding percentage: 74.01%
Registered capital: RMB6.26 billion
Capacity: 2.85 million tons
Sales volume in 2006: 2.97 million tons
Number of employees: 4,844

Yantai Lubao Steel Tube Co., Ltd.

Incorporation date: 3 June 1992
Principal operation: production and sales of seamless steel tubes
Shareholding percentage: 79.82%
Registered capital: RMB 0.1 billion
Capacity: 0.3 million tons
Sales volume in 2006: 0.27 million tons
Number of employees: 385

Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd.

Incorporation date: 11 December 1992
Principal operation: production and sales of cold rolled coils, aluminum galvanized steel sheets, color-coated steel sheets and related galvanized steel products
Shareholding percentage: 39.37%
Registered capital: USD 8 million
Capacity: 0.15 million tons
Sales volume in 2006: 0.14 million tons
Number of employees: 245

Ningbo Baoxin Stainless Steel Co., Ltd.

Incorporation date: 25 March 1996
Principal operation: production and processing of stainless plates and related technical consultation and service
Shareholding percentage: 54%
Registered capital: RMB 2.85 billion
Capacity: 0.6 million tons
Sales volume in 2006: 0.44 million tons
Number of employees: 915

BNA Automotive Steel Sheet Co., Ltd.

Incorporation date: 30 July 2004
Principal operation: production and sales of cold-rolled coils, hot dip galvanized sheets and zinc electro-galvanized sheets used on autos and auto parts and related businesses
Shareholding percentage: 50%
Registered capital: RMB 3 billion
Capacity: 1.7 million tons
Sales volume in 2006: 1.79 million tons
Number of employees: 629

Shanghai Baosteel International Economic & Trading Co., Ltd.

Incorporation date: 13 June 1985
Principal operation: directly engaged in and act as agency in the exportation of commodities and technologies that have obtained state approval and the importation of steel materials and scraps and also in raw material processing and compensation trades (processing raw material on clients' demands or with given samples and assembling parts for clients)
Shareholding percentage: 100%
Registered capital: RMB 2.25 billion
Number of employees: 3,040

Shanghai Baosight Software Co., Ltd.

Incorporation date: 14 June 2001
Principal operation: research, designing, development, manufacturing and integration of computer software and hardware, automation as well as network communication products
Shareholding percentage: 55.5%
Registered capital: RMB 0.26 billion
Number of employees: 1,746

Baosteel Group Finance Co., Ltd.

Incorporation date: October 1992
Principal operation: Deposit and loan services for member companies and internal settling services
Shareholding: 62.10%
Registered capital: RMB 0.5 billion
Number of employees: 40

Overseas Subsidiaries

Name	Incorporation date	Capital stock (RMB million)	Shareholding percentage	Principal business scope
Baosteel America	1996	8	100%	Trading businesses and agency
HOWA Trading	1993	68	100%	Trading businesses and agency
Baosteel Singapore	1997	8	100%	Trading businesses and agency
Bao-Trans	1992	1	100%	Marine cargo transport
Baosteel Europe	1993	20	100%	Import and export business
Baosteel Do Brasil	1995	5	100%	Wholesale business
Bao-Island	1992	4	50%	Marine cargo transport

Domestic Dealers

Shanghai Baosteel Steel Trading Co., Ltd.

Address: 12/F, No. 370, Pudian Rd., Pudong District, Shanghai
Zip Code: 200120
Tel: 86-21-50509696
Fax: 86-21-68404618

Guangzhou Baosteel Southern Trading Co., Ltd.

Address: 8/F, China Everbright Bank Tower, North Tianhe Rd., Guangzhou, Guangdong Province
Zip Code: 510630
Tel: 86-20-38730020
Fax: 86-20-38730037

Tianjin Baosteel Northern Trading Co., Ltd

Address: 5/F, Baosteel Northern Tower, Weidi Ave, Hexi District, Tianjin
Zip Code: 300200
Tel: 86-22-28236345
Fax: 86-22-28267197

Chengdu Baosteel Western Trading Co., Ltd

Address: 5/F, 4# Building, Garden of High-tech Incubation, South Expansion of Tianfu Rd., Chengdu, Sichuan Province
Zip Code: 610041
Tel: 86-28-85335388
Fax: 86-28-85335696

Wuhan Baosteel Central-China Trading Co., Ltd

Address: 17/F, No. 69, Yanjiang Rd., Wuhan, Hubei Province
Zip Code: 430021
Tel: 86-27-85672666, 85672000
Fax: 86-27-85678172

Shanghai Baosteel Commerce & Trading Co., Ltd.

Address: No.46, Baolin Rd., Baoshan District, Shanghai
Zip Code: 201900
Tel: 86-21-56121212
Fax: 86-21-56126584

Shanghai Baosteel Pudong International Trading Co., Ltd.

Address: 6&7/Fs, No.1943, Baoyang Rd., Baoshan District, Shanghai
Zip Code: 201900
Tel: 86-21-36014655
Fax: 86-21-51266533

Shanghai Baosteel Baoshan Steel Trading Co., Ltd.

Address: 8&9/Fs, No.1943, Baoyang Rd., Baoshan District, Shanghai
Zip Code: 201900
Tel: 86-21-36014688
Fax: 86-21-51266500



Overseas Subsidiaries

Asia & Australia

Howa Trading Co., Ltd.

Address: Howa Building, 15 Banchi, Ichiban-Cho,
Chiyoda-Ku, Tokyo, 102-0082, Japan
Tel: 81-3-3237 9121
Fax: 81-3-3237 9203

Bao-Trans Enterprises Ltd.

Address: 29/F, Office Tower, Convention Plaza, 1
Harbour Road, Wanchai, Hongkong
Tel: 852-2528 5766
Fax: 852-2529 5117

Bao-Island Enterprises Ltd.

Address: 29/F, Harbour Centre, 25 Harbour Road,
Hongkong
Tel: 852-2833 3223
Fax: 852-2827 0001

Baosteel Singapore Pte. Ltd.

Address: #25-02, Suntec Tower Four, 6 Temasek
Boulevard Singapore 038986
Tel: 65-6333 6818-101
Fax: 65-6333 6819

America

Baosteel America Inc.

Address: Continental Plaza 1, 1/F 401 Hackensack Ave.
Hackensack, NJ 07601, USA
Tel: 1-201-457 1144
Fax: 1-201-457 0909

Baovale Mineracao S.A.

Address: Rua Lauro Muller 116, Sala 3103 CEP 22299-900,
Rio De Janeiro RJ Brasil
Tel: 55-21-2531 1363
Fax: 55-21-2531 0298

Baosteel Do Brasil LTDA

Address: Rua Lauro Muller 116, Sala 3103 CEP 22299-900,
Rio De Janeiro RJ Brasil
Tel: 55-21-2531 1363
Fax: 55-21-2531 0298

Europe & Africa

Baosteel Trading Europe GMBH

Address: 1 Nonnenstieg Avenue, Hamburg, Germany
Tel: 49-40-4199 4101
Fax: 49-40-4199 4120

Appendix : China Economic Indicators

Domestic Economic Indicators

	Unit	2003	2004	2005	2006
GDP	Trillion RMB	13.58	15.99	18.39	20.94
GDP growth rate	%	10.0	10.1	10.4	10.7
Export	100 million USD	438.2	593.3	762.0	969.1
Import	100 million USD	412.8	561.2	660.0	791.6
Unemployment rate	%	4.3	4.2	4.2	4.1
Consumer price index	100 for previous year	101.2	103.9	101.8	101.5
Investment in fixed assets	Trillion RMB	5.56	7.05	8.88	10.99
	%	27.7	26.6	26.0	24.0

Steel Production

	Unit	2003	2004	2005	2006
Pig iron	Million ton	214	252	330	404
Crude steel	Million ton	222	273	349	419
Steel products	Million ton	239	297	371	467
Long products	Million ton	41	130	156	192
Flat products	Million ton	82	105	143	195
Tubular products	Million ton	18	22	26	35
Structural shape	Million ton	94	32	37	36
Others	Million ton	3	8	8	9

Apparent Steel Consumption

	Unit	2003	2004	2005	2006
Crude steel	Million ton	258	271	347	384
Per capita consumption	Kilogram	198	229	266	295
Steel products	Million ton	269	312	376	443
Long products	Million ton	40	127	151	182
Flat products	Million ton	114	124	157	190
Tubular products	Million ton	18	21	24	30
Structural shape	Million ton	95	32	37	34
Others	Million ton	3	7	7	7

Steel Export & Import

	Unit	2003	2004	2005	2006
Export	Million ton	6.96	14.23	20.52	43.01
Long products	Million ton	2.39	4.47	6.09	11.07
Flat products	Million ton	1.82	5.78	8.45	20.37
Tubular products	Million ton	1.44	2.08	3.51	6.41
Structural shape	Million ton	0.35	0.60	0.95	2.92
Others	Million ton	0.96	1.30	1.52	2.24
Import	Million ton	37.17	29.30	25.82	18.51
Long products	Million ton	1.22	1.38	1.09	1.12
Flat products	Million ton	33.25	25.10	22.43	15.53
Tubular products	Million ton	1.13	1.32	1.09	0.97
Structural shape	Million ton	0.86	0.98	0.79	0.50
Others	Million ton	0.71	0.52	0.42	0.39

Global Steel Production

	Unit	2003	2004	2005	2006
North America	Million ton	126	133	126	131
USA	Million ton	94	99	93	98
EU (25 countries)	Million ton	184	194	187	198
Asia	Million ton	429	485	574	648
Japan	Million ton	111	113	112	116
Korea	Million ton	46	48	48	48
Russia	Million ton	61	66	66	71
Total	Million ton	969	1,057	1,117	1,217

Sources: National Bureau of Statistics and China Iron and Steel Association

Appendix : IR Information

About Baosteel's Shares

The total number of shares for the year ended December 31, 2006 reached 17.512 billion. Baosteel is listed at Shanghai Stock Exchange with the stock code 600019.

Contact us

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