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I. Overview

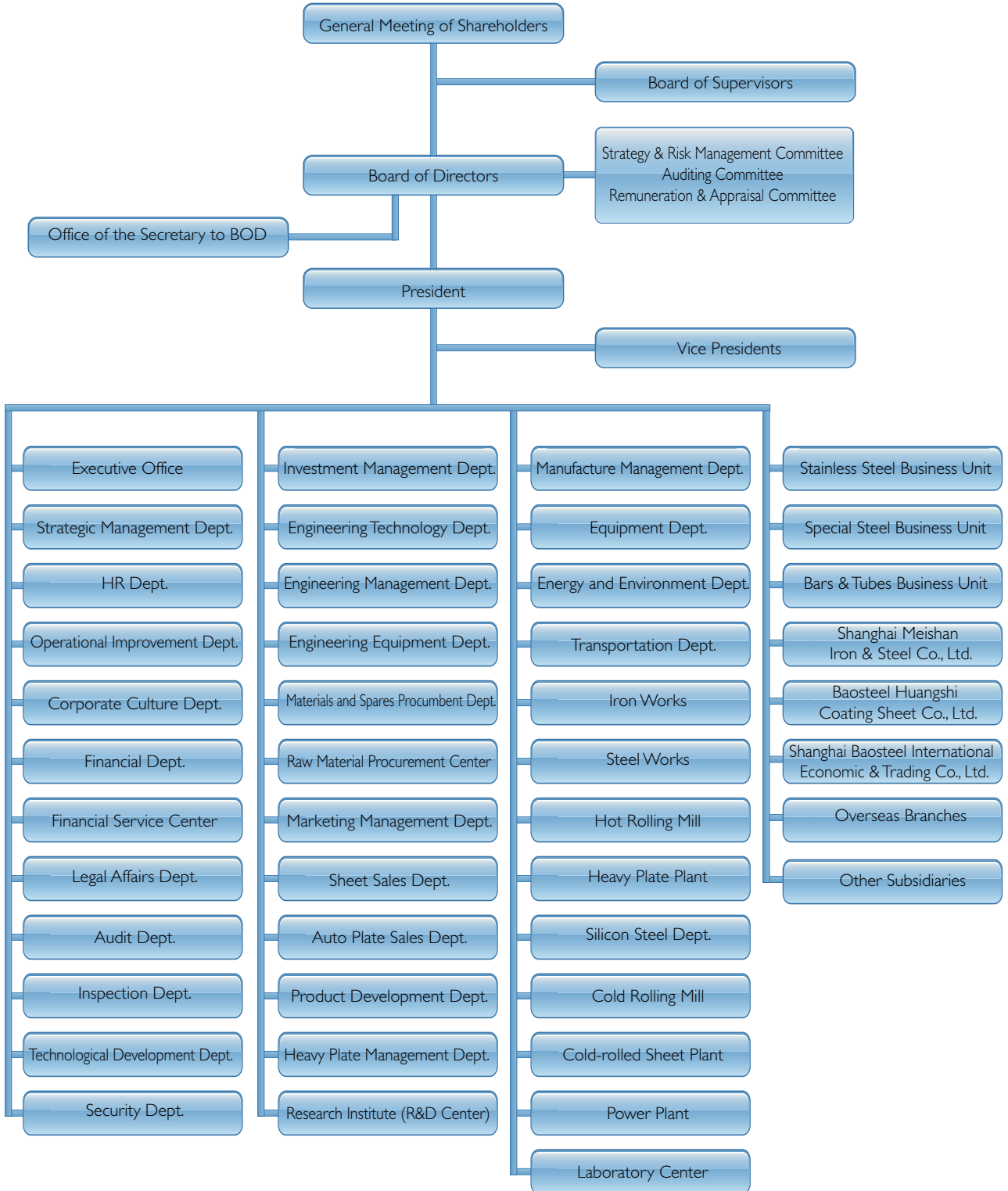
	Unit	2007	2008	2009	2010
Production					
Crude steel	Kiloton	23,776	23,124	23,856	26,452
Finished products and billets	Kiloton	23,008	23,578	22,865	25,929
Sales					
Finished products and billets ^[note 1]	Kiloton	22,600	22,813	22,429	23,356
Employees					
Number	Number	40,059	43,789	42,318	42,308

	Unit	2007	2008	2009	2010	2010 (USD)
Income Statement						
Revenue	Million RMB/USD	191,559	200,638	148,525	202,413	30,564
Net profit	Million RMB/USD	13,423	6,601	6,095	13,361	2,017
Earnings per share	RMB/USD	0.73	0.37	0.33	0.74	0.11
Balance Sheet						
Total assets	Million RMB/USD	188,336	200,021	201,143	216,065	32,625
Total liabilities	Million RMB/USD	93,735	102,183	99,923	104,723	15,813
Shareholders' equity	Million RMB/USD	94,601	97,838	101,219	111,342	16,812
Stock Information ^[note 2]						
Number of shares	Million	17,512	17,512	17,512	17,512	17,512
Capital stock	Million RMB/USD	17,512	17,512	17,512	17,512	2,644
Number of shareholders	Thousand	753	833	558	606	606
Year-end share price	RMB/USD	17.44	4.64	9.66	6.39	0.96

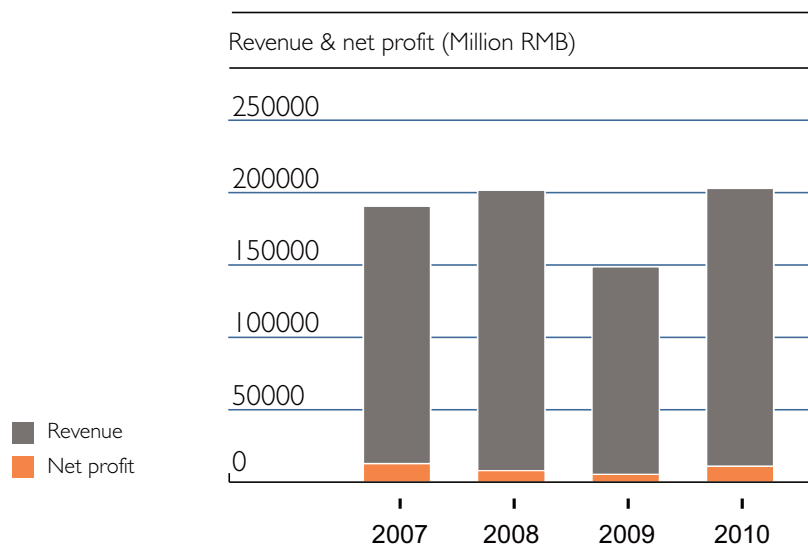
Note 1: The figures for sales of finished products and billets have been adjusted due to the change in scope of consolidation.

Note 2: As at the Market Close on 2 July 2010, the exercise schedule for "Baosteel CWBI" was ended with 113,785 equity warrants exercised, and an increase of 48,088 shares of the Company.

II. Organization Chart



III. Financial Highlights *



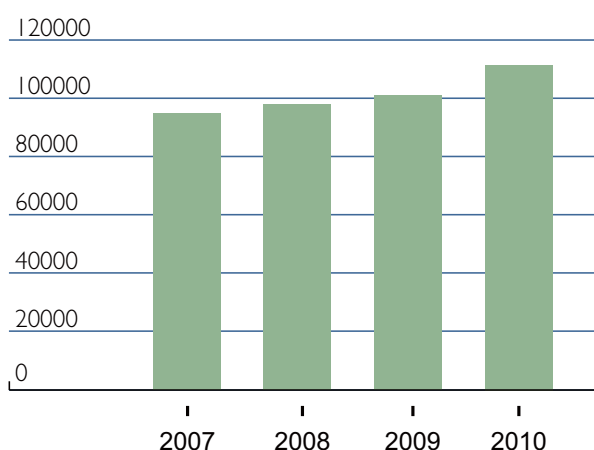
Income Statement

Unit: Million RMB/USD

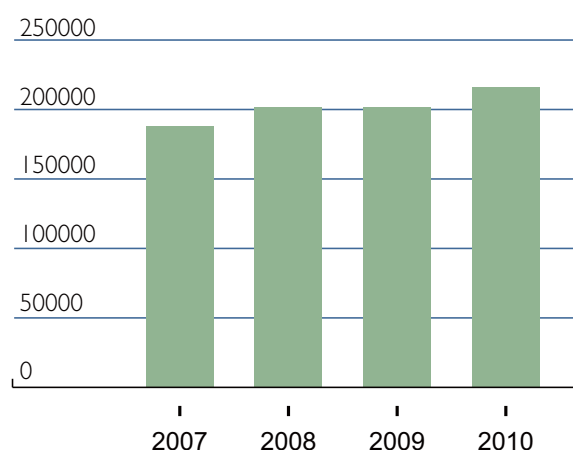
	2007	2008	2009	2010	2010 (USD)
Revenue	191,559	200,638	148,525	202,413	30,564
Cost	173,608	193,014	142,118	186,586	28,174
Including: Sales tax and extra charges	1,252	1,219	570	525	79
Sales expenses	2,018	1,852	1,459	1,785	269
Administrative expenses	5,220	5,676	4,592	5,304	801
Financial expenses	955	2,095	1,676	807	122
Loss from asset impairment	810	5,893	-635	188	28
Investment income etc.	1,526	677	953	827	125
Operating profit	19,478	8,304	7,254	16,666	2,516
Non-operating income and expenses	-170	-150	41	410	62
Pre-tax profit	19,308	8,154	7,295	17,076	2,578
Income tax	5,885	1,553	1,199	3,715	561
Net profit	13,423	6,601	6,095	13,361	2,017
Net profit attributable to shareholders of the listed company	12,718	6,459	5,816	12,889	1,946

* Retroactive modulations have been made to the financial data in accordance with the new Accounting Standards for Enterprises which was adopted initially since 1 January 2007 by the Company.

Shareholders' equity (Million RMB)



Total assets (Million RMB)



Balance Sheet

Unit: Million RMB/USD

	2007	2008	2009	2010	2010 (USD)
Current assets	76,624	58,759	52,666	68,864	10,398
Fixed assets	81,552	109,187	115,466	117,737	17,778
Total assets	188,336	200,021	201,143	216,065	32,625
Current liabilities	75,885	72,042	70,722	73,176	11,049
Non-current liabilities	17,850	30,141	29,202	31,547	4,763
Total liabilities	93,735	102,183	99,923	104,723	15,813
Capital stock	17,512	17,512	17,512	17,512	2,644
Capital reserves	33,646	36,807	37,314	37,566	5,672
Surplus reserves	15,797	16,812	17,828	20,124	3,039
Retained earnings	21,621	20,935	22,584	29,674	4,481
Shareholders' equity	94,601	97,838	101,219	111,342	16,812
Shareholders' equity attributable to shareholders of the listed company	88,504	91,957	95,137	104,746	15,816

Financial Indicators

	2007	2008	2009	2010
Growth (%)				
Revenue	18.01	4.74	-25.97	36.28
Net profit attributable to shareholders of the listed company	-2.75	-49.21	-9.95	121.61
Profitability (%)				
Return on total assets	12.00	5.73	4.53	8.74
Return on net assets (weighted)	15.22	7.02	6.27	12.95
Operating profit	10.17	4.14	4.88	8.23
Profit rate	17.70	13.17	14.97	15.78
Stability				
Equity/total assets (%)	46.99	48.91	50.32	51.53
Current assets/current liabilities (%)	100.97	81.56	74.47	94.11
Liabilities/net assets	1.06	1.04	0.99	0.94
EBITDA/net interest expenses	18.86	8.59	13.64	20.65
Turnover				
Revenue/total assets	1.02	1.00	0.74	0.94
Revenue/equity	2.02	2.05	1.47	1.82
Revenue/fixed assets	2.35	1.84	1.29	1.72
Revenue/inventory	4.90	5.63	5.04	5.32
Revenue/receivables	30.35	38.08	26.68	30.08

IV. Long- and Medium-Term Operations

Operational Environment

Macro-economy & Policies	<p>In 2011, the world economy is expected to continue increasing at a low speed as the developed countries are not out of the shadow of the crisis on the one hand, and the new economic entities will slow down in economic growth.</p> <p>2011 marks the beginning of China's "Twelfth Five-year Plan". The Chinese government will strengthen its macro-economic control and intensify economic structural adjustment, with a view to improve the quality and efficiency of economic development and to maintain steady growth of domestic economy.</p> <p>In view of the complicated macro-economic situation both at home and abroad, the Chinese government continues to carry out positive financial policies which will help to secure economic growth, adjust the economic structure, and promote social harmony, and the government also implements prudent monetary policy to maintain stable economic development in the country.</p> <p>Under the guidance of Policy for Iron and Steel Industry and Iron and Steel Industry Adjustment and Revival Plan, more and stronger measures will be taken by the government to re-structure the industry, and some of the benefits of such measures will be reflected in the growth of the iron and steel industry.</p>
Domestic Steel Industry	<p>Chinese steel industry is in the process of re-structuring in which efforts have been made to turn it from a big industry into a competitive one.</p> <p>The problems of over-capacity, imbalance between demand and supply, homogeneous competition, high cost in resources, and high requirement in environmental protection have marked a new development phase. Chinese government will step up the merger and restructuring of the iron and steel industry, with a view to optimize the structure to raise the industry concentration and to promote environment management through energy saving and emission reduction to realized the sustainable development.</p>
Global Steel Industry	<p>In 2011, the world steel industry will continue to recover slowly. Increase of the global market demand will slow down slightly, with major needs for iron and steel shifting to Asia and emerging countries.</p>

Corporate Vision

Core Value	<p>With the value of creditworthiness, cooperation and innovation, Baosteel aims at maximum enterprise value and harmonious development of shareholders, customers, suppliers, employees, communities and other stakeholders.</p>
Mission	<p>To become a top steel manufacturer in the world and commit itself to offering premium products and services.</p>
Strategic Target	<p>To become the most competitive steel manufacturer in the world.</p>

Long- and Medium-term Strategies

To become the most competitive steel manufacturer in the world

Outstanding operation	Competitive products & core competence Risk control	Differentiated competitive strategy
<ol style="list-style-type: none"> 1. To adopt the fine product strategy featuring leading technology, develop strategic product series such as automotive steel sheets, silicon steel, stainless steel and high grade alloy steel, and optimize three series of premium products, namely, silicon steel, stainless steel and special steel 2. To pursue world-class low-cost manufacturing through applying low-cost manufacturing technology and low-cost materials 3. To further develop the integrated operational system of the chain of supply 4. To improve the customer-centered operation control mechanism 5. To construct efficient and green production system to greatly enhance the productivity 6. To become the core company of Baosteel Group and the domestic production base for premium products 		<ol style="list-style-type: none"> 1. Steady operation, stable development, to pursue differentiated development through taking the lead in quality, technology and service 2. To focus on and promote core competitiveness, and practice a difference-oriented strategy in innovation, service and product 3. To Strengthen technical innovations featuring independent integration 4. To strengthen cost control management and enhance cost competitiveness 5. To adhere to environment management, strengthen energy saving and emission reduction, and improve cycle economy 6. To improve the construction of an all-round risk control management system

V. Operation Improvement

Optimizing Organization and Operation Management for Higher Operation Effectiveness

To bring the advantage in management and technology of the plants directly controlled by the Company into full play and to streamline the management hierarchy and create a simple and efficient management framework that can respond quickly to the market, Medium and Heavy Plate Branch was canceled. The Company consolidated vertically regarding the similar functions of the medium and heavy plate production. The consolidation went on smoothly, and the related business and operation were streamlined and optimized.

Performance Evaluation Focusing on Key Performance Indicators, and a Continued Growth in Operation Performance

The performance evaluation in 2010 followed the principle of “Simplification and Focusing on Key Performance Indicators (KPIs)”. There are 13 KPIs. Among them, great importance was attached to the total volume of profit and the target cost with a view to direct the focus to business benefits and cost reduction. Based on quarterly analysis and assessment of KPIs, positive incentives were applied. In addition, 21 key projects were set up in line with the three major tasks of product management, cost improvement, as well as management reform and system capacity advancement. By pushing forward each one of the 21 projects, the Company witnessed a continued improvement in its operational performance. In order to ensure the fulfillment of the “Eleventh Five-year Plan” target of saving 1 million tons of standard coal, the Company carried out the energy conservation work on a project base. The objective of energy conservation was broken down into many tasks and distributed to specific units. In the meantime, the Company carried out dynamic follow-up, analysis, and evaluation to monitor the progress. As a result, the Company met the goal of energy conservation of the “Eleventh Five-year Plan” ahead of the schedule.

IT Construction

The IT construction was centered around the main thread of “Constructing a customer-centered enterprise mechanism” and the requirement of “Digital Baosteel”, and the focus is on the core procedures of manufacturing and sales. Under the guidance of “Responding to the changes of

the market, sustaining the governance reform, enhancing manufacturing capacity, promoting knowledge management, developing environment management, and improving digital warehouse”, the Company continued developing the major-customer access and the EDI application, realized the on-line site revision, and promoted the using of electronic bills and documents. Along with the integration of the former Medium and Heavy Plate Branch, the Company completed the adaptive revision of related systems. The Company also carried out the IT support plan for the engineering projects, such as the L3 silicon steel project, and the Luojing Phase Two Project. The Company constructed a platform facilitating the sharing of technology, and upgraded the archive information management system. It also promoted the solid waste reusing management, improved the automatic monitoring, surveillance, and management of environment. The IT system provided important support to the analysis and decision-making processes for these areas: product profitability, procurement, marketing value, cost, and resources. In the year, Baosteel realized the digital warehouse for plants directly controlled by the Company, which is an important technical upgrading.

Risk Management and Risk Control

Guided by the principle of “integrating the proactive risk estimation into the business operation, and the business procedure”, the Company finalized 14 key risk-management projects in the year after a careful study of such factors as the price fluctuation of raw materials and fuels. Special project groups were set up to deal with the risk indicators and strategies. As a result, good control was exerted as regards various risks. For example, the “Nickel Price Fluctuation Risk Project” followed the changes of stainless steel market and the nickel raw material market closely on a monthly basis; and the Raw Material and Fuel Price Fluctuation Risk Project provided strong support for the raw material procurement planning. The Company established a regular risk monitoring mechanism involving risk forecast and warning. Management appraisal on the risk management concerning such projects as operational financial risks and nickel price fluctuation risks was conducted from four perspectives: risk analysis, system design, working out indicators, and finding solutions. The risk management system will continue to be improved based on the appraisal. From July 2010, the Company started the practice of formally publishing its “Quarter Report of Risk Monitoring”.

Standard System Certification

The first version of Baosteel’s Comprehensive Management Handbook in accordance with the basic principle and overall requirements for business operation after the Company’s reform and integration was issued. The handbook gives detailed descriptions to the rules, division of work and overall requirements regarding the governance of different regions, industries, and different business units. According to the GB/T23331-2009 Energy Management System-Requirements and Rules on the Implementation of Energy Management System Attestation in the Iron and Steel Industry, the Company included the energy management system construction into the headquarters’ operational management handbook. All units pushed forward the construction in accordance with the stipulated requirements regarding energy management system and passed the energy management system examination in December 2010.

Products Certification

Baosteel adheres to the policy of having its products certified by the third party in accordance with the world-class technical specifications or product criteria, which ensures the world-class level of its products. Currently, main products of the Company such as steel tubes, ship plates, and steel products for nuclear power plants are recognized by international authoritative institutions. They received license of PRC for special equipment, passed CE certification of the EU (CPD, and PED), and obtained the US API logo and Japanese JIS certificate. They have also been recognized by ship classification societies in China and other eight countries.

Baosteel was certified by the American Petroleum Institute (API) to use the API logo on its pipeline tube API SPEC 5L, casing API SPEC 5CT, drill pipe API SPEC 5D, and tool joint API SPEC 7, so was heavy plate for marine structures API SPEC 2H/2W/2Y.

The boiler tubes and construction tubes of the Company were certified by the PED-CE, AD2000-WO and ü-mark. The structure steel plates and pressure vessel steel plates (excluding stainless steel plates) were certified by the CPD, the PED, the AD2000-WO/TRD100 and the ü-mark, while the stainless steel rods and forgings were certified the PED and the AD2000-WO/TRD100.

The company was certified by the JIS to use its logo on its hot-rolled steel and heavy plate products such as steel for general structures JISG3101, steel for architectural structures JISG3136, steel for welding structures JISG3106, as well as cold-rolled carbon steel plate JISG3141.

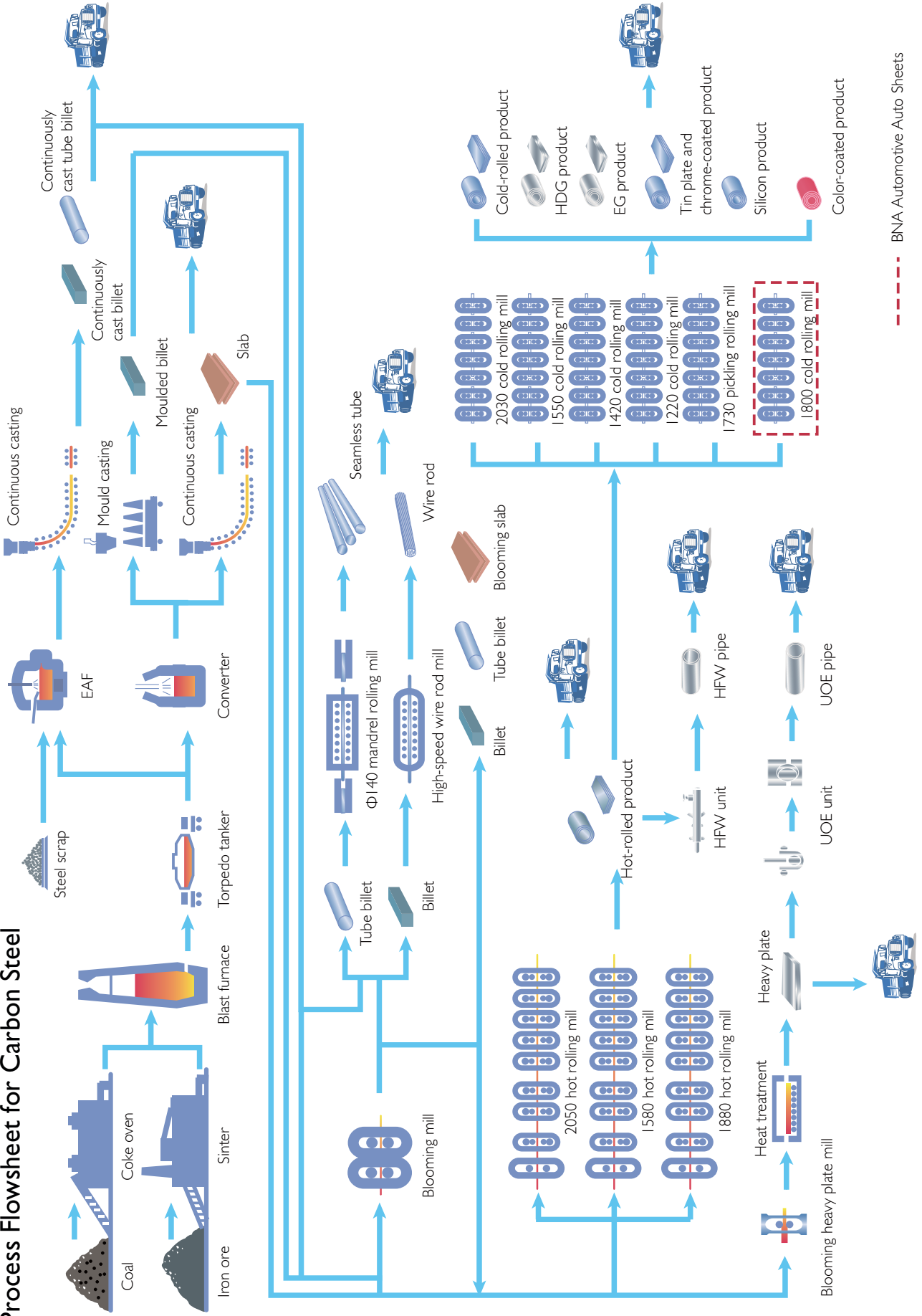
The anchor chain steel rod was approved by the ABS and the DNV, among others, and the stainless steel forgings and the structural steel bars were certified by the GL. Steel pipes for ship were approved by the ABS, CCS and other six classification societies. The hot-rolled ship plate steel manufactured by the Company was certified by the ABS, the CCS and other six classification societies, the heavy ship plate by the ABS, the CCS and other seven societies, the pressure vessel steel plate for shipbuilding by the LR and the DNV and its high strength pressure vessel steel plate for shipbuilding by the CCS. In addition, Baosteel obtained QA certificates from the ABS, LR, CCS and other four classification societies.

The seamless tubes, electric-resistance arc welding pipe, longitudinally submerged arc welding pipe, square billets, plates for boilers and pressure vessels, low-temperature pressure vessel steel plates, quenched and tempered high strength steel plates for pressure vessels, steel plates for welded gas cylinders, plates for pressure pipes, hot-rolled stainless plates, and steel bands were certified Special Equipment Manufacturing License in the country. Its quenched and tempered high strength steel plates B610E, B610E-TMCP and B610CF, the steel plate for steam drum in boiler 13MnNiMoR, the 9Ni steel plates for pressure vessels for low temperature service and austenitic heat resistant seamless steel tubes and pipes 07Cr25Ni21NbN were approved by China National Standardization Committee on Boiler and Pressure Vessel, and so was the steel plates (including stainless steel) for boilers and pressure vessels with overseas brand but produced in China.

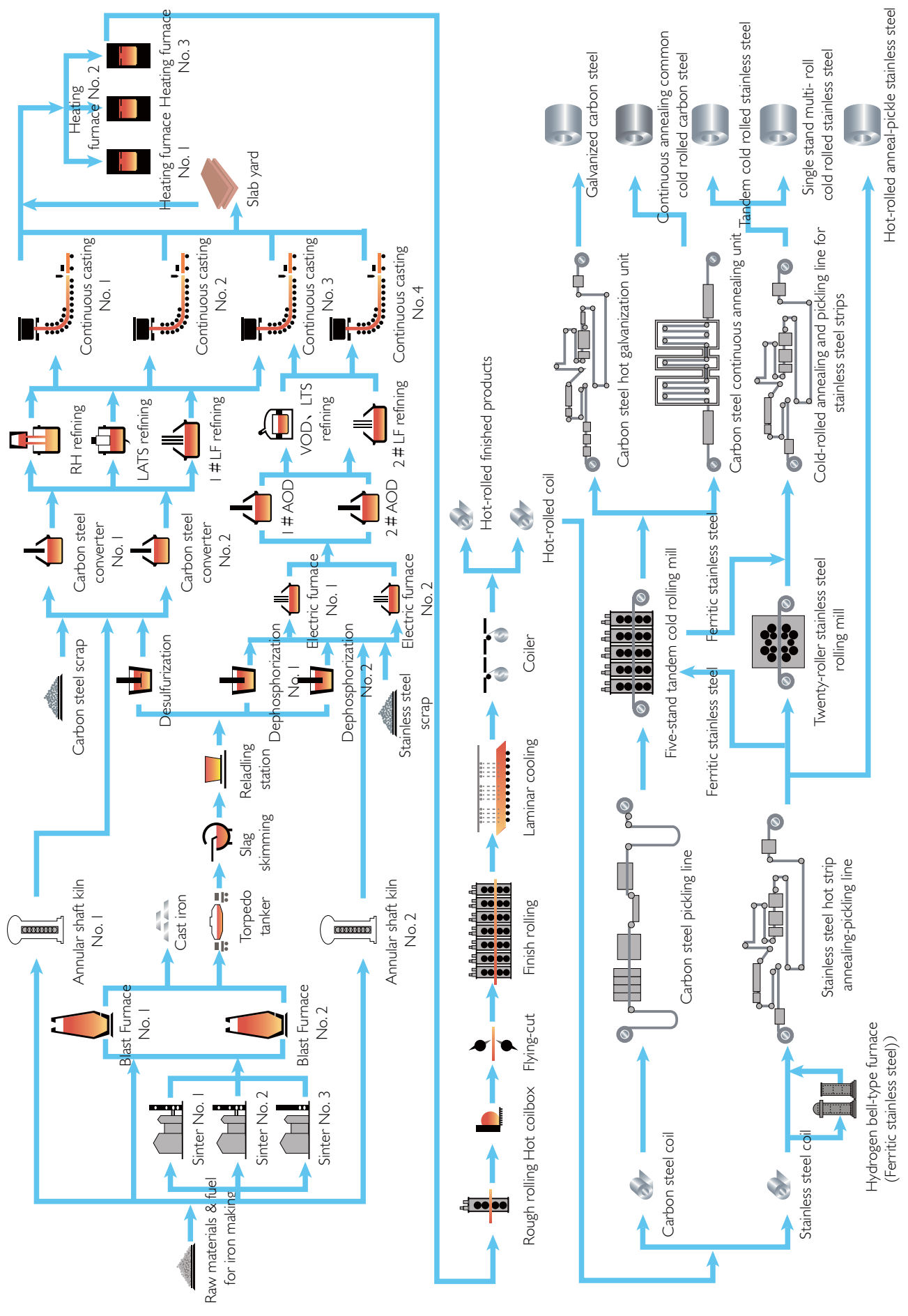
Nuclear levels 1, 2 and 3 stainless steel pipes were approved by National Civil Nuclear Security Facility Manufacturing Licenses, while it obtained National Industrial Product Manufacturing Licenses for its ball bearing steels, titanium products and titanium alloy products. The Company also obtained National Industrial Product Manufacturing Licenses for its phenol, aromatic hydrocarbon, anthraquinone, industrial sulfur, and liquefied anhydrous ammonia.

VI. Production

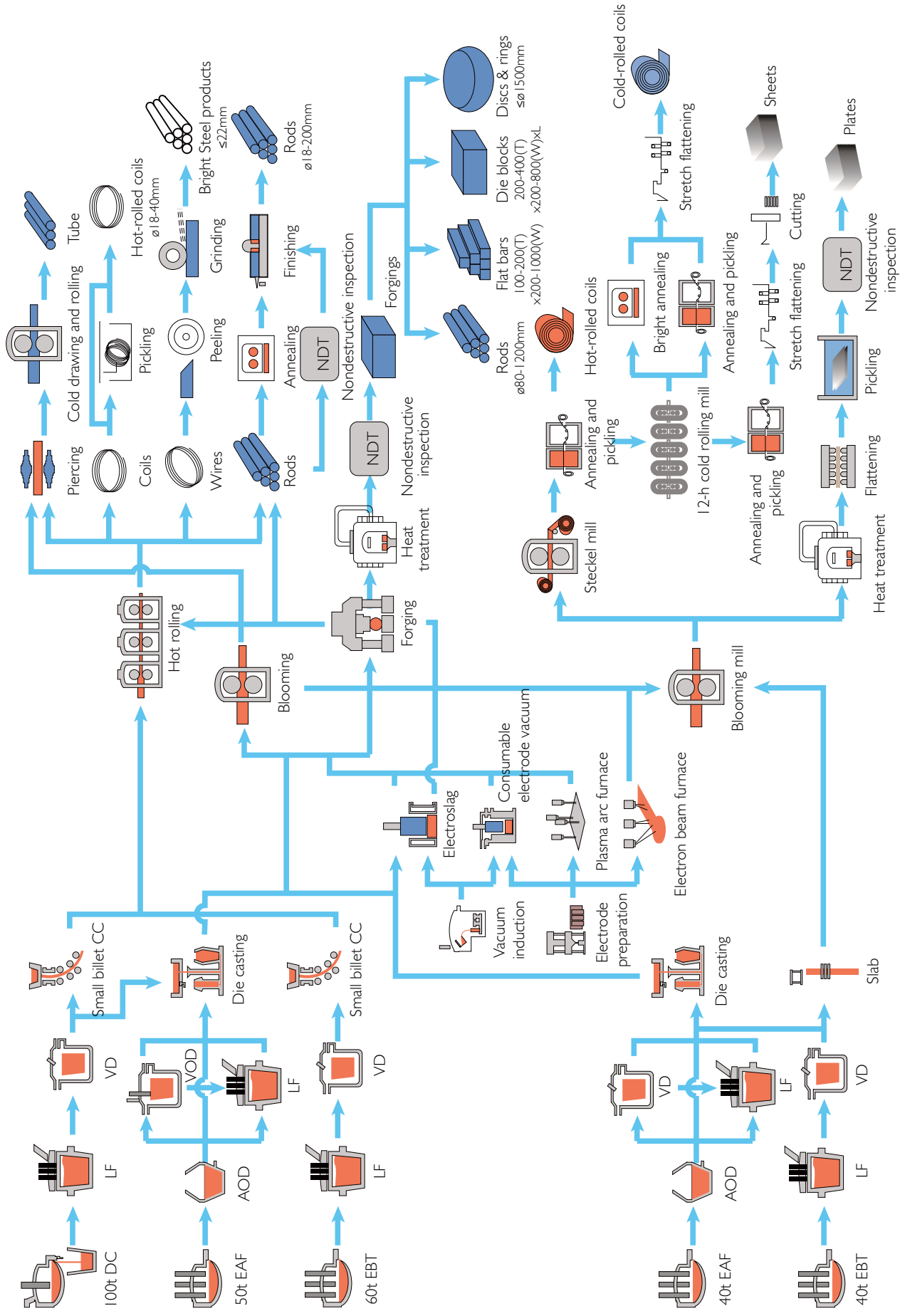
Main Process Flowsheets for Carbon Steel



Process Flowsheet for Stainless Steel



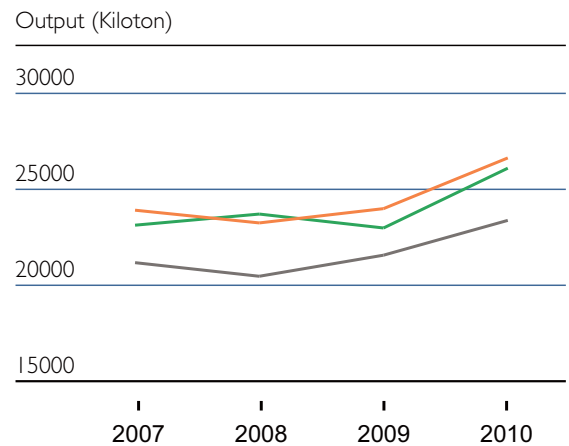
Process Flowsheet for Special Steel



Main Equipment

Main Equipment	Number	Style No.	Initiating Year (Maintenance)	Productivity (Designed capacity)
Headquarters				
No. 1 blast furnace	1	4063m ³	1985(1997)	3,250 kiloton/year
No. 2 blast furnace	1	4706m ³	1991(2006)	3,770 kiloton/year
No. 3 blast furnace	1	4350m ³	1994	3,500 kiloton/year
No. 4 blast furnace	1	4747m ³	2005	3,500 kiloton/year
No. 1 COREX	1			150 Kiloton/year
No. 1 Converter 300t	1	Top-bottom Blowing	1985(2007)	6,776 kiloton/year
No. 2 Converter 300t	1	Top-bottom Blowing	1985(2007)	
No. 3 Converter 300t	1	Top-bottom Blowing	1986(2007)	
250t Converter	2	Top-bottom Blowing	1998	2,880 kiloton/year
250t Converter	1	Top-bottom Blowing	2006	
150t EAF	1	Direct current arc double furnace	1996	1,000 kiloton/year
2050mm steel strip hot rolling mill	1	2050mm	1989	4,000 kiloton/year
1580mm steel strip hot rolling mill	1	1580mm	1996	2,790 kiloton/year
4200mm heavy plate rolling mill	1	4200mm	2008	1,600 kiloton/year
5000mm heavy plate rolling mill	1	5150mm	2005	1,800 kiloton/year
1880 hot rolling mill	1	1880mm	2007	3,700 kiloton/year
2030mm steel strip cold rolling mill	1	2030mm	1988	2,100 kiloton/year
1420mm steel strip cold rolling mill	1	1420mm	1997	722.8 kiloton/year
1550mm steel strip cold rolling mill	1	1550mm	2000(2007)	1,400 kiloton/year
1220mm steel strip cold rolling mill	1	1220mm	1991(2007)	770 kiloton/year
1730mm steel strip cold rolling mill	1	1730mm		
High-speed rod rolling mill	1	5-25mm, 120m/s	1999	400 kiloton/year
Seamless tube	1	21.3-177.8mm	1985	500 kiloton/year
ERW	1	Ø610	2005	300 kiloton/year

Main Equipment	Number	Style No.	Initiating Year (Maintenance)	Productivity (Designed capacity)
Large sized SAW straight welded pipe (UOE)	1		2007	50 kiloton/year
Stainless Steel Business Unit				
750 blast furnace	1	750m ³	1991(2001)	577.5 kiloton/year
2500 blast furnace	1	2500m ³	1999	1,750 kiloton/year
No. 1 Converter (Carbon Steel)	1	1150-ton top blow converter	2004	1,116.5 kiloton/year
No. 2 Converter (Carbon Steel)	1	150-ton top blow converter	2004	1,116.5 kiloton/year
No. 3 Converter (Stainless Steel)	1	120-ton argon oxygen decarburizing furnace	2004	750 kiloton/year
No. 4 Converter (Stainless Steel)	1	120-ton argon oxygen decarburizing furnace	2004	750 kiloton/year
No. 1 refined-smelting ladle furnace	1	150 -ton	2004	1200 kiloton/year
No. 2 refined-smelting ladle furnace	1	120 -ton	2005	750 kiloton/year
1780mm steel strip hot rolling mill	1	1780mm	2003	2,822 kiloton/year
Five-stand tandem rolling mill	1	Five-stand tandem cold rolling mill	2010	1,450 kiloton/year
Twenty-roller rolling mill	1	Twenty-roller stainless steel rolling mill	2009	130 kiloton/year
Special Steel Business Unit				
Steel-making line	2	60t/100t	2003/1997	900 kiloton/year
Steel wire and rod production line	1	φ5-φ50mm	2003	350 kiloton/year
Steel rod production line	1	12~50mm	2005	450 kiloton/year
Blooming line	1	800mm	1984	340 kiloton/year
Meisteel				
No. 2 Blast furnace	1	1280M ³	2004	1,080 kiloton/year
No. 4 Blast furnace	1	3200M ³	2009	2,464 kiloton/year
No. 1 Converter	1	150T	1999	150 T/set
No. 2 Converter	1	150T	1999	150 T/set
1422 Continuous hot rolling line	1	Six-stand 1422 continuous hot rolling line	1994	3,000 kiloton/year
1420 Cold rolling	1	1420 pickling rolling unit	2009	800 kiloton/year



Output

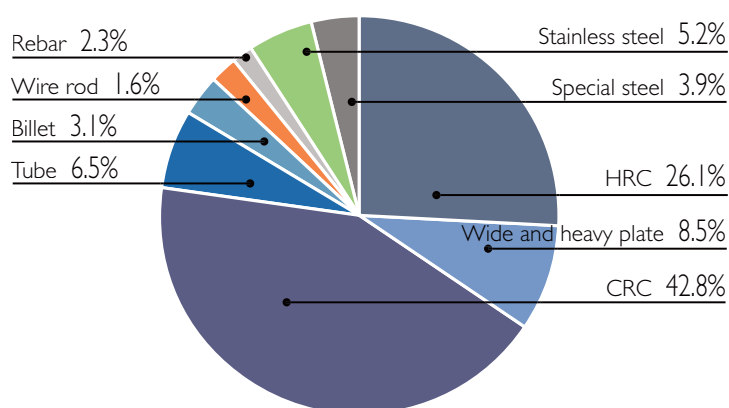
Unit: kiloton

	2007	2008	2009	2010
Pig iron	21,089	20,392	21,472	23,254
Crude steel	23,776	23,124	23,856	26,452
Finished products and billets				
Carbon steel	21,068	21,816	20,864	23,616
HRC	8,460	8,240	5,827	6,666
Pickled coil	739	768	719	
Heavy plate	1,420	1,859	2,292	2,220
CRC	3,832	3,692	4,073	4,912
Hot-dip galvanized steel	1,328	1,404	1,793	2,574
Electro-galvanized steel	470	524	612	757
Color-coated	608	606	571	609
Tin plate	576	655	554	900
Chrome-coated	10	70	111	168
Electric steel	907	987	1,165	1,289
Tube	1,389	1,445	1,679	1,717
Billet	634	577	481	777
High speed wire rod	585	525	471	602
Rebar	112	466	517	425
Stainless steel	1,018	948	1,258	1,341
HRC	553	489	648	589
CRC	449	437	602	750
Special steel	922	815	743	970
Total	23,008	23,578	22,865	25,927

Note: The HRC in the table includes, as in the tables below, the pickled coil.

VII. Sales

Sales in 2010

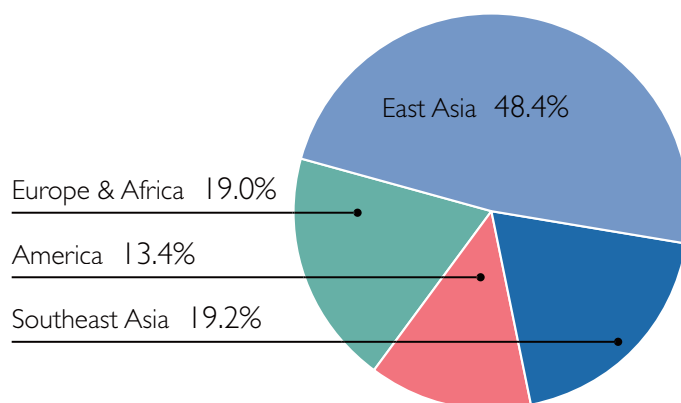


	2007	2008	2009	Unit: kiloton 2010
Carbon steel	20,935	21,333	20,658	23,356
HRC	9,170	8,697	6,453	6,691
Wide and heavy plate	1,444	1,710	2,280	2,191
CRC	7,704	7,884	8,839	10,982
Tube	1,417	1,470	1,660	1,676
Billet	612	592	466	795
Wire rod	588	532	461	601
Rebar	0	448	499	420
Stainless steel	1,011	965	1,262	1,343
HRC	559	488	639	609
CRC	436	454	613	732
Special steel	934	824	762	989
Total	22,880	23,122	22,682	25,688

Note: 1. The statistics in the table include those of iron and steel businesses in the Company only, while non-steel businesses were excluded.

2. The 2007, 2008, 2009, and 2010 figures in the table include the 1.81 million, 1.745 million, 1.69million and 1.823 million tons of CRC products that BNA sold in the respective years, but the 1.53 million, 1.435 million, 1.437 million and 1.396 million tons of HRC products the Company sold to the BNA in the three respective years are not included.

Export breakdown by region in 2010



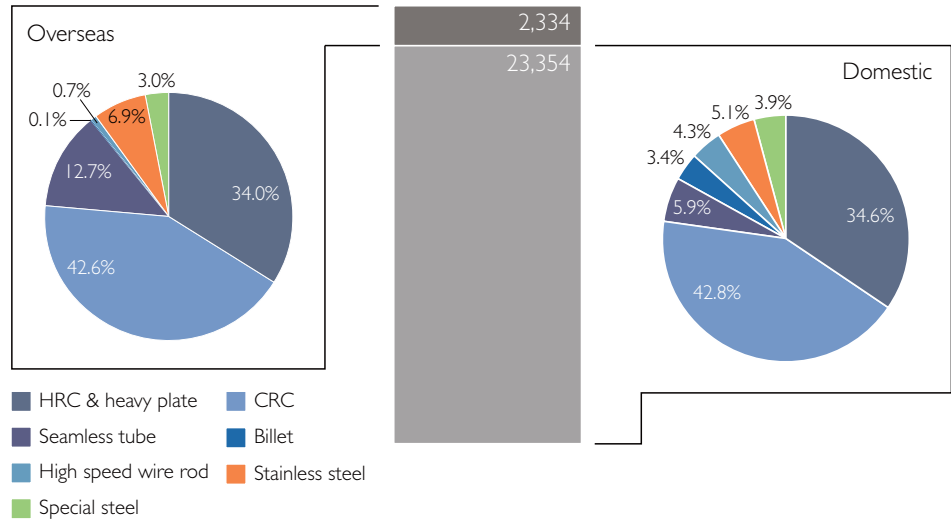
Market Shares of Major Products

	2007	2008	2009	2010
Cold-rolled auto sheet	50%	50%	50%	51%
Home appliance sheet	37%	37%	37%	31%
Pipeline steel	35%	31%	33%	30%
Non-oriented electric steel	17%	18%	22%	21%
High-pressure alloy boiler tube	23%	22%	21%	22%
Industrial-used stainless plates	27%	18%	12%	10%

Breakdown by Region

	2007	2008	2009	2010
Home	18,958	20,248	20,955	23,354
Overseas	3,642	2,565	1,727	2,334
East Asia	1,566	1,160	815	1,130
Southeast Asia	692	541	363	448
America	546	410	216	313
Europe & Africa	801	454	333	443
Total	22,600	22,813	22,682	25,688

Unit: kiloton



Domestic Sales Breakdown by Product

	2007	2008	2009	2010
	Unit: kiloton			
Carbon steel	17,209	18,625	19,039	21,254
HRC & heavy plate	10,029	10,623	7,988	8,089
CRC	4,988	5,299	8,147	9,987
Steel tube	1,127	1,185	1,494	1,381
Billet	595	581	457	792
High-speed wire rod	470	937	953	1,005
Stainless steel	926	902	1,177	1,182
Special steel	824	721	739	918
Total	18,959	20,248	20,955	23,354

Overseas Sales Breakdown by Product

	2007	2008	2009	2010
	Unit: kiloton			
Carbon steel	3,446	2,398	1,619	2,102
HRC & heavy plate	2,115	1,219	745	793
CRC	906	840	692	995
Steel tube	290	286	166	295
Billet	17	11	9	3
High-speed wire rod	118	43	7	16
Stainless steel	85	63	85	161
Special steel	110	103	23	71
Total	3,642	2,565	1,727	2,334

VIII. Raw Material Procurement

	2007	2008	2009	Unit: Kiloton 2010
Imported raw materials				
Iron ore	32,732	31,792	32,908	36,468
Coal	792	681	1,388	1,398
Carbon steel scrap (including pig iron)	-	53	491	225
Stainless steel scrap	119	37	13	0
Nickel	21	6	30	13
Raw materials purchased at home				
Iron ore	345	235	0	0
Coal	16,303	16,493	16,470	17,463
Carbon steel scrap (including pig iron)	3,582	2,670	2,211	3,775
Stainless steel scrap	135	92	130	222
Nickel	30	28	26	39
Limestone	4,275	4,063	3,989	4,166
Ferroalloy	366	375	409	457

IX. Fixed Assets Investments

Unit: Million RMB/USD

Project	2007	2008	2009	2010	2010 (USD)
Baoshan Iron & Steel Co., Ltd.	22,536	28,662	17,761	13,988	2,112
Including: Carbon steel	17,868	21,228	10,895	10,835	1,636
Infrastructure	15,332	16,361	7,906	7,827	1,182
Technical revamping	2,306	4,258	2,989	2,785	421
Stainless Steel	1,699	2,418	3,266	615	93
Infrastructure	1,311	1,719	3,083	449	68
Technical revamping	370	676	183	151	23
Special Steel	1,511	3,076	2,780	1,019	154
Infrastructure	1,250	2,915	2,720	903	136
Technical revamping	251	148	60	99	15
Other industries	1,458	1,939	820	1,519	229
Infrastructure	1,213	1,468	562	1,331	201
Technical revamping	186	648	258	117	18

X. Research and Development

R&D Investment

	Unit	2007	2008	2009	2010
R&D investment	Million RMB	2,007.6	2,311.6	2,593.4	4,197.6
R&D expenditure /revenue	%	1.05	1.15	1.75	2.08

R&D Organization and R&D Personnel

Baosteel Technical Center (including technical centers in subsidiaries): 1114
Including: Research staff 801; Technical staff 241; Administrative staff 72

Intellectual Property Rights in China in 2010

Invention patents	Practical new-pattern patents	Software copyrights
208	682	47

Scientific and Technological Achievements

Year	Total	Major achievements
2007	134	A new safe and environment-friendly technique for steel slag granulation
		A new technique for production process of the hot-dip galvanizing unit
		Theory and practice on prolonging the life of Baosteel No.2 Furnace
2008	166	Comprehensive technologies for steel makers' utilization and emission reduction of by-product gas
		Development of 3Cr series of Oil Tubing with CO ₂ and H ₂ S Corrosion Resistant Property
		Study and application of wide strip tandem cold rolling technique and its model control technology
2009	105	Two-piece SPTE Tin-coated Plates: Development and Application (First prize, Metallurgical Science and Technology Award of China)
		Innovation of Processing Technology of Annealing and Coating Set for Non-oriented Electrical Steel (First prize, Metallurgical Science and Technology Award of China)
		Baosteel BPC: techniques and applications (First prize, Metallurgical Science and Technology Award of China)
2010	251	Project of natural gas transmission from West to East China—Engineering and application (First prize, National Awards for Science and Technology)
		the Independent Integration and Innovation of Process Technologies for Baosteel's 1880mm Hot Rolling Mill (First prize, China Metallurgical Science and Technology Award)
		R&D on Cold Rolling Mill Flatness Technology (Third prize, China Metallurgical Science and Technology Award)
		High-efficiency non-oriented electric steel B50AR500 and B50AR350 (Third prize, China Metallurgical Science and Technology Award)

XI. Human Resources Management

Employees

	Unit	2007	2008	2009	2010
Number of employees at year-end	Person	40,059	43,789	42,318	42,308
Cash paid to employees and for employees	Million RMB	6,542	7,093	7,544	8,025
Steel industry	Person	33,450	36,693	36,119	35,973
Production staff	Person	22,207	23,916	23,483	23,999
Technical staff	Person	8,066	9,303	9,286	8,748
Administrative staff	Person	3,177	3,474	3,350	3,226
Other industries	Person	6,609	7,096	6,199	6,335
Baosteel (excluding subsidiaries)	Person	25,464	28,186	27,321	26,966
Sales revenue per capita	Million RMB	4.9	4.8	3.5	4.8
Output per capita *	Ton	723	659	655	734

* 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 Management

In view of the national energy management policy and Baosteel's strategic environment management, the Company took proactive measures to elevate its energy management system. In 2010, it initiated the pilot program of applying for energy management system certification, and became one of the first in the steel industry to have passed the national energy management system authentication. Currently, all steelmaking units of the Company have been certified to ISO14001 for environment management.

In 2010, the Company integrated technological innovation into environment management and formed a clear idea of technology-driven environment management. The digital platform and the appraisal system for the Life Cycle Assessment (LCA) were created under this guiding idea. The product R&D has gradually changed from traditional to ecological mode, with a view to eventually realize green production featuring low energy consumption, low emission and low cost. Baosteel also took the lead in advocating the idea of green procurement and green utilization of steel products, and made breakthroughs in environment-friendly technologies.

In 2010, the Company compiled its first Handbook for Green Procurement, expounding on the Company's green procurement policy for the current phase, and stating concrete requirements. As for material and spare part procurement, specific schemes were stipulated, including green procurement standards and a green procurement catalog, and requirements for key suppliers regarding environmental protection were clearly stated.

The Company elevated its requirement for suppliers in terms of environmental protection and social responsibility. Suppliers were further encouraged to attain the certification of ISO14001 for environment management. When looking for new suppliers, priority was given to those certified for environmental management. The Company investigated the environmental performance of its high consumption suppliers such as the suppliers of high endurance materials. For some suppliers, an onsite examination by a second party was made, coupled with an environmental investigation. The Company made clear requirements for suppliers regarding environmental protection and social responsibilities. As for the carriers, the Company chooses to work with those who have passed the ISM/NSM certification. When choosing the ocean shipping, it takes a comprehensive consideration of logistic cost and gives priority to the new energy-saving ship, as a part of the effort to reduce the energy consumption during shipment to protect the environment.

In line with the trend for environmental protection, the Company took the environment management as its core and customer needs as its orientation and devised a plan of green sales, addressing the legal requirements for environmental protection and users' demand for green products proactively. Concrete measures of green sales include: a) defining environmental protection evaluation process, and constructing the evaluation guarantee mechanism; b) investigating and guiding the market needs for green products, and designing new products accordingly; c) promoting green products based on the product LCA, and conducting a series of product LCA; d) systematically investigating users' evaluation of the steel products, finding solutions to the quality issues put forward by users such as enhancing the environment-friendly feature, and simplifying the processing procedure for the users; e) promoting Baosteel's environment-friendly products in domestic and international markets.

The Company further promoted the optimization of interior logistic, enforcing more control over environment-related factors. In terms of green packing, it took initiative in minimizing packing materials and exploring packing materials without negative features.

Cost statistics concerning environmental protection have been collected analyses conducted since 2003. The cost includes compensation cost and capitalized cost.

Cost for Environmental Protection

Unit: RMB 0.1 billion

Category	Items	2007	2008	2009	2010
Compensation projects and cost	Pollution discharge fee, fee for system approval, environmental monitoring fee, facility operation fee, facility depreciation charge, labour fee, fee for transporting hazardous substances, fee for landscaping, fee for disposal of solid waste, investment on new projects and updating and expanding existing projects, research investment, and others	23.26	27.83	30.72	29.68
Capitalized projects and cost	Investment on new environmental protection projects and on updating and expanding existing projects and other supporting projects	10.84	25.61	9.75	7.23

By intensifying the energy management and implementing the technologies for energy saving and water saving, and for desulfurization, the energy and fresh water consumption indices of the company are keeping ameliorating and the aggregate amount of the recycled residue energy is keeping increasing annually in the conditions of the expanding the scope of production and the extending of the production lines and the increase of the product categories. The Company's major indicators for energy saving and environmental protection have all met the national Level I requirements for clean production, the best performance among its domestic peers.

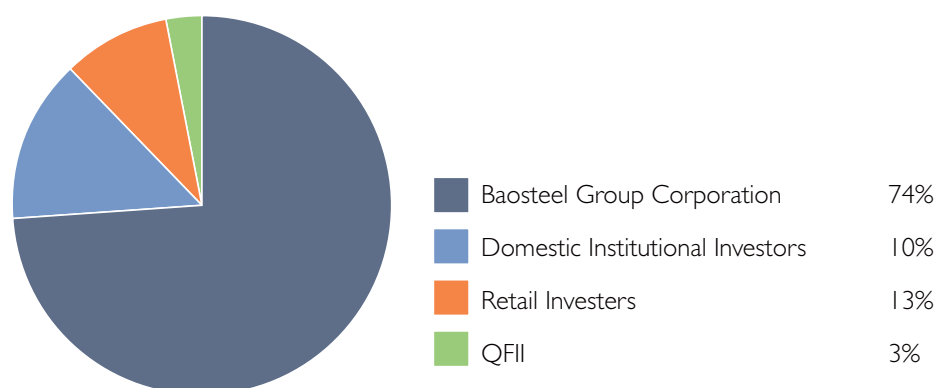
Technical and Economic Relative Indexes for Environment Protection

Index	Unit	2005	2006	2007	2008	2009	2010
Fresh water consumption per ton of steel	%	100	84.27	71.35	73.03	59.97	58.99
Aggregate amount of the recycled residue energy	%	100	112	121	162	171	189
General energy consumption per ton of steel	%	100	97.87	95.87	102.00	98.53	97.47
SO ₂	%	100	22.19	20.08	15.59	10.53	22.19
COD	%	100	31.2	18.0	12.4	12.0	31.2
Overall utilization ratio of industrial solid secondary resources	%	98.11	98.32	98.48	98.33	98.26	98.58

* Except "Overall utilization ratio of industrial solid secondary resources", all of the other items are stated in relative terms with 2005 as base period.

XIII. Shareholders and Shareholdings

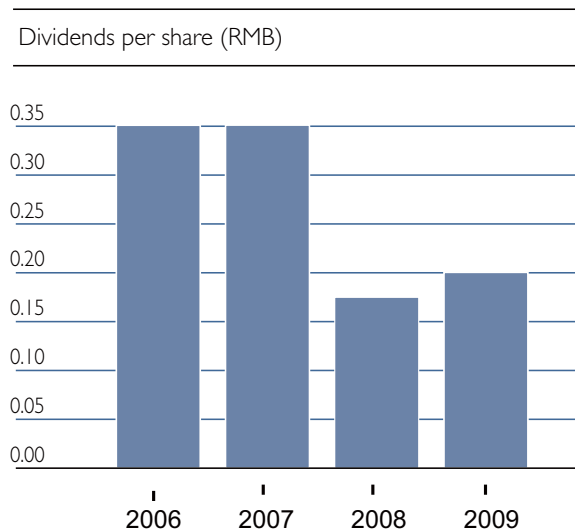
Shareholding Structure



As at 31 December 2010, Baosteel's shareholders totaled 606,180, and the top 10 shareholders and their shareholdings are as follows:

No.	Name	Year-end shareholdings (Unit: share)	Percentage (%)
1	BAOSTEEL GROUP CORPORATION	12,953,517,441	73.97
2	CHINA CONSTRUCTION BANK-YINHUA SELECTED CORE VALUE SECURITIES INVESTMENT FUND	151,111,102	0.86
3	BANK OF COMMUNICATION—E FUND 50 INDEX SECURITIES INVESTMENT FUND	71,275,729	0.41
4	UBS AG	70,928,393	0.41
5	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND—0 COMBO	65,090,535	0.37
6	RUGAO CHANGRONG ORE STORAGE LIMITED	57,229,512	0.33
7	INDUSTRIAL AND COMMERCIAL BANK OF CHINA—SHANGHAI STOCK EXCHANGE 50 ETF FUND	53,497,602	0.31
8	CHINA RESOURCES SZITIC TRUST CO., LTD—CHONGYANG NO. 3 SECURITIES INVESTMENT COLLECTION FUND TRUST PROGRAM	49,392,628	0.28
9	ZHANGJIAGANG FREE TRADE ZONE RIXIANG INTERNATIONAL TRADE CO.,LTD.	36,631,921	0.21
10	GUOTAI JUNAN SECURITIES CO., LTD-CLIENT SECURITY ACCOUNT	35,486,560	0.20

XIV. Dividends *



	Unit	2007	2008	2009	2010	2010 (USD)
Net profit ^[Note1]	Million RMB/USD	9,948	5,077	5,077	11,483	1,734
Dividend per share	RMB/USD	0.35	0.18	0.20	0.30	0.05
Dividend/net profit	%	62	62	69	46	46
Dividend yield ^[Note2]	%	2.01	3.88	2.07	4.69	4.69

Notes 1: The net profit in the table is non-consolidated;

Notes 2: 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" which states that yearly distribution of cash dividend shall be no less than 40% of the net profit of the year.

XV: History

December 1977	Baosteel project headquarters was set up; Shanghai Baoshan Iron & Steel General Plant was founded.
December 1978	The construction commencement ceremony for Baosteel project was held.
September 1985	No.1 Blast Furnace was ignited.
June 1991	No.2 Blast Furnace was ignited.
July 1993	Renamed "Baoshan Iron & Steel (Group) Corporation".
September 1994	No.3 Blast Furnace was ignited.
November 1998	Baoshan Iron & Steel (Group) Corporation merged with the former Shanghai Metallurgical Holding Group Corporation and the former Shanghai Meishan Group Co., Ltd. to set up Shanghai Baosteel Group Corporation.
February 2000	Baoshan Iron & Steel Co., Ltd. was established.
November 2000	RMB1.877 billion common shares were issued.
December 2000	Listed at Shanghai Stock Exchange (Code: 600019)
June 2001	Purchased the third-phase project assets of Shanghai Baosteel Group Corporation; capacity reached 11 million tons.
December 2002	The opening ceremonies for Wide and Heavy Plate Mill Project and 1800 Cold Rolling Strip Steel Project were held.
April 2004	BNA Automotive Steel Sheets Co., Ltd. was established.
April 2005	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 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 2007	Baosteel's SGM approved the proposal on acquisition of Luoqing Project and its related assets and issuing 10 billion convertible bonds with call warrants.
June 2008	RMB 10 billion convertible bonds with call warrants were issued.
May 2009	Issued the first sum of 5 billion Medium-term Notes.
June 2009	Issued the second sum of 5 billion Medium-term Notes.

XVI. Corporate Culture

Strengthening the Grass-root Management through Visualized Site Management

The Company held its grass-root management intensification conference, proposing the theme of “‘PDCA + Diligence’, strengthening grass-root management and enhancing the onsite management’”. In order to improve its onsite visualized management, the Company held meetings with employees and listened to their opinions. Based on the requirements for the onsite management and employees needs, the Company reviewed, and reorganized the existing visualized management work. The Company made gradual progress from improving the onsite management work to implementing the fixed position management, and finally realizing the visualized management. During this course, the employees are expected to gradually form good habits. This type of management, after being tried out in some experimental units, is extended to all the other units of the Company. As a result, the overall base division management will be raised to a new level.

A Good Host to Welcome Shanghai World Expo

To meet the World Expo as a good host, the Company made the initiatives to the whole employees: Encouraging them to make joint efforts to create a secure, beautiful, harmonious and courteous Expo, and taking full duty to host a successful, exciting and memorable Expo. Since being selected as an industrial tourist spot during the Shanghai World Expo period, the Company had been making preparations to welcome visitors from at home and abroad. In preparing for the Expo, it improved the landscape along the tour route, and completed the landscaping of about 105,000 square meters.

During the running period of the Expo, the Company designed and organized the photography contest named “Image Expo” around such themes as Expo and Shanghai, Expo and Baosteel, Expo and Humanity, and Expo Moment. The contest gave expression to the urban evolvement, the passion for Shanghai World Expo, and the beautiful life brought by Expo. 524 works were submitted by people who were inspired to recapture the city’s development and the beautiful Expo with photos.

Continuing to Shape the Employees' Behavior

The Company carried out various work to cultivate good employee behavior, such as the key program to intensify the base division management and visualized management, the program to cultivate self-management employees, and the program of “making joint efforts to create a secure, beautiful, harmonious and courteous Expo” and so on, with good results. To cement the good behaviors, the Company initiated another activity called “Best Practice Person in Cultivating the Standard Operation Behavior”, which encourages all employees to cultivate good behavior and to maintain the good image of Baosteel.

Carrying out Reading Activities to Nurture the Love for Reading Good Books

The Party members and the Company leaders set good examples in reading. Employees are encouraged to cultivate the habit of “Wanting to read”. The Company promotes the idea that “Reading has a positive impact on working”. The secretary of CPC Committee gives book recommendations and employees read the books and then exchange their ideas. The Company also makes good use of the Study Platform for Secretaries of Party Branches, and promotes the reading and communication among the members of Secretaries of Party Branches. The Secretaries of Party Branches take the lead in promoting the reading habit among the Party members. Reading activities are designed in accordance with the characteristics of each unit to nurture the habit of reading.

XVII. Corporate Citizenship

Donations

Unit: Thousand RMB

	2007	2008	2009	2010
Poverty relieving funds	8,150	8,930	11,166	11,020
Charity donations	1,130	10,847	271	0
Grants in aid	412	2,969	27,379	1,230
Others	50,000	42	0	0
Total	59,691	22,788	38,816	12,250

Honors and Awards

January	Jan, 11: In National Science and Technology Award Conference: the two projects of Baosteel "R&D and Manufacture of 3Cr Series CO ₂ and H ₂ S Corrosion Resistant Oil Tubing and Casing" and "Multi-functional On-line Detection Technology for High Speed Cold-rolled Strip" were awarded the second prizes of National Technological Invention and Scientific & Technological Progress Respectively.
March	March, 15: Baosteel was listed on Fourtune's "Global Most Admired Company" in 2009.
April	<p>April 12: The office of China Charity Award by the Ministry of Civil Affairs promulgated the list of the 2009 China Charity Award winners. Baosteel is awarded with the Most Caring Domestic Enterprise, which is Baosteel's second China Charity Award.</p> <p>April 14: 2009 China Quality Technology Award was disclosed, and Baosteel's all 4 programs were awarded as National Excellent 6 Sigma Program. The 4 programs selected by Baosteel are Integrated Qualification Rate Enhancement of BF Hot-metal Pretreatment, Efficiency Enhancement of Unloading Dock Double Berth and Multi-system in Majishan Harbor, Reduction of Cold Rolling Product Alloy Content and Accuracy Enhancement of Heavy Plate Hot Strengthening Setting.</p> <p>April 21: The Forbes Global 2000 issued its 2010 list and Baosteel ranked No. 264 in the annual ranking of the top 2000 listed companies in the world by the Forbes magazine.</p> <p>April 28: By the end of March, the directly subordinate plants of Baosteel Co., Ltd. have achieved continuous pollution reduction of sulphur dioxide for 15 months. Compared to the planned value, the actual pollution reduction exceeds 1600 tons. Therefore, Baosteel Co., Ltd. has won Shanghai EPA Excessive Pollution Reduction Award.</p>
May	May 8: In the assessment carried out by the Magazine "Directors & Boards", Baosteel BOD was honored with "Gold Prize of Round Table".
June	June 2: The First Energy Efficiency China Contribution Award was unveiled. Baosteel Co., Ltd. received the Top 10 Outstanding Contribution Enterprise Award and became the only enterprise among domestic steelmakers to receive this honor.

July	July 1: The list of the China's Top 500 Brands in 2010 was announced by the World Brand Laboratory. Baosteel ranked the 18th with a brand value of CNY57.591 billion, the best among Shanghai brands.
	July 8: U.S magazine Fortune published the enterprise ranking list of top 500, among which Baosteel with a revenue of 195.3 billion Yuan (28.591 billion US dollars) in 2009 ranked 276th. In seven consecutive years, Baosteel has ranked among world top 500.
September	September 14: Baosteel's 19 inventions received Gold Medals in the 19th China Invention Exhibition.
	September 16: Baosteel was honored with "Best Social Responsibility Report 2010" among Metal and Non-metal A Share Listed Company in "2010 A Share Listed Company Social Responsibility Report and Social Responsibility Investment Summit & Rating of Social Responsibility Reports by Listed Companies" co-sponsored by Ruling Global Responsibility Rating, Hexun.com, and Det Norske Veritas.
	September 29: In the Chinese Listed Company BOD Appraisal organized by MoneyWeek, Baosteel won the honors of "2010 Best Board of Directors of the Central-enterprises-holding listed companies (Top 20)", "2010 Best Board of Directors in Assuming Social Responsibilities (Top 20)", and "2010 Best Board of Directors in Management (Top 20)"
November	November 23: The Fifth China Investors Relationship Annual Conference was jointed held by the School of Management and Engineering of Nanjing University, the Financial Engineering Research Center of Nanjing University, and the Research Center on the IRM of Listed Companies in China. Baosteel ranked No. 9 in the "Top 100 Chinese Companies Excelling in IR Management", and was honored as "2010 Best Listed Company in IR Creativity".
December	December 8: In the "2010•CCTV China Brand of the Year", Baosteel was selected as "China Brand of the Year".
	December 20: 2010 China's Best Corporate Citizen Forum and the seventh China Best Corporate Citizen Award Presentation Ceremony was held in Beijing. Baosteel was awarded Best Corporate Citizenship Awards of this year.

XVIII: Directors, Supervisors and Senior Management

Board of Directors

Position	Name	Position in BOD's Special Committees
Chairman	He Wenbo	Chairman of Strategy and Risk Management Committee
Director & President	Ma Guoqiang	Member of Strategy and Risk Management Committee
		Member of Auditing Committee
Directors	Liu Zhanying	Member of Strategy and Risk Management Committee
	Fu Zhongzhe	Member of Strategy and Risk Management Committee
	Dai Zhihao	Member of Strategy and Risk Management Committee
	Wu Yaowen	Member of Strategy and Risk Management Committee
Member of Remuneration and Appraisal Committee		
Independent Directors	Buck Pei	Chairman of Auditing Committee
		Member of Remuneration and Appraisal Committee
	Katherine Tsang	Chairwoman of Remuneration and Appraisal Committee
		Member of Auditing Committee
	Sun Haiming	Member of Auditing Committee
Edward C. Tse	Member of Strategy and Risk Management Committee	
	Member of Remuneration and Appraisal Committee	

Board of Supervisors

Chairman	Li Li
Supervisors	Lin An
	Zhou Guiquan
	Zhang Pijun
	Zhu Keping

Other Senior Management

President	Ma Guoqiang
	Li Yongxiang
	Zhu Junsheng
	Jiang Licheng
	Chen Ying
	Lou Dingbo
Vice Presidents	Pang Yuanlin
	Zhou Jianfeng
	Wang Jing
Secretary to the BOD	Chen Ying

XIX: Subsidiaries

Subsidiaries in China

SHANGHAI MEISHAN IRON & STEEL CO., LTD.

Date of establishment: 26 June 2001
Major businesses: Smelting, mangling, Processing and sales of ferrous metals
Shareholding of the Company: 77.04%
Registered capital: Rmb7.08 billion
Capacity: 3.50 million tons
Sales volume in 2010: 3.66 million tons
Staff: 5014

NINGBO BAOXIN STAINLESS STEEL CO., LTD.

Date of establishment: 25 March 1996
Major businesses: production and processing of stainless plates and related technical consultation and services
Shareholding of the Company: 54%
Registered capital: Rmb3.19 billion
Capacity: 0.6 million tons
Sales volume in 2010: 0.63 million tons
Staff: 867

BAOSTEEL-NSC/ARCELOR AUTOMOTIVE STEEL SHEETS CO., LTD

Date of establishment: 30 July 2004
Major businesses: 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 of the Company: 50%
Registered capital: Rmb3 billion
Capacity: 2.15 million tons
Sales volume in 2010: 1.82 million tons (plus entrusted manufacturing volume 533.6 thousand tons)
Staff: 628

YANTAI LUBAO STEEL TUBE CO., LTD.

Date of establishment: 3 June 1992
Major businesses: production and sales of seamless steel tubes
Shareholding of the Company: 79.82%
Registered capital: Rmb0.1 billion
Capacity: 0.3 million tons
Sales volume in 2010: 0.33 million tons
Staff: 752

BAOSTEEL HUANGSHI COATED SHEET CO., LTD.

Date of establishment: 11 December 1992
Major businesses: production and sales of cold rolled coils, aluminum galvanized steel sheets, color-coated steel sheets and related galvanized steel products
Shareholding of the Company: 39.37%
Registered capital: USD8 million
Capacity: 0.33 million tons
Sales volume in 2010: 0.36 million tons
Staff: 316

SHANGHAI BAOSTEEL INTERNATIONAL ECONOMIC & TRADING CO., LTD.

Date of establishment: 13 June 1985
Major businesses: directly engaged in and act as agency in the exportation of commodities and technologies that have obtained state approval and the importation of steel materials and scraps and also in raw material processing and compensation trades (processing raw material on clients' demands or with given samples and assembling parts for clients)
Shareholding of the Company: 100%
Registered capital: Rmb2.25 billion
Staff: 2,992

SHANGHAI BAOSIGHT SOFTWARE CO., LTD.

Date of establishment: 14 June 2001
Major businesses: research, designing, development, manufacturing and integration of computer software and hardware, automation as well as network communication products
Shareholding of the Company: 55.5%
Registered capital: Rmb0.26 billion
Staff: 1,958

BAOSTEEL NANTONG STEEL & IRON CO., LTD.

Date of establishment: 28 December 1994
Major businesses: production and sales of thread steel, round steel, section steel, semi-finished steel products, and other steel wares.
Shareholding of the Company: 95.8%
Registered capital: Rmb0.621 billion
Capacity: 1.20 million tons
Sales volume in 2010: 0.85 million tons
Staff: 836

BAOSTEEL GROUP FINANCE CO., LTD.

Date of establishment: October 1992
Major businesses: Deposits and loan services for member companies and internal balancing services
Shareholding: 62.10%
Registered capital: Rmb0.5 billion
Staff: 50

SHANGHAI BAOSTEEL CHEMICAL INDUSTRY CO., LTD.

Date of establishment: 23 July 2007
Major businesses: production and sales of chemical raw materials and products
Shareholding of the Company: 100%
Registered capital: Rmb2.11 billion
Staff: 1335

Note: The sales volume of the iron and steel in the Company's subsidiaries was calculated by adding the sales volume carbon steel, stainless steel and special steel (not including the waste and secondary materials).

Subsidiaries Overseas

Name	Date of establishment	Capital stock (RMB million)	Shareholding of the Company	Principal operation
HOWA Trading Co., Ltd.	1993	68	100%	Trading business and agency
Baosteel Europe GMBH	1993	20	100%	Import and export business
Baosteel America. Inc.	1996	8	100%	Trading business and agency
Baosteel Singapore Pte Ltd.	1997	8	100%	Trading business and agency
Baosteel Do Brasil LTDA.	1995	5	100%	Wholesale business
Bao-Island Enterprises Ltd.	1992	4	50%	Marine cargo transportation
Bao-Trans Enterprises Ltd.	1992	1	100%	Marine cargo transportation

XX. Global Marketing Network

Domestic Dealers

SHANGHAI BAOSTEEL STEEL MATERIALS TRADING CO., LTD.

Address: 12/F, No. 370, Pudian Rd., Pudong District, Shanghai
Zip Code: 200120
Tel: 021-50509696
Fax: 021-68404618

GUANGZHOU BAOSTEEL SOUTHERN TRADING CO., LTD.

Address: 13/F, Building A1, No. 191, Science Avenue, Guangzhou, Guangdong
Zip Code: 510663
Tel: 020-32219999
Fax: 020-32219555

TIANJIN BAOSTEEL NORTHERN TRADING CO., LTD.

Address: CBD Business District, Processing Area of Logistics, Air Harbour, Tianjin
Zip Code: 300308
Tel: 022-84905800
Fax: 022-84905789

CHENGDU BAOSTEEL WESTERN TRADING CO., LTD.

Address: 11/F, West Building, La Defense, 1480 Tianfu Avenue, Chengdu, Sichuan Province
Zip Code: 610041
Tel: 028-85335388
Fax: 028-85335696

WUHAN BAOSTEEL CENTRAL CHINA TRADING CO., LTD.

Address: No. 1888, Meizi Rd., Economic and Technical Development Area, Wuhan, Hubei
Zip Code: 430056
Tel: 027-84298800
Fax: 027-84298224

SHANGHAI BAOSTEEL COMMERCE & TRADING CO., LTD.

Address: 16&17/Fs, Building 9, No. 803 Shuangcheng Rd., Baoshan District, Shanghai
Zip Code: 200940
Tel: 021-56121212
Fax: 021-56126584

SHANGHAI STEEL PUDONG INTERNATIONAL TRADING CO., LTD.

Address: 6&7/Fs, No.1943, Baoyang Rd., Baoshan District, Shanghai
Zip Code: 201900
Tel: 021-36014655
Fax: 021-51266533

SHANGHAI BAOSTEEL MATERIALS TRADING CO., LTD.

Address: 8&9/Fs, No.1943, Baoyang Rd., Baoshan District, Shanghai
Zip Code: 201900
Tel: 021-36014688
Fax: 021-51266500

SHENYANG BAOSTEEL STEEL PRODUCTS DISTRIBUTION CO., LTD.

Address: No. 78 Guanquan Rd., Dadong District, Shenyang, Liaoning Province
Zip Code: 110043
Tel: 024-62220699
Fax: 024-88210189

CHANGCHUN BAOSTEEL STEEL PRODUCTS TRADING CO., LTD.

Address: Room 905, Building C, Changrong Tower, No.1688 Puyang Rd., Luyuan District, Changchun
Zip Code: 130052
Tel: 0431-85888912
Fax: 0431-85889313

SHANGHAI BAOSTEEL STAINLESS STEEL TRADING CO., LTD.

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



Overseas Subsidiaries

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HOWA TRADING CO., LTD.

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

BAOSTEEL TRADING EUROPE GMBH

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

BAOSTEEL AMERICA INC.

Address: 85 Chestnut Ridge Road Montvale NJ 07645,
USA
Tel: 201-307-3355
Fax: 201-307-3358

BAOSTEEL SINGAPORE PTE LTD.

Address: No.7 Temasek Boulevard #40-20/30 Suntec
Tower One, SINGAPORE 038987
Tel: 65-63336818
Fax: 65-63336819

BAOSTEEL DO BRASIL LTDA

Address: Rua da Assembleia 10, Sala 4113, Centro CEP
20.119-900 Rio de Janeiro RJ BRASIL
Tel: 55-21-2531 1363
Fax: 55-21-2531 0298

BAO-ISLAND ENTERPRISES LIMITED

Address: 29/F., Harbour Centre, 25 Harbour Road, Wanchai,
HONGKONG
Tel: 852-39625300
Fax: 852- 25980268

BAO-TRANS ENTERPRISES LTD.

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

BAOVALE MINERACAO S.A.

Address: Rua da Assembleia 10, Sala 4113, Centro CEP
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Appendix I: China Economic Indicators

National Economic Indicators

	Unit	2007	2008	2009	2010
GDP	Trillion RMB	24.95	30.07	33.54	39.8
GDP growth rate	%	11.9	9.0	8.7	10.3
Export	USD 100 million	12,180	14,285	12,017	15,779
Import	USD 100 million	9,558	11,331	10,056	13,948
Unemployment rate	%	4.0	4.2	4.3	4.1
Consumer price index	100 for previous year	104.8	105.9	99.3	103.3
Investment in fixed assets	Trillion RMB	13.72	17.23	22.48	27.81
	%	24.8	25.5	30.1	23.8

Steel Production

	Unit	2007	2008	2009	2010
Pig iron	Million tons	469	471	544	590
Crude steel	Million tons	489	500	568	627
Steel product	Million tons	565	582	692	796
Long product	Million tons	227	224	273	305
Flat product	Million tons	241	259	295	356
Tubular product	Million tons	42	44	52	58
Section steel	Million tons	45	46	61	63
Others	Million tons	10	9	11	15

Apparent Steel Consumption

	Unit	2007	2008	2009	2010
Crude steel	Million tons	440	453	565	599
Consumption per capita	Kilogram	333	341	420	447
Steel product	Million tons	519	538	685	770
Long product	Million tons	211	212	271	301
Flat product	Million tons	226	243	298	345
Tubular product	Million tons	34	35	46	51
Section steel	Million tons	39	42	60	61
Others	Million tons	8	6	9	12

Steel Export & Import

	Unit	2007	2008	2009	2010
Export	Million tons	62.65	59.18	24.60	42.56
Long product	Million tons	16.25	12.62	2.47	5.19
Flat product	Million tons	28.32	28.79	11.85	24.81
Tubular product	Million tons	9.34	10.64	6.26	7.31
Section steel	Million tons	5.91	4.11	1.71	2.37
Others	Million tons	2.83	3.02	2.31	2.88
Import	Million tons	16.87	15.38	17.63	16.43
Long product	Million tons	1.06	0.96	0.86	1.13
Flat product	Million tons	14.29	12.72	15.28	13.92
Tubular product	Million tons	0.77	1.06	0.63	0.48
Section steel	Million tons	0.42	0.38	0.61	0.61
Others	Million tons	0.33	0.25	0.25	0.29

Global Steel Production

	Unit	2007	2008	2009	2010
North America	Million tons	133	125	82	112
USA	Million tons	98	91	58	81
EU (27 countries)	Million tons	210	199	139	173
Asia	Million tons	739	749	776	881
Japan	Million tons	120	119	88	110
Korea	Million tons	51	53	49	58
Russia	Million tons	72	69	60	67
Total	Million tons	1,328	1,306	1,199	1,395

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

Appendix II : IR Information

About Baosteel Securities

Abbreviation	Code	Number	Stock Exchange
Baosteel	600019	17.512 billion	Shanghai Stock Exchange
08 Baosteel Bond	126016	0.1 billion	

As of December 31, 2010

As at the Market Close on 2 July 2010, the exercise schedule for “Baosteel CWBI” was ended with 113,785 equity warrants exercised, and an increase of 48,088 shares of the Company. A total capital of RMB 567,438.40 was raised, which will be used as stated in the prospectus. On 7 July 2010, the “Baostell CWBI” warrants were delisted in Shanghai Stock Exchange.

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BAOSTEEL

宝山钢铁股份有限公司

BAOSHAN IRON & STEEL CO., LTD.