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I. Overview

| | Unit | 2008 | 2009 | 2010 | 2011 |
|---|---------|--------|--------|--------|--------|
| Production | | | | | |
| Crude steel | Kiloton | 23,124 | 23,856 | 26,452 | 26,641 |
| Finished products and billets | Kiloton | 23,578 | 22,865 | 25,929 | 26,139 |
| Sales | | | | | |
| Finished products and billets ^[note] | Kiloton | 22,813 | 22,429 | 25,261 | 25,803 |
| Employees | | | | | |
| Number | Number | 43,789 | 42,318 | 42,308 | 43,041 |

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

| | Unit | 2008 | 2009 | 2010 | 2011 | 2011 (USD) |
|--|------|------|------|------|------|---------------|
|--|------|------|------|------|------|---------------|

Income Statement

| | | | | | | |
|------------|-----------------|---------|---------|---------|---------|--------|
| Revenue | Million RMB/USD | 200,638 | 148,525 | 202,413 | 222,857 | 35,369 |
| Net profit | Million RMB/USD | 6,601 | 6,095 | 13,341 | 7,736 | 1,228 |
| Earnings | RMB/USD | 0.37 | 0.33 | 0.74 | 0.42 | 0.07 |

Balance Sheet

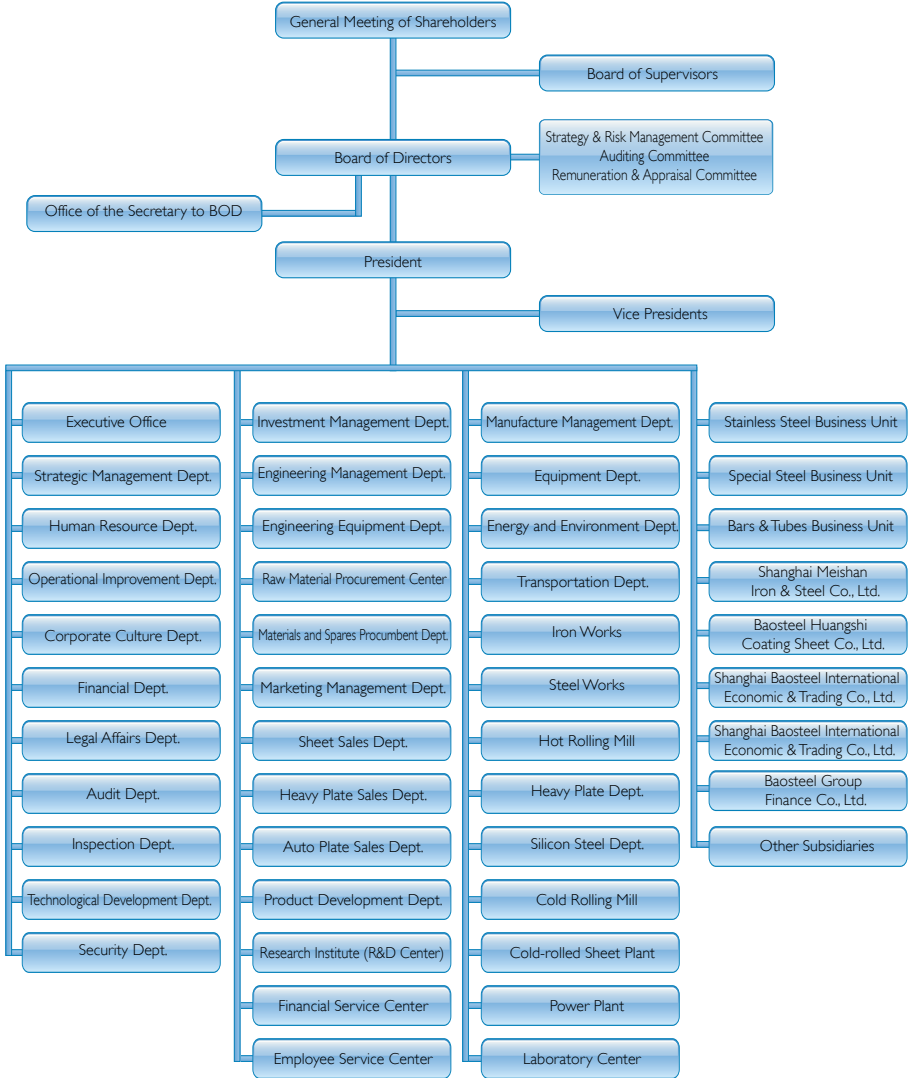
| | | | | | | |
|----------------------|-----------------|---------|---------|---------|---------|--------|
| Total assets | Million RMB/USD | 200,021 | 201,143 | 216,065 | 231,100 | 36,677 |
| Total liabilities | Million RMB/USD | 102,183 | 99,923 | 104,743 | 117,630 | 18,669 |
| Shareholders' equity | Million RMB/USD | 97,838 | 101,219 | 111,322 | 113,470 | 18,009 |

Stock Details

| | | | | | | |
|------------------------|------------------|--------|--------|--------|--------|--------|
| Number of shares | Million shares | 17,512 | 17,512 | 17,512 | 17,512 | 17,512 |
| Capital stock | Million RMB/USD | 17,512 | 17,512 | 17,512 | 17,512 | 2,779 |
| Number of shareholders | Thousand persons | 833 | 558 | 606 | 602 | 602 |
| Year-end share price | RMB/USD | 4.64 | 9.66 | 6.39 | 4.85 | 0.77 |

II. Organization Chart

Baoshan Iron & Steel Co., Ltd.



III. Directors, Supervisors, and Senior Executives

Board of Directors

| Position | Name | Position in BOD's Special Committee |
|-----------------------|--|--|
| 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 |
| | Zhao Zhouli | Member of Strategy and Risk Management Committee |
| | Zhu Junsheng | 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 | Chairman of Remuneration and Appraisal Committee |
| | | Member of Auditing Committee |
| | | Member of Strategy and Risk Management Committee |
| Edward C. Tse | Member of Remuneration and Appraisal Committee | |

Board of Supervisors

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

Senior Executives

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

IV. Long-and Medium-Term Operation Planning

Business Environment

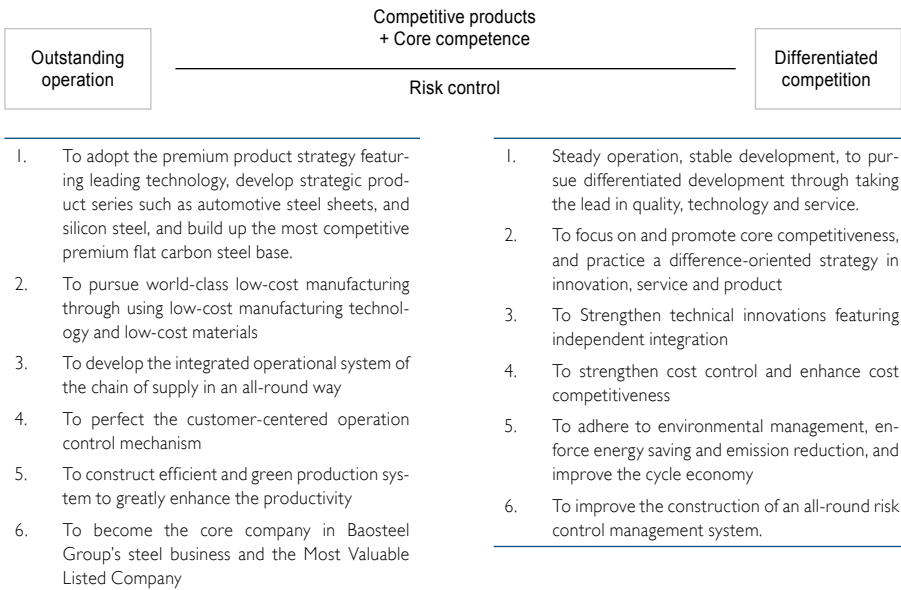
| | |
|-------------------------------------|---|
| <p>Macro-economy & Policies</p> | <p>In 2012, the world economy is expected to experience many uncertainties and the prospect of economic recovery remains grim as the developed economies are not out of the shadow of the crisis and the emerging economies are slowing down in economic growth.</p> <p>2012 is the second year of the "Twelfth Five-year" plan. The Chinese government is determined to ensure the stable increase of domestic economy through these measures: further improving the effectiveness of the macro-control, speeding up the economic structural adjustment, realizing the transition of economic increase mode, and vigorously developing the new industries.</p> <p>In view of the complicated macro-economy at home and abroad, in order to secure the steady development of domestic economy, the government will adhere to the active macro economic policy of pursuing progress while maintaining stability, and continuously implement active financial policy and moderate monetary policy.</p> <p>Under the guidance of <i>Policy for Iron and Steel Industry and Iron and Steel Industry Adjustment and Revival Plan</i>, more and stronger measures will be taken by the government to re-structure the industry, the active effects of which will be reflected more.</p> |
| <p>Domestic Steel Industry</p> | <p>In terms of the development tendency, Chinese steel industry has entered the crucial stage of restructuring, and China is endeavoring to realize the transition from a large steel producer to a competitive steel producer.</p> <p>In terms of the operation tendency, the difficulties and challenges such as over-capacity, imbalance between demand and supply, aggravating homogeneous competition, tightening resources supply and requirements for environmental protection, and operation with meager profit still exist in the industry. Chinese government will step up the merging and restructuring of the steel industry, with a view to optimize the structure and raise the industry concentration, promote environmental management through energy saving and emission reduction to realize the sustainable development.</p> |
| <p>Global Steel Industry</p> | <p>In 2012, the world steel industry will continue to grow slowly. Increase of global market demands will slow down slightly, and major needs for iron and steel will continue to shift to Asia and emerging countries.</p> |

Corporate Vision

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

Medium-and Long-Term Strategy

To Become the Most Competitive Steel Manufacturer in the World

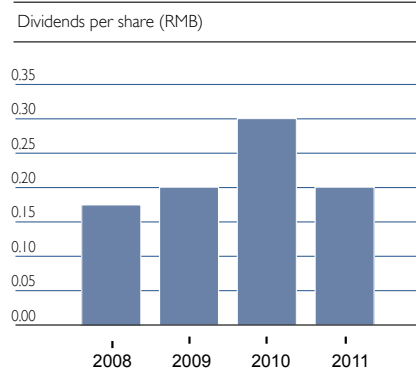


V. Shareholders and Their Shareholdings

As at 31 December 2011, Baosteel's shareholders totaled 601,660, and the top 10 shareholders and their shareholdings are as follows:

| No. | Name | Year-end shareholdings (Unit: share) | Percentage (%) |
|-----|--|--------------------------------------|----------------|
| 1 | BAOSTEEL GROUP CORP. | 13,111,255,230 | 74.87 |
| 2 | RUGAO CHANGRONG ORE STORAGE LIMITED | 70,185,347 | 0.40 |
| 3 | ZHANGJIAGANG FREE TRADE ZONE QIANXING INVESTMENT & TRADING CO., LTD. | 63,419,861 | 0.36 |
| 4 | ZHANGJIAGANG FREE TRADE ZONE LIXIN INVESTMENT CO., LTD. | 58,626,601 | 0.33 |
| 5 | INDUSTRIAL AND COMMERCIAL BANK OF CHINA—SHANGHAI STOCK EXCHANGE 50 ETF FUND | 56,389,527 | 0.32 |
| 6 | UBS AG | 52,959,082 | 0.30 |
| 7 | BANK OF COMMUNICATION—E FUND 50 INDEX SECURITIES INVESTMENT FUND | 51,875,729 | 0.30 |
| 8 | ZHANGJIAGANG FREE TRADE ZONE RIXIANG INTERNATIONAL TRADE CO.,LTD. | 51,612,776 | 0.29 |
| 9 | INTERNATIONAL FINANCE—STANDARD CHARTERED—GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD. | 47,747,549 | 0.27 |
| 10 | ZHANGJIAGANG HONGDA TRANSPORTATION CO., LTD. | 42,414,158 | 0.24 |

VI. Dividends *



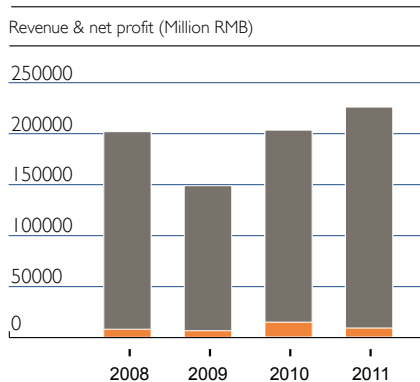
| | Unit | 2008 | 2009 | 2010 | 2011 | 2011 (USD) |
|-----------------------------------|-----------------|-------|-------|--------|-------|---------------|
| Net profit ^[Note1] | Million RMB/USD | 5,077 | 5,077 | 11,483 | 5,033 | 799 |
| Dividend per share | RMB/USD | 0.18 | 0.20 | 0.30 | 0.20 | 0.03 |
| Dividend / Net profit | % | 62 | 69 | 46 | 70 | 70 |
| Dividend yield ^[Note2] | % | 3.88 | 2.07 | 4.69 | 4.10 | 4.10 |

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.

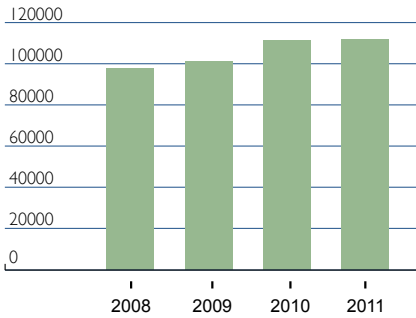
VII. Financial Highlights



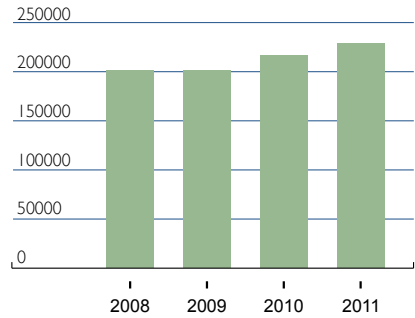
Income Statement

| | Unit: Million RMB/USD | | | | |
|---|-----------------------|---------|---------|---------|---------------|
| | 2008 | 2009 | 2010 | 2011 | 2011 (USD) |
| Revenue | 200,638 | 148,525 | 202,413 | 222,857 | 35,369 |
| Cost | 193,014 | 142,118 | 186,607 | 214,641 | 34,065 |
| Including: Business tax and extra charges | 1,219 | 570 | 525 | 441 | 70 |
| Sales expenses | 1,852 | 1,459 | 1,785 | 1,950 | 309 |
| Administrative expenses | 5,676 | 4,592 | 7,747 | 8,584 | 1,362 |
| Financial expenses | 2,095 | 1,676 | 807 | 72 | 11 |
| Loss from asset impairment | 5,893 | -635 | 188 | 350 | 56 |
| Investment income etc. | 681 | 846 | 839 | 623 | 99 |
| Operating profit | 8,304 | 7,254 | 16,646 | 8,839 | 1,403 |
| Non-operating income and expenses | -150 | 41 | 410 | 421 | 67 |
| Pre-tax profit | 8,154 | 7,295 | 17,056 | 9,260 | 1,470 |
| Income tax | 1,553 | 1,199 | 3,715 | 1,524 | 242 |
| Net profit | 6,601 | 6,095 | 13,341 | 7,736 | 1,228 |
| Net profit attributable to shareholders of the listed company | 6,459 | 5,816 | 12,869 | 7,362 | 1,168 |

Shareholders' equity (Million RMB)



Total assets (Million RMB)



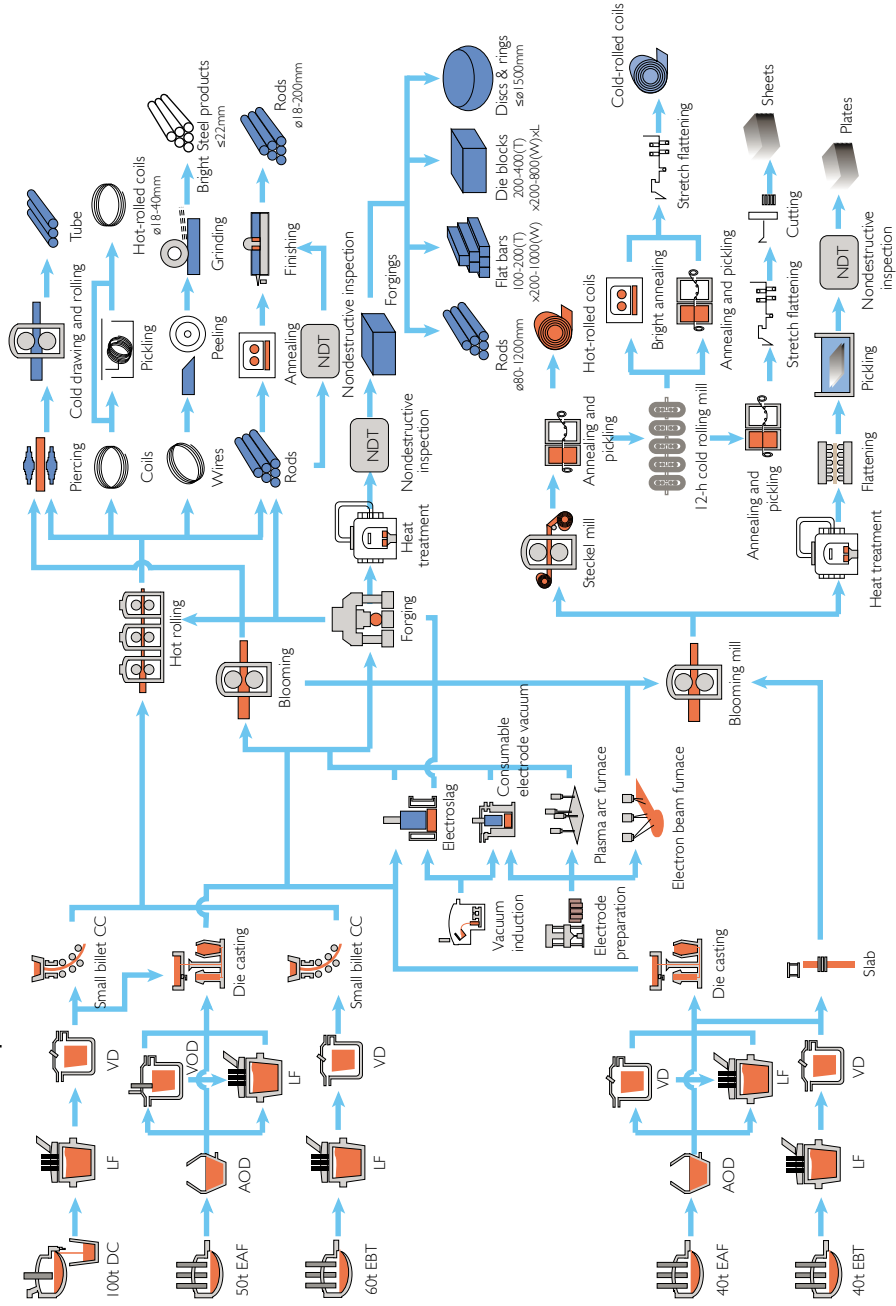
Balance Sheet

| | Unit: Million RMB/USD | | | | |
|---|-----------------------|---------|---------|---------|---------------|
| | 2008 | 2009 | 2010 | 2011 | 2011 (USD) |
| Current assets | 58,759 | 52,666 | 68,864 | 79,234 | 12,575 |
| Fixed assets | 109,187 | 115,466 | 117,737 | 115,371 | 18,310 |
| Total assets | 200,021 | 201,143 | 216,065 | 231,100 | 36,677 |
| Current liabilities | 72,042 | 70,722 | 73,196 | 98,838 | 15,686 |
| Non-current liabilities | 30,141 | 29,202 | 31,547 | 18,792 | 2,982 |
| Total liabilities | 102,183 | 99,923 | 104,743 | 117,630 | 18,669 |
| Capital stock | 17,512 | 17,512 | 17,512 | 17,512 | 2,779 |
| Capital reserves | 36,807 | 37,314 | 37,566 | 37,331 | 5,925 |
| Surplus reserves | 16,812 | 17,828 | 20,120 | 21,132 | 3,354 |
| Retained earnings | 20,935 | 22,584 | 29,658 | 30,754 | 4,881 |
| Owners' equity | 97,838 | 101,219 | 111,322 | 113,470 | 18,009 |
| Owners' equity attributable to shareholders of the listed company | 91,957 | 95,137 | 104,726 | 106,495 | 16,902 |

Financial Indicators

| | 2008 | 2009 | 2010 | 2011 |
|---|--------|--------|--------|--------|
| Growth (%) | | | | |
| Revenue | 4.74 | -25.97 | 36.28 | 10.10 |
| Net profit attributable to shareholders of the listed company | -49.21 | -9.95 | 121.26 | -42.79 |
| Profitability (%) | | | | |
| Return on total assets | 5.73 | 4.53 | 8.73 | 4.92 |
| Return on net assets (weighted) | 7.02 | 6.27 | 12.93 | 7.02 |
| Operating profit rate | 4.14 | 4.88 | 8.22 | 3.97 |
| EBITDA rate | 13.17 | 14.97 | 15.77 | 11.13 |
| Stability | | | | |
| Equity/total assets (%) | 48.91 | 50.32 | 51.52 | 49.10 |
| Current assets/current liabilities (%) | 81.56 | 74.47 | 94.08 | 80.17 |
| Liabilities/net assets | 1.04 | 0.99 | 0.94 | 1.04 |
| EBITDA/net interest expenses | 8.59 | 13.64 | 20.63 | 11.12 |
| Turnover | | | | |
| Revenue/total assets | 1.00 | 0.74 | 0.94 | 0.96 |
| Revenue/equity | 2.05 | 1.47 | 1.82 | 1.96 |
| Revenue/fixed assets | 1.84 | 1.29 | 1.72 | 1.93 |
| Revenue/inventory | 5.63 | 5.04 | 5.32 | 5.96 |
| Revenue/receivables | 38.08 | 26.68 | 30.08 | 31.91 |

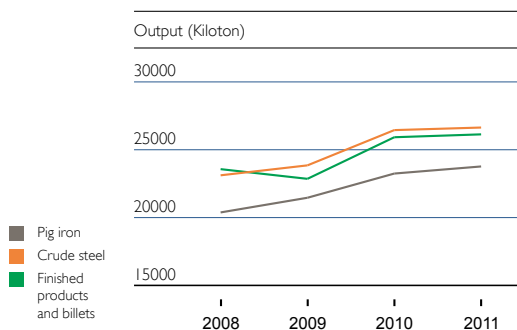
Process Flowsheet for Special Steel



Main Equipment

| Main equipment | Qty. | Model No. | Onstream year (Major maintenance) | Capacity (Designed capacity) |
|---|------|-----------------------------------|--------------------------------------|---------------------------------|
| Headquarters | | | | |
| No. 1 blast furnace | 1 | 4966m ³ | 1985(2008) | 3950 kilotons/year |
| No. 2 blast furnace | 1 | 4707m ³ | 1991(2006) | 3770 kilotons/year |
| No. 3 blast furnace | 1 | 4350m ³ | 1994 | 3500 kilotons/year |
| No. 4 blast furnace | 1 | 4747m ³ | 2005 | 3500 kilotons/year |
| No. 1 COREX | 1 | C-3000 | 2007 | 1500 kilotons/year |
| No. 2 COREX | 1 | C-3000 | 2011 | 1500 kilotons/year |
| No. 1 Converter 300t | 1 | Top-bottom blowing | 1985(2007) | 6776 kilotons/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 | 2880 kilotons/year |
| 250t Converter | 1 | Top-bottom blowing | 2006 | |
| 150t EAF | 1 | Direct current arc double furnace | 1996 | 1000 kilotons/year |
| 2050mm steel strip hot rolling mill | 1 | 2050mm | 1989 | 4000 kilotons/year |
| 1580mm steel strip hot rolling mill | 1 | 1580mm | 1996 | 2790 kilotons/year |
| 4200mm heavy plate rolling mill | 1 | 4200mm | 2008 | 1600 kilotons/year |
| 5000mm heavy plate rolling mill | 1 | 5150mm | 2005 | 1800 kilotons/year |
| 1880 tandem hot rolling mill | 1 | 1880mm | 2007 | 3700 kilotons/year |
| 2030mm steel strip cold rolling mill | 1 | 2030mm | 1988 | 2100 kilotons/year |
| 1420mm steel strip cold rolling mill | 1 | 1420mm | 1997 | 722.8 kilotons/year |
| 1550mm steel strip cold rolling mill | 1 | 1550mm | 2000 (2007) | 1400 kilotons/year |
| 1220mm steel strip cold rolling mill | 1 | 1220mm | 1991(2007) | 770 kilotons/year |
| 1730mm steel strip cold rolling mill | 1 | 1730mm | 2008 | 1800 kilotons/year |
| High-speed rod rolling mill | 1 | 5-25mm, 120m/s | 1999 | 400 kilotons/year |
| Seamless tube | 1 | 21.3-177.8mm | 1985 | 500 kilotons/year |
| Medium-diameter longitudinal welded pipe (HFW) | 1 | Ø610 | 2005 | 300 kilotons/year |
| Large-diameter longitudinal submerged arc welded pipe | 1 | | 2007 | 500 kilotons/year |
| Stainless Steel Business Unit | | | | |
| 750 blast furnace | 1 | 750m ³ | 1991(2001) | 577.5 kilotons/year |

| Main equipment | Qty. | Model No. | Onstream year (Major maintenance) | Capacity (Designed capacity) |
|--|------|--|--------------------------------------|---------------------------------|
| 2500 blast furnace | 1 | 2500m ³ | 1999 | 1750 kilotons/year |
| No. 1 Converter (Carbon steel) | 1 | 150-ton top blow converter | 2004 | 1116.5 kilotons/year |
| No. 2 Converter (Carbon steel) | 1 | 150-ton top blow converter | 2004 | 1116.5 kilotons/year |
| No. 3 Converter (Stainless steel) | 1 | 120-ton argon oxygen decarburizing furnace | 2004 | 750 kilotons/year |
| No. 4 Converter (Stainless steel) | 1 | 120-ton argon oxygen decarburizing furnace | 2004 | 750 kilotons/year |
| No. 1 LF Refined-smelting ladle furnace | 1 | 150 tons | 2004 | 1200 kilotons/year |
| No. 2 LF Refined-smelting ladle furnace | 1 | 120 tons | 2005 | 750 kilotons/year |
| No. 1 EAF | 1 | 100-ton 3 phase AC EAF | 2004 | 645.6 kilotons/year |
| No. 2 EAF | 1 | 100-ton 3 phase AC EAF | 2005 | 664 kilotons/year |
| 1780mm steel strip tandem hot rolling mill | 1 | 1780mm | 2003 | 2822 kilotons/year |
| Five-stand tandem rolling mill | 1 | Five-stand tandem cold rolling mill | 2010 | 1450 kilotons/year |
| Twenty-high mill | 1 | Twenty-high stainless steel mill | 2009 | 130 kilotons/year |
| Special Steel Business Unit | | | | |
| Steel-making line | 2 | 60t/100t | 2003/1997 | 900 kilotons/year |
| Steel wire and rod production line | 1 | Ø5-Ø50mm | 2003 | 350 kilotons/year |
| Steel rod production line | 1 | 12~50mm | 2005 | 450 kilotons/year |
| Blooming line | 1 | 800mm | 1984 | 340 kilotons/year |
| Meisteel | | | | |
| No. 2 blast furnace | 1 | 1280m ³ | 2004.4 | 1070 kilotons/year |
| No. 4 blast furnace | 1 | 3200m ³ | 2009.5 | 2464 kilotons/year |
| No. 1 Converter | 1 | 150T | 1999 | 1200 kilotons/year |
| No. 2 Converter | 1 | 150T | 1999 | 1200 kilotons/year |
| No. 3 Converter | 1 | 150T | 2008 | 1200 kilotons/year |
| 1422 Tandem hot rolling line | 1 | Six-stand 1422 tandem hot rolling line | 1994 | 3000 kilotons/year |
| 1420 cold rolling | 1 | 1420 pickling rolling unit | 2009 | 800 kilotons/year |



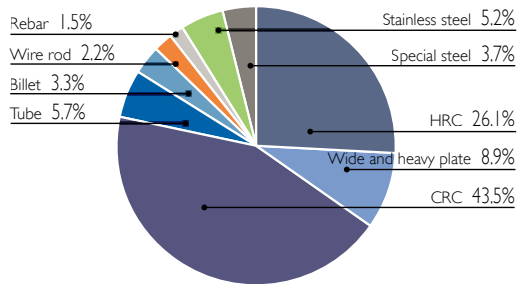
Output

| | 2008 | 2009 | 2010 | 2011 |
|--|--------|--------|--------|---------------|
| | | | | Unit: Kiloton |
| Pig iron | 20,392 | 21,472 | 23,254 | 23,776 |
| Crude steel | 23,124 | 23,856 | 26,452 | 26,641 |
| Finished products and billets | | | | |
| Carbon steel | 21,816 | 20,864 | 23,616 | 23,895 |
| HRC ^[Note] | 8,240 | 5,827 | 6,666 | 6,747 |
| Pickled coil | 768 | 719 | | |
| Heavy plate | 1,859 | 2,292 | 2,220 | 2,286 |
| CRC | 3,692 | 4,073 | 4,912 | 4,852 |
| Hot-dip galvanized steel | 1,404 | 1,793 | 2,574 | 2,791 |
| Electro-galvanized steel | 524 | 612 | 757 | 801 |
| Color-coated | 606 | 571 | 609 | 686 |
| Tin plate | 655 | 554 | 900 | 943 |
| Chrome-coated | 70 | 111 | 168 | 168 |
| Electric steel | 987 | 1,165 | 1,289 | 1,242 |
| Tube | 1,445 | 1,679 | 1,717 | 1,546 |
| Billet | 577 | 481 | 777 | 867 |
| High speed wire rod | 525 | 471 | 602 | 585 |
| Rebar | 466 | 517 | 425 | 380 |
| Stainless steel | 948 | 1,258 | 1,341 | 1,298 |
| HRC | 489 | 648 | 589 | 456 |
| CRC | 437 | 602 | 750 | 836 |
| Special steel | 815 | 743 | 970 | 946 |
| Total of finished products and billets | 23,578 | 22,865 | 25,927 | 26,139 |

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

IX. Sales

Sales in 2011

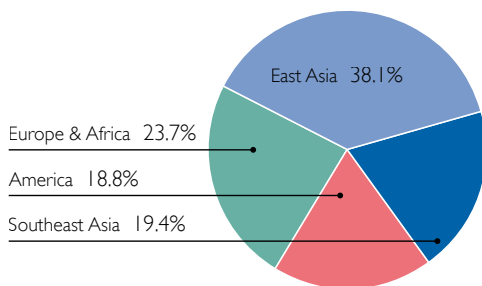


Sales Volume of Finished Products and Billets

| | 2008 | 2009 | 2010 | 2011 |
|-----------------|--------|--------|--------|---------------|
| | | | | Unit: Kiloton |
| Carbon steel | 21,333 | 20,658 | 23,356 | 23,860 |
| HRC | 8,697 | 6,453 | 6,691 | 6,821 |
| Heavy plate | 1,710 | 2,280 | 2,191 | 2,318 |
| CRC | 7,884 | 8,839 | 10,982 | 11,384 |
| Steel tube | 1,470 | 1,660 | 1,676 | 1,500 |
| Billet | 592 | 466 | 795 | 871 |
| Wire rod | 532 | 461 | 601 | 577 |
| Rebar | 448 | 499 | 420 | 389 |
| Stainless steel | 965 | 1,262 | 1,343 | 1,353 |
| HRC | 488 | 639 | 609 | 513 |
| CRC | 454 | 613 | 732 | 836 |
| Special steel | 824 | 762 | 989 | 962 |
| Total | 23,122 | 22,682 | 25,688 | 26,175 |

- Note: 1. The statistics in the table included those of iron and steel business only, while non-steel businesses were excluded.
2. The figures in the table of 2008, 2009, 2010 and 2011 included the 1.745 million, 1.69million, 1.823 million and 2.024 million tons of CRC products that BNA sold in the respective years, but the 1.435 million, 1.437 million, 1.396 million and 1.652 million tons of HRC products the Company sold to the BNA in the four respective years were not included.

Export breakdown by region in 2011



Market Shares of Major Products

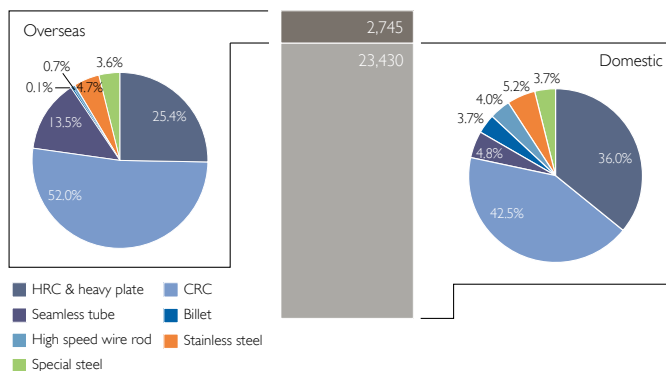
| | 2008 | 2009 | 2010 | 2011 |
|--|------|------|------|-------|
| Cold-rolled auto sheet | 50% | 50% | 51% | 49.5% |
| Home appliance sheet ^[Note] | 37% | 37% | 31% | 29% |
| Tin plate | 22% | 28% | 31% | 26% |
| NGO silicon steel | 18% | 22% | 21% | 19% |
| High-pressure alloy boiler tube | 22% | 21% | 22% | 22% |
| Industrial stainless sheets | 18% | 12% | 10% | 10% |

Note: Starting from 2011, the statistic content was changed to the "occupancy of key users of home appliance sheets".

Breakdown by Region

Unit: Kiloton

| | 2008 | 2009 | 2010 | 2011 |
|-----------------|--------|--------|--------|--------|
| Home | 20,248 | 20,955 | 23,354 | 23,430 |
| Abroad | 2,565 | 1,727 | 2,334 | 2,745 |
| East Asia | 1,160 | 815 | 1,130 | 1,046 |
| Southeast Asia | 541 | 363 | 448 | 533 |
| America | 410 | 216 | 313 | 516 |
| Europe & Africa | 454 | 333 | 443 | 651 |
| Total | 22,813 | 22,682 | 25,688 | 26,175 |



Domestic Sales Breakdown by Product

| | Unit: Kiloton | | | |
|---------------------|---------------|---------------|---------------|---------------|
| | 2008 | 2009 | 2010 | 2011 |
| Carbon steel | 18,625 | 19,039 | 21,254 | 21,344 |
| HRC & heavy plate | 10,623 | 7,988 | 8,089 | 8,443 |
| CRC | 5,299 | 8,147 | 9,987 | 9,958 |
| Steel pipe | 1,185 | 1,494 | 1,381 | 1,129 |
| Billet | 581 | 457 | 792 | 867 |
| High-speed wire rod | 937 | 953 | 1,005 | 947 |
| Stainless steel | 902 | 1,177 | 1,182 | 1,223 |
| Special steel | 721 | 739 | 918 | 862 |
| Total | 20,248 | 20,955 | 23,354 | 23,430 |

Overseas Sales Breakdown by Product

| | Unit: Kiloton | | | |
|---------------------|---------------|--------------|--------------|--------------|
| | 2008 | 2009 | 2010 | 2011 |
| Carbon steel | 2,398 | 1,619 | 2,102 | 2,516 |
| HRC & heavy plate | 1,219 | 745 | 793 | 696 |
| CRC | 840 | 692 | 995 | 1,426 |
| Steel pipe | 286 | 166 | 295 | 371 |
| Billet | 11 | 9 | 3 | 3 |
| High-speed wire rod | 43 | 7 | 16 | 19 |
| Stainless steel | 63 | 85 | 161 | 130 |
| Special steel | 103 | 23 | 71 | 100 |
| Total | 2,565 | 1,727 | 2,334 | 2,745 |

X. Raw Material Procurement

Unit: Kiloton

| | 2008 | 2009 | 2010 | 2011 |
|--|------|------|------|------|
|--|------|------|------|------|

Imported raw materials

| | | | | |
|---|--------|--------|--------|--------|
| Iron ore | 31,792 | 32,908 | 36,468 | 36,833 |
| Coal | 681 | 1,388 | 1,398 | 1,386 |
| Carbon steel scrap (including pig iron) | 53 | 491 | 225 | 83 |

Raw materials purchased at home

| | | | | |
|---|--------|--------|--------|--------|
| Iron ore | 235 | 0 | 0 | 0 |
| Coal | 16,493 | 16,470 | 17,463 | 18,594 |
| Carbon steel scrap (including pig iron) | 2,670 | 2,211 | 3,775 | 2,702 |
| Limestone | 4,063 | 3,989 | 4,166 | 3,514 |
| Ferroalloy | 375 | 409 | 457 | 459 |

XI. Fixed Asset Investment

| Project | Unit: Million RMB/USD | | | | |
|--------------------------------|-----------------------|--------|--------|--------|---------------|
| | 2008 | 2009 | 2010 | 2011 | 2011 (USD) |
| Baoshan Iron & Steel Co., Ltd. | 28,662 | 17,761 | 13,988 | 16,567 | 2,629 |
| Including: Carbon steel | 21,228 | 10,895 | 10,835 | 13,374 | 2,123 |
| Capital construction | 16,361 | 7,906 | 7,827 | 9,699 | 1,539 |
| Technical revamping | 4,258 | 2,989 | 2,785 | 2,452 | 389 |
| Stainless Steel | 2,418 | 3,266 | 615 | 818 | 130 |
| Capital construction | 1,719 | 3,083 | 449 | 27 | 4 |
| Technical revamping | 676 | 183 | 151 | 52 | 8 |
| Special Steel | 3,076 | 2,780 | 1,019 | 489 | 78 |
| Capital construction | 2,915 | 2,720 | 903 | 294 | 47 |
| Technical revamping | 148 | 60 | 99 | 172 | 27 |
| Non-steel industry | 1,939 | 820 | 1,519 | 1,885 | 299 |
| Capital construction | 1,468 | 562 | 1,331 | 1,588 | 252 |
| Technical revamping | 648 | 258 | 117 | 227 | 36 |

XII. Research & Development

R&D Investment

| | Unit | 2008 | 2009 | 2010 | 2011 |
|--------------------------|-------------|-------|-------|-------|-------|
| R&D investment | Million RMB | 2,312 | 2,593 | 4,198 | 5,174 |
| R&D expenditure /revenue | % | 1.15 | 1.75 | 2.08 | 2.34 |

R&D Organization and R&D Personnel

The Technology Center of Baoshan Iron & Steel Co., Ltd. (including such centers in its subsidiaries): 1056 persons

Among them: Research staff: 739 persons

Technical staff: 213 persons

Administrative staff: 104 persons.

New Intellectual Property Rights Obtained in China in 2011

| Invention patents | Utility model patents | Software copyrights |
|-------------------|-----------------------|---------------------|
| 263 | 706 | 43 |

Scientific and Technological Achievements

| Year | Total | Major achievements |
|------|-------|---|
| 2008 | 166 | Comprehensive technologies for steel makers' utilization and emission reduction of by-product gas |
| | | Development of 3Cr series of oil casing with CO ₂ , H ₂ S corrosion resistant features Research and application of wide strip tandem cold rolling technique and its model control technology |
| 2009 | 105 | Development and application of tin plate for two-piece pop-top can (First prize, Metallurgical Science and Technology Award of China) |
| | | Independent integration and innovation of process technology of annealing and coating line 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 | West-east natural gas transmission project technologies and their application (First prize, National Award for Science and Technology Progress) |
| | | 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 flatness control technology of cold tandem mill (Third prize, China Metallurgical Science and Technology Award) |
| | | Development of high-efficiency non-oriented electric steel B50AR500 and B50AR350 (Third prize, China Metallurgical Science and Technology Award) |
| 2011 | 189 | Development and application of tin plate for two-piece pop-top can (Second prize, National Award for Science and Technology Progress) |
| | | R&D on process and complete set of equipment for high speed tandem cold rolling of ultra-thin steel strip (Special prize, China Metallurgical Science and Technology Award) |
| | | Research on independent integration of UOE welded pipe technology (First prize, China Metallurgical Science and Technology Award) |
| | | Research, equipment development and application promotion of key technology for on-line spray marking of metallurgical products (Second prize, China Metallurgical Science and Technology Award) |
| | | Blast furnace multi-statistics integrated testing and comprehensive system for energy saving and optimization (Second prize, China Metallurgical Science and Technology Award) |
| | | Research and application of the model for 5-meter heavy plates (Third prize, China Metallurgical Science and Technology Award) |

XIII. Human Resources

Employees

| | Unit | 2008 | 2009 | 2010 | 2011 |
|---|-------------|--------|--------|--------|--------|
| Number of employees at year-end | Person | 43,789 | 42,318 | 42,308 | 43,041 |
| Cash paid to employees and for employees | Million RMB | 7,093 | 7,544 | 8,025 | 9,093 |
| Steel industry | Person | 36,693 | 36,119 | 35,973 | 36,315 |
| Production staff | Person | 23,916 | 23,483 | 23,999 | 24,300 |
| Technical staff | Person | 9,303 | 9,286 | 8,748 | 8,818 |
| Administrative staff | Person | 3,474 | 3,350 | 3,226 | 3,197 |
| Other industries | Person | 7,096 | 6,199 | 6,335 | 6,726 |
| Baosteel Co., Ltd. (excluding subsidiaries) | Person | 28,186 | 27,321 | 26,966 | 26,653 |
| Sales revenue per capita | Million RMB | 4.8 | 3.5 | 4.8 | 5.2 |
| Output per capita ^[Note] | Ton | 659 | 655 | 734 | 737 |

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

XIV. Operation Improvement

Optimizing Organization and Operation Management for Higher Operation Effectiveness

In order to bring the advantages in management and technology of the headquarters and the brand effect of the automotive sheet into full play, the Company transferred the management of the hot galvanizing production of the Stainless Steel Business Unit to the headquarters. The No. 4 sub-plant of coating and galvanizing was established by the cold rolling plant to be responsible for the production management of the regional hot galvanized products of the Stainless Steel Business Unit with a view to improve the general profitability of cold-rolled products. The Sheet and Strip Technology Center of the Research Institute was established with a goal to promote the organic connection between the R&D on one hand and the market and on-site solutions on the other hand and improve the R&D efficiency. The Company explored the management mode for heavy plate products by cancelling the Heavy Plate Product Management Department and setting up the Heavy Plate Sales Department to be responsible for the sales and management of heavy plate products. Changes were made to enable Meishan Steel to be in charge of its own hot-rolled product sales, and the sales department of Meishan Steel was approved to be established accordingly. The production management system of steel pipe and steel bar were perfected by integrating the management of steel pipe, steel bar blooming and wire products. Steel Bar Product Management Department was set up to exercise the decision-making power for the management of steel bar and wire products and take full responsibility of the production, sales, research and after-sales service of the steel bar and wire products.

The functional organization of the headquarters and the business units were further streamlined for higher efficiency and lower administrative cost. In view of the demand for management and business, the Company built an employee service center, providing consolidated, professional and standardized service to employees. The Stainless Steel Business Unit consolidated its sections for similar businesses, reducing the functional departments from 35 to 21, or by 40%, and achieving a higher management efficiency.

Performance Evaluation Focusing on Key Performance Indicators

Guided by the principle of "Simplification and focusing on key performance indicators," the Company focused on such key indicators as "Total profit," "Contract completion rate," and "Inventory capital occupation", promoted the further implementation of product operation responsibilities among all units, dealt with the weakness hindering the performance and raised the overall operational performance of the Company. In 2011, 15 key jobs were formulated in line with the three major tasks including "product management," "cost improvement," and "capacity advancement of the management system". By pushing forward the project for each job, the Company witnessed effective implementation of these projects. With a view to facilitate the Company's business development planning, pilot work was initiated for the objective responsibility system during the leader's term of office that involves "one plant, one department and one company". The Company guided the transition of the management mode in the pilot units by selecting the evaluation indicators and setting up targets for various performance indicators. In the meantime, the Company endeavored to optimize its system and maximize its value by promoting internal coordination and inter-department coordination among these pilot units.

Standard System Certification

In line with the Company's demand for organizational adjustment, risk and internal control, and system management, the Comprehensive Management Handbook of Baoshan Iron & Steel Co., Ltd. was revised and improved to extend the range and connotation of management system. Pilot work was conducted for standardized internal control to raise the awareness of risk control in the Company systematical operation and integrate the risk management into the Company's overall operation. Product planning management was further improved, with key products (such as GA exposed panels, etc.) as the focus, the Company promoted the substantial application of FMEA, and control planning in the carbon steel system, and enhanced product quality stability. The inspection and analysis labs of the Company passed related national certification. The promotion of energy management system gained quick response from all major steel units of the Company. The Company passed the review of clean production by enforcing the responsibility system, emphasizing the appraisal system, and promoting clean production review. Baosteel was approved by GM, and became one of the green suppliers of GM.

Risk Management and Control

In line with the general principle of "integrating the proactive risk estimation into the business operation and business procedures", the Company combined the risk management with the existing business operation mode, implementing the systematic procedures of risk identification, risk control and risk evaluation. For the 14 major risk projects such as bulk raw material procurement and credit, the Company improved the risk management strategies and solutions to optimize the risk monitoring indicators, and establish relevant rules and systems, setting up clear requirements on risk control and management. The Company organized relevant business departments to conduct an overall summarization of the risks and opportunities brought by Japanese earthquake and nuclear radiation on the Company's operations.

Sustaining the improvements in the fieldwork

The Company drafted and issued "2011 Promotion Plan for Functional Department to Intensify the Grass-root Management". It helped foreman to improve their abilities by applying the "Support and Guidance System," and compiling tutorials for foreman. The promotion of visualized management on site was sustained. The Company also enhanced the effectiveness of the 6 Sigma lean operation by focusing on the goal of finding fundamental solutions. The Company also promoted the publishing of JK achievements, making the JK activities an effective tool for fieldwork improvement.

Steadily advancing IT construction

The 9672 system cluster upgrading project and other IT projects were pushed forward in an orderly way, with tangible results achieved in the year. The Company implemented the national requirements on the information system as stated in the "Guideline for Enterprise Internal Control", and revised Company's system of IT construction. Measures were taken to strengthen the training and information security management for core systems. The asset management of the information system was perfected, and the authorization procedure management platform was constructed. The Company digested and transformed the relevant requirements in the "Lean Confidentiality and Secondary Confidentiality Qualification" and stepped up its confidentiality management. The Company respected the intellectual property rights and pushed forward the use of legitimate software.

XV. Environmental Management

The Company believes that certification of environmental management system is the foundation of successful environmental management. At present, all steel production enterprises under the Company have been certified for ISO14001 Environmental Management System. The non steel production units such as 13 out of the 17 service centers under Baosteel International, and Baosteel Chemical have also been certified for ISO14001 Environmental Management System.

In 2010, Baoshan Iron & Steel Co., Ltd. (Headquarters) became one of the first in the domestic steel industry to have passed the national energy management system certification. On the basis of summing up the work conducted in 2010, the Company continued to perfect the basic energy management, promoted the implementation of the "Three flows, one status" energy management system to production units, practiced benchmarking management in the whole Company for energy management, enhance the operation effectiveness of its overall energy management system, and promoted the energy management system certification work in an all-round way. Up to the end of 2011, the business units of Stainless Steel, Special Steel, Meisteel, and Nantong Baosteel all passed the Energy Management System Certification.

Clean production is one of the major tasks of the Company's green development. To that end, the Company compiled and distributed "2011-2013 Action Plan for Standardizing Clean Production and Enhancing Performance". In 2011, The headquarters, BNA, and Baosteel Chemical applied for and passed the clean production audit. The Stainless Steel and Special Steel Business Unit also passed the clean production re-audit.

Baosteel pays much attention to the global climate, and endeavors to reduce the green-house gas emission. For a long time, the Company reduced the carbon emission and pollutant emission in the process of steel production mainly by carrying out internal energy saving and emission reduction activities and driving the overall progress of the industry.

In 2011, the Company implemented 120 key technical revamping projects of energy-saving and emission reduction with remarkable effects achieved. Its energy-saving and emission reduction indicators continued to improve and the Company's major indicators for energy-saving and environmental protection remained at international advanced level. With the six professional energy-saving planning projects including efficiency power plant, high-efficiency furnace and kiln, high efficiency motor, waste heat utilization, energy saving of compressed air, and water treatment optimization as the platforms,

the Company consolidated the professional advantage of all departments, gave full play to the new mechanism of contract energy management, and sped up the implementation of energy-saving projects and promotion of energy-saving technology. The Company reduced the comprehensive energy consumption per ton of steel by 8 kg standard coal against the annual target, accumulatively saved 270 thousand tons of standard coal, and recovered 2.607 million tons of standard coal from waste energy. It successfully completed the addition of desulfurization device to the power generating unit and the sintering unit as required by the country, and exercised effective control over the emission concentration of various pollutants. In 2011, its total SO₂ emission as well as total COD emission from waste water reduced by 17%, and 5.1% respectively from those of 2010.

The Company continued to strengthen the comprehensive utilization of by-product resources, increased the reclaiming rate of by-product resources, carried out the research on and application of the technology for processing solid by-product resources, made good use of the iron and steel slag, and high-Zn iron slag to produce pig iron, and reused the limestone slurry in the power plant and the desulfurization device for sintering production. In 2011, the headquarters registered a comprehensive utilization rate as high as 98.81% and a reclaiming rate of 27.26% of the by-product resources, recording a historical high. To recognize the Company's efforts in comprehensive utilization, recovery and recycling of resource and its contribution to the construction of "energy-saving and environmental friendly" enterprises, Shanghai Association of Resource Utilization honored the Company as one of the Top Ten Enterprises of Comprehensive Resource Utilization in 2011.

The Company conducted its design, R&D and promotion of environmental friendly products in line with the guiding principle of "Three Substitutions" (substitution of steel grade, application, and materials). It committed itself to sharing the advanced environmental design and technology with users, and exploring new product designs in new fields by working cooperatively with users. The Company introduced the new products and new steel grades with outstanding environmental performance to users, advocating the transition from "cost and quality" to "cost, quality and environment" for the concept of product design. The Company exerted itself to produce more environmental friendly products in a bid to reduce the energy consumption and pollutant emission for the users in their application. The extensive application of Baosteel's high strength automotive sheets can remarkably reduce the CO₂ emission during the total life cycle of Chinese automobiles.

Moreover, Baosteel is also committed to become a "driver of green industry," with a view to spur on the green low carbon initiatives of the whole industrial chain. In recent years, Baosteel has been continuously launching the policies for green procurement and green marketing, which has played a good exemplary role for the green development of Chinese steel industry and other related industrial chains. In 2011, the Company released "Guide for Green procurement" (first edition) to introduce the Company's policy and measures of green procurement, which not only incorporated more green standards, green certifications and green manufacturing measures into its own production process, but also drove the suppliers to improve their management and fulfil the social responsibility of energy saving and environmental protection. In 2011, the Company exclusively released "Green Manifesto" and "Product Environment Declarations" in the steel industry, publishing the ecological information of five major types of carbon steel products. This publication provided the public with verifiable and

quantitative data for environmental performance of products, and was commented by the media as "of landmark significance in the green development process of domestic steel industry".

In 2011, the Company investigated and surveyed the literature for, analyzed and compared the international standards or industrial standards for auditing the enterprises' CO₂ emission. Based on this studies, and adopting the LCA theory and computing model, the Company made trial calculation of its carbon emission data, and compared the results with that of its international counterparts.

In 2011, the pipeline for the natural gas supplied directly from CNPC to Baosteel were completed and put into use, effectively relieving the Company's pressure of lack in gas natural supply and production restriction caused by the insufficient gas supply in Shanghai, and enhancing the Company's capability to guarantee energy supply for production.

Statistics and analysis of environmental protection cost have been conducted since 2003. The cost includes compensation cost and capitalized cost. In recent years, due to the large investment in desulfurization devices for power plants and sintering plants, the operation and depreciation expenses of environmental equipment have been occupying an increasingly higher percentage in the expensing items, which reached 80.37% in 2011. The Company's environmental protection costs in recent years are as follows:

Cost for Environmental Protection

Unit: RMB billion

| Category | Items | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------|---|-------|-------|-------|-------|-------|
| Expensing items and cost | Pollutant 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 for environmental improvement in new, revamping and extension projects, research investment, and others | 2.326 | 2.783 | 3.072 | 2.968 | 4.174 |
| Capitalized items and costs | Investment for environmental revamping in new, revamping and extension projects, and investment for environmental supporting facilities for "Three simultaneousness" | 1.084 | 2.561 | 0.975 | 0.723 | 1.764 |

In 2011, the Company's major indicators for energy saving and environmental protection remained at international advanced level.

Technical Indexes for Energy Saving and Emission Reduction

| Index | Unit | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|------|-------|-------|-------|--------|-------|-------|-------|
| Fresh water consumption per ton of steel | % | 100 | 84.27 | 71.35 | 73.03 | 59.97 | 58.99 | 60.53 |
| Aggregate amount of the recycled residue energy | % | 100 | 112 | 121 | 162 | 171 | 189 | 246 |
| General energy consumption per ton of steel | % | 100 | 97.87 | 95.87 | 102.00 | 98.53 | 97.47 | 97.34 |
| SO ₂ emission per ton of steel | % | 100 | 83.97 | 66.67 | 60.34 | 46.84 | 31.65 | 24.05 |
| COD emission per ton of steel | % | 100 | 60.0 | 31.2 | 18.0 | 12.4 | 12.0 | 10.4 |
| Overall utilization ratio of industrial solid waste | % | 98.11 | 98.32 | 98.48 | 98.33 | 98.26 | 98.58 | 98.81 |

Note 1: Except "Overall utilization ratio of industrial solid waste", all of the other items are stated in relative terms with 2005 as base period.

Note 2: Due to mistakes in work, there were mistakes in the SO₂ and COD emission statistics from 2006-2010 in the 2010 Fact Book. Revision was made as in the above form.

XVI. Corporate Citizenship

Donations

Unit: Thousand RMB

| | 2008 | 2009 | 2010 | 2011 |
|-------------------------|--------|--------|--------|--------|
| Poverty relieving funds | 8,930 | 11,166 | 11,020 | 11,531 |
| Charity donations | 10,847 | 271 | 0 | 0 |
| Grants in aid | 2,969 | 27,379 | 1,230 | 3,210 |
| Others | 42 | 0 | 0 | 0 |
| Total | 22,788 | 38,816 | 12,250 | 14,741 |

Honors and Awards

1. In January, Baoshan Iron & Steel Co., Ltd. passed the national certification of energy management system, becoming one of the first to pass the certification among domestic steel enterprises.
2. On 16 March, Baoshan Iron & Steel Co., Ltd. was listed on "Top 100 Chinese Enterprises of Corporate Social Responsibility" released by Fortune magazine (Chinese version) for the first time, ranking No.5 among top 50 domestic companies and No.1 among 12 domestic raw material industry companies.
3. On 6 May, five projects of Baosteel obtained prizes in 2010 Shanghai Science and Technology Award. Among them, "Research and manufacture of high-performance thin steel sheet series for enamel", "Development of complete set of technology for air jet cyclone sintering flue gas desulphurization", "Development of high sulfur resistant oil tubing and casing product series" won the 2nd prizes in 2010 Shanghai Science and Technology Award (Science and Technology Progress Award), "Research on surface quality control of 1800 cold-rolled exposed panel" and "Development and application of seawater corrosion resistant steel and its matching welding material" won the third prizes.
4. In July, the Party Committee of Baoshan Iron & Steel Co., Ltd. won the title of "National Advanced Grass-root Party Organization".
5. In September, Baoshan Iron & Steel Co., Ltd. received the title of "National Advanced Model Unit for Quality Control" for the year 2009-2010. This is the highest prize in China's quality management field.
6. On 5 November, Baosteel's "Advanced high-strength thin strip product, process and equipment" project won the Golden Award in 2011 China International Industrial Fair.
7. On 16 November, 5 achievements won prizes from 2011 China Metallurgical Science and Technology Award. "The R&D on cold tandem rolling process and complete set of equipment for high speed ultra-thin steel strip" won the only special prize.
8. On 2 December, Baoshan Iron & Steel Co., Ltd. won the first "China's most respected knowledge-based organization awards (CHINA MAKE)" and the individual prize of "Best Knowledge and Technology Application".
9. On 12 December, Baoshan Iron & Steel Co., Ltd. was selected in "2011 Reputation List of China's Listed Companies" as the "Most socially responsible listed company".

XVII. Subsidiaries

Major domestic Subsidiaries

SHANGHAI MEISHAN IRON & STEEL CO., LTD.

Date of establishment: 26 June 2001

Major businesses: Smelting, rolling, 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 2011: 3.88 million tons

Staff: 5199

NINGBO BAOXIN STAINLESS STEEL CO., LTD.

Date of establishment: 25 March 1996

Major businesses: manufacturing and processing of stainless steel sheets and relevant technical guidance and consultation

Shareholding of the Company: 54%

Registered capital: Rmb3.19 billion

Capacity: 0.6 million tons

Sales volume in 2011: 0.61 million tons

Staff: 884

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

Date of establishment: 30 July 2004

Major businesses: manufacturing and sales of cold-rolled steel sheets and hot-dip and electrolytic galvanized steel sheets for automobile and automotive parts and other services related to its principal business

Shareholding of the Company: 50%

Registered capital: Rmb3 billion

Capacity: 2.15 million tons

Sales volume in 2011: 2.02 million tons (plus entrusted manufacturing volume 246.4 thousand tons)

Staff: 647

YANTAI LUBAO STEEL TUBE CO., LTD.

Date of establishment: 3 June 1992

Major businesses: processing 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 2011: 0.33 million tons

Staff: 741

BAOSTEEL HUANGSHI COATED AND GALVANIZED SHEET CO., LTD.

Date of establishment: 11 December 1992

Major businesses: production and sales of cold rolled coils, aluminium galvanized steel sheets, color-coated steel sheets and related galvanized steel products

Shareholding of the Company: 58.45%

Registered capital: USD 0.14 billion

Capacity: 0.25 million tons

Sales volume in 2011: 0.38 million tons

Staff: 348

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: Rmb 2.25 billion

Staff: 3,435

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: RMB 0.34 billion

Staff: 1,911

BAOSTEEL NANTONG IRON & STEEL CO., LTD.

Date of establishment: 28 December 1994

Major businesses: production and sales of deformed steel bars, round steel bars, steel sections, semi-finished steel products, and other steel products

Shareholding of the Company: 95.8%

Registered capital: RMB 0.621 billion

Capacity: 0.60 million tons

Sales volume in 2011: 0.92 million tons

Staff: 781

BAOSTEEL GROUP FINANCE CO., LTD.

Date of establishment: October 1992

Major businesses: Deposits and loan services for member companies and internal accounts settlement services

Shareholding: 62.10%

Registered capital: Rmb 1.1 billion

Staff: 49

SHANGHAI BAOSTEEL CHEMICAL 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: 1,331

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

Overseas Subsidiaries

| 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 |

XVIII. Global Marketing Network

Domestic Dealers

SHANGHAI BAOSTEEL STEEL PRODUCTS TRADING CO., LTD.

Address: 3 & 12/F, No. 370, Pudian Rd., Pudong New 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: 10 Hanzhang Rd., Business District, Air Harbour, Tianjin

Zip Code: 300308

Tel: 022-84905800

Fax: 022-84905789

CHENGDU BAOSTEEL WESTERN TRADING CO., LTD.

Address: Checheng east No.5 Rd., Baihe Town, Longquanyi District, Chengdu, Sichuan

Zip Code: 610100

Tel: 028-88450520

Fax: 028-88450524

WUHAN BAOSTEEL CENTRAL CHINA TRADING CO., LTD.

Address: No. 531, Jiangcheng Avenue, Economic and Technical Development Zone, Wuhan, Hubei

Zip Code: 430056

Tel: 027-84298800

Fax: 027-84298224

SHANGHAI BAOSTEEL TRADING CO., LTD.

Address: 16&17/Fs, Building 9, No. 803 Shuangcheng Rd., Baoshan District, Shanghai

Zip Code: 200940

Tel: 021-60869800

Fax: 021-60869808

SHANGHAI BAOSTEEL 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 BAOSHAN STEEL PRODUCTS 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

Zip Code: 110044

Tel: 024-88215009

Fax: 024-88210189

CHANGCHUN BAOSTEEL STEEL PRODUCTS TRADING CO., LTD.

Address: Panjiatun east, Changshen Rd., New Economic and Technical Development Zone (west), Changchun, Jilin

Zip Code: 130013

Tel: 0431-85981176

Fax: 0431-85981113

SHANGHAI BAOSTEEL STAINLESS STEEL TRADING CO., LTD.

Address: No. 555, Yuanhe Rd., Baoshan District, Shanghai

Zip Code: 200941

Tel: 021-66933311

Fax: 021-66932879

SHANGHAI BAOSTEEL WHEELS CO., LTD.

Address: No. 3962, Yunchuan Rd., Baoshan District, Shanghai

Zip Code: 200941

Tel: 021-66931000

Fax: 021-66931511



Overseas Dealers

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

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XIX. Company 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 Phase 3 project assets from Shanghai Baosteel Group Corporation; capacity reached 11 million tons. |
| December 2002 | The opening ceremonies for Heavy Plate Mill Project and 1800 Cold Rolling Strip Steel Project were held. |
| April 2004 | Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd. was established. |
| April 2005 | The Company's Tenth Five-Year Planning projects were put into operation. Issued 5 billion new shares and acquired part of its assets from Shanghai Baosteel Group Corporation and successfully integrated its steel business. |
| August 2005 | General meeting of shareholders approved the proposal for non-tradable shares reform and the reform had been completed. |
| December 2007 | General meeting of shareholders approved the proposal on acquisition of Luoqing Project and its related assets and issuing 10 billion convertible bonds with call warrants. |
| June 2008 | RMB 10 billion convertible bonds with call warrants were issued. |
| May 2009 | Issued the first sum of 5 billion Medium-term Notes. |
| June 2009 | Issued the second sum of 5 billion Medium-term Notes. |

Appendix I: China Economic Indicators

National Economic Indicators

| | Unit | 2008 | 2009 | 2010 | 2011 |
|----------------------------|-----------------------|--------|--------|--------|--------|
| GDP | Trillion RMB | 30.07 | 33.54 | 39.80 | 47.16 |
| GDP growth rate | % | 9.0 | 8.7 | 10.3 | 9.2 |
| Export | USD 100 million | 14,285 | 12,017 | 15,779 | 18,986 |
| Import | USD 100 million | 11,331 | 10,056 | 13,948 | 17,435 |
| Unemployment rate | % | 4.2 | 4.3 | 4.1 | 4.1 |
| Consumer price index | 100 for previous year | 105.9 | 99.3 | 103.3 | 105.4 |
| Investment in fixed assets | Trillion RMB | 17.23 | 22.48 | 27.81 | 31.10 |
| | % | 25.5 | 30.1 | 23.8 | 23.6 |

Steel Production

| | Unit | 2008 | 2009 | 2010 | 2011 |
|-----------------|--------------|------|------|------|------|
| Pig iron | Million tons | 471 | 544 | 590 | 630 |
| Crude steel | Million tons | 500 | 568 | 627 | 683 |
| Steel product | Million tons | 582 | 692 | 796 | 881 |
| Long product | Million tons | 224 | 273 | 305 | 346 |
| Flat product | Million tons | 259 | 295 | 356 | 389 |
| Tubular product | Million tons | 44 | 52 | 58 | 67 |
| Section steel | Million tons | 46 | 61 | 63 | 65 |
| Others | Million tons | 9 | 11 | 15 | 18 |

Apparent Steel Consumption

| | Unit | 2008 | 2009 | 2010 | 2011 |
|------------------------|--------------|------|------|------|------|
| Crude steel | Million tons | 453 | 565 | 599 | 648 |
| Consumption per capita | Kilogram | 341 | 420 | 447 | 484 |
| Steel product | Million tons | 538 | 685 | 770 | 848 |
| Long product | Million tons | 212 | 271 | 301 | 341 |
| Flat product | Million tons | 243 | 298 | 345 | 376 |
| Tubular product | Million tons | 35 | 46 | 51 | 58 |
| Section steel | Million tons | 42 | 60 | 61 | 63 |
| Others | Million tons | 6 | 9 | 12 | 15 |

Steel Export & Import

| | Unit | 2008 | 2009 | 2010 | 2011 |
|-----------------|--------------|-------|-------|-------|-------|
| Export | Million tons | 59.18 | 24.60 | 42.56 | 48.88 |
| Long product | Million tons | 12.62 | 2.47 | 5.19 | 6.69 |
| Flat product | Million tons | 28.79 | 11.85 | 24.81 | 26.58 |
| Tubular product | Million tons | 10.64 | 6.26 | 7.31 | 9.23 |
| Section steel | Million tons | 4.11 | 1.71 | 2.37 | 3.10 |
| Others | Million tons | 3.02 | 2.31 | 2.88 | 3.28 |
| Import | Million tons | 15.38 | 17.63 | 16.43 | 15.58 |
| Long product | Million tons | 0.96 | 0.86 | 1.13 | 1.15 |
| Flat product | Million tons | 12.72 | 15.28 | 13.92 | 13.20 |
| Tubular product | Million tons | 1.06 | 0.63 | 0.48 | 0.52 |
| Section steel | Million tons | 0.38 | 0.61 | 0.61 | 0.43 |
| Others | Million tons | 0.25 | 0.25 | 0.29 | 0.28 |

Global Steel Production

| | Unit | 2007 | 2008 | 2009 | 2011 |
|-------------------|--------------|-------|-------|-------|-------|
| North America | Million tons | 133 | 125 | 82 | 119 |
| USA | Million tons | 98 | 91 | 58 | 86 |
| EU (27 countries) | Million tons | 210 | 199 | 139 | 177 |
| Asia | Million tons | 739 | 749 | 776 | 954 |
| Japan | Million tons | 120 | 119 | 88 | 108 |
| Korea | Million tons | 51 | 53 | 49 | 68 |
| Russia | Million tons | 72 | 69 | 60 | 69 |
| Total | Million tons | 1,328 | 1,306 | 1,199 | 1,490 |

Sources: National Bureau of Statistics of China and China Iron & 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, 2011

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BAOSTEEL

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BAOSHAN IRON & STEEL CO., LTD.