

2011

BAOSTEEL GUIDEBOOK

Baosteel Group Corporation

Baosteel Group Corporation

<http://www.baosteel.com>

Address: 370 Pudian Road, Pudong New Area, Shanghai, China

Tel. : 086 - 021 - 58350000

Zip Code: 200122

From the Editors

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

The *2011 Baosteel Guidebook* is composed of materials compiling the basic information about Baosteel Group Corporation (abbreviated to Baosteel) in 2010. All data have been provided by the related departments of Baosteel and have been reviewed and approved by department heads. (The cut-off time of the materials was December 2010).

Editors
June 2011

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Corporation Operation



Profile of the Enterprise

Baosteel Group Corporation (abbreviated to “Baosteel”, “Baosteel Group” or “Corporation”) is one of the super-scale steel complexes with the highest level of modernization and the most complete varieties of steel in the world. It is an organization invested under state authorization and a company controlled by the State that bears the responsibilities for retention and appreciation of state-owned assets within its authorized scope of businesses for SASAC (State-owned Assets Supervision and Administration Commission) of the State Council. Its registered capital is RMB 51.083 billion. Its scope of businesses include operation of the state-owned assets within the scope authorized by the State Council and development of related investment businesses, iron & steel, metallurgical mining, coal, chemicals (excluding dangerous materials), electric power, wharfs, storage, transportation and steel-related businesses, technological development, technology transfer,

technical services and technical management consultancy, and import and export trade of commodities and technologies. The headquarters of Baosteel Group is established at 370 Pudian Road, Pudong New Area, Shanghai.

Baosteel (called Shanghai Baoshan General Iron and Steel Works before 1993) was established initially on December 23, 1978. It is a super-scale modern steel complex, which has been invested and constructed by the state. The main factory of Baosteel Engineering is located at the northern part of Shanghai along the Yangtze River. It occupies an area of 18.98 km² and is 26km away from the city's center, People's Square. On September 15, 1985, Baosteel's first-phase project with an annual output of 3 million tons of steel, which was introduced in a complete-set manner for the first time in the history of P. R. C., was put into operation smoothly. In June 1991, Baosteel's first- and second-phase projects, with a designed annual output of 6.71 million tons of steel, were totally constructed. In 2000, the third-phase project, which was constructed with the capital raised by the enterprise itself, was totally completed. Thus, Baosteel is globally ranked among the modern iron and steel enterprises at a super-scale level of ten-million tons.

On November 17, 1998, after approval from the State Council, Shanghai Baosteel Group Corporation

was jointly established giving the main role to Baoshan Iron & Steel (Group) Corporation (i. e. the original Shanghai Baoshan General Iron and Steel Works which was renamed in 1993) by merging with Shanghai Metallurgical Holding (Group) Corporation (abbreviated to Shanghai Metallurgy) and Shanghai Meishan (Group) Company Limited (abbreviated to Shanghai Meishan). (In October 2005, Shanghai Baosteel Group Corporation was rebuilt into a standard solely state-owned enterprise in accordance with the *Company Law of the P. R. C.*, and renamed as Baosteel Group Corporation).

In 2000, Baosteel Group exclusively established Baoshan Iron & Steel Co., Ltd. (abbreviated to Baosteel Co., Ltd.), which went public on December 12 of the same year.

On April 28, 2007, through successful implementation of trans-regional asset reorganization, Xinjiang Bayi Iron and Steel Co., Ltd. (abbreviated to Bayi Steel) of Baosteel Group was unveiled in Xinjiang. This made Xinjiang Bayi Iron and Steel Co., Ltd., with a history of 56 years, officially Baosteel's subsidiary with controlling shares held by Baosteel Group.

On June 28, 2008, Guangdong Iron & Steel Group Co., Ltd. of Baosteel Group (abbreviated to "Guangdong Iron & Steel") was established, which

symbolized that initial achievements had been obtained on the asset reorganization between Baosteel and the iron and steel enterprises in Guangdong.

On March 1, 2009, Ningbo Iron & Steel Co., Ltd. of Baosteel Group (abbreviated to “Ningbo Iron and Steel”) was founded after an agreement was signed between Baosteel Group Corporation and Hangzhou Iron and Steel Group Company.

Baosteel Co., Ltd., a principal enterprise of Baosteel Group, produces iron and steel products with high technologies and added values, including three major series of carbon steel, stainless steel and special steel, whose application covers automobiles, household electrical appliances, petrochemicals, machinery manufacturing, electric power, shipbuilding, construction and decoration, metalware, aeronautics and astronautics, nuclear power, electronic instruments and other fields.

Centering on the supply chain, technology chain and resources utilization chain of the iron and steel industry, Baosteel developed additionally diversified industries of resource development and logistics, extended steel processing, engineering technological services, production services, coal and chemical, financial investment and so on.

In 2010, the steel output of Baosteel Group reached up to 44.50 million tons, ranking third a-

mong iron and steel corporations in the world. With its operating revenues of RMB 195.3 billion (USD 28.591 billion) in 2009, Baosteel Group was selected into Global 500 Enterprises by the *Fortune*, ranking

Ranking of Crude Steel Output of Worldwide Iron and Steel Enterprises in 2010 (Top 10)

Name of Iron and Steel Enterprise	Country where the headquarters is located	2010		2009
		Ranking	Output (Million Tons)	Ranking
Arcelor Mittal	Luxembourg	1	90.6	1
Hebei Iron and Steel Group	China	2	52.9	2
Baosteel Group	China	3	44.5	3
Anben Iron and Steel Group	China	4	40.3	6
Wuhan Iron and Steel Group	China	5	36.5	5
POSCO	Republic of Korea	6	35.4	4
Nippon Steel	Japan	7	34.5	8
JFE	Japan	8	31.1	9
Shagang Group	China	9	30.1	7
Shougang Group	China	10	25.8	

(Data source: SBB)

276th, in 2010. Baosteel has been on this list for 7 successive years. In addition, Baosteel has been selected as one of the World's Most Admired Companies for five years on end by the *Fortune*, ranking 6th in the metals industry in 2010. Besides, Baosteel ranked the third in the *World-Class Steelmaker Rankings 2009* released by the WSD.

**Ranking of Baosteel among the Fortune
Global 500 Enterprises**

Year	Sales Revenue (USD 100 Million)	World Ranking (Position)
2003	145.48	372
2004	195.433	309
2005	215.014	296
2006	226.634	307
2007	299.39	259
2008	355.166	220
2009	285.91	276
2010	403.27	212

Baosteel has been laying emphasis on environmental protection and pursuing sustainable development. It was the first one that had passed ISO 14001 Environmental Management System Certification in the iron and steel industry in 1998. In 2005, it was rated as a “National Environment-Friendly Enter-

prise”. In 2007, it won the title “Demonstration Base of Corporate Ecological Park” issued by Ecological Society of China. In 2008, it was rated as the “Annual Benchmarking Enterprise of Chinese Green Companies”. Baosteel Co., Ltd., the former Pudong Iron and Steel Co., Ltd., Meishan Iron and Steel Co., Ltd., Nantong Baosteel Iron & Steel Co., Ltd. and Xinjiang Bayi Iron and Steel Co., Ltd. affiliated to Baosteel Group, have overfulfilled their respective targets for “Energy Conservation by Thousands of Enterprises” during the Eleventh Five-Year Plan period set with the National Development Reform Commission (NDRC). Specifically, Baosteel Co., Ltd., Pudong Iron and Steel Co., Ltd., Meishan Iron and Steel Co., Ltd. and Nantong Baosteel Iron & Steel Co., Ltd. have overfulfilled 21%, and Xinjiang Bayi Iron and Steel Co., Ltd. 99%. For Baosteel Group, sulfur dioxide and COD have dropped respectively by 63% and 86% during the Eleventh Five-Year Plan period. On June 2, 2010, at the 1st public appraisal for the Contribution Award for Energy Conservation, Baosteel Co., Ltd. was conferred the Outstanding Contribution Award for Top Ten Enterprises in Energy Conservation, becoming the only iron & steel enterprise in China to have achieved such honor.

In 2010, Baosteel Group unveiled the *Outline of the Program for Development from 2010 to 2015*,

which stipulated that an annual output of over 66 million tons and sales revenues of RMB 440 billion should be fulfilled by 2015 through environmental management and capacity building.

In 2010, Baosteel Group, a global partner of Expo 2010 Shanghai China, provided Expo 2010 with 93,200 tons of steel products of all kinds in total (including 82,900 tons of steel structures). China Pavilion, Theme Pavilion and Expo Cultural Center, landscape buildings of Expo 2010, witnessed the application of premium steel products from Baosteel Group. Baosteel Stage at the Expo Site, which drew much attention from visitors, had originated from the workshops of Pudong Iron and Steel Co., Ltd.. On October 23, 2010, centering on the theme of “Better Steel, Better Life”, Baosteel Event Day was held on the Baosteel Stage.

So far, Baosteel Group has made a donation of over RMB 900 million in total for non-profit programs for public good. In 2010, Baosteel Group donated RMB 10 million as drought-relief funds to four counties in Puer City, Yunnan Province for their drinking water project. At the public appraisal for the China Charity Award for 2009 organized by the Ministry of Civil Affairs, Baosteel Group was honored with the title of “The Most Charitable Chinese-Funded Enterprises”.

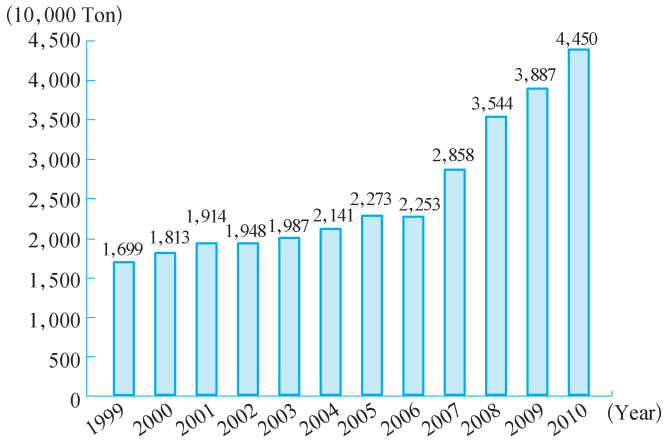
Former and Current Top Leaders of the Corporation

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

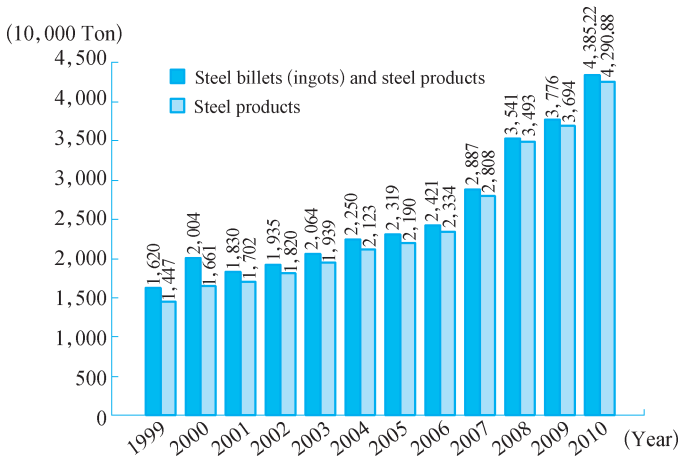


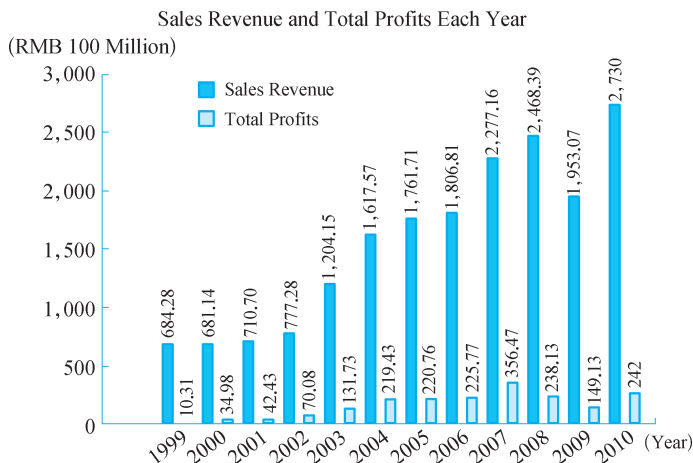
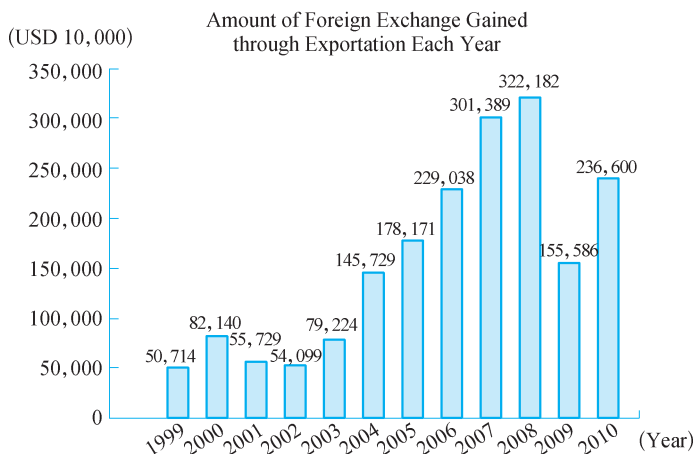
Histograms of Production and Operation

Steel Output of Each Year



Sales Volume of Commercial Steel Billets and Steel Products Each Year





Corporate Governance Structure

I. Corporate Governance Mechanism

As the representative of the investors, SASAC

oversees the investors' responsibilities within the corporation. By designating directors and supervisors, it reflects the investors' will in the process of the decision-making and supervision of the corporation.

As the corporation's decision-making body, the Board of Directors is entitled legally to enjoy various powers and authorities specified in the *Articles of Association* and partial powers and authorities of the investors granted by SASAC. All the directors bear the trust responsibilities of due diligence for the benefit of the investors and the corporation.

The State Council performs its supervision responsibilities by dispatching the board of supervisors that works as the supervising body and supervises the corporation's decision-making procedures and execution of major decision-making matters.

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

II. Basic Information of Board of Directors

1. Members of Board of Directors

In October 2005, as one of the first batches of pilot central enterprises with the Board of Directors,

Baosteel Group Corporation established its first Board of Directors, in which the outside directors were in the majority. The Board of Directors consisted of 9 directors, among whom 5 were outside directors.

In January 2009, the second Board of Directors was established with a total of 11 directors, among whom the number of outside directors increased up to 7. The members of the Board of Directors were:

Chairman: Xu Lejiang

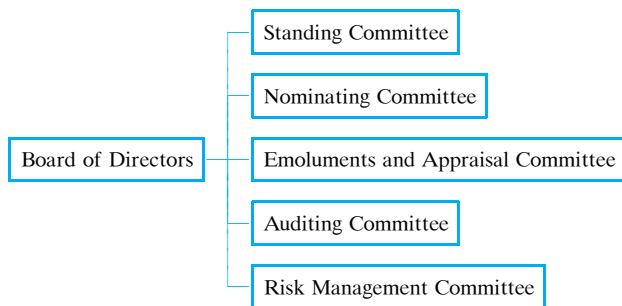
Vice Chairman: Liu Guosheng

Directors: Xu Lejiang, Liu Guosheng, He Wenbo

Outside Directors: Feng Guojing, Li Qingyan, Wu Yaowen, Yang Xianzu (His tenure of office as a director expired in August 2009.), Xia Dawei, Gan Yong and Jing Tianliang

Worker Director: Wang Jinde

2. Specialized committees established under Baosteel's Board of Directors:



Standing Committee (7 members, including 5 outside directors): responsible for giving instructions on and exercising monitoring over the implementation of the resolutions of the Board of Directors; examining the decision-making programs for major investment and financing submitted to the Board of Directors for approval; making decisions on some matters under the special authorization of the Board of Directors.

Nominating Committee (5 members, including 3 outside directors): responsible for undertaking a study on the standards, procedures and methods for promotion of senior executives and putting forward some suggestions to the Board of Directors; making an examination and evaluation over the Vice President and Chief Finance Officer nominated by the President and offering some suggestions to the Board of Directors; carrying out an investigation over senior executives whose probationary period has expired and offering some suggestions to the Board of Directors; selecting candidates for vacant positions within the corporation and on the human resources market both at home and abroad.

Emoluments and Appraisal Committee (composed completely of 5 outside directors): responsible for formulating a program for compensation and performance management of senior executives; setting

an annual performance target for President and a target for performance during his term of office; drawing up a program for compensations, evaluation, and award and punishment for the President; making an assessment over the program for compensations, evaluation, and award and punishment for Vice President and Chief Financial Officer as formulated by President; undertaking a study on the system for allocation of compensations within the corporation and giving some suggestions.

Auditing Committee (composed completely of 5 outside directors): responsible for reviewing the annual working plan for corporate internal audit; exercising monitoring over the corporate internal audit and financial information disclosure; making an assessment over the corporate financial report, accounting policy and its modification, and offering some suggestions to the Board of Directors; providing some opinions about the appointment and dismissal of persons-in-charge of the corporate internal audit agency; giving instructions to the corporate internal audit agency on the same-tier audit; exercising monitoring over the appointment, change and remuneration payment of social audit agencies and other intermediaries.

Risk Management Committee (7 members, including 5 outside directors): responsible for carrying

out an inspection over the effective operation of the overall risk management system; reviewing the annual working plan and annual report for the overall risk management; reviewing the risk management strategies and solutions to major risk management.

Effective operation of each special committee of Baosteel's Board of Directors refines the collective resolutions made by the Board of Directors, brings into play the specialty of abundant professional knowledge and practical experience of all directors, especially the outside directors. A preliminary review of the proposals of each committee is submitted to the Board of Directors for their review and the special constructive suggestions are given, which effectively improves the quality and efficiency of the resolutions made by the Board of Directors. Through examination and supervision of the meetings held by special committees, implementation of the resolutions made by the Board of Directors is guaranteed.

In 2010, the Board of Directors held 8 meetings, in which 43 issues were discussed and reviewed; the standing committee held 1 meeting, in which 6 issues were discussed and reviewed; the nominating committee held 3 meetings, in which 3 issues were discussed and reviewed; the Emoluments and Appraisal committee held 2 meetings, in which 4 issues were discussed and reviewed; the auditing committee held

4 meetings, in which 11 issues were discussed and reviewed; the risk management committee held 1 meeting, in which the annual risk management report was reviewed.

III. Basic Information of the Board of Supervisors

In September 2009, SASAC dispatched the fourth Board of Supervisors to Baosteel.

Chairman: Luo Han

Director: Chen Qiliang

Deputy Director: Lü Pin; Zhou Jianjun (2010)

In accordance with the *Company Law of the P. R. C.*, *Interim Regulations on Boards of Supervisors in State-owned Enterprises* and other regulations, the Board of Supervisors of Baosteel performs legal supervision and inspection for the enterprise. Overseeing operation of the Board of Directors, the duty performance of directors, the managers' execution of resolutions from the Board of Directors and other situations as the important content, it performs contemporaneous supervision for the decision-making process, decision execution and important operating activities so as to maintain security of state-owned assets and promote the enterprise to improve its operation and management, and standardize operating behaviors of leaders in the enterprise.



Leaders of Baosteel Group Corporation (Dec. 2010)

Chairman of the Board of Directors: Xu Lejiang

Chairman of the Board of Supervisors: Luo Han

Vice Chairman of the Board of Directors: Liu Guosheng

Directors: Xu Lejiang, Liu Guosheng, He Wenbo;
Feng Guojing (outside director), Li Qingyan (outside director), Wu Yaowen (outside director), Xia Dawei (outside director), Gan Yong (outside director), Jing Tianliang (outside director), Wang Jinde (worker director)

President: He Wenbo

Vice President: Zhao Kun, Fu Zhongzhe, Dai Zhihao, Zhao Xia, Zhou Zhuping, Zhao Zhouli;

Secretary of the Party Committee: Liu Guosheng

Deputy Secretary of the Party Committee: Ouyang Yingpeng

Members of the Standing Committee of the Party Committee: Xu Lejiang, Liu Guosheng, He Wenbo, Ouyang Yingpeng, Zhao Kun, Ma Guoqiang, Liu Zhaonying, Fu Zhongzhe

Secretary of the Discipline Inspection Committee: Liu Zhanying

Chairman of the Labor Union: Wang Jinde

General Legal Advisor: Chen Delin

Secretary of the Board of Directors: Wang Li

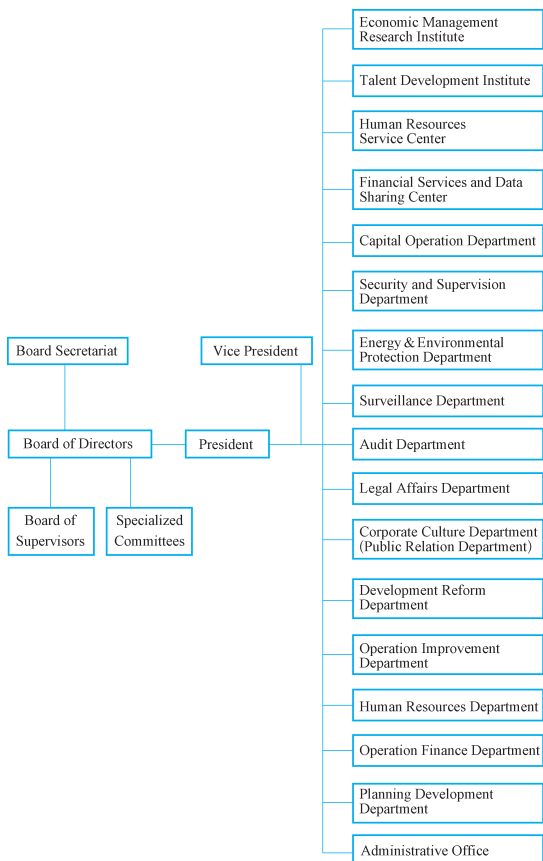
Assistant President: Ye Meng, Wang Chengran, Jiang

Weimin



Organizations

Organizational Structure of Baosteel Group Corporation (Dec. 2010)



Note: The Foreign Affairs Office, Beijing Liaison Office, Office for Letters and Calls are affiliated to the Office; the Engineering Quality Supervision Station is affiliated to the Planning Development Department; the News Center and the Historical Records Office are affiliated to the Corporate Culture Department.

**List of Main Subsidiaries and Controlled
Companies of Baosteel Group**

Company Name	Established in	Total Assets (RMB 100 Million)	Holding Proportion (%)	Operating Revenue of 2010 (RMB 100 Million)
Baosteel Co., Ltd.	Feb. 2000	2,160.65	73.97	2,024.13
Guangdong Iron & Steel	Jun. 2008	154.86	80	—
Bayi Iron and Steel	Sep. 1951	376.27	75.55	260.97
Ningbo Steel	Jan. 2003	183.61	56.15	156
Baosteel Resources	Jul. 2006	217.41	100	372
Baosteel Metal	Dec. 2007	77	100	104
Fortune Trust & Investment	Mar. 2007	107.55	100	24.71
Baosteel Engineering	Aug. 1999	117.71	100	129.57
Baosteel Development	Sep. 1986	110.91	100	145.87
Shanghai Meishan Co., Ltd.	April 1969	40.99	100	51.64
No. 1 Iron & Steel	1957	14.36	100	8.59
No. 5 Iron and Steel	1958	11.32	100	9.45



Financial Statement

In 2010, Baosteel was under immense pressure from the international financial crisis, the need to meet energy conservation and emission reduction targets and the suspension of some product lines. Despite all these, through the concerted efforts of all employees, Baosteel's business performance remained at an optimal level in the Iron and Steel Industry. Baosteel generated 27% of the total profit with 7% of the capacity of the Chinese iron & steel industry. In 2010, Baosteel Group produced 38.96 million tons of iron, 44.50 million tons of steel and 44.08 million tons of commercial steel billets, respectively up by 11.8%, 14.5% and 15.6% over the same period of last year; Baosteel achieved an operating revenue of RMB 273 billion and a total profit of RMB 24.2 billion, respectively up by 39.8% and 62.5%; the rate of return on net assets reached 7.9%, up by 2.6%; the EVA (Economic Value Added = Net operating profit after tax - Capital cost) amounted to RMB 6 billion; total assets turnover rate was 0.64, up by 25% year on year; inventory turnover reached 87 days, down by 26 days. By the end of December 2010, the aggregate assets amounted to RMB 432.1 billion, up by 7.5% on a year-on-year basis; net assets reached

RMB 260.1 billion, up by 7.1% year on year.

Consolidated Balance Sheet of Baosteel Group Corporation

By December 31, 2010

RMB

Item	Closing Amount	Beginning Amount
Current Assets:	—	—
Monetary Capital	49,069,500,126.46	43,403,172,458.33
Deposit Reservation for Balance	142,150,085.56	385,946,913.84
Trading Financial Assets	2,842,331,037.44	2,793,464,470.94
Notes Receivable	13,684,702,817.53	8,294,998,390.01
Accounts Receivable	8,095,820,864.82	7,146,126,483.39
Prepayment	7,417,865,127.94	6,886,584,503.81
Interest Receivable	11,031,787.10	10,146,642.96
Other Accounts Receivable	1,847,236,916.67	1,970,598,882.41
Redemptory Monetary Capital for Sale	139,235,616.44	
Inventory	60,809,670,526.69	46,596,774,771.70
Other Current Assets	720,555,766.24	685,427,648.17
Total Current Assets	144,780,100,672.89	118,173,241,165.56
Non-current Assets:	—	—
Disbursement of Loans and Advances	746,917,990.54	696,430,690.18
Financial Assets Available for Sale	41,627,909,906.74	40,030,004,591.89

(Continued)

Item	Closing Amount	Beginning Amount
Investments Held to Maturity	8,266,892,329.60	15,261,375,000.41
Long-term Receivables	178,362,027.75	564,228,737.34
Long-term Equity Investments	38,561,103,186.81	34,263,053,043.70
Investment Property	2,189,761,981.74	1,931,618,310.60
Net Value of Fixed Assets	154,237,855,397.41	149,440,521,983.32
Net fixed assets	153,598,565,083.61	148,560,155,795.31
Construction in Progress	18,030,536,566.33	21,291,761,612.01
Construction Materials	520,797,270.65	959,483,028.65
Intangible Assets	17,031,793,783.16	14,925,277,414.31
Goodwill	1,317,687,220.99	1,317,161,650.08
Long-term Deferred and Prepaid Expenses	242,518,300.59	231,120,427.97
Deferred Income Tax Assets	3,607,984,553.64	2,935,739,710.08
Other Non-Current Assets	1,429,248,639.68	855,498,381.73
Total Non-current Assets	287,350,078,841.83	283,822,908,394.26
Total Assets	432,130,179,514.72	401,996,149,559.82

(Continued)

Item	Closing Amount	Beginning Amount
Current Liabilities:	—	—
Short-term Borrowing	45,488,721,387.51	42,720,934,459.46
Deposits from Customers and Inter-bank Deposits	20,160,787.42	35,591,447.12
Borrowings from Banks and Other Financial Institutions		34,141,000.00
Trading Financial Liabilities	11,148,786.82	70,617,028.69
Notes Payable	6,413,291,257.69	9,185,085,424.92
Accounts Payable	28,411,488,092.82	27,741,820,769.02
Accounts Received in Advance	18,550,207,689.56	16,683,384,608.98
Payroll Payable	8,771,011,940.67	8,800,131,261.33
Including: Salaries Payable	5,642,113,348.90	5,549,474,812.36
Benefits Payable	102,193,463.73	122,356,397.90
Taxes and Dues Payable	809,248,095.30	-1,159,407,868.70
Including: Taxes Payable		-1,227,551,071.83
Interest Payable	320,692,418.32	261,015,087.33
Other Accounts Payable	3,921,506,516.36	4,522,427,828.28

(Continued)

Item	Closing Amount	Beginning Amount
Acting Trading Securities	1,074,730,947.65	1,865,889,136.44
Non-current Liabilities Due within One Year	3,206,663,306.13	2,119,073,740.66
Other Current Liabilities	3,303,569,626.32	547,671,566.94
Total Current Liabilities	120,302,440,852.57	113,428,375,490.47
Non-current Liabilities:	—	—
Long-term Borrowing	18,277,331,796.78	14,237,475,464.44
Bond Payable	18,474,795,283.20	18,067,156,259.62
Long-term Accounts Payable	2,771,712,472.76	1,755,948,831.55
Special Accounts Payable	4,502,021,836.80	4,929,389,778.48
Accrued Liabilities	391,502,541.84	378,810,301.26
Deferred Income Tax Liabilities	5,537,927,896.61	5,546,345,750.33
Other Non-current Liabilities	1,697,498,126.96	682,051,095.55
Total Non-current Liabilities	51,652,789,954.95	45,597,177,481.23
Total Liabilities	171,955,230,807.52	159,025,552,971.70

(Continued)

Item	Closing Amount	Beginning Amount
Owner's Equity (or Shareholders' Equity):	—	—
Paid-in Capital (Share Capital)	51,082,620,998.89	51,082,620,998.89
State Capital	51,082,620,998.89	51,082,620,998.89
Net Paid-in Capital (Equity)	51,082,620,998.89	51,082,620,998.89
Capital Surplus	49,849,168,410.89	49,855,695,030.68
Special Reserves	263,792,428.90	179,724,906.62
Surplus Reserve	79,766,082,094.72	78,169,550,535.06
Including: Statutory Surplus Reserve	9,592,170,374.45	9,296,634,868.19
Other Surplus Reserve	69,858,354,446.92	68,557,370,893.52
Undistributed Profits	38,412,143,409.08	26,302,864,872.72
Converted differ- ence in Foreign Cur- rency Statements	- 47,297,614.87	- 31,617,308.44
Total Equity Attributable to Owner of the Parent Company	219,326,509,727.61	205,558,839,035.53
Minority Equity	40,848,438,979.59	37,411,757,552.59
Total Owner's Equity	260,174,948,707.20	242,970,596,588.12
Total Liabilities and Owner's Equity	432,130,179,514.72	401,996,149,559.82

**Consolidated Income Statement of
Baosteel Group Corporation**

By December 31, 2010

RMB

Item	Amount of Current Period	Amount of Prior Period
I. Total Operating Revenues	272,984,086,561.71	195,307,484,501.70
Including: Operating Revenues	271,560,599,559.56	193,886,472,703.24
Including: Principal Business Income	266,888,169,282.09	191,413,526,279.36
Business Income from Other Businesses	4,672,430,277.47	2,472,946,423.88
Interest Incomes	220,670,880.20	178,343,041.37
Incomes of Handling Charges and Commission	1,202,816,121.95	1,242,668,757.09
II. Total Operating Costs	254,679,844,155.27	186,705,036,166.26
Including: Operating Cost	233,555,000,052.39	171,548,140,034.39
Including: Principal Business Cost	229,656,584,272.63	168,983,743,245.82
Cost of Other Businesses	3,898,415,779.76	2,564,396,788.57
Interest Expenses	68,483,211.84	40,717,231.52
Payments of Handling Charges and Commission	77,382,126.96	33,535,937.66
Business Taxes and Surcharges	1,211,916,401.25	1,138,546,346.72

(Continued)

Item	Amount of Current Period	Amount of Prior Period
Sales Expenses	4,407,002,782.27	3,215,178,308.45
Management Expenses	11,927,243,596.33	9,551,984,321.28
Financial Expenses	1,540,975,986.36	1,553,398,589.10
Assets Depreciation Loss	1,891,839,997.87	-376,464,602.86
Plus: Income From Changes In Fair Value	-16,698,453.73	88,096,355.17
Investment Incomes	5,232,626,511.70	5,697,724,401.79
Including: Investment Income for Associated Venture and Joint Venture	2,139,020,371.53	1,378,229,039.30
III. Operating Profits	23,520,170,464.41	14,388,269,092.40
Plus: Non-operating Revenues	1,273,845,228.40	1,113,810,903.81
Minus: Non-operating Expenses	563,809,870.85	588,741,416.07
IV. Total Profits	24,230,205,821.96	14,913,338,580.14
Minus: Income Tax Expenses	4,353,172,124.31	2,737,268,978.57
V. Net Profits	19,877,033,697.65	12,176,069,601.57
Net Profit Attributable to Owners of the Parent Company	15,098,177,810.01	9,894,696,819.28

(Continued)

Item	Amount of Current Period	Amount of Prior Period
Minority Interests	4,778,855,887.64	2,281,372,782.29
VI. Other Consolidated Income	-635,229,495.12	9,199,056,071.28
VII. Total Consolidated Income	19,241,804,202.53	21,375,125,672.85
Total Consolidated Income Attributable to Owners of the Parent Company	14,446,940,586.83	19,016,038,483.92
Total Consolidated Income Attributable to Minority Shareholders	4,794,863,615.70	2,359,087,188.93



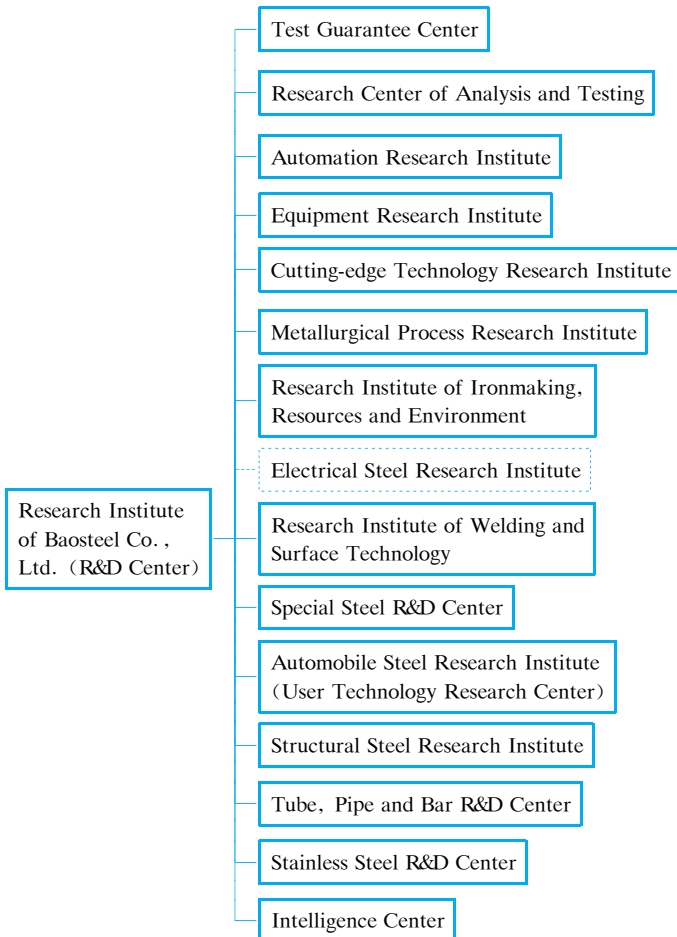
Research and Development

In 2010, the R&D (research and development) investment rate was 2.0% and the sales rate of new products was 18.55%; 1,825 patent applications (including 592 invention patents) were reviewed and approved.

Research Institutes

By the end of 2010, research institutes affiliated to Baosteel included the Research Institute of Baost-

el Co., Ltd. (R&D Center), R&D Center of Meishan Iron & Steel, R&D Center of Baosight Software, and R&D Center of Shanghai Baosteel Chemical Co., Ltd.. Research Institute of Baosteel Co.,



Setup of Research Institute of Baosteel Co., Ltd.

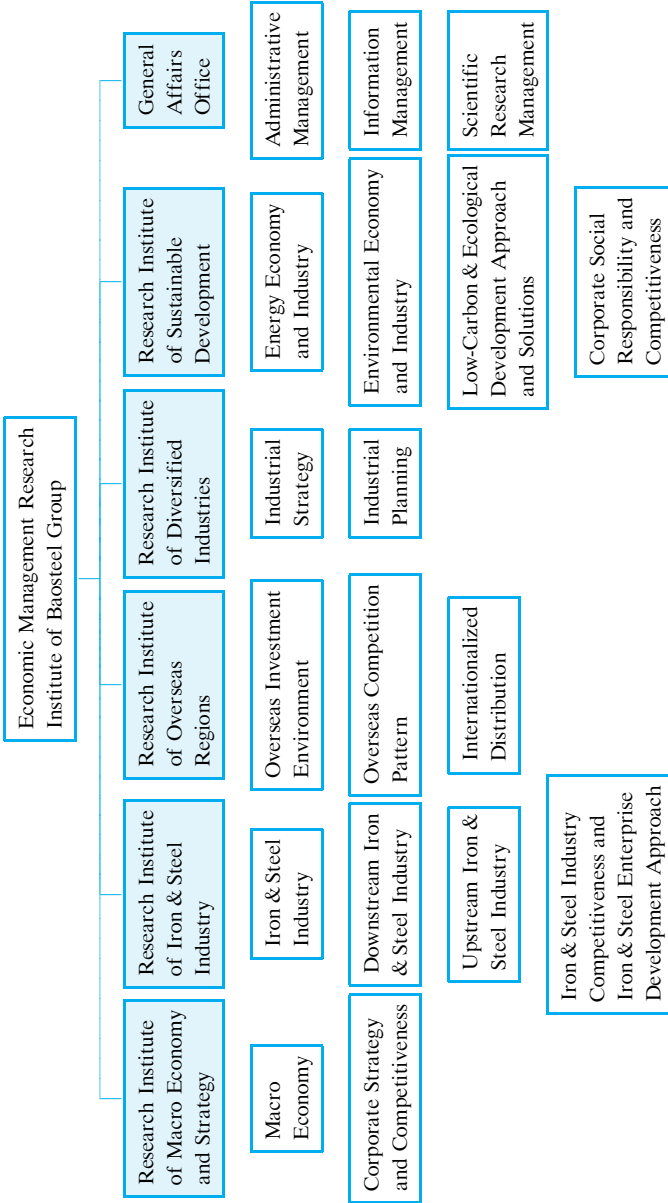
Ltd. (R&D Center) deals with R&D of carbon steel, stainless steel, special steel and so on, and provides various subsidiaries (branches) with the services of development and technical support for new products, processes, technology and equipment.



Economic Management Research

Economic Management Research Institute of Baosteel Group (hereinafter referred to as “Economic Management Research Institute”), a professional institution engaged in research on soft science, aims to provide consultation over the strategic decision-making, industrial development and operations management. Its principal tasks lie in identifying industrial opportunities, exploring growth approaches and optimizing competition strategies. By the end of 2010, 5 institutes and 1 office had been set up under the Economic Management Research Institute.

In 2010, the Economic Management Research Institute carried out research on production, operation and risk control, planning adjustment and investment decision-making, environmental management, international expansion, and diversified industries development, and new industrial opportunities discovery, completing 21 soft science research projects and a-



achieving 240 research findings.



Investment and Construction

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

Main Equipment for the 1st- and 2nd- phase Projects

Equipment	Specifications	Quantity
Blast Furnace	4,063 m ³	2
Sintering Machine	450 m ²	2

(Continued)

Equipment	Specifications	Quantity
Coke Oven	50-hole	8
Converter	300 tons	3
Seamless Steel Tube Mill	140 mm in diameter	1
Blooming Mill	1,300 mm	1
Hot Continuous Rolling Mill	2,050 mm	1
Cold Continuous Rolling Mill	2,030 mm	1
Two-strand Continuous Slab Caster	1,930 mm	2
Thermal Generator Set	350,000 KW	2

After having been put into production for less than 10 years, Baosteel not only paid off in advance the loan of RMB 7.5 billion and all the interests (Except for the loan of RMB 7.5 billion, the original capital invested directly by the State on Baosteel reached RMB 20.5 billion.) but also constructed the 3rd phase project with self-raised funds.

The budgetary estimate of the 3rd phase project was RMB 62.34 billion. After the unimplemented project (RMB 2.481 billion for high-grade silicon steel) was excluded, the actual final accounts amounted to RMB 52.528 billion, approximately RMB 7 billion less than the budgetary estimate approved originally. The 3rd phase project was designed to pro-

duce 3.25 million of iron each year and 4.29 million tons of (molten) steel (including 1 million tons of electric furnace steel), 2.914 million tons of steel products (including 400,000 tons of tin-plated steel coils, 325,000 tons of middle- and low-grade cold-rolled silicon steel sheets, 350,000 tons of hot galvanized steel sheets, 250,000 tons of electro-galvanized steel plates, 450,000 tons of common cold-rolled steel coils and 1.139 million tons of hot rolled steel coils) and 960,000 tons of commercial steel billets.

Main Equipment for the 3rd Phase Project

Equipment	Specifications	Quantity
Blast Furnace	4,350 m ³	1
Sintering Machine	450 m ²	1
Coke Oven	50-hole	4
Converter	250t top-bottom combined blowing	2
Two-strand Continuous Slab Caster	1,450 mm	2
DC Arc Furnace	150t dual furnace shells	1
Round Billet Continuous Caster	Six strands	1
Hot Continuous Rolling Mill	1,580 mm	1
Cold Continuous Rolling Mill	1,420 mm	1
Cold Continuous Rolling Mill	1,550 mm	1
Generator Set	350,000 KW	1
Thermoelectric Device	145,000 KW	1

Technical equipment for the 1st phase project of Baosteel was introduced in a whole-set manner, and the localized equipment accounted for merely 12%. However, it was raised to 80.05% in the 3rd phase project. The 1st, 2nd and 3rd phase projects of Baosteel were designed to produce 11 million tons of steel, 9.75 million tons of iron and 7.136 million tons of steel products on the basis of the overall scale, which ranks it among the modern iron and steel enterprises at a super-scale level of ten million tons in the world.

After consolidation and reorganization of the iron and steel enterprises in Shanghai in 1998, Baosteel formulated a unified iron & steel development plan in accordance with the requirements of building itself into a refined steel base, and a R&D base of new technologies, processes and materials. Therefore, on the one hand, outdated equipment in old enterprises was eliminated; on the other hand, significant capital was invested to accelerate the modernization drive.

From 1998 to 2006, Baosteel eliminated and/or cut down its backward ironmaking capacity by 4.93 million tons (including an iron-melting capacity of 4.6 million tons), its backward steel-making capacity by 6.08 million tons and its backward rolling capacity by about 5 million tons. In 2008, Meishan Iron & Steel of Baosteel Co., Ltd. eliminated its coking capacity by 1 million tons. In 2009, it eliminated the

iron-making capacity of 2 million tons. The corporate adjustment and transformation project undertaken by Shanghai No. 2 Iron & Steel Co., Ltd. of Baosteel Group was listed as one of the priority projects of Shanghai in the sphere of industrial restructuring for 2009. On June 25, 2010, all of its production lines witnessed suspension of operation.

**Main Projects Constructed During
the Period from 1999 to 2009**

Company	Project Name	Commencement Time	Completion Time
Baosteel Co., Ltd.	Majishan Harbor Project	Dec. 2005	Oct. 2007
Baosteel Co., Ltd.	Project of Relocated Overhaul for No. 2 Blast Furnace	Aug. 2003	Jan. 2005
Baosteel Co., Ltd.	Heavy Plate Mill and its Supporting Continuous Casting Project	Sep. 2002	Mar. 2005
Baosteel Co., Ltd.	1800 Cold Rolling Steel Strip Project	Sep. 2002	Jun. 2005
Baosteel Co., Ltd.	HFW Project	Aug. 2004	Oct. 2005
Baosteel Co., Ltd.	LSAW(UOE) Project	Feb. 2006	Jan. 2008

(Continued)

Company	Project Name	Commencement Time	Completion Time
Baosteel Co., Ltd.	Third Hot Rolling Project	May. 2005	Mar. 2007
Baosteel Co., Ltd.	Fifth Cold Rolling Project	Jan. 2006	Sep. 2008
Baosteel Co., Ltd.	No. 4 Generator Set Project	Apr. 2006	Mar. 2008
Baosteel Co., Ltd.	Project of Technical Revamping of No. 3 Color-coating Unit	Mar. 2003	Aug. 2004
No. 1 Iron & Steel Co., Ltd.	Stainless Steel Project	Nov. 2001	Apr. 2004
No. 5 Iron & Steel Co., Ltd.	Alloy Module Project	Mar. 2000	Dec. 2002
No. 5 Iron & Steel Co., Ltd.	Project of Silver Bright Materials for Special Steel	Aug. 2000	Jun. 2002
NO. 5 Iron & Steel Co., Ltd.	Stainless Steel Long Profile Project	Jun. 2001	June 2004
No. 5 Iron & Steel Co., Ltd.	Alloy Steel Bar Revamping Project	Jan. 2003	Dec. 2005
Shanghai Meishan Co., Ltd.	Revamping Project for Hot Rolling Technology	Nov. 2000	Dec. 2003

(Continued)

Company	Project Name	Commencement Time	Completion Time
Yichang Steel Strip	Revamping Project for Cold Rolling Technology	Nov. 2003	2005
Pudong Iron & Steel	Luojing Relocation Project	Jun. 2005	May 2008
Bayi Iron & Steel	Blast Furnace Project		Feb. 2008
Ironworks of Baosteel Co. , Ltd.	Overhaul Project of No. 1 Blast Furnace	Apr. 15, 2007	Feb. 15, 2009
Cold Rolling Plant of Baosteel Co. , Ltd.	New Construction of Cold Rolling Continuous Annealing Unit	Mar. 2008	Dec. 2009
Special Steel Business Unit of Baosteel Co. , Ltd.	Steckel Mill Project	Sep. 2007	Dec. 2009
Meishan Iron & Steel of Baosteel Co. , Ltd.	Technical Revamping Project of Relocated Overhaul for No. 1 & 3 Blast Furnaces	May 16, 2007	May 12, 2009
Meishan Iron & Steel of Baosteel Co. , Ltd.	Structural Adjustment Project of 1422 mm Hot Rolling Products	Mar. 26, 2007	Oct. 2009

(Continued)

Company	Project Name	Commencement Time	Completion Time
Zhanjiang Longteng Logistics of Guangdong Iron & Steel	Pelletizing Project	Dec. 2008	Sep. 27, 2009
Ningbo Steel	Wufengtang Coke Oven Project	May 2007	Nov. 2009

In 2010, Baosteel Group Corporation achieved a fixed assets investment of RMB 20.64 billion.

Major Projects Launched into Production in 2010

Company	Project Name	Commencement Time	Completion Time
Stainless Steel Business Unit of Baosteel Co., Ltd.	Follow-up Project of Cold Rolling Stainless Steel Strip	Nov. 2007	2010
Baosteel Co., Ltd.	Two-step Implementation Project for Luojing	Feb. 2008	2010
Baosteel-NSC/ARC ELOR Automotive Steel Sheets Co., Ltd.	New Construction of Hot Galvanizing (GA) Production Line	Mar. 15, 2008	Feb. 2010

Major Projects under Construction in 2010

Company	Project Name	Commencement Time	Estimated Completion Time
Tube, Pipe and Bar Business Unit of Baosteel Co., Ltd., Nantong Baosteel Iron & Steel	Product Mix Adjustment and Its Supporting Project	Aug. 2008	Jan. 2011
Tube, Pipe and Bar Business Unit of Baosteel Co., Ltd.	Project of Relocation and Product Structure Adjustment for Lubao Steel Pipe Co., Ltd.	May 2008	Apr. 2011
Tube, Pipe and Bar Business Unit of Baosteel Co., Ltd.	Comprehensive Renovation of the Finishing Area for Seamless Steel Pipes	Dec. 2010	
Special Steel Business Unit of Baosteel Co., Ltd.	Forging Plant Expansion and Renovation	Mar. 2010	Sep. 2011
Baosteel Co., Ltd.	Follow-up Project of Oriented Silicon Steel	Mar. 2010	
Meishan Iron & Steel of Baosteel Co., Ltd.	Two-Step Project for Meishan Iron & Steel	2010	

Main Award-Winning Projects from 1998 to 2010

Project Name	Time	Award	Conferred by
1,580 mm Hot Rolling Project of Baosteel	1998	Quality Model Project	Ministry of Metallurgical Industry
Round Billet Continuous Casting Project of Baosteel	1998	Quality Model Project	Ministry of Metallurgical Industry
1,580 mm Hot Rolling Project of Baosteel	1998	Luban Award of Chinese Construction Project (National Supreme Quality Project)	Ministry of Housing and Urban-Rural Development of the People's Republic of China (MOHURD), China Construction Industry Association (CCIA)
The Third Phase Coking project of Baosteel	1999	Quality Model Project	Ministry of Metallurgical Industry
The Third Phase Sintering project of Baosteel	1999	Quality Model Project	Ministry of Metallurgical Industry
1,420 mm Cold Rolling Steel Strip Project of Baosteel	1999	Quality Model Project	Ministry of Metallurgical Industry

(Continued)

Project Name	Time	Award	Conferred by
Project of 150-ton Electric Furnace Main Body of Baosteel	1999	Quality Model Project	Ministry of Metallurgical Industry
The Third Phase Coking Project of Baosteel	1999	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA
Project of (High Speed Wire Rod) Blooming Expansion	2000	Quality Model Project	Ministry of Metallurgical Industry
Project of The Third Phase Oxygen Station of Baosteel	2000	Quality Model Project	Ministry of Metallurgical Industry
Project of 1,420 mm Cold Rolling Steel Strip of Baosteel	2000	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA
1,550 mm Cold Rolling Project of Baosteel	2001	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA

(Continued)

Project Name	Time	Award	Conferred by
Hot Rolled Coil Project of Stainless Steel and Carbon Steel for Baosteel Group No. 1 Iron & Steel	2005	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA
Hot Rolled Coil Project of Stainless Steel and Carbon Steel for Baosteel Group No. 1 Iron & Steel	2005	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Stainless Steel Long Profile Project of Baosteel Group No. 5 Iron & Steel	2005	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Wide and Heavy Plate Rolling Mill Project of Baosteel	2006	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA
Wide and Heavy Plate Rolling Mill Project of Baosteel	2006	Silver Prize of National Supreme Quality Project	Examination Committee of the National Engineering Construction Quality Award

(Continued)

Project Name	Time	Award	Conferred by
The Fourth Phase Technical Transformation Project for the Cold Rolled Stainless Steel Sheet of Ningbo Baoxin Stainless Steel Co. , Ltd.	2006	Silver Prize of National Supreme Quality Project	Examination Committee of the National Engineering Construction Quality Award
Wide and Heavy Plate Rolling Mill Project of Baosteel	2006	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Continuous Casting Project of Heavy Slabs of Baosteel	2006	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Project of Relocated Overhaul for No. 2 Blast Furnace of Baosteel	2006	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
1,800 mm Cold Rolled Steel Strip Project of Baosteel	2006	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association

(Continued)

Project Name	Time	Award	Conferred by
Project of Additional Construction of No. 3 Color-coating Unit for Baosteel Cold Rolling Plant	2006	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Technical Transformation Project for Hot Rolled Coils of Stainless Steel and Carbon Steel of No. 1 Iron & Steel Co., Ltd.	2007	Gold Prize of National Supreme Quality Project	Examination Committee of the National Engineering Construction Quality Award
Project of Relocated Overhaul for No. 2 Blast Furnace of Baosteel	2007	Gold Prize of National Supreme Quality Project	Examination Committee of the National Engineering Construction Quality Award
1,800 mm Cold Rolled Steel Strip Project of Baosteel	2007	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA
Project of Straightly-welded Pipes for Oil and Gas	2007	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association

(Continued)

Project Name	Time	Award	Conferred by
1880 mm Hot Rolled Steel Strip Project of Baosteel	2008	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA
1880 mm Hot Rolled Steel Strip Project of Baosteel	2008	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
COREX Iron-making Main Unit Project in Relocation of Pudong Iron & Steel to Luojing	2009	Luban Award of Chinese Construction Project (National Supreme Quality Project)	MOHURD, CCIA
COREX Iron-making Main Unit Project in Relocation of Pudong Iron & Steel to Luojing	2009	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Rolling Project of the Pudong Iron & Steel Relocation Project	2009	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Slab Continuous Casting Project of the Pudong Iron & Steel Relocation Project	2009	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association

(Continued)

Project Name	Time	Award	Conferred by
Optimization Project of Long Billet System for Baosteel Co., Ltd.	2009	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Project of (Large-caliber) Straightly-welded Pipes for Oil and Gas	2009	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
No. 5 Cold Rolled Steel Strip Project of Baosteel (Phase I)	2010	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Addition of Continuous Annealing Machine Sets in Baosteel Cold Rolled Steel Sheet Mill	2010	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association



Environmental Management

Baosteel Group Corporation chose to conduct pilot experiment on energy management system certification in Baosteel Co., Ltd. (headquarters) and Baotian Company under Baosteel Development Co.,

Ltd. in 2010 in order to improve the energy management system operation level as required by the national energy management policy and Baosteel's environmental management strategy. Baosteel Co., Ltd. (headquarters) became the first GB/T23331 – 2009 certified iron and steel company in China, and Baotian Company was among the first construction materials companies that passed the energy management system certification.

Building of Energy and Environmental Management System

Work Plan of Promoting Cleaner Production Evaluation has been made and 20 companies will be evaluated in terms of cleaner production from 2010 to 2012 according to the Plan.

Baosteel Co., Ltd. strengthened its responsibility system for environmental protection management areas and established a responsibility system for the river area in the headquarters' plant. It launched a project to improve the general environment of the steel slag yard and established an environmental risk prevention system for Baosteel Co., Ltd..

Bayi Iron & Steel passed the certification of environmental management system (ISO14001) in 2005. In 2010, it prepared the Environment Monitoring Management Methods and implemented the system of

publishing environmental pollution observation information on a daily basis and analyzing environmental problems on a monthly basis.

Ningbo Steel strengthened the management of major pollution sources, controlled the flying dust at stock yard and transshipment station, and strengthened the management of civilized construction and road transportation.

Informatization for Energy Conservation and Emission Reduction

Part of the Large Baosteel Energy Center Project were completed. The circulation of resources among iron and steel units in Baoshan District ensured the stable supply for all units. System indexes were optimized through integrated management of energy dispatch, and the large energy system yielded a profit of RMB 120 million in 2010.

As to Baosteel's automatic environmental monitoring and information management system, the 1st and 2nd phases were completed and the project system design for remaining work was started. The system has realized online monitoring of major environmental protection indexes (overall air quality and wastewater discharge, fume gas emission at main pollution sources and boundary noise, etc.) of the plant directly under Baosteel Co., Ltd. (including the

plant in Luojing) and stainless steel, special steel and chemical units as well as Meishan Iron & Steel and video monitoring of major areas (i. e. , steelmaking, ironmaking and stock yard area; the area of stainless steel and special steel units where the smoke is generated or where there is any unorganized discharge).

The 1st phase of Baosteel Solid Waste Management System was completed which included all points where the industrial solid waste containing iron was produced in the plant directly under Baosteel Co. , Ltd. 280 kinds of solid waste were under online management. 10 logistics maps were generated, covering ironmaking process, steelmaking process, steel rolling process, general process, steel slag, blast furnace slag, dust and sludge containing iron, oxidized iron sheet and all product categories. The logistics information of solid waste throughout the whole process from the point where it is produced to the point where it is put back to production or to the point where it is delivered is now under online management.

Promotion of Green Purchase

Baosteel Co. , Ltd. created the lists of preferential purchase, restricted purchase and forbidden purchase, and sorted 70,000 code catalogs with an aim to

prolong service life, reduce energy consumption, conserve energy, reduce emission and recycle materials. It prepared a guide for green purchase and promoted 36 green purchase projects including green lighting in the plants.

Baosteel Co., Ltd. made the action plan of green product technology and marketing focused on environmental management and oriented to the needs of customers. 5 large categories of environmentally friendly new products (thin carbon steel plate, heavy carbon steel plate, stainless steel, special steel, and tube pipe & bar) covering 283 designations were developed (the ratio of environmentally friendly products were up to 85%) and 1.86 million tons of new products were produced.

Energy and Environmental Management

During the “11th Five-year Plan” period, Baosteel Co., Ltd., Shanghai Pudong Iron & Steel Co., Ltd., Meishan Iron & Steel Co., Ltd., Nantong Baosteel Iron & Steel Co., Ltd. and Bayi Iron & Steel under Baosteel Group all exceeded the energy saving target set in an energy saving plan involving over 1,000 companies as agreed with the National Development and Reform Commission. Environmental performance of energy of iron and steel enterprises under Baosteel Group in 2010 is as follows:

**Environmental Performance of Energy of
Iron and Steel Enterprises**

Index name	Percentage of Decrease in 2010 Compared with 2009		
	Baosteel Co., Ltd.	Bayi Iron and Steel	Ningbo Steel
Comprehensive energy consumption per ton of steel	3.4%	10.1%	9.1%
Fresh water consumption per ton of steel	1.3%	18.7%	59.0%
SO ₂ emission per ton of steel	38.1%	26.5%	35.9%
COD emission per ton of steel	10.3%	46.6%	3%
Dustfall (ton/km ² • month)	-0.9%	39.4%	4.4%

Environmentally Friendly Products

Market- and customer satisfaction-oriented, Baosteel optimizes its product structure, improves the product quality and level, and vigorously develops environmentally friendly products, implements “green operation” and builds a “Green Baosteel”.

**Baosteel's Environmentally Friendly Products with
Energy Conservation, Consumption Reduction
and Low Carbon Emission**

Industry	Main Types	Effect in Energy Conservation, Consumption Reduction and Low Carbon Emission
Automobile	Thin plate, steel wire and rod, laser tailor welded plate	Light weight, safety, and simplified processing
Food and beverage	Double cold rolled plate, DI plate	Reduce the weight of beverage cans
Home appliances	Color-coated plate, electrical steel, galvanized plate	Simplify the processing and improve the motor efficiency
Electric power and energy	Boiler pipe, pipeline steel	Improve the power generation efficiency and energy delivery efficiency
Architecture and civil engineering	Heavy plate	Improve the construction efficiency

**Baosteel's Environmentally Friendly Products of
"Environmental Protection" Category**

Industry	Main Types	Effect in Environmental Protection
Automobile	Galvanized plate, composite plate	Reduce noises and vibration
Home appliances	Galvanized plate, color-coated plate	No substances harmful to the environment

**Baosteel's Environmentally Friendly Products of
"Recycled and Service Life Prolonged" Category**

Industry	Main Types	Effect in Recycling and Prolonged Service Life
Automobile	High strength galvanized steel	Prolong service life and reduce obsolescence
Home appliances	Galvanized plate, color-coated plate	Prolong service life and reduce obsolescence
Electric power and energy	Boiler pipe, high strength steel	Prolong service life and improve power generation efficiency
Architecture and Civil and Engineering	Enameled steel, structural steel, steel wire, fire- and weather-resistant steel, steel pipe, color-coated steel plate	Prolong service life

Comprehensive Utilization

List of Comprehensive Utilization of Solid Waste Resources of Iron and Steel Enterprises (2010)

Index name	Unit	Baosteel Co. , Ltd.	Bayi Iron and Steel	Ningbo Steel
Ratio of comprehensively utilized solid waste resource	%	98.58	84.63	90.33
Ratio of solid waste resource recycled and reused in production	%	26.04	16.29	26.02

Table of Comprehensive Utilization Information

Name (Type)	Used Quantity of 2009	Used Quantity of 2010
Granulated slag (Provided for Baotian Company)	1.63 million tons	1.94 million tons
Mineral powder	1.59 million tons	1.8 million tons
Admixture	17,300 tons	16,500 tons
Fly Ash	322,000 tons	343,000 tons
Desulfuration slag	76,200 tons	76,300 tons
Waste oil (recycled purified oil and renovated oil drum)	2,080 tons	500 tons

List of Baosteel's Awards for Comprehensive Utilization in 2010

Name (Type)	Awarding Entity	Prize Level
Manufacturing method of an ultrafine slag micropowder	The 19 th National Invention Exhibition	Bronze medal
Baosteel's research and application technology of the preparation of commercial mortar with cylinder slag	The 22 nd Shanghai Invention Competition	Gold medal
Use of dry slag from furnace bottom as concrete admixture and the preparation method of concrete admixture	The 22 nd Shanghai Invention Competition	Gold medal

(Continued)

Name (Type)	Awarding Entity	Prize Level
Renovation project for comprehensive utilization of blast furnace slag of Baosteel Development	Shanghai Municipal Commission of Economy and Informatization	Listed as major technological innovation project of Shanghai in 2010
Renovation project for comprehensive utilization of blast furnace slag of Baosteel Development	General Office of Ministry of Finance of the P. R. C.	Listed as recycling economy project funded by state-owned capital operation budget in 2010

Environmental Greening

In 2010, 12 environmental rectification and greening projects were completed in the main plant area of Baosteel Co., Ltd., and an area of 93,000 m² was made green and rectified. In addition, green areas in development zone of the plant and mudflat were increased by 18,000 m²; green areas in stainless steel business unit were increased by nearly 90,000 m²; the special steel business unit implemented 6 small greening projects whereby an area of 2,000 m² was greened, bringing the total green area to 708,000 m² and green area ratio to 28.52%; Meishan Iron & Steel

Co., Ltd. rectified the environment of its plant, with a greening area of 100,000 m².

Bayi Iron and Steel launched and completed 13 greening and environmental rectification projects in a year. 395,100 trees of all kinds were planted and 8,369 trees were transplanted; 23,500 m² lawns were created; green areas were increased by 987,000 m²; green area ratio of the plant was 46.15% and that of the living area was 54.4%.

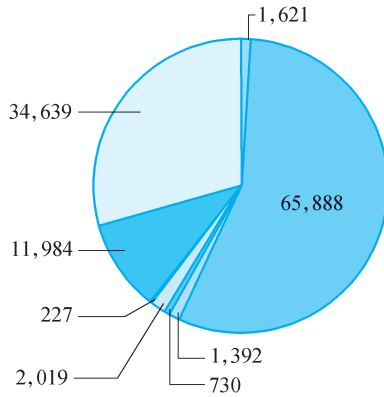
By the end of 2010, green areas in the plant of Ningbo Steel were 600,000 m², of which 516,000 m² were in the main plant and 86,800 m² were in Wufengtang Coking Plant, with green area ratio of the whole company being about 21%. There were more than 50 kinds of plants in the park and they were mostly pollution resistant evergreen shrubs that can well suppress the dust and easily grow.



Human Resources

1. Composition of employees





- 1,621 employees in the headquarters of the Group
- 65,888 employees in the primary business of iron and steel
- 1,392 employees in coal chemical industry
- 730 employees in resource development and logistics industry
- 2,019 employees in extended steel processing industry
- 227 employees in financial investment industry
- 11,984 employees in engineering & technology service industry
- 34,639 employees in production services industry

Staff Distribution in Various Industrial Units

2. Staff Information

Information of On-the-job Employees of 2010

Total number of on-the-job employees: 103, 653

By work nature	By educational background				By age			
	Managers	9,263	9.0%	Technical personnel	25,949	25.0%	Operators	68,441
			Postgraduates	4,613	4.5%			
			Undergraduates	20,056	19.4%			
			Junior college education	28,291	27.3%			
			Vocational education or high school education	35,615	34.4%			
			Junior high school education or below	15,078	14.4%			
						35 or under	34,426	33.2%
						36 - 45	37,833	36.5%
						46 - 55	28,667	27.7%
						56 or over	2,727	2.6%

Information of Professionals of 2010

Total number of professionals: 30,917

By professional qualification	By educational background		By age		
	Senior	3,640	11.8%	35 or under	12,527
Intermediate	9,835	31.8%	36 - 45	10,186	33.0%
Junior	8,883	28.7%	46 - 54	6,713	21.7%
Unevaluated	8,559	27.7%	Vocational education or below	2,603	8.4%
			Junior college	8,139	26.3%
			Undergraduate	16,292	52.7%
			Postgraduates	3,883	12.6%
			55 or over	1,491	4.8%

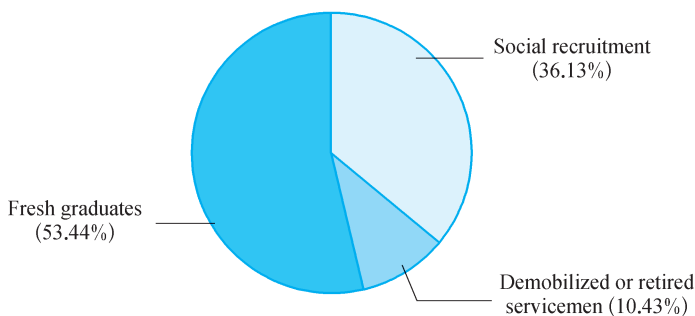
Information of Skilled Talents of 2010

Total number of Skilled Talents: 52, 843

By skills level	By educational background	By age		
		35 or under	36 - 45	46 - 55
Senior Technicians	Postgraduates	4	20,848	1,780
Technicians	Undergraduate	2,464	20,848	15,159
Senior workers	Junior college	15,162	20,848	15,159
Intermediate workers	Vocational education or below	35,213	20,848	15,159
Junior workers			28.5%	28.7%
			39.5%	3.3%
			66.6%	
			4.7%	
			0.0%	
			16.7%	
			31.9%	
			43.7%	
			6.6%	
			1.2%	

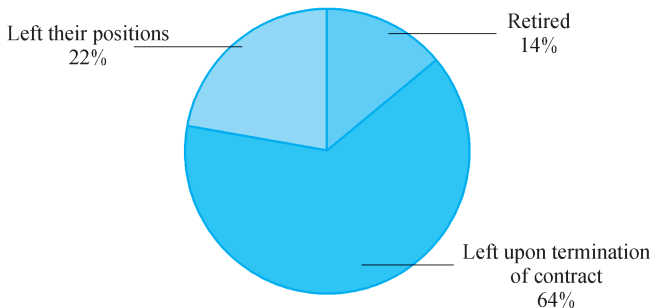
3. Staff recruitment

The total number of newly recruited employees in 2010 was 1,716, an increase of 42% compared with the same period of the previous year, among which 620 were recruited from the society, 179 were demobilized or retired servicemen and 917 were recruited from the campus (including 329 people with undergraduate education or above).



Recruitment Information

Among the 3,177 leavers in 2010, 447 retired, 685 left their positions and 2,045 left upon termina-



Information of Leavers

tion of contract.

4. Employees' Health

- 98.5% of the employees took a leave in 2010, and this number was close to that of 2009.
- Over 99% of the employees received health examination. Physical examination was performed in Baosteel Health Examination Center for 60358 person-times; physical examination was performed due to high body temperature for 6,132 person-times; 1,302 employees received physical examination when recruited; patients were visited at home for 5,000 person-times.
- Outpatient services were given for 60586 person-times, on-site medical treatment was given for 852 person-times, emergency treatment was given for 551 person-times, employees were hospitalized for 2078 person-times, all kinds of treatments were given for 3796 person-times, pre-hospital emergency services were given for 38 person-times, and treatment in the hospital was coordinated for 36 person-times. Health education was given for 19732 person-times and medical consultancy was given for 11542

person-times.



Development of Human Resources

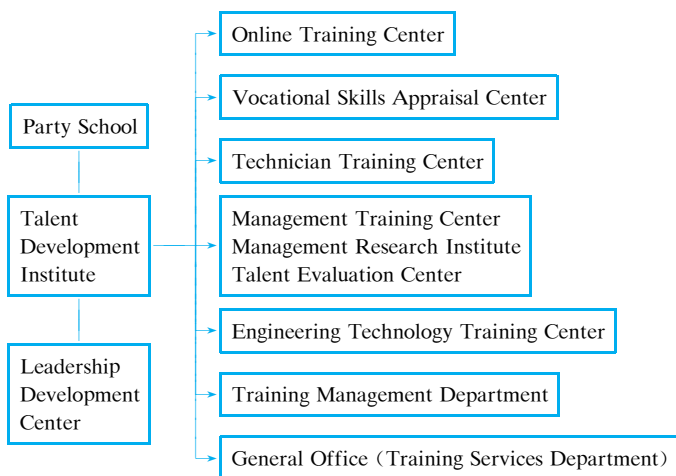
Baosteel's educational and training work is chiefly undertaken by Baosteel Talent Development Institute which is not only an educational and training base for Baosteel employees, but also the enterprise's management research base and innovative activity base for employees. It performs the function of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

Baosteel has a group of full-time teachers involved in extensive fields. Among the 175 employees in the Talent Development Institute, over 80% have received undergraduate education or above, and over 20% have received postgraduate education. The ratio of full-time training personnel in Talent Development Institute as well as Bayi Iron & Steel Party School, Meishan Iron & Steel Training Center and all subsidiaries to all employees is 1:340, which means 1 full-time training person is available for every 340 employees in Baosteel, a number equivalent to the average number in training institutions of worldwide enterprises published by American Society for Training and Development (ASTD). Additionally, Baosteel has recruited 94 part-time professors inside and out-

side Baosteel, among whom 72 are Baosteel employees and 22 come from Northeastern University, Anhui University of Technology, and Shanghai Jiao Tong University, or the like. Moreover, more than 600 internal part-time teachers participate in the teaching and course development organized by Talent Development Institute.

Baosteel has good training facilities. The 1st phase of functional transformation of Talent Development Institute (located in Yuepu, Baoshan District) was completed in 2009 which had been in service for 30 years and covered an area of 142,000 m². Baosteel Leadership Development Center was completed in Changshu, Jiangsu Province within the year which has an area of 230,000 m² and floor area of 37,000 m² and features advanced training and conference facilities and comfortable living environment. It has been put into use from April of 2011.

Due to fruitful educational and training work, Baosteel was successively awarded as National Excellent Entity in Terms of Employee Education and Training, Excellent Entity in Steel Industry in Terms of Employee Education and Training and one of the Top 10 Chinese Corporate Universities, and was awarded the Martin Award of International Association for Continuing Engineering Education.



Note: The Party School is a department directly under the Party Committee of Baosteel Group Corporation and is incorporated into the Talent Development Institute for integrated operation.

Organizational Chart of Talent Development Institute

In 2010, Talent Development Institute worked together with Baosteel HR departments of various levels to carry out training projects concerning leadership, party building & corporate culture, management, technologies, and skills, such as the “Decision-makers Training” and “Green Apple Initiative”, which provided ideas, knowledge, tools and methods for the enterprise’s strategic approach, management innovation and employee growth. The accumulative number of trained person-days was 495,600 in a year, the training was given for 127,000 person-times, and the average training time per employee was 38.2 credit hours. 37% of the training projects were par-

tially or completely carried out through the Internet.

As the innovative activity base for employees, Talent Development Institute held employee innovation activities for 43 times in 2010 including the innovation forum, innovation salon, achievement release and monographic study, and established the innovation platform for employees and stimulated their innovation potential through the instructions given by “Instructional Volunteers of Employee Innovation Activities” and “Innovation Studio of Baosteel Worker Inventors” and “Employee Innovation Activity Day”.

In 2010, various kinds of trainings were given to employees of Baosteel for 450,000 person-times (training was given by Talent Development Institute for 127,000 person-times). The average training time for each employee was 78.2 credit hours.

**Information of Training Provided by
Talent Development Institute in 2010**

Category	Number of training projects	Number of Training Classes	Number of Person-times	Training Hours	Training Persons/Day
Leadership	33	89	3,745	4,886	23,476
Party building and corporate culture	43	161	13,190	3,447	28,370

(Continued)

Category	Number of training projects	Number of Training Classes	Number of Person-times	Training Hours	Training Persons/Day
Management	125	303	16,763	9,826	53,534
Engineering technology	128	202	6,444	5,384	17,965
Comprehensive management system	30	63	2,124	1,088	4,337
Training of operational and maintenance skills	218	285	8,293	56,327	189,810
On-the-job training in operation and maintenance	17	39	872	985	9,539
Application of computers and foreign languages	34	76	2,072	3,020	10,654
Safety issues concerning special work	21	475	23,736	10,872	64,494
Online training	284	372	49,781	4,969	93,422
Total	933	2,065	127,020	100,804	495,601

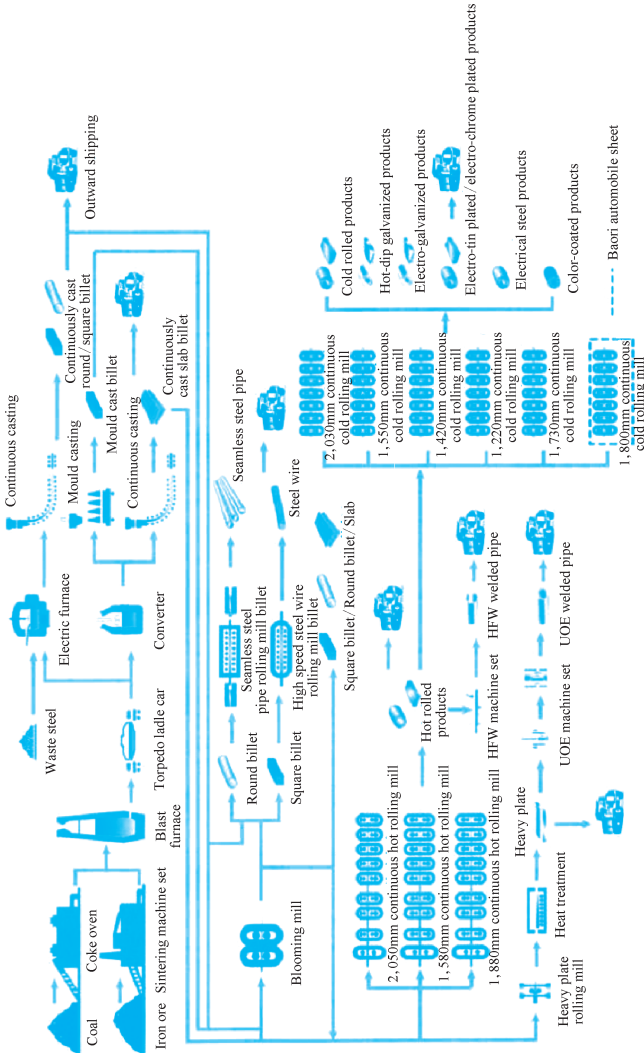
Iron & Steel Industry

Baosteel Co., Ltd. was a core enterprise in Baosteel's primary business of iron and steel. Baosteel realized scale development through the optimization of strategic layout: reorganization with Bayi Iron & Steel in Xinjiang Uyghur Autonomous Region in China's west; reorganization with Guangdong Steel and Shaoshan Iron & Steel Co., Ltd. in Guangdong province in south China; reorganization with Ningbo Steel in Zhejiang province in east China. The iron and steel output of Baosteel Group ranked the 3rd in the world in 2010.

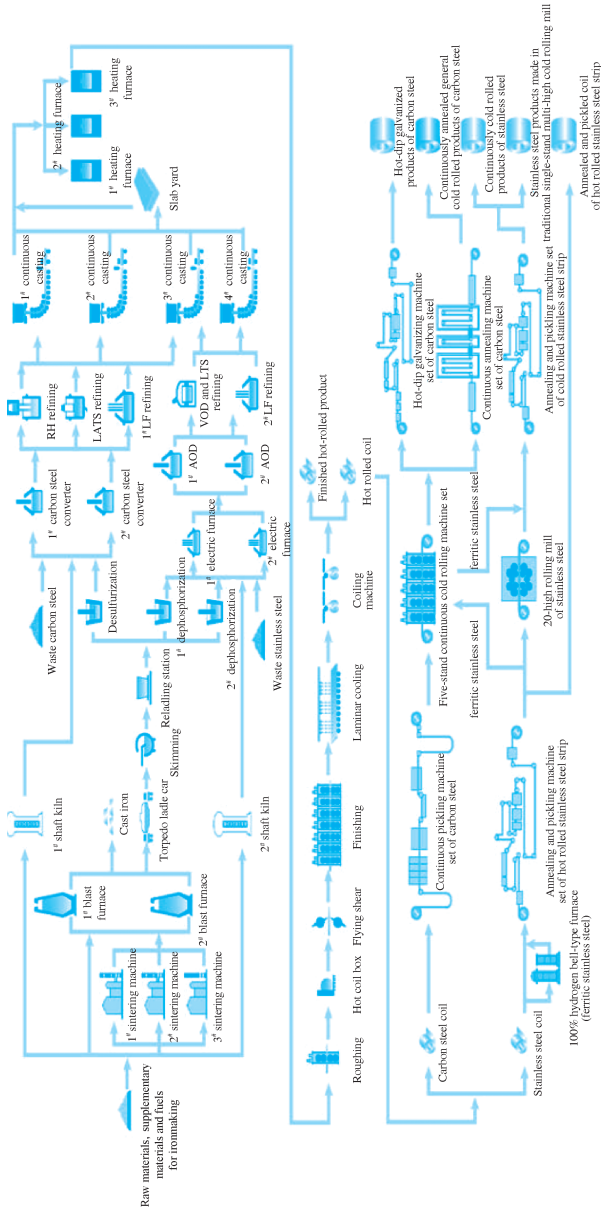


Main Process Flow (Baosteel Co., Ltd.)

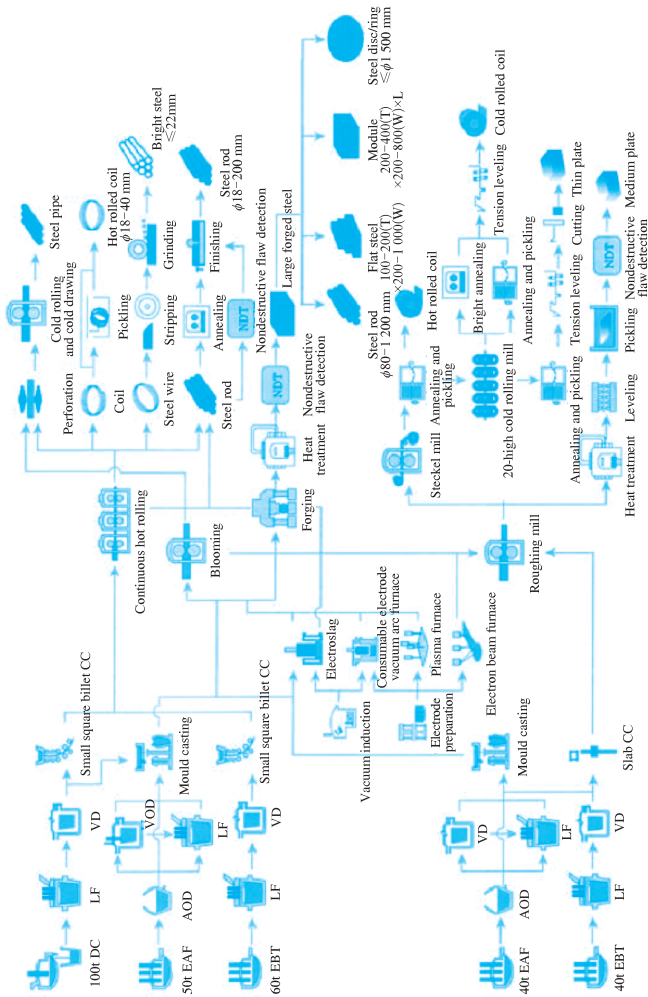
1. Flow chart of carbon steel processes



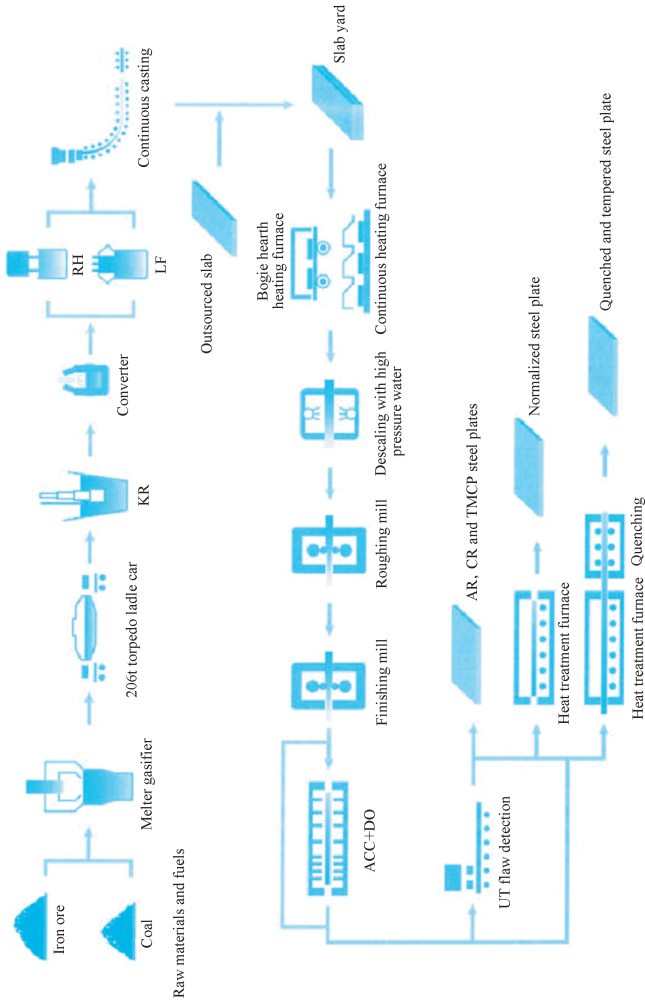
2. Flow chart of stainless steel processes



3. Flow chart of special steel processes



4. Process flow chart for Luojing project of medium and heavy plates





Procurement of Raw Materials of Iron and Steel

The basic task was to secure supply, reduce costs and optimize services. Those purchased were bulk raw materials and fuels, including iron ore, coal, waste steel (pig iron), ferroalloy, and auxiliary metallurgic raw materials. The purchase also involved shipping by sea and domestic distribution.

In response to the change in the raw material market of iron and steel, Baosteel ensured a stable supply of resources through the long-term purchase agreement and investment as well as deepened cooperation with its strategic suppliers and reduced costs throughout the whole process through strengthened market-oriented operation and vigorous promotion of material replacement and development of new resources, to which all employees made a contribution, with an aim to build the “most competitive supply chain of the raw materials of iron and steel”.

Baosteel improved the supplier management system and established a system of full coordination with suppliers; improved the flow system and promoted the precise management to increase the operation capacity and management efficiency; pushed forward transparent purchase by implementing online bidding as well as online inquiry and price comparison.

Imported Raw Materials (Baosteel Co. , Ltd.)

Unit: kiloton

Imported Raw Materials	2006	2007	2008	2009	2010
Iron ore	30,605	32,732	31,792	32,908	36,468
Coal, Coke	570	792	681	1,388	1,398
Scrap carbon steel (Including pig iron)	38	—	53	491	225
Scrap stainless steel	104	119	37	13	0
Nickel	38	21	6	30	13

Raw Materials Purchased in China (Baosteel Co. , Ltd.)

Unit: kiloton

Raw materials purchased in China	2006	2007	2008	2009	2010
Iron ore	462	345	235	0	0
Coal	16,196	16,303	16,493	16,470	17,463
Scrap carbon steel (Including pig iron)	2,948	3,582	2,670	2,211	3,775
Scrap stainless steel	200	135	92	130	222
Nickel	36	30	28	26	39
Limestone	4,040	4,275	4,063	3,989	4,166
Ferroalloy	315	366	375	409	457



Iron and Steel Products

List of Product Output (Baosteel Co. , Ltd.)

Unit: kiloton

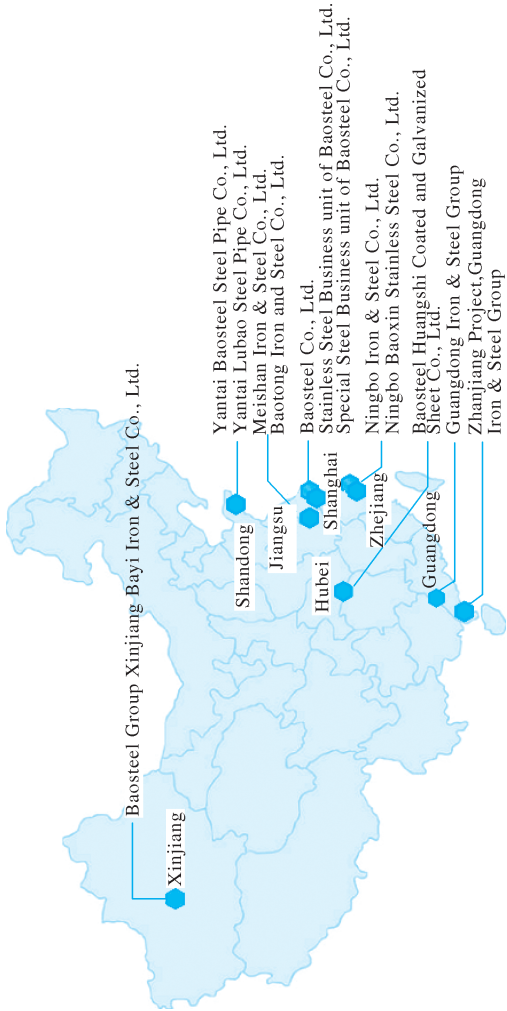
Iron and Steel Products	2006	2007	2008	2009	2010
Pig iron	19,565	21,089	20,392	21,472	23,254
Crude steel	21,741	23,776	23,124	23,856	26,452

Commercial steel billets	2006	2007	2008	2009	2010
Carbon steel	19,372	21,068	21,816	20,864	23,616
Hot rolled	6,333	8,460	8,240	5,827	6,666
Pickled coil	735	739	768	719	
Heavy plate	1,155	1,420	1,859	2,292	2,220
Cold-rolled common carbon structural steel	3,948	3,832	3,692	4,073	4,912
Hot-dip galvanized	1,257	1,328	1,404	1793	2,574
Electrogalvanized	492	470	524	612	757
Color-coated plate	671	608	606	571	609
Tin-plated plate	597	576	655	554	900
Chrome-plated	—	10	70	111	168
Electrical steel	872	907	987	1,165	1,289

(Continued)

Commercial steel billets		2006	2007	2008	2009	2010
	Steel pipe	1,205	1,389	1,445	1,679	1,717
	Steel billet	1,512	634	577	481	777
	High speed wire rod	595	585	525	471	602
	Deformed steel bar	—	112	466	517	425
Stainless steel		1,108	1,018	948	1,258	1,341
	Hot rolled	609	553	489	648	589
	Cold rolled	424	449	437	602	750
Special steel		872	922	815	743	970
Total		21,352	23,008	23,578	22,865	25,927

Baosteel's Iron and Steel Production Bases in China



Key Products

Item	Main application field	Description of use
Automobile sheet	Auto industry	The products can meet the requirements of auto industry in China, Europe, US and Japan for different series of automobile sheets.
Electrical steel	Compressor, EI iron core and motor industry	The products can be supplied on a stable basis to the top six global manufacturers of the air-conditioning compressor.
Cold rolled plate, hot-dip galvanized plate, electro-galvanized plate, electrical steel, pickled plate	Home appliance industry including air conditioner, refrigerator, washing machine, microwave oven, color TV, DVD, and computer.	The products are exported to world renowned enterprises such as Carrier, Electrolux, Whirlpool, and Merloni.
Tin-plated plate (Secondary cold rolled plate, DI plate and K-plate)	Various metal packaging fields. The DI plate is mainly used for the making of pop can.	The products can meet the requirements of renowned domestic and foreign producers of food and beverage such as Coca Cola, Pepsi-Cola, Maling, Wong Lo Kat, and Redbull.

(Continued)

Item	Main application field	Description of use
Pipeline steel, seamless steel pipe	Pipelines for oil and gas distribution as well as pulp distribution, submarine pipeline and pipeline with resistance to corrosion of sulfureted hydrogen	The products can meet the requirements of national key projects.
Hot rolled coil, Wide and heavy plate, deformed steel bar, stranded steel wire, profiled bar	Architecture, bridge, and energy, etc.	The stranded steel wire can meet the requirements of the construction of main cables of suspension bridges inside and outside China.
Shipbuilding steel plate	Floating oil storage vessel, container vessel, liquefied natural gas carrier and ultra large oil tanker, etc.	The wide and heavy shipbuilding steel plate has been certified by 9 main global classification societies.



Iron and Steel Trade

Baosteel has always adhered to the operational philosophy of putting the customers first. While meeting the customers' requirements, Baosteel benchmarks itself against world leading companies to

improve service and management level and competitiveness. Baosteel has established trading subsidiaries and processing and distribution centers in five major regions of China, i. e. East China, North China, South China, Central China and Western China, as well as 26 trading companies and institutions in foreign countries, with products sold to nearly 30 countries and regions in 6 continents.

Sales Volume of Iron and Steel Products

(Baosteel Co., Ltd.)

Unit: kiloton

Iron and Steel Products		2006	2007	2008	2009	2010
Carbon steel		19,393	20,935	21,333	20,658	23,356
	Hot rolled	7,071	9,170	8,697	6,453	6,691
	Wide and heavy plate	1,109	1,444	1,710	2,280	2,191
	Cold rolled	7,855	7,704	7,884	8,839	10,982
	Steel pipe	1,211	1,417	1,470	1,660	1,676
	Steel billet	1,554	612	592	466	795
	Steel wire	593	588	532	461	601
	Deformed steel bar	0	0	448	499	402
Stainless steel		1,151	1,011	965	1,262	1,343
	Hot rolled	647	559	488	639	609
	Cold rolled	429	436	454	613	732
Special steel		878	934	824	762	989
Total		21,422	22,880	23,122	22,682	25,688

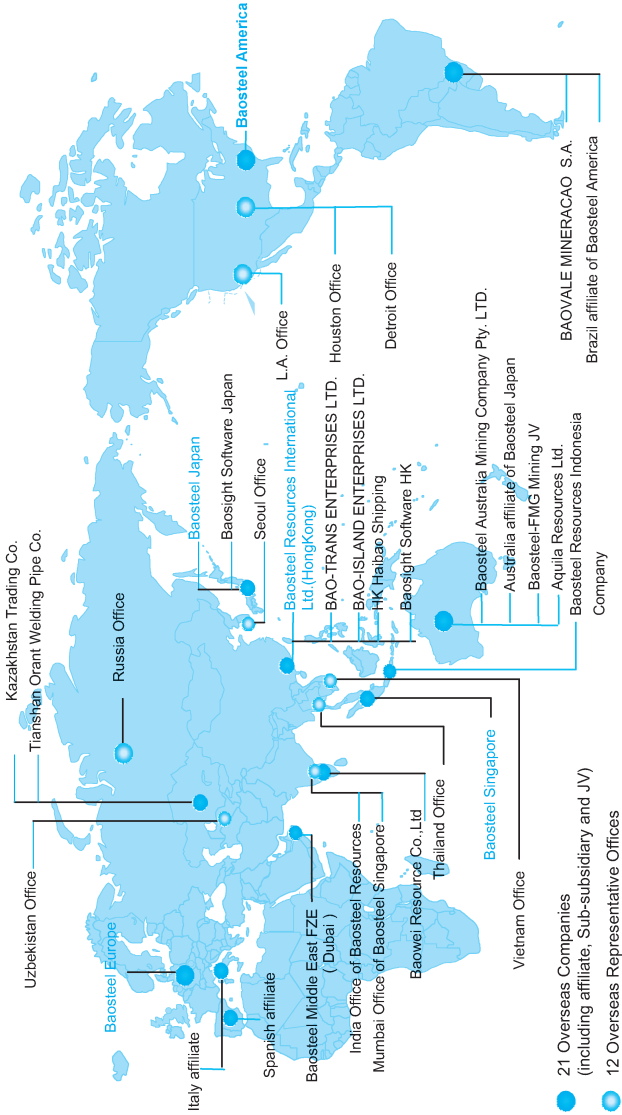
Market Share of Main Products in Domestic Market (Baosteel Co., Ltd.) (%)

Iron and Steel Products	2006	2007	2008	2009	2010
Cold rolled automobile sheet	52	50	50	50	51
Plates for home appliances	37	37	37	37	31
Pipeline steel	29	35	31	33	30
Non-oriented electrical steel	18	17	18	22	21
Alloy tube of high pressure boiler	19	23	22	21	22
Industrial plate of stainless steel	41	27	18	12	10

Sales Volume of Iron and Steel Products in China
(Baosteel Co., Ltd.) Unit: kiloton

Iron and Steel Products	2006	2007	2008	2009	2010
Carbon Steel	16,393	17,209	18,625	19,039	21,254
Hot rolled and heavy plate	8,370	10,029	10,623	7,988	8,089
Cold rolled	5,031	4,988	5,299	8,147	9,987
Steel pipe	996	1,127	1,185	1,494	1,381
Steel billet	1,534	595	581	457	792
High speed steel wire	462	470	937	953	1,005
Stainless steel	1,077	926	902	1,177	1,182
Special steel	767	824	721	739	918
Total	18,237	18,959	20,248	20,955	23,354

Global Network



- 21 Overseas Companies (including affiliate, Sub-subsidiary and JV)
- 12 Overseas Representative Offices

Sales Volume of Iron and Steel Products in Foreign Countries (Baosteel Co., Ltd.) Unit: kiloton

Iron and Steel Products		2006	2007	2008	2009	2010
Carbon steel		2,800	3,446	2,398	1,619	2,102
	Hot rolled and heavy plate	1,400	2,115	1,219	745	793
	Cold rolled	1,034	906	840	692	995
	Steel pipe	215	290	286	166	295
	Steel billet	20	17	11	9	3
	High speed steel wire	131	118	43	7	16
Stainless steel		74	85	63	85	161
Special steel		111	110	103	23	71
Total		2,985	3,642	2,565	1,727	2,334



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

Baosteel Co., Ltd. is a subsidiary controlled by Baosteel Group and was initiated and established solely by Baosteel Group on February 3, 2000. It has been listed for trading on Shanghai Stock Exchange since December 12, 2000, and issued 5 billion additional ordinary shares in 2005 for acquisition of companies under Baosteel Group which operate the pri-

mary business of iron and steel, including Meishan Iron & Steel Co., Ltd., No. 1 Iron and Steel Co., Ltd., and No.5 Iron and Steel Co., Ltd., and quality assets related to the primary business. The total number of shares is 17.512 billion after acquisition and Baosteel Group owns 73.97% of total shares.

Baosteel Co., Ltd. sold 25.261 million tons of commercial billets in 2010, with total operating revenue of RMB 202.41 billion and total profit of RMB 17.08 billion, and with that, it continued to be the industry's best performer in China.

In 2010, Baosteel Co., Ltd. won the following honors: 2010 Top 20 Boards of Directors of Listed Chinese Companies Controlled by State-owned Enterprises, 2010 Top 20 Boards of Directors of Listed Chinese Companies with the Best Fulfillment of Social Responsibility, 2010 Top 20 Boards of Directors of Listed Chinese Companies with the Best Corporate Governance, and 2010 Best Corporate Social Responsibility Report of Metal and Nonmetal Companies Listed on A-share Stock Market. It ranked the 9th among the top 100 Chinese companies in terms of investor relations in the 5th Annual IR Conference, and was awarded as the best listed company in terms of IR innovation.

Main Equipment (Production Line)

Location	Equipment and Specifications	Quantity
Plants and Business Units Directly Under Baosteel Co. , Ltd.	4,966 m ³ blast furnace	1
	4,706 m ³ blast furnace	1
	4,350 m ³ blast furnace	1
	4,747 m ³ blast furnace	1
	300t converter	3
	250t converter	3
	1,930 mm continuous slab caster	2
	2,300 mm continuous slab caster	1
	1,450 mm continuous slab caster	2
	1,750 mm continuous slab caster	1
	2,050 mm continuous hot rolling mill	1
	1,580 mm continuous hot rolling mill	1
	1,880 mm continuous hot rolling mill	1
	2,030 mm continuous cold rolling mill	1
	1,420 mm continuous cold rolling mill	1
	1,550 mm continuous cold rolling mill	1
	1,730 mm continuous cold rolling mill	1
	1,220 mm continuous cold rolling mill	1
	5 m heavy plate rolling mill	1
	4.2 m heavy plate rolling mill	1
COREX-C3000 ironmaking furnace	1	
150t converter	2	

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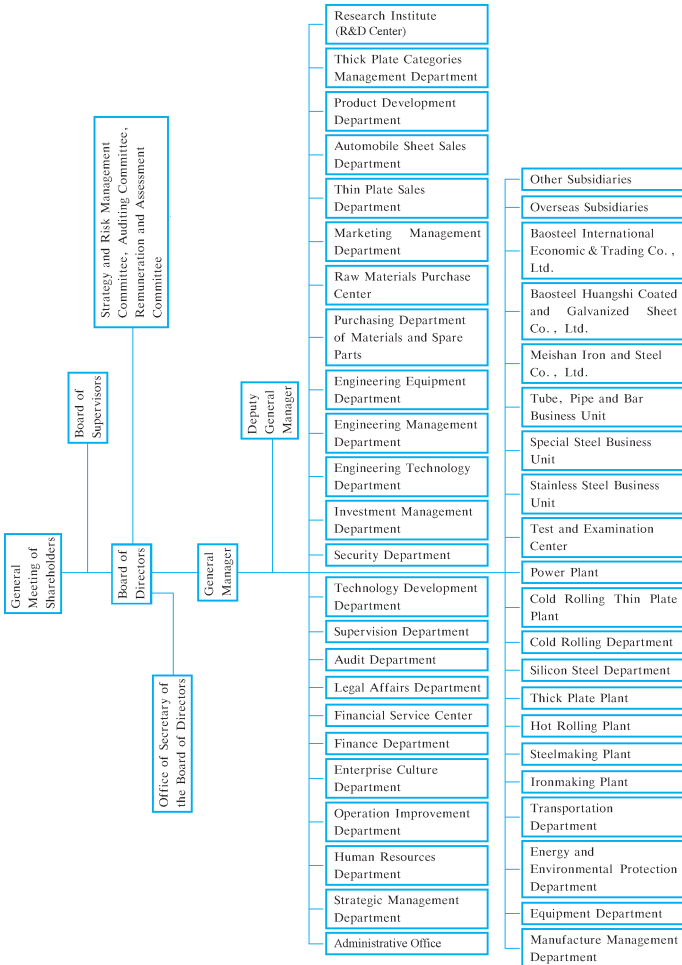
Location	Equipment and Specifications	Quantity
Plants and Business Units Directly Under Baosteel Co. , Ltd.	250 mm continuous slab caster	1
	2-stand 4,200 mm wide and heavy plate rolling mill	1
	Combined-cycle gas and turbine power generation set	1
	Oxygen generation set with 60,000 m ³ oxygen generated per hour	2
Baori Automobile Sheet	1,800 mm continuous cold rolling mill	1
Meishan Steel	3,200 m ³ blast furnace	1
	1,280 m ³ blast furnace	1
	150t converter	3
	1,422 mm continuous hot rolling mill	1
	1,420 mm continuous cold rolling mill	1
Tube, Pipe and Bar Business Unit	140 seamless machine set	1
	HFW welded pipe machine set	1
	UOE welded pipe machine set	1
	Accu-Roll & Expander	1
	460PQF continuous rolling mill	1
	Blooming mill set	1
	High speed steel wire mill set	1
Stainless Steel Business Unit	2,500 m ³ blast furnace; 750 m ³ blast furnace	1 for each
	100t electric furnace	2

(Continued)

Location	Equipment and Specifications	Quantity
Stainless Steel Business Unit	120t stainless steel converter	2
	120t ladle furnace	2
	150t duplex converters for dephosphorization and decarburization	2
	One-strand continuous slab caster	4
	1,780 mm hot rolled steel strip mill set	1
	Annealing and continuous pickling machine set of hot-rolled stainless steel strip	1
	Continuous pickling machine set of carbon steel	1
Special Steel Business Unit	100t electric furnace; horizontal continuous caster	1 for each
	Vacuum induction furnace	1
	4,000t high speed forging press	1
	Hot rolled plate rolling mill, hot rolled plate and coil mill	1 for each
	Main production line of cold rolled plate and coil	1
	Main hot extrusion line	1
	Steel rod rolling mill	1
Ningbo Baoxin Stainless Steel Co. , Ltd.	Pickling machine set	4
	Rolling mill	7
	Finishing mill set	9

(Continued)

Location	Equipment and Specifications	Quantity
Baosteel Huangshi Coated and Galvanized Sheet Co., Ltd.	Pickling machine set, cold rolling mill set, galvanizing machine set	1 for each



Organizational Chart of Baosteel Co., Ltd. (Dec. 2010)



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

Guangdong Iron & Steel is an extra large enterprise group which was incorporated in Guangzhou on June 28, 2008 by Baosteel Group Corporation, State-owned Assets Supervision and Administration Commission (SASAC) of the People's Government of Guangdong Province and SASAC of Guangzhou Municipal Government. Its registered capital was RMB 35.86 billion. Baosteel Group held 80% of its shares through cash investment; Guangdong and Guangzhou SASACs jointly held 20% of its shares through investment in the form of net state-owned assets respectively from Guangdong Shaoguan Iron and Steel Group Co., Ltd. and Guangzhou Iron & Steel Enterprises Group Co., Ltd. .

In June 2008, Guangdong Iron & Steel established Board of Directors and Board of Supervisors and appointed the management. The comprehensive management department, finance department, planning department and Zhanjiang iron and steel project command center was set up under Guangdong Iron & Steel Co., Ltd. which was in the process of reorganization.

The preliminary work of Zhanjiang iron and

steel base project was started on March 17, 2008 after approval of the National Development and Reform Commission, and the command center of Zhanjiang iron and steel project was established in September of the same year. At the end of 2010, the feasibility study of the project was completed; the requisition of land within the red line drawn in the main plant on site and the relocation of residents were completed; field leveling, temporary facility for water and power supply during construction, road project and drain ditch were basically completed.

Zhanjiang Longteng Logistics Co. , Ltd. (abbreviated to Longteng Logistics)

Longteng Logistics was jointly funded by Baosteel Group Corporation, Guangdong Shaoguan Iron and Steel Group Co. , Ltd. , and Zhanjiang Harbor (Group) Co. , Ltd. (previously Zhanjiang Harbor Group Co. Ltd.), and its management was entrusted to Guangdong Iron and Steel by Baosteel Group in November 2008. In September 2009, the pellet project which signaled the start of Zhanjiang iron and steel base project was completed and the trial production was launched. With the total investment of RMB 3.269 billion, the project included a production line of finished pellets with a yearly capacity of 5 million tons and the supporting project.

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

The earliest predecessor of Bayi Iron and Steel was called Xinjiang Military Area Logistics Department Iron and Steel Plant which was established in September 1951 by the People's Liberation Army stationed in Xinjiang through arduous work and frugality. It was named as Xinjiang Military Area Bayi General Iron and Steel Plant on May 20, 1952 and renamed as Xinjiang Bayi Iron and Steel Plant in 1953 after it was handed over to the Industrial Bureau of Xinjiang Uyghur Autonomous Region. On September 27, 1995, Xinjiang Iron and Steel (Group) Co., Ltd. was established with the Xinjiang Bayi General Iron and Steel Plant as the main part and was renamed as Xinjiang Bayi Iron and Steel (Group) Co., Ltd. in November 1999. At the end of 2001, it was renamed as Xinjiang Bayi Iron and Steel Group Co., Ltd.. On January 16, 2007, an agreement on the capital increase and reorganization of the company was executed by Baosteel Group and the government of Xinjiang Uyghur Autonomous Region; on April 28, the company officially became a part of Baosteel Group.

Bayi Iron & Steel has a complete set of produc-

tion processes ranging from mining, mineral separation, sintering and coking to ironmaking, steelmaking and steel rolling. It has Yamansu iron mine and Mengku iron mine in Hami Prefecture and Altay Prefecture of Xinjiang respectively as well as a considerable amount of self-owned iron mine in northern and southern Xinjiang. It also has a coal mine in Ewirgol of Urumqi which mainly produces coking coal. Bayi Iron and Steel also produces products made from iron and steel such as metalware.

Bayi Iron & Steel has an annual steel output of 7 million tons. Its products include long steel products, steel plates and steel pipes, which are mainly sold in Xinjiang and other provinces in western China. Some of the products are also exported to the Central Asia.

In 2010, 6.0101 million tons of iron, 6.7131 million tons of steel and 6.3344 million tons of steel products were produced; 6.2722 million tons of steel products were sold, with the operating revenue of RMB 26.097 billion and total profit of RMB 1.449 billion.

After becoming a part of Baosteel Group, Bayi Iron and Steel set the development of core competitiveness as its central task, made full use of its advantage in resources such as iron mine and coal, achieved development at low costs, and took such measures as adjustment of product structure, phasing out outdated

processes, energy conservation & emission reduction and improvement of technology and equipment in order to meet the demand of the regional market for steel products. It aims to increase its production capacity of steel to 10 million tons by 2012 and to 15 million tons by 2015, and become the most competitive iron and steel company in western China and Central Asia.

Main Equipment (Production Line)

Equipment	Specifications	Quantity
Iron mine		2
Coal mine	Mainly producing coking coal	1
Sintering machine	265 m ²	2
Coke oven	4.3 m, 42-hole	4
Coke oven	4.3 m, 49-hole (tamping)	1
Coke oven	6 m, 55-hole	4
Blast furnace	2,500 m ³	2
Converter	120t	3
Electric furnace	70t	1
High speed steel wire		
Cold rolling mill set	1,420 mm rolling mill	1
Hot rolling mill set	1,750 mm rolling mill	1
Medium and heavy plate rolling mill	3,500 mm	1

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

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

By the end of 2010, the total capital stock of Bayi Iron and Steel Co. , Ltd. was 766 million shares with total assets of RMB 12.181 billion and net assets of RMB 3.38 billion. This company mainly deals with the smelting, rolling, processing and marketing of iron and steel. The comprehensive capacity to produce steel is 7 million tons per year.

Its products cover rods, sections, strips, wires, pipes, and plates. The categories of steel products it manufactures include the carbon steel, deformed steel, welding bar steel, cotton-packing wire steel, special steel for cold rolling ribbed steel bar, oil sucker rod, spring steel, alloy structural steel, quality carbon structural steel, hot rolling thin plate, cold rolling thin plate, color-coating plate, and galvanized plate.

Bayi Iron & Steel Co. , Ltd. won in succession the National Advanced Credible Organization, Well-known Enterprise in China Market, Best Image of

Chinese Enterprises AAA Grade, National Advanced Organization for Spiritual Civilization Construction, and was within the first group of Contract-Honoring and Credible Enterprises in Xinjiang Uygur Autonomous Region as well as received other honorable titles.



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

Ningbo Iron and Steel Co., Ltd. was established on January 14, 2003. Its predecessor was Ningbo Jianlong Iron and Steel Co., Ltd.. On March 16, 2006, the National Development and Reform Commission reviewed and approved the reorganization application for the iron and steel projects in Ningbo. On July 7 of the same year, Ningbo Iron and Steel Co., Ltd. was established. On March 1, 2009, Baosteel Group Co., Ltd. reorganized Ningbo Steel. After reorganization, the stock proportion for Ningbo Steel was: 56.15% for Baosteel Group, 34% for Hangzhou Iron and Steel Group, 7% for Ningbo Development and Investment Group Company and 2.85% for Ningbo Economic and Technological Development Zone Holding Company.

Ningbo Steel's products mainly cover steel billet, flat hot rolled coil and finished hot rolled coil. The types of steel it produced include: general structure

carbon steel, steel for pipe, general structure low alloy steel, cold rolled or cold formed low-carbon steel, high-quality carbon structural steel, pipeline steel (steel for oil and gas tube, steel for straight-seam electric resistance welded tube), automotive structural steel (wheel steel, beam steel, steel for other automotive structural parts), container steel, ship-building steel, bridge steel, construction machinery steel, steel for welded steel gas cylinders (under development), saw blade steel (under development), and checkered plate.

In 2010, Ningbo Steel realized the operating revenue of RMB 15.6 billion with the profit of RMB 400 million. Its annual crude steel output was up to 4.40 million tons.

Main Equipment (Production Line)

Equipment	Specifications	Quantity
Raw materials stock yard	200,000 m ²	1
Coke Oven	55-hole, 6 m	2
Sintering Machine	430 m ²	1
Blast Furnace	2,500 m ³	2
Blast-Furnace top pressure recovery turbine generator unit	12.5MW	2
Two-strand Continuous Rolling Mill	1,650 mm	2
Converter and refining device	180t	3
Hot continuous rolling mill unit	1,780 mm	1

Diversified Industries

Baosteel implements the strategy of “one powerful industry along with coordinated development of related diversified industries”. At the time of highlighting development of the primary iron and steel industry, the related diversified industries are appropriately developing and revolving around the supply chain of iron and steel, the technology chain, and the resources utilization chain. Currently, the industries in which Baosteel is involved are composed of 6 major parts: resource development and logistics, extended steel processing, engineering technology services, production services, coal chemical, and financial investment.



Resource Development and Logistics

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

steel production.

Baosteel Resources Co. , Ltd. (abbreviated to Baosteel Resources)

Established on July 21, 2006, it was a wholly-owned subsidiary of Baosteel Group Corporation. Its registered capital is RMB 2.4 billion. On December 21, 2010, Baosteel Resources established an overseas headquarters in Hong Kong – Baosteel Resources (International) Limited, practicing the double-headquarter operation in Shanghai and Hong Kong.

Baosteel Resources mainly deals with the investment, trade and logistics services of mineral resources. Domestically it has 12 controlled subsidiaries; it also has subsidiaries and representative offices in Australia, South Africa, Indonesia, India, and other countries. Baosteel Resources focuses on global distribution of mineral resources and seeks the international win-win cooperation. It commits itself to providing the clients with high quality products and value-added services, as well as achieving the great-leap-forward development of iron ore, coal, ferroalloy, metal recycling and logistics. Through international cooperation, Baosteel Resources has established a long-term, strategic cooperating relationship related to iron ores with the famous iron ore suppliers in various places in the world, such as Australia, Bra-

zil, India, Chile, South Africa and other countries. It has also established a strategic cooperating relationship with regard to coal with many large coal manufacturers inside and outside China. Additionally, it has also established multiple subsidiaries based on joint investment and cooperation. Moreover, it has formed a good cooperation relationship with the famous suppliers of nonferrous metals such as nickel, chrome, manganese, copper and zinc, and also invested in various alloy production bases and nonferrous metal ore enterprises inside and outside China. In addition, it owns vehicle disassembling and vessel disassembling enterprises in Shanghai.

Baosteel Resources strives to build up a competitive and comprehensive platform of logistics services which include the shipping agency, freight forwarding, railway transportation, storage, and dock handling. It also performs a strategic cooperation with China Shipping Group, NYK and other enterprises to develop its offshore and ocean transport businesses. In 2010, Baosteel Resources achieved the sales revenue of RMB 37.2 billion.



Extended Steel Processing

The extended steel processing industry is the downstream industry of the iron and steel supply

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

Baosteel Metal Co. , Ltd. (abbreviated to Baosteel Metal)

It was established on December 28, 2007 based on integration of the original Baosteel Business Development Co. , Ltd. , steel product business unit, automobile trade and wire rod product business unit and other business units. As a wholly-owned subsidiary of Baosteel, Baosteel Metal has a registered capital of RMB 3 billion.

The main businesses of Baosteel Metal include the metal packaging, industrial gas, automobile parts and components, wire rod products, and automobile trade. In 2010, it realized the operating revenue of RMB 10.4 billion, increasing by 47% over the previous year; its profit is RMB 351 million, 2.4 times higher than that of the previous year.

As for the metal packaging, mainly the two-piece steel can (pop can) are produced for the food industry. The two-piece steel can it produces is already present in North China, East China, Southwest and South China. Furthermore, the long-term strategic cooperation relationship with Coca Cola, Pepsi

Cola and other famous international enterprises has been established. Baosteel Metal possesses the leading domestic UV metal color-coating printing production line and it is the leading enterprise of metal color-printing in the food and beverage industry.

The industrial gas business gives priority to production of the pipeline gas. It mainly develops liquid gas with additional consideration to the development and production of hydrogen, carbon dioxide, medical and special gases, in addition to the development and application of the new energy products related to industrial gases.

The automobile parts and components business caters to precision manufacturing and processing of parts for users of mainstream automobiles and preliminarily forms the capacity to develop and supply automobile parts and components for the users.

The wire rod product business mainly deals with the processing and production of various steel wires, among which the PC (galvanized steel wire) steel wire rope for cable-stayed bridges has been widely applied in such places as Jiangsu Sutong Bridge, Xi-houmen Bridge in Zhoushan, Zhejiang Province, and Bay Bridge in the U. S., Messina Bridge in Italy, Machang Bridge in South Korea and other domestic and international key projects. Other products, such as the cold-heading wire, steel wire rope, oil-tem-

pered spring steel wire, steel fiber and welding wire, also have strong competitive advantages in various market fields.

The automobile trade business mainly deals with the trade and service of complete automobiles and the operation of second-hand automobiles, including the marketing, maintenance, replacement, leasing and other services related to automobiles.



Engineering Technology Services

The engineering technology services industry supports engineering construction mainly in the iron and steel industry. To improve Baosteel's proprietary integration and innovation capability with various projects and support competent quality and high efficiency of the primary iron and steel industry, Baosteel Group Corporation Engineering Technology Committee was established in August 2009. In December of the same year, the original Shanghai Baosteel Engineering Technology Co., Ltd. was renamed as Baosteel Engineering Technology Group Co., Ltd.. The engineering technology services industry also covers Shanghai Baosight Software Co., Ltd., Shanghai Baosteel Equipment Maintenance Co., Ltd., Shanghai Baosteel Industry Inspection Corp. and Shanghai Baohua International Tendering Co.,

Ltd. .

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

It was established on August 5, 1999, and re-named in December 2009. Being a wholly-owned subsidiary of Baosteel Group Corporation, it has a registered capital of RMB 920 million.

Baosteel Engineering consists of the special business units covering the smelting, steel rolling, construction engineering, environmental protection, utilities, and electric automation. It has more than 10 subsidiaries such as Changzhou Baoling Heavy & Industrial Machinery Co. , Ltd. and Baosteel Suzhou Metallurgy Heavy & Industry Co. , Ltd. and the capacity for organizing and managing construction of larger engineering projects. Through resources integration, Baosteel Engineering has developed the key businesses of engineering technology consulting, information service, equipment manufacturing, steel technology service, steel structure, and energy saving technology. It has been granted by the state more than 20 Grade-A qualifications and the oversea managerial rights of contracted project.

Baosteel Engineering constantly integrates and optimizes the internal resources and enhances the technical capabilities, it innovates the business model

and looks for opportunities of the industry. In 2010, it fully realized the annual objective of the company with the sales income of RMB 12.957 billion and profits of RMB 690 million.

Shanghai Baosight Software Co., Ltd. (abbreviated to Baosight Software)

It is the listed software enterprise whose controlling interest is held by Baosteel Co., Ltd.. It was established in April 2000 and listed in April 2001. The headquarters of Baosight Software is located in Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai. Its registered capital is RMB 262 million.

With the accumulation of experience and technologies serving Baosteel for 30 years, Baosight Software provides a complete information solution with proprietary intellectual property rights for iron and steel enterprises, integration, operation and maintenance of the automation system, intelligent comprehensive urban traffic solution, comprehensive monitoring of roads, bridges, tunnels and tracks, complete electromechanical equipment, electromechanical integration products as well as their operation and maintenance. Its products and services are widely available in many industries including the metallurgy, transportation, equipment manufacturing (including shipbuilding), excavation, finance, coal chemical,

and public service industry.

In 2010, Baosight Software realized the operating revenue of RMB 2.581 billion with net profits of RMB 252 million.

Shanghai Baosteel Equipment Maintenance Co., Ltd. (abbreviated to Baosteel Maintenance)

Established in January 1997, it is the wholly-owned subsidiary of Baosteel Group Co., Ltd. with the task of providing equipment services for the main production line of iron and steel. Its registered capital is RMB 287 million.

The main businesses of Baosteel Maintenance include the manufacture of equipment and spare parts, equipment maintenance and engineering, equipment management service, lifting and transportation services as well as the manufacture of special transport vehicles. Its fixed asset is RMB 803 million. The annual operating revenue in 2010 was RMB 1.49 billion with the profit of RMB 24.56 million.

Shanghai Baosteel Industrial Inspection Corp. (abbreviated to Inspection Corp)

It was established in July 1994 with the original name Shanghai Baosteel Equipment Inspection Corporation. Then it was renamed in July 1, 2004. It has a registered capital of RMB 24.77 million.

The Inspection Corp is a new kind of professional corporation that provides guaranteed technologies and services for efficient iron and steel production and operation. Through various professional and technical means of inspection and analysis, it provides the clients with best professional services, products and related solutions in the aspects of status control, quality examination, and environmental monitoring. In 2010, the operating revenue of Inspection Corp was RMB 860 million.

Shanghai Baohua International Tendering Co., Ltd. (abbreviated to Baohua Tendering)

Its predecessor is the Tendering Office of Shanghai Baosteel International Economic and Trade Co., Ltd.. Established on December 21, 2005, its registered capital is RMB 10 million.

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

In 2010, the annual sales income of Baohua Tendering was RMB 49.59 million with the profit of RMB 12.65 million. 740 tendering projects were completed with the tender amount of RMB 8.327 billion.



Production Services

The production services covering the production work cooperation, comprehensive utilization of recycled resources, plant logistics and storage, plant property management, and product packaging are provided for the primary business of iron & steel. Currently, two major service areas have been formed in Shanghai and Nanjing.

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

Iron and Steel Co. , Ltd. .

In 2010, the consolidated operating revenue of the production services sector was RMB 21,559 billion with the profit of RMB 960 million. It smoothly completed the structural adjustment and transformation of the Shanghai No. 2 Steel Co. , Ltd. , the business integration of the use of the solid waste resources in Shanghai, and the reforming work of logistics business integration and the centralized management of the real estates. Meanwhile, it substantially started the project of withdrawing from the life logistics services and launched and implemented the key business development projects of the comprehensive utilization of the renewable resources, plant logistics and Meishan mining.

Baosteel Development Co. , Ltd. (abbreviated to Baosteel Development)

It is the fully-owned subsidiary of Baosteel Group. On September 12, 1986, Baosteel General Plant separated the seven units including its affiliated enterprise corporation and general affairs office to uniformly set up the Enterprise Development Corporation. On October 27, 2007, through reform and reorganization, it was renamed as Baosteel Development Co. , Ltd. which began to operate formally on January 1, 2008. The headquarters of Baosteel Develop-

ment is located at 889 Baoyang Road, Baoshan District, Shanghai. Its registered capital is RMB 2.684 billion.

The main businesses of the integrated Baosteel Development include the comprehensive utilization of the recycled resources, plant logistics, real estates management, production work, life logistics, trade and mortgage. It has completely passed the comprehensive system certification of ISO9001/ISO14001/OHSAS18001. Baosteel Development Co., Ltd. has currently set up 32 functional departments (including divisions). There are three major divisions (plant logistics division, plant work division and resource recycling division) and 23 first-level business units with a total of 13,000 employees. Among them, the plant logistics division is administrating 8 first-level business units including the hotel management company, the Yuankang property company, an occupational health company, a catering management company, the maintenance engineering department, the automotive company, the greening management department, and the HR center. The plant work division is also administrating 9 first-level business units including the industrial and trading company, the new project development company, Baosteel Logistics, the packaging management department, the cold rolling management department, the hot rolling man-

agement department, the steel pipe management department, the plant maintenance department, and the medium and heavy plate work management department. The resource recycling division is administering 3 first-level business units including Baosteel Magnetics, the industrial environmental protection department, and the materials company. The companies not under the administration of divisions include Zhanjiang Company, Zhongyun Company, and the property company. There are 32 independent legal entities and 6 commissioned legal entities. The management scope includes comprehensive utilization of waste and by-products of metallurgical enterprises, steel product packaging, catering services, properties, commuting, greening, health services, production cooperation and management, undertaking of building projects, logistics and steel trade, real estate development, manufacture and marketing of magnetic materials and mineral slag powders, processing and shipment of die steel, deep processing of steel products, automobile maintenance, and tourism.

Relying on the rich resources and scientific management, Baosteel Development has accumulated a wealth of management experience and technical achievements in the aspects of manufacturing and life associated services of large scale manufacturers and comprehensive utilization of metallurgy. In 2010, the

total asset of Baosteel Development had reached RMB 11.091 billion with the net asset of RMB 5.732 billion. Its sales revenue was RMB 14.587 billion with the profit of RMB 678 million.

Baosteel Group Shanghai No. 1 Iron and Steel Co., Ltd. (No. 1 Iron and Steel Company for short)

Its predecessor is the steelmaking workshop established by Nichia Steelmaking Corporation in Wusong in November 1938, during Japan's aggression against China. After Shanghai was liberated in 1949, it was named as Shanghai Iron and Steel Company No. 1 Plant. In December 1995, Shanghai No. 1 Iron and Steel (Group) Co., Ltd. was established. In November 1998, it became a subsidiary of Baosteel Group. In May 2005, after the primary business of iron and steel was acquired by Baosteel Co., Ltd., the registered capital of No. 1 Iron and Steel Company was RMB 1.593 billion.

The main businesses managed by No. 1 Iron and Steel Co., Ltd. are: production cooperation (steel coil packaging, refrigeration, and maintenance of fire alarm equipment.), manufacturing and processing (production of flat steel, manufacturing of malaxator, dust bag, packaging materials, etc.). In 2010, No. 1 Iron and Steel Co., Ltd. achieved the sales revenue of RMB 859 million and the profit of

RMB 40,04 million. It smoothly completed the integration of logistics, comprehensive utilization of resources and the catering industry.

Baosteel Group Shanghai No. 5 Iron and Steel Co. , Ltd. (No. 5 Iron and Steel Co. , Ltd. for short)

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

No. 5 Iron and Steel Co. , Ltd. focused on providing services for Baosteel's production of special steel, including waste steel processing and production

cooperation. By the end of the year, it had smoothly realized the integration of the logistics business, as well as the outsourcing and integration of related businesses of steel pipe in Shanghai. Besides, it successfully closed all the production lines of No. 2 Iron and Steel Co., Ltd. located at the downtown area and pushed forward the land purchasing and reservation work of No. 10 Iron and Steel Co., Ltd.. In 2010, the operating revenue of No. 5 Iron and Steel Co., Ltd. was RMB 945 million.

**Baosteel Group Shanghai Meishan Co., Ltd.
(hereinafter “Meishan Company”)**

Meishan Iron & Steel was the ironmaking base created by Shanghai relying on Nanjing Meishan Iron Ore in April 1969. In December 1984, it was named as Shanghai Meishan Metallurgical Company, and then renamed as the Shanghai Meishan (Group) Co., Ltd. in 1994 after the hot-rolled plates production line was put into operation.

On November 17, 1998, it was incorporated into Baosteel Group Corporation. On August 23, 2001, the primary businesses of iron & steel of Meishan Company were separately incorporated into Shanghai Meishan Iron & Steel Co., Ltd. (abbreviated as “Meishan Iron & Steel”). After Meishan Iron & Steel was acquired by Baosteel Co., Ltd. on May 1, 2005,

it had a registered capital of RMB 1.6 billion.

It mainly engaged in the mining, the comprehensive utilization of resources, the logistics and other businesses, and began to take shape in terms of iron & steel cooperation services. Its main economic and technical indexes of mining had reached the domestic advanced level, some of the indexes had approached or reached the advanced world level. In 2010, the company produced 3.3763 million tons of iron ore, 2.2517 million tons of iron ore concentrates, 177,900 tons of cold-rolled coils and 588.800 tons of water granulated slag, and realized the operating revenue of RMB 5.164 billion and the profit of RMB 94.55 million.



Coal Chemical Industry

The coal chemical industry is the resource utilization industry related to the primary iron and steel business, mainly involving in the production and sales of gas refining and metallurgical & chemical products after coking by the steelmaking enterprises.

Shanghai Baosteel Chemical Co. , Ltd. (hereinafter “Baosteel Chemical”)

In 1985, the Phase I project of Baosteel Chemical was completed and put into operation. It grew to

be a branch under Baosteel Co., Ltd. in May 2005 and resumed independent operation in September 2007, thereby becoming the wholly-owned subsidiary of Baosteel Co., Ltd.. In April 2009, Baosteel Chemical was included as one of the diversified businesses by Baosteel Group Corporation and was responsible for the development of coal chemical sector of Baosteel. It had the registered capital of RMB 2.110 billion.

The company boasted the three production bases of Shanghai Baoshan, Nanjing Meishan and Suzhou Baohua Carbon Black in addition to two holding companies, i. e., Suzhou Baohua Carbon Black Co., Ltd. and Nanjing Baoning Chemical Co., Ltd.. Moreover, in 2010, it established (in Zhangjiagang Free Trade Zone) Baosteel Chemical International Trade Co., Ltd., Shanghai Bao Chemical E-commerce Co., Ltd., Sichuan Daxing Baohua Chemical Co., Ltd., and Dazhou Baohua Carbon Black Co. Ltd..

Baosteel Chemical which is estimated to have the original value of the fixed assets at RMB 7.61 billion and the total assets at RMB 5.1 billion, has the capacity to handle 3.1 billion cubic meters of coke oven gas, 750,000 tons of tar and 250,000 tons of crude benzene and the capacity to produce 150,000 tons of carbon black per year, and is ranked fifth in the international sector and first in China in respect of coke tar processing capacity.

Therefore, it forged the advantages of scale to grow to be a world-class coal chemical complex.

The company can make over 50 series of products, including benzene, naphthalene, phenols, quinoline, oil, coumarone, ammonia sulfate, carbazole, anthraquinone, pitch coke and carbon black. All these products are widely applied in the fields of construction, medicine, pesticides, plastics, tyres and pigments. Baosteel refined naphthalene is rated as the national product with the greatest user satisfaction.

In 2010, Baosteel Chemical witnessed an operating revenue of RMB 9.635 billion and earned a profit of RMB 704 million.

Suzhou Baohua Carbon Black Co., Ltd. (hereinafter “Baohua Carbon Black”)

The company, with the registered capital of RMB 295 million, was incorporated in July 1998 by Shanghai Baosteel Chemical Co., Ltd., Suzhou Chuangyuan Investment (Group) Co., Ltd., Suzhou Energy Development Co., Ltd. and Suzhou Huqiu Stated-owned Assets (Collective) Operation Company, with the capital contribution of 60%, 18.18%, 17.82% and 4% respectively.

Baohua Carbon Black has built itself a total of seven production lines, including three 20,000t/a

production lines for producing soft carbon blacks, and four 20,000t/a production lines for hard carbon blacks, with the annual production capacity of 140,000 tons. Moreover, the company has the tail gas & waste heat power generator of 21,000kW with the tail gas of carbon black as its fuel. The electricity and vapor can also be supplied externally in addition to satisfying the demand of life and production of the company.

The company boasts its 16 kinds of Baoma carbon black products (viz, product series of N100, N200, N300, N500, N600 and N700) and develops many new varieties like HB-1, SB-2 and HP130 in combination with the special needs of customers, which are sold to many large-scale tyre manufacturers such as Michelin, GoodYear, Yokohama, Hankook and GiTi, as well as exported to the Southeast Asian countries. By the end of 2010, regarding the customer composition, the wholly foreign-owned enterprises and joint ventures accounted for 90%.

In 2010, Baohua Carbon Black invested in the construction of an independently designed hard carbon black production line with a capacity of 60,000 tons per year and the sole 5000 t/a trial line in the industry, which were scheduled to be put into production in 2011. It completed the production of 162.500 tons with the operating revenue of RMB 956 million,

reaping the profit of RMB 50.40 million.



Financial Investment Industry

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

Fortune Trust & Investment Co., Ltd. (hereinafter "Fortune Trust & Investment")

Its predecessor was Shanghai No. 5 Steel Works Pudong International Trading Co., Ltd. founded in November 1994. In March 2007, Baosteel obtained 100% equity by means of equity takeover, and the company was renamed as the "Fortune Trust & Investment Co., Ltd.". The registered capital of the company amounted to RMB 6.869 billion.

Fortune Trust & Investment enhances the equity

value by optimizing the financial resources of Baosteel and leverages the financial advantage and upstream & downstream resources advantage of Baosteel to conduct the equity investment business. Its business range covers investment and investment management, investment consulting and business consulting services in relation to the metallurgy and relevant sectors. Upholding the operating concept of “integrity, prudence and regularity”, based on developing the businesses of securities, trust and funds, Fortune Trust & Investment is gradually improving its role of providing financial services. It takes advantage of comprehensive financing and offers various financial services which include research, investment and financing, acquisition & merger. In 2010, the company realized the operating revenue of RMB 2.471 billion, gained the total profit of RMB 1.688 billion and the size of asset under its management hit RMB 152 billion.

Hwabao Trust Co., Ltd. (hereinafter “Hwabao Trust”)

Hwabao Trust was founded in 1998 with the registered capital of RMB 1 billion (including US \$15 million). Baosteel owned 98% equity and Zhejiang Zhoushan Finance Bureau held the remaining 2%. On June 12, 2008, Baosteel Group Corporation en-

trusted Fortune Trust & Investment to manage Hwabao Trust Co., Ltd..

On August 2, 2005, the company was granted the first enterprise annuity business qualification of “legal person trusteeship” and “account manager”. On December 1, 2006, China Banking Regulatory Commission (CBRC) officially granted Hwabao Trust the qualification of trust consigned institution with a specific purpose. On April 3, 2007, the company became the first trust company renewing its financial license. In June 2008, it was awarded the certificate of Qualified Investor of Block Trading System.

Adhering to the operating concept of “maximizing the interest of the beneficiary”, the company focuses on the basic strategy of professional and diversified development, and places top priority on the asset management and trust services to provide the clients with flexible and comprehensive assets management services based on the monetary market, capital market, and industrial investment, and depending on its powerful research ability.

Hwabao Trust conducted the business of transferring priority earnings of fixed income securities assets. It carried out debt financing with an accumulated amount of over RMB 5 billion for the Luoqing Project, as well as trust financing for Ningbo Steel,

Zhanjiang Steel, and Baosteel Metal, accumulatively it saved the latter of over RMB 90 million. It undertook a ten-billion project of trust loan of the Ministry of Railways through cooperation with the bank and implemented a series of projects (about RMB 10 billion) of transferring credit assets in cooperation with ICBC. It cooperated with CCB and developed multiple open financial products with open period. Moreover, it established a charitable trust operation platform for the China Foundation for Youth Entrepreneurship and Employment and the Hwabao Public Welfare Trust to take part in the public welfare projects such as “Pearl Program”.

In 2010, Hwabao Trust (the parent company) achieved the operating revenue of RMB 1.5 billion with the total consolidated profit of RMB 800 million. The value of assets under its management was RMB 90 billion (including annuities).

Fortune SG Fund Management Co., Ltd. (hereinafter “Fortune SG”)

Fortune SG, a Sino-French fund management company, started its business on February 12, 2003. It is one of the first joint venture fund management companies in China. Its registered capital is 150 million and 51% of its stocks are held by Hwabao Trust.

In August 2007, the company obtained the QDII

business qualification and then specific customers' asset management business qualification in March 2008. So far, Fortune SG has evolved to be a comprehensive asset management company engaging in providing the domestic publicly offered fund portfolios, overseas investment fund portfolios and wealth management account service. By the end of 2010, Fortune SG had managed 16 open-end securities investment funds with a scale of RMB 49.35 billion. The four categories of funds, namely, monetary funds, bond funds, commingled funds, and equity funds, had formed a complete products line which ranges from low risk-smooth growth to high risk-high yields. It was granted the China Fund Industry Golden Bull Award, Golden Fund Award, Star Fund Award, etc.

Hwabao Securities Co., Ltd. (hereinafter “Hwabao Securities”)

Its predecessor is Fucheng Securities Brokerage Co., Ltd.. In 2006, Baosteel restructured Fucheng Securities Brokerage Co., Ltd.. In February 2007, the company was renamed as Hwabao Securities. In 2009, the company obtained such two business qualifications as an independent securities operation and securities investment consulting. On December 6, 2010, China Securities Regulatory Commission (CSRC) approved the company's application of capital

increase. Its registered capital is RMB 1.5 billion.

Currently, Hwabao Securities chiefly engages in securities brokerage, securities investment consulting and independent securities operations, securities investment and funds selling. It has established business offices in Shanghai, Beijing, Hangzhou, Zhoushan, Fuzhou, Shenzhen, Chengdu, Wuhan, and other provinces. By the end of 2010, the custody assets of Hwabao Securities had reached RMB 144.25 billion with a total amount of 75,000 clients.

Baosteel Finance Co., Ltd. (hereinafter “Baosteel Finance”)

Baosteel Finance, founded in June 1992, is a nationwide non-banking financial institution and boasts the registered capital of RMB 500 million (including US \$20 million), of which Baosteel Co., Ltd. holds 62.1% equity and Baosteel Group owns 35.18%, and other companies own the rest 2.72%.

The company engages in providing the financial management services to its member units under Baosteel Group. The services cover depositing, lending, settlements, buyer's credit and financial leasing, note acceptance and discount, entrusted loans and investment, centralized fund management, financial and financing consultants, settlement and sale of exchange, transactions with peers and securities invest-

ment.

In 2010, The company realized the pre-tax profit of RMB 159 million. On June 28, the Electronic Commercial Draft System successfully went online. In December, it was granted the Electronic Commercial Draft System Extension Award by the Central Bank of China.

Miscellaneous



Social Contribution

General Information about Donations

In 2010, Baosteel carried out donations management according to the *Regulations of Baosteel Group Corporation on the Management of its Donations and Sponsorships* (second edition) and actually donated a total of RMB 42.543 million.

Donation Amount in 2010 (in RMB 10,000)

Total donations	4,254.3
Education	—
Poverty Alleviation and Aid Construction	2,914.3
Disaster Rescue	1,031
Culture and Art	251
Environmental Protection	—
Others	58

Key Programs

Support the earthquake relief efforts in Qinghai Yushu

As soon as the earthquake hit Yushu in Qinghai

Province on April 14, 2010, Baosteel speedily put forward an earthquake relief plan. In the first place, it donated RMB 1,000,000-worth relief materials including box-like color steel plate rooms and tents. Moreover, it urgently started the donation approval procedure and donated RMB 5 million specially used for equipping the injured with auxiliary rehabilitation appliance. Additionally, the staff of Baosteel actively participated in the donation activity and a total of RMB 8.5 million of the donated funds was specially used for the construction of the Children Welfare Office at Chengduo County, Yushu Tibetan Autonomous Region, Qinghai Province.

Baosteel Education Foundation

The Baosteel Education Foundation was begun from the Baosteel Scholarship established in 1990. It was officially approved by the Ministry of Civil Affairs in 2005 and its original funds were expanded to RMB 100 million. In 2010, 1,195 teachers and students from 108 colleges and 16 research institutes under China Academy of Sciences were awarded 2010 Baosteel Education Award and more than RMB 12 million was used. By the end of 2010, an accumulated amount of more than RMB 130 million was spent on education award and assistance.

Steel Joint Research Foundation

On August 28, 2000, Baosteel Group and National Natural Science Foundation of China invested RMB 19 million respectively and jointly established the national Steel Joint Research Foundation. In the first and second stages (2001 – 2006), 146 projects benefited from the foundation. In 2007, another RMB 36 million was put in to aid the projects in the third stage (2007 – 2009). In 2010, the Foundation continued to aid the projects in the fourth stage (2010 – 2014). By the end of 2010, the Foundation had financially aided 215 fundamental research projects which are of significant scientific and application values in the aspects of new metallurgy technology, material, energy, environment, equipment, information. It had become a very importance platform of bridging the fundamental research and application research of China's steel industry.

Participation in the Post-disaster Reconstruction Program

After the May 12 Wenchuan earthquake occurred in 2008, Baosteel immediately organized personnel and allocated resources to take part in the disaster relief work and the post-disaster reconstruction program. In July 2010, the full steel structure affordable houses named “Xingyan • Yiyuan” at Dujiangyan

constructed by Baosteel was put into use, solving the housing problems for about 800 households. With regard to the problem of how to dispose the waste material after many temporary steel plate rooms were removed, Baosteel put forward a program of reconstructing the material into permanent houses and the program was successfully applied at Guankou Town, Qingchengshan Town, Hongkou Town and Shiyang Town in the city of Dujiangyan. This program not only avoided wasting resources, but also realized the characteristics of quake-proof, energy saving and enhanced the living quality. It was highly recognized and financially promoted by World Steel Association and International Zinc Association.

Poverty Alleviation and Drought Relief in Yunnan

In 2010, Baosteel injected a total of RMB 10 million as the drought relief fund to aid the drought relief and drinking water projects of 4 counties in the city of Pu'er. Moreover, a total of RMB 8.85 million worthy aid construction agreement was signed between Baosteel Co., Ltd., Baosteel International Co., Ltd., Meishan Iron & Steel, and other subsidiaries of Baosteel Group and Ning'er County, Mojiang County, Jiangcheng County and Zhenyuan County.

Help Cataract Patients

In 2010, Baosteel again donated RMB 600,000 to aid 600 poor cataract patients in the counties of Simao, Zhenyuan, Jinggu, Mojiang, Lancang in Pu'er City of Yunnan Province to receive operations.

Aid to Tibet

Baosteel had begun to aid Tibet since 2002 and invested a total of RMB 102.74 million in three batches successively. The first batch was implemented from 2002 to 2004, an amount of RMB 20 million was invested; the second batch was from 2004 to 2007 with an investment of RMB 37.05 million; the third batch was from 2007 to 2010 with an investment of RMB 45.69 million. A total of 76 aid-Tibet projects were carried out in the three batches. Those projects covered various aspects, such as health care, education, tourism, working conditions, housing, and shopping basket program. Baosteel had contributed to the infrastructure construction, the improvement of the living condition and the rapid development of the economy of Zhongba County.

China Foundation for Youth Entrepreneurship and Employment

In June 2009, as one of the 23 original sponsors of the fund, Baosteel invested a total of RMB 10 mil-

lion as the original funds for China Foundation for Youth Entrepreneurship and Employment (CFYEE) which aims to help the youth start their own businesses or be employed by providing financial aid, skills training, information service, policy accommodation, and social advocating, thus promoting the development of the youth. In July 2009, Baosteel set up the “Youth Entrepreneurship and Employment Internship Field”. In 2010, Baosteel continued to carry forward the related work of the Internship Field and put the subsidies for the interns into practice, as well as provided 105 internship jobs.



Media and Publications

Baosteel Daily

Baosteel Daily, created on August 1, 1978, was sponsored by Baosteel Group Corporation, edited by Baosteel media center, and publicly distributed in China. It is one of the major new media of Baosteel. A total of 303 issues are published in the full year, priced at RMB 150 with a circulation of 70,000 copies. The main object was for each employee and worker of Baosteel (the overseas companies and employees of Baosteel can subscribe or read on the Internet), and all companies of Baosteel subscribed it for all their respective employees. Since January 1,

2008, Baosteel Daily has been totally entrusted to the post office for distribution.

Baosteel TV News

It was sponsored by Baosteel Group Corporation and edited by Special Report Center of Baosteel News Center. The television news or special report, with a duration of 10 minutes, is shot every day and broadcasted on Channel 1 and Channel 2 of Baoshan Cable TV Center during prime time. It covers the total Baoshan District with the audiences of over 1 million in about 300,000 households. Furthermore, the news is transmitted to Nanjing Meishan, Zhejiang Majis-han Port and Xinjiang Bayi Iron & Steel Co., Ltd. via the weekly express.

Official Website of Baosteel

The website of Baosteel (www.baosteel.com) is an important window for external publicity of Baosteel and is managed by the Public Relations Department of Baosteel Group. The Chinese and English editions are available.

CSR Report

Created in 2009, the *CSR Report* is sponsored by Baosteel Group Corporation and edited by Public Relations Department of Baosteel Group and the annual

issue with the book size of large sextodecimo is available. The Report is published in Chinese and English in paper and electronic forms, the electronic version can be downloaded from the official website of Baosteel Group Corporation (<http://www.baosteel.com>). The *2009 CSR Report* was completed in 2010. It mainly expatiated on the business operation, environmental protection, care for employees, community care, supply chain building and other aspects during the whole year of 2009. Baosteel was granted the 2010 Golden Bee Award • Leadership Enterprises.

Baosteel Yearbook

Created in 2001, *Baosteel Yearbook* is chiefly edited by the Baosteel History Compilation Committee, and it is the annual literatures and material elaborating all minutia of Baosteel Group. The Editorial Department is set up in the Baosteel Historical Records Office. It is printed in the size of large sextodecimo with 1,100 copies priced at RMB 240 per copy. The Yearbook is published by Shanghai Academy of Social Sciences Press and distributed by Xinhua Bookstore. The *2010 Yearbook* opened a total of 23 columns including special records, special articles, milestones, overviews, planning & development, management innovation, scientific research, infrastructure construction & technical improvement, environmental

operation, HR management, finance and accounting, assets and audits, Baosteel Co., Ltd., Bayi Iron & Steel, Guangdong Iron & Steel, Ningbo Iron & Steel, diversified industries, overseas subsidiaries, comprehensive management, CPC-mass work, corporate culture, figures and honors, appendices and indices, systematically recording the basic situation, changes, new characteristics and new achievement regarding the production & operation, reform and development made by Baosteel Group, its departments and all subsidiaries. The 2005, 2006 and 2007 *Yearbook* won the special award in the quality inspection and rating of national yearbook compilation and proofing for three consecutive years and the 2008 issue won the special award of the fourth quality inspection and rating of national yearbook compilation.

Baosteel Guidebook

Created in 2010, *Baosteel Guidebook* is a compilation of the general information of Baosteel Group Corporation. All the materials and data were provided by the related departments of Baosteel and reviewed by the leaders of those departments (the deadline of submitting materials was December of the previous year). It is edited by Baosteel History Records Dept and issued to people from all walks of life who want to know about Baosteel (including the em-

ployees of Baosteel) for free.

Baosteel Technology

Created in December 1983, *Baosteel Technology* is the technical journal sponsored and edited by Baosteel Group, published in the book size of large sextodecimo. It is a bimonthly journal (published in even-numbered months) with six issues during the full year and 80 pages each issue, publicly distributed both at home and abroad and published in the main website of Baosteel. It covers segments with special columns, application of new technology, R&D, production practice, patent information, etc. In 2010, *Baosteel Technology* cooperated with *World Iron & Steel* and *Baosteel Technical Research* (English) to edit and publish *A Collection of Theses of the Fourth Baosteel Biennial Academic Conference* (optical disk).

World Iron & Steel

Created in 1979, it is the technical periodical managed and sponsored by Baosteel. It is the bimonthly periodical (published in odd-numbered months) with six issues and 72 pages per issue during the whole year and published in the book size of large sextodecimo. It can be available both at home and abroad. The periodical includes the segments like special columns on ironmaking, steelmaking, metallurgy automation,

steel rolling, comprehensive information, and summary. In 2010, it was included in Wanfang Data.

Baosteel Technical Research (English)

Created in July 2007, it is the technical periodical in English managed and sponsored by Baosteel Group. It is published quarterly at the end of each quarter with five issues (including the supplement *A Collection of Theses of the Fourth Baosteel Biennial Academic Conference (Abstract)*) during the full year and 64 pages each issue, printed in the book size of 16 Mo. It is publicly distributed both at home and abroad and published on the website of Baosteel. It mainly covers the content of scientific research and innovation, academic research, development of new products, renovation of industrial equipment and cutting-edge technologies of Baosteel, and has special columns on ironmaking, steelmaking, steel rolling and others. All the issues from the first one of 2007 were collected by China Journal Full-text Database of China Academic Journal (CD) Electronic Magazine Press, *Index Copernicus* database of Poland and other domestic and overseas journals' databases. In 2010, it was collected by Wanfang Data. In the same year, the Editorial Department of *Baosteel Technical Research (English)* signed a five-year journal collection agreement with the American Proquest CSA Company.

Baosteel Economy and Management

Created in 1980, it is the economic journal sponsored by the Corporate Management Association of Baosteel Group, and it is a bimonthly journal (published in even-numbered month) with six issues during the full year, 47 pages per issue and printed in the book size of large sextodecimo. It has published various articles with over 600,000 characters in total and hundreds of pictures. Focusing on the management hotspot, difficulties and the economic situation at home and abroad, the journal published a series of relevant key articles in 2010, enriching the columns of “feature article”, “management research”, “environmental management”, “on-site management” and “career comprehension”. In the annual appraisal of national excellent journals organized by the China Enterprise Confederation, it won the special award of national enterprise journal again in 2010.

Learning and Innovation

Created in June 1984, *Learning and Innovation* is sponsored by the Propaganda Department of the Baosteel Group Party Committee, and it is an internal bimonthly journal with 12 issues during the whole year, 72 pages each issue and published in the book size of large sextodecimo. In 2010, centering on the key work and focusing on the second business startup

of Baosteel, the journal set up the columns of “activity improvement”, “independent employee management”, “best practice”, “selected stories moving the staff and users” and “care for the employees”. The two special journals, like *Collection of Leaders’ Speeches at the 2010 Working Conference of Baosteel and the Third Employees Congress of the Second Conference* and the *What, Who and How to Do — Baosteel Leaders’ Explanation of the Development Planning 2010 – 2015* were compiled and issued to provide guidance and services for the companies to learn and implement the working spirit of the year. Additionally, another two special issues were compiled and printed to cooperate with the special work of Baosteel discipline inspection commission and labor union.

Baosteel Training

Baosteel Training, created in 1992, is the professional magazine regarding the education and training of Baosteel, and it is managed by Baosteel Group and sponsored by Baosteel Talent Development Institute. It is a quarterly journal with four issues during the whole year, 48 pages per issue and is published in the book size of large sextodecimo. It published a total of 78 articles in the year of 2010, and the online edition can be available on the information portal website of Baosteel, the information portal website of Baosteel

Talent Development Institute and the website of “Baosteel External Information Resources”. In October, it won the “special prize of golden tie award” on the fifth Internal Journal (Communication) Conference of Chinese Enterprises.

Baosteel Culture and Art

Created in 1988 (*The People of Baosteel* was created in 1984 and was also included in *Baosteel Culture and Art* in 1992), the journal is a kind of cultural and artistic journal, which is edited by Baosteel Federation of Literature and Arts Circle. It is published in the book size of large sextodecimo with four issues during the whole year and 72 pages per issue. In 2010, a group of “State Cup” articles solicited for the Expo was published.

Appendices: Statistical Table of Iron & Steel Enterprises

**Proportion of Crude Steel Output of Baosteel
in the National Total Output**

Year	Crude Steel Output of Baosteel (10,000 Tons)	Crude Steel Production of China (10,000 Tons)	Proportion (%)
2010	4,450	62,695.9	7.10
2009	3,886	56,803.3	6.84

(Continued)

Year	Crude Steel Output of Baosteel (10,000 Tons)	Crude Steel Production of China (10,000 Tons)	Proportion (%)
2008	3,544.3	50,091.5	7.08
2007	2,431	48,966	4.96
2006	1,999	42,266	4.73
2005	1,936	35,239	5.49
2004	1,638	27,279.79	6.00
2003	1,508	22,233.6	6.78
2002	1,475	18,155	8.12
2001	1,469	15,266	9.62
2000	1,473	12,850	11.46
1999	1,338	12,426	10.77
1998	1,207	11,559	10.44
1997	786	10,894.17	7.21
1996	703	10,110	6.95
1995	801	9,400	8.52
1994	693	9,153.2	7.57
1993	657	8,868	7.41
1992	623	8,000	7.79
1991	437	7,057	6.19
1990	330	6,604	5.00
1989	327	6,124	5.34
1988	322	5,918	5.44
1987	308	5,602	5.50
1986	270	5,205	5.19
1985	54	4,666	1.16

Data source: National Bureau of Statistics of China

2009 Iron & Steel Complexes among Fortune 500 Companies

Unit: USD Million

Position in 2009	Position in 2008	Company Name	Operating Revenue	Profit	Country
99	28	ArcelorMittal Group	65,110	118	Luxemburg
123	74	ThyssenKrupp	54,816	-2,510	Germany
191	157	NIPPON Steel	37,563	-124	Japan
253	194	JEE Holdings	30,634	492	Japan
272	199	POSCO	28,883	2,522	Korea
276	220	Baosteel	28,591	1,448	China
314	375	Hebei Iron & Steel Group	25,924	135	China
410	258	Tata Steel	21,582	-424	India
415	444	Jiangsu Shagang Group	21,419	377	China
428	—	Wuhan Iron and Steel Group	20,543	147	China
473	429	Kobe Steel	17,997	68	Japan

Data source: Fortune Magazine

Ranking of Global Countries in Crude Steel Output in 2010
(Subject to the Country or Region)

Ranking	Country or Region	2010 (initial value)	2009	2008	2007	2006	2005	10/09(%)
1	China	626.7	573.6	500.3	489.3	419.1	353.2	9.3
2	Japan	109.6	87.5	118.7	120.2	116.2	112.5	25.2
3	USA	80.6	58.2	91.4	98.1	98.6	94.9	38.5
4	Russia	67.0	60	68.5	72.4	70.8	66.1	11.7
5	India	66.8	62.8	57.8	53.5	49.5	45.8	6.4
6	Korea	58.5	48.6	53.6	51.5	48.5	47.8	20.3
7	Germany	43.8	32.7	45.8	48.6	47.2	44.5	34.1
8	Ukraine	33.6	29.9	37.3	42.8	40.9	38.6	12.4
9	Brazil	32.8	26.5	33.7	33.8	30.9	31.6	23.8
10	Turkey	29.0	25.3	26.8	25.8	23.3	21.0	14.6
11	Italy	25.8	19.8	30.6	31.6	31.6	29.3	29.7
12	Taiwan Region, China	19.6	15.9	19.9	20.9	20.0	18.9	23.7



(Continued)

Ranking	Country or Region	2010 (initial value)	2009	2008	2007	2006	2005	10/09(%)
13	Mexico	17	14.0	17.2	17.6	16.4	16.2	22.1
14	Spain	16.3	14.4	18.6	19.0	18.4	17.8	13.6
15	France	15.4	12.8	17.9	19.2	19.9	19.5	20.1
16	Canada	13	9.3	14.8	15.6	15.5	15.3	39.9
17	Iran	12	10.9	10.0	10.1	9.8	9.4	10.0
18	UK	9.7	10.1	13.5	14.3	13.9	13.2	-3.7
19	South Africa	8.5	7.5	8.3	9.1	9.7	9.5	13.3
20	Belgium	8.1	5.6	10.7	10.7	11.6	10.4	43.5
21	Poland	8	7.1	9.7	10.6	10.0	8.3	12.3
22	Australia	7.3	5.2	7.6	7.9	7.9	7.8	39
23	Austria	7.2	5.7	7.6	7.6	7.1	7.0	27.3
24	Egypt	6.7	5.5	6.2	6.2	6.0	5.6	20.5
25	Holland	6.7	5.2	6.9	7.4	6.4	6.9	28.1
26	Czech	5.2	4.6	6.4	7.1	6.9	6.2	12.8
27	Argentina	5.1	4.0	5.5	5.4	5.5	5.4	28.0

(Continued)

Ranking	Country or Region	2010 (initial value)	2009	2008	2007	2006	2005	10/09(%)
28	Saudi Arabia	5.0	4.7	4.7	4.6	4.0	4.2	6.9
29	Sweden	4.8	2.8	5.2	5.7	5.5	5.7	72.8
30	Slovakian	4.6	3.7	4.5	5.1	5.1	4.5	22.5
31	Kazakhstan	4.3	4.1	4.3	4.8	4.3	4.5	4.1
32	Malaysia	4.1	4.0	6.4	6.9	5.8	5.3	2.4
33	Finland	4.0	3.1	4.4	4.4	5.1	4.7	31.2
34	Romania	3.9	2.8	5.0	6.3	6.3	6.3	41.1
35	Thailand	3.7	3.6	5.2	5.6	4.9	5.2	0.1
36	Indonesia	3.6	3.5	3.9	4.2	3.8	3.7	2.8
37	Vietnam	2.7	2.7	2.3	2.0	1.9	0.9	0
38	Luxemburg	2.6	2.1	2.6	2.9	2.8	2.2	19.7
39	White Russia	2.5	2.4	2.6	2.4	2.3	2.0	5.5
40	Venezuela	2.2	3.8	4.2	5.0	4.9	4.9	-41.2
	Others	25.6	23.3	26.6	30.3	29.0	27.1	
	TOTAL	1,413.6	1,229.4	1,327.2	1,346.1	1,247.2	1,144.1	15

Unit: Million Tons (some are initial values or estimated values) Data source: World Steel

Correspondence List of All Subsidiaries

Name	Website	Tel.	Fax	Address	Zip Code
Baosteel Co., Ltd.	www.baosteel.com	021 - 26647000	021 - 26646999	No. 885, Fujin Road, Baoshan District, Shanghai	201900
Guangdong Iron & Steel Group Co., Ltd.	—	020 - 83606035	020 - 83606095	F/24, China Construction Bank Mansion of Guangdong Province, 509 Dongfeng Road (M), Yuexiu District, Guangzhou	510045
Xinjiang Bayi Iron & Steel Co., Ltd.	www.bygt.com.cn	0991 - 3893018	0991 - 3891000 or 0991 - 3890035	Bayi Road, Toutunhe District, Urumchi, Xinjiang	830022
Ningbo Iron & Steel Co., Ltd.	www.ningbosteel.com	0574 - 86859000	0574 - 86859126	168 Lin'gang No. 2 Road, Xiapu, Beilun District, Ningbo, Zhejiang Province	315807

(Continued)

Name	Website	Tel.	Fax	Address	Zip Code
Baosteel Chemical Co., Ltd.	www.baosteel.com	021-26648409	021-66789208	3501 Tongji Road, Baoshan District, Shanghai	201900
Baosteel Resources Co., Ltd.	www.baosteelresources.com	021-68403333	021-68403528	F/17, Baosteel Tower, 370 Pudian Road, Pudong New Area, Shanghai	200122
Baosteel Metal Co., Ltd.	www.baosteelmetal.com	021-61805678	021-61801188	Building 2, Lane 803, Shuangcheng Road, Baoshan District, Shanghai	200940
Fortune Trust & Investment Co., Ltd.	—	021-50122212	021-50122273	Building 30, No.166, Lujiazui Ring Road, Pudong New Area, Shanghai	200120
Baosteel Engineering & Technology Group Co., Ltd.	bsee.baosteel.com	021-66786678	021-56604813	2510 Tieli Road, Baoshan District, Shanghai	201900

(Continued)

Name	Website	Tel.	Fax	Address	Zip Code
Baosteel Development Co., Ltd.	—	021 - 56125101	021 - 56122654	889 Baoyang Road, Baoshan District, Shanghai	201900
Shanghai No. 1 Iron & Steel Co., Ltd.	—	021 - 26033236	021 - 26033237	868 Changjiang Road, Baoshan District, Shanghai	200431
Shanghai No. 5 Iron & Steel Co., Ltd.	—	021 - 26032130	021 - 56671316	303 Tongji Road, Baoshan District, Shanghai	200940
Shanghai Meishan Co., Ltd.	www.bsmeishan.com	025 - 86363055	025 - 86363099	Xinjian, Zhonghuanmenwai, Nanjing, Jiangsu	210039



Feedback Form

Thank you for reading this *Baosteel Guidebook*. Your comments and suggestions would be highly appreciated so that we can better update the Guidebook.

Editorial Department of *Baosteel Guidebook* :

Baosteel Historical Records Office

Tel. : + 86 - 21 - 5611 4901

Fax: + 86 - 21 - 5610 3092

Address: F/5, Baoshan Hotel (S), 1813 Mudanjiang Road, Baoshan District, Shanghai

Zip Code: 201900

E-mail: Bgszbg@baosteel.com

Your Comments and Opinions:

Your Personal information:

Name:

Organization:

E-mail:

Tel. :

