

2012
Baosteel
Guidebook

Baosteel Group Corporation

BAOSTEEL GROUP CORPORATION

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From the Editors

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

Baosteel Guidebook 2012 is a compilation of the basic information about Baosteel Group Corporation (abbreviated to Baosteel) in 2011. All data have been provided by the related departments of Baosteel and have been reviewed and approved by department heads. (The cut-off time for submission of materials was December 2011).

Editors

June 2012

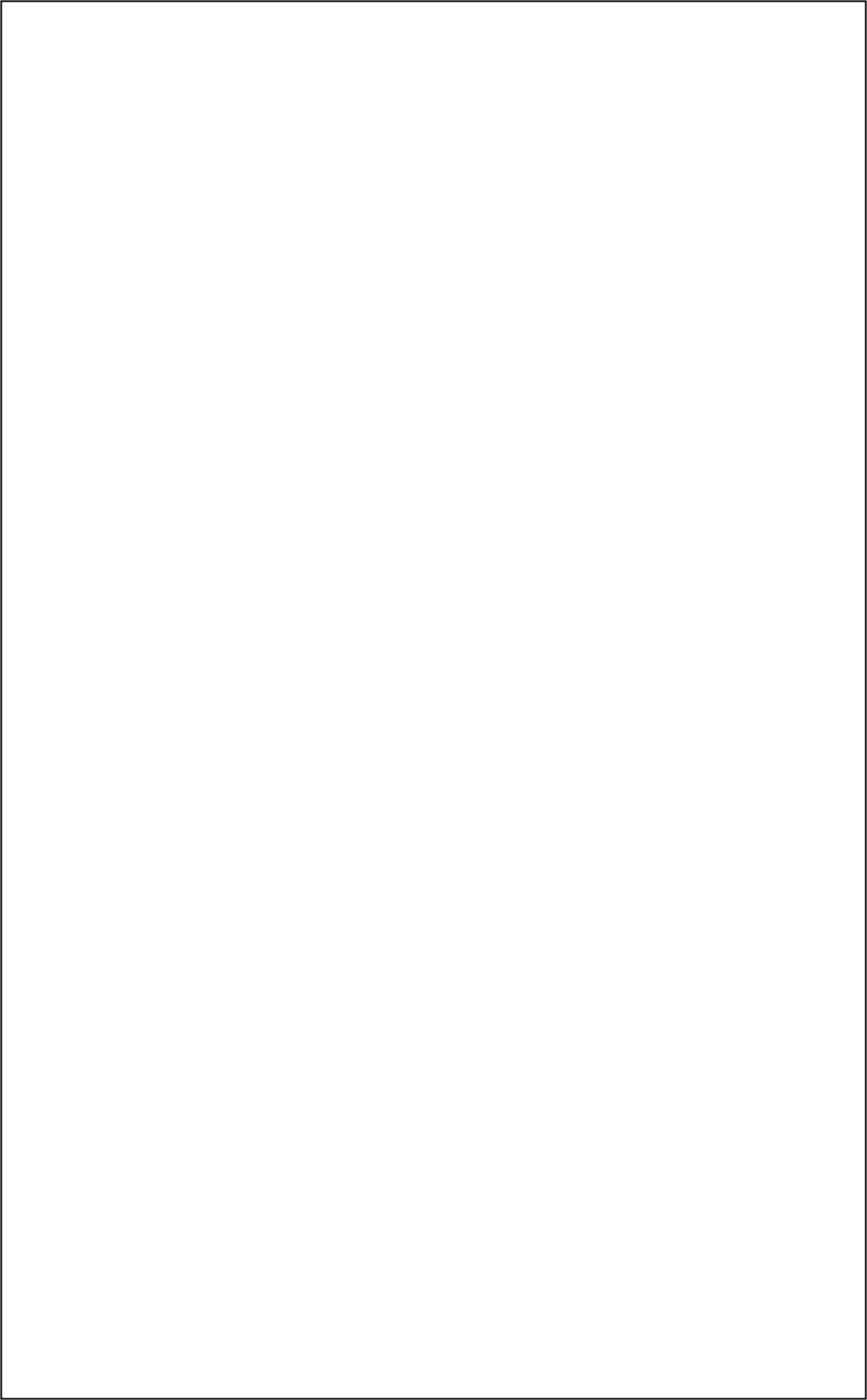


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Corporate Operation

Profile of the Enterprise

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

Baosteel (called Shanghai Baoshan General Iron & Steel Works before 1993) was established initially on December 23, 1978. It is a super-scale modern steel complex invested and constructed by the state. Occupying a land area of 18.98 square kilometers and being approximately 26km away from the city’s center, the People’s Square, the main factory of Baosteel is located in the northern part of Shanghai along the Yangtze River. On September 15, 1985 Baosteel’s first-phase project with an annual output capacity of 3 million tons of steel was successfully put into production, which was the first of its kind that had been introduced in a complete-set manner in the history of P.R.C. In June 1991, Baosteel’s first-and second-phase projects, with a designed annual output capacity of 6.71 million tons of steel, were totally completed. The third-phase project constructed using the capital raised

by the enterprise itself was completed in 2000, which enabled Baosteel to become one of the few super-large modern iron & steel enterprises with a production capacity of over ten-million tons in the world.

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

On February 3, 2000, Shanghai Baosteel Group Corporation exclusively established Baoshan Iron & Steel Co., Ltd. (“Baosteel Co., Ltd.” for short), which went public in Shanghai Securities Exchange on December 12 of the same year.

On April 28, 2007, through successful trans-regional assets reorganization, Xinjiang Bayi Iron & Steel Co., Ltd. (“Bayi Steel”) of Baosteel Group was unveiled in Xinjiang. This made Bayi Steel, with a history of 56 years, officially become a Baosteel subsidiary with controlling shares held by Baosteel Group.

On June 28, 2008, Guangdong Iron & Steel Group Co., Ltd. (“Guangdong Iron & Steel”) was established, which symbolized that initial achievements had been obtained on asset reorganization between Baosteel and iron & steel enterprises in Guangdong.

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

On April 18, 2011, Baosteel Zhanjiang Iron & Steel Co., Ltd. was registered and established in Zhanjiang, Guangdong. On August 22, 2011, Baosteel signed relevant agreements concerning reorganization of Guangdong Shaoguan Iron & Steel Group Co., Ltd. (“Shaoguan Iron & Steel”) and Guangzhou Iron & Steel Enterprise Group Co., Ltd. (“Guangzhou Iron & Steel”) with Guangdong State-owned Assets Supervision and Administration Commission and Guangzhou State-owned Assets Supervision and Administration Commission, marking a substantial step forward in reorganizing Guangdong iron & steel enterprises.

Baosteel produces three series of iron & steel products of high added value and technology content, including carbon steel, stainless steel and special steel, which are widely used in automobiles, household electrical appliances, petrochemical works, machinery manufacturing, energy industry, transportation, metal ware, aeronautics and astronautics industry, nuclear power equipment and electronic instruments, etc.

Centering on the supply chain, technology chain and resources utilization chain of the iron and steel industry, Baosteel vigorously develops diversified industries such as resources development and logistics, extended steel processing, engineering technological services, coal chemical industry, financial investment and production services, etc., forming a business structure that is characterized by synergetic and coordinated development of these diversified industries and the iron & steel industry.

In 2011, Baosteel was selected into Global 500 Enterprises by Fortune for the 8th consecutive year, ranking the 212th, and was rated as one of the World's Most Admired Companies. Baosteel is rated A, A3 and A- by Standard & Poor's, Moody's and Fitch respectively, the highest credit rating in the iron & steel industry across the world, showing a sound and stable outlook.

Ranking of Baosteel in Global Top 500 Companies

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

In 2011, Baosteel won the following awards and titles: the 2nd China Industry Prize; title of the 6th “Loving Care Donator” of “China Charity Award” (it was the 3rd time for Baosteel to be honored with the title); “Outstanding Contribution Award for Central State-owned Enterprises Participating in Shanghai Expo 2010”; “The 12th National Workers Professional Ethics Construction Model”, National Labor Certificate; the title of “China Top 10 Innovative Enterprise”.

As of the end of 2011, Baosteel had a total workforce of 116,702 employees across the world.

Former and Current Top Leaders of the Corporation

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

Business Performance

Main Indicators of Production and Management (Consolidated)

Indicators	Year 2011	Year 2010
1. Output value (RMB 10,000)		
Gross industrial output value (current price)	35012079	32032860
Industrial sales value (current price)	35272221	32054436
2. Output (10,000 tons)		
Raw iron ore	753.15	745.92
Finished products of iron ore	444.42	395.07
Sinter	5005.23	4733.18
Iron	4009.27	3895.99
Crude steel	4427.13	4449.51
Commercial billets	4360.63	4407.89
Including: commercial steel products	4265.69	4313.23
Coke	1310.40	1300.19
Refractory products	4.95	4.59
Steel wire	9.50	8.98
Steel strand	—	6.03
3. Sales volume (10,000 tons)		
Commercial billets	4360.14	4385.22
Commercial steel billets	94.45	94.34
4. Finance (RMB 10,000)		
Gross revenue	31624500	27298409
Total profit	1815104	2315932
Net profit	1500888	1875778

(Continued)

Indicators	Year 2011	Year 2010
Total assets	47381978	43114959
Total liability	20278117	17267235
5. Investment in fixed assets (RMB 10,000)		
Completed investment in fixed assets	3122271	2064125
6. Labor and personnel management (person, RMB 10,000)		
Total number of employees at the end of year (person)	104463	104768
Average gross pay for all employees (RMB 10,000)	104190	105535
Gross pay for all employees (RMB 10,000)	1090492	993433
7. Export (USD 100 million, 10,000 tons)		
Foreign exchange earned by export (USD 100 million)	30.96	23.66
Export volume (10,000 tons)	286.99	248.01
8. Safety and environmental protection (‰, person, %)		
Injury rate (‰)	0.22	0.31
Work-related mortality (‰)	0.07	0.03
Death toll (person)	9	4
Percentage of industrial waste water treated (%)	100.00	100.00
Percentage of industrial waste gas treated (%)	100.00	100.00
Qualification ratio for integrated discharge of pollutants (%)	96.00	98.00
9. Production capacity (10,000 tons)		
Iron making	4328.21	3978.21
Steel making	4862.65	5027.10
Steel rolling	4934.83	5260.97

Output of Commercial Steel Billets (Ingots) and Steel Products

Unit: ton

Company Name	Total Steel Billets (Ingots) and Products		Steel Billets (Ingots)		Steel Products	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	43606340	44078893	940111	946604	42666229	43132289
Baosteel Co., Ltd.	26139544	25928951	849598	769718	25289946	25159232
Bayi Iron & Steel	6439300	6429049	30114	94637	6409186	6334412
No.1 Iron & Steel	1425	1325			1425	1325
Meishan Iron & Steel	125205	183647			125205	183647
Profile Steel Factory of Baosteel	284603	231907			284603	231907
Guangdong Iron & Steel	0	7705011	0	22905		7682106
Shaoguan Iron & Steel	5237419		4525		5232894	
Ningbo Steel	4479155	3782650	39126	59344	4440029	3723306
Baosteel Desheng	1031748		16748		1015000	
Minus: Mutual supply within the corporation	132059	183647			0	132059

Note: Baosteel Profile Steel Factory is affiliated to Baosteel.

Output of Commercial Steel Billets (Ingots)

Unit: ton

Company Name	Total Steel Billets (Ingots)		Continuous Casting Billets		Others	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	940111	946604	623955	728836	316156	217768
Baosteel Co., Ltd.	849598	769718	533442	551950	316156	217768

(Continued)

Company Name	Total Steel Billets (Ingots)		Continuous Casting Billets		Others	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Bayi Iron & Steel	30114	94637	30114	94637		
Guangdong Iron & Steel	0	22905		22905		
Shaoguan Iron & Steel	4525		4525			
Ningbo Steel	39126	59344	39126	59344		
Baosteel Desheng	16748		16748			

Output of Commercial Steel Products

Company Name	Hot rolled steel plates & coils (ton)					
	Total		Including: stainless steel		Others	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	18354769	18668261	1514480	618864	18119407	18416691
Baosteel Co., Ltd.	9521515	9509389	499480	618864	9022035	8890525
Bayi Iron & Steel	2556296	2608031	0		2556296	2608031
Meishan Iron & Steel	14	5731	0		14	5731
Guangdong Iron & Steel	0	3005451	0		0	3005451
Shaoguan Iron & Steel	1968974		0		1968974	
Ningbo Steel	4440029	3723306	0		4440029	3723306
Baosteel Desheng	1015000		1015000		0	
Minus: Mutual supply within the corporation	132059	183647	0		132059	183647

(Continued)

Company Name	Cold rolled steel plates & coils (ton)					
	Total		Including: stainless steel		Others	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	6080774	6697339	840039	750679	5240735	5946660
Baosteel Co., Ltd.	5707741	5663108	840039	750679	4867702	4912429
Bayi Iron & Steel	247842	199953	0		247842	199953
Meishan Iron & Steel	125191	177916	0		125191	177916
Guangdong Iron & Steel	0	656362	0		0	656362

Company Name	Stainless steel products (ton)					
	Total		Including: Plates and Coils		Others	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	2548410	1551019	2354519	1369543	193891	181476
Baosteel Co., Ltd.	1533410	1551019	1339519	1369543	193891	181476
Baosteel Desheng	1015000		1015000		0	

Company Name	Galvanized steel sheets (ton)		Tin-plated steel sheets (ton)		Chrome-plated steel sheets (ton)	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	3663878	3700450	942990	900480	167623	167812
Baosteel Co., Ltd.	3591793	3330776	942990	900480	167623	167812

(Continued)

Company Name	Galvanized steel sheets (ton)		Tin-plated steel sheets (ton)		Chrome-plated steel sheets (ton)	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Bayi Iron & Steel	72085	69622				
Guangdong Iron & Steel		300052				

Company Name	Color-coated sheets (ton)		Electrical steel (ton)		Bars (ton)	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	749285	677061	1242231	1288797	788895	916113
Baosteel Co., Ltd.	686355	608762	1242231	1288797	647292	686553
Bayi Iron & Steel	62930	68299			141603	229560

Company Name	Steel tubes (including welded tubes) (ton)		Steel wire rods (wires) (ton)		Reinforcing steel bars (ton)	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	1549262	1774993	3195218	3663468	4605051	4996351
Baosteel Co., Ltd.	1549262	1718988	828082	842764	379837	425208
Bayi Iron & Steel			1170618	1255542	2157812	1903405
Guangdong Iron & Steel		56005		1565162		2667738
Shaoguan Iron & Steel			1196518		2067402	

Output of Metal Ware

Unit: ton

Company Name	Total		Steel wire		Steel wire rope		Steel strand	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	94983	139458	94983	91527	0	0	0	47931
Baosteel Co., Ltd.	13631	9369	13631	9369				
No.2 Iron & Steel	0	58346		10415				47931
BaoRi Wire	81352	71743	81352	71743				

Sales Volume of Metal Ware

Unit: ton

Company Name	Total		Steel wire		Steel wire rope		Steel strand	
	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010	Year 2011	Year 2010
Corporation	93853	137593	93853	98886	0	187	0	38520
Baosteel Co., Ltd.	13718	9285	13718	9285				
No.2 Iron & Steel	0	58295		19588		187		38520
BaoRi Wire	80135	70013	80135	70013				

Corporate Governance Structure

1. Corporate Governance Mechanism

Within the framwok of Company Law, Articles of Association of Baosteel Group Corporation (hereinafter referred to as Articles of Association) and Rules of Procedures of the Board of Directors of Baosteel Group Corporation (hereinafter referred to as “Rules of Procedures of the Board of Directors”), SASAC under the State Council as the representative of the investors, the Board of Directors of Baosteel Group, the Board of Supervisors dispatched by SASAC and

the management of Baosteel Group perform their respective functions in a standard manner to form a highly efficient corporate governance mechanism of checks and balances.

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

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

The State Council designates a board of supervisors to work as the supervising body that supervises the corporation's decision-making process and the execution of decisions.

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

2. Basic Information of Board of Directors

(1) Members of Board of Directors

In October 2005, as one of the first central enterprises to set up a Board of Directors on a pilot basis, Baosteel Group Corporation established its first Board of Directors consisting of 9 directors, among whom 5 were outside directors, taking up a majority.

In January 2009, the first Board of Directors of Baosteel expired. The second Board of Directors was established with the number of directors increasing from 9 to 11, among whom the number of outside directors increased to 7. Members of the Board of Directors are:

Chairman: Xu Lejiang

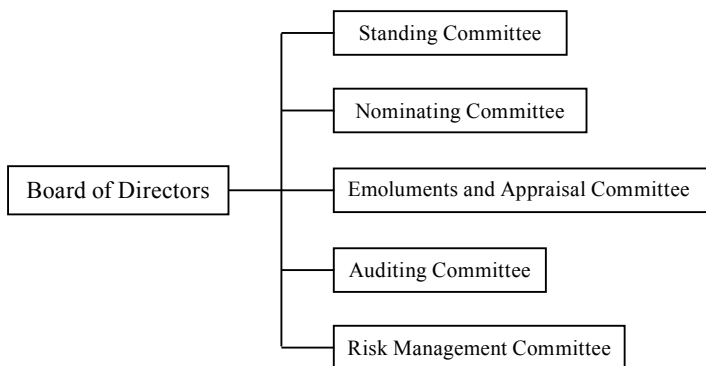
Vice Chairman: Liu Guosheng

Directors: Xu Lejiang, Liu Guosheng, He Wenbo

Feng Guojing (outside director), Li Qingyan (outside director), Wu Yaowen (outside director), Yang Xianzu (outside director, his tenure of office as a director expired in August 2009), Xia Dawei (outside director), Gan Yong (outside director), Jing Tianliang (outside director)

Zhu Yiming (worker director, who has been acting as worker director since September 5, 2011. His predecessor was Wang Jinde, whose tenure of office as worker director expired in September 2011).

(2) Special committees established under Baosteel's Board of Directors



Main responsibilities of the Standing Committee (7 members, including 5 outside directors): Directing and supervising the implementation of resolutions made by the Board of Directors; pre-reviewing important issues such as major investment and financing proposals that must be submitted to the Board of Directors for approval; making decisions on relevant matters under special authorization of the Board of Directors.

Main responsibilities of Nominating Committee (5 members, including 3 outside directors): Discussing the standards, procedures and methods for promotion of senior executives and putting forward suggestions to the Board of Directors; examining and investigating candidates for the position of Secretary of the Board of Directors nominated by the Chairman, for the position of Vice President and the position of Chief Financial Officer nominated by the President and offering suggestions to the Board of Directors; carrying out an investigation of senior executives upon completion of their probationary period and offering suggestions to the Board of Directors; selecting candidates for vacant positions within the corporation and on the human resources market both at home and abroad.

Main responsibilities of the Emoluments and Appraisal Committee (composed completely of 5 outside directors): Drawing up performance management and salary management programs for senior executives; setting annual and term-of-office performance targets for the President; drawing up a program for compensation, evaluation, reward and punishment for the President; listening to and reviewing the program submitted by the President for compensation, evaluation, reward and punishment for Vice Presidents and Chief Financial Officer; discussing the Corporation's salary system and putting forward related suggestions.

Main responsibilities of the Auditing Committee (composed completely of 5 outside directors): Reviewing the annual work plan for corporate internal audits; monitoring corporate internal audits and financial information disclosure; reviewing corporate financial reports, accounting policies and policy changes, and offering suggestions to the Board of Directors; providing opinions on the appointment and dismissal of persons in charge of corporate internal audits; giving instructions to corporate internal auditors on how to carry out same-tier audits; supervising the Corporation in employing, replacing and paying third-party auditing agencies.

Risk Management Committee (7 members, including 5 outside directors): Monitoring and guiding the operation of the Corporation's risk management system; reviewing the annual work plan for and work report on overall risk management; reviewing and discussing strategies for and solutions to the management of major risks.

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

Members of the Board of Directors and Special Committees

	Board of Directors	Standing Committee	Nominating Committee	Emoluments and Appraisal Committee	Auditing Committee	Risk Management Committee
Chairman of the Board of Directors	Xu Lejiang	•(Director)				•(Director)
Vice Chairman of the Board of Directors, Secretary of the Party Committee	Liu Guosheng		•(Director)			
Managing director	He Wenbo	•	•			•
Outside director	Feng Guojing			•	•	•
Outside director	Li Qingyan		•	•(Director)		
Outside director	Wu Yaowen	•		•	•	•
Outside director	Xia Dawei	•	•		•(Director)	•
Outside director	Gan Yong	•		•	•	•
Outside director	Jing Tianliang	•	•	•	•	
Worker director	Zhu Yiming					

(3) Articles of Association and Rules of Procedure for the Board of Directors

After Baosteel set up the Board of Directors in October 2005 on a pilot basis, the first Board of Directors built a working system

with the Articles of Association, the Rules of Procedure for the Board of Directors and the Rules of Procedure for Special Committees as the framework, constantly improved the operating mechanism of the Board of Directors, standardized the meeting system and resolution mechanism of the Board of Directors and Special Committees, and enabled the Board of Directors to operate normally, efficiently and orderly. All members of the Board of Directors made it their mission to maximize the interests of the investors, actively participated in decision-making, and voiced their opinions independently and objectively. A modern corporate operating system was preliminarily established featuring clear work division, good coordination, efficient cooperation and effective checks and balances. The second Board of Directors refined the Articles of Association and the Rules of Procedure for Board of Directors; improved the mechanism by which special committees support the Board of Directors in decision making; and further rationalized the authorization and decision-making mechanisms for investors, the Board of Directors and the senior management on the principle of “Appropriate Authorization, Hierarchical Decision Making and Effective Monitoring”. All these enabled the Board of Directors to make decisions more scientifically and efficiently.

(4) Main Functions/Powers and Operation of the Board of Directors

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

- Deciding on Baosteel’s development strategy and mid- and long-term development program;
- Deciding on Baosteel’s business plan, investment & financing plan and program, and approving Baosteel’s trading financial asset investment and investment in noncore business;
- Deciding on Baosteel’s annual business objectives;
- Approving Baosteel’s annual financial budget program;
- Formulating Baosteel’s annual financial statement program;
- Drawing up Baosteel’s profit distribution program and loss recovery plan;
- Deciding on the setup of internal management organizations of Baosteel;
- Appointing or dismissing the President of Baosteel; assessing

his/her performance and determining his/her remuneration; appointing or dismissing the Vice President and Chief Finance Officer according to the nomination of the President and determining their remunerations according to the suggestions of the President;

- Exercising shareholders' functions and powers concerning return on assets, major decision making as well as selection of directors and supervisors for wholly-owned, share-controlled and shareholding enterprises;
- Deciding on the risk management system of Baosteel.

In 2011, the Board of Directors held 10 meetings, in which 63 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, where 4 issues were discussed and reviewed; the Auditing Committee held 4 meetings, where 10 issues were discussed and reviewed; the Risk Management Committee held 1 meeting, in which the annual risk management report was reviewed.

3. Basic Information of the Board of Supervisors

In September 2009, SASAC dispatched the fourth Board of Supervisors to Baosteel, members of which are as follows:

Chairman: Luo Han

Director: Chen Qiliang

Deputy Directors: Lu Pin; Zhou Jianjun

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

Leaders of Baosteel Group Corporation (Dec. 2011)

Chairman: Xu Lejiang

Chairman: Luo Han

Vice Chairman: 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), Zhu Yiming (worker director)

President: He Wenbo

Vice Presidents: Zhao Kun, Dai Zhihao, Zhao Xia, Zhou Zhuping, and Zhao Zhouli

Secretary of the Party Committee: Liu Guosheng

Deputy Secretary of the Party Committee: Fu Zhongzhe

Members of the Standing Committee of the Party Committee:

Xu Lejiang, Liu Guosheng, He Wenbo, Zhao Kun, Ma Guoqiang, Liu Zhanying, and Fu Zhongzhe

Secretary of the Discipline Inspection Committee of the Party:

Liu Zhanying

Chairman of the Labor Union: Zhu Yiming

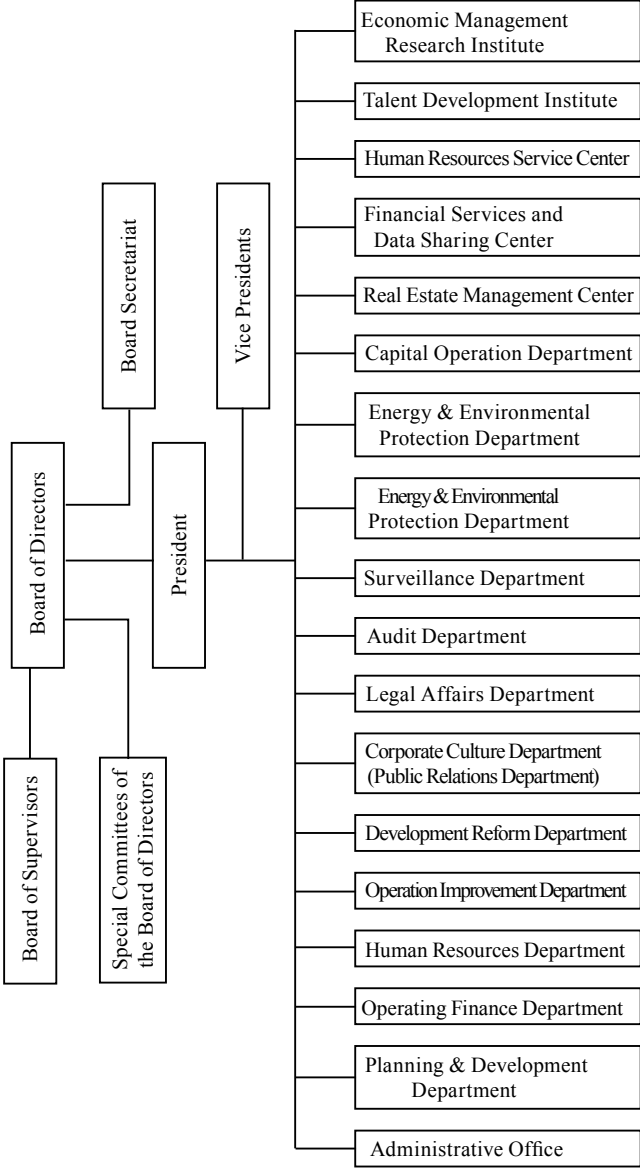
General Legal Advisor: Chen Delin

Secretary of the Board of Directors: Wang Li

Assistants to the President: Wang Li, Ye Meng, Wang Chengran, Hu Xuefa, and Guo Bin

Organizational Structure

Organizational Structure of Baosteel Group Corporation (Dec. 31, 2011)



List of Main Subsidiaries and Controlled Companies of Baosteel Group

Company Name	Established in	Total Assets (RMB 100 Million)	Holding Proportion (%)	Operating Revenue of 2011 (RMB 100 Million)
Baosteel Co., Ltd.	2000.2	2311.00	74.87	2228.57
Bayi Iron & Steel	1951.9	417.22	75.55	311.97
Ningbo Steel	2003.1	177.51	56.15	210
Zhanjiang Iron & Steel	2011.4	—	100	—
Baosteel Resources	2006.7	264.8	100	431.5
Baosteel Metal	2007.12	97.97	100	130
Baosteel Engineering	1999.8	161.9	100	140
Fortune Trust & Investment	2007.3	239.64	100	25.7
Baosteel Development	1986.9	104.67	100	171.5

Financial Statement

Consolidated Balance Sheet of Baosteel Group Corporation

By December 31, 2011

Unit: RMB

Assets	Closing Amount	Beginning Amount
Current Assets:		
Monetary Capital	54,286,849,237.44	49,069,500,126.46
Deposit Reservation for Balance	143,638,059.57	142,150,085.56
Trading Financial Assets	1,645,191,400.86	2,842,331,037.44
Notes Receivable	19,325,283,473.73	13,684,702,817.53
Accounts Receivable	10,210,669,969.24	8,095,820,864.82
Prepayment	6,434,589,212.36	7,417,865,127.94

(Continued)

Assets	Closing Amount	Beginning Amount
Interest Receivable	644,595,702.56	625,997,102.17
Dividends Receivable	289,888,015.23	19,199,112.85
Other Accounts Receivable	3,116,632,529.56	1,847,236,916.67
Redemptory Monetary Capital for Sale	918,145,550.00	139,235,616.44
Inventory	65,422,950,954.04	60,806,253,643.52
Other Current Assets	1,458,981,237.08	701,356,653.39
Total Current Assets	163,897,415,341.67	145,391,649,104.79
Non-current Assets:		
Disbursement of loans and Advances	1,101,036,247.80	746,917,990.54
Financial Assets Available for Sale	44,245,815,763.81	41,627,909,906.74
Investment Held to Maturity	6,898,758,257.03	8,266,892,329.60
Long-term Receivables	212,403,843.07	178,362,027.75
Long-term Equity Investment	37,205,340,480.26	38,561,103,186.81
Investment Property	1,652,063,968.11	2,189,761,981.74
Fixed Assets	159,796,190,012.80	152,421,351,681.11
Construction in Progress	27,878,191,230.26	17,572,604,548.62
Construction Materials	849,350,935.33	520,797,270.65
Intangible Assets	20,195,541,654.62	17,083,742,666.10
Goodwill	1,317,687,220.99	1,317,687,220.99
Long-term Deferred and Prepaid Expenses	451,702,655.45	242,518,300.59
Deferred Income Tax Assets	3,761,447,693.20	3,599,045,578.64
Other Non-current Assets	4,356,830,964.45	1,429,248,639.68

(Continued)

Assets	Closing Amount	Beginning Amount
Total Non-current Assets	309,922,360,927.18	285,757,943,329.56
Total assets	473,819,776,268.85	431,149,592,434.35
Current Liabilities:		
Short-term Borrowing	68,407,392,790.77	45,488,721,387.51
Deposits from Customers and Inter-bank Deposits	118,192,801.53	20,160,787.42
Borrowings from Banks and Other Financial Institutions	300,000,000.00	—
Trading Financial Liabilities	13,263.39	11,148,786.82
Notes Payable	6,524,772,602.87	6,413,291,257.69
Accounts Payable	32,676,101,830.45	28,355,701,759.63
Accounts Received in Advance	16,398,960,391.53	18,550,207,689.56
Financial Assets Sold for Repurchase	620,000,600.00	—
Payroll Payable	7,434,559,877.61	7,554,561,858.92
Taxes and Dues payable	(1,808,779,850.32)	894,338,785.29
Interest Payable	364,288,378.03	320,692,418.32
Dividends Payable	1,138,565,948.49	1,378,028,154.14
Other Accounts Payable	4,425,160,342.67	3,858,637,616.36
Acting Trading Securities	844,924,232.34	1,074,730,947.65
Non-current Liabilities Due within One Year	19,304,323,257.78	3,206,663,306.13
Other Current Liabilities	1,703,844,297.88	1,925,541,472.18
Total Current Liabilities	158,452,320,765.02	119,052,426,227.62
Non-current Liabilities:		

(Continued)

Assets	Closing Amount	Beginning Amount
Long-term Borrowing	13,112,076,661.94	18,277,331,796.78
Bond Payable	13,710,937,175.63	18,474,795,283.20
Long-term Accounts Payable	2,973,066,449.11	2,771,712,472.76
Special Accounts Payable	4,835,510,790.19	4,502,021,836.80
Estimated liabilities	2,185,934,508.32	2,358,633,884.59
Deferred Income Tax Liabilities	5,469,807,825.02	5,537,927,896.61
Other Non-current Liabilities	2,041,510,988.01	1,697,498,126.96
Total Non-current Liabilities	44,328,844,398.22	53,619,921,297.70
Total Liabilities	202,781,165,163.24	172,672,347,525.32
Owner's Equity:		
Paid-in Capital	51,082,620,998.89	51,082,620,998.89
Capital Surplus	48,298,539,199.60	49,849,168,410.89
Special Reserves	220,277,560.67	263,792,428.90
Surplus Reserve	85,958,231,004.24	79,766,082,094.72
Undistributed Profits	42,023,171,541.22	37,241,165,681.93
Converted difference in Foreign Currency Statements	(195,634,711.99)	(47,297,614.87)
Total Equity Attributable to Owner of the Parent Company	227,387,205,592.63	218,155,532,000.46
Minority Equity	43,651,405,512.98	40,321,712,908.57
Total Owner's Equity	271,038,611,105.61	258,477,244,909.03
Total Liabilities and Owner's Equity	473,819,776,268.85	431,149,592,434.35

Consolidated Income Statement of Baosteel Group Corporation

By December 31, 2011

Unit: RMB

Item	Amount of Current Period	Amount of Prior Period
1. Total Operating Revenues	316,244,999,453.40	272,984,086,561.71
Minus: Operating Costs	280,061,375,194.07	231,344,687,139.55
Business Taxes and Surcharges	1,219,596,454.44	1,216,713,815.56
Sales Expenses	4,689,862,239.85	4,407,002,782.27
Management Expenses	16,424,495,231.77	14,367,760,398.31
Financial Expenses	931,492,239.04	1,388,993,849.37
Assets Depreciation Loss	2,365,974,107.98	2,300,078,713.17
Plus: Income from Changes in Fair Value	(93,093,287.63)	(16,698,453.73)
Investment incomes:	6,768,416,486.99	5,232,626,511.70
Including: Investment Income for Associated Venture and Joint Venture	2,291,130,966.34	2,139,020,371.53
2. Operating Profits	17,227,527,185.61	23,174,777,921.45
Plus: Non-operating Revenues	1,648,137,629.57	1,263,282,228.40
Minus: Non-operating Expenses	724,626,976.96	1,278,735,231.85
Including: Disposal Losses on Non-current Assets	258,841,097.92	363,336,324.82
3. Total Profits	18,151,037,838.22	23,159,324,918.00
Minus: Income Tax Expenses	3,142,156,588.99	4,401,546,482.38

(Continued)

Item	Amount of Current Period	Amount of Prior Period
4. Net Profits	15,008,881,249.23	18,757,778,435.62
Net Profits Attributable to Owners of the Parent Company	12,068,582,961.60	14,505,648,619.00
Minority Interests	2,940,298,287.63	4,252,129,816.62
5. Other Consolidated Income	(2,326,215,896.95)	(635,229,495.12)
6. Total Consolidated Income	12,682,665,352.28	18,122,548,940.50
Total Consolidated Income Attributable to Owners of the Parent Company	9,933,504,845.06	13,854,411,395.82
Total Consolidated Income Attributable to Minority Shareholders	2,749,160,507.22	4,268,137,544.68

Research and Development

In 2011 Baosteel continued to actively make innovations in its management mechanism and system in accordance with the requirements of the national 12th “Five-year” Development Plan. While conducting a new round of planning and system building, the Corporation vigorously carried out technological innovation and the role that R&D plays in boosting Baosteel’s operation capacity was further enhanced. Baosteel continued to keep relatively high R&D spendings that accounted for up to 2.0% of its total annual revenues. In the year 2011, Baosteel’s applications for intellectual property right grew steadily. It filed 2,287 patent applications, in which 783 were for invention patents, accounting for 34.2%.

Research Institutes

As of the end of 2011, research institutes affiliated to Baosteel included the Research Institute of Baosteel Co., Ltd. (R&D Center), R&D Center of Meishan Iron & Steel, R&D Center of Baosight Software, and R&D Center of Baosteel Chemical Co, Ltd. (excluding

research institutes of Bayi Iron & Steel, Guangdong Iron & Steel, and Ningbo Steel) Research Institute of Baosteel Co., Ltd. (R&D Center) mainly undertakes R&D of carbon steel, stainless steel and special steel, etc., and provides various subsidiaries (branches) with technical support for the development of new products, processes, technologies and equipment.

Economic Management Research Institute

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

In 2011 Economic Management Research Institute continued to expand its user base and provided effective support for Baosteel Group, its subsidiaries and related government departments in their strategic decision making. The Institute completed 23 soft science research projects and worked out 167 research reports and special reports for high-ranking officials.

Investment and Construction

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

Main Equipment for the 1st and 2nd phase Projects

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

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

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

Main Equipment for the 3rd Phase Project

Equipment	Specification	Quantity
Blast Furnace	4350 M3	1
Sintering Machine	450 M3	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. Put together, the 1st, 2nd and 3rd phase projects of Baosteel have a total production capacity of 11 million tons of steel, 9.75 million tons of iron and 7.136 million tons of steel products, making Baosteel one of the few world-class modern iron & steel enterprises that possess a production capacity of over 10 million tons.

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

From 1998 to 2006, Baosteel eliminated and/or cut down its backward iron-making capacity by 4.93 million tons (including an

iron-melting capacity of 4.6 million tons), its backward steel-making capacity by 6.08 million tons and its backward rolling capacity by about 5 million tons. In 2008, Meishan Iron & Steel of Baosteel Co., Ltd. eliminated its coking capacity by 1 million tons. In 2009, it eliminated the iron-making capacity of 2 million tons. The corporate adjustment and transformation project undertaken by Shanghai No.2 Iron & Steel Co., Ltd. of Baosteel Group was listed as one of the priority projects of Shanghai in the sphere of industrial restructuring for 2009. On June 25, 2010 all of its production lines were closed. In 2011, Nanjiang iron & steel base construction project started; and assets reorganization between Baosteel and iron & steel enterprises in Guangdong went on smoothly.

Main Projects Constructed During the Period from 1999 to 2010

Company Name	Project Name	Commencement Time (Year, Month, Day)	Completion Time (Year, Month, Day)
No.5 Iron & Steel Co., Ltd.	Project of Silver Bright Materials for Special Steel	2000.8	2002.6
No.5 Iron & Steel Co., Ltd.	Alloy Module Project	2000.3	2002.12
Meishan Iron & Steel	Revamping Project for Hot Rolling Technology	2000.11	2003.12
No.1 Iron & Steel Co., Ltd.	Stainless Steel Project	2001.11	2004.4
No.5 Iron & Steel Co., Ltd.	Stainless Steel Long Profile Project	2001.6	2004.6
Baosteel Co., Ltd.	Project of Technical Revamping of No.3 Color-coating Unit	2003.3	2004.8
Yichang	Revamping Project for Cold Rolling Technology	2003.11	2005
Baosteel Co., Ltd.	Project of Relocated Overhaul for No.2 Blast Furnace	2003.8	2005.1
Baosteel Co., Ltd.	Heavy Plate Mill and its Supporting Continuous Casting Project	2002.9	2005.3
Baosteel Co., Ltd.	1800mm Cold Rolling Steel Strip Project	2002.9	2005.6
Baosteel Co., Ltd.	HFW Project	2004.8	2005.10

(Continued)

Company Name	Project Name	Commencement Time (Year, Month,Day)	Completion Time (Year, Month,Day)
No.5 Iron & Steel Co., Ltd.	Alloy Steel Bar Revamping Project	2003.1	2005.12
Baosteel Co., Ltd.	Third Hot Rolling Project	2005.5	2007.3
Baosteel Co., Ltd.	Majishan Harbor Project	2005.12	2007.10
Baosteel Co., Ltd.	LSAW (UOE) Project	2006.2	2008.1
Bayi Iron & Steel	Blast Furnace Project		2008.2
Baosteel Co., Ltd.	No.4 Generator Set Project	2006.4	2008.3
Pudong Steel	Luojing Relocation Project	2005.6	2008.5
Baosteel Co., Ltd.	The fifth Cold Rolling Project	2006.1	2008.9
Iron Works of Baosteel Co., Ltd.	Project of Overhaul for No.1 Blast Furnace	2007.4.15	2009.2.15
Meishan Iron & Steel of Baosteel Co., Ltd.	Revamping Project of Relocated Overhaul for No.1 & 3 Blast Furnaces of Guangdong Iron & Steel	2007.5.16	2009.5.12
Zhanjiang Longfeng Logistics of Guangdong Iron & Steel	Pelletizing Project	2008.12	2009.9.27
Meishan Iron & Steel of Baosteel Co., Ltd.	Structural Adjustment Project of 1,422 mm Hot Rolling Project	2007.3.26	2009.10
Ningbo Steel	Wufengtang Coke Oven Project	2007.5	2009.11
Cold Rolling Plant of Baosteel Co., Ltd.	New Construction of Cold Rolling Continuous Annealing Unit	2008.3	2009.12
Special Steel Business Unit of Baosteel Co., Ltd.	Steckel Mill Project	2007.9	2009.12
Stainless Steel Business Unit of Baosteel Co., Ltd.	Follow-up Project of Cold Rolling Stainless Steel Strip	2007.11	2010
Baosteel-NSC/ARC ELOR Automotive Steel Sheets Co., Ltd.	New Construction of Hot Galvanizing (GA) Production Line	2008.3.15	2010.2

In 2011, Baosteel Group Corporation completed a fixed assets investment of RMB 31.223 billion.

Major Projects Launched into Production in 2011

Company Name	Project Name	Commencement Time	Time of Starting Production
Baosteel Co., Ltd.	Luojing Two-step Implementation Project	2008.2	2011.3
	Lubao Steel Pipe Relocation and Product Structure Adjustment Project	2008.5	2011.4 (In-depth debugging)
	Follow-up Project of Grain Oriented Silicon Steel (Step One)	2010.3	2011.10
	Project of Hot Rolled Pickling High-strength Steel Production Line	2010.4	2011.10
	Extension Project of Ningbo Baoxin Bright Annealing Unit and Temper Rolling Unit	2010.7	2011.11
	Ningbo Steel	135 MW Residual Heat Power Generation Project	2010.4
Baosteel Development	Reconstruction Project for Comprehensive Utilization of Blast Furnace Slag Resources	2010.9	2011.11
Baosteel Engineering	Steel Structure (Jiangsu) Project	2011.1	2011.12

Major Projects under Construction in 2011

Company Name	Project Name	Commencement Time	Estimated Completion Time
Baosteel Co., Ltd.	Forging Plant Expansion and Renovation Project	2010.3	2012.1
	Gas System Upgrade & Renovation Project	2011.1	2012.5
	Technological Transformation Project for Upgrading Product Structure and Technological Equipment	2008.9	2012.6
	Comprehensive Reconstruction Project for Coke Oven System Upgrading	2011.1	2012.9
	New High-grade Non-oriented Silicon Steel Production Line Project	2011.6	2013.6
	Follow-up Project of Grain Oriented Silicon Steel (Step Two)	2011.6	2013.7

(Continued)

Company Name	Project Name	Commencement Time	Estimated Completion Time
Bayi Iron & Steel	Nanjiang Iron & Steel Base Project	2011.8	2012.7
Baosteel Development	Project (First Phase) of Comprehensive Utilization and Industrialization of Iron Oxide Red	2011.6	2012.10
Baosteel Metal	Coking Gas Project	2011.7	2012.8
Baosteel Resources	Coastal Fleet Project	2010.7	2012.4

Main Award-winning Projects from 1998 to 2011

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
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)	Ministry of Housing and Urban-Rural Development of the People's Republic of China (MOHURD); China Construction Industry Association (CCIA)

(Continued)

Project Name	Time	Award	Conferred by
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
1,420 mm Cold Rolling Steel Strip Project of Baosteel	2000	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)
1,580 mm Cold Rolling Project of Baosteel	2001	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)
Hot Rolled Coil Project of Stainless Steel and Carbon Steel of Baosteel Group No.1 Iron & Steel Co., Ltd.	2005	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)
Hot Rolled Coil Project of Stainless Steel and Carbon Steel of Baosteel Group No.1 Iron & Steel Co., Ltd.	2005	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Stainless Steel Long Profile Project of Baosteel Group No.5 Iron & Steel Co., Ltd.	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)	Ministry of Housing and Urban-Rural Development of the People's Republic of China (MOHURD); China Construction Industry Association (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
Cold Rolled Stainless Steel Plate Technical Transformation Project (Phase IV) of Ningbo Baoxin	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
Heavy Plate Billet Continuous Casting Project 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
1800mm Cold Rolled Steel Strip Project of Baosteel	2006	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
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
1800mm Cold Rolled Steel Strip Project of Baosteel	2007	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)
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
1880mm Hot Rolled Steel Strip Project of Baosteel	2008	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)
1880mm 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)	Ministry of Housing and Urban-Rural Development of the People's Republic of China (MOHURD); China Construction Industry Association (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 & Relocation Project	2009	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
Slab Continuous Casting Project of the Pudong Iron & Relocation Project	2009	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association
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
No.5 Cold Rolled Steel Strip Project of Baosteel (Phase I)	2011	Luban Award of Chinese Construction Project	China Construction Industry Association

(Continued)

Project Name	Time	Award	Conferred by
New Hot Galvanizing (GA) Production Line Project of Baosteel-NSC/ Arcelor Automotive Steel Sheets Co., Ltd	2011	Supreme Quality Project of Metallurgical Industry	China Metallurgical Construction Association

Environmental Management

In 2011 Baosteel continued to improve basic energy management, enhance the overall energy management system operation level of the group, and advance energy management system certification in an all-around manner. Stainless Steel Business Unit, Special Steel Business Unit, Meishan Iron & Steel, Baotong Iron & Steel of Baosteel Co., Ltd. passed energy management system certification; Ningbo Steel officially launched energy management system certification; Bayi Iron & Steel established the Leading Group & Administrative Office for Advancing Energy Management System Construction to kick off certification work. Also in 2011 Baosteel Group was honored with the title of “Advanced Central Enterprise in Energy Conservation and Emission Reduction during the 11th Five-year Plan Period” and was listed for the first time in the “Global 500 Green Enterprises” published by Newsweek in conjunction with 2 other globally-leading environmental research institutes, ranking the 359th. Baosteel Co., Ltd. was rated as one of the “Top 10 Enterprises in Comprehensive Resources Utilization in Shanghai 2010”. Ningbo Baoxin was rated as Energy Conservation Model Enterprise in Beilun District of Ningbo 2010.

Performance in Energy Management System Certification

Enterprises that have passed certification	Enterprises that are applying for certification
Baosteel Co., Ltd. (headquarters including the headquarters of Steel Tubes & Bars Business Unit; Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd)	Bayi Iron & Steel
Stainless Steel Business Unit of Baosteel Co., Ltd. Special Steel Business Unit of Baosteel Co., Ltd.	Ningbo Steel
Meishan Iron & Steel of Baosteel Co., Ltd.	

(Continued)

Enterprises that have passed certification	Enterprises that are applying for certification
Baotong Iron & Steel of Baosteel Co., Ltd.	
Baotian Company under Baosteel Development Co., Ltd.	

Cleaner Production Audit

In 2011, amongst the Shanghai-based enterprises of Baosteel, the headquarters of Baosteel Co., Ltd. and Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd applied for and passed cleaner production audit for the first time. Stainless Steel Business Unit and Special Steel Business Unit passed cleaner production review. In the meantime enterprises with diversified business including Baosteel Chemical, Baoyi Canmaking, Baosteel Packaging Material and Baotian Company also passed cleaner production audit. Non-Shanghai-based Bayi Iron & Steel, Ningbo Steel, Jiangnan Roller, BSHI, Shaoguan Iron & Steel, Kede Company and Hebei Canmaking, and Shanghai-based Baosteel Machinery Factory started the work of cleaner production audit.

Through cleaner production audit, Baosteel worked out 160 cleaner production plans concerning material saving, energy conservation, process optimization and emission reduction, etc., as a result of which energy consumption in 37 out of 68 major production processes dropped significantly compared with that of 2010.

Performance in Cleaner Production Audit

Enterprises that have passed audit	Enterprises that are being audited
Baosteel Co., Ltd. (headquarters including the headquarters of Steel Tubes & Bars Business Unit; Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd)	Baosteel Machinery Factory
Stainless Steel Business Unit of Baosteel Co., Ltd.	Bayi Iron & Steel
Special Steel Business Unit of Baosteel Co., Ltd.	Ningbo Steel
Baosteel Chemical	BSHI
Baotian Company	Jiangnan Roller
Baoyi Canmaking	Hebei Canmaking

(Continued)

Enterprises that have passed audit	Enterprises that are being audited
Baosteel Packaging Material	Kede Company
	Shaoguan Iron & Steel

Greener Production

In 2011 Baosteel launched 130 key environmental protection projects (including projects of comprehensive resources utilization) and 73 key energy-saving projects, in which 71 environmental protection projects and 47 energy-saving projects were completed and put into operation. In the year Baosteel signed 23 energy management contracts with a total contract value of up to RMB 510 million.

Energy and Environmental Management

Compared with the targets set in the 2011 annual plan, Baosteel's full-year comprehensive energy consumption per ton of steel was lower by 5kg of standard coal; energy consumption per RMB 10,000 of output value dropped by 4.5%; sulfur dioxide and COD emissions dropped by 19.6% and 31% respectively; and 30% more energy was saved.

Energy and Environmental Management Performance of Iron & Steel Enterprises

Greener Production Performance of Baosteel Co., Ltd.				
Index	Unit	Year 2009	Year 2010	Year 2011
Comprehensive energy consumption per ton of steel	%	100	96.64	98.55
Total residual energy recovered	%	100	99.93	113.81
Fresh water consumption per ton of steel	%	100	97.46	98.38
Sulfur dioxide emission per ton of steel	%	100	61.71	50.86
COD emission per ton of steel	%	100	88.84	83.74
Dust emission per ton of steel	%	100	91.65	88.75
Comprehensive utilization rate of solid waste resources	%	98.26	98.58	98.81

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

Greener Production performance of Bayi Iron & Steel

Index	Unit	Year 2009	Year 2010	Year 2011
Comprehensive energy consumption per ton of steel	%	100	89.85	88.42
Total residual energy recovered	%	100	146.21	159.75
Fresh water consumption per ton of steel	%	100	81.28	68.95
Sulfur dioxide emission per ton of steel	%	100	73.50	69.17
COD emission per ton of steel	%	100	53.41	47.60
Dust emission per ton of steel	%	100	109.49	89.79
Comprehensive utilization rate of solid waste resources	%	70.51	73.50	69.17

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

Greener Production Performance of Ningbo Steel

Index	Unit	Year 2010	Year 2011
Comprehensive energy consumption per ton of steel	%	100	99.56
Total residual energy recovered	%	100	124.82
Fresh water consumption per ton of steel	%	100	102.97
Sulfur dioxide emission per ton of steel	%	100	151.26
COD emission per ton of steel	%	100	129.88
Dust emission per ton of steel	%	100	83.33
Comprehensive utilization rate of solid waste resources	%	90.33	93.77

Note: Except for “Comprehensive Utilization Rate of Solid Waste Resources”, the data in the last column of the table are calculated by taking the corresponding data of 2010 as 100. In the year 2010 Ningbo Steel basically completed the construction of production line supporting facilities, thus having relatively complete statistical data. Along with the introduction of new facilities and new equipment, some of data of the year 2011 worsened compared with those of 2010.

Environment-friendly Products

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

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

Industry	Main Types	Advantage 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 processing and improve motor efficiency
Electric power and energy	Boiler pipe, pipeline steel	Improve power generation efficiency and energy delivery efficiency
Architecture and civil engineering	Heavy plate	Improve construction efficiency

Baosteel's Environmentally-friendly Products of "Environmental Protection" Category

Industry	Main Types	Advantage in Environmental Protection
Automobile	Galvanized plate, composite plate	Reduce noise 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	Advantage in Recycling and Prolonged Service Life
Automobile	High strength galvanized steel	Prolong service life and reduce material waste
Home appliances	Galvanized plate, color-coated plate	Prolong service life and reduce material waste
Electric power and energy	Boiler pipe, high strength steel	Prolong service life and improve power generation efficiency

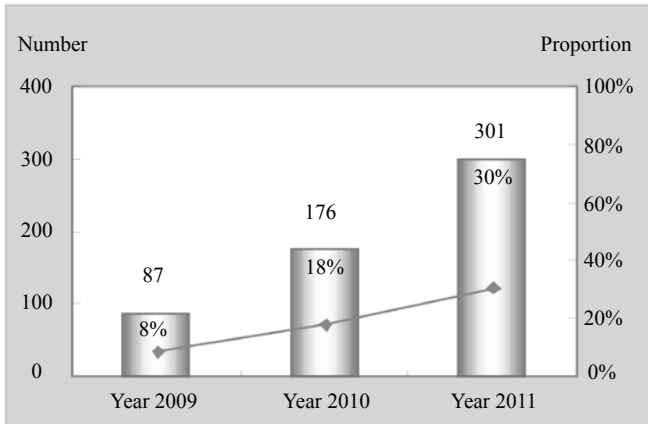
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Industry	Main Types	Advantage in Recycling and Prolonged Service Life
Architecture and civil engineering	Enameled steel, structural steel, steel wire, fire and weather-resistant steel, steel pipe, color-coated steel plate	Prolong service life

Drive Green Development of Related Industries

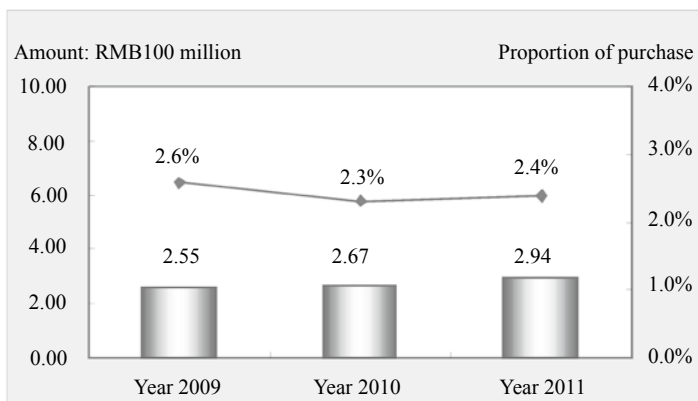
On March 16, 2011 Baosteel Co., Ltd. released “Green Purchase Guide” (the first edition). The Guide introduced the green purchase policies of Baosteel Co., Ltd.: purchase products that can increase service life, reduce consumption, save energy and reduce emission and products that can be recycled; and encourage suppliers to adopt clean energy, raw materials, production processes and technologies, etc. Implementation of these policies has not only brought green standards, green certification and green manufacturing measures into Baosteel’s production process, but also driven suppliers to enhance management and fulfill the social responsibility of energy conservation and environmental protection.

Through green purchase, Baosteel has promoted environmental management of suppliers. In recent years more and more suppliers of Baosteel Co., Ltd. have passed environmental management system certification, as shown in the diagram:



Information on environmental management system certification of material and spare part suppliers of the headquarters of Baosteel Co., Ltd.

Baosteel Co., Ltd. has completed green attribute identification of more than 100,000 types of materials and spare parts, accounting for approximately 30% of the total types of materials and spare parts purchased by the headquarters of Baosteel Co., Ltd. Green items (identified) purchased by Baosteel Co., Ltd. in recent 3 years are shown as follows.



Information on Material and Spare Part Purchase by the Headquarters of Baosteel Co., Ltd.

In 2011 Baosteel Co., Ltd. formulated a 3-year Action Plan on Marketing of Green Products. It compiled and released an “Environment-friendly Product Manual” for the first time, with a view to showing Baosteel’s efforts and practice in greener production, green products and green solution, etc. Baosteel Co., Ltd. held a green manifesto press conference, at which an environmental declaration was issued and passed third-party verification for 5 main types of products—hot rolled products, cold rolled products, hot-galvanized products, electro-galvanized products and tin plated products.

Through systematic understanding of users’ demands for green purchase, Baosteel Co., Ltd. compiled a List of Chemical Substances Restricted in Use or Forbidden to Use and carried out dynamic management accordingly. In 2011 Baosteel Co., Ltd. organized third-party tests for restricted substances in carbon steel sheets and published the test results, effectively supporting the home appliance industry in environmental protection and providing an important technical standard for marketing home appliance steel.

Comprehensive Utilization

List of Comprehensive Utilization of Solid Waste Resources of Iron and Steel Enterprises (2011)

Name (Type)	Amount Utilized (10,000 ton)
Water granulated slag	490.67 (including Pudong Iron & Steel Co., Ltd. and No.1 Iron & Steel Co., Ltd.)
Mineral powder	190.77
Fly ash	33.68
Steel slag	192.07
Detergent oil	0.16
Admixture	0.29
Desulfurized gypsum	9.64

List of Baosteel's Awards for Industrialized Utilization of Solid Waste (2011)

Name (Type)	Conferred by	Level of Honor
Application of COREX slag in concrete	China Association of Resource Comprehensive Utilization	Second Prize
COREX smelting reduction non-blast furnace iron-making slag recovery	Nuremberg International Invention Exhibition	Gold Medal and Environmental Protection Prize
COREX smelting reduction non-blast furnace iron-making slag recovery	National Invention Exhibition	Gold medal
A method for preparation of blast-furnace slag powder/unsaturated polyester composites	National Invention Exhibition	Gold medal
A method for preparation of whitewash gypsum by means of desulfurized gypsum	National Invention Exhibition	Gold medal
A movable rack with riding wheels	National Invention Exhibition	Silver medal

(Continued)

Name (Type)	Conferred by	Level of Honor
Feed screening tube of mineral powder vertical grinding mill	National Invention Exhibition	Bronze prize
BR2 Mn-Zn soft magnetic ferrite powder	Shanghai Famous Brand Recommendation Committee	Shanghai Famous Brand
Mn-Zn soft magnetic ferrite	Shanghai Association of Resource Comprehensive Utilization	Outstanding Achievement Award
“Comprehensive resource utilization of recyclable refractory materials” and “commercial fly ash (Type C)”	Shanghai Association of Resource Comprehensive Utilization	Outstanding Achievement Award

Environmental Greening

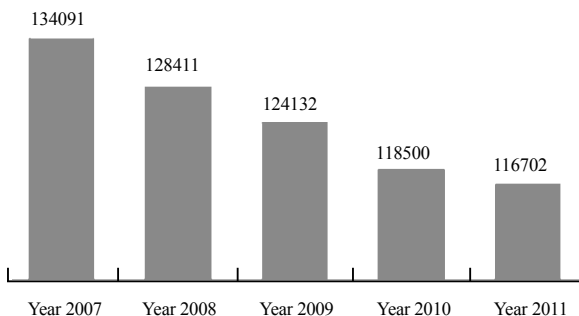
In 2011 the headquarters of Baosteel Co., Ltd. worked out a “Program for Upgrading the Green Space System of Headquarters of Baosteel Co., Ltd. 2011 – 2015”, in accordance with which a total of 111,300 square meters of green space was upgraded in the year, in which 32,500 square meters was newly created. Stainless Steel Business Unit availed itself of every opportunity to green the plant area in spite of the expansion of production space. As a result nearly 30% of the plant area was greened, reaching approximately 900,000 square meters. Since 2007 Special Steel Business Unit has been implementing “greening projects” for its plant area, whereby a total area of 160,000 square meters has been greened in the past 4 years, bringing the greening rate to over 30%.

Also in the year Bayi Iron & Steel implemented a 30-hectare landscaping project (phase I), a waste yard greening project and a tailing dam greening project, etc., whereby green areas were increased by 62,000 square meters and 442,600 trees of all kinds were planted. The greening rates of Bayi Iron & Steel have reached 45.3% and 50.01% for the plant area and the living area respectively.

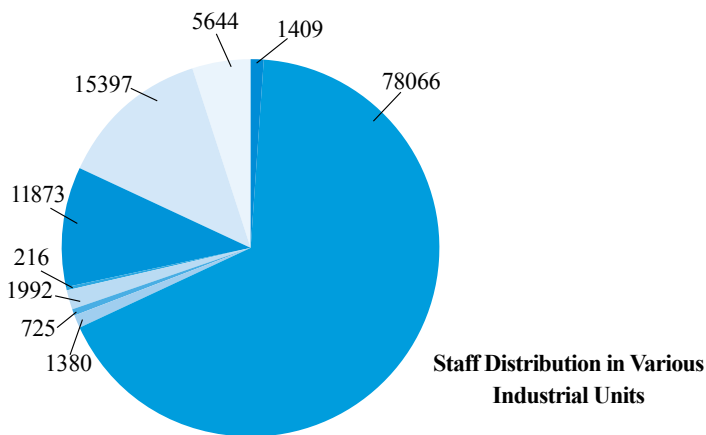
In 2011 Ningbo Steel sped up landscaping work that supports its new projects and strengthened green space maintenance and management, which led to a newly-added green space of 20,000 square meters and a greening rate of approximately 23% in the plant area.

Human Resources

1. Composition of employees



Total number of registered employees



Staff Distribution in Various Industrial Units

- 1,409 employees in the headquarters of the Group
- 78,066 employees in the primary business of iron and steel
- 1,380 employees in coal chemical industry
- 725 employees in resource development and logistics industry
- 1,992 employees in extended steel processing industry
- 216 employees in financial investment industry
- 11,873 employees in engineering & technology service industry
- 15,397 employees in production services industry
- 5,644 employees in No.1 Iron & Steel Co., Ltd., Pudong Iron & Steel Co., Ltd. and No.5 Iron & Steel Co., Ltd.

2. Staff Information

Information of On-the-job Employees of 2011

Total number of On-the-job Employees: 103,424

By work nature		By educational background					By age				
Managers	Technicians	Operators	Postgraduates	College graduates	Junior college graduates	Vocational or high school graduates	Junior high school graduates or below	35 or under	36-45	46-55	56 or above
9144	26315	67965	4921	21094	28744	33876	14789	33916	36324	29824	3360
8.84%	25.44%	65.72%	4.76%	20.40%	27.79%	32.75%	14.30%	32.79%	35.12%	28.84%	3.25%

Information of Professionals of 2011

Total number of professionals: 30748

By professional qualification		By educational background				By age					
Senior	Intermediate	Junior	unevaluated	Postgraduates	College graduates	Junior college graduates	Vocational or high school graduates	35 or under	36-45	46-55	56 or above
3581	10756	7989	8422	3799	16910	7649	2390	12088	10145	6951	1564
11.65%	34.98%	25.98%	27.39%	12.36%	54.99%	24.88%	7.77%	39.31%	32.99%	22.61%	5.09%

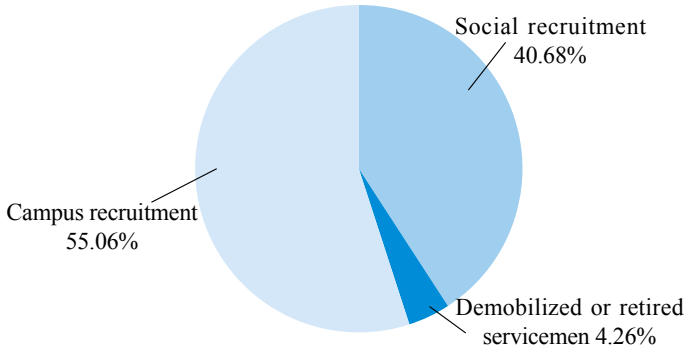
Information of Skilled Talents of 2011

Total Number of Skilled Talents: 52663

By level of skill		By educational background				By age						
Senior Technicians	Technicians	Senior workers	Intermediate workers	Junior workers	Postgraduates	College graduates	Junior college graduates	Vocational or high school graduates	35 or under	36-45	46-55	56 or above
682	4013	24171	16064	7733	4	2791	15301	34567	13731	20645	16096	2191
1.30%	7.62%	45.90%	30.50%	14.68%	0.01%	5.30%	29.05%	65.64%	26.07%	39.20%	30.57%	4.16%

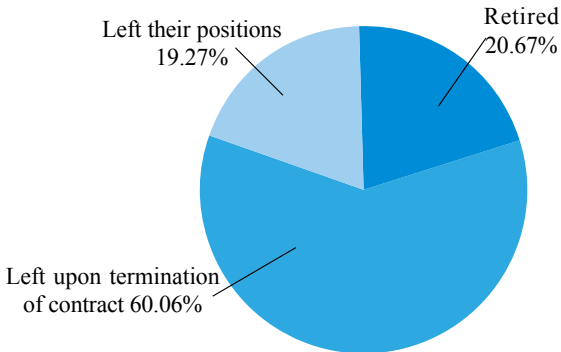
3. Staff Recruitment

The total number of newly recruited employees in 2011 was 3,874, a year-on-year increase of 126%, in which 1,576 were recruited from the society, 165 were demobilized or retired servicemen and 2,133 were recruited from the campus (including 909 people with college degrees or above).



Recruitment Information

Among the 3,300 leavers in 2011, 682 retired, 636 left their positions and 1982 left upon termination of contract.



Information of Leavers

Development of Human Resources

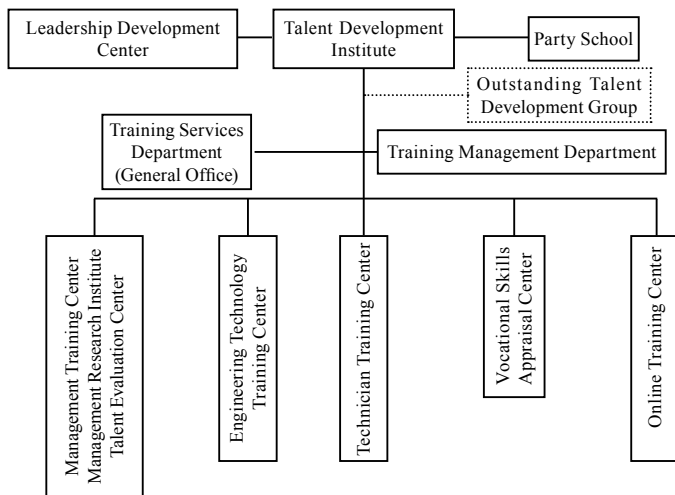
Baosteel's educational and training work is chiefly undertaken by Baosteel Talent Development Institute, which is not only an educational and training base for Baosteel employees, but also the enterprise's management research base and innovative activity base for employees. It performs the function of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

Baosteel has a group of full-time teachers involved in extensive fields. Among the 174 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 the 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 trainer 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 93 part-time professors inside and outside Baosteel, among whom 73 are Baosteel employees and 20 come from Northeastern University, Anhui University of Technology, and Shanghai Jiao Tong University, or the like. Moreover, more than 700 internal part-time teachers are involved in teaching and course development annually organized by Talent Development Institute.

Baosteel has excellent training facilities. The Baosteel Talent Development Institute (located in Yuepu, Baoshan District) covers a land area of 152,000 square meters and a floor area of 70,000 square meters. Featuring advanced training and conference facilities as well as comfortable accommodation conditions, the Baosteel Leadership Development Center (located in Changshu, Jiangsu Province) was completed and put into use on on April 1, 2011.

Due to fruitful educational and training work, Baosteel was successively rated as National Excellent Entity 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.

Organizational Chart of Talent Development Institute



- Note: 1. 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.
2. Members of the Outstanding Talent Development Group personally belong to Talent Development Institute but professionally belong to Human Resources Department of Baosteel Group.

In 2011 Talent Development Institute worked together with Baosteel HR departments at various levels to carry out training projects concerning leadership, party building, corporate culture development, business 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 advancement, management innovation and employee growth. The annual accumulative number of trained person-days was 627,500, training was given for 193,200 person-times (including 87,000 person-times for Web-based training), and the average training time per employee was 48.5 credit hours. And 40% of the training projects were partially 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 2011

including innovation forums, innovation salons, 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 2011 various kinds of trainings were given to employees of Baosteel for 530,000 person-times (including 193,200 person-times given by Talent Development Institute). The average training time for each employee was 111 credit hours.

Information of Training Provided by Talent Development Institute in 2011

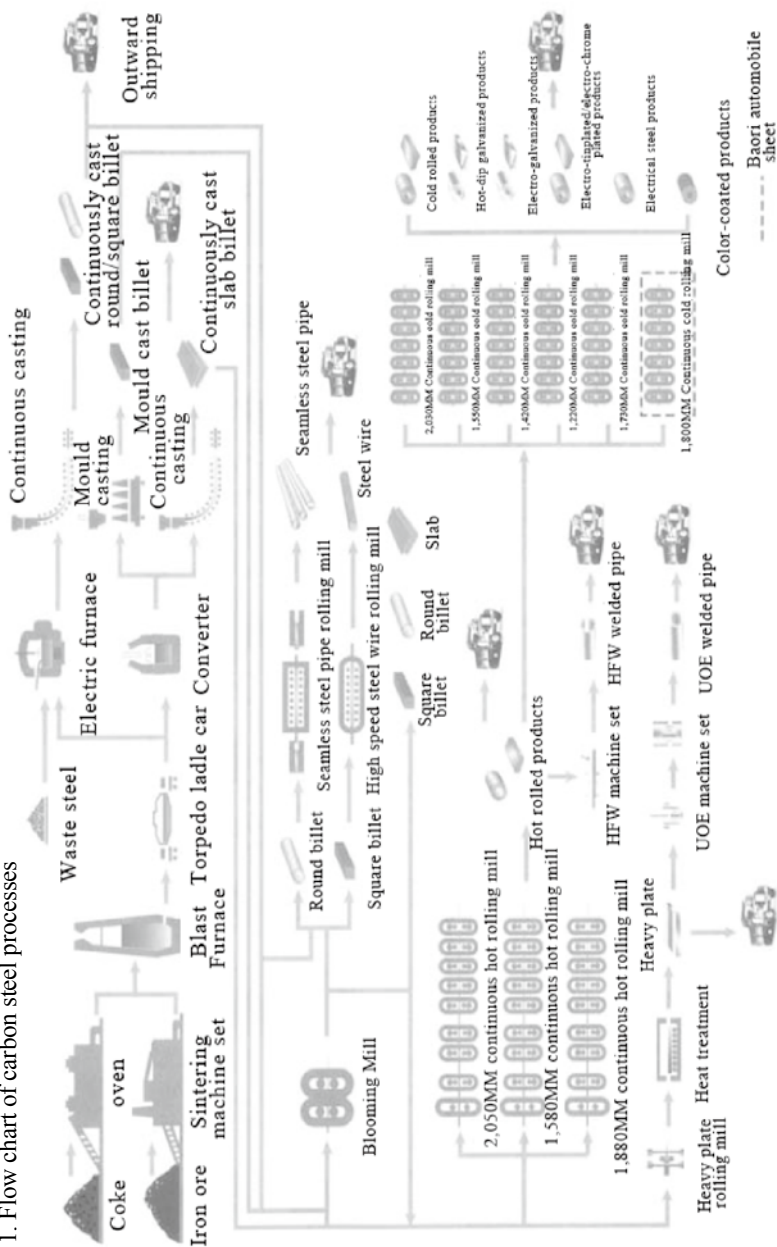
Category	Number of training projects	Number of Training Classes	Number of Person-times	Training Hours	Training Persons/ Day
Leadership	33	100	4453	5453	29376
Party building and corporate culture	47	162	11288	3120	27006
Management	141	555	31080	11425	64348
Engineering technology	130	224	7216	5317	17453
Comprehensive management system	14	55	1716	722	2779
Training in operational and maintenance skills	250	370	11706	74326	247981
On-the-job training in operation and maintenance	13	39	1184	2012	13997
Application of computer and foreign languages	42	120	3345	4702	15646
Safety issues concerning special work	39	603	34171	14276	91958
Online training	349	451	87023	4864	116940
Total	1058	2679	193182	126217	627484

Iron & Steel Industry

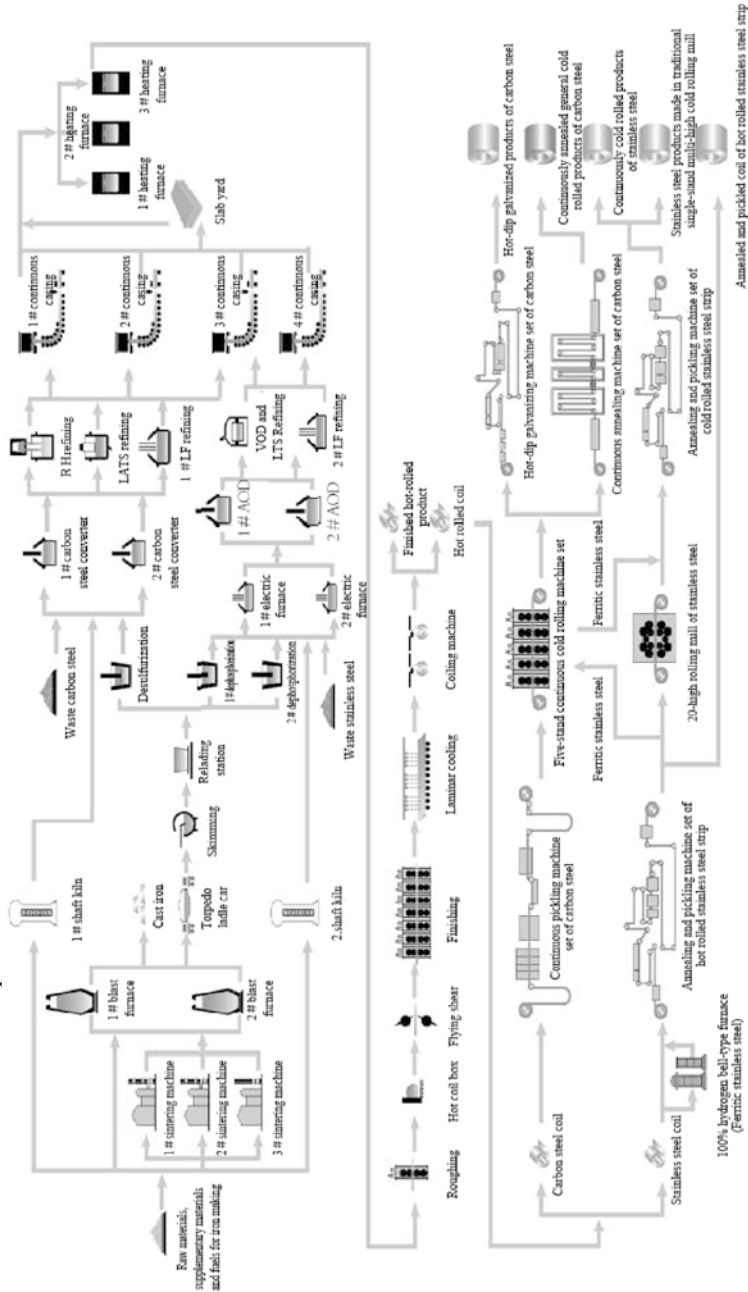
Baosteel Co., Ltd. is a core enterprise in Baosteel's primary business of iron and steel. Baosteel realized scale development through optimization of a strategic layout: In 2007 Baosteel reorganized Bayi Iron & Steel Co., Ltd.; in 2008 it established Guangdong Iron & Steel Group; and in 2009 it acquired Ningbo Steel. The iron and steel output of Baosteel Group ranked the 3rd in the world in 2011.

Main Process Flow (Baosteel Co., Ltd.)

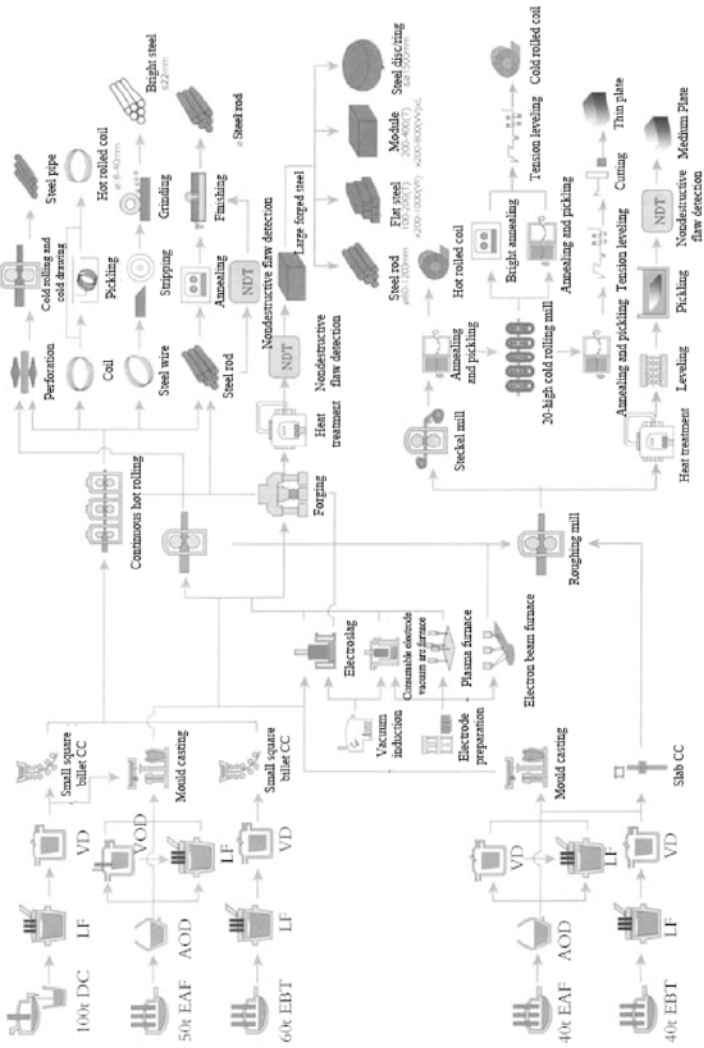
1. Flow chart of carbon steel processes



2. Flow chart of stainless steel processes



3. Flow chart of special steel processes



Procurement of Raw Materials for Iron and Steel Making

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

In response to the changes 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; and 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	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Iron ore	32732	31792	32908	36468	36833
Coal and coke	792	681	1388	1398	1386
Scrap carbon steel (including pig iron)	—	53	491	225	83

Raw Materials Purchased in China (Baosteel Co., Ltd.) *Unit: kiloton*

Raw materials purchased in China	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Iron ore	345	235	0	0	0
Coal and coke	16303	16493	16470	17463	18594
Scrap carbon steel (including pig iron)	3582	2670	2211	3775	2702

(Continued)

Raw materials purchased in China	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Limestone	4275	4063	3989	4166	3514
Ferroalloy	366	375	409	457	459

Iron and Steel Products

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

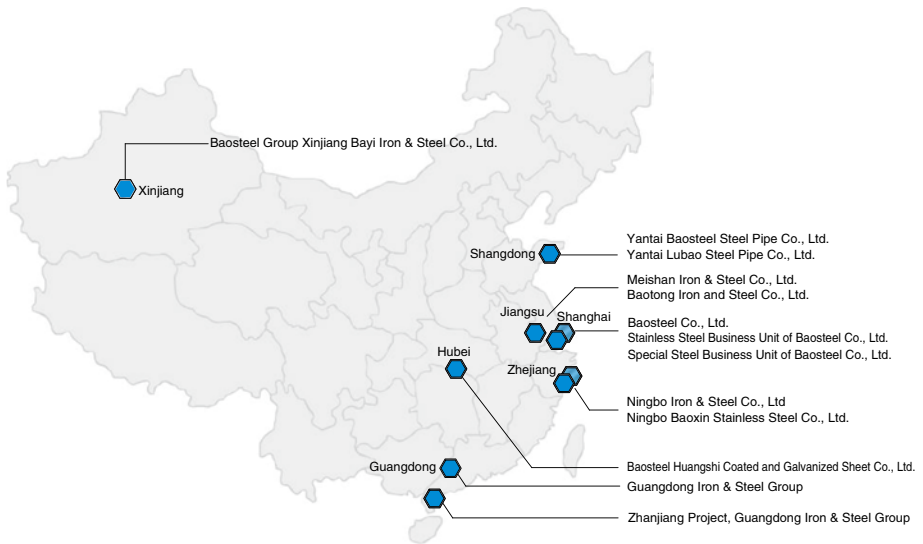
Unit: kiloton

Iron and Steel Products	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Pig iron	21089	20392	21472	23254	23776
Crude steel	23776	23124	23856	26452	26641
Commercial steel billets	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Carbon steel	21068	21816	20864	23616	23895
Hot rolled	8460	8240	5827	6666	6747
Pickled coil	739	768	719		
Heavy plate	1420	1859	2292	2220	2286
Cold-rolled common carbon structural steel	3832	3692	4073	4912	4852
Hot-dip galvanized	1328	1404	1793	2574	2791
Electro-galvanized	470	524	612	757	801
Color-coated plate	608	606	571	609	686
Tin-plated plate	576	655	554	900	943
Chrome-plated	10	70	111	168	168
Electrical steel	907	987	1165	1289	1242
Steel pipe	1389	1445	1679	1717	1546

(Continued)

Commercial steel billets	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Steel billet	634	577	481	777	867
High speed wire rod	585	525	471	602	585
Deformed steel bar	112	466	517	425	380
Stainless steel	1018	948	1258	1341	1298
Hot rolled	553	489	648	589	456
Cold rolled	449	437	602	750	836
Special steel	922	815	743	970	946
Total	23008	23578	22865	25927	26139

Baosteel's Iron and Steel Production Bases in China



Key Products

Item	Main application field	Description of use
Automobile sheet	Auto industry	The products 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 are supplied on a stable basis to the top six global manufacturers of air-conditioning compressors.
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, Electro, lux, Whirlpool and Merloni
Tin-plated plate (secondary cold rolled plate, DI Plate and anti-corrosion K-plate)	Various metal packaging fields. The DI plate is mainly used for the making of pop can.	The products 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.
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 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 meets 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 customers first. While meeting the customers' requirements, Baosteel benchmarks itself against world leading companies to improve service and management level and competitiveness. As of the end of 2011, Baosteel's domestic marketing network had established 7 regional companies, 5 franchisees, 5 commercial service companies, 3 trading companies, 48 steel products service centers as well as 11

branches and 27 offices affiliated to the above organizations. Baosteel has 23 trading companies and 12 representative offices overseas, 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	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Carbon steel	20935	21333	20658	23356	23860
Hot rolled	9170	8697	6453	6691	6821
Wide and heavy plate	1444	1710	2280	2191	2318
Cold rolled	7704	7884	8839	10982	11384
Steel pipe	1417	1470	1660	1676	1500
Steel billet	612	592	466	795	871
Steel wire	588	532	461	601	577
Deformed steel bar	0	448	499	402	389
Stainless steel	1011	965	1262	1343	1353
Hot rolled	559	488	639	609	513
Cold rolled	436	454	613	732	836
Special steel	934	824	762	989	962
Total	22880	23122	22682	25688	26175

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

(%)

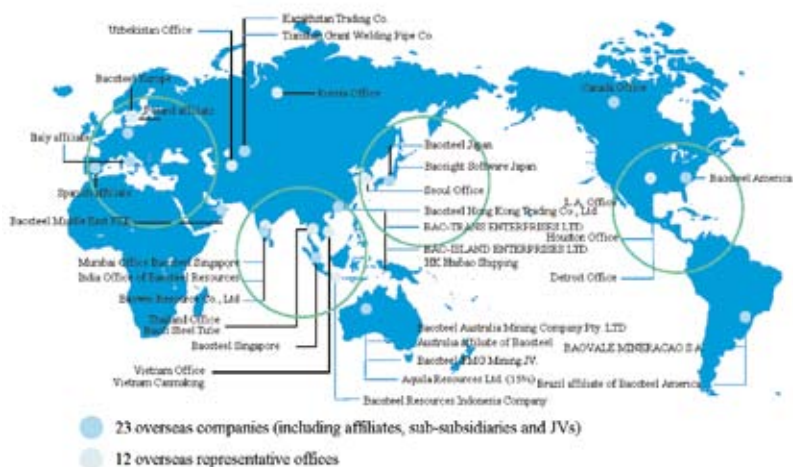
Iron and Steel Products	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Cold rolled automobile sheet	50	50	50	51	49.5
Plates for home appliances	37	37	37	31	29
Tin-plated plate	-	22	28	31	26
Non-oriented electrical steel	17	18	22	21	19
Alloy tube for high pressure boilers	23	22	21	22	22
Industrial plate of stainless steel	27	18	12	10	10

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

Unit: kiloton

Iron and Steel Products	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Carbon steel	17209	18625	19039	21254	21344
Hot rolled and heavy plate	10029	10623	7988	8089	8443
Cold rolled	4988	5299	8147	9987	9958
Steel pipe	1127	1185	1494	1381	1129
Steel billet	595	581	457	792	867
High speed steel wire	470	937	953	1005	947
Stainless steel	926	902	1177	1182	1223
Special steel	824	721	739	918	862
Total	18959	20248	20955	23354	23430

Global Network



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

Unit: kiloton

Iron and Steel Products	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Carbon steel	3446	2398	1619	2102	2516
Hot rolled and heavy plate	2115	1219	745	793	696
Cold rolled	906	840	692	995	1426
Steel pipe	290	286	166	295	371
Steel billet	17	11	9	3	3
High speed steel wire	118	43	7	16	19
Stainless steel	85	63	85	161	130
Special steel	110	103	23	71	100
Total	3642	2565	1727	2334	2745

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

Established solely by Baosteel Group on February 3, 2000, Baosteel Co., Ltd. is a subsidiary controlled by Baosteel Group. It was listed for trading at Shanghai Stock Exchange on December 12, 2000. As of the end of 2011, the total number of shares of Baosteel Co., Ltd. directly held by Baosteel Group was 13,111,255,230, accounting for 74.87% of the total issued shares of the company.

In 2011 Baosteel Co., Ltd. achieved total operating revenue of RMB 222.86 billion with a total profit of RMB 9.26 billion, continuing to be the industry’s best performer in China.

In the same year Baosteel Co., Ltd. was honored with titles of “China National Quality Works Model”, “The 1st China’s Most Respected Knowledge-based Organization Award”, “China’s Top Listed Companies with Social Responsibility”, etc.; and the party committee of Baosteel Co., Ltd. was evaluated as “National Advanced Grassroots Organization of CPC”.

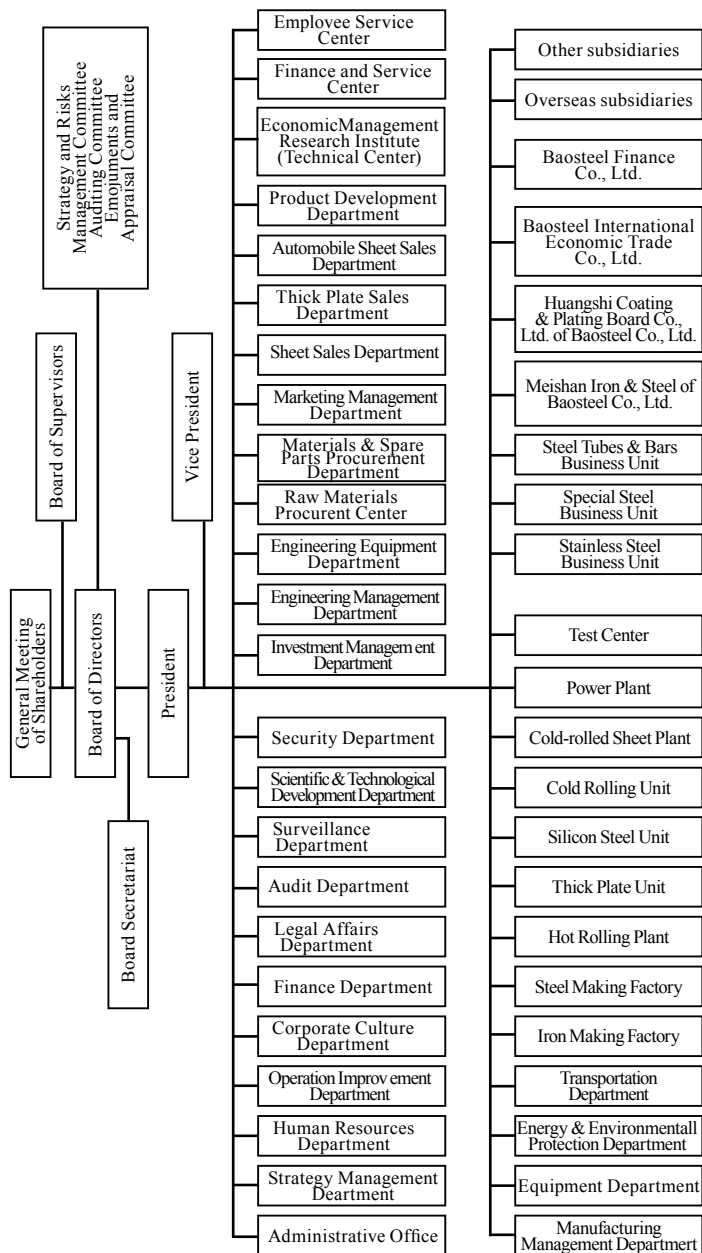
Main Equipment (Production Lines)

Location	Equipment and Specifications	Quantity
Plants and Business Units Directly under Baosteel Co., Ltd.	4,966 m ³ blast furnace	1
	4706 m ³ blast furnace	1
	4350 m ³ blast furnace	1
	4747 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
	5m heavy plate rolling mill	1
	4.2 m heavy plate rolling mill	1
	COREX-C3000 iron making furnace	1
	150t converter	2
	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

(Continued)

Location	Equipment and Specifications	Quantity
Meishan Steel	3200 m ³ blast furnace	1
	1280 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
	ARE-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
	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
	100t electric furnace vertical continuous caster	1 for each
	Vacuum induction furnace	1
Special Steel Business Unit	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 machine set	9
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. 2011)



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

With a registered capital of RMB 35.86 billion, 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. 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 its 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 were set up under Guangdong Iron & Steel Co., Ltd. which was in the process of reorganization.

With the founding of Baosteel Zhanjiang Iron & Steel Co., Ltd., in 2011 Guangdong Iron & Steel Co., Ltd. transferred the management function for Zhanjiang iron and steel project command center in a smooth and orderly manner.

On August 22, 2011 Guangdong Iron & Steel, Baosteel Group, SASAC of the People’s Government of Guangdong and SASAC of the People’s Government of Guangzhou signed an assets restructuring agreement, according to which Guangdong SASAC and Guangzhou SASAC withdrew their shares in Guangdong Iron & Steel. After that, Guangdong Iron & Steel became one of Baosteel Group’s wholly-owned subsidiaries with a registered capital of RMB 8 billion. On the basis of spinning off societal functions, Shaoguan Iron & Steel’ 51% equity was directly held by Baosteel Group. Guangdong Iron & Steel’ surviving iron & steel business (Guangzhou JFE) was reorganized through establishment of a joint venture between Zhanjiang Iron & Steel and Guangdong Iron & Steel.

Baosteel Zhanjiang Iron & Steel Co., Ltd. (Abbreviated to “Zhanjiang Iron & Steel”)

Zhanjiang Iron & Steel was registered and put into operation in

Zhanjiang, Guangdong on April 18 and May 22, 2011 respectively. Baosteel Guangdong Zhanjiang Iron & Steel base project is the core project for Baosteel's second startup. On the principle of one-time planning and multi-step implementation, Zhanjiang Iron & Steel actively advanced preliminary work of the project. Baosteel aims to build Zhanjiang iron & steel project into a most competitive world-class green carbon steel production base featuring intensification, specialization, low cost and high efficiency, an ecological industrial zone featuring clean production, energy conservation and environmental friendliness, as well as a demonstration area for the iron & steel industry to develop circular economy and environmental operation.

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

Longteng Logistics was a joint venture founded by Baosteel Group Corporation, Guangdong Shaoguan Iron and Steel Group Co., Ltd. and Zhanjiang Harbor (Group) Co., Ltd. Its operation was entrusted to Guangdong Iron and Steel by Baosteel Group on November 5, 2008. Its pellet project was completed and put into commissioning in September 2009. With a total investment of RMB 3269 million, the project included a 5 million ton/annum production line of finished pellets and some supporting facilities. The operation of Longteng Logistics was entrusted to Baosteel Co., Ltd. in May 2011.

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

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

capital increase and reorganization of the company was executed by Baosteel Group and the Government of Xinjiang Uyghur Autonomous Region; on April 28, the company officially became a part of Baosteel Group.

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

Bayi Iron & Steel has an annual steel output of 8 million tons. Its products include long steel products, steel plates and steel pipes, which are mainly sold in Xinjiang and other provinces in western China. Some of the products are also exported to Central Asia.

In 2011, 5.9035 million tons of iron, 6.715 million tons of steel and 6.4092 million tons of steel products were produced; and 6.4554 million tons of steel products were sold, realizing an operation income of RMB 31.197 billion and a total profit of RMB 1.704 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 Lines)

Equipment	Specifications	Quantity
Iron mine		2
Coal mine	Mainly producing coking coal	1

(Continued)

Equipment	Specifications	Quantity
Sintering machine	430 M3	1
Sintering machine	265 M3	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	2500 M3	3
Converter	120 tons	3
Electric furnace	110 tons	1
Electric furnace	70 tons	1
High speed steel wire		2
Cold rolling mill set	1,420 mm rolling mill	1
Hot rolling mill set	1,750 mm rolling mill	1
Medium and heavy plate rolling mill	3,500 mm	1

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

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

By the end of 2011 the total capital stock of Bayi Iron and Steel Co., Ltd. was 766 million shares with total assets of RMB 13.016 billion and net assets of RMB 3.668 billion. This company mainly deals with smelting, rolling, processing and marketing of iron and steel. Its comprehensive capacity to produce steel is 8 million tons per year.

Its products cover rods, sections, strips, wires, pipes, and plate.

The categories of steel products it manufactures include 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.

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

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

Ningbo Iron & Steel Co., Ltd. **(Abbreviated to “Ningbo 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 approved the application for reorganization of 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 of Ningbo Steel was: 56.15% held by Baosteel Group, 34% by Hangzhou Iron and Steel Group, 7% by Ningbo Development and Investment Group Company and 2.85% by Ningbo Economic and Technological Development Zone Holding Company.

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 (D and E materials), high-quality carbon structural steel, pipeline steel (steel for oil and gas tube, steel for straight-seam electric resistance welded tube), automotive structural steel (wheel steel, beam steel, steel for other automotive

structural parts), container steel, ship-building steel, bridge steel, construction machinery steel and checkered plate.

In 2011 Ningbo Steel produced 4.51 million tons of crude steel and realized an operation income of RMB 21.0 billion with a total profit of RMB 204 million.

Main Equipment (Production Lines)

Equipment	Specifications	Quantity
Raw materials stock yard	200,000 m ²	1
Primary stockyard	110,000 m ²	1
Coke Oven	55-hole, 6 m	2
Sintering machine	430 M ³	1
Blast Furnace	2500 M ³	2
Blast furnace top pressure recovery turbine generator unit	12.5 MW	2
Two-strand continuous rolling mill	1,650 mm	2
Converter	180 tons	3
LF furnace	180 tons	1
RH furnace	180 tons	1
Hot continuous rolling mill unit	1,780 mm	1
Full-gas generator set	135 MW	1
Sintering waste heat generator set	15 MW	1

Diversified Industries

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

Resource Development & Logistics

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

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

Established on July 21, 2006 with registered capital of RMB 2.4 billion, Baosteel Resources is a wholly-owned subsidiary of Baosteel Group Corporation. On December 21, 2010 Baosteel Resources established an overseas headquarters in Hong Kong - Baosteel Resources (International) Limited, practicing double-headquarter operation from 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 and regions. Baosteel Resources focuses on global distribution of mineral resources and seeks international win-win cooperation.

It commits itself to providing clients with high quality products and value-added services, as well as achieving great leap-forward development of 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, Brazil, 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 shipping agency, freight forwarding, railway transportation, storage, and dock handling. It also performs strategic cooperation with China Shipping Group, NYK and other enterprises to develop its offshore and ocean transport business. In 2011 Baosteel Resources achieved a sales income of RMB 43.15 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”)

Established on December 28, 2007 with a registered capital of RMB 4.05 billion, Baosteel Metal is a wholly-owned subsidiary of Baosteel Group Corporation. The main business of Baosteel Metal includes metal packaging, industrial gas, metal products, and automobile trade etc. In 2011 it realized an operating income of RMB 13.0 billion, rising by 24% over the previous year; its profit was RMB 450 million, a year-on-year increase of 28%.

The metal packaging business mainly deals with 2-piece steel and aluminum cans and tinplates. The two-piece steel cans it produces are already exclusively present in North China, East China, Southwest and South China. Furthermore, a long-term strategic cooperation relationship with Coca Cola, Pepsi-Cola and other famous international enterprises has been established. As a leading enterprise of metal color-printing in the food and beverage industry, Baosteel Metal possesses a domestically advanced UV metal color-coating printing production line.

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

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

The automobile trade business mainly deals with the trade of and services for complete automobiles and second-hand automobiles. It works to forge a value chain with automobile sales, maintenance, replacement, leasing and other services related to automobiles as the core business, so as to become a famous automobile trade service provider valued by vendors, trusted by users and respected by all walks of life.

Engineering Technology Services

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

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

Shanghai Baosteel Engineering Technology Co., Ltd. was established on August 5, 1999. Baosteel Group Corporation Engineering Technology Committee was set up in August 2009. In December of the same year, the original Shanghai Baosteel Engineering Technology Co., Ltd., on the basis of incorporating and integrating relevant engineering technologies, steel structure business and resources, established a flagship company, which was renamed as Baosteel Engineering Technology Group Co., Ltd. Being a wholly-owned subsidiary of Baosteel Group Corporation, it has a registered capital of RMB 920 million.

Baosteel Engineering has a complete industrial chain of engineering technology consisting of 5 mature types of business—engineering technology consulting, information service, equipment manufacturing, steel structure and iron & steel technology service, as well as 3 types of growing business—energy conservation & environmental protection, steel structure for housing and rolling. In addition Baosteel Engineering built an overseas business platform for sharing and coordination, with its scope of services extending from metallurgy to environmental protection, transportation, energy, finance, coal chemical and municipal administration, etc.

In 2011 it fully realized the annual targets of RMB 14 billion in revenue and RMB 704 million in profit.

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

Established in April 2000 with a registered capital of RMB 262 million and listed in April 2001, it is a listed software enterprise held by Baosteel Co. Baosight Software is headquartered in Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai.

Based on rich experience accumulated and advanced technologies developed while serving Baosteel, Baosight Software provides complete sets of IT solutions with proprietary intellectual property rights for iron and steel enterprises, integration, operation and maintenance of automation systems, intelligent comprehensive urban traffic solutions, 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 used in many industries including

the metallurgy, transportation, equipment manufacturing (including shipbuilding), excavation, finance, coal chemical, and public service industries. In 2011 Baosight Software realized operating revenue of RMB 3.24 billion with net profits of RMB 290 million.

Shanghai Baosteel Industry Technological Service Co., Ltd. (abbreviated to “Baosteel Technology”)

Baosteel Technology is a technological service company established by the former Shanghai Baosteel Industrial Inspection Company and Shanghai Baosteel Equipment Maintenance Co., Ltd. through merger. It was organized in April 2011 and put into operation in October the same year, with a registered capital of RMB 35 million.

Baosteel Technology has set up core business covering status control and equipment management, environmental monitoring, kiln equipment and energy-saving technologies, quality inspection, manufacturing of equipment and spare parts, equipment maintenance projects, lifting and transportation services as well as manufacturing of special transport vehicles and rolling technologies, and has been awarded with 26 national-level professional qualifications. In 2011 Baosteel Technology achieved an operating income of RMB 2.705 billion with a profit of RMB 42.98 million.

Baosteel Steel Structure Co., Ltd. (abbreviated to “Baosteel Steel Structure”)

Its predecessor was Shanghai Grand Tower Steel Structure Co., Ltd., and now it is a specialized enterprise integrating steel structure design, manufacturing, installation and specialized engineering general contracting. In 2011 it realized a sales income of RMB 1.35 billion and a total profit of RMB 42.23 million.

Shanghai Baosteel Energy-saving Technology Co., Ltd. (abbreviated to “Baosteel Energy-saving Technology”)

Founded in 2010, Baosteel Energy-saving Technology is primarily engaged in energy-saving and environment protection solution. It is Baosteel Group’s industrialized platform for energy conservation, environmental protection and energy management contract and has core technological capacities of utilization of waste heat and complementary energy, energy conservation in fan and pump systems, energy conservation in buildings and communities as well as consulting services for energy and environmental protection, etc. In 2011 it signed

contracts amounting to RMB 520 million.

Baosteel Construction System Integration Co., Ltd. (abbreviated to “Baosteel Construction”)

Baosteel Construction was registered on June 17, 2011 and put into operation on July 18, 2011. It is committed to forging an industrial chain for steel structure buildings, with a core business scope covering governmental and public buildings, low-income housing, commercial building and commercial residential buildings, etc. In 2011 it achieved a sales income of RMB 370 million.

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

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

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

In 2011 Baohua Tendering realized a sales income of RMB 64.14 million with a total profit of 21.85 million, completed 639 tendering projects with a successful bidding sum of RMB 7.2 billion.

Coal Chemical Industry

The coal chemical industry of Baosteel is a resource utilization industry related with its primary iron & steel business, mainly involving gas refining after coking by the steelmaking enterprises as well as production and sales of metallurgical & chemical products.

Shanghai Baosteel Chemical Co., Ltd. (abbreviated to “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 a wholly-owned subsidiary of Baosteel Co., Ltd. In April 2009 Baosteel Chemical was included as one of the diversified

businesses by Baosteel Group Corporation and was responsible for the development of coal chemical sector of Baosteel. It has a registered capital of RMB 2.11 billion.

The company boasts 3 production bases of Shanghai Baoshan, Nanjing Meishan and Suzhou Baohua Carbon Black in addition to 2 holding companies, i.e., Suzhou Baohua Carbon Black Co., Ltd and Nanjing Baoning Chemical Co., Ltd. In 2010 it established Baosteel Chemical International Trade Co., Ltd. (Zhangjiagang Free Trade Zone), Shanghai Bao Chemical E-commerce Co., Ltd., Sichuan Daxing Baohua Chemical Co., Ltd. and Baohua Carbon Black (Dazhou) Co., Ltd.

Baosteel Chemical has an original value of the fixed asset of RMB 7.61 billion and a total asset of RMB 5.1 billion, with a processing capacity of 3.1 billion cubic meters of coke oven gas, 750,000 tons of tar and 250,000 tons of crude benzene and a production capacity 160,000 tons of carbon black. In terms of coke tar processing capacity, it is ranked No.5 internationally and 1st domestically, having the potential of developing into a world-class coal chemical enterprise.

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

Baosteel Chemical achieved an operating income of RMB 10.87 billion and earned a profit of RMB 802 million in 2011.

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

The company, with a 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 State-owned Assets (Collective) Operation Company, with a capital contribution of 60%, 18.18%, 17.82% and 4% respectively.

Suzhou Baohua has built 8 production lines with an annual production capacity of 200,000 tons. Moreover, the company also has a 33,000-kW tail gas & waste heat power generator unit. It mainly produces 16 types of Baoma carbon black products in 6 series—N100,

N200, N300, N500, N600 and N700, which are sold to many large-scale tyre manufacturers such as Michelin, GoodYear, Yokohama, Hankook and GiTi, and exported to Southeast Asian countries.

In 2011 Suzhou Baohua acquired 58.55% equity of the former Guizhou Huaneng Carbon Black Co., Ltd. and became its controlling shareholder. In the same year, it established Dazhou Carbon Black.

Suzhou Baohua realized in 2011 an operating income of RMB 1002 million and a profit of RMB 45.74 million.

Financial Investment Industry

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

Fortune Investment Co., Ltd. (abbreviated to "Fortune Investment")

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 Investment Co., Ltd." The registered capital of the company amounts to RMB 6.869 billion.

As the flagship in Baosteel's financial service sector, Fortune Investment, on the basis of its specialized trust, fund, securities and equity investment companies, actively seek for investment opportunities in the mainstream financial sector, the primary iron & steel industry and related upstream/downstream supply chain industries, etc. In 2011 the company realized an operating income of RMB 2.57 billion, gained a total profit of RMB 1.768 billion and the size of asset under its management hit RMB 247.5 billion.

Hwabao Trust Co., Ltd. (abbreviated to "Hwabao Trust")

Hwabao Trust was founded in 1998 with a registered capital of RMB 2 billion (including USD 15 million), 98% of its equity being held by Baosteel and 2% by Zhejiang Zhoushan Finance Bureau.

On June 12, 2008 Baosteel Group Corporation entrusted Fortune Investment to manage Hwabao Trust Co., Ltd.

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”. In 2011 it became the first trust company qualified for stock-index futures trading.

Hwabao Trust mainly deals with assets management and trust services. In 2011 it realized a total operating income of RMB 1248 million and a profit of RMB 683 million.

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

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

By the end of 2011 Fortune SG had managed 20 open-end securities investment funds with a scale of RMB 37.7 billion. In 2011 it obtained an operating income of RMB 580 million and a profit of 240 million.

Hwabao Securities Co., Ltd. (abbreviated to “Hwabao Securities”)

Established in 2007, Hwabao Securities is a wholly-funded securities company under Baosteel Group. Its shareholders are Baosteel Group Corporation, Fortune Investment Co., Ltd. and Hwabao Trust Co., Ltd., its registration place is Shanghai and its registered capital fund is RMB 1500 million.

Business scope of Hwabao Securities: securities brokerage, securities investment consulting, independent securities operations,

financing, assets management and securities investment funds commission. The company has established business offices in Shanghai, Beijing, Shenzhen, Hangzhou, Zhoushan, Fuzhou, Chengdu and Wuhan.

Baosteel Finance Co., Ltd. (abbreviated to “Baosteel Finance”)

Baosteel Finance, founded in June 1992, is a nationwide non-banking financial institution and boasts a registered capital of RMB 1100 million (including USD 20 million), with Baosteel Co., Ltd. holding 62.1% of its equity and Baosteel Group holding 35.18%.

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

In 2011 the company realized a pre-tax profit of RMB 239 million, net assets income rate of 11.9%, asset size of RMB 12.4 billion and a decline in non-performing assets rate from 0.33% to 0.01%.

Production Services

The production services sector shoulders 2 major strategic responsibilities: providing the main iron & steel business with efficient services and realizing industrialization of renewable resources utilization.

As early as in 1986 Baosteel established Baosteel Group Enterprise Development Corporation that provided production and living services for the primary business of iron & steel. In April 2008 Baosteel Group Corporation established the production services operation and management committee that was responsible for implementing its operation management function for the wholly-owned subsidiaries that provide 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 2011 the production services sector sped up its transformation. Through business integration on the basis of close coordination between No.1 Iron & Steel Co., Ltd., Pudong Iron & Steel Co., Ltd., No.5 Iron & Steel Co., Ltd. and Baosteel Development, it entered into a management phase with key responsibilities of assets management, personnel service and handling of problems left over by history; in addition it realized operation integration between Meishan Company and Meishan Iron & Steel.

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

It is a wholly-owned subsidiary of Baosteel Group Corporation. On September 12, 1986 Baosteel General Plant spun off seven units including its affiliated enterprises and the general affairs office to 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. Its registered capital is RMB 2684 million.

The main business of Baosteel Development includes comprehensive utilization of recycled resources, plant logistics, real estate management, production work, life logistics, trade and pawn, etc. It has successfully passed the comprehensive system certification of ISO9001/ISO14001/OHSAS18001. Baosteel Development has currently set up 10 functional departments, 2 business departments and 10 execution units directly managed by the headquarters, with a total workforce of 15,000 employees. Baosteel Development has 28 independent legal-person units and 6 entrusted legal-person units.

In 2011 the total asset of Baosteel Development was RMB 10.467 billion with a net asset of RMB 6.408 billion. Its sales revenue was RMB 17.15 billion with a profit of RMB 1.186 billion.

Baosteel Group Shanghai No. 1 Iron and Steel Co., Ltd. (“No. 1 Iron and Steel Company”)

Its predecessor was 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 and then in March 1957 it was renamed as Shanghai No.1 Iron and Steel Plant. In December 1995 Shanghai No. 1 Iron and Steel (Group) Co., Ltd. was established by replacing the factory system

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

In 2011 its main business included production coordination (production coordination, steel coil packaging, refrigeration and maintenance of fire alarm equipment, etc.), manufacturing and processing (production of flat steel, manufacturing of malaxators, dust bag and packaging materials, etc.), living and logistics services, etc. In 2011 it realized an operating income of RMB 505 million and a profit of RMB 21.27 million.

Baosteel Group Shanghai Pudong Iron & Steel Co., Ltd. (abbreviated to “Pudong Iron & Steel Co., Ltd.”)

Its predecessor was “Hexing Iron Melting Factory” established in March 3, 1913. The factory was renamed “Hexing Iron-making Factory” in February 1922 and then “Zhongshan Steel Pudong Iron & Steel Factory” by the Japanese troops that invaded in the factory in September 1938. The factory’s name was restored to “Hexing Iron-making Factory” in 1945 immediately after the Anti-Japanese War and then renamed as “Shanghai Iron & Steel Co., Ltd. No.3 Factory” in July 1947. The factory was again renamed as “Shanghai No.3 Iron & Steel Factory” in March 1957. “Shanghai Pudong Iron & Steel (Group) Co., Ltd.” was founded by replacing the old factory system with a modern corporate system in May 1996 and became a wholly-owned subsidiary of Baosteel Group in November 1998.

On July 18, 2007, in order to make way for Shanghai Expo, the old plant in Pudong stopped operation and was relocated in Luojing, Baoshan District. In April 2008 its principal part of production was incorporated into Baosteel Co., Ltd. and the new Pudong Iron & Steel Co., Ltd. was established with a registered capital of RMB 3144 million.

Responsibilities of the company are assets management, personnel management (including non-registered personnel) and solving of problems left over by history. In 2011 it realized an operating income of RMB 10.3 billion and a profit of RMB 222 million.

Baosteel Group Shanghai No.5 Iron & Steel Co., Ltd. (“No.5 Iron & Steel Co., Ltd.”)

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

No.5 Iron & Steel Co., Ltd. focuses on providing services for Baosteel’s production of special steel, including waste steel processing and production cooperation. In 2011 it smoothly realized the integration of the logistics business, health care and production cooperation, and closed all the companies operating in the agricultural and by-product market of No.10 Iron & Steel Co., Ltd. So far No.5 Iron & Steel Co., Ltd. has retreated from all production activities and shifted to a new phase focusing on assets management, personnel service and solving of problems left over by history. In 2011 the operating revenue of No.5 Iron & Steel Co., Ltd. was RMB 351 million.

Miscellaneous

Social Responsibility Performance

General Information about Donations

In 2011 Baosteel carried out donations management in strict accordance with the Regulations of Baosteel Group Corporation on the Management of its Donations and Sponsorships (second edition) and actually donated a total of approximately RMB 60.877 million. In addition, 1,212 excellent teachers and students from 107 universities and colleges and 18 research institutes under China Academy of Sciences received RMB 9.43 million contributed by Baosteel Education Found, which was established 21 years ago.

Donation Amount in 2011

Unit: RMB 10,000

Category	Amount
Education	48
Poverty alleviation & hardship aid, construction assistance	5510.5
Disaster relief	5.2
Culture and arts	80
Environmental protection	100
Others	344
Total amount donated	6087.7

Community Relations

Shanghai

In 2011 Baosteel launched a series of public benefit activities entitled Expo Seeds around the theme of caring, which ran throughout the whole year. The activity was divided into 3 phases and combined the care for disadvantaged groups with Expo seeds. Baosteel raised funds to carry out public benefit activities through selling seeds from the Expo UK Pavilion for public charity. The first phase of the activity, which was called “Awaken the Sleeping Seeds”, was carried out among Baosteel’s employees. The fund collected from the charity fair was donated to Shanghai Qingcongquan Children’ Intelligence Training Center, showing the love of Baosteel’ employees for the society. The second phase of the activity was called “Continue the Seeds of Life”, during which Baosteel’s employees aided an employee from Baosteel Co., Ltd. who has a child with leukemia. The third phase was called “Care for the Seeds of Hope”, which was open to the public and aimed to spread public benefit culture through Baosteel’s influence. At a press conference on corporate social responsibilities of Baosteel Group held in 2010, a Baosteel community care project was kicked off to provide autistic children in Baoshan community with one-year free treatment in Qingcongquan Children’ Intelligence Training Center. By the end of 2011, three autistic children had received treatment in the training center. Meanwhile, several volunteer service teams from the headquarters of Baosteel Group such as “Sunflower Volunteer Service Team” and “Baosight Software Volunteer Service Team” provided various services to the public.

New Countryside Poverty-relief Aid

Since 2007 Baosteel Co., Ltd., Baosteel Development and Baosteel Metal have conducted several rounds of pair-up poverty-relief activities respectively with 4 economically-disadvantaged villages of Miao Tow, Chongming County, 3 economically-disadvantaged villages of Baoshan District and Jiulong Village, Shanyang Town of Jinshan District. The above companies formulated all-around poverty-relief plans for student support & poverty alleviation, facility construction, project investment and cooperative management, etc., thereby promoting local economic development and improving life of the villagers. As of the end of

2011 the total donation had exceeded RMB 9 million.

“Share Sunshine—Action Plan on Assistance for Education and Employment of Migrant Workers’ Children in Shanghai”

The activity was jointly organized and initiated by 8 organizations including Shanghai Charity Foundation, etc. The children eligible will be educated in secondary technical schools through social support and enterprises will provide them with jobs and training costs. As one the first batch of enterprises that actively responded to and participated in the activity, Baosteel Industrial Technology Service Company under Baosteel Group has offered over 50 job positions including mechanic, fitter and maintenance electrician positions since 2007 and made investments totaling RMB 100,000. Through vocational training all students have obtained the basic skills for relevant types of work and at least one special skill, thus having the basic capabilities for the jobs.

House Modification for Aged People

In 2011 Baosteel donated RMB 2 million to Shanghai Senior Citizens Foundation for the 4th consecutive year. The fund will be used for the non-profit program of “House Modification for Aged People” Shanghai. When completed, the project is expected to improve the housing conditions for nearly 100 aged people in the community.

Baosteel Funded the Cancer Rehabilitation Club in the Baoshan Youyi Area

Baosteel has funded the Cancer Rehabilitation Club in the Baoshan Youyi area since 1996, helping club members build confidence and combat the disease. The club has carried out rich and varied rehabilitation activities including wardmate communications, talk therapy as well as cultural, sports and leisure activities, etc. As a result the club members enjoy a survival rate (above 5 years) of 90%, 15% higher than that of other patients with cancer.

Baosteel Supported Baoshan International Folk Arts Festival

Since the first Baoshan International Folk Arts Festival held in October 1995, Baosteel has supported all folk festivals as the organizer. In 2011 the folk festival with the theme of “Our Common Festival” demonstrated the core concept of “Public Participation, Public Enjoyment”. During the festival thousands of folk artists from around the world visited the urban and rural areas,

communities and islands of Baoshan District, creating a beautiful cultural scene in the golden autumn.

Baosteel Supported the First Shanghai Charity Partnership Day Activity

In November 2011 Shanghai held the “First Shanghai Charity Partnership Day” activity, aiming to build a new mechanism of cooperation between the government, social organizations and enterprises, and enhance social participation and influence of charity activities in Shanghai. Baosteel held a saloon themed “Cooperation Mode of Enterprise and Charity Organizations” on the activity day, attracting nearly 100 people who are engaged in social benefits to discuss how to better strengthen cooperation between enterprises and charity organizations to create more value for the society.

Guangdong

Baosteel actively took part in “Guangdong Poverty-relief Day” for the second consecutive year. It donated a total of RMB 3.7 million to the poverty-relief projects in Zhujing Village, Longwo Town, Zijin County, Heyuan City of Guangdong Province, Sanshui Village, Shangsha Town, Jiexi County of Jieyang City, Hexi Village, Meikeng Town, Xinfeng County, Shaoguan City as well as Gaoming Village, Chengyue Town, Suixi County, Zhanjiang City, etc. Baosteel purchased new-type rural social endowment insurance for aid targets in over 3,000 poor villages of the province, and helped with the relocation work for the villages that are not suitable for living. For this reason Baosteel won “Guangdong Poverty Alleviation Cotton Tree Bronze Cup Award”.

Ningbo

Ningbo Baoxin Stainless Steel Co., Ltd. donated RMB 1 million to the Beilun Project of China Green Carbon Foundation. China Green Carbon Foundation is China's first nationwide public funding foundation with the aim of increasing carbon sink and combating climate changes. All the funds raised were used for public benefit activities related to regional public landscaping and green space improvement in enterprises and public institutions, and used to support China's carbon sink forests and forestry.

Meishan

Baosteel contributed RMB 700,000 in the road revamp project of the No.203 crossing in Meishan street for the convenience of the residents; it contributed RMB 2 million to the housing revamping

projects in Kuangmeiling and Meiyuan residential areas to improve the living environment of residents; it contributed RMB 90,000 to equip the playrooms of the mining area with air-conditioners, so as to improve the recreational conditions for the residents; and it also provided residents of the community with 1,100 jobs.

Xinjiang

Since 2005 Bayi Iron & Steel has supported each “Rally around Taklimakan Desert”, to stimulate and promote development of auto and motorcycle sports in Xinjiang and in China. The rally donates money and materials for poor dropouts every year.

Australia

In 2004 Baosteel and Hamersley Iron jointly set up Bao-HI Ranges Community Fund to aid the youth (including aboriginal youth) in the remote area of Paraburdoo and provided them with development opportunities, to thank the people of the Paraburdoo community for their kind support.

Social Contribution

Qinghai Yushu Earthquake Disaster Relief Work

In 2011 the main construction work of Baosteel Children's Welfare Home in Chengduo County, Yushu Tibetan Autonomous Prefecture, Qinghai Province, was completed. It was a support project amounting to RMB 8.5 million donated by Baosteel employees to the earthquake-stricken area in Yushu in 2010. Consisting of a teaching building, a dining hall, a dormitory building, a courtyard and plenty of green space, the project has an overall floor area of 3332 square meters. In 2011 Baosteel's employees again donated RMB 303,500 to the Children' Welfare Home for purchase of living facilities.

Targeted Poverty Alleviation

Since 2004 Baosteel has been conducting poverty alleviation work in Ninger, Mojiang, Jiangcheng and Zhenyuan counties of Pu'er city, Yunnan province. It has invested RMB 80.387 million in 234 poverty-alleviation projects, benefiting 130,480 people in 29 rural towns.

In 2002 Baosteel became one of the first 17 central enterprises for one-to-one assistance to Tibet. It was responsible for supporting Zhongba County in Shigatse Prefecture. In the past decade Baosteel has given support and assistance to Zhongba County in terms

of personnel and fund and successively dispatched 8 cadres in 4 batches to work in Tibet. As of 2011 Baosteel had implemented a total of 88 Tibet-aiding projects and input approximately RMB 133 million for this purpose. Those projects cover fundamental water supply, power supply, road construction, construction of healthcare centers for improving people's wellbeing, training of doctors and nurses as well as vocational training projects for improvement of self-development capabilities, etc.

Antarctic

Baosteel has been in strong support for China's exploration activities in the Antarctic region since 1993. Its independently-developed color-coated polyester plates, the first-generation color steel products, were used in the food building and survey building of the Great Wall Station. In November 2001, eight employees of Baosteel were dispatched to the Antarctic to build the "Baosteel Building" at the Great Wall Station. In October 2008 Baosteel announced that it would assist in the construction of the main body of "Kunlun Station", China's first science investigation station in the Antarctic inland. With an overall building area of 558.56 square meters at a cost of RMB 4.5 million, the main body was completed on January 27, 2009. In 2010 Baosteel built a scientific research building and a complex building for the Great Wall Station, a task undertaken in accordance with the China Polar Investigation Capability Building Program in the "Tenth Five-year Planning Period". The two buildings have a total floor area of over 1,800 square meters.

In November 2011, a Baosteel team of 10 members set off again for the Antarctic along with the 28th China Antarctic Scientific Research Team. After 135 days' of hard work they successfully renovated the Great Wall Station and built a complex building for the Kunlun Station (Phase II).

Education Foundation

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

Baosteel, the Foundation has an original fund of RMB 50 million, which rose to RMB 100 million in September 2005.

In 2011 Baosteel Education Foundation expended over RMB 12 million on public welfare, and 1,212 teachers and students from 107 colleges and Chinese Academy of Sciences won Baosteel Education Award. As of 2011, a total of 17,602 teachers and students from over 100 Chinese colleges and Chinese Academy of Sciences had won Baosteel Education Award, and the Foundation had expended RMB 150 million in education award and subsidy.

National Iron & Steel Natural Science Foundation of China

On August 28, 2000 Baosteel and National Natural Science Foundation of China signed an agreement to officially establish “Iron & Steel Joint Research Fund”. The fund gives priority to new metallurgical technologies that are in urgent need for development of China’s iron & steel industry and the basic research projects having important scientific significance and application value with respect to process, material, energy, environment, equipment and information, etc. The fund encourages innovation, interdisciplinary research and combination of production, learning and research, and gives priority to supporting young scientific talents.

As of 2011 the fund had totally supported 215 projects and the two sides had jointly input RMB 86 million (50% each). Now it has become an important platform and bridge linking basic research and application research in China's iron & steel industry.

Media and Publications

Baosteel Daily

Baosteel Daily, created on August 1, 1978, is sponsored by Baosteel Group Corporation and publicly distributed in China. It is one of the major news media of Baosteel. The Daily has 4 back-to-back pages (8 back-to-back pages on weekends). A total of 303 issues are published each year with an annual subscription of RMB 180 and a circulation of 71,500 copies. Its main readers are Baosteel employees (overseas employees of Baosteel can also subscribe to it or read it online). All companies of Baosteel subscribe to it for their respective employees. External subscribers of Baosteel Daily pay to read it and the payment goes to the financial department of Baosteel

Group. On January 1, 2008, Baosteel Daily was totally entrusted to the post office for distribution.

Baosteel Daily (digital version)

Website: <http://news.baosteel.com>. The electronic version of Baosteel Daily was put online on February 4, 2005 and the digital version was launched in 2011. It publishes the content of Baosteel Daily on the internet before 10:30 the same day. Main columns: Important News, General News, Economic News, Industry Trends, Commentary on Current Events, Supplement and Special, Digital Newspaper, Baosteel Video and Interactive Platform. The number of hits in 2011 was 495,167.

Baosteel TV News

It is sponsored by Baosteel Group Corporation and edited by Special Report Center of Baosteel News Center. The television news with a duration of 10 minutes (or special report with a duration of 15 minutes, which is shot every Sunday) is shot every Monday, Wednesday and Friday and broadcasted on Channel 1 and Channel 2 of Baoshan TV Station during prime time and re-broadcasted every Tuesday, Thursday and Saturday. Baosteel TV News covers more than 1.2 million viewers from over 400,000 families in Baoshan area. Moverover, the news is transmitted to Baosteel' subsidiaries in Jiangsu, Zhejiang, Xinjiang and Guangdong in the form of videotapes via express mail. People can also watch Baosteel TV news via Baosteel INFO intranet or Internet.

CSR Report

Created in 2009 as an annual in large sextodecimo paper size, the CSR Report is sponsored by the Public Relations Department of Baosteel Group Corporation. The Report is published in Chinese and English in both paper and electronic forms, and the electronic version can be downloaded from the official website of Baosteel Group Corporation (<http://www.baosteel.com>). The Baosteel CSR Report 2010 was completed in 2011, mainly expatiating on the business operation, environmental protection, care for employees, community care, supply chain building and other aspects during the whole year of 2010, including the special addition of chapters and sections related to Baosteel's services for the Shanghai Expo.

Baosteel Yearbook

Created in 2001, Baosteel Yearbook is chiefly edited by Baosteel History Compilation Committee, and it is the annual

literatures and materials elaborating all minutia of Baosteel Group. The Editorial Department is set up in Baosteel Historical Records Office. It is a book of more than 400 pages printed in large sextodecimo paper size. Totally 1,100 copies were sold in 2011 at RMB 240 per copy. The Yearbook is published by Shanghai Academy of Social Sciences and distributed by Xinhua Bookstore. The Baosteel Yearbook 2011 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 Steel, diversified industries, overseas subsidiaries, comprehensive management, CPC-mass work, corporate culture, figures and honors, appendices and indices.

Baosteel Guidebook

Created in 2010, Baosteel Guidebook is an annual publication compiled by Baosteel History Records Department and printed in 32-mo paper size. Each year 6,000 copies are printed and provided to the general public for free. Baosteel Guidebook 2011 was published in Chinese and English. The English version was made based on translation of the Chinese version by Baosteel Talent Development Institute. The electronic document of Baosteel Guidebook 2011 can be downloaded from the website of Baosteel Group (<http://www.baosteel.com>). Baosteel Guidebook is a compilation of the general information of Baosteel. All the materials and data are provided by the related departments of Baosteel, so the Guidebook has sufficient authority and may help people from all walks of life know about Baosteel comprehensively and accurately.

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. In 2011, Baosteel Technology opened such columns as Expert Forum, Technology, Analysis & Research, Development & Application, Patent Information, etc.

World Iron & Steel

Created in 1979 as a technical periodical managed and sponsored by Baosteel, it was formally known as Baosteel Information and renamed as World Iron & Steel in 1993. Published in the book size of large sextodecimo, it is a bimonthly periodical (published in odd-numbered months) with six issues a year and 72 pages per issue. It can be available both at home and abroad and is published in the main website of Baosteel. The periodical includes segments like special columns on iron making, steelmaking, metallurgy automation, steel rolling and comprehensive information, etc. In 2011, the 6th issue of World Iron & Steel won the Award of Excellence in the first Art Design Competition of Chinese Publications.

Baosteel Technical Research (English)

Created in October 2002, it was formally known as Baosteel Technology Newspaper (English) online edition and renamed as Baosteel Technical Research in December 2007. It is a technical periodical in English managed and sponsored by Baosteel Group. Published quarterly in the book size of large sextodecimo both at home and abroad, the journal publishes 4 issues each year, 63 pages per issue. It is also published in the main website of Baosteel. In 2011 the Editorial Department of Baosteel Technical Research (English) adjusted the column setup and added columns such as Special Column, Metallurgical Technology Research, Metallurgical Product Research, etc.

Baosteel Economy and Management

Created in 1990, it is an economic journal sponsored by the Corporate Management Association of Baosteel Group. As a bimonthly journal (published in even-numbered month) printed in large sextodecimo paper size, it has 6 issues each year, 48 pages per issue. It has published various articles with over 600,000 characters in total and hundreds of pictures. In 2011, in accordance with the requirements of Baosteel's key development strategy, business management, functional management and grassroots basic management, the journal prepared, planned and published a series of key articles and added 2 new columns: Boundless Knowledge and Management Forum, etc.

Learning and Innovation

Created in June 1984 as a political periodical sponsored by the Propaganda Department of the Baosteel Group Party Committee, Learning and Innovation is a bimonthly journal published in large

sextodecimo with approximately 80 pages each issue. The journal published 5 issues in 2011. It was redesigned in July 2011 centering on operation and management challenges, innovation issues concerning party building and proactive development proposition, so as to forge a frontline ideological position for Baosteel's second pioneering. The redesigned journal set up the columns of "Executive Viewpoints", "Focus", "Management Perspective", "Green Manufacturing", "Humanistic Baosteel", "Party Building Forum", "Reading & Communication", "Improvement & Upgrading", "Market and Marketing", "LIUSHANGTING", "New Vision" and "Good People & Their Deeds", etc.

Baosteel Training

Created in 1992 as a professional magazine regarding the education and training work of Baosteel Group, Baosteel Training is managed by Baosteel Group Corporation and sponsored by Baosteel Talent Development Institute. It is a quarterly journal of 4 issues a year, 48 pages per issue and is published in sextodecimo paper size. It published a total of 82 articles in the year of 2011. The magazine has such columns as Feature, Exploration to Training, Featured Training, Good People & Their Deeds, Management Research, Innovation Forum, Case Research, New Information and Events, etc. In May 2011 Baosteel Training was permanently collected by the General Book Depository of China.

Baosteel Culture and Art

Baosteel Culture and Art was created in 1988 and later in 1992 it merged with Baosteel People, a magazine created in 1984. Baosteel Culture and Art is a cultural and artistic magazine sponsored by Baosteel Federation of Literature and Arts Circle. It is published in large sextodecimo paper size with 4 issues a year and 72 pages per issue. In 2011 a group of poems and essays commemorating the "90th Anniversary of Communist Party of China" and the "100th Anniversary of the 1911 Revolution" were published.

Appendices: Statistical Table of Iron & Steel Enterprises

Proportion of Crude Steel Output of Baosteel in National Total Output

Year	Crude Steel Output of Baosteel (10,000 tons)	Crude Steel Output of China (10,000 tons)	Proportion (%)
Year 2011	4427	68388.3	6.47
Year 2010	4450	62695.9	7.10
Year 2009	3886	56803.3	6.84
Year 2008	3544.3	50091.5	7.08
Year 2007	2431	48966	4.96
Year 2006	1999	42266	4.73
Year 2005	1936	35239	5.49
Year 2004	1638	27279.79	6.00
Year 2003	1508	22233.6	6.78
Year 2002	1475	18155	8.12
Year 2001	1469	15266	9.62
Year 2000	1473	12850	11.46
Year 1999	1338	12426	10.77
Year 1998	1207	11559	10.44
Year 1997	786	10894.17	7.21
Year 1996	703	10110	6.95
Year 1995	801	9400	8.52
Year 1994	693	9153.2	7.57
Year 1993	657	8868	7.41
Year 1992	623	8000	7.79

(Continued)

Year	Crude Steel Output of Baosteel (10,000 tons)	Crude Steel Output of China (10,000 tons)	Proportion (%)
Year 1991	437	7057	6.19
Year 1990	330	6604	5.00
Year 1989	327	6124	5.34
Year 1988	322	5918	5.44
Year 1987	308	5602	5.50
Year 1986	270	5205	5.19
Year 1985	54	4666	1.16

Data source: National Bureau of Statistics of China

Iron & Steel Complexes among Fortune 500 Companies

Unit: USD Million

Position in 2011	Position in 2010	Company Name	Operating Revenue in 2011	Profit in 2011	Country
70	74	ArcelorMittal Group	94444.0	2263.0	Luxemburg
122	138	ThyssenKrupp	68790.7	-1798.8	Germany
146	161	POSCO	62229.9	3293.1	Korea
180	173	Nippon Steel Corporation	51812.1	740.5	Japan
197	212	Baosteel Group	48916.3	1866.7	China
256	231	JFE Holdings	40104.2	-464.0	Japan
269	279	Hebei Iron & Steel Group	38722.4	198.3	China
295	326	Shougang Group	36117.1	212.8	China

(Continued)

Position in 2011	Position in 2010	Company Name	Operating Revenue in 2011	Profit in 2011	Country
321	341	Wuhan Iron & Steel Group	34259.5	664.4	China
346	367	Jiangsu Shagang Group	32096.8	483.7	China
401	370	Tata Steel	27738.8	1125.0	India
462	-	Anshan Iron & Steel	24089.0	247.3	China
467	447	Kobe Steel	23616.5	-180.5	Japan
484	-	Xinxing Cathay Group	22832.3	242.6	China

Data source: Fortune Magazine

Correspondence List of All Subsidiaries

Company Name	Website	Tel	Fax	Address	Zip Code
Baosteel Co., Ltd.	www.baosteel.com	021-26647000	021-26646999	885 Fujin Road, Baoshan District, Shanghai	201999
Guangdong Iron & Steel	—	020-83606035	020-83606095	F/24, China Construction Bank Mansion of Guangdong Province, 509 Dongfeng Road (M), Yuexiu District, Guangzhou	510045
Bayi Iron & Steel	www.bygt.com.cn	0991-3893018	0991-3891000 or 0991-3890035	Bayi Road, Toutumhe District, Urumqi, Xinjiang	830022
Ningbo Steel	www.ningbosteel.com	0574-86859000	0574-86859126	168 Lin'gang No.2 Road, Xiapu, Beilun District, Ningbo, Zhejiang Province	315807
Baosteel Resources	www.baosteelresources.com	021-68403333	021-68403528	Building 2, Lane 803, Shuangcheng Road, Baoshan District, Shanghai	200122
Baosteel	www.baosteelmetal.com	021-61805678	021-61801188	Building 2, Lane 803,	200940

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Company Name	Website	Tel	Fax	Address	Zip Code
Metal		61805678	61801188	Shuangcheng Road, Baoshan District, Shanghai	
Baosteel Engineering	Bsee.baosteel.com	021-66786678	021-56604813	2510 Tieli Road, Baoshan District, Shanghai	201999
Baosteel Chemical	www.baochem.com	021-26648409	021-66789208	3501 Tongji Road, Baoshan District, Shanghai	201999
Fortune Trust & Investment	—	021-38506555	021-68779288	59F, SWFC, No.100 Century Avenue, Pudong New Area Shanghai, 200120	
Baosteel Development	—	021-56125101	021-56122654	889 Baoyang Road, Baoshan District, Shanghai	201999
No.1 Iron & Steel	—	021-26033226	021-56825810	868 Baoyang Road, Baoshan District, Shanghai	
Pudong Iron & Steel	—	021-68587313	021-68587303	86 Licheng Road, Pudong New Area, Shanghai	200431
No.5 Iron & Steel Co., Ltd.	—	021-26032130	021-56671316	303 Tongji Road, Baoshan District, Shanghai	200940

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