



2008

Sustainability Report



SINO STEEL CORPORATION



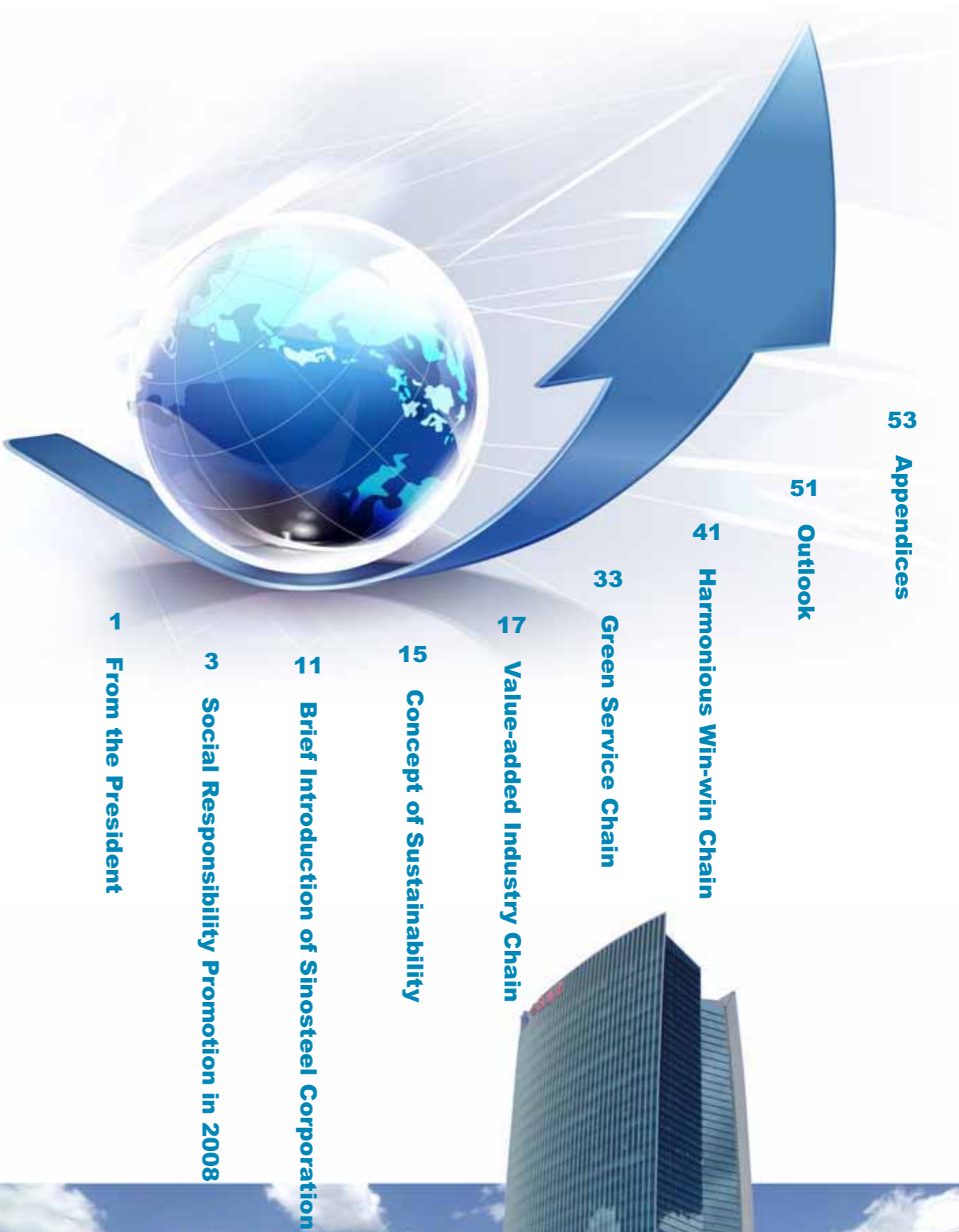
WE SUPPORT
UN Global Compact

Preparation Description

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Report Coverage:	Sinosteel Corporation and subsidiary agencies, referred to as “Sinosteel Corporation”, “Sinosteel”, “We” and so on in this report to facilitate reading.
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From the President

Year 2008 is an extremely eventful year in the course of reform & opening up and modernization construction of China, as well as an unordinary year for Sinosteel Corporation. Guided by the scientific outlook on development, we have been emancipating minds and innovating boldly, making unordinary achievements in 2008.

In that year, we encountered severe financial crisis that might be met once in a hundred year; under the complicated and turbulent economic situation, we united our thoughts, enhanced our vigor, built our confidence, overcome the difficulties and took countermeasures, and effectively guaranteed our normal production and operation. We maintained the stability of staffs and realized smooth and healthy development of our enterprise.

In that year, we continued to explore and perfect the development mode of the modern producer service, further

optimized resource allocation, speeded up the structural readjustment and tried best to accommodate ourselves to the new demand for development of iron and steel industry; we have successfully build our enterprise into a joint-stock one and established the institutional infrastructure for long-term development.

In that year, we firmly insisted on the concept of sustainability, ceaselessly strengthened energy conservation and emission reduction work, further optimized the emission reduction management system and therefore formed a long-acting energy conservation and emission reduction system; we actively promoted clean production and vigorously developed the cycling economy; we established the first cycling economy research institute in China, which established the foundation for speeding up the industrialization of scientific and technological achievements.

In that year, we firmly followed the principle of harmonious development, respected the rights and benefits of employees, Attached great importance to the needs and career developments of employees. Meanwhile, we proceeded with the community investigation, supported community constructions and maintained the relationship with the communities; we endeavored to become the nonesuch enterprise citizen responsible to the society.

In that year, we scrupulously abided by our commitments to further promote the social responsibility endeavors of our enterprise and obtained relatively great success: in March, we joined the United Nations Global Compact and committed ourselves to abide by the ten principles of the UNGC; in September, invited by Pan Ki-moon, secretary-general of the United Nations, we attended the United Nations Millennium Development Goals Forum to introduce our work in aspects of promoting economic development, protecting the environment and relieving poverty to the whole world; in October, we released the first report of Chinese enterprises on overseas social responsibilities Sinosteel Corporation Sustainability Africa Report, leading the social responsibility works of Chinese enterprises to the world-advanced level.

In the past year, Sinosteel Corporation obtained stable development. Looking into the future, we will confront with new missions which are even more challanging. However, we dare to rise to new challenges and firmly believe that our cause is grand and sacred, our future is lofty and promising and our responsibilities are weighty and glorious. Therefore we shall make joint and persistent efforts, making more contributions for the smooth and relatively quick development of national economy and harmonious progress of the society and make excellent achievements to welcome the sixtieth anniversary of the People's Republic of China!

President: Tianwen Huang

Social Responsibility Promotion 2008

Promotion campaign of The United Nations Global Compact



Pan Ki-moon shakes hands with President Tianwen Huang on the United Nations Millennium Development Goals Forum



President Tianwen Huang signed on CEO Commitment of the Universal Declaration of Human Rights

In 2008, Sinosteel actively proceeded with the Global Compact promotion campaign of the United Nations to enhance the internal sense of responsibility of the enterprise and improve the external responsibility image of the enterprise, which has brought wide social impact.

In March, Sinosteel Corporation formally joined the United Nations Global Compact and committed to abide by the ten principles in such fields as human rights, labor standard, environmental protection, anti-corruption and so forth, to make greater efforts in the fields of energy conservation, environmental protection, guarantee of rights and benefits of workers and sustainable development and to make more contributions to harmony and prosperity of the world.

On July 2, Pan Ki-moon, secretary-general of the United Nations, gave audience to the introduction of President Tianwen Huang on detailed practice and experience of Sinosteel in executing the Global Compact and thought highly of vigorous support of Chinese enterprises to "Global Compact" and affirmed the work and achievement of Sinosteel in aspect of social responsibility.

On September 24, invited by Pan Ki-moon, secretary-general of the United Nations, President Tianwen Huang attended the Millennium Development Goals Forum of the United Nations held in the New York headquarters of the United Nations. President Huang announced and introduced the Sustainability Report released by Sinosteel and such social responsibility practice and work as promoting environmental protection, creating employment opportunities, eliminating poverty and so forth. In the forum, President Huang grandly committed that, as a transnational company from China, Sinosteel shall insist in performing its social responsibilities and promoting internationalized synchronous development and make active efforts to realize the millennium development goals.

In October, on the 60th anniversary of issuance of World Human Right Declaration of the United Nations, President Tianwen Huang gravely signed on the Letter of CEO Commitment and restated that Sinosteel Corporation would respect and support human right protection within the range of influence of the enterprise.

On November 16, Sinosteel attended the local network conference of Global Compact and reported the work relating to social responsibility of the enterprise and the progression. Mr. Kell, Executive Director of United Nations Global Compact office, affirmed all the work of Sinosteel relating to social responsibility and thought highly of the first country report on social responsibility issued by Sinosteel Sinosteel Corporation Sustainability Africa Report.

Sinosteel Corporation Sustainability Africa Report

For years, Sinosteel Corporation is always insisting on synchronous development of internationalization and social responsibility. In global operations, we are always insisting on the principles of faithfulness, friendliness, equality, mutual benefit, union and cooperation and collaborative development. In Africa, we practiced the win-win concept, not only giving them by fish but also the approach of fishing; while effectively urged local employment and economic development, we together with the local people,

cultured their independent and self-support industry, tried best to implement the localization of operation management personnel, leveraged the technical skill and capability of local employees and set the win-win dispensation of the enterprise and the community. The concept and activity established in the local region and in harmony with the community implements the harmonious and mutual development of the enterprise and the local society.

The purpose of Sinosteel in preparing the Sinosteel Corporation Sustainability Africa Report to roundly and systematically disclose our responsibility concept, system, work and achievements is to further strengthen the communication with various parties concerned in Africa, urge mutual understanding and trust and establish the international image of the Chinese enterprise daring to bear the social responsibility.

- President Tianwen Huang



African Reports in Chinese, English and French version

Survey and Study on African Shareholders

In order to effectively and scientifically prepare the Africa report, the preparation team of Sinosteel made a lot of investigations and study works. Before the compilation of the report, the team studied in details the African policies of China, the development history of relationship between China and Africa, speeches made by the Party and national leaders during visit in Africa, documents on Sino-African Cooperation Forum and so on, which established the policy foundation for scientific compilation of the report.

In August 2008, the preparation team and external experts investigated and studied several institutions including Sino-African United Industrial and Commercial Association, Sino-African Nongovernmental Chamber of Commerce, Sino-African Friendship Association, West-Asian & African Research Institute of China Academy of Social Sciences for the purpose of preparing the report and collected the experience of them to communicate with various African shareholders and their opinions on preparation of the report.



Feedback Questionnaires

In September 2008, the preparation team went to South Africa and Zimbabwe for local investigation, visited related governmental departments, employees, customers, suppliers, communities, financial institutions and other

shareholders, made sufficient communications, researches and studies and collected a lot of firsthand materials, on the basis of which the report was compiled.



The preparation team is instructing the responder to fill the questionnaire.



The preparation team is investigating and studying in Sino-African Friendship Association.



The preparation team communicating with a third-party evaluator.



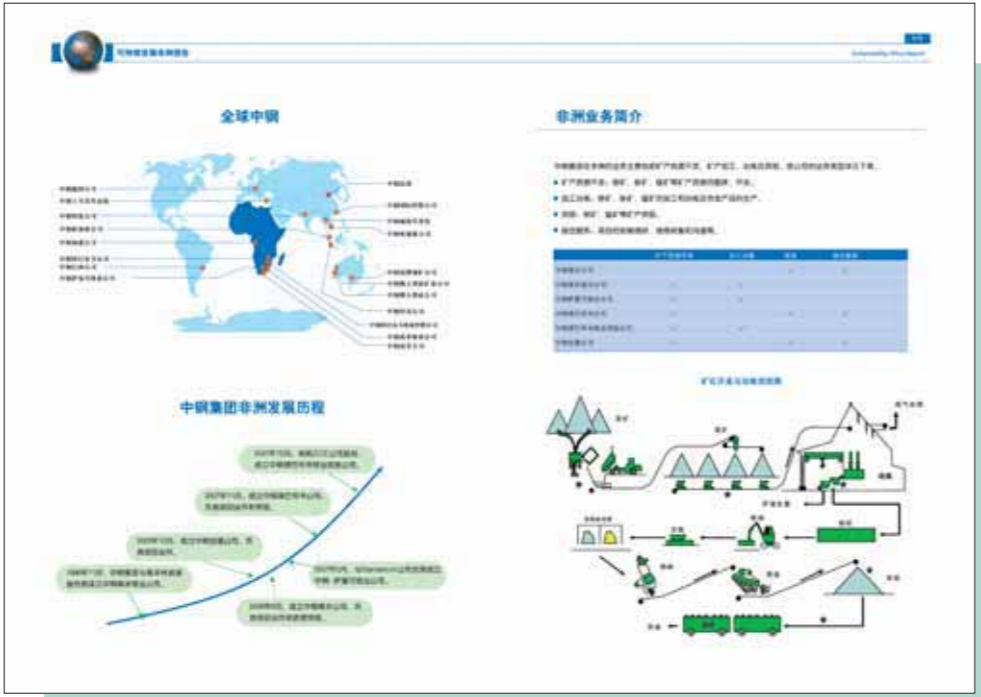
The preparation team is investigating and studying the safe production.

Report Release

On October 24, Sinosteel Corporation Sustainability Africa Report was released in the news conference held in Sinosteel headquarter, which is the first sustainability report released by a Chinese enterprise in allusion to Africa, as well as the first country report and the first social responsibility report released in Chinese, English and French versions by a domestic enterprise of China. The report roundly introduced the business distributions and operations of Sinosteel Corporation in Africa, expatiated the contents in such aspects of social responsibility concept, responsibility management, relationship with shareholders, safety and health, protection of ecologic environment, relationship with employees, construction of community, future prospect and so on, sufficiently reflected the excellent situation that focuses on both economic benefits and social benefits, focuses on both development and harmony and is obtaining quick development in the business expansion course of Sinosteel Corporation in Africa.



News release conference of Sinosteel Corporation Sustainability Africa Report



Inner Text of Sinosteel Corporation Sustainability Africa Report

Response to the Report

After the report has been released, the authoritative research institutions of social responsibility of several enterprises including the United Nations Global Compact, Business for Social Responsibility (BSR), World Wide Fund for Nature, USA Wilson International Center for Scholars, West-Asian & African Research Institute

of China Academy of Social Sciences, Social Responsibility Research Center of China Academy of Social Sciences, WTO Economy Guide and so on appraised the report and expressed their intents for further communication.

The United Nations Global Compact Office Has High Opinion of Sinosteel Sustainability Africa Report

On November 16, 2008, Mr. Gorg Kell, director of the United Nations Global Compact Office visited China and, after reading the Africa Report, said, "The work done by Sinosteel in the field of sustainability report is more excellent than that done by many famous international companies, Sinosteel is worthy the name of a leading enterprise in aspect of social responsibility." He regarded Sinosteel Africa report as the major embodiment of Sinosteel's achievements and as a very good innovation action.



Mr. Gorg Kell of the United Nations Global Compact Office thinks highly of the Report.

Yin Gefei, deputy president of WTO Economy Guide, thinks that the Sinosteel Corporation Sustainability Africa Report is a typical report, disclosing Chinese enterprises' performance on the global responsibility. The preparation and release of the report hint that the CSR concepts and practices of Chinese enterprises are com-

peting with those first-class transnational companies in the same arena. They are active responses of international society to various shareholders and are important and valuable that could be applied by those transnational companies in preparing and releasing their country reports.



In the monograph of WTO Economy Guide, this report is thought highly of.

Contrast of Detailed Social Responsibility Work in 2008 and 2007

Correlation Table of Sinosteel Social Responsibility Work Achievements

Item		Achievements in 2007-2008	Comparison
Economy	Operating performance	Sales revenue and total assets in 2008 rised greatly and saw year-on-year rises of 53% and 151% respectively	▲
	Responsible purchase	the supplier management and tendering work Further promoted green purchase Actively developed overseas resources and promoted the safety of state-owned resources	▲
	Optimization of logistics	Optimized the management model of logistics Strengthened the warehousing business and the supervision and management of goods in stock Constructed Huanghua logistic industry port	▲
	Safe production	Further perfected the safety system Established the 0123 safe production mode of the Corporation Carried on safety training and relevant activities Checked and removed nearly 2000 hidden troubles and made rectification rate reach nearly 100%	▲
	Responsible marketing	Laid stress on improving of product quality Strengthened the customer relationship management Became one of the national top-ten customer satisfaction brands in 2008.	▲
	Technological innovation	Cooperated with Chinese Academy of Engineering to construct the integrated production, academic research and application system More vigorously supported and organized technological innovations Greatly increased authorized patents and invention patents	▲
	Risk management	Perfectd the management and control of the corporation Further perfected the risk management system Took multiple risk countermeasures Strengthened risk management training	=
	Informatization	Brought ERP construction into Phase III Basically implemented united management of logistics, fund flow, information flow and document flow Modern innovation achievements in aspect of enterprise management was awarded with second prize	▲
Environment	Cycling economy	Attached high importance to researches on fundamentals of cycling economy Strengthened the informatization of research achievements of cycling economy	▲
	Energy conservation and emission reduction	Determined the person in charge of realizing energy conservation and emission reduction goals Strengthened the supervision and inspection of effects Established the energy-saving and emission-reducing production culture	▲
	Protection of ecologic environment	Increased the virescence area in the plant area Overall arranged the protection of ecologic environment Strengthened the development, investigation and research on ecologic environment protection.	=
Society	Employee	Attached greater importance to physical and mental health of employees Emphasized the construction of excellent corporate culture more	=
	Community	Carried on the investigation on joint construction with community Supported the Olympic activities of the community	▲
	Commonweal	Thrown himself into rescue of ice damage and earthquake Actively carried on social commonweal donation	▲
Social responsibility work		Entered Global Compact Released the first country report in China	▲

Table of Key Achievement Data

Economic indicator	Year 2008	Year 2007	Year 2006
Revenue of business (RMBx104)	16,835,989	12,353,117	6,077,750
Total profit (RMBx104)	127,037	241,835	86,352
Total assets (RMBx104)	9,925,173	4,204,833	2,658,902
Rate of return on assets (%)	1.72	6.76	6.39
Net assets (RMBx104)	961,163	700,136	539,970
Rate of return on net assets (%)	3.26	37.07	16.46
Assets-liabilities ratio (%)	90.88	83.33	80.71
Accumulated number of patents	~350	320	250
Environmental indicators	Year 2008	Year 2007	Year 2006
Total energy consumption (x104tons of standard coal)	98.7787	110.81	99.0166
Comprehensive energy consumption for RMB 10000 production value (ton of standard coal / RMB 10000)	0.676	1.152	4.507
SO ₂ discharge amount (ton)	1971	2087	2147
COD emission amount (ton)	1714	1953	2170
Social indicators	Year 2008	Year 2007	Year 2006
Total number of employees (person)	34,027	31,566	28,163
Industrial injury (person/year)	70	75	81
Death (person/year)	1	2	3
Commonweal donation (RMBx104)	~3500	~800	~500

Note: Environmental indicators are based on the figures in 2005 and consistent with those required in the Eleventh Five-Year Plan.

Brief Introduction of the Company

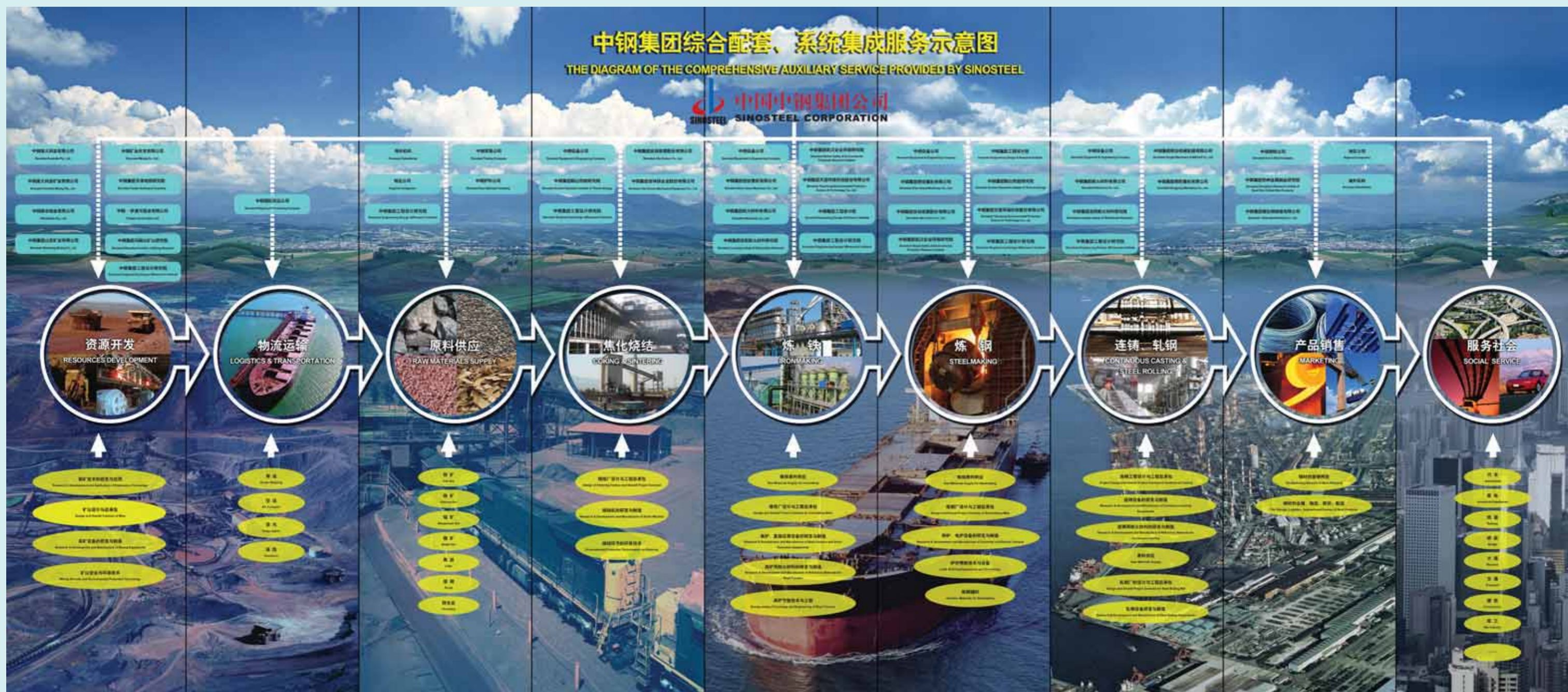
Strategy of the Company Management Innovation of modern producer service industry

Through continuous reforming and readjustments in recent years, Sinosteel Corporation, as one of the practitioners of modern producer service industry in China has put forth efforts in promoting its strategy transformation and innovating its development model, therefore has grown from a traditional commercial trade enterprise into a modern productive service enterprise with largest scale and has the strongest overall strength in the steel and iron industry of China. At present, Sinosteel has already established a omnibearing

professional service system integrated with raw materials procurement, production of auxiliary materials, equipment manufacturing, logistics, bidding and tendering, research & development and design, engineering construction, financial service and product marketing related to main production flow of steel and iron industry, and created the “Sinosteel Model” that provides comprehensive auxiliary services and system integration services for steel industry, especially steel mills.

The comprehensive auxiliary service model of Sinosteel can, to the hilt, localize various productive services in the production flow of steel and iron, extend and reestablish the production links of high added value by means of recombining and optimizing to configure various value-added links of the value chain, and obtain integral competition advantages for comprehensive supporting and system integration services. This model is one of the up-to-date embodiments of “upgrading of industrial chain” or “chained upgrading”

after revolutionary transformation of industrial structure in today’s world, is the most up-to-date exploration made by Chinese enterprise when seeking for strategic competitive advantages under new historical conditions, and provides valuable experience for China to break through low-end international work division situation and promote upgrading of industrial structure.



發揮中鋼優勢
服務鋼鐵工業

徐匡迪
二〇〇八年九月九日

Epigraph of Kuangdi Xu

"As a central enterprise, Sinosteel Corporation has experienced and completed a successful and multi-facet transmutation with efforts in recent years.

The first transformation is about Sinosteel's business. Sinosteel has been transformed from a pure trade enterprise to a modern producer service enterprise. It is really an excellent transformation in that Sinosteel can provide comprehensive auxiliary services for the steel industry which range from raw materials to consumable parts, from administrative support to scientific research.

The second transformation is about Sinosteel's business extension from service field to production field. This extension enables Sinosteel to achieve abundant developments, which can be termed as two-wheel driven and double-way. Sinosteel advance metallurgical equipment production industry energetically, which in order to satisfy needs of steel corporations, such as equipment innovation and technology improvement. For instance, steel corporations have a continuous and ever-increasing demand for some consumable products, i.e. rolls and refractoriness manufactured in Sinosteel Xingtai and Sinosteel Luoyang respectively. As a result, an organic combination in the service and production sector could stimulate Sinosteel to improve its capabilities and achieve developments quickly.

The third transformation is about enterprise system. Sinosteel has a solid foundation in modern enterprise construction in that Sinosteel has completed innovation of its administrative system and informationization of its ERP system. During the periods of rapid developments, Sinosteel has successfully found its position and hence established itself in the steel service industry. Facts have proved that is very competitive in the market. What is worth mentioning in particular is that Sinosteel is not a monopoly enterprise; Sinosteel develops itself in an absolutely competitive market, not relying on supports of state policy. With its continuing efforts, Sinosteel has developed a unique business model by way of merger and acquisition in the market. This is a good case worthy of our deep research."

—— Said by Kuangdi Xu ,
Chancellor of Chinese Academy of Engineering

On October 8, 2008, the Forum on Development of Modern Producer Service Industry in China held in Remin University of China released the research achievements of "Study on Development of Modern Producer Service Industry of China and Sinosteel Model" and nearly 200 attendees from governmental organs, enterprises and the academe deeply discussed and communicated with each other on advanced issues about development of modern producer service industry in combination with "Sinosteel Model".

This forum further demonstrated the increasingly important role and status of modern producer service industry in the national economy, represented the efforts and practice made by Sinosteel Corporation when continuously searching after the development of producer service industry and strengthened and urged all circles of the society to recognize and understand the development of modern producer service industry of China and the unique model of Sinosteel.



The Study on Development of Modern Producer Service Industry of China and Model of Sinosteel is released on the forum.

Administration of Company

Sinosteel Corporation is a state-owned enterprise registered according to the Law of Enterprises, it executes the president responsibility system, and its decision making bodies, president office conference and thematic meeting presided by president. Its executing bodies mainly are the office of functional department and secondary enterprises. Its supervision bodies include staff representative conference, the board of supervisors designated by the State Council and the State-owned Assets Supervision and Administration Commission and external auditing bodies etc. The consultation bodies include the strategy research committee, the investment evaluation committee and etc. Appointment and dismissal of key personnel and setting and readjustment of institutional organization are submitted to the Party administrative conference for discussion; after discussed by the strategy research committee, the strategy planning issues are submitted to the president office conference for discussion; important investment and assets disposal issues are submitted to the president office conference for discussion after evaluated by internal and external experts organized by the investment evaluation committee. Any other important issues shall be discussed and decided by the president office

conference and any special issue shall be studied and decided by the president thematic meeting.

Sinosteel Corporation convenes the trade union congress twice each year, on which the president reports the operation management and important decisions and their executions to the employees. All issues relating to reforming and distribution of benefits and welfare for employees will be discussed and decided on the workers' congress besides being audited by externally employed auditing bodies, the operation management and finance situations will be supervised by the agency designated the Stated-owned Assets Supervision and Administration Commission of the State Council to the Board of Supervisors; the corporation carries on the internal auditing and special issue supervision and inspection systems for all subsidiary enterprise.

Main business is transformed into joint stock system

In 2008, responding to the "property right being clear, rights differentiated from responsibilities, enterprise functions separated from governmental ones and management being scientific" requirements for modern enterprise system, Sinosteel transformed its main business into a joint-stock system and established a legal entity for "autonomous management, assuming sole responsibility for its profits and losses, self-development and self-perfection". All subsidiary enterprises of Sinosteel were incorporated into the "Sinosteel Company Limited". After the transformation, the structure of the incorporated enterprise is clearer and establishes the organizational and institutional foundation for the long-term sustainable development of the enterprise.

Recognition of the Society

Sinosteel Corporation won the title of most responsible enterprise for the society in 2008

On January 9, 2009, the awarding ceremony of the fourth "Forum on Corporate Social Responsibility of China" i.e. "Most Responsible Enterprises for the Society in the Reforming and Opening 30 Years" was ceremoniously held in Diaoyutai State Guesthouse and Sinosteel Corporation won the title of "Most Responsible Enterprise for the Society in 2008". President Tianwen Huang attended this awarding ceremony and participated in the Talk about Topic of "Development for Ever".



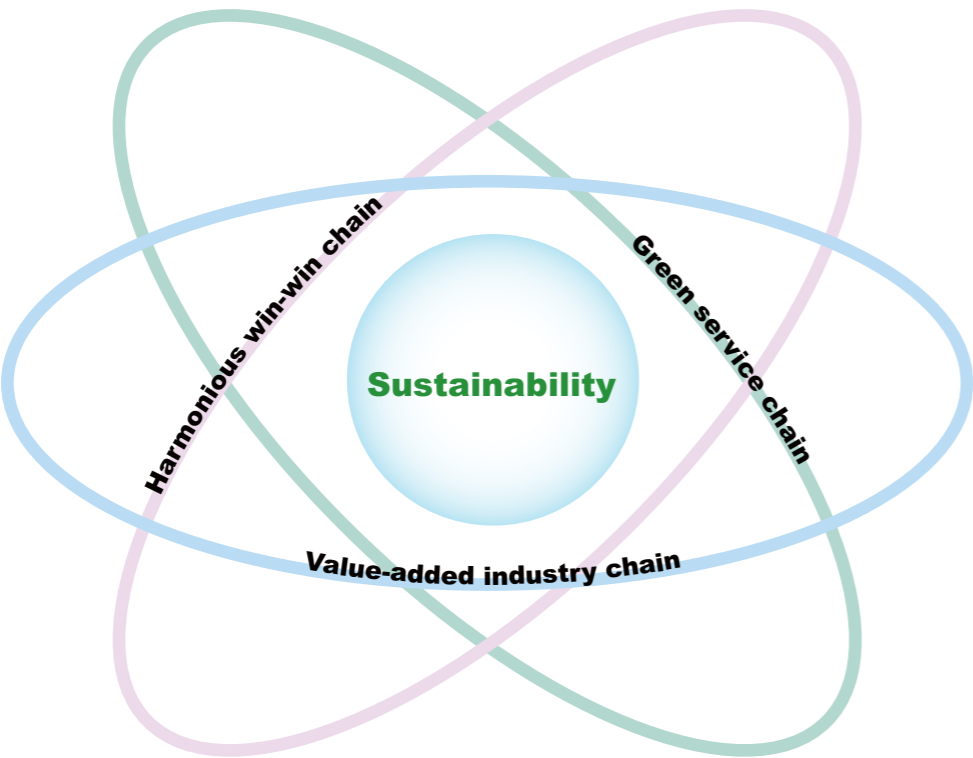
President Tianwen Huang is on the medals podium.

Concept of Sustainability

Concept

The sustainability concept of Sinosteel is: in the course of serving the steel industry and steel and iron production enterprises, Sinosteel continuously strengthen creation of value, continuously serve producing green steel and iron and firmly promote harmonious development of the society. Those are embodied in value-added industry chain, green service chain and harmonious win-win chain.

Model



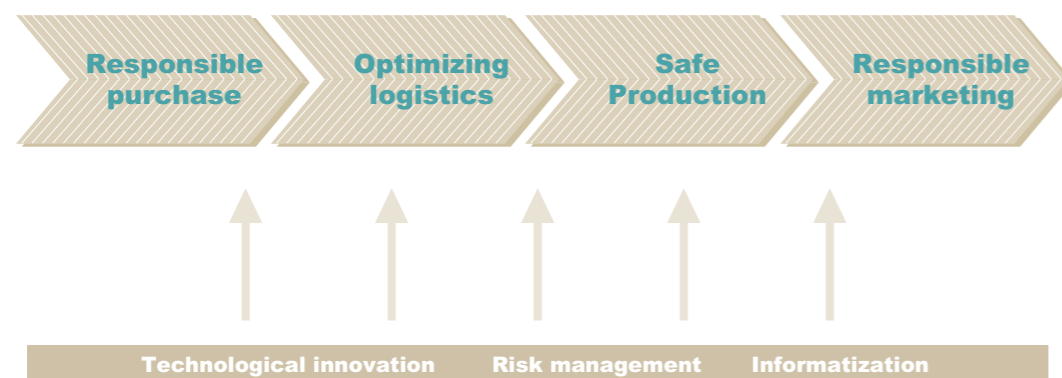
Concerned Shareholders

Concerned shareholder	Expected goal	Approach for communication	Main indicator
State-owned Assets Supervision and Administration Commission	Maintain and value-adding of state-owned assets	Make relevant policies, laws, rules and regulations known to lower levels	Revenue from main business
	Perfect the management structure of the company	Working conference	Total profits
	Operating risk management	Periodic reporting	Rate of return on net assets
		Achievement assessment	Value-maintaining and value-adding rate of state-owned assets
Government	Secure state-owned assets	Work out local polices, rules and regulations	Total taxes
	Observe disciplines and law	Visit	Employment opportunity
	Harmonious development of economy, environment and society	Periodic contact	Energy-saving goal
		Working conference	Emission-reducing goal
Strategic cooperation partner	Complement each other with respective advantages	Sign up strategic cooperation agreements	How contract or agreement executed
Scientific research institution	Cooperate with each other for innovation	Mutual visit of senior leaders	Injection of scientific research fund
Financial institution	Enhance the ability to value-creating	Deliberate in meetings	Rate of growth of sales income
		Visit and symposia	Rate of return on capital
Employee	Protection of rights and benefits	Staff Assembly	Salary level
	Career Development	Establish labor union organization	Staff satisfaction
	Implementation of value	Staff satisfaction investigation	Faithfulness of staff
		Symposia	Brain drain rate
			Investment in staff training
			Contract signature rate
Supplier	Abide by commercial morality	Sign up contract / agreement	Performing rate of contract
	Strengthen cooperation	ERP system	Delivery exactness
	Meet responsibility requirements	Human solicitude of supplier	Executing rate of supplier price
		Survey on third party' s satisfaction to supplier	Supplier satisfaction
Customer	Provide with safe and reliable products	Customer relationship management	Contract performing rate
	Lay stress on solicitude of customer	Customer solicitude	Customer satisfaction
	Improve service quality	Survey on third-party satisfaction of customer	
Community	Protect environment of community	Campaign of cooperative civilization construction	Satisfaction of community resident
	Promote prosperity of community	Commonweal donation	Amount of commonweal donation
	Create harmony of community	Annual meeting and activity	Number of employee volunteers
NGO	Bring example role of the enterprise into play	Participate in research and discussion	Frequency of participating in activities
	Promote various sustainable development work		Communication times

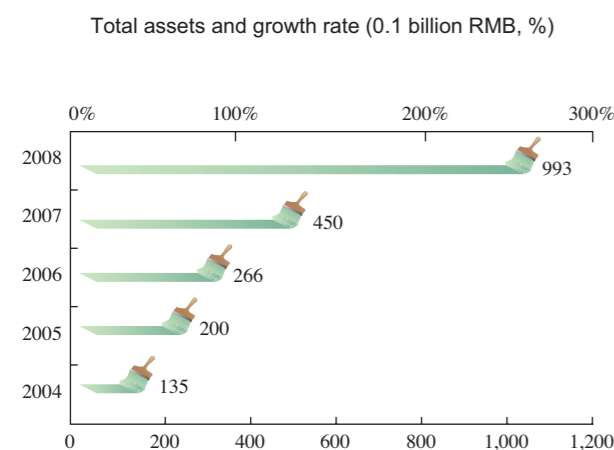
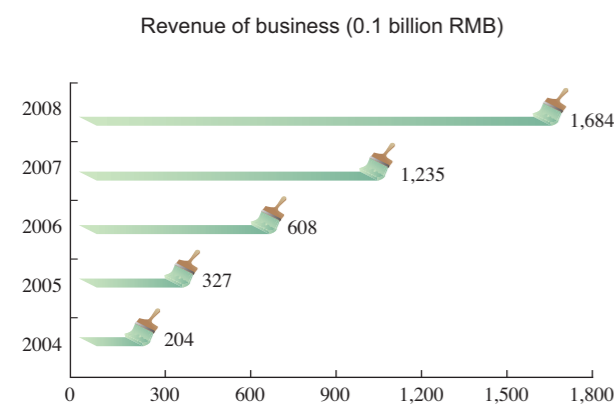


Value-added industry Chain

In the course of providing comprehensive auxiliary service for steel industry, Sinosteel Corporation tamped the internal foundation and expanded external resources, created basic industrial chain of value-creation by means of implementing responsibility purchase, optimizing operation and management of logistics, laying stress on safe production and executing the responsible marketing system. Meanwhile, through strengthening risk management, enhancing scientific innovation and leveraging informatization level and other auxiliary construction work, Sinosteel provided powerful support for the basic industrial chain and therefore formed a relatively perfect value-added industry chain and continuously created economic value.



Responsible purchase



Guided by the operating concept of cooperative win-win and joint development, Sinosteel insisted on faithful operation and promoted the responsibility purchase; orienting to productive service enterprise. It strengthened the management of suppliers and normalized the tendering work of the enterprise; it implemented the concept of green purchase and guided subsidiary enterprises for “green production”; it actively executed the “going out” strategy to expand domestic and overseas mineral resource reservation and, via the business behavior, urged the economical and social development of the state and promoted the sustainable development.

(1) Normalized management

We strengthened the normalized management of purchase. In the course of purchase, we executed the internal purchase but invited qualified companies to bid for external purchase. Sinosteel Tendering Company has First Class international competitive bidding qualification entrusted by the Ministry of Commerce for electromechanical products and the import and export operation right and therefore can provide professional tendering services for many large domestic projects. In 2008, the international tendering agent amount of our company reached USD 1.4 billion, which stands at the first prize in the ranking chart of national tendering companies released on China International Tendering Website of the Ministry of Commerce.

In 2008, we issued the Suggestions on Further Normalizing Tendering Work, which further perfected the tendering, bid evaluation and bidding supervision institutions and normalized the operating procedures for tendering, and therefore guaranteed that various tendering activities can be carried on in a “open, fair, just, faithful and trustworthy” principle.

In 2008, Sinosteel Tendering Company obtained Class A Qualification for Tendering Agent to act as agent for central investment projects and owned all tendering agent qualifications issued by the Development and Reform Committee, the Ministry of Commerce, the Ministry of Construction and the Ministry of Finance.



First Class Qualification Certificate obtained by Sinosteel Tendering Company

(2) Green purchase

For this purpose, the company will round investigate the suppliers of the productive enterprises and check to see whether they have had safe production permit / pollutant discharge permit, whether they belong to an industry forbidden or restricted by the competent authority such as the Development and Reform Committee of the State, and whether they meet the admittance requirements set forth in relevant notice and announcement.

Guided by responsibility purchase, the company makes efforts to implement the “pollution-free” purchased resource and purchase course and guides the “green production” of subsidiary productive enterprises and therefore creates the green supply chain of the steel industry.

(3) Guarantee the safety of national economy

The reservation of mineral resources has close relation with the safety of national economy. The mineral resource reservation of our country decides that our high dependency on imported resources; the supply of ironstone is also severely restricting the long-term development of domestic steel and iron industry. As one of the enterprises that first executing the “GoingGlobal” strategy, we, in consideration of long-term safety of national resources, committed ourselves to provide safe, stable and reliable mineral resources for domestic steel and iron enterprises. After several years’ efforts, we have possessed relatively rich reservation of iron, chromium, manganese and nickel resources in and out of China.



A Signed Article By President Huang On QiuShi (Seeking Truth) Magazine

M&A of Midwest Corporation of Australia

In September 2008, we successfully finished the purchase of the Midwest Corporation of Australia and acquired up to 100% of stock rights. This is first hostile purchase made by a Chinese enterprise in foreign country. It is highly appraised by Finance Asia and Assets a famous Asian professional financial and investment magazines as “Best Mergence Transaction” and “Best Chinese Transaction Prize” for Year 2008.

After purchasing Midwest Corporation, the long-dated reservation of iron ore of our company is expected to rise by 1.0 billion tons, which will provide resources support for domestic steel and iron enterprises and, moreover, establishes the sample for domestic resource enterprises to invest in overseas mining industry.



Awarding Scene of Finance Asia



Awarding Scene of Assets

Optimized Logistics

The trading and logistics of metallurgical raw materials and products is one of the three main businesses of Sinosteel Corporation. We think highly of such value-added activities as transportation of raw materials, warehousing, inventory control, vehicle dispatching, finished product warehouse management, product distribution and so on and has accumulated rich experience in the field of logistic transportation and established an outstanding logistics management model and formed into the integrated logistic operation model.

(1) Optimizing operation model

The specialized companies execute specialized warehousing, logistics and transportation management. They are the backbone of the entire logistics system of the corporation and the support and core of the entire framework since the products from the productive enterprises and scientific research enterprises are sold by the Specialized Companies. At the same time, the corporation has established the cooperative management system for the specialized companies and regional companies and therefore implemented the cooperative management of specialized companies and regional son companies. Additionally, after readjusting and optimizing the internal framework, the corporation has implemented

the successful united management of specialized company, productive enterprises and scientific research enterprises. Sinosteel Shipping and Forwarding Company is a professional company engaged in water transportation, land transportation, air transportation, warehousing, supervision, shipping agent, ship agent, insurance agent and associated consultation services relating to imported and exported goods and the goods for internal trade. This company has established a service network system that covers main ports all over the country and has perfect organizational structure, which comes out at the third position in the “Top 50 International Ocean Freight Agents in China” evaluated and selected by China International Freight Agent Association.

(2) Strengthening warehousing management

The corporation printed and distributed the Procedures for Supervision and Management of Warehousing Services and Inventory of Sinosteel Corporation to strengthen the warehousing and inventory management of affiliated enterprises and established the warehousing and inventory supervision and management coordination system to ensure the normal warehous services and enhance the supervision and management of inventory.

In the second half of 2008, Sinosteel Xingtai Machinery& Mill Roll Co.,Ltd. newly built a nearly 12000m2 large auxiliary materials warehouse and therefore formed into three complete alloy warehouse, materials warehouse and auxiliary materials warehouse, which provides excellent warehousing management foundation for the fast development of the enterprise. During the construction, Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. constructed the warehouse, moved the materials yard to other place and supplied the materials simultaneously, which greatly increased the construction efficiency. At the same time, it provided some special skill training to warehouse management persons, which further improved the logistic management and service level.



Newly built warehouse of Sinosteel Xingtai Machinery& Mill Roll Co., Ltd.



Inside of wide and bright warehouse of Sinosteel Xingtai Machinery& Mill Roll Co.,Ltd.

(3) Logistics Industrial Port

Sea transporting is a main transportation mode for iron ores and similar raw materials. As for steel and iron industry, it can save a lot of logistics cost to transfer the raw materials from storage yard to port and it is the necessary developing tendency of steel enterprise.

We grasped the opportunity that the state develops the new Bohai district and took full use of the port advantages to construct a logistics industrial park and specialized platform integrated with trading logistics, production, processing, warehousing and distribution, businessmen invitation and fund introduction in Huanghua Port, which has greatly reduced the logistics cost, enhanced the logistic distribution efficiency and strengthened the logistic service capability.



Sand-table Model of Huanghua Industrial Port

Safe Production

Sinosteel thinks highly of safe production, insisting on the working policy of “Safety First and Focusing on Prevention for Overall Management”, persistently establishes and perfects safe production guarantee system, perfects safe production responsibility system and safe production management system and establishes the long-acting mechanism of safe production.

(1) Safety System

We have set up a safe production committee, established a safe production responsibility system, widely provided safe production education and training, strictly executed safe production inspection, enhanced the injection in safe production, improved safe production conditions, strengthened safe production management of contracting and lease-based management, strengthened management and control of outburst and emergent accidents, advocated the construction of safety culture and perfected the punishment and encouragement system and therefore formed into a relatively perfect safety system.

ASA Metals Pty.,Ltd. and Tubatse Chrome Pty.,Ltd. have roundly and clearly determined the safety of working places, safety of production devices, production and operation safety and other safety management work and formed into one set of safety prevention, supervision, control and improvement system for the whole production and operation course, which had been passed OHSAS 18001 certified.



Certificate of Authentication of Quality System of ASA Metals Pty., Ltd.

“0123” Safe Production Model of Sinosteel Corporation

- “0” means that the industrial injury accident is 0, such accident includes severe fire, explosion, collapse, and leakage of harmful and toxic gases, and severe equipment accident is 0.
- “1” stands for “Highest leader responsibility system”, “one-post and double-responsibility system” and “one-vote veto system”.
- “2” refers to strengthening hardware construction to guarantee intrinsic safety while strengthening software construction to establish a strict and perfect safety system.
- “3” refers to three comprehensive managements covering all employees, all aspects and the entire course. The management of all employees lays stress on new employees, labor workers and employees reemployed after tired. The management of covering all aspects lays stress on normalizing talent flow with standardized operation as core, normalizing materials flow with fixed-position management as core and normalizing equipment flow with point-inspection and periodic maintenance as core. The management of the entire course lays stress on dangerous source control, inspection and removal of hidden trouble and emergency management.

(2) Safety Training

We possess relatively perfect safety operation training system and we train all the employees of the group. In each year, nearly 40000 persons will accept safety training.

Sinosteel Safety and Environmental Protection Research Institution has obtained the national Class I safety training qualification. In addition to coordinating with the National Safety Supervision Bureau and the provincial safety supervision bureau in providing standard safety training for mines, emergency rescue training, gas safety training, safety procedure training, safety training for gangue warehouse and propaganda and execution of iron smelting safety procedures, it also undertakes the drafting tasks of such standards as Outline and Assessment Criteria of Safe Production Training for Main Principals of Metal and Non-metal Mines and Safe Production Managing Persons and Outline of Safety Training for Working Persons in Metal and Non-metal Mines. During 2006-2008, the number of employees trained by Sinosteel Anhuanyuan is increasing year by year and respectively reaches 1673, 2066 and 3475 persons.



Safety Training of Sinosteel Wuhan Safety and Environmental Protection Research Institution

(3) National Safe Production Month

We think highly of the "National Safe Production Month" campaign of 2008. Guided by the general arrangement of "Hidden Trouble Removal Year", we carried out the safe production policies, popularized the safety knowledge, carried forward the culture with high sense of safety, and promoted continuous and stable operation of safe production.

Craftsmanship Competition of Overhead Crane Drivers: June 12-14, 2008, subsidiary enterprises of Sinosteel organized a craftsmanship competition of overhead crane drivers, which including theory and operation competition. The purpose of this campaign is to promote the skills communication among drivers and encourage them to research and improve their skill so as to provide guarantee for safe production. This is the first time for domestic enterprises to organize such campaign.

Major inspection of safe production: on June 17-21, 2008, the corporation organized Sinosteel Jilin Carbon Co., Ltd., Sinosteel Jilin Ferroalloy Co., Ltd, Sinosteel Jilin Bectro-Mechanical Equipment Co., Ltd and other enterprises to inspect their safe production and put forward some suggestions and requirements for rectifying and correcting existing problems. This is the third time for our corporation to organize safety inspection in 2008. Through self-inspection, rectification, correction, inspection by others and re-rectification, this campaign urged the enterprises to learn from each other and it improved the status of safe production of the whole corporation.



Overhead Crane Operation Contest among Subsidiaries of Sinosteel



Major inspection of safe production



Uncovering ceremony of city-level "Example Youth Post Youth for Safe Production" Plate of Sinosteel Jilin Carbon Co., Ltd.



Exhibition of Pictures in Flame-resisting Safety Month of Sinosteel Refractory Co., Ltd.



Flag-raising Ceremony of Safety Month of Sinosteel Jilin Carbon Co., Ltd.



Speech Contest titled "Quality in my Mind" held by Sinosteel Xingtai Machinery & Mill Roll Co., Ltd.

(4) Safety Achievement

Year 2008 is the "Hidden Trouble Removal Year" for safe production determined by the Safety Committee of the State Council. In this year, various enterprises of Sinosteel found and removed 1844 ordinary hidden troubles and rectified and corrected 1839 hidden troubles and the rectification and correction rate reached 99.7%; inspected and removed 7 severe hidden troubles, which have been rectified and corrected completely.

In 2008, the safety situation of Sinosteel Corporation is good in general, the safety awareness, the basic safety work and the safety management system had been improved and the entire corporation had no severe injury or severer accident in 8 continuous months, had no severer accidents, and had no severe fire, explosion,

collapse, toxic and harmful gas leakage and so forth; the industrial injury accident was decreased by 20% on the basis of the last year, the number of dead persons during work was decreased by 50% and the quantity of industrial injury was also decreased. In the whole year, 20 productive and scientific research enterprises including Sinosteel Jilin Carbon Co., Ltd. and Sinosteel Refractory Company had no severe injury, industrial injury or death accident. Especially, Sinosteel Refractory Company had overcome a lot of difficulties brought by too old facilities, too many employees, too many dangerous sources, weak foundation and management difficulty and obtained the good achievement with no light injury or severer accident.

Responsible Marketing

Sinosteel is in the downstream of the value-added industry Chain. It insists on carrying out the responsible marketing concept of constant improving the quality of products and services the product and service quality, think highly of customer management and strengthen the maintenance of customer relationship and has gradually extended the scientific research field, marketing mode and product pricing to the customer’s production line and terminal field, while it promptly masters the trends of customers and tries best to satisfy the demand of customers. Meanwhile, Sinosteel Corporation incorporates the responsibility concept into the marketing, channel construction, product repairing, value-added services and various other selling links to ensure to continuously implement the joint values of customers and the enterprise.

(1) Leveraging product quality

We insist on the idea of “Promoting the culture of quality-emphasizing through perfecting the quality system and promoting the leveraging of quality awareness of all employees with establishment of the culture of quality-emphasizing”, organize the “Vigorous quality improvement” campaign, pay continuously attention to perfection of quality system and urge continuous improvement of product quality. All subsidiary enterprises of the corporation have established relatively perfect quality management system and some productive enterprises such as Sinosteel Hengyang Heavy Machinery Co., Ltd. and Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. even have been appraised by the municipal or provincial authorities because of their excellent quality management.

Quality Proclamation Campaign of Sinosteel Xingtai Machinery& Mill Roll Co., Ltd.

Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. actively organized a quality proclamation campaign: employees work out the content of their own proclamations according to the features of their respective jobs and, each day before work, one employee will read out his own “Quality Proclamation” before his fellow workers in the same team, which is to remind him keeping his proclamation firmly in mind everyday and at the same time, remind the fellow workers of not forgetting his promise and forwardly accepting supervision.



Employees of Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. are taking an oath on quality assurance.

“As one employee of Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. in the future work I’ ll carefully do well everything, strictly comply with each working procedure to finish my work excellently in the first time, try my best to eliminate any minor product and continuously improve the processing quality of products so as to make my contribution to construct our company as the best rolling enterprise in the world.”

Affiant XXX



(2)Management of Customer Relationship

Guided by the concept of cooperating with partner for double win, we are always maintaining the frequent, multi-field and deep cooperation relationship with our strategic customers and sufficiently developing the cooperation opportunity between us. After signing up the strategic cooperation agreement with Bao-Steel at the end of 2007, the corporation established the strategic cooperation relationship with Shougang Group in September 2008 to roundly cooperate with it in such aspects as development of mineral resources, trading logistics, information, technology communication and cooperation and joint investment.

In May 2008, Sinosteel cooperated with CRU to organize the “Second China Steel-making Raw Materials & Finished Products Conference”. Many strategic partners and middle and small customers were invited to this conference. The attendees visited the Bird’s Nest and Water Cube and then watched the track and field contest titled “Good Luck, Beijing”, which not only reflected the maintenance work and solicitude of customers but also urged the communication of opinions between parties and implemented the interaction with customers.



Conference Hall of CRU

(3) Customer Satisfaction

In the “National Customer Satisfaction Evaluation Campaign of 2008”, China Commercial Association deeply evaluated the “brand image”, “predicted quality”, “quality perception”, “service quality perception”, “value perception”, “satisfaction”, “faithfulness” and other indicators of our products. The results showed that many indicators of the us were outstanding and therefore our brand is appraised as one of the “Top Ten Customer-satisfactory Brands”



“Top Ten Customer-satisfactory Brands”

Technological Innovation

In the conversion process from traditional commercial trading enterprise to modern productive service enterprise, Sinosteel thinks highly of its own scientific research and technological innovation capabilities, continuously increases investment in technological innovation and has established a technological innovation fund. At the same time, it has perfected the technological innovation management system and periodically presides technological innovation meeting in the corporation. As a result, our technological innovation capability is continuously increasing.

(1) Cooperation of production and research

For the purpose of establishing a technological innovation system integrated with production, research and application and in the principle of double win, we have actively made some cooperation between production and research departments and established the technological platform for joint progress and have successively established strategic partnership with Renmin University of China, Beijing Science and Technology University, Northeast University and so forth; at the same time, we have signed up the technological cooperation agreement with Chinese Academy of Engineering, which lays stress on joint exploration and research of technologies in aspects of mineral resources, carbon, flame-resistant materials, new energy, energy conservation and environment protection and modern steel and iron processes and speeds up the step of our technological innovation.



Signing up cooperation agreement with Chinese Academy of Engineering

(2) Correctly guiding and carrying on technological innovation

We always strengthen guidance and support for technological innovation. We worked out the Procedures for Management of Projects Supported by Special Technological Innovation Fund and selected 17 projects as technological innovation projects of our

corporation, including 5 original innovation projects, 9 integration innovation projects and 3 projects that are introduced for domestic production and re-innovation; the planned fund for these technological innovation projects have amounted to RMB 29.39 million. We have actively organized some national-level key technological projects. In 2008, we initiatively developed some multidisciplinary and interdisciplinary technology integrations and actively undertook several national or provincial technological innovation projects.

Projects in the National Science and Technology Pillar Programs

Project name	Undertaken by	Name of sub-project
Research and development of high-temperature manufacturing technology of composite materials for special structure	Sinosteel Luoyang Institute of Refractories Research Sinosteel Jilin Carbon Co., Ltd.	Research and development of flame-resistant materials of gradient function for continuous casting Research and development of production technology of isotropic graphite
Development and sample of argon-oxygen refined iron alloy smelting technology and comprehensive energy-saving technology for metallurgy enterprise	Changchun University Sinosteel Jilin Ferroalloy Co., Ltd.	Application research of energy-saving and emission-reducing technology of argon-oxygen refined iron alloy Application research of comprehensive energy-saving control technology of electric furnace of iron alloy Application research of multi-scale energy-saving technology for air separation device Monitoring of energy consumption of smelting process and optimization of energy-consuming system
New-generation circulatory steel & iron production technology Key mining, dressing and smelting technology for complicate metal mineral resource	Sinosteel Luoyang Institute of Refractory Research	Large-plate and high-speed continuous casting technology; subsidiary topic Development of key technology for continuous casting of flame-resistant materials
Research on technological equipment	Sinosteel Ma' anshan Institute of Mine Research	Research on key technology used for smooth transition from open to underground mining
Development and example application of key second plowing technology of mining area	Sinosteel Ma' anshan Institute of Mine Research	Research on ecological recovery and rebuilding integration technology for spoil ground of metallurgic mine
Research and manufacture of high-efficiency and energy-saving large and complete mining equipment	Sinosteel Ma' anshan Institute of Mine Research	Research and manufacture of large high-efficiency magnetic-addressing equipment
Research on key development technology and equipment for metal mine difficult to mine and dress	Sinosteel Ma' anshan Institute of Mine Research	Research on key mining technology and equipment for ore bodies resided outside open mine

(3) Achievement of technological innovation

In 2008, Sinosteel had obtained a batch of scientific and technological achievements and many of them have successfully passed the acceptance test, evaluation and achievement assessment of concerned national / provincial authorities. The achievements of our patent work are outstanding; as of the end of 2008, the corporation had more than 300 authorized patents including more than 100 patents for invention.



Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. is appraised as the organization to undertake great technological innovation project in Hebei Province

We have cultivated a batch of subsidiary enterprises that have relatively strong technological innovation capabilities and perfectly implemented a batch of projects that reach the first class international technological level and fill up the technology gap of China. For example, as the leading enterprise in the rolling industry of China, sinosteel Xingtai Machinery& Mill Roll Co., Ltd. is listed in the organizations undertaking the great technological innovation projects; Sinosteel Jiling Carbon, Sinosteel Jilin Ferroalloy Co.,Ltd. and

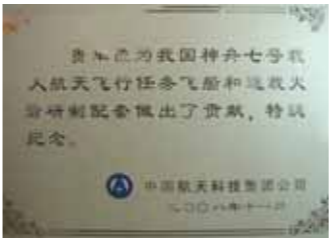
Sinosteel Luoyang Refractory Research Institute are appointed as national technical center; Sinosteel Tiancheng Environmental Protection Science & Technology Co.,Ltd. is appointed by the Ministry of Science and Technology as experimental technological innovation company; Sinosteel Hengyang Heavy Machinery Co.,Ltd. introduced the advanced foreign technology of key equipment for underground track-free mining shovel car and innovatively reconstructed it and implemented the localization of the said technology.

Subsidiary enterprise	Achievement of technological innovation	Brief introduction and significant of achievement
Sinosteel Xingtai Machinery& Mill Roll Co., Ltd.	Large high-chromium steel roller	Break through foreign technological monopoly
Sinosteel Luoyang Refractory Research Institute	Reconstruction of refining technology for long-lifetime flame-resistant ceramic materials for blast furnace	Meet the requirements of large blast furnace in the world
Sinosteel Xi'an Heavy Machinery Co., Ltd.	1.5M direct-driving wind power generator unit	Starting from zero, possess completely independent intellectual property right
Sinosteel Luoyang Refractory Research Institute	Research and development of high-performance molybdenum disilicide heating element	Performance reaching the advanced international level and successfully passed the acceptance test
Sinosteel Safety & Environment Protection Research Institute	Burster-free exploder project	Reaching the advanced international level
Sinosteel Research Institute of Thermo- Energy	Needle coke project	Pilot test is successful, and it establishes the foundation for large-scale industrialized production
Sinosteel Ma' anshan Institute of Mining Research	Research on steep-slope railway transportation system for large deeply-depressed open mine	Obtained second science and technology progress prize of the state
Sinosteel Research Institute of Steel Wire & Steel Wire Products	Steel wire rope	Already made contribution for successful taking back of Shenzhou 7# manned airship and commended by the government

Note: Only part of scientific and technological achievements of the enterprises is listed.

The steel wire rope manufactured by Sinosteel Research Institute of Steel Wire & Steel Wire Products was used as supporting product of Shenzhou 7# manned airship and its launcher, it was one of the contributions made by Sinosteel and our corporation was therefore commended by the state.

Li Junying, senior grinder technician of Sinosteel Xingtai Machinery& Mill Roll Co., Ltd., innovated the supporting and grinding technology of the large numerically-controlled grinder. After this innovation, the production capability of the grinder was improved from the original 21 rollers per month to 139 per month and the productivity was increased by more than 6 times. Due to this innovation, he was appraised as “Skillful craftsman” by Hebei Province and employed as guest professor by a local university.



Sinosteel product made contribution to Shenzhou 7#



The employee of Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. is appraised as one of the “100 skillful craftsmen of Hebei Province”



The employee of Sinosteel Xingtai Machinery& Mill Roll Co., Ltd. is employed as guest professor.

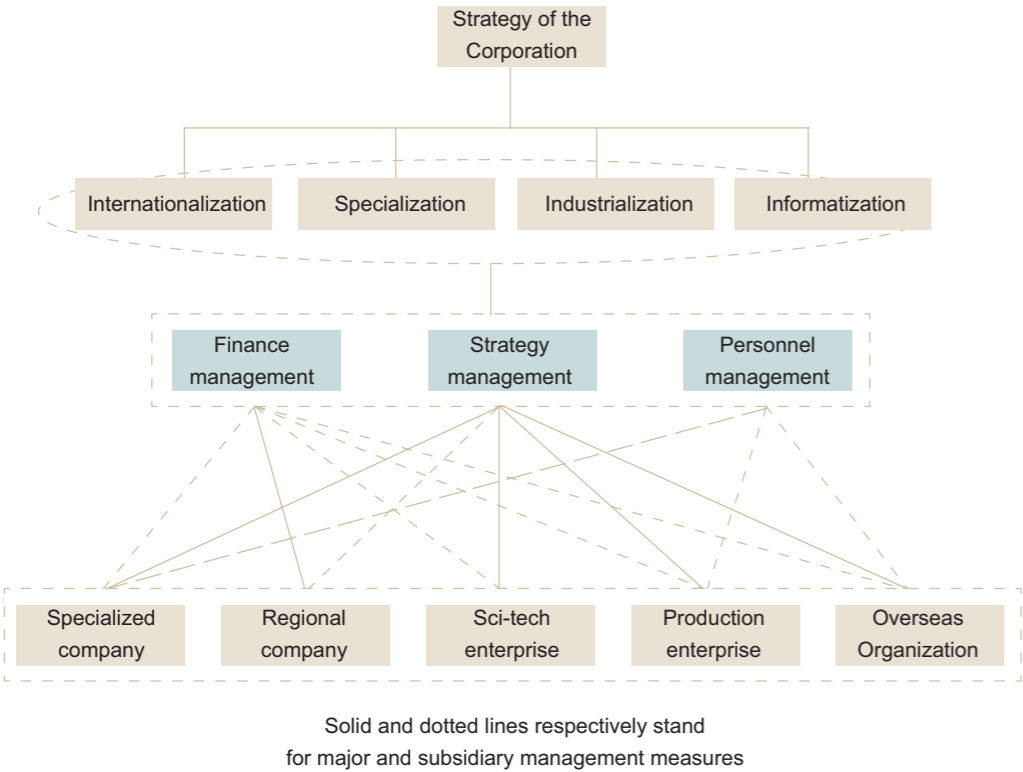
Risk Management

Sinosteel Corporation strictly guarantees rights and benefits of shareholders, thinks highly of risk management and lays stress on fund safety. The corporation continuously strengthens the strategy management, finance management and investment risk management and perfects the internal control mechanism, establishes and perfects the crisis management system and therefore improves the risk resisting capability.

(1) Management and control of the corporation

According to the business planning and the management arrangement, Sinosteel establishes the management system focusing on strategic management and control and integrated with finance management and control and human Resources management and control.

Using this management system, the corporation can conduct discriminative and distinctive management and control to subsidiary enterprises and therefore can successfully keep away various risks arising during operation.



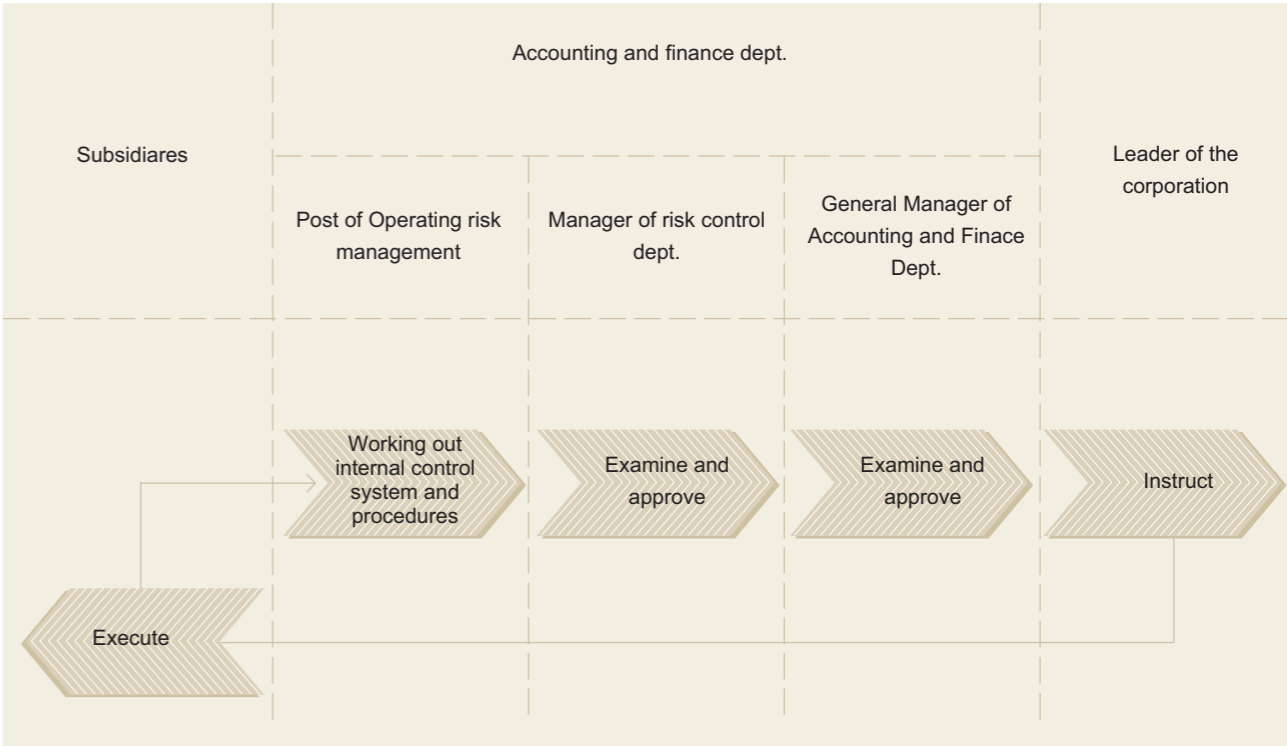
(2) Risk control system

Finance management system

Focusing on centralized finance management, we worked out the Manual for Finance Work of Sinosteel Corporation, which implements overall control of materials flow, trade and cash flow through the overall budget control of “starting from budget and ending at final settlement” and the centralized supervision and management of fund, debts and bank account and therefore guarantees the normal operation of the enterprises and effectively controls the operation risk, finance risk and investment risk.

Internal control system

We have established the internal control system with overall budget as core and are continuously strengthening the construction of internal control system. In 2008, Sinosteel Corporation worked out and revised ten associated new personal management, finance management and internal control systems and enforcement regulations, which further perfects the fund, accounting and internal control system of the corporation. In August 2008, the Corporation distributed the Notice on Internal Inspection of Sales, Purchase and Warehousing Departments and, on this basis, collected and sorted the internal inspection results reported by subsidiary enterprises and written reports on internal risk evaluation.



Flow chart of Internal Control

(3) Measures for Risk Prevention

- In 2008, we took several measures to strengthen the risk prevention and management, including:
 - Worked out the “elastic budgeting” internal control counter plan to balance the investment scale and fund risk and strictly control the use of current fund, which ensured the safety of fund chain.
 - Further normalized the investment management and analyzed and sorted 40 industrial investment projects of subsidiary enterprises, which therefore avoids the investment risk.
 - Further strengthened legal affairs management and executed legal service and supervision early in such important links as investment, marketing, large fund payment, analyzed and studied legal problems possible to exist in business model and service flow of main products so as to avoided hidden risk.

Training on risk management

In August 2008, General Manager Gao Weiqing of the Legal Affairs Department of Sinosteel Corporation made the Analysis on Part of Legal Issues Found in Business Activities for Sinosteel Tianjin Company, which, focusing on economic contracts and using a lot of cases, elaborates how to avoid operation risk and puts forward the prevention measures and suggestions in aspects of customer examination, selection of business model, and preparation, signature, execution, guarantee and arbitration of contract.

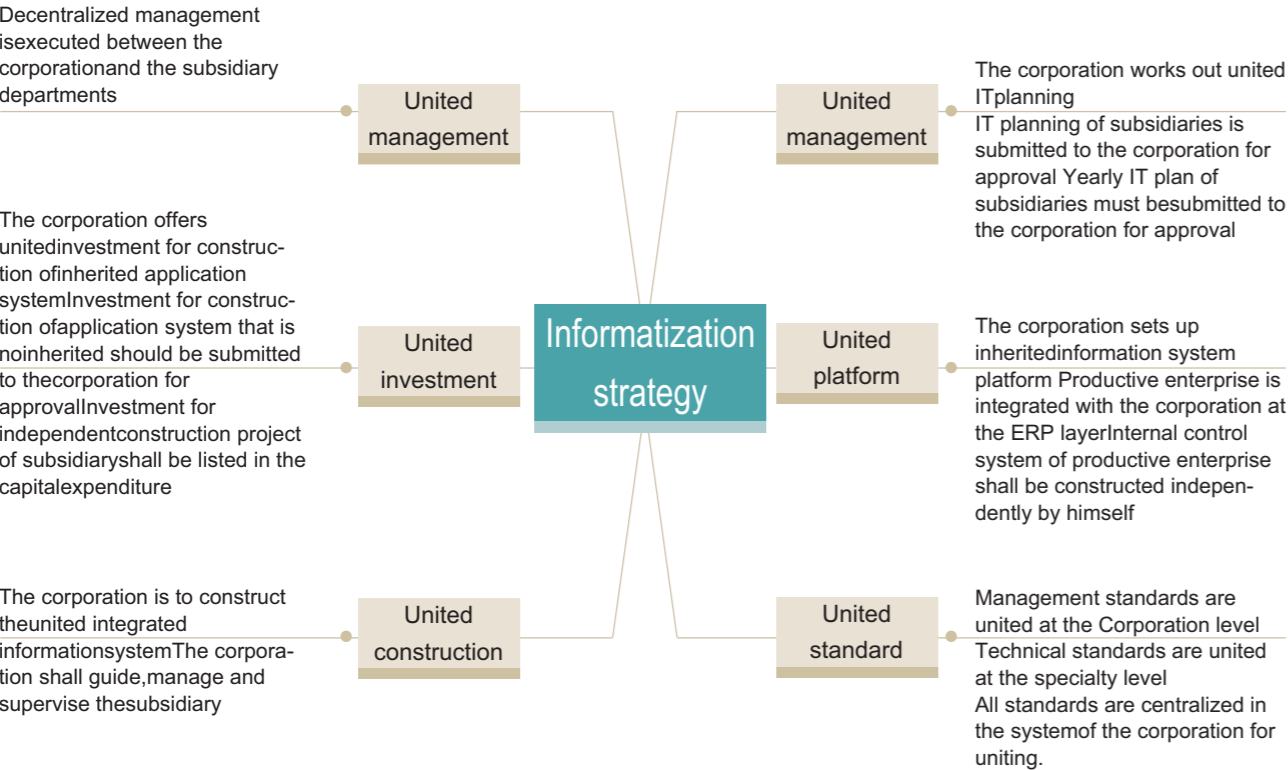


Risk management training provided by the Corporation

Informatization

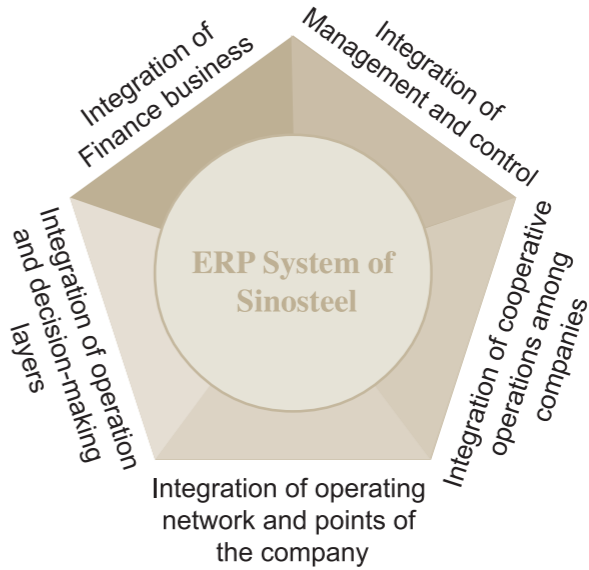
At the beginning of transformation, Sinosteel had roundly started the informatization construction and worked out the "Overall Plan for Informatization of Sinosteel Corporation" to use the informatization construction to support the management revolution and innovation. After several years' wide and deep development, informatization, specialization, internationalization and industrial-

ization have already become the four major development strategies of the corporation. The informatization construction of our corporation insists on six principles: united planning, united platform, united construction, united investment, united standard and united management.



In 2005, ERP Phase I of Sinosteel Corporation was successfully put into service and it was appraised as "First ERP of Steel Industry of China" by China Iron and Steel Association and the media. At present, the ERP construction of the corporation has already entered Phase III, the internal information management platform has already been completed basically, and it has implemented the united management of materials flow, fund flow, information flow and document flow and promoted the five "Integrations": integration of management and control, integration of business cooperation among companies, integration of operating network and points, integration between operation layer and decision-making layer and financial business integration.

After several years' efforts, the informatization construction of the corporation has had relatively large improvement, and has been recognized by many parties. In the Fourteenth National Assessment of Modern New Innovation Achievements in Enterprise Management, the Informatization Construction for Large Steel and Iron Service Enterprises to Improve Management and Control Capability of the corporation won the second innovation achievement prize. In the appraisal and selection campaign of Information Weekly, Sinosteel Corporation was listed in "Top 100 Commercial and Technological Enterprises of China".



Informatization training



The group led by Kuangdi Xu, Chancellor of Chinese Academy of Engineering is visiting Informatized Computer Room of Sinosteel



Sinosteel wins Second Prize for Management Innovation Achievement



Sinosteel is listed as one of "Top 100 Commercial and Technological Enterprises of China"



Green Service Chain

The features of steel production decide that during operation the steel enterprise may impose relatively large impact on the environment. Sinosteel Corporation is always carefully executing the concept of scientific development and insisting on the green operation concept to proceed with clean production. In such steel service fields as mining, smelting, trading and logistics, it is actively paying attention to environment protection and devoting itself to reducing negative impact that the operation of a steel enterprise may impose on the environment by means of providing overall green services to improve the environment protection level of a steel enterprise.

Ecological environment Change of Climate Consumption of energy Discharge of pollutants



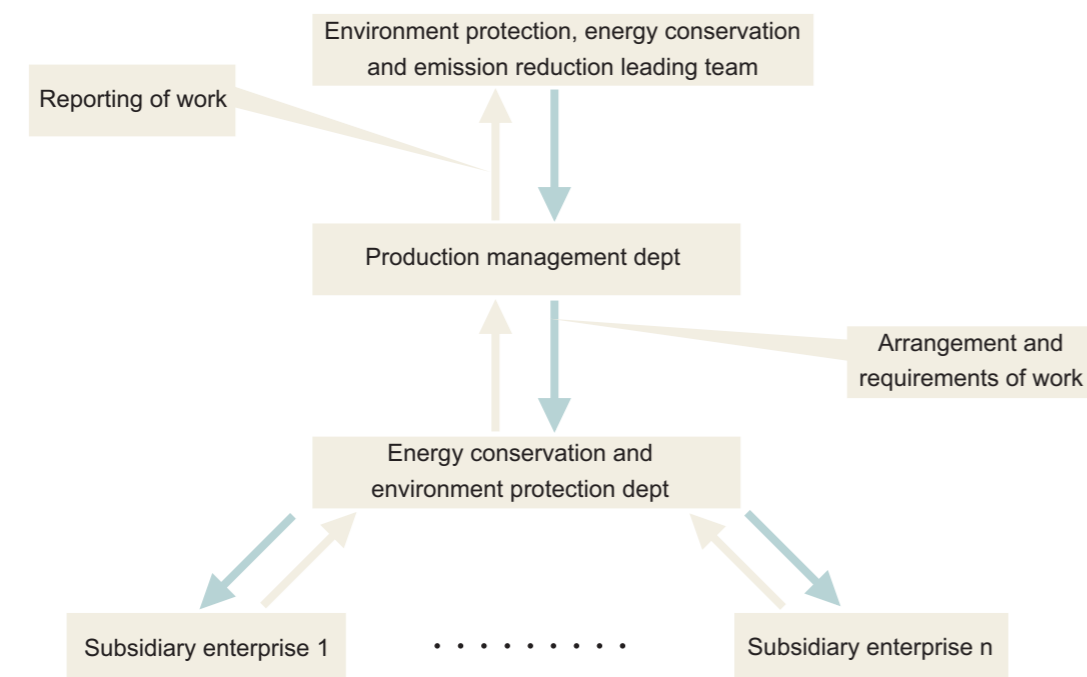
Impact of steel industry chain to environment

Sinosteel Corporation scrupulously abides by the laws of environment protection, sets up environment protection objective, takes environment protection measures and tries best to implement “damage free” to the environment. In aspects of energy conservation, emission reduction, environment protection and recycling economy, Sinosteel has obtained outstanding achievements.

Management system

During the operation course in the whole world, Sinosteel Corporation has sufficiently recognized the importance of protection of ecological environment and is always devoting himself to protecting the ecology, improving the environment and continuously perfecting the environment management system of the corporation.

At the beginning of 2008, we set up the environment protection, energy conservation and emission reduction leading team directed by the president of the corporation and has gradually established a relatively perfect corporate environment management system.



Management Flow of Environment Protection, Energy Conservation and Emission Reduction Leading Team

Energy Conservation and Emission Reduction

In order to realize the goal of “damage free” to environment, we are continuously perfecting the internal management mechanism, improving the sense of environment protection of all employees, strengthening environment-protective reconstruction, enhancing energy utilization factor and reducing emission of harmful gases and dusts.

At the beginning of 2008, we worked out the Provisions on Environment Protection and Management of Sinosteel Corporation, which specifies clear requirements for the environment protection work of the Corporation.

At the same time, in order to make clear the tasks and carry out the energy conservation and emission reduction indicators, the corporation established the energy conservation and emission reduction assessment system. At the beginning of the year, the corporation signed up the “Job Responsibilities for Safe Production, Energy Conservation, Emission Reduction and Environment Protection Goals” with 17 productive enterprises and scientific and technological enterprises that have production tasks, and the execution results were assessed in combination with the energy conservation objective of the enterprises.

We have additionally brought the comprehensive advantages in research and development into full play, proceeded with multidisciplinary and interdisciplinary technological integration and combined the technical demands of the state and the industry and organized to execute the research and development project Development of Integration Technologies for Energy-saving and Emission-reducing System of Traditional Steel and Iron Production Processes.



Sinosteel Hengyang Heavy Machinery Co., Ltd. is signing up the Job Responsibility for Safety and Environment Protection Objectives

Diagram of Comprehensive Energy Consumption Performance of Iron Alloy Manufacture

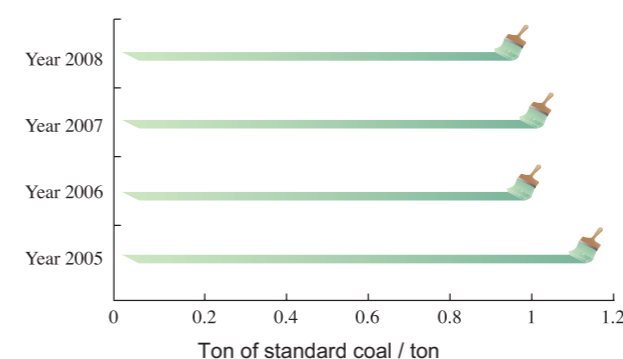


Diagram of Energy Conservation Performance of Refractory Materials

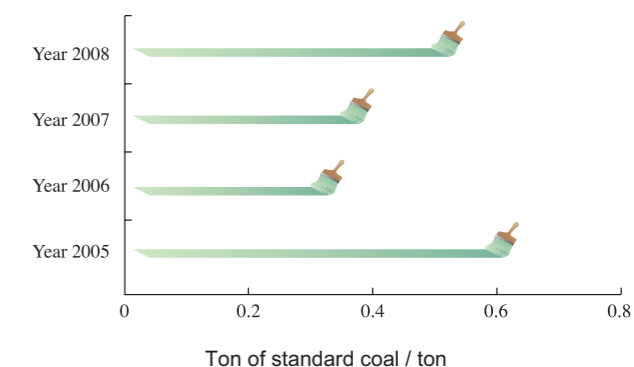
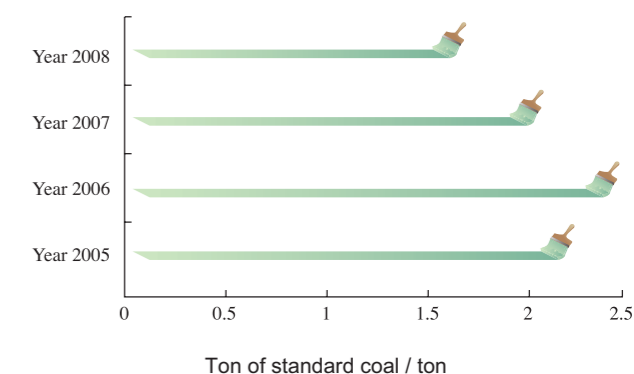


Diagram of Energy Conservation Performance of Carbon

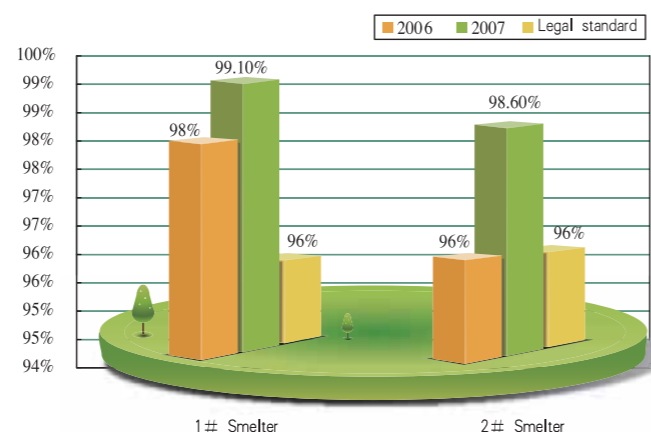


The communist Youth League branch of Sinosteel Hengyang Machinery Co., Ltd. launches “the campaign of Young Energy Conservation and Emission Reduction Master-hand”

From September 1 to December 31, 2008, Sinosteel Hengyang Machinery Co., Ltd organized the campaign of Young Model Energy Conservation and Emission Reduction Master-hand whose subject is “Energy Conservation and Emission Reduction, Youth First”. This campaign aims at enhancing the environment protection awareness of youths in work and life, actively participating in the skill improvement plan for youth and becoming the energy conservation and emission reduction master-hand of the enterprise, bravely giving good energy conservation and emission reduction suggestions for the enterprise and promoting and applying new technologies and new processes and improving the energy conservation and emission reduction effect.

ASA Metals Pty.,Ltd. vigorously Improving Dust-reduction Efficiency

Dust is one of the major pollutants generated during mining production, so in all production devices of Sinosteel Corporation used in Africa are equipped with new dust filtering system so that the indicator of “effectiveness of dust collecting room” are higher than the local standard. The dust filtering system by the ore dressing plant of ASA Metals Pty., Ltd is used to guarantee that the dust produced during pulverization of ores can be discharged after complying the standard.



Dedusting efficiency of 1# and 2# smelters of ASA Metals Pty.,Ltd.



New type dust filtering system

Recycling economy

Sinosteel Corporation develops the recycling economy as one of important tasks of carrying out and ascertaining the concept of scientific development and makes efforts solve the recycling of resources wasted during production, the water circulation problem and the utilization of residual heat and has started such research projects as Research on High-efficiency Recycling Technology of Metallurgical and Mineral Resources.

Open Ceremony of Sinosteel Wuhan Recycling Economy Research Institute

In order to promote developing recycling economy and speeding up industrialization of scientific and technological achievements, in November 2008 Sinosteel Corporation founded Wuhan Recycling Economy Research Institute as the research platform of demonstrative model of recycling economy and to provide scientific and technological support for the “Green Service Chain” concept of the corporation.

Mayor Chengfa Ruan of Wuhan says, “The City of Wuhan will, depending on Wuhan Recycling Economy Research Institute of Sinosteel Corporation, set up the research platform for demonstrative model of recycling economy, and, with the aid of its research of relevant subjects about recycling economy, speed up the development and industrialization of scientific and technological achievements so as to provide service and technology support for the development of recycling economy and ‘resource-saving and environment-friendly society’ of Wuhan City.”



Schematic diagram of recycling economy



Open Ceremony of Wuhan Recycling Economy Research Institute

- Research on policy, law and regulation system for recycling economy planning
- Technological support for construction of “energy-saving and environment-friendly society” and development of recycling economy
- Engineering application and industrialization of research achievement of recycling economy
- Technological support and consultation service for sustainable development of enterprise
- Cultivating inter-disciplinary talents familiar with theory and practice of recycling economy
- Research of recycling economy theory is the theoretical guarantee of ecologic city construction system

Importance of recycling economy research institute

Importance of Establishment of Recycling Economy Research Institute

Sinosteel Xi'an Heavy Machinery Co., Ltd. Vigorously Develops Recycling Economy

Sinosteel Xi'an Heavy Machinery Co., Ltd is the sole experimental recycling economy enterprise in domestic mechanical manufacturing industry. In 2008, the company had obtained excellent achievement in aspect of developing recycling economy.

The company installed some corollary residual heat recycling devices, induced draft fans, heat exchanger for living, auxiliary heat exchangers for heating, living warm water tank and corresponding cycling water pumps to recycle residual heat in smoke generated during production.

The company has installed a sewage treatment station that can process 1100 tons of wastewater per day, the intermediate water recycling system, sewage pipeline network and intermediate water pipe network, and therefore can treat living sewage and production wastewater in the plant area and recycle all intermediate water, and the intermediate water after treatment is used for virecence and spraying the road and so on. 0.14 million tons of water can be saved each year and 0.28 million tons of sewage can be reduced.

In the plant area, a raw materials recycling and storage area covering 10mu is planned, which is used to store the leftover materials of steel and iron, processing scraps and other wasted or discarded materials. The recycling rate for the aforesaid waste materials can reach 95%.

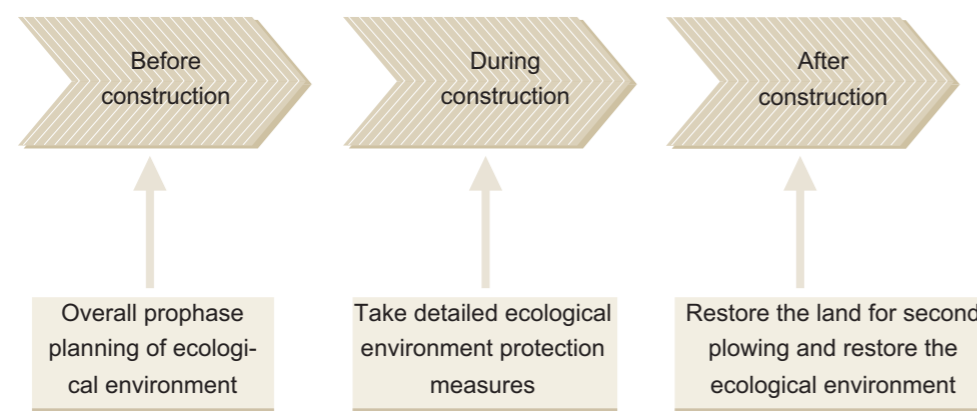
Item	Heating for winter	Scouring bath in winter	Scouring bath in season needing no heating
Thermal power for recycling	13720KW	847KW	847KW
Working hours	2880h	2880h	4016h
Load balance coefficient	0.7	0.7	0.5
Saved steam	39512 tons	2440 tons	2430 tons

Ecological protection

Sinosteel Corporation insists on the ecological protection principle of "protecting during developing and developing during protecting" to plan the ecologic environment before construction of mine, takes practical ecologic environment protection measures during construction and production, and, after the service period, restore all the land for second plowing and recover the ecologic environment and renovates the ecological problems comprehensively so as to implement the coordinative development of mine construction and ecological environment protection.



ASA Metals Pty., Ltd. build bedding on the gangue dam to prevent penetration and protect the underground water.



Ascertaining ecological environment protection principle for mine of "protecting during developing and developing during protecting"

Sinosteel Ma' anshan Institute of Mining Research actively researches the "Eleventh Five-Year Planning" mine development projects

In March 2008, The Ministry of Science and Technology held the project assessment meeting for "Research of Key High-efficiency Development Technologies and Devices for Metal Mines Difficult for Mining and Dressing". The research team led by Sinosteel Ma' anshan Mine Research Institute approved the said project. The said project researched such key technologies as coupling simulation for synchronous mining of ore bodies resided outside open mine and imaging technology, and the researched content and the assessment indicators are deemed as compliance with the approval requirements for "Research of Key High-efficiency Development Technologies and Devices for Metal Mines Difficult for Mining and Dressing" subject for "Eleventh Five-year Planning" key supported scientific and technological projects and it has important meaning for recycling valuable iron ore resources resided outside open mine and improving sustainable development of steel and iron enterprises.

Protection and rebuilding of ecological environment in mining area

All productive enterprises of Sinosteel Corporation engaged in mining think highly of the recovery and rebuilding of ecological environment of spoil ground of mines. In Tubatse Chrome Pty.,Ltd. set up a special "mining area protection fund", and a fixed proportion of incomes from the yearly profit is taken to supplement the fund, so as to guarantee the land in the mining area can be restored for second plowing and the ecological environment there can be restored.

Upon the requirements of the local mining and energy department, ASA Metals Pty.Ltd. has established the cost estimation model for recovery of the mining area to offer sufficient budget for the recovery of the mining area so as to ensure that the recovery fund for the mining area can be offered in place, which provides important guarantee to restrict the deterioration of the ecologic environment of the mine, restore the function of the land, prevent from disaster and implement the coordinative development of mineral resource development and environment.

Education and communication

Sinosteel Corporation takes several measures to enhance the sense of environment protection of all employees. During production it promotes green manufacture, during operation management it carries out the environment protection concept and periodically provides environment protection education, training and external communication so as to create the green steel service chain of the corporation.



Energy conservation and environment protection training site of Sinosteel



Site Scene of Environment Protection Technology Exchange Conference

Actively carrying on technical exchange on environment protection

In the afternoon on September 12, 2008, Mr. Yongchang Li (international environment problem expert and fellowman from Taiwan), the couple Rogers (American Chinese environment protection experts) and other person came to Sinosteel Maanshan Institute of Mining Research and attended the environment protection exchange symposia. The principles of some safety and environment protection organizations and part of key technicians attended this meeting and all parties discussed and exchanged their opinions on their interested issues.

Energy conservation and emission reduction and environment protection training course

On May 30-31, 2008, Sinosteel Corporation provided the energy conservation, emission reduction and environment protection course in Beijing and required various productive enterprises and scientific research enterprises to promote green manufacture and provide green services so as to make their contributions for the sustainable development and energy conservation and emission reduction work of the steel industry. Principals and professional technicians from 23 productive and scientific research enterprises of the corporation attended this training.



Harmonious Win-win Chain

The development of Sinosteel Corporation depends on the support and cooperation of various parties of the society. Only harmony can excellent development space be created, only harmony can create more fortune and value and only harmony can implement joint winning of multiple parties.

Sinosteel corporation tries best to establish harmonious employee relationship to provide wide development space for employees; tries best to establish harmonious community relationship and actively devote to the public welfare establishments to create high-quality external environment for sustainable development of the enterprise; tries best to insist in the harmoniously-developing corporation character to create together with various parties concerned a harmonious win-win chain.



Harmonious employee relationship

Employees are the most valuable assets of Sinosteel. In the people-oriented principle, Sinosteel makes efforts to establish harmonious relationship with employees and use the development of employees to drive the development of the corporation and implement the joint development of employees and the enterprises.

(1) Overview of staff

As of the end of 2008, Sinosteel has a staff of 34,027 persons; this staff is young and in blood: the average age is 37.4, and employees younger than 45 years old cover 74.3%; female employees cover 24.9%.

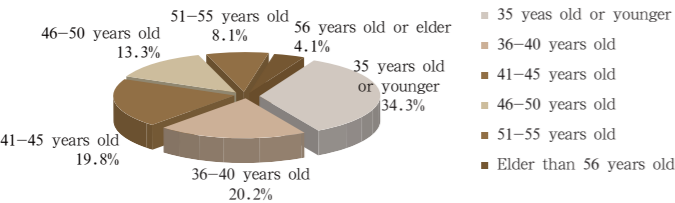


Diagram of Age Structure of Human Resources

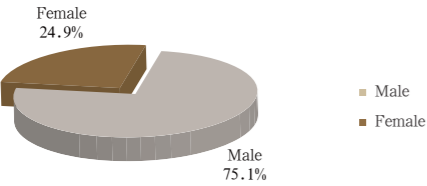


Diagram of sex structure of human resources

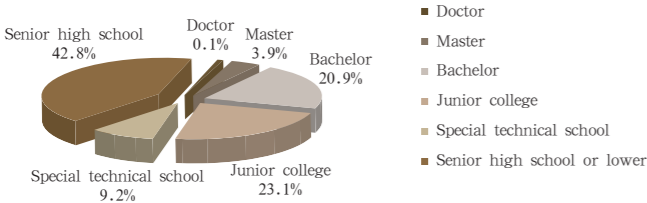


Diagram of education background structure of human resources

(2) Respecting rights and benefits of employees

Sinosteel Corporation is always respecting and guaranteeing various legal rights and benefits of employees. We strictly abide by associated labor laws, regulations and policies of various countries, and observe the equality and non-discrimination employment policy; carefully execute the employment agreement signed up with trade union; strictly execute the working hour system and holiday system of the state and encourage vacation with pay; guarantee that employees know any hidden safety and health risk possible to appear during work and work out a series of policies and procedures to guarantee occupational safety and health.

We have set up various levels of trade union organizations and established the worker representative system to guarantee the democratic rights of employees. While working out those policies relating to benefits of employees, we shall arrange the trade union to organize employee representatives, principals of local unions and principals of various departments to attend the meeting to collect the opinions of employees.

Sinosteel Corporation is always devoting himself to taking various measures that can respect legal rights and benefits of employees and we promise:

- In employment and during occupational development, lay stress on equality of employees.
- During production and operation, do not use any child labor;
- Encourage vocation with payment
- Guarantee that employees know any hidden health risk possible to appear during work.

(3) Assist employees in development

We think that a staff of excellent professional level and relatively strong cohesion force is the most valuable assets of an enterprise and the prime mover for implementing sustainable development. We observe the “open, fair, competitive and optimal” principle, advocate diversification and compatibility and insist on employing any person who has talent and make efforts to provide the space and opportunity for occupational development to all employees.

We make efforts to provide employees with overall and diversified training so as to increase the knowledge of employees enhance their skills and improve their minds; build relatively perfect occupational development channel and make each employee have promising development future in the enterprise; establish relatively perfect learning system, form into organized learning framework and help employees for comprehensive development.

We make efforts to construct our company as an enterprise full of learning atmosphere and cultivate a group of employees of high diathesis and diversification and full of livingness, break through the talent bottleneck for scale expansion and business extension of the corporation and implement joint development of enterprise and employees.

Main trainings provided by Sinosteel

- | | |
|---|---|
| * Overseas training | * Introduced training |
| * Training on post certificate | * Training for new employee before work |
| * Training for educational qualifications | * Special foreign training |

Management training course for department managers is formally launched

In 2008, cooperated with Remin University of China, Sinosteel Corporation specially arranged all department managers to receive the training. The training was divided into four semesters and trained 1076 department managing leaders in total. Through this training, the management leaders perfected their theoretical knowledge system and working methods and helped surrounding employees for joint progress.



Training for department managers

Various subsidiaries of Sinosteel insist on the “Talent First” strategy and think highly of establishing and perfecting training and learning system for overseas employees. All formal employees of three productive enterprises of Sinosteel in Africa have been systematically trained and hold the occupational qualification certificates issued by professional authority.

Ms. Buccar

Ms. Buccar is the first female technician entered ASA Metals Pty.,Ltd. in 2005 as an electrical operator in the smelting section. In 2006, she participated in the apprentice training plan and received the professional training in Coal Mine Training School in Winbank; in 2007, she successfully finished learning Electrical Specialty and became the first female technician.



Ms. Buccar obtained the qualification certificate for technician

(4) Attach importance to occupational safety

Sinosteel promises to attach importance to health management in earnest, carry forward the “people oriented and health first” concept and insist on the “Focusing on prevention for continuous improvement” working policy so as to devote to creating healthy working environment and conditions, strengthen the supervision and protection of occupational health of employees and implement the goal of zero occurrence of occupational disease.

We are continuously perfecting the occupational safety and health management system, working out and ascertaining various safety and health assurance systems and measures, and normalizing the management of labor safety and protection apparatus; in each year, we shall arrange all employees for overall physical examination and establish occupational health records; organize various cultural and sports activities to create happy comfortable working environment and care for mental health of employees.

(5) Insisting on localization of employee

Starting from 2004, various subsidiaries of Sinosteel in the whole world started to speed up the implementation of talent localization strategy and actively cultivate a batch of excellent management persons from local employees. After several years' efforts, the management of various subsidiaries has basically implemented localization.

Medical examination to guarantee health

The African enterprises of Sinosteel require that all employees must be competent for his own job so as to guarantee the physical and mental health of employees really. For this purpose, Sinosteel has established a complete set of health examination procedures and perfected the medical system. According to the Laws of Occupational Safety and Health of South Africa released in 1993, Tubatse Chorme Pty.,Ltd. put forward clear medical examination requirements for health certification and stipulated that effective health certificate is the precondition for any person to be registered as formal employee of Tubatse Chorme Pty.,Ltd.. No matter any person is employed by the company in any way, all persons employed by the company must receive the medical examination for employment and retirement. The health certificate of an employee must be updated in a hospital in Tubatse Chorme Pty.,Ltd. each year. Moreover, according to different medical examination level, Tubatse Chorme Pty.,Ltd. determined two types of medical examinations: perfect medical examination and short-term medical examination.

In combination with local cultures, the African enterprise of Sinosteel actively cultivates localized management talents and worked out and executed a series of systems to recruit and employ local persons. Among the three productive enterprises in Africa, a minor quantity of management persons are from China but all the rest are local employees. In 2008, the quantity of local employees in subsidiary enterprises in Africa covers more than 99% of the total staff. Through employing local persons and providing healthy and safe working conditions and wide occupational development space, Sinosteel Corporation makes the local community and residents share a lot of outstanding achievements from the development of the enterprises.

The number of Chinese and local employees in African Companies of Sinosteel as of the end of 2008

	No. of Chinese employee	No. of Local employee
Sinosteel South Africa Pty.,Ltd.	2	2
ASA Metals Pty.,Ltd.	4	2576
Tubatse Chorme Pty.,Ltd.	3	1100
Sinosteel Zimbabwe Co., Ltd.	3	4
Zimasco Consolidated Enterprises Ltd.	3	3254
Sinosteel Gabon Co., Ltd.	1	0

(6) Solicitude for employee

Sinosteel is continuously promoting corporate culture construction and paying attention to physical and mental health of employees. Sinosteel organized various cultural and sports activities to enhance the cohesion force of the corporate, cultivate team work sprits, enrich the lives of employees and urge the overall leverage of diathesis of employees.

B. RISK ASSESSMENT (To be completed by the person requesting a position to be filled)				C. MEDICAL CERTIFICATE		Comments
1.	Proposed Occupation			Fit	Unfit	
2.	Expected Environment:			Fit	Unfit	
	Production Services	Yes	No	Fit	Unfit	
	Workshops	Yes	No	Fit	Unfit	
	Other:			Fit	Unfit	
3.	Significant Hazards:			Fit	Unfit	
	Dust	Yes	No	Fit	Unfit	
	Noise > 85dB Neq	Yes	No	Fit	Unfit	
	Heat > 27,5° C-WB	Yes	No	Fit	Unfit	
	Other:			Fit	Unfit	
4.	Physical Work	Hard	Med	Fit	Unfit	
	Lifting/stretching/bending	Yes	No	Fit	Unfit	
Machinery						
	If Yes:	Passenger or Dangerous goods	Non-passenger, ordinary goods, heavy machinery			
Details:						
6.	Expected duration of employment:					
7.	Other:					
Requested/Referred by (Print Please)				This person had been found:		
Name:		Date:		Fit	Unfit	Certificate expires
Designation:		Tel:				
Signature:				Signature Name		
				Date		
The requestor must forward the evaluation form to the HR Department. This document must accompany the person to the clinic.				The Occupational Health Nurse or Medical Practitioner must complete this form and forward a copy to the HR Department.		

In the risk assessment before employment, Tubatse Chorme Pty.,Ltd. lays stress on medical examination.



Badminton Contest of Sinosteel



Flying



Friendship First and Competition Second



Unity is Strength

Sinosteel has established the long-acting system to “help employee in difficulty”. Various levels of union organizations execute dynamic management to employees in difficulty, established the “archive of employees in difficulty” and raised funds from several channels to set up the “poverty-relief fund” so as to help employees in difficulty to overcome the difficulty.

The leaders of the company and the employee representatives will visit those employees in difficulty at irregular intervals so as to understand their living situation, help them solve living difficulties and encourage them to overcome the difficulty under the help of the enterprise and the society.

Kindness encouragement activity of Sinosteel Xi'an Heavy Machinery Co., Ltd. before Spring Festival Day

At the beginning of the new year, the trade union of Sinosteel Xi'an Heavy Machinery Co., Ltd. encouraged kindness to employees in difficulty as key work before the Spring Festival. In the morning of January 19, led by a leader of Sinosteel Xi'an Heavy Machinery co.,ltd., the trade union visited Xiji Li and Zhuang Yumei, retired model workers, and Wu Yonggang, an employee in great difficulty. When visiting each place, the chairman of the trade union would say Happy New Year to each visited person on behalf of the Party committee, the management and the employees, talk with them kindly, ask them how their family life is and give them some cash and articles.

Additionally, the trade union of the company actively contacted with the city trade union of Xi' an and the metallurgy trade union of Shanxi Province to apply for welfare money and articles for 5 retired sickish model workers. In order to reflect the solicitude of all employees to dismissed and retired employees and in-service employees in hospital, the leader of Sinosteel Xi'an Heavy Machinery Co., Ltd. went to the Metallurgy Hospital to extend their regards.



Leader of Sinosteel Xi'an Heavy Machinery Co., Ltd. is extending New Year's regards to retired employees

Leaders of Sinosteel Jilin Carbon Co., Ltd. visits and extend their regards to employees.

In sight of the Spring Festival, the life of retirees, model workers and employees in difficulty are affecting the mind of leaders of Sinosteel Jilin Carbon Co., Ltd. In the morning of January 15, the leaders of Sinosteel Jilin Carbon co., ltd. and the representatives of the trade union faced to brisk cold wind to visit retired leaders, model workers and employees in difficulty, send them the poverty-relief fund and extend their kind new year regards.

In the family of Yongxin Hu, a retired cadre and a hero of War of Resistance Against Japan, the leader of Sinosteel Jilin Carbon co., ltd. said with concern to him, “You are a hero of War of Resistance against Japan and had ever made a lot of contributions to our country and our enterprise, so we’ ll never forget you. The development of our enterprise is the foundation established by predecessors like you and we undoubtedly will follow you to make our enterprise bigger and stronger. In sight of the new spring festival, happy new year to you and your family.”

Emotionally the old man said, “Thanks a lot for the meticulous care from the leaders. The prosperity of the enterprise is obvious to all, as one old employee of the enterprise, I’ ll support the development of our enterprise all along.”



Sinosteel Jilin Carbon Co., Ltd. is extending New year's regards to retired employee

Harmonious community relationship

During global operation, Sinosteel Corporation lays stress on establishing harmonious relationship with local community, which creates excellent external environment for the sustainable development of the enterprise; Sinosteel concerns the demand of community, understands the difficulties of the community and devotes herself to the development of community; it is enthusiastic about public welfare establishments and willing to charity donation and establishes a corporate image responsible for the society.

(1) Investigating community and jointly constructing community with residents

Sinosteel Corporation has actively participated in the construction of community. Through contacting and communicating with the community, we thoroughly hear the expectations and opinions from all concerned stakeholders and therefore ensure that the community activities of our company could satisfy the expectations and requirements of local residents and further create trustworthy, harmonious and double-win community relationship.

Community investigation in Dilokong

Dilokong is a branch company of ASA Metals Pty.,Ltd. and operates in GTLM autonomous district of Sekhukhune. In order to sufficiently understand the difficulties and demands of the community, Dilokong made an overall community investigation and analyzed the economical and social situations of the region where the company operates in detail. The investigation content includes the population of the community, employment, education, household income, infrastructure, housing, energy, water resource, commercial opportunity, social welfare, culture and sports and so on. According to the investigation results, Dilokong launched several projects to solve the difficulties of the community and these projects are devoted to promoting the education and training of the community, helping local enterprises, adding employment, driving the construction of infrastructure and relieving poverty.



Questionnaire of community investigation

(2) Supporting the community construction and going along with Olympic Games

Year 2008 is an unordinary year. In this year, Chinese people realized their century Olympic dream. Sinosteel Corporation actively threw himself into the tide to welcome and serve Olympics and organized an Olympic volunteer staff.

The Corporation has actively responded to the appeal of the Central Youth League Committee and the Central Enterprise Trade Union, and done the Olympic volunteer work as one of key jobs of the Youth League Committee of the Corporation. Starting from April 2008, the Corporation started the Olympic City Volunteer work and selected 53 excellent Youth League Committee members as candidate Olympic volunteers and organized several training for volunteers.



Series trainings for volunteers organized by Sinosteel Corporation

On August 8 when the Olympic Games were inaugurated, The Olympic City Volunteers from Sinosteel began with their service work as volunteer. The volunteer service station of our company was set up on the south side of Zhong Guan Cun Square. Our volunteers took the bull by the horns and, under the sweltering sunshine, they popularized the Olympic knowledge to the people from various regions and countries at different ages and provided them with information consultation and translation services.

During service, our volunteers were always smiling to answer questions of each travelers with patience and let them feel the passion and friendship of Chinese people; their service were highly appraised and reflected the healthy mental outlook and rising passion of Sinosteel youth to the Olympic Games.

As said by a volunteer, “when serving the Olympics, what we offered is sweat, what we experienced is emotion, what is purified is our soul, what we gained is happiness and what we realized is our true value.”



Volunteers are offering Olympic information consultation service



Serving Olympics

Make the seawater cerulean again and make players sailing on the sea gloriously

When the Olympic Games were to begin, a lot of uncommon Entermorpha suddenly appeared on the surface of the sea area of Qingdao. Demanded by the local government, Sinosteel Steel and Iron Corporation Qingdao Branch immediately organized special persons joint the Entermorpha removal fight titled "Make the seawater cerulean again and make players sailing on the sea gloriously."

While removing the entermorpha, the volunteers from Sinosteel overcame the difficulty without no professional fishing tools and used their hands to remove entermorpha. Some volunteers even worked with their wound feet; some volunteers got heatstroke but after resting for a while, continued to work. With their hardworking spirit, Sinosteel volunteers won the appraisalment of the local government and they supported the Olympic Games with their actual activities.



Under flaming sunshine, they are working so hard

(3) Throw itself into earthquake relief and accompany loving heart

Sinosteel Corporation is always actively participating in welfare and charity establishments and it deems the activity to help disadvantaged minority and improving living level of residents as important work for construction of harmonious double-win chain. In 2008, no matter facing to the ice and snow damage, or in the earthquake relief in Wenchuan, Sinosteel Corporation actively organized resources in the first time to overcome the difficulties together with the people in the disaster areas.

Combat ice and snow damage

At the beginning of 2008, in the southern regions of our country, a low-temperature sleet and frost disaster burst and severely affected the production and living of local people. After active planning, Sinosteel Corporation organized a lot of human and materials resources for the disaster area to perform our social responsibilities. On January 31, 2008, Sinosteel Corporation donated RMB 1.00 million to the General Red Cross Society of China and extended our regards to the people in the disaster area at the first time. Shunong Wang from the General Red Cross Society of China said that the donation of Sinosteel Corporation is the first amount of large donation received by them after the said ice and snow damage event occurred and the first amount of donation from a central enterprise.



President Tianwen Huang is contributing money on behalf of Sinosteel

Rescue the earthquake disaster area

On May 12, 2008, in Wenchuan of Sichuan Province, 8.0-degree supergiant earthquake burst and caused giant losses to lives and properties. Facing to the irresistible disaster, the employees of Sinosteel and all the Chinese people united our strength to fight with the earthquake disaster. All subsidiary enterprise and employees of Sinosteel contributed their funds (RMB nearly 28.00 million) so as to make their contribution for the earthquake relief work and the rebuilding after earthquake.

At the night when the earthquake burst, Sinosteel Corporation immediately decided to offer RMB 5.00 million of emergency fund and after that, it contributed RMB 1.00 million as the rebuilding fund of East Electric Company.

Part of subsidiary enterprises of Sinosteel Corporation were also severely affected by this earthquake but they effective organized the earthquake relief work and the rebuilding work and successfully minimized the losses of lives and assets. While rescuing themselves, they tried their best to organize human resources and materials to transport materials to the people in the disaster area and set up and sent one volunteer staff to the disaster area. After the earthquake, many children lost their schools. In order to make these children come back to the school, Sinosteel Corporation contributed RMB 5.00 million to build Hope Schools.

The outstanding representation of Sinosteel Corporation in these severe natural disasters has been affirmed and appraised by the society:

- Sinosteel Sichuan Company was awarded with the title of "Year 2008 advanced earthquake relief organization"
- Mr. Botao Jiang from Sinosteel Sichuan Carbon Company Limited was awarded with the title of "Year 2008 advanced earthquake relief individual".
- The temporary Party commission of the house inspection and relief expert team sent by Sinosteel Wuhan Safety and Environment Protection Research Institute to Sichuan was awarded with the title of "Advanced basal Party organization in earthquake relief of 2008"
- Mr. Wang Yingzhou from Sinosteel Sichuan Carbon Company Limited was awarded with the title of "Excellent commie in earthquake relief in 2008"



Staff from Sinosteel is donating for disaster areas suffered with earthquake

Sinosteel Sichuan Company is appraised as "Advanced central enterprise for earthquake relief"

After the burst of the earthquake, Sinosteel Sichuan Company Limited was gathered together to arrange the earthquake relief work. Via the Red Cross Society of Sichuan Province, the company donated RMB 0.50 million to the disaster area and sent urgently-needed materials valued at RMB 60,014.50 to the disaster area and organized and sent a group of earthquake relief volunteers to the disaster area at the first time.

On May 15, the third day after burst of the earthquake, the whole group of earthquake relief volunteers held a meeting to make preparation for going to the disaster area. On May 16-17, our earthquake-relief materials were sent to the disasters in Pengzhou and Hanwang (where East Electric is located) and Mianyang Red Cross Society by three batches. In June, Sichuan Company applied from the Corporation for RMB 0.2 billion of circulating fund for future rebuilding of disaster areas, and the common building steel inventory of the company was increased by about 30,000 tons, which balanced the price of the building steel market in Sichuan. It played the role of a central enterprise as main force for rebuilding after disaster.



Sinosteel Sichuan Carbon Company was transporting earthquake-relief materials to the disaster area



Outlook

In 2009, Sinosteel Corporation will firmly perform its corporate social responsibility and ceaselessly improve the management level in aspect of social responsibility work.

- Establish relatively perfect social responsibility management system so as to incorporate the corporate social responsibility into the long-term development strategy of the enterprise; after several years' efforts, ceaselessly normalize the corporation social responsibility work and make it become a relatively systematic part of the management framework.
- Explore and establish the centralized social responsibility management organization and strengthen the centralized management and supervision of social responsibility work.
- Ceaselessly deepen and widen the social responsibility work of the enterprise. According to the development of businesses, choose a proper chance to release the country reports on sustainable development in other regions or countries.
- Further strengthen the communication with stakeholders and ceaselessly innovate the communication methods.



Appendices

Opinions From the Third-party

Opinions on 2008 Sustainability Report of Sinosteel Corporation

After read 2008 Sustainability Report of Sinosteel Corporation (hereinafter refer to “the Report”), I have the following perception: As a large state-owned enterprise and member of United Nations Global Compact, Sinosteel Corporation firmly carries out the concept of scientific development, carefully observe the principles and tenor of Global Compact, and actively perform its social responsibility and has obtained outstanding achievements in aspect of promoting coordinative development of the enterprise and the society, which urges the transformation of development mode of steel and iron industry of our county and actively urges the implementation of sustainable development.

On the basis of the last year’ s report, the Report implements some important innovation, combines the three base lines of social responsibility with the features of the industry organically, and puts forward the value-added industry chain, green service chain and harmonious double-win chain, which shows that the company has had more comprehensive and deeper understanding and recognition to the content of social responsibility.

The content of the Report is all-around, its structure is arranged reasonably and its logic is clear. It adds the “responsibility promotion 2008” module, which concentrates to reflect the important work to promote social responsibility work in the last year, so it has key points and is convenient to read by readers. While disclosing the key achievement data of recent three years, the Report is the first one to describe the social responsibility work achievements in 2007 and 2008 and compares them and concludes the comparison results, which provides the convenience for the reader to judge the progress of social responsibility work of the company.

The whole report expatiates the objectives / concept, assurance mechanism and system, responsibility practice and responsibility achievements in succession, roundly discloses that the company is always carrying out and ascertaining the concept of scientific development actively and discloses the social responsibility work in associated fields and their achievements.

In the Report, you can find that Sinosteel Corporation has roundly executed the ten principles of Global Compact of the United Nations and has obtained some outstanding achievements in aspect of sustainable development, so it completely complies with the requirements of the United Nations for Millennium Development Objective and meet the requirements set forth in the Guiding Opinions for Central Enterprises to Perform Social Responsibility put forward by the State-owned Assets Supervision and Management Commission.

In general, the Report has some breakthrough and innovation in aspects of content and structure and is a high-quality sustainability report.

It is suggested that the company would make further improvements in the following aspects:

Establish and perfect the social responsibility management organization of the company so as to provide organizational guarantee for the company to promote all-around social responsibility work, which should be disclosed in the future report.

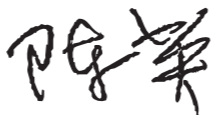
Improve the systematicness and integrity of disclosed data. It is suggested that the Corporation would explore to establish all-around social responsibility indicators system and improve the quality of disclosed indicators so as for the readers to know and understand the enterprise better.

Roundly promote the propaganda, education and training work on social responsibility of the company and enhance the awareness of social responsibility of all employees.

Deputy director-general of China Enterprise Management Science Foundation

Board Member of United Nations Global Compact

Chen Ying



Terminology

Modern producer service enterprise:

“Producer service” refers to the service that a producer provides intermediate input for productive activities of an external enterprise or other organization in order to meet the intermediate demand, which is used for commercial operation and further production but not mainly for an enterprise to meet final direct consumption and individual demand.

Characterized by very strong specialty and information transitivity, the productive service industry generally is a knowledge-intensive, technology-intensive and capital-intensive industry. With knowledge capital and human capital as main input, the productive service industry will output the service product containing a lot of knowledge capital and human capital and it is the important factor driving the growth of modern economy.

Vigorously developing modern producer service industry can refine the specialty division, reduce social transaction cost, improve resource configuration efficiency, be favorable for us to further carry out and ascertain the concept of scientific development and promote the transformation of growth mode of economy and updating of industrial structure.

Hostile purchase:

It refers to the purchase activity that is conducted by the purchase company when it is not permitted by the Board of Directors of the destination company. The parties concerned finish the purchase activity in various fighting and defense strategies and hope to obtain the dominative ownership right and become the major shareholder. The violent opposability between both parties is the basic feature of hostile purchase. Except that the shares of the destination company have high turnover and are easy to obtain, such purchase is difficult to implement.

The company that conducts the hostile purchase is called as “black knight”.

Recycling of intermediate water:

“Intermediate water” is relative to and different from upstream water (incoming water) and downstream water (discharged water). The intermediate water recycling refers to centralizing to treat the domestic sewage (wastewater) produced by residents (discharged from bathroom, washroom, kitchen and / or toilet) and then after reaching a certain standard, use it to irrigate the green land in the quarter, wash vehicles, roads and water closet for the purpose to save water consumption.

According to different usage, intermediate water may be treated in two different processes:

1. Treat it to reach the standard for drinking water and then directly use it for daily life, that is to say, implement the direct recycling of water resource. This treatment process is applicable for those regions in great lack of water resource, but its investment is large and its technology is complicate.
2. The other way is to treat the intermediate water to reach the standard for undrinkable water, and the treated water will be mainly used as water that will not contact the human body directly, such as used to wash stool and chamber pot, ground and automobile, spray green land, used as fire-fighting water or as common industrial water. This is the frequent treatment method of intermediate water.



2008 Sustainability Report

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