

Achievements of Chinese steel mills in 2008

It is reported that records of technical and economical indices in China's steel industry in 2008 are listed below:



Iron Productions by Blast Furnaces

1. Highest Iron Output: Hebei Iron & Steel Group, 30.3662 million tonnes
2. Highest Utilization Coefficient: Wuhan Iron and Steel Corporation, 2.527 tonnes per square meter day
3. Lowest Coke Ratio: Taiyuan Iron & Steel Co Ltd, 285 kilogram per tonne.
4. Biggest Blast Furnace Volume: No. 4 blast furnace of Baosteel group, 4747 square meters

Coking Productions:

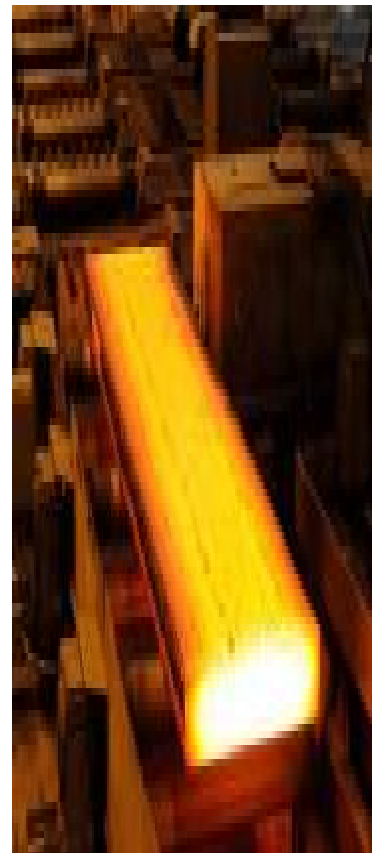
1. Highest Coke Output: Anben Group, 11.4827 million tonnes

Steel Productions by Converters

1. Highest Steel Output: Hebei Iron & Steel Group, 33.2839 million tonnes
2. Highest Utilization Coefficient: Xinxing Ductile Iron Pipes Co Ltd 69.146 tonnes per day;
3. Highest Consumption of Scrap: Hangzhou Iron & Steel Group Co Ltd 197 kilogram per tonne
4. Converter with the Biggest Volume: Baoshan Iron & Steel Co Ltd, 300 tonnes

Sinter Productions:

1. Highest Grade: Saint-Gobain Pipe Co Ltd, 58.85%
2. Sinter Machine with Largest Area: Baoshan Iron & Steel Co Ltd Taiyuan Iron & Steel Co Ltd, Maanshan Iron & Steel CO Ltd, 495 square meters



Continuous Casting Productions:



1. Highest Output of Continuous Casting Billet: Hebei Iron & Steel Group, 32.4923 million tonnes
2. Highest Proportion of Continuous Casting: 49 steelmakers including Shougang Group, Wuhan Iron and Steel Corporation, Anshan Steel, Tangshan Steel and Laiwu Steel, 100%
3. Biggest Steel Ladle Volume: Baoshan Iron & Steel Co Ltd, 300 tonnes of steel ladles
4. Longest Diameter of Round Billet: Pangang Group Chengdu

Iron & Steel Co Ltd, diameter of 450mm

Steel Rolling Productions:

1, Highest Output: Hebei Iron & Steel Group, 30.1344 million tonnes

Electric Furnace Productions

1. Electric Furnace with Largest Volume: Baoshan Iron & Steel Co Ltd, Tianjin Pipe Co Ltd and Zhujiang Steel Co Ltd, 150 tonne electric furnace.

News release from 1st CISA press conference of 2009

On February 23rd the first CISA press conference of 2009 was held in Beijing Mr Luo Bingsheng vice Chairman of CISA gave details of China iron & steel industry last year.



I. Major goals achieved by the industry

Outputs of steel products

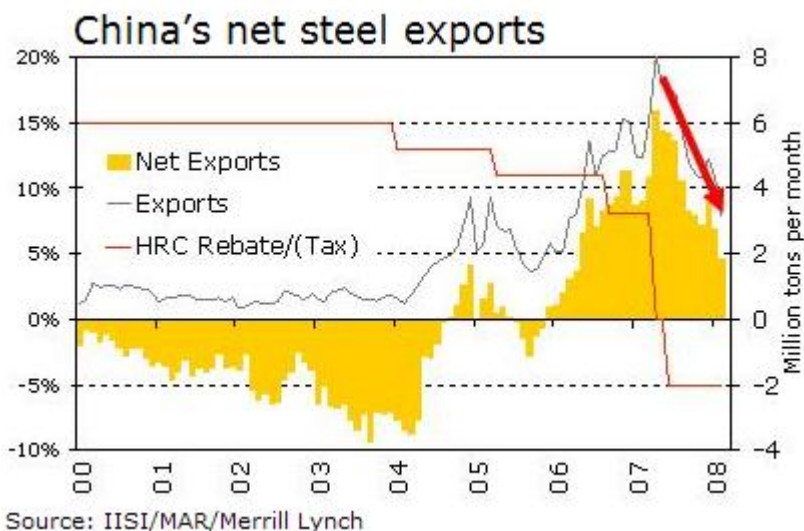
Product	Jan-Dec'08	Jan-Dec'07	Change
Crude steel	50.05	49.49	1.1%
Pig iron	47.07	47.14	-0.2%
Steel product	58.18	56.18	3.6%
Railway steel products	0.44	0.35	26.7%

(In million tonnes)

Outputs of shipbuilding plate, bridge plate, transmission pipes for petroleum and natural gas, high-grade silicon steel and automobile steel rocketed.

2. Exports of steel products

The nation exported 59.1831 million tonnes of steel products last year, down by 5.53% of 3.4632 million tonnes and 1.2858 million tonnes of billet down by 79.99% of 5.1403 million tonnes YoY. In the mean time, the nation imported 15.3871 million tonnes of steel



products down by 8.79% of 1.4835 million tonnes YoY and 245,600 tonnes of billet up by 1.45% of 3,500 tonnes. Therefore, the nation reported net exports of 47.6316 million tonnes of crude steel, down 13.21% of 7.2495 million tonnes.

3. New achievements made in energy saving and emission reduction

Large and medium-scale steel enterprises' energy consumption totaled some 223.2449 million



tonnes up by 0.01%YoY. These enterprise' energy consumption per ton of steel production increased by 0.27%YoY to 629.93 kilogram standard coal. Comparable energy consumption per tonne of steel production decreased by 0.77%YoY, and 609.61 kilogram coal. 71 CISA's statistical large and medium-scale steel enterprises realized sales revenue of CNY 2565.009 billion up by 24.7%YoY pretax profit of CNY 194.988 billion down by 23.17%YoY and profit of CNY 84.638 billion down by 43.32%YoY. 15 enterprises reported deficits of CNY 8.464 billion.

In 2008, the first-stage project of Angang's Bayuquan Iron & Steel Base was put into operation. The first-stage project of Jing Tang Caofeidian Iron & Steel Base was finished. HRC production line in Handan Steel's new area came on stream. The prophase projects of Zhanjiang steel base project and Fangchenggang Project were successfully completed.

In 2008, Baosteel regrouped Shaoguan Steel. Guangzhou Steel incorporated Guangdong Iron & Steel Group. Wuhan Steel formed a JV with Guangxi Liuzhou iron and Steel. Tangshan Steel and Handan Steel jointly set up Hebei Iron & Steel Group. Jinan Steel and Laiwu Steel jointly established Shandong Iron & Steel Group. Top 10 steel makers' crude steel outputs totaled some 212.7359 million tonnes accounting for 42.5% of the nation's total outputs, up 5.71%YoY.



II. Challenges during the industry's development

Steel product prices lingered on a high level during the first half of 2008, which was bolstered by high production costs and resulted in high profits. However, during the second half of 2008, effective demand obviously shrank, along with sharp decrease in steel product market prices. The whole steel enterprises reported losses. In 2008, the apparent consumption of crude steel stood at 452.86 million tonnes up by 2.94%YoY. The consumption volume hit some 243.32 million tonnes during January to June up by 16.31%YoY but only reached some 209.54 million tonnes during July to December down by 9.22%YoY.

Chinese steel makers produced 263.1948 million tonnes of crude steel from January to June up by 9.61%YoY. On the contrary, the outputs only totaled some 237.2932 million tonnes down by 6.86%YoY. At the end of 2008, comprehensive steel product price index surge to some 161.47, up 29.05% of 36.35 from the index at the beginning of this year. Steel product prices started to slump in July. The price index fell down to 102.3 in November and rebounded to 103.3 in December down 36.03% of 58.17 from the highest record in Jun. Price index for long steel products and sheet/plate steel products declined by 33.8% and 36.96% respectively. Steel production costs lingered on a high level as price for raw materials kept on rising. In July production costs for steel-making pig iron climbed up by 77.28%YoY and up by 33.72% from the costs in January. And the costs shifted to a downward trend in August. Steel makers' profits saw sharp decrease. From January to June 71 CISA's statistical large and medium-scale steel enterprises achieved profits of



CNY 101.047 billion up by 26.1%. However, these steel makers saw an increase in deficit during July to December. Only in December, steel makers reported total losses of CNY 29.122 billion with profit rates of -17.44%, hitting record low. One of the reasons for these challenges and problems is that the global economic woe placed great pressure on global market. World demand obviously shrank. At the same time, domestic demand also went down, greatly affecting iron & steel industry. The industry's capacity was oversupplied. At the end of 2008, steel making capacity reached some 660 million tonnes, about 160 million tonnes higher than the actual crude steel outputs. The industry's concentration degree was low.



Pig iron outputs amounted to some 470.6741 million tons in 2008, down 744,900 tonnes YoY. Iron ore consumption fell down by 1.177 million tonnes YoY. Outputs of crude iron ore totaled some 824.0111 million tons, up 20.74%. Outputs of iron ore concentrate went up by 51 million tons. The nation totally imported 443.6574 million tonnes of iron ore, up 15.81% of 60.5641 million tonnes YoY, leading to sharply rising iron ore stocks.

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