

VIII. Board of Supervisors' Report

(I) Summary of Board of Supervisors' Performance

Supervisors' performance	Topics of the meeting
Number of meetings	6
On 31 March 2010, the Board of Supervisors held its eleventh meeting of the Fourth Board in Shanghai.	Reviewed 23 proposals, including: Board of Supervisors' Report, 2010 Report on Performance of Directors, 2010 Report of the Examination and Supervision on Internal Control and Risk Management, Review of the "2010 Annual Report", and so on.
On 12 April 2011, the Company issued in writing the notice of holding supervisors' meeting and related meeting materials.	Motion for the Board's "Proposal about Approving the Investment in Zhanjiang Steel Project by Baosteel Group"
On 29 April 2011, the Board of Supervisors held its thirteenth meeting of the Fourth Board in Shanghai.	Reviewed the following proposals: Board of Directors' "2011 Report of the First Quarter", Board of Directors' "Proposal of Provisions for Impairment Losses of Assets of the Company as at the End of the First Quarter of 2011".
On 29 July 2011, the Company issued in writing the notice of holding supervisors' meeting and related meeting materials.	Reviewed Board of Directors' "Proposal for evading the risk of certain raw materials".
On 30 August 2011, the Board of Supervisors held its fifteenth meeting of the Fourth Board in Changshu, Jiangsu.	Reviewed 6 proposals including proposal of Board of Directors' "2011 Semi-annual Report", Board of Directors' "2011 Semi-annual Report of President's Performance".
On 28 October 2011, the Board of Supervisors held its sixteenth meeting of the Fourth Board.	Reviewed 4 proposals including proposal of Board of Directors' "2011 Report of the Third Quarter".

In the reporting period, the Board of Supervisors labored to ensure that the Company's operations, financial auditing, and performance of the directors and senior managers are carried out in strict compliance with the rules and regulations set in the *Company Law* and the *Articles of Association*. The Board of Supervisors attended the eleventh, thirteenth, fifteenth, and sixteenth meetings of the Fourth Board of Directors to supervise the convening of the board meetings and ensure that voting procedures on resolutions conform to relevant laws, regulations and the *Articles of Association*.

(II) Opinions on the Company's Operations

In the reporting period, the Company has a well-structured internal control system and has followed the proper legal proceedings in making its decisions and formulating its policies. It has complied strictly with relevant rules and laws, and regulated the Company's operations accordingly. Board directors and senior managers have behaved responsibly and assiduously in performing their duties and carrying out the resolutions passed by the board and the shareholders alike. None of the directors or senior managers was found to have breached any rules, laws and regulations of the country and the *Articles of Company* or conducted any deed that has harmed the Company's interest.

In the reporting Period, no breach of commitment to information disclosure has been discovered.

(III) Opinions on the Company's Financial Operations

In the reporting period, the Company's financial management and internal control system have been further strengthened. Its 2011 financial statements are a true reflection of the financial condition and operating results of the Company in all major aspects, and the standard, unqualified opinion issued by Deloitte Touche Tohmatsu in the auditors' report is fair and objective. No malpractices were discovered with regard to their professional duties.

(IV) Opinions on the Company's Use of Fund from the Latest Financing Program

The fund from the latest financing program was used exactly in the way as the Company promised and no change was found in the actual projects.

(V) Opinions on the Company's Acquisitions and Sales of Assets

No insider trading or deeds that harmed the shareholders' interests or resulted in loss of Company's assets were discovered in acquisition and purchasing activities of the Company in the reporting period.

(VI) Opinions on Related Party Transactions of the Company

In the period reporting, the related party transactions were carried out according to *Baosteel Group Related Party Transaction Management Methods* at fair prices and without any damage to the Company's benefits.

(VII) Opinions on the Company's Internal Control Self-evaluation Report

The Board of Supervisors had reviewed the Company's "2011 Report on Internal Control Evaluation".