

# Report of the Supervisory Committee

**Dear Shareholders,**

During the reporting period, all the members of the Supervisory Committee strengthened professional training, conscientiously performed their supervisory duties and earnestly safeguarded the interests of the shareholders and the Company in accordance with the relevant requirements of the Company Law of the PRC and the Company's articles of association.

During the reporting period, the Supervisory Committee held two meetings. At the second meeting of the first session of the Supervisory Committee held on 10 April 2007, the Company's operating results and financial statements for 2006 were reviewed. In addition, the Supervisory Committee reviewed and approved five agenda items, including financial statements for 2006, profit distribution proposal and dividends distribution plan and external auditors' report on their work for the year ended 2006. At the third meeting of the first session of the Supervisory Committee held on 31 August of the same year, the interim financial statements and the draft external auditor's review report of 2007 were reviewed. During the reporting period, members of the Supervisory Committee supervised the major decision-making processes of the Company and the performance of the members of the Board of Directors (the "Board") and the senior management through their attendance of the general meeting of shareholders of the Company and the meetings of the Board.

At the meeting held on 2 April 2008, the Supervisory Committee carefully reviewed the Company's 2007 financial report, which external auditors did not expect to qualify, and prepared in accordance with PRC accounting principles and International Financial Reporting Standards, together with other related information. The 2007 financial report was proposed to be submitted by the Board to the shareholders' general meeting. The Supervisory Committee believed that the financial report was in conformity with the principle of consistency and reflected the Company's financial position and operating results in a true and complete manner.

The Supervisory Committee believes that with the accelerating marketing development, the Company maintained a favourable operation performance under the adverse market condition. The Company completed the acquisition of the specialized telecommunications support businesses in 13 provinces from the parent company and its operations have been running in a more mature way. The Company thus basically fulfilled its various commitments to the investors. The internal control of the Company was further improved, and various operation and development targets of the Company progressed steadily.

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The Supervisory Committee believes that during 2007, all members of the Board and the senior management were dedicated and conscientious. They complied with the Company's articles of association and earnestly carried out various resolutions of the shareholders' meeting and the Board. With a view to maximise the value of the Company and the interest of shareholders, they had made relentless efforts for the development of the Company. The Supervisory Committee was not aware of any violation of laws, regulations and the Company's Articles of Association during the year.

In 2008, the Supervisory Committee will further broaden its horizon, earnestly perform its supervisory duties and safeguard the interest of the shareholders and the Company, and endeavour to do a good job in accordance with the Company Law of the PRC, the Company's articles of association and relevant requirements.

By order of the Supervisory Committee

**Xia Jianghua**

*Chairperson of the Supervisory Committee*

Beijing, PRC

2 April 2008