

Report of the Supervisory Committee

Dear Shareholders,

During the reporting period, all the members of the Supervisory Committee conscientiously performed their supervisory duties and earnestly safeguarded the interests of the shareholders and the Company in accordance with the requirements of the relevant laws and regulations such as the Company Law of the PRC and the Company's Articles of Association.

During the reporting period, the Supervisory Committee held four meetings. At the sixth meeting of the first session of the Supervisory Committee held on 26 March 2009, the Company's operating results and financial statements for 2008 were reviewed. In addition, the Supervisory Committee reviewed and approved five resolutions, including the financial statements for 2008, profit distribution proposal and dividends distribution plan and external auditors' report for the year ended 2008. At the seventh meeting of the first session of the Supervisory Committee held on 10 June 2009, Ms. Xia Jianghua and Mr. Hai Liancheng were nominated for the shareholders' re-election in the general meeting as a Shareholder Representative Supervisor and an Independent Supervisor respectively of the second session of the Supervisory Committee of the Company. In addition, authorization to determine the supervisor's remuneration by the Supervisory Committee was sought in the shareholders' general meeting. At the first meeting of the second session of the Supervisory Committee held on 31 July 2009, Ms. Xia Jianghua was elected as the Chairperson of the Supervisory Committee. At the second meeting of the second session of the Supervisory Committee held on 27 August 2009, the 2009 interim financial statements and the external auditors' 2009 review report were considered. During the reporting period, members of the Supervisory Committee supervised the major decisions of the Company and the performance of the members of the Board of Directors and senior management, and made relevant management recommendations with a serious and responsible attitude through attending the shareholders' general meeting of the Company and the meetings of the Board of Directors.

At the third meeting of the second session of the Supervisory Committee held on 25 March 2010, the Supervisory Committee carefully reviewed the Company's financial reports for 2009 prepared in accordance with the PRC accounting principles and International Financial Reporting Standards, together with other relevant information, which was proposed to be submitted by the Board to the shareholders' general meeting and audited by external auditors who will issue an unqualified opinion. The Supervisory Committee is of the opinion that the financial reports were in conformity with the principle of consistency and reflected the Company's financial position and operating results in a true and complete manner.

In 2009, the Company captured the 3G network construction opportunity in China and progressed the implementation of the Company's strategies with remarkable results. The Company achieved satisfactory operating result, with around 20% growth in revenue and net profit. The Supervisory Committee believes that, during the reporting period, all members of the board of directors and senior management have complied with the law and regulations, and were dedicated, conscientious and prudent in their decision-making. They earnestly carried out various resolutions of the meetings of the shareholders and the board of directors. With a view to maximizing the value of shareholders, they contributed positively to the development of the Company. The Supervisory Committee was not aware of any violation of the interests of the shareholders or staff of the Company.

In 2010, to safeguard the interest of the shareholders and pursue its supervisory duties diligently, the Supervisory Committee will continue to perform its duties in accordance with the Company Law of the PRC, the Company's Articles of Association, and the relevant regulatory requirements of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited .

By order of the Supervisory Committee

Xia Jianghua

Chairperson of the Supervisory Committee

Beijing, PRC
25 March 2010