

## Report of the Supervisory Committee

Dear Shareholders,

During the reporting period, all 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 Articles of Association of the Company.

During the reporting period, the Supervisory Committee held two meetings. At the fifth meeting of the second session of the Supervisory Committee held on 24 March 2011, the Supervisory Committee reviewed and approved five resolutions on the financial statements of the Company for 2010, the profit distribution proposal and dividends distribution plan, external auditors' report, the work report of the Supervisory Committee for 2010 and the work plan of the Supervisory Committee for 2011. At the sixth meeting of the second session of the Supervisory Committee held on 24 August of the same year, the Supervisory Committee reviewed and approved the resolutions on the interim financial statements for 2011, external auditors' report and the report on internal control and risk management of the Company for the first half of 2011. During the reporting period, members of the Supervisory Committee attended the meetings of the Board of Directors, the shareholders' general meeting and the meetings of the Audit Committee of the Company held in 2011, and 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.

In October 2011, the members of the Supervisory Committee conducted examinations and investigations in our subsidiary Sichuan Communications Services Company Limited on implementation of the Group's five strategies, enhancement of financial management and internal control system as well as strengthening of the overseas business control. The investigation report affirmed the company's achievements on the enhancement of risk management, financial management and internal control, pointed out the major risks and proposed recommendations on management.

The Supervisory Committee is of the opinion that, by providing customer-oriented innovative services in 2011, the Company has further consolidated the position in operator market and vigorously expanded domestic non-operator market as well as overseas market. The Company has actively tackled the challenges arising from market competition, maintained a momentum of rapid growth in all its businesses with remarkable operating results and achieved a double-digit growth both in terms of total revenues and net profit.

The Supervisory Committee is of the opinion that, all members of the Board of Directors and senior management of the Company have complied with the laws and regulations, and favorably performed their duties in accordance with the Articles of Association of the Company in 2011. In addition, they have also safeguarded the interests of the shareholders, earnestly carried out various resolutions of the shareholders' general meetings and the Board of Directors, and operated strictly in accordance with the regulatory requirements for a listed company. The Supervisory Committee was not aware of any violation of relevant national laws and regulations and the Articles of Association, or any acts which would violate the interests of the Company.

The Supervisory Committee carefully reviewed the financial statements of the Company for 2011 which were audited by external auditors who have issued an unqualified opinion, and is intended to be submitted by the Board of Directors to the shareholders' general meeting, and other relevant information. The Supervisory Committee is of the opinion that the financial statements give an objective and true view of the Company's financial position and operating results.

In 2012, to safeguard the interests of the shareholders and the interests of the Company and pursue its supervisory duties diligently over the major decisions and key operating activities, the Supervisory Committee will continue to perform its duties in accordance with the Company Law of the PRC and the Articles of Association of the Company.

By order of the Supervisory Committee

**Xia Jianghua**

*Chairperson of the Supervisory Committee*

Beijing, PRC  
23 March 2012

## Talent Management and Mechanism Innovation





# Innovate talent management system,

human resources  
allocation models and  
staff motivation  
mechanisms.

