

## 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 PRC Company Law and the Articles of Association of the Company.

During the reporting period, the Supervisory Committee held two meetings. At the third meeting of the third session of the Supervisory Committee held on 22 March 2013, the Supervisory Committee reviewed and approved six resolutions on the financial statements of the Company for 2012, the profit distribution proposal and dividends distribution plan, external auditors' report, work report of risk management for 2012 and its work plan for 2013, the work report of the Supervisory Committee for 2012 and the work plan of the Supervisory Committee for 2013. At the fourth meeting of the third session of the Supervisory Committee held on 23 August 2013, the Supervisory Committee reviewed and approved the unaudited interim financial statements for 2013, review report of interim financial statements for 2013 by external auditors and work report on internal control and risk management of the Company in the first half of 2013 and the work plan for the second half of 2013. During the reporting period, members of the Supervisory Committee attended the meetings of the Board of Directors, a general meeting and the meetings of the Audit Committee held in 2013, 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.

The Supervisory Committee is of the opinion that, during the reporting period, the Company persistently implement the "Five Development Strategies" and strived to expand into two new markets, namely domestic non-operator market and overseas market, and develop innovative businesses, and further enhanced its internal control and risk prevention. As such, the total revenues of the Company persistently increased to RMB68,459 million, representing a year-on-year growth of 11.3%. The Supervisory Committee also noted that although the profit attributable to equity shareholders of the Company decreased for the first time to RMB2,238 million due to various factors, such as the changes in industrial condition, the fundamentals of the Company remained solid.

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 performed their duties in accordance with the Articles of Association of the Company in 2013. In addition, they have also safeguarded the interests of the shareholders, earnestly carried out various resolutions of the general meetings and the board meetings, 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 2013 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 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 2014, to safeguard the interests of the shareholders and the interests of the Company and emphasize the fulfillment of the promises made to the shareholders, the Supervisory Committee will continue to perform its supervisory duties diligently over the major decisions and key operating activities in accordance with the PRC Company Law and the Articles of Association of the Company.

By order of the Supervisory Committee

**Xia Jianghua**

*Chairperson of the Supervisory Committee*

Beijing, PRC  
20 March 2014



# CONQUERING CHALLENGES

**Restoring  
telecommunications  
facilities on disaster site**

