

Report of the Supervisory Committee

During the reporting period, all members of the Supervisory Committee upheld the principle of good faith in safeguarding the interests of shareholders and the Company, acting strictly in accordance with the Company Law of the People's Republic of China and the Articles of Association of the Company, as well as following the principle of integrity, rigorousness and discipline, to diligently and effectively carry out its supervisory function based on the actual situation of the Company.

During the reporting period, the Supervisory Committee held two meetings. At the seventh meeting of the Second Session of the Supervisory Committee held in March 2008, the Supervisory Committee reviewed and approved six agenda items, including the financial statements for the year ended 31 December 2007, the independent auditor's report, profit distribution and dividend proposal, the report on asset revaluation, the Supervisory Committee's report for the year 2007 and the working plan of the Supervisory Committee for the year 2008. At the eighth meeting of the Second Session of the Supervisory Committee held in August of the same year, the Supervisory Committee has reviewed the interim financial statements and the independent auditor's review report of 2008. During the reporting period, members of the supervisory, through their attendance at the 2007 General Meetings of the Company and the meetings of the Board of Directors, committee supervised the major decision-making processes of the Company and the performance of duties carried out by members of the Board of Directors and the senior management.

The Supervisory Committee is of the view that 2008 was an extraordinary year, in that the Company had an arduous task of maintaining telecommunications services in an operating environment that has been unprecedented which includes the continuous occurrence of natural disasters domestically, the instability caused by the global financial crisis and the complex restructuring within the telecommunication industry. During the reporting period, in the face of severe natural disasters, challenging reforms initiatives and intense competition, business units at all levels have strived to do a good job in disaster relief, in the acquisition and reorganization of production and management, and in achieving new success in business development. Despite of increasingly fierce competition in the Company's traditional wireline voice sector, the Company aimed to fully maximise shareholders' value through proactive strategic transformation and maintained solid fundamentals. By improving precise management, optimizing the allocation of resources, deepening internal reforms and innovating development models, the Company has improved the quality of business growth.

The Supervisory Committee believes that during 2008, all members of the Board of Directors and members of the senior management of the Company have complied fully with the laws and regulations, diligently implemented the resolutions approved at the shareholders' general meetings, persistently managed operations in accordance with the relevant regulations, exercised prudence in its decision making and put enormous efforts in helping the Company in achieving solid operational performance.

Upon the review of the unqualified financial statements of the Company for the year ended 31 December 2008 and other relevant information which was prepared in accordance with PRC accounting rules and regulations and International Financial Reporting Standards, audited by domestic and international auditors of the Company, and proposed to be submitted to the shareholders' general meeting by the Board of Directors, the Supervisory Committee is of the opinion that the financial statements were prepared in line with the principle of consistency and that they truly and fairly reflect the Company's financial position and results of operations.

In 2009, the Supervisory Committee will continue to do its best to preserve the interests of all shareholders and the Company in accordance with the Articles of Association and other relevant provisions.

By Order of the Supervisory Committee

Xiao Jinxue

Chairman of the Supervisory Committee

Beijing, PRC

24 March 2009