

Report of the Supervisory Committee

During the reporting period, all members of the Supervisory Committee acted in accordance with the Company Law of the People's Republic of China and the Articles of Association of the Company, followed the principles of integrity and diligently in carrying out their supervisory function to safeguard the interests of shareholders and the Company.

During the reporting period, the Supervisory Committee held three meetings and passed one written resolution. At the second meeting of the Fourth Session of the Supervisory Committee held on 16 March 2012, the Supervisory Committee reviewed and approved agenda items, including the financial statements for the year 2011, the independent auditor's report, the profit distribution and dividend proposal, the Supervisory Committee's report for the year 2011, the working plan of the Supervisory Committee for the year 2012, etc. On 16 August 2012 at the third meeting of the Fourth Session of the Supervisory Committee, the Supervisory Committee reviewed the interim financial statements and the independent auditor's review report for the year 2012. At the fourth meeting of the Fourth Session of the Supervisory Committee held on 21 August 2012, the Supervisory Committee reviewed and approved the change in the composition of the Supervisory Committee. On 16 October 2012, through the written resolution of the entire Supervisory Committee, Mr. Shao Chunbao was elected as the Chairman of the Fourth Session of the Supervisory Committee. During the reporting period, members of the Supervisory Committee supervised the major decision-making process of the Company and the performance of duties by the members of the Board and the senior management

through their attendance at the relevant meetings such as the extraordinary general meeting held in 2012, meetings of the Board, and meetings of the Audit Committee.

The Supervisory Committee is of the view that in 2012, the Company persisted in deepening its transformation, firmly adhered to the main theme of "promoting scale development through dual-leadership in innovation and service", and persisted in efficient scale operation and data traffic operation. While accelerating the scale development of fundamental services, the Company further stimulated the vitality of emerging services through system and institution innovation, integrated the operation of core services altogether and these services fostered synergetically. The Company achieved its best development since the commencement of full services operation. The business structure continued to optimise, resulting in significant enhancement in our core capabilities in innovation, service, centralised efficient management and operation. The corporate development is ignited with vitality. In 2012, the operating revenues of the Company reached RMB283,073 million, an increase of 15.5% from last year, which exceeded the industry average. Mobile subscriber market share was about 15% while 3G subscriber market share reached 30%. The Company reinforced its leadership position in the wireline broadband market, expanded its competitive edges in informatisation applications and increased its influence on the market. Pre-leasing fee EBITDA reached RMB96,387 million, representing an increase of 2.1% from last year. Profit attributable to equity holders of the Company reached RMB14,925 million, representing a decline of 9.5% from last year. The Company made an

appropriate increase in marketing initiatives for the expansion into the high-end subscriber market to promote the revenue growth, which is believed to significantly enhance the long-term sustainable growth and value creation despite the short term pressure on the profitability. In summary, the Board and the management have grasped the industry development trend and directed the strategic development of the Company accurately, while they have continuously enhanced the Company's operation capability and efficiency, resulting in remarkable results in transformation. Meanwhile, the Company attached great importance to corporate governance and operation in good faith. In accordance with Section 404 of the US Sarbanes-Oxley Act of 2002 and other regulatory rules, the Company stepped up the development of its internal control system and strengthened the exercise of its internal control. As a result, the internal control environment and precision management of the Company continued to improve, and the Company's development is soundly and steadily on track. In addition, while conscientiously fulfilling its responsibility to shareholders, the Company voluntarily committed itself to the sustainable economic, social and environmental development and excelled in fulfilling its own corporate responsibilities, responsibilities towards customers, responsibilities towards employees, environmental responsibilities and public welfare responsibilities. The Supervisory Committee is satisfied with the performance of the Company in 2012 and is confident of the Company's prospects.

The Supervisory Committee believes that during 2012, all members of the Board and members of senior management have complied with rules and regulations, upheld the principles of diligence and integrity,

safeguarded the interests of shareholders, fulfilled their responsibilities fully in accordance with the Articles of Association of the Company, diligently implemented the resolutions of the shareholders' general meetings and the Board meetings, and strictly complied with the relevant regulations for listed companies. The Supervisory Committee has not observed any behaviors that breached the laws, rules, and Articles of Association of the Company, or damaged the interests of shareholders.

Upon the review of the unqualified financial statements for the year 2012 and other relevant information, which were prepared in accordance with PRC Accounting Standards for Business Enterprises and regulations and International Financial Reporting Standards as audited by PRC certified accountants and international auditors of the Company, the Supervisory Committee is of the opinion that the financial statements truly and fairly reflect the Company's financial position, operating results and cash flows.

In 2013, the Supervisory Committee will continue to strictly adhere to the Articles of Association of the Company and relevant regulations, assume its responsibility to protect the interests of the shareholders and the Company, monitor the Company to fulfill its commitment to its shareholders, further broaden the planning of supervision and strengthen its efforts in monitoring to protect the interests of all investors.

By Order of the Supervisory Committee
Shao Chunbao
Chairman of the Supervisory Committee

Beijing, PRC
20 March 2013