

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 carried out their supervisory function to safeguard the interests of shareholders, the Company and the employees.

The work status of the Supervisory Committee of the Company

During the reporting period, the Supervisory Committee held two meetings. At the fifth meeting of the Fourth Session of the Supervisory Committee held on 13 March 2013, the Supervisory Committee reviewed and approved five agenda items, including the financial statements for the year 2012, the independent auditor's report, the profit distribution and dividend proposal, the Supervisory Committee's report for the year 2012, the working plan of the Supervisory Committee for the year 2013, and passed the relevant resolutions. Regarding major adjusted items, internal control assessment within the organisation, establishment and implementation of a system of accountability, change in related party transactions, audit and supervision of the subsidiaries by internal audit, the Supervisory Committee has communicated with the Finance Department, Internal Audit Department and external auditors and raised certain recommendations. At the sixth meeting of the Fourth Session of the Supervisory Committee held on 19 August 2013, the Supervisory Committee reviewed and approved the interim financial statements and the independent auditor's review report for the six months ended 30 June 2013. Regarding changes in major figures in the reports, review of interim financial statements, control of related party transactions, development and control of mobile service, the Supervisory Committee has communicated with the Finance Department, Internal Audit Department, external auditors and raised certain recommendations. 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 Board meetings and meetings

of the Audit Committee. Led by the Chairman of the Supervisory Committee, Mr. Shao Chunbao, Supervisors including Madam Zhu Lihao, Mr. Tang Qi, Mr. Zhang Jianbin and Mr. Hu Jing visited provincial branches for exchange of ideas in August 2013. Throughout the trip, they had a deeper understanding of the effectiveness of corporate development, listened to the difficulties and problems faced by the frontline employees, explored the relevant questions which need to be addressed by the Supervisory Committee and fostered the self-development of the Supervisory Committee.

The overall assessment of the operation management and performance during the reporting period

The Supervisory Committee believes that during the reporting period, 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 behaviours that breached the laws, rules, and Articles of Association of the Company, or damaged the interests of shareholders.

During the reporting period, the Company persisted in deepening its transformation, firmly adhered to the main theme of "promoting scale development through dual-leadership in innovation and service", pragmatically fostered "De-telecom", "Market Orientation and Differentiation" and "Three New Roles". New emerging services realised a rapid growth with accelerated adjustment in business structure, resulting in significant achievement in scale development. In 2013, the operating revenues of the Company reached RMB321,584 million, an increase of 13.6% from last year. Excluding mobile terminal sales, the operating revenues reached RMB284,149 million, an increase of 10.0% over last year, which exceeded the industry average in the

mainland. Mobile revenues accounted for approximately 50% of the total revenues, with further optimisation in business structure. EBITDA was RMB96,551 million, an increase of 36.2% over last year. Profit attributable to equity holders of the Company reached RMB17,545 million, representing an increase of 17.4% from last year. Free cash flows amounted to RMB11,137 million. In summary, the Company accurately grasped the trends in mobile Internet development and industry value chain integrated development. The profitability was enhanced significantly, with rapid improvement in operational efficiency. The core competitiveness had been remarkably strengthened and the corporate development is full of vitality. Meanwhile, 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 independent opinion on the relevant matters during the reporting period

The opinion raised by the Supervisory Committee on the compliance of the operation of the Company with laws and regulations

Pursuant to the relevant laws and regulations of the PRC, the Supervisory Committee monitored the convening procedures and resolutions of the meetings of the Board, the implementation by the Board of the resolutions approved by the Shareholders' General Meetings, the performance of duties by the Company's senior management, and the Company's management policies. The Supervisory Committee is of the view that the Directors and the senior management, in performing their duties, strictly complied with the relevant rules and regulations, safeguarded the lawful interests of the Company and the shareholders as a whole and especially those of the minority shareholders, actively procured the regulated operations of the Company, enhanced the level of governance of the Company, followed lawful procedures in their decision-making, implemented resolutions of the Shareholders' General Meetings, and the Supervisory Committee was not aware of any

behaviours of the Directors or the senior management which violated the laws, regulations, the Articles of Association of the Company or were detrimental to the interests of the Company.

The opinion raised by the Supervisory Committee on the financial implementations of the Company

Through the supervision and inspection of the Company's financial policies and financial condition, the Supervisory Committee is of the view that the Company is able to strictly comply with the regulatory requirements such as section 404 of the US Sarbanes-Oxley Act and to continue to enhance its internal controls over financial reporting, while effectively controlling and managing the Company in accordance with rules and regulations. Upon the review of the unqualified financial statements for the year 2013 and other relevant information, which were prepared in accordance with the China Accounting Standards for Business Enterprises and the 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 2014, 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, firmly grasp the three key points including reform and innovation, open cooperation and quality and efficiency enhancement, further broaden the planning of the work of the Supervisory Committee 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
19 March 2014