



China Telecom 2016 Annual Work Conference Highlights

On 18 January 2016, China Telecom held its 2016 annual work conference in Beijing. The conference summed up the work of 2015, analysed the current situation and planned for mission in 2016. The conference firmed up all employees' confidence in accelerating company development. Mr. Gao Fengtao, Chairman of China Telecom Supervisory Committee of State Council, and Mr. Zhang Feng, Chief Engineer of Ministry of Industry and Information Technology, attended the conference and made important directional pronouncements. Mr. Yang Jie, President and Chief Operating Officer of China Telecom, presented the work report.

Mr. Zhang Feng strongly recognized China Telecom for its work in 2015 in five areas:

First, sustained solid and stable corporate development with new achievements and resulted in revenue growth surpassing industry average. The Company proactively expanded into the new blue ocean of "Internet+".

Second, effectively implemented "Broadband China" strategy and attained remarkable achievements in "speed upgrade and tariff reduction". The Company accelerated 4G network deployment and proactively implemented "speed upgrade and tariff reduction", increased the average speed of broadband service to 27.3Mbps, while bandwidth unit price reduced by 53% and mobile tariff reduced by 31%.

Third, led industry peers in customer satisfaction in both wireline and mobile Internet access, achieved significant improvement in customer response rate.

Fourth, promoted anti-corruption with new progress.

Fifth, effectively fulfilled corporate social responsibility. The Company has accomplished its mission of securing emergency communications during disaster rescue operations. The Company also proactively promoted the construction of

information highways for the regions and countries along "the Belt and Road". In 2015, China Telecom achieved solid and stable progress in operational development and underwent innovative transformation to achieve breakthrough. Network supply capability was significantly enhanced, and service standards continued to improve, which made new important contributions to the industry development as well as to the economic and social informatization construction.

Mr. Zhang also made six requests for the work in 2016.

First, act proactively to accelerate network construction and further implement "speed upgrade and tariff reduction". The Company shall continue to improve its mobile and broadband network capabilities to satisfy the demand for communications from the economy and society with high quality and high performance products and services. Second, incorporate innovative ideas in the services to strengthen Internet-oriented operations and improve service standards. Enhance user experience and improve online services by providing more convenient, efficient and user-friendly services to customers. Third, comprehensively deepen corporate reform, strengthen corporate governance. Deepening the deployment of reform, further open up the mindsets and change the thoughts to promote corporate reform in every aspect. Focus effort on innovation in structure and mechanism to further vitalize corporate development. Fourth, promote compliance and integrity in operations. Implement legally complied operation externally and corporate governance internally in the daily work, and promote healthy and sustainable corporate development. Fifth, service "the Belt and Road", strengthening cooperation with external parties to expand business prospects. Proactively promote international communications facilities construction and expand along key countries and regions of "the Belt and Road", and enhance all-rounded service-support capability rapidly. Fully utilize external resources, widen cooperation at levels such as capital, business and infrastructure. Sixth, arouse sense of responsibility, strengthen implementation of tasks, enhance assurance capability, promote economic and social development, and build a country with strong network.

A full review of the work in 2015 were made in the conference

In 2015, China Telecom deepened reform, accelerated development, and resulted in new achievements in various areas:

Completed missions set in production and operations, further strengthened corporate competence.

The number of mobile subscribers was about 200 million, while wireline broadband subscribers reached 110 million. At the same time, revenue contribution from emerging business grew rapidly and attained remarkable results in overseas expansion.

Accelerated the construction of 4G and fibre broadband networks, which enhanced the capability to support "Broadband China" strategy.

China Telecom extended its 4G network coverage to all cities and developed villages and towns nationwide, and all villages and towns in the eastern part of the country. 4G+ network covered key cities. The Company completed the due diligence, asset valuation, regulatory filing and asset injection of tower assets into tower company and promoted co-building and sharing. Furthermore, China Telecom accelerated the fibre upgrade of broadband network and proactively introduced private capital. In addition, the Company proactively commenced the speed upgrade for both mobile and wireline broadband networks while significantly lowered broadband unit price and mobile tariff, exceeding the target of "speed upgrade and tariff reduction" mission. In the information security front, China Telecom proactively assured network information security for the public. The Company launched security brands and products such as "e-Surfing security" and "Cloud dam" to offer premium security protection to important websites. It also regulated the dissemination of objectionable information over the network and helped fight against communications information fraud, to protect the legitimate right of customers.

Persistently improved operational efficiency by deepening the promotion of Internet-oriented transformation in key areas.

Through the promotion of Internet-oriented operation of services, channel operation, transformation of the network maintenance to operations and IT support, our operational efficiency has been improved to satisfy the diversifying communications and information needs of customers and enhanced user experience.

Through deeper market-oriented reform of sub-dividing performance evaluation units and "top-down" service support system, corporate development was vitalized and organic growth was continuously strengthened.

China Telecom deepened the promotion of sub-dividing performance evaluation units for the fundamental business which strengthened resources allocation and delegated responsibilities. The Company accelerated the development of "top-down" service support system and formed the initial shape of "headquarters-province-city" integrated service support system. Regarding the emerging businesses, the Company has been proactively introduced private capital and strategic resources.

Tightened financial control and strengthened financing management. The Company commenced asset assessment filings, strengthened the scope and depth of centralized procurement and enhanced audit management to provide firepower for corporate development.

Consciously fulfilled corporate social responsibility to accomplish the communications assurance mission for important events and disaster rescue operations; promoted the construction of information highways along regions and countries of "the Belt and Road"; commenced energy-saving technology upgrades and new technological applications.

China Telecom has been continuously expanding in a proactive manner, calmly responded to the challenging environment to sustain a solid and stable development momentum; implemented "New Three Roles" strategy to sustain corporate transformation; deepened reform to vitalize corporate development; seriously fulfilled economic and social responsibilities as a corporate citizen. The Company has entered into the Global 500 for several consecutive years, with ranking advanced by 44 places in 2015 compared with the ranking in 2010. The Company is also accredited by international reputable organizations as "Most Honored Companies in Asia" and "Best Managed Company in Asia" and etc.

The meeting reaffirmed key tasks in 2016

In 2016, China Telecom shall continue to further implement the five core values: "Innovation, Coordination, Green, be Open, Sharing". The Company will grasp the opportunities that bring about by technological advancement and market dynamics to continuously deepen corporate transformation. China Telecom will

promote structural reform on the supply-side with intensive effort and optimize resources allocation. To enhance the quality of corporate value, the Company will continue to upgrade its product and services and expand its business scale for greater contribution in the promotion of economic development and informatization construction. This should further enhance customer satisfaction as well as employees' sense of achievement and happiness. China Telecom will put focus on the promotion of restructuring on business, network, operations and management.

In 2016, China Telecom will advance the implementation of the five core values with power from reform and innovations. The Company will emphasize on operational focus, alter development methodology, improve key capability to enhance operational management standards.

For the year ahead, focus is to be placed on the following eight aspects. First, reinforce the two fundamental businesses to further consolidate the operation fundamental. Second, achieve breakthroughs in the five emerging businesses to nurture new growth drivers. Third, promote coordinated and aligned development to coagulate new cooperation power. Fourth, enhance key capability in six areas, develop core competence. Fifth, deepen the comprehensive corporate reform to fuel new momentum. Sixth, continuously strengthen precision management to improve quality and return of development. Seventh, persist in creating a favourable development environment with compliance and stringent governance. Eighth, further promote anti-corruption.

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