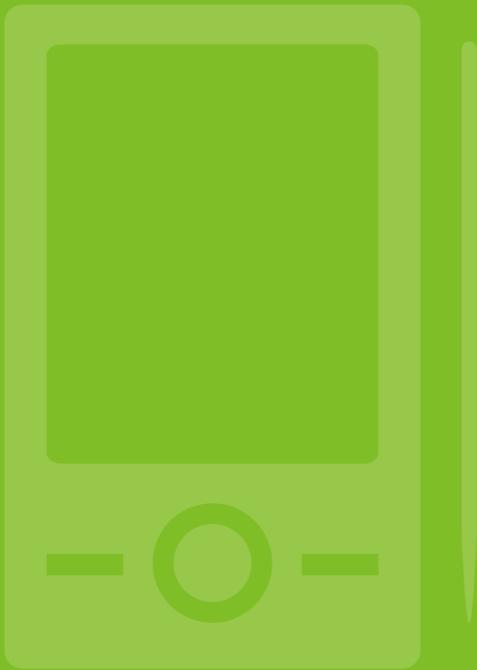


# Caring Society



*In addition to striving to enhance value of our customers and shareholders, our people have deep care for society. Facing the rare disasters of snowstorm and earthquake, they fearlessly made emergency repairs to restore communications, supporting the emergency rescue works while our free emergency call services ensured all people in need in the affected areas could give a pacifying call to and get connected with their families. This well-demonstrates our “unwavering dedications” to the society.*



# Corporate Social Responsibility Report

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*During the manned space flight mission of Shenzhou VII, China Telecom Shanghai Branch closely monitored the operation of the dedicated transmission lines and network to ensure its safe navigation.*

As the main national integrated information services provider with a long history of development and extensive scope of business, the Company has always adhered to its core philosophy of "all-around innovation, pursuit of truth and pragmatism, human resources as a foundation and joint creation of values", which provides returns to society, services to clients, caring for employees and returns to shareholders as its top priority. The Company insists on scientific development and dedicates itself to providing convenient, smooth and efficient integrated information services to the society. While maintaining these stable and solid operations, the Company remains responsible to all interested parties concerned in order to achieve harmony between corporate development, society and the environment.

Facing the general public's increasing demand for widespread application of information technology, the Company has proposed a transformation strategy towards becoming an "integrated information services provider". The Company, through the integration and innovation of services, has expanded the channels for its customers to obtain and exchange information, as well as enhance the efficiency of information applications. While helping promote the popularisation of information technology and improve living standards, this has allowed the Company to achieve sustainable and healthy development.

## China Telecom and Society

### **Business operations with integrity and in compliance with legal regulations**

The Company has been a model for the compliance of laws and regulations, social morality, business ethics and industry practices, making full tax payments in a timely manner. The Company also protects intellectual property rights, honors contract agreements and strictly abides by its commercial credit. Additionally, the Company opposes unfair competition and corruption in business activities. To understand and respond to public opinion through different channels, the Company strives to increase corporate transparency and establish an effective and standardised communication mechanism.

## Assistance for Rural Development

The Company has made great efforts in developing communication in rural areas, improving their infrastructure, reducing and eliminating information barriers and effectively promoting a coordinated economic and social development between different regions, cities and townships. While meeting the basic requirements for voice communication services in rural areas, the Company is devoted to the continuous and overall enhancement of the standards of information technology in rural areas. Taking the lead in establishing the notion of "Broadband Goes to Every Township, Information Technology Goes to Every Villager's Home", the Company has been successful in building a platform and creating innovative programs for the informatisation of rural areas. Through the implementation of a model information facility project, "Serving Thousands of Townships and Villages", the Company has been the pioneer in incorporating information technology into construction in rural areas, allowing the advancements of information technology to become practically beneficial to townships and villages. Capitalising on the service branches widely distributed in the townships and villages, the Company has introduced "E-farm" services, which integrates information resources that are related to construction in rural areas, such as technology, education and commerce, making use of voice, SMS, telephone, radio and broadband networks to build up a "Golden Bridge of Science and Technology" for the prosperity of rural areas. Responding proactively to the call from government, the Company has formed partnerships with other manufacturers in the industry chain, such as mobile terminals and computer manufacturers. Under the full support and active participation of the Company in the "Home Appliance Goes to Countryside" project, people in rural areas are able to enjoy improved living conditions, enhanced information technology and living standards and other substantial benefits. Despite the negative impacts brought by the global financial crisis, the Company has assisted with socialist rural development by actively boosting domestic demand.

## Participation in Public Welfare Activities

With a strong sense of responsibility, the Company has actively taken the lead in assuming its duties as an excellent corporate citizen whilst accelerating its self-development and promoting applications for information technology. In this regard, the Company strongly supports public welfare activities and proactively participates in poverty alleviation projects and different public welfare activities in relation to education, culture and sports.

The Company actively participates in providing assistance to poverty regions. To offer poverty alleviation for Yanyuan and Muli counties in Sichuan Province, the Company deployed four poverty-alleviation teams for the building of three primary schools and one hospital, as well as establishing electronic administration web support, education web support and cultural activities centers in the two counties. In this way, the Company made a contribution to the improvement of local communication and public infrastructures as well as the enhancement of living standards for the people living in poorer areas. Since 2002, the Company has been providing special poverty assistance to Bianba county in Tibet. To promote economic development, social advancement and to raise the production and living standards of the local people, the Company has deployed three Tibet-supporting teams for the implementation of more than 30 construction projects. The Company's contributions were greatly appreciated by both the local government and people.

In respect of the next generation and the growth of youths, the Company has assumed responsibility through its active contribution in providing information technology for education in the forms of the "Green Healthy Online Project" and the "Distance-Learning Educational System." As a result, the Company received from the government the "Most Outstanding Contribution Award" in the Healthy Online Campaign. The "Chinavnet" services provide under-privileged students in remote mountainous areas with quality course materials and online guidance by high-grade teachers, so that the under-privileged students are not left behind.

## Corporate Social Responsibility Report

To support the construction and to resolve the funding needs of the World Expo 2010 in Shanghai, the Company has been assisting in various ways, including offering direct sponsorship, co-operating with the exhibition organisation, providing integrated information services and participating in the construction of the Enterprise Pavilion. In addition, the Company has also helped elevate the level of informatisation through its information services to enable consumers to experience sense of technology and the future at the Expo. Ultimately, the Company will attain its mission and fulfill its responsibilities as the national main telecom operator by helping demonstrate to the world the achievements of China's reforms and through the popularisation of information technology at the Expo.

### Secured Emergency Communication

Over the years, the Company has undertaken the responsibility of securing safe and smooth national communications. The Company provides support for the successful holding of important political and social events, and has secured communication services for important festive holidays, the National People's Congress of the People's Republic of China and the Chinese People's Political Consultative Conferences. In 2008, the Company successfully completed its important duties in providing secured communications for the New Year's Day, the Spring Festival, the Beijing Olympics, and the launch and operation of the Shenzhou VII spacecraft.

The 2008 Beijing Olympics was an event highly anticipated by all Chinese people around the world. The Company paid great attention and devotion to ensuring the safety and secured communications for the event. To achieve this, the Company provided complete protection to communications by ensuring the security of infrastructure and the information network. The Company also put its utmost efforts in avoiding the destruction of communications facilities by including the security of communications facilities, such as infrastructure and other important areas, as well as network circuits into the agenda. To ensure information security on the Internet, the Company strengthened its management of malicious information on the Internet. In addition, the Company coordinated with other operators to ensure secured communications and quality services to major clients during the Olympics. The Company organised volunteer teams to provide attentive services to the Olympic Committee and people in all walks of life involved in the event, and therefore the Company's work was greatly appreciated by all sectors in China.

The Company has established a safe, reliable and flexible mechanism for emergency protection, which provides reliable communication security in case of outbreaks of significant incidents. In the event of catastrophic damage, the Company strives to ensure smooth communications and restore communication services in disaster-stricken areas in a timely manner.

An earthquake measuring 8.0 on the Richter scale hit Wenchuan County of Sichuan Province at 2:28 p.m. on 12 May 2008, resulting in an enormous disaster for people's lives and property. Disaster makes command while information gives life. In response to the severe situation, the Company understood the significance of maintaining efficient communications during the earthquakes relief effort. Mr. Wang Xiaochu, our Chairman, rushed to the disaster-stricken area at once to command the relief work on the frontline. Even though suffering from serious damages, the Company took the national interest first and devoted all its efforts and resources into restoring communications services. To provide strong support to the relief effort, the Company restored external communications to the disaster-stricken areas at the highest possible speed, thus becoming a pioneer in many aspects, including (1) setting up external emergency communications system for the Office of National Headquarter for Earthquake Resistance and Disaster Relief, (2) restoring external communications in Wenchuan, Beichuan and Qingchuan, (3) restoring basic communications in Li County and, (4) restoring communications in Pingwu, Maoxian and Xuankou.

# Corporate Social Responsibility Report



The Company carried forward a spirit of "When one is in need, all render their help" so that the Company was not only restoring its own communication services, but also actively fulfilling its corporate social responsibility. The Company put its utmost efforts in guaranteeing the efficient communications for relief workers, the party, the government, the military, the financial sector, and electricity supply. The Company also helped its peer telecommunications operators restore communications services and divert communication traffic. The Company made outstanding contributions in the relief work. It installed free telephones within the disaster-stricken areas, set up hotlines for people to search for their families, and provided free services for the disaster-stricken people. The Company's contributions were highly recognised and appreciated by the government and people from all walks of life.

While actively carrying out relief work, the Company organised donations of money and materials to the disaster-stricken areas from all branches and employees. China Telecom Group made a donation of RMB330 million in money and material supplies to the disaster-stricken areas, in which RMB83.92 million was from its employees. To devote the maximum amount of passion, care and help to the people affected, the Company made additional efforts, such as the opening up of a hotline for a TV programme specially for the relief and providing free communications services for relief activities. The Company also assisted proactively in the launch of post-disaster reconstruction of the earthquake-hit areas. Taking the urgent needs of the disaster-stricken areas and victims as its own, the Company donated actively to people in need with passion and provided timely and quality after-sales service for products together with a secured service quality. In this way, the Company helped the people in the disaster-stricken areas rebuild their homes and resume their production and lives. For its outstanding contributions to donation to Wenchuan areas as well as its products and secured service quality, the Company was the only telecom company honored with an award.

## Receiving positive comments

The Company was awarded as the "Asia's Best Managed Fixed Telecom Company" for two consecutive years by Euromoney, in the ranking of the Asia's best managed companies. In accrediting Asia's Best Companies 2008 by *FinanceAsia*, the Company was ranked at the top for the "Best Managed Company—China". In addition, the Company's 2007 Annual Report also won the gold award in the category of "Annual Reports: Telecommunications" at the "Galaxy 2008 Awards".

## Corporate Social Responsibility Report

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*China Telecom emergency repair team climbed a rugged mountain to reach the damaged areas of the Sichuan earthquake to restore telecommunications.*

## China Telecom and Customers

### Informatisation creates value for customers

As the major driver in promoting government informatisation, the Company actively boosted the office automation of the government, the “Three Golden Projects,” e-government and the establishment of electronic administration so that people can gain access to government information and services from different channels. To meet the informatisation development requirements of different industries, the Company proactively customises informatisation solutions to industries such as quality inspectors, police, customs, taxation and logistics. The Company also provides a global one-stop shopping service in line with international standards. With safe, quality, and effective expert-level telecommunications services, the Company assists enterprises in controlling information, grasping future trends and transform themselves into industry leaders.

The Company introduced two brands and services in relation to integrated information services, “BizNavigator” and “Best Tone”, which help a wide range of enterprises elevate their level of informatisation and improve their competitiveness and profitability. To enhance the level of information technology and application efficiency, the Company launched integrated services under the brand “e surfing”, including integrated office and corporate switchboard services, after receiving a mobile business license.

### Provide Quality Networks Services for Customers

The Company has been continuously strengthening its information infrastructure to meet the infrastructure requirements for the informatisation of the national economy. To satisfy the ever-increasing demand for communication services, the Company has established a large-scale, safe and stable communication network and has fully utilised existing network and data resources. The network is also improved to match the business development of the Company and has been developed as a world-class telecommunications network with both broadband and narrowband, voice/data integration and harmonious wireline/wireless development. In this way, the Company has contributed to providing its customers with quality, efficient and safe communication services, improving the information infrastructure of the nation and establishing a smooth information network.

### Innovative Technology Raises Service Standards

The Company strived to promote timely benefits and bring forward the fruits of technology improvement to customers. To achieve this, the Company has actively launched the business and product development of its four brands, “BizNavigator”, “One Home”, “e surfing” and “Best Tone”. The Company also launched research and development of solutions for integrated informatisation which are applicable to different industries, such as education, health care, public security, industry and commercial administration, and hotels. In addition, the Company has actively carried out major strategic technology research on third-generation mobile communication, broadband connection, artificial intelligence optical fiber network and Next Generation Internet, thus fully supporting the Company’s strategic transformation from a traditional basic network operator into a modern integrated information service provider.

By establishing a comprehensive business system with independent technology and collective innovation, the Company has been actively developing new products, new technology and new business models. With an aim to promote the formulation of new standards and regulations and the continuous evolution of communication technology, the Company has strengthened the construction of the platform for new technology and knowledge sharing and has actively applied for various patents.

## Satisfactory Customer Service Protects Customers' Interest

The Company has been planning and implementing its customer service as an important part of its whole corporate strategy. Inheriting the service principle of "Customer First, Service Foremost", the corporate mission of "Let Customers Fully Enjoy New Life of Information Services", and the operation philosophy of being a "Pursuant of Corporate Values and Customers' Values to Sustain Mutual Growth", the Company dedicates itself to serving customers sincerely and enriching the service content. During the Beijing Olympic Games, the Company proactively responded to the call from the Consumers Association to "Reinforce the social responsibility, and welcome the Olympics together". To actively participate, support and protect the Olympic Games, the Company organised carefully activities for providing "Gold Medal Services for Olympics". With its efforts recognised by customers and highly appreciated by the Consumer Association, the Company was honored as an "Outstanding Unit Realising the Promise for the Olympics".



Mr. Yang Jie, our Executive Vice President, was one of the torchbearers for the Beijing Olympic Games

## China Telecom and Environment

The Company has been actively using environmental-friendly materials and paying great attention to maintaining a healthy environment for humankind. Its telecommunications projects are constructed under the guidelines and measures of environmental protection. When purchasing its telecommunications equipment, the Company carefully selects optic fiber cables and transmission systems that are noiseless and free from electromagnetic radiation and pollutants. When carrying out field surveys on communication routes, the Company always tries to avoid mines, forests, grasslands, wild animal habitats, natural heritage sites, relic sites, natural reserves and famous scenic spots. When laying down fiber optic cables, the Company adopted directional drilling techniques which allow cables to pass directly through any obstacle without affecting the surrounding environment. During the snowstorm in the southern region in early 2008, the Company demanded all branches to efficiently collect and handle all abandoned batteries when fighting against the snowstorm to avoid potential environmental risks.

The Company has been establishing resource-conserving enterprises while striving to achieve energy-saving and emission reduction. To reduce costs, the Company enhanced the efficiency of capital and implemented actions to improve its efficiency while reducing its costs. It separately standardised the costs of different operating functions, including offices, marketing, maintenance, labor and investment. To build a strong atmosphere of "resource-conserving enterprise" in all levels of the Company, the Company uses energy-saving lamps throughout its production and offices, appropriately adjusts the temperature of telecommunications machine rooms and offices, and encourages the entire workforce to save paper and water.

In the future, in line with further strategic adjustment in economic structure and the continuous acceleration of the process of popularising information technology within national economic activities in China, the Company, through its strategic transformation, will actively engage in various mutual beneficial collaborations in the industry. This will result in a range of benefits, such as the combination and extension of the industry value chain, continuous expansion of areas for cooperation, improvement in operating efficiency in the whole industry and the creation and maintenance of a healthy and harmonious industrial environment, all of which will contribute to sustainable and healthy development of the industry and will help to achieve the Company's goal of serving the national economy and promoting social development while seeking maximum return for its shareholders. The Company will sincerely provide returns to society and make its due contribution to the building of a more harmonious society.