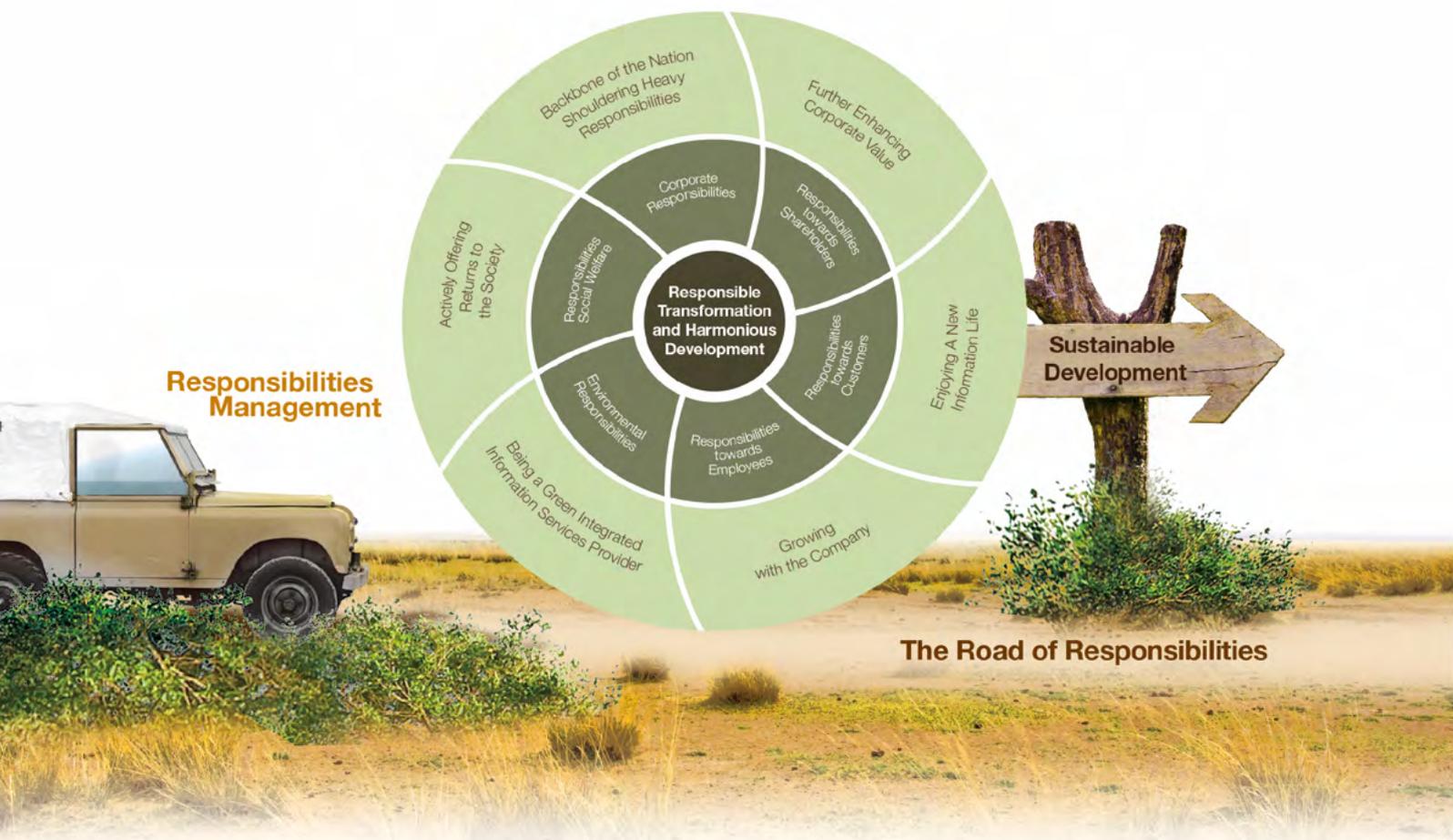




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CORPORATE SOCIAL RESPONSIBILITY REPORT

By adhering to the core philosophy of “comprehensive innovation, pursuing truth and pragmatism, respecting people and creating value all together”, China Telecom persevered in the fulfillment of its responsibilities to stakeholders, further promoted enterprise transformation and continued to enhance its comprehensive corporate value.



I. Operating with integrity and in compliance with the laws

The Company persists in operation complying with the laws and integrity, through complying with relevant laws and regulations, industry regulations and business ethics. We have established an all-rounded and seamless compliance system featuring legal education, strengthening internal control, audit supervision, anti-corruption and comprehensive risk management. We have created a lasting, effective and standard communication mechanism in order to regulate the disclosure of corporate information. We have taken the initiative in receiving government regulation and social supervision. In accordance with changes in areas such as laws, regulations, policies and business operations, we continued to strengthen the construction of the Company's regulatory systems. In 2014, we developed a manual and other regulations on integrity, revised and improved regulations on internal control, equity investment and contract management. We also launched the supervision and inspection of the implementation of such regulations, and made timely rectification when problems were discovered.

II. Fulfilling our essential responsibilities as a telecom operator

China Telecom regards the construction of complete and comprehensive basic networks, developing universal telecommunications services, guaranteeing emergency communications, maintaining information health, promoting indigenous innovation and facilitating industrial development as our inherent responsibilities.

Conducting the 4G hybrid network trial in an orderly manner

China Telecom implemented the national overall plan by conducting technology research and validation tests on the interoperating of the 4G hybrid network. The Company carried out 4G hybrid network construction in more than 100 major cities across the country, launched 4G services in 56 pilot cities, established 19 industrial and 78 corporate standards, and made breakthroughs in hybrid network technology.

Promoting the "Broadband China • Fibre Cities" project

As a key player for constructing China's broadband network, during the four consecutive years since 2011, China Telecom further accelerated the construction of broadband infrastructure by promoting the FTTH construction in urban areas and applying customised techniques in broadband network construction in rural areas to speed up the installation of broadband lines in administrative villages.

As at the end of 2014, the coverage of China Telecom FTTH reached over 120 million households. Over 300,000 administrative villages in 21 provinces in southern China installed broadband lines. The Company achieved its "Broadband China • Fibre Cities" goal set in 2011 a year earlier, with the number of wireline broadband subscribers reaching 107 million, of which 42.61 million were FTTH subscribers. The percentage of broadband subscribers with 8Mbps or above reached 45.7%.

Continually promoting the “Village-to-Village” projects

China Telecom continued to promote the construction of communications networks in rural areas and remote rural villages. In 2014, the Company completed the installation of broadband lines in over 4,700 administrative villages and telephone lines in over 980 natural villages. Service outlets in rural areas were also constructed in coordination with the installation. The Company strived to raise the standard of informatisation for rural areas, agricultural enterprises and individual farmers and bridge the digital divide between cities and the countryside.

Securing emergency communications

China Telecom is dedicated to securing smooth national communications. In 2014, the Company quickly responded to the rescue activities of a number of natural disasters such as the Ludian earthquake,

taking initiatives to restore communication services in the affected areas within the shortest possible period of time. Throughout the year, a total of 24,000 counts of relief workers, over 5,000 counts of rescue vehicles and over 6,000 counts of emergency communications equipment were deployed for this purpose. The Company successfully accomplished the communication support tasks of important events such as the APEC Summit and the Youth Olympic Games.

III. Fulfilling our responsibilities towards our customers

Adhering to our operation philosophy of “pursuing mutual growth of corporate value and customer value”, and the service philosophy of “Customer First, Service Foremost”, China Telecom strives to protect the interests of customers according to the law. The Company also strives to understand our customer needs and provide suitable and easy-to-use products for all our customers, including individuals, households,



corporations, government and social undertakings. With customer perception as a starting point, the Company incorporates customers' demand for innovative services and continually enhances its service quality through resolving key service issues in a timely manner based on customers' feedback to enable our customers to fully enjoy a new informatisation lifestyle. According to statistics from the Ministry of Industry and Information Technology, China Telecom continued to lead in the customer satisfaction ratings of wireline broadband services and 3G Internet services in 2014.

Launching customised 4G service plan

In July 2014, China Telecom became the first in the industry to launch customised 4G service plans, which allowed customers to enjoy "customising the plan, changing and converting the combination of services and transferring the plan to others". Customers were able to tailor-make customised plans based on their consumption patterns and needs at a tiered pricing standard based on usage level of services including data, voice, message, and other services.

The customised plan brought new convenience to customers, including: first, there was no limit on each

service including data usage, voice and message; second, upon the commencement of the service, customers could change service combinations in their customised plans based on their habits or scenarios, not only by exchanging the data usage, voice and message allowances in a certain proportion within the monthly plan, but also by transferring service allowances to other customers using the customised service plans as well.

The customised service plan has been widely acclaimed by our customers. The Company extended the same offer from online Internet channels to offline physical channels so that more customers could enjoy the customisation services and the fun brought by it.



Ethnic minorities enjoy the new informatisation lifestyle

Improving people's livelihood through "Best Pay"

Leveraging its communications advantages, China Telecom launched a series of safe and convenient online financial services including "communications plus payment" and "payment plus financial planning" under the brand name of "Best Pay", to improve people's livelihood through technology and to promote a smarter lifestyle. In 2014, the number of "Best Pay" users exceeded 100 million. Best Pay grew into the most extensively covered daily-life payment platform in the country, reaching a cumulative gross merchandise value of over RMB350 billion. Online financial products such as "Tianyibao" and "e-Surfing Credit" were also popular among the customers, with the number of "Tianyibao" customers reaching 3 million.

Developing new media services for clients

China Telecom actively adapted itself to the changes in mobile Internet development and customers' demand for services. Following the idea of "services are in place wherever customers are", we developed online sales outlets and mobile sales outlets, as well as new third-party social media customer services including YiChat, Weibo and WeChat. Customers can top up phone credits, settle payment, inquire into hot information and check plan information such as account balance, bill and reward points conveniently on their computers or mobile devices. They can also communicate real-time with customer service staff instantly for help if they encounter any difficulty.

In 2014, China Telecom further stepped up its efforts and managed its online sales outlets and mobile sales outlets operations in an efficiently-centralised manner. We realised a centralised management of the public accounts on Wechat and YiChat. At the end of 2014, the Company had acquired over 120 million users on new media customers service channels and achieved over 70 million monthly self-service volume. At the same time, the Company received "The 2014 Best China Enterprise New Media Micro Customer Service Award" from the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

After the earthquakes in Ludian County and Jinggu County, Yunnan Province and Kangding County, Sichuan Province in 2014, China Telecom took advantage of the new media and proactively participated in disseminating rescue information and implemented 24/7 content delivery mechanisms on its Weibo customer service account in a timely manner. It also linked up with the Weibo of other operators and provided timely updates to the society on the progress of the relief work of the telecommunications field. In addition, China Telecom also provided comprehensive communication support information, rapidly collecting and disseminating information on help seeking, search notices and safety report as well as spreading earthquake-related knowledge to the public, which reached over 20 million counts of people.

IV. Fulfilling our responsibility towards our employees

We consider our employees to be our most valuable resource. The Company adheres to the principle of respecting people and cherishing every employee. In accordance with relevant state laws and regulations, we safeguard the interests of our employees and focus on the establishment of stable and harmonious labour relations. We value the leverage of various types of professionals and technical staff and seek to align the development of the Company with that of the staff. We support labour unions in carrying out their functions and encourage our employees to participate in the democratic management of the Company and protect their right to be the master of their own affairs.

In 2014, we continued to carry out production safety publicity and provide education and training to implement our production safety accountability system and safety management system. We continued to improve the working and living conditions of our frontline employees by implementing the construction of the “Four Smalls” initiative, namely, small canteens, small bathrooms, small washrooms and small activity rooms at the workplace with a total investment amount exceeding RMB100 million, benefiting 130,000 employees. The Company promoted sub-dividing performance evaluation units with performance contracts reform, helping frontline employees to increase their income through development.

Throughout the year, the Company devoted major efforts to implementing a capability enhancement programme for frontline “unit CEOs”. Over 8,000 counts of county (district)-level company managers, 27,000 counts of shop managers and 21,000 counts of rural bureau secretaries received training under the project. The Company organised a number of labour competitions and skills competitions to encourage our employees to share their knowledge, experience and skills, and help each other to improve their professional skills and practical experience.

All levels of the Group listened to the requests of employees and cared for the psychological well-being of our employees. The Company leveraged the “China Telecom Employees’ Honours System” to motivate employees to continue to pursue excellence. China Telecom continued to provide support for its employees who were in difficulty, regularly offering comfort to its employees and helping all employees to solve their practical difficulties and problems.



Provision of fibre network services in residential communities

V. Fulfilling our responsibility towards the environment

Establishing the concept of “Low-Carbon Telecommunications and Environmentally Friendly Development”, China Telecom is committed to being an “Environmentally Friendly Integrated Information Service Provider” by further promoting energy saving and emission reduction in the areas of procurement, construction and operations as well as enhancing environmental protections. In 2014, we intensified the application of an energy consumption monitoring system, advancing the promotion of sub-dividing energy consumption performance evaluation units, comprehensively promoting Energy Performance Contracting, steadily promoting a raise of temperature in our equipment rooms, accelerating the upgrading and service withdrawal of obsolete equipment with high energy consumption, and saving approximately 800 million kilowatt-hours of electricity in the year.

During the year, China Telecom cooperated with its parent company to jointly construct and share telecommunications infrastructure with various telecommunications operators to avoid duplicate construction, protect the natural environment and landscape, reduce the amount of land use, and reduce the consumption of energy and raw materials. The Company devoted more effort to promoting the joint construction and sharing of telecommunications infrastructure in areas such as transportation, scenic parks, and large buildings. It also focused on increasing the proportion of joint construction and sharing of tower resources, base station equipment rooms, main supplies introduction, communication poles and pipelines. We successfully completed the assessment indicators on joint construction and sharing of telecommunications infrastructure and facilities set by the Ministry of Industry and Information Technology and the SASAC with no violation of prohibitive provisions.

The Company continued to develop and promote environmentally friendly information products to help our customers' energy saving and emission reduction, as well as environmentally friendly development.

Promoting the service withdrawal of obsolete equipment

China Telecom proactively implemented the notice of “Catalogue for Elimination of Obsolete Telecommunications Equipment with High Energy Consumption (First Batch)” issued by the Ministry of Industry and Information Technology in 2014. The Company comprehensively organised its existing network resources, developing practical elimination plans for obsolete equipment, and implementing unified deployment plans. Within the year, the Company completed the service withdrawal of over 100 toll stations, nearly 1,000 end stations and over 42 million cable ports, saving 390 million kilowatt-hours of electricity. It also devoted effort to promoting network switching of core Data Communication Network (DCN), closing down or storing inefficient business platforms on the cloud, promoting service withdrawal of obsolete equipment for Digital Data Network (DDN) and simplifying network, making remarkable achievements.

VI. Contributing to community well-being

China Telecom was consciously involved in social welfare undertakings. We supported the development of science and technology, education, culture, sports and health undertakings, caring for vulnerable groups in society and helping those in distress and poverty. We advocated and encouraged our employees to foster the volunteering spirit and participate in various forms of voluntary service activities. In 2014, we continued to assist our parent company with promoting poverty alleviation and assistance in Tibet. We participated in

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a variety of assistance programmes in Bianba County, Tibet Autonomous Region, Yanyuan County and Muli County, Sichuan Province and Shufu County, Xinjiang Uygur Autonomous Region. The Company assisted with projects in relation to infrastructure construction, informatisation, education and training, agriculture, health and science and technology.

In 2015, China Telecom will further deepen its reform and promote its Internet operations. We will play an active role in implementing industrialisation, informatisation, urbanisation and agricultural modernisation in the process of their development. We will assist with the transformation and upgrade of various sectors and industries, while creating value in our business for stakeholders. We will also strive to make new contributions to build a well-off society.



*Fully devoted to restore telecommunications services
in affected areas to support rescue and relief work*