

CHAIRMAN'S STATEMENT



Ke Ruiwen

*Chairman and
Chief Executive Officer*

In 2023, the changes unseen in a century evolved in an all-round and in-depth way, while the new round of sci-tech revolution and industrial transformation accelerated, and the building of Digital China further deepened. Proactively seizing development opportunities, China Telecom fully and deeply implemented its Cloudification and Digital Transformation strategy, enhanced the driving forces of sci-tech innovation and fully completed the deployment in strategic emerging businesses. The Company accelerated the development of new quality productive forces and pushed forward its transformation from a traditional telecom operator to a service-oriented, technology-oriented and secured enterprise, further empowering the sustainable economic and social development.

Taking responsibility through digital empowerment. The Company has continued to consolidate the digital foundation and built the world's largest 4G/5G co-built and co-shared network, with over 1.21 million 5G co-shared base stations in use and over 2 million 4G mid-band co-shared base stations. The Company implemented the national project of "East-to-West Computing Resource Transfer", continued to optimise the layout of computing power, and accelerated the construction of new computing power infrastructure, with the scale of intelligent computing power reaching 11 EFLOPS, propelling the intelligent evolution and upgrade of cloud-network integrated digital information infrastructure. The Company developed high-quality digital products and services and launched "Lingze data elements 2.0 platform". The Company created "Yunxiao", an intelligent computing acceleration platform integrating cloud, intelligent computing and supercomputing, and launched "Huiju", a one-stop intelligent computing service platform. The Company created the "1 + N + M" Xingchen large models series product portfolio, rolled out 12 large vertical models in vertical fields such as government administration, education and transportation, accelerating the new industrialisation empowered by artificial intelligence (AI). The Company promoted the brand-new upgrade of 5G products and services and integrated promotion of digital home, smart community and other use cases and applications. The Company proactively built a full-stack capability system for digital government and developed a platform for social governance to help elevate the levels of government administration services and smart governance. The Company enhanced the mechanism and process of "customers have the final say" and strengthened the intelligent service capability, with its customer perception and service reputation continuing to elevate. The Company built outstanding brands and insisted on the leading role of brands in driving the enhancement of service capabilities.

Green development as the backdrop. The Company proactively practiced the green development principles and implemented the "1248" dual-carbon action plan focusing on the national "dual carbon" goals, empowering green development leveraging digitalisation while driving digital transformation led by greenness. The Company built the green cloud-network. Through co-building and co-sharing as well as various energy saving measures, the Company reduced its greenhouse gas emissions by more than 13 million tons, while greenhouse gas emissions per unit of total volume of telecommunications services decreased by 19.6% year-on-year. Through the optimisation of energy consumption structure, the consumption volume of green electricity with "integration of trading of permit and electricity" exceeded 1.1 billion kWh, representing an increase of nearly 3 times year-on-year. The Company strengthened the recycling of resources and optimised the building of green packaging and idle and waste materials disposal systems. The Company also accelerated the breakthroughs and conversion of green technologies and developed a series of proprietary green and low-carbon products such as e Secure Energy, e Energy Saving, and e Extreme Cooling. The Company elevated the level of green management, strengthened dual-carbon informatised management and the nurturing of talent teams, and launched trials of internal carbon trading to tap the carbon reduction potential through market-based mechanisms. The Company empowered the green economic and social development, optimised green products and service systems, intensified its efforts in fields such as ecological protection, pollution prevention and control, energy conservation and carbon reduction by making full use of digital technologies, supporting the society to reduce greenhouse gas emissions by over 100 million tons.

Forging shields through security development. The Company continued to enhance the security system and integrated security development into all fields and the entire process of its production and operation, striving to achieve favourable interaction between high-quality development and high-level security. The Company optimised the working mechanism of network and information security and continued to enhance the cloud-network-edge-terminal integrated security capabilities system. The Company provides digital security products and services, with its Anti-DDoS Cloud Dam maintained the No. 1 ranking in terms of market share in China while Security Brain served in total tens of thousands of industry customers. The Company built the industry's first managed security service platform at the operator level, conducted independent research and development (R&D) of security products such as Quantum Security Service Platform and Quantum-encrypted Message, to fully ensure the security of user information and data. The Company completed communications assurance for flood control and disaster relief in the Beijing-Tianjin-Hebei region and the Jishishan earthquake in Gansu Province, as well as communications assurance for major events such as the Hangzhou Asian Games, the Chengdu Universiade, and the "Belt and Road" Forum for International Cooperation. The Company launched the world's first communications service of smart phones with direct satellites connection, which plays the role as a last resort in emergency rescue communications support and was awarded the 2023 Top 10 Super Projects of Central State-owned Enterprises (SOEs) by the State-owned Assets Supervision and Administration Commission (SASAC). The Company strengthened production safety, clarified the responsibility of all staff and optimised systems and mechanisms. The Company also enhanced investigation and rectification, inspection and supervision, as well as warning and reminder of safety risks and hidden dangers and promoted the digital construction of production safety management.

Promoting co-sharing through inclusive development. The Company protected the rights and interests of employees, provided employee care and support, and helped them enhance their capability and value, with their sense of gain, well-being and security being further strengthened. The Company built a responsible supply chain and a supply chain management system with resilience and safety, value creation, digital intelligent empowerment, green ecology, as well as legal and regulatory compliance. The Company carried out wider and deeper cooperation with various parties in the industrial chain in areas such as technologies, products and capital and successfully held the Cloud Ecology Conference and Digital Technology Ecology Conference. The Company accelerated the building of the World Broadband Association (WBBA), and proactively built an open cooperative and win-win industrial ecology. The Company served rural revitalisation, orderly promoted targeted assistance, matching support and industry assistance, promoted universal service, and continuously enhanced the network coverage of remote border areas. The Company promoted care for the elderly and provided more convenient, more attentive and better information and communications services as well as dedicated services for the elderly. The Company has been committed to social welfare and proactively helped the disabled and underprivileged. The Company initiated the launch of "Public Welfare Union of Caring Stations", and 96 of its "Caring Stations" have been awarded the title of "Most Beautiful Trade Union Outdoor Worker Service Station" by the All-China Federation of Trade Unions. The Company participated in the co-building of the "Belt and Road" with high quality and strengthened international cooperation in the field of information and communications while also promoted global network interconnection. The Company has always been supporting the development of local communities at overseas as well as the enhancement of cultural integration.

Consolidating foundation through modern governance. The Company further optimised corporate governance and carried out standardised corporate operation. The Company promoted the optimisation of its subsidiaries' corporate governance system, enhanced the vitality of operation and development, and ensured that corporate operation is in line with the long-term interests of the Company and all shareholders. The Company comprehensively deepened reforms of systems and mechanisms, intensified efforts in promoting reforms in key corporate areas and processes based on customers' demands for digitalisation and optimised the institutional set-up of headquarters. The Company promoted innovative reforms in fields such as government and enterprises, channels as well as sci-tech innovation, propelled new breakthroughs in reforms of professional companies and constantly enhanced the market-oriented operation mechanism, to unleash new momentum for corporate development. The Company strengthened compliance and risk management, reinforced the protection of intellectual property, and upheld the principle of fair competition. The Company further promoted the development of a culture of integrity as well as financial and audit supervision, while took a series of measures to prevent and defuse major risks.

Looking into the future, China Telecom will firmly fulfil its responsibilities in building Cyberpower and Digital China as well as maintaining network and information security, further deepen the implementation of its Cloudification and Digital Transformation strategy, fully deepen reforms and opening up and promote high-quality development on all fronts. The Company will work with various stakeholders to promote sustainable economic and social development and write a chapter of Chinese modernisation for telecommunications.