

A Speech at the [ICT@China](#) Summit of ITU

Telecom World 2006

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Ladies and gentlemen,

Good afternoon! This Summit is really an ideal platform in ITU Telecom World 2006, where we can have in-depth exchanges on the ongoing development of information and communications technologies. Please allow me to take this opportunity to extend our sincere gratitude, on behalf of China Telecom, to the senior officials, foreign and domestic colleagues and partners, for supporting China Telecom all the time!

As the largest network operator in China, China Telecom operates the world's largest fixed-line network, and is traded in

New York Stock Exchange and Hong Kong Stock Exchange. In recent years, guided by the scientific outlook on development, China Telecom has been aggressively improving IT penetration and strengthening IT industry of China, and at the same time seeking transformation towards to an integrated information service provider. At the moment, China Telecom has a fixed user base of over 250 million and a broadband user base of more than 25 million. While improving penetration of services, China Telecom, backed by our robust network and high-quality service, has also provided strong technical support and network assurance to facilitate IT use in every sector and field.

Firstly, driving IT-based upgrade of traditional industries and pushing up IT penetration in industries. By building win-win innovative business models on the value chain, we have explored industry-specific total solutions through our partnership with various industries including inspection & quarantine, public security, insurance, health care, taxation, oil and customs to foster the development of e-governance, e-commerce, e-education, e-medicine, fixed-line payment, and video surveillance, helping to enhance IT use in the entire society.

Secondly, building a new socialist countryside by promoting IT use in rural areas. Rural communications have always been a strategic focus of China Telecom. Our network has been extended to the previously unconnected 19,366 administrative villages, and is providing telephony services to around 70 million rural users. Besides, we have also made efforts to extend Internet access to rural areas. At present, narrowband Internet access is available to all areas accessible to telephony services, and broadband access is available to over 65% of the towns. Pilot IT projects are getting underway for rural areas in Jiangxi and Zhejiang provinces, to provide practical information services to facilitate rural economic development and livelihood. These efforts have proved conducive to narrowing the urban-rural digital divide and increasing rural productivity, incomes and harmony in rural areas.

Thirdly, expanding into overseas market in response to the “Going global” strategy of the government. China Telecom regards international business as its strategic focus and adheres to the principle of “expanding customer base, services and network”, while giving priority to economic returns and risk control. With a view to delivering services to

Chinese enterprises operating overseas, we have established branches in US, Hong Kong, Europe and middle Asia and enhanced our brands for global products, business and service, which contributes to China's political, economic and trade ties with other countries.

At the moment, telecom industry is embracing a new environment. Full service operation, convergence and restructuring are dominating world telecom industry; faster mobile substitution of fixed services keeps most fixed-line operators at bay; rapid penetration of the Internet, booming new technologies and services such as VoIP, P2P and instant messaging are creating both new opportunities and fierce challenges to the existing business models. To address these issues, China Telecom will take the following three proactive measures: First, adopt new growth models and focus on brand building to speed up development of Biznavigation, broadband and IT services while stabilizing our traditional services and to increase non-voice revenue in a bid to make new breakthroughs in our transformation. Secondly, to enhance market-based innovation strength and efforts to develop new services and products so as to foster our core competence. Thirdly, to take this event as an opportunity to build and

consolidate partnership with overseas and domestic telecom operators, equipment vendors and others for common and win-win development.

At last, I wish this event a great success. Thank you!