

2012 Annual Results

Forward-Looking Statements

Certain statements contained in this document may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended). Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of China Telecom Corporation Limited (the “Company”) to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.

Presentation by

Mr. Wang Xiaochu

Chairman & CEO

Mr. Yang Jie

President & COO

Madam Wu Andi

Executive Vice President & CFO

1. Overview

2. Business Review

3. Financial Performance

Highlights

- ▶▶ Robust business development optimized revenue structure & drove double-digit revenue growth surpassing industry average

- ▶▶ 3G traction fostered mobile scale development & industry-leading mobile revenue growth with enhanced customer value



- ▶▶ Accelerated fibre deployment to boost broadband development and strengthen high bandwidth & high quality edges

- ▶▶ Timely completed mobile network acquisition to enhance future profitability

Solid Revenue Growth to Foster Long-term Value Enhancement

		2011 (restated)	2012	Change
Operating Revenue (RMB Mil)		245,068	283,073	15.5%
Operating Revenue (Excl. Mobile Terminal Sales) (RMB Mil)		231,133	258,316	11.8%
Pre-leasing fee	EBITDA (RMB Mil)	94,371	96,387	2.1%
	EBITDA Margin	40.8%	37.3%	-3.5pp
Post-leasing fee	EBITDA (RMB Mil)	75,360	70,841	-6.0%
	EBITDA Margin	32.6%	27.4%	-5.2pp
Net Profit (RMB Mil)		16,500	14,925	-9.5%
EPS (RMB)		0.204	0.184	-9.5%

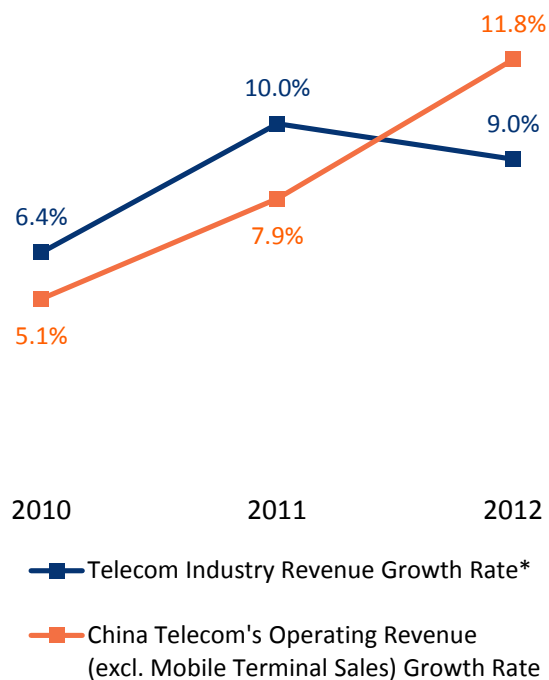
- Leveraging the iPhone launch, an appropriate increase in marketing initiatives to promote further breakthrough in high-end market & enhance revenue growth. Despite the short-term pressure on company's profitability, it is expected to significantly enhance long-term sustainable growth & value

Notes: Unless otherwise stated in this presentation

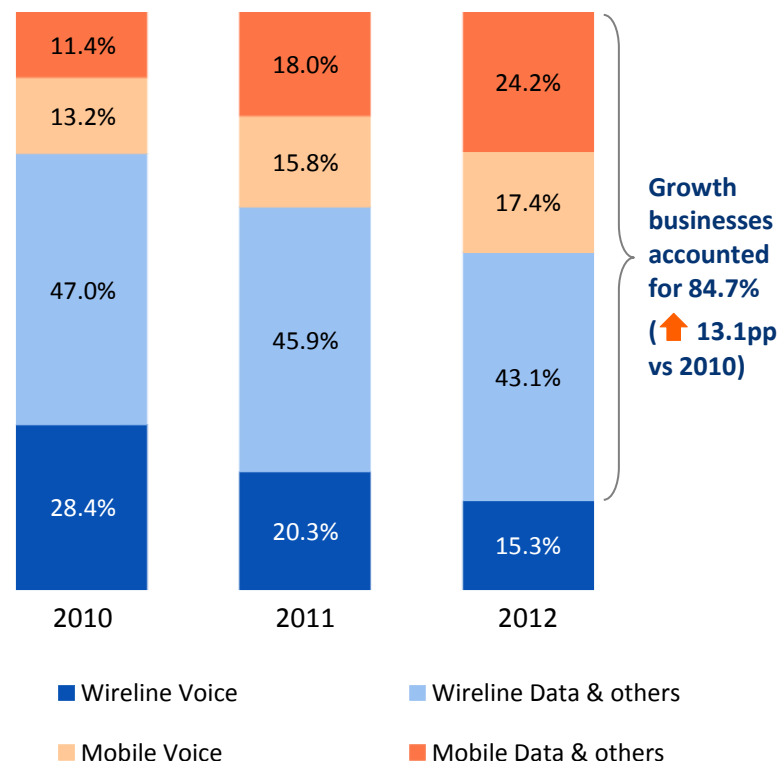
1. Net Profit represented profit attributable to equity holders of the Company
2. 2011 data were restated to include the retrospective impact of the acquisition of digital trunking business
3. EBITDA Margin = EBITDA / Operating Revenue (Excl. Mobile Terminal Sales)

Deepened Strategic Transformation to Accelerate Growth Momentum

Double-digit revenue growth surpassing industry average



Robust full-services development with increasing mix from growth businesses

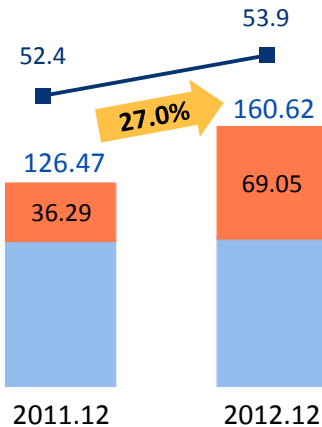


*Source: Ministry of Industry and Information Technology

Industry-leading Mobile Revenue Growth

Mobile Subs

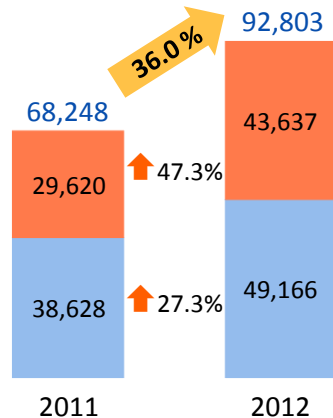
Mil



■ 2G Subs ■ 3G Subs — Mobile ARPU (RMB)

Mobile Service Revenue

RMB Mil



■ Mobile Voice ■ Mobile Data

Fully leveraged superior strengths in 3G network & services to rapidly expand mobile subscriber scale & increase customer value

- ▶ **Fast mobile scale expansion underpinned by peer-best 3G network coverage leading in width & depth, fast proliferating smartphones adoption & mobile Internet applications**
 - Mobile net add: 34 mil
 - Mobile subs: 161 mil
 - Mobile subs market share: 14.5% (↑ 1.5pp yoy)
 - 3G net add: 33 mil
 - 3G subs: 69 mil
 - 3G subs as % of mobile subs: 43% (↑ 14.3pp yoy)
- ▶ **Data services effectively enhanced customer experience & value, driving mobile ARPU rebound by 2.8% yoy**

Timely Completed Mobile Network Acquisition to Drive Future Profitability

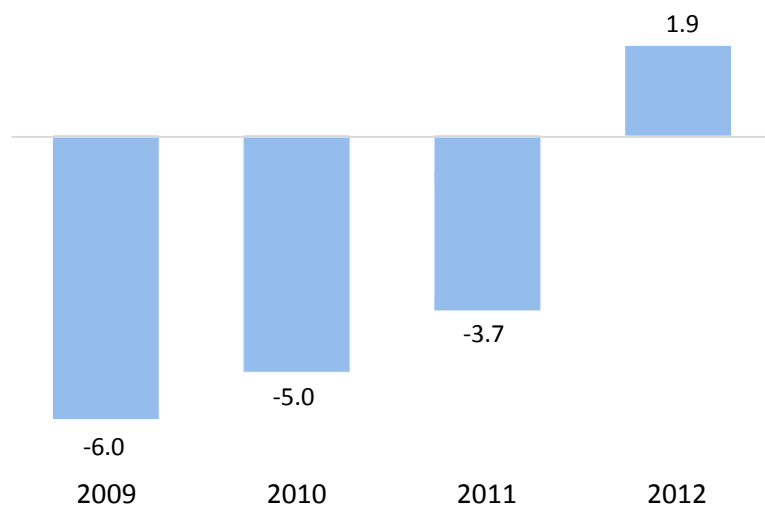
Leasing fee

Less: network maintenance & other expenses

Less: depreciation & amortization expenses

(Incremental finance charges arising from the Acquisition are not taken into account)

RMB Bil



Post acquisition:

Expected future leasing fee savings

> incremental mobile network depreciation & amortization, maintenance & other expenses, finance charges etc. arising from the Acquisition

▶ Completed acquisition of certain CDMA network assets & associated liabilities on 31 Dec 2012

- Final Consideration: RMB87.2 bil
- Initial Payment: RMB25.5 bil, paid in Jan 2013
- Deferred Payment: RMB61.7 bil, payable in five years; first-year interest rate: 4.83% p.a.

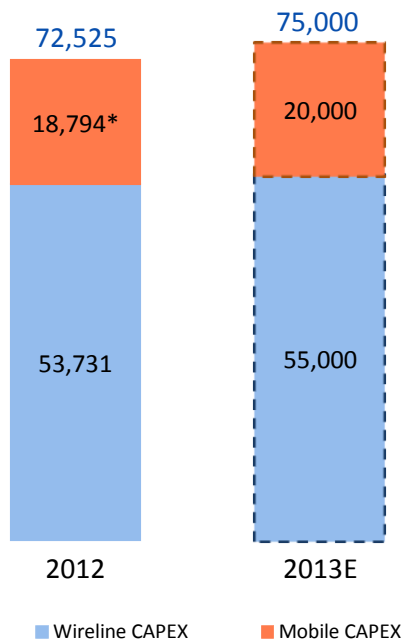
▶ Significant future benefits of CDMA network acquisition

- Better integrate the mobile network & service offerings to improve operating efficiency
- Save the rapidly rising leasing fee to enhance value & significantly improve EBITDA (post-leasing fee)

Highly Efficient Investment Boosts Network Strength

CAPEX

RMB Mil



* 2012 Mobile CAPEX was borne by parent company

Effectively support rapid business expansion & sharpen core competence

▶ Implement “Broadband China, Fibre Cities” Project

- 2012 broadband net add: 13.31 mil
Broadband subs of ≥4Mbps: 73% (↑ 23pp yoy)
- 2011-13: Intensive phase of fibre network upgrade as planned to push general coverage in cities with ≥20Mbps customer access bandwidth

▶ Industry-leading 3G network coverage & quality

- Technological advantage allows cost-effective network build-out: Smooth upgrade with integrated 2G & 3G mobile operation at highly-efficient 800MHz spectrum band
- Investment focuses on optimization & capacity expansion in high data traffic areas, creating unparalleled network coverage & customer experience on the move

▶ Intelligent networks & superior platforms to provide differentiated premium services & draw data traffic

Dividend

Dividend Per Share

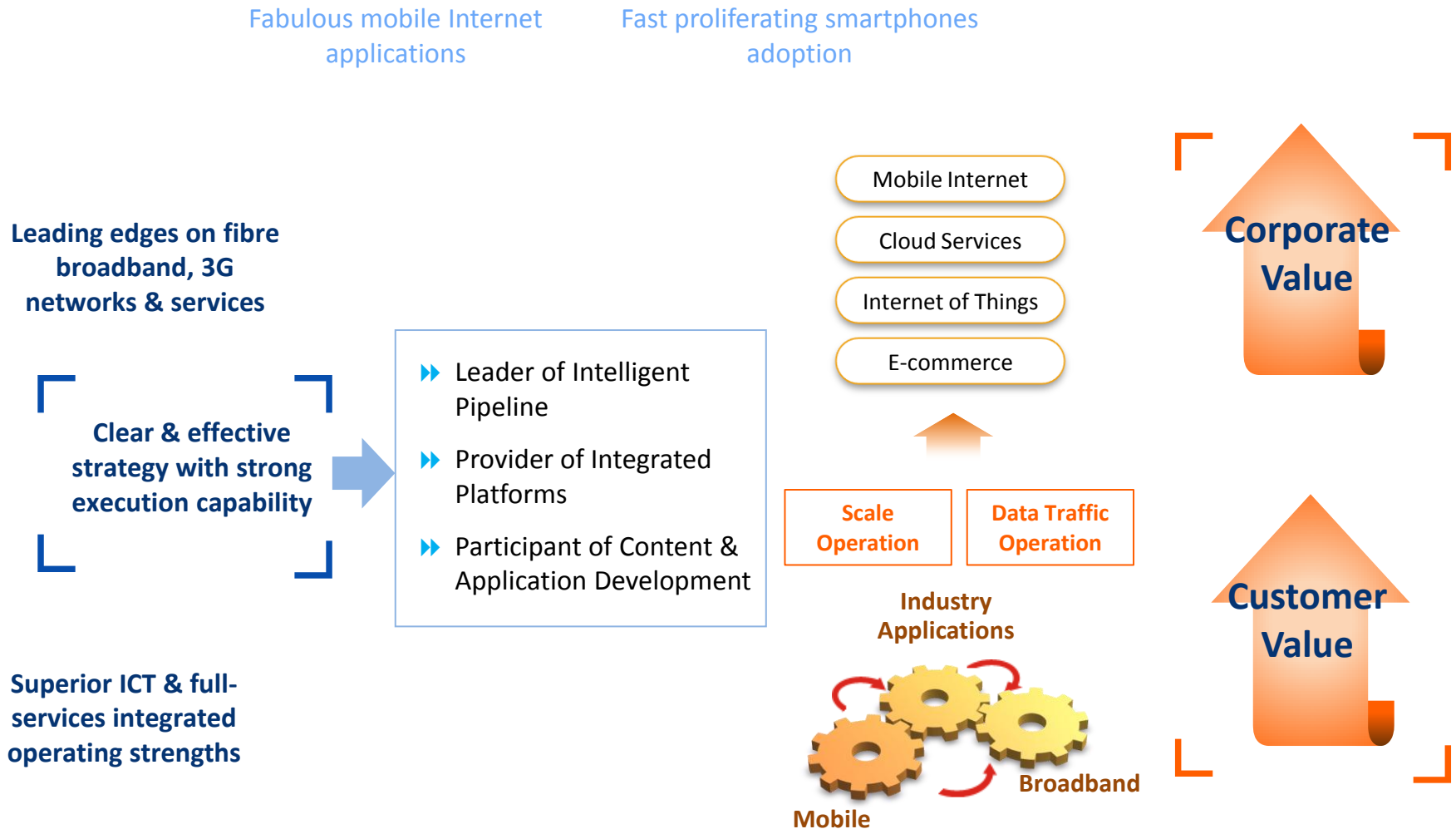
HKD



The Board of Directors recommends to the shareholders a final dividend of HKD0.085 per share for 2012

- ▶ With due regards to the payment for the mobile network acquisition & shareholders' cash return, a stable dividend is recommended for 2012
- ▶ The Company will strive to enhance future profit while paving the way for future dividend increase

Riding on the Momentum to Drive Scale & Value



1. Overview

2. Business Review

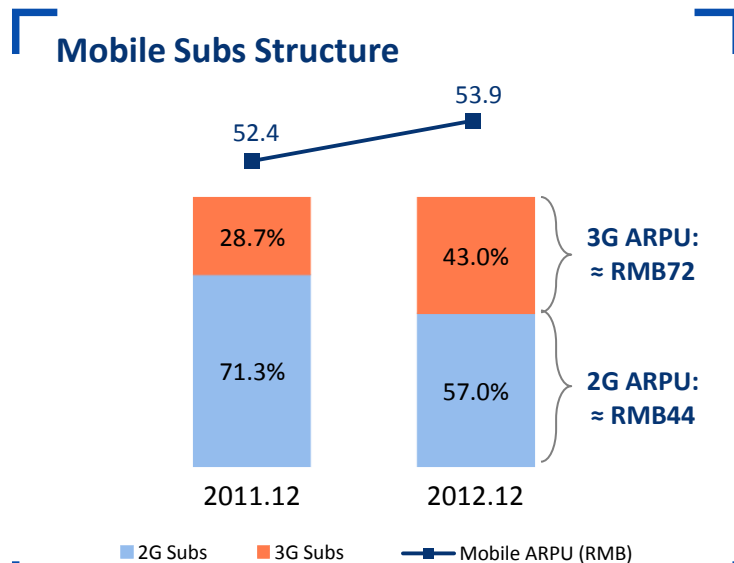
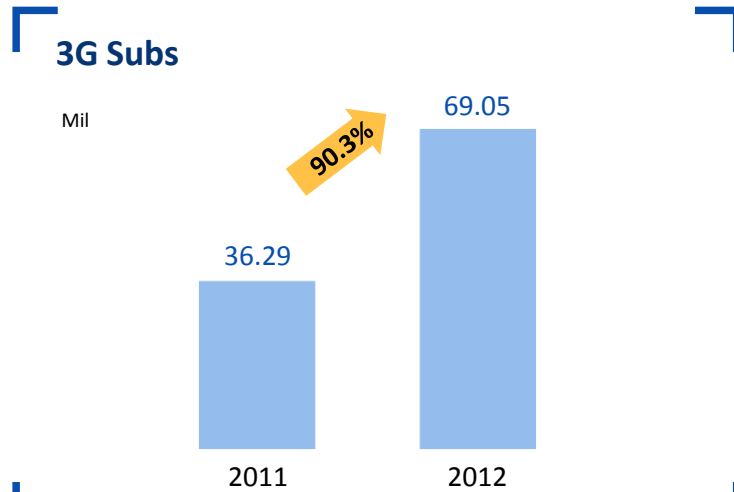
3. Financial Performance

Revenue Breakdown

RMB Mil	2011 (restated)	2012	Change
Mobile	82,703	117,826	42.5%
Service Revenue	68,248	92,803	36.0%
Voice	38,628	49,166	27.3%
Data	29,620	43,637	47.3%
Others	14,455	25,023	73.1%
Wireline	162,365	165,247	1.8%
Voice	49,764	43,335	-12.9%
Data	105,672	114,011	7.9%
Internet Access	61,691	67,780	9.9%
<i>Incl. Wireline broadband</i>	<i>60,801</i>	<i>66,738</i>	<i>9.8%</i>
VAS & Integrated Information Services	29,788	30,681	3.0%
Managed Data & Leased Line	14,193	15,550	9.6%
Others	6,831	7,901	15.7%
Upfront Connection Fees	98	-	-100.0%
Total	245,068	283,073	15.5%

- Notes: 1. 2012 Wireline Voice Revenue included RMB25,804 mil from local voice, RMB9,854 mil from DLD, RMB1,551 mil from ILD and RMB6,126 mil from interconnections
2. Mobile Others mainly included revenue from sales of terminals
3. 2011 data were restated to include the retrospective impact of the acquisition of digital trunking business

3G Traction Driving Strong Mobile Momentum



Leverage superior 3G network & service strengths to rapidly expand mobile scale & enhance customer value, grasping the 3G migration opportunity

► Mobile ARPU rebound

- Fast expansion of 3G subs with increasing mix of 3G subs fostered strong mobile revenue growth & mobile ARPU rebound

► Momentum led by smartphones & driven by applications

- Improving penetration & price-performance factors of smartphones
- Smartphone: ≈ 380 models
Sales volume: ≈ 41 mil units (↑1.4x yoy)
- e-Surfing apps store: >180,000 applications

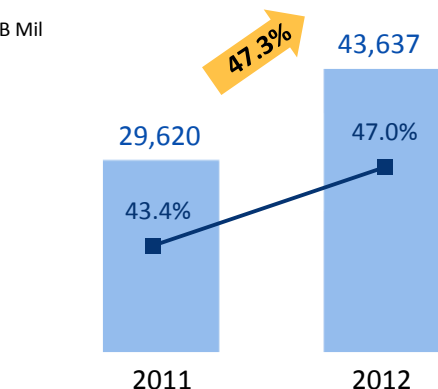
► Leading Network Quality

- Industry-leading 3G network coverage & quality, according to independent 3rd party assessment

Rapidly Growing Mobile Data Revenue

Mobile Data Revenue

RMB Mil



— Mobile Data Revenue as % of Mobile Service Revenue

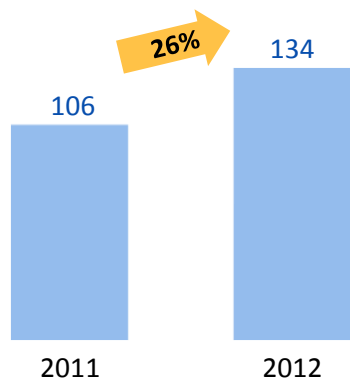
Leverage data traffic operation to promote rapid mobile data growth (a key revenue growth driver)

Key initiatives

- Strengthened development of both self-operated & co-operated applications
- Reinforced experienced-based selling & coaching on 3G applications:
Coaching kiosks: >50,000
- Boost smartphone adoption: >60% of CDMA terminal sales & ever-increasing
- Enhanced mobile data products & pricing

3G Handset Subs Monthly Average Data Traffic

MB



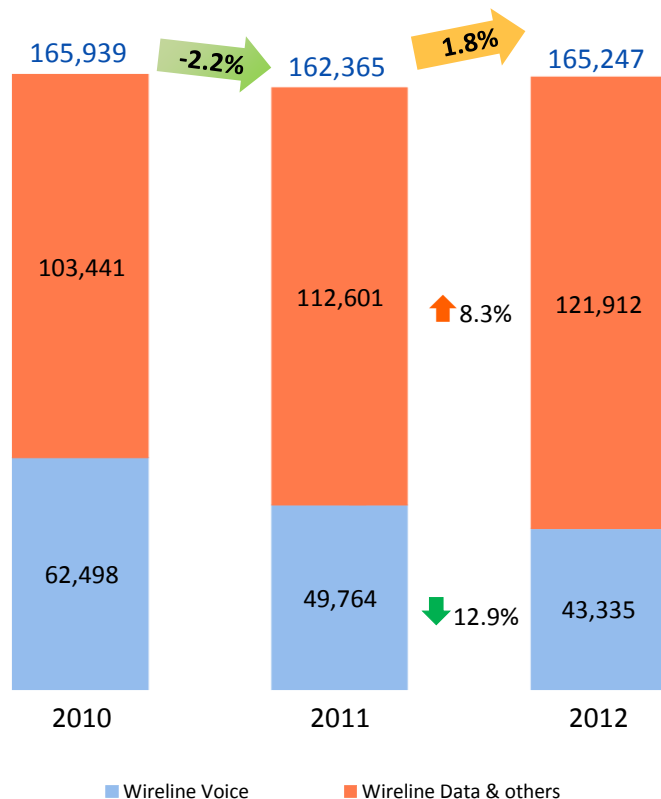
Mobile handset Internet access revenue: ≈RMB12 bil (↑≈1.4x yoy)

- Cultivated customer habit in data usage with aggregate 3G handset data traffic ↑ ≈2x yoy

Resilient Wireline Business

Wireline Revenue

RMB Mil

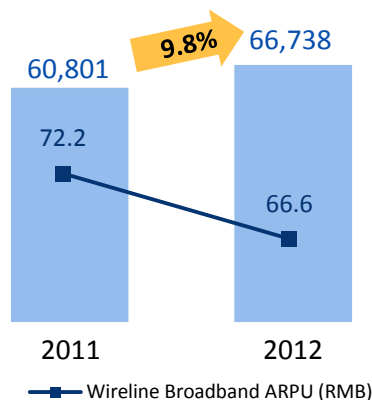


- ▶▶ Persistent strategic transformation led to increasing contribution from Wireline Data & others, effectively driving wireline revenue growth
 - Wireline Data & others as % of wireline revenue: 73.8% (↑11.5pp vs 2010)
- ▶▶ Leveraged fibre network & ICT service strengths to accelerate development of growth businesses (wireline broadband, VAS & integrated information services, etc.) & effectively offset Wireline Voice revenue decline
- ▶▶ Alleviated Wireline Voice revenue decline via integrated packages; declining revenue contribution from Wireline Voice effectively mitigated operating risks

Fast Growing Wireline Broadband Service Amid Mounting Competition

Wireline Broadband Revenue

RMB Mil

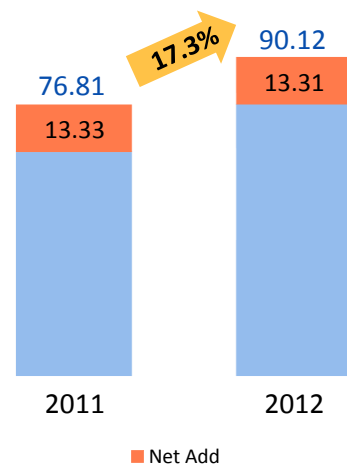


Leverage network strengths & unmatched service quality to enhance customer growth & user experience

- ▶ Benefiting from rapid subscriber growth, broadband revenue maintained strong growth: **↑9.8% yoy**
- ▶ Effectively enhanced customer experience & satisfaction with customer access bandwidth upgrade & lower per unit bandwidth pricing, albeit moderate ARPU decline of **≈7.8% yoy**
- ▶ Differentiated service offerings:
High-end: quality & high speed
Mainstream: appealing price & bandwidth upgrade
- ▶ Vast market potential with China's broadband household penetration: **≈38%**

Subscribers

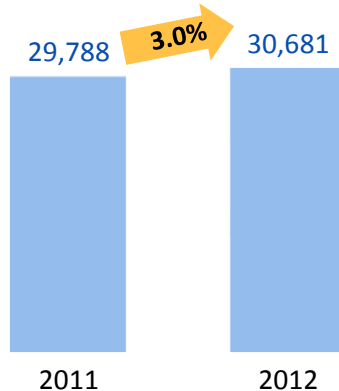
Mil



Robust Wireline VAS & Integrated Information Services

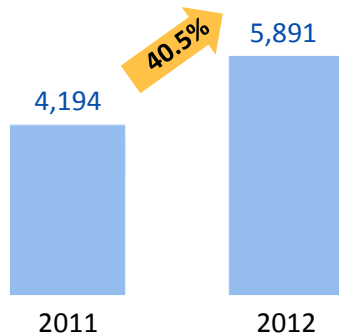
Revenue

RMB Mil



IDC Revenue

RMB Mil



Comprehensively proliferated VAS & Integrated Information Services to nurture new growth engines & pull core businesses growth

- ▶ **Wireline VAS & Integrated Information Services**
Revenue: RMB30.7 bil (↑3.0% yoy)
 - IDC Revenue: RMB5.9 bil (↑40.5% yoy)
 - ICT Revenue: RMB8.8 bil (↑14.8% yoy)
- ▶ **Efficiently centralized management of IDC & cloud businesses**
 - Consolidate IDC resources & unify pricing to sharpen edges
 - Establish specialized cloud service operating unit
 - Launch e-Surfing cloud storage service, integrating existing services, such as mailbox, address book & music download, & expand into cloud applications
 - Enhance products & applications to drive data revenue

To Promote Profitable Scale Development

**To accelerate scale development with
enhanced quality & return through
dual-leadership in innovation & services**

Accelerating Development

- ▶ Fully leverage superior strengths & differentiated initiatives to accelerate development of three core businesses: 3G, broadband & industry applications
- ▶ Accelerate the nurture & development of emerging strategic businesses: data traffic, content & applications to drive sustainable growth

Enhancing Profitability

- ▶ Strengthen efficiently-centralized business operation & management to enhance efficiency
- ▶ Deepen the refinement of performance evaluation units to improve efficient & effective use of resources

▶ **Leading in Services**

- ▶ Strengthen the servicing of online & mobile stores, creating the comparative advantages on services for core businesses
- ▶ Introduce customer lifecycle management to improve customer experience & enhance customer retention system

▶ **Leading in Innovation**

- ▶ Speed up the construction of intelligent pipeline & integrated platforms with differentiated edges to draw data traffic & enhance value
- ▶ Deepen structure & mechanism innovation to boost vibrancy; accelerate new business development to cultivate future growth drivers

1. Overview

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Key Financial Information

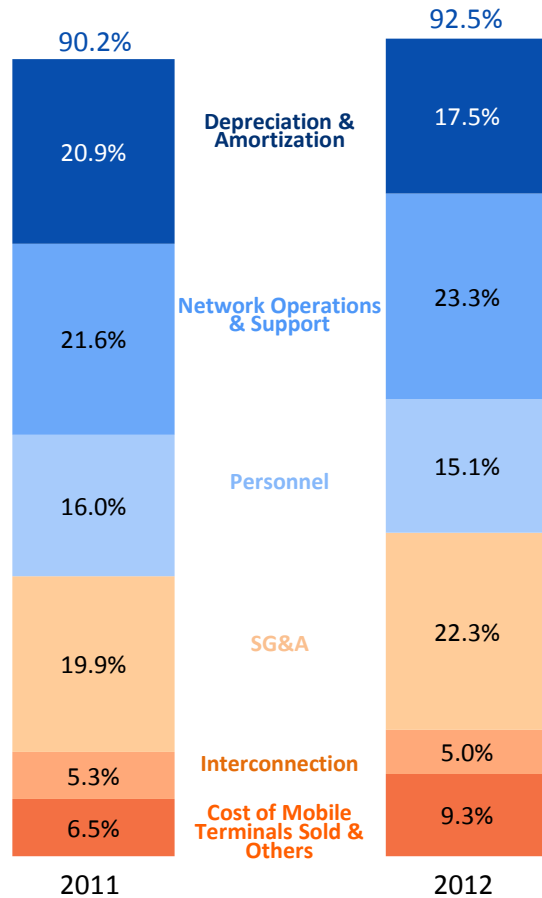
RMB Mil	2011 (restated)	2012	Change
Operating Revenue	245,068	283,073	15.5%
Operating Expenses	220,941	261,887	18.5%
Depreciation & Amortization	51,233	49,655	-3.1%
Network Operations & Support	52,925	66,003	24.7%
<i>Incl.: Mobile Network Leasing</i>	<i>19,011</i>	<i>25,546</i>	<i>34.4%</i>
Personnel	39,167	42,812	9.3%
SG&A	48,746	63,076	29.4%
<i>Incl.: Mobile Handset Subsidies</i>	<i>15,641</i>	<i>21,754</i>	<i>39.1%</i>
Interconnection & Others	28,870	40,341	39.7%
<i>Incl.: Wireline Interconnection</i>	<i>4,932</i>	<i>3,679</i>	<i>-25.4%</i>
<i>Mobile Interconnection</i>	<i>8,110</i>	<i>10,424</i>	<i>28.5%</i>
<i>Cost of Mobile Terminals Sold</i>	<i>12,867</i>	<i>23,099</i>	<i>79.5%</i>
Operating Profit	24,127	21,186	-12.2%
Net Profit	16,500	14,925	-9.5%
Free Cash Flow	20,393	12,357	-39.4%

Notes: 1. Free Cash Flow = Post-leasing fee EBITDA – CAPEX – Income Tax Expenses

2. 2011 data were restated to include the retrospective impact of the acquisition of digital trunking business

Appropriate Increase in Cost Initiatives to Drive Scale Development

Operating Expenses as % of Operating Revenue

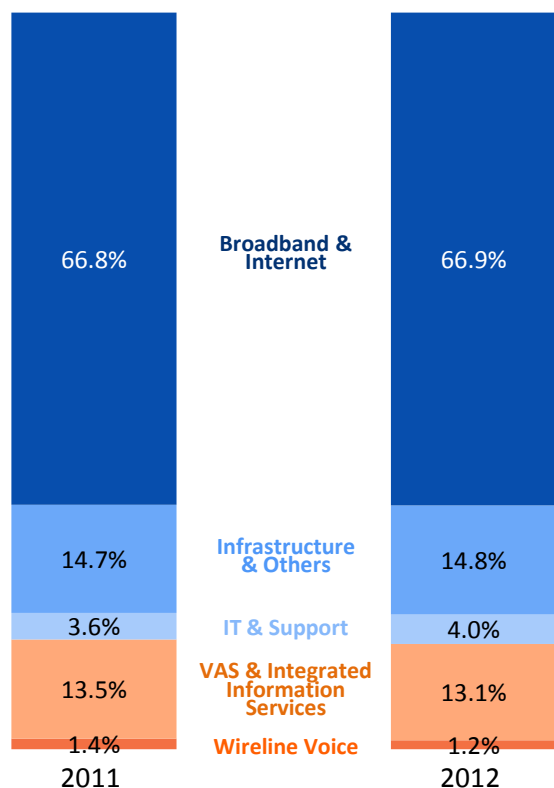


Grasping the scale expansion opportunity with appropriate increase in cost initiatives to promote sustainable growth

- ▶▶ **Depreciation & Amortization:** ↓3.4pp (benefiting from prudent CAPEX control)
- ▶▶ **Network Operations & Support:** ↑1.7pp (mainly due to the surge of mobile network leasing fees)
- ▶▶ **Personnel:** ↓0.9pp
- ▶▶ **SG&A:** ↑2.4pp (mainly due to appropriate increase in sales initiatives to promote robust full services development)
- ▶▶ **Interconnection:** ↓0.3pp
- ▶▶ **Cost of Mobile Terminals Sold & Others:** ↑2.8pp (mainly due to increased procurement & sale of high-end & benchmarking smartphones)

Resources Allocation Tilting toward High-growth, High-value Businesses & Areas

CAPEX Structure



Reinforced network leadership & supported rapid business growth

- ▶ Strictly controlled investment in traditional wireline business & stepped up investment in growth businesses to enhance network servicing capability

Broadband & Internet	↑0.1pp yoy
Infrastructure & Others	↑0.1pp yoy
IT & Support	↑0.4pp yoy
VAS & Integrated Information Services	↓0.4pp yoy
Wireline Voice	↓0.2pp yoy

- ▶ Comprehensive fibre & broadband deployments to boost leading edges & sustainable growth:

- ↑ 40 mil broadband access ports in 2012

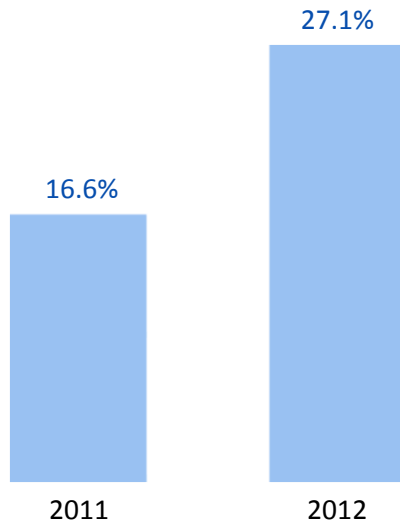
Notes:

1. Broadband & Internet included data network, transmission network, broadband access equipment & cable
2. Infrastructure & Others included air-conditioning supply facilities, conduits, buildings, minor purchases, R&D, etc.
3. IT & Support included enterprise informatization services
4. VAS & Integrated Information Services included VAS platform & ICT
5. Wireline Voice included switches, voice access equipment & cable

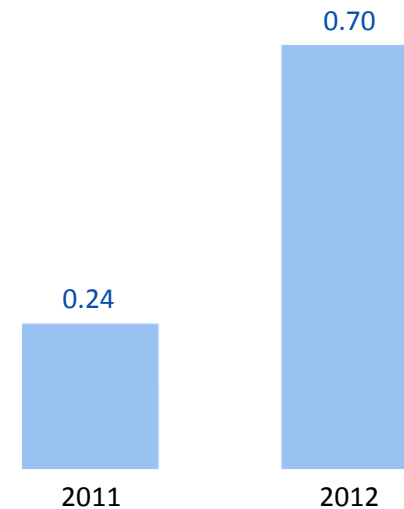
Solid Financial Strength to Support Sustainable Growth

Solid financial strength maintained post mobile network acquisition

Total Debt / Total Capitalization

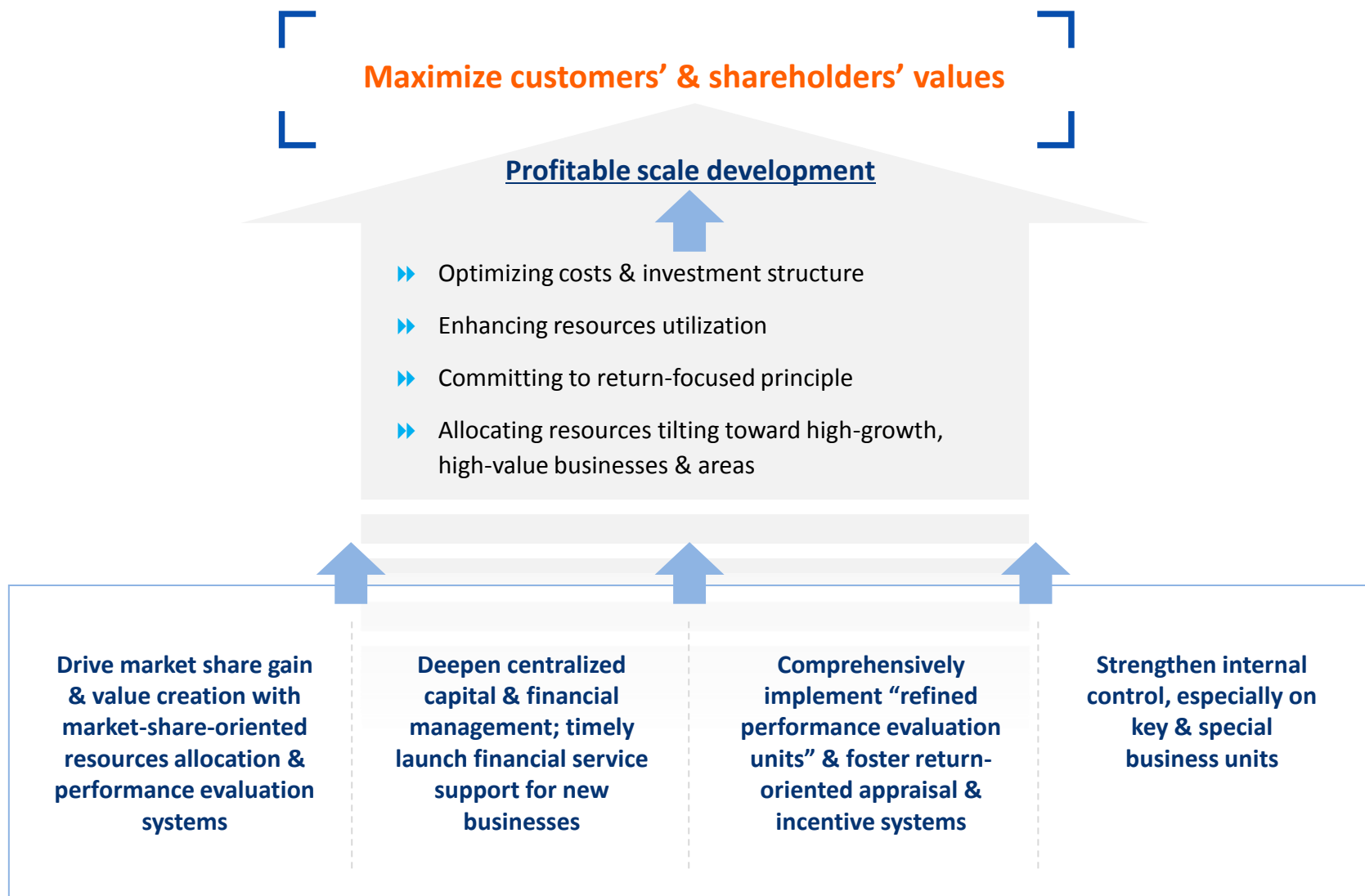


Net Debt / EBITDA



Note: EBITDA was calculated before Mobile Network Leasing Fees

Strengthen Precision Management to Bolster Profitable Scale Development



Thank You!



*"Grand Prix for Best
Overall Investor Relations
in Greater China 2012"*



*"Best Managed
Company
in Asia 2012"*



*"Best Managed
Company in Asia
2013"*

**Institutional
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Companies 2012"*

For further information & enquiries,
please contact our Investor Relations Department at
ir@chinatelecom-h.com or visit www.chinatelecom-h.com

Appendix 1

Extracted from audited consolidated statement of comprehensive income for the year ended 31 December 2012

RMB Mil	2011 (restated)	2012
Operating Revenue	245,068	283,073
Operating Expenses	(220,941)	(261,887)
Net Finance Costs	(2,254)	(1,564)
Investment Income, Share of Profit from Associates	139	171
Profit Before Taxation	22,012	19,793
Income Tax	(5,416)	(4,753)
Profit for the Year	16,596	15,040
Equity Holders of the Company	16,500	14,925
Non-controlling Interests	96	115

Note: 2011 data were restated to include the retrospective impact of the acquisition of digital trunking business

Appendix 2

Extracted from audited consolidated statement of financial position as at 31 December 2012

RMB Mil	2011.12.31 (restated)	2012.12.31
Current Assets	59,581	65,210
Non-current Assets	359,570	479,862
Total Assets	419,151	545,072
Current Liabilities	127,262	193,461
Non-current Liabilities	34,979	85,581
Total Liabilities	162,241	279,042
Total Equity	256,910	266,030
Equity Attributable to Equity Holders of the Company	256,122	265,069
Non-controlling Interests	788	961

Note: 2011 data were restated to include the retrospective impact of the acquisition of digital trunking business

Appendix 3 Selected Operating Metrics for 2012

Subscriber (Mil)	2011.12	2012.12
Mobile Subs	126.47	160.62
Incl: 3G Subs	36.29	69.05
Wireline Broadband Subs	76.81	90.12
Access Lines in Services	169.59	163.00
Incl: Household	108.01	103.49
Government & Enterprise	36.84	38.74
Public Telephone	13.86	13.26
PAS	10.88	7.51

Voice usage	2011	2012
Local Usage (Pulses Mil)	206,371	172,175
DLD Usage (Minutes Mil)	52,937	41,234
ILD Usage (Minutes Mil)	1,130	965