

#1 INTERNATIONAL BESTSELLER

falling in love
with **CHANGE**



China Telecom Corporation Limited
HKEx Stock Code: 728
NYSE Stock Code: CHA

Annual Report 2013

About

CHINA TELECOM

China Telecom Corporation Limited (“China Telecom” or the “Company”, together with its subsidiaries, collectively the “Group”) is a full services integrated information service operator and the world’s largest wireline telecommunications, CDMA mobile network and broadband Internet services provider, providing basic telecommunications services such as wireline telecommunications services and mobile telecommunications services, and value-added telecommunications services such as Internet access services and information services in the PRC. As at the end of 2013, the Company has wireline access lines in service of about 156 million, wireline broadband subscribers of about 100 million and mobile subscribers of about 186 million. The Company’s H shares and American Depositary Shares (“ADSs”) are listed on The Stock Exchange of Hong Kong Limited and the New York Stock Exchange, respectively.

#1 INTERNATIONAL BESTSELLER

#1 World's Largest
CDMA Mobile
Operator

> 180 million
mobile subscribers

#1 World's Largest
Fixed-line
Operator

> 150 million
access lines in service

#1 World's Largest
Wireline Broadband
Operator

> 100 million
wireline broadband subscribers

Board of Directors

Executive Directors

Wang Xiaochu (Chairman)

Yang Jie

Wu Andi

Zhang Jiping

Yang Xiaowei

Sun Kangmin

Ke Ruiwen

Non-Executive Director

Xie Liang

Independent Non-Executive Directors

Wu Jichuan

Qin Xiao

Tse Hau Yin, Aloysius

Cha May Lung, Laura

Xu Erming

Company Secretary & Qualified Accountant

Yung Shun Loy, Jacky

Audit Committee

Tse Hau Yin, Aloysius (Chairman)

Wu Jichuan

Qin Xiao

Xu Erming

Remuneration Committee

Xu Erming (Chairman)

Wu Jichuan

Qin Xiao

Tse Hau Yin, Aloysius

Nomination Committee

Wu Jichuan (Chairman)

Tse Hau Yin, Aloysius

Cha May Lung, Laura

Xu Erming

Supervisory Committee

Shao Chunbao (Chairman)

Zhu Lihao (Independent Supervisor)

Tang Qi (Employee Representative)

Zhang Jianbin (Employee Representative)

Hu Jing

Du Zuguo

Legal Representative

Wang Xiaochu

International Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Jingtian & Gongcheng

Freshfields Bruckhaus Deringer

Sullivan & Cromwell LLP

Stock Code

HKEx: 728

NYSE: CHA

Company Website

www.chinatelecom-h.com

Financial Highlights

	2011 ⁵ (restated)	2012 ⁵ (restated)	2013
Operating revenues (RMB millions)	245,149	283,176	321,584
EBITDA ¹ (RMB millions)	75,362	70,874	96,551
EBITDA margin ²	32.6%	27.4%	34.0%
Net profit ³ (RMB millions)	16,494	14,949	17,545
Capital expenditure (RMB millions)	49,584	53,748	79,992
Total debt/Equity ⁴	20.3%	37.6%	39.7%
Earnings per share (RMB)	0.2038	0.1847	0.2168
Dividend per share (HK\$)	0.085	0.085	0.095
Net asset value per share ⁴ (RMB)	3.165	3.276	3.432

1 EBITDA was calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

2 EBITDA margin was calculated based on EBITDA divided by the operating revenues excluding mobile terminal sales.

3 Net profit represented profit attributable to equity holders of the Company.

4 Equity and net asset value represented equity attributable to equity holders of the Company.

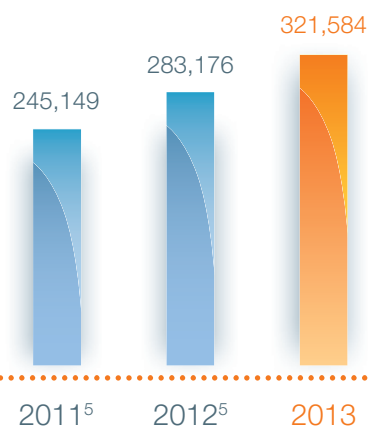
5 Certain prior years figures were retrospectively restated due to the acquisition of China Telecom (Europe) Limited. Please refer to note 1 to the audited financial statements in this annual report for details.



For further information,
please browse our website
at www.chinatelecom-h.com.

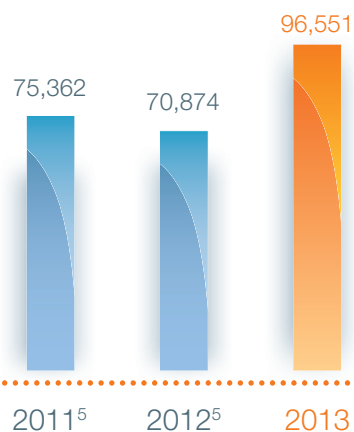
Operating Revenues

(RMB millions)



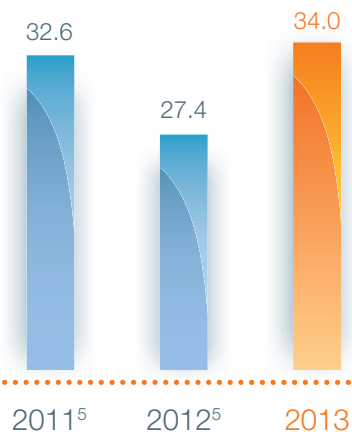
EBITDA¹

(RMB millions)



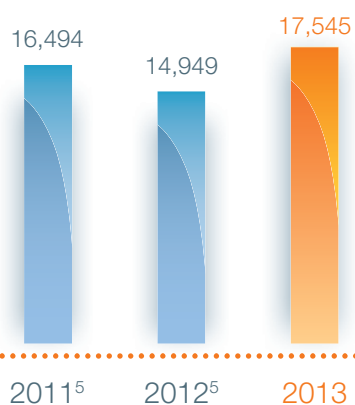
EBITDA Margin²

(%)



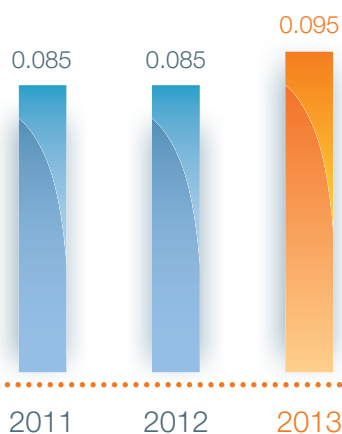
Net Profit³

(RMB millions)



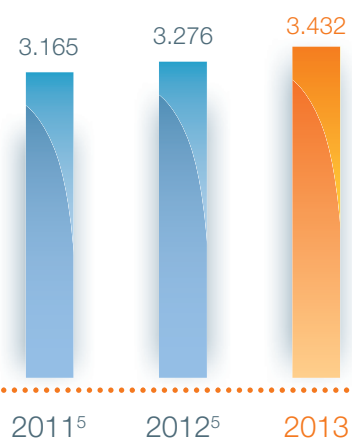
Dividend Per Share

(HK\$)



NAV Per Share⁴

(RMB)



COMMUNICATIONS &
INFORMATION
INDUSTRIES


Big

**Change
Development
Integration**



Mobile
Internet

OTT

FTTH

Cloud
Computing

Big
Data

leading
to

Big

Opportunities
as well as challenges



April ● A devastating earthquake of 7.0 magnitude hit Lushan county, Ya'an in Sichuan province. China Telecom quickly restored the communications in the disaster area, provided hotlines for missing families and video conference assurance for the government, vigorously supporting the disaster relief works

June ● China Telecom successfully accomplished the communications safety assurance of Shenzhou – 10 spacecraft

August ● China Telecom jointly launched “YiChat” with NetEase, Inc. to create the new mobile Internet portal. It marked a new stage of cooperation between a telecommunications operator and an Internet company on joint development and operation of mobile instant messaging products as well as capital collaboration

November ● China Telecom's 3G subscribers exceeded 100 million, accounting for more than 50% of total mobile subscribers

December ● China Telecom was granted the permit to operate the LTE/4G digital cellular mobile service (TD-LTE), officially embarking on the 4G mobile operation era

● China Telecom's wireline broadband subscribers exceeded 100 million



Chairman's Statement



Telecommunications industry is now undergoing Big Change, Big Integration and Big Development, generating new opportunities and challenges. Our people, instead of getting complacent with their past successes, proactively liberate their own mindsets. They are keen to embrace the changes and innovate for breakthroughs, striving to bring more compelling experience and delights to our customers. Seeing their dedication to the success of the company, I feel so encouraged and grateful. I also firmly believe that a vibrant, responsible and innovative China Telecom is emerging and will be a legend again!

In 2013, the Company accurately captured the development pattern of mobile Internet and the integration trend of the industry. Deepened transformation has enhanced its scale as well as profitability, with progressive strengthening in market position. Riding on the comprehensive implementation of the "Three New Roles"¹ strategy, the emerging businesses experienced rapid growth while the business structure optimisation has accelerated, steadily enhancing our corporate development capabilities. Adhering to the Internet's spirit of "openness, cooperation and innovation", the Company boldly explored and accelerated its evolution into a mode of operation that integrated deepened efficiently-centralised management and comprehensive subdivision of performance evaluation units, leading to pronounced improvement in corporate vitality and efficiency. The Company also established its grand blueprint of "creating a New China Telecom in five years". 4G licensing started a new era of mobile Internet, bringing vast potential for future corporate development.

Operating Results

In 2013, the Company continued to maintain its healthy and rapid growth momentum. The operating revenues amounted to RMB321.6 billion, representing an increase of 13.6% over last year. Excluding the mobile terminal sales, the operating revenues were RMB284.1 billion, representing an increase of 10.0% over last year, with revenue growth surpassing industry average and revenue market share further increased. Of which, mobile revenue accounted for approximately 50%, and the business structure continued to optimise. Profitability has been significantly enhanced with the profit attributable to the equity holders of the Company reaching RMB17.5 billion, increased by 17.4% over last year, and basic earnings per share were RMB0.22. EBITDA² was RMB96.6 billion, while EBITDA margin³ was 34.0%. Capital expenditure was RMB80.0 billion. Free cash flow⁴ reached RMB11.1 billion.

1 The "Three New Roles" refers to the Leader of Intelligent Pipeline, the Provider of Integrated Platforms and the Participant of Content & Application Development.

2 EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

3 EBITDA margin is calculated based on EBITDA divided by the operating revenues excluding mobile terminal sales.

4 Free cash flow is calculated from EBITDA minus capital expenditure and income tax.

Taking into account the return to shareholders, the Company's cash flow and its capital requirements for future development, the Board of Directors has decided to recommend at the forthcoming Annual General Meeting that a dividend being an equivalent of HK\$0.095 per share for the year 2013 be declared. Dividend per share increased by 11.8% compared to 2012.

Strong execution reinforcing corporate strength

Fundamental services continued its scale development

In 2013, the Company accelerated its scale expansion and significantly increased its market influence by fully leveraging the competitive strengths in network, brand recognition and services edges in mobile services and benefiting from the efficient unified operation of the network assets and mobile services as a whole. Persisting in a terminal-led approach and reinforcing terminal segmentation, the Company continuously expanded the variety of terminal models and optimised the structure of the Company's terminal device offerings. Through the deepening of channel distribution, the Company focused its strengths on enhancing the coverage and the portion of sales derived from open channels, which further improved the overall capability and strength of open channels. The Company's subscriber base and quality continued to enhance through initiatives such as strengthening application-driven development, continued improvement in functionalities and presentation of applications, and refining customer acquisition strategy. Mobile services revenue reached RMB113.8 billion this year, representing an increase of 23% over last year, which was the highest growth rate in the industry. The net addition of mobile subscribers was approximately 25 million, with total mobile subscribers reaching 186 million. 3G subscribers had a net addition of approximately 34 million, with a total exceeding 100 million. The number of 3G subscribers as a percentage of total mobile subscribers increased to 56%, further optimising the structure. The Company's fundamental market share was further strengthened, with its mobile subscriber market share surpassing 15%.

The Company persisted in profitable scale development and has seen a steady and healthy growth in its wireline broadband services with its high-speed fibre broadband services fully rolled-out. The Company has comprehensively stepped up its efforts in its

wireline broadband network maintenance and service quality enhancement, and has continued to promote bandwidth upgrade. The Company introduced the 100Mbps home fibre broadband product, which improved customer experience and network utilisation, resulting in the steady growth in return. The Company propelled the increase in its customer value by enriching its high-bandwidth products portfolio, accelerating the research, development and promotion of "Smart Family" products and strengthening the premium content and enriched value. The Company insisted on rational competition and gained customers' recognition through high price-to-performance factors, defending the value propositions of the industry, while reserving room for future growth. Wireline broadband revenue reached RMB70.8 billion this year, representing an increase of 6% over last year. The total number of wireline broadband subscribers exceeded 100 million, with a net addition of approximately 10 million. Among these subscribers, the number of Fibre-to-the-Home (FTTH) subscribers was close to 27 million, representing an increase of over 70% year-on-year. FTTH subscribers accounted for nearly 30% of the total number of wireline broadband subscribers and the subscriber structure has been further optimised.

Emerging businesses grew rapidly

In 2013, the Company prospected the industry landscape and accelerated the strategic restructuring of its business structure. Emerging businesses, including mobile data traffic, Internet applications and informatisation applications, experienced rapid growth of nearly 30%, accounting for close to a quarter of the total revenue. The new customer acquisition approach led by applications and services achieved remarkable results. The Company has duly implemented its deepened strategic transformation.

Continued optimisation of data traffic operation fostered the rapid growth in the scale and value of data traffic. The Company reinforced its efforts in targeted marketing and locked its sights on its targeted customer groups through its continuous efforts to reinforce its brand awareness and brand influence, and offering data-focused, flexible and self-designed packages to high value customers. By strengthening the promotion of smart terminals, enhancing the pre-installed applications and customer coaching and enhancing customer experiences, the Company cultivated and strengthened the customers' data usage habits. Relying on its intelligent pipeline and integrated platform, the Company fully exploited the

data-converging characteristics of its Internet portal-type applications such as "YiChat" and "Best Pay", to strengthen its product offerings focusing on dedicated-data traffic and data traffic backward monetisation operation. During the year, smartphones sales accounted for more than 80% of the total handset sales, while the total data traffic by 3G handsets increased by 142% over last year. The monthly average data traffic per 3G handset subscriber reached 190MB, representing an increase of 42% from last year. Internet access revenue by handsets increased by 88% from last year, while the 3G handset Internet access ARPU accounted for 33% of the 3G ARPU.

The accelerated promotion of Internet applications and industry-specific applications drove the robust scale development. With a rapid scale expansion of "Best Pay", the penetration of customers, entrepreneurs and financial system has progressively expanded. In 2013, the transaction amount of "Best Pay" reached RMB133.1 billion, representing a growth of 226% over the previous year. The Company also jointly launched "YiChat" with NetEase, Inc. to promote the development of product hosting channel and create a new type of mobile Internet portal. At present, the number of registered "YiChat" users is nearly 60 million. To actively develop the cloud computing applications, the Company proactively promoted the incorporation of the "cloud" element into its existing products and services to further enhance its product range. In order to reinforce its efficiently-centralised development, the Company completed the strategic planning of 16 application development centres covering eight industries to promote the continuous optimisation of the informatisation application system. Emphasising on the Smart Cities project and key industry customers expansion, the Company continued to strengthen its edge on strategic cooperation in informatisation applications. With a focus on customer experience, the Company placed an equal emphasis on product standardisation and differentiation. Through the improvement of the functionalities of informatisation applications and service quality, customer satisfaction has been enhanced which effectively increased the value of customers' contribution. During the year, there was a net addition of over 13 million mobile subscribers driven by industry-specific applications, up by 30% from last year, of which over 70% was generated from its six major applications including the "e-Surfing School" initiative.

Reform and innovation accelerating the creation of differentiated edges

Persistence in innovation and cooperation brought remarkable results in the "Three New Roles" strategy

The Company boldly created a new model of open cooperation for the development of the emerging businesses, and successfully introduced the essential elements of mobile Internet into the model, leading to a landmark breakthrough for the Company. With newly set segregated operating systems and mechanisms for the emerging businesses, the Company offered support to a highly-efficient "Internet-business type" operating environment and an effective incentive mechanism. By adhering to its market-oriented and capital-driven approach, the Company facilitated dynamic and flexible resources allocation and effectively strengthened its organic vibrancy. With the launch of "YiChat" as a breakthrough, the Company leveraged the Internet companies to rapidly power up its competitive strengths. The Company also leveraged the resources edges of the network, platform, customer services and marketing channels, and the enriched experiences in Internet-type product operation and online sales in the cooperation. The Company has effectively penetrated and integrated the current market influence and customer base of both parties to converge the strengths and opened up a new path for Internet-type services.

Conforming to the industry convergence trends and learning from the mobile Internet development experience, the Company constructed an "Internet-business type" model and accelerated the comprehensive commercial implementation of the "Three New Roles" strategy. The Company fully enhanced the data traffic control and billing capabilities based on customers and service identification. The Company strengthened the self-determined bandwidth upgrade-on-demand function for wireline broadband subscribers. With the promotion of "Big Data", the Company started to monetise from its intelligent pipeline by turning the edges of big volume of data into edges of valuable services. By strengthening the capabilities such as location-based services and unified account operation, the Company sped up the process of opening up its capabilities for cooperation and progressively implemented the integrated platform. The Company accelerated product development and promotion, initiated three business groups: digital entertainment, e-commerce and information services,

and enriched their contents and application systems progressively.

Focusing on efficiency and vitality to accelerate the evolution of corporate operation model

With our in-depth study and grasping the pattern, we set vitality and efficiency as our core objectives on developing a new operation model with the key features of reasonable sub-division of performance evaluation units and efficiently-centralised management operation, for accelerated preparation to adapt to mobile Internet development.

To promote the “market-driven” reform, the Company continued to sub-divide performance evaluation units to fully inspire employee vitality. With a perseverance to explore, the Company further implemented the sub-division of performance evaluation units in the whole company from bottom to top including sales outlets, rural sub-branches and investments units, which allowed better matching between operation responsibilities and authorities of resource allocation such as cost and investment resources in the frontline business units, and established a close and direct linkage between the employee remuneration and the integrated return of the frontline business unit. This resulted in high degree of alignment of the operating goals of the frontline business units with the overall corporate goal and highly aligned the interests of the employees with those of the Company. Over the past year, the operational efficiency and profitability of the frontline business units experienced a rapid growth.

Adapting to the development pattern of the mobile Internet business, the Company further stepped up its effort in efficiently-centralised management to strengthen its entire-network operation and management capabilities. The Company also accelerated its network upgrade, and steadily expanded its capabilities. Platform integration and consolidation was strengthened and cloud resources were deployed to further enhance the level of efficiently-centralised operation of the network. The Company further refined its package structure resulting in an increase in the proportion of the sales of efficiently-centralised packages. With a focus on the promotion of “Best Pay”, “YiChat” and all sorts of livelihood-related applications, the product management systems were continuously optimised. The Company strengthened the synergistic collaboration of channels, promoted the efficiently-centralised control and resources exchange

of open channels such as large chain stores and manufacturers, enhanced integrated operation and development of electronic channels at group level to further strengthen the overall capability in channel sales. To lower the management costs, the Company continuously improved its level of efficiently-centralised management on procurement, IT, finance and other areas. Through promoting the efficiently-centralised operations of overseas businesses, profitability was significantly enhanced. The Company recorded a 38% growth in the revenues from overseas during the year.

The Company adopted various initiatives to improve its operating efficiency and profitability. The Company implemented a market-oriented approach internally by focusing on the key evaluation metrics and optimising its resources allocation model while creating an internal competition mechanism for costs and investment resources to tilt the resources towards high growth and high returns areas. To adapt to a new operating model, the Company restructured its front-end organisation, and further strengthened the efficiently-centralised operation and co-ordination from a vertical perspective while enhancing the synergistic collaboration of various sales channels to enhance the efficiency of its front-end decision-making and execution. The Company also innovated services approach with customer experience as a core by launching multimedia customer services on Internet through handset application, “YiChat” and “Wechat” to achieve “one-point access for entire-network service”. The Company progressively promoted the mobility of service processing to further improve service efficiency. The Company strengthened precision management by actively enhancing the utilisation and consolidation of its existing assets, as well as increasing the level of capital centralisation, strengthening its control over investment and costs to increase the efficiency and return of the use of its capital and assets.

Corporate Governance and Social Responsibility

We continue to strive to maintain a high level of corporate governance, attaching great importance to risk management and control. We strive to enhance corporate value and transparency to ensure our healthy and orderly growth. Our persistent efforts in corporate governance have been widely recognised by the capital markets. We were accredited with a number of awards and recognition, including being voted the “No. 1 Best Managed Company in Asia” by *FinanceAsia* for three

consecutive years, "No. 1 Most Honored Company in Asia" by *Institutional Investor*, and also "Overall Best Managed Company in Asia" by *Euromoney* five years in a row.

We persisted in operating with integrity and proactively fulfilled our corporate social responsibility while promoting a healthy and orderly development of our industry. Meanwhile, we enhanced the information security assurance for our nation and customers, while persistently maintaining a good network environment by actively promoting Internet interconnections and further strengthening energy conservation and emission reduction. We also helped proactively with fighting major natural disasters such as earthquakes and typhoons, and have accomplished telecommunications assurance services for significant events such as the China-Eurasia Expo and the launch of Shenzhou-10 spacecraft, receiving high recognition and appreciation from the society.

Outlook

At present, China's deepening reform and accelerating the adjustment and restructuring of the national economy, together with accelerating social informatisation process with the promotion of information consumption and implementation of "Broadband China" strategy, offers vast market potential. The mobile Internet business in China has undergone an explosive growth momentum. Coupled with the accelerated evolution of technology and industry chain, there is a rapid upgrade in smart terminals and data usage habits. 4G licensing opens up a brand new development space for mobile Internet, bringing in a valuable opportunity for a full scale transformation and upgrade in the information industry. Meanwhile, the global economy is still in a deep adjustment period. More industry reforms pushed by integrated development are emerging. "Customer flow, Data traffic flow and Capital flow" now become the new key value of the industry development. The value shifting in the industry is accelerated, while competition is further intensified in respect of its scope and magnitude with gradual roll-out of regulatory policies such as amendments to wireline broadband competition policies. As such, the Company will face new challenges.

With the 4G licensing, China Telecom embraces the best period of its full-services operations. We will grasp the opportunity for rapid development, proactively and appropriately tackle the challenges from regulatory and policy changes such as national tax reform, striving to create a New China Telecom. Based on the characteristics of its own resources, the Company will fully leverage the dual-technology strengths of wireline broadband and wireless broadband and continue to strengthen the wireline broadband network through the IPv6 evolution and fibre broadband. The Company will also actively apply for the permit of LTE FDD operation and will deploy LTE network appropriately with regard to the government policy and business development. A seamless high-speed mobile network built through the hybrid LTE network, coupled with highly efficient and coordinated development of 4G and 3G, will establish a full scene of network edge. The Company will deepen the reform to create incremental value, share the return with employees to fully unleash their vibrancy, and accelerate the evolution towards an Internet-business type operation model. Capitalising on reform and innovation, the Company will firmly persist in the implementation of the "Three New Roles" strategy. With quality and efficiency enhancement, the Company will promote dual enhancement in scale development and profitability with continual reinforcement in competitiveness. By proactively open cooperation based on complementary resources and edge, the Company will endeavour to achieve a win-win cooperation in the industry value chain and accelerate the strategic planning of emerging businesses. The Company will strive to expand the value creation areas and continue to be the forerunner in the mobile Internet era, while continuously creating new values for shareholders.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express my sincere appreciation to all our shareholders and customers for their support, and my gratitude to all our employees for their hard work and their contribution to the Company.



Wang Xiaochu
Chairman and Chief Executive Officer
Beijing, China

19 March 2014

Recognition & Awards



1. The Company was awarded the “No. 1 Best Managed Company in Asia” by FinanceAsia in the Asia’s Best Companies Poll 2013.
2. Mr. Wang Xiaochu, Chairman and CEO, was awarded the “Best CEO in China” by FinanceAsia in the Asia’s Best Companies Poll 2013.
3. Madam Wu Andi, Executive Vice President and CFO, was awarded the “Best CFO in China” by FinanceAsia in the Asia’s Best Companies Poll 2013.
4. The Company has been voted by investors the “Overall Best Managed Company in Asia” across all industries in the “Best Managed and Governed Companies – Asia Poll 2013” by Euromoney.

5. The Company has been voted by investors the “Best Managed Company in Asia’s Telecommunications Sector” in the “Asia Best Managed Companies 2013” by Euromoney.
6. The Company has been voted by professional investors as the “No.1 Most Honored Company in Asia” in 2013 All-Asia-Executive-Team ranking organised by Institutional Investor.
7. Mr. Wang Xiaochu, Chairman and CEO, was voted by professional investors as “Asia’s Best CEO in Telecommunications Sector” in 2013 All-Asia-Executive-Team ranking organised by Institutional Investor.

8. Madam Wu Andi, Executive Vice President and CFO, was voted by professional investors as “Asia’s Best CFO in Telecommunications Sector” in 2013 All-Asia-Executive-Team ranking organised by Institutional Investor.
9. The Company has been voted by professional investors as “Asia’s Best Investor Relations Company in Telecommunications Sector” in 2013 All-Asia-Executive-Team ranking organised by Institutional Investor.
10. The Company was awarded the “Platinum Award for All-Round Excellence” in 2013 The Asset Corporate Awards.
11. The Company was awarded “The Best of Asia-Icon on Corporate Governance” by Corporate Governance Asia’s Annual Recognition Awards 2013.

12. Mr. Wang Xiaochu, Chairman and CEO, was honoured with “Asian Corporate Director Recognition Awards 2013” by Corporate Governance Asia.
13. The Company was honoured with the “No. 5 in The Global Top 50”, in “IR Magazine’s annual surveys of investors and analysts 2013”.
14. The Company was honoured with the “Grand Prix for Best Overall Investor Relations for Large-cap Companies”, at the IR Magazine Awards – Greater China 2013.
15. The Company’s 2012 annual report won gold awards in the “2013 International ARC Awards” and the “Vision Awards” Annual Report Competition by The League of American Communications Professionals LLC (LACP).

Shareholder Information

Share Information

Share Listing

China Telecom Corporation Limited's H shares were listed on The Stock Exchange of Hong Kong Limited on 15 November 2002 and New York Stock Exchange as American Depositary Shares (ADSs) on 14 November 2002. ADSs are issued by The Bank of New York Mellon. Each ADS traded in the United States represents 100 ordinary H shares.

Stock Code

The Stock Exchange of Hong Kong Limited	728
New York Stock Exchange	CHA

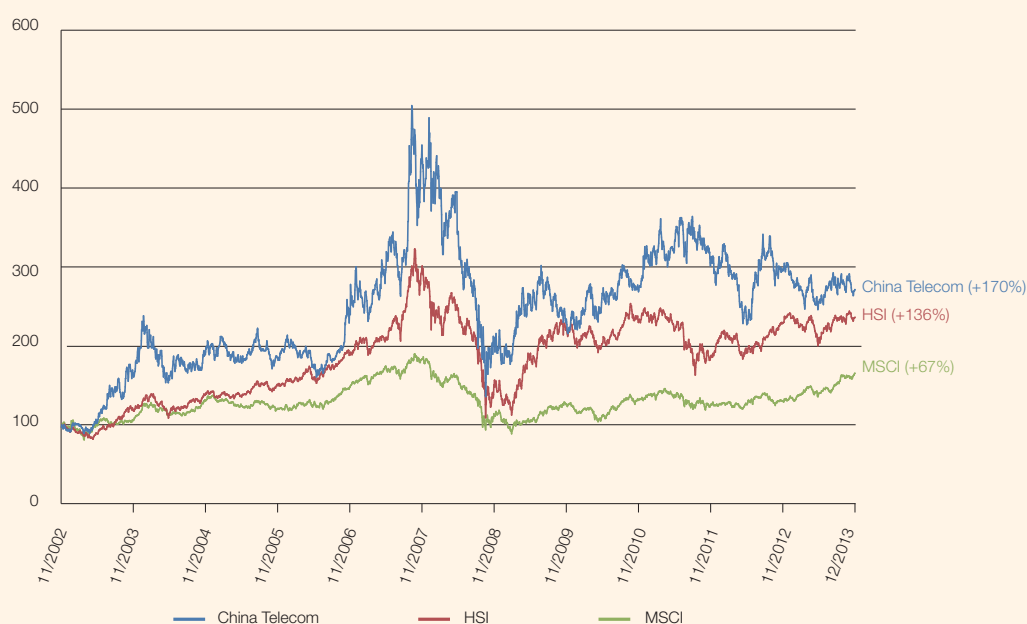
Share Price Performance

2013 share price	HK\$ per H share			US\$ per ADS		
	High	Low	Close	High	Low	Close
	4.46	3.48	3.92	58.06	44.94	50.57

Number of issued shares: (as at 31 December 2013) 80,932,368,321

Market capitalization: (as at 31 December 2013) HK\$317.3 billion

Share price performance of China Telecom on The Stock Exchange of Hong Kong Limited versus Hang Seng Index (HSI) and MSCI World Telecom Service Sector Index (MSCI) from IPO on 15 November 2002 to 31 December 2013.



Distribution of shares and shareholdings

The share capital of the Company as at 31 December 2013 was RMB80,932,368,321, divided into 80,932,368,321 shares of RMB1.00 each. As at 31 December 2013, the share capital of the Company comprised:

	Number of shares	Percentage of the total number of shares
Total number of Domestic shares:	67,054,958,321	82.85
<i>Domestic shares held by:</i>		
China Telecommunications Corporation	57,377,053,317	70.89
Guangdong Rising Assets Management Co., Ltd.	5,614,082,653	6.94
Zhejiang Financial Development Company	2,137,473,626	2.64
Fujian Investment & Development Group Co., Ltd	969,317,182	1.20
Jiangsu Guoxin Investment Group Co., Ltd.	957,031,543	1.18
Total number of H shares (including ADSs):	13,877,410,000	17.15
Total	80,932,368,321	100.00

Major shareholders of H shares

The following table shows the major shareholders that exercised or controlled the exercise of 5% or above of H shares as at 31 December 2013:

Name of shareholder	Number of shares	Percentage of the total number of H shares in issue
Commonwealth Bank of Australia	2,080,867,924	14.99
JPMorgan Chase & Co.	1,536,081,879	11.07
BlackRock, Inc.	1,301,821,443	9.38

Shareholder Information

Dividend History

Financial Year	Ex-Dividend Date	Shareholder Approval Date	Payment Date	Dividend per Share (HK\$)
2002 Final	16 May 2003	20 June 2003	10 July 2003	0.00837*
2003 Final	1 April 2004	3 May 2004	20 May 2004	0.065
2004 Final	21 April 2005	25 May 2005	23 June 2005	0.065
2005 Final	20 April 2006	23 May 2006	15 June 2006	0.075
2006 Final	26 April 2007	29 May 2007	15 June 2007	0.085
2007 Final	28 April 2008	30 May 2008	16 June 2008	0.085
2008 Final	23 April 2009	26 May 2009	30 June 2009	0.085
2009 Final	22 April 2010	25 May 2010	30 June 2010	0.085
2010 Final	18 April 2011	20 May 2011	30 June 2011	0.085
2011 Final	5 June 2012	30 May 2012	20 July 2012	0.085
2012 Final	4 June 2013	29 May 2013	19 July 2013	0.085
2013 Final	4 June 2014	29 May 2014	18 July 2014	0.095**

* On the basis of HK\$0.065 per share, pro-rated based on the number of days the Company's shares have been listed during the year of 2002.

** The dividend proposal is subject to shareholders' approval at the Annual General Meeting to be held on 29 May 2014.

Annual Reports

Our annual reports in both English and Chinese are now available through the Internet at <http://www.chinatelecom-h.com>. The Company will file an annual report in Form 20-F for the year 2013 with the United States Securities and Exchange Commission by 30 April 2014.

2013 Annual Report Survey

Annual Report is a key communication channel between shareholders and the Company. Last year, we received around 100 questionnaires of "Your Views on Annual Report 2012". Each of these responses benefited us in enhancing and further improving our annual reports. We are deeply indebted to the respondents for their constructive responses. In accordance with our commitment, we have to donate HK\$50 for each questionnaire received. In this regard, we have donated a sum of HK\$10,000 to the charitable organisation, WWF. In addition, we have already implemented the suggestion of allowing shareholders to choose means of receipt and language of corporate communication to enhance environmental protection and cost savings.

We value and are eager to keep hearing your comments on our annual report for our further improvement in the future. It is highly appreciated if you could spare your precious time to complete the questionnaire of "Your Views on Annual Report 2013", as attached in this annual report, and return it by post or fax to us at +852 2877 0988. You can also fill in the electronic form at our website, www.chinatelecom-h.com.

Annual General Meeting

To be held at 11 a.m. on 29 May 2014 in Grand Hyatt Hong Kong

Registered office

Address: 31 Jinrong Street
Xicheng District
Beijing
PRC 100033
Tel: 86 10 6642 8166
Fax: 86 10 6601 0728

Any enquiries relating to the strategic development or operations of China Telecom Corporation Limited, please contact the Investor Relations Department:

Investor Relations Department

Tel: 852 2877 9777
Fax: 852 2877 0988
Email: ir@chinatelecom-h.com

Any enquiries relating to your shareholding, for example transfers of shares, change of name or address, loss of share certificates, please contact the H share registrar:

H share registrar

Computershare Hong Kong Investor Services Limited

Address: Shops 1702–1706, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: 852 2862 8555
Fax: 852 2865 0990
Email: hkinfo@computershare.com.hk

Shareholder Information

Any enquiries relating to ADSs, please contact the depositary:

ADS depositary

The Bank of New York Mellon

Address: Investor Services
P.O. Box 11258
Church Street Station
New York, NY 10286-1258

Tel: 1-888-269-2377 (toll free in USA)
1-212-815-3700 (international)

Email: shrrelations@bnymellon.com

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.

Corporate Culture

Corporate Mission

Let the customers fully enjoy a new information life

Strategic Goal

Be a world-class integrated information service provider

Core Value

Comprehensive innovation, pursuing truth and pragmatism,
respecting people and creating value all together

Operation Philosophy

Pursue mutual growth of corporate value and customer value

Service Philosophy

Customer First Service Foremost

Code of Corporate Practice

Keep promise and provide excellent service for customers

Cooperate honestly and seek win-win result in joint innovation

Operate prudently and enhance corporate value continuously

Manage precisely and allocate resources scientifically

Care the staff and tap their potential to the full

Reward the society and be a responsible corporate citizen

Corporate Slogan

Connecting the World