I. Background and Basis

In order to effectively protect the interests of China Telecom Corporation Limited and its shareholders, to regulate and guide daily job duties of senior management officers of China Telecom Corporation Limited and its provincial subsidiaries (together the “Company”), to effectively promote the establishment and perfection of good corporate governance structure and internal control system, and to meet regulatory requirements with regard to internal control of the Company, this code of ethics (this “Code”) is formulated pursuant to the relevant requirements in the Articles of Association of China Telecom Corporation Limited.

II. Scope of Application and Purposes

1. This Code is applicable to Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, Vice Presidents, Controllers, Departmental Managing Directors and Deputy Managing Directors, and Presidents, Deputy Presidents and Controllers of its provincial subsidiaries and any other persons engaged in similar duties as senior management officers (the “Senior Officers”).

2. The purposes of this Code are:
   
   (i) to encourage compliance with all applicable laws and regulations;
   (ii) to promote honest and ethical conduct, including the handling of conflicts of interest in good faith;
   (iii) to promote comprehensive, adequate, accurate and timely disclosure of information;
   (iv) to deter wrongdoing;
   (v) to promptly discover and report any violations against code of ethics;
   (vi) to carry out all regulations and obligations in connection with this Code.

III. Principle of Good Faith and Integrity

1. It is the Company’s basic principle to act in good faith and with integrity in handling its relations with its clients and shareholders, the society and other external interest groups, and the same principle is also applicable in handling the relations between the Company and its employees and among the employees.
2. It is the prime duty of Senior Officer to the Company to act in good faith and with integrity. He or she shall not act deceitfully or in contravention of the principle of good faith and integrity.

3. Each Senior Officer shall:

(i) act in good faith subject to his or her confidentiality obligation owed to the Company;

(ii) act in accordance with, both in form and in substance, any of the applicable laws, regulations, accounting standards and the Company’s policies;

(iii) act with care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances in the exercise of his or her powers and in the discharge of his or her duties; and

(iv) act with a high standard of professionalism.

4. Each Senior Officer’s obligation of good faith and integrity may not necessarily cease after the termination of his or her tenure of office with the Company. His or her obligation of confidentiality persists even after the termination of his or her tenure of office. The obligation period for other duties may continue depending on the amount of time which has lapsed between the termination and the act concerned in accordance with the principle of fairness, and also taking into account the terms under which the relationship between the Senior Officer on the one hand and the Company on the other hand was terminated.

IV. Principle of Fairness

It is prohibited by the Company to obtain any inappropriate commercial interest by any illegal or unethical means. Each Senior Officer shall treat any client, supplier, competitor and employee of the Company fairly and shall not obtain any inappropriate interest acquired through his or her position at the Company through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

V. Principle Regarding Conflicts of Interest

1. A “conflict of interest” means an actual or potential conflict between an individual’s personal interest and the Company’s interest, or between an individual’s personal interest and his or her obligations, including but not limited to:

(i) any action taken by, or any interest of a Senior Officer that may impair him or her in performing his or her duties objectively and effectively; and
(ii) any inappropriate personal benefit obtained by a Senior Officer or his or her family as a result of the Senior Officer’s position at the Company.

2. Senior Officers shall not:

   (i) bribe or receive bribes or other unlawful income by virtue of his or her position and power in the Company;

   (ii) obtain unlawful or improper benefits for himself or herself, or his or her family members or other persons as a result of his or her power in the Company;

   (iii) seize or cause others to seize business opportunities of the Company by taking unfair employment advantage of his or her position or power or resources of the Company, unless the Company is aware of such opportunity and has expressly given it up in writing;

   (iv) take any advantage of the Company’s property, including any tangible or intangible assets or trade secrets to seek any personal interest;

   (v) engage in or work for any business that competes with the Company;

   (vi) engage in activities prohibited by Articles 129 and 130 of the Articles of Association of China Telecom Corporation Limited;

   (vii) engage in any other activities that may hamper the interest of the Company.

3. Each Senior Officer shall:

   (i) comply with the Company’s Articles of Association, perform his or her duties faithfully, protect the Company’s interests, avoid conflicts of interest wherever possible, and act honestly in the best interests of the Company;

   (ii) discuss with the Board of Directors of China Telecom Corporation Limited or the Board of Directors of a provincial subsidiary (collectively “the Company’s Board”) any material transaction or business relationship that may result in any conflict of interest;

   (iii) proceed with such material transaction or business relationship only after obtaining the approval of the Company’s Board. If the involved Senior Officer is also a member of the Company’s Board, he or she may not participate the Board’s discussion and shall abstain from voting on such transaction or relationship. However, pursuant to the Company’s Articles of Association, however, in the event that such transaction or business relationship is related to any contracts, transactions or arrangements entered into between the involved Senior Officer with the Company, or is related to commissions received by the Senior Officer in connection with transactions of the Company, such transaction or business relationship may not proceed without the informed approval of the shareholders given at a general meeting; and

   (iv) report at least once a year to the Company’s Board whether he or she engages in
any transaction or business relationship that may result in any conflict of interest.

4. The following situations are material conflicts of interest. Any involved Senior Officer must report to the Company’s Board within five business days after he or she becomes aware of the occurrence of the following matters:

   (i) he or she owns a significant equity interests or any other ownership interests in any of the Company’s suppliers or customers;

   (ii) he or she has a consultancy, advisory or employment relationship with any of the Company’s customers, suppliers or competitors;

   (iii) he or she has any external business activities that may distract him or her from devoting time and attention to his or her duties in the Company;

   (iv) he or she accepts or receives any material gift from any company that has an existing or potential business relationship which the Company;

   (v) he or she holds a supervisory or reviewing or any other position that may affect any of his or her immediate family members’ job evaluation, compensation or benefits; or

   (vi) through him or her, any other company that becomes one of the Company’s Connected Persons has any business relationship or transaction with the Company as described in the Listing Rules of The Stock Exchange of Hong Kong Limited.

5. Any situation described above but in connection with any immediate family member of any Senior Officer shall be treated in the same manner as a conflict of interest in connection with any Senior Officer.

VI. Principle of Disclosure

1. Each Senior Officer is required to be familiar with and comply with the internal information disclosure procedure of the Company so that the Company's public reports and documents filed with any applicable securities regulatory authorities are in accordance with the requirements of securities laws and regulations in all material respects.

2. Each Senior Officer, who is in charge of or has supervisory responsibility over the filings with securities regulatory authorities or the disclosures of the Company’s operations, performance, accounting, outlooks or other public disclosures, shall coordinate, to the extent of his or her power and responsibilities, with other officers in the Company and take all appropriate measures of disclosure in order to make the disclosed information complete, fair, accurate, updated and easily understandable.

3. Each Senior Officer shall observe the following:

   (i) he or she shall be familiar with the Company’s businesses, financial
operations and information disclosure requirements;

(ii) he or she shall not knowingly misrepresent or omit, or cause others to misrepresent or omit, any of the Company’s material information to any internal or external party, including the Company’s independent auditors, government regulators and self-regulatory authorities;

(iii) he or she shall carefully review and analyse the accuracy and completeness of the information to be disclosed (or under appropriate circumstances delegate such responsibility to another party.).

VII. Confidentiality

Unless required by law or authorized by a party with the right to disclose such information, each Senior Officer shall have a duty to keep the Company’s business secrets obtained through the Company’s operations and each customer’s or potential customer’s confidential or private information.

Confidential Information mentioned in the paragraph above shall mean information that is not published openly and which, if disclosed, might benefit competitors of the Company, or damage interests of the Company, clients or potential clients of the Company.

VIII. Protection of the Company’s Properties

The Company’s properties mean all the tangible and intangible assets legally owned by the Company or which the Company is entitled to deal with.

Each Senior Officer shall have a duty to protect the Company’s properties and have them utilized reasonably and effectively for the Company’s valid business purposes, and shall not damage or misappropriate the Company’s properties in any manner.

IX. Compliance with Laws, Regulations and Rules

The Company requires each Senior Officer to act in accordance with all applicable laws, regulations and rules. Each Senior Officer has also his or her personal obligation to observe such laws, regulations and rules.

X. Reporting and Accountability

1. Each Senior Officer is required to notify the Company’s Board within five business days after he or she is aware of any existing or possible violation against this Code (“Violation”). Failure to do so is deemed to be a Violation to the Code

2. No Senior Officer shall retaliate against any employee or Senior Officer who reports any possible Violation.
3. The Company’s Board shall take appropriate actions to investigate any existing or possible Violations reported to it. If a Violation has occurred, the Company’s Board shall take any appropriate preventive or disciplinary action.

4. The Company’s Board shall adopt the following procedure in investigating and dealing with any Violation:

(i) to have designated persons starting preliminary investigations after receiving a report;

(ii) to determine, based on the investigation report, whether a Violation has occurred;

(iii) to take any appropriate preventive or disciplinary actions (with a maximum penalty of dismissal), and in the event of any crime or other severe violations of the law, the applicable security regulatory authorities or other law enforcement authorities shall be notified; and

(iv) to timely disclose any amendments to or waivers of this Code made in accordance with the applicable securities regulations.

XI. Amendment, Interpretation and Enforcement

1. This Code is a document that sets out in principles of the ethic codes that are applicable to the professional conduct standard of the Senior Officers. The Senior Officers’ business activities shall also be in accordance with all relevant requirements in the applicable laws, regulations, government policies, the Company’s Articles of Association and other current internal rules.

2. The Company’s Board shall supervise the enforcement of this Code.

3. The Board of Directors of China Telecom Corporation Limited is responsible for the interpretation of this Code.

4. Any amendment to this Code must be approved by the Board of Directors of China Telecom Corporation Limited.