



*Change
has
come*

2010 Credit Suisse Asian Investment Conference

Mr. Shang Bing, President & COO

China Telecom Corporation Limited
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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.

Business Review



Highlights

“eSurfing” brand driving rapid mobile & full services development

Integrated operation of mobile, wireline & Internet services enhancing differentiation edge



Effective initiatives to promote future sustainable growth

Superior strengths with proactive deployment ready to create value

Results On Track as Planned

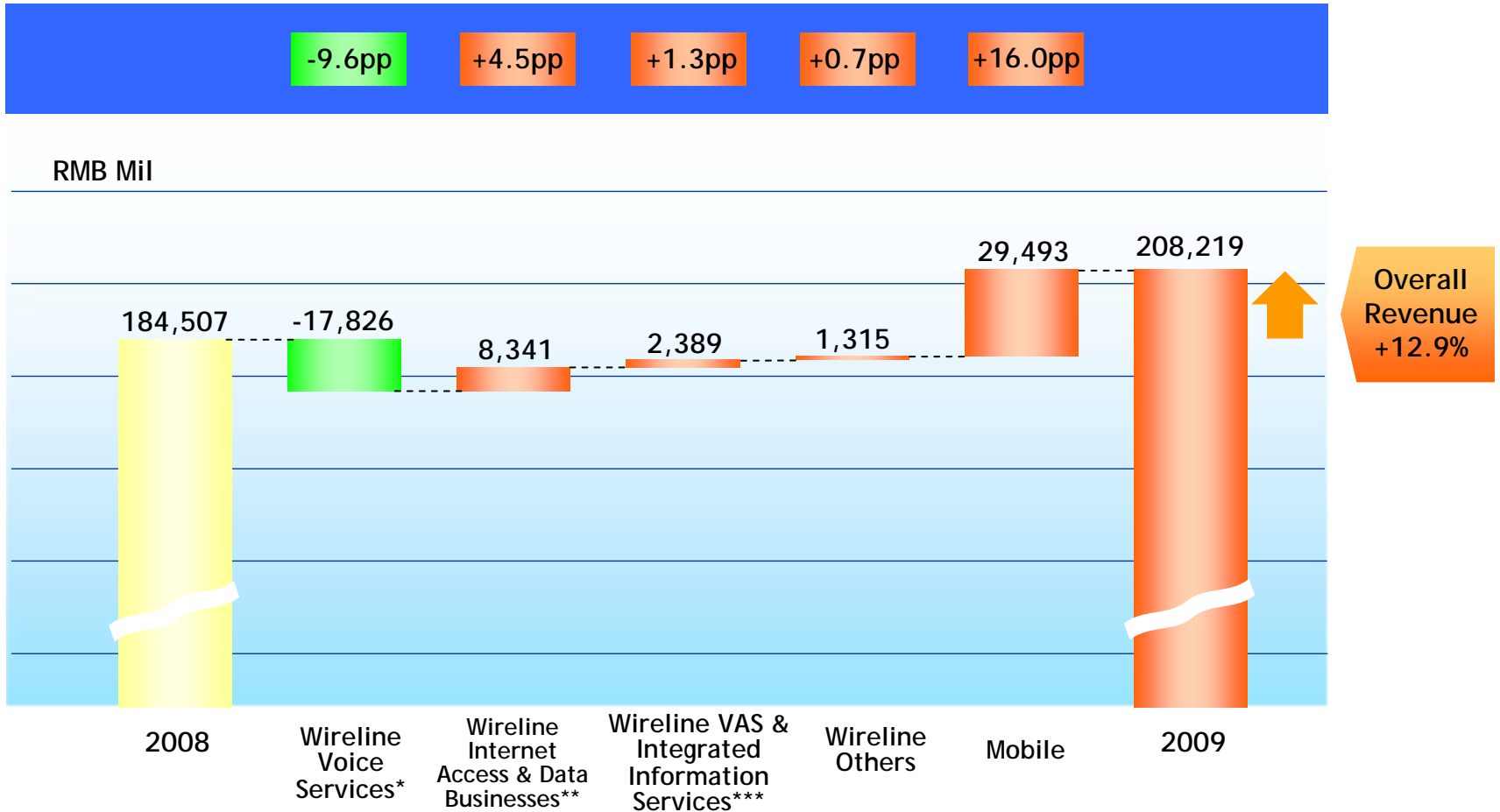
Adjusted Results	2008	2009	Change
Operating Revenue (RMB Mil)	184,507	208,219	12.9%
EBITDA (RMB Mil)	85,889	82,133	-4.4%
EBITDA Margin	46.6%	39.4%	-7.2pp
Net Profit (RMB Mil)	20,066	13,271	-33.9%
EPS (RMB)	0.248	0.164	-33.9%
Free Cash Flow (RMB Mil)	36,768	31,159	-15.3%

	2008.12	2009.12	Change
Access Lines in Services (Mil)	208.35	188.56	-19.79
Mobile Subs (Mil)	27.91	56.09	28.18
Wireline Broadband Subs (Mil)	44.27	53.46	9.19

Notes: Unless otherwise stated in this presentation

1. All financial data exclude Upfront Connection Fees
2. EBITDA was calculated before CDMA Network Leasing Fees (2008: RMB1,504 mil; 2009: RMB8,383 mil) to enhance comparability
3. Adjusted EBITDA and Net Profit for 2008 was arrived at before the impact of natural disasters (pre-tax: RMB3,428 mil; after-tax RMB2,838 mil) and PAS asset impairment loss (pre-tax: RMB23,954 mil; after-tax: RMB18,366 mil)
4. Net Profit represents profit attributable to equity holders of the Company
5. Free Cash Flow = EBITDA - CDMA Network Leasing Fees - CAPEX - Income Tax Expenses

Revenue Growth Drivers



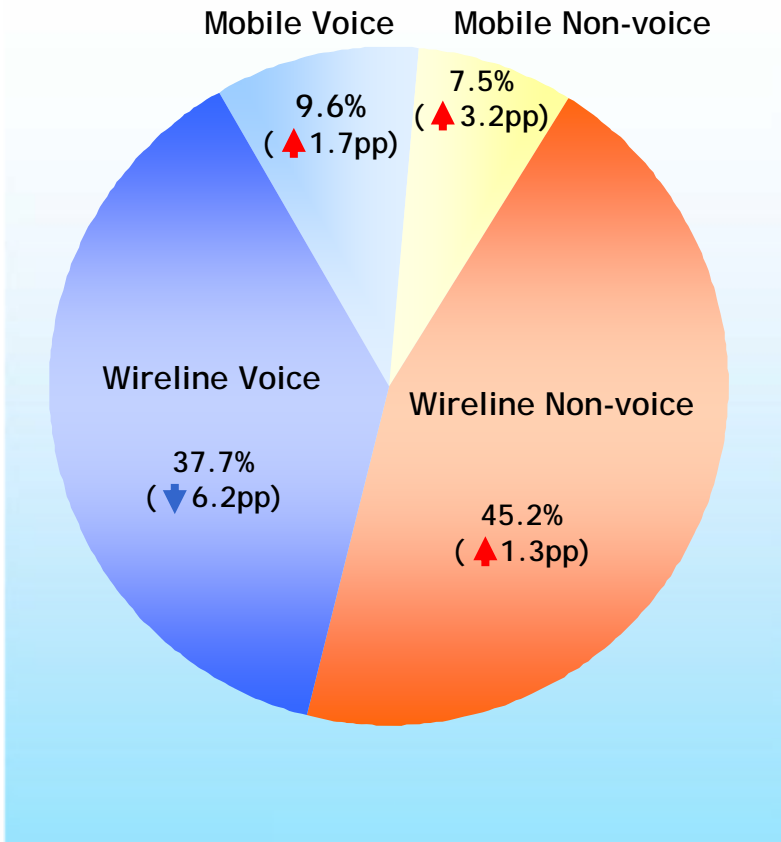
Notes: * Wireline Voice Services Revenue included Monthly Fees, Local Usage Fees, Upfront Installation Fees, DLD/ILD and Interconnection Revenue
 ** Wireline Internet Access & Data Businesses included Wireline Internet Access, Managed Data and Leased Line businesses
 *** Wireline VAS & Integrated Information Services included Wireline VAS, Wireline Internet VAS, Best-Tone Information Services and IT Services & Applications

Revenue Breakdown

RMB Mil	2008	2009	Change
Wireline	178,380	172,599	-3.2%
Voice	96,258	78,432	-18.5%
Internet Access	40,727	47,807	17.4%
VAS & Integrated Information Services	25,594	27,983	9.3%
Managed Data & Leased Line	10,231	11,492	12.3%
Others	5,570	6,885	23.6%
Mobile (Commenced from 4Q2008)	6,127	35,620	481.4%
Voice	3,955	20,027	406.4%
Data*	1,462	9,976	582.4%
Sales of Terminals	710	5,617	691.1%
Total	184,507	208,219	12.9%

Note: * Mobile data included Internet Access, VAS & Integrated Information Services, Managed Data & Leased Line

Optimized Revenue Structure



Changes

- Optimized full services revenue structure
 - Non-voice: 52.7%
 - Voice: 47.3%
- New revenue growth driver
 - Mobile revenue/Total revenue: 17.1% (▲ 4.9pp)
- Reduced wireline operating risk
 - Wireline non-voice/Total wireline revenue: 54.6% (▲ 8.6pp yoy)

Note: ▲ pp vs 4Q08

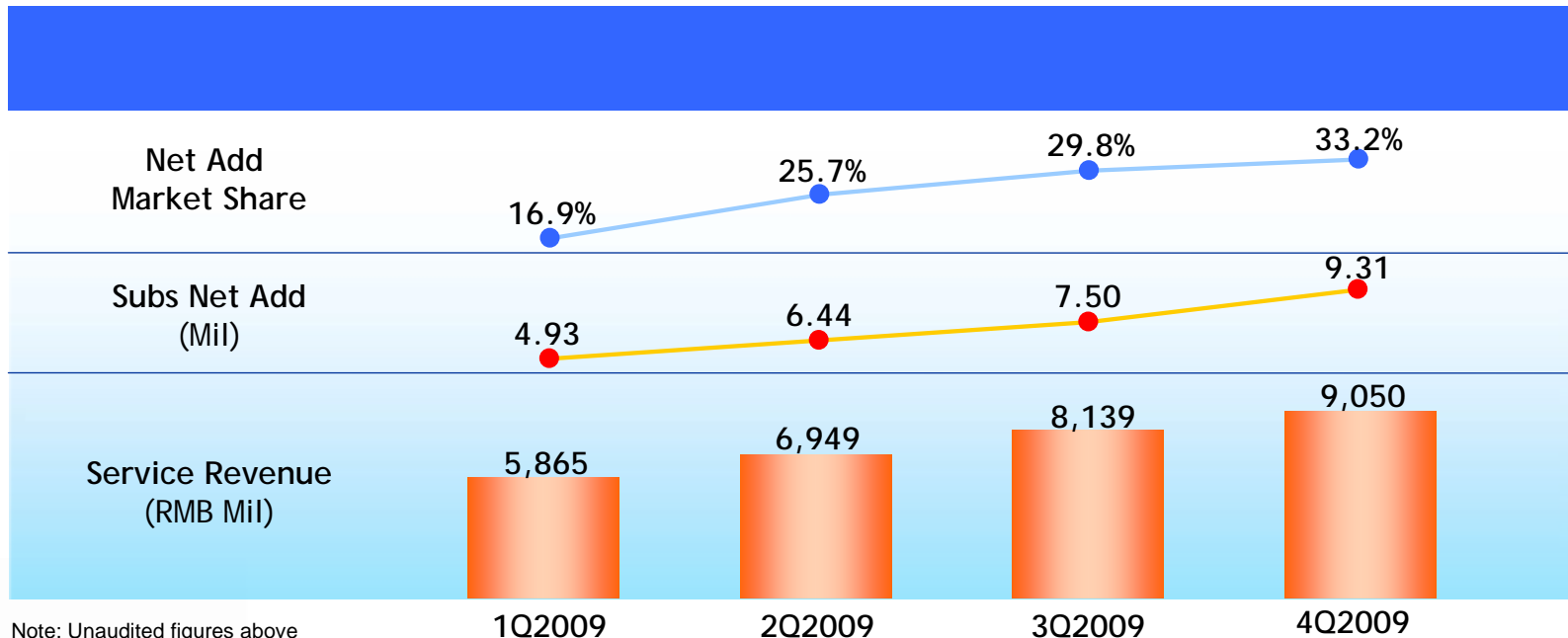
Strong Mobile Growth

Solid Execution

	2008	2009
Mobile Subs (Mil)	27.91	56.09
Mobile Subs Market Share	4.5%	7.7%
Mobile Service Revenue (RMB Mil)	5,417	30,003
Mobile MOU (Min)	309	308
Mobile ARPU (RMB)	63.4	59.5

Strengths

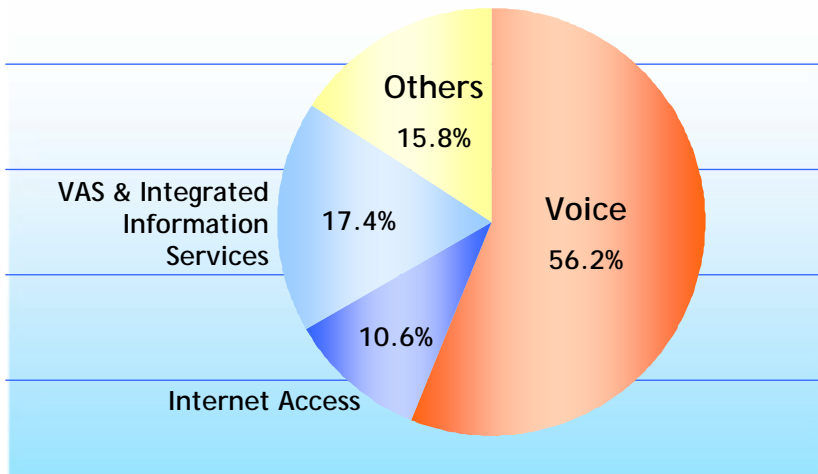
- Compelling "eSurfing" brand
- Effective integrated development of mobile, wireline, Internet services
- Superior 3G mobile network
- Rapidly enhanced distribution channels & service quality
- Ramped up terminal supply



Note: Unaudited figures above

Driving Rapid Mobile Expansion

Revenue Breakdown



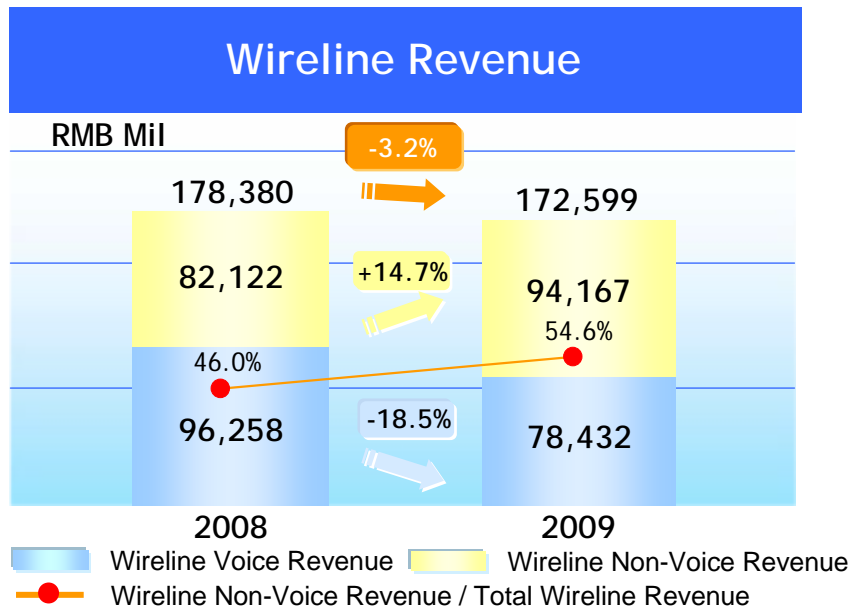
Data Service

	2009.12
3G subs (Mil)	4.07
Wireless Broadband Access subs (Mil)	6.33
"189 mailbox" subs (Mil)	14.06
"eSurfing Live" subs (Mil)	4.31

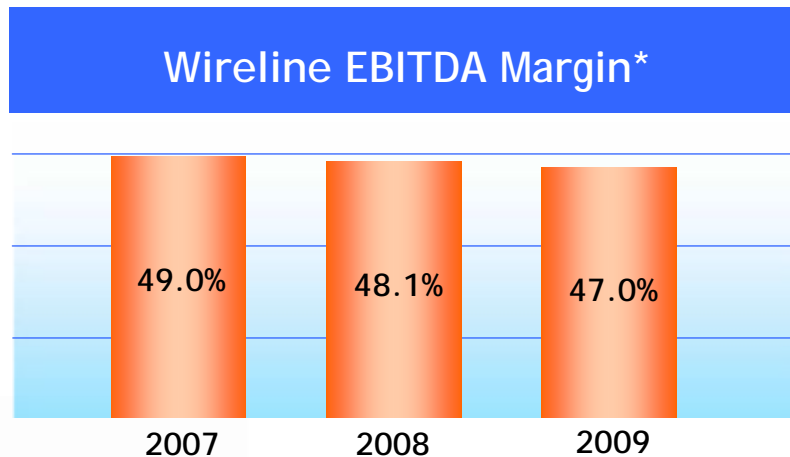
Major Initiatives

- Cross-sell to existing government & enterprise and household customers to accelerate mobile sub growth
- Persist in mobile development strategy of profitable scale development with strategic priorities on targeting mid-to-high end customers; strengthen 3G core competitiveness to realize scale development of mid-to-high end customers
- Activate value chain
 - RMB1000 3G handset procurement: 68 models in supply progressively from 4Q09
 - Smartphone procurement: 32 models in supply progressively from 1Q10
 - Currently ~600 models of handsets in supply (incl ~100 3G models)
- Enhance network, distribution channels and customer services to improve customers' perception & loyalty
 - Open channel distribution points: ~540,000 (▲~4x)
 - Open channel terminal sales: 52% (▲40pp)

Resilient Wireline Performance Despite Intensified Challenges



- ## Major Initiatives
- Foster development of wireline non-voice businesses with adequate resources allocation
 - Consolidate wireline traditional business with high growth businesses via integrated & bundled services offering
 - Scientific resources allocation with strict cost control to maintain profitability



Note: * As the company is managed on an integrated business model, no segment reporting is prepared for its wireline or mobile services. The 2008 & 2009 wireline EBITDA figures are simply derived from attributing certain major separately-identifiable costs to the respective wireline or mobile services with the remaining common costs being allocated in proportion to the respective revenue. Accordingly, no undue reliance should be placed on the unaudited figures

Fast Growing Wireline Broadband Services

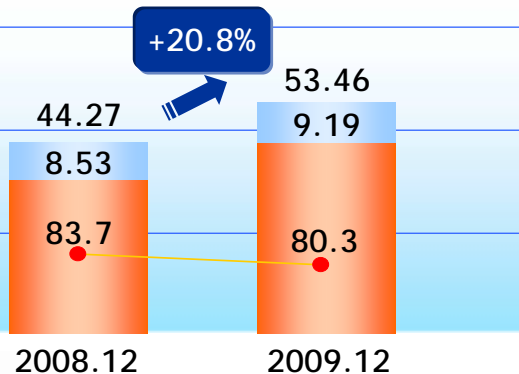
Broadband Access Revenue

RMB Mil



Subscribers

Mil



Net Adds

Broadband ARPU (RMB)

Huge Development Potential

- Relatively low broadband household penetration (16.7%)
- New applications driving increasing bandwidth demand

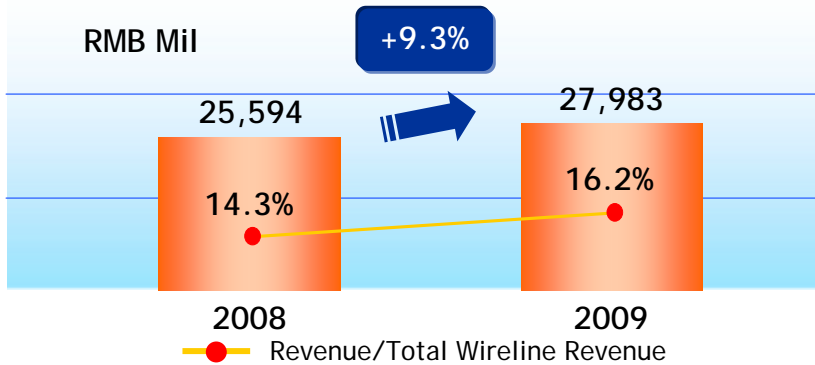


Major Initiatives

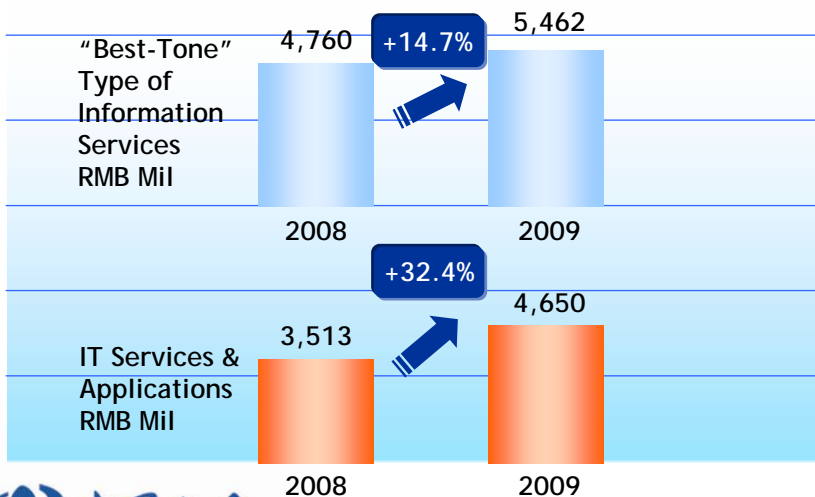
- Accelerate broadband service development via "eSurfing Broadband" branding
- Strengthen integrated offering to increase broadband penetration of government & enterprise and household customers
- Improve network capability & promote customers' bandwidth upgrade with enriched broadband applications to enhance customers' stickiness & value
- Drive coordinated robust development of wireline broadband, WLAN & mobile broadband with customer's unified account operation & appropriate pricing segmentation

Robust Wireline VAS & Integrated Information Services

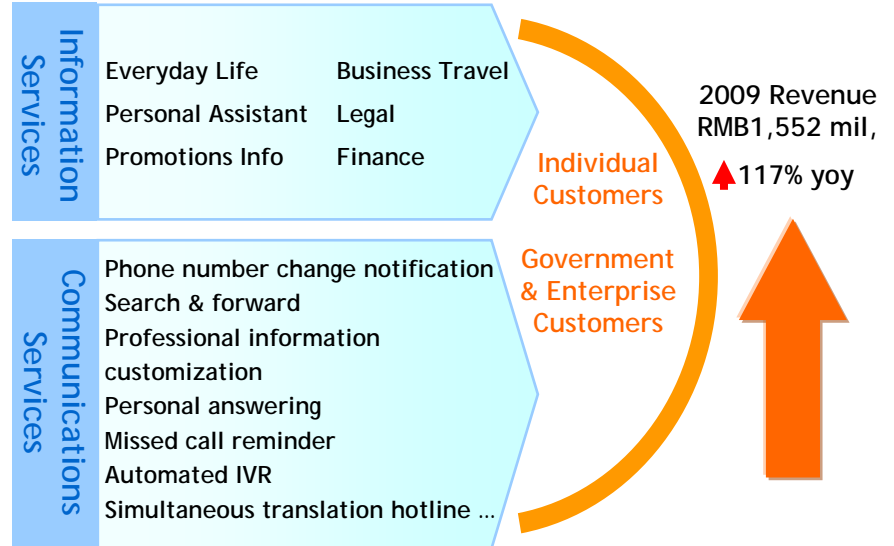
Revenue



Key Services



Example: Best-Tone Information & Communications Assistant



Major Initiatives

- Upgrade information service capability to seize opportunities of increasing market demand for informatization
- Enrich the content of VAS & integrated information services

Integrated Operation Gaining Momentum & Edge

Superior Wireline & Internet Services

- 189 mil access lines in services & 53 mil wireline broadband subs
- All IP-based fibre-optic core network

Superior Integrated Operation and Innovation Capabilities to Delight Customers with Differentiated Experience

- Cross-selling & multi-services bundling to drive interactive mutual promotion
- Highly integrated platforms, systems, products, services & channels to improve efficiency & facilitate differentiated integrated services
- Seamless services or applications on multi-screens & multi-devices access to enhance customers' satisfaction & value
- Unified & coordinated resource allocation across multi-services to drive return

Superior 3G Mobile Network Service

- Most comprehensive & in-depth nationwide 3G network (covering all 342 prefecture-level cities, >2,000 counties, 60% towns & villages)

- Enhancing customers' satisfaction & loyalty
- Driving value for customer & company

Compelling Integrated Operation

Mobile sub bundling penetration:

50% (▲ 15pp)

OneHome subs/Household subs:

32% (▲ 12pp)

BizNavigator SME penetration:

43% (▲ 22pp)

Near Term Priorities

Sharp focus on innovation & full-services integrated operation

Accelerating mobile development

- To promote launch of differentiated core 3G products and scale supply of mid-range handsets to enhance customer experience & value
- To centralize operation to speed up 3G core products development & penetration
- To enrich terminal devices portfolio & to invigorate the open distribution channel to achieve the scale development of mobile business

Growing transformation business

- To promote wireline-wireless seamless broadband operation with eSurfing broadband
- To accelerate the launch & penetration of industry-specific applications via centralized development & rapid replication
- To accelerate integrated information service development (Best Tone, IT Services & Applications...)

Consolidating traditional wireline business

- To persist in integrated operation & effective value transfer to ensure stable growth of overall revenue from a customer
- To retain customers with branding packages & to enhance service quality to alleviate wireline voice decline

Financial Performance

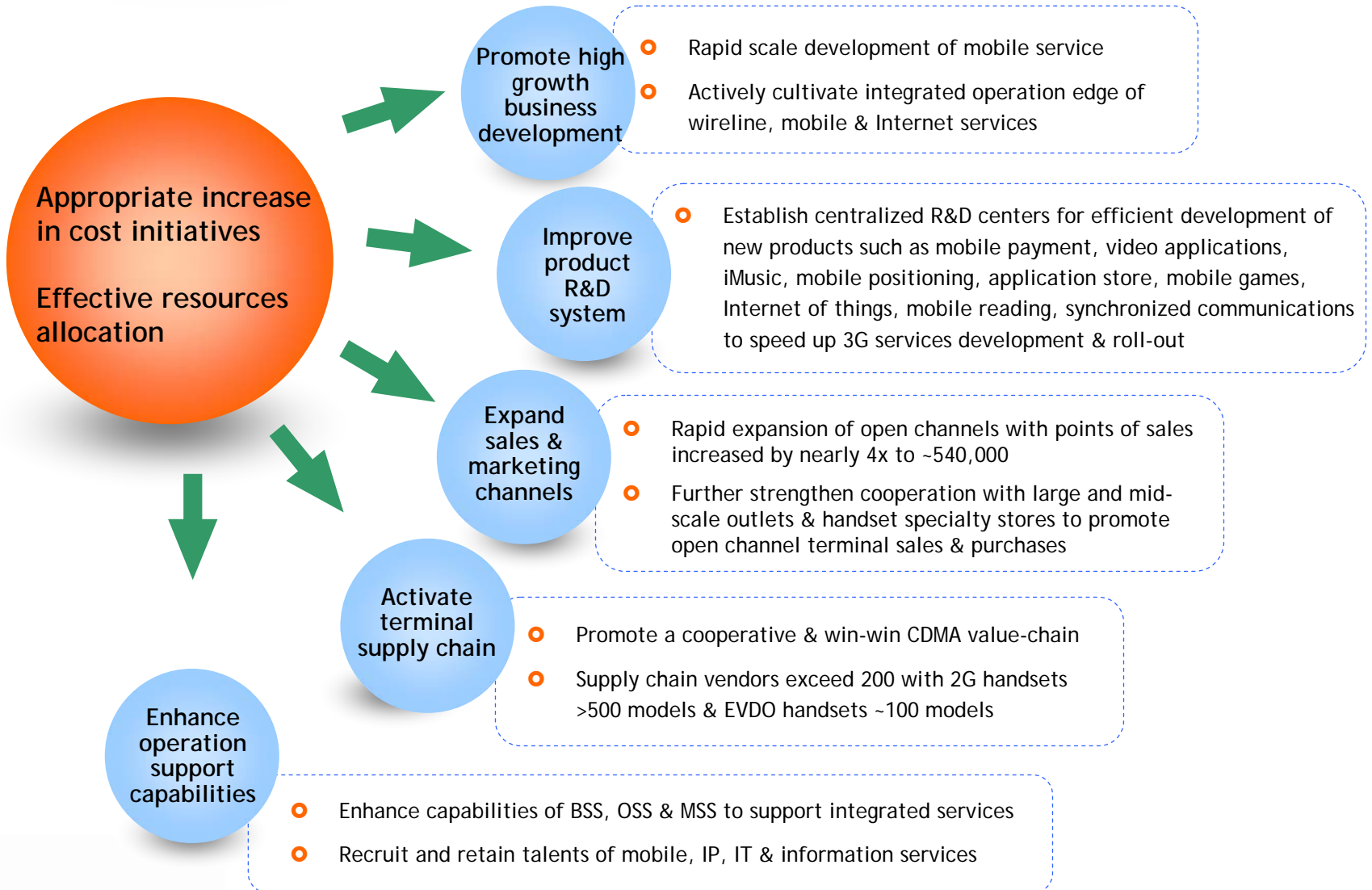


Key Financial Information

Strict cost management with appropriate increase in initiatives in high growth services like mobile to promote profitable scale development & integrated operation edge to enhance future profitable growth

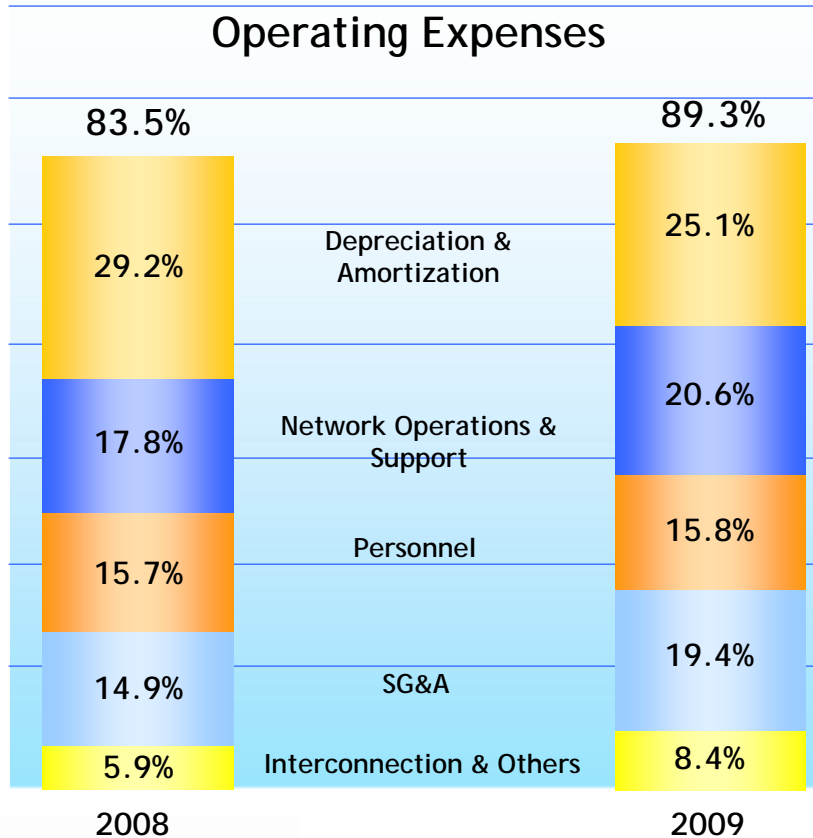
RMB Mil	2008	2009	Change
Operating Revenue	184,507	208,219	12.9%
Operating Expenses	181,384	186,712	2.9%
Depreciation & Amortization	53,880	52,243	-3.0%
Network Operations & Support	36,096	42,903	18.9%
<i>Incl: Mobile Network Leasing</i>	1,504	8,383	457.4%
<i>Natural Disasters</i>	3,215	-	-
Personnel	28,946	32,857	13.5%
SG&A	27,501	40,507	47.3%
<i>Incl: Mobile Handset Subsidies</i>	883	10,070	1,040.4%
Interconnection & Others	10,794	17,449	61.7%
<i>Incl: Wireline Interconnection</i>	6,927	6,167	-11.0%
<i>Mobile Interconnection</i>	616	3,467	462.8%
<i>Cost of Mobile Terminals Sold</i>	601	4,980	728.6%
Asset Impairments	24,167	753	-96.9%
Operating Profit	3,123	21,507	588.7%

Investing for Future Profitable Growth



Proactive Initiatives to Strengthen Full Services Operation

Operating Expenses* as a % of Operating Revenue



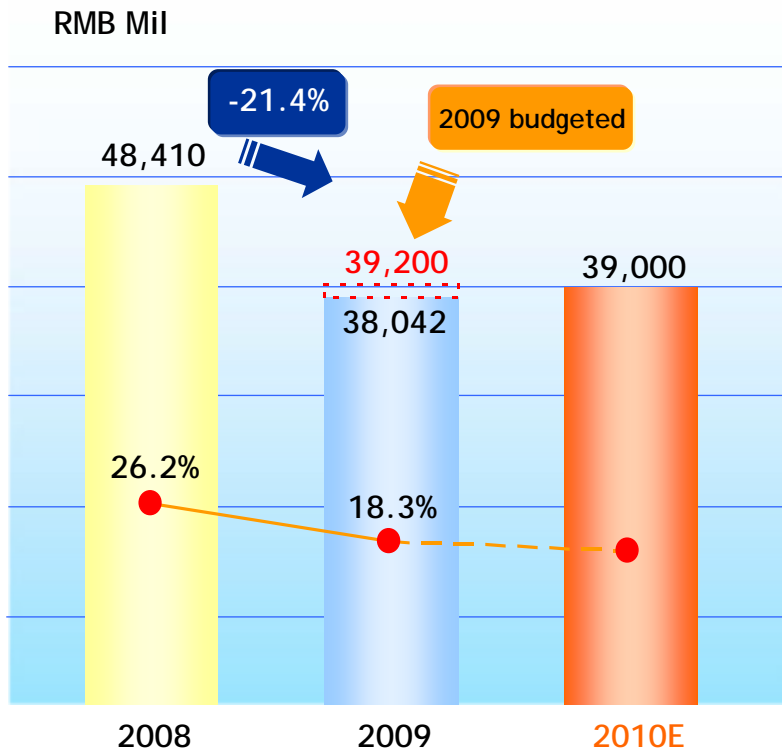
Note: * Operating Expenses excluded impact of natural disasters & asset impairment loss

Optimized Cost Structure

- Depreciation & Amortization: ▼ 4.1pp benefiting from PAS asset impairment loss & reduced CAPEX in prior years
- Cash operating expenses: ▲ 9.9pp to strengthen full services operation
 - SG&A: ▲ 4.5pp mainly due to measured increase in mobile handset subsidies (33.6% of mobile service revenue) to promote rapid scale development; decreased G&A percentage
 - Network Operations & Support: ▲ 2.8pp mainly due to addition of mobile network leasing fees
 - Personnel: Stable
 - Interconnection & Others: ▲ 2.5pp mainly due to addition of mobile interconnection expenses & cost of mobile terminals sold

Effective CAPEX Control to Support Sustainable Development

CAPEX

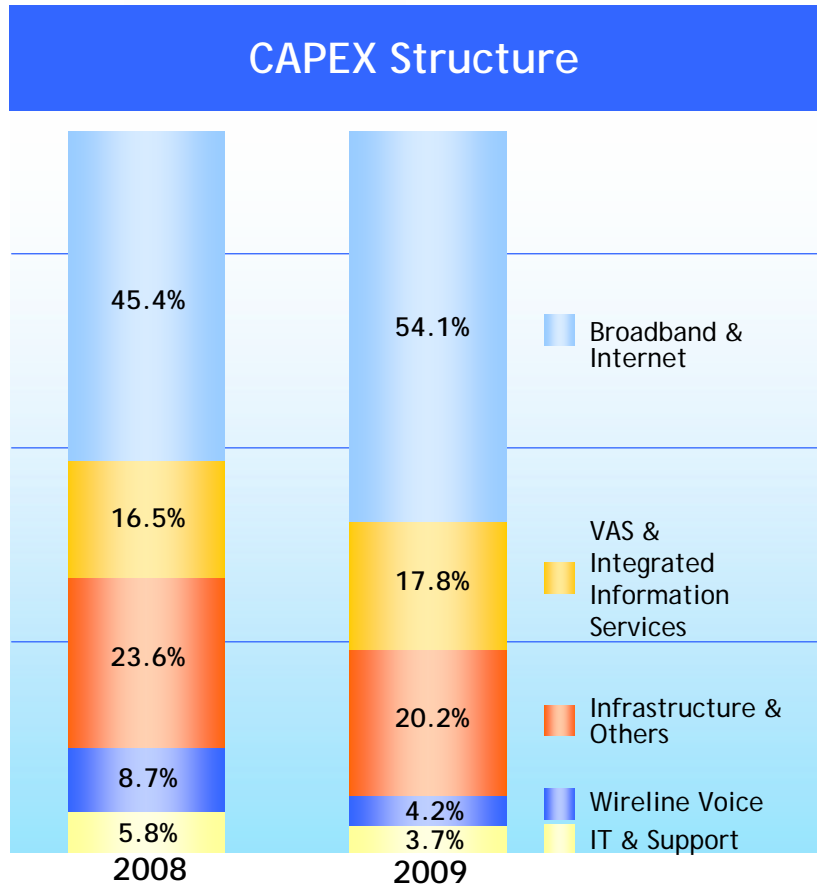


● As a % of Operating Revenue

Tilting investments towards strategic initiatives

- Increase investment in broadband, VAS & Integrated Information Services to strengthen broadband competitive edge and industry-specific informatization applications development to promote strategic transformation
- Substantially reduce investment in traditional wireline voice & copper wire, and improve existing asset utilization to enhance return
- Stringent CAPEX control to drive strong free cash flow and support sustainable development

Optimized CAPEX Structure



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

Optimized CAPEX structure to support strategic transformation

- Broadband & Internet ▲ 8.7pp yoy
- VAS & Integrated Information Services ▲ 1.3pp yoy
- Wireline Voice ▼ 4.5pp yoy
- IT & Support ▼ 2.1pp yoy
- Infrastructure & Others ▼ 3.4pp yoy

Increased fibre-optic investment to support broadband development

- ▲ 15 mil broadband access capacity
- ▲ Customer access bandwidth capability

Coverage in cities



Coverage in rural areas



- ▲ 75,000 WiFi hotspots (Total: ~100,000)

Tilting investment towards transformation businesses & strictly controlling CAPEX on traditional wireline voice services; enhancing network capabilities for supporting transformation

Stable Dividend



The Board of Directors recommends to the shareholders a final dividend of HKD0.085 per share for 2009

- Proper balance between shareholders' cash return demand and company's future investment needs
- Supported by strong free cash flow and solid financial strength



Thank You

For further information &
enquiries, please contact
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