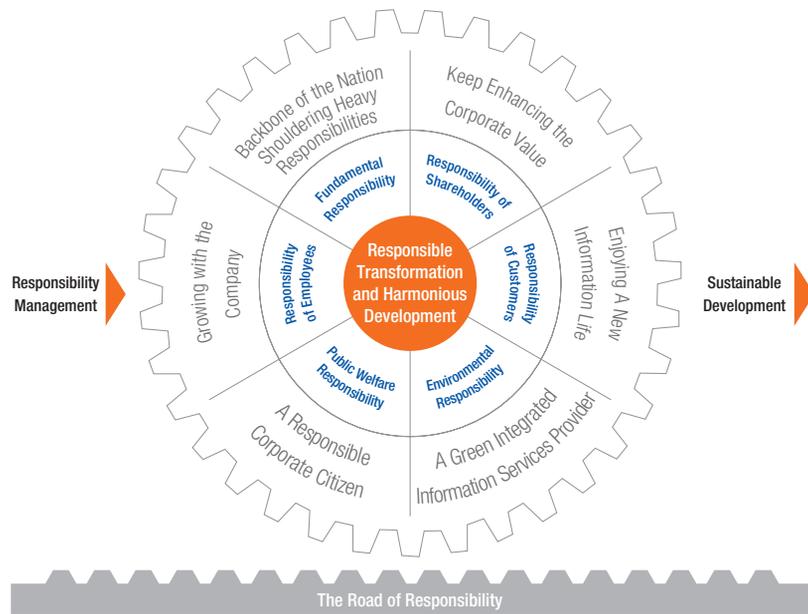


Corporate Social Responsibility Report



Model of Corporate Social Responsibility

As the main national telecommunications operator in China, China Telecom has always adhered to its core philosophy of “comprehensive innovation, pursuing truth and pragmatism, respecting people and creating value together”. It operates its business according to the law with integrity and perseveres in scientific development. While conscientiously fulfilling its responsibility to shareholders, rewarding them and maintaining stable development, the Company has been active in fulfilling its social responsibilities, serving its customers, caring for its employees, protecting the environment and offering returns to the society. The Company has integrated its corporate social responsibilities into the provision of products and services and associated its development with sustainable economic, social and environmental development, aiming to promote harmony and advancement of the society.

Operating with integrity and in compliance with the law

The Company operates with integrity and in compliance with relevant national laws and regulations, industry regulations, social ethics and business ethics. We have established an all-rounded and seamless compliance system featuring legal education, industrial regulation compliance, internal audit and control, anti-corruption and comprehensive risk management. We have created a lasting, effective and standard communication mechanism in order to enhance information disclosure and

increase company transparency. We have taken the initiative in receiving government regulation and social supervision. In 2011, we continued to strengthen system construction, supervision and inspection, and made timely rectification when problems were discovered.

Fulfilling our essential responsibilities as a telecom operator

China Telecom regards the construction of a complete and comprehensive basic networks, developing universal telecommunications services, guaranteeing emergency communications, maintaining information health and promoting industrial development as our essential responsibilities.

Promoting the “Broadband China • Fibre Cities” project

A broadband network is an important foundation for economic and social development. As an initiator and key player for constructing China’s broadband network, China Telecom launched its “Broadband China • Fibre Cities” project in February 2011 and plans to install optical fibres for all cities within three years and increase users’ access bandwidths by more than ten times in three to five years. By the end of the “Twelfth Five-Year Plan” period, families and government and enterprises customers in urban areas in the south will have full optical network coverage, and access bandwidth will generally reach more than 20Mbps for families in urban areas. Through unified accounts, our customers will be able to log onto China Telecom’s

wireline broadband, e-Surfing 3G network and WiFi network to enjoy seamless broadband access services conveniently in all areas.

In 2011, China Telecom continued to deepen its “fibre rollout” project, accelerate progress with FTTH, and substantially upgrade access bandwidths. By the end of the year, 70% coverage of 20Mbps bandwidth access capability had been achieved for broadband lines in urban areas of 20 provinces in the south, an increase of 12 percentage points over the end of 2010.

Progressing the “Village-to-Village” Projects

It is a shared responsibility of all telecommunications operators to bridge the digital divide between cities and the countryside and to guarantee the rights to fundamental telecommunications for all citizens. China Telecom continued the implementation of the “Village-to-Village” projects to speed up the construction of service outlets in rural areas and raise the standard of informatisation for township governments, agricultural enterprises and individual farmers. In 2011, the installation of broadband lines in 10,500 administrative villages was completed.



Rural residents use the broadband services provided by China Telecom and enjoy an informatised lifestyle

Securing Emergency Communications

China Telecom is dedicated to securing smooth national communications as a top priority. Facing natural disasters such as snowstorms, earthquakes, floods and landslides, China Telecom has fully leveraged its strengths in emergency communications systems deployment and robust network capabilities to conduct repairs, rescues and communication services restoration, offering the earliest support for the nation and the public while minimising damages. In 2011, there were formidable tasks of flood control and drought relief. Attaching equal importance to both prevention and protection, China Telecom worked conscientiously in such areas as ideological understanding, organisational systems, pre-arranged planning measures, safety checks, team supplies and disaster reporting, in order to guarantee smooth communications and the safety of lives and property.



Access lines disaster relief technicians urgently spliced optic fibre cables

Supporting Major Public Events

As the only full services global communication partner of the 2011 Universiade in Shenzhen, China Telecom organised a thousand technicians to build and open for traffic “three major systems” for event scoring, event management and event command, and “four specialised networks” namely the competition, event management, security transmission, and radio and television signal transmission networks, as well as IT facilities in 56 venues, to ensure uninterrupted communication services. Our work received high recognition from the Organising Committee, athletes, media and other parties. We were awarded the honours of “Advanced Unit” and “Innovative Business Award” by the Universiade for communications support and service.



China Telecom wholeheartedly provided services for Universiade

Promoting Healthy Information

China Telecom has been leading a “green” and healthy culture on the Internet and mobile phones, actively guarding against the online spread of unhealthy content while strongly promoting those that facilitate the healthy and orderly development of society. In 2011, China Telecom was actively involved in carrying out civilised text messaging activities with the theme of “cultivating self-discipline to be a cultured person” to guide the public in creating or forwarding civilised text messages and spread excellent culture. Through “e-Surfing Reading”, we conducted “Reading for All” series of activities, including “digital reading auditorium for all” and “teachers and students reading the same good book”, to encourage a society where everyone loves to read.



The Company's management presented at Universiade providing work guidance

As the only global communication partner of the 2011 Xi'an International Horticultural Exposition, China Telecom fully deployed a metropolitan optical network based on optical fibre communication technology in the Expo park. With full e-Surfing 3G network plus WiFi coverage in hotspots, users were able to enjoy everywhere and all-rounded seamless broadband services. We provided nine main information application systems including the intelligent master control system, command and conferencing system and ticketing office building automation system to ensure the successful hosting of the International Horticultural Exposition and realised the information service philosophy of “Broadband China, Optical Network Expo Park, Technology Expo Park and Information Expo Park”.

Fulfilling the responsibility towards our customers

Adhering to the operation philosophy of “pursuing the mutual growth of corporate value and customer value” and the service philosophy of “Customer First, Service Foremost” with customer perception as a starting point, China Telecom continuously enhanced its service quality and perfected the methods of service to provide all our customers, whether individuals, families, corporates, government or social undertakings, with a high-quality and convenient information service and let the customers fully enjoy a new informatisation lifestyle.

Activities to implement the campaign to “serve the public and achieve excellence in performance”

In 2011, China Telecom centrally conducted the campaign to “serve the public and achieve excellence in performance”. We actively enhanced the service capability of our customer interface window, standardised our business counter service, improved our electronic channel service, optimised our “10000” service process and implemented our reward service. We provide a meticulous and detailed broadband installation, removal and maintenance service. In line with our goal of enabling our broadband customers to enjoy anxiety-free usage, we refined our broadband installation, removal and maintenance services, actively explored solutions to any emerging customer service issues after fibre rollout, and continuously improved the quality of our broadband network and installation and maintenance service capability in order to give them peace of mind when installing, using, repairing and renewing our broadband services. We broadly strengthened our capability to provide transparent services to enable our customers to use our services with confidence, paying close attention to the compliance rate for basic services and standardising our CP/SP management to fulfil our commitment to provide “single billing, clear consumption, one-click access, convenient communication, one-stop service, first inquiry responsibility, single-point queries, independent subscription/termination, single reminder, and friendliness and care”. Through conducting activities, China Telecom provided our customers with service quality that is more satisfactory and excellent, resulting in a higher rate of satisfaction for installation and maintenance services and a lower rate of customer complaints.

Provision of leading informatisation services for all customers

China Telecom made full use of advanced communications and information technology tools to work hand in hand with our business partners to provide all categories of customers with integrated information services, including mobile communications, Internet access and applications, fixed-line telephone, satellite communications and integrated information services, such as ICT integration, to meet their informatisation needs.

For industry and corporate customers, China Telecom focused on their needs and continued to improve our integrated information service capability to actively introduce new-generation IT applications such as mobile Internet, “cloud” computing and the Internet of Things, integrate informatisation and industrialisation and promote the usage of informatisation applications of various industries. In 2011, we focused on three major areas, namely administrative supervision, society and livelihood, and industries and enterprises, together with ten major industries, namely e-office administration, urban management, public security, industry and commerce, justice, environmental protection, taxation, medical care, transport and logistics and digital enterprises to further enhanced our professional service capabilities. We created a batch of differentiated, integrated products and integrated informatisation application solutions to better meet our customers’ growing demand for informatisation, including Mega-Eye, e-Surfing BlackBerry, e-Surfing Push to Talk, encrypted communications, integrated office, cooperative communications, sales manager, e-Surfing RFID and busy-shop assistant.

For public customers, China Telecom relied on leading broadband networks, 3G networks and WiFi hotspots to provide an abundant wealth of information services such as those for communications, lifestyle and entertainment. In 2011, by upgrading broadband for homes, we enabled our household customers to more fully experience different kinds of broadband-based services. We set up the Business Innovation Department to increase the support for eight major innovative service bases, including e-Surfing Video, iMusic, e’game and e-Surfing apps store, and strengthened our cooperation with business partners to provide stylish 3G applications for individual customers so that they can enjoy the wonderful world of mobile Internet.



Fulfilling our responsibility towards our employees

We consider our employees to be our most valuable resource. China Telecom adheres to the principle of respecting people and cherishes every employee. In accordance with relevant state laws and regulations, we safeguard the interests of our employees and focus on the establishment of harmonious labour relations. We support labour unions in carrying out their functions and encourage our employees to participate in management and protect their right to be masters of their own affairs. In 2011, we continued to carry out production safety publicity, education and training to fully implement our production safety accountability system and safety management system to standardise production safety so as to create a favourable safety environment. We actively conducted staff training, expanded staff career development paths and further improved working and living conditions in order to continue strengthening the Company's solidarity and cohesion.

Fulfilling our responsibility towards the environment

China Telecom has established the concept of "Low-Carbon Telecommunications and Environmentally Friendly Development" and is committed to being an "Environmentally Friendly Information Service Provider". It is systematically promoting energy saving and emission reduction in the areas of procurement, operations, informatisation products and community activities. In 2011, we further strengthened our three main systems of organisational assurance, statistical monitoring,

and assessment, rewards and punishments to synchronise our planning and implementation of energy saving and emission reduction with production management and investment activities. Combined with the technological evolution of networks and technological progress, we scale deployed more energy-efficient technologies and equipments on a large scale to effectively control the growth of energy consumption.

In 2011, China Telecom focused its efforts on constructing a environmentally friendly procurement management system, covering areas such as procurement management, supplier management, logistics management and fundamental management. It is making every effort to reduce energy consumption and emissions during the full life cycle of materials so as to create environmentally friendly supply chain that is conducive to business, society and environment. We also further reduced the energy consumption per unit of newly purchased equipments.

China Telecom actively promoted network technological evolution and technological innovation to speed up the retirement or upgrading of old high-energy consumption and low-energy efficiency equipment so as to lower energy consumption per unit of network capacity. In 2011, we cleaned up and reduced the capacity of idle TDM equipment. Combining with "cloud" computing technology, we carried forward service platform integration, and withdrew or consolidated inactive or light-load service platforms, as well as replacing and retiring old IT equipment. We also continued to promote the energy-saving technological transformation of support facilities such as equipment rooms, power supplies and air conditioning units.

China Telecom actively worked with the various telecommunications operators on the collaborative construction and sharing of network infrastructures in order to reduce the construction of duplicated telecommunications infrastructures, improve telecommunications infrastructure utilisation, protect the natural environment and landscapes and reduce the consumption of land, energy and raw materials.



Mr. Zhang Jiping, Executive Vice President presented awards to the representatives of exemplary employees.

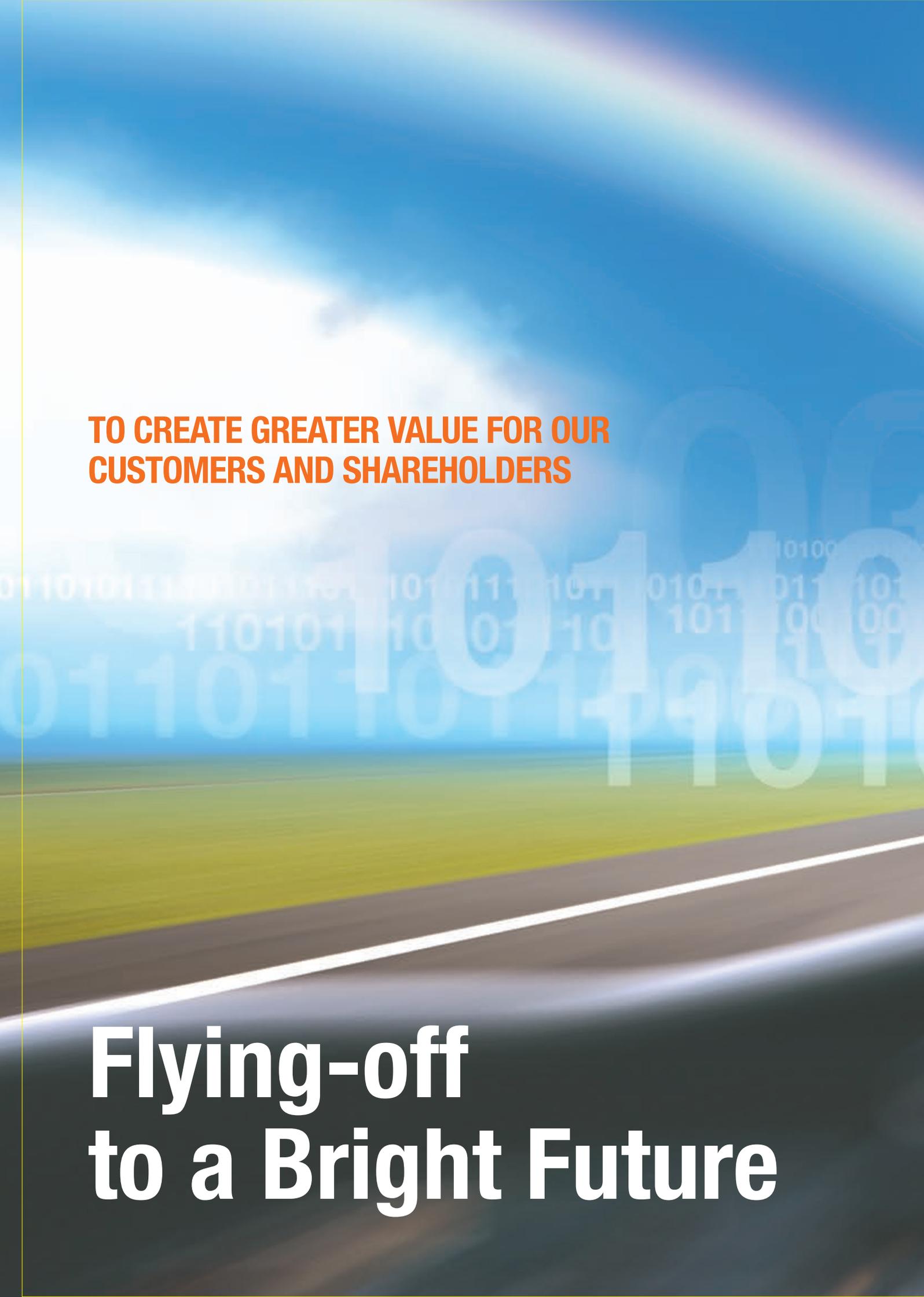
While promoting its environmentally friendly operation, China Telecom continued to increase its efforts on promoting environmental informatisation products such as Environmental Protection e-Pass and video conferencing in 2011 to help our customers' energy saving and emission reduction efforts as well as environmentally friendly development.

Contributing to Community Well-being

China Telecom was consciously involved in social welfare undertakings. Through various forms of public service activities, we supported the development of science and technology, education, culture and sports undertakings, cared for vulnerable groups in society and helped those in distress and poverty. We advocated and encouraged our employees to foster the volunteering spirit and participate in various forms of voluntary service activities.

In 2011, several major natural disasters occurred throughout China such as earthquakes at Yingjiang in Yunnan and Yadong in Tibet as well as droughts and floods. China Telecom consciously lent a helping hand to the disaster areas, and mobilised our employees to donate money and materials to help solve the practical problems of the people there. We organised "Twelfth Five-Year Plan" activities for public welfare poverty alleviation and aid for Tibet whereby China Telecom employees raised funds by voluntary contributions. During the "Twelfth Five-Year Plan" period, we specifically funded the "New Great Wall • China Telecom Self-improvement Class for Senior High School Students" and "Self-improvement University Students in Extreme Poverty" programmes in Yanyuan and Muli, and the "Care Package" programme for the primary school students in Yanyuan, Muli and Bianba County. We also provided financial assistance to poor university and high school students in Bianba County and supplied rice for the prevention and treatment of Kashin-Beck disease to children there.

In the future, in the process of deepening business transformation, China Telecom will shoulder our own responsibilities and responsibilities towards our shareholders, customers, employees, environment and public welfare in a coordinated manner. We will continue to foster our strengths as a large-scale telecommunications company and integrated information services provider to achieve continuous and stable development so as to make due contributions to various customers' lives and undertakings, industrialisation and informatisation integration, and the construction and harmonious development of a resource-efficient and environment-friendly society!



**TO CREATE GREATER VALUE FOR OUR
CUSTOMERS AND SHAREHOLDERS**

**Flying-off
to a Bright Future**



Financial Statements