

About China Telecom

China Telecom Corporation Limited (“China Telecom” or the “Company”, a joint stock limited company incorporated in the People’s Republic of China with limited liability, together with its subsidiaries, collectively the “Group”) is a large-scale and leading integrated information services operator in the world, providing wireline & mobile telecommunications services, Internet access services, information services and other value-added telecommunications services primarily in the PRC. As at the end of 2018, the Company had mobile subscribers of about 303 million, wireline broadband subscribers of about 146 million and access lines in service of about 116 million. The Company’s H shares and American Depositary Shares (“ADSs”) are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the New York Stock Exchange respectively.

Statement from the Board

“ As an ancient Chinese philosopher wrote, a tree has to strike a firm root before it can flourish.

Facing exceptionally fierce competition in the past year, we focused on customer demands with precision insights, and brought edges of ecosphere convergence into full play to forge ahead against headwinds. As a result, we broke the record in many aspects including subscriber net addition and revenue scale, exuberating vigorous growth momentum. 5G is just around the corner and will bring profound changes to our life. We have been proactively promoting the technology upgrades, while forcefully cementing our network foundation, in the hope of bringing a fresh experience to our customers through the convergence of innovative services. We will leverage our deep-rooted integrated information services capabilities as well as ecosphere edges to enthusiastically embrace new opportunities. We firmly believe that China Telecom, which is full of vibrancy, will soar to a new height and achieve greater success!

”

Statement from the Board

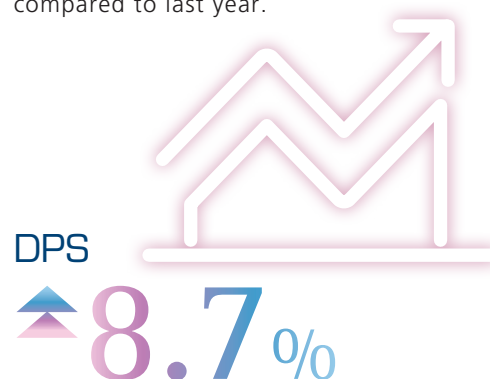
Dear shareholders,

In 2018, the Company firmly grasped the opportunities arising from the development of digital economy, and rode on the tide by leveraging the precision insights into market trends and customer demands. We adhered to the new development principles and carried out supply-side structural reforms. We responded effectively to the complicated and challenging external environment, as well as increasingly fierce competition, achieving new breakthroughs in expanding our business scale while firmly elevating our corporate value, thereby reaching a new high in terms of overall competitiveness and market position. Over the past year, the Company deepened its implementation of step-up transformation while promoting reform and innovation on all fronts. We also proactively prospected the landscape for 5G development and built all-rounded competitive advantages. We accelerated the development of new impetus, deeply incentivised corporate vitality, strove to break new ground in terms of high-quality development, and remained committed to creating new value for shareholders.



Operating Results

In 2018, operating revenues of the Company amounted to RMB377.1 billion, of which, service revenues¹ amounted to RMB350.4 billion, representing an increase of 5.9% compared to last year (if excluding the impact of the application of International Financial Reporting Standard 15 for the current year, it represented an increase of 7.2% over last year), with revenue growth having surpassed the industry average for many consecutive years. Revenues from emerging businesses² accounted for 51.9% of service revenues, representing an increase of nearly 6 percentage points compared to last year following a continual optimisation of the revenue structure. EBITDA³ reached RMB104.2 billion, representing an increase of 2.0% over the same period last year. Net profit amounted to RMB21.2 billion, representing an increase of 13.9% compared to last year, while basic earnings per share were RMB0.262, achieving rapid growth. Capital expenditure was RMB74.9 billion, representing a decrease of 15.5% compared to last year, the third consecutive annual decline. Free cash flow⁴ reached RMB22.5 billion, representing a remarkable increase compared to last year.



¹ Service revenues were calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues.

² Revenues from emerging businesses included revenues from data traffic, Internet applications and ICT services.

³ EBITDA was calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

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

Statement from the Board

Taking shareholder returns into consideration, alongside the Company's profitability, cash flow level and capital requirement for future development, the Board of Directors has decided to recommend at the forthcoming shareholders' meeting that a final dividend equivalent to HK\$0.125 per share for the year 2018 to be declared, representing an 8.7% increase over the year 2017. Going forward, the Company will continue to create shareholder value, while fully balancing the cash flow required for the long-term development of the Company with returns to shareholders.

Taking Business Operation and Development to the Next Level

In 2018, the Company seized the precious opportunities arising from the benefits released from data traffic, while actively capitalising on increasing demand from corporates subscribing for cloud services. The Company expedited products innovation, promoted overall upgrade of its services convergence, strengthened its network edges, and improved its operational capability. As a result, the Company rapidly improved its competitiveness, achieved a record high pace in terms of market expansion, and rapidly magnified its growth momentum.

New breakthroughs in business scale

The Company's mobile service revenues amounted to RMB167.7 billion, representing an increase of 9.1% compared to last year. The total number of mobile subscribers reached 303 million, a net addition of 53.04 million subscribers, which hit a record high. The market share of mobile subscribers net addition reached 44%, while overall market share increased to 19.6%. Out of this, the number of 4G subscribers was 242 million, a net addition of 60.39 million, maintaining an all-time high pace of growth. 4G penetration rate reached 80%, making the Company an industry leader. Aggregate handset data traffic also grew strongly by nearly 3 times, with 4G DOU reaching 5.5GB. Handset Internet access revenue grew by 22.4% compared to last year. Wireline service revenues



Total Number of
Mobile Subscribers Exceeded

▶ 300Mil

Net Addition

Hit Historical High

Statement from the Board

amounted to RMB182.7 billion, representing an increase of 3.1% compared to last year. The number of wireline broadband subscribers reached 146 million, a net addition of 12.26 million, achieving a 6-year high. Out of this, the proportion of wireline broadband subscribers of 100Mbps or above accounted for 66%.

Fostering new impetus

The growth of revenues from the Company's Intelligent Applications ecospheres⁵ accelerated further and contributed over 50% to incremental service revenues. With "cloudification"⁶ on all fronts, the development of the Company's DICT and Internet of Things



Intelligent
Applications Ecospheres
Revenues
>50%
of Incremental
Service Revenues

(IoT) businesses was accelerated by the uptake of cloud-network integration and IoT-cloud integration. Revenues from IDC and cloud services increased by 22.4% and 85.9% respectively compared to last year, contributing nearly 2 percentage points to service revenues growth. The Company made further breakthroughs in accelerating the growth of IoT services, with IoT revenue and the scale of connected devices doubled yet again. With the overall upgrade of services convergence, the Company rapidly expanded the market through the bundling of "large data traffic, 100Mbps broadband, and Smart Family" products. The number of e-Surfing HD (IPTV) subscribers reached a new high of above 100 million, enabling Smart Family application to achieve a meaningful scale. The Company also built an integrated platform for Internet Finance, resulting in synergies with the mobile business to promote mutual scale development. The number of average monthly active users of BestPay exceeded 43 million, and the aggregate gross merchandise value for the year exceeded RMB1.6 trillion.

Taking a New Step in Corporate Transformation

Taking advantage of the historical opportunities brought about by industrial integration, consumption upgrade and new technological breakthroughs, the Company built on its current achievements and forged ahead. Focusing on our three major goals of "building Cyberpower, building first-class enterprise, and building better lives", we expedited step-up

⁵ Intelligent Applications ecospheres include ecospheres of Smart Family, DICT, IoT and Internet Finance. DICT is the converged smart application service integrating three technologies, namely communications technology, information technology and cloud & Big Data technology.

⁶ Cloudification refers to the comprehensive upgrade of services and network to cloud in terms of infrastructure, products service capabilities and sales mode, with a focus on cloud computing.

Statement from the Board

transformation on all fronts, and further promoted reform and innovation. We continued to strengthen our capabilities at all levels, while planning future development from all angles.

Propelling intelligent upgrade of network in response to customer needs

Focusing on user experience, business scale expansion and value management, the Company pushed forward the construction and intelligent upgrade of its network to build up comprehensive network advantages. Leveraging Big Data analysis, we deployed dynamic capacity expansion of 4G network with precision, and further optimised in-depth coverage at key locations. The number of 4G base stations reached 1.38 million, effectively supporting the upgrade to VoLTE high definition voice, as well as the continuous growth of large data traffic business. Our fibre network now fully covers all cities and towns in the service area of the Company, enabling a leading customer experience. By leading the deployment of Gigabit fibre broadband, we established a new edge in broadband network. We continued to enhance our NB-IoT network, and built a whole-range speed rate IoT structure, which combines high, medium and low speeds, supporting further expansion in vertical industries. By pushing forward cloud-network integration at full throttle, we continued to optimise our nationwide deployment of cloud resources and backbone network coverage, resulting in the establishment of a cloud-led network. By introducing new technologies such as Software-Defined Networking (SDN) and Network Functions Virtualisation (NFV), the Company accelerated the re-constitution of its networks, and rolled out scale promotion

of intelligent self-selecting bandwidth network products for government and enterprise customers as well as home gateway products based on SDN technology, which allows our network products to be activated within minutes. We also launched a VoLTE virtual IP Multimedia Subsystem (vIMS) core network with software and hardware decoupling, facilitating the progress of cloudification and virtualisation. This significantly strengthened our competitiveness and differentiation in the cloud market, while laying a foundation for 5G network cloudification in the future. The Company proactively contributed to the formulation of international standards for 5G technologies and conducted large-scale network trial runs in a number of locations. We achieved some preliminary progress in areas such as voice call, 4G/5G interoperability, and interoperability between equipment, among others. By supporting the Ultra HD live broadcast for CCTV's 2019 Spring Festival Evening Gala with "5G+4K" and "5G+VR" solutions, we took an important step towards the successful accomplishment of enhanced mobile broadband (eMBB) application scenarios. The Company also actively explored applications for other vertical industries, such as 5G autonomous driving bus, smart water treatment and mobile remote medical service.

Integration and mutual development: supporting the swift expansion of service ecology

The Company accurately grasped changing market demand and expanded the market by leveraging its data traffic and cloud products, cultivating convergence operation, and effectively bundling its services. As a result, the overall

Statement from the Board

competitiveness of our bundled products was significantly strengthened, which facilitated rapid breakthroughs in expanding market scale, thereby creating new avenues for value growth. The synergies that resulted from the integration and mutual development of our five ecospheres enabled us to explore new paths towards future sustainable development.

In the field of Intelligent Connections, insisting on customers' value management, we upgraded convergence to expand in the incremental market space and extend our reach to the fields of content, applications and services. We also broadened sales channels and promoted products value, laying a foundation for Intelligent Applications such as e-Surfing HD, DICT, and IoT to grow rapidly. In the field of Smart Family, by leveraging e-Surfing HD service as a portal, we developed a number of differentiated core applications including Smart Home Networking services and family cloud products. We expanded our extensive range of smart home products and implemented strategic planning in Ultra HD video market ahead of time, in order to grab the opportunities from consumption upgrade of smart home products. In the field of DICT, we strengthened the edge from cloud-network integration, and continued to drive the development of dedicated line, DICT and IoT services through "cloudification". This allowed us to vigorously expand our solutions and service capabilities for supporting vertical industry applications and proactively explore the applications of 5G technologies in areas such as smart cities, autonomous driving, and industrial

Internet. We also explored new business models by leveraging features of 5G technologies to enable vertical industries. In the field of IoT, in order to extend to the high end of the industry value chain, we leveraged our competitive edges in network and platforms to quickly expand application scenarios and explore application services based on IoT-cloud integration and data operation. In the field of Internet Finance, riding the momentum from China's leadership in global mobile payments, the number of BestPay customers and participating merchants grew rapidly alongside the gross merchandise value. We also developed red packet and instalment payment platforms, which significantly boosted the stickiness of mobile subscribers and fuelled strong subscriber growth, while also effectively promoted the expansion of new retail and integrated retail channels.

The integration and mutual development of ecospheres achieved outstanding results. The triple-play penetration rate⁷ of broadband subscribers reached 65%, representing an increase of 13 percentage points compared to last year. Out of this, the penetration rate of e-Surfing HD subscribers reached 72%, effectively expanding the potential market space for Smart Family. The growth of DICT revenue exceeded 20%, gradually becoming a new growth driver for the Company. The number of IoT connected devices exceeded 100 million, moving into the fast track of development and accelerating readiness for the arrival of 5G era. Active participating merchants of BestPay more than doubled, enabling the mobile payment ecosystem to become a key means of differentiation in mobile business development.

⁷ Triple-play penetration rate represented the proportion of broadband subscribers who also subscribe for mobile and e-Surfing HD services at the same time.

Statement from the Board

Higher efficiency from intelligent and data-driven operation

Following the consolidation of our IT infrastructure and the greater adoption of new technologies such as Big Data and artificial intelligence (AI), the Company injected more intelligent elements into operation, leading to efficiency improvement and productivity enhancement. Our data utilisation capability was also enhanced considerably. We continued to intensify our efforts to establish a corporate core backed by data utilisation and completed IT cloudification, which facilitated the transformation of IT towards agile development, agile operation and intelligent decision-making, in order to develop an open system for digital capabilities. Our channel operational capability continued to strengthen with the establishment of an integrated channel system of “self-owned + third party”, “online + offline” and “platform + sales reach” channels. The proportion of customers acquired from online channels increased significantly. The coverage rate of precision marketing backed by Big Data exceeded 60%, which enabled per customer acquisition costs to decline by over 15%. The advantages of intelligent customer service capability have begun to emerge. As we progressively introduced AI-based customer service, service volume delivered by chatbots reached 460 million times, while the proportion of interactions facilitated by intelligent voice services exceeded 30%. We have the lowest customer complaint rate in the industry, and are currently ranked the industry’s best for customer satisfaction with mobile and broadband

services as well as in overall terms. Our network operational capability also reached a new level. In-depth end-to-end quality assurance for our mobile business was carried out, while our fibre broadband business has formed a closed loop of “probe management — quality monitoring — network optimisation”. Our management and operational capabilities have steadily enhanced, while our efficiently-centralised and co-sharing financial capability has continued to improve. We also pushed forward centralised procurement as well as centralised supply chain, while continuously improving the efficiency of resource allocation and value management. We also strengthened our risk prevention and control mechanisms, ensuring our ongoing sustainable and healthy corporate development.

Renewed Vitality through Reform and Innovation

The Company sought to implement reform and foster innovation in all parts of its operation, constantly enhancing the vitality of corporate development and operational capability. We continued deepening the three-dimensional inter-driven reform and mixed ownership reform in the emerging areas, which deeply stimulated the vitality of corporate development. We also intensified the reform of “Sub-dividing Performance Evaluation Units, Professional Operation, and Top-Down Service Support System”, through which we introduced a mechanism for market-oriented recruitment, incentivisation and resource

Statement from the Board

allocation. As a result, we effectively motivated our employees and improved the efficiency of sub-dividing operation. The aggregate number of sub-dividing performance evaluation units reached nearly 60,000, which basically covers our entire frontline units. We laid a solid foundation for leapfrog development, with our BestPay company completing the introduction of first round strategic investors, which helped diversify its shareholding structure and push forward mixed ownership reform. The Company also promoted its ecological endowment and accelerated the reform of technological innovation system, focusing on the enhancement of operational capability. We also formed a new blueprint with capability development centres in areas such as cloud, DICT applications, Smart Family and IoT. We beefed up headquarters' overall planning, strengthened our expansion in local markets, and elevated the core capability of our products and our business scale. We also restructured our R&D system and consolidated our research capability by launching China Telecom Research Institutes and 5G Innovation Centre. We also made further breakthroughs in reforming our career advancement and employee incentive mechanism for technical talents, enabling us to master key technologies in the field of information communications.

Corporate Governance and Social Responsibility

We have always been committed to upholding a high level of corporate governance and insist on governing the Company in accordance with laws and regulations. We attach great importance to risk management and control, and have continuously enhanced corporate transparency to ensure the healthy and sustainable growth of the Company. Our efforts have been widely recognised by the capital market. In 2018, we once again received a number of awards, including "Most Honoured Company in Asia", awarded by *Institutional Investor*, for the eighth consecutive year. We were also awarded "Best Managed Company" and received a special accolade of "Most Honoured Company (2009-2018)" by *FinanceAsia*. In addition, we were also the only telecom operator in mainland China and Hong Kong awarded the "Most Outstanding Company in Hong Kong — Telecommunication Services Sector" by *Asiamoney*. Other awards received included "The Best of Asia — Icon on Corporate Governance" by *Corporate Governance Asia*; "Platinum Award — Excellence in Environmental, Social and Governance" and "Best Initiative in Diversity and Inclusion" by *The Asset*. These awards demonstrate the Company's excellent level of execution, as well as its leading position in the industry within the Asia Pacific region.

Statement from the Board

We continued to proactively meet our social responsibility obligations, while adhering to the principles of innovation, coordination, environmentalism, openness and sharing. In line with our status as a major force for constructing “Cyberpower, Digital China and Smart Society” and as a network infrastructure provider, we continued to implement the “Speed Upgrade and Tariff Reduction” policy, by cancelling domestic data roaming fees as of 1 July 2018, which benefited our customers and propelled the upgrade of information consumption and industrial digitalisation. In addition, we earnestly carried out industry regulatory policies, maintained market order and protected customers’ rights. We safeguarded network and information security, striving to create a clean and healthy cyberspace. We also fulfilled our obligations to customers and enhanced the capability and efficiency of our smart services. We also actively provided platforms for our employees to display their talents, and fostered coordinated value enhancement between individuals and the Company. By pushing forward energy saving and emissions reduction, as well as green development, the per unit general energy consumption of information data traffic was reduced by 16.8% year on year.

Through the co-building and co-sharing of communications infrastructure, we also effectively reduced the duplication of projects. Through our proactive adherence to “the Belt and Road” initiative, we connected cross-border information passageways across the Guangdong-Hong Kong-Macau Greater Bay Area, and achieved a number of breakthroughs in the construction of strategic passageways, thereby progressively enhancing our capability to provide global network resource services. We also received a high level of recognition and appreciation from the wider society for our efforts in successfully delivering telecommunication assurance for major conferences and events including The Shanghai Cooperation Organisation (SCO) Qingdao Summit, as well as for combating flooding and disaster relief.

Outlook

At present, the national economy has entered a stage of high-quality development, which is accelerating the conversion of old impetus into new ones. New technologies represented by 5G and AI are integrating and evolving, enabling them to support supply-side structural reforms, which will lead to a rapid



China Telecom performed the first 5G HD live broadcast of Hangzhou Marathon

Statement from the Board

expansion of potential value for digital economy. As the next generation infrastructure, 5G network will become even more intertwined with applications and telecom operators will play an increasingly pivotal role in the information communications industry. The Company will actively explore commercial applications of various new technologies, accelerate the development of operation mechanisms that are adapted for 5G, and capitalise on its advantages to promote ecological services ahead of time.

Recently, China Telecom was awarded the 3.5GHz band to conduct nationwide 5G network trials. Leveraging the advantages of the 5G mainstream frequency band and insisting on open cooperation, we will accelerate 5G deployment proactively and pragmatically. Persisting in a market-oriented and demand-driven approach, we will appropriately manage the momentum, propel the development of non-standalone (NSA) and standalone (SA) concurrently, and progressively expand the scale of network trials and the pilot project of 2B/2C applications.

Whilst the vigorous development of digital economy has presented us with historical opportunities, we are clearly aware that our future external environment is becoming complicated and challenging. While the macro economy is facing downward pressure, cross-industry and homogeneous competition is also becoming increasingly intense. As a result, transforming development model and pursuing high-quality development have now become the Company's top priorities. Persisting in the principle of new development and supply-side structural reforms, the Company will accelerate its advancement towards high-quality development, and proactively fulfill the requirements of "Speed Upgrade and Tariff Reduction". With scale development as the foundation and value management

as the core, the Company will continuously push forward with "cloudification" and accelerate ecological endowment. The Company will build a "Trinity" value management system, featuring convergence, integration and intelligentisation, for high-quality development, while marching towards becoming a leading integrated intelligent information services provider and constantly creating new value for shareholders.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to all our shareholders and customers for their support. I would also like to express our sincere thanks to all our employees for their hard work and contributions. Furthermore, I would like to extend our sincere gratitude towards Mr. Yang Jie for his outstanding contributions towards step-up transformation and sustainable development of the Company during his tenure. At the same time, I would like to welcome Madam Zhu Min and Mr. Yeung Chi Wai, Jason to our Board of Directors team.



Ke Ruiwen

Executive Director, President and Chief Operating Officer
Beijing, China

19 March 2019

2018 Milestones

Apr

- Completed the nation's first 5G network-based remote-controlled driving trial in Xiongan

May

- Published the *White Paper of Artificial Intelligence Terminal*, specified and defined AI smartphone from AI calculation, AI capability and AI application aspects, promoting the convergence of multi-mode terminal value chain and China Telecom's AI capabilities in network security, Big Data and cloud computing etc., to bring more intelligent AI experiences and services for users

Jun

- Published the *China Telecom's 5G Technology White Paper*, which was the first time to fully elaborate 5G technology perspectives and the overall strategy as a global operator; from the view points of business development, network evolution and user perception, comprehensively elaborated the "Three Clouds" characterised 5G target network structure initiated by China Telecom namely control cloud, access cloud and transfer cloud

Jul

- Implemented "Speed Upgrade and Tariff Reduction" and ceased charging domestic mobile data roaming tariff

Aug

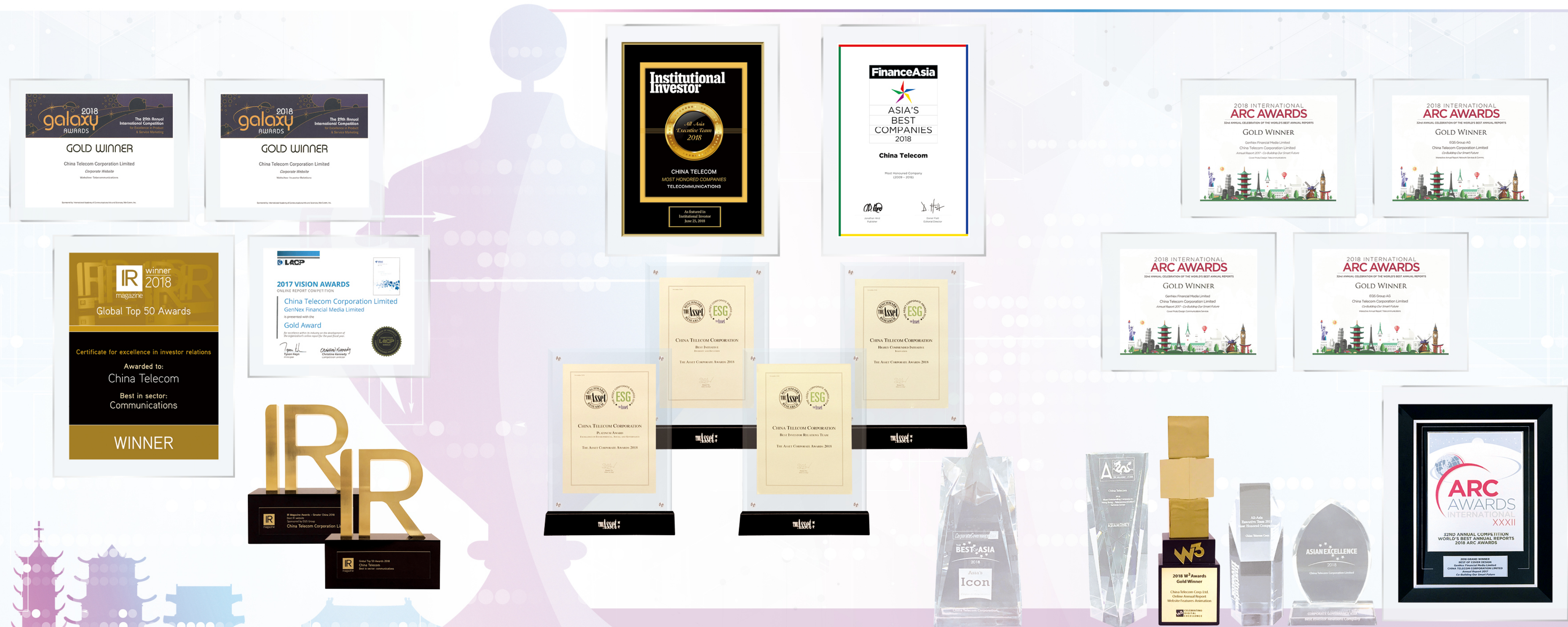
- The number of e-Surfing HD (IPTV) subscribers achieved a breakthrough of 100 million

Dec

- Being granted the approval to utilise the 3,400-3,500MHz spectrum nationwide for 5G system trial
- The total number of mobile subscribers exceeded 300 million with a net addition of 53.04 million, reaching a new record high for the Company
- Restructuring the R&D system by launching China Telecom Research Institutes and 5G Innovation Centre; achieving innovative breakthroughs in career advancement and employee incentive mechanism for technical talents and mastering key technologies in key information communications areas
- Fully promoting "cloudification" and comprehensively upgrading services and network to cloud in terms of infrastructure, products service capabilities and sales mode surrounding cloud computing so as to finally achieve one-stop service covering cloud, network, terminal, application and service aiming at meeting the diversified cloud and network demand for users

Recognition and Awards

Recognition and Awards



Corporate Culture

Corporate Mission

Let the customers fully enjoy a new information life

Strategic Goal

Be a leading integrated intelligent information services operator

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

High-Quality Development Enhancing Scale and Efficiency



2019 Key Targets	
Mobile subs net add	35Mil
4G subs net add	>Mobile subs net add
Broadband subs net add	8Mil - 10Mil
e-Surfing HD subs net add	12Mil - 15Mil
IoT connected devices net add	80Mil - 100Mil
Service revenue	Maintain healthy growth
Net profit	Achieve healthy growth

Promoting Reform and Innovation at Full Throttle to Enhance Capability and Vitality

Multi-Pronged Measures to Promote Reform and Innovation Injecting New Vitality and Energy for High-Quality Development

Enhancing Technological Innovation Capability

- Modified R&D system to enhance R&D capability of key technologies of strategic, pioneering and fundamental importance, e.g. 5G, network capability, AI, etc
- Innovative incentive system to better motivate talents

Strengthening Product Development Capability

- Form capability development centres for Smart Family, IoT, Cloud, DICT application and Internet Finance

Headquarters for overall coordination
 ↓
 Capability development centres for ecological endowment
 ↓
 Frontline units for market development

Motivating Frontline

- Established nearly 60,000 Sub-Dividing Performance Evaluation Units, basically covering entire frontline

Mobilizing Capital Vitality

- BestPay carried out mixed-ownership reform
- Fostering capital collaboration and forming investment system

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

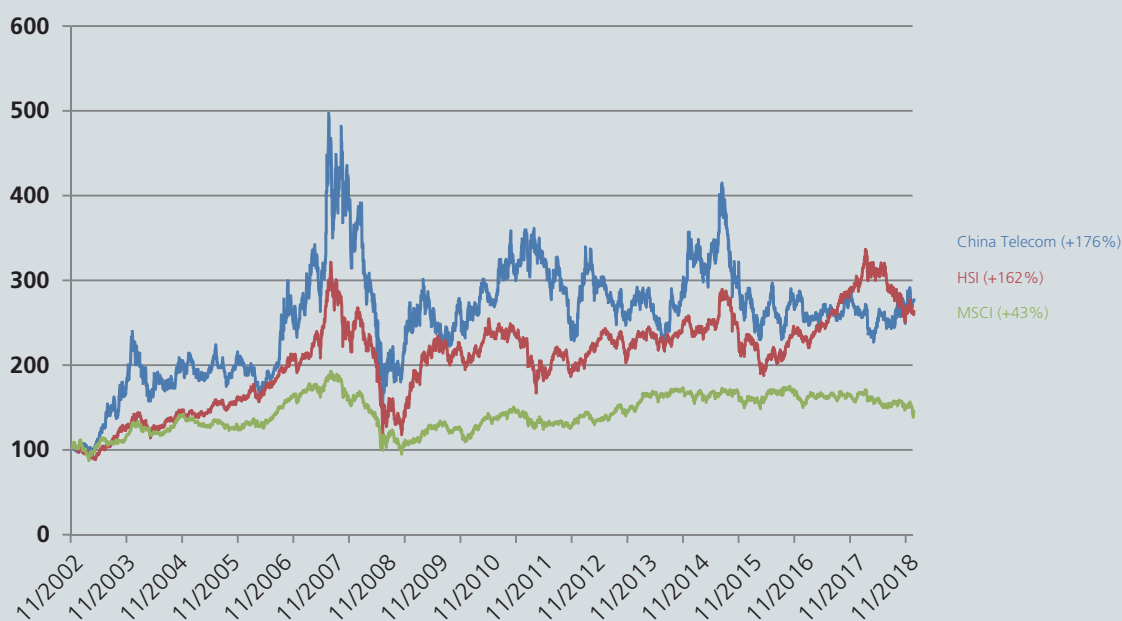
The Stock Exchange of Hong Kong Limited	728
New York Stock Exchange	CHA

Share Price Performance

2018 Share Price	HK\$ per H Share			US\$ per ADS		
	High	Low	Close	High	Low	Close
	4.30	3.24	4.00	54.10	41.28	50.73

Number of issued shares: (as at 31 December 2018)	80,932,368,321
Market capitalisation: (as at 31 December 2018)	HK\$323.7 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 2018.



Shareholder Information

Distribution of Shares and Shareholdings

The share capital of the Company as at 31 December 2018 was RMB80,932,368,321, divided into 80,932,368,321 shares of RMB1.00 each. As at 31 December 2018, 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 Group Limited	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 2018:

Name of Shareholder	Number of Shares	Percentage of the Total Number of H Shares in Issue (%)
JPMorgan Chase & Co.	1,659,402,128	11.96
Citigroup Inc.	1,245,294,634	8.97
The Bank of New York Mellon Corporation	1,190,211,519	8.58
BlackRock, Inc.	1,132,947,753	8.16
Templeton Global Advisors Limited	1,087,529,062	7.84

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
2014 Final	1 June 2015	27 May 2015	17 July 2015	0.095
2015 Final	30 May 2016	25 May 2016	15 July 2016	0.095
2016 Final	26 May 2017	23 May 2017	21 July 2017	0.105
2017 Final	31 May 2018	28 May 2018	27 July 2018	0.115
2018 Final	3 June 2019	29 May 2019	26 July 2019	0.125**

* 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 2019.

Annual Reports

Our annual reports in both English and Chinese are now available through the Internet at <https://www.chinatelecom-h.com>. The Company will file an annual report in Form 20-F for the year 2018 with the United States Securities and Exchange Commission by 30 April 2019.

2018 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 2017". 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 contribute HK\$50 to a charitable organisation for each questionnaire received. In this regard, we have given a sum of HK\$10,000 to the charitable organisation, WWF, in 2018. 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.

Shareholder Information

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 2018”, 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 11:00 a.m. on 29 May 2019 in Island Shangri-La Hong Kong.

Registered office

Address: 31 Jinrong Street
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Tel: 86 10 5850 1800
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
IR Enquiry: 852 2582 0388
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 1712–1716, 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:

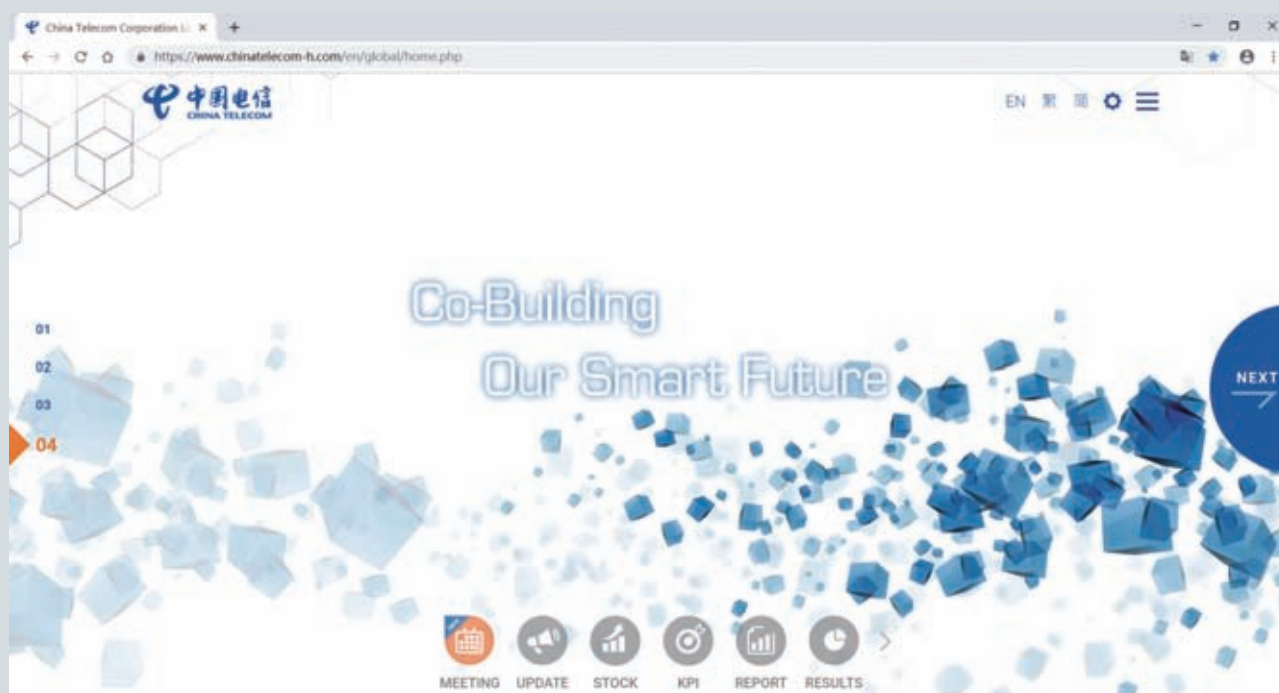
ADS depositary

The Bank of New York Mellon

Address: BNY Mellon Shareowner Services
P.O. Box 505000
Louisville
KY 40233-5000

Tel: 1-888-269-2377 (toll free in USA)
1-201-680-6825 (international)

Email: shrrelations@bnymellon.com



Corporate Information

Board of Directors

Executive Directors

Ke Ruiwen (Exercising the powers of
Chairman & Chief Executive Officer;
President & Chief Operating Officer)
Gao Tongqing
Chen Zhongyue
Zhu Min (Chief Financial Officer &
Secretary of the Board)

Non-Executive Director

Chen Shengguang

Independent Non-Executive Directors

Tse Hau Yin, Aloysius
Xu Erming
Wang Hsuehming
Yeung Chi Wai, Jason

Audit Committee

Tse Hau Yin, Aloysius (Chairman)
Xu Erming
Wang Hsuehming
Yeung Chi Wai, Jason

Remuneration Committee

Xu Erming (Chairman)
Tse Hau Yin, Aloysius
Wang Hsuehming

Nomination Committee

Wang Hsuehming (Chairlady)
Tse Hau Yin, Aloysius
Xu Erming

Supervisory Committee

Sui Yixun (Chairman)
Zhang Jianbin (Employee Representative)
Yang Jianqing (Employee Representative)
Xu Shiguang
Ye Zhong

Company Secretary

Wong Yuk Har

International Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Haiwen & Partners
Freshfields Bruckhaus Deringer
Sullivan & Cromwell LLP

Stock Code

HKEx: 728
NYSE: CHA

Company Website

www.chinatelecom-h.com