



Press Release  
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For Immediate Release

## China Telecom Corporation Limited Interim Results for 2010

**Effective integrated operation driving rapid mobile growth and  
remarkable earnings recovery**

	Excluding the amortisation of upfront connection fees			Including the amortisation of upfront connection fees
	1H 2009	1H 2010	Change	1H 2010
Operating Revenues (RMB millions)	102,554	107,552	4.9%	107,817
includes: mobile service revenue (RMB millions)	12,814	22,770	77.7%	22,770
EBITDA* (RMB millions)	43,339	45,759	5.6%	46,024
Net Profit** (RMB millions)	8,412	8,811	4.7%	9,076
EPS (RMB)	0.104	0.109	4.7%	0.112
Free cash flow*** (RMB millions)	19,652	18,591	-5.4%	N/A

\* For convenience of the investors' analysis, EBITDA is calculated before the CDMA network capacity lease fee.

\*\* Net profit represents profit attributable to equity holders of the Company

\*\*\* Free Cash Flow = EBITDA (excluding the amortisation of upfront connection fees) – CDMA network capacity lease fee – Capital Expenditure – Income Tax

**China Telecom Corporation Limited (hereinafter “China Telecom” or the “Company”) (Stock Code on the HKEx: 728) (Stock Code on the New York Stock Exchange: CHA) announces its 2010 interim results today in Hong Kong.**

In the first half of 2010, the Company deepened the promotion of the “Customer-focused Innovative Informatisation” Strategy, leveraging the full service integrated operations to expand the market and riding on the differentiated operations to create edges. The Company achieved invigorated results: The mobile service continued to maintain robust development with expanding scale, while mobile terminal supply also showed significant improvement. The Company strengthened its market leading position in wireline broadband and integrated information services. The overall business structure was further optimised with remarkable earnings recovery. The sustainable development of the Company’s full services integrated operation is gaining momentum.

In the first half of 2010, the Company’s operation was on track as planned. Excluding the amortisation of upfront connection fees, the operating revenues were RMB107,552 million, representing a growth rate of 4.9% over the same period of last year, of which mobile service revenue amounted to RMB22,770 million, up 77.7% from the same period of last year. Revenue from non-voice services as a percentage of the operating revenues further increased to 56.3%, amongst which wireline broadband access service revenue amounted to RMB26,302 million, an increase by 15.6% from the same period of last year. The overall business structure has been optimised. EBITDA was RMB45,759 million, representing a 5.6% increase from the same period of last year, while the EBITDA margin was 42.5%. Profit attributable to equity holders of the Company was RMB8,811 million, representing an increase of 4.7% from the same period of last year. Robust earnings trajectory marked a good start of the result improvement. Basic earnings per share was RMB0.109. Capital expenditure was RMB17,918 million, an increase of 5.2% over the same period of last year. Free cash flow reached RMB18,591 million.

Taking into consideration the Company’s business development needs, the Board of Directors has decided not to pay any interim dividend for the year in order to maintain adequate funding flexibility. The Board of Directors will proactively consider the final dividend proposal at the time of reviewing the full year results and propose to the shareholders’ general meeting accordingly.

In the first half of 2010, the Company had fully leveraged its development model of full service integrated operation. This has effectively driven the rapid growth of mobile, broadband and integrated information services while the risks to the wireline voice service were further alleviated. The mobile service has experienced scale development in the first half of 2010. The number of mobile subscribers increased by 18.43 million in the first half of the year to a total number of 74.52 million, of which 7.18 million were 3G subscribers. The market share of mobile subscribers was close to 10%. In the first half of 2010, the broadband services had remarkable performance, the net addition of wireline broadband customers was 4.87 million, reaching a total of 58.33 million. The leading position in the market was further reinforced. As one of the key transformation business, integrated information services continued to maintain rapid growth. Through the proactive and orderly migration of the PAS services to effectively alleviate operating risk, the Company endeavoured to maintain its overall operational profitability with stringent control on related investment and other measures. In the first half of the year, there was a net loss of 7.61 million PAS subscribers. The total number of access lines in service was 181 million as at the end of June this year.

Mr. Wang Xiaochu, the Chairman and Chief Executive Officer of the Company expressed that with the development of the economy, the era of mobile Internet and the three-network convergence, the Company is embracing another major period of strategic opportunities and huge development potential. At the same time, the Company is also facing the challenges of intensifying competition in the telecommunications sector. The Company will continue to deepen the integrated operations by focusing on the development and retention and accelerate the promotion of broadband access and mobile services, particularly in the 3G development. The Company aims to coordinate the sustainable development of the four pillars of the core services – mobile, broadband, wireline voice, and valued-added and integrated information services. While improving allocation of resources and the superiority of the network infrastructure, the Company will also focus on mobile Internet traffic-centric operation and open the service platforms to strengthen the cooperation in the application and handset terminals. By establishing new differentiated competitive edges, the Company will strive to break new ground for the full services integrated operation and continue to create more value for shareholders.

For further information, please browse the Company’s website at: [www.chinatelecom-h.com](http://www.chinatelecom-h.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 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.

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