



Press Release
23 August 2011
For Immediate Release

China Telecom announces 2011 Interim Results

Effective scale development of full services progressively enhancing profitability

	Excluding the amortisation of upfront connection fees			IFRS- based
	1H 2010	1H 2011	Change	1H 2011
Operating Revenues (<i>RMB millions</i>)	107,552	120,110	11.7%	120,208
of which mobile service revenue (<i>RMB millions</i>)	22,770	31,139	36.8%	31,139
EBITDA* (<i>RMB millions</i>)	45,759	48,501	6.0%	N/A
Net Profit** (<i>RMB millions</i>)	8,811	9,710	10.2%	9,808
EPS (<i>RMB</i>)	0.11	0.12	10.2%	0.12
Free cash flow*** (<i>RMB millions</i>)	18,591	15,458	-16.9%	N/A
	2010.12	2011.06	Change	
Mobile subscribers (<i>millions</i>)	90.52	108.37	19.7%	
of which 3G mobile subscribers (<i>millions</i>)	12.29	21.54	75.3%	
Wireline broadband subscribers (<i>millions</i>)	63.48	70.09	10.4%	
Access lines in service (<i>millions</i>)	175.05	172.22	-1.6%	

* For convenience of 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 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 2011 interim results today in Hong Kong.

In the first half of 2011, we captured the valuable opportunities arising from the accelerated development of social and economic informatisation to deepen strategic transformation, amidst the rapid technological advancement in mobile Internet. We proactively implement our strategic positioning as “a leader of intelligent pipeline, a provider of integrated platforms, and a participant in content and application development”, adhering to integrated differentiated operation. Riding on mobile, broadband and industry applications as a breakthrough to promote scale development of full services operation, the business structure was further optimised and new development mode of innovation, centralised efficient operation, precision management and value enhancement was accomplished. The full services operation of the Company embarked on a healthy trajectory for sustainable growth.

In the first half of 2011, the Company’s operation has progressed as planned. Excluding the amortisation of upfront connection fees, the operating revenues were RMB120,110 million, an increase of 11.7% from the same period of last year. EBITDA was RMB48,501 million, an increase of 6.0% from the same period of last year while the EBITDA margin was 40.4%. The profit attributable to equity holders of the Company was RMB9,710 million, a growth of 10.2% from the same period of last year, demonstrating concurrent achievements in scale development of subscribers and remarkable enhancement in profitability. Basic earnings per share were RMB0.12. Capital expenditure for the period was RMB20,967 million while free cash flow reached RMB15,458 million.

Taking into consideration the Company’s business development needs and its capital requirement for the planned acquisition of mobile network assets from the parent company in 2012, the Board of Directors has decided not to pay any interim dividends in order to maintain adequate funding flexibility. The Board of Directors will proactively consider the final dividend proposal when reviewing the full year results and will propose to the shareholders’ general meeting accordingly.

In the first half of this year, the Company deepened integrated offering and innovative development modes. New products and capabilities were nurtured, facilitating growth businesses in promoting full services operation and remarkable breakthrough in scale development. Riding on 3G to drive rapid development of mobile service, the number of mobile subscribers increased by 17.85 million in the first half of the year, reaching a total number of 108 million and successfully exceeding 100 million subscribers. The Company becomes the world’s largest CDMA mobile network operator where 19.9% of the mobile subscribers was 3G subscribers, which is above the industry average level. Leveraging the broadband bandwidth upgrade to promote scale development, there was a net addition of 6.61 million wireline broadband subscribers, reaching a total number of 70.09 million. Riding on competitive edges of government and enterprise customers, there was a boost to industry informatisation applications, and we proactively explored and developed the “Cloud Service” market and continuously enhanced the capability of providing industry informatisation solutions. The number of PAS subscribers continued to decline noticeably and the business risk for the wireline voice has primarily been alleviated.

Chairman Mr Wang Xiaochu expressed that the scale development of the Company is now facing valuable opportunities. 3G service is expanding rapidly and broadband service is undergoing fast growth development amidst strong demand for informatisation services from government and enterprises. The intensified market competition and the industry convergence in the mobile Internet era are bringing new challenges. In the second half of the year, we will persist in deepening strategic transformation, insisting on differentiated strategy, and advocating innovation and transformation, win-win cooperation, pragmatism and strong execution with a view to achieve a new breakthrough in scale development and create more value for shareholders.

For further information, please browse the Company's website at: 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.

For press enquires:

Ms Lisa Lai, Mr Ivan Wong
Investor Relations Department
China Telecom Corporation Limited
Tel: (852) 2877 9777
Fax: (852) 2877 0988