



Press Release
20 March 2012
For Immediate Release

China Telecom Corporation Limited Announcement of Annual Results for year 2011

**Full services operation becoming increasingly mature
Revenue and Profit have achieved double-digit growth**

	The below financial figures have excluded upfront connection fees			IFRS-based
	2010 (restated)***	2011	Rate of change	2011
Operating Revenues (RMB millions)	219,367	244,943	11.7%	245,041
of which mobile service revenue (RMB millions)	47,722	68,248	43.0%	68,248
EBITDA* (RMB millions)	88,490	94,266	6.5%	N/A
Net Profit** (RMB millions)	14,850	16,404	10.5%	16,502
EPS (RMB)	0.18	0.20	10.5%	0.20
Mobile subscribers (millions)	90.52	126.47	39.7%	
of which 3G subscribers (millions)	12.29	36.29	195.3%	
Wireline broadband subscribers (millions)	63.48	76.81	21.0%	
Access lines in service (millions)	175.05	169.59	-3.1%	

	Excluding effects of upfront connection fees and adoption of amendments to IFRS 1****		
	2010	2011	Rate of change
Net Profit (RMB millions)	15,262	16,799	10.1%

* For convenience of the investors' analysis, EBITDA was calculated before the CDMA network capacity lease fees.

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

*** 2010 data was restated to include the retrospective impact of adopting amendments to IFRS 1.

**** Please refer to notes to the financial statements of the 2011 Annual Report for detailed explanation.

China Telecom Corporation Limited (hereinafter “China Telecom” or the “Company”) (Stock Code on the Hong Kong Stock Exchange: 728) (Stock Code on the New York Stock Exchange: CHA) announces its 2011 annual results today in Hong Kong.

In 2011, we firmly seized the valuable market opportunities arising from the rapidly proliferating mobile Internet applications and the increasing demand of industry informatisation to continue to deepen our strategic transformation. We pragmatically promoted the development of our Three New Roles – “a leader of intelligent pipeline, a provider of integrated platforms, and a participant in content and application development” and proactively expanded into emerging areas such as mobile Internet. We accelerated the optimisation of business structure and continuously enhanced our operational and management capabilities, facilitating effective promotion in the scale development of our mobile, wireline broadband and industry informatisation services. Revenue and profit continued to maintain robust growth and the Company’s overall competitive strengths have been further enhanced.

In 2011, the Company achieved favourable development. Excluding the amortisation of upfront connection fees, the operating revenues were RMB244,943 million, an increase of 11.7% over last year. The revenue structure continued to be optimised, laying a solid foundation for future sustainable development. Mobile service revenue reached RMB68,248 million, an increase of 43.0% over last year, further increasing its proportion to 27.9% of total revenue and became the largest service of the Company. Revenue from wireline broadband service was RMB60,801 million, an increase of 12.3% over last year and maintained rapid growth. EBITDA was RMB94,266 million, an increase of 6.5% over last year while EBITDA margin¹ was 40.8%. The profit attributable to equity holders of the Company was RMB16,404 million, an increase of 10.5% over last year, demonstrating concurrent achievement in scale development of subscriber and enhancement in profitability. Basic earnings per share was RMB0.20.

In 2011, the Company comprehensively promoted the terminal-driven market model, and leveraged on 3G to lead the mobile service development. There was a net addition of 35.95 million mobile subscribers for the year, reaching a total of 126 million and the Company became the world’s largest CDMA operator. Our mobile subscriber market share further increased to 13.0%, with 3G subscribers totalling 36.29 million and 3G subscriber market share was 28.5%. The Company’s market influence was further strengthened, which enhanced the overall profitability of the Company. The Company duly launched the “Broadband China • Fibre Cities” project, comprehensively implementing bandwidth upgrade and further consolidating our competitive edges. In 2011, there was a net addition of 13.33 million wireline broadband subscribers and the total number of wireline broadband subscribers reached 76.81 million.

Taking into account the return to shareholders, the Company’s cash flow and its capital requirements for the forthcoming acquisition of mobile network assets from parent company, the Board of Directors has decided to recommend at the forthcoming Annual General Meeting that a dividend being equivalent to HK\$0.085 per share be declared, which is the same as last year.

Chairman Wang Xiaochu expressed that at present, 3G service is entering into a phase of accelerated growth, wireline broadband service is still in a period of high growth. The commercialisation of new services such as mobile Internet, “Cloud” computing and Internet of Things is further accelerating, which will open up a new area for the Company’s development. The national policy of promoting cultural industries will also provide new development opportunities. The Company will ride on the industry development trend, in alignment with the theme of

¹ EBITDA margin was calculated from EBITDA divided by operating revenues excluding mobile terminal sales.

“promoting scale development through dual-leadership in innovation and services” to create a differentiated competitive edge. We will adhere to the principle of efficiency and continue to accelerate the scale development of mobile, wireline broadband and informatisation applications. We will strive to enhance our strengths in innovation, service, efficient centralisation and operation management, and take more solid steps towards the goal of being a “world-class integrated information service provider” so as to 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 announcement 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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