



Press Release

24 March 2009

For Immediate Release

**China Telecom Corporation Limited  
Announcement of Results  
For the year ended 31 December 2008**

**Solid Results from Robust Operating Fundamentals**

( The below finance figures have included the acquired company, Beijing Telecom )	<b>Excluding the amortisation of upfront fees, the impact of one-off items including impairment loss of the PHS assets and natural disasters</b>			<b>IFRS-based</b>
	<b>2007</b>	<b>2008 *</b>	<b>Change</b>	
Operating Revenues ( RMB millions )	177,588	184,779	4.0%	186,801
EBITDA **( RMB millions )	87,054	85,889	-1.3%	84,696
Net Profit ( RMB millions )	23,010	20,066	-12.8%	884
EPS ( RMB )	0.28	0.25	-12.8%	0.01
Free cash flow*** ( RMB millions )	34,016	36,768	8.1%	N/A

\* Upfront connection fees were RMB2,022 million; losses related to natural disasters were RMB3,428 million, after-tax effect was RMB2,838 million; impairment loss of the PHS assets was RMB23,954 million, after-tax effect was RMB18,366 million

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

\*\*\* 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 Hong Kong Stock Exchange: 728) (Stock Code on the New York Stock Exchange: CHA) announces its 2008 annual results today in Hong Kong.**

2008 was a signature year for China Telecom. The Company seized the opportunity brought about by the restructuring of the telecommunications industry and successfully completed the CDMA business acquisition, accomplishing its long-awaited goal of full services integrated operations and establishing a brand new image for China Telecom’s mobile service. In 2008, the Company had also experienced the severe and unprecedented natural disasters of snowstorms and earthquakes. The Company’s management and all its staff have devoted their full efforts towards the fight against the disasters and the subsequent relief works, which demonstrated their high regards of responsibility as well as their tremendous contribution to the country and its people. Benefiting from the robust operating fundamentals, the underlying results for the year remained solid.

The Company deepened strategic transformation with continuous rapid growth in various transformation services, which effectively mitigated and offset the decline in the traditional wireline voice services and enabled the Company to maintain robust fundamentals. Excluding the amortisation of upfront connection fees and the impact of one-off items including impairment loss of the Personal Handyphone System (PHS) assets and losses related to natural disasters, the operating revenues were RMB184,779 million, a growth of 4.0% over last year. EBITDA was RMB85,889 million, a decrease of 1.3% from 2007, and the EBITDA margin was 46.5%. Profit attributable to equity holders of the Company was RMB20,066 million, a decline of 12.8% over last year. Capital expenditure was RMB48,410 million, accounting for 26.2% of the operating revenues, similar to that for 2007. Free cash flow reached RMB36,768 million, an increase of 8.1% from 2007.

In 2008, the Company continued to advocate the “Customer-focused Innovative Informatization Strategy”, while constantly innovating its business model and adjusting its business structure. Revenues from the wireline non-voice services reached RMB82,294 million, accounting for 46.1% of the wireline revenue in 2008, an increase of 8.9 percentage points from last year. Broadband access revenue for the whole year of 2008 reached RMB40,243 million, a rise of 28.6% compared to last year and contributed 5.0 percentage points of the Company’s overall revenue growth. Revenue from direct information services including “Best Tone” Services for the whole year reached RMB4,787 million, an increase of 44.6% from 2007. The Company put enormous efforts into brand operation. The customers of “BizNavigator” and “One Home” reached 2.53 million and 23.93 million respectively. Revenue from government and enterprises customers increased by 10.9%, while revenue from household customers increased by 2.9%. The Company also launched its new mobile service brand “e surfing” shortly after the acquisition of the CDMA business. The Company’s mobile service has shown favorable growth momentum with a net increase of 2.72 million customers in the first two months of 2009, a turnaround from the decline in subscribers after the acquisition of the CDMA business in the fourth quarter of last year. The total number of mobile subscribers reached 30.63 million as at the end of February 2009.

Taking into consideration the return to shareholders, the Company's cash flow and the capital requirements for future development, the Board of Directors has decided to recommend to the shareholders at the forthcoming Annual General Meeting the dividend equivalent of HK\$0.085 per share, the same as last year, despite the 2008 results being severely impacted by certain one-off items. This fully reflects the confidence of the Board of Directors in the future business development.

Chairman Wang Xiaochu expressed that China's vigorous promotion in the integration of industry and informatization as well as a series of initiatives to stimulate domestic demand provides the Company with valuable opportunities for its business development. The successful strategic transformation over the past few years has laid a solid foundation for full services integrated operations. The CDMA technology has characteristics of superior level of security, higher data speed and more effective spectrum utilization, which provides a unique technical strength for differentiated services. The Company is fully aware that extra efforts are required to expand and consolidate our CDMA services, which are of relatively small scale at present. The Company will firmly seize the opportunities and diligently leverage its strengths to promote more advanced and more in-depth corporate transformation to enhance shareholders' value.

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 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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