

China Telecom Corporation Limited
Interim Results for 2009

Full services operation on track as planned
Laying solid foundation for future profitable growth

	Excluding the amortisation of upfront fees			Including the amortisation of upfront fees
	1H 2008	1H 2009	Change	
Operating Revenues (RMB millions)	89,351	102,554	14.8%	103,146
EBITDA* (RMB millions)	44,268	43,339	-2.1%	43,931
Net Profit** (RMB millions)	11,606	8,412	-27.5%	9,004
EPS (RMB)	0.14	0.10	-27.5%	0.11
Free cash flow*** (RMB millions)	21,669	19,652	-9.3%	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 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 2009 interim results today in Hong Kong.

In the first half of 2009, the Company continued to advocate the “Customer-focused Innovative Informatisation Strategy” in the new era of full services integrated operation with firm confidence. The Company actively explored the integration synergy of mobile, wireline and Internet services, accumulating and expanding the competitive edge through differentiated offering to achieve a good start of full services operation. The launch of the

“e surfing” brand for the mobile services was well received in the market and drove up the customer scale and the mobile revenue with increasing market share. The scale of brand customer base expanded persistently and the broadband as well as value-added and integrated information services continued to grow rapidly. The strength of full services offering has been enhanced and the customers’ satisfaction has noticeably improved. The strategic transformation achieved substantial and remarkable breakthroughs, laying a solid foundation for the long-term sustainable development of the Company.

The Company deepened transformation and proactively promoted and executed the strategy of focusing on mid-to-high-end customers with differentiated service, creating competitive edge of full service integration synergy. The number of mobile subscribers has increased by 11.37 million in the first half of the year, with a total number of 39.28 million mobile subscribers at the end of June 2009. The net addition market share rose from 12.0% in January 2009 to 28.7% in June 2009, demonstrating a gradual improvement on monthly basis, while the ARPU primarily remained stable. The total numbers of wireline broadband customers and wireless Internet access customers have increased by 4.78 million and 1.61 million on a net basis, reaching a total of 49.05 million and 3.95 million respectively. Revenue from wireline broadband access reached RMB22,745 million, an increase of 18.2% compared with the same period of last year. The subscribers of two major customer segments, ‘BizNavigator’ and ‘One Home’ service reached 3.01 million and 30.11 million respectively, representing an increase of 19.1% and 25.8% respectively from the beginning of the year.

The Company's operation was on track as planned. Excluding the amortisation of upfront connection fees, the operating revenues were RMB102,554 million, representing a growth of 14.8% over the same period of last year. Revenue from non-voice services exceeded 50%. The mobile service revenue amounted to RMB12,814 million. EBITDA was RMB43,339 million, and the EBITDA margin was 42.3%. Profit attributable to equity holders of the Company was RMB8,412 million, representing a decline of 27.5% over the same period of last year. Basic earnings per share was RMB0.10. The capital expenditure was RMB17,033 million, a decline of 9.3% compared with the same period of last year. Free cash flow was RMB19,652 million.

Taking into consideration the Company's business development needs and the cash flow position, 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.

The second half of this year will be a critical period for the Company to embark a new phase of full services integrated operation. Despite the increasingly intense market competition and the challenges faced with, including increasing difficulties in consolidating traditional voice business, intensified competition in the mid-to-high-end market and lack of competitiveness of mobile terminals, the Company would benefit from the gradual recovery of the economy and the valuable practical experience in full services operation promptly accumulated. Following the further enhancement of the basic service quality and the progressive rollout of 3G products with enriched mobile internet applications, the full services offering of the Company will have remarkable development.

Mr. Wang Xiaochu, the Chairman and Chief Executive Officer of the Company expressed that in the first half of this year, the Company grasped the opportunity and successfully promoted the fast development of the mobile business by expanding initiatives. The Company also actively explored and enhanced the integrated operation capability. Although these brought short term pressure to the profitability, remarkable benefits have been achieved. Next, the Company shall actively leverage the 3G and full services integrated operation edge to enhance the customers' experience and value with innovative differentiated services, while persisting in avoiding single product price competition. He firmly believes that the Company would reap the handsome rewards of the initiatives put in this year with sustainable development in future and enhance 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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