



Press Release

22 March 2010

For Immediate Release

**China Telecom Corporation Limited
Announcement of Results for the year ended 31 December 2009**

Proactive initiatives to enhance future sustainable growth

(The financial figures for 2008 have excluded the impact of one-off items including impairment loss of the PHS assets and natural disasters)	The below financial figures have excluded the upfront connection fees			IFRS-based
	2008	2009	Change	
Operating Revenues (RMB Million)	184,507	208,219	12.9%	209,370
— Mobile Services revenue* (RMB Million)	6,127	35,620	481.4%	35,620
— Wireline Services revenue (RMB Million)	178,380	172,599	-3.2%	173,750
EBITDA ** (RMB Million)	85,889	82,133	-4.4%	N/A
Net Profit*** (RMB Million)	20,066	13,271	-33.9%	14,422
EPS (RMB)	0.25	0.16	-33.9%	0.18
Free cash flow**** (RMB Million)	36,768	31,159	-15.3%	N/A
Local access lines in service (Million)	208.35	188.56	-9.5%	
Mobile subscribers (Million)	27.91	56.09	101.0%	
Wireline broadband subscribers (Million)	44.27	53.46	20.8%	

* Since the Company commenced mobile operation on 1 October 2008, the mobile services revenue of 2008 represented the mobile services revenue for the fourth quarter of 2008.

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

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

**** Free Cash Flow = EBITDA (excluding amortisation of the 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 2009 annual results today in Hong Kong.

2009 was a remarkable year in the history of China Telecom. Following the successful acquisition pursuant to the restructuring and attaining the 3G license, the Company endeavoured to overcome the challenges brought by the global financial crisis and intensified competition. The Company continued to promote the “Customer-focused Innovative Informatisation Strategy” by aggressively pursuing opportunities and deepening strategic transformation. Leveraging the integrated resources advantages, the Company proactively innovated our development model and persisted in adopting the differentiated development strategy to achieve a good start of full services operation. This has established a solid foundation for the healthy sustainable growth and corporate value enhancement of the Company.

The Company progressed the development steadily as planned. Excluding the amortisation of the upfront connection fees, the operating revenues were RMB208,219 million, an increase of 12.9% from last year. EBITDA was RMB82,133 million and the EBITDA margin was 39.4%. The profit attributable to equity holders of the Company was RMB13,271 million, a decrease of 33.9% from last year. Basic earnings per share was RMB0.16. Capital expenditure was RMB38,042 million, a decrease of 21.4% from last year. Free cash flow was RMB31,159 million. The Company believes that the increasing investments in promoting robust scale development of full services operation has achieved remarkable results. Through further progressing the full services operation, the Company would turn around its profit trajectory and the corporate value creation capability will be enhanced as well.

The Company adhered to the integrated packaging development of wireline, mobile and Internet services. Taking full advantage of the existing customer resources, network resources and sales capabilities, the Company proactively expanded the mobile customer base. The mobile subscribers increased by 28.18 million to 56.09 million in the year. Mobile services revenue drove 16.0% increase in the operating revenues. The Company firmly strengthened the brand name and development of the broadband services. Wireline broadband service grew significantly with net addition of 9.19 million subscribers in the year, bringing total subscribers to 53.46 million. There was also strong growth in the wireline value-added and integrated information services. Revenues from IT service and applications services, as well as “Best Tone” type of information services, increased by 32.4% and 14.7% respectively from last year. The Company actively tackled the declining trend of wireline voice services. Wireline voice services revenue was RMB78,432 million, accounted for 37.7% of the operating revenues excluding the amortisation of the upfront connection fees. The wireline operation of the Company remained resilient while the overall business structure was enhanced.

Taking into consideration of the return to shareholders, the Company's cash flow and its capital requirements for future development, the Board of Directors has decided to recommend at the forthcoming Annual General Meeting that a dividend equivalent to HK\$0.085 per share for the financial year 2009, which is the same as 2008.

Chairman Wang Xiaochu expressed that 2009 was the first year of full services operation of the Company, which was also the year of its 're-invigoration': rapid mobile business expansion with fast improved integrated operation capability. The Company successfully launched a number of innovative integrated products and services, leveraging the rich resources and talents on wireline, mobile and Internet services. The Company delighted its customers with differentiated experience, which is crucial to its robust development as well as value enhancement to the industry while persisting in avoiding any price war. Seeing the innovative passion and unwavering dedication of the staff, he feels so proud and firmly believes that the Company's success is just right ahead. Next step, the Company will continue to deepen the integrated operation, speed up the product and service innovations to optimise its business structure and achieve harmonious development of the full services operation, so as to continuously enhance the value for shareholders and customers.

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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