



Press Release
22 March 2011
For Immediate Release

China Telecom Corporation Limited Announcement of Annual Results for year 2010

**Driving scale development through integration and innovation
Enhancing profitability through deepened transformation**

	The below financial figures have excluded upfront connection fees			IFRS-based
	2009	2010	Change	
Operating Revenues (RMB millions)	208,219	219,367	5.4%	219,864
of which mobile service revenue (RMB millions)	30,003	47,722	59.1%	47,722
EBITDA* (RMB millions)	82,133	88,495	7.7%	N/A
Net Profit** (RMB millions)	13,271	15,262	15.0%	15,759
EPS (RMB)	0.16	0.19	15.0%	0.19
Free cash flow*** (RMB millions)	31,159	27,107	-13.0%	N/A
Mobile subscribers (millions)	56.09	90.52	61.4%	
of which 3G subscribers (millions)	4.07	12.29	202.0%	
Wireline broadband subscribers (millions)	53.46	63.48	18.7%	
Local access lines in services (millions)	188.56	175.05	-7.2%	

* 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 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 2010 annual results today in Hong Kong.

In 2010, we deepened our efforts in strategic transformation and business innovation, adhering to integrated and differentiated development. The scale of mobile service achieved rapid expansion with an increasingly mature industry value chain. The broadband and integrated information services continued to maintain rapid growth, facilitating persistent optimisation of the revenue structure and primarily accomplishing coordinated development of four pillar services, namely, mobile, broadband, value-added and integrated information, and wireline voice. The Company’s profitability achieved remarkable recovery, successfully embarking on scale development in full services operation.

In 2010, the Company achieved favourable development. Excluding the amortisation of upfront connection fees, the operating revenues were RMB219,367 million, representing an increase of 5.4% from last year. The revenue contributions from mobile, broadband, value-added and integrated information services continued to increase. EBITDA was RMB88,495 million, an increase of 7.7% from last year. EBITDA margin was 40.3%. The profit attributable to equity holders of the Company was RMB15,262 million, and basic earnings per share was RMB0.19, an increase of 15.0% from last year, effectively enhancing corporate value. Capital expenditure was RMB43,037 million, and free cash flow was RMB27,107 million.

In 2010, the Company persisted in innovative integration and differentiation to drive scale development, fully promoting the scale development of mobile services, particularly 3G service. The number of mobile subscribers had increased by 34.43 million, to a total of 90.52 million at year end. The net addition of 3G subscribers was 8.22 million, bringing the total number of 3G subscribers to 12.29 million. The Company proactively promoted the expansion of integrated operation with broadband as the core impetus. The net addition of wireline broadband subscribers was 10.02 million with a total of 63.48 million. The Company vigorously promoted the sustainable growth in integrated information services and continuously enhanced our competitive edges in the market. Through differentiated integration, the Company protected the existing value, endeavoring to mitigate the decline in wireline voice services.

Taking into account the return to shareholders, the Company’s cash flow and its capital requirements for planned acquisition of mobile network from parent company in 2012, the Board of Directors has decided to recommend at the forthcoming Annual General Meeting that a dividend equivalent to HK\$0.085 per share be declared, which is the same as last year.

Chairman Wang Xiaochu expressed that the next two to three years will be a prime period of strategic opportunities. Products convergence will be a trend in the telecommunications industry. New applications leveraging new technologies like Internet of Things and Cloud Computing will emerge. Mobile Internet is undergoing a rapid growth period and wireline broadband is still enjoying considerable room for development. All these initiatives will bring us wider prospects for development. However, we are also facing intensified challenges from increasingly fierce competition in the existing and new businesses. Looking forward, we are fully confident and will continue to pursue the “Customer – Focused Innovative Informatisation” strategy, aggressively expand the scale of mobile, broadband and industry application services, while maintaining the contribution of the existing operation and continuing to optimise the revenue structure. By pursuing deepened strategic transformation, we aim to position ourselves as “a leader of intelligent pipeline, a provider of integrated platforms, and a participant of content and application development”. We shall persist in our business strategy of high-value data traffic management operation, and transform our Company to adapt to the mobile Internet operation mode with a view to creating more value for customers and 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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