

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **China Telecom Corporation Limited**

## **中国电信股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 728)**

### **Proposed 2008 Final Dividend Distribution and Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises**

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (collectively the "Enterprise Income Tax Law"), beginning from 1 January 2008, any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder in respect of accounting periods beginning from 1 January 2008 shall withhold and pay enterprise income tax for such shareholder. The withholding and payment obligation lies with the payer.

The board of China Telecom Corporation Limited (the "Company") hereby advises on the proposed 2008 final dividend distribution and the enterprise income tax withholding arrangements under the Enterprise Income Tax Law as follows:

The board of the Company proposes a final dividend in the amount equivalent to HK\$0.085 per share (pre-tax), totalling approximately RMB6,063 million for the year ended 31 December 2008. The dividend proposal will be submitted for approval at the Annual General Meeting to be held on 26 May 2009. Dividends will be denominated and declared in Renminbi. Dividends on domestic shares will be paid in Renminbi, whereas dividends on H shares will be paid in Hong Kong dollars. The relevant exchange rate will be the average offer rates of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends at the Annual General Meeting. The proposed 2008 final dividends are expected to be paid on around 30 June 2009 upon approval at the Annual General Meeting. In order to determine the list of holders of H shares who are entitled to receive the dividends, the Company's share register will be closed from Sunday, 26 April 2009 to Tuesday, 26 May 2009 (inclusive of both days), during which period no transfers of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H shares registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, before 4:30 p.m. on Friday, 24 April 2009.

Pursuant to the Enterprise Income Tax Law, the Company shall be obliged to withhold 10% enterprise income tax when it distributes the proposed 2008 final dividend to non-resident enterprise shareholders of overseas H share, (including Hong Kong Securities Clearing Company Nominees Limited, other corporate nominees or trustees, and other entities or organizations) whose names appear on the Company's H share register of members on 26 May 2009. Any resident enterprise (such term shall have the meaning as defined under the Enterprise Income Tax Law) whose name appears on the Company's H share register of members being set up in the PRC in accordance with the PRC law, or is set up in accordance with the law of a foreign country (region) whose actual administration institution is in the PRC does not wish to withhold the 10% enterprise income tax, it should lodge a legal opinion issued by a lawyer qualified to practice in the PRC (and endorsed with the law firm's chop) and any other related documents certifying the status of resident enterprise to Computershare Hong Kong Investor Services Limited, on or before 4:30 pm on Friday, 24 April 2009. The individual income tax will not be deducted from any natural person shareholders whose names appear on the Company's H share register of members on 26 May 2009.

All investors are requested to read this announcement carefully. If you should wish to change your shareholder status, please consult with your agent or trust institution about the relevant procedures. The Company will withhold the enterprise income tax for the non-resident enterprise shareholders whose names appear on the Company's H share register of members on 26 May 2009. The Company assumes no liability and will not deal with any dispute over enterprise income tax withholding triggered by failure to submit proof materials within the stipulated time frame.

By Order of the Board  
**China Telecom Corporation Limited**  
**Yung Shun Loy, Jacky**  
*Company Secretary*

Beijing, PRC, 9 April 2009

As of the date of this announcement, the Board of directors of the Company consists of Mr. Wang Xiaochu as the chairman and chief executive officer, Mr. Shang Bing as the president and chief operating officer, Madam Wu Andi as the executive vice president and chief financial officer, Mr. Zhang Jiping, Mr. Zhang Chenshuang, Mr. Yang Xiaowei, Mr. Yang Jie, and Mr. Sun Kangmin as the executive vice presidents, Mr. Li Jinming as the non-executive director, and Mr. Wu Jichuan, Mr. Qin Xiao, Mr. Tse Hau Yin, Aloysius, Madam Cha May Lung, Laura, Mr. Xu Erming as the independent non-executive directors.