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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)

FURTHER INFORMATION ON THE PAYMENT OF FINAL DIVIDEND

Reference is made to the announcement of China Telecom Corporation Limited (the “Company”) dated 20 May 2011 (the “Dividend Announcement”) in respect of, amongst others, the payment of the final dividend for the year ended 31 December 2010 (the “2010 Final Dividend”). The Company wishes to announce further information in relation to the payment of the 2010 Final Dividend.

Pursuant to the Circular on the Questions Concerning the Income Tax on the Profits for the Transfer of Shares (Equity Interests) and Dividend Received by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners (Guo Shui Fa [1993] No. 45) (《關於外商投資企業、外國企業和外籍個人取得股票（股權）轉讓收益和股息所得稅收問題的通知》（國稅發[1993] 45號)) (the “Circular”) issued by the PRC State Administration of Taxation (the “SAT”) in 1993, individual foreigners holding overseas shares were temporarily exempted from PRC individual income tax for the dividend (bonus) received from PRC enterprises issuing such overseas shares. On 4 January 2011, the SAT issued an announcement on the List of Fully or Partially Invalidated and Repealed Tax Regulations (SAT Announcement (2011) No. 2) (《關於公佈全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》（國家稅務總局公告2011年第2號)) (the “SAT Announcement”), pursuant to which the Circular was repealed and became invalid. Based on the Company’s current understanding, the exemption from PRC individual income tax under the Circular for the Company’s individual H shareholders (the “Individual H Shareholders”) whose names appear on the register of members of H shares of the Company is no longer applicable when the Company distributes the 2010 Final Dividend.

Pursuant to the PRC Individual Income Tax Law (中華人民共和國個人所得稅法), the Implementation Regulations of the Individual Income Tax Law(中華人民共和國個人所得稅法實施條例), the Tentative Measures on Withholding and Payment of Individual Income Tax (個人所得稅代扣代繳暫行辦法) and other relevant laws and regulations (collectively, the “Relevant Tax Laws and Regulations”), the Company currently understands that it is required to withhold and pay 20% individual income tax for Individual H Shareholders (the “Withholding Tax”). Subject to further confirmation of the relevant PRC tax authorities, the rate of the Withholding Tax may be adjusted in accordance with the tax treaties or arrangements applicable to the Individual H Shareholders.

Pursuant to the Dividend Announcement, the Company's 2010 Final Dividend will be paid around 30 June 2011. In order to ensure the Company's compliance with Relevant Tax Laws and Regulations while meeting the timetable for the payment of the 2010 Final Dividend, the Company will temporarily withhold 20% of the 2010 Final Dividend to be distributed to the Individual H Shareholders, representing an aggregate amount of approximately HKD1,181,173, pending the confirmation of the relevant PRC tax authorities on the appropriate treatment for this. The Company will issue further announcement(s) in respect of any material development regarding this.

Other information in respect of the payment of the 2010 Final Dividend as disclosed in the Dividend Announcement remains unchanged.

By Order of the Board
China Telecom Corporation Limited
Wang Xiaochu
Chairman and Chief Executive Officer

Beijing, PRC, 23 June 2011

As of the date of this announcement, the Board 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.