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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 in respect of, amongst others, the payment of the final dividend for the year ended 31 December 2010 (the “2010 Final Dividend”) and the announcement of further information on the payment of final dividend dated 23 June 2011. The Company wishes to announce further information in relation to the payment of the 2010 Final Dividend.

Pursuant to the letter titled “Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies” issued by The Stock Exchange of Hong Kong Limited on 4 July 2011 (enclosing therewith a reply letter of 28 June 2011 (in Chinese) from the State Administration of Taxation to Hong Kong Inland Revenue Department) (“the Stock Exchange Letter”), the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax arrangements between PRC and the countries where they reside and the tax arrangements between Mainland China and Hong Kong (Macau).

As described in the announcement dated 23 June 2011, the Company has temporarily withheld 20% of the 2010 Final Dividend distributed to the individual H shareholders whose names appear on the register of members of H shares of the Company (the “Individual H Shareholders”). The Company will finally withhold and arrange for the payment of the withholding tax on behalf of the Individual H Shareholders pursuant to the abovesaid Stock Exchange Letter and other relevant laws and regulations, including the “Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)” (Guo Shui Fa [2009] No.124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法（試行）〉的通知》（國稅發[2009]124號）) (the “Tax Treaties Notice”). The Company will determine the country of domicile of the Individual H Shareholders based on the registered address as recorded in the register of members of the Company on 20 May 2011 (the “Registered Address”). The Company assumes no responsibility

and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

- for Individual H Shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of less than 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. If relevant Individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant shareholders to handle the application for the underlying preferential tax benefits pursuant to the relevant tax treaty, provided that the relevant shareholder shall submit to the Company the information required under the Tax Treaties Notice on or before 18 August 2011. Upon review and approval by the relevant tax authorities, the Company will assist in the refund of excess tax withheld and paid.
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will finally withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty.
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with PRC, or under any other circumstances, the Company will finally withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders.

If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before 18 August 2011. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

After deducting the final withholding tax to be paid to the relevant tax authorities, the Company will arrange for the refund of the remaining portion (if any) of 20% of the 2010 Final Dividend temporarily withheld. It is expected that the refund cheques will be dispatched to the Individual H Shareholders on or around 31 August 2011 by ordinary post at their own risk.

**Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.**

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

Beijing, PRC, 3 August 2011

As of the date of this announcement, the Board consists of Mr. Wang Xiaochu as the chairman and chief executive 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.