

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)

PARTICIPATION IN THE ESTABLISHMENT OF CHINA COMMUNICATIONS FACILITIES SERVICES CORPORATION LIMITED

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement published by China Telecom Corporation Limited (the "Company") on 30 April 2014 in relation to the discussion on the joint establishment of a tower facilities company. The board of directors of the Company is pleased to announce that on 11 July 2014, the Company, China United Network Communications Corporation Limited and China Mobile Communication Company Limited entered into a Promoters' Agreement for China Communications Facilities Services Corporation Limited to jointly establish China Communications Facilities Services Corporation Limited (the "Tower Company").

The registered share capital of the Tower Company is RMB10 billion. The Company, China United Network Communications Corporation Limited and China Mobile Communication Company Limited intend to subscribe for 2.99 billion shares, 3.01 billion shares and 4.00 billion shares of the Tower Company respectively in cash at a par value of RMB1.00 per share, representing a shareholding percentage of 29.9%, 30.1% and 40.0%, respectively. The Tower Company will primarily engage in the construction, maintenance and operation of telecommunications towers, and will also engage in the construction, maintenance and operation of ancillary facilities such as control rooms, power supply systems and air conditioning systems of base stations, etc and indoor distribution systems as well as the provision of outsourcing maintenance services for base station equipment.

At present, the respective parties are at a preliminary stage of considering potential injections of certain telecommunications assets into the Tower Company. The specific implementation of any such asset injection shall be subject to applicable legal and regulatory requirements (which include, but are not limited to, the Listing Rules).

Pursuant to the relevant arrangements for the establishment of the Tower Company, the Tower Company has indicated to China Communications Services Corporation Limited (“CCS”) (a subsidiary of the controlling shareholder of the Company, China Telecommunications Corporation (“CTC”)) that:

- on condition that it will not result in a breach by CTC and CCS of the Non-Competition Agreement entered into between them, when the Tower Company invites public tender for the design, construction, supervision and maintenance of its telecommunications towers and related ancillary facilities, the Tower Company will select CCS on a preferential basis, provided that the terms are the same;
- in the event of an injection of telecommunications assets into the Tower Company (acquisition by the Tower Company), the existing maintenance agreements entered into between CCS and the respective promoters of the Tower Company will remain valid. Upon the expiration of such maintenance agreements and when the Tower Company invites tender for the maintenance services, the Tower Company will consider CCS on a preferential basis, provided that the terms are the same; and
- the Tower Company will not compete in contravention of the contents of the Non-Competition Agreement.

The Company believes that the establishment of the Tower Company is beneficial to the enhancement of the industry investment efficiency, further increasing the level upon which telecommunications infrastructure facilities are being jointly constructed and shared, strengthening the intrinsic motivation for the corporate efficiently-centralised development and further promoting resources conservation and environment protection through this operating mechanism. Meanwhile, it is also conducive to reduction in the overall investment scale of the Company, effective utilisation of assets, savings of its capital expenditures, optimisation of cash management, enhancement of market competitiveness and acceleration of transformation and upgrade.

Further announcements will be made by the Company in connection with the above as and when appropriate in accordance with the Listing Rules in order to keep investors informed of any material development in the matter. In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.

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

Beijing, PRC, 11 July 2014

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.

As at 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. Yang Jie as the president and chief operating officer, Madam Wu Andi as the executive vice president and chief financial officer, Mr. Zhang Jiping, Mr. Yang Xiaowei, Mr. Sun Kangmin and Mr. Ke Ruiwen as the executive vice presidents, Mr. Zhu Wei as the non-executive director and Mr. Tse Hau Yin, Aloysius, Madam Cha May Lung, Laura, Mr. Xu Erming and Madam Wang Hsuehming as the independent non-executive directors.