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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)**

#### **KEY FINANCIAL AND PERFORMANCE INDICATORS FOR THE FIRST QUARTER OF 2013**

##### **The unaudited financial data of the Group for the first quarter of 2013**

- Operating revenues were RMB77,818 million, representing an increase of 14.6% over the corresponding period of last year
- Operating revenues excluding mobile terminal sales were RMB68,584 million, representing an increase of 10.1% over the corresponding period of last year
- EBITDA was RMB24,927 million, representing an increase of 35.5% over the corresponding period of last year
- Profit attributable to equity holders of the Company was RMB4,696 million, representing an increase of 10.0% over the corresponding period of last year

In order to further enhance the transparency of the Group and to enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board of directors (the "Board") of China Telecom Corporation Limited (the "Company", together with its subsidiaries, the "Group") announces certain selected unaudited key financial and performance indicators of the Group for the first quarter of 2013.

**Financial Data (Extracted from financial records prepared in accordance with International Financial Reporting Standards)**

	For the period from 1 January 2013 to 31 March 2013 (RMB million)	For the period from 1 January 2012 to 31 March 2012 (RMB million) (restated)*	Increase/ (Decrease)
<b>Operating revenues</b>	77,818	67,932	14.6%
<b>Operating revenues excluding mobile terminal sales</b>	68,584	62,291	10.1%
<b>Operating expenses</b>			
Depreciation and amortisation	(17,376)	(12,248)	41.9%
Network operations and support	(10,802)	(14,772)	(26.9%)
Selling, general and administrative	(18,261)	(14,186)	28.7%
Personnel expenses	(10,620)	(11,236)	(5.5%)
Other operating expenses	(13,208)	(9,341)	41.4%
<b>Total operating expenses</b>	<b>(70,267)</b>	<b>(61,783)</b>	13.7%
<b>Operating profit</b>	7,551	6,149	22.8%
Finance costs and others	(1,304)	(416)	213.5%
<b>Profit before taxation</b>	6,247	5,733	9.0%
Income tax	(1,525)	(1,439)	6.0%
<b>Profit for the quarter</b>	4,722	4,294	10.0%
<b>Profit attributable to:</b>			
Equity holders of the Company	4,696	4,269	10.0%
Non-controlling interests	26	25	4.0%
	As at 31 March 2013 (RMB million)	As at 31 December 2012 (RMB million)	
<b>Total Assets</b>	535,857	545,072	(1.7%)
<b>Total Liabilities</b>	(265,205)	(279,042)	(5.0%)
<b>Total Equity</b>	270,652	266,030	1.7%

\*Certain figures for the first quarter of 2012 were correspondingly and retrospectively restated to include the impact of the acquisition of digital trunking business in the year 2012. Please refer to note 1 of the audited financial statements in the 2012 annual report for details.

## Business Data

	As at 31 March 2013/ For the period from 1 January 2013 to 31 March 2013	As at 31 December 2012/ For the period from 1 October 2012 to 31 December 2012	As at 30 September 2012/ For the period from 1 July 2012 to 30 September 2012
Mobile Subscribers (Million)	168.03	160.62	152.62
of which 3G Subscribers (Million)	78.07	69.05	59.72
Net Add of Mobile Subscribers (Million)	7.41	8.00	8.44
of which Net Add of 3G Subscribers (Million)	9.02	9.33	8.76
Mobile Voice Usage (Billion Minutes)	137.85	137.29	131.79
Wireline Broadband Subscribers (Million)	93.18	90.12	86.96
Net Add of Wireline Broadband Subscribers (Million)	3.06	3.16	3.26
Local Access Lines in Service (Million)	161.70	163.00	165.96
including: Household (Million)	102.51	103.49	105.71
Government & Enterprise (Million)	39.06	38.74	38.44
Public Telephone (Million)	13.12	13.26	13.48
Wireless Local Access (Million)	7.01	7.51	8.33
Net Decrease of Local Access Lines in Service (Million)	(1.30)	(2.96)	(1.53)
Wireline Local Voice Usage (Billion Pulses)	36.61	40.43	43.94
Wireline Long Distance Usage (Billion Minutes)	8.22	9.70	10.76

For the first quarter of 2013, the mobile services continued to grow rapidly with fast expansion in mobile customer scale and revenues. The number of mobile subscribers reached a total of 168 million, of which 78.07 million were 3G subscribers. The net addition of mobile subscribers was 7.41 million for the first quarter and the average mobile service revenue per user per month (ARPU) was stable as compared to that for the full year of last year. Facing the challenges from the new Internet technology and the intensified mobile substitution, the number of local access lines in service of the Group declined by 1.30 million in the first quarter. Services like Internet access and data services continued its robust growth momentum, which effectively offset the impact of decline in the wireline voice services. The wireline broadband subscribers reached 93.18 million, representing a net addition of 3.06 million. The fundamentals of the overall wireline services continued to remain stable.

The Company's operation was on track as planned for the first quarter of 2013. The operating revenues were RMB77,818 million, representing an increase of 14.6% from the same period of last year. Revenues from sale of mobile terminals were RMB9,234 million, an increase of 63.7% over the corresponding period of last year. Meanwhile, as a result of the corresponding significant increase in the costs of mobile terminals sold, other operating expenses increased by 41.4% over the same period of last year. The operating revenues excluding mobile terminal sales were RMB68,584 million, representing an increase of 10.1% from the same period of last year and continued to maintain robust growth. During the period, selling, general and administrative expenses of the Group increased by 28.7% over the corresponding period of last year mainly as a result of the Group's appropriate increase in marketing initiatives for the profitable scale development of its mobile services. In addition, only about one month's sales of iPhone were taken into account in last year's comparative figures. The Company has successfully acquired the mobile network assets at the end of 2012, leading to significant savings in the mobile network capacity lease fee from this year onwards. Hence, the network operations and support expenses

for the first quarter of 2013 decreased by 26.9% from the same period of last year. However, the depreciation and amortisation expenses, meanwhile, increased by 41.9%, which was mainly due to the depreciation for the newly acquired mobile network. As the Company acquired the mobile network assets substantially in the form of debt financing, the finance costs and others increased by 213.5% from the same period of last year. The personnel expenses for the first quarter of 2013 decreased by 5.5% from the same period of last year, mainly because of the performance-linked remuneration for the first quarter being affected by the decline in the profit of the previous quarter. The profit attributable to equity holders of the Company was RMB4,696 million, representing an increase of 10.0% from the same period of last year. EBITDA was RMB24,927 million, an increase of 35.5% from the same period of last year. EBITDA margin (EBITDA divided by the operating revenues excluding mobile terminal sales) was 36.3%, representing an increase of 6.8 percentage points from 29.5% in the same period of last year.

Currently, the tide of mobile Internet sweeps globally while the industrialisation and informatisation development is accelerating in China. Meanwhile, the intensifying market competition, uncertain regulatory environment and rapid development of new technology offer the Company not only development opportunities but also new challenges. The Group will firmly seize this valuable golden opportunity to persevere with the deepening of strategic transformation and closely monitor and proactively respond to advancement of new technology and changes in regulatory policies. The Group will also adhere to the Internet's spirit of "openness, cooperation and innovation", breaking away from the constraints of traditional telecommunications operation mindset. The Group will promote the business development through differentiation, motivate the innovative vitality of the employees through market-driven mechanism and promote scale development and profitability through dual-leadership in innovation and service. The Group will leverage the unswerving promotion of the strategy of "Three New Roles - a leader of intelligent pipeline, a provider of integrated platforms, and a participant in content and application development" to establish the unique and sustainable competitive strengths, so as to create more value for shareholders.

The Board wishes to remind investors that the above financial and business data are based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such data.

**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, 26 April 2013

#### ***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. Wu Jichuan, Mr. Qin Xiao, Mr. Tse Hau Yin, Aloysius, Madam Cha May Lung, Laura and Mr. Xu Erming as the independent non-executive directors.