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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 THREE QUARTERS OF 2013**

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

- Operating revenues were RMB238,186 million, representing an increase of 13.4 % over the corresponding period of last year
- Operating revenues excluding mobile terminal sales were RMB210,081 million, representing an increase of 9.7% over the corresponding period of last year
- EBITDA was RMB74,704 million, representing an increase of 36.2% over the corresponding period of last year
- Profit attributable to equity holders of the Company was RMB14,714 million, representing an increase of 17.1 % 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 three quarters of 2013.

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

	For the period from 1 January 2013 to 30 September 2013 (RMB million)	For the period from 1 January 2012 to 30 September 2012 (RMB million)	Increase/ (Decrease)
<b>Operating revenues</b>	238,186	209,983	13.4%
<b>Operating revenues excluding mobile terminal sales</b>	210,081	191,572	9.7%
<b>Operating expenses</b>			
Depreciation and amortisation	(51,949)	(36,939)	40.6%
Network operations and support	(36,921)	(47,185)	(21.8%)
Selling, general and administrative	(51,170)	(45,174)	13.3%
Personnel expenses	(34,758)	(32,807)	5.9%
Other operating expenses	(40,633)	(29,977)	35.5%
<b>Total operating expenses</b>	<u>(215,431)</u>	<u>(192,082)</u>	12.2%
<b>Operating profit</b>	22,755	17,901	27.1%
Finance costs and others	(3,188)	(1,131)	181.9%
<b>Profit before taxation</b>	<u>19,567</u>	<u>16,770</u>	16.7%
Income tax	(4,758)	(4,122)	15.4%
<b>Profit for the first three quarters</b>	14,809	12,648	17.1%
<b>Profit attributable to:</b>			
Equity holders of the Company	14,714	12,564	17.1%
Non-controlling interests	95	84	13.1%
	As at 30 September 2013 (RMB million)	As at 31 December 2012 (RMB million)	
<b>Total Assets</b>	539,172	545,072	(1.1%)
<b>Total Liabilities</b>	<u>(262,891)</u>	<u>(279,042)</u>	(5.8%)
<b>Total Equity</b>	276,281	266,030	3.9%

## Business Data

	As at 30 September 2013/ For the period from 1 January 2013 to 30 September 2013	As at 30 September 2012/ For the period from 1 January 2012 to 30 September 2012
Mobile Subscribers (Million)	181.14	152.62
of which 3G subscribers (Million)	96.48	59.72
Net Add of Mobile Subscribers (Million)	20.52	26.15
of which Net Add of 3G subscribers (Million)	27.43	23.43
Mobile Voice Usage (Billion Minutes)	444.4	371.9
Wireline Broadband Subscribers (Million)	98.04	86.96
Net Add of Wireline Broadband Subscribers (Million)	7.92	10.15
Local Access Lines in Service (Million)	157.93	165.96
including: Household (Million)	99.28	105.71
Government & Enterprise (Million)	39.90	38.44
Public Telephone (Million)	12.71	13.48
Wireless Local Access (Million)	6.04	8.33
Net Decrease of Local Access Lines in Service (Million)	(5.07)	(3.63)
Wireline Local Voice Usage (Billion Pulses)	111.9	131.8
Wireline Long Distance Usage (Billion Minutes)	26.0	32.5

For the first three quarters of 2013, the mobile services of the Group continued to grow rapidly with fast expansion in mobile customer scale and revenues. The number of mobile subscribers reached a total of 181 million, of which 96.48 million were 3G subscribers. The net addition of mobile subscribers was 20.52 million for the first three quarters 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 5.07 million in the first three quarters. 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 98.04 million, representing a net addition of 7.92 million. The fundamentals of the overall wireline services continued to remain stable.

The Company's operation was on track as planned for the first three quarters of 2013. The operating revenues were RMB238,186 million, representing an increase of 13.4% from the same period of last year. Revenues from sale of mobile terminals were RMB28,105 million, an increase of 52.7% 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 35.5% over the same period of last year. The operating revenues excluding mobile terminal sales were RMB210,081 million, representing an increase of 9.7% 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 13.3% 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 services. 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 three quarters of 2013 decreased by 21.8% from the same period of last year. However, the depreciation and amortisation expenses, meanwhile, increased by 40.6 %, 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 181.9% from the

same period of last year. The profit attributable to equity holders of the Company was RMB14,714 million, representing an increase of 17.1% from the same period of last year. EBITDA was RMB74,704 million, an increase of 36.2 % from the same period of last year. EBITDA margin (EBITDA divided by the operating revenues excluding mobile terminal sales) was 35.6%, representing an increase of 7 percentage points from 28.6% in the same period of last year.

The Group will firmly seize the present golden window of opportunity and focus on accelerating the scale expansion of our strategic 3G services and wireline broadband services. The Group will promote rapid development of our emerging businesses through open cooperation to progressively accomplish fundamental enhancement of the business structure. Meanwhile, the Group will proactively participate in discussion to strive for the most favourable regulatory policies, especially on the issuance of LTE licence. The Group will also proactively prepare for future business development opportunities, and implement a focused and proactive investment strategy to enhance corporate value in full strength.

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, 28 October 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 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. 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. Xie Liang 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.