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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 2011

The unaudited financial data of the Group for the first three quarters of 2011
(excluding the amortisation of upfront connection fees)

- Operating revenues were RMB182,357 million, representing an increase of 11.8% over the corresponding period of last year
- EBITDA (before CDMA network capacity lease fees) was RMB72,389 million, representing an increase of 6.1% over the corresponding period of last year
- Profit attributable to equity holders of the Company was RMB13,859 million, representing an increase of 10.1% 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 2011.

Financial Data (prepared based on International Financial Reporting Standards but operating revenues and profit excluded the amortisation of upfront connection fees)

	For the period from 1 January 2011 to 30 September 2011 (RMB million)	For the period from 1 January 2010 to 30 September 2010 (RMB million)	Increase/ (Decrease)
Operating revenues	<u>182,357</u>	<u>163,162</u>	11.8%
Operating expenses			
Depreciation and amortisation	(38,089)	(38,687)	(1.5%)
Network operations and support	(39,233)	(35,218)	11.4%
Selling, general and administrative	(33,567)	(29,535)	13.7%
Personnel expenses	(29,955)	(26,916)	11.3%
Other operating expenses	(20,834)	(13,120)	58.8%
	<u>(161,678)</u>	<u>(143,476)</u>	
Total operating expenses	<u>(161,678)</u>	<u>(143,476)</u>	12.7%
Operating profit	20,679	19,686	5.0%
Finance costs and others	<u>(1,782)</u>	<u>(2,702)</u>	(34.0%)
Profit before taxation	18,897	16,984	11.3%
Income tax	<u>(4,977)</u>	<u>(4,347)</u>	14.5%
Profit for the first three quarters	13,920	12,637	10.2%
Profit attributable to:			
Equity holders of the Company	13,859	12,593	10.1%
Non-controlling interests	61	44	38.6%
	As at 30 September 2011 (RMB million)	As at 31 December 2010 (RMB million)	
Total Assets	410,353	407,355	0.7%
Total Liabilities	<u>(170,419)</u>	<u>(175,391)</u>	(2.8%)
Total Equity	239,934	231,964	3.4%

Business Data

	As at 30 September 2011/ For the period from 1 January 2011 to 30 September 2011	As at 30 September 2010/ For the period from 1 January 2010 to 30 September 2010
Mobile Subscribers (Million)	116.95	82.98
of which 3G Subscribers (Million)	28.43	9.15
Net Add of Mobile Subscribers (Million)	26.43	26.89
of which Net Add of 3G Subscribers (Million)	16.14	5.08
Mobile Voice Usage (Billion Minutes)	294.5	208.9
Wireline Broadband Subscribers (Million)	73.69	61.07
Net Add of Wireline Broadband Subscribers (Million)	10.21	7.61
Local Access Lines in Service (Million)	170.96	178.28
including:		
Household (Million)	108.74	111.39
Government & Enterprise (Million)	36.11	33.27
Public Telephone (Million)	14.05	14.64
Wireless Local Access (Million)	12.06	18.98
Net Decrease of Local Access Lines in Service (Million)	(4.09)	(10.28)
Wireline Local Voice Usage (Billion Pulses)	158.1	193.2
Wireline Long Distance Usage (Billion Minutes)	41.7	54.5

For the first three quarters of 2011, the Group proactively implemented the strategic positioning as “a leader of intelligent pipeline, a provider of integrated platforms, and a participant in content and application development”, adhering to integrated differentiated operation. Riding on mobile, broadband and industry applications as a breakthrough to promote scale development of full services operation, the business structure was further optimised and the profitability was enhanced. The mobile services continued to grow rapidly, demonstrating concurrent achievements in rapid expansion in mobile customer scale and revenues and progressive increase in subscriber market share. The number of mobile subscribers reached a total number of 117 million, of which 28.43 million were 3G subscribers. The net addition of mobile subscribers was 26.43 million for the first three quarters and the average mobile service revenue per user per month (ARPU) had a moderate decline as compared to that for the full year of last year. Facing the challenges from the new Internet technology, mobile substitution and churn of PAS subscribers, the Group continued to record negative growth in its number of local access lines in service for the first three quarters. In response thereto, the Group strengthened the integrated packaging of full services operation, while strictly controlling sales initiatives for the low-end customers and endeavouring to maintain the return of wireline voice service. Services like Internet and data services continued its robust growth momentum, which effectively mitigated the impact of decline in the wireline voice services. The wireline broadband subscribers reached 73.69 million, representing a net addition of 10.21 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 2011. Excluding the amortisation of upfront connection fees of RMB98 million, the operating revenues were RMB 182,357 million, representing an increase of 11.8% from the same period of last year. Revenues from sale of mobile terminals were approximately RMB10,100 million, increased by nearly two times over the corresponding period of last year. Meanwhile, other operating expenses increased significantly from the same period of last year as a result of the corresponding significant increase in the costs of mobile terminals sold. Over the period, the Group increased the sales initiatives to effectively foster the business growth momentum and therefore, selling, general and administrative expenses increased by 13.7% from the same period of last year. EBITDA (before CDMA network capacity lease fees) was RMB 72,389 million, an increase of 6.1% from the same period of

last year. The profit attributable to equity holders of the Company was RMB 13,859 million, representing an increase of 10.1% from the same period of last year. EBITDA margin was 39.7%, representing a decline of 2.1 percentage points from 41.8% of the same period of last year.

The Group will persist in deepening strategic transformation and innovation, insisting on differentiated strategy, enhancing service quality to accelerate scale development. As for the innovative services, the Group will persist in data traffic operation and centralised efficient operation to drive expansion in mobile Internet services. Starting from the government and enterprises customers, the Group will endeavour to expand the “Cloud service” market. The Group will advocate innovation and transformation, win-win operation, pragmatism and strong execution with a view to achieving a new breakthrough in scale development and creating 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, 28 October 2011

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 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.