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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 2012

The unaudited financial data of the Group for the first three quarters of 2012

- Operating revenues were RMB209,983 million, representing an increase of 15.1% over the corresponding period of last year
- Operating revenues excluding mobile terminal sales were RMB191,572 million, representing an increase of 11.1% over the corresponding period of last year
- EBITDA (before CDMA network capacity lease fees) was RMB73,126 million, representing an increase of 0.9% over the corresponding period of last year
- Profit attributable to equity holders of the Company was RMB12,564 million, representing a decrease of 8.0% 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 three quarters of 2012.

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

	For the period from 1 January 2012 to 30 September 2012 (RMB million)	For the period from 1 January 2011 to 30 September 2011 (RMB million) (restated)*	Increase/ (Decrease)
Operating revenues	209,983	182,475	15.1%
Operating revenues excluding mobile terminal sales	191,572	172,386	11.1%
Operating expenses			
Depreciation and amortisation	(36,939)	(38,471)	(4.0%)
Network operations and support	(47,185)	(39,261)	20.2%
Selling, general and administrative	(45,174)	(33,571)	34.6%
Personnel expenses	(32,807)	(29,955)	9.5%
Other operating expenses	(29,977)	(20,834)	43.9%
Total operating expenses	<u>(192,082)</u>	<u>(162,092)</u>	18.5%
Operating profit	17,901	20,383	(12.2%)
Finance costs and others	(1,131)	(1,782)	(36.5%)
Profit before taxation	<u>16,770</u>	<u>18,601</u>	(9.8%)
Income tax	(4,122)	(4,878)	(15.5%)
Profit for the first three quarters	12,648	13,723	(7.8%)
Profit attributable to:			
Equity holders of the Company	12,564	13,662	(8.0%)
Non-controlling interests	84	61	37.7%
	As at 30 September 2012 (RMB million)	As at 31 December 2011 (RMB million) (restated)*	
Total Assets	436,070	419,151	4.0%
Total Liabilities	<u>(171,912)</u>	<u>(162,241)</u>	6.0%
Total Equity	264,158	256,910	2.8%

*Mainly due to the adoption of the amendment to IFRS 1 in 2011, certain financial figures were correspondingly and retrospectively adjusted and restated. Please refer to note 3 of the unaudited interim financial statements in the 2012 interim report for details.

Business Data

	As at 30 September 2012/ For the period from 1 January 2012 to 30 September 2012	As at 30 September 2011/ For the period from 1 January 2011 to 30 September 2011
Mobile Subscribers (Million)	152.62	116.95
of which 3G subscribers (Million)	59.72	28.43
Net Add of Mobile Subscribers (Million)	26.15	26.43
of which Net Add of 3G subscribers (Million)	23.43	16.14
Mobile Voice Usage (Billion Minutes)	371.9	294.5
Wireline Broadband Subscribers (Million)	86.96	73.69
Net Add of Wireline Broadband Subscribers (Million)	10.15	10.21
Local Access Lines in Service (Million)	165.96	170.96
including: Household (Million)	105.71	108.74
Government & Enterprise (Million)	38.44	36.11
Public Telephone (Million)	13.48	14.05
Wireless Local Access (Million)	8.33	12.06
Net Decrease of Local Access Lines in Service (Million)	(3.63)	(4.09)
Wireline Local Voice Usage (Billion Pulses)	131.8	158.1
Wireline Long Distance Usage (Billion Minutes)	32.5	41.7

For the first three quarters of 2012, the mobile services continued to grow rapidly, demonstrating concurrent achievements in rapid expansion in mobile customer scale and revenues as well as progressive increase in subscriber market share. The number of mobile subscribers reached a total of 153 million, of which 59.72 million were 3G subscribers. The net addition of mobile subscribers was 26.15 million for the first three quarters and the average mobile service revenue per user per month (ARPU) was around RMB52.7, which was primarily 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 3.63 million for the first three quarters. 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 86.96 million, representing a net addition of 10.15 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 2012. The operating revenues were RMB209,983 million, representing an increase of 15.1% from the same period of last year. Revenues from sale of mobile terminals were RMB18,411 million, an increase of 82.5% 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 significantly from the same period of last year. The operating revenues excluding mobile terminal sales were RMB191,572 million, representing an increase of 11.1% over the corresponding period of last year. As a result of the rapid growth in the mobile service revenue, CDMA network capacity lease fees increased significantly, leading to the growth rate of network operations and support expenses being higher than the growth rate of revenues. Following the launch of iPhone to expand the high-end market during the period, the Group made an appropriate increase in marketing initiatives for the profitable scale development of its mobile services, which is expected to significantly enhance its long term sustainable growth and value creation despite the short term pressure on its profitability. For the first three quarters of 2012, the profit attributable to equity holders of the Company was RMB12,564 million, representing a decrease of

8.0% over the corresponding period of last year. EBITDA (before CDMA network capacity lease fees) was RMB73,126 million, an increase of 0.9% from the same period of last year. EBITDA margin (EBITDA divided by the operating revenues excluding mobile terminal sales) was 38.2%, representing a decline of 3.8 percentage points from the same period of last year.

Aiming to achieve a breakthrough of its full services development, the Group will grasp the opportunities and cope with the challenges. The Group will adhere to its strategy of advancing its dual leadership in innovation and service quality. The Group will exert efforts in accelerating the scale development of its three core services, including 3G service, broadband service and informatisation applications, to increase revenue market shares of its full services. Furthermore, the Group will endeavour to enhance its management to strengthen four major capabilities, including innovation, services, efficient centralisation and operation. The Group will also consolidate its differentiated competitive edges of its products, services, networks and terminals to enhance both customer value and corporate value and 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, 29 October 2012

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, 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. Chen Liangxian 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.