



Press Release  
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For Immediate Release

## China Telecom Corporation Limited Announcement of Annual Results for year 2012

- Robust business development optimized revenue structure & drove double-digit revenue growth surpassing industry average
- 3G traction fostered mobile scale development & industry-leading mobile revenue growth with enhanced customer value
- Accelerated fibre deployment to boost broadband development and strengthen high bandwidth & high quality edges
- Timely completed mobile network acquisition to enhance future profitability
- Leveraging the iPhone launch, an appropriate increase in marketing initiatives to promote further breakthrough in high-end market and enhance revenue growth. Despite the short-term pressure on profitability, it is expected to enhance long-term sustainable growth & value

(RMB millions)	2011 (restated) <sup>1</sup>	2012	Rate of change
Operating Revenues	245,068	283,073	15.5%
of which: Mobile Revenue	82,703	117,826	42.5%
Wireline Revenue	162,365	165,247	1.8%
Operating Revenues (excluding mobile terminal sales)	231,133	258,316	11.8%
Pre-leasing fee EBITDA	94,371	96,387	2.1%
Post-leasing fee EBITDA	75,360	70,841	-6.0%
Net Profit <sup>2</sup>	16,500	14,925	-9.5%
EPS (RMB)	0.20	0.18	-9.5%

<sup>1</sup> 2011 data were restated to include the retrospective impact of the acquisition of digital trunking business.

<sup>2</sup> Net profit represents profit attributable to equity holders of the Company.

**China Telecom Corporation Limited (hereinafter “China Telecom” or the “Company”) (Stock Code on the Hong Kong Stock Exchange: 728) (Stock Code on the New York Stock Exchange: CHA) announces its 2012 annual results today in Hong Kong.**

2012 was the best year ever for the Company’s development since the commencement of full services operation. The Company persisted in deepening transformation, firmly adhered to the main theme of “promoting scale development through dual-leadership in innovation and service” and persisted in efficient scale operation and data traffic operation, leading to rapid expansion in the core services. Through the successful acquisition of mobile network from the parent company, the Company accomplished unified mobile service operation with network as a whole. The Company accurately captured the development pattern of the mobile Internet and developed sustainable competitive advantages, resulting in significant enhancement in its four core capabilities in innovation, service, centralised efficient management and operation. With pragmatic promotion in the “Three New Roles”<sup>1</sup> strategy, the strategic landscape of new businesses emerged and corporate development is ignited with new vitality.

In 2012, the Company’s operation was on track as planned. The operating revenues amounted to RMB283.1 billion, representing an increase of 15.5% over last year. Excluding the revenue from mobile terminal sales, the operating revenues were RMB258.3 billion, representing an increase of 11.8% over last year, with revenue growth surpassing industry average. The proportion from high growth businesses increased rapidly and the business structure continued to be optimised. Pre-leasing fee EBITDA was RMB96.4 billion, an increase of 2.1% over last year. EBITDA margin<sup>2</sup> was 37%. The profit attributable to equity holders of the Company was RMB14.9 billion, declined by 9.5% from last year. Taking advantage of the opportunities arising from the launch of iPhone, the Company made an appropriate increase in marketing initiatives for the expansion into the high-end subscribers market to promote the revenue growth, which is expected to significantly enhance the long term sustainable growth and value creation of the Company despite the short term pressure on its profitability. Basic earnings per share of the Company were RMB0.18.

In 2012, the Company deepened the implementation of the two key strategies of scale operation and data traffic operation, persisting in mobile operation driven by 3G and proactively developing fibre broadband deployment and accelerated development in informatisation application. The three core services integrated altogether and fostered synergistically, resulting in strong growth in revenues and subscriber scale of the Company. Mobile service revenue amounted to RMB92.8 billion for the full year, an increase of 36% over last year, which was the highest growth rate in the industry. The number of mobile subscribers reached a total of 161 million, with a net addition of 34.15 million, of which net addition of 3G subscribers was 32.76 million. 3G subscribers accounted for 43% of total subscriber base. Mobile subscriber market share was about 15% while 3G subscriber market share reached 30%, with increasing influence on the market. The Company progressively promoted the “Broadband China • Fibre Cities” construction project, and further expanded fibre broadband coverage and quickly transformed strengths of its superior network to a competitive edge. The Company comprehensively promoted the network bandwidth upgrade. Wireline Internet access revenues were RMB67.8 billion for the year, an increase of 10% over last year. Wireline broadband subscribers base exceeded 90 million with net addition of 13.31 million.

<sup>1</sup> The “Three New Roles” refers to the “Leader of Intelligent Pipeline”, the “Provider of Integrated Platforms” and the “Participant of Content & Application Development”.

<sup>2</sup> EBITDA margin was calculated from EBITDA divided by operating revenues excluding the revenue from mobile terminal sales.

Taking into account the return to shareholders, the Company's cash flow and the capital requirements for the mobile network acquisition and future development, the Board of Directors has decided to recommend at the forthcoming Annual General Meeting that a dividend being an equivalent of HK\$0.085 per share be declared, which is the same as last year. The Company will strive to enhance profitability and concurrently pave the way for future dividend increase.

Chairman Wang Xiaochu expressed that currently, with the tide of mobile Internet sweeping globally and the accelerated industrialisation and informatisation development in China, the information and communications industry in the Mainland will maintain a relatively high growth rate, which offers the Company a promising prospect. 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 Company will firmly seize this valuable golden opportunity to persevere with the deepening of strategic transformation. The Company will accelerate the scale development of fundamental services, expedite the nurture of emerging services as well as closely monitor and proactively respond to advancement of new technology and changes in regulatory policies. The Company will also adhere to the Internet's spirit of "openness, cooperation and innovation", breaking away from the constraints of traditional telecommunication operation paradigm. We will promote the services development through differentiation, motivate the innovative vitality of its employees through market-driven mechanism and promote scale development and profitability through "dual-leadership in innovation and service". Leveraging the Company's unswerving promotion of "Three New Roles" strategy, its unique and sustainable competitive strengths are created, so as to achieve a vibrant enterprise built to last.

For further information, please browse the Company's website at: [www.chinatelecom-h.com](http://www.chinatelecom-h.com).

## **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, the Company does 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.

### **For press enquiries:**

China Telecom Corporation Limited

Investor Relations Department

Ms. Lisa Lai     Mr. Ivan Wong

Tel: (852) 2582-5856 2582-5849

Email: [lisa.lai@chinatelecom-h.com](mailto:lisa.lai@chinatelecom-h.com)/[ivan.wong@chinatelecom-h.com](mailto:ivan.wong@chinatelecom-h.com)

Fax: (852) 2877-0988