



Press Release
19 March 2014
For Immediate Release

China Telecom Corporation Limited Announces Annual Results for Year 2013

Robust business development and optimised revenue structure drove double-digit growth in revenue & net profit

- Mobile scale expansion with enhanced customer value & scale benefits
- Completed intensive phase of fibre network upgrade in cities as planned, boosting broadband growth & long-term competitiveness
- To deploy LTE network appropriately with regard to government policy & business development, building a nationwide integrated 4G/3G high-speed network to enhance operating return
- To deepen comprehensive reform for creating a “New China Telecom”, capitalising on external opportunities

(RMB millions)	2012 ¹	2013	Rates of change
Operating Revenues	283,176	321,584	13.6%
of which: Mobile Revenues	117,826	151,186	28.3%
Wireline Revenues	165,350	170,398	3.1%
Operating Revenues (excluding mobile terminal sales)	258,419	284,149	10.0%
EBITDA ²	70,874	96,551	36.2%
Net Profit ³	14,949	17,545	17.4%
EPS (RMB)	0.18	0.22	17.4%

¹ 2012 data were restated to include the retrospective impact of the acquisition of China Telecom (Europe) Limited.

² EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

³ 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 2013 annual results today in Hong Kong.

In 2013, the Company accurately captured the development pattern of mobile Internet and the integration trend of the industry. Deepened transformation has enhanced its scale as well as profitability, with progressive strengthening in market position. Riding on the comprehensive implementation of the “Three New Roles”¹ strategy, the emerging businesses experienced rapid growth while the business structure optimisation has accelerated, steadily enhancing our corporate development capabilities. Adhering to the Internet’s spirit of “openness, cooperation and innovation”, the Company boldly explored and accelerated its evolution into a mode of operation that integrated deepened efficiently-centralised management and comprehensive sub-division of performance evaluation units, leading to pronounced improvement in corporate vitality and efficiency. The Company also established its grand blueprint of “creating a New China Telecom in five years”. 4G licensing started a new era of mobile Internet, bringing vast potential for future corporate development.

In 2013, the Company continued to maintain its healthy and rapid growth momentum. The operating revenues amounted to RMB321.6 billion, representing an increase of 13.6% over last year. Excluding the mobile terminal sales, the operating revenues were RMB284.1 billion, representing an increase of 10.0% over last year, with revenue growth surpassing industry average and revenue market share further increased. Of which, mobile revenue accounted for approximately 50%, and the business structure continued to optimise. Profitability has been significantly enhanced with the profit attributable to the equity holders of the Company reaching RMB17.5 billion, increased by 17.4% over last year, and basic earnings per share were RMB0.22. EBITDA was RMB96.6 billion, while EBITDA margin² was 34.0%. Capital expenditure was RMB80.0 billion. Free cash flow³ reached RMB11.1 billion.

Taking into account the return to shareholders, the Company’s cash flow and its capital requirements for future development, the Board of Directors has decided to recommend at the forthcoming Annual General Meeting that a dividend being an equivalent of HK\$0.095 per share for the year 2013 be declared. Dividend per share increased by 11.8% compared to 2012.

In 2013, the Company accelerated its scale expansion and significantly increased its market influence by fully leveraging the competitive strengths in network, brand recognition and services edges in mobile services and benefiting from the efficient unified operation of the network assets and mobile services as a whole. Persisting in a terminal-led approach, the

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

² EBITDA margin is calculated based on EBITDA divided by the operating revenues excluding mobile terminal sales.

³ Free cash flow is calculated from EBITDA minus capital expenditure and income tax.

Company continuously expanded the variety of terminal models and optimised the structure of the Company's terminal device offerings. Through the deepening of channel distribution, the Company focused its strengths on enhancing the coverage and the portion of sales derived from open channels. The Company's subscriber base and quality continued to enhance through initiatives such as strengthening application-driven development, continued improvement in functionalities and presentation of applications. Mobile services revenue reached RMB113.8 billion this year, representing an increase of 23% over last year, which was the highest growth rate in the industry. The net addition of mobile subscribers was approximately 25 million, with total mobile subscribers reaching 186 million. 3G subscribers had a net addition of approximately 34 million, with a total exceeding 100 million. The number of 3G subscribers as a percentage of total mobile subscribers increased to 56%, further optimising the structure. The Company persisted in profitable scale development and has seen a steady and healthy growth in its wireline broadband services. Wireline broadband revenue reached RMB70.8 billion this year, representing an increase of 6% over last year. The total number of wireline broadband subscribers exceeded 100 million, with a net addition of approximately 10 million. Among these subscribers, the number of Fibre-to-the-Home (FTTH) subscribers was close to 27 million, representing an increase of over 70% year-on-year. FTTH subscribers accounted for nearly 30% of the total number of wireline broadband subscribers and the subscriber structure has been further optimised. Meanwhile, the Company accelerated the strategic restructuring of its business structure. Emerging businesses, including mobile data traffic, Internet applications and informatisation applications, experienced rapid growth of nearly 30%, accounting for close to a quarter of the total revenue. The new customer acquisition approach led by applications and services achieved remarkable results.

At present, China's deepening reform and accelerating the adjustment and restructuring of the national economy, together with accelerating social informatisation process with the promotion of information consumption and implementation of "Broadband China" strategy, offers vast market potential. Meanwhile, the global economy is still in a deep adjustment period. More industry reforms pushed by integrated development are emerging. "Customer flow, Data traffic flow and Capital flow" now become the new key value of the industry development. The value shifting in the industry is accelerated, while competition is further intensified in respect of its scope and magnitude with gradual roll-out of regulatory policies such as amendments to wireline broadband competition policies. As such, the Company will face new challenges.

Chairman Wang Xiaochu expressed that with the 4G licensing, China Telecom embraces the best period of its full-services operations. The Company will grasp the opportunity for rapid development, proactively and appropriately tackle the challenges from regulatory and policy changes such as national tax reform, striving to create a New China Telecom. Based on the characteristics of its own resources, the Company will fully leverage the dual-technology strengths of wireline broadband and wireless broadband and continue to strengthen the wireline broadband network through the IPv6 evolution and fibre broadband. The Company will also actively apply for the permit of LTE FDD operation and will deploy LTE network appropriately with regard to the government policy and business development. A seamless high-speed mobile network built through the hybrid LTE network, coupled with highly efficient and coordinated development of 4G and 3G, will establish a full scene of network edge. The Company will deepen the reform to fully unleash employees' vibrancy and accelerate the evolution towards an Internet-business type operation model. Capitalising on

reform and innovation, the Company will firmly persist in the implementation of the “Three New Roles” strategy. With quality and efficiency enhancement, the Company will promote dual enhancement in scale development and profitability with continual reinforcement in competitiveness. By proactively open cooperation based on complementary resources and edge, the Company will endeavour to achieve a win-win cooperation in the industry value chain and accelerate the strategic planning of emerging businesses. The Company will strive to expand the value creation areas and continue to be the forerunner in the mobile Internet era, while continuously creating new values for shareholders.

For further information, please browse the Company’s website at: 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.

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