



Press Release  
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For Immediate Release

## China Telecom Corporation Limited Announcement of Interim Results for Year 2013

### Robust business development drove double-digit revenue and net profit growth

- Mobile scale expansion with industry-leading mobile revenue growth and enhanced customer value
- Further strengthened fibre network and service edge to boost broadband growth and long-term competitiveness
- To deploy LTE trial network timely and appropriately

(RMB millions)	2012 First Half	2013 First Half	Rates of change
Operating Revenues	138,021	157,520	14.1%
of which: Mobile Revenues	54,128	72,911	34.7%
Wireline Revenues	83,893	84,609	0.9%
Operating Revenues (excluding mobile terminal sales)	126,580	139,209	10.0%
EBITDA <sup>1</sup>	36,992	50,114	35.5%
Net Profit <sup>2</sup>	8,814	10,213	15.9%
EPS (RMB)	0.11	0.13	15.9%

<sup>1</sup> EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

<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 2013 interim results today in Hong Kong.**

In the first half of 2013, the Company persisted in deepening the scale operation and data traffic operation to achieve dual enhancement in scale development and profitability. The corporate strengths were further reinforced. Through accurately capturing the development pattern of mobile Internet and breaking away from the constraints of traditional telecommunications operation mindset, the Company enhanced corporate vitality through market-driven mechanism, promoted rapid business development through differentiation and accelerated the product progress under the “Three New Roles”<sup>3</sup> strategy. With continual enhancement of the four core capabilities in innovation, service, efficiently-centralised management and operation, the sustainable competitive advantages were further strengthened while corporate transformation has deepened and entered a new stage.

In the first half of the year, the Company simultaneously recorded double-digit growth in both revenues and profits, with revenue growth surpassing industry average. Operating revenues amounted to RMB157.5 billion, representing an increase of 14.1% over the same period last year. Excluding mobile terminal sales, operating revenues were RMB139.2 billion, representing an increase of 10.0% over the same period last year, leading to a steady increase in the market share of revenues. The business structure was further optimised and the proportion of revenues from high growth businesses exceeded 87%. The operational risks of traditional businesses were further alleviated. EBITDA was RMB50.1 billion, while EBITDA margin<sup>4</sup> was 36.0%. The profit attributable to equity holders of the Company was RMB10.2 billion, representing an increase of 15.9% over the same period last year. Profitability was improved considerably with basic earnings per share of the Company of RMB0.13. Capital expenditure was RMB33.1 billion. Free cash flow<sup>5</sup> reached RMB13.8 billion.

Taking into consideration the cash flow of the Company and the capital requirements for future development, the Board of Directors has decided not to pay an interim dividend this year in order to maintain adequate funding flexibility. The Board of Directors will proactively consider a final dividend proposal when reviewing the full year results and will propose any such final dividend to the shareholders’ general meeting accordingly.

<sup>3</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>4</sup> EBITDA margin is calculated based on EBITDA divided by the operating revenues excluding mobile terminal sales.

<sup>5</sup> Free cash flow is calculated from EBITDA minus capital expenditure and income tax.

In the first half of the year, the Company persisted in 3G driven mobile operation and achieved further breakthrough in business scale, resulting in remarkable increase in net profit which grew at a faster pace than that in revenue. The value of mobile subscribers was further enhanced. In the first half of the year, the net addition of mobile subscribers was 13.88 million and the number of mobile subscribers reached 175 million, of which the net addition of 3G subscribers was 18.28 million. 3G subscribers accounted for 50% of total mobile subscribers. The 3G smartphone subscribers accounted for 44% of total mobile subscribers. Mobile service revenues amounted to RMB54.6 billion, representing an increase of 28.3% over the same period last year, which was the highest growth rate in the industry and accounted for 35% of the total revenues. Meanwhile, the wireline broadband services grew steadily with continuous improvement in long-term sustainable competitiveness. The Company gradually expanded the fibre coverage and subscriber scale, further strengthened customer segmentation and enriched the high-bandwidth applications while fostering the mutual driving effect of 3G service and wireline broadband service. The Internet application and informatisation application developed rapidly, significantly contributing to the expansion of subscriber scale and enhancement in profitability. In the first half of the year, revenues from wireline broadband services amounted to RMB35.2 billion, representing an increase of 5.5% over the same period last year. The number of wireline broadband subscribers reached 95.82 million with a net addition of 5.7 million, among which the number of Fibre-to-the-Home (FTTH) subscribers reached 21 million, leading to continuous optimisation of customer structure.

Chairman Wang Xiaochu expressed that at present, the mobile telecommunications market is at a fast growing stage with rapid migration to 3G. The demand for social informatisation will continue to expand, which will bring in opportunities for further scale expansion of the Company's 3G service. Meanwhile, the global economy is now at a deepened adjustment stage. There are still uncertainties in domestic regulatory policies while the accelerated evolution of new technologies is driving up industry competition. The cross-sector competition of mobile Internet gradually emerged. In future, the Company will face new challenges. In the second half of the year, the Company will firmly seize the present golden window of opportunity and focus on accelerating the scale expansion of the strategic 3G services and wireline broadband services. The Company will promote rapid development of emerging businesses through open cooperation to progressively accomplish fundamental enhancement of business structure. Meanwhile, the Company will proactively participate in discussion to strive for the most favourable regulatory policies, especially on the issuance of LTE licence. The Company will also proactively prepare for future business development opportunities, and implement a focused and proactive investment strategy to enhance corporate value in full strength. Furthermore, the Company will organise and promote the cooperation with mobile virtual network operators firmly based on the principle of differentiated complementation and sustainable development, aiming for achieving a win-win situation and creating more value for shareholders.

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