



# 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 PERFORMANCE INDICATORS FOR THE THIRD QUARTER OF 2008

#### The unaudited financial data of the Group for the third quarter of 2008

(excluding the amortisation of upfront connection fees)

- Operating revenues was RMB44,945 million, representing an increase of 0.7% over the corresponding period of last year
- EBITDA was RMB21,893 million, representing a decrease of 1.9% over the corresponding period of last year
- Profit attributable to equity holders of the Company reached RMB5,624 million, representing an increase of 1.3% 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 performance indicators of the Group for the third quarter of 2008.

#### Financial Data (excluding the amortisation of upfront connection fees)

	For the period from 1 July 2008 to 30 September 2008	For the period from 1 July 2007 to 30 September 2007 (restated)*	Increase/ (Decrease)	For the period from 1 January 2008 to 30 September 2008	For the period from 1 January 2007 to 30 September 2007 (restated)*	Increase/ (Decrease)
Operating revenues (RMB)	44,945 million	44,622 million	0.7%	134,351 million	132,713 million	1.2%
EBITDA (RMB)	21,893 million	22,328 million	(1.9)%	66,161 million	67,436 million	(1.9)%
EBITDA margin	48.7%	50.0%		49.2%	50.8%	
Profit attributable to equity holders of the Company (RMB)	5,624 million	5,550 million	1.3%	17,230 million	17,640 million	(2.3)%

\* Restated to include the operating results of China Telecom Group Beijing Corporation acquired in 2008.

## Business Data

	As at 30 September 2008/ For the period from 1 July 2008 to 30 September 2008	As at 30 June 2008/ For the period from 1 April 2008 to 30 June 2008	As at 31 March 2008/ For the period from 1 January 2008 to 31 March 2008
Local Access Lines in Service (Million)	212.97	214.89	217.17
including:			
Household (Million)	119.98	120.67	121.28
Government & Enterprise (Million)	27.36	26.46	25.41
Public Telephone (Million)	15.66	15.77	15.73
Wireless Local Access (Million)	49.97	51.99	54.75
Net Decrease of Local Access Lines in Service (Million)	(1.92)	(2.28)	(3.16)
Broadband Subscribers (Million)	42.18	39.95	37.71
Net Add of Broadband Subscribers (Million)	2.23	2.24	2.06
Local Voice Usage (Billion Pulses)	94.05	95.68	94.03
Domestic Long Distance Usage (Billion Minutes)	24.63	26.20	23.66
International (including Hong Kong, Macau and Taiwan)			
Long Distance Usage (Billion Minutes)	0.41	0.42	0.36
SMS Usage Volume (Billion Messages)	4.647	4.801	4.866
Color Ring Tone Subscribers (Million)	76.87	73.50	67.20

For the third quarter of 2008, despite facing the challenges from the intense market competition and the increased diversity in communication means, the Group had successfully maintained its solid fundamentals. The Group grasped the opportunities brought by informatisation to tackle various challenges, and promoted the scale development of transformation businesses to drive revenue growth. Additionally, capitalizing on the customer brands operation and effective packaged sales of voice and transformation businesses, the Group endeavored to foster customer loyalty and mitigate the loss in voice revenue, progressively transforming voice usage value to integrated information services.

Due to the intense market competition, the Group continued to record negative growth in its local access lines in service for the third quarter. The Group emphasized the principle of profitable development of its voice business. The Group concentrated its sales resources and tilted its resource allocation towards the key customer segments of government and enterprise as well as mid-to-high-end household while strictly controlling sales initiatives for the low-end customers. Businesses like Internet and data services, value-added and integrated information application services continued its robust growth momentum. The broadband subscribers reached 42.18 million, representing a net increase of 2.23 million. Excluding the amortization of upfront connection fees of RMB497 million, operating revenues for the third quarter of 2008 was RMB44,945 million, representing an increase of 0.7% over the corresponding period of last year. The profit attributable to equity holders of the Company reached RMB5,624 million, representing an increase of 1.3% over the corresponding period of last year. EBITDA was RMB21,893 million, representing a decrease of 1.9% over the corresponding period of last year. EBITDA margin was 48.7%, sustained at a relatively high level. Due to the impact from the unexpected serious natural disasters such as snowstorms and earthquake in the first half of this year, the overall EBITDA and profit attributable to equity holders of the Group in the first three quarters of 2008 decreased by 1.9% and 2.3% respectively over the corresponding period of last year.

Following the approval by shareholders' meeting, on 1 October, the Group has commenced the completion of the CDMA business acquisition, and also launched the mobile services operation by leasing the CDMA network assets acquired by our parent company. The Group will leverage transformation to drive full services offering. We aim to effectively converge the mobile elements with the integrated information services and implement differentiation development strategy with a focus on mid-to-high-end urban customers. Taking advantage of our customer resources, direct sales channels and multi-service operations,

we will incorporate mobile elements into the brand operations to provide our customers with differentiated integrated information services based on Mobile Internet and Fixed-Mobile Convergence (FMC), to further enhance our core competitiveness. China Telecom would strive to achieve a thriving future and create more value for our 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.**

As of the date of this announcement, the Board consists of Mr. Wang Xiaochu as the chairman and chief executive officer, Mr. Shang Bing as the president and chief operating 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.

By Order of the Board  
**China Telecom Corporation Limited**  
**Wang Xiaochu**  
*Chairman and Chief Executive Officer*

Beijing, PRC, 20 October 2008