

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 FIRST QUARTER OF 2009

#### The unaudited financial data of the Group for the first quarter of 2009

(excluding the amortisation of upfront connection fees)

- Operating revenues were RMB50,886 million, representing an increase of 14.9% over the corresponding period of last year.
- EBITDA (before CDMA network capacity leasing fees) was RMB22,199 million, representing a decrease of 3.8% over the corresponding period of last year.
- Profit attributable to equity holders of the Company reached RMB4,699 million, representing a decrease of 27.4% 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 first quarter of 2009.

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

	For the period from 1 January 2009 to 31 March 2009	For the period from 1 January 2008 to 31 March 2008 (restated)**	Increase/ (Decrease)
Operating revenues (RMB)	50,886 million	44,272 million	14.9%
EBITDA* (RMB)	22,199 million	23,064 million	(3.8%)
EBITDA margin*	43.6%	52.1%	
Profit attributable to equity holders of the Company (RMB)	4,699 million	6,470 million	(27.4%)

\* For convenience of the investors' analysis, EBITDA was calculated before CDMA network capacity leasing fees in the first quarter of 2009.

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

## Business Data

	As at 31 March 2009/ For the period from 1 January 2009 to 31 March 2009	As at 31 December 2008/ For the period from 1 October 2008 to 31 December 2008	As at 30 September 2008/ For the period from 1 July 2008 to 30 September 2008
Local Wireline Access Lines in Service (Million)	204.00	208.35	212.97
including:			
Household (Million)	115.25	118.43	119.98
Government & Enterprise (Million)	30.59	27.79	27.36
Public Telephone (Million)	15.26	15.28	15.66
Wireless Local Access (Million)	42.90	46.85	49.97
Net Decrease of Local Wireline Access Lines in Service (Million)	(4.35)	(4.62)	(1.92)
Wireline Broadband Subscribers (Million)	46.77	44.27	42.18
Net Add of Wireline Broadband Subscribers (Million)	2.50	2.09	2.23
Wireline Local Voice Usage (Billion Pulses)	83.67	88.72	94.05
Wireline Domestic Long Distance Usage (Billion Minutes)	21.29	24.23	24.63
Wireline International (including Hong Kong, Macau and Taiwan) Long Distance Usage (Billion Minutes)	0.31	0.38	0.41
Mobile Subscribers (Million)	32.84	27.91	N/A
Net Add/(Decrease) of Mobile Subscribers (Million)	4.93	(1.17)	N/A
Mobile voice usage (Billion Minutes)	26.82	26.38	N/A

For the first quarter of 2009, despite facing the challenges from the intense market competition and the impact on the economic conditions brought by the global financial crisis, the Group deepened strategic transformation with continuous rapid growth in various transformation services, which effectively mitigated and offset the decline in the traditional wireline voice services and enabled the Group to maintain robust fundamentals.

Facing the intense market competition, the local wireline access lines in service continued to record negative growth in the first quarter. The Group emphasized the principle of profitable development of its wireline voice business, concentrated its sales resources and tilted the resource allocation towards the key customer groups 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 wireline broadband subscribers reached 46.77 million, representing a net increase of 2.50 million. Overall the wireline services continued to develop steadily.

With the dedicated efforts in the past half year, the mobile service has shown favourable growth momentum with a net increase of 4.93 million customers in the first quarter of 2009, a turnaround from the decline in subscribers after the acquisition of the CDMA business in the fourth quarter of last year. As at the end of March 2009, the total number of mobile subscribers reached 32.84 million. The average mobile service revenue per user per month (ARPU) primarily remained stable as compared to that in the fourth quarter of last year.

Excluding the amortisation of upfront connection fees of RMB296 million, the operating revenues of the Group were RMB50,886 million for the first quarter of 2009, representing an increase of 14.9% over the corresponding period of last year. Profit attributable to equity holders of the Company was RMB4,699 million, representing a decrease of 27.4% over the corresponding period of last year. EBITDA was RMB22,199 million, a decrease of 3.8% over the corresponding period of last year. The Board believes that although the implementation by the Group of its strategy of effective scale development of its mobile service will lead to short term pressure on the Group's overall profitability, it would significantly enhance the Group's long term sustainable development and value creation.

The Group continues to leverage the synergies of the wireline and mobile networks to bundle our core services such as wireline, Internet and information content and application with mobile services so as to fully utilize the strengths of CDMA technology. Through business integration and innovation as well as products integration in accordance with the needs of customers, the Group established competitive edge through differentiated offerings to enhance its enterprise value, customer value and shareholder value altogether.

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, 20 April 2009

#### 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. 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.