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# 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 THREE QUARTERS OF 2009

#### The unaudited financial data of the Group for the first three quarters of 2009

(excluding the amortisation of upfront connection fees)

- Operating revenues was RMB154,748 million, representing an increase of 15.3% over the corresponding period of last year
- EBITDA (before CDMA network capacity leasing fees) was RMB63,556 million, representing a decrease of 3.9% over the corresponding period of last year
- Profit attributable to equity holders of the Company was RMB11,392 million, representing a decrease of 33.9% 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 three quarters of 2009.

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

	For the period from 1 January 2009 to 30 September 2009	For the period from 1 January 2008 to 30 September 2008	Increase/ (Decrease)
Operating revenues*(RMB)	154,748 million	134,174 million	15.3%
EBITDA** (RMB)	63,556 million	66,161million	(3.9)%
EBITDA margin**	41.1%	49.3%	
Profit attributable to equity holders of the Company (RMB)	11,392 million	17,230 million	(33.9)%

\* The operating revenues for the first three quarters of 2008 had been restated to reflect the adoption of the new < IFRIC13 – Customer Loyalty Programmes >

\*\* For convenience of the investors' analysis, EBITDA was calculated before CDMA network capacity leasing fees for the first three quarters of 2009

## Business Data

	As at 30 September 2009/ For the period from 1 July 2009 to 30 September 2009	As at 30 June 2009/ For the period from 1 April 2009 to 30 June 2009	As at 31 March 2009/ For the period from 1 January 2009 to 31 March 2009
Local Wireline Access Lines in Service (Million)	194.39	199.36	204.00
including:			
Household (Million)	113.77	114.81	115.25
Government & Enterprise (Million)	31.52	30.74	30.59
Public Telephone (Million)	15.28	15.33	15.26
Wireless Local Access (Million)	33.82	38.48	42.90
Net Decrease of Local Wireline Access Lines in Service (Million)	(4.97)	(4.64)	(4.35)
Wireline Broadband Subscribers (Million)	51.45	49.05	46.77
Net Add of Wireline Broadband Subscribers (Million)	2.40	2.28	2.50
Wireline Local Voice Usage (Billion Pulses)	81.27	82.97	83.67
Wireline Domestic Long Distance Usage (Billion Minutes)	20.78	22.07	21.29
Wireline International (including Hong Kong, Macau and Taiwan) Long Distance Usage (Billion Minutes)	0.30	0.32	0.31
Mobile Subscribers (Million)	46.78	39.28	32.84
Net Add of Mobile Subscribers (Million)	7.50	6.44	4.93
Mobile Voice Usage (Billion Minutes)	42.53	35.78	26.82

For the first three quarters of 2009 and amid the new era of full services operation, 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 challenges from the global financial crisis and the increasing mobile substitution, the Group continued to record negative growth in its number of local wireline access lines in service for the first three quarters. In response thereto, the Group strengthened the integrated packaging of full services operation, while strictly controlling sales initiatives for the low-end customers and endeavouring to maintain the return of wireline voice service. Businesses like Internet and data services, value-added and integrated information services continued its robust growth momentum. The broadband subscribers reached 51.45 million, representing a net increase of 7.18 million. The development of the overall wireline service primarily remained stable. For the first three quarters of 2009, the Group grasped the opportunity and successfully promoted the fast development of the mobile business by expanding initiatives. The customer scale and the mobile revenue continued to drive up in pace with steadily increasing market share. As at the end of September 2009, the number of mobile subscribers reached 46.78 million, representing a net increase of 18.87 million. The average mobile service revenue per user per month (ARPU) for the first three quarters primarily remained stable with a slight decline as compared to that in the first half of this year.

The Company's operation was on track as planned for the first three quarters of 2009. Excluding the amortization of upfront connection fees of RMB 872 million, operating revenues was RMB154,748 million, representing an increase of 15.3% over the corresponding period of last year. The profit attributable to equity holders of the Company was RMB11,392 million, representing a decline of 33.9% over the same period of last year. EBITDA was RMB63,556 million, representing a decrease of 3.9% over the corresponding period of last year. The Group believes that the implementation of profitable scale development of mobile service would lead to an increase in marketing initiatives, which would result in short term pressure on the Company's profitability. However, it would significantly enhance the future sustainable development and value creation of the Group.

The Group will take full advantage of the experience accumulated in Internet and informatisation services in the past few years and continuously innovate the effective integrated development of the full services of wireline, mobile and Internet. It shall actively leverage the 3G and full services integrated operation edge to enhance the customers' experience and value with innovative differentiated services and endeavour to accomplish the key breakthroughs in mid-to-high-end market, while persisting in avoiding single product price competition and firmly maintaining the value of the overall industry. The Group believes, following the further enhancement of the basic service quality and the progressive rollout of 3G products with enriched mobile Internet applications, the 3G and full services offering will have remarkable development in the future, leading to further value creation for 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.**

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

Beijing, PRC, 20 October 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.