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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 FINANCIAL AND PERFORMANCE INDICATORS FOR THE FIRST QUARTER OF 2012**

##### **The unaudited financial data of the Group for the first quarter of 2012**

- Operating revenues were RMB67,929 million, representing an increase of 15.7% over the corresponding period of last year
- Operating revenues excluding mobile terminal sales were RMB62,288 million, representing an increase of 12.0% over the corresponding period of last year
- EBITDA (before CDMA network capacity lease fees) was RMB24,028 million, representing an increase of 0.9% over the corresponding period of last year
- Profit attributable to equity holders of the Company was RMB4,272 million, representing a decrease of 6.5% 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 financial and performance indicators of the Group for the first quarter of 2012.

**Financial Data (Extracted from financial records prepared in accordance with International Financial Reporting Standards)**

	For the period from 1 January 2012 to 31 March 2012 (RMB million)	For the period from 1 January 2011 to 31 March 2011 (RMB million) (restated)*	Increase/ (Decrease)
<b>Operating revenues</b>	67,929	58,720	15.7%
<b>Operating revenues excluding mobile terminal sales</b>	62,288	55,599	12.0%
<b>Operating expenses</b>			
Depreciation and amortisation	(12,246)	(12,872)	(4.9%)
Network operations and support	(14,770)	(11,935)	23.8%
Selling, general and administrative	(14,184)	(10,799)	31.3%
Personnel expenses	(11,236)	(9,729)	15.5%
Other operating expenses	(9,341)	(6,443)	45.0%
<b>Total operating expenses</b>	<b>(61,777)</b>	<b>(51,778)</b>	19.3%
<b>Operating profit</b>	6,152	6,942	(11.4%)
Finance costs and others	(416)	(679)	(38.7%)
<b>Profit before taxation</b>	5,736	6,263	(8.4%)
Income tax	(1,439)	(1,677)	(14.2%)
<b>Profit for the quarter</b>	4,297	4,586	(6.3%)
<b>Profit attributable to:</b>			
Equity holders of the Company	4,272	4,570	(6.5%)
Non-controlling interests	25	16	56.3%
	As at 31 March 2012 (RMB million)	As at 31 December 2011 (RMB million)	
<b>Total Assets</b>	427,507	419,115	2.0%
<b>Total Liabilities</b>	(166,350)	(162,237)	2.5%
<b>Total Equity</b>	261,157	256,878	1.7%

\*As the Group adopted the amendment to IFRS 1 in 2011, certain quarterly figures were correspondingly and retrospectively adjusted and restated. Please refer to note 3 of the audited financial statements in the 2011 annual report for details.

## Business Data

	As at 31 March 2012/ For the period from 1 January 2012 to 31 March 2012	As at 31 December 2011/ For the period from 1 October 2011 to 31 December 2011	As at 30 September 2011/ For the period from 1 July 2011 to 30 September 2011
Mobile Subscribers (Million)	135.83	126.47	116.95
of which 3G subscribers (Million)	43.55	36.29	28.43
Net Add of Mobile Subscribers (Million)	9.36	9.52	8.58
of which Net Add of 3G subscribers (Million)	7.26	7.86	6.89
Mobile Voice Usage (Billion Minutes)	113.34	113.25	106.05
Wireline Broadband Subscribers (Million)	80.40	76.81	73.69
Net Add of Wireline Broadband Subscribers (Million)	3.59	3.12	3.60
Local Access Lines in Service (Million)	168.71	169.59	170.96
including: Household (Million)	107.65	108.01	108.74
Government & Enterprise (Million)	37.43	36.84	36.11
Public Telephone (Million)	13.74	13.86	14.05
Wireless Local Access (Million)	9.89	10.88	12.06
Net Decrease of Local Access Lines in Service (Million)	(0.88)	(1.37)	(1.26)
Wireline Local Voice Usage (Billion Pulses)	54.14	48.31	52.54
Wireline Long Distance Usage (Billion Minutes)	10.48	12.37	13.53

For the first quarter of 2012, the mobile services continued to grow rapidly, demonstrating concurrent achievements in rapid expansion in mobile customer scale and revenues as well as progressive increase in subscriber market share. The number of mobile subscribers reached a total of 136 million, of which 43.55 million were 3G subscribers. The net addition of mobile subscribers was 9.36 million for the first quarter and the average mobile service revenue per user per month (ARPU) was around RMB51.7, which was primarily stable as compared to that for the full year of last year. Facing the challenges from the new Internet technology and the intensified mobile substitution, the number of local access lines in service of the Group declined by 0.88 million in the first quarter. Services like Internet and data services continued its robust growth momentum, which effectively mitigated the impact of decline in the wireline voice services. The wireline broadband subscribers reached 80.4 million, representing a net addition of 3.59 million. The fundamentals of the overall wireline services continued to remain stable.

The Company's operation was on track as planned for the first quarter of 2012. The operating revenues were RMB67,929 million, representing an increase of 15.7% from the same period of last year. Revenues from sale of mobile terminals were RMB5,641 million, an increase of 80.7% over the corresponding period of last year. Meanwhile, as a result of the corresponding significant increase in the costs of mobile terminals sold, other operating expenses increased significantly from the same period of last year. The operating revenues excluding mobile terminal sales were RMB62,288 million, representing an increase of 12.0% from the same period of last year. As a result of the rapid growth in the mobile service revenue, CDMA network capacity lease fees increased significantly, leading to the growth rate of network operations and support expenses being higher than the growth rate of revenues. Following the launch of iPhone 4S in the period, the Group made an appropriate increase in marketing initiatives for the profitable scale development of its mobile services, which is expected to significantly enhance its long term sustainable growth and value creation despite the short term pressure on its profitability. For the first quarter of 2012, the profit attributable to equity holders of the Company was

RMB4,272 million, representing a decrease of 6.5% from the same period of last year. EBITDA (before CDMA network capacity lease fees) was RMB24,028 million, an increase of 0.9% from the same period of last year. EBITDA margin (EBITDA divided by the operating revenues excluding mobile terminal sales) was 38.6%, representing a decline of 4.2 percentage points from the same period of last year.

At present, 3G service is entering into a phase of accelerated growth. Wireline broadband service is still in a period of high growth. The commercialisation of new services such as mobile Internet, “Cloud” computing and Internet of Things is further accelerating, which will open up a new area for the Group’s development. However, at the same time, the Group also faces new challenges of the integration of the information industry and intensified market competition. The Group will closely align with the theme of “promoting scale development through dual-leadership in innovation and services” to create a differentiated competitive edge, adhering to the principle of efficiency and continuing to accelerate the scale development of mobile, wireline broadband and informatisation applications. The Group will strive to enhance the strengths in innovation, service, efficient centralisation and operation management to create more value 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, 27 April 2012

#### **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. Yang Jie as the president and chief operating officer, Madam Wu Andi as the executive vice president and chief financial officer, Mr. Zhang Jiping, Mr. Yang Xiaowei 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.