



Press Release  
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For Immediate Release

## China Telecom Corporation Limited Announces Interim Results for Year 2018

**Unremitting endeavours  
Accelerating new breakthrough of development  
Unwavering devotion to transformation  
Accelerating creation of new value**

### FINANCIAL HIGHLIGHTS

<i>(RMB millions)</i>	<b>2017 First Half<sup>1</sup></b>	<b>2018 First Half</b>	<b>Rate of change</b>
Service Revenues <sup>2</sup>	165,996	177,588	7.0%
of which: Mobile Service Revenues	75,772	83,552	10.3%
Wireline Service Revenues	90,224	94,036	4.2%
EBITDA <sup>3</sup>	52,444	55,858	6.5%
Net Profit <sup>4</sup>	12,555	13,570	8.1%
EPS <i>(RMB)</i>	0.155	0.168	8.1%
Free cash flow <sup>5</sup>	7,235	18,383	154.1%

### BUSINESS HIGHLIGHTS

<i>(Millions)</i>	<b>2017.12</b>	<b>2018.06</b>	<b>Net addition</b>
Mobile subscribers	249.96	281.62	31.66
of which: 4G users	182.04	217.31	35.27
Wireline broadband subscribers	133.53	140.62	7.09
e-Surfing HD (IPTV) subscribers	85.76	98.30	12.54

<sup>1</sup> 1H2017 financial data are restated according to relevant accounting standards to include the retrospective impact of the acquisition of satellite communications business and Shaanxi Zhonghe Hengtai Insurance Agent Limited.

<sup>2</sup> Service revenues were calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues.

<sup>3</sup> EBITDA was calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

<sup>4</sup> Net profit refers to profit attributable to the equity holders of the Company.

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

**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 2018 interim results today in Hong Kong.**

In the first half of 2018, facing complicated and intensified industry conditions, the Company adhered to the established development strategy and was well organised for a balanced approach to persist in excellent execution, accomplishing successful achievement of new breakthrough in corporate development. Stepping a firm foothold in the present, the Company firmly seized the golden opportunities from expansion of customers potential, benefits released from data traffic and informatisation integrated development. With the Company’s dedicated and persistent efforts to proactively expand along with implement effective self-defence measures, the business scale of fundamental businesses achieved rapid breakthrough and the growth of emerging businesses remained continuously strong. The revenue growth achieved industry-leading position while the profitability level steadily enhanced. With a vision looking forward into the future, the Company is facing prosperous business opportunities of intelligent information services in the era of digital economy. Through the Company’s unwavering devotion to promote the transformation of the “three initiatives”, implement comprehensive in-depth reforms and innovation together with proactively prospect the landscape of 5G development, the Company endeavoured to create new value potentials for shareholders.

In the first half of the year, operating revenues amounted to RMB193.0 billion. Of which, service revenues amounted to RMB177.6 billion, representing an increase of 7.0% over the same period last year (if excluding the impact of the application of International Financial Reporting Standard 15 on the current period, it represented an increase of 8.5% over the same period last year) with revenue growth surpassing the industry average for consecutive years. EBITDA amounted to RMB55.9 billion and EBITDA margin<sup>6</sup> was 31.5%. Net profit amounted to RMB13.6 billion, representing an increase of 8.1% over the same period last year while basic earnings per share were RMB0.168, achieving persistent favourable growth. Capital expenditure was RMB32.9 billion, representing a decrease of 19.9%. Free cash flow reached RMB18.4 billion which has increased remarkably over the same period last year.

The Company accurately grasped the changes of market demand and firmly adhered to proactive marketing strategy. Product innovation was accelerated while integration upgrade was promoted, attaining new breakthrough in scale development. The growth of both mobile and broadband scale reached historical high. The total number of mobile subscribers reached 282 million, representing a net increase of 31.66 million which was more than double of the net addition in the same period of last year. It accounted for 46.5% market share in the net additions of the industry and the overall total market share increased to 18.9%. Of which, the total number of 4G users reached 217 million, representing a net increase of 35.27 million. The aggregate handset Internet data traffic had strong growth momentum and increased by nearly four times. The total number of wireline broadband subscribers reached 141 million, representing a net increase of 7.09 million. Of which, the proportion of wireline

<sup>6</sup> EBITDA margin was calculated based on EBITDA divided by service revenues.

broadband subscribers of Hundred-Mbps reached 56%, representing an increase of 19 percentage points over the same period last year. Intelligent Applications ecosphere<sup>7</sup> achieved rapid scale development, with revenue accounting for over 50% of the incremental service revenues, becoming revenue growth force of the Company.

The Company expedited the promotion of network intelligentisation, service ecologicalisation and operation intellectualisation (“three initiatives” transformation), further enhanced network capabilities, accelerated the breakthrough in five ecospheres capabilities, persisted in enhancement of capabilities in intelligent operations, boosted further enhancement of integrated competitiveness at all-round perspectives. The Company persistently deepened the three-dimensional inter-driven reform surrounding sub-division of performance evaluation units, professional operation and top-down support as the core, achieving remarkable enhancement of corporate vitality and efficiency.

In the meantime, the Company proactively embarked on exploring the landscape of 5G development and accumulating capabilities, formulated evolution path for future technology and published 5G Technologies White Paper. Network trials in scale were conducted in many cities focusing on promotion of applications trials including HD video, AR/VR, automated driving, drone and industrial Internet. Research on collaborative network trial for 5G and 4G was commenced, planning well for the landscape of 5G network, applications and business models. With firm adherence to the overall principle of efficient development, the Company will proactively grasp opportunities, appropriately manage the momentum, insist on open cooperation, facilitate efficient collaboration of 5G with 4G network resources and service capabilities as well as carry out 5G network precision investment construction in a progressive and focused manner, commencing 5G scale commercial launch on a timely basis.

Chairman Yang Jie pointed out that, following the promotion of the construction of “Cyberpower, Digital China, and Smart Society”, China has entered into a vital period of transformation of old impetus through digitalisation coupled with cultivation and reinforcement of new impetus. The rapid development of various new technologies including 5G, artificial intelligence and Big Data will assist rapid upgrade of industry and foster the digital economy development leaping forward to a new landmark, bringing precious development opportunities for the communications and information industry. From the perspective of the entire industry, domestic mobile and broadband markets still have vast growth potential, demand for data traffic will undergo explosive growth, and emerging businesses will experience continuous rapid development. Meanwhile, increasingly intensified market competition has rendered industry growth potential being persistently squeezed. New technologies and new business models will continue to emerge, bringing new challenges on industry value. There are pressing needs for corporates to promptly explore new business models and new revenue growth points.

<sup>7</sup> Intelligent Applications ecosphere includes Smart Family ecosphere, DICT ecosphere, IoT ecosphere and Internet Finance ecosphere. DICT refers to the integrated intelligent applications services based on three major technologies, namely communications technology, information technology, cloud and Big Data technology.

Looking ahead into the future, the Company is full of confidence. The Company will firmly seize the precious opportunities and actively respond to various challenges. With perseverance in scale development, the Company will adapt to the market changes momentum and optimise competition strategies. The Company will also persist in excellent execution, continuous enhancement of capabilities and optimisation of customers' experience. The Company will firmly uphold the implementation of reforms and innovation, optimise systems and mechanisms to enhance corporate vitality and efficiency. The Company will unwaveringly strengthen its strategic direction, deepen supply-side structural reform and promote "three initiatives" transformation, creating a new generation of information infrastructure featuring "Internet of everything, human-computer interaction as well as integration of the satellite with existing network as a whole". With the establishment of integrated ecology between information technology and various sectors and industries, the Company will enhance corporate total factor productivity and march towards the three major goals of "construction of Cyberpower, building a first-class enterprise, co-establishing better living".

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 document 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.

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