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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 2018**

The unaudited financial data of the Group for the first quarter of 2018

- Operating revenues were RMB96,613 million, representing an increase of 5.6% over the same period of last year
- Service revenues were RMB87,967 million, representing an increase of 7.1% over the same period of last year
- EBITDA was RMB26,508 million, representing an increase of 6.8% over the same period of last year
- Profit attributable to equity holders of the Company was RMB5,698 million, representing an increase of 6.5% over the same 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 2018.

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

	For the period from 1 January 2018 to 31 March 2018 (RMB million)	For the period from 1 January 2017 to 31 March 2017 (RMB million) (Restated)*	Increase/ (Decrease)
<b>Operating revenues</b>	96,613	91,491	5.6%
<b>of which: Service revenues<sup>1</sup></b>	87,967	82,137	7.1%
<b>Operating expenses</b>			
Depreciation and amortisation	(18,225)	(17,014)	7.1%
Network operations and support	(27,249)	(23,796)	14.5%
Selling, general and administrative	(13,963)	(14,167)	(1.4%)
Personnel expenses	(17,392)	(16,566)	5.0%
Other operating expenses	(11,501)	(12,142)	(5.3%)
<b>Total operating expenses</b>	<b>(88,330)</b>	<b>(83,685)</b>	5.6%
<b>Operating profit</b>	8,283	7,806	6.1%
Net finance costs	(871)	(925)	(5.8%)
Investment income and share of profits of associates	204	268	(23.9%)
<b>Profit before taxation</b>	7,616	7,149	6.5%
Income tax	(1,886)	(1,776)	6.2%
<b>Profit for the quarter</b>	5,730	5,373	6.6%
<b>Profit attributable to:</b>			
Equity holders of the Company	5,698	5,351	6.5%
Non-controlling interests	32	22	45.5%
	As at 31 March 2018 (RMB million)	As at 31 December 2017 (RMB million)	
<b>Total Assets</b>	655,866	661,194	(0.8%)
<b>Total Liabilities</b>	(320,485)	(334,497)	(4.2%)
<b>Total Equity<sup>2</sup></b>	335,381	326,697	2.7%

\* Certain figures for the first quarter of 2017 were retrospectively restated due to the acquisition of satellite communications business and Shaanxi Zhonghe Hengtai Insurance Agent Limited by the Group in year 2017. Please refer to note 1 to the audited consolidated financial statements in 2017 Annual Report for details.

1. Service revenues were calculated based on operating revenues minus sales of mobile terminals (first quarter of 2018: RMB7,490 million; first quarter of 2017: RMB8,233 million), sales of wireline equipment and other non-service revenues (first quarter of 2018: total RMB1,156 million; first quarter of 2017: total RMB1,121 million).
2. The Group adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" since 1 January 2018. For IFRS 15 and IFRS 9, the Group applied the limited retrospective method choosing not to restate the comparative information for prior periods in accordance with the requirements under the accounting standards. The adjustments from the adoption of IFRS 15 and IFRS 9 resulted in an increase of the opening balance of retained earnings of the Group as at 1 January 2018 by approximately RMB3.1 billion in aggregate.

## Business Data

	As at 31 March 2018/ For the period from 1 January 2018 to 31 March 2018	As at 31 December 2017/ For the period from 1 October 2017 to 31 December 2017	As at 30 September 2017/ For the period from 1 July 2017 to 30 September 2017
Mobile Subscribers (Million)	265.30	249.96	240.56
of which 4G Users (Million)	200.26	182.04	167.52
Net Add of Mobile Subscribers (Million)	15.34	9.40	10.71
of which Net Add of 4G Users (Million)	18.22	14.52	15.50
Handset Data Traffic (kTB) <sup>3</sup>	2,178.0	1,576.6	895.2
Mobile Voice Usage (Billion Minutes)	193.18	198.92	193.94
Wireline Broadband Subscribers (Million)	137.29	133.53	131.31
of which Fibre-to-the-Home (FTTH) subscribers (Million)	130.17	126.17	121.80
Net Add of Wireline Broadband Subscribers (Million)	3.76	2.22	3.21
of which Net Add of FTTH subscribers (Million)	4.00	4.37	4.57
Access Lines in Service (Million)	120.88	121.80	123.31
Net Increase/(Decrease) of Access Lines in Service (Million)	(0.92)	(1.51)	(1.01)
Wireline Local Voice Usage (Billion Pulses)	15.22	17.59	19.06
Wireline Long Distance Usage (Billion Minutes)	3.15	3.64	3.97

For the first quarter of 2018, facing the increasing intensified market competition, the Group stepped forward with keen determination to surmount tough difficulties. With thorough exploitation of all-rounded competitive capabilities persistently constructed and accumulated over the years as well as increased efforts in promotion of comprehensive in-depth reforms, the Group fully leveraged the advantages of “multi-mode” handsets, promoted large data traffic products and insisted on integrated operation strategy. As a result, mobile services maintained rapid growth momentum. The number of mobile subscribers reached approximately 265 million, representing a net addition of 15.34 million; of which the number of 4G users reached 200 million, representing a net addition of 18.22 million. The handset data traffic<sup>3</sup> increased by 343% over the same period of last year and continued to maintain rapid growth. The monthly average data traffic per 4G user reached 3,907 MB. The Group continued to deepen the integration of Fibre-to-the-Home (FTTH) and Smart Family products and fully promoted the rapid growth of emerging businesses including e-Surfing HD, IDC, cloud and Big Data. The wireline services achieved healthy growth momentum. The wireline broadband subscribers reached 137 million, representing a net addition of 3.76 million; of which FTTH subscribers reached a total of 130 million. The net addition of e-Surfing HD subscribers was 7.62 million, reaching a total of 93.38 million.

3. Handset data traffic represents the data traffic generated from 3G and 4G handset internet access.

For the first quarter of 2018, the Group had solid performance in its overall results with steady enhancement in operating revenues and net profits. The operating revenues were RMB96,613 million, representing an increase of 5.6% over the same period of last year; of which the service revenues were RMB87,967 million, representing an increase of 7.1% over the same period of last year. The operating expenses increased by 5.6% over the same period of last year. Of which, the depreciation and amortisation expenses increased by 7.1% over the same period of last year which was mainly due to the corresponding increase brought by the investment in 4G and fibre broadband in recent years. The network operations and support expenses increased by 14.5% over the same period of last year which was mainly attributable to the increase in operating and maintenance expenses to assure for high-quality network services and the write-off of certain obsolete network equipment. The selling, general and administrative expenses decreased by 1.4% over the same period of last year as a result of the optimisation of the Group's sales and marketing model and the impact on the implementation of new revenue recognition standard. The personnel expenses increased by 5.0% over the same period of last year whereas the growth magnitude was lower than the revenue growth rate. During the period, the net finance costs decreased by 5.8% over the same period of last year as a result of the increased efforts in stringent control over capital centralisation and scale of interest-bearing debts as well as the optimisation of debts structure. The profit attributable to equity holders of the Company was RMB5,698 million, representing an increase of 6.5% over the same period of last year. EBITDA<sup>4</sup> was RMB26,508 million, representing an increase of 6.8% over the same period of last year. EBITDA margin<sup>5</sup> was 30.1%.

In the future, the Group will promote deepened supply-side structural reform and accelerate transformation and upgrades, fostering quality reform, efficiency reform and impetus reform. Leveraging all-round competitive capabilities and insisting on integration and innovation, the Group will implement a more proactive marketing strategy to accelerate efficient scale development and persistently promote cost reduction and efficiency enhancement, while appropriately responding to the changes of regulations as well as maintaining good growth momentum. Meanwhile, with the Group's devoted efforts to deeply promote network intelligentisation, service ecologicalisation and operation intellectualisation, a new generation of informatisation fundamental infrastructure featuring "Internet of everything, human-computer interaction as well as integration of satellite with existing network as a whole" is being created and built. With the establishment of integrated ecology between information technology and various sectors and industries, the Group will enhance corporate total factor productivity and march towards the three major goals of "construction of Cyberpower, building a first-class enterprise, co-establishment of better living", endeavouring to continuously create new 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**  
**Yang Jie**  
*Chairman and Chief Executive Officer*

Beijing, China, 27 April 2018

4. EBITDA was calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

5. EBITDA margin was calculated based on EBITDA divided by service revenues.

## 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 at the date of this announcement, the Board of Directors of the Company consists of Mr. Yang Jie (as the chairman and chief executive officer); Mr. Liu Aili (as the president and chief operating officer); Mr. Ke Ruiwen, Mr. Gao Tongqing and Mr. Chen Zhongyue (all as the executive vice presidents); Mr. Chen Shengguang (as the non-executive director); Mr. Tse Hau Yin, Aloysius, Madam Cha May Lung, Laura, Mr. Xu Erming and Madam Wang Hsuehming (all as the independent non-executive directors).