

CHINA TELECOM CORP LTD

Form 6-K

March 28, 2018

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**of the Securities Exchange Act of 1934**

**For the Month of March 2018**

**Commission File Number 1-31517**

**China Telecom Corporation Limited**

**(Translation of registrant's name into English)**

**31 Jinrong Street, Xicheng District**

**Beijing 100033, China**

**(Address of principal executive offices)**

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F

Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): )

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): )

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes

No

(If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-  
.)

**Table of Contents**

**EXHIBITS**

<b>Exhibit Number</b>		<b>Page Number</b>
1.1	<u>Announcement of annual results for the year ended December 31, 2017, dated March 28, 2018.</u> FORWARD-LOOKING STATEMENTS	A-1

Certain statements contained in this Form 6-K may be viewed as forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements are, by their nature, subject to significant risks and uncertainties, and include, without limitation, statements relating to:

our business and operating strategies and our ability to successfully execute these strategies;

our network expansion and capital expenditure plans;

our operations and business prospects;

the expected benefit of any acquisitions or other strategic transactions;

our financial condition and results of operations;

the expected impact of new services on our business, financial condition and results of operations;

the future prospects of and our ability to integrate acquired businesses and assets;

the industry regulatory environment as well as the industry outlook generally; and

future developments in the telecommunications industry in the People's Republic of China, or the PRC.

The words anticipate, believe, could, estimate, expect, intend, may, plan, seek, will, would and they relate to us, are intended to identify a number of these forward-looking statements.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. We are under no obligation to update these forward-looking statements and do

not intend to do so. Actual results may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the following:

any changes in the regulations or policies of the Ministry of Industry and Information Technology (prior to March 2008, the Ministry of Information Industry, or the MII), or the MIIT, and other relevant government authorities relating to, among other matters:

the granting and approval of licenses;

**Table of Contents**

tariff policies;

interconnection and settlement arrangements;

capital investment priorities;

the provision of telephone and other telecommunications services to rural areas in the PRC;

the convergence of television broadcast, telecommunications and Internet access networks, or three-network convergence; and

spectrum and numbering resources allocation;

the effects of competition on the demand for and price of our services;

any potential further restructuring or consolidation of the PRC telecommunications industry;

changes in the PRC telecommunications industry as a result of the issuance of the fourth generation mobile telecommunications, or 4G, licenses by the MIIT;

the development of new technologies and applications or services affecting the PRC telecommunications industry and our current and future business;

changes in political, economic, legal and social conditions in the PRC, including changes in the PRC government's specific policies with respect to foreign investment in and entry by foreign companies into the PRC telecommunications industry, economic growth, inflation, foreign exchange and the availability of credit;

results and effects of any investigation by the relevant PRC regulatory authorities; and

the development of our mobile business is dependent on the Tower Company.

Please also see the "Risk Factors" section of the Company's latest Annual Report on Form 20-F, as filed with the Securities and Exchange Commission.



**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA TELECOM CORPORATION LIMITED

Date: March 28, 2018

By: /s/ Yang Jie

Name: Yang Jie

Title: Chairman and Chief Executive Officer

4

**Table of Contents**

**Exhibit 1.1**

*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**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 728)**

**ANNOUNCEMENT OF ANNUAL RESULTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**HIGHLIGHTS**

- Operating revenues reached RMB366,229 million, up by 3.9%. Service revenues reached RMB331,044 million, up by 6.9%
- EBITDA was RMB102,171 million, up by 7.4%. EBITDA margin was 30.9%, up by 0.2 percentage point
- Profit attributable to equity holders of the Company was RMB18,617 million, up by 3.3%. Basic earnings per share were RMB0.23
- The Board of Directors has decided to recommend at the forthcoming shareholders' meeting that a final dividend equivalent to HK\$0.115 per share for the year 2017 to be declared, representing an increase of 9.5% over the year 2016
- Total number of mobile subscribers reached 250 million, with a net increase of 34.96 million, of which the number of 4G users reached 182 million, with a net increase of 60.17 million. 4G users accounted for 73% of total mobile subscribers while the aggregate handset Internet data traffic increased by 182% over last year
- Total number of wireline broadband subscribers reached 134 million, with a net increase of 10.41 million, of which Fibre-to-the-Home (FTTH) subscribers reached 126 million, with a net increase of 20.18 million



A-1

---

**Table of Contents****CHAIRMAN S STATEMENT**

2017 was a year with landmark connotation in the development history of the Company. Facing increasingly complicated operation environment together with continuously intensified fierce market competition, corporate development faced immense pressure. With a unitary goal cohering as a whole, the Company firmly adhered to the established direction and stepped forward with keen determination to surmount tough difficulties. The Company thoroughly exploited all-rounded competitive capabilities persistently constructed and accumulated over the years and fully developed the superb corporate culture spirit of excellent execution, resulting in achievement of impressive results for the year with profitable scale development leaping forward to a new landmark. Meanwhile, with conscientious and organised planning before implementation, we pragmatically fostered transformation and upgrades as well as promoted comprehensive in-depth reforms, attaining important progressive results in phases. With accelerated cultivation of new growth engines, corporate vitality was remarkably and substantially reinforced. As a result, the stamina of development momentum became prominent. The results of 2017 demonstrated the Company's strong capabilities of resisting pressure and attaining growth and also proved the appropriateness of the development strategy of the Company, enabling us to further strengthen our confidence in persistently creating new value for shareholders.

**Continual acceleration in scale development**

In 2017, operating revenues amounted to RMB366.2 billion, representing an increase of 3.9% over last year. Of which service revenues<sup>1</sup> amounted to RMB331.0 billion, representing an increase of 6.9% over last year with revenue growth surpassing the industry average for three consecutive years. Mobile service revenues amounted to RMB153.8 billion, representing an increase of 11.7% over last year while wireline service revenues amounted to RMB177.2 billion, representing an increase of 3.0% over last year, resulting in concurrent enhancement in growth rates. Revenue structure was further optimised and the proportion of revenues from emerging businesses as a percentage of service revenues increased by 6.4 percentage points over last year. EBITDA<sup>2</sup> was RMB102.2 billion, representing an increase of 7.4% over last year. EBITDA margin<sup>2</sup> was 30.9%, representing an increase of 0.2 percentage point over last year. Net profit<sup>3</sup> was RMB18.6 billion, representing an increase of 3.3% over last year while basic earnings per share were RMB0.23. Capital expenditure was RMB88.7 billion, representing a decrease of 8.4% over last year and achieving persistent stringent control. Free cash flow<sup>4</sup> has remarkably improved and reached RMB7.3 billion.

<sup>1</sup> Service revenues were calculated based on operating revenues minus sales of mobile terminals, sale of wireline equipment and other non-service revenues.

<sup>2</sup> EBITDA was calculated based on operating revenues minus operating expenses plus depreciation and amortisation while EBITDA margin was calculated based on EBITDA divided by service revenues.

<sup>3</sup> Net profit refers to the profit attributable to equity holders of the Company. Excluding after-tax effect of changes in depreciable lives of certain fixed assets amounted to approximately RMB3.1 billion, the net profit for year 2017 was approximately RMB21.7 billion, representing an increase of 20.2% over last year.

<sup>4</sup> Free cash flow was calculated from EBITDA minus capital expenditure and income tax.

## **Table of Contents**

Taking into consideration the return to shareholders, the Company's profitability, cash flow level and capital requirements for its future development, the Board of Directors has decided to recommend at the forthcoming shareholders' meeting that a final dividend equivalent to HK\$0.115 per share for the year 2017 to be declared, representing an increase of 9.5% over the year 2016.

In 2017, the growth of subscriber scale of the Company has further accelerated. The net increase of mobile subscribers was 34.96 million, being doubled over last year. The total number of mobile subscribers reached 250 million, accounting for 17.6% market share which represented an increase of 1.4 percentage points from the end of last year. Of which the net increase of 4G users was 60.17 million, with a net increase of over 60 million for two consecutive years and reaching a total of 182 million. The net increase of wireline broadband subscribers was 10.41 million, achieving a new record high over the past 5 years and reaching a total of 134 million. Of which the proportion of wireline subscribers of Hundred-Mbps or above accounted for nearly 50% and being doubled. e-Surfing HD services continued to develop rapidly and the net increase of e-Surfing HD subscribers was 24.43 million, reaching a total of 85.76 million. Internet of Things (IoT) services developed quickly while the connected devices increased by more than 200% over last year.

## **Pragmatic promotion of transformation and upgrades**

Year 2017 is the first complete year for implementation of transformation and upgrades strategy. The Company grasped and embraced the new development trend of intelligent era with network intelligentisation, service ecologicalisation and operation intellectualisation (three initiatives) as the direction of transformation and upgrades, striving to be a leading integrated intelligent information services operator. Over the past year, the Company continuously enriched strategic connotation and reinforced strategic execution, accomplishing effective results in phases and embarking on pragmatic steps forward in transformation and upgrades.

## **Network intelligentisation**

Network intelligentisation is the foundation of transformation and upgrades. Being guided by *CTNet2025*, the Company promoted network reconstitution, introduced technologies such as Software-Defined Networking (SDN) and Network Functions Virtualisation (NFV) and sped up upgrades of network and equipment, endeavouring to build a new style network featuring neatness, efficient centralisation, swiftness and openness. In 2017, the Company constructed three superior networks, namely 4G network, IoT network and all-fibre network and based on these foundations, the Company also boosted the intelligentisation evolution of network with further consolidation and enhancement of network advantages.

## **Table of Contents**

Accelerated reinforcement of fundamental network capabilities. 280,000 new base stations were built, reaching a total of 1.17 million. We comprehensively established superior full coverage 4G network characterised with high- and low-frequency collaboration and simultaneously shaped network capabilities of VoLTE HD voice commercial launch, offering industry-leading integrated experience to our customers. Leveraging the 800MHz FDD 4G network, the Company became the pioneer in building the first NB-IoT network with the widest coverage and largest scale in the world and commenced commercial launch in 31 provinces nationwide. Meanwhile, eMTC was proactively introduced while a new generation of IoT capabilities with the characteristics of entire range and full speed is now being shaped and formed. Persisting in promoting the construction of fibre network, we established the world's largest Fibre-to-the-Home (FTTH) network while the fibre network coverage rate of households in cities and towns reached 96%. With comprehensive possession of Hundred-Mbps broadband service capabilities, we commenced deployment of Gbps broadband network in major cities. In overall, we continued to maintain our leading position in the industry.

Steady promotion of network intelligentisation evolution. We primarily accomplished the construction of cloud infrastructure unified across the entire network, laying a solid foundation for large scale cloudification of network capabilities in the future. Following the completed development of SDN intelligent dedicated line and pilot launch, the business capabilities of self-selective network were rapidly enhanced. With a vision looking forward into the future focusing on new opportunities with favourable return, we closely monitored trends and proactively accumulated capabilities to prospect the landscape of 5G development. The Company is deeply devoted to engaging in 5G standard formulation and network technology trial runs while taking the initiatives to explore and research on the feasibility study of collaborative development of 5G and 4G. 5G network trial has been conducted in 6 cities with extensive promotion of research and development of 5G applications.

## **Service ecologicalisation**

Service ecologicalisation is the core of transformation and upgrades. In collaboration with its own strengths and resources endowment, the Company proactively established five business ecosphere, namely Intelligent Connection, Smart Family, new ICT applications, IoT and Internet Finance. In 2017, adhering to the theme of co-sharing, co-innovation, co-prosperity, we coordinated with co-operative partners to co-build Ecosystem-Tetris with the aim of fostering the mutual integration, mutual promotion and scale development of the entire ecosphere.

---

**Table of Contents**

Intelligent Connection ecosphere is the foundation of service ecologicalisation. The Company fully leveraged the advantages of multi-mode handsets, vigorously promoted heavy data usage products and insisted on integrated operation strategy. As a result, the subscriber scale of Intelligent Connection ecosphere expanded rapidly and its revenue increased by 4.7% over last year. With increasing popularity of multi-mode handsets, sales volume of multi-mode handsets of the entire industry increased by more than 20%<sup>5</sup> over last year, accounting for approximately 80%<sup>5</sup> of total sales volume of handsets while the sales volume of multi-mode handsets of the Company exceeded 130 million, resulting in remarkable expansion in customers' growth potential. With comprehensive exploitation of the 4G network capabilities advantages, we launched unlimited usage package products to mid- to high-end users. We also closely co-operated with various well-known Internet enterprises and offered more than 30 Internet card products to the youngsters group. The increase of subscribers of heavy data usage products for the year was approximately 60 million. The aggregate handset Internet data traffic increased by 182% while the mobile handset Internet access revenue increased by 33%. Meanwhile, with our perseverance in integrated operation, we actively boosted in-depth integration of broadband with heavy data usage products and Smart Family ecosphere products such as e-Surfing HD so as to attain rapid growth of broadband subscribers with concurrent remarkable enhancement of overall business value of the Company.

Smart Family ecosphere is a key area for value extension of connection capabilities. Based on broadband advantages as foundation, the Company strengthened ecological cooperation and enriched product systems to facilitate the formation of three smart livelihood portals, including e-Surfing gateway, e-Surfing HD and Smart Family app. With the promotion of various integrated product and services such as intelligent WiFi networking services, family cloud and intelligent voice box, we boosted the consumption upgrade for smart homes and home entertainment. Revenue from Smart Family ecosphere for the year increased by more than 40% with rapid expansion of business scale, which became important differentiated development measures for Intelligent Connection ecosphere. In the future, we will further facilitate the convergence of premium contents and applications and foster Internet-oriented operations, resulting in acceleration of products value realisation and persistent cultivation of new growth momentum.

<sup>5</sup> The data is quoted from SINO Market Research.

**Table of Contents**

New ICT applications ecosphere and IoT ecosphere are valuable fields with vast development potential. Following the in-depth integration of Internet, cloud computing, Big Data, artificial intelligence with government management and corporate production, the integrated demand for new ICT applications and IoT increased rapidly. The Company's premium networks, extensive IDC resources, excellent government and enterprise customers service systems as well as enriched industry experience offered strong and powerful support for seizing market opportunities and confirming leading position. Driven by cloud as the lead, we increased our initiatives to integrate cloud with network and broaden the development of informatisation applications focusing on key industries including government administration, education, medical care and industrial Internet. Scale expansion was accelerated while development momentum maintained persistently strong. Revenue from cloud and Big Data services increased by nearly 70% over last year while the revenue from IDC services maintained rapid growth. Based on a new generation of IoT with nationwide coverage as foundation, we successfully constructed Connectivity Management Platform and enriched terminals products, endeavouring to expand connection scale. Targeting on the long-term value growth of vertical applications such as Internet of vehicles, intelligent wearable devices and smart city, we devoted to create Application Enablement Platform and promoted the integration of IoT with cloud, striving to attain further extension towards high-end of value chain.

Internet Finance ecosphere becomes the Company's important measures for differentiation. We proactively promoted mutual integration and mutual promotion of Internet Finance ecosphere and Intelligent Connection ecosphere. The Company launched BestPay red packet<sup>6</sup> and integrated convenient and agile finance payment capabilities with enriched consumption mode in business districts, creating differentiated marketing initiatives. The increase of BestPay red packet users for the year exceeded 30 million, driving rapid growth in mobile subscribers scale. Meanwhile, with enormous mobile subscribers resources serving as foundation, we promoted enrichment in various financial products to expand mobile payment scale. The total gross merchandise value of BestPay for the year was approximately RMB1.6 trillion, representing an increase of 53% over last year. In the future, the Company will persistently reinforce ecological cooperation and further expand Internet Finance services.

<sup>6</sup> BestPay red packet is an innovative model of contract package launched by China Telecom. Each month a certain amount will be refunded to contract users on proportion, which can be used for airtime topping up as well as online and offline consumption of BestPay.

## **Table of Contents**

### **Operation intellectualisation**

Operation intellectualisation is the key to transformation and upgrades. Driven by Big Data as a force, we endeavoured to build market and frontline-driven operational systems so as to enhance efficiency of operational management. In 2017, the Company steadily promoted operation intellectualisation and the corporate core began to take shape. We initially established enterprise-level Big Data platform embedded the features of centralisation, openness and cloudification and accomplished the core data convergence of network, platform and operation. The volume of data collection and processing reached 100TB per day. In opening up our capabilities of data interchange and model analysis, we emphasised to develop tens of Big Data applications such as pre-assessment on product gross margin and network precision investment.

Riding on the corporate core capabilities, the Company profoundly promoted precision marketing, delicated service, lean network operations and precision management. Through utilisation of Big Data analysis, we precisely reached out to our targeted customers. With our continuous efforts in strengthening electronic channels and upgrading over 10,000 Smart Family experience stores, we enhanced the channels efficiency and capabilities. In executing our service commitment to installation within one day, repairs within one day, compensation in the event of delay, we established a new benchmark in the industry. Intelligent service methods such as customer services robots were launched so as to enhance service efficiency and customers experience, enabling us to maintain industry leading position in terms of customer satisfaction in both handset and wireline Internet access services. The response speed of installation and maintenance was expedited to enhance users end-to-end experience. Through optimisation in the lease management of telecommunications towers, we focused on managing and controlling the relevant costs. Risks scanning model was built to strengthen the capabilities of risk prediction as well as risk management and control. With the implementation of precision network construction, we diverted resources titling towards highly profitable areas while through deepened centralised procurement, operating costs were reduced and corporate efficiency was enhanced.

### **Comprehensive in-depth reform and innovation**

In 2017, the Company grasped the favourable and golden period of reforms to promote comprehensive in-depth reforms and reinforce reforms initiatives with our unwavering determination. The vitality of various factors such as human resources and capital were fully stimulated, accelerating the formation of operation systems and organisation mechanisms in alignment with transformation and upgrades.

## **Table of Contents**

In the aspect of operation systems, through persistent exploration and optimisation, the featured reform model of three-dimensional inter-driven forces comprising sub-division of performance evaluation units, professional operation and top-down support was formed, while more than 50,000 autonomous operation entities with unified accountability of duties, rights and interests were established, achieving concurrent growth of employee values and corporate values as a whole. The frontline vitality was significantly stimulated while professional endowment and capabilities as well as integrated service support level were consistently enhanced. Employees' satisfaction and corporate cohesion were continuously reinforced. Our reforms measures are the paradigm of state-owned enterprises' reforms.

In the aspect of organisation mechanisms, we carried out systematic reforms surrounding three initiatives and established the business innovation committee and technology innovation committee to coordinate and plan the corporate transformation blueprint. We also launched the operation of project-based systems and formed intellectualised joint project team to strengthen collaboration and innovation across professions, regions and levels.

In the aspect of factors reforms, we vigorously selected and recruited professional and technological talents which were requisite for the enterprise transformation, boosting the implementation of middle-to-long term incentives for core talents and endeavouring to establish talents system in alignment with transformation. We strived to bolster in-depth capital investment and operation to expedite the promotion of mixed-ownership reforms. With increased deployment in research and development, we commenced a number of significant research projects so as to accelerate the pace of technological innovation.

## **Corporate governance and social responsibility**

We always commit to uphold a high level of corporate governance. Insisting on governing the corporate in accordance with laws and regulations, we attach great importance to risk management and control and continuously enhance corporate transparency to ensure corporate healthy and sustainable growth. Our persistent efforts in corporate governance have been widely recognised by the capital markets. In 2017, we were accredited with a number of awards and recognitions, including Most Honored Company in Asia by *Institutional Investor* for seven consecutive years, No. 1 Best Managed Company in Asia by *FinanceAsia*, The Best of Asia Icon on Corporate Governance by *Corporate Governance Asia* and Best Initiative in Innovation by *The Asset*.



## **Table of Contents**

As a major force of constructing Cyberpower, Digital China and Smart Society and a network infrastructure provider, we persevere in fulfillment of social responsibility. With full exploitation of the carrying pole function, we connect the upstream and downstream partners along the value chain and drive the joint development of information and telecommunications industry together with Internet applications enterprises, bolstering robust development of digital economy. In grasping the wish to enjoy better living of the general public, we promote to offer efficient, convenient and intimate personalised product services. With further implementation of the Speed Upgrade and Tariff Reduction policy, we vigorously reinforced the construction of informatisation fundamental infrastructure in rural areas so as to foster targeted poverty alleviation for the benefit of the society and the general public as a whole. With vigorous promotion of bandwidth expansion of Internet backbone network, network communications quality was effectively assured. In addition, we are also devoted to maintain network security and information security, striving to create a clean and healthy cyberspace. With accelerated replacement of obsolete equipment, we promote energy saving and emission reduction as well as foster green development. We received high recognition and appreciation from the society through our efforts in successfully accomplishing telecommunications assurance for the 19th CPC National Congress, BRICS Summit and the Belt and Road Summit, as well as disaster relief and rescue activities.

## **Outlook**

At present, national development enters into a new era as the economy is transitioning from a phase of rapid growth to a stage of high-quality development. Developing modernised economy becomes the strategic goal of our nation's development. With the state's vigorous promotion of the construction of Cyberpower, Digital China and Smart Society, in-depth integration of informatisation with real economy including new industrialisation, urbanisation, agricultural modernisation is reinforced. New growth areas are cultivated while new impetus are shaped and formed, bringing precious development opportunities for the telecommunications industry. From the viewpoint of the entire industry, there is still vast growth potential for subscribers scale. Demand for data traffic continues to maintain rapid growth while emerging businesses show enormous demand capacity, providing vast market development potential for us. Meanwhile, with intensified industry competition together with increased pressure on price competition of data traffic and broadband services, the fleeting development opportunities of subscribers scale lapse promptly and cross-industry competition becomes increasingly prominent.

**Table of Contents**

The present condition inspires us to strive for excellence and work hard while the development path has long term implication. We 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, we 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 our 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, we 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.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere gratitude to all our shareholders and customers for their support. I would also like to express our sincere thanks to all our employees for their hard work and contributions. Furthermore, I would like to extend our sincere gratitude towards Mr. Sun Kangmin for his excellent contributions during his tenure of office as a Director of the Company.

**Yang Jie**

*Chairman and Chief Executive Officer*

Beijing, China

28 March 2018

A-10

**Table of Contents****GROUP RESULT**

China Telecom Corporation Limited (the Company) is pleased to announce the consolidated results of the Company and its subsidiaries (the Group) for the year ended 31 December 2017 extracted from the audited consolidated financial statements of the Group as set out in its 2017 Annual Report.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*for the year ended 31 December 2017*

*(Amounts in millions, except per share data)*

	<i>Notes</i>	<b>2017 RMB</b>	2016 RMB (restated)
<b>Operating revenues</b>	5	<b>366,229</b>	352,534
<b>Operating expenses</b>			
Depreciation and amortisation		<b>(74,951)</b>	(67,942)
Network operations and support		<b>(103,969)</b>	(94,156)
Selling, general and administrative		<b>(58,434)</b>	(56,426)
Personnel expenses		<b>(56,043)</b>	(54,504)
Other operating expenses		<b>(45,612)</b>	(52,286)
<b>Total operating expenses</b>		<b>(339,009)</b>	(325,314)
<b>Operating profit</b>		<b>27,220</b>	27,220
Net finance costs	6	<b>(3,291)</b>	(3,235)
Investment income		<b>147</b>	40
Share of profits of associates		<b>877</b>	91
<b>Profit before taxation</b>		<b>24,953</b>	24,116
Income tax	7	<b>(6,192)</b>	(5,993)
<b>Profit for the year</b>		<b>18,761</b>	18,123

**Table of Contents**

	<i>Note</i>	<b>2017</b> <b>RMB</b>	2016 <i>RMB</i> (restated)
<b>Other comprehensive income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale equity securities		<b>(400)</b>	(228)
Deferred tax on change in fair value of available-for-sale equity securities		<b>100</b>	57
Exchange difference on translation of financial statements of subsidiaries outside mainland China		<b>(259)</b>	190
Share of other comprehensive income of associates		<b>7</b>	6
<b>Other comprehensive income for the year, net of tax</b>		<b>(552)</b>	25
<b>Total comprehensive income for the year</b>		<b>18,209</b>	18,148
<b>Profit attributable to</b>			
Equity holders of the Company		<b>18,617</b>	18,018
Non-controlling interests		<b>144</b>	105
<b>Profit for the year</b>		<b>18,761</b>	18,123
<b>Total comprehensive income attributable to</b>			
Equity holders of the Company		<b>18,065</b>	18,043
Non-controlling interests		<b>144</b>	105
<b>Total comprehensive income for the year</b>		<b>18,209</b>	18,148
<b>Basic earnings per share</b>	8	<b>0.23</b>	0.22
<b>Number of shares (in millions)</b>		<b>80,932</b>	80,932

**Table of Contents****CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 31 December 2017**(Amounts in millions)*

	<i>Notes</i>	<b>31 December 2017 RMB</b>	31 December 2016 RMB (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net		<b>406,257</b>	389,671
Construction in progress		<b>73,106</b>	80,386
Lease prepayments		<b>22,262</b>	22,955
Goodwill		<b>29,920</b>	29,923
Intangible assets		<b>12,391</b>	11,244
Interests in associates		<b>35,726</b>	34,572
Investments		<b>1,154</b>	1,535
Deferred tax assets	<i>10</i>	<b>5,479</b>	5,061
Other assets		<b>3,349</b>	3,077
<b>Total non-current assets</b>		<b>589,644</b>	578,424
<b>Current assets</b>			
Inventories		<b>4,123</b>	5,106
Income tax recoverable		<b>693</b>	50
Accounts receivable, net	<i>11</i>	<b>22,096</b>	21,465
Prepayments and other current assets		<b>22,128</b>	19,565
Short-term bank deposits		<b>3,100</b>	3,331
Cash and cash equivalents		<b>19,410</b>	24,617
<b>Total current assets</b>		<b>71,550</b>	74,134
<b>Total assets</b>		<b>661,194</b>	652,558