

POSITIVE MOMENTUM

{ BRAVE THE SHORT-TERM
PROFIT PRESSURE TO DRIVE
LONG-TERM SUSTAINABLE
DEVELOPMENT }

**SERVICE
REVENUE**
(RMB BILLIONS)

240.98 $\hat{\hat{}}$ 2.4%
YoY

**MOBILE SERVICE
REVENUE**
(RMB BILLIONS)

145.02 $\hat{\hat{}}$ 1.7%
YoY

**MOBILE BILLING
SUBSCRIBERS**
(MILLIONS)

263.8 $\hat{\hat{}}$ 11.5ML
YoY

**MOBILE BILLING
SUBSCRIBERS ARPU**
(RMB)

46.4 $\hat{\hat{}}$ RMB0.1
YoY

PERFORMANCE
HIGHLIGHTS

WE EMERGED

KEY FINANCIAL DATA

	2016	2015
Operating Revenue (RMB billions)	274.20	277.05
Service Revenue¹ (RMB billions)	240.98	235.28
Of which: Mobile service	145.02	142.62
Fixed-line service	94.66	91.26
EBITDA² (RMB billions)	79.50	87.50
EBITDA as % of service revenue	33.0%	37.2%
Net Profit (RMB billions)	0.63	10.56
Basic Earnings per Share (RMB)	0.026	0.441
Dividend per Share (RMB)	N/A	0.17

KEY OPERATING DATA

	2016	2015
Mobile Billing Subscribers³ (millions)	263.8	252.3
4G Subscribers (millions)	104.6	44.2
Mobile Billing Subscribers ARPU³ (RMB)	46.4	46.3
4G Subscribers ARPU (RMB)	76.4	87.8 ⁴
Fixed-line Broadband Subscribers (millions)	75.2	72.3
Fixed-line Broadband Access ARPU (RMB)	49.4	51.7
Fixed-line Local Access Subscribers (millions)	66.7	73.9

Note 1: Due to the existence of unallocated items, service revenue is not equal to the sum of service revenue from mobile service and fixed-line service.

Note 2: EBITDA represents profit for the year before finance costs, interest income, share of net profit/loss of associates, share of net profit/loss of joint ventures, other income-net, income tax, depreciation and amortisation. As the telecommunications business is a capital intensive industry, capital expenditure and finance costs may have a significant impact on the net profit of the companies with similar operating results. Therefore, the Company believes that EBITDA may be helpful in analysing the operating results of a telecommunications service operator like the Group.

Note 3: In order to better satisfy the strategic management needs of the Company, the Company's internal management and analysis in relation to the mobile service began to focus more on the mobile billing subscribers (which in general refer to subscribers who have revenue contribution in the current month) and 4G subscribers (mobile billing subscribers who possess 4G handsets and use the 4G network of the Company) from 2016. From January 2016 onwards, the aggregate number and net addition of mobile billing subscribers and 4G subscribers are disclosed. The adjustment in the disclosure of subscriber statistics does not affect the Company's revenue and profit recognition.

Note 4: As of December 2015.