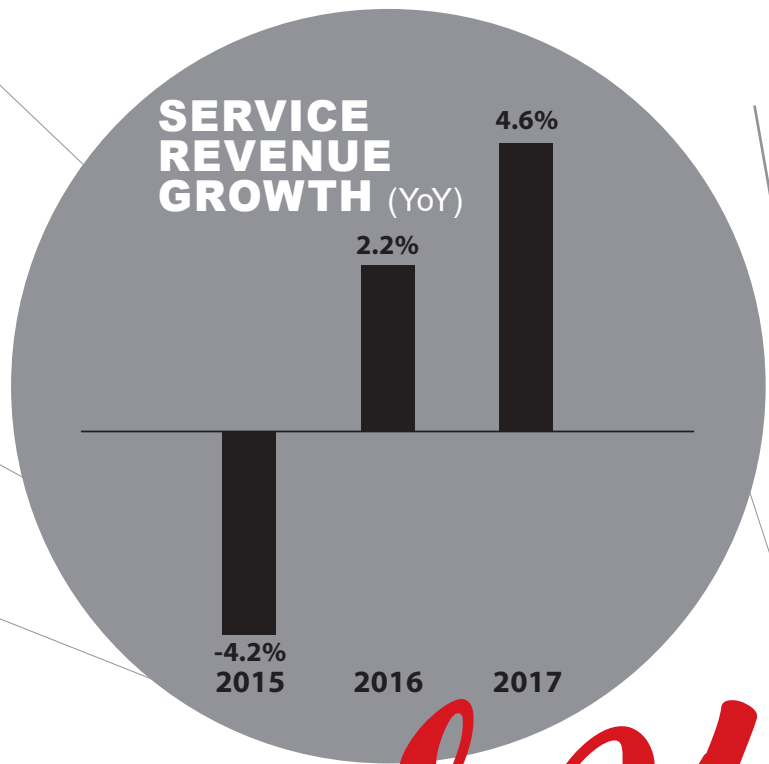
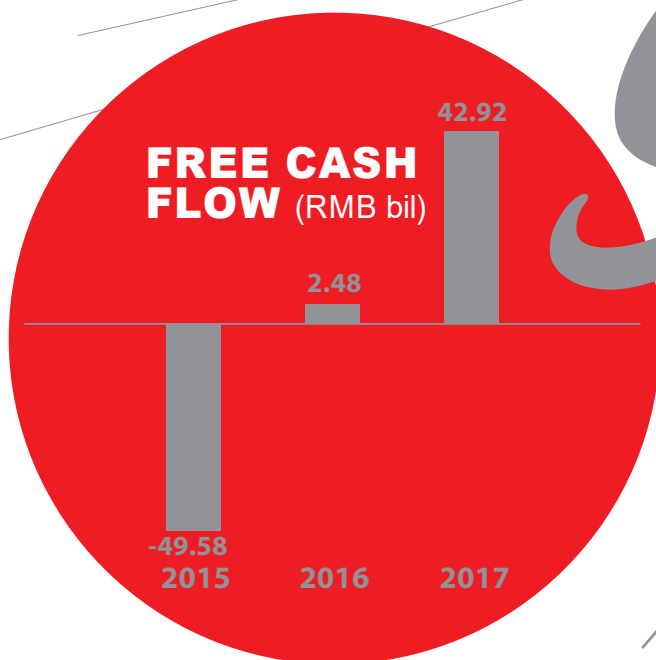


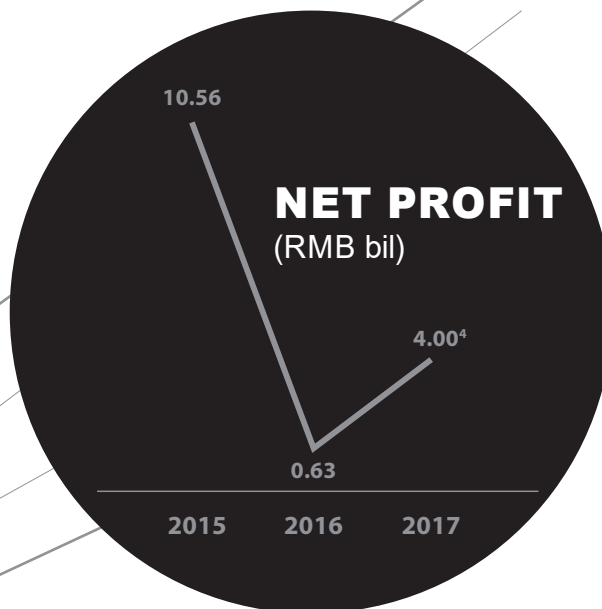
PERFORMANCE HIGHLIGHTS



Turnaround
Move
Strengthen



nd momentum gathered



KEY FINANCIAL DATA	2017	2016	Change YoY
Operating Revenue (RMB billions)	274.829	274.197	0.2%
Of which: Service Revenue ¹	249.015	238.033	4.6%
EBITDA² (RMB billions)	81.425	79.498	2.4%
EBITDA (Excluding net loss on asset disposal related to fibre network upgrade in 2017) (RMB billions)	84.325	79.498	6.1%
As % of Service Revenue	33.9%	33.4%	0.5pp
Net Profit³ (RMB billions)	1.828	0.625	192.5%
Net Profit (Excluding net loss on asset disposal related to fibre network upgrade in 2017) (RMB billions)	4.003	0.625	540.5%
Basic EPS (RMB)	0.074	0.026	185.1%
Free Cash Flow (RMB billions)	42.920	2.483	1,628.8%

Note 1: In order to better satisfy the internal operation and management requirements, revenue from sales of products associated with the ICT business, which was previously recorded as part of the fixed-line service revenue, has been reclassified as part of the revenue from sales of telecommunications products. The related figures for 2016 have been restated.

Note 2: EBITDA represents profit for the year before finance costs, interest income, shares of net profit of associates, share of net profit 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 Company.

Note 3: Net profit represented profit attributable to equity shareholders of the Company.

Note 4: Excluded net loss on asset disposal related to fibre network upgrade.