

China Telecom profit down 8.3 percent

22 August 2012

(AP) - China Telecom Ltd., one of the country's three major state-owned phone carriers, said Wednesday its first-half profit fell 8.3 percent amid intense competition and high technology costs.

The Beijing-based company said it earned 8.8 billion yuan (\$1.4 billion), down from 9.6 billion yuan a year earlier. That was despite a 14.8 percent rise in revenues to 138 billion yuan (\$22 billion).

Chinese phone carriers have been squeezed by intense [competition](#) and the high costs of installing new mobile and other technology. [China Telecom](#) rival China Mobile Ltd. said last week its first-half profit growth fell to 1.5 percent.

China Telecom rolled out service for Apple Inc.'s iPhone in the first half, which it said would require increased spending on marketing but should "enhance long-term sustainable growth."

The company said its number of mobile subscribers rose 14 percent since the end of 2011 to 144 million, of which 51 million were subscribers to third-generation, an increase of 40 percent.

"The trend of migration from 2G to 3G services has emerged," said chairman and CEO Wang Xiaochu in a statement. "We are also facing new challenges brought by intensifying market competition and cannibalisation of traditional businesses by advanced technologies."

China's government-owned telecoms industry was restructured in 2008 into three groups, each with mobile and fixed-line assets, in an effort to revive competition after the popularity of mobile service caused China Mobile Ltd. to grow to dominate the market.

China Telecom, [China Mobile](#) and the third carrier, China Unicom Ltd., have focused on mobile phones and nontraditional services such as wireless Internet access to drive revenue growth as demand for traditional fixed-line services

declines.

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