China Telecom Profit Rises After It Offers iPhone

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HONG KONG (AP) — State-owned China Telecom, the country's third biggest mobile phone operator by subscribers, said Wednesday that profit grew in the first half of the year as revenue from iPhone sales kicked in.

Beijing-based China Telecom, also the world's biggest fixed-line telephone operator, stepped up marketing spending to woo customers after it became the second Chinese mobile company to offer Apple's popular iPhone in the first half of 2012.

Company officials had warned the increased spending would hurt short-term profitability but help in the long term.

The efforts appear to have paid off.

The company posted a 10.2 billion yuan ($1.7 billion) profit in the January-June period, up 16 percent from the year before.

Operating revenue rose 14 percent to 157.5 billion yuan.

China's three state-owned mobile phone companies are locked in an increasingly competitive battle as they invest heavily in faster fourth-generation networks to support new data-hungry smartphones and tablet computers.

China Telecom Chairman Wang Xiaochu also warned of the threat from free instant messaging apps such as the hugely popular WeChat that have eroded two important sources of revenue, text messaging and voice calls

"There are still uncertainties in domestic regulatory policies while the accelerated evolution of new technologies is driving up industry competition," Wang said. "The cross-sector competition of mobile internet gradually emerged. In future we will face new challenges."

The company's mobile customers rose to 174.5 million, up 13.8 million from the end of last year. Mobile data revenue rose 36 percent.

Fixed lines slipped 4 percent to 159.6 million.

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