



Press Release  
9 March 2021  
For Immediate Release

**China Telecom Corporation Limited  
Announces Results for Year 2020**

**Operating results maintained positive trend  
With healthy momentum for 5G development  
Deepening “Cloudification and Digital Transformation” strategy  
Industrial Digitalisation led in scale**

**FINANCIAL HIGHLIGHTS**

<i>(RMB Millions)</i>	<b>2019</b>	<b>2020</b>	<b>Rate of change</b>
Operating Revenues	375,734	393,561	4.7%
Service Revenues <sup>1</sup>	357,610	373,798	4.5%
of which: Mobile Service Revenues	175,546	181,687	3.5%
Wireline Service Revenues	182,064	192,111	5.5%
EBITDA <sup>2</sup>	117,215	118,880	1.4%
EBITDA Margin <sup>2</sup>	32.8%	31.8%	-1.0pp
Net Profit <sup>3</sup>	20,517	20,850	1.6%
EPS (RMB)	0.25	0.26	1.6%
Dividend per share (HK\$)	0.125	0.125	No change

**BUSINESS HIGHLIGHTS**

<i>(Millions)</i>	<b>2019</b>	<b>2020</b>	<b>Net addition</b>
Mobile Subscribers	335.57	351.02	15.45
of which: 5G Package Subscribers	4.61	86.50	81.89
Wireline Broadband Subscribers	153.13	158.53	5.40
e-Surfing HD (IPTV) Subscribers	112.62	115.92	3.30

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

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

<sup>3</sup> Net profit represents profit attributable to equity holders of the Company.

**China Telecom Corporation Limited (hereinafter “China Telecom” or the “Company”) (Stock Code on the Hong Kong Stock Exchange: 728) (Stock Code on the New York Stock Exchange: CHA) announces its 2020 annual results today in Hong Kong.**

2020 was an extraordinary year. Facing the outbreak of the COVID-19 Epidemic (“Epidemic”), the Company coordinated its efforts in Epidemic prevention and control with operation and development, firmly seized opportunities emerging from the digital transformation of the economy and society, and promoted the “Cloudification and Digital Transformation” strategy on all fronts. The Company also strengthened its sci-tech innovation capabilities and deepened corporate reforms, achieving steady growth of its operating results, while continuing to share the high-quality development results of the Company with its shareholders and the society.

In 2020, operating revenues of the Company amounted to RMB393.6 billion, representing an increase of 4.7% over last year. Service revenues amounted to RMB373.8 billion, representing an increase of 4.5% over last year, surpassing the industry’s average growth rate<sup>4</sup> over several consecutive years. Of which, mobile service revenues amounted to RMB181.7 billion, representing an increase of 3.5% over last year. Wireline service revenues amounted to RMB192.1 billion, representing an increase of 5.5% over last year. EBITDA amounted to RMB118.9 billion, representing an increase of 1.4% over last year. Net profit amounted to RMB20.9 billion, representing an increase of 1.6% over last year, while basic earnings per share were RMB0.26. Capital expenditure was RMB84.8 billion and free cash flow<sup>5</sup> was RMB14.3 billion. The Company’s financial position remained robust.

Taking shareholders’ returns into full consideration, alongside the Company’s profitability, cash flow level and capital needs for its future development, the Board of Directors has decided to recommend at the 2020 Annual General Meeting that a final dividend equivalent to HK\$0.125 per share for the year 2020 to be declared. Going forward, the Company will continue to create shareholder value, while fully balancing the cash flow required for the long-term development of the Company with returns to shareholders.

In 2020, technologies such as 5G, cloud and artificial intelligence (AI) integrated to bring about fusion with robust development in digital economy. The Company built up new information infrastructure with 5G and cloud as the core, and stimulated increasing and diversified customer demand for integrated intelligent information services.

<sup>4</sup> MIIT’s statistical communique of the communications industry in 2020: telecommunications revenue grew by 3.6% year-on-year in 2020.

<sup>5</sup> Free cash flow is calculated based on EBITDA minus capital expenditure, income tax and depreciation charge for right-of-use assets other than land-use-rights.

Leveraging “5G + e-Surfing Cloud”, the Company provided its users with an excellent network experience as well as differentiated applications and services. The Company established a 5G member privilege system unique to China Telecom. The Company took the lead in the industry to launch 5G cloud mobile phone, namely “e-Surfing One”, which leveraged the capabilities of cloud-network integration to break through performance bottlenecks for devices and facilitated the accelerating popularisation of 5G devices. The Company’s 5G consumer service achieved a promising start, enabling a scale expansion of its mobile subscriber market with value. As of the end of 2020, the total number of the Company’s mobile subscribers reached 351 million, representing a net addition of 15.45 million and expanding its market share to 22.0%. The number of 5G package subscribers reached 86.50 million with a penetration rate of 24.6%. The total number of subscribers for applications featuring 5G exceeded 150 million, while the year-on-year decline for mobile ARPU continued to narrow.

The Company comprehensively upgraded its family informatisation services. The Company promoted its “Triple-Gigabit” access service comprising 5G + Fibre Broadband + WiFi6 as well as its Whole-home WiFi service. The Company also optimised the Internet surfing experience of its subscribers, and stimulated families’ demand for cloud services. As a result, the value of the Company’s broadband access service was restored, with the value contribution from Smart Family services becoming prominent. In 2020, the number of the Company’s broadband subscribers reached 159 million. Revenue from wireline broadband access amounted to RMB71.9 billion, representing an increase of 5.1% over last year. Broadband access ARPU was RMB38.4, up by 0.8% over last year. The declining trend in both revenue and ARPU was turned around. Revenue from Smart Family reached RMB11.1 billion, representing an increase of 37.5% over last year. The broadband blended ARPU<sup>6</sup> reached RMB44.4, representing an increase of 4.2% over last year. The value contribution from Smart Family continued to enhance.

Capturing opportunities emerging from the digital transformation of the economy and society, the Company integrated emerging information technologies such as 5G and cloud, established a digitalised platform, re-packaged its fundamental capabilities to form new services, and accelerated its technological endowment. The Company pioneered 5G standalone (SA) scale commercialisation and rolled out customised 5G network to meet the differentiated demands from vertical industries for low latency, wide-area connectivity and network security, among others. Leveraging the technical features of 5G “Super Uplink”<sup>7</sup>, edge cloud, and the Internet of Things (IoT), the Company built a series of benchmarks for various vertical industries such as industrial Internet, smart energy, smart healthcare and smart parks, and gradually launched 5G innovative applications such as remote control, machine vision, and Automated Guided Vehicles (AGV). As of the end of 2020, the Company had signed contracts with a total of nearly 1,900 customers for its 5G industry applications, with more than 1,100 use cases being launched. Revenue from the Company’s Industrial Digitalisation<sup>8</sup> reached RMB84.0 billion, representing an increase of 9.7% year-on-year, maintaining the industry-leading position in terms of revenue size and market share.

<sup>6</sup> Broadband blended ARPU is calculated based on the sum of monthly average revenues from broadband access, e-Surfing HD and Smart Family applications and services divided by the average number of broadband subscribers.

<sup>7</sup> The development of the 5G “Super Uplink” (UL Tx switching) was led by China Telecom. It was incorporated into the 5G R16 global unified specification by 3GPP on 3 July 2020.

<sup>8</sup> Industrial Digitalisation includes Industry Cloud, IDC, Network Dedicated Line, Internet of Things (IoT), Internet Finance, system integration services and other informatisation services.

In 2020, the Company sped up its cloud & network convergence based digital upgrade, established the new development pattern from an all-round perspective and strived to enhance its market competitiveness and corporate vitality. The Company continued to promote 5G network co-building and co-sharing. The number of 5G base stations in use exceeded 380,000. The Company also took a global lead in achieving scale commercialisation of 5G SA network, and launched customised 5G networks including “Wide-area”, “Adjacent” and “Wingspan”. In line with the overall “2+4+31+X+O” deployment, the Company accelerated the construction of e-Surfing Cloud and IDC, with the number of cloud resource pools exceeding 100 and the number of IDC cabinets exceeding 420,000. The Company pushed forward the upgrade of its Gigabit fibre broadband network in 280 cities and completed the construction of five major regional ROADM<sup>9</sup> transmission backbone network with nationwide coverage, while expanding the coverage of its superior OTN network for government and enterprise customers. Revenue from Overall Cloud<sup>10</sup> services reached RMB13.8 billion, with the Company continuing to rank at forefront in terms of the market share in public cloud in China.

The Company strengthened the planning of its digitalised platform to empower the internal and external digital transformation. The Company accelerated the construction of its new-generation cloud-network operating system to support the scale commercialisation of 5G SA and enhance the efficiency of service activation and product loading, while optimising its network quality and user experience. The Company’s overall satisfaction rate<sup>11</sup> maintained the industry-leading position.

Externally, the Company propelled cloud migration, the use of data and intelligence injection for its customers, and built the technological foundation for digitalised platform. Supported by its digitalised platform, the Company aggregated its internal fundamental capabilities including communications, security, AI, Big Data and IoT, among others, while combining external digital ecology, to inject intelligence powered by data and provide endowment for products and services, so as to propel industrial digitalisation and intelligent transformation. The number of times for capabilities deployment of the whole network exceeded 10 billion. At the same time, the Company promoted sci-tech innovation to accelerate the shift towards a sci-tech company. The Company also deepened reforms on all fronts to inspire corporate vitality and expanded cooperation to forge ecological competitiveness.

<sup>9</sup> ROADM represents Reconfigurable Optical Add-Drop Multiplexer.

<sup>10</sup> Overall Cloud includes Industry Cloud, Family Cloud and access service directly related to cloud, etc.

<sup>11</sup> Source is from the result of MIIT’s national user satisfaction survey on telecommunications service.

Chairman Ke pointed out that, 2021 marks the first year of China’s “14th Five-Year Plan”. Entering the new stage of its development, the Company will insist on new development philosophy and establish new development pattern. Seizing the opportunities brought by the robust development of digital economy as well as the accelerated digital transformation of the society, the Company will comprehensively and deeply promote “Cloudification and Digital Transformation” strategy. The Company will continue to deepen reforms, commence the initial public offering and listing of shares in the domestic capital market, innovate systems and mechanisms, enhance corporate and employees’ vitality, expand ecological cooperation and enhance its sustainable development capabilities. The Company will strengthen sci-tech innovation centred around problem-tackling of core technologies and accelerate the integration of 5G, cloud and AI to develop new information infrastructure. The Company will also stimulate the ever-migrating and evolving demands from the society for informatisation under converged scenarios, continue to build its digitalised platform, and proactively empower internal and external digital transformation. The Company will also proactively shoulder its social responsibility to promote rural revitalisation, and facilitate the construction of Cyberpower, digital China and smart society. The Company will share the results of its high-quality development with shareholders and customers and continue to create value for the society,

For further information, please browse the Company’s website at: [www.chinatelecom-h.com](http://www.chinatelecom-h.com).

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this document may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended). Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of China Telecom Corporation Limited (the “Company”) to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.

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