



Press Release
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For Immediate Release

**China Telecom Corporation Limited
Announces Results for Year 2021**

**Cloudification and Digital Transformation Strategy
achieved prominent results
A share listing injected new impetus
Revenue and net profit recorded double-digit growths
Increased dividend to reward shareholders**

FINANCIAL HIGHLIGHTS¹

<i>(RMB million)</i>	2020	2021	Rates of change
Operating Revenues	393,561	439,552	11.7%
Service Revenues ²	373,798	402,827	7.8%
of which: Mobile communications service revenues	175,564	184,157	4.9%
Wireline and Smart Family service revenues	109,018	113,522	4.1%
Industrial Digitalisation service revenues	83,968	98,945	17.8%
EBITDA ³	118,880	123,912	4.2%
EBITDA Margin	31.8%	30.8%	-1.0p.p.
Net Profit ⁴	20,850	25,948	24.5%
Comparable Net Profit ⁵	20,850	24,532	17.7%
Basic earnings per share <i>(RMB)</i> ⁶	0.26	0.31	19.2%
Dividend per share <i>(RMB)</i>	0.104	0.170	63.5%

BUSINESS HIGHLIGHTS

<i>(million)</i>	2020.12	2021.12	Net addition
Mobile Subscribers	351.02	372.43	21.41
of which: 5G Package Subscribers	86.50	187.80	101.30
Wireline Broadband Subscribers	158.53	169.71	11.18
e-Surfing HD (IPTV) Subscribers	115.92	121.37	5.45

¹ All figures are based on International Financial Reporting Standards (“IFRSs”).

² Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues. Of which, mobile service revenues amounted to RMB195.2 billion, representing an increase of 7.5% year-on-year; wireline service revenues amounted to RMB207.6 billion, representing an increase of 8.1% year-on-year.

³ EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

⁴ Net profit represents profit attributable to equity holders of the Company.

⁵ Comparable net profit represents net profit excluding the one-off after-tax gain from the disposals of subsidiaries which was approximately RMB1,416 million.

⁶ The basic earnings per share in 2021 are calculated based on 84.4 billion shares, which is the weighted average of the number of issued shares 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 Shanghai Stock Exchange: 601728) announces its 2021 annual results today in Hong Kong.

In 2021, the new generation information and communications technologies saw accelerated innovation and have been increasingly permeated into all parts and the whole process of the economy and society, ushering the society towards an intelligent and digital age. With the accelerated development of digital economy, the Company proactively seized the strategic opportunities brought by the new round of technological revolution and industrial transformation, implemented its “Cloudification and Digital Transformation” strategy, deepened cloud-network integration and promoted its system and mechanism reforms. Propelled by the dual drivers of fundamental services and Industrial Digitalisation services, the operation and development of the Company sped up significantly. During the year, the Company successfully issued A Shares on the Shanghai Stock Exchange, achieving dual listings in Shanghai and Hong Kong while further promoting the closer integration between the capital market and user market. The Company also preliminarily completed its strategic deployments in the fields of sci-tech innovation and ecological cooperation, among others.

In 2021, operating revenues of the Company amounted to RMB439.6 billion, representing an increase of 11.7% over last year. Service revenues amounted to RMB402.8 billion, representing an increase of 7.8% over last year. Excluding the revenue impact from the disposals of its subsidiaries⁷, the year-on-year growth rate reached 8.1%, remaining above the industry’s average growth rate for five consecutive years⁸. EBITDA amounted to RMB123.9 billion, representing an increase of 4.2% over last year. Net profit amounted to RMB25,948 million, representing an increase of 24.5% year-on-year. Excluding the one-off after-tax gain from the disposals of its subsidiaries⁹, the year-on-year growth rate reached 17.7%. The basic earnings per share were RMB0.31. Capital expenditure was RMB86.7 billion and free cash flow¹⁰ reached RMB15.1 billion.

Taking the Company’s profitability into full consideration, alongside cash flow levels and capital needs for its future development, the Board of Directors has decided to recommend at the Annual General Meeting that the profit to be distributed in cash for the year 2021 shall be 60% of the profit attributable to equity holders of the Company for the year, i.e., RMB0.170 per share. At the same time, an interim dividend will be declared and paid starting from year 2022. Within three years after A-share offering and listing, the profit to be distributed in cash for each year will gradually increase to 70% or above of the profit attributable to equity holders of the Company for that year. The Company will share the results of its development with wider shareholders and continue to create more value.

⁷ The Company completed the disposals of E-surfing Pay Co., Ltd and China Telecom Leasing Corporation Limited in April 2021.

⁸ MIIT’s statistical communique of the communications industry in 2021: telecommunications revenue grew by 8.0% year-on-year in 2021.

⁹ The one-off after-tax gain from the disposals of E-surfing Pay Co., Ltd and China Telecom Leasing Corporation Limited was approximately RMB1,416 million.

¹⁰ 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.

On 20 August 2021, the Company's A shares were officially listed on the Shanghai Stock Exchange, with the Company making great strides in entering a new development stage. Taking A-share IPO as an opportunity, the Company will leverage its wider financing channels, further expand its ecological cooperation and implement more flexible incentive measures. The Company will also fully implement its "Cloudification and Digital Transformation" strategy, further boost sci-tech innovations and expedite the construction of the intelligent integrated digital information infrastructure. The Company will also continue to deepen its corporate reforms, enhance its employees' motivation, initiative and creativity, and stimulate its corporate vitality and intrinsic motivation. Through broader and deeper ecological cooperation, the Company will proactively develop industrial ecology in the fields of 5G, cloud computing, network and information security, artificial intelligence (AI), and industrial smart manufacturing, among others. The Company will constantly strengthen its integrated intelligent information service capabilities, forge ahead towards becoming a service-oriented, technology-oriented and secured enterprise, and strive to promote the high-quality development of the Company.

In 2021, the Company implemented its "Cloudification and Digital Transformation" strategy, developed integrated intelligent information services with a customer-oriented approach, and built core sci-tech innovation capabilities and the new information infrastructure. The Company also established industrial and capital ecologies featuring strong alliances and open cooperation, while carrying out system and mechanism reforms, achieving new results in high-quality development.

The Company continued to enhance its 5G coverage and network quality, innovated e-Surfing Cloud handset device ecology, enriched the 5G application and privilege portfolio and launched 5G cloud packages. The Company optimised the service experience for users through ultimate convergence, facilitated the upgrade of individuals' demands for emerging information consumption, continued to unleash the new round of data traffic benefits and propelled the scale and value enhancement of its mobile subscribers. In 2021, mobile communications service revenues amounted to RMB184.2 billion, representing an increase of 4.9% over last year. The total number of mobile subscribers reached 372 million, with subscribers' net addition maintaining the industry-leading position for four consecutive years. Featured applications such as e-Surfing Cloud VR, cloud games, ultra HD, e-Surfing Cloud Drive and 5G Colour Ringback Tone with Video saw rapid development, with their value contribution becoming prominent. Mobile ARPU¹¹ was RMB45.0, representing an increase of 2.0% over last year. The penetration rate of 5G package subscribers reached 50.4%, maintaining the industry-leading position.

¹¹ Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers.

Leveraging its edges in cloud-network integration capabilities, the Company converged “Gigabit broadband + Whole-home WiFi + e-Surfing HD + Smart Family applications” while aggregating content and applications as well as industrial ecology of ubiquitous smart terminals through Smart Family platform. The Company promoted the inter-connection and inter-communication among smart household products, continued to enrich the service content of digital life, offered whole-home intelligent integrated solutions and facilitated the quality upgrade of living consumption. In 2021, wireline and Smart Family service revenues of the Company amounted to RMB113.5 billion, representing an increase of 4.1% year-on-year. The total number of wireline broadband subscribers reached close to 170 million. The penetration rate of subscribers of Smart Family services such as Whole-home WiFi and e-Surfing Webcam increased rapidly. Revenue from Smart Family increased 25.1% year-on-year, while the broadband blended ARPU¹² reached RMB45.9, representing an increase of 3.4% year-on-year.

The Company deeply integrated the key elements of digital economy with the real economy. With the “integration of cloud, security, 5G, data, and intelligence” as a starting point, the Company developed scene-based integrated intelligent solutions and proactively empowered the transformation and upgrades of traditional industries. In 2021, revenue from the Company’s Industrial Digitalisation reached RMB98.9 billion, representing a year-on-year growth of 19.4% on a comparable basis¹³, with its growth rate being significantly higher than that of 2020.

The commercial projects of the Company’s 5G customised networks have covered all 15 key industries that fall under the “Raising the Sail” Action Plan¹⁴, with over 1,200 projects being implemented throughout the year. The three modes of the Company’s 5G customised networks, namely “Wide-area”, “Adjacent”, and “Wingspan”, fully exerted the features of 5G including wide-area connectivity, high speed, low latency and data security to empower a variety of industries, including Industrial Internet, convergent media, smart city, smart mining, Internet of Vehicles (IoV), smart healthcare, and smart ports.

In 2021, revenue from e-Surfing Cloud doubled, reaching RMB27.9 billion, securing a solid position in the front rank within the industry while maintaining its leading position in the public cloud market of government administration. The Company strengthened the development of data centres at scale and in an efficiently-centralised manner. Revenue from IDC reached RMB31.6 billion, with its market share continuing to rank first in the industry.

The Company firmly seized opportunities arising from the development of the digital economy, propelled the precise construction of its cloud-network based on user experience and business scenes, and strived to build the new information infrastructure featuring high-speed and ubiquitous, aerial-ground in one, cloud-network integrated, intelligent and agile, green and low-carbon as well as secure and controllable. The Company deepened the network co-building and co-sharing with China Unicom, with the number of 5G base stations in use reaching 690,000, while 5G network coverage being extended to all cities and counties across the country as well as some developed townships. The Company also continued the expansion of its 4G network consolidation and resource sharing and further enhanced its network quality and resource utilisation rate. The aggregate savings of network investment exceeded RMB210 billion while the savings of network operating costs reached RMB20 billion per year.

¹² Broadband blended ARPU = monthly average revenues from broadband access, e-Surfing HD and Smart Family applications and services/the average number of broadband subscribers.

¹³ The growth rate of Industrial Digitalisation revenue in 2021 is calculated based on Industrial Digitalisation revenue in 2020 and 2021 that both excluded the revenue impact from the disposals of its subsidiaries.

¹⁴ On 5 July 2021, a total of ten central government departments including the Ministry of Industry and Information Technology (MIIT) published the “Raising the Sail” Action Plan for 5G Applications (2021–2023).

The Company strived to promote the effective implementation of the “east-to-west computing resource transfer” project by fully leveraging its cloud-network edges. Pivoting on the nation’s “east-to-west computing resource transfer” project and the deployment of an integrated big data centre, the Company deployed data centres, DCI network, computing power and e-Surfing Cloud on all fronts and carried out forward-looking deployment of computing power network. The Company had more than 700 IDC sites, while the number of cabinets serving customers reached 470,000 units, nearly 80% of which were deployed in the four key regions, namely Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macau Greater Bay Area and Chengdu-Chongqing, forming a resource layout of “2+4+31+X+O”, which is highly consistent with the layout of an integrated national big data centre.

The Company proactively built mutually beneficial ecosphere and transformed its development model and growth approach. The Company also strengthened strategic synergies and took A-share issuance as an opportunity to introduce 20 strategic investors. By doing so, the Company teamed up with upstream players with core capabilities and downstream industry application makers which cover the country’s most economically affluent urban areas to carry out in-depth cooperation in areas of Research and Development (R&D), solutions, service and capital in the fields such as 5G industry applications, digital life, cross-region collaboration, network-cloud integration, and network and information security. The Company deepened the network co-building and co-sharing, promoted joint procurement within the industry and proactively safeguarded the value of the industry, with an aim to create favourable environment for development.

Chairman Ke pointed out that, the Company made a promising start under the “14th Five-Year Plan” in 2021. In 2022, the Company will seize the valuable opportunities arising from the development of the digital economy, putting all efforts into promoting high-quality development and jointly creating a new pattern for the information and communications industry. Looking ahead, entering the new stage of its development, the Company will implement the new development principles completely, accurately and comprehensively, while proactively serving and integrating into the new development pattern. The Company will firmly seize the current important strategic opportunities, implement the “Cloudification and Digital Transformation” strategy on all fronts, strengthen its R&D and challenge-confronting efforts in key core areas. The Company will also optimise its R&D mechanism, strengthen its R&D talent team and increase its investment in sci-tech research resources. The Company will also create a customer-oriented operating system, proactively explore and plan for the metaverse and strive to create an intelligent and shared new digital life. The Company will deepen network co-building and co-sharing, reinforce its edges in holistic network connectivity covering “land, sea, air and space”, and fully realise its leading advantages of forward-looking resource deployment. The Company will spare no efforts to promote the national project of “east-to-west computing resource transfer”, speed up the construction of computing network, build intelligent integrated digital information infrastructure, and empower the transformation and upgrades of traditional industries. The Company will also extend its green and low-carbon principles throughout its whole production process and workflow to enhance the green operation capability and empower the green development of the economy and society. The Company will also establish a highly efficient and secure operating system and reinforce the digital security barrier. The Company will deepen its system and mechanism reforms, stimulate employee’s vitality to pursue innovation, and push forward the enhancement of quality and efficiency as well as innovative development of the Company. The Company will also deepen the deployment of capital market ecology, expedite the shift of development and growth approach and share the results of its high-quality development with shareholders!

For further information, please browse the Company’s website at: www.chinatelecom-h.com.

FORWARD-LOOKING STATEMENTS

The development strategies, future business plans, prospects and other forward-looking statements do not constitute commitment by China Telecom Corporation Limited (the “Company”) to investors. 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 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. Investors are advised to pay attention to investment risks.

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 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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