



2019 Annual Results

China Telecom Corporation Limited

24 March 2020

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.

Presented by



Mr. Ke Ruiwen

Executive Director, Chairman & CEO

Mr. Li Zhengmao

President & COO

Mr. Liu Guiqing

Executive Director & EVP

Madam Zhu Min

Executive Director, EVP & CFO

Mr. Wang Guoquan

Executive Director & EVP



Overview

Business Review and Financial
Performance

Highlights

1

Achieved **industry-leading solid results** with prominent achievements in **high-quality development**

2

Deployed 5G in **co-building and co-sharing** with edges manifested and sound momentum

3

Cloud-network integration enhanced capabilities and **precision investment** on focused areas

4

Deepened reform along with innovation and cooperation to **invigorate vitality and increase value**

Solid Results

	2018	2019	Change
Service Revenue (RMB Mil)	350,434	357,610	2.0%
EBITDA (RMB Mil)	104,207	117,215	12.5%
EBITDA Margin	29.7%	32.8%	3.1p.p.
Net Profit (RMB Mil)	21,210	20,517	-3.3%
EPS (RMB)	0.262	0.254	-3.3%
Adjusted Net Profit (RMB Mil)	20,110	20,517	2.0%
Adjusted EPS (RMB)	0.248	0.254	2.0%



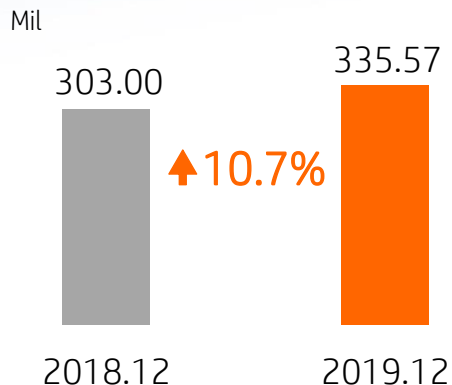
Surpassed industry average by 1.1p.p.

Note: Unless otherwise stated in this presentation

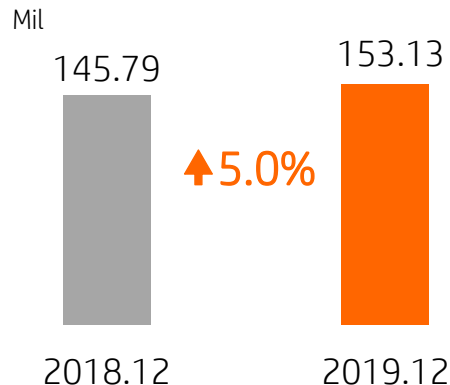
1. Service Revenue = Operating Revenue (2018: RMB377,124 Mil; 2019: RMB375,734 Mil) – Sales of Mobile Terminals (2018: RMB18,836 Mil; 2019: RMB9,364 Mil) – Sales of Wireline Equipment (2018: RMB5,659 Mil; 2019: RMB5,226 Mil) – Other Non-service Revenue (2018: RMB2,195 Mil; 2019: RMB3,534 Mil)
2. EBITDA = Operating Revenue – Operating Expenses + Depreciation & Amortization; EBITDA Margin = EBITDA / Service Revenue
3. Net Profit represents profit attributable to equity holders of the Company; adjusted net profit excluded the one-off after-tax gain of ~RMB1.1 Bil from the listing of China Tower Corporation Limited in 2018
4. All % and percentage point (p.p.) changes in this presentation are either 2019 vs 2018, or 2019.12 vs 2018.12
5. Industry's service revenue in 2019 increased by 0.9%, calculated based on figures reported by the three listed Chinese telcos

High-quality Scale Development Achieved Prominent Results

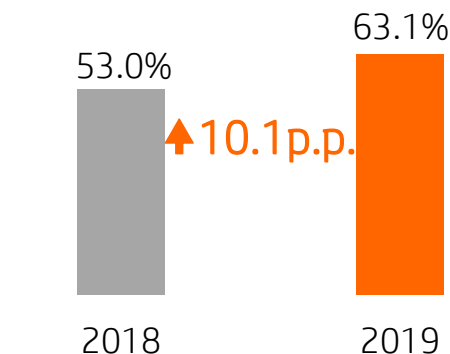
Mobile Subs



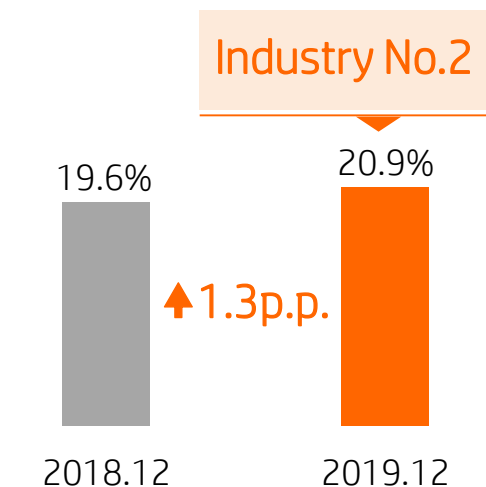
Wireline Broadband Subs



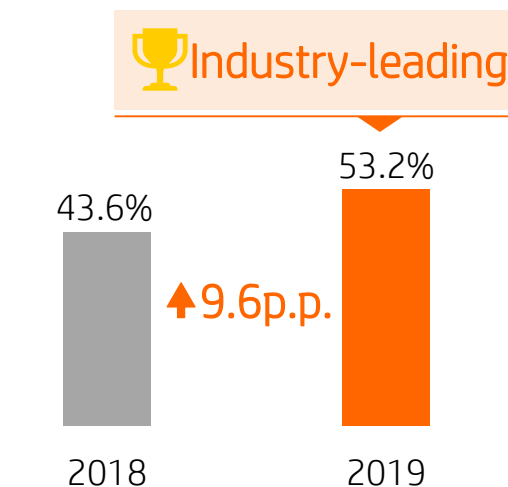
Incremental Service Revenue Market Share



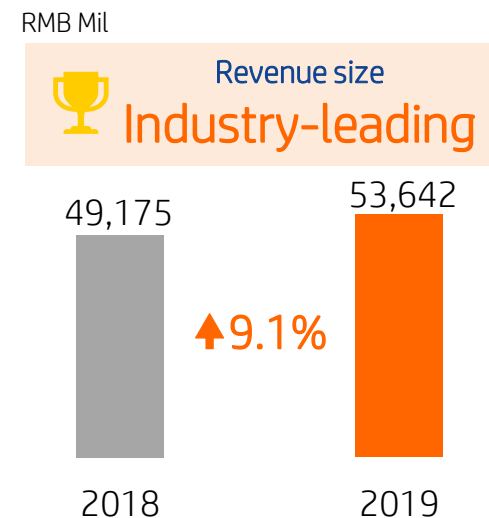
Mobile Subs Market Share



Mobile Subs Net Add Market Share



DICT Revenue



Cloud-network Edges Enhance User Experience

315

Cloud resource pools

1.59^{Mil}

4G BTS

~ 80^K

5G BTS in use

180+^{Cities}

Gbps-enabled



Hybrid cloud
market share in the PRC

No.1



Cloud market share
among global telcos

No.1



IDC business overall
ranking in the PRC

No.1



Public user
overall satisfaction



Handset Internet access
satisfaction



Mobile number
portability

Industry-leading

- Note:
1. Source of Hybrid cloud market share in the PRC and IDC business overall ranking in the PRC: *China Internet Weekly*, source of cloud market share among global telcos: IDC
 2. Source of user satisfaction rankings: Ministry of Industry and Information Technology
 3. 5G BTS in use figure is by 19 Mar 2020; other figures are by end-2019



Leverage Resource Edges to Forge Superior 5G Network



Co-building and co-sharing

- CAPEX and OPEX ↓
- Network construction time ↓
- Network coverage ↑

→ Network construction efficiency ↑

Abundant spectrum

- 3.5GHz/3.3GHz/...
- Contiguous 200MHz/300MHz
- Outdoor vs indoor

→ Coordinating multi-band spectrum unleashes capacity and coverage edges

2020 targets

>300_k
5G BTS in use

All prefectural-level or above cities nationwide
Coverage

SA
Commercial use

Cloud-network integration

Support 5G + public cloud + MEC deployment

- Bandwidth ↑
- Latency ↓

→ Maximizing 5G technical characteristics

SA leadership

- Pioneer to implement interconnection of SA 5G cores from different vendors ✓
- 5G/4G interoperability ✓
- Support network slicing in SA ✓

→ Being the world's 1st to have SA commercialization capability



Seize Opportunities to Fully Tap 5G Market



Premium customers

<p>Mobile 4G penetration 84%</p> <p>Industry No. 1</p>	<p>Broadband / family High popularity of Smart Family service e-Surfing HD (IPTV) penetration 74%</p>	<p>Enterprise 2B revenue to service revenue >40%</p>
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➔ High potential for 5G upgrade

Innovative products

2C Innovative membership-based “5G + privileges + applications” service model for individuals; introducing exclusive ultra HD VR content

2H Comprehensive upgrade of “5G + Gbps broadband + Smart Family applications” for family informatization solutions

2B Develop 5G + digital government / smart cities / industrial Internet and other areas by integrating edge computing, industrial PON and other new technologies

➔ Meeting the demand for informatization upgrade

5G commercialization made a promising start

5G package subs

10.73 Mil

5G DOU

13.2 GB

5G ARPU

RMB 91.9

4G upgrade
ARPU uplift

~ 10%

Note: As of end-Feb 2020

2020: To achieve 5G scale breakthrough

5G package subs
net add target

60-80 Mil



Cloud-network Integration Enhances Competitiveness



Targets

To strengthen cloud-network capabilities

To build a digitalized platform based on cloud-network integration

To open up ecosystems

To empower customers

From cloud-network coordination to integration then ultimately unification

Unified cloud-network infrastructure

- **Cloud-as-the-core:** Leveraging IDC / DC capabilities to optimize layout of cloud resource pools and various cloud applications, building a sturdy core of cloud-network integration
- Leveraging cloud-network infrastructure to expedite 5G build-out and deployment

Unified cloud-network product / application

- Proprietary research + ecological cooperation to provide applications for use cases for various customers
- **Digitalized platform:** Integrating cloud and network capabilities to lay foundation for DICT solutions based on cloud-network unification

Unified cloud-network operating system

- “Operation maintenance, service support, security safeguarding and API exposure” of cloud, network and terminals
- Satisfying customers’ demand for cloud-network services

Tech capabilities

Proprietary research and control on key core capabilities such as IaaS / PaaS, MEC, cloud-network operating system, digitalized API enablement platform, etc.

Cloud-led network

Latency ↓ efficiency ↑: With cloud-as-the-core, optimize network layout to provide premium customer rapid access to / between clouds for provisioning efficiency enhancement of cloud-network services

Ubiquitous accesses



4G / 5G / NB-IoT



Fibre broadband



Dedicated lines



Satellite

Bolster Cloud-network Integration Leading Edges to Tap Industry Informatization

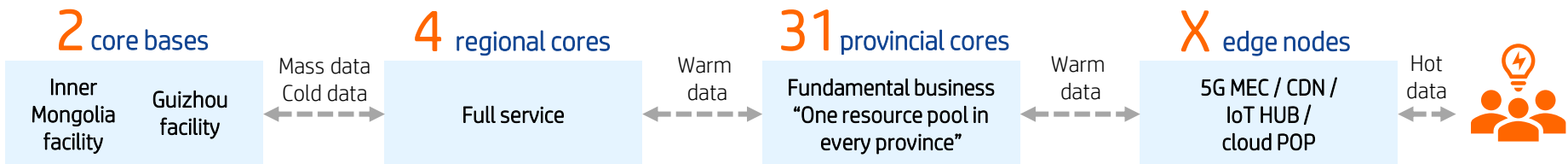
To reinforce the edge of cloud-network foundation

Largest IDC service provider in the PRC

>550 IDC sites, >360k cabinets, >250 CDN nodes,
total outbound bandwidth of resource pools >21Tbps

Cloud service provider with at least one resource pool in every province

Formed the “2+4+31+X” resource layout of cloud-network integration
Cloud mainframes: ~5 Mil vCPU



CN2-DCI

- Covers all local networks nationwide
- Covers >180 IDC (Parentco: covers >200 IDC)
- Covers all e-Surfing public cloud resource pools

OTN

- Covers >90 cities in flat layer (Parentco: covers >120 cities)
- Covers all e-Surfing public cloud resource pools

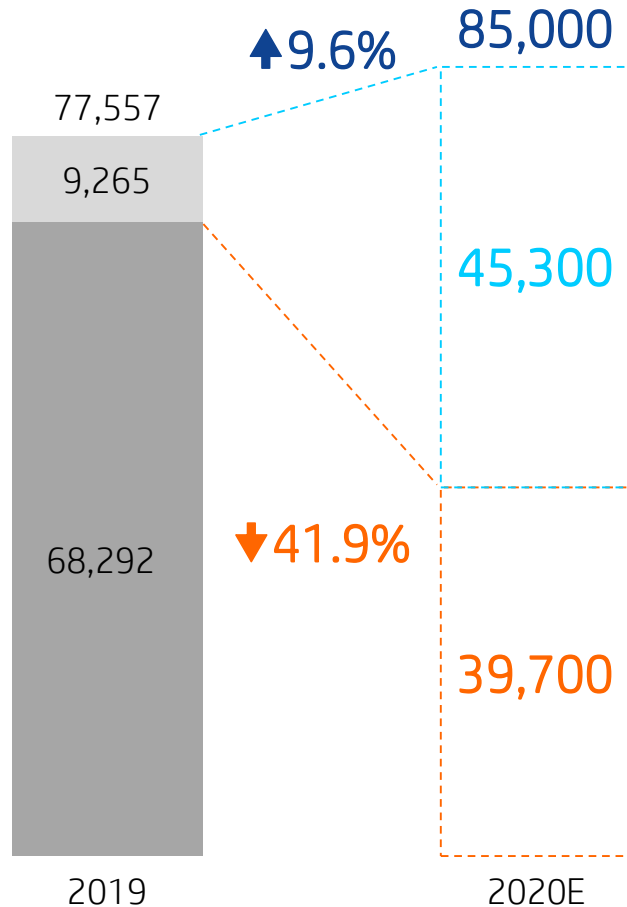
Cloud-network security

- Dual-layer (headquarters and provincial) security structure enabling “cloud, pipe, terminal” 3-in-1 service management capability
- “Cloud Dam”: the benchmark security product in the PRC with 6.5Tbps-grade ultra-large capacity in anti-DDoS capability

Focus on New Growth Drivers with Precision Investment

CAPEX

RMB Mil



■ 5G CAPEX

CAPEX Structure

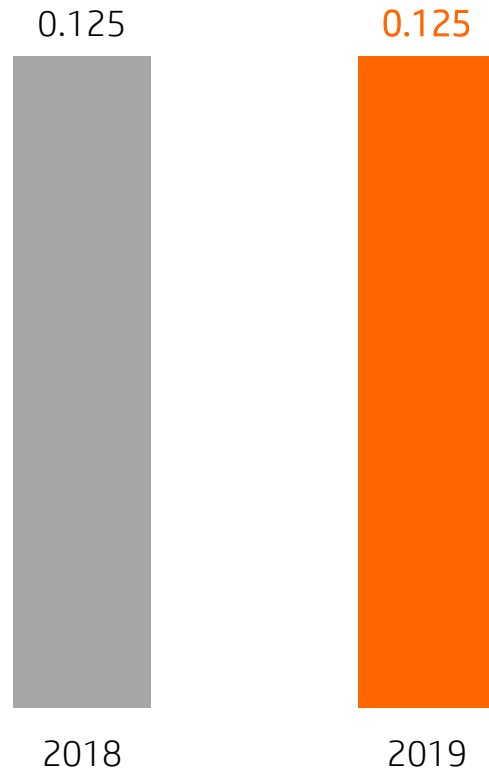
	2019	2020E
5G Network	11.9%	53.3%
4G Network	33.2%	8.8%
Broadband & Internet	24.7%	13.2%
Information & Application Services	14.0%	14.6%
IT Support	4.1%	2.9%
Infrastructure & Others	12.1%	7.2%

Forge brand new network edges to support scale development

- 5G**
 - 2020: CT + CU to build ~250k 5G BTS (CT: 140k), covering all prefectural-level or above cities nationwide by year end
 - Promote SA as target architecture for network deployment
- DICT**
 - 364k IDC cabinets (+41k), leading in the country
 - 200k cloud resource pool servers to cater customers' demand of migrating to cloud
 - Continue to optimize IDC / cloud resource pool layout and continuously expand bandwidth and reduce latency for cloud access assurance
- Others**
 - To implement precision CAPEX management and strict control in new CAPEX
 - Further extract existing capacity and value of network resources and continue to enhance network efficiency

Dividend per Share

HKD



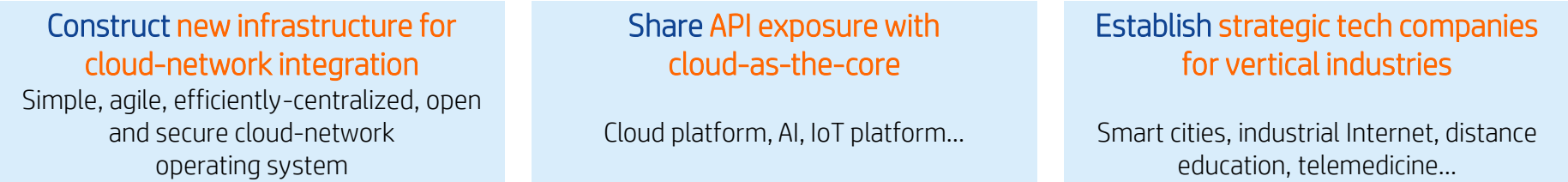
The Board of Directors recommends to the shareholders a final dividend of **HKD0.125** for 2019

Going forward, the Company will seize the 5G opportunity and take due account into shareholders' returns, cash flow and capital requirement for future development, and continue to strengthen operation to strive to deliver good returns to shareholders and maintain the sustainability and stability of dividend

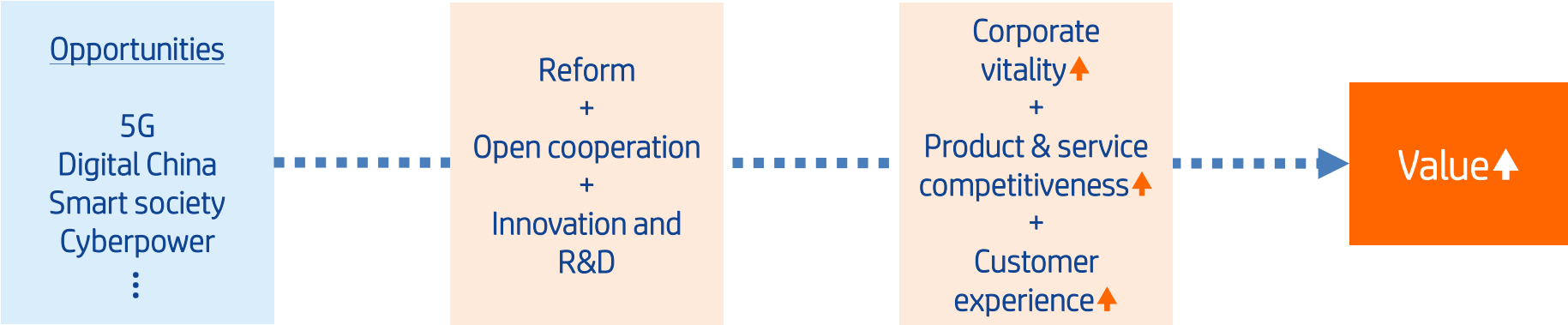
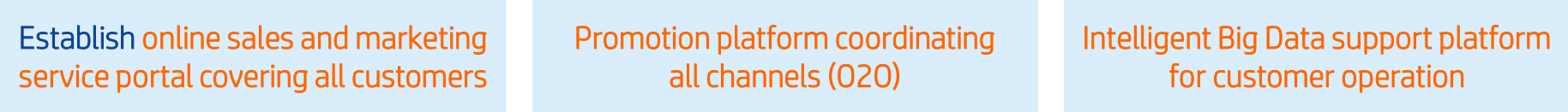
Deepen Reform with Innovation and Cooperation to Enhance Corporate value



Customer-centric market-oriented mechanisms



Customer-front digitalized service platform



Continue to Promote High-quality Development with Multi-pronged Measures

2020 measures

Propel cloudification

Cloud-network integration to construct a unified cloud-network infrastructure, operating system and product / application

Refine intellectual operation

To enhance corporate core capabilities and invigorate contacts between channels and customers

Premium and secure services

To strengthen the system and capabilities of network information security; protect key information infrastructure; expand network information security products, services and ecosystems

Professional talents

To reinforce team building and promote corporate strength through talents

Expedite reforms

Persist in market-oriented principles, to innovate incentive systems to thoroughly motivate staff's proactiveness, initiative-taking and creativity

Strengthen ecological cooperation

To focus on key areas and build foundation with API exposure

2020 Key Targets

Mobile subs net add	15Mil
Incl.: 5G package subs net add	60Mil – 80Mil
Broadband subs net add	5Mil
DICT revenue	Double-digit growth
Service revenue	Maintain healthy growth
Net profit	Strive to maintain profitability
Dividend	Stable



Overview

▶ **Business Review and
Financial Performance**

Mutual Development of Fundamental & New Businesses to Drive Value

Industry-leading mobile scale development

Mobile service revenue

↑4.7%

🏆 Industry-leading

In which:
Handset Internet access revenue

↑10.8%

🏆 Industry-leading

Mobile subs net add

32.57 Mil

🏆 Industry-leading

4G DOU

7.9 GB

↑43.6%

Internet Finance mutually developed with fundamental business

“Orange Instalment Payment Service”

A personal finance product by China Telecom, providing instalment payment service for customers' mobile phone purchases

No. of Orange Instalment contracts

8.05 Mil

↑52.2%

Each Orange Instalment business drives

1.2

mobile subs new add

2020

Tap 5G-based new markets

- Mobile business: 5G to drive **user experience** enhancement, scale development, **innovation and cooperation**, **terminal**-led strategy, and deeper **subs monetization**
- Internet Finance: **To fully develop physical, online and enterprise sales channels**, enhance capability to monetize financial service use cases

Smart Family Delivered Pronounced Results and Becoming New Growth Driver

Family informatization applications expanded to form meaningful scale

Rapid growth in application adoption

Family Cloud
subs
41.10Mil

Whole-home WiFi
services delivered
17.91Mil

e-Surfing Webcam
subs
1.46Mil

Smart Family platform
connected devices
120Mil

Steady increase in access volume

Wireline Broadband
subs
153Mil

e-Surfing HD (IPTV)
subs
113Mil

Fast growing Smart Family services revenue

Smart Family
applications
and services revenue
RMB1.2 Bil

↑63.2%

Broadband blended ARPU
2H19 vs 1H19
decline rate narrowed by

6.1 p.p.

Note: Smart Family applications and services include whole-home WiFi, Family Cloud, etc.

2020

Expand Smart Family scale
to reshape edges

- **Service upgrade:** To move sales and marketing service online, upgrade whole-home WiFi service to WiFi 6, e-Surfing Webcam upgrade with AI functions
- **Connected devices platform upgrade:** Smart Family IoT platform to conjoin with IoT platform to extend Smart Family's reach to smart community
- **Content platform upgrade:** To build content ecosystem by cooperation, strengthen the operating capability of Smart Family video content system

Continue to Solidify Leading Edges of Enterprise Businesses

Rapid growth maintained in key businesses

IDC revenue

RMB **25.4** Bil

↑8.7%

Cloud revenue

RMB **7.07** Bil

↑57.9%

IoT revenue

RMB **1.87** Bil

↑21.7%

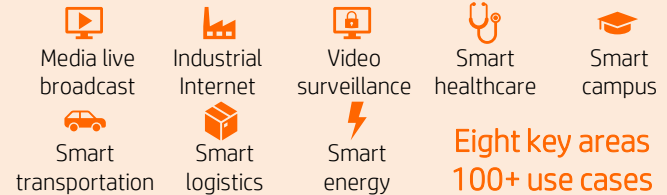
Projects signed

78k

↑63%

Focus on key areas to cultivate 5G + cloud + DICT ecosystem

Abundant use cases



Eight key areas
100+ use cases

Industrial ecosystem

- Founded **5G Industry Innovation Alliance** with 100+ members
- Established **5G open labs** in three locations
- Set up **50 5G United Innovation Centres**, preparing for >60 more

Commercial use demand & innovation achievements

- **>1,600 vertical industry customers** signed
- **>30 innovative showcase projects** won awards in 5G competitions at provincial level or above

Case 1: Huoshenshan Hospital and Leishenshan Hospital, Wuhan- "Cloud construction supervision" and telemedicine



- Worked with CCTV for HD live broadcast of the construction of Huoshenshan Hospital and Leishenshan Hospital, with online viewership >110 Mil
- Supported telemedicine service of Huoshenshan Hospital

Professional capabilities continued to enhance

- **Organizational reform to build professional teams:** Formed four professional business development teams dedicated for digital government, industrial Internet, smart cities and healthcare sectors
- **Mechanism reform to enhance professional capabilities:** Cloud platform and proprietary product development; API exposure of IoT platform and application aggregation; cross-platform & multi-service integration

Case 2:
A globally leading white goods manufacturer
"5G + cloud" smart factory project

Applied **16 5G industrial Internet use cases**

Case 3:
A large institutional customer
Nationwide 5G "mobile office" project

Aggregated "5G + secure VPDN + e-Surfing Cloud + proprietary platform + Big Data" capability to support high efficiency mobile office for >200k employees

Smart Ecosystems Mutually Integrate to Promote Scale Development of Enterprise Business

2020 target: DICT revenue to deliver DOUBLE-DIGIT GROWTH and remain a growth engine

- **Cloud revenue** to maintain rapid growth
- **IDC** to maintain fast growth
- **IoT** growth to accelerate
- **5G + cloud + DICT showcase projects** to speed up commercialization (e.g. smart cities, digital government, industrial Internet, smart healthcare, smart campus, etc.)

Cojoin Smart Family, smart communities and smart cities leveraging cloud-network integration and AI empowerment; strengthen co-development of **smart cities** and **digital government**



Deepen reform and expedite marketization of key areas

- **Cloud Company to fully marketize:** Service fee settlement by market practices internally while benchmarking leading companies externally; strengthen cloud resource operation capability and comprehensively enhance ecosystem aggregation capability
- **Key areas to accelerate marketization transformation:** Establish professional companies for healthcare, education, smart cities and other areas with marketized operation

Scale promotion of integrated informatization applications capitalizing Operation Warm Spring

Operation Warm Spring

Launched nine informatization application products on focused areas, and achieved compelling results within a month



Increasing Resource Utilization

RMB Mil	2019	Change	Change as a % of Service Revenue	
Operating Expenses	346,664	Decreased 0.5% yoy	-	
Incl.: Depreciation & Amortization	88,145	↑16.8%	↑3.1p.p.	Growth rate less than service revenue due to enhanced precision investment while maintaining network edge
	76,534	↑1.4%	↓0.1p.p.	
Network Operations & Support	109,799	↓5.4%	↓2.4p.p.	Growth rate decreased remarkably due to strengthened cost control while continuing to enhance network capability and quality
	122,103	↑5.2%	↑1.0p.p.	
Personnel	63,567	↑6.4%	↑0.8p.p.	Increased incentives for high-tech talents and frontline employees
SG&A	57,361	↓3.5%	↓1.0p.p.	Continued optimization of sales and marketing management to increase return on resources
Incl.: R&D Expense	2,105	↑57.0%	↑0.2p.p.	Expanded R&D input to step up core capability formation
Interconnection	12,683	↓1.5%	↓0.2p.p.	



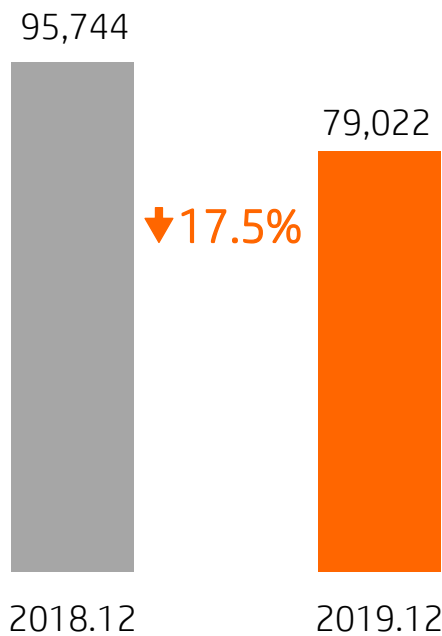
Pro forma figures excluding the impact resulting from the application of IFRS 16

- Note:
- The R&D expense in the table above excluded technology staff personnel expenses and depreciation & amortization of R&D-related assets; aggregate input related to R&D activities including expenses and capitalized expenditures was RMB11,147 Mil
 - Pro forma figures in this presentation are for illustration purpose only and investors should be cautious and not rely on these data

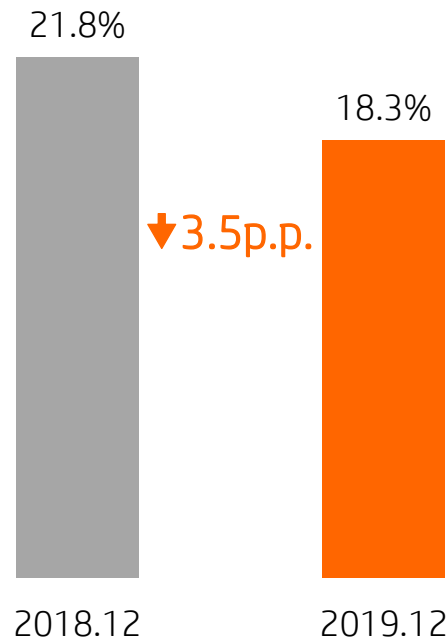
Enhancing Financial Management Efficiency

Total Debt

RMB Mil

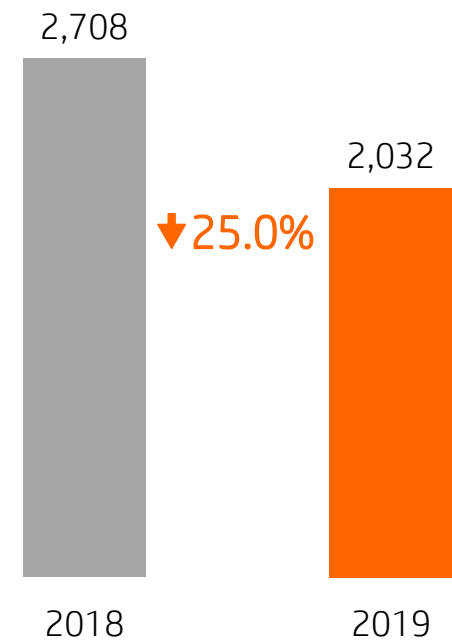


Total Debt / Total Capitalization



Finance Expenses

RMB Mil



- Note: 1. Debt in the charts above represents interest-bearing debts excluding lease liabilities
 2. Finance Expenses = Net Finance Costs – Interest Expense on Lease Liabilities



Most Honored Company (2009-2019)



Asia's Most Honored Company



Asia's Icon on Corporate Governance



Platinum Award – Excellence in Environmental, Social and Governance

Thank You!

For further information & enquiries,
please contact our Investor Relations Department at
ir@chinatelecom-h.com or visit www.chinatelecom-h.com

Appendix 1: Revenue Breakdown

RMB Mil	2018	2019	Change
Service Revenue	350,434	357,610	2.0%
Mobile Service Revenue	167,705	175,546	4.7%
Incl.: Voice	31,088	26,721	-14.0%
Data	136,519	148,447	8.7%
Incl.: Handset Internet Access	111,218	123,203	10.8%
Others	98	378	285.7%
Wireline Service Revenue	182,729	182,064	-0.4%
Incl.: Voice	19,723	18,425	-6.6%
Data	158,041	158,398	0.2%
Incl.: Broadband Access	74,262	68,413	-7.9%
Information & Application Services	60,849	65,245	7.2%
Others	4,965	5,241	5.6%
Sales of Terminals & Equipment and Others	26,690	18,124	-32.1%
Sales of Mobile Terminals & Equipment	18,836	9,364	-50.3%
Sales of Wireline Equipment & Other Non-service Revenue	7,854	8,760	11.5%
Total	377,124	375,734	-0.4%

Mobile Service Revenue

- 1 Voice
- 2 Data
- 3 Others

Sales of Mobile Terminals & Equipment

Wireline Service Revenue

- 4 Voice
- 5 Data
- 6 Others

Sales of Wireline Equipment & Other Non-service Revenue

2.1 Handset Internet Access and Other Data
 2.2 IoT Data & Application
 2.3 Mobile DICT
 2.4 BestPay and Other Internet Finance
 2.5 Other Mobile Data

5.1 Broadband Access
 5.2 e-Surfing HD and Other Smart Family
 5.3 Wireline DICT
 5.4 Other Wireline Data

RMB Mil	2018	2019	Change
Intelligent Connections	291,114	292,684	0.5%
Intelligent Applications	59,320	64,926	9.5%
Incl.: Smart Family	7,831	8,077	3.1%
DICT	49,175	53,642	9.1%
IoT	1,535	1,868	21.7%
Internet Finance	779	1,339	71.9%
Service Revenue	350,434	357,610	2.0%

$$\text{Intelligent Connections} = 1 + 2.1 + 2.5 + 3 + 4 + 5.1 + 5.4 + 6$$

$$\text{Smart Family} = 5.2$$

$$\text{DICT} = 2.3 + 5.3$$

$$\text{IoT} = 2.2$$

$$\text{Internet Finance} = 2.4$$

Appendix 2: Key Financial Information

RMB Mil	2018	2019	Change
Operating Revenue	377,124	375,734	-0.4%
Service Revenue	350,434	357,610	2.0%
Sales of Terminals & Equipment and Others	26,690	18,124	-32.1%
Operating Expenses	348,410	346,664	-0.5%
Depreciation & Amortization	75,493	88,145	16.8%
Network Operations & Support	116,062	109,799	-5.4%
<i>Incl.: Tower Usage Fee</i>	16,063	9,652	-39.9%
Personnel	59,736	63,567	6.4%
SG&A	59,422	57,361	-3.5%
<i>Incl.: Selling Expense</i>	50,794	48,472	-4.6%
<i>R&D Expense</i>	1,341	2,105	57.0%
Interconnection & Others	37,697	27,792	-26.3%
<i>Incl.: Interconnection</i>	12,878	12,683	-1.5%
<i>Cost of Terminals & Equipment Sold</i>	23,185	13,413	-42.1%
Operating Profit	28,714	29,070	1.2%
Net Profit	21,210	20,517	-3.3%

Note: Excluding the impact resulting from the application of IFRS 16, the tower usage fee in 2019 was RMB17,250 Mil

Appendix 3

Extracted from Audited Consolidated Statement of Comprehensive Income for the Year Ended 31 Dec 2019

RMB Mil	2018	2019
Operating Revenue	377,124	375,734
Operating Expenses	(348,410)	(346,664)
Net Finance Costs	(2,708)	(3,639)
Investment Income, Income from Investments in Associates	2,142	1,603
Profit Before Taxation	28,148	27,034
Income Tax	(6,810)	(6,322)
Profit for the Year	21,338	20,712
Equity Holders of the Company	21,210	20,517
Non-controlling Interests	128	195

Extracted from Audited Consolidated Statement of Financial Position as at 31 Dec 2019

RMB Mil	2018.12	2019.12
Current Assets	73,005	73,182
Non-current Assets	590,377	629,949
Total Assets	663,382	703,131
Current Liabilities	258,920	264,661
Non-current Liabilities	60,363	83,430
Total Liabilities	319,283	348,091
Total Equity	344,099	355,040
Equity Attributable to Equity Holders of the Company	343,069	352,510
Non-controlling Interests	1,030	2,530

Appendix 4

Selected Operating Metrics for the Year Ended 31 Dec 2019

Subscriber (Mil)	2018.12	2019.12	Change
Mobile	303.00	335.57	32.57
Incl.: 4G	242.43	281.24	38.81
5G package	—	4.61	4.61
Wireline Broadband	145.79	153.13	7.34
Access Lines in Service	116.48	110.85	-5.63
e-Surfing HD	105.35	112.62	7.27
BestPay Monthly Active Users	43.41	56.31	12.90
IoT Connected Devices	106.93	157.41	50.48

	2018	2019	Change
Mobile ARPU (RMB)	50.5	45.8	-9.3%
4G ARPU (RMB)	55.8	49.5	-11.3%
4G DOU (GB / Sub / Month)	5.5	7.9	43.6%
Handset Data Traffic (kTB)	14,073	24,370	73.2%
Wireline Broadband ARPU (RMB)	44.3	38.1	-14.0%