



DIGITALISING the FUTURE



2021 Interim Results

China Telecom Corporation Limited

10 August 2021
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

Executive Director, President & COO

Mr. Shao Guanglu

Executive Director

Mr. Liu Guiqing

Executive Director & EVP

Madam Zhu Min

Executive Director, EVP & CFO



Overview

Business Review &
Financial Performance



Highlights

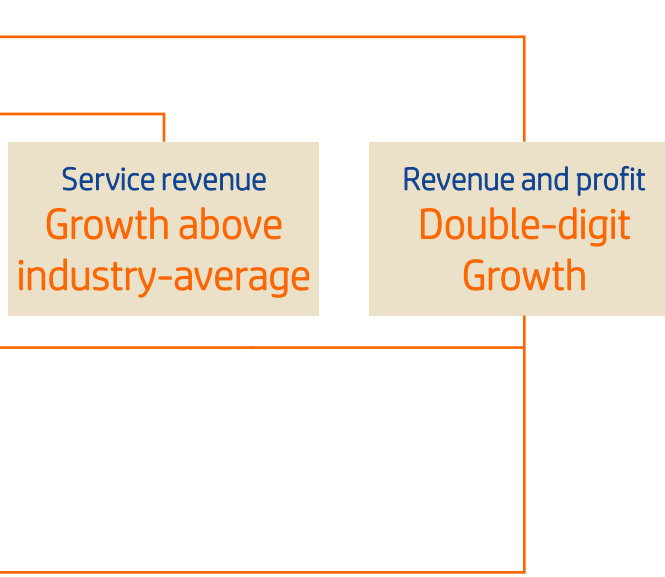
- 1 | ▶ “Cloudification & Digital Transformation” strategy fully implemented with high-quality development results exhibited
- 2 | ▶ Double-digit revenue and profit growths with profitability continuously increased
- 3 | ▶ Mobile business, Smart Family enjoyed growth in both scale and value, Industrial Digitalization thrived
- 4 | ▶ Strengthen driving force of sci-tech innovation and fortify a secure and green cloud-network foundation
- 5 | ▶ Proactive dividend increase to enhance shareholders’ return
- 6 | ▶ Capitalize A Share IPO opportunity to establish new development pattern

Double-digit Revenue and Profit Growths with Profitability Continuously Increased

RMB Mil	1H2020	1H2021	Change
Operating Revenue	193,803	219,237	13.1%
Service Revenue	187,110	203,502	8.8%
EBITDA	63,154	66,348	5.1%
EBITDA Margin	33.8%	32.6%	-1.2p.p.
Net Profit	13,949	17,743	27.2%
Net Profit Margin	7.5%	8.7%	1.2p.p.
EPS (RMB)	0.172	0.219	27.2%
Adjusted Net Profit	13,949	16,327	17.0%
Adjusted Net Profit Margin	7.5%	8.0%	0.5p.p.
Adjusted EPS (RMB)	0.172	0.202	17.0%

Service revenue Growth above industry-average

Revenue and profit Double-digit Growth



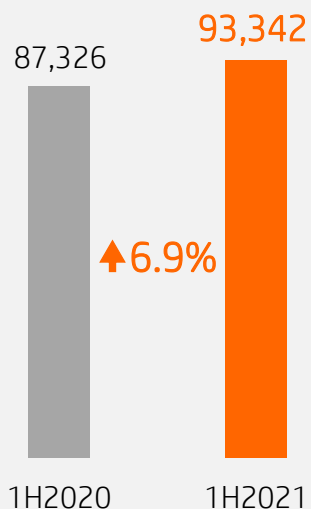
- Note:
1. Service Revenue = Operating Revenue (1H2020: RMB193,803Mil; 1H2021: RMB219,237Mil) – Sales of Mobile Terminals (1H2020: RMB3,442Mil; 1H2021: RMB10,367Mil) – Sales of Wireline Equipment (1H2020: RMB1,887Mil; 1H2021: RMB3,677Mil) – Other Non-service Revenue (1H2020: RMB1,364Mil; 1H2021: RMB1,691Mil)
 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 represents net profit excluding the one-off after-tax gain from the disposals of E-surfing Pay Co., Ltd and China Telecom Leasing Corporation Limited of RMB1,416Mil; Net Profit Margin = Net Profit / Service Revenue (same for Adjusted Net Profit Margin)
 4. Unless otherwise specified, all % and percentage point (p.p.) changes in this presentation are either 1H2021 vs 1H2020, or 2021.6 vs 2020.6
 5. Industry's telecommunications revenue growth in 1H2021 was 8.7%, source: Ministry of Industry and Information Technology (MIIT) website

Accelerated Development of Mobile and Smart Family Businesses

Scale and value grew concurrently

Mobile Communications Service revenue

RMB Mil



Mobile subs

362 Mil
↑5.5%

Incl.:
5G package subs

131 Mil

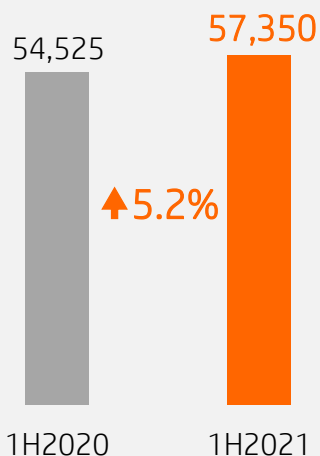
Mobile
ARPU

RMB45.7

↑2.9%

Wireline and Smart Family Service revenue

RMB Mil



Broadband subs

164 Mil
↑6.5%

Smart Family
revenue

↑32.9%

Broadband
blended ARPU

RMB46.8

↑5.9%

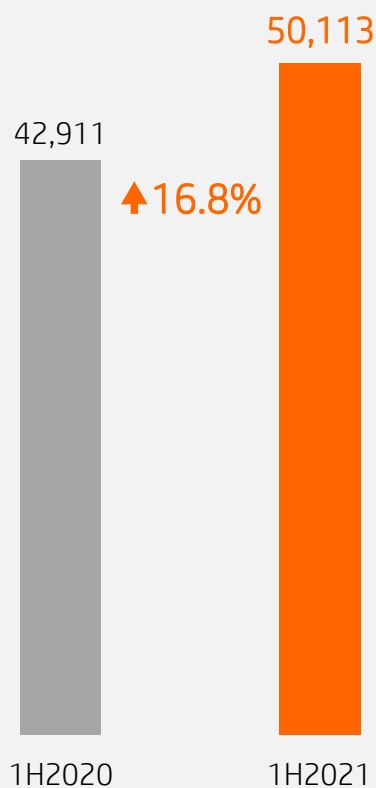
- Note:
1. Please refer to Appendix 1 for details of revenue breakdown
 2. Broadband blended ARPU = Sum of monthly average of revenues from broadband access, e-Surfing HD and Smart Family applications and services / average broadband subs

Industrial Digitalization Thrived

Revenue contribution increased with e-Surfing Cloud revenue doubled

Industrial Digitalization revenue

RMB Mil



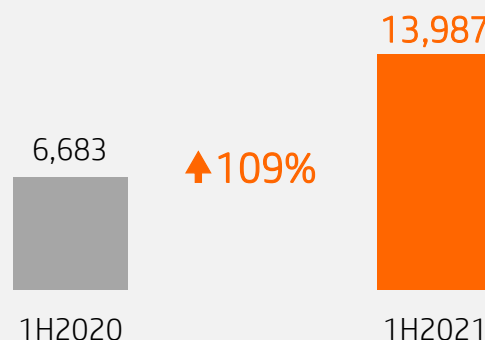
Revenue size
Industry-leading



Revenue contribution
24.6%
↑1.7 p.p.

e-Surfing Cloud revenue

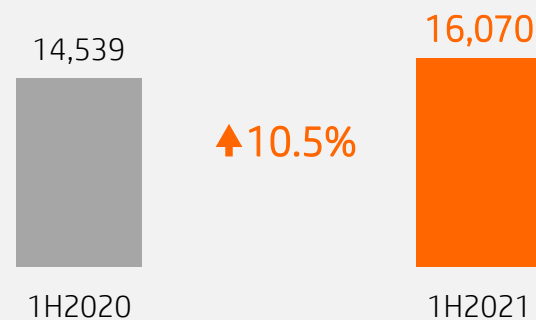
RMB Mil



Surpassed
2020
revenue
size

IDC revenue

RMB Mil



Note: Industrial Digitalization mainly includes Industry Cloud, IDC, Network Dedicated Line, Internet of things (IoT), Digitalized Platform & Big Data, etc.; please refer to Appendix 1 for details of revenue breakdown

5G 2B Applications Extensively Replicated with Commercial Value Emerged

Foster 5G to empower thousands of industries based on cloud-network integration, extensively develop replicable and promotable industry benchmark projects

Fields/Industries

Gov't admin
City management, smart traffic

Industry
Factories, mines, ports, power grids

Finance
Banks, insurance, securities

Society & livelihood
Education, healthcare

Clientele

✓>70% national level departments and committees, various level of government bodies

✓>90% financial sector customers

✓>200 national, provincial and municipal level hygienic information platforms

✓>500 district and county level education bureaus, >200k secondary and primary schools and kindergartens

✓>3Mil commercial customers

✓>5.5Mil SME customers

Industry benchmark projects



A 5G+ smart factory: Smart logistics, machine quality inspection, flexible production, AI security monitoring, etc., to shorten production line adjustment lead time and increase defect detection rate



5G smart power grid in a city: UHD security monitoring of power lines, smart rapid malfunction location, smart peak-cut



A hospital in Guangdong: Pre-hospital first aid, remote consultation and remote surgery instruction to enhance treatment experience & efficiency and operation & management



A smart port: 5G precision remote control and 5G video backhaul transmission for comprehensive production monitoring and operating safety assurance

5G use cases
nearly
doubled
vs 2020

Cloud and Network Resources Deeply Integrated to Create Differentiated Capabilities



e-Surfing Cloud industry-leading

Public cloud IaaS share
Solid position in the first tier in PRC
with share **▲0.3p.p.**

Ranked No. 1

Gov't admin cloud infrastructure -
public cloud market



IaaS, PaaS, SaaS
full stack servicing capability
>200 products

Cloud polymorphism,
cloud-network/edge/device coordination
Public cloud, private cloud, dedicated cloud,
hybrid cloud, edge cloud

Customers' trustworthy cloud
Industry-leading no. of products and
solutions awarded "Trusted Cloud"
certification

Datacentre/edge DC largest in scale

PRC's largest IDC service provider
with **430k** cabinets
serving customers



80% cabinets located in 4 major
economically developed regions

2 + 4 + 31 + X + 0
core regional provincial edge overseas
nodes nodes nodes nodes nodes

60k exchange buildings and integrated
access offices to form edge nodes

Fundamental network mobile-wireline integrated, aerial-ground in one

2.38Mil mobile base stations

>300 cities deployed
Gbps fibre network

CN2-DCI, OTN premium networks
High-speed intercloud network
connecting all e-Surfing Cloud
resource pools

ROADM all-fibre
transmission network
World's biggest by capacity



Abundant **satellite network** resource

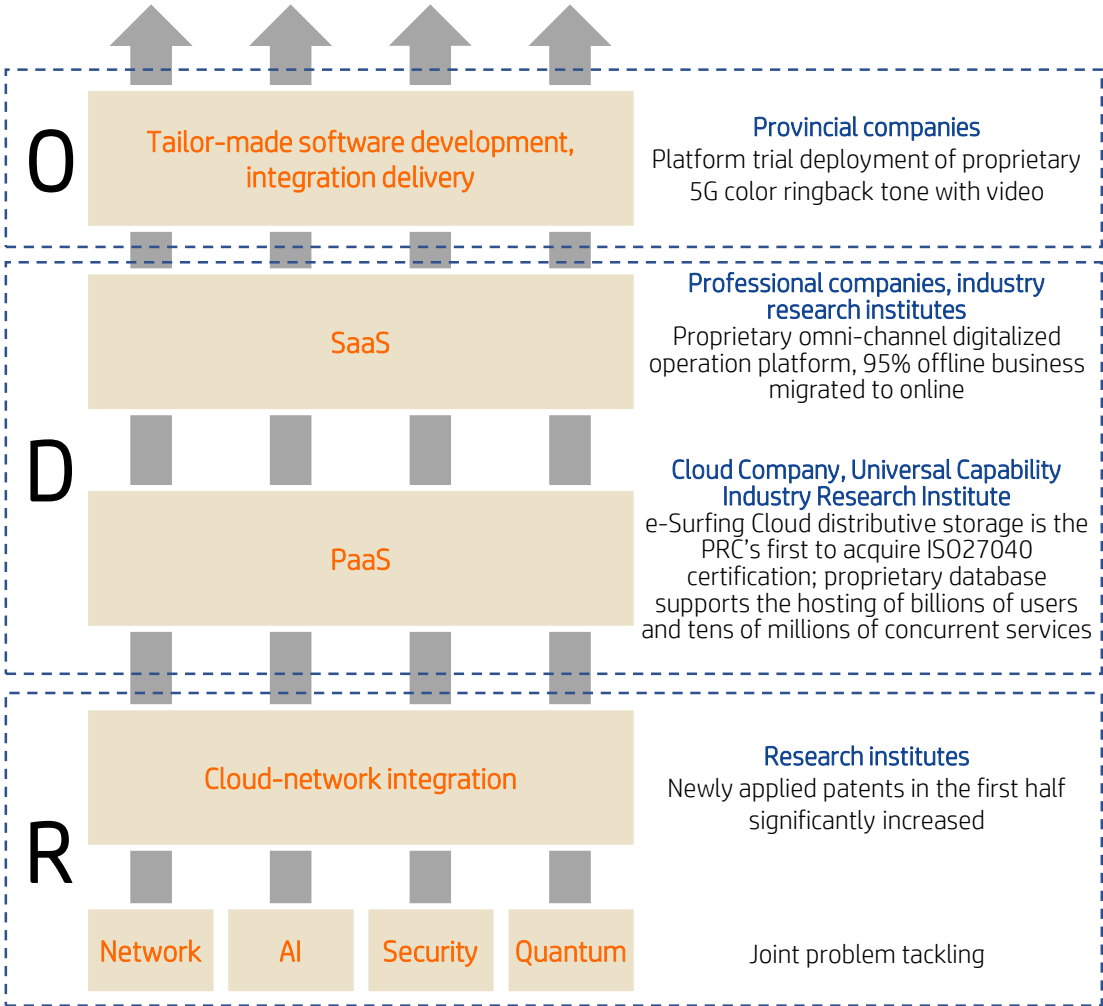
Note: 1. Source of public cloud ranking: Released by IDC in 2021

2. "Trusted Cloud" is a certification by China Academy of Information and Communications Technology (CAICT) on the capabilities of cloud products and solutions of cloud service providers

3. 4 major economically developed regions refer to Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macau, and Sichuan-Chongqing-Shaanxi regions

Sci-tech Innovation: Core Driver of High-quality Development

Strengthen sci-tech innovation planning to facilitate penetration of key core technologies



Talent teams with differentiated competitiveness

- Stepped up recruitment of **high-end leading talents** in cloud-network integration, network and information security, Big Data, AI, fundamental software and other key core areas
- Formed a team of **>10k high-level talents** including China Telecom's scientists, chief experts and senior experts

Enhance efficiency and vitality of R&D entities

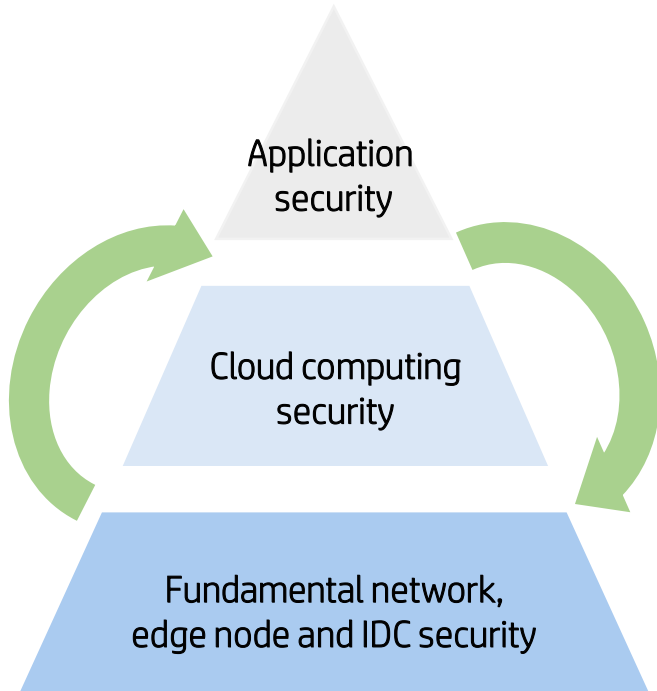
- Innovated R&D mechanisms, e.g., appointing **chief technician as person in charge**, introducing **open competition to select the best candidates to lead key research projects**, etc.
- Launched R&D cloud platform to **enhance digitalized R&D management capability**

Note: "R-D-O" = "Research – Development – Operation"

Fortify Security Foundation to Develop Differentiated Edge

✓ Forge security foundation and provide reliable network and information services

All-round, full-process protection capability;
end-to-end, cloud-network coordinated
security services



✓ Network attack protection platform with full network coverage and global reach capability



✓ 50 resource pools awarded Grade 3 or above in Network Security Protection Grading Assessment

✓ 66 resource pools awarded top rating with 5 star+



Secure and reliable
fundamental
network

✓ Build secure and green environment for communication services by products e.g., e-Surfing Anti-harassment, Incoming Call Info Display, Privacy Sentinel, etc.

✓ Protect network, device and application security by providing Security Butler services e.g., anti-online scam, anti-device breaching, anti-privacy leakage, anti-Internet obsession, etc.

Note: Network Security Protection Grading Assessment is a security assessment of cloud platforms of service providers by third-party assessment institutions; Cloud Hosting Resource Pool Star Grading Assessment is an industry certification led and awarded by CAICT

Building Green & Low-Carbon New Information Infrastructure Featuring Cloud-Network Integration



Promoting continuous reduction of energy consumption intensity

Promoting all-fibre, flat and smart network to build **green & low-carbon new Information Infrastructure featuring cloud-network integration**

Fully deepen 5G **co-build and co-share**, expedite in-depth co-sharing of existing 4G network resource

Trial application of Big Data analytics, proprietary algorithm, AI for smart energy saving

Newly-built 5G base station power consumption
▼>20%

Leveraging cooling by evaporation, natural cooling, high-efficiency power supply, etc.

PUE of newly-built large scale or above DCs
<1.3

Network energy consumption per unit of information traffic flow significantly decreased

Empowering thousands of industries to pursue green & low-carbon development

Optimize energy structure and strengthen technological innovation to provide rational resource deployment, lower cost, more secure and reliable, diversified green computing power to the entire society

Build green supply chain to guide and motivate suppliers to carry out in-depth carbon emission reduction practice

Empower digital transformation and green development of energy, industry, transportation, construction and other sectors with next generation information technologies, such as cloud computing, Big Data, IoT, AI, etc.

Capitalize A Share IPO Opportunity to Establish New Development Pattern

Fully implement “Cloudification & Digital Transformation” strategy

Service-oriented

Technology-oriented

Secured

Deepening “Cloudification & Digital Transformation” strategy

2C | 2H | 2B | 2O | ...

Integrated intelligent information service

Digitalized platform

Team

Cloud-network integration

Network

Cloud

Team

Open cooperation

Secure, green

- Expanding customer-oriented integrated intelligent information services
- Building sci-tech innovation core capabilities
- Constructing new information infrastructure featuring cloud-network integration
- Providing endowment for thousands of industries via digitalized platform
- Building industry and capital ecologies with open cooperation
- Carrying out system and mechanism reforms to stimulate corporate vitality and intrinsic motivation
- Reinforcing solid cloud-network, secure and green foundation and building development cornerstone for digital economy

Deepening Corporate Reform

Capitalize A Share IPO to unleash development momentum

A Share IPO

Enhance corporate governance

- Improve corporate governance and market-oriented operating mechanism
- Strengthen authorization and delegation of power and form market-oriented entities with equivalent responsibility-power-interest at all levels
- Drive modernization of corporate governance capability and system

Enforce organizational reform

- Strengthen strategic coordination and problem tackling of core technologies, and further deepen digital transformation
- Expedite establishment of customer-oriented new organizational structure, strengthen eco-spheres in targeted areas such as cloud-network, security, Industrial Digitalization, family DICT, etc.

Boost corporate vitality

- A market-oriented mechanism emphasizing both incentivization and restriction
- Fixed-term appointment system and contract-based management for managerial level, enhance market-based employment system and salary allocation system
- Commence various forms of mid-to-long term incentive programs
- Realize reasonable personnel transfer

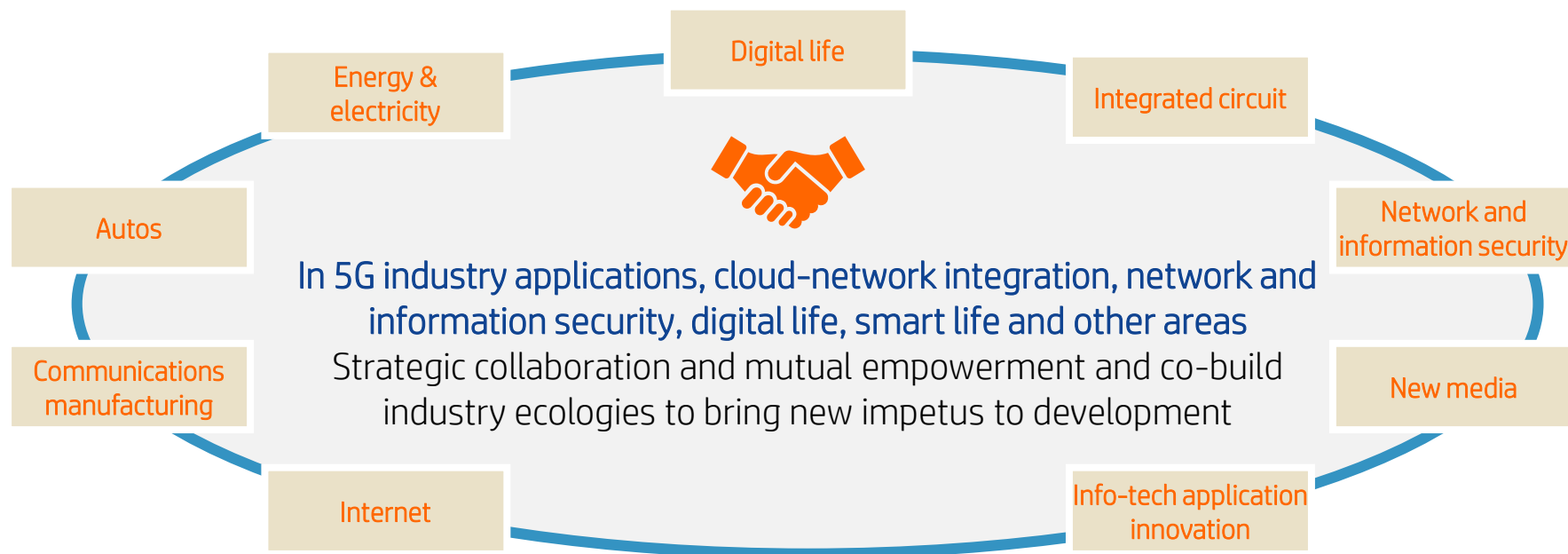
Innovate talent mechanisms

- Recruit industry-leading talents in key core areas
- Technology talent cultivation program
- “Hundreds, Thousands, Tens of Thousands of Talents Project”
- Establish special promotion and incentive systems for talents in key subsidiaries
- Establish talent management cloud platform

Strong Alliance to Build Cooperation and Win-win Ecology

Stronger capital connections, more diversified business collaboration

A-Share strategic allotment to introduce **20** strategic investors including large corporations, industrial funds, and Internet companies, etc.





Overview



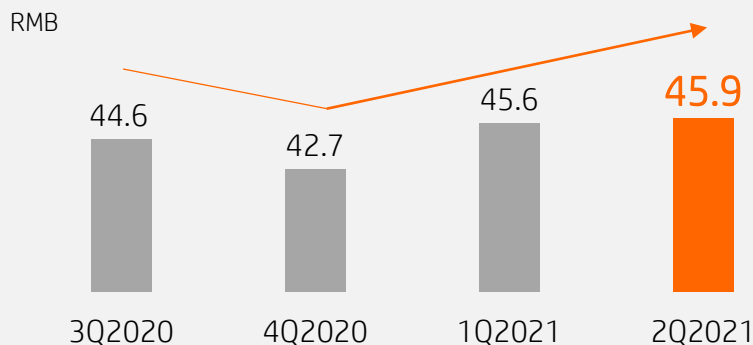
▶ Business Review & Financial Performance

Mobile Business: 5G Propelled Growths in Quality and Scale



5G boosted subs value

Mobile ARPU



5G ARPU
RMB 57.4
 4G upgrade ARPU $\uparrow \approx 10\%$

5G subs penetration
36.2%
 $\uparrow 25.2\text{p.p.}$

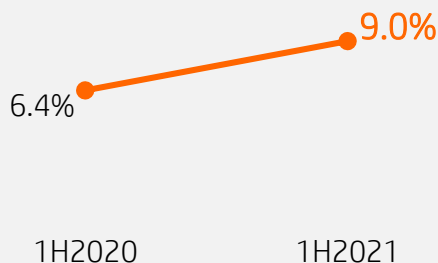
Scale expansion leadership maintained

Mobile subs net add
11.47 Mil

Mobile subs net add market share
58.2%

Handset Internet access revenue growth accelerated

Handset Internet access revenue growth



Applications & privileges continuously flourished

>500
e-Surfing Cloud games

>5,300
e-Surfing Cloud VR content

>20k
e-Surfing UHD content

- 5G feature-app subs grew rapidly
- Explore extensively to nurture user interest and usage habits to speed up monetization

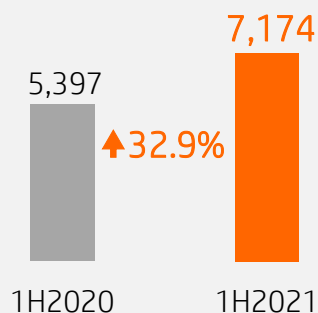
Note: 5G ARPU is computed from the average of the total 5G package subs at the beginning and end of period

Wireline and Smart Family Business: Scale and Value Increased Concurrently

Captured families' demand for digital life by offering quality services to achieve concurrent increase in quantity and quality

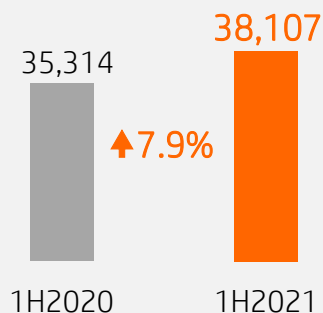
Smart Family revenue

RMB Mil



Broadband access revenue

RMB Mil



Smart Family applications value continued to rise

Smart Family applications contribution to broadband blended ARPU

13.3% → 15.8%
1H2020 → 1H2021

Family informatization applications expanded rapidly

	Whole-home WiFi	e-Surfing Webcam
Subs	↑99.5%	↑232%
Revenue	↑79.0%	↑287%

Tapping Smart Community and Digital Village

- **Building smart living for households:** Continue to upgrade Smart Family DICT products and services, expand scene-based whole-home smart solutions, innovate functions and user experience of e-Surfing HD, e-Surfing Cloud Drive, Whole-home WiFi, e-Surfing Webcam, etc.
- **Empowering smart community management:** Build Smart Community platform, strengthen community security perception, smart data analytics and servicing capability for residents, mutually integrate Smart Family with Smart City
- **Catalyzing rural revitalization:** Build integrated information servicing system for agriculture sector and villages, implement construction of Digital Village infrastructure, application innovation and service projects of leveraging data to benefit agriculture sector

Precision Initiatives to Enhance Cost Efficiency

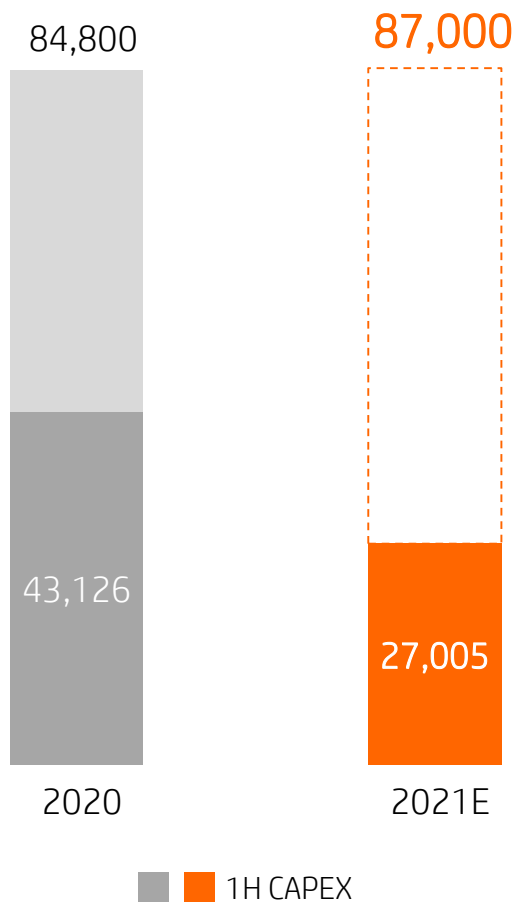


RMB Mil	1H2021	Change	Change as a % of Service Revenue
Operating Expenses	197,986	13.2%	–
Incl: Depreciation & Amortization	45,097	2.1%	-1.4p.p.
Network Operations & Support	63,909	10.8%	0.6p.p. Continuous network expansion (including 5G) drove up operating expenses; appropriately increased initiatives for capability buildup to proactively support Industrial Digitalization development
Personnel	39,685	11.8%	0.5p.p. Increased incentives to high-tech talents, key talents, frontline staff and high-performance teams to boost staff vitality
SG&A	28,740	10.6%	0.2p.p. Stepped up R&D effort to accelerate transformation towards technology-oriented enterprise; appropriately increased marketing initiatives to support healthy business development
Interconnection	6,059	4.4%	-0.1p.p.
Cost of terminals & equipment sold	13,682	180%	– Significantly increased 5G handset sales volume

Precision Investment to Strengthen Cloud-network Integration Edge

CAPEX

RMB Mil



1H2021 CAPEX Structure

	RMB Mil	%
5G	11,050	40.9%
4G	1,247	4.6%
Broadband & Internet	6,017	22.3%
Industrial Digitalization	4,052	15.0%
Operating systems and infrastructure	4,639	17.2%

5G

- 1H: self-built **50k** 5G BTS
- 2021 plan **unchanged**: 5G CAPEX **RMB39.7Bil** to self-build **≈180k** BTS; strive to have **700k** BTS in use by year-end with coverage in all counties and certain developed towns
- To promote industry-wide co-build and co-share in rural areas, railways and highways

Industrial Digitalization

- 1H: Added **23k** cloud servers and **10k** IDC cabinets
- 2H: To step up investment and construction focusing on datacentre, cloud resources, ICT and other areas

Devoted in Environmental, Social and Governance (ESG) Responsibilities



Environment

- **Proactively responded to national “dual carbon” objectives of emission peak and carbon neutrality** by extensively applying energy saving technology, proactively reducing carbon emission and increasing energy usage efficiency to expedite progress towards green and digitalized operation
- Leverage ICT technologies to empower externally to **drive society-wide energy saving and emission reduction**
- **Strengthened supply chain accountability management**, practiced green procurement, maintained obsolete and idle supplies disposal policy, and efficiently commenced disposal and recycling of hazardous and non-hazardous wastes

Society

- **Aided precision epidemic prevention and control:** Leveraged 5G, Big Data, cloud computing and other new technologies to provide informatized anti-epidemic products and services to the society
- **Catalyzed rural revitalization:** Continued to promote rural communication network construction and undertake universal service construction tasks, pushed forward informatization application for agriculture, farmers and rural areas to enhance quality, efficiency and competitiveness
- **Emergency communications in Henan flooding:** Deployed personnel and supplies to assure communication network functioning; emergency activation of Tiantong Satellite service for communications assurance in the flood-stricken areas
- **Strengthened caring for employees:** protected employees’ safety and health, continued employees’ capability buildup, expanded employees’ career development paths

Governance

- **The Board of Directors strengthened the monitoring of ESG matters**, set critical ESG agenda items, assessed progress of meeting relevant ESG targets
- **Evaluated ESG-related risks**, and contemplated full inclusion of such risks in the Company’s risk management
- Awarded The **Best of Asia - Icon on Corporate Governance, Asian Corporate Director Recognition Award, Asia’s Best CEO** by *Corporate Governance Asia*, **Asia’s Most Honored Company** by *Institutional Investor*, etc.



14 straight years
Best of Asia – Icon on
Corporate Governance



12 straight years
Platinum Award –
Excellence in Environmental,
Social and Governance



11 straight years
Asia's Most Honored
Company

Thank You!

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



Scan QR code to learn more about
China Telecom's 5G 2B applications

Appendix 1: Revenue Breakdown

RMB Mil	1H2020	1H2021	Change
Service Revenue	187,110	203,502	8.8%
Mobile Service Revenue	90,462	97,865	8.2%
Incl.: Handset Internet Access	64,711	70,541	9.0%
Wireline Service Revenue	96,648	105,637	9.3%
Incl.: Broadband Access	35,314	38,107	7.9%
Information & Application Services	37,686	44,196	17.3%
Sales of Terminals & Equipment and Others	6,693	15,735	135%
Sales of Mobile Terminals & Equipment	3,442	10,367	201%
Sales of Wireline Equipment & Other Non-service Revenue	3,251	5,368	65.1%
Total	193,803	219,237	13.1%

Smart Family includes e-Surfing HD (IPTV), Whole-home WiFi, Family Cloud, e-Surfing Webcam & other Smart Family Applications

Industrial Digitalization

Industry Cloud includes mobile and wireline Industry Cloud

IoT includes mobile data traffic, SMS, value-added services, applications and wireline items related to IoT

Digitalized Platform & Big Data include Digitalized Platform, call centre outsourcing, cloud-network hosting, Big Data & AI, platform application, etc.

Network Dedicated Line includes transmission dedicated line, IPRAN, IP VPN, etc.

RMB Mil	1H2020	1H2021	Change
Service Revenue	187,110	203,502	8.8%
Mobile Communications Service	87,326	93,342	6.9%
Incl.: Handset Internet Access	64,711	70,541	9.0%
Wireline and Smart Family Service	54,525	57,350	5.2%
Incl.: Broadband Access	35,314	38,107	7.9%
Smart Family	5,397	7,174	32.9%
Industrial Digitalization	42,911	50,113	16.8%
Incl.: Industry Cloud	4,657	10,342	122%
IDC	14,539	16,070	10.5%
Network Dedicated Line	10,210	9,733	-4.7%
IoT	1,257	1,464	16.5%
Digitalized Platform & Big Data	11,573	11,865	2.5%
Other Service Revenue	2,348	2,697	14.9%
Sales of Terminals & Equipment and Others	6,693	15,735	135%
Total	193,803	219,237	13.1%

Appendix 2: Key Financial Information

RMB Mil	1H2020	1H2021	Change
Operating Revenue	193,803	219,237	13.1%
Service Revenue	187,110	203,502	8.8%
Sales of Terminals & Equipment and Others	6,693	15,735	135%
Operating Expenses	174,825	197,986	13.2%
Depreciation & Amortization	44,176	45,097	2.1%
Network Operations & Support	57,698	63,909	10.8%
<i>Incl.: Tower Usage Fee</i>	5,424	5,657	4.3%
Personnel	35,512	39,685	11.8%
SG&A	25,997	28,740	10.6%
<i>Incl.: Selling Expense</i>	21,622	23,839	10.3%
<i>R&D Expense</i>	544	694	27.6%
Interconnection & Others	11,442	20,555	79.6%
<i>Incl.: Interconnection</i>	5,804	6,059	4.4%
<i>Cost of Terminals & Equipment Sold</i>	4,888	13,682	180%
Operating Profit	18,978	21,251	12.0%
Net Profit	13,949	17,743	27.2%
Free Cash Flow	9,495	26,782	182%

Note: 1. Excluding the impact resulting from the application of IFRS 16, the tower usage fee in 1H2021 was RMB9,933Mil

2. Free Cash Flow = EBITDA – CAPEX – Income Tax Expenses – Depreciation Charge for Right-of-Use Assets Other than Land-Use-Rights (1H2021: RMB7,011Mil)

Appendix 3

Extracted from Unaudited Consolidated Statement of Comprehensive Income for the Period Ended 30 Jun 2021

RMB Mil	1H2020	1H2021
Operating Revenue	193,803	219,237
Operating Expenses	(174,825)	(197,986)
Net Finance Costs	(1,572)	(1,079)
Investment Income & Others, Share of Profits of Associates	840	3,243
Profit Before Taxation	18,246	23,415
Income Tax	(4,175)	(5,549)
Profit for the Period	14,071	17,866
Equity Holders of the Company	13,949	17,743
Non-controlling Interests	122	123

Extracted from Unaudited Consolidated Statement of Financial Position as at 30 Jun 2021

RMB Mil	2020.12	2021.6
Current Assets	84,016	94,834
Non-current Assets	631,080	611,644
Total Assets	715,096	706,478
Current Liabilities	271,142	268,935
Non-current Liabilities	77,779	61,869
Total Liabilities	348,921	330,804
Total Equity	366,175	375,674
Equity Attributable to Equity Holders of the Company	363,456	373,160
Non-controlling Interests	2,719	2,514

Appendix 4

Selected Operating Metrics for the Period Ended 30 Jun 2021

Subscriber (Mil)	2020.12	2021.6	Change
Mobile	351.02	362.49	11.47
Incl.: 5G package	86.50	131.15	44.65
Wireline Broadband	158.53	164.21	5.68
Access Lines in Service	107.88	107.14	-0.74
e-Surfing HD	115.92	119.32	3.40
IoT Connected Devices	237.60	276.03	38.43

	1H2020	1H2021	Change
Mobile ARPU (RMB)	44.4	45.7	2.9%
5G ARPU (RMB)	80.6	57.4	-28.8%
Handset Data Traffic (kTB)	15,119	21,814	44.3%
Wireline Broadband ARPU (RMB)	38.3	39.4	2.9%
Wireline Broadband Blended ARPU (RMB)	44.2	46.8	5.9%