



Press Release
18 August 2020
For Immediate Release

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

**Operating results remained solid
5G attained a promising start
Cloud-network integration edges reinforced
Expanding the new space provided by Industrial Digitalisation**

FINANCIAL HIGHLIGHTS

<i>(RMB millions)</i>	2019 First Half	2020 First Half	Rate of change
Operating Revenues	190,488	193,803	1.7%
Service Revenues ¹	182,589	187,110	2.5%
of which: Mobile Service Revenues	88,236	90,462	2.5%
Wireline Service Revenues	94,353	96,648	2.4%
EBITDA ²	63,287	63,154	-0.2%
EBITDA Margin ²	34.7%	33.8%	-0.9pp
Net Profit ³	13,909	13,949	0.3%
EPS <i>(RMB)</i>	0.172	0.172	0.3%

BUSINESS HIGHLIGHTS

<i>(Millions)</i>	2019.12	2020.06	Net addition
Mobile subscribers	335.57	343.47	7.90
of which: 5G package subscribers	4.61	37.84	33.23
Wireline broadband subscribers	153.13	154.14	1.01
e-Surfing HD (IPTV) subscribers	112.62	114.36	1.74

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

² 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.

³ 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 interim results today in Hong Kong.

In the first half of 2020, the Company proactively responded to the impact of the COVID-19 epidemic (the “Epidemic”), while actively embracing technological integration and innovation. Grasping the precious opportunities emerging from the accelerating development of the digital economy, the Company, in accordance with its customer-oriented principles, expanded its integrated information services including 5G and cloud services by unleashing its edges in new infrastructure resources. The Company deepened Cloudification reform, built up the digitalised platform and laid out plan for digital transformation, to speed up the shift of development impetus, promote the comprehensive enhancement of quality and efficiency, and push forward the high-quality development. As a result, the Company’s operating results remained solid, continuing to take concrete steps in the new journey towards integrated intelligent information services.

In the first half of 2020, operating revenues of the Company amounted to RMB193.8 billion, representing an increase of 1.7% compared to the same period last year. Service revenues amounted to RMB187.1 billion, representing an increase of 2.5% compared to the same period last year. Of which, mobile service revenues amounted to RMB90.5 billion, representing an increase of 2.5% over the same period last year with growth rate maintaining the leading position in the industry. Wireline service revenues amounted to RMB96.6 billion, representing an increase of 2.4% over the same period last year. EBITDA amounted to RMB63.2 billion, representing a decline of 0.2% over the same period last year. Net profit amounted to RMB13.9 billion, representing an increase of 0.3% over the same period last year, while basic earnings per share were RMB0.172. Capital expenditure was RMB43.1 billion and free cash flow⁴ was RMB9.5 billion.

Taking shareholders’ returns into consideration, alongside the Company’s profitability, cash flow level and capital needs for future development, the Board of Directors has decided not to pay an interim dividend this year. The Board of Directors believes that the Company will continue its efforts to create good value for its shareholders. The Board of Directors will proactively consider the demand for shareholders’ returns when evaluating the final dividend proposal from a comprehensive perspective, which will be proposed to the shareholders’ general meeting accordingly.

⁴ 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.

In the first half of 2020, the sudden outbreak of the Epidemic has impacted and challenged the Company's operation and development, while at the same time, also spawning new informatisation demand from the society. The Company proactively responded to the pressures while fully riding the trends of cyberisation, intelligentisation and digitalisation, both in production and daily life. The Company accelerated 5G scale commercialisation, expanded integrated information services and strived to push forward the scale development with effectiveness. As a result, the Company's operating results have improved month by month and the effectiveness of its customer-oriented value management system was pronounced.

The Company leveraged benefits of network co-building and co-sharing, quickly launched 5G networks with contiguous coverage in more than 50 key cities. The Company continued to propel the upgrade of 4G users and promote value enhancement of its individual customers. This resulted in a promising start of the Company's 5G service with its mobile market position being further consolidated and enhanced.

In the first half of the year, the total number of the Company's mobile subscribers reached 343 million, representing a net addition of 7.90 million. The number of 5G package subscribers reached 37.84 million. As the number of subscribers for 5G applications, such as e-Surfing ultra HD, cloud gaming and cloud VR, increased rapidly, the Company's 5G service continuously drove the growth of mobile subscribers' value. The Company's mobile ARPU has stabilised and increased compared to that of the second half of last year, with the year-on-year decline gradually slowing down.

The Company captured upgrade demand for family informatisation in areas such as online education, remote office and video entertainment, among others. The Company further enhanced its household Gigabit access service by leveraging 5G + Fibre Broadband + WiFi6, expedited the penetration of Smart Family product and service portfolio and forged the overall competitiveness of its high-quality Gigabit access services coupled with Smart Family applications. This drove the integration and mutual promotion between the Company's broadband service and Smart Family service.

In the first half of the year, the number of the Company's broadband subscribers reached 154 million. Revenues for wireline broadband access amounted to RMB35.3 billion, representing an increase of 0.5% compared to the same period of last year and reversing the downward trend. The number of e-Surfing HD subscribers reached 114 million with revenue increasing by 16.9% over the same period of last year to RMB4.2 billion. Revenue for Smart Family applications and services⁵ reached RMB1.2 billion, representing an increase of 131% compared to the same period last year. The Company's rapid expansion in the Smart Family market effectively facilitated the restoring of the value of its broadband service. In the first half of the year, the Company's broadband access ARPU was RMB38.3, up by 4.6% from the second half of last year, with the year-on-year decline being significantly narrowed. The broadband blended ARPU⁶ reached RMB44.2, representing an increase of 8.1% compared to that of the second half of last year and rebounding to the same level as the same period of last year. The value contribution of Smart Family was significantly enhanced.

The Company firmly grasped the trend of digital transformation of economy and society. Focusing on targeted markets such as digital government, smart cities, hygiene and healthcare and industrial Internet, the Company sped up the integration and innovation of new information technologies including 5G, cloud, Big Data, Internet of Things (IoT) and artificial intelligence (AI). Leveraging its unique strength in cloud-network integration, the Company constructed a digitalised platform and expanded ecological cooperation, in order to strengthen the development and operation of its cloud-network products and accelerate the matureness and launch of 5G industry applications in various fields.

In the first half of the year, revenue for the Company's Industrial Digitalisation⁷ amounted to RMB42.9 billion, taking an industry leading position in terms of revenue size and representing an increase of 5.1% compared to the same period of last year. Of which, revenue for IDC amounted to RMB14.5 billion, representing an increase of 11.9% compared to the same period of last year. Revenue from Industry Cloud amounted to RMB4.7 billion, representing an increase of 30.4% compared to the same period of last year, and revenue for Network Dedicated Line reached RMB10.2 billion, representing an increase of 4.6% compared to the same period of last year. Revenue for IoT amounted to RMB1.3 billion, representing an increase of 15.5% compared to the same period of last year, while revenue for Internet Finance amounted to approximately RMB700 million, representing an increase of 7.5% compared to the same period of last year.

⁵ Smart Family applications and services include services such as Whole-home WiFi and Family Cloud, among others.

⁶ 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.

⁷ Industrial Digitalisation includes IDC, Industry Cloud, Network Dedicated Line, Internet of Things (IoT), Internet Finance, system integration services and other informatisation services.

At present, cloud-network integration and new infrastructure have become the essential foundation for the accelerating development of the digital economy. In the first half of the year, the Company pushed forward the construction of new infrastructure based on cloud-network integration from a comprehensive perspective, deepened innovation of mechanism and system and proactively engaged in open cooperation. The Company promoted digital transformation and accelerated the establishment of new impetus to foster capabilities and accumulate momentum for high-quality development. The Company accelerated the advancement of its cloud-network integration strategy of “Cloud central, Network around, Network adaptive to cloud, Cloud and network as one”, and continued to establish the capabilities system in terms of resource, technology, ecology, application, security, and endowment for e-Surfing Cloud. The Company strives to capture new opportunities emerging from the digital economy through the building of “new infrastructure” based on cloud-network integration.

Chairman Ke pointed out that, at present, the digital transformation of national economy and society is accelerating, while the economic structure continuing to optimise and the shift of development impetus being expedited. The communications industry is now at a new historical starting point. The new round of technological and industrial revolution, combined with the integration and innovation of the new generation of information and communications technologies, has generated new business formats. New infrastructure, represented by 5G and data centres, are the cornerstones of the fourth industrial revolution, which will create massive and in-depth development opportunities for the Company.

The Company will adhere to the new development principles, promote epidemic prevention and control as well as operation and development in a coordinated approach, grasp new trends of digital transformation of economy and society, intelligent upgrades and integration and innovation, to proactively push forward new infrastructure construction to support Cyberpower, while safeguarding network and information security. The Company will accelerate its Cloudification reform as well as digital transformation, strengthen its edges in cloud-network integration and build up digitalised platform capability. The Company will strengthen its efforts in technological innovation, cultivate ecological cooperation, continuously enhancing its development momentum and vitality to achieve corporate sustainable and healthy development with higher quality and higher efficiency. The Company will accelerate the advancement towards becoming an integrated intelligent information service provider, while striving to create new value for shareholders.

For further information, please browse the Company’s website at: 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.

For press enquiries:

China Telecom Corporation Limited
Investor Relations Department
Ms. Lisa Lai/Mr. Nick Fung
IR Enquiry: (852) 2582-0388
Email: ir@chinatelecom-h.com
Fax: (852) 2877-0988