



Press Release  
10 August 2021  
For Immediate Release

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

**Double-digit growth in both revenue and profit  
With high-quality development results exhibited  
Capitalise A-Share IPO opportunity  
To establish new development pattern**

**FINANCIAL HIGHLIGHTS**

<i>(RMB Millions)</i>	<b>2020 First Half</b>	<b>2021 First Half</b>	<b>Rate of change</b>
Operating Revenues	193,803	219,237	13.1%
Service Revenues <sup>1</sup>	187,110	203,502	8.8%
of which: Mobile Communications Service Revenues	87,326	93,342	6.9%
Wireline and Smart Family Service Revenues	54,525	57,350	5.2%
Industrial Digitalisation <sup>2</sup>	42,911	50,113	16.8%
EBITDA <sup>3</sup>	63,154	66,348	5.1%
EBITDA Margin <sup>3</sup>	33.8%	32.6%	-1.2pp
Net Profit <sup>4</sup>	13,949	17,743	27.2%
EPS <i>(RMB)</i>	0.172	0.219	27.2%
Adjusted Net Profit <sup>5</sup>	13,949	16,327	17.0%
Adjusted EPS <i>(RMB)</i>	0.172	0.202	17.0%

**BUSINESS HIGHLIGHTS**

<i>(Millions)</i>	<b>2020.12</b>	<b>2021.06</b>	<b>Net addition</b>
Mobile Subscribers	351.02	362.49	11.47
of which: 5G Package Subscribers	86.50	131.15	44.65
Wireline broadband subscribers	158.53	164.21	5.68
e-Surfing HD (IPTV) subscribers	115.92	119.32	3.40

<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. Of which, mobile service revenues amounted to RMB97.9 billion, representing an increase of 8.2% year-on-year; wireline service revenues amounted to RMB105.6 billion, representing an increase of 9.3% year-on-year.

<sup>2</sup> Industrial Digitalisation mainly includes services such as Industry Cloud, IDC, Network Dedicated Line, Internet of Things (IoT), Digitalised Platform and Big Data.

<sup>3</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>4</sup> Net profit represents profit attributable to equity holders of the Company.

<sup>5</sup> Adjusted net profit excluded the one-off after-tax gain from the disposals of E-surfing Pay Co., Ltd and China Telecom Leasing Corporation Limited which was approximately RMB1.42 billion.

**China Telecom Corporation Limited (hereinafter “China Telecom” or the “Company”) (Stock Code on the Hong Kong Stock Exchange: 728) announces its 2021 interim results today in Hong Kong.**

In the first half of 2021, the booming of digital economy brought the information and communications industry with an unprecedented period of strategic opportunities. The Company seized the new development stage, insisted on the new development philosophy and established the new development pattern. Taking A-share IPO as an opportunity, the Company further pushed forward the “Cloudification and Digital Transformation” strategy on all fronts. The Company insisted on its customer-oriented approach, strengthened its core capabilities in sci-tech innovation, and accelerated the promotion of cloud-network integration. The Company also built the digitalised platform hub, strengthened the foundation of network and information security, promoted green development and deepened system and mechanism reform. The Company expanded the cooperation and win-win ecology to create the digital life, propel industrial upgrades and support social governance. The Company made great strides in building Digital China, with its development momentum continuing to strengthen and its development entering into the fast lane. In the first half of the year, the Company delivered double-digit growth in both revenue and profit, with its profitability achieving continuous improvement while its operating results reaching a new high. The Company continued to create new value for its customers and shareholders.

In the first half of 2021, operating revenues of the Company amounted to RMB219.2 billion, representing an increase of 13.1% year-on-year. Service revenues amounted to RMB203.5 billion, representing an increase of 8.8% year-on-year and surpassing the industry’s average growth rate<sup>6</sup>. EBITDA amounted to RMB66.3 billion, representing an increase of 5.1% over the same period of last year. Net profit amounted to RMB17.7 billion, representing an increase of 27.2% over the same period of last year. Excluding a one-off after-tax gain from the disposals of subsidiaries, net profit increased by 17.0% over the same period of last year. Basic earnings per share were RMB0.219. Capital expenditure was RMB27.0 billion and free cash flow<sup>7</sup> was RMB26.8 billion.

Taking shareholders’ return into full consideration, alongside the Company’s profitability, cash flow level and capital needs for its future development, the Board of Directors has decided that the Company’s profit to be distributed in cash for the year 2021 shall be no less than 60% of the profit attributable to equity holders of the Company for that year. 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. At the same time, an interim dividend will be declared and paid starting from year 2022. The Board of Directors has full confidence in the Company’s future development and believes that the Company will continue to create value for its shareholders by virtue of its good profitability and cash flow generation capability, as well as its effective capital expenditure control.

<sup>6</sup> Performance of the communications industry economy in the first half of 2021 released by MIIT: telecommunications revenue grew by 8.7% year-on-year from January to June in 2021.

<sup>7</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.

In the first half of 2021, the Company proactively embraced the opportunities arising from digital transformation, built up the differentiated edges of integrated intelligent information services with innovation, convergence and security, and delivered excellent operating results across all areas.

Led by 5G, the Company continued to deepen co-building and co-sharing, enrich its integrated intelligent information services under converged scenes, and establish the individual digital life covering entertainment, work and study. The Company also forged a high-quality experience for its 5G services. In the first half of the year, the Company's mobile communications service revenues amounted to RMB93.3 billion, representing an increase of 6.9% over the same period of last year. The total number of mobile subscribers reached 362 million, representing a net addition of 11.47 million. The number of 5G package subscribers reached 131 million with a penetration rate of 36.2%, which continued to surpass the industry average level. The number of 5G feature-app subscribers increased rapidly, while users upgrading to 5G maintained sound value growth. Mobile ARPU has reversed its downward trend and continued to increase, which amounted to RMB45.7, representing an increase of 2.9% over the same period of last year. The growth rate further improved over that of the first quarter.

Based on its cloud-network integration capabilities, the Company created the high-quality "Triple-Gigabit" ubiquitous connectivity services, comprising 5G+Fibre Broadband+WiFi6. The Company built a Smart Family platform that aggregates different industry ecologies such as content, applications and smart home devices. The Company also created an engineering team for Smart Family to provide end-to-end DICT products and services for households, meeting their demands for a digitalised, network-based and smart digital family life. In the first half of the year, wireline and Smart Family service revenues of the Company amounted to RMB57.4 billion, representing an increase of 5.2% year-on-year. The total number of wireline broadband subscribers reached 164 million, while revenue from broadband access reached RMB38.1 billion, representing a year-on-year growth of 7.9%. Broadband access ARPU maintained the rebound momentum, reaching RMB39.4 and representing an increase of 2.9% over the same period of last year. Revenue from Smart Family reached RMB7.2 billion, representing an increase of 32.9% over the same period of last year. The total number of Whole-home WiFi and e-Surfing Webcam subscribers grew 99.5% and 231.9% compared to the same period of last year respectively. The number of smart home devices managed by the Smart Family platform reached 270 million, representing an increase of 78.1% over the same period of last year. The broadband blended ARPU<sup>8</sup> reached RMB46.8, representing an increase of 5.9% over the same period of last year. The value contribution from Smart Family has significantly enhanced.

<sup>8</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.

Firmly seizing the opportunities emerging from the upgrade demands for digitalisation of the economy and society, the Company leveraged its unique edges in cloud-network integration and its vast reserves in the Industrial Digitalisation field to deeply integrate the essential elements of the digital economy with emerging information technologies to build a digitalised application platform. In the first half of the year, the growth of the Company's Industrial Digitalisation accelerated, with its revenue reaching RMB50.1 billion, representing an increase of 16.8% over the same period of last year. 5G applications in the government and enterprise area have gradually moved into the harvesting stage, with the number of 5G use cases being nearly doubled compared to the end of 2020. The market demand is expanding at an explosive pace. The edge of e-Surfing Cloud has been reinforced on all fronts, becoming a cornerstone for building Cyberpower and Digital China. In the first half of the year, revenue from e-Surfing Cloud amounted to RMB14.0 billion, representing a year-on-year increase of 109.3% and maintaining the leading market position within the industry.

In the first half of the year, the Company deepened the implementation of its “Cloudification and Digital Transformation” strategy. Firmly seizing new opportunities for reforms and development brought about by A-share IPO, the Company comprehensively strengthened cloud-network integration, digitalised platform and sci-tech innovation capabilities. Along with the innovation and reform of its systems and mechanisms, the Company's operating efficiency continued to enhance, while its development impetus became significantly strengthened. In the future, the Company will take A-share IPO as an opportunity to step up the implementation of market-oriented restraint and incentive mechanisms and further consolidate resources such as cloud-network, edge, subscribers and talents with the aid of capital and ecology power. The Company will create ecological cooperation and strengthen strategic collaboration to jointly expand the ecosphere. The Company will also optimise its organisation, team and workflow to enhance operation and servicing capabilities. The Company will unleash development impetus by combining the capital market and customer market closely together. The Company will also deepen reform, promote green development and strive to create new development space.

Chairman Ke pointed out that, China's digital economy is booming in the first year of the “14th Five-Year Plan”. The Company will continue to seize the new development stage, insist on the new development philosophy and establish the new development pattern. Capturing the current important period of strategic opportunities, the Company will strive to transform its model of development and growth to become a service-oriented, technology-oriented and secured enterprise. Taking A-share IPO as an opportunity, the Company will deepen its “Cloudification and Digital Transformation” strategy, expand its customer-oriented integrated intelligent information services, and pursue breakthroughs in key technologies and accumulation for the next generation technologies. The Company will also build core capabilities for sci-tech innovation, construct the green and low-carbon new information infrastructure featuring cloud-network integration and leverage its digitalised platform to empower the green development of numerous walks of life. The Company will introduce strategic investors with synergies to build the industry and capital ecologies with strong alliance and open cooperation. The Company will also carry out system and mechanism reforms to stimulate its corporate vitality and intrinsic motivation, reinforce the solid foundation of network and information security, and strive to build the cornerstone for the development of digital economy. The Company will also facilitate the construction of

Cyberpower and Digital China, safeguard network and information security and promote rural revitalisation. The Company will create a better digital life for customers 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](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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