



Press Release
24 March 2020
For Immediate Release

China Telecom Corporation Limited Announces Results for Year 2019

Achieved industry-leading solid results
Prominent achievements in high-quality development
Cloud-network integration to enhance capabilities
Co-building and co-sharing for efficient 5G deployment

FINANCIAL HIGHLIGHTS

<i>(RMB Millions)</i>	2018	2019	Rate of change
Operating Revenues	377,124	375,734	-0.4%
Service Revenues ¹	350,434	357,610	2.0%
of which: Mobile Service Revenues	167,705	175,546	4.7%
Wireline Service Revenues	182,729	182,064	-0.4%
EBITDA ²	104,207	117,215	12.5%
EBITDA Margin ²	29.7%	32.8%	3.1 pp
Net Profit ³	21,210	20,517	-3.3%
EPS <i>(RMB)</i>	0.262	0.254	-3.3%
Adjusted Net Profit ⁴	20,110	20,517	2.0%
Adjusted EPS ⁴ <i>(RMB)</i>	0.248	0.254	2.0%
Dividend per share <i>(HK\$)</i>	0.125	0.125	No change

BUSINESS HIGHLIGHTS

<i>(Millions)</i>	2018	2019	Net Addition
Mobile Subscribers	303.00	335.57	32.57
of which: 4G Subscribers	242.43	281.24	38.81
Wireline Broadband Subscribers	145.79	153.13	7.34
IPTV Subscribers	105.35	112.62	7.27

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.

⁴ Adjusted net profit excluded a one-off after-tax gain of approximately RMB1.1 billion from the listing of China Tower Corporation Limited in 2018.

**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 2019 annual results today in Hong Kong.**

In 2019, China Telecom capitalised firmly on the invaluable opportunities arising from the digital transformation of the economy and society, as well as 5G commercialisation. We proactively and effectively responded to the pressures and challenges arising in our operating environment, dedicated to lean management while ensuring stable and healthy operation, and elevated our high-quality development to a new level. The whole Company is determined to forge ahead and adhere to the new development principles. Abiding by customer-oriented principles, we sharpened our overall strengths, pushed forward value operation, and significantly enhanced our market position. At the same time, the Company expanded proprietary innovation and open cooperation, while promoting co-building and co-sharing on all fronts and attaining a promising start in 5G commercialisation. Insisting on innovation and coordination, as well as deepening reform, we promoted the vitality of the Company and our employees, while working with our industry partners to create a new landscape for our further development, laying a solid foundation for the long-term growth of our corporate value and shareholder value in the future.

In 2019, operating revenues of the Company amounted to RMB375.7 billion. Service revenues amounted to RMB357.6 billion, representing an increase of 2.0% compared to last year and continuing to maintain higher than the industry average service revenues growth. Of which, mobile service revenues amounted to RMB175.5 billion, representing an increase of 4.7% over last year. Wireline service revenues were approximately RMB182.1 billion, representing a decrease of 0.4% over last year. Revenues from emerging businesses⁵ accounted for 55.3% of total service revenues and contributed 4.5 percentage points to the total service revenues growth, alongside a continual optimisation of the revenue structure and the continuous expansion of development impetus. EBITDA amounted to RMB117.2 billion, representing an increase of 12.5% compared to last year. Net profit amounted to RMB20.5 billion, representing a decrease of 3.3% over last year and an increase of 2.0% compared to the 2018 net profit excluding the one-off after-tax gain from the listing of China Tower Corporation Limited⁶. Basic earnings per share were RMB0.25. Capital expenditure was approximately RMB77.6 billion, of which investment excluding 5G declined for the fourth consecutive year. Free cash flow⁷ was RMB21.7 billion.

⁵ Revenues from emerging businesses include revenues from data traffic, Internet applications and DICT services.

⁶ The one-off after-tax gain from the listing of China Tower Corporation Limited in 2018 was approximately RMB1.1 billion.

⁷ In order to more objectively reflect the Company’s free cash flow, enable a comparable basis to free cash flow of prior years and avoid incomparability of free cash flow resulting from the application of IFRS 16, the original free cash flow calculation “free cash flow = EBITDA minus capital expenditure and income tax” has been changed to “free cash flow = EBITDA minus capital expenditure, income tax and depreciation charge for right-of-use assets other than land-use-rights”.

Taking shareholders' returns into full consideration, alongside the Company's profitability, cash flow level and capital requirement for its future development, the Board of Directors has decided to recommend at the forthcoming shareholders' meeting that a final dividend equivalent to HK\$0.125 per share for the year 2019 to be declared. Going forward, the Company will continue to create shareholder value, while fully balancing the cash flow required for the long-term development of the Company with returns to shareholders.

2019 marked the first year of the 5G era in China. On 31 October, the Company officially launched its 5G commercial services in 50 cities across the country, and created a membership-based innovative service model of "5G + Privileges + Applications" for individuals and 5G service combining "5G + Gigabit Broadband + Smart Family Applications" for households. By the end of February 2020, the scale of the Company's 5G package subscribers reached 10.73 million. Meanwhile, the Company also extensively explored the endowment of 5G into areas such as digital government, smart cities, industrial Internet and the like. We have set benchmarks in a number of demonstrative industries, including industrial Internet, smart energy, smart ports, telemedicine, and distance education. This allowed us to accumulate a number of promising application scenarios for SA commercialisation.

The Company collaborated with China United Network Communications Corporation Limited ("China Unicom") to leverage the mutually complementary advantages in network and spectrum resources and rolled out 5G network co-building and co-sharing, effectively saving costs on network construction, operation and maintenance while enhancing the market competitiveness of 5G network and business. By the end of 2019, the Company had invested RMB9.3 billion to build 40 thousand 5G base stations, and co-shared more than 20 thousand of China Unicom's 5G base stations. The total number of 5G base stations in use exceeded 60 thousand, covering key areas of over 50 cities where 5G commercialisation has commenced.

The Company maintained its deep involvement in the evolution of global 5G standards. It took the lead in the formulation of various international 5G standards, and completed numerous patent applications and international standard publications. The Company was designated by GSMA to lead the global 5G SA industry chain to formulate and publish "5G SA Deployment Guidelines" in a timely manner. As a result, the Company's ability to master 5G core technologies and capabilities continued to strengthen, while its status in the global 5G industry chain significantly elevated.

In 2019, the Company accelerated its expansion of integrated information services, consolidated its capabilities in network, service and operation, while continuing to deepen its reform and innovation. Our operation proved to be highly resilient, with our market competitiveness strengthening on all fronts.

In terms of individual and household informatisation, the total number of mobile subscribers was approximately 336 million, leaping to the second place in the industry in the country. The net addition of mobile subscribers was almost 32.57 million for the full year, with a net addition market share reaching 53.2%. 4G penetration reached 83.8%, with the Company maintaining a leading position in the industry, laying a good foundation for users to upgrade to 5G and value growth in the future. The total number of wireline broadband subscribers reached 153 million, representing a net addition of 7.34 million. The triple-play penetration⁸ of broadband subscribers reached 64%. The number of IPTV subscribers reached 113 million. As Smart Family applications such as Whole-home Wi-Fi, e-Surfing Webcam and Family Cloud become more enriched, and the Smart Family product and service portfolio starts to take shape, the value contribution of these services will be more prominent. The broadband blended ARPU was RMB42.6.

The Company also unleashed the unique advantages of cloud-network integration, and accelerated the extensive integration of emerging technologies into application scenarios for government and enterprise. The Company's "e-Surfing Cloud" ranked seventh in the world and first among global operators in IaaS public cloud by market share⁹, and also ranked first in China's hybrid cloud market¹⁰. Our IDC business ranked overall first within the country¹⁰. Revenue from cloud service reached RMB7.1 billion, representing an increase of 57.9% compared to last year, becoming the top growth driver within the DICT business. The number of IoT connected devices reached 157 million, with revenue increasing by 21.7% compared to last year. The Company's DICT business is gradually becoming a new growth driver.

The Company continued to consolidate network foundation. We conducted targeted coverage and dynamic capacity expansion of our 4G network, promoted the scale construction of gigabit networks in key cities, and promoted "Cloudification" on all fronts. As a result, our core competitiveness of unified cloud-network architecture based on "cloud-as-the-core and cloud-led network" is quickly becoming evident. Meanwhile, led by customer perceptions, the Company consolidated its service edges. The service satisfaction of the Company continued to be industry leading, ranking first for both overall satisfaction and for mobile Internet access among public users¹¹. We also had the lowest customer complaint rate in the industry¹¹.

Chairman Ke pointed out that, at present, a new round of technological revolution and industry transformation is unfolding. New information and communications technologies are evolving rapidly every day, while the demand for information consumption is continuing to escalate. Technology and market forces are the twin wheels that are propelling the nation's information and communications industry to a vast and bright future. At the same time, the Company is facing new challenges in the dynamic global situation and landscape, with economies of scale for the 5G industry yet to emerge.

⁸ The triple-play penetration represents the percentage of wireline broadband customers by identity document who also subscribe to mobile and e-Surfing HD services at the same time

⁹ Source: IDC

¹⁰ Source: China Internet Week

¹¹ Source: The Ministry of Industry and Information Technology of the PRC

As a Chinese saying goes, “those with vision march steadily, while those with steadiness march further”. The Company is fully confident about the future. China Telecom will continue to adhere to the new development principles, insist on customer and market-orientated approaches, and strive for innovation and development. The Company will push forward 5G network construction on all fronts, accelerate co-building and co-sharing, firmly promote cloud-network integration, deepen corporate reform and further cultivate intelligent operation. The Company will work with industry partners to create a better future, and continue to march towards becoming a leading integrated intelligent information services provider, while striving to create new value for shareholders and altogether enjoy the accomplishment of high-quality development.

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.

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