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China Telecom Corporation Limited

中国电信股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 728)

VOLUNTARY ANNOUNCEMENT

GRANT OF SHARE APPRECIATION RIGHTS

This announcement is made by China Telecom Corporation Limited (the “Company”) on a voluntary basis.

Reference is made to (i) the circular of the Company dated 4 October 2018 and the announcement of the Company dated 26 October 2018 in relation to, among others, the approval for the adoption of the share appreciation rights scheme (the “Scheme”) by the shareholders of the Company who also authorised the board of the directors of the Company (the “Board”) to grant share appreciation rights to certain key personnel of the Company (the “Key Personnel”) and to formulate implementation rules for each grant of share appreciation rights in accordance with the Scheme and relevant legal requirements; and (ii) the announcement of the Company dated 9 February 2021 in relation to the Board’s resolution approving “2021 Share Appreciation Rights Grant Proposal for Key Personnel of China Telecom Corporation Limited” (now renamed as “The Phase II Incentive Scheme for Share Appreciation Rights of China Telecom Corporation Limited” as instructed by the State-owned Assets Supervision and Administration Commission of the State Council of China (“SASAC”)) (the “Proposal”).

The Scheme does not involve the grant of options over new shares or other new securities that may be issued by the Company (or any of its subsidiaries) and therefore, it does not fall within the ambit of, and is not subject to, the requirements under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Proposal has been approved by SASAC on 3 March 2021. On 10 March 2021, the conditions of the grant as stipulated in the Proposal are fulfilled, including (i) the performance evaluation indicators of the Company are fulfilled; (ii) the Company has not been exposed to any of the following circumstances: (1) the Company having failed to engage an accounting firm to commence audit in compliance with the prescribed procedures and requirements; (2) the certified public accountant having issued an adverse opinion or a disclaimer of opinion in the auditor’s report of the annual financial report; (3) any of SASAC, the Supervisory Committee or the audit department having raised

a significant disagreement with the performance results or the annual financial report of the listed company; and (4) any major violations of rules or regulations having occurred and the Company having been penalised by the securities regulatory management authorities and other relevant departments; and (iii) the individual performance appraisal indicators of the Key Personnel and relevant conditions are fulfilled.

Therefore, according to the relevant requirements of the Proposal, on 10 March 2021 (the “Date of Grant”), the Board has considered and approved the grant of approximately 2,411.62 million share appreciation rights to 8,239 Key Personnel (excluding the Executive Directors, Non-Executive Director, Independent Directors, Supervisors and senior management of the Company) in total on the Date of Grant with the corresponding number of H shares of the Company (the “H Shares”) which amounted to approximately 2.98% of the total issued share capital of the Company as at the Date of Grant. The exercise price of each share appreciation right is HK\$2.686, which is the highest of (1) the closing price of HK\$2.680 of the H Shares as at the Date of Grant; (2) the arithmetic average closing price of HK\$2.686 of the H Shares for the five consecutive trading days prior to the Date of Grant; (3) the nominal value of RMB1.00 of the H Shares. The respective closing prices are quoted from the daily quotation sheets of the Stock Exchange. The Proposal shall be valid for 60 months, which is effective from the Date of Grant. The share appreciation rights are settled in cash and are calculated in accordance with the fair value of the liabilities borne by the Company on the basis of share-based measurement.

The Key Personnel own the share appreciation rights and have the right to receive stipulated earnings from the increase in share price for a specified number of shares subject to specific timeframe and conditions. The Key Personnel do not beneficially own any rights to the shares, nor are they entitled to any shareholders’ voting rights and allotment rights. The share appreciation rights cannot be transferred nor be used as guarantee or for repayment of debts.

By Order of the Board
China Telecom Corporation Limited
Ke Ruiwen
Chairman and Chief Executive Officer

Beijing, China, 10 March 2021

As at the date of this announcement, the Board of Directors of the Company consists of Mr. Ke Ruiwen (as the Chairman and Chief Executive Officer); Mr. Li Zhengmao (as the President and Chief Operating Officer); Mr. Shao Guanglu; Mr. Liu Guiqing and Madam Zhu Min (as the Chief Financial Officer) (all as the Executive Vice Presidents); Mr. Chen Shengguang (as the Non-Executive Director); Mr. Tse Hau Yin, Aloysius, Mr. Xu Erming, Madam Wang Hsuehming and Mr. Yeung Chi Wai, Jason (all as the Independent Non-Executive Directors).