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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)

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION UNDER FINANCIAL SERVICES FRAMEWORK AGREEMENTS

RENEWAL OF THE EXISTING FINANCIAL SERVICES FRAMEWORK AGREEMENTS

Reference is made to the announcement published by the Company on 1 February 2019 and the circular published by the Company on 27 February 2019 in relation to certain continuing connected transactions under the financial services framework agreement between the Company and China Telecom Finance, the financial services framework agreement between China Telecom Finance and the Parent Company, and the financial services framework agreement between China Telecom Finance and CCS. The respective financial services framework agreements governing the above continuing connected transactions will expire on 31 December 2021.

The Board announces that, on 22 October 2021, the Company and China Telecom Finance entered into the China Telecom Financial Services Framework Agreement, China Telecom Finance and the Parent Company entered into the China Telecommunications Corporation Financial Services Framework Agreement, and China Telecom Finance and CCS entered into the CCS Financial Services Framework Agreement. The respective terms of all these financial services framework agreements are effective from 1 January 2022 until 31 December 2024. Pursuant to the agreements, China Telecom Finance agreed to provide financial services to the Group, China Telecommunications Corporation and CCS Group, including deposit services, loan and bill discounting services and other financial services.

ENTERING INTO NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

The Board announces that, on 22 October 2021, China Telecom Finance and New Guomai entered into the New Guomai Financial Services Framework Agreement, and China Telecom Finance and Safety Technology entered into the Safety Technology Financial Services Framework Agreement. Both agreements are effective from 1 January 2022 until 31 December 2024. Pursuant to the agreements, China Telecom Finance agreed to provide financial services to New Guomai Group and Safety Technology Group, including deposit services, loan and bill discounting services and other financial services.

The principal terms of the respective Financial Services Framework Agreements are set out below in this announcement.

HONG KONG LISTING RULES AND SHANGHAI LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is the Company's controlling shareholder and holds approximately 62.70% of the issued share capital of the Company. As the Parent Company holds approximately 51.39% of the issued share capital of CCS, CCS is a subsidiary of the Parent Company. As the Parent Company holds approximately 51.16% of the issued share capital of New Guomai, New Guomai is a subsidiary of the Parent Company. As the Parent Company holds approximately 18.68% of the issued share capital of Safety Technology and since Safety Technology is consolidated in the audited consolidated accounts of the Parent Company, Safety Technology is a subsidiary of the Parent Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Parent Company, CCS, New Guomai and Safety Technology and/or their associates are connected persons of the Company. As the Company holds 70% of the issued share capital of China Telecom Finance, China Telecom Finance is a subsidiary of the Company. Meanwhile, each of the Parent Company and CCS respectively holds 15% of the issued share capital of China Telecom Finance. Pursuant to Chapter 14A of the Hong Kong Listing Rules, China Telecom Finance is a connected subsidiary of the Company and an associate of the Parent Company, CCS, New Guomai and Safety Technology, which is also a connected person of the Company. Accordingly, the transactions under the respective Financial Services Framework Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

The transactions under the above new Financial Services Framework Agreements (including the historical transaction amounts and the relevant proposed Annual Caps) will be subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules, except those under the China Telecom Financial Services Framework Agreement.

CHINA TELECOM FINANCIAL SERVICES FRAMEWORK AGREEMENT

As each of the applicable percentage ratios of the Annual Caps for the deposit services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement is expected to exceed 5% but is less than 25%, such deposit services constitute discloseable transaction and non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Hong Kong Listing Rules.

As the loan and bill discounting services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant loan and bill discounting services will not be secured by the assets of the Group, such loan and bill discounting services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CHINA TELECOMMUNICATIONS CORPORATION FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CCS FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

NEW GUOMAI FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

SAFETY TECHNOLOGY FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the Parent Company, CCS, New Guomai and Safety Technology and/or its associates are connected persons of the Company, the continuing connected transactions contemplated under the Financial Services Framework Agreements entered into between China Telecom Finance with the Parent Company, CCS, New Guomai and Safety Technology respectively shall be aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As each of the applicable percentage ratios of the aggregated Annual Caps for the loan and bill discounting services is expected to exceed 0.1% but is less than 5%, pursuant to Rule 14A.76(2) of the Hong Kong Listing Rules, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. As each of the applicable percentage ratios of the aggregated Annual Caps for other financial services is expected to be less than 0.1%, pursuant to Rule 14A.76(2) of the Hong Kong Listing Rules, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

BOARD OPINION

The Board (excluding the members of the Independent Board Committee) is of the view that the deposit services contemplated under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance are in the ordinary and usual course of business of the Group, that they are on normal commercial terms or better, and that the terms, as well as the Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its shareholders as a whole. The opinion of the Independent Board Committee will take into account the advice from the Independent Financial Adviser and will be attached in the circular to be despatched to the shareholders of the Company.

The Board (including the independent non-executive Directors of the Company) is of the view that the loan and bill discounting services and other financial services contemplated under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance, the respective financial services contemplated under the China Telecommunications Corporation Financial Services Framework Agreement entered into between China Telecom Finance and the Parent Company, the respective financial services contemplated under the CCS Financial Services Framework Agreement entered into between China Telecom Finance and CCS, the respective financial services contemplated under the New Guomai Financial Services Framework Agreement entered into between China Telecom Finance and New Guomai and the respective financial services contemplated under the Safety Technology Financial Services Framework Agreement entered into between China Telecom Finance and Safety Technology are in the ordinary and usual course of business of the Group, that they are on normal commercial terms or better, and that the terms, as well as the Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

THE EGM

The EGM will be convened to consider and, if thought fit, to approve, among other things, the deposit services contemplated under the China Telecom Financial Services Framework Agreement and the Annual Caps applicable thereto. Pursuant to Rule 14A.36 of the Hong Kong Listing Rules, any shareholder with a material interest in the relevant continuing connected transactions is required to abstain from voting on the relevant resolutions at the EGM. Accordingly, the Parent Company and/or its associates are required to abstain from voting on the resolution in respect of the relevant continuing connected transactions at the EGM.

An Independent Board Committee comprising all of the independent non-executive Directors of the Company, namely Mr. Tse Hau Yin, Aloysius, Mr. Xu Erming, Madam Wang Hsuehming and Mr. Yeung Chi Wai, Jason, has been formed to advise the Independent Shareholders in respect of the deposit services contemplated under the China Telecom Financial Services Framework Agreement and the Annual Caps applicable thereto. The Company has appointed Trinity Corporate Finance Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the China Telecom Financial Services Framework Agreement and the Annual Caps applicable thereto.

Pursuant to the Shanghai Listing Rules, the China Telecommunications Corporation Financial Services Framework Agreement, the CCS Financial Services Framework Agreement, the New Guomai Financial Services Framework Agreement and the Safety Technology Financial Services Framework Agreement shall be subject to the Independent Shareholder's approval. Therefore, the Company will seek Independent Shareholders' approval for the above Financial Services Framework Agreements.

A circular containing (i) details of the above Financial Services Framework Agreements thereto; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) a notice of the EGM, is expected to be despatched to the shareholders of the Company on or before 12 November 2021.

BACKGROUND

Reference is made to the announcement published by the Company on 1 February 2019 and the circular published by the Company on 27 February 2019 in relation to certain continuing connected transactions under the financial services framework agreement between the Company and China Telecom Finance, the financial services framework agreement between China Telecom Finance and the Parent Company, and the financial services framework agreement between China Telecom Finance and CCS. The respective financial services framework agreements governing the above continuing connected transactions will expire on 31 December 2021.

The Board announces that on 22 October 2021, the Company and China Telecom Finance entered into the China Telecom Financial Services Framework Agreement, China Telecom Finance and the Parent Company entered into the China Telecommunications Corporation Financial Services Framework Agreement, and China Telecom Finance and CCS entered into the CCS Financial Services Framework Agreement. The respective terms of all these financial services framework agreements are effective from 1 January 2022 until 31 December 2024. Pursuant to the agreements, China Telecom Finance agreed to provide financial services to the Group, China Telecommunications Corporation and CCS Group, including deposit services, loan and bill discounting services and other financial services.

The Board announces that, on 22 October 2021, China Telecom Finance and New Guomai entered into the New Guomai Financial Services Framework Agreement, and China Telecom Finance and Safety Technology entered into the Safety Technology Financial Services Framework Agreement. Both agreements are effective from 1 January 2022 until 31 December 2024. Pursuant to the agreements, China Telecom Finance agreed to provide financial services to New Guomai Group and Safety Technology Group, including deposit services, loan and bill discounting services and other financial services.

The principal terms of the respective Financial Services Framework Agreements are set out below in this announcement.

CONTINUING CONNECTED TRANSACTIONS UNDER RESPECTIVE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

(I) China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance

On 22 October 2021, the Company and China Telecom Finance entered into the China Telecom Financial Services Framework Agreement. Pursuant to the China Telecom Financial Services Framework Agreement, China Telecom Finance agreed to provide financial services to the Group, including deposit services, loan and bill discounting services and other financial services.

The principal terms of the China Telecom Financial Services Framework Agreement are set out as below:

Date:

22 October 2021

Parties:

- (i) The Company
- (ii) China Telecom Finance

Effective Period of the Agreement:

The China Telecom Financial Services Framework Agreement becomes effective when it is duly signed by the legal representatives or authorised representatives of both parties, affixed with their respective company chops or contract chops and considered or approved by the authorised body of both parties (if applicable), and shall remain valid commencing from 1 January 2022 until 31 December 2024. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties will negotiate and agree on the renewal arrangement. The provision of deposit services contemplated under the China Telecom Financial Services Framework Agreement shall commence upon the approval by the Independent Shareholders of the Company at the EGM is obtained.

Service Scope

According to the China Telecom Financial Services Framework Agreement, China Telecom Finance can provide the following financial services to the Group:

- (i) financial and financing advice, credit authentication and relevant consulting and agency services;
- (ii) assisting collection and payment of transaction amounts;
- (iii) provision of guarantees;
- (iv) acceptance of bills and discounted bills;
- (v) entrusted loans;
- (vi) internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals among member units;
- (vii) acceptance of money deposit;
- (viii) arrangement of loan and finance lease;
- (ix) approved insurance agency business;
- (x) underwriting services of the Group's corporate bonds;
- (xi) consumer credits, buyer credits and finance lease of the products of the Group; and
- (xii) other businesses as approved by the CBIRC*.

* Pursuant to Administrative Measures of Finance Companies of Enterprise Groups (Order No. 8 of 2006 issued by the China Banking Regulatory Commission), depending on actual development needs and subject to fulfilment of regulatory requirements, China Telecom Finance can apply to CBIRC to carry on other businesses, which include providing consumer credits, buyer credits and finance lease of the products of the member units.

Upon the agreement becoming effective, the above services numbered (ix) to (xii) can be provided by China Telecom Finance in accordance with the business scope as approved by CBIRC.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the deposit benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of the Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the Group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of the Group and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of the Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the Group shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to the Group do not require the Group to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) Other Financial Services

China Telecom Finance will provide other financial services (other than deposit, loan and bill discounting services) including financial and financing advice, credit authentication, guarantees, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals to the Group under the China Telecom Financial Services Framework Agreement.

The fees charged for other financial services to be provided by China Telecom Finance to the Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the CBIRC (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the Group. Under the same conditions, the fees standard charged to the Group by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

For the respective specific transactions under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance, under the same conditions, the Group should, in principle, choose the services provided by China Telecom Finance. If the Group considers it is appropriate and beneficial to the Group, the Group has the discretion to engage one or more major cooperative commercial banks of the Group as its financial services providers.

Historical Transaction Amount

(i) Deposit Services

The historical transaction amount for the deposit services (including accrued interest) provided by China Telecom Finance to the Group for the two years ended 31 December 2019 and 31 December 2020 and six months ended 30 June 2021 was as follows:

	Unaudited historical amount for the year ended 31 December 2019	Unaudited historical amount for the year ended 31 December 2020	Unaudited historical amount for the six months ended 30 June 2021
Maximum daily balance of deposits (including accrued interest) deposited by the Group with China Telecom Finance	RMB8.458 billion	RMB22.530 billion	RMB20.587 billion

The Annual Caps for the deposit services (including accrued interest) provided by China Telecom Finance to the Group for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 were as follows:

	Annual Caps for the year ended 31 December 2019	Annual Caps for the year ended 31 December 2020	Annual Caps for the year ending 31 December 2021
Maximum daily balance of deposits (including accrued interest) deposited by the Group with China Telecom Finance	RMB50 billion	RMB55 billion	RMB60 billion

(ii) *Loan and Bill Discounting Services*

As the loan and bill discounting services provided by China Telecom Finance to the Group are conducted on normal commercial terms or better and the relevant loan and bill discounting services are not secured by the assets of the Group, such loan and discounting services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

(iii) *Other Financial Services*

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services provided by China Telecom Finance to the Group is less than 0.1%, such other financial services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As far as the Directors are aware, as at the date of this announcement, none of the Annual Caps of the respective specified financial services provided by China Telecom Finance to the Group for the year ending 31 December 2021 has been exceeded.

Proposed Annual Caps

(i) *Deposit Services*

The Annual Caps for the deposit services (including accrued interest) provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily balance of deposits (including accrued interest) to be deposited by the Group with China Telecom Finance	RMB60 billion	RMB60 billion	RMB60 billion

The maximum daily balance of deposits (including accrued interest) for the deposit services under the China Telecom Financial Services Framework Agreement will not increase year-on-year.

The Annual Caps (maximum daily balance of deposits (including accrued interest) to be deposited by the Group with China Telecom Finance) of the expected deposit services contemplated under the China Telecom Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 have taken into consideration the following factors:

1. The Company has issued A shares on the Shanghai Stock Exchange and the proceeds from the listing is approximately RMB47.516 billion, which will be gradually utilised for 5G Industrial Internet Construction Project, Cloud-network integration new information infrastructure project and Research and development project of sci-tech innovation in the next three years, and increase the amount of deposits of the Company and the amount of deposits with China Telecom Finance at a particular point of time;
2. The external settlement payment of the Company is mainly conducted through China Telecom Finance. Following the increase in the scale of business and operation of the Company, the reserved settlement fund deposited with China Telecom Finance will simultaneously increase;
3. The Company has obtained approval from shareholders for the issuance of debentures denominated in local or foreign currencies with an aggregate amount of RMB90 billion. The Company will fully maintain the flexibility on financing and increase the amount of deposits of the Company and the amount of deposits with China Telecom Finance at a particular point of time in the event of additional capital needs.

As each of the applicable percentage ratios of the Annual Caps for the deposit services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement is expected to exceed 5% but is less than 25%, such deposit services constitute discloseable transaction and non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Hong Kong Listing Rules.

(ii) Loan and Bill Discounting Services

As the loan and bill discounting services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant loan and bill discounting services will not be secured by the assets of the Group, such loan and bill discounting services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

(iii) Other Financial Services

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement is less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

(II) China Telecommunications Corporation Financial Services Framework Agreement entered into between China Telecom Finance and the Parent Company

On 22 October 2021, the Parent Company and China Telecom Finance have entered into the China Telecommunications Corporation Financial Services Framework Agreement. Pursuant to the agreement, China Telecom Finance agreed to provide financial services to China Telecommunications Corporation, including deposit services, loan and bill discounting services and other financial services.

The principal terms of the China Telecommunications Corporation Financial Services Framework Agreement are set out as below:

Date:

22 October 2021

Parties:

- (i) The Parent Company
- (ii) China Telecom Finance

Effective Period of the Agreement:

The China Telecommunications Corporation Financial Services Framework Agreement becomes effective when it is duly signed by the legal representatives or authorised representatives of both parties, affixed with their respective company chops or contract chops and considered or approved by the authorised body of both parties (if applicable), and shall remain valid commencing from 1 January 2022 until 31 December 2024. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties will negotiate and agree on the renewal arrangement. Pursuant to the Shanghai Listing Rules, the expected respective financial services contemplated under the China Telecommunications Corporation Financial Services Framework Agreement shall commence upon the approval by the Independent Shareholders of the Company at the EGM is obtained.

Service Scope

According to the China Telecommunications Corporation Financial Services Framework Agreement, China Telecom Finance can provide the following financial services to China Telecommunications Corporation:

- (i) financial and financing advice, credit authentication and relevant consulting and agency services;
- (ii) assisting collection and payment of transaction amounts;
- (iii) acceptance of bills and discounted bills;
- (iv) entrusted loans;
- (v) internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals among member units;
- (vi) acceptance of money deposit;
- (vii) arrangement of loan and finance lease;
- (viii) approved insurance agency business;
- (ix) underwriting services of China Telecommunications Corporation's corporate bonds;
- (x) consumer credits, buyer credits and finance lease of the products of China Telecommunications Corporation; and
- (xi) other businesses as approved by the CBIRC*.

* Pursuant to Administrative Measures of Finance Companies of Enterprise Groups (Order No. 8 of 2006 issued by the China Banking Regulatory Commission), depending on actual development needs and subject to fulfilment of regulatory requirements, China Telecom Finance can apply to CBIRC to carry on other businesses, which include providing consumer credits, buyer credits and finance lease of the products of the member units.

Upon the agreement becoming effective, the above services numbered (viii) to (xi) can be provided by China Telecom Finance in accordance with the business scope as approved by CBIRC.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to China Telecommunications Corporation shall comply with the relevant requirements of the People's Bank of China and be with reference to the deposit benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of China Telecommunications Corporation and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of China Telecommunications Corporation. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to China Telecommunications Corporation shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to China Telecommunications Corporation shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of China Telecommunications Corporation and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of China Telecommunications Corporation. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to China Telecommunications Corporation shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to China Telecommunications Corporation do not require China Telecommunications Corporation to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) Other Financial Services

China Telecom Finance will provide other financial services (other than deposit, loan and bill discounting services) including financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement.

The fees charged for other financial services to be provided by China Telecom Finance to China Telecommunications Corporation mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the CBIRC (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of China Telecommunications Corporation and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of China Telecommunications Corporation. Under the same conditions, the fees standard charged to China Telecommunications Corporation by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

For the respective specific transactions under the China Telecommunications Corporation Financial Services Framework Agreement entered into between the Parent Company and China Telecom Finance, under the same conditions, China Telecommunications Corporation should, in principle, choose the services provided by China Telecom Finance. If China Telecommunications Corporation considers it is appropriate and beneficial to China Telecommunications Corporation, China Telecommunications Corporation has the discretion to engage one or more major cooperative commercial banks of China Telecommunications Corporation as its financial services providers.

Historical Transaction Amount

(i) Deposit Services

As the deposit services provided by China Telecom Finance to China Telecommunications Corporation are conducted on normal commercial terms or better and the relevant deposit services are not secured by the assets of the Group, such deposit services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The transactions under the China Telecommunications Corporation Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The historical transaction amount for the deposit services (including accrued interest) provided by China Telecom Finance to China Telecommunications Corporation for the two years ended 31 December 2019 and 31 December 2020 and six months ended 30 June 2021 was as follows:

	Unaudited historical amount for the year ended 31 December 2019	Unaudited historical amount for the year ended 31 December 2020	Unaudited historical amount for the six months ended 30 June 2021
Maximum daily balance of deposits (including accrued interest) deposited by China Telecommunications Corporation with China Telecom Finance	RMB1.671 billion	RMB4.381 billion	RMB9.183 billion

(ii) *Loan and Bill Discounting Services*

For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, China Telecom Finance had not provided any loan and bill discounting services to China Telecommunications Corporation.

The Annual Caps for the loan services (including accrued interest) provided by China Telecom Finance to China Telecommunications Corporation for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 were as follows:

	Annual Caps for the year ended 31 December 2019	Annual Caps for the year ended 31 December 2020	Annual Caps for the year ending 31 December 2021
Maximum daily loan balance (including accrued interest) provided by China Telecom Finance to China Telecommunications Corporation	RMB1 billion	RMB1 billion	RMB10 billion

(iii) *Other Financial Services*

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services provided by China Telecom Finance to China Telecommunications Corporation is less than 0.1%, such other financial services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transactions under the China Telecommunications Corporation Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, the respective fee charged by China Telecom Finance on providing other financial services to China Telecommunications Corporation were RMB0, respectively.

As far as the Directors are aware, as at the date of this announcement, none of the Annual Caps of the respective specified financial services provided by China Telecom Finance to China Telecommunications Corporation for the year ending 31 December 2021 has been exceeded.

Proposed Annual Caps

(i) Deposit Services

As the deposit services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The transactions under the China Telecommunications Corporation Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The Annual Caps for the deposit services (including accrued interest) to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily balance of deposits (including accrued interest) deposited by China Telecommunications Corporation with China Telecom Finance	RMB16 billion	RMB17 billion	RMB18 billion

(ii) *Loan and Bill Discounting Services*

The Annual Caps for the loan and bill discounting services (including accrued interest) to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily loan and bill discounting balance (including accrued interest) to be provided by China Telecom Finance to China Telecommunications Corporation	RMB14 billion	RMB14 billion	RMB14 billion

The Annual Caps for the loan and bill discounting services under the China Telecommunications Corporation Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and December 2024 have been determined with reference to the loan and bill discounting amounts obtained from commercial banks by China Telecommunications Corporation in the recent three years, the existing business scale and operation of China Telecommunications Corporation, business plans and business development needs, financial and cash flow level, capital financing strategies and needs for the coming three years, and the expected financial and cash flow level as well as the risk management needs of China Telecom Finance for the coming three years.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

(iii) Other Financial Services

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transactions under the China Telecommunications Corporation Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The Annual Caps for the fee charged for the other financial services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum fee charged by China Telecom Finance on providing other financial services to China Telecommunications Corporation	RMB0.04 billion	RMB0.04 billion	RMB0.04 billion

(III) CCS Financial Services Framework Agreement entered into between China Telecom Finance and CCS

On 22 October 2021, CCS and China Telecom Finance have entered into the CCS Financial Services Framework Agreement. Pursuant to the agreement, China Telecom Finance agreed to provide financial services to CCS Group, including deposit services, loan and bill discounting services and other financial services.

The principal terms of the CCS Financial Services Framework Agreement are set out as below:

Date:

22 October 2021

Parties:

- (i) CCS
- (ii) China Telecom Finance

Effective Period of the Agreement:

The CCS Financial Services Framework Agreement becomes effective when it is duly signed by the legal representatives or authorised representatives of both parties, affixed with their respective company chops or contract chops and considered or approved by the authorised body of both parties (if applicable), and shall remain valid commencing from 1 January 2022 until 31 December 2024. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties will negotiate and agree on the renewal arrangement. Pursuant to the Shanghai Listing Rules, the expected respective financial services contemplated under the CCS Financial Services Framework Agreement shall commence upon the approval by the Independent Shareholders of the Company at the EGM is obtained.

Service Scope

According to the CCS Financial Services Framework Agreement, China Telecom Finance can provide the following financial services to the CCS Group:

- (i) financial and financing advice, credit authentication and relevant consulting and agency services;
- (ii) assisting collection and payment of transaction amounts;
- (iii) acceptance of bills and discounted bills;
- (iv) entrusted loans;

- (v) internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals among member units;
- (vi) acceptance of money deposit;
- (vii) arrangement of loan and finance lease;
- (viii) approved insurance agency business;
- (ix) underwriting services of the CCS Group's corporate bonds;
- (x) consumer credits, buyer credits and finance lease of the products of the CCS Group; and
- (xi) other businesses as approved by the CBIRC*.

* Pursuant to Administrative Measures of Finance Companies of Enterprise Groups (Order No. 8 of 2006 issued by the China Banking Regulatory Commission), depending on actual development needs and subject to fulfilment of regulatory requirements, China Telecom Finance can apply to CBIRC to carry on other businesses, which include providing consumer credits, buyer credits and finance lease of the products of the member units.

Upon the agreement becoming effective, the above services numbered (viii) to (xi) can be provided by China Telecom Finance in accordance with the business scope as approved by CBIRC.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the CCS Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the deposit benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of the CCS Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the CCS Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the CCS Group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) *Loan and Bill Discounting Services*

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the CCS Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of the CCS Group and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of the CCS Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the CCS Group shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to the CCS Group do not require the CCS Group to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) *Other Financial Services*

China Telecom Finance will provide other financial services (other than deposit, loan or bill discounting services) including financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals to the CCS Group under the CCS Financial Services Framework Agreement.

The fees charged for other financial services to be provided by China Telecom Finance to the CCS Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the CBIRC (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the CCS Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the CCS Group. Under the same conditions, the fees standard charged to the CCS Group by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

For the respective specific transactions under the CCS Financial Services Framework Agreement entered into between CCS and China Telecom Finance, provided that it is in compliance with the terms and conditions of the CCS Financial Services Framework Agreement, China Telecom Finance will be appointed as one of the financial institutions providing financial services to the CCS Group. Prior to the signing of any specific agreement with China Telecom Finance in respect of respective transactions under the CCS Financial Services Framework Agreement, the CCS Group will compare the interest rates and terms or fees charged and other relevant transactions terms offered by China Telecom Finance with those interest rates and terms of the same type of deposit or loan services for the same period or fees charged and other relevant transaction terms for the same type of financial services offered by the major cooperative commercial banks of the CCS Group. Only when the interest rates and terms or fees charged or other relevant transactions terms offered by China Telecom Finance are equivalent to or better than those interest rates and terms offered or fees charged or other relevant transactions terms (e.g. transaction approval terms, procedures or time limit, etc) offered by the major cooperative commercial banks of the CCS Group, the CCS Group has the discretion to enter into the transactions with China Telecom Finance. Under the circumstances which the CCS Group considers appropriate, the CCS Group may engage additional or other financial institutions other than China Telecom Finance to provide financial services.

Historical Transaction Amount

(i) Deposit Services

As the deposit services provided by China Telecom Finance to the CCS Group are conducted on normal commercial terms or better and the relevant deposit services are not secured by the assets of the Group, such deposit services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The transactions under the CCS Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The historical transaction amount for the deposit services (including accrued interest) provided by China Telecom Finance to the CCS Group for the two years ended 31 December 2019 and 31 December 2020 and six months ended 30 June 2021 was as follows:

	Audited historical amount for the year ended 31 December 2019	Audited historical amount for the year ended 31 December 2020	Unaudited historical amount for the six months ended 30 June 2021
Maximum daily balance of deposits (including accrued interest) deposited by the CCS Group with China Telecom Finance	RMB2.148 billion	RMB4.003 billion	RMB4.003 billion

(ii) *Loan and Bill Discounting Services*

For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, China Telecom Finance had not provided any loan and bill discounting services to the CCS Group.

The Annual Caps for the loan services (including accrued interest) provided by China Telecom Finance to CCS for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 were as follows:

	Annual Caps for the year ended 31 December 2019	Annual Caps for the year ended 31 December 2020	Annual Caps for the year ending 31 December 2021
Maximum daily loan balance (including accrued interest) provided by China Telecom Finance to the CCS Group	RMB1 billion	RMB1 billion	RMB1 billion

(iii) Other Financial Services

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services provided by China Telecom Finance to the CCS Group is less than 0.1%, such other financial services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transactions under the CCS Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, the respective fee charged by China Telecom Finance on providing other financial services to the CCS Group were RMB0, respectively.

As far as the Directors are aware, as at the date of this announcement, none of the Annual Caps of the respective specified financial services provided by China Telecom Finance to CCS Group for the year ending 31 December 2021 has been exceeded.

Proposed Annual Caps

(i) Deposit Services

As the deposit services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The deposit services offered by China Telecom Finance to the CCS Group shall be provided upon the approval by the independent shareholders of CCS at the CCS EGM is obtained. The respective Annual Caps of the deposit services for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 to be tabled for the approval of independent shareholders of CCS are RMB8.5 billion, RMB8.5 billion and RMB8.5 billion, respectively.

(ii) *Loan and Bill Discounting Services*

The Annual Caps of the loan and bill discounting services (including accrued interest) to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily loan and bill discounting balance (including accrued interest) to be provided by China Telecom Finance to the CCS Group	RMB1 billion	RMB1 billion	RMB1 billion

The Annual Caps for the loan and bill discounting services under the CCS Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 have been determined with reference to the loan and bill discounting amount obtained from commercial banks by the CCS Group in the recent three years, financing strategies needs of the CCS Group for the coming three years and the possible demand for loans and bill discounting services in alignment with the business development of the CCS Group.

As each of the applicable percentage ratios of the Annual Caps for the loan services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

(iii) *Other Financial Services*

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transactions under the CCS Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The Annual Caps for the fee charged for the other financial services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum fee charged by China Telecom Finance on providing other financial services to CCS Group	RMB14 million	RMB14 million	RMB14 million

(IV) New Guomai Financial Services Framework Agreement entered into between China Telecom Finance and New Guomai

On 22 October 2021, New Guomai and China Telecom Finance have entered into the New Guomai Financial Services Framework Agreement. Pursuant to the agreement, China Telecom Finance agreed to provide financial services to New Guomai Group, including deposit services, loan and bill discounting services and other financial services.

The principal terms of the New Guomai Financial Services Framework Agreement are set out as below:

Date:

22 October 2021

Parties:

- (i) New Guomai
- (ii) China Telecom Finance

Effective Period of the Agreement:

The New Guomai Financial Services Framework Agreement becomes effective when it is duly signed by the legal representatives or authorised representatives of both parties, affixed with their respective company chops or contract chops and considered or approved by the authorised body of both parties (if applicable), and shall remain valid commencing from 1 January 2022 until 31 December 2024. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties will negotiate and agree on the renewal arrangement. Pursuant to the Shanghai Listing Rules, the expected respective financial services contemplated under the New Guomai Financial Services Framework Agreement shall commence upon the approval by the Independent Shareholders of the Company at the EGM is obtained.

Service Scope

According to the New Guomai Financial Services Framework Agreement, China Telecom Finance can provide the following financial services to the New Guomai Group:

- (i) financial and financing advice, credit authentication and relevant consulting and agency services;
- (ii) assisting collection and payment of transaction amounts;
- (iii) acceptance of bills and discounted bills;
- (iv) entrusted loans;

- (v) internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals among member units;
- (vi) acceptance of money deposit;
- (vii) arrangement of loan and finance lease;
- (viii) approved insurance agency business;
- (ix) underwriting services of the New Guomai Group's corporate bonds;
- (x) consumer credits, buyer credits and finance lease of the products of the New Guomai Group; and
- (xi) other businesses as approved by the CBIRC*.

* Pursuant to Administrative Measures of Finance Companies of Enterprise Groups (Order No. 8 of 2006 issued by the China Banking Regulatory Commission), depending on actual development needs and subject to fulfilment of regulatory requirements, China Telecom Finance can apply to CBIRC to carry on other businesses, which include providing consumer credits, buyer credits and finance lease of the products of the member units.

Upon the agreement becoming effective, the above services numbered (viii) to (xi) can be provided by China Telecom Finance in accordance with the business scope as approved by CBIRC.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the New Guomai Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the deposit benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of the New Guomai Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the New Guomai Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the New Guomai Group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the New Guomai Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of the New Guomai Group and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of the New Guomai Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the New Guomai Group shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to the New Guomai Group do not require the New Guomai Group to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) Other Financial Services

China Telecom Finance will provide other financial services (other than deposit, loan or bill discounting services) including financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals to the New Guomai Group under the New Guomai Financial Services Framework Agreement.

The fees charged for other financial services to be provided by China Telecom Finance to the New Guomai Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the CBIRC (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the New Guomai Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the New Guomai Group. Under the same conditions, the fees standard charged to the New Guomai Group by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

The New Guomai has the discretion to choose other financial institutions to provide financial services. For the respective specific transactions under the New Guomai Financial Services Framework Agreement entered into between New Guomai and China Telecom Finance and under the same conditions, the New Guomai Group shall, in principle, take the financial services provided by China Telecom Finance as priority. Under the circumstances which the New Guomai Group considers appropriate and beneficial to the New Guomai Group, the New Guomai Group may engage one or more financial institutions which are the major cooperative commercial banks of the New Guomai Group to provide financial services.

Historical Transaction Amount

(i) Deposit Services

As the deposit services provided by China Telecom Finance to the New Guomai Group are conducted on normal commercial terms or better and the relevant deposit services are not secured by the assets of the Group, such deposit services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The transactions under the New Guomai Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The historical transaction amount for the deposit services (including accrued interest) provided by China Telecom Finance to New Guomai Group for the two years ended 31 December 2019 and 31 December 2020 and six months ended 30 June 2021 was as follows:

	Audited historical amount for the year ended 31 December 2019	Audited historical amount for the year ended 31 December 2020	Unaudited historical amount for the six months ended 30 June 2021
Maximum daily balance of deposits (including accrued interest) deposited by New Guomai Group with China Telecom Finance	RMB0.723 billion	RMB1.431 billion	RMB1.431 billion

(ii) Loan and Bill Discounting Services

For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, China Telecom Finance had not provided any loan and bill discounting services to the New Guomai Group.

(iii) Other Financial Services

For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, China Telecom Finance had not provided any other financial services to the New Guomai Group.

Proposed Annual Caps

(i) *Deposit Services*

As the deposit services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The transactions under the New Guomai Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The Annual Caps for the deposit services (including accrued interest) to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Agreements for the three years ending 31 December 2022, 31 December 2023, 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily balance of deposits (including accrued interest) deposited by the New Guomai Group with China Telecom Finance	RMB1.5 billion	RMB1.5 billion	RMB1.5 billion

(ii) *Loan and Bill Discounting Services*

The Annual Caps of the loan and bill discounting services (including accrued interest) to be provided by China Telecom Finance to the New Guomai Group for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily loan and bill discounting balance (including accrued interest) to be provided by China Telecom Finance to the New Guomai Group	RMB1.5 billion	RMB1.5 billion	RMB1.5 billion

The Annual Caps for the loan and bill discounting services under the New Guomai Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 have been determined with reference to the loan and bill discounting amount obtained from commercial banks by the New Guomai Group in the recent three years, financing strategies needs of the New Guomai Group for the coming three years and the possible demand for loans and bill discounting services in alignment with the business development of the New Guomai Group.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

(iii) *Other Financial Services*

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transactions under the New Guomai Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The Annual Caps for the fee charged for the other financial services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum fee charged by China Telecom Finance on providing other financial services to the New Guomai Group	RMB10 million	RMB10 million	RMB10 million

(V) Safety Technology Financial Services Framework Agreement entered into between China Telecom Finance and Safety Technology

On 22 October 2021, Safety Technology and China Telecom Finance have entered into the Safety Technology Financial Services Framework Agreement. Pursuant to the agreement, China Telecom Finance agreed to provide financial services to Safety Technology Group, including deposit services, loan and bill discounting services and other financial services.

The principal terms of the Safety Technology Financial Services Framework Agreement are set out as below:

Date:

22 October 2021

Parties:

- (i) Safety Technology
- (ii) China Telecom Finance

Effective Period of the Agreement:

The Safety Technology Financial Services Framework Agreement becomes effective when it is duly signed by the legal representatives or authorised representatives of both parties, affixed with their respective company chops or contract chops and considered or approved by the authorised body of both parties (if applicable), and shall remain valid commencing from 1 January 2022 until 31 December 2024. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties will negotiate and agree on the renewal arrangement. Pursuant to the Shanghai Listing Rules, the expected respective financial services contemplated under the Safety Technology Financial Services Framework Agreement shall commence upon the approval by the Independent Shareholders of the Company at the EGM is obtained.

Service Scope

According to the Safety Technology Financial Services Framework Agreement, China Telecom Finance can provide the following financial services to the Safety Technology Group:

- (i) financial and financing advice, credit authentication and relevant consulting and agency services;
- (ii) providing payment services and collection services in accordance with the Safety Technology Group's instructions, and other supporting services related to the settlement business;
- (iii) acceptance of bills and discounted bills;
- (iv) entrusted loans;
- (v) internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals among member units;
- (vi) acceptance of money deposit;
- (vii) arrangement of loan and finance lease;
- (viii) approved insurance agency business;
- (ix) underwriting services of the Safety Technology Group's corporate bonds;
- (x) consumer credits, buyer credits and finance lease of the products of the Safety Technology Group; and
- (xi) other businesses as approved by the CBIRC*.

* Pursuant to Administrative Measures of Finance Companies of Enterprise Groups (Order No. 8 of 2006 issued by the China Banking Regulatory Commission), depending on actual development needs and subject to fulfilment of regulatory requirements, China Telecom Finance can apply to CBIRC to carry on other businesses, which include providing consumer credits, buyer credits and finance lease of the products of the member units.

Upon the agreement becoming effective, the above services numbered (viii) to (xi) can be provided by China Telecom Finance in accordance with the business scope as approved by CBIRC.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the Safety Technology Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the deposit benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of the Safety Technology Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the Safety Technology Group. During the term of the agreement, the maximum daily balance of deposits (including accrued interest) to be deposited by Safety Technology Group with China Telecom Finance shall not exceed the maximum caps (including accrued interest) reviewed by the shareholders' meeting of Safety Technology. In the event that Safety Technology Group's deposits with China Telecom Finance exceeds the maximum caps due to settlement and other reasons, Safety Technology Group shall confirm the remittance of funds on deposits that exceed the maximum caps to the designated bank account by issuing a legally valid written notice to China Telecom Finance within three working days. China Telecom Finance shall complete the remittance of the due amount in accordance with the confirmation on such written notice by the Safety Technology Group within three working days.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the Safety Technology Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services for the same period and bill discounting services for the same period offered by the major cooperative commercial banks of the Safety Technology Group, and are conducted on normal commercial terms or better. During the term of the agreement, the maximum daily balance of loan and bill discounting (including accrued interest) provided by China Telecom Finance to Safety Technology shall not exceed the maximum caps reviewed by the shareholders' meeting of Safety Technology. The terms for loan and bill discounting services offered by China Telecom Finance to the Safety Technology Group shall be equivalent to or better than those offered on normal commercial terms or better.

(iii) Other Financial Services

China Telecom Finance will provide other financial services (other than deposit, loan and bill discounting services) including financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement.

The fees charged for other financial services to be provided by China Telecom Finance to the Safety Technology Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the CBIRC (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the Safety Technology Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the Safety Technology Group.

The Safety Technology has the discretion to choose financial services provided by other financial institutions. For the respective specific transactions under the Safety Technology Financial Services Framework Agreement entered into between Safety Technology Group and China Telecom Finance and under the same conditions, the Safety Technology Group shall, in principle, take the financial services provided by China Telecom Finance as priority. Under the circumstances which the Safety Technology Group considers appropriate and beneficial to the Safety Technology Group, the Safety Technology Group may engage one or more financial institutions which are the major cooperative commercial banks of the Safety Technology Group to provide financial services.

Historical Transaction Amount

(i) Deposit Services

As the deposit services provided by China Telecom Finance to the Safety Technology Group are conducted on normal commercial terms or better and the relevant deposit services are not secured by the assets of the Group, such deposit services have been exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The transactions under the Safety Technology Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, China Telecom Finance had not provided any deposit services to the Safety Technology Group.

(ii) Loan and Bill Discounting Services

For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, China Telecom Finance had not provided any loan and bill discounting services to the Safety Technology Group.

(iii) Other Financial Services

For the year ended 31 December 2019, the year ended 31 December 2020 and six months ended 30 June 2021, China Telecom Finance had not provided any other financial services to the Safety Technology Group.

Proposed Annual Caps

(i) *Deposit Services*

As the deposit services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The transactions under the Safety Technology Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The Annual Caps for the deposit services (including accrued interest) to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Agreement for the three years ending 31 December 2022, 31 December 2023, 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily balance of deposits (including accrued interest) deposited by Safety Technology Group with China Telecom Finance	RMB0.5 billion	RMB0.6 billion	RMB0.7 billion

(ii) *Loan and Bill Discounting Services*

The Annual Caps of the loan and bill discounting services (including accrued interest) to be provided by China Telecom Finance to the Safety Technology Group under the New Safety Technology Financial Services Agreements for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum daily loan and bill discounting balance (including accrued interest) to be provided by China Telecom Finance to the Safety Technology Group	RMB0.5 billion	RMB0.6 billion	RMB0.7 billion

The Annual Caps for the loan and bill discounting services under the Safety Technology Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 have been determined with reference to the loan amount obtained from commercial banks by the Safety Technology Group in the recent three years, financing strategies needs of the Safety Technology Group for the coming three years and the possible demand for loans and bill discounting services in alignment with the business development of the Safety Technology Group.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

(iii) *Other Financial Services*

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The transactions under the Safety Technology Financial Services Framework Agreement (including the historical transaction amounts and the relevant proposed Annual Caps) is subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules. The Annual Caps for the fee charged for the other financial services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement for the three years ending 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Annual Caps for the year ending 31 December 2022	Annual Caps for the year ending 31 December 2023	Annual Caps for the year ending 31 December 2024
Maximum fee charged by China Telecom Finance on providing other financial services to the Safety Technology Group	RMB10 million	RMB10 million	RMB10 million

CAPITAL RISK CONTROL MEASURES

- i. As a non-banking financial institution established with the approval of the CBIRC, China Telecom Finance is subject to the direct routine supervision by the Beijing Regulatory Bureau, the designated institution appointed by the CBIRC. It abides by all applicable regulatory requirements, including capital adequacy ratio, liquidity ratio, ratio restriction on borrowing balances from banks and other financial institutions and outstanding guarantee to total capital, ratio restriction on short-term securities investment and long-term investment to total capital. Meanwhile, China Telecom Finance is also subject to the direct supervision of the People's Bank of China to pay deposit reserve in full and timely manner.
- ii. In accordance with the relevant regulatory requirements of the CBIRC, the Parent Company undertakes to increase the capital of China Telecom Finance to resolve its financial difficulties in accordance with its actual needs if it encounters such difficulties in emergency situations. Specific measures include, but not limited to, providing liquidity support when China Telecom Finance encounters financial difficulties, and supplementing its capital in a timely manner when China Telecom Finance suffers financial losses resulting in capital erosion.
- iii. China Telecom Finance has established a complete corporate governance structure, including shareholders' meeting, a board of directors, a supervisory committee and a management team, as well as professional committees established under the board of directors and management team, which ensure stable operation and effective supervision of China Telecom Finance. China Telecom Finance has established an internal control system and a dynamic updated mechanism covering all business areas and ensuring effective internal control and strict implementation of charters and policies through audit, examination and other measures. It has also set up a comprehensive risk management organisation structure.

- iv. China Telecom Finance is a subsidiary of the Company and the Company is responsible for supervising China Telecom Finance to establish a core business system to ensure safe and stable operation. At present, the system has been connected with the commercial banking system and has reached the national security standards focused on commercial banks, providing assurance to information technology facilities, systems functions and performance to safeguard fund security.
- v. China Telecom Finance will provide sufficient information to the finance department of the Company (including copies of all regulatory reports required to be submitted to the CBIRC). The finance department of the Company will closely monitor the transactions under respective Financial Services Framework Agreements, check the maximum daily balance of deposits on daily basis to ensure that the relevant amounts will not exceed the applicable Annual Caps, and immediately review the relevant information in the regulatory reports, monthly financial statements and monthly deposits balance statements provided by China Telecom Finance. Follow-up measures will be taken immediately when problems are identified and the issues will be immediately reported to the management when appropriate.

INTERNAL CONTROL

The Company has formulated and strictly implemented various systems including the *Administrative Measures of Related-party (Connected) Transactions of China Telecom Corporation Limited*, the *Working Guidance of Connected Transactions of China Telecom Corporation Limited* and the *Internal Control Manual of China Telecom Corporation Limited* to ensure that connected transactions of the Group are entered into in accordance with pricing mechanisms and transaction models that are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

In order to regulate the connected transactions between the Company and its connected persons with China Telecom Finance, based on the Company's existing comprehensive system on connected transactions management, the Company and China Telecom Finance have formulated supplementary regulations including relevant measures on risk control management and risk disposal contingency plan to ensure that the continuing connected transactions on financial services between China Telecom Finance with the Group, China Telecommunications Corporation, the CCS Group, the New Guomai Group and the Safety Technology Group are effectively managed and controlled, and are conducted in compliance with relevant rules and connected transactions management system. Relying on the Group's existing internal control regulation on capital management, financing and monetary funds management together with the enriched capital management experience of the management team and personnel of China Telecom Finance, the business activities regarding the relevant financial activities entered into between the Group and its connected persons with China Telecom Finance are thus effectively regulated.

The finance department of the Company is responsible for cross-checking the interest rates when the Group has deposit needs to ensure that China Telecom Finance will comply with the interest rates regulation of the People's Bank of China and will also compare the interest rates and terms offered by 2 to 3 major cooperative commercial banks of the Group. Accordingly, the Company is able to ensure that the interest rates and terms for the deposits placed by the Group with China Telecom Finance are on normal commercial terms or better. The finance department of the Company will regularly check on a monthly basis the relevant interest rates and fees for other financial services and will compare the interest rates for deposit services, interest rates for loan and bill discounting services (or loans) and service fees charged for other financial services provided by China Telecom Finance to the Group, China Telecommunications Corporation, the CCS Group, the New Guomai Group and the Safety Technology Group to ensure that the interest rates and the terms are strictly in compliance with the respective pricing policies under the respective Financial Services Framework Agreements of the Group, China Telecommunications Corporation, the CCS Group, the New Guomai Group and the Safety Technology Group. China Telecom Finance will provide the finance department of the Company with such information and the finance department will also independently review such information. If there is any change on the regulation of interest rates promulgated by the People's Bank of China, the finance department of the Company will communicate and discuss with China Telecom Finance to ensure that China Telecom Finance will correspondingly adjust the deposit interest rates in accordance with the relevant new regulation on applicable interest rates as promulgated by the People's Bank of China and in compliance with the pricing policies of Financial Services Framework Agreements.

The finance department of the Company is also responsible for closely monitoring the deposit balance deposited by the Group with China Telecom Finance. The core business system of China Telecom Finance also provides the necessary support to the Company to monitor the relevant transaction information so as to ensure that the scale of deposit services does not exceed the applicable Annual Caps. Specifically, China Telecom Finance will, through the establishment of comprehensive and collaborative information technology measures, supervise the transactions conducted under the China Telecom Financial Services Framework Agreement, the China Telecommunications Corporation Financial Services Framework Agreement, the CCS Financial Services Framework Agreement, the New Guomai Financial Services Framework Agreement and the Safety Technology Financial Services Framework Agreement. China Telecom Finance will set prescribed alert amounts and notification rules in its core business system for the respective applicable Annual Caps in accordance with the relevant Financial Services Framework Agreements. Such cap alerts will be set with the aim of ensuring appropriate adjustment measures will be taken in respect of the relevant transactions, and will usually be set to be automatically sent out when 80% of the Annual Caps (and thereafter when a higher percentage) are reached. The core business system of China Telecom Finance will timely compute the statistics of relevant transaction scale and automatically compare them with the prescribed alert amounts, and send out notification signals and instructions focusing on controlled transaction behaviour in accordance to the prescribed rules. China Telecom Finance will closely monitor the transaction status under each of the Financial Services Framework Agreements, and will examine and check the implementation status of the cap alert on a daily basis. The above system design will facilitate and ensure the actual transaction amount will not exceed the relevant Annual Caps under each of the respective Financial Services Framework Agreements.

The legal department of the Company regularly analyses and oversees the execution of connected transactions to ensure that they are implemented in accordance with the relevant connected transactions agreements. The finance department initiates the daily management of connected transactions, including cooperating with the relevant business departments for account reconciliation with connected parties, regularly analysing the implementation of connected transactions together with business departments and performing supervisory examination. The finance department regularly reports the status of the implementation of connected transactions to the Audit Committee. The audit department incorporates such connected transactions into the scope of annual internal control assessment and report the results to the management.

The auditors of the Company review the respective continuing connected transactions of the Company and confirm to the Board that the transactions have received the approval by the Board on an annual basis; the transactions have been entered into in accordance with the pricing policies as set out in the relevant agreements governing such transactions; and the transactions have been performed in accordance with the terms of the relevant agreements governing such transactions. Meanwhile, the auditors of the Company would confirm that the annual caps applicable to the respective continuing connected transactions entered into between the Company and its connected persons have not been exceeded.

The independent non-executive Directors of the Company will conduct annual review on the continuing connected transactions and confirm that the transactions have been entered into, and the agreements governing those transactions were entered into, by the Group in the ordinary and usual course of business; the transactions are on normal commercial terms or better; and have been entered into in accordance with the relevant terms that are fair and reasonable and in the overall interests of the shareholders of the Company as a whole.

The Board oversees the Company's risk management and internal control systems, including internal control systems of connected transactions and the Board will, through the Audit Committee, conducts an annual review of the risk management and internal control systems for each financial year of the Company. After receiving the reports from the Internal Audit Department and the confirmation from the management to the Board on the effectiveness of these systems, the Board would confirm that the Company's risk management and internal control systems are solid, well-established, effective and sufficient.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RESPECTIVE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

1. Realisation of centralised capital management and enhancement of capital management efficiency: Relying on the account management system of China Telecom Finance and its industry capabilities as a deposit-taking financial institution, the Group is able to achieve centralised capital management for member units at all levels which have been otherwise dispersed in different commercial banks. Based on the management needs of the Group, China Telecom Finance provides a customised solution for centralisation, deposit and management of capital funds, enabling the Group to withdraw funds to meet its flexible funding needs at any time, in a timely and compliant manner and without any restriction.

2. Realisation of the maximisation of cost and operational efficiency: Serving as a platform for internal settlement, fund financing and capital management among the Group, China Telecommunications Corporation, the CCS Group, the New Guomai Group and the Safety Technology Group, China Telecom Finance provides deposit services, loan and bill discounting services and other financial services to facilitate internal settlement among all member units of the Parent Company (some of which are also customers of the Group) and to shorten the time required for fund transfer and turnover. Compared with the current approach that all member units individually arrange settlement through the bank accounts opened with respective commercial banks, China Telecom Finance can effectively improve the efficiency of fund settlement and collection between two parties. Through various measures to enhance the efficiency of internal settlement, China Telecom Finance can reduce the Group's cost of capital and help to realise the maximisation of cost and operational efficiency.
3. Full understanding and familiarity with the business needs of the Group: As China Telecom Finance only provides financial services to the member units of the Parent Company, it has a more direct and in-depth understanding on the telecommunications operation and communications services industry. China Telecom Finance is familiar with the capital structure, business operations, capital requirements and cash flow model of the member units of the Parent Company (including the Group), enabling it to be in a better position to anticipate the Group's funding needs. It thereby allows the Group to more effectively allocate capital among subsidiaries and manage the existing funds and cash flow. Accordingly, China Telecom Finance can at any time provide flexible and convenient services to the Group which is more tailored to the specific needs of the Group at a lower cost and enables the Group to have a stable supply of financial services in the ordinary and usual course of business.
4. Provision of favourable commercial terms: As a professional centralised capital management platform, in compliance with the relevant requirements of the People's Bank of China on the interest rate and the regulatory requirements of the CBIRC on the fee standard (where applicable), China Telecom Finance will generally be able to provide the Group with transaction terms such as interest rates and fee rates no less favourable than those terms offered by the major cooperative commercial banks of the Group. Under normal circumstances, the deposit interest rates offered by China Telecom Finance to the Group shall not be lower than those offered by the major cooperative commercial banks for the same type of deposit services and for the same period and the loan interest rates shall not be higher than those offered by the major cooperative commercial banks for the same type of loan services and for the same period.

5. Additional option for financial services provider: The respective Financial Services Framework Agreements are non-exclusive agreements and do not limit the Group's rights in engaging any other banks or any financial institutions to satisfy its need for financial services. Therefore, entering into the Financial Services Framework Agreements will provide the Group with an additional financial services provider and also encourage all financial services providers to provide more competitive terms to the Group. Under the same conditions, giving priority to China Telecom Finance is also in the interest of the Group.

The Group, China Telecommunications Corporation, the CCS Group, the New Guomai and the Safety Technology Group have full discretion to freely select financial services providers to meet their financial service needs, and compare the rates and transactions terms offered by China Telecom Finance with those offered by other major cooperative commercial banks in accordance with their actual business needs. Therefore, the transactions contemplated under the respective Financial Services Framework Agreements are based on the actual business needs and are entered into in the ordinary and usual course of business of the Group, and are on normal commercial terms or better, and the agreement terms and conditions are fair and reasonable, and do not restrict member units to choose other commercial banks to meet their financial service needs. All member units will have one more choice of financial services provider which can encourage respective financial services providers to provide more competitive and attractive terms for financial services. For the reasons stated above, the transactions contemplated under the respective Financial Services Framework Agreements are in the interests of the Company and its shareholders as a whole.

RELATIONSHIP BETWEEN THE PARTIES AND HONG KONG LISTING RULES AND SHANGHAI LISTING RULES IMPLICATIONS

As of the date of this announcement, the Parent Company is the Company's controlling shareholder and holds approximately 62.70% of the issued share capital of the Company. As the Parent Company holds approximately 51.39% of the issued share capital of CCS, CCS is a subsidiary of the Parent Company. As the Parent Company holds approximately 51.16% of the issued share capital of New Guomai, New Guomai is a subsidiary of the Parent Company. As the Parent Company holds approximately 18.68% of the issued share capital of Safety Technology, Safety Technology is consolidated in the audited consolidated accounts of the Parent Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Parent Company, CCS, New Guomai and Safety Technology and/or their associates are connected persons of the Company. As the Company holds 70% of the issued share capital of China Telecom Finance, China Telecom Finance is a subsidiary of the Company. Meanwhile, each of the Parent Company and CCS respectively holds 15% of the issued share capital of China Telecom Finance. Pursuant to Chapter 14A of the Hong Kong Listing Rules, China Telecom Finance is a connected subsidiary of the Company and an associate of the Parent Company, CCS, New Guomai and Safety Technology, which is also a connected person of the Company. Accordingly, the transactions under the respective Financial Services Framework Agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

The transactions under the above new Financial Services Framework Agreements (including the historical transaction amounts and the relevant proposed Annual Caps) will be subject to the announcement and Independent Shareholders' approval requirements in accordance with Chapter 10 of the Shanghai Listing Rules, except those under the China Telecom Financial Services Framework Agreement.

CHINA TELECOM FINANCIAL SERVICES FRAMEWORK AGREEMENT

As each of the applicable percentage ratios of the Annual Caps for the deposit services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement is expected to exceed 5% but is less than 25%, such deposit services constitute discloseable transaction and non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Hong Kong Listing Rules.

As the loan and bill discounting services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant loan and bill discounting services will not be secured by the assets of the Group, such loan and bill discounting services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CHINA TELECOMMUNICATIONS CORPORATION FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to China Telecommunications Corporation under the China Telecommunications Corporation Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CCS FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

NEW GUOMAI FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the New Guomai Group under the New Guomai Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

SAFETY TECHNOLOGY FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the deposit services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the loan and bill discounting services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement is expected to exceed 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios of the Annual Caps for the service fees of other financial services to be provided by China Telecom Finance to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement is expected to be less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the Parent Company, CCS, New Guomai and Safety Technology and/or its associates are connected persons of the Company, the continuing connected transactions contemplated under the Financial Services Framework Agreements entered into between China Telecom Finance with the Parent Company, CCS, New Guomai and Safety Technology respectively shall be aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As each of the applicable percentage ratios of the aggregated Annual Caps for the loan and bill discounting services is expected to exceed 0.1% but is less than 5%, pursuant to Rule 14A.76(2) of the Hong Kong Listing Rules, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. As each of the applicable percentage ratios of the aggregated Annual Caps for other financial services is expected to be less than 0.1%, pursuant to Rule 14A.76(2) of the Hong Kong Listing Rules, such other financial services are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

BOARD OPINION

The Board has passed resolutions to approve, among others, the China Telecom Financial Services Framework Agreement, the China Telecommunications Corporation Financial Services Framework Agreement the CCS Financial Services Framework Agreement, the New Guomai Financial Services Framework Agreement and the Safety Technology Financial Services Framework Agreement and the respective financial services thereunder. Save for Mr. Ke Ruiwen who serves as the Chairman of China Telecommunications Corporation, Mr. Li Zhengmao who serves as a Director and the President of China Telecommunications Corporation, Mr. Shao Guanglu who serves as a Director of China Telecommunications Corporation, Mr. Liu Guiqing who serves as a Vice President of China Telecommunications Corporation and Madam Zhu Min who serves as the Chief Accountant of China Telecommunications Corporation and the Chairman of China Telecom Finance, and have therefore abstained from voting on the relevant board resolutions in respect of, among others, the respective agreements, none of the Directors had a material interest in the transactions contemplated under the respective agreements and no Director was required to abstain from voting on the relevant board resolutions to approve the related agreements.

The Board (excluding the members of the Independent Board Committee) is of the view that the deposit services contemplated under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance are in the ordinary and usual course of business of the Group, that they are on normal commercial terms or better, and that the terms, as well as the Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its shareholders as a whole. The opinion of the Independent Board Committee will take into account the advice from the Independent Financial Adviser and will be attached in the circular to be despatched to the shareholders of the Company.

The Board (including the independent non-executive Directors of the Company) is of the view that the loan and bill discounting services and other financial services contemplated under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance, the respective financial services contemplated under the China Telecommunications Corporation Financial Services Framework Agreement entered into between China Telecom Finance and the Parent Company, the respective financial services contemplated under the CCS Financial Services Framework Agreement entered into between China Telecom Finance and CCS, the respective financial services contemplated under the New Guomai Financial Services Framework Agreement entered into between China Telecom Finance and New Guomai and the respective financial services contemplated under the Safety Technology Financial Services Framework Agreement entered into between China Telecom Finance and Safety Technology are in the ordinary and usual course of business of the Group, that they are on normal commercial terms or better, and that the terms, as well as the Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

THE EGM

The EGM will be convened to consider and, if thought fit, to approve, among other things, the deposit services contemplated under the China Telecom Financial Services Framework Agreement and the Annual Caps applicable thereto. Pursuant to Rule 14A.36 of the Hong Kong Listing Rules, any shareholder with a material interest in the relevant continuing connected transactions is required to abstain from voting on the relevant resolutions at the EGM. Accordingly, the Parent Company and/or its associates are required to abstain from voting on the resolution in respect of the relevant continuing connected transactions at the EGM.

An Independent Board Committee comprising all of the independent non-executive Directors of the Company, namely Mr. Tse Hau Yin, Aloysius, Mr. Xu Erming, Madam Wang Hsuehming and Mr. Yeung Chi Wai, Jason, has been formed to advise the Independent Shareholders in respect of the deposit services contemplated under the China Telecom Financial Services Framework Agreement and the Annual Caps applicable thereto. The Company has appointed Trinity Corporate Finance Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the China Telecom Financial Services Framework Agreement and the Renewed Annual Caps applicable thereto.

Pursuant to the Shanghai Listing Rules, the China Telecommunications Corporation Financial Services Framework Agreement, the CCS Financial Services Framework Agreement, the New Guomai Financial Services Framework Agreement and the Safety Technology Financial Services Framework Agreement shall be subject to the Independent Shareholder's approval. Therefore, the Company will seek Independent Shareholders' approval for the above financial services framework agreements.

A circular containing (i) details of the above Financial Services Framework Agreements thereto; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) a notice of the EGM, is expected to be despatched to the shareholders of the Company on or before 12 November 2021.

GENERAL INFORMATION

The Company is an integrated intelligent information services operator and whose principal business is the provision of fundamental telecommunications businesses including comprehensive wireline telecommunications services and mobile telecommunications services, Internet access services, information services and other value-added services.

China Telecom Finance, a non-banking financial institution legally established with the approval of the CBIRC, is a limited liability company incorporated in the PRC on 8 January 2019 as approved by the relevant PRC government authorities, including but not limited to the CBIRC, for the purpose of providing capital and financial management services to the member units of the Parent Company.

Parent Company is a state-owned enterprise and its principal business is investment holding of companies, which are primarily involved in the provision of telecommunications services in the PRC, the provision of specialised telecommunication support services and other businesses.

CCS is a leading service provider in the informatisation sector in the PRC, providing integrated comprehensive solutions in the informatisation sector, including telecommunications infrastructure services, business process outsourcing services and applications, content and other services.

New Guomai is a listed company in Shanghai, whose principal business includes internet entertainment services, hotel operations, business travel services, etc.

Safety Technology is a group service provider in public safety products and services, and dedicates to the improvement and industrialisation of public safety technology. Its principal business includes research and development, manufacturing, sales and related services of public safety emergency platform software and emergency platform equipment.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meanings:

“Annual Caps”	the maximum aggregate annual values
“associate”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission, including its designated institution
“CCS”	China Communications Services Corporation Limited (中國通信服務股份有限公司), a subsidiary of China Telecommunications Corporation, the Company’s controlling shareholder and is a joint stock limited company incorporated in the PRC on 30 August 2006 and whose H shares are listed on the Hong Kong Stock Exchange. Its principal business includes the provision of telecommunications infrastructure services, business process outsourcing services and applications and content and other services
“CCS EGM”	the extraordinary general meeting of CCS to be convened, or any adjournment thereof
“CCS Financial Services Framework Agreement”	the financial services framework agreement entered into between China Telecom Finance and CCS on 22 October 2021, with expiration on 31 December 2024, in relation to the provision of several financial services to CCS Group

“CCS Group”	CCS and its subsidiaries
“China Telecommunications Corporation”	China Telecommunications Corporation (中國電信集團有限公司), its associates and its commonly held entity held with the Group, excluding the Group, the CCS Group, the New Guomai Group and the Safety Technology Group
“China Telecommunications Corporation Financial Services Framework Agreement”	the financial services framework agreement entered into between China Telecom Finance and the Parent Company on 22 October 2021, with expiration on 31 December 2024, in relation to the provision of several financial services to China Telecommunications Corporation excluding the Group, the CCS Group, the New Guomai Group and the Safety Technology Group
“China Telecom Finance”	China Telecom Group Finance Co., Ltd. (中國電信集團財務有限公司), a non-banking financial institution legally established with the approval of the CBIRC, is a limited liability company incorporated in the PRC on 8 January 2019 as approved by the relevant PRC government authorities, including but not limited to the CBIRC, for the purpose of providing capital and financial management services to the member units of the Parent Company
“China Telecom Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and China Telecom Finance on 22 October 2021, with expiration on 31 December 2024, in relation to the provision of several financial services to the Group
“Company”	China Telecom Corporation Limited (中國電信股份有限公司), a joint stock limited company incorporated in the PRC with limited liability on 10 September 2002, with its H shares and A Shares listed on the Stock Exchange and the Shanghai Stock Exchange, respectively and whose principal business is the provision of fundamental telecommunications businesses including comprehensive wireline telecommunications services, mobile telecommunications services, value-added services such as Internet access services, information services and other related services

“commonly held entity”	has the meaning ascribed to it in the Hong Kong Listing Rules
“connected person”	has the meaning ascribed to it in the Hong Kong Listing Rules
“connected subsidiary”	has the meaning ascribed to it in the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Directors”	the directors of the Company
“EGM”	the second extraordinary general meeting of the Company in 2021 to be convened, the notice of which will be set out in the circular, or any adjournment thereof
“Financial Services Framework Agreements”	the China Telecom Financial Services Framework Agreement, the China Telecommunications Corporation Financial Services Framework Agreement, the CCS Financial Services Framework Agreement, the New Guomai Financial Services Framework Agreement and the Safety Technology Financial Services Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee, comprising all of the independent non-executive Directors of the Company, namely Mr. Tse Hau Yin, Aloysius, Mr. Xu Erming, Madam Wang Hsuehming and Mr. Yeung Chi Wai, Jason, formed to advise the Independent Shareholders in respect of the deposit services contemplated under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance and the Annual Caps applicable thereto

“Independent Financial Adviser”	Trinity Corporate Finance Limited, acting as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance and the Annual Caps applicable thereto
“Independent Shareholders”	shareholders of the Company other than the Parent Company and its associates
“major cooperative commercial banks”	major cooperative state-owned commercial banks and national joint stock commercial banks
“member units”	has the meaning ascribed to it in the definition of Article 3 of the Administrative Measures of Finance Companies of Enterprise Groups (Order No. 8 of 2006 issued by the China Banking Regulatory Commission), including the parent company and its subsidiary in which the parent company holds more than 51% of the shares, any company in which the parent company and its subsidiaries (either individually or jointly) hold more than 20% of the shares or hold less than 20% of the shares but are the largest shareholder of such company
“New Guomai”	New Guomai Digital Culture Co.,Ltd (新國脈數字文化股份有限公司), a subsidiary of China Telecommunications Corporation, the Company’s controlling shareholder and is a joint stock limited company incorporated in the PRC on 1 April 1992 and whose A shares are listed on Shanghai Stock Exchange. Its principal business includes internet entertainment services, hotel operations, business travel services, etc.
“New Guomai EGM”	the extraordinary general meeting of New Guomai to be convened, or any adjournment thereof

“New Guomai Financial Services Framework Agreement”	the financial services framework agreement entered into between China Telecom Finance and New Guomai on 22 October 2021, with expiration on 31 December 2024, in relation to the provision of several financial services to New Guomai Group
“New Guomai Group”	New Guomai and its subsidiaries
“Parent Company”	China Telecommunications Corporation (中國電信集團有限公司), a state-owned enterprise established under the laws of the PRC on 17 May 2000 and the controlling shareholder of the Company. Its principal business is investment holding of companies which are primarily involved in the provision of telecommunications services in the PRC, the provision of specialised telecommunication support services and other businesses
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region, and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Safety Technology”	Beijing Global Safety Technology Co., Ltd (北京辰安科技股份有限公司), a subsidiary of China Telecommunications Corporation, the Company’s controlling shareholder and is a joint stock limited company incorporated in the PRC on 21 November 2005 and whose A shares are listed on Shenzhen Stock Exchange. Its principal business includes research and development, manufacturing, sales and related services of public safety emergency platform software and emergency platform equipment

“Safety Technology EGM”	the extraordinary general meeting of Safety Technology to be convened, or any adjournment thereof
“Safety Technology Financial Services Framework Agreement”	the financial services framework agreement entered into between China Telecom Finance and Safety Technology on 22 October 2021, with expiration on 31 December 2024, in relation to the provision of several financial services to Safety Technology Group
“Safety Technology Group”	Safety Technology and its subsidiaries
“Shareholders”	The shareholders of the Company
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange

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

Beijing, China, 22 October 2021

FORWARD-LOOKING STATEMENTS

Certain statements contained in this announcement 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 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

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) (both 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).