2021 Annual Results

China Telecom Corporation Limited

17 March 2022
www.chinatelecom-h.com

Forward-Looking Statements

The development strategies, future business plans, prospects and other forward-looking statements in this document do not constitute commitment by China Telecom Corporation Limited (the "Company") to investors. 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. Investors are advised to pay attention to investment risks.

Certain statements contained in this document may be viewed as "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended). Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of 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.

Presented by

Mr. Ke Ruiwen *Executive Director, Chairman & CEO*

Mr. Li Zhengmao *Executive Director, President & COO*

Mr. Shao Guanglu *Executive Director*

Mr. Liu Guiqing *Executive Director & EVP*

Mr. Tang Ke *EVP*

Overview

— Mr. Ke Ruiwen, Chairman & CEO

Business Review & Financial Performance

Summary of Highlights

1 ▶ Cloudification and Digital Transformation Strategy achieved prominent results while A share listing injected new impetus

2 ▶ Integrated intelligent information services upgraded with revenue and net profit double-digit growths

3 ▶ Strengthened leading edge in cloud-network integration and constructed green and secure infrastructure

4 ▶ Increased dividend to reward shareholders and committed to create more corporate values

5 ▶ Proactively completed new planning for sci-tech innovation to forge core competitiveness for future

6 ▶ Full implementation of Cloudification and Digital Transformation Strategy and deepen reform to foster high-quality development

Successful A-share Listing Expanded Ecology, Deepened Reform and Strengthened Momentum

Listed on 20 Aug 2021
Stock code: 601728

Development momentum strengthened

Expedited ecological planning
Introduced 20 strategic investors covering 5G industry applications, cloud-network integration, regional coordination, digital life, network and information security and other areas

Expanded financing channel
Closer integration between the capital market and user market

Facilitated deepening of reform
Enhance corporate governance; enforce organizational reform; boost corporate vitality; innovate talent mechanisms

Double-digit Revenue and Net Profit Growths with Profitability Continuously Increased

RMB Mil	2020	2021	Change
Operating Revenues	393,561	439,552	11.7%
Service Revenues	373,798	402,827	7.8%
Comparable Service Revenues	372,220	402,245	8.1%
EBITDA	118,880	123,912	4.2%
EBITDA Margin	31.8%	30.8%	-1.0p.p.
Net Profit	20,850	25,948	24.5%
Net Profit Margin	5.6%	6.4%	0.8p.p.
Comparable Net Profit	20,850	24,532	17.7%
EPS (RMB)	0.26	0.31	19.2%
DPS (RMB)	0.104	0.170	63.5%

Note:
1. Service Revenues = Operating Revenues (2020: RMB393,561Mil; 2021: RMB439,552Mil) − Sales of Mobile Terminals (2020: RMB10,711Mil; 2021: RMB24,001Mil) − Sales of Wireline Equipment (2020: RMB5,430Mil; 2021: RMB7,330Mil) − Other Non-service Revenues (2020: RMB3,622Mil; 2021: RMB5,394Mil)
2. EBITDA = Operating Revenues − Operating Expenses + Depreciation & Amortization; EBITDA Margin = EBITDA / Service Revenues
3. Comparable Service Revenues is the Service Revenues excluding the revenue impact of the disposal of subsidiaries (E-surfing Pay Co., Ltd and China Telecom Leasing Corporation Limited)
4. Net Profit represents profit attributable to equity holders of the Company; Comparable Net Profit represents net profit excluding the one-off after-tax gain from the disposal of subsidiaries of RMB1,416Mil; Net Profit Margin = Net Profit / Service Revenues
5. Unless otherwise specified, all % and percentage point (p.p.) changes in this presentation are either 2021 vs 2020, or 2021.12 vs 2020.12; all figures are based on International Financial Reporting Standards ("IFRSs")
6. EPS in 2021 is calculated based on the weighted average number of issued share, i.e. 84.4Bil shares

Implemented Cloudification and Digital Transformation Strategy and Achieved New Results in High-quality Development

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Operation and development significantly accelerated

Overall results ▲	Comparable service revenues growth **Surpassed industry average for 5 consecutive years**	Comparable net profit growth **▲17.7%**
Wireline & mobile development ▲	Mobile subs net add 21.41Mil **4th straight year Industry No. 1** 5G penetration 50.4% **Industry No. 1**	Smart Family revenue growth **▲25.1%**
Industrial Digitalization development ▲	Industrial Digitalization revenue **RMB98.9Bil Industry-leading** As a % of service revenues **24.6%**	e-Surfing Cloud revenue growth **▲102%**
Customer service ▲	🏆 Overall user satisfaction **Maintained industry-leading**	

Note: 5G penetration is based on number of 5G package subs

Wireline & Mobile Revenue Growth Accelerated and Industrial Digitalization Growth Doubled

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Robust momentum maintained for all services

Mobile Communications Service

▲3.5% ➜ ▲4.9%

175,564 (2020)

184,157 (2021)

Revenue (RMB Mil)

Wireline and Smart Family Service

▲3.1% ➜ ▲4.1%

109,018 (2020)

113,522 (2021)

Revenue (RMB Mil)

Industrial Digitalization

▲9.7% ➜ ▲19.4%

83,968 (2020)

98,945 (2021)

Revenue (RMB Mil)
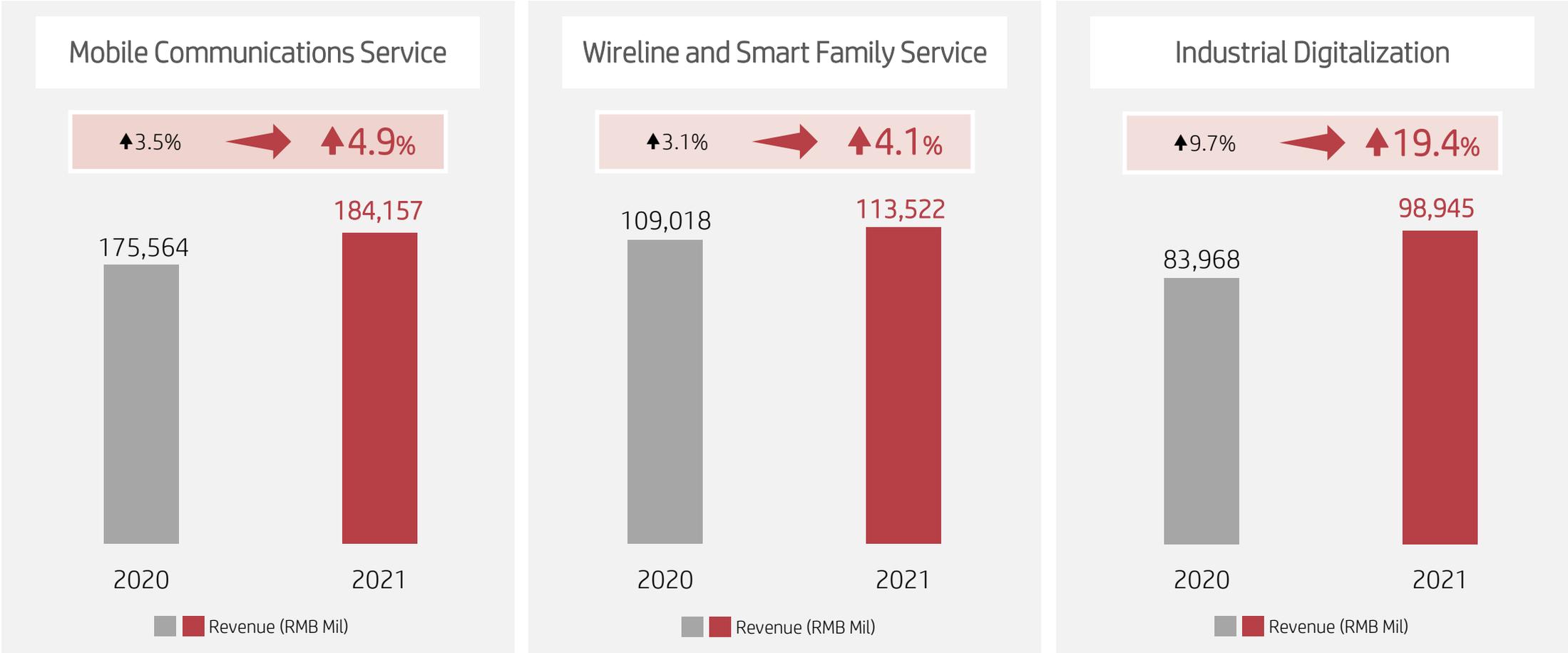
Note: Industrial Digitalization revenue growth in 2021 is calculated by excluding the revenue impact from the disposal of subsidiaries from Industrial Digitalization revenues in both 2020 and 2021

e-Surfing Cloud Fully Upgraded to Continue to Strengthen Competitiveness

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Revenue doubled with strengthened market position

e-Surfing Cloud revenue

RMB **27.9** Bil ▲ **102**%

Public cloud IaaS + PaaS market share

9.0% ▲ **1.6** p.p.

e-Surfing Cloud 4.0: Full upgrade for digital transformation of thousands of industries

e-Surfing Cloud 4.0

Independent and self-controlled, secure and reliable, open for cooperation

Product and technology upgrade

Polymorphism, multiple chip architectures in one cloud, one layer of cloud and network, unified bottom architecture, centralized coordination and maintenance

Comprehensive capability enhancement

e-Surfing Cloud computing power, storage, network

Cloud migration support to industries

Leverage 5G + Industry Cloud + AI and focus on society management, public services, eco-environment and other fields

Deepen reform to boost vitality

China Telecom Cloud Technology Co. established

- Consolidated eco-resources of cloud computing

- Commenced shareholding diversification reform and signed a framework agreement to increase registered capital and shares with 4 large SOEs

Note: Market share data source: *Public Cloud Market Data Tracking, 2021Q3* by IDC

Expedite Construction of Intelligent Integrated Digital Information Infrastructure

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High-speed and ubiquitous, aerial-ground in one, cloud-network integrated, intelligent and agile, green and low-carbon, secure and controllable

e-Surfing Cloud

Efficiently-centralized deployment,
cloud-edge coordination,
full stack service

Network adaptive to cloud, intelligent and agile

- All-fibre network 2.0, CN2-DCI, OTN for government & enterprises, new metropolitan network
- End-to-end automatic activation, agile service configuration
- "Cloud + network + edge + terminal + data" unified network and information security to provide in-depth defense

Holistic network covering land, sea, air and space

- Promote 4/5G coordination and deepen co-build and co-share
- Expedite Gbps deployment
- Satellite-network integration, Internet of Everything

Efficiently-centralized IDC construction and operation

- 2+4+31+X+O
- One-stop full stack IDC
- Introduce energy saving technology and optimize energy consumption structure

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2.62 Mil
4/5G BTS in use

≈95%
of nationwide cities covered by OTN premium network for government & enterprises

470k
IDC cabinets serving customers
(2021: ▲50k)

ROADM all-fibre transmission network
World's biggest by capacity

4Mil
10G PON ports
World's leading Gbps fibre network by scale

Fully Leverage Cloud-Network Integration Edges to Foster "East-to-West Computing Resource Transfer" Implementation

Datacentres: Leadership in scale with advanced planning

- 2+4+31+X+O layout/>700 IDC sites highly consistent with the layout for an integrated national big data centre
- 470k cabinets, 82% in 8 major hub nodes with industry-leading scale

DCI network: Industry-best with direct access

- Built industry-leading DCI network: CN2-DCI and OTN for gov't & enterprises connecting 8 major hub nodes and IDCs in major cities nationwide with backbone bandwidth >300Tbps
- Strong support by all-fibre network: An artery of multi-channel optical cable network covering 4 regions + 6 axles + 8 hubs reaching 320k km in length

Computing power: Industry frontrunner with advanced capacity expansion

- 2021: Computing power 2.1 EFLOPS
- 2022: Computing power to reach 3.8 EFLOPS, ▲>80%

e-Surfing Cloud: Proprietary R&D and ecological coordination

- Distributed cloud: edge cloud products, e.g. ACS, ECX, iStack
- Full stack proprietary technologies: Independent and self-controlled new generation e-Surfing Cloud platform CloudOS 4.0, and cloud server OS CTyunOS, distributed database, TeleDB
- Partners: Technology, application, service, channel, etc.

Secure
Build solid foundation and strengthen protection
- Strengthen the security protection of computing power network infrastructure
- Provide secure and reliable products and services

Green
Innovation driven to enhance greenness level
- Leverage new technologies and new energy to enhance the greenness level of datacentres

Advanced resource and capability deployment highly consistent with planning

Security capability
- Network security
- Data security
- Terminal security

Datacentre
- e-Surfing Cloud
- Server
- Cabinet

Inner Mongolia Hub
Ningxia Hub
Gansu Hub
Chengdu–Chongqing Hub
Guizhou Hub
Beijing–Tianjin–Hebei Hub
Yangtze River Delta Hub
Guangdong–Hong Kong–Macau Hub

- Hub node
- Datacentre
- Network

DCI network
- CN2-DCI
- OTN
- Optical cable
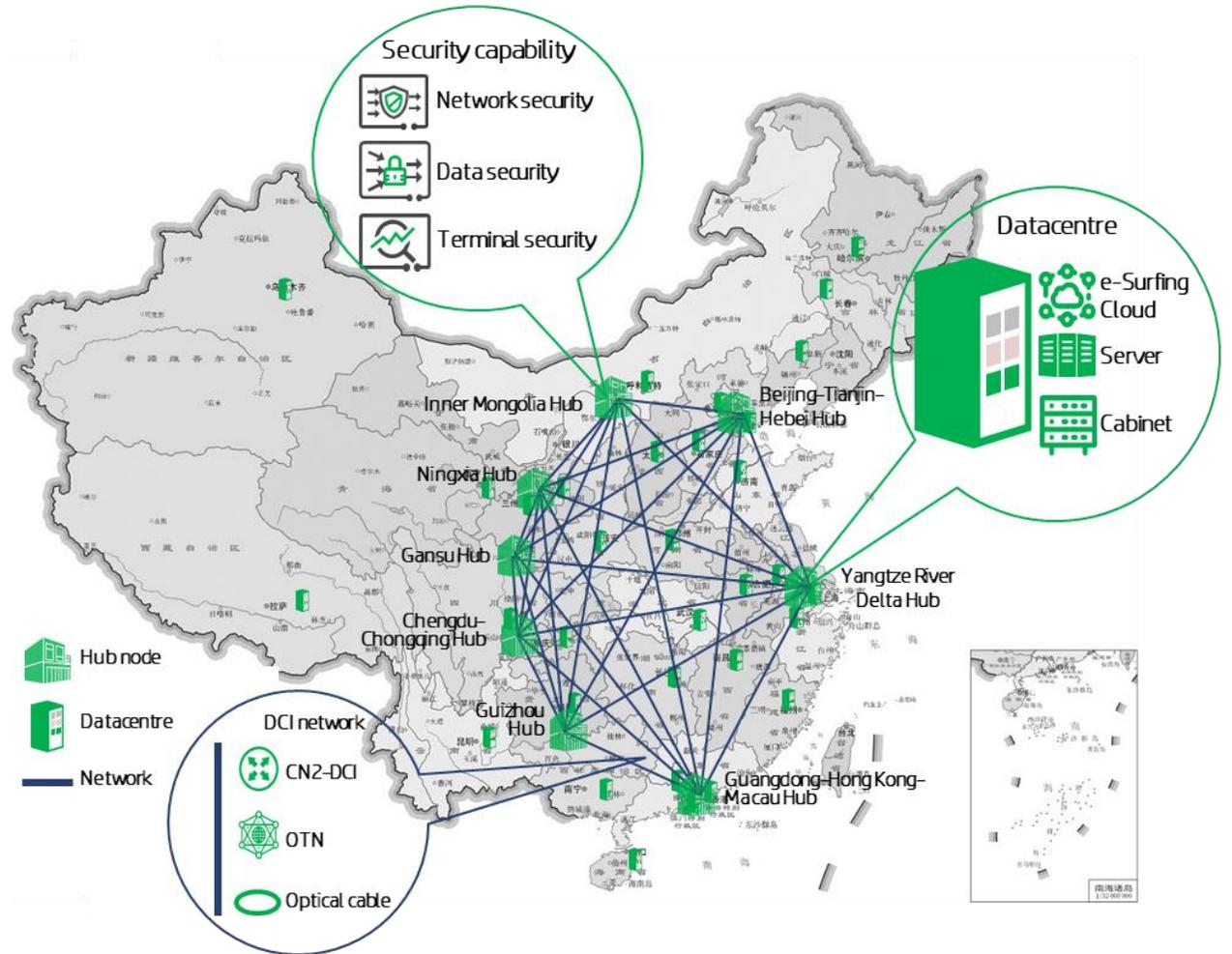
Progressive 5G Network Construction with Prominent Results in Co-build and Co-share

5G network servicing capabilities continue to strengthen

2021

5G CAPEX

RMB**38**Bil ▼3.1%

5G BTS in use

690k ▲310k (vs 2020.12)

- 5G network covered all cities, counties and certain developed towns nationwide
- Basically completed all-SA upgrade for the entire network and became world's largest co-build and co-share 5G SA network

2022 plan

5G CAPEX

RMB**34**Bil ▼10.5%

Planned 5G BTS in use by year end

>990k

- Self-built new 5G BTS 170k; continue to enhance 5G coverage by depth and breadth: 3.5GHz BTS for urban areas and high value indoor area coverage, 2.1GHz BTS for coverage in other areas
- To promote inter-operator network roaming and co-build and co-share among various operators

Continue to expand co-build and co-share for win-win

Cumulative co-built and co-shared trunk optical cable	Cumulative co-built and co-shared local optical cable	Cumulative co-shared 4G/5G BTS	4G/5G co-build and co-share savings	
			CAPEX	OPEX
15k km	**750**k km	**1.35**Mil 2020.12: 580k	RMB**>210**Bil	RMB**20.0**Bil/yr

Note: Co-build and co-share CAPEX saving as of end-2021

Precision Investment to Strengthen Leading Edge of Intelligent Network

CAPEX

RMB Mil

2021	2022E
86,723	93,000

2021:
- 5G: 43.8%
- 4G: 2.1%
- Broadband & Internet: 18.6%
- Industrial Digitalization: 19.9%
- Operating systems & business platforms: 5.3%
- Infrastructure & others: 10.3%

2022E:
- 5G: 36.6%
- 4G: 1.1%
- Broadband & Internet: 17.2%
- Industrial Digitalization: 30.0%
- Operating systems & business platforms: 5.4%
- Infrastructure & others: 9.7%

CAPEX as a % of service revenues ▼1.2p.p.
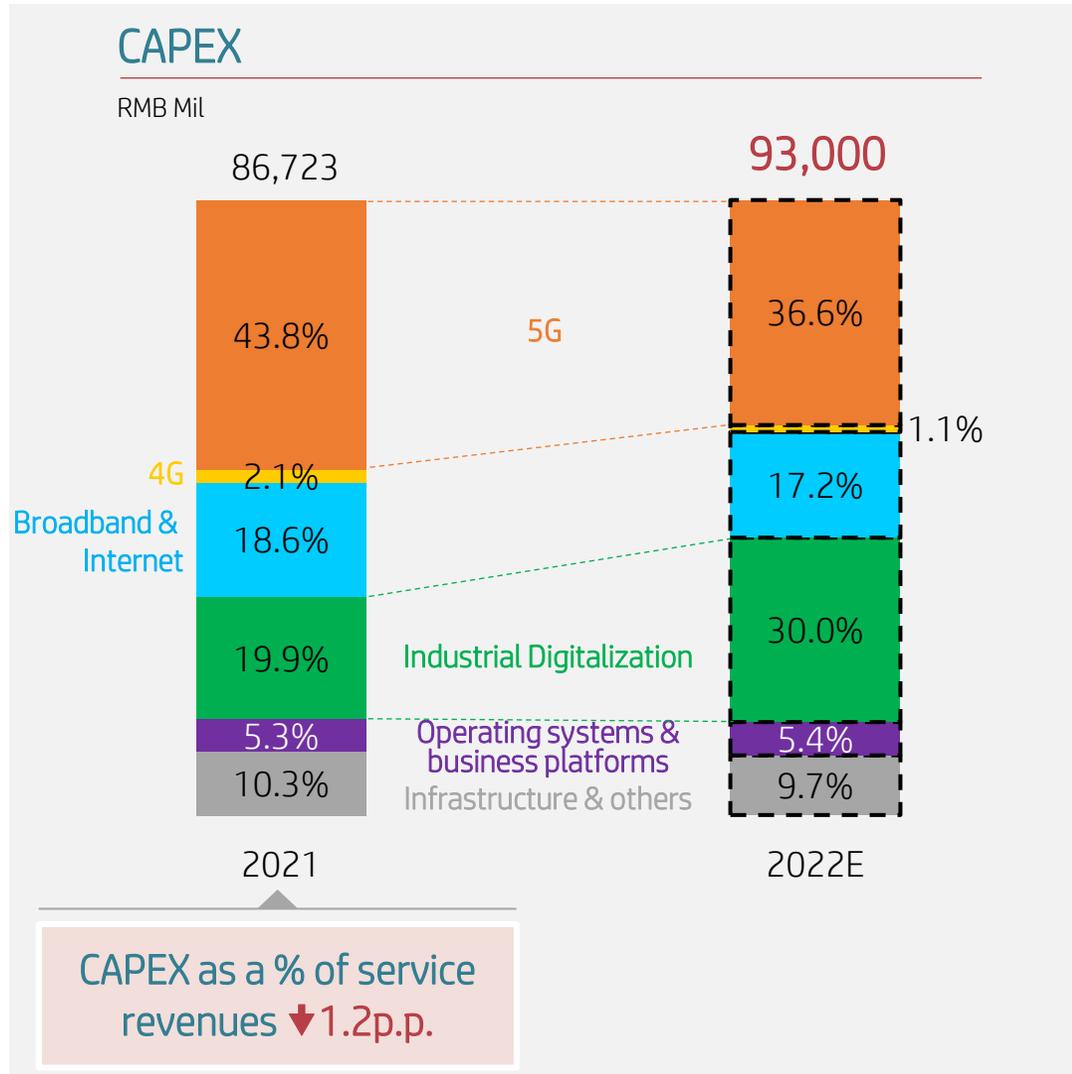
2022 CAPEX to focus on new growth engines

Industrial Digitalization
▲62%

IDC
RMB6.5Bil
+45k cabinets

Computing power (cloud resources)
RMB14Bil
+160k cloud servers

4G/5G
▼12.1%

Broadband & Internet
▼0.6%

Dividend

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Dividend per Share

RMB

0.170

60.0%

0.104

40.3%

2020   2021
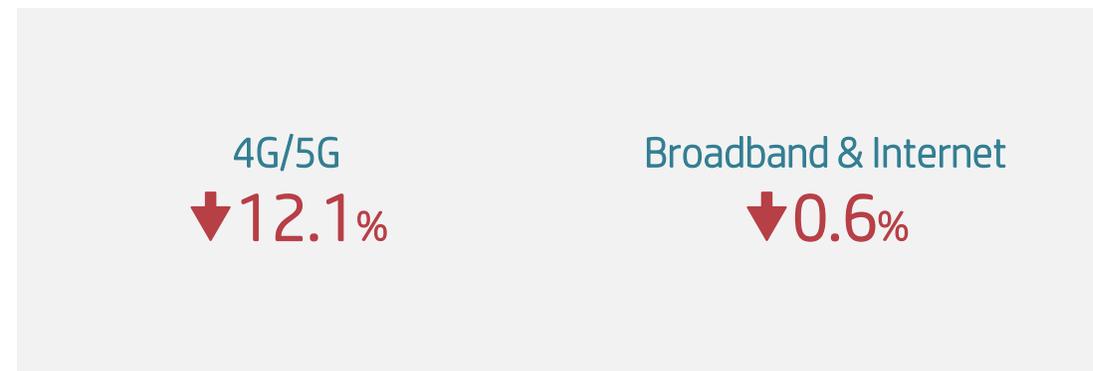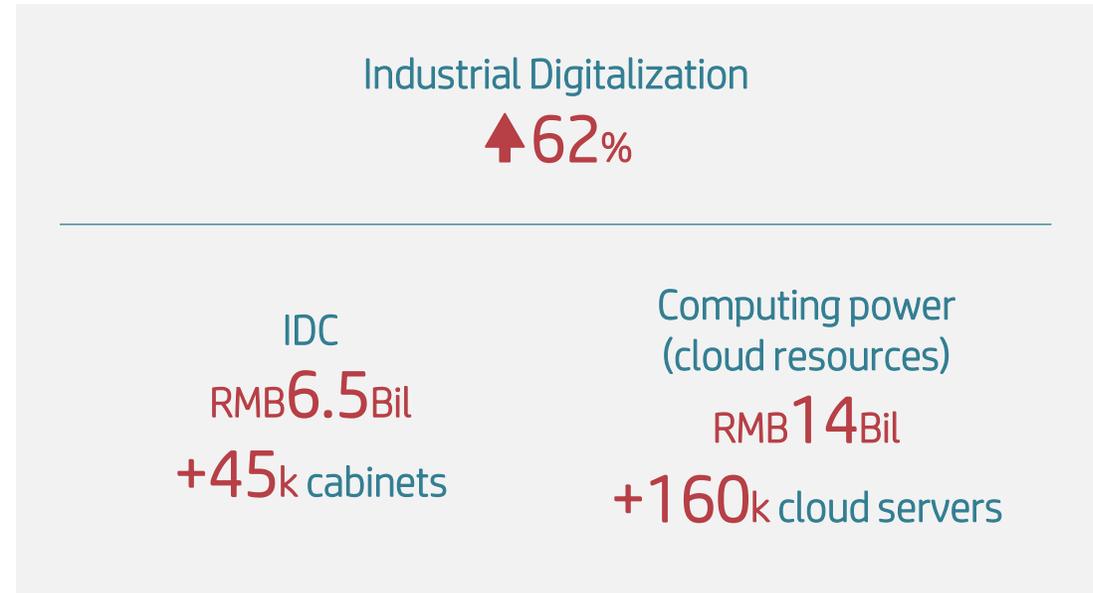
█ Dividend per share   ── Payout ratio
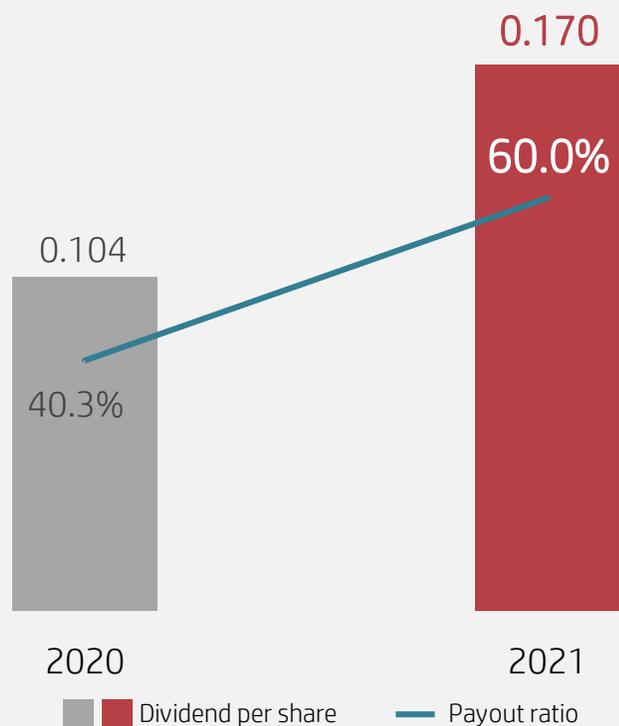
The Board of Directors recommend

2021
dividend per share
RMB0.170
Payout ratio
60%

Declaring interim dividend
from 2022 onward

Sincere gratitude to support from shareholders Let's join hands to share fruits of development together

- The Company will seize the digital economy development opportunities and take due account into shareholders' returns, cash flow and capital requirement for future development, to strive to deliver good returns to shareholders

- Within 3 years after the A Share Offering and Listing, the profit to be distributed by the Company in cash for each year will gradually increase to 70% or above of the profit attributable to equity holders of the Company for that year

Proactively Completed New Planning for Sci-tech Innovation to Forge Core Competitiveness for Future Development

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Penetration of key core technologies

O
Tailor-made software development, integration delivery

Tailor-made software development for localization, autonomic maintenance

D
SaaS

PaaS

Core technology problem tackling and digitalized product provision

R
Cloud-network integration

Network | AI | Security | Quantum

Fundamental research of applications and original technology creation

Note: "R-D-O" = "Research – Development – Operation"

Committed to become a leading sci-tech company

2022

Key core technologies in IaaS, PaaS in cloud computing, etc. on par with respective industries

>100 items on proprietary R&D achievements list

Extensive usage of AI core algorithms; full L2 and partial L3 network autonomy

Key systems/ platforms proprietary ratio ▲10p.p.

2021

Enhanced core technology problem tackling

Breakthroughs in proprietary e-Surfing Cloud 4.0, 5G edge network, VoLTE quantum-encrypted calls, etc.

Extensive application of achievements

Completed 33 achievement transfers; co-shared and replicated >80 small & micro innovation achievements

Enhance Green Operation Capability to Endow Green Development in Economy and Society

Corporate green development

Green new cloud and network

- Promote co-build and co-share and network total fiberization
- Build intelligent and ultra-simple IP network

Green new energy

- Continue to increase utilization rate of renewable energy

Green datacentres and green computing power

- Newly-built large/mega-scale datacentres PUE<1.3
- Computing power distribution of datacentres in eastern PRC vs western PRC to shift from 7:3 to 6:4
- Continue to enhance computing power and efficiency

Green operation

- Leverage AI and other technologies to enable green 5G
- Retire old and high energy consumption facilities and revamp old facility rooms
- Green office, green travelling, green marketing

Green supply chain

- Incentives to suppliers for emission reduction
- Low-carbon logistics and green packaging

Green new endowment

- Leverage digital technology to multiply the effect of endowment of green and low-carbon in the entire society, and support various industries to achieve green production and green living

"1236" Action Plan

1 strategic focus

Green and low-carbon development is an important element of Cloudification and Digital Transformation Strategy

Internal · External

2 directions to work on

3 basic strategies
1. High-quality development
2. Coordinated development
3. Sustainable development

6 green actions
- Construct green new cloud and network
- Forge green new operation
- Build green new ecology
- Endow green new development
- Cultivate green technology
- Solidify green new support

Note: "1236" is China Telecom's green and low-carbon development model to provide support in achieving the " dual carbon" goals

Seize Digital Economy Development Opportunities to Continue Deepening of Corporate Reform

| Seize opportunities in digital economy	Potential of 2C/2H/2B digital transformation **RMB15.5Tril** CAGR during the 14th Five-Year Plan: **28.1%**	Digital economy scale by 2025: **RMB60Tril** and account for **50.3%** of GDP ▲≈10p.p. vs 2020
Boost corporate vitality and momentum	Optimize resource allocation, mobilize employees' proactiveness, initiative, creativity; adhere to open, cooperation and win-win, continue to expand and strengthen ecologies	

Deepen internal corporate reform

Mechanism reform
- Implemented three-year action plan for corporate reform and continue to enhance governance modernization of subsidiaries
- Promoted three system reforms, established market-oriented incentive mechanism, and strengthened talent recruitment

2B business
- Reinforce the operation of industrial research institutes
- Strengthen the local integration and delivery teams
- Enhance fundamental capabilities

Professional cos and local network
- Restructured digital life company
- Pushed forward "sci-tech reform" of system integration company
- Carried out authority delegation reform within Shenzhen branch
- Established regional professional company in Chengdu

Capital cooperation to facilitate eco-development

A-share Listing
- Introduced strategic investors from upstream and downstream of industry chain
- Carried out in-depth cooperation in areas of R&D, solutions, service and capital

Cloud Company
- Introduced 4 large SOEs
- Consolidated eco-resources, enhanced market expansion capabilities in digital society, digital government, vertical industries and etc.

Peer Cooperation
- Deepened co-building and co-sharing, and promoted joint procurement within industry
- Strengthened ecological cooperation in key business areas
- Promoted innovative R&D in 5G technology, industry and terminal

Note: Data source of digital transformation potential growth in the PRC: Data projection of industry segments by CAICT, IDC, Boston Consulting Group, CCID Consulting, Qianzhan Industry Institute and other institutions

Fully Implement Cloudification and Digital Transformation Strategy with High-quality Development to Foster Value Enhancement

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Value enhancement

Customer value ↗   Shareholder value ↗   Corporate value ↗
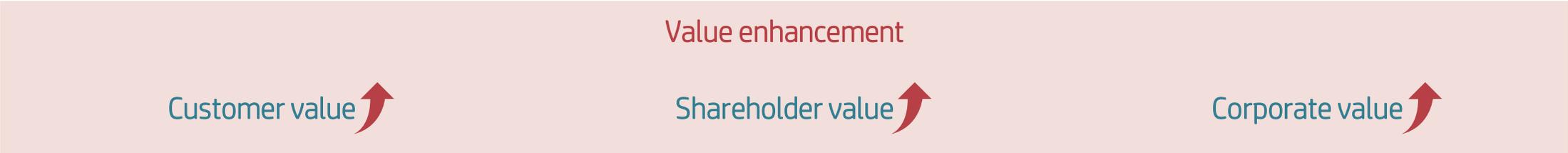
Fully implement Cloudification and Digital Transformation Strategy

Strive to become a service-oriented, technology-oriented, secured enterprise

2C | 2H | 2B | 2O | ...

Integrated intelligent information service

Reform and innovation

Digitalized platform

Cloud

Team   Cloud-network integration   Team   Network

Open cooperation

Secure, green
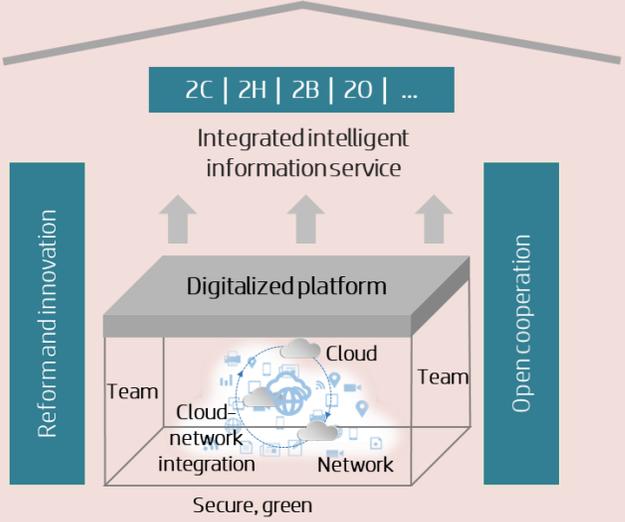
Strengthen China Telecom's differentiation edges

✓ Clear strategy   ✓ Strong execution

✓ Premium network   ✓ First-class talents

✓ Quality service   ✓ Open cooperation

Overview

Business Review & Financial Performance

— Mr. Li Zhengmao, President & COO

Mobile Communications Service Maintained Steady Growth in Scale and Quality

Concurrent growth in scale and value

Mobile subs
372Mil
▲6.1%

Handset data traffic
▲35.4%

5G package subs
188Mil
▲117%

5G network subs DOU 2021.12
24.1GB

Handset Internet access revenue
RMB Mil

	2020	2021
Revenue	130,655	140,270
Growth	6.0%	7.4%

■ Revenue — Growth

Mobile ARPU
RMB

2020	2021
44.1	45.0

▲2.0%
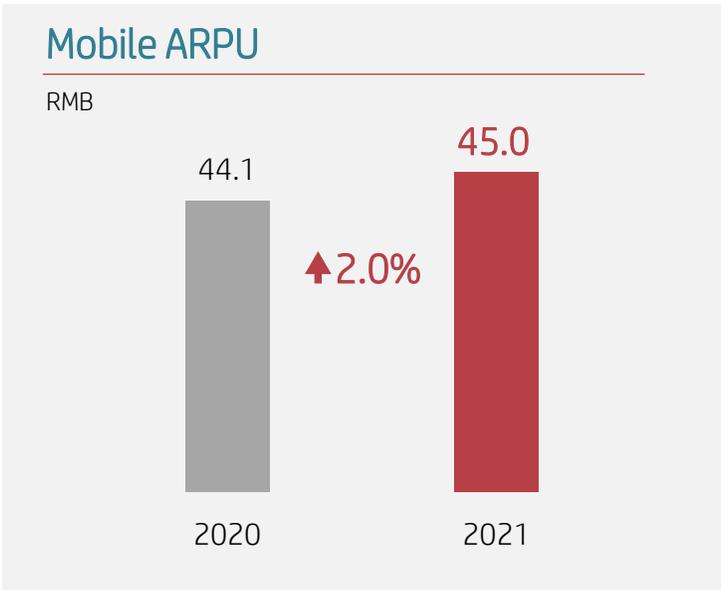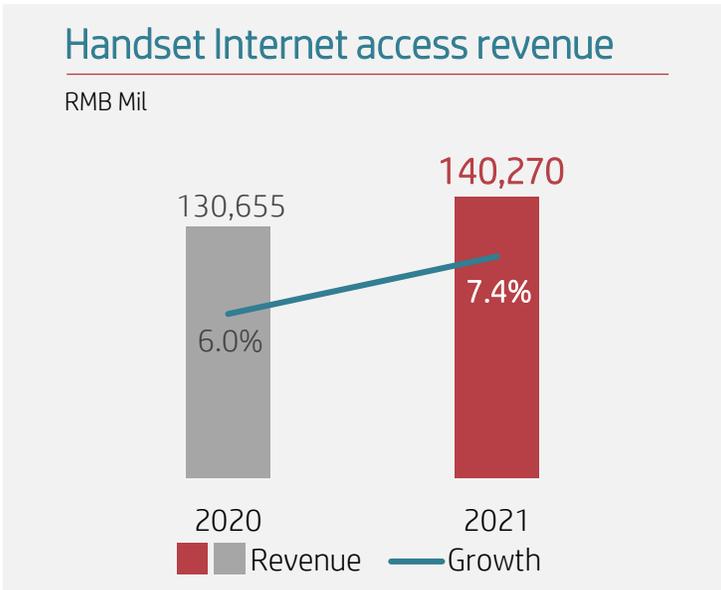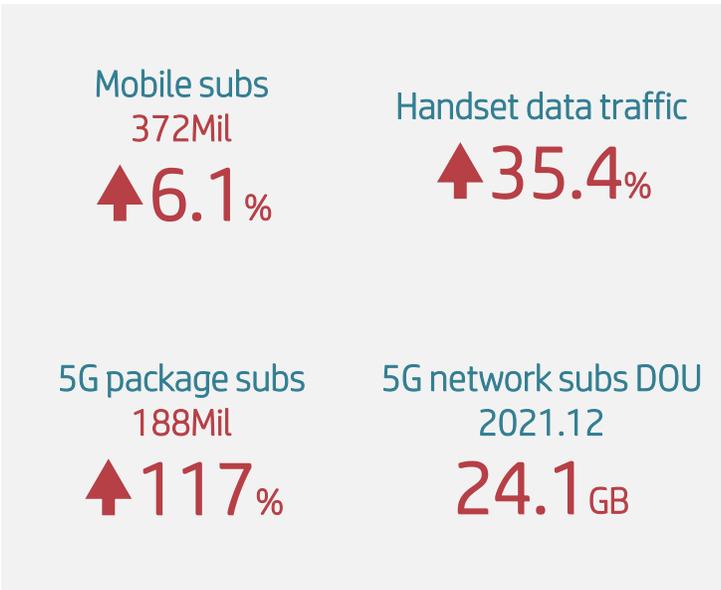
Full upgrade of value chain

Handset upgrade
- Upgraded cloud handset, e-Surfing One 2021
- Developed security handsets to offer complete protection of terminal, cloud, network, application and data

Application/privilege upgrade
- 5G Messaging commercial launch; continue to enhance content and experience of e-Surfing UHD, e-Surfing Cloud VR and e-Surfing Cloud Games
- Continue to enrich member privilege portfolio

Channel upgrade
- Chain store-style operation of ten-thousands of outlets
- Online-offline integration of all customer touchpoints
- Ecologicalization of the cooperation between channels in urban and rural areas

Note: Mobile ARPU = Monthly Average of Mobile Service Revenues / Average Number of Mobile Subs

Wireline and Smart Family Service Contribution Continued to Increase

Expanded digitalized life product and service offerings for households to achieve concurrent increase in scale and quality

Smart Family revenue

RMB Mil

11,102 (2020)

13,885 (2021)

▲25.1%

2020 2021

Broadband access revenue

RMB Mil

71,872 (2020)

76,548 (2021)

▲6.5%

2020 2021

Gbps scale increased

Gbps broadband penetration

7.7% ▲5.9p.p.
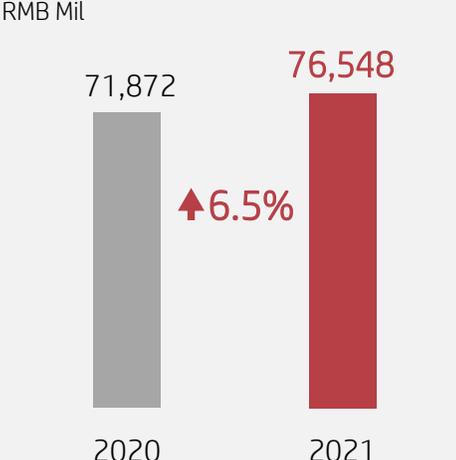
Sub value increased

Broadband access ARPU RMB38.9 ▲1.3%

Broadband blended ARPU RMB45.9 ▲3.4%

Connecting Smart Family with Smart Community and Digital Village

e-Surfing HD, Whole-home WiFi, e-Surfing Webcam…

Launch whole-home intelligent integrated solutions

Develop Smart Communities

Develop Digital Villages
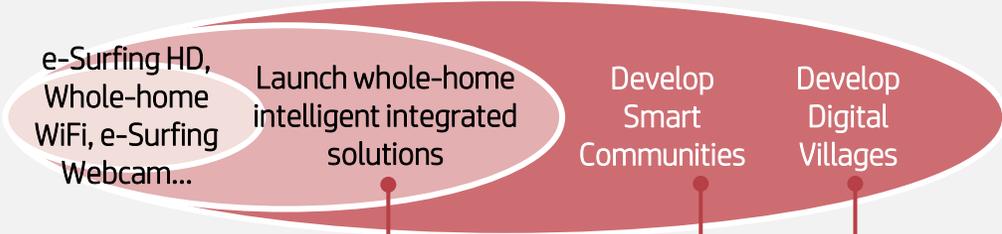
Smart Family :
- Proactively promote digitalization upgrade to satisfy the multi-level and intelligent demand on whole-home customization, key scenes and smart devices, etc. of household customers
- Penetration rapidly increased with whole-home intelligent service user base taking shape

Smart Community :
- Strengthen platform capability development, launch products and applications, such as Community Security and Protection, Community Management and Resident Service

Digital Village :
- 1st to launch white paper, develop efficiently-centralized platform, launch products and applications, such as Village Governance, Agricultural Production and Rural Living

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Note: Broadband blended ARPU = Monthly Average of Revenues from Broadband Access, e-Surfing HD and Smart Family Applications and Services / Average Broadband Subs

Industrial Digitalization Became Key Growth Driver with Accelerating Reform to Strengthen Leadership

2021

Industrial Digitalization's contribution to incremental service revenues
51.6% ▲**5.7**p.p.

Industrial Digitalization's revenue contribution
24.6% ▲**2.1**p.p.

In 3 years' time

Industrial Digitalization's revenue contribution
>30%

Thoroughly explore thousands of industries to become key growth driver

2B customers
>10Mil

Ecological partners
>3,000

Industry
Served hundreds of large enterprises in industrials sector

Finance
Served >4,000 banks and other financial institutions

Gov't admin
Served ≈90% different levels of gov'ts

Healthcare
Serving ≈10,000 medical institutions

Education
Served 250k education institutions

8 more business departments

Mid/small/micro-sized enterprises served
>11Mil

Commercial complexes served
>1,000

Merchants served
100k

Consumption driven
RMB>1 Bil

Promote enterprise service reform 2.0 to enhance core competitiveness

Establish 12 industrial research institutes + 2 innovation centres
R&D + sales & marketing + delivery to join forces

Endowment and co-share
Launch fundamental capabilities
Build "5 inventories" platform

Industry insight
Export industry insight reports and industry consultation reports

Customer-oriented
Planning, support, coordination, plugging gaps

Execution and delivery
Establish PMO
Enhance project-based management

Industry expert team formation
1,026 certified experts
Explore >5,000 big contract opportunities

Capability provision
Build Industrial Digitalization core platform

Expedite Developing Benchmark Projects and Extensively Replicate 5G 2B Use Cases

Develop benchmark projects and promote extensive replication

2021

Developed	Launched
≈200	>1,200
benchmark projects	5G customized network projects

Benchmark projects

Chemicals, steel, mining	Ports	Manufacturing
Wireless monitoring of facilities, smart patrol, smart logistics with AGVs	Facility remote control, smart tallying, AGVs, port area security	Machine vision quality check, flexible production, data collection
✓ Refined management of production process	✓ Enhance operation efficiency	✓ Manpower needed ▼
✓ Production safety monitoring	✓ Reduce safety risks and labor intensity	✓ Product quality ▲
✓ Facility performance alert		✓ Production line adjustment flexibility ▲

Expedite project implementation focusing on key industries

Fully leverage
5G features of
massive connectivity,
high speed, low latency, data
security, etc.

Achieve full in-depth coverage of
15
key industries such as industrials
and gov't admin

2022: Target to launch
1,500–2,000
customized network
projects

Enhance Differentiation Edges and Capabilities to Foster Rapid Growth of Cloud Business

e-Surfing Cloud revenue doubled with industry leadership

e-Surfing Cloud revenue

RMB**27.9**Bil ▲**102**%

Gov't admin (public cloud) market

Industry No. 1

Master key technologies to provide full stack products and services

>50
key core technologies
Elastic computing, distributed storage, mega-scale data processing, CDN…

>200
products
Computing, storage, network, database, CDN, device, Big Data, AI, hyper-convergence…

>10,000
self-owned facility rooms
Deployable in customers' facility room, low latency

>2Mil
2B customers
Incl.: IT cloud migration project customers

4,329

Focus on industries to support cloud migration

Focus on
gov't, large/mid-sized enterprises, finance, manufacturing, healthcare, education…

Benchmark projects

Intelligent SOE cloud of a province
✓ **Cloud foundation construction**: Dedicated zones in CT's cloud resource pools + customized cloud management platform + full stack applications
✓ **Secure operation**: 18 provincial SOEs cloud migrated, dedicated zones in CT's cloud resource pools with high security and sustainable operation

"City Brain" of a county region
✓ **Full stack capabilities launched**: Provided cloud resource centre and Big Data & AI platforms
✓ **Intelligent county region construction**: Solved the "information island" problem, built "City Brain" and strengthened the construction of digital government

High performance computing (HPC) cloud of an automaker
✓ **High performance computing clusters**: Modelling, simulation, testing and verification of finished vehicles and parts
✓ **Proprietary architecture**: Provided high standard technology solutions, SLA and supply chain assurance

Note: Gov't admin (public cloud) market ranking data source: IDC

Launch e-Surfing Internet of Video Things to Forge New Growth Engine

Build the 5th fundamental network

e-Surfing Internet of Video Things national centre

PE   PE

CN2 new plane

PE

Provincial service hubs

PE

Provincial service hubs

PE   PE

PE

PE

GPU computing

PE

Media distribution (CPU)   Edge cloud   Visual storage

GPU computing

PE

PE

Media distribution (CPU)   Edge cloud   Visual storage

ASBR

MSE

China Telecom's new metropolitan network

Access devices

1 + 31 + X
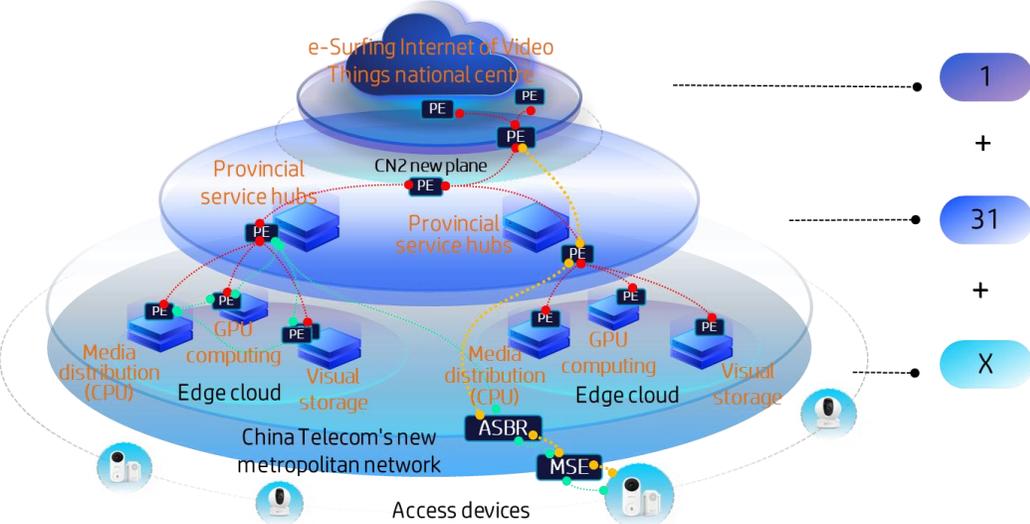
Video-dedicated network
Based on CN2 + new metropolitan network; national coverage with swift networking

Video-dedicated cloud
Core resource pool + edge cloud; wide coverage and redundancy adjustability

Internet of Video Things platform
Fully cloud-based efficiently-centralized deployment; open architecture

Proprietary AI capability
One-click injection of multiple algorithms; computing power configurable across entire network

Ubiquitous device access
A variety of proprietary SDK devices; network element-based management

New generation security video service

Fully satisfy individual, household and enterprise demand for security covering 28 use cases

2C/2H: e-Surfing Webcam	2B/2G: e-Surfing Cloud Eye
Subs 20.41Mil ▲131% **Revenue** RMB1.55Bil ▲222%	No. of access devices by industry subs **635k**

Already covered 31 provinces with >20Mil access devices

Highly sought-after with multiple edges

✓ Mass installation, multi-mode access

✓ Service activation in seconds, precision locating

✓ Cloud-edge coordinated, flexible expansion of capacity

✓ Centralized management in single network, standardized maintenance

✓ Direct cloud access, secure and reliable

Network and Information Security Capability Steadily Enhanced with Continuous Expansion in Security Products and Services Portfolio

Security products and services portfolio continue to expand

Provide customer-preferred top security products

End-to-end composite security delivery capabilities; provide integrated and all-scene based security protection solutions

Leverage the capabilities of network traffic channeling and optimization

Cloud Dam (anti-DDoS)
Covers ≈10,000 gov't and enterprise Customers nationwide

Secure Dedicated Line
Covers 20,000 gov't, finance, media, education, energy and other customers

e-Surfing Security Brain, Graded Protection Assistant, Quantum-encrypted Calls, Internet Fraud Prevention…

e-Surfing Anti-harassment, Security Butler…

Strengthen security capability towards excellence

✓ Plan to build a security capabilities pool comprising cloud, network, edge and terminals covering 31 provinces

✓ To build a security core with architectural and logical unity

✓ Aggregate edges in cloud-network, security and data resource to build a network security protection platform

Security technologies recognized

🏆 A number of provincial branches selected as MIIT's demonstrative centres of security innovation for 5G Applications

# Precision Initiatives to Enhance Cost Efficiency

RMB Mil		2021	Change	Change as a % of Service Revenues	
Operating Expenses		408,605	12.0%	—	• Seized digital economy development opportunities, increased initiatives in key areas to strengthen efficiency uplift
Incl.:	Depreciation & Amortization	92,965	3.0%	-1.1p.p.	• Expanded 5G co-build and co-share and 4G network co-share
	Network Operations & Support	133,342	11.6%	1.1p.p.	• Continued to optimize network quality and enhance user experience • Proactively supported 5G and Industrial Digitalization development
	Personnel	76,055	15.3%	1.2p.p.	• Enhanced sci-tech talent recruitment • Increased incentives to frontline staff and high-performance teams
	SG&A	61,155	11.1%	0.5p.p.	• Vigorously promoted sci-tech innovation and increased R&D input • Seized 5G development opportunity and appropriately increased initiatives to expedite scale development
	Interconnection Charges	12,858	6.7%	No change	
	Cost of Goods Sold	30,415	97.0%	—	• Significantly increased 5G handset sales volume

Enhanced Financial Strength

中国电信 CHINA TELECOM

Sound capital structure and abundant cashflow support healthy corporate development

Total debt
RMB Mil

- 53,342 (2020.12)
- 16,496 (2021.12)
- ▼69.1%

Debt-to-asset ratio

- 48.8% (2020.12)
- 43.4% (2021.12)
- ▼5.4p.p.
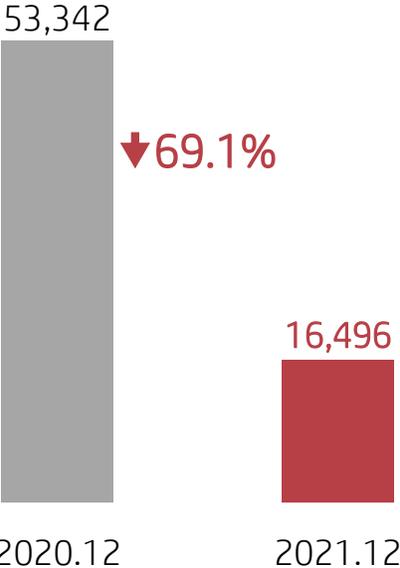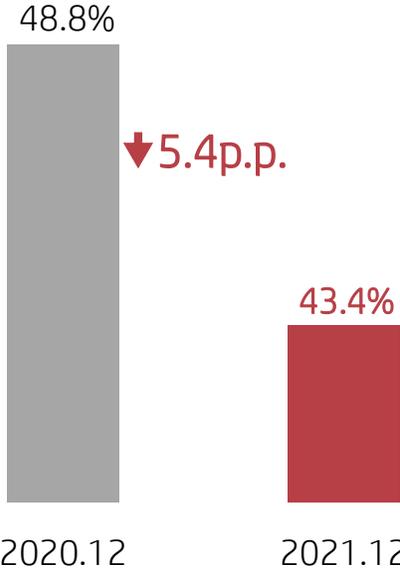
Free Cash Flow
RMB Mil

- 14,276 (2020)
- 15,139 (2021)
- ▲6.0%

Note:
1. Debt in the charts above represents interest-bearing debts excluding lease liabilities
2. Free Cash Flow = EBITDA − CAPEX − Income Tax Expenses − Depreciation Charge for Right-of-Use Assets Other than Land-Use-Rights (2021: RMB14,334Mil)

Proactively Implementing Social Responsibilities and Optimizing Corporate Governance

Adhere to low-carbon development

- Implemented "1236" Action Plan for achieving carbon-peaking and carbon-neutrality

- Network co-build and co-share reduced annual CO_2 emission by **>6Mil** tons

Overall energy consumption per unit of information flow

2021	2022 target	14th Five-Year Plan target
▼8.3%	▼8%	▼22%

Enhance governance quality

- Continue to promote modernization of governance system and capability with an aim to solidify foundation for high-quality development

- The Board of Directors strengthen the monitoring of ESG matters and evaluate progress of achieving relevant ESG targets

- Awarded The "Best of Asia - Icon on Corporate Governance", "Asian Corporate Director Recognition Award", "Asia's Best CEO" by *Corporate Governance Asia*, "Asia's Most Honored Company" by *Institutional Investor*, etc.

Care for society and employees

- **Society**: Implement rural revitalization and deepen Digital Village construction; proactively undertake emergency communications assurance; leverage emerging information communication technologies to support sci-tech-based anti-epidemic measures and normalized epidemic prevention and control

- **Customers**: Continue to enhance servicing capability and earnestly build the reputation and image of "China Telecom is trustworthy"

- **Employees**: Deeply care for employees, safeguard the rights of employees according to laws, support capability upgrade and enhance professional health and safety of employees

Expansion and Upgrade with Full Promotion of High-quality Development

2022 measures

1 Vigorously promote sci-tech innovation

2 Customer-oriented scale development

3 Expedite construction of green and secure digital information infrastructure

4 Fully deepen corporate reform

5 Press on green and low-carbon development; enhance return and efficiency

6 Enhance corporate governance quality and corporate value

2022 Key Targets

Mobile subs net add	15Mil
5G package subs net add	80Mil
Broadband subs net add	8Mil
Industrial Digitalization revenue growth	Strive to maintain 2021 growth rate
Operating revenues	Strive to achieve double-digit growth
Comparable net profit	Strive to achieve double-digit growth

Overall Most Outstanding Company
in Hong Kong

Asia's Most Honored Companies

Asia's Icon on Corporate Governance

Thank You!

For further information & enquiries,
please contact our
Investor Relations Department at
ir@chinatelecom-h.com or visit www.chinatelecom-h.com

Scan QR code to learn more about
China Telecom's 5G 2B applications

微信搜一搜

中国电信投资者关系

Appendix 1—IFRSs

Appendix 1.1: Revenue Breakdown

中国电信 CHINA TELECOM

RMB Mil	2020	2021	Change
Service Revenues	373,798	402,827	**7.8%**
Mobile Service Revenues	181,687	195,244	7.5%
Incl.: Handset Internet Access	130,655	140,270	7.4%
Wireline Service Revenues	192,111	207,583	8.1%
Incl.: Broadband Access	71,872	76,548	6.5%
Sales of Goods and Others	19,763	36,725	**85.8%**
Sales of Mobile Terminals & Equipment	10,711	24,001	124.1%
Sales of Wireline Equipment & Other Non-service Revenues	9,052	12,724	40.6%
Operating Revenues	393,561	439,552	**11.7%**

RMB Mil	2020	2021	Change
Service Revenues	373,798	402,827	**7.8%**
Mobile Communications Service	175,564	184,157	**4.9%**
Incl.: Handset Internet Access	130,655	140,270	7.4%
Wireline and Smart Family Service	109,018	113,522	**4.1%**
Incl.: Broadband Access	71,872	76,548	6.5%
Smart Family	11,102	13,885	25.1%
Industrial Digitalization	83,968	98,945	**17.8%**
Incl.: Industry Cloud	11,175	21,328	90.9%
IDC	27,975	31,600	13.0%
Network Dedicated Line	19,744	20,062	1.6%
IoT	2,169	2,859	31.8%
Digitalized Platform & Big Data	21,257	22,402	5.4%
Other Service Revenues	5,248	6,203	**18.2%**
Sales of Goods and Others	19,763	36,725	**85.8%**
Operating Revenues	393,561	439,552	**11.7%**

Smart Family Includes e-Surfing HD (IPTV), Whole-home WiFi, Family Cloud, e-Surfing Webcam & other Smart Family Applications

Industrial Digititalization
Industry Cloud Includes mobile and wireline Industry Cloud

IoT Includes mobile data traffic, SMS, value-added services, applications and wireline items related to IoT

Digitalized Platform & Big Data Include Digitalized Platform, call centre outsourcing, cloud-network hosting, Big Data & AI, platform application, etc.

Network Dedicated Line Includes transmission dedicated line, IPRAN, IP VPN, etc.

Appendix 1.2: Key Financial Information

RMB Mil	2020	2021	Change
Operating Revenues	**393,561**	**439,552**	**11.7%**
Service Revenues	373,798	402,827	7.8%
Sales of Goods and Others	19,763	36,725	85.8%
Operating Expenses	**364,921**	**408,605**	**12.0%**
Depreciation & Amortization	90,240	92,965	3.0%
Network Operations & Support	119,517	133,342	11.6%
Incl.: Tower Usage Fee	10,069	10,792	7.2%
Personnel	65,989	76,055	15.3%
SG&A	55,059	61,155	11.1%
Incl.: Selling Expense	45,447	48,597	6.9%
R&D Expense	2,215	3,379	52.6%
Other Operating Expenses	29,074	45,088	55.1%
Incl.: Interconnection Charges	12,050	12,858	6.7%
Cost of Goods Sold	15,440	30,415	97.0%
Asset Impairment: 3G Specific Network and etc.	5,042	—	—
Operating Profit	**28,640**	**30,947**	**8.1%**
Net Profit	**20,850**	**25,948**	**24.5%**
Free Cash Flow	**14,276**	**15,139**	**6.0%**

Note: Excluding the impact resulting from the application of IFRS 16, the tower usage fee in 2021 was RMB19,653Mil

Extracted from Audited Consolidated Statement of Comprehensive Income for the Year Ended 31 Dec 2021

RMB Mil	2020	2021
Operating Revenues	393,561	439,552
Operating Expenses	(364,921)	(408,605)
Net Finance Costs	(3,014)	(1,293)
Investment Income and Others, Share of Profits of Associates and Joint Ventures	1,761	4,210
Profit Before Taxation	27,387	33,864
Income Tax	(6,307)	(7,716)
Profit for the Year	21,080	26,148
Equity Holders of the Company	20,850	25,948
Non-controlling Interests	230	200

Extracted from Audited Consolidated Statement of Financial Position as at 31 Dec 2021

RMB Mil	2020.12.31	2021.12.31
Current Assets	84,016	127,360
Non-current Assets	631,080	634,874
Total Assets	715,096	762,234
Current Liabilities	271,142	265,072
Non-current Liabilities	77,779	65,994
Total Liabilities	348,921	331,066
Total Equity	366,175	431,168
Equity Attributable to Equity Holders of the Company	363,456	428,674
Non-controlling Interests	2,719	2,494

Appendix 2 — CAS

Appendix 2.1: Revenue and Profit Overview

RMB Mil	2020	2021	Change
Operating Income	389,939	434,159	11.3%
Operating Profit	31,087	39,665	27.6%
Profit before Taxation	27,396	33,870	23.6%
Net Profit	21,089	26,154	24.0%
Net Profit Margin	5.41%	6.02%	0.61p.p.
Net Profit Attributable to Equity Holders of the Company	20,855	25,952	24.4%
Net Profit Attributable to Equity Holders of the Company excluding Extraordinary Gains and Losses	21,004	25,044	19.2%

Appendix 2.2: Key Financial Information

RMB Mil	2020	2021	Change
Operating Income	389,939	434,159	11.3%
Operating Costs	272,196	307,337	12.9%
Taxes and Surcharges	1,477	1,730	17.1%
Selling Expenses	48,882	52,172	6.7%
General and Administrative Expenses	27,155	32,362	19.2%
Research and Development Expenses	4,736	6,933	46.4%
Finance Expenses	3,014	1,293	-57.1%
Asset and Credit Impairment Losses	6,589	2,054	-68.8%
Investment Income	1,757	4,193	138.6%
Gains on Disposal of Assets, Other Income and Gains/(Losses) from Changes in Fair Value	3,440	5,194	51.0%
Operating Profit	31,087	39,665	27.6%
Net Profit	21,089	26,154	24.0%

Appendix 2.3

Extracted from Audited Consolidated Income Statement for the Year Ended 31 Dec 2021

RMB Mil	2020	2021
Operating Income	389,939	434,159
Operating Profit	31,087	39,665
Net Non-operating Income and Expenses	(3,691)	(5,795)
Profit before Taxation	27,396	33,870
Income Tax Expenses	6,307	7,716
Net Profit	21,089	26,154
Equity Holders of the Company	20,855	25,952
Minority Interests	234	202

Extracted from Audited Consolidated Balance Sheet as at 31 Dec 2021

RMB Mil	2020.12.31	2021.12.31
Current Assets	84,016	127,360
Non-current Assets	631,087	634,881
Total Assets	715,103	762,241
Current Liabilities	264,700	260,298
Non-current Liabilities	84,221	70,768
Total Liabilities	348,921	331,066
Total Shareholders' Equity	366,182	431,175
Equity Attributable to Equity Holders of the Company	363,463	428,681
Minority Interests	2,719	2,494

Appendix 3 — Operating Figures

Appendix 3

Selected Operating Metrics for the Year Ended 31 December 2021

Subscriber (Mil)	2020.12	2021.12	Change
Mobile	351.02	372.43	21.41
Incl.: 5G package	86.50	187.80	101.30
Wireline Broadband	158.53	169.71	11.18
Access Lines in Service	107.88	106.64	-1.24
e-Surfing HD	115.92	121.37	5.45
IoT Connected Devices	237.60	297.77	60.17

	2020	2021	Change
Mobile ARPU (RMB)	44.1	45.0	2.0%
5G ARPU (RMB)	65.6	53.3	-18.8%
Handset Data Traffic (kTB)	34,690	46,966	35.4%
Wireline Broadband ARPU (RMB)	38.4	38.9	1.3%
Wireline Broadband Blended ARPU (RMB)	44.4	45.9	3.4%