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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 TRANSACTIONS UNDER NEW ENGINEERING FRAMEWORK AGREEMENT AND NEW ANCILLARY TELECOMMUNICATIONS SERVICES FRAMEWORK AGREEMENT

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements published on 20 August 2018 and 29 April 2021 and the circular published on 10 September 2018 in relation to certain continuing connected transactions including, among others, the connected transactions under the Existing Engineering Framework Agreement, the Existing Ancillary Telecommunications Services Framework Agreement, the Existing Interconnection Settlement Agreement, the Existing Community Services Framework Agreement, the Existing Centralised Services Agreement, the Existing Property Leasing Framework Agreement, the Existing IT Services Framework Agreement, the Existing Supplies Procurement Services Framework Agreement, the Existing Internet Applications Channel Services Framework Agreement and the Existing Payment and Digital Finance Related Services Framework Agreement. The 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 Telecommunications Corporation have entered into the New Engineering Framework Agreement, the New Ancillary Telecommunications Services Framework Agreement, the New Interconnection Settlement Agreement, the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement, the New Trademark License Agreement and the Intellectual Property License Framework Agreement with a term from 1 January 2022 to 31 December 2024. In addition, on 22 October 2021, the Company and E-surfing Pay have entered into the New Payment and Digital Finance Related Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. The principal terms of the Agreements are set out below in this announcement.

IMPLICATIONS OF HONG KONG LISTING RULES AND SHANGHAI LISTING RULES

As of the date of this announcement, China Telecommunications Corporation is the Company's controlling shareholder and holds approximately 62.70% of the issued share capital of the Company and approximately 64.53% of the issued share capital of E-surfing Pay. Accordingly, pursuant to Chapter 14A of the Hong Kong Listing Rules, China Telecommunications Corporation and E-surfing Pay are connected persons of the Company and the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

As certain applicable percentage ratios (excluding the profits ratio) of the Proposed Annual Caps for the transactions contemplated under the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement and the New Payment and Digital Finance Related Services Framework Agreement for each of the years ending 31 December 2022, 2023 and 2024 are expected to exceed 0.1% but are less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As certain applicable percentage ratios (excluding the profits ratio) of the Proposed Annual Caps for the transactions contemplated under the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement for each of the years ending 31 December 2022, 2023 and 2024 are expected to exceed 5% but are less than 25%, such transactions constitute discloseable transactions and non-exempt continuing connected transactions 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 each of the applicable percentage ratios (excluding the profits ratio) of the Proposed Annual Caps for the transactions contemplated under the New Interconnection Settlement Agreement, the New Trademark License Agreement and the Intellectual Property License Framework Agreement for each of the years ending 31 December 2022, 2023 and 2024 is expected to be less than 0.1%, such continuing connected transactions are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Under the Shanghai Listing Rules, the transactions contemplated under the Agreements are subject to the announcement and independent shareholders' approval requirements.

BOARD OPINION

The Board (excluding the members of the Independent Board Committee) is of the view that the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement and the transactions contemplated thereunder have been entered into 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 Proposed 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, after taking into account the advice from the Independent Financial Adviser, will be included 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 New Interconnection Settlement Agreement, the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement, the New Payment and Digital Finance Related Services Framework Agreement, the New Trademark License Agreement and the Intellectual Property License Framework Agreement and the transactions contemplated thereunder have been entered into 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 Proposed 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 Agreements, and the Proposed Annual Caps applicable thereto. Pursuant to 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, China Telecommunications Corporation and its associates are required to abstain from voting on the resolutions in respect of the continuing connected transactions at the EGM.

Pursuant to the Hong Kong Listing Rules, 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, among other things, the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement, and the Proposed 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, among other things, the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement, and the Proposed Annual Caps applicable thereto.

A circular containing, among other things, (i) details of the Agreements and the Proposed Annual Caps applicable thereto; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; 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 announcements published on 20 August 2018 and 29 April 2021 and the circular published on 10 September 2018 in relation to certain continuing connected transactions which are governed by the following agreements entered into between the Company and China Telecommunications Corporation and between the Company and E-surfing Pay respectively:

1. the Existing Engineering Framework Agreement;
2. the Existing Ancillary Telecommunications Services Framework Agreement;
3. the Existing Interconnection Settlement Agreement;
4. the Existing Community Services Framework Agreement;
5. the Existing Centralised Services Agreement;
6. the Existing Property Leasing Framework Agreement;
7. the Existing IT Services Framework Agreement;
8. the Existing Supplies Procurement Services Framework Agreement;
9. the Existing Internet Applications Channel Services Framework Agreement; and
10. the Existing Payment and Digital Finance Related Services Framework Agreement.

The 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 Telecommunications Corporation have entered into the New Engineering Framework Agreement, the New Ancillary Telecommunications Services Framework Agreement, the New Interconnection Settlement Agreement, the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement, the New Trademark License Agreement and the Intellectual Property License Framework Agreement with a term from 1 January 2022 to 31 December 2024. In addition, on 22 October 2021, the Company and E-surfing Pay have entered into the New Payment and Digital Finance Related Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. The principal terms of the Agreements are set out below in this announcement.

CONTINUING CONNECTED TRANSACTIONS WITH CHINA TELECOMMUNICATIONS CORPORATION

New Engineering Framework Agreement

The Existing Engineering Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Engineering Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Engineering Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New Engineering Framework Agreement, China Telecommunications Corporation and/or its associates provide to the Group services such as engineering design, engineering construction and/or engineering supervision services. The charges payable for such engineering services shall be determined by reference to market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New Engineering Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business over the corresponding period for reference. According to applicable laws, the charges payable for the design or supervision of engineering projects with a value of over RMB1,000,000 or engineering construction projects with a value of over RMB4,000,000 shall be the tender award price, which is determined in accordance with the “Bidding Law of the PRC” and the “Regulations on the Implementation of the Bidding Law of the PRC” or the final confirmed price in the relevant tender process. In the circumstances there are amended rules or regulations in respect of tender scope and scale of the engineering construction projects promulgated by PRC laws and regulations during the term of agreement, both parties agreed to apply such amended rules and regulations.

In terms of the same service provided under the New Engineering Framework Agreement, the Group shall have the priority to use the services provided by China Telecommunications Corporation and/or its associates, if the terms and conditions offered by an Independent Third Party to the Group are no better than those offered by China Telecommunications Corporation and/or its associates. China Telecommunications Corporation and/or its associates undertake to the Group that China Telecommunications Corporation and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications Corporation and/or its associates to a third party. China Telecommunications Corporation and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications Corporation and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an Independent Third Party are more favourable than those offered by China Telecommunications Corporation and/or its associates, the Group is entitled to obtain such service from an Independent Third Party.

During the current term of the Existing Engineering Framework Agreement from 1 January 2019 to the date of this announcement, the Company has engaged Independent Third Parties to provide services mentioned in the Existing Engineering Framework Agreement and thereby, has been able to obtain information on the rates charged by Independent Third Parties for similar and comparable transactions. For the sake of prudence and enhanced corporate governance, the Group would generally obtain information on the market rates by selecting services providers for most of the services mentioned in the Existing Engineering Framework Agreement through tender processes which were in accordance with the “Bidding Law of the PRC” and the “Regulations on the Implementation of the Bidding Law of the PRC”. During the current term of the Existing Engineering Framework Agreement from 1 January 2019 to the date of this announcement, the Company had rarely encountered situations where fewer than three tenderers were solicited, in light of the considerable number of market participants providing the relevant services. In the event that fewer than three tenderers are solicited, the Group would adopt corresponding measures strictly in accordance with the nation’s relevant laws and regulatory requirements and internal control procedures as appropriate in light of the circumstances, and to conduct a further tender process after analysing the reasons for the unsuccessful tender in accordance with laws and if fewer than three tenderers are solicited even after the further tender, after obtaining approval pursuant to the Company’s internal control management requirements, to adopt open evaluation of two qualified tenderers or to end the tender process, or to adopt other methodologies to conduct relevant procurements. The Group has adopted internal management measures on tender processes which are commensurate with the “Bidding Law of the PRC” and the “Regulations on the Implementation of the Bidding Law of the PRC”, and has adopted the relevant management measures including the “China Telecom Group Management Measures on Procurement” and the “China Telecom Group Management Measures on Procurement, Invitation for Tenders and Placing of Tenders”. The procurement management department and the internal audit department of the Company are responsible for monitoring whether such internal measures have been adhered to in the tender processes.

New Ancillary Telecommunications Services Framework Agreement

The Existing Ancillary Telecommunications Services Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Ancillary Telecommunications Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Ancillary Telecommunications Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement. However, if the Group has to obtain the same type of services from a third party at a greater cost, China Telecommunications Corporation and/or its associates cannot terminate the provision of such services to the Group.

Pursuant to the New Ancillary Telecommunications Services Framework Agreement, China Telecommunications Corporation and/or its associates provide the Group with ancillary telecommunications services such as installation of telephones and residential telephone lines, repair of residential telephone lines, customer services, telecommunications terminal equipment, air conditioners and telephone booths, maintenance of fire equipment, production and consignment of sim cards and collection of telephone tariff on the Group's behalf. The charges payable for the services under the New Ancillary Telecommunications Services Framework Agreement are calculated on the following basis:

- (1) market prices, which shall mean the prices at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New Ancillary Telecommunications Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business over the corresponding period for reference;
- (2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, "reasonable profit margin" is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the "reasonable profit margin" for any transaction under the New Ancillary Telecommunications Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference.

During the current term of the Existing Ancillary Telecommunications Services Framework Agreement from 1 January 2019 to the date of this announcement, the Company has engaged Independent Third Parties to provide services set out in the Existing Ancillary Telecommunications Services Framework Agreement and thereby, has been able to obtain information on the rates charged by Independent Third Parties for similar and comparable services. In determining the market prices by identifying at least two similar and comparable transactions, depending on the potential transaction values, the Company would either initiate a tender process in accordance with the internal management measures on procurement and tender processes which are commensurate with the “Bidding Law of the PRC” and the “Regulations on the Implementation of the Bidding Law of the PRC” or through open procurement of not less than two prices of similar and comparable transactions by Independent Third Parties for comparative selection, price enquiries or competitive negotiation. In conducting open procurement, and where it is not practicable to use the above methods to ascertain the market rates, the Company would consider for reference the prices determined by public tender processes for similar recent transactions in other comparable geographical areas, the prices determined by public tender processes for past similar transactions in the same geographical areas, as well as the prices determined by public tender processes for both recent and past similar transactions of other companies in the same geographical areas in order to ensure that the market rates are used for the continuing connected transactions. Where it is not practicable to consider the profit margins of two similar and comparable transactions with Independent Third Parties, and a reasonable profit margin has to be determined, the Company would normally consider for reference the recent profit margins of enterprises engaging in providing similar services in other industries. During the current term of the Existing Ancillary Telecommunications Services Framework Agreement from 1 January 2019 to the date of this announcement, in light of the considerable number of market participants providing the relevant services, the Company had rarely encountered situations where it had to determine the “reasonable profit margin” in the abovementioned ways, and did not encounter significant difficulty when practically implementing the methodologies for determining market rates.

In terms of the same service provided under the New Ancillary Telecommunications Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications Corporation and/or its associates to provide such service, if the terms and conditions offered by an Independent Third Party to the Group are no better than those offered by China Telecommunications Corporation and/or its associates. China Telecommunications Corporation and/or its associates undertake to the Group that China Telecommunications Corporation and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications Corporation and/or its associates to a third party. China Telecommunications Corporation and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications Corporation and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an Independent Third Party are more favourable than those offered by China Telecommunications Corporation and/or its associates, the Group is entitled to obtain such service from an Independent Third Party.

New Interconnection Settlement Agreement

The Existing Interconnection Settlement Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Interconnection Settlement Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Interconnection Settlement Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New Interconnection Settlement Agreement, both parties agree to achieve the interconnection between various types of telecommunications networks. The interconnection settlement charges will be calculated according to the “Notice Concerning the Issue of the Measures on Interconnection Settlement between Public Telecommunications Networks and Sharing of Relaying Fees” (Xin Bu Dian [2003] No. 454) promulgated by the Ministry of Information Industry of the PRC. The Ministry of Industry and Information Technology of the PRC may, from time to time, take into account the relevant regulatory rules and market conditions, amend or promulgate new rules or regulations in respect of interconnection settlement which will be announced on its official website at www.miit.gov.cn. If the Ministry of Industry and Information Technology of the PRC amends the existing, or promulgates new rules or regulations in respect of interconnection settlement, the parties shall apply such amended or new rules and regulations as acknowledged by both parties. The settlement regions include Tianjin Municipality, Hebei Province, Heilongjiang Province, Jilin Province, Liaoning Province, Shanxi Province, Henan Province, Shandong Province, Inner Mongolia Autonomous Region and Xizang Autonomous Region.

New Community Services Framework Agreement

The Existing Community Services Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Community Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Community Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement. However, if the Group has to obtain the same type of services from a third party at a greater cost, China Telecommunications Corporation and/or its associates cannot terminate the provision of such services to the Group.

Pursuant to the New Community Services Framework Agreement, China Telecommunications Corporation and/or its associates provide the Group with community services such as culture, education, property management, vehicle service, medical care, hotel and conference service, community and sanitary service. The community services under the New Community Services Framework Agreement are provided at:

- (1) the prices and/or the fees standards under the agreement shall refer to market prices, which shall mean the prices at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New Community Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business over the corresponding period for reference;
- (2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, “reasonable profit margin” is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the “reasonable profit margin” for any transaction under the New Community Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service under the New Community Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications Corporation and/or its associates to provide such service, if the terms and conditions offered by an Independent Third Party to the Group are no better than those offered by China Telecommunications Corporation and/or its associates. China Telecommunications Corporation and/or its associates undertake to the Group that China Telecommunications Corporation and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications Corporation and/or its associates to a third party. China Telecommunications Corporation and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications Corporation and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an Independent Third Party are more favourable than those offered by China Telecommunications Corporation and/or its associates, the Group is entitled to obtain such service from an Independent Third Party.

New Centralised Services Agreement

The Existing Centralised Services Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Centralised Services Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Centralised Services Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New Centralised Services Agreement, centralised services include services provided by the Group to China Telecommunications Corporation and/or its associates in relation to key corporate customers, management and operational services such as network management and business support services, and the common use of international facilities by both parties.

In accordance with the New Centralised Services Agreement, the aggregate costs incurred by the Group and China Telecommunications Corporation and/or its associates for the provision of management and operation services such as services in relation to key corporate customers, network management and business support services will be apportioned between the Group and China Telecommunications Corporation on a pro rata basis according to the revenues generated by each party. Associated costs, such as restoration maintenance costs when both parties use international facilities provided by third parties and accept services by such third parties and usage costs when both parties use the international facilities of China Telecommunications Corporation and/or its associates, shall be shared on a pro rata basis according to volume of the inbound and outbound voice calls to and from international regions, Hong Kong, Macau and Taiwan originating from each party divided by the proportion of the aggregate volume of the inbound and outbound voice calls to and from international regions, Hong Kong, Macau and Taiwan originating from both parties. When the two parties use international facilities provided by a third party and accept restoration maintenance costs, such fees shall be determined according to the actual utilisation fee of each year. The utilisation fee associated with the shared use of the international facilities provided by China Telecommunications Corporation and/or its associates shall be determined through negotiation between the two parties based on market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New Centralised Services Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business in the corresponding period for reference.

New Property and Land Use Right Leasing Framework Agreement

The Existing Property Leasing Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Property and Land Use Right Leasing Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Property and Land Use Right Leasing Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New Property and Land Use Right Leasing Framework Agreement, the Group and China Telecommunications Corporation and/or its associates can lease properties and/or land use right (the “Leased Properties”) from the other party for conducting business activities according to the laws. The rental charges for the Leased Properties under the New Property and Land Use Right Leasing Framework Agreement shall be agreed by both parties according to comparable market rates. Market rates shall mean the rental charges at which the same or similar type of the Leased Properties or adjacent Leased Properties are leased by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the rental charges for any Leased Property under the New Property and Land Use Right Leasing Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business in the corresponding period for reference.

New IT Services Framework Agreement

The Existing IT Services Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New IT Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new IT Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New IT Services Framework Agreement, China Telecommunications Corporation and/or its associates and the Group can provide the other party with IT services, such as office automation, software testing, network upgrade, research and development on new businesses and development and upgrade of support systems. Each of the Group and China Telecommunications Corporation and/or its associates is entitled to provide services to the other party in accordance with the New IT Services Framework Agreement. The charges payable for such services shall be determined by reference to market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New IT Services Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business over the corresponding period for reference. In the circumstances where the relevant laws or regulations in the PRC specify that the prices and/or the fee standards for particular services to be provided pursuant to such agreement are to be determined by a tender process, the charges payable for such services shall be finally determined in accordance with the “Bidding Law of the PRC” and the “Regulations on the Implementation of the Bidding Law of the PRC” or the relevant tender procedures. If the terms offered by the Group or China Telecommunications Corporation and/or its associates are no less favourable than those offered by an Independent Third Party provider, the Group or China Telecommunications Corporation and/or its associates may choose to award the tender to the other party.

In terms of the same service under the New IT Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications Corporation and/or its associates to provide such service, if the terms and conditions offered by an Independent Third Party to the Group are no better than those offered by China Telecommunications Corporation and/or its associates. China Telecommunications Corporation and/or its associates undertake to the Group that China Telecommunications Corporation and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications Corporation and/or its associates to a third party. China Telecommunications Corporation and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If China Telecommunications Corporation and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an Independent Third Party are more favourable than those offered by China Telecommunications Corporation and/or its associates, the Group is entitled to obtain such service from an Independent Third Party. Where the above tender process is applicable, the Group does not accord any priority to China Telecommunications Corporation and/or its associates to provide such services, and the tender may be awarded to an Independent Third Party. However, if the terms of an offer from China Telecommunications Corporation and/or its associates are at least as favourable as those offered by other tenderers, the Group is entitled to award the tender to China Telecommunications Corporation and/or its associates.

New Supplies Procurement Services Framework Agreement

The Existing Supplies Procurement Services Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Supplies Procurement Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Supplies Procurement Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New Supplies Procurement Services Framework Agreement, China Telecommunications Corporation and/or its associates and the Group provide each other with supplies procurement services, including procurement services for imported telecommunications supplies, domestic telecommunications supplies and domestic non-telecommunications supplies, the sale of proprietary telecommunications equipment, resale of third-party equipment, management of tenders, verification of technical specifications, storage and transportation and installation services.

Where the procurement services are provided on an agency basis, the fees shall be paid in commission which shall be calculated at:

- (1) not more than 1% of the contract value for the procurement of imported telecommunications supplies; or
- (2) not more than 3% of the contract value for the procurement of domestic telecommunications supplies and domestic non-telecommunications supplies.

The services for the provision of supplies procurement other than on an agency basis under the New Supplies Procurement Services Framework Agreement are provided at:

- (1) market prices, which shall mean the prices at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New Supplies Procurement Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business in the corresponding period for reference;

- (2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, “reasonable profit margin” is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the “reasonable profit margin” for any transaction under the New Supplies Procurement Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service under the New Supplies Procurement Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications Corporation and/or its associates to provide such service, if the terms and conditions of services offered by China Telecommunications Corporation and/or its associates are at least as favourable as those offered by an Independent Third Party to the Group. China Telecommunications Corporation and/or its associates undertake to the Group that China Telecommunications Corporation and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications Corporation and/or its associates to a third party. China Telecommunications Corporation and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If China Telecommunications Corporation and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an Independent Third Party are more favourable than those offered by China Telecommunications Corporation and/or its associates, the Group is entitled to obtain such service from an Independent Third Party.

New Internet Applications Channel Services Framework Agreement

The Existing Internet Applications Channel Services Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Internet Applications Channel Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Internet Applications Channel Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New Internet Applications Channel Services Framework Agreement, the Group provides Internet applications channel services to China Telecommunications Corporation and/or its associates. The channel services mainly include the provision of telecommunications channel and applications support platform, provision of billing and deduction services, coordination of sales promotion and development of customers services, etc.

The charges payable for the services under the New Internet Applications Channel Services Framework Agreement are calculated on the following basis:

- (1) the prices and/or the fees standards under the agreement shall refer to market prices, which shall mean the prices at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New Internet Applications Channel Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business in the corresponding period for reference;
- (2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, “reasonable profit margin” is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the “reasonable profit margin” for any transaction under the New Internet Applications Channel Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service under the New Internet Applications Channel Services Framework Agreement, China Telecommunications Corporation and/or its associates is entitled to accord priority to the Group to provide such service, if the terms and conditions offered by an Independent Third Party to China Telecommunications Corporation are no better than those offered by the Group. The Group undertake to China Telecommunications Corporation and/or its associates that the Group will not provide services to China Telecommunications Corporation and/or its associates which are less favourable than the terms offered by the Group to a third party. The Group is entitled to provide relevant services to a third party only if the services provided to China Telecommunications Corporation and/or its associates under the agreement are not affected. However, if the Group fails to meet the demand of China Telecommunications Corporation and/or its associates under the agreement or terms offered by an Independent Third Party are more favourable than those offered by the Group, China Telecommunications Corporation and/or its associates is entitled to obtain such service from an Independent Third Party.

Lease Financing Framework Agreement

On 22 October 2021, the Company and China Telecommunications Corporation have entered into the Lease Financing Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Lease Financing Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Lease Financing Framework Agreement, China Telecommunications Corporation and/or its associates provides the Group with lease financing services including sale and leaseback, direct lease, etc. and the associated lease financing consulting services.

The pricing policies of the lease financing services under the Lease Financing Framework Agreement are set out below:

The fees charged by China Telecommunications Corporation and/or its associates shall comply with the relevant standards promulgated by the People's Bank of China or China Banking and Insurance Regulatory Commission (if applicable) with reference to the standards of fees charged by major lease financing companies in cooperation with the Group for the same type of services provided to the Group on normal commercial terms or better. Such fees shall be equal to or lower than those of other major lease financing companies in cooperation with the Group.

In terms of the same service under the Lease Financing Framework Agreement, the Group is entitled to accord priority to China Telecommunications Corporation and/or its associates to provide such service, if the terms and conditions of services offered by China Telecommunications Corporation and/or its associates are at least as favourable as those offered by an Independent Third Party to the Group. China Telecommunications Corporation and/or its associates undertake to the Group that China Telecommunications Corporation and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications Corporation and/or its associates to a third party. China Telecommunications Corporation and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications Corporation and/or its associates fail to meet the Group's demand under the agreement or terms offered by an Independent Third Party are more favourable than those offered by China Telecommunications Corporation and/or its associates, the Group is entitled to obtain such service from an Independent Third Party.

Telecommunications Resources Leasing Agreement

On 22 October 2021, the Company and China Telecommunications Corporation have entered into the Telecommunications Resources Leasing Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Telecommunications Resources Leasing Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Telecommunications Resources Leasing Agreement, the Group leases telecommunications resources including transmission network telecommunications resources, wireless network telecommunications resources, wireline access network telecommunications resources, etc. from China Telecommunications Corporation and/or its associates.

The rental charges for the leasing of telecommunications resources from China Telecommunications Corporation and/or its associates are based on the annual depreciation charges and determined with reference to market prices as agreed by both parties. When determining the fee standard or reasonable profit margin, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference. The Group carries out maintenance of the leased telecommunications resources in accordance with the relevant procedures and standards as confirmed by both parties. Such maintenance fees shall be borne by the Group.

New Trademark License Agreement

The Existing Trademark License Agreement will expire on 31 December 2021. On 22 October 2021, the Company and China Telecommunications Corporation have entered into the New Trademark License Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Trademark License Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the New Trademark License Agreement, China Telecommunications Corporation and/or its associates grants the Group the license for the use of the trademarks with trademark registration certificates as registered by China Telecommunications Corporation and/or its associates at China National Intellectual Property Administration of the State Administration for Market Supervision and the trademarks for which China Telecommunications Corporation and/or its associates is applying to China National Intellectual Property Administration of the State Administration for Market Supervision for registration and has not obtained trademark registration certificates yet. During the term of the agreement, China Telecommunications Corporation and/or its associates will not charge the Group any royalty fee for the grant of trademark license.

Intellectual Property License Framework Agreement

On 22 October 2021, the Company and China Telecommunications Corporation have entered into the Intellectual Property License Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Intellectual Property License Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Intellectual Property License Framework Agreement, each of the Group or China Telecommunications Corporation and/or its associates is entitled to grant to the other party the license for the use of intellectual property (excluding trademarks). Royalty fee for such license shall be determined by both parties based on market prices, which shall mean the prices to be determined on normal commercial terms and by the following mechanism: the royalty fee at which the same or similar type of intellectual property licenses are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Intellectual Property License Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business in the corresponding period for reference. Where there is no or it is not possible to determine the market prices according to the pricing and/or fee standards under the agreement in the course of performing the agreement, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, “reasonable profit margin” is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the “reasonable profit margin” for any transaction under the agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference.

CONTINUING CONNECTED TRANSACTIONS WITH E-SURFING PAY

New Payment and Digital Finance Related Services Framework Agreement

The Existing Payment and Digital Finance Related Services Framework Agreement will expire on 31 December 2021. On 22 October 2021, the Company and E-surfing Pay have entered into the New Payment and Digital Finance Related Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Payment and Digital Finance Related Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement. However, if the Group has to obtain the same type of services from a third party at a greater cost, E-surfing Pay and its subsidiaries cannot terminate the provision of such services to the Group.

Pursuant to the New Payment and Digital Finance Related Services Framework Agreement, E-surfing Pay and its subsidiaries will provide payment and digital finance related services to the Group. The service scope includes the recharged payment services as well as the issuance and operation and settlement services for rechargeable payment cards such as 11888 card; internet payment services and mobile phone payment services; bank card payment and barcode payment services; issuance and handling services for prepaid cards; bill payment and other integrated payment enabled services; establishment and maintenance services of the payment system of the Group's subscribers; other related payment and digital finance services within the scope of businesses permitted by or as filed with the relevant regulatory authorities; and the establishment, operation, expansion and maintenance services for fundamental capabilities and systems in fulfilment of the aforesaid services.

In term of the same service provided under the New Payment and Digital Finance Related Services Framework Agreement, if the terms and conditions offered by an Independent Third Party to the Group are no better than those offered by the E-surfing Pay and its subsidiaries, E-surfing Pay and its subsidiaries shall have the priority to provide such services to the Group under the same conditions. E-surfing Pay and its subsidiaries undertake to the Group that E-surfing Pay and its subsidiaries will not provide services to the Group which are less favourable than the terms offered by E-surfing Pay and its subsidiaries to a third party. E-surfing Pay and its subsidiaries are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If E-surfing Pay and its subsidiaries fail to meet the Group's demand under the agreement, or if an Independent Third Party offers more favourable terms than E-surfing Pay and its subsidiaries do, the Group may obtain such services from an Independent Third Party.

The services fees under the New Payment and Digital Finance Related Services Framework Agreement shall be calculated on the following basis:

- (1) market price, which shall mean the prices at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the New Payment and Digital Finance Related Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business over the corresponding period for reference;
- (2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, “reasonable profit margin” is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the “reasonable profit margin” for any transaction under the New Payment and Digital Finance Related Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference;
- (3) where there are government-prescribed prices, the prices and/or pricing standards shall be determined in accordance with the government-prescribed prices; where there are government-guided prices, the prices and/or pricing standards shall be determined with reference to the government-guided prices. Government-prescribed prices means the prices prescribed by the government department in charge of pricing or other relevant departments within the pricing authority and scope in accordance with the Price Law of the PRC. Government-guided prices means the prices determined by the operators as guided by the government department in charge of pricing or other relevant departments which regulate the base price and floating range within the pricing authority and scope in accordance with the Price Law of the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE AGREEMENTS

Continuing Connected Transactions with China Telecommunications Corporation

The long-term cooperation between China Telecommunications Corporation and/or its associates and the Group has enabled China Telecommunications Corporation and/or its associates to gain a comprehensive and deep understanding of the Group's network features and general business needs. Compared to third parties, China Telecommunications Corporation and/or its associates can more aptly ensure that high quality service is provided at a competitive price, thus lowering service costs. The Group will receive high quality service and can effectively lower its operational expenses.

Due to a long-standing and cooperative relationship in the past, China Telecommunications Corporation and/or its associates are more able to meet the needs of the Group and to provide responsive support services in a speedy and stable manner, thereby achieving effective business cooperation and synergies. China Telecommunications Corporation and/or its associates have, for a long time, set up specialised teams dedicated to serving the Group, and made proactive initiatives and technical preparations customised for the development of the Group, with a view to providing the Group with more systematic and efficient services.

Continuing Connected Transactions with E-surfing Pay

The Company believes that entering into the New Payment and Digital Finance Related Services Framework Agreement enables the Group to continue to effectively facilitate the Group's strategic planning and construction of the digital finance ecosystem, and realise synergies between E-surfing Pay and the Group's telecommunications business through the provisions of payment and digital finance related services provided by E-surfing Pay and its subsidiaries to the Group.

As a former subsidiary of the Company, E-surfing Pay has a long-standing and cooperative relationship with the Group in the past, which has enabled it to gain a more comprehensive and deeper understanding of the Group's network features and business needs. Compared to third parties, E-surfing Pay is more capable of providing high quality services at a comparatively lower cost. The Group will receive high quality services and concurrently lower its operational expenses in an effective way.

HISTORICAL AMOUNTS AND EXISTING ANNUAL CAPS

The historical amounts of the above continuing connected transactions for the past two financial years and for the six-month period ended 30 June 2021 and the existing Annual Caps for the years ending 31 December 2021 are set out below:

Continuing Connected Transactions	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 period from 1 January to 30 June 2021	Annual Caps for the year ending 31 December 2021
Existing Engineering Framework Agreement	RMB14,014 million	RMB15,046 million	RMB5,569 million	RMB32,000 million
Existing Ancillary Telecommunications Services Framework Agreement	RMB18,571 million	RMB18,903 million	RMB10,158 million	RMB26,500 million
Existing Interconnection Settlement Agreement	RMB86 million	RMB69 million	RMB40 million	RMB400 million
Existing Community Services Framework Agreement	RMB3,464 million	RMB3,682 million	RMB1,649 million	RMB4,800 million
Existing Centralised Services Agreement	RMB133 million	RMB268 million	RMB533 million	RMB1,500 million

Continuing Connected Transactions	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 period from 1 January to 30 June 2021	Annual Caps for the year ending 31 December 2021
New Property and Land Use Right Leasing Framework Agreement	Total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group RMB295 million	Total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group RMB352 million	Total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group RMB208 million	RMB1,500 million
	Total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group RMB579 million	Total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group RMB583 million	Total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group RMB197 million	
	Amount payable by China Telecommunications Corporation and/or its associates: RMB57 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB45 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB17 million	

Continuing Connected Transactions	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 period from 1 January to 30 June 2021	Annual Caps for the year ending 31 December 2021
Existing IT Services Framework Agreement	Amount payable by the Group: RMB2,175 million	Amount payable by the Group: RMB2,653 million	Amount payable by the Group: RMB1,252 million	Amount payable by the Group: RMB5,000 million
	Amount payable by China Telecommunications Corporation and/or its associates: RMB464 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB556 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB434 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB2,100 million
Existing Supplies Procurement Services Framework Agreement	Amount payable by the Group: RMB3,538 million	Amount payable by the Group: RMB3,567 million	Amount payable by the Group: RMB1,441 million	Amount payable by the Group: RMB6,400 million
	Amount payable by China Telecommunications Corporation and/or its associates: RMB1,444 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB2,070 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB1,827 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB7,200 million
Existing Internet Applications Channel Services Framework Agreement	RMB108 million	RMB73 million	RMB32 million	RMB3,000 million
Lease Financing Framework Agreement	RMB0 million	RMB0 million	RMB0 million	No annual cap had been set
Telecommunications Resources Leasing Agreement (Note 1)	RMB187 million	RMB240 million	RMB119 million	No annual cap had been set
Existing Trademark License Agreement	RMB0 million	RMB0 million	RMB0 million	No annual cap had been set

Continuing Connected Transactions	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 period from 1 January to 30 June 2021	Annual Caps for the year ending 31 December 2021
Intellectual Property License Framework Agreement	RMB0 million	RMB0 million	RMB0 million	No annual cap had been set
Existing Payment and Digital Finance Related Services Framework Agreement	RMB1,400 million	RMB1,293 million	RMB207 million	RMB1,400 million

Note:

- Historical transactions under Telecommunications Resources Leasing Agreement were governed by four provinces/municipal level one main cable leasing agreement, CDMA network facilities lease framework agreement, etc. entered into between the Company and China Telecommunications Corporation, which were exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

PROPOSED ANNUAL CAPS

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 for each of the transactions contemplated under the Agreements are set out below:

Continuing Connected Transactions	Proposed Annual Caps for the year ending 31 December 2022	Proposed Annual Caps for the year ending 31 December 2023	Proposed Annual Caps for the year ending 31 December 2024
New Engineering Framework Agreement	RMB19,000 million	RMB19,000 million	RMB19,000 million
New Ancillary Telecommunications Services Framework Agreement	RMB26,500 million	RMB27,500 million	RMB29,000 million

Continuing Connected Transactions	Proposed Annual Caps for the year ending 31 December 2022	Proposed Annual Caps for the year ending 31 December 2023	Proposed Annual Caps for the year ending 31 December 2024
New Interconnection Settlement Agreement	Amount payable by the Group: RMB170 million	Amount payable by the Group: RMB170 million	Amount payable by the Group: RMB170 million
	Amount payable by China Telecommunications Corporation and/or its associates: RMB70 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB70 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB70 million
New Community Services Framework Agreement	RMB5,200 million	RMB5,500 million	RMB5,800 million
New Centralised Services Agreement	Amount payable by the Group: RMB1,800 million	Amount payable by the Group: RMB2,000 million	Amount payable by the Group: RMB2,200 million
	Amount payable by China Telecommunications Corporation and/or its associates: RMB3,700 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB4,400 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB5,200 million

Continuing Connected Transactions	Proposed Annual Caps for the year ending 31 December 2022	Proposed Annual Caps for the year ending 31 December 2023	Proposed Annual Caps for the year ending 31 December 2024
New Property and Land Use Right Leasing Framework Agreement	Total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group RMB520 million	Total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group RMB550 million	Total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group RMB600 million
	Total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group RMB760 million	Total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group RMB800 million	Total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group RMB860 million
	Amount payable by China Telecommunications Corporation and/or its associates: RMB100 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB120 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB120 million
New IT Services Framework Agreement	Amount payable by the Group: RMB5,300 million	Amount payable by the Group: RMB6,200 million	Amount payable by the Group: RMB7,500 million
	Amount payable by China Telecommunications Corporation and/or its associates: RMB2,100 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB2,800 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB3,900 million

Continuing Connected Transactions	Proposed Annual Caps for the year ending 31 December 2022	Proposed Annual Caps for the year ending 31 December 2023	Proposed Annual Caps for the year ending 31 December 2024
New Supplies Procurement Services Framework Agreement	Amount payable by the Group: RMB5,000 million	Amount payable by the Group: RMB5,250 million	Amount payable by the Group: RMB5,500 million
	Amount payable by China Telecommunications Corporation and/or its associates: RMB7,200 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB9,600 million	Amount payable by China Telecommunications Corporation and/or its associates: RMB12,500 million
New Internet Applications Channel Services Framework Agreement	RMB600 million	RMB900 million	RMB1,300 million
Lease Financing Framework Agreement	RMB7,300 million	RMB9,800 million	RMB12,000 million
Telecommunications Resources Leasing Agreement	RMB750 million	RMB770 million	RMB780 million
New Trademark License Agreement	RMB0 million	RMB0 million	RMB0 million
Intellectual Property License Framework Agreement	RMB20 million	RMB20 million	RMB20 million
New Payment and Digital Finance Related Services Framework Agreement	RMB1,450 million	RMB1,500 million	RMB1,550 million

As far as the Directors are aware, none of the Annual Caps for the above continuing connected transactions for the year ending 31 December 2021 (if applicable) has been exceeded as at the date of this announcement. Each of the Proposed Annual Caps of the Agreements for the three years ending 31 December 2022, 2023 and 2024 have been determined by reference to the nature of the transactions contemplated under the respective Agreements, the existing scale and operations of the Company's business, the business plan of the Company and the inflationary pressures for the three years ending 31 December 2022, 2023 and 2024. The consideration under each of the Agreements (if any) will be satisfied in cash and no payment will be made on a deferred basis.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Engineering Framework Agreement are determined mainly with reference to historical transactions between the Group and China Telecommunications Corporation and/or its associates and the estimated capital expenditure structure in future. The Group persists in steady and precise investment strategy and continuously optimises investment structure to invest in more adaptive business development with an investment focus on emerging fields such as 5G and Industrial Internet.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Ancillary Telecommunications Services Framework Agreement are determined mainly with reference to historical transactions between the Group and China Telecommunications Corporation and/or its associates, current market rate and estimated volume of ancillary telecommunications services in next three years. The increase in volume of ancillary telecommunications services in the future will be driven by the gradual expansion of the scale in subscribers, business volume and network scale of the Group year on year which leads to the continuous increase in business volume of the services for corporate development, customers retention, outsourced network repairs, installation and relocation of equipment.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Interconnection Settlement Agreement are determined with reference to historical transactions between the Group and China Telecommunications Corporation and/or its associates and estimated volume of interconnection settlement services in next three years.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Community Services Framework Agreement are determined mainly with reference to historical transactions between the Group and China Telecommunications Corporation and/or its associates, current market rate and estimated volume of community services in next three years, taking into account the steady increase in demand for respective community services including property management and conference services as a result of business development and the expansion of scale of the Group.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Centralised Services Agreement are determined with reference to historical transactions between the Group and China Telecommunications Corporation and/or its associates and estimated volume of centralised services in next three years, taking into account the impact of Industrial Digitalisation on the revenues of China Telecommunications Corporation and/or its associates.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Property and Land Use Right Leasing Framework Agreement are determined in terms of the estimated transaction amount mainly with reference to the historical transaction volumes and expected growth of the Group's business and the business of China Telecommunications Corporation and/or its associates. The Company also considers, among other things, the following factors:

- (1) the estimated Annual Caps for leasing of properties and land use right from China Telecommunications Corporation and/or its associates by the Group for each of the three years ending 31 December 2024 include the estimated recognised right-of-use assets and interest of lease liabilities in respect of leases for a term of more than one year and estimated rent in respect of leases for a term of no more than one year. Under the International Financial Reporting Standards applicable to the Group, the Group as the lessee shall recognise leases for a term of more than one year as right-of-use assets and lease liabilities. The right-of-use assets represent its rights to use the underlying leased asset over the lease term and the lease liabilities represent its obligations to make lease payments (i.e. the rent payment). The assets and the liabilities arising from the lease are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the New Property and Land Use Right Leasing Framework Agreement, using the incremental borrowing rate as the discount rate. Under the International Financial Reporting Standards and in the consolidated statement of comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use asset, and (ii) interest expenses amortised from the lease liability over the lease term. In accordance with the Hong Kong Listing Rules, the Company is required to set caps on the total value of right-of-use assets and interest of lease liabilities relating to the above leases. Therefore, the estimated Annual Caps for leasing of properties from China Telecommunications Corporation and/or its associates by the Group for each of the three years ending 31 December 2024 are RMB1,280 million (among which approximately RMB520 million will be recognised as right-of-use assets and interest of lease liabilities, and approximately RMB760 million will be rent of leases for a term of no more than one year), RMB1,350 million (among which approximately RMB550 million will be recognised as right-of-use assets and interest of lease liabilities,

and approximately RMB800 million will be rent of leases for a term of no more than one year), and RMB1,460 million (among which approximately RMB600 million will be recognised as right-of-use assets and interest of lease liabilities, and approximately RMB860 million will be rent of leases for a term of no more than one year), respectively;

- (2) the historical transactions between the Group and China Telecommunications Corporation and/or its associates, current market rent and the estimated scope and scale of lease of properties and land from each party in next three years.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the provision of IT services by China Telecommunications Corporation and/or its associates to the Group and the provision of IT services by the Group to China Telecommunications Corporation and/or its associates under the New IT Services Framework Agreement are determined mainly with reference to the estimated business volume of IT services in future. The increase in IT services is mainly driven by the construction of self-use IT system and provision of various IT services to customers. Following the accelerated development of Industrial Internet, business volume of IT services is expected to grow rapidly in next three years.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the provision of supplies procurement services by China Telecommunications Corporation and/or its associates to the Group under the New Supplies Procurement Services Framework Agreement are determined mainly with reference to previous supplies procurement in the past three years and estimated volume of supplies procurement in the future. The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the provision of supplies procurement services by the Group to China Telecommunications Corporation and/or its associates under the New Supplies Procurement Services Framework Agreement are determined mainly with reference to previous supplies procurement in the past three years and the impact of increase in sales of intelligent and pan-intelligent terminals in the future on business volume.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Internet Applications Channel Services Framework Agreement are determined mainly with reference to historical transactions between the Group and Internet applications operating units affiliated with China Telecommunications Corporation and/or its associates and the estimated scope and business volume of Internet applications channel services in the next three years, taking into account the rapid development of 5G applications service market in the next three years.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the Lease Financing Framework Agreement are determined with reference to the relevant standards in relation to leverage financing and finance concentration promulgated by People's Bank of China or the China Banking and Insurance Regulatory Commission for the same type of financing services from time to time (if applicable) and the scope and estimated business volume of lease financing services in the next three years.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the Telecommunications Resources Leasing Agreement are determined with reference to historical amount payable by the Group to China Telecommunications Corporation and/or its associates, annual depreciation charges of telecommunications resource and equipment, current market rate, the Group's business plan in the next three years and estimated scope and scale of lease of telecommunications resources in the next three years.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the Intellectual Property License Framework Agreement are determined with reference to the estimated intellectual property conversion business volume between the Group and China Telecommunications Corporation and/or its associates in the next three years.

The Proposed Annual Caps for the three years ending 31 December 2022, 2023 and 2024 in relation to the New Payment and Digital Finance Related Services Framework Agreement are determined mainly with reference to historical transactions between the Group and E-surfing Pay and its subsidiaries and the estimated scope and business volume of payment and digital finance related services in the next three years.

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 are entered into in accordance with pricing mechanisms and transactions models that are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The relevant business departments and connected persons negotiate the pricing terms of the continuing connected transactions. These pricing terms shall be determined in accordance with the pricing policies as set out in the agreements of continuing connected transactions, which should be fair and reasonable and subject to the review of the finance department.

The legal department regularly analyses and oversees the execution of connected transactions to ensure that they are implemented in accordance with the 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 connected transactions into the scope of annual internal control assessment and reports 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 would 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; or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than those available to or (if applicable) from Independent Third Parties; 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 on an ongoing basis and the Board, through the Audit Committee, conducts an annual review of the risk management and internal control systems of the Company for each financial year. 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.

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

As of the date of this announcement, China Telecommunications Corporation is the Company's controlling shareholder and holds approximately 62.70% of the issued share capital of the Company and approximately 64.53% of the issued share capital of E-surfing Pay. Accordingly, pursuant to Chapter 14A of the Hong Kong Listing Rules, China Telecommunications Corporation and E-surfing Pay are connected persons of the Company and the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

As certain applicable percentage ratios (excluding the profits ratio) of the Proposed Annual Caps for the transactions contemplated under the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement and the New Payment and Digital Finance Related Services Framework Agreement for each of the years ending 31 December 2022, 2023 and 2024 are expected to exceed 0.1% but are less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As certain applicable percentage ratios (excluding the profits ratio) of the Proposed Annual Caps for the transactions contemplated under the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement for each of the years ending 31 December 2022, 2023 and 2024 are expected to exceed 5% but are less than 25%, such transactions constitute discloseable transactions and non-exempt continuing connected transactions 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 each of the applicable percentage ratios (excluding the profits ratio) of the Proposed Annual Caps for the transactions contemplated under the New Interconnection Settlement Agreement, the New Trademark License Agreement and the Intellectual Property License Framework Agreement for each of the years ending 31 December 2022, 2023 and 2024 is expected to be less than 0.1%, such continuing connected transactions are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Under the Shanghai Listing Rules, the transactions contemplated the Agreements are subject to announcement and independent shareholders' approval requirements.

BOARD OPINION

The Board has passed resolutions to approve, among others, transactions contemplated under the Agreements (including the Proposed Annual Caps). Save for Mr. Ke Ruiwen who also serves as the Chairman of China Telecommunications Corporation, Mr. Li Zhengmao who also serves as a Director and the President of China Telecommunications Corporation, Mr. Shao Guanglu who also serves as a Director of China Telecommunications Corporation, Mr. Liu Guiqing who also serves as a Vice President of China Telecommunications Corporation and Madam Zhu Min who also serves as the Chief Accountant of China Telecommunications Corporation, and have therefore abstained from voting on the relevant board resolutions in respect of, among others, the Agreements, none of the Directors had a material interest in the transactions contemplated under the Agreements and no Director was required to abstain from voting on the relevant board resolutions to approve transactions contemplated under the Agreements (including the Proposed Annual Caps).

The Board (excluding the members of the Independent Board Committee) is of the view that the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement, and the transactions contemplated thereunder have been entered into 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 Proposed 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, after taking into account the advice from the Independent Financial Adviser, will be included 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 New Interconnection Settlement Agreement, the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement, the New Payment and Digital Finance Related Services Framework Agreement, the New Trademark License Agreement and the Intellectual Property License Framework Agreement and the transactions contemplated thereunder have been entered into 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 Proposed 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 Agreements, and the Proposed Annual Caps applicable thereto. Pursuant to 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, China Telecommunications Corporation and its associates are required to abstain from voting on the resolutions in respect of the continuing connected transactions at the EGM.

Pursuant to the Hong Kong Listing Rules, 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, among other things, the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement, and the Proposed 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, among other things, the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement, and the Proposed Annual Caps applicable thereto.

A circular containing, among other things, (i) details of the Agreements and the Proposed Annual Caps applicable thereto; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; 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 is primarily engaged in the provision of fundamental telecommunications businesses including comprehensive wireline telecommunications services, mobile telecommunications services, value-added telecommunications services such as Internet access services, information services and other related services.

China Telecommunications Corporation 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.

E-surfing Pay is a limited company incorporated in the PRC and is primarily engaged in providing non-financial institutional electronic payment services.

DEFINITIONS

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

“Agreements”	the New Engineering Framework Agreement, the New Ancillary Telecommunications Services Framework Agreement, the New Interconnection Settlement Agreement, the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement, the New Trademark License Agreement, the Intellectual Property License Framework Agreement and the New Payment and Digital Finance Related Services Framework Agreement
“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
“China Telecommunications Corporation”	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

“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
“connected person”	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 to be convened in 2021, the notice of which will be set out in the circular, or any adjournment thereof
“E-surfing Pay”	E-surfing Pay Co. Ltd (天翼電子商務有限公司), a limited company incorporated on 3 March 2011 in the PRC, which is primarily engaged in non-financial institutional electronic payment services
“Existing Ancillary Telecommunications Services Framework Agreement”	the Ancillary Telecommunications Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 30 August 2006 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“Existing Centralised Services Agreement”	the Centralised Services Agreement entered into between the Company and China Telecommunications Corporation on 10 September 2002 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021

“Existing Community Services Framework Agreement”	the Community Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 30 August 2006 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“Existing Engineering Framework Agreement”	the Engineering Framework Agreement entered into between the Company and China Telecommunications Corporation on 30 August 2006 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“Existing Interconnection Settlement Agreement”	the Interconnection Settlement Agreement entered into between the Company and China Telecommunications Corporation on 10 September 2002 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“Existing Internet Applications Channel Services Framework Agreement”	the Internet Applications Channel Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 16 December 2013 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“Existing IT Services Framework Agreement”	the IT Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 30 August 2006 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“Existing Payment and Digital Finance Related Services Framework Agreement”	the Payment and Digital Finance Related Services Framework Agreement entered into between the Company and E-surfing Pay on 29 April 2021 with its term expiring on 31 December 2021
“Existing Property Leasing Framework Agreement”	the Property Leasing Framework Agreement entered into between the Company and China Telecommunications Corporation on 30 August 2006 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021

“Existing Supplies Procurement Services Framework Agreement”	the Supplies Procurement Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 30 August 2006 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“Existing Trademark License Agreement”	the Trademark License Agreement entered into between the Company and China Telecommunications Corporation on 10 September 2002 (as amended by its supplemental agreements from time to time) with its term expiring on 31 December 2021
“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
“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, among others, the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement
“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, among others, the New Engineering Framework Agreement and the New Ancillary Telecommunications Services Framework Agreement
“Independent Shareholders”	shareholders of the Company other than China Telecommunications Corporation and its associates
“Independent Third Party”	an entity which is independent of and not connected to the Company or its connected persons, and which is not a connected person of the Company

“Intellectual Property License Framework Agreement”	the Intellectual Property License Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“Lease Financing Framework Agreement”	the Lease Financing Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Ancillary Telecommunications Services Framework Agreement”	the Ancillary Telecommunications Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Centralised Services Agreement”	the Centralised Services Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Community Services Framework Agreement”	the Community Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Engineering Framework Agreement”	the Engineering Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Interconnection Settlement Agreement”	the Interconnection Settlement Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Internet Applications Channel Services Framework Agreement”	the Internet Applications Channel Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024

“New IT Services Framework Agreement”	the IT Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Payment and Digital Finance Related Services Framework Agreement”	the Payment and Digital Finance Related Services Framework Agreement entered into between the Company and E-surfing Pay on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Property and Land Use Right Leasing Framework Agreement”	the Property and Land Use Right Leasing Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Supplies Procurement Services Framework Agreement”	the Supplies Procurement Services Framework Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“New Trademark License Agreement”	the Trademark License Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region, and Taiwan)
“Proposed Annual Caps”	the proposed Annual Caps for the continuing connected transactions contemplated under the Agreements for the three years ending 31 December 2022, 2023 and 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Telecommunications Resources Leasing Agreement”	the Telecommunications Resources Leasing Agreement entered into between the Company and China Telecommunications Corporation on 22 October 2021 with its term from 1 January 2022 to 31 December 2024

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) (all as the Executive Vice Presidents); Mr. Chen Shengguang (as the Non-Executive Director); Mr. Tse Hau Yin, Aloysius, Mr. Xu Erming, Madam Wang Hsuehming and Mr. Yeung Chi Wai, Jason (all as the Independent Non-Executive Directors).