



2022 Annual Results

China Telecom Corporation Limited

22 March 2023

www.chinatelecom-h.com



Forward-looking Statements



The development strategies, future business plans, prospects and other forward-looking statements in this document do not constitute commitment by China Telecom Corporation Limited (the “Company”) to investors. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Investors are advised to pay attention to investment risks.

Overview

Mr. Ke Ruiwen, Executive Director, Chairman & CEO

Business Review & Financial Performance



Summary of Highlights



- 1 Fully implemented Cloudification and Digital Transformation taking high-quality development to a new level
- 2 Fundamental Businesses and Industrial Digitalisation Serve as Dual Engines and China Telecom Cloud revenue doubled again
- 3 Insist on the leading role of sci-tech Innovation with substantial progress in capability deployment
- 4 Expedite promotion of cloud-network integration to solidify the foundation of digital infrastructure
- 5 Fully deepen corporate reform and further enhance corporate vitality and impetus
- 6 Develop World-class Enterprise and fulfill the responsibility in building Digital China

Solid Results



RMB Mil	2021 (restated)	2022	Change
Operating Revenues	439,553	481,448	9.5%
Incl.: Service Revenues	402,828	434,928	8.0%
EBITDA	123,914	130,359	5.2%
Net Profit	25,949	27,593	6.3%
Comparable Net Profit	24,533	27,593	12.5%
Comparable EPS (RMB)	0.29	0.30	3.4%
Comparable ROE	6.3%	6.4%	0.1p.p.
Full-year DPS (RMB)	0.170	0.196	15.3%

Notes:

1. Service Revenues = Operating Revenues – Sales of Mobile Terminals – Sales of Wireline Equipment – Other Non-service Revenues
2. EBITDA = Operating Revenues – Operating Expenses + Depreciation & Amortisation
3. Net Profit represents profit attributable to equity holders of the Company; Comparable Net Profit, comparable EPS and comparable ROE are calculated by excluding the one-off after-tax gain from the disposal of subsidiaries of approximately RMB1,416Mil in 2021
4. Please refer to p. 12 for details of full-year DPS
5. EPS in 2021 is calculated based on the weighted average number of issued shares, i.e. 84.4Bil shares
6. Certain figures in 2021 are adjusted retrospectively and restated pursuant to the acquisition of Beeya (Shanghai) Technology Co., Ltd. in December 2022
7. Unless otherwise specified, all % and percentage point (p.p.) changes in this presentation are either 2022 vs 2021, or 2022.12.31 vs 2021.12.31; all figures are based on International Financial Reporting Standards (“IFRSs”)

Fully Implemented Cloudification and Digital Transformation Taking High-quality Development to a New Level



Strong revenue growth remained

Operating revenues

▲ 9.5%

Service revenues

▲ 8.0%

10th consecutive
year of growth

Profitability further enhanced

Comparable net profit

▲ 12.5%

Maintained
Double-digit growth

Surpassed
revenue growth

Leadership in customer service maintained

Overall customer satisfaction
Industry-leading

Sci-tech strength increased

Breakthrough in
core technologies in cloud-network

Computing power distribution network
platform of China Telecom Cloud 4.0,
“XiRang”, selected as
**2022 Top 10 Super Projects of
Central Enterprises**

China Telecom Cloud’s market position advanced

**Initiator of original cloud computing
technologies**

Public Cloud IaaS, IaaS+PaaS market share
advanced to industry top 3

Digital information infrastructure solidified

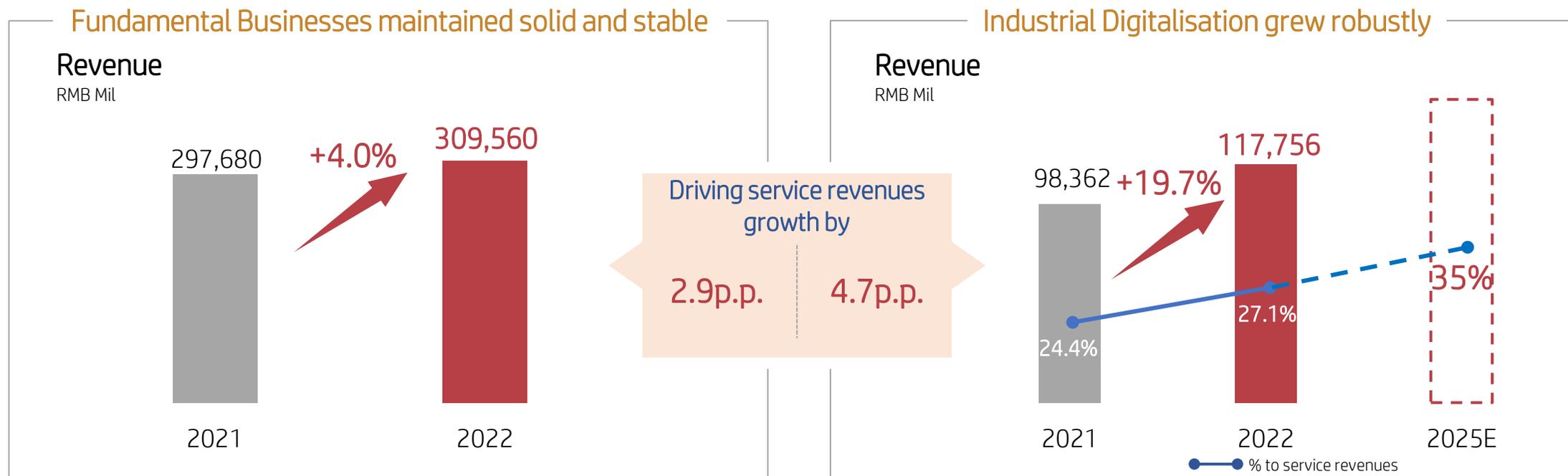
Persistent promotion of
**cloud-network integration
resulted in substantial progress**

Cloud, network, data, AI, security, DC...
**Capability deployment basically
completed**

Notes:

1. Source of customer satisfaction: MIIT
2. Source of 2022 Top 10 Super Projects of Central Enterprises: SASAC website

Fundamental Businesses and Industrial Digitalisation Serve as Dual Engines with New Impetus from Deepened Integration



Expedite digitalised, scene-based and converged product and service upgrade

Promote scene integration, accelerate monetisation of proprietary R&D capability, and enhance business coordination to drive the formation of dual engines by Fundamental Businesses and Industrial Digitalisation

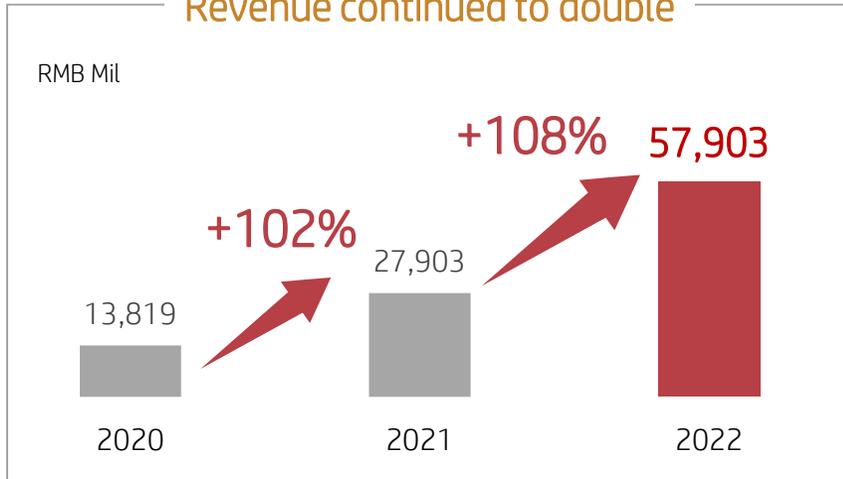
Cloud-integrated	Security-integrated	AI-integrated	Platform-integrated
% of China Telecom Cloud to service revenues	Network security service revenue	AI revenue	Project revenue driven by proprietary digital platforms
▲6.4p.p.	▲23.5%	▲51.8%	>RMB6Bil

Note: The Industrial Digitalisation revenue in 2021 on this page and p.18 is on comparable basis by excluding the Internet Finance revenue of E-surfing Pay Co., Ltd. (which was disposed in April 2021); the % to service revenues in 2021 on this page and yoy growth in 2022 on these two pages are calculated based on such comparable revenue figure

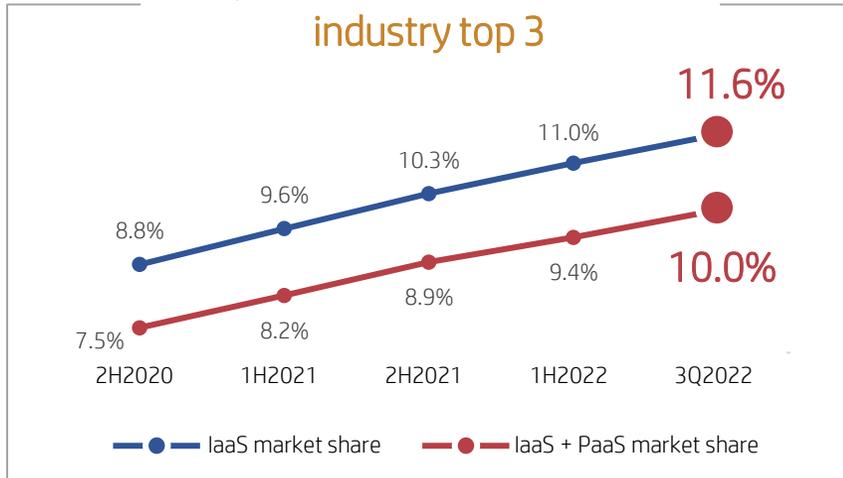
China Telecom Cloud Revenue Doubled Again



Revenue continued to double



IaaS, IaaS + PaaS market shares industry top 3



Empowers the cloud migration of thousands of industries

2023 revenue to reach RMB100Bil

Multiple competitive edges

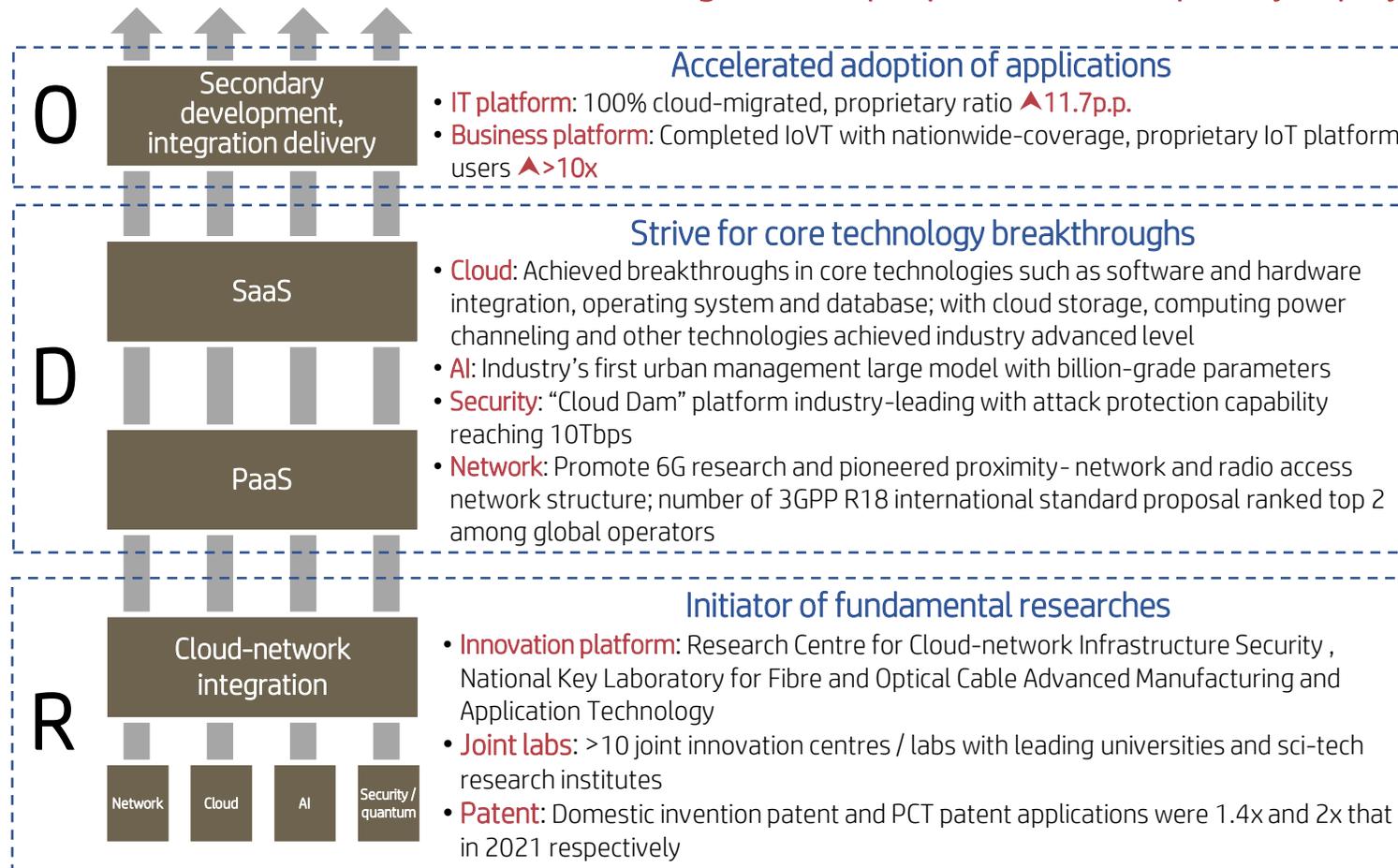
>5,000 partners	Serves <i>tens of millions</i> 2B/2G customers	Empowers <i>thousands of industries</i>	31 provincial cloud branches 4 strategic investors
Cloud computing Initiator of original technologies	Cloud-network integration Digital information infrastructure	Proprietary distributed cloud featuring <i>polymorphism and multiple chip architectures in one cloud</i>	Resource pools <i>≈70</i> awarded Grade 3 or above in Network Security Protection Grading Assessment 66 awarded top rating with 5 star+

Note: Source of market share data: IDC Quarterly Public Cloud Services Tracker, 2022Q3

Insist on the Leading Role of Sci-tech Innovation with Substantial Progress in Capability Deployment



Fully completed the deployment of its R&D system for sci-tech innovation, RDO, leading the in-depth promotion of capability deployment



Strengthen input Enhance mechanism

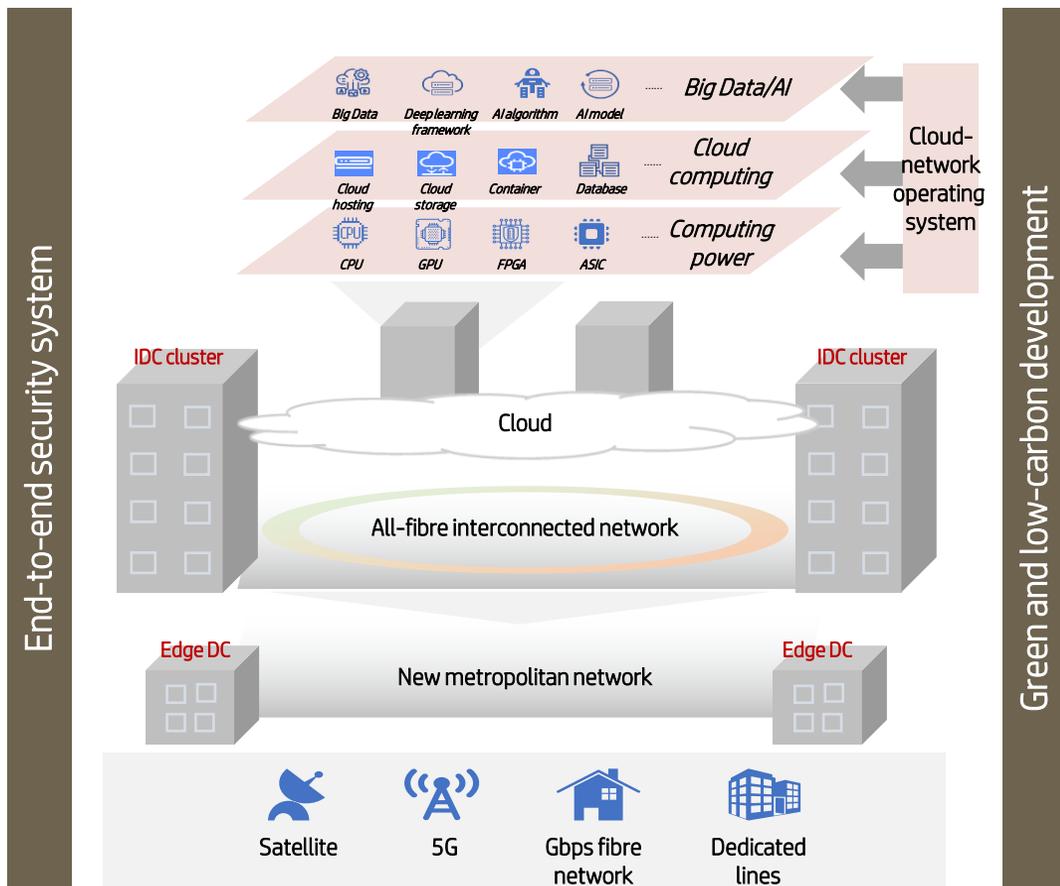
<p>Step up R&D input</p> <p>2022 R&D expense RMB10.6Bil, ▲52.3%</p>	<p>Grew proprietary R&D achievements</p> <p>84 items on achievement list in 2022, ▲2.9x</p>
<p>Aggregate R&D team</p> <p>R&D employees ▲46%</p>	<p>Introduce leading talents</p> <p>Newly recruited and renewed contract with >10 chief specialists Newly recruited >44 sci-tech leading talents</p>

Note: RDO: fundamental research (R), applied technological research and development (D) and operational development (O)

Expedite Promotion of Cloud-network Integration to Solidify the Foundation of Digital Information Infrastructure

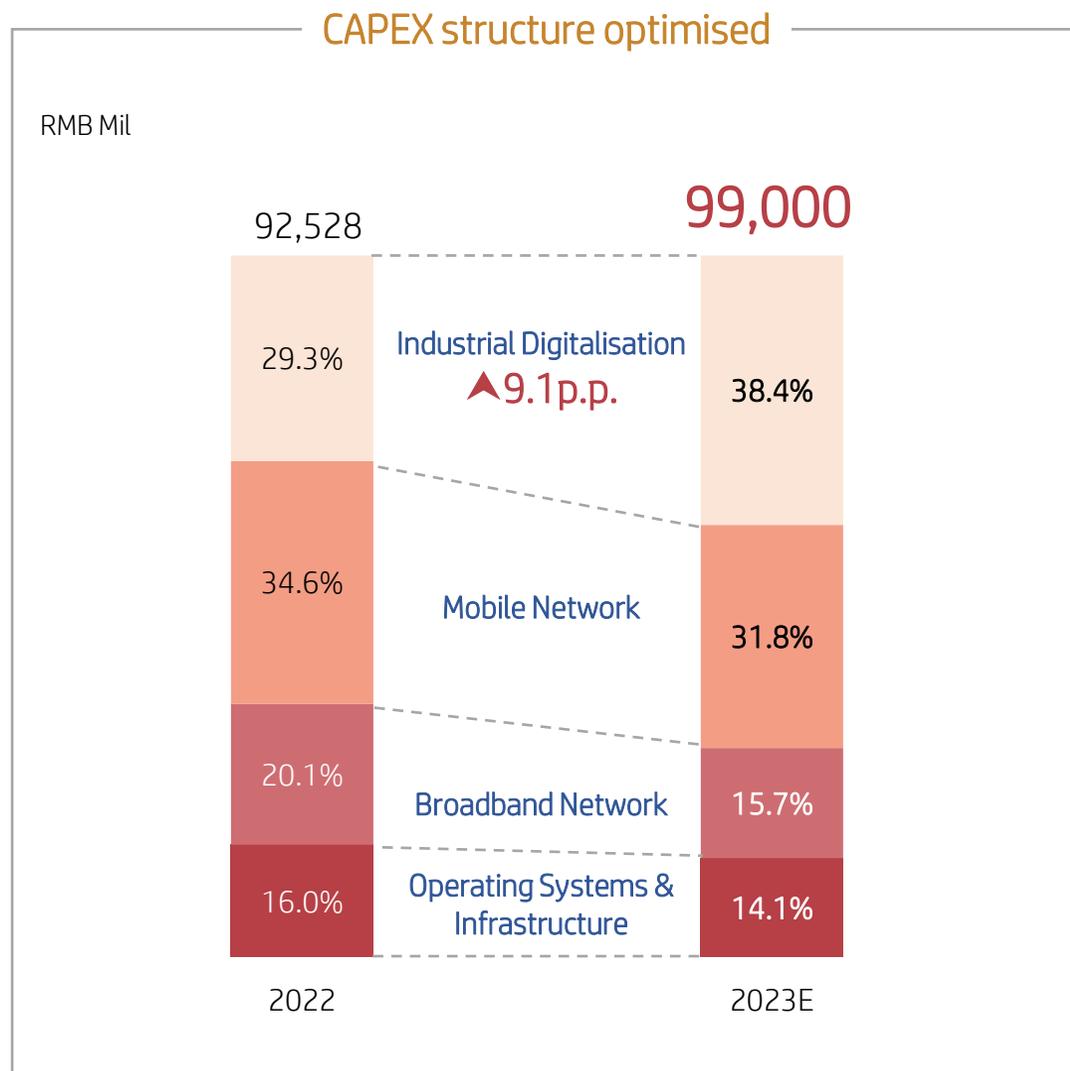


Expedite the construction of cloud-network integrated, secured and green digital information infrastructure



<h3>Computing power</h3> <p>Reached 3.8EFLOPS, ▲81% Adopted customised high-performance servers to build green computing power; constructed four-level (entire network-region-edge-terminal) AI computing power</p>	<h3>IDC</h3> <p>Reached 513k cabinets, >80% in 8 major hub nodes; >3,000 edge DCs; newly built IDC PUE<1.25</p>
<h3>DCI</h3> <p>IDC/cloud pools all-fibre interconnected; inter-AZ latency <1ms</p>	<h3>Security</h3> <p>Security capabilities pool covered >150 cities</p>
<h3>Gbps</h3> <p>Achieved Gbps upgrade and covered >250Mil households in service region</p>	<h3>4/5G</h3> <p>5G: Co-built and co-shared >1Mil BTS Basically covered all areas above township 4G: Cumulatively co-shared >1.1Mil BTS To fully share 4G mid-band spectrum network with China Unicom</p>
<h3>Cloud-network operating system</h3> <p>Achieved cloud-network-security integrated management; cloud-network integrated business achieved full-process automatic activation</p>	
<h3>Satellite</h3> <p>Connected satellite network and mobile network with one number for multiple uses</p>	

Precision Investment Focusing on Future



2023: Focus on new growth drivers, further enhance cloud-network integration capabilities

Of which:



Industrial Digitalisation
CAPEX

▲40.0%

IDC

RMB9.5Bil
to reach >560k
cabinets

Computing power
(Cloud resources)

RMB19.5Bil
to reach 6.2EFLOPS



Mobile network
CAPEX

RMB31.5Bil
to reach >1.22Mil 5G BTS



Broadband network
CAPEX

RMB15.5Bil

Co-build and co-share achieved prominent results

Cumulative CAPEX savings

RMB>270Bil

OPEX savings

RMB>30Bil/yr

Note: Co-build and co-share CAPEX savings as of end-2022; CAPEX and OPEX savings are aggregate savings of both parties on 4/5G co-build and co-share

Increase Dividend to Reward Shareholders

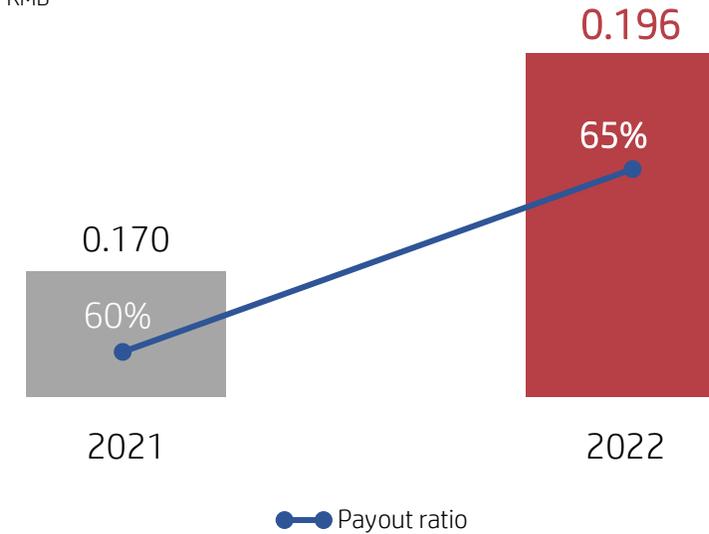


The Board of Directors recommends
2022 final dividend per share
RMB0.076

Full-year dividend per share
RMB0.196

Payout ratio
65%

Dividend per share
RMB



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

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

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

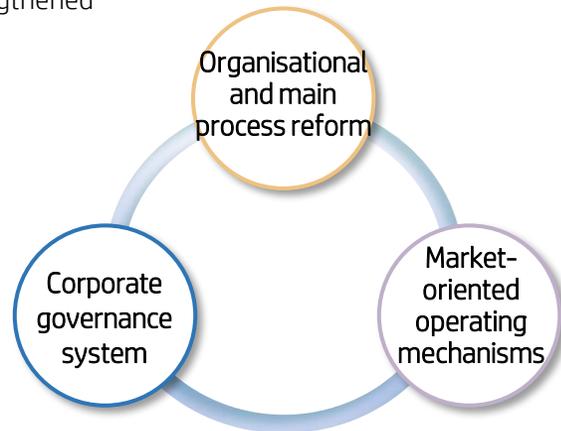
Note: The proposed 2022 final dividend is subject to approval by the shareholders at the annual general meeting. Together with the interim dividend of RMB 0.120 per share already paid, full-year dividend is RMB0.196 per share

Fully Deepen Corporate Reform and Further Enhance Corporate Vitality and Impetus



Deepen organisational and mechanism reform

- Deepened reform for **cloud, AI, security, quantum** and other areas
- Enterprise service reform further deepened; solidly promoted research institutes, cloud core platform of provincial/municipal companies and local integration systems strengthened



- **Established Board of Directors across subsidiaries as many as possible where appropriate**
- Deepened reform of sci-tech innovation systems and mechanisms, optimised product operation and other management systems
- **Fully implemented tenure system and contractual management at the managerial level** to strengthen market-oriented incentives and restrictions
- Launched the “Talent Nurturing Programme”, incentive measures for innovation talents

Accelerate digital transformation

Empower digital transformation of economy and society

>250 proprietary digital platforms in **14 key industries**

Big platform of digital transformation services
(Data elements)



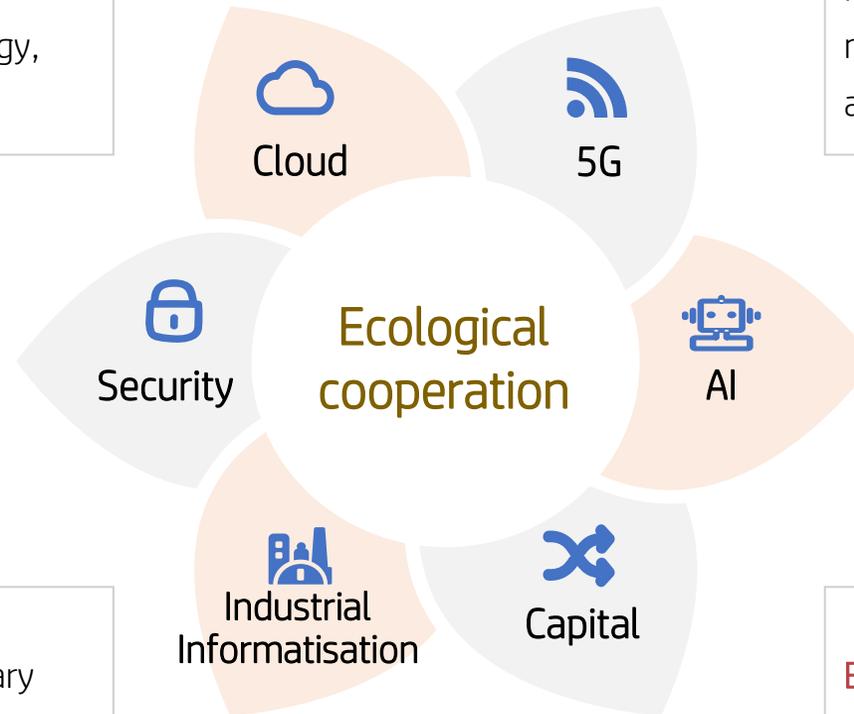
Develop Open and Win-win Cooperation Ecologies

Co-build National Cloud ecology: Build cloud computing community for extensive cooperation in technology, application, channel and service

Build ecology for 5G industry: Expand 5G Industry Innovation Alliance, with >400 members, to explore innovative 5G applications

Open security ecology: In-depth cooperation with leading vendors and build security capability pools that effectively aggregate capabilities

Strengthen industrial ecology: Aggregate capabilities of proprietary R&D and cooperation to provide integrated “cloud-network + data-intelligence” solutions



Co-build innovation ecology for AI industry: Cooperate with domestically well-known universities and sci-tech research institutions to promote industry-research cooperation on AI

Establish capital bonding: Coordinate development to preliminarily form a capital ecology

Proactively Undertake Social Responsibilities



Environment

- Advocate green and low-carbon**
 - Fully implement the national “dual-carbon” goal through the “1248” action plan
- Promote low-carbon operation**
 - 2022 GHG emissions ▼13Mil tons; GHG emissions per unit of information flow ▼20.6%
 - Built the PRC’s first fully-green, zero-carbon and source-traceable datacentre in Qinghai
 - Promote AI application on base stations and obsolete facility rooms with >600Mil kWh of electricity saved annually
- Empower green development**
 - Step up R&D on low-carbon information products and services to empower green transformation of industries

...



Society

- Serve rural revitalisation**
 - Vigorously promote the building of digital village to form China Telecom’s model on digital empowerment rural revitalisation
- Support digital epidemic prevention**
 - Provided e-Surfing Cloud Broadcast, cloud meeting, cloud-based SaaS application, Incoming Call Info Display and other informatised products for epidemic prevention
 - Leveraged digital epidemic prevention platform to provide fast-pass and testing service for all scenes, to help resumption of work and production of government and enterprises
- Care for employees**
 - Continue to enhance employees’ working conditions; establish role models to promote good experiences / practices at grassroot level
 - Continue to strengthen employee training; skill certifications covered ≈370k person-times

...



Governance

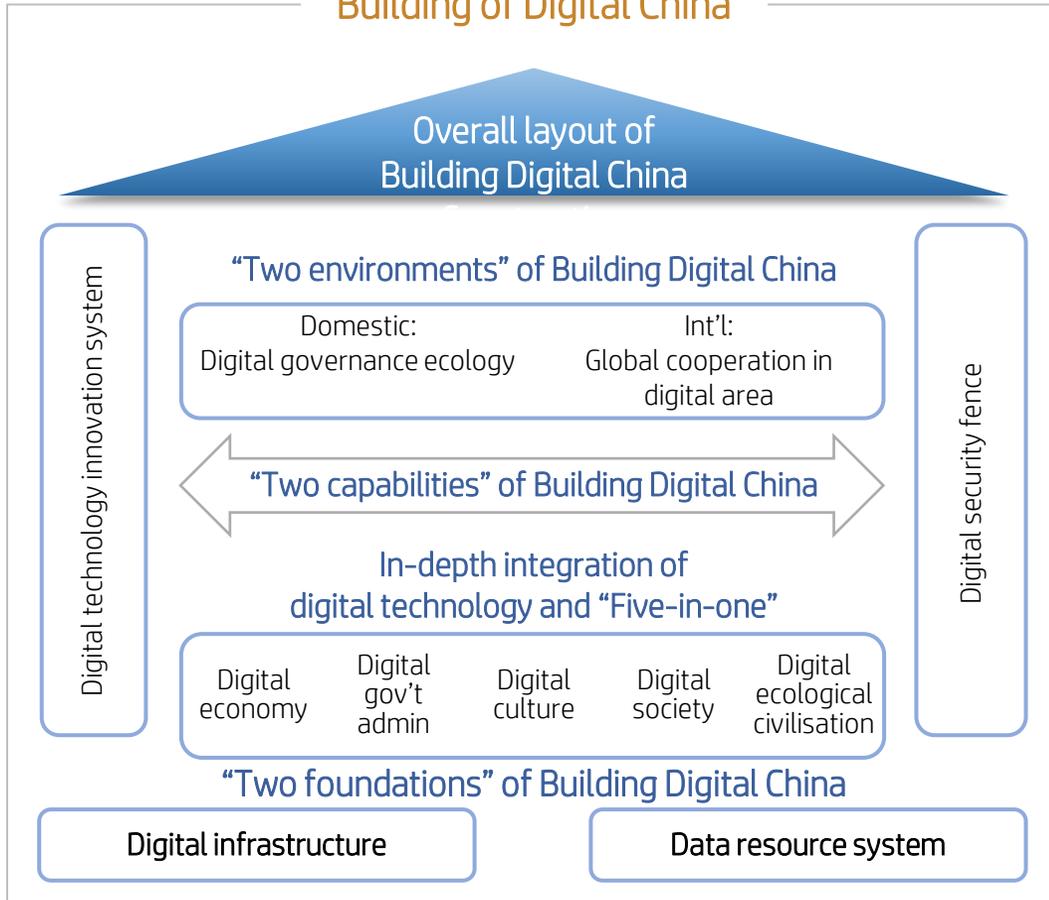
- Maintain high level of corporate governance**
 - Continue to promote BoD diversification
 - Excellent, prudent and effective corporate governance principles
 - Ensure that Company’s operation aligns the long-term interest of the Company and all shareholders

...

Develop World-class Enterprise and Fulfill the Responsibility in Building Digital China

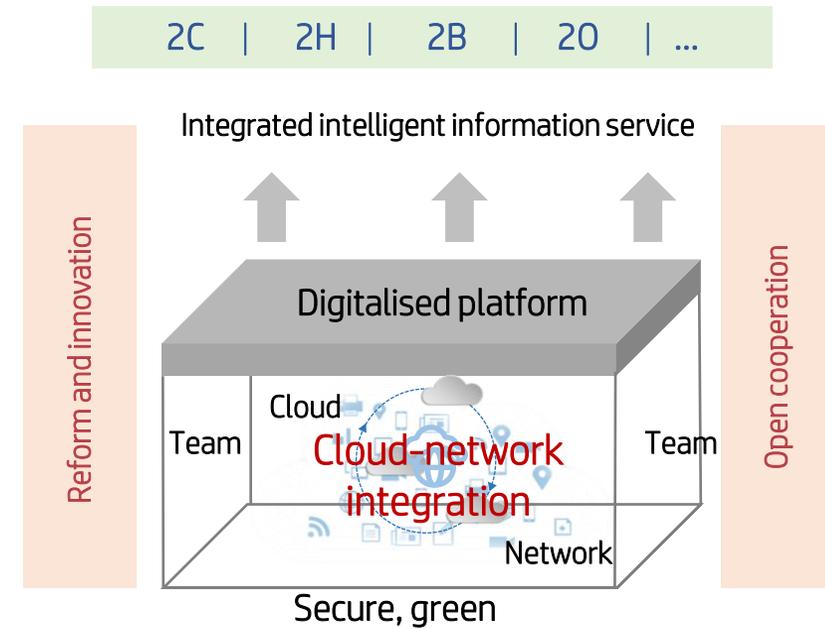


Building of Digital China



Comprehensively and deeply implement Cloudification and Digital Transformation Strategy

Expedite the development of World-class Enterprise
Service-oriented, technology-oriented, secured



Overview

Business Review & Financial Performance

Mr. Shao Guanglu, Executive Director, President & COO



Enhancing Business Performance

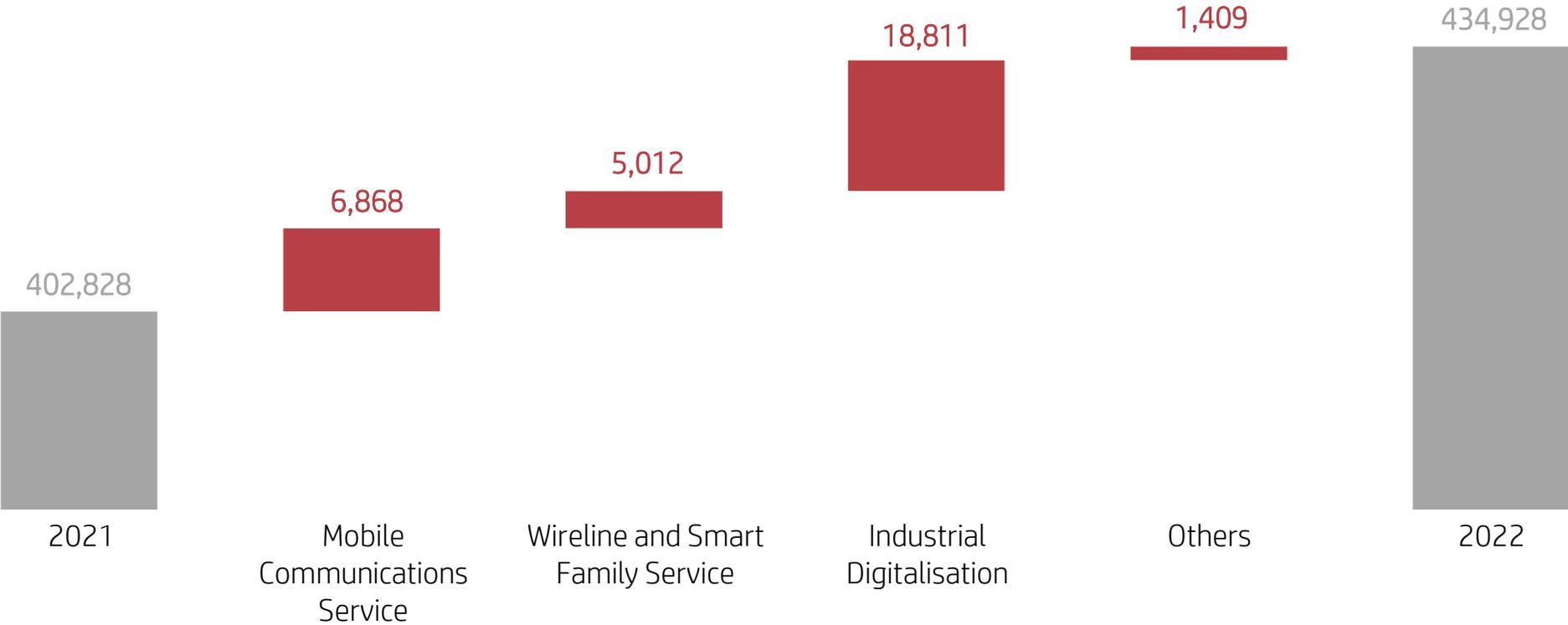


RMB Mil	2021 (restated)	2022	Change
Operating Revenues	439,553	481,448	9.5%
Incl.: Service Revenues	402,828	434,928	8.0%
Incl.: Mobile Communications Service	184,158	191,026	3.7%
Wireline and Smart Family Service	113,522	118,534	4.4%
Industrial Digitalisation	98,362	117,756	19.7%
Revenue from Sales of Goods and Others	36,725	46,520	26.7%
Operating Expenses	408,605	448,021	9.6%
Operating Profit	30,948	33,427	8.0%
Net Profit	25,949	27,593	6.3%

Industrial Digitalisation Remained the Biggest Incremental Revenue Contributor



Service revenues
RMB Mil



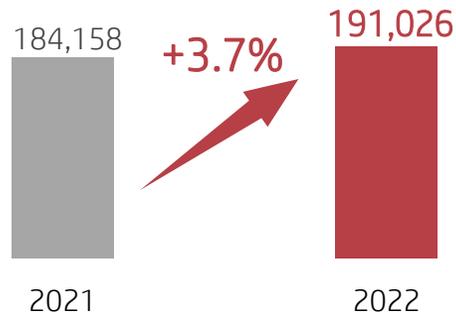
Fundamental Businesses Enhanced in Both Quantity and Quality



Revenues grew steadily

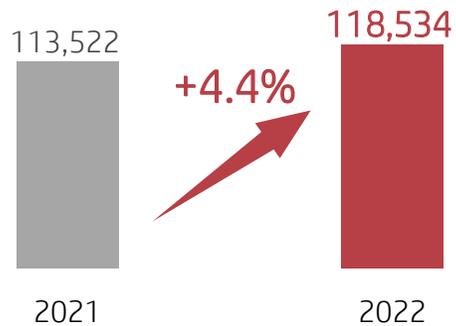
Mobile Communications Service

RMB Mil



Wireline and Smart Family Service

RMB Mil



Structure optimised gradually

Mobile subs

391 Mil

▲ 18.75 Mil

5G package subs penetration

68.5%

▲ 18.1 p.p.

Broadband subs

181 Mil

▲ 11.19 Mil

Gbps penetration

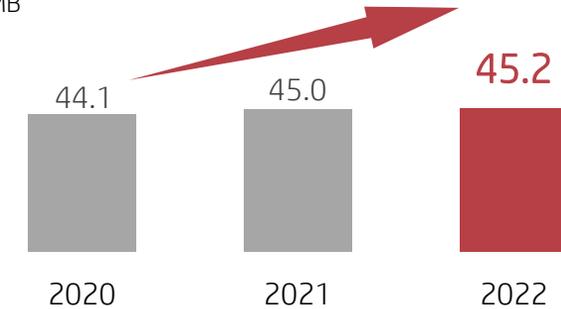
16.8%

▲ 9.1 p.p.

Value increased further

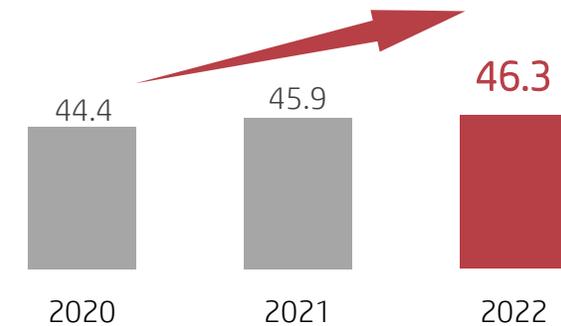
Mobile ARPU

RMB



Broadband blended ARPU

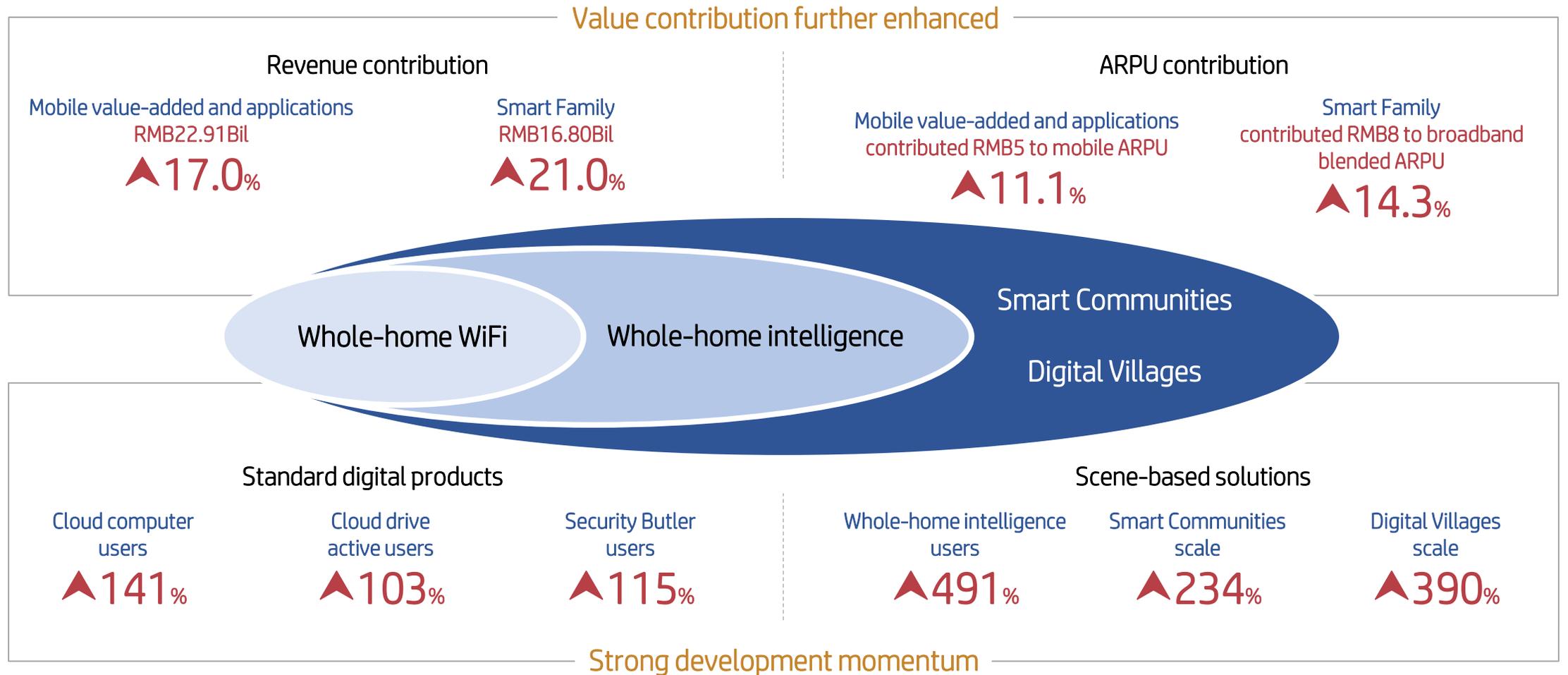
RMB



Notes:

1. Mobile ARPU = Monthly Average of Mobile Service Revenues / Average Number of Mobile Subs
2. Broadband blended ARPU = Monthly Average of Revenues from Broadband Access, e-Surfing HD and Smart Family Applications and Services / Average Broadband Subs

Expedited Integrated Development of Smart Family, Communities and Digital Villages



Hardcore Edges Drive Rapid Growth of China Telecom Cloud



Revenue grew rapidly

Public cloud IaaS + PaaS revenue

▲ 132%

Gov't admin
public cloud
infrastructure
No. 1

Dedicated
hosted cloud
services
No. 1

Medical cloud
infrastructure
and services
No. 1

Proprietary technological capabilities continued to enhance



TeleCloudOS 4.0

Independent and controllable, large-scale commercial-used distributed cloud operating system



Zijin DPU

Computing power and efficiency substantially enhanced



Edge computing

Accuracy of automatic channeling first-class in industry; product comprehensiveness among industry's front-runners



Cloud terminal

First Class Innovation Award of 2022 Inventions and Entrepreneurship Awards by China Association of Inventions



Cloud security

"Red shield" – full stack cloud-native security product series; TB-level protection based on cloud-network integration with industry-leading capabilities

Consolidated leadership with active market expansion

Consolidated leadership in digital government, smart cities, Central Enterprise/SOE digital transformation and smart healthcare markets
Proactively expand into high-end industrial manufacturing, SME digital services, culture/sports/all-for-tourism, future education, housing and urban/rural construction, etc.



Gov't admin: HPC in cloud of a city
Proprietary cloud platform + domestic hardware
Benchmark for domestic gov't admin cloud



Central & State-owned Enterprise:
Industry cloud of a SASAC enterprise
Public cloud + private cloud architecture
Protects customer's data security



Education: Hybrid cloud
Based on hybrid multi-cloud management platform
Upgrades and transforms management system



Transport:
R&D cloud of a leading automaker
High performance HPC clusters
Supports customer's light-asset operation



Finance:
Finance cloud of a provincial bank
Leverages cloud-network integration edge
Customised super-powerful financial computing power



Healthcare:
Medical cloud structure upgrade of a city
Based on China Telecom Cloud's proprietary multi-AZ architecture
Equipped with disaster tolerance capability for data and applications



Culture/sports/all-for-tourism:
Smart tourism of a city
One-city-one-pool cloud resource + cloud security
Promotes smart tourism upgrade



High-tech enterprise:
Dedicated cloud for chip R&D
Full stack capability of proprietary cloud foundation
Reduces customer's informatisation construction investment

Note: Source of market share ranking data : IDC

AI Capabilities Planned for New Arena

Continue to enhance technological strength and industrial influence

Covers >10Mil 2C/2H/2B customers, serves >100 use cases

Urban management: AI + Big Data



Urban and social governance — Integrating various types of data for delicate management

Emergency management: AI + video streaming



Flood and disaster prevention system—monitoring coverage ▲330%

Smart manufacturing: AI + 5G + IoT



Automobile “future factory” — production line commission reduced from 14 days to 1 day

F&B upgrade: AI + Internet



Kitchen monitoring—serves >300k customers

Digital living: AI + IoVT



AI care-taking, smart broadcast—security alert for single-living elderly, elderly care, etc.

Large-scale data processing capability

- PB-level data collection daily, with structural data + video/text/voice
- Storage-computing segregation to promote big data and AI data integrated processing
- ~30k data processing nodes

Four-level computing power with efficiently-centralised management and control

- Four-level computing power: entire network → region → edge → terminal
- Thousand-grade GPUs with multi-machine-and-GPU parallel training
- Million-grade webcam loading lines

Fully proprietary core algorithms

- Carries >5,000 proprietary AI algorithms, high-precision identification and detection
- Billion-grade parameters used in large models for urban governance
- Digital human full technology stack — CV/CG/voice/ semantics/cloud + terminal side rendering

Xinghe Platform Large model platform computing engine

Build Quality End-to-end Security Service System



Revenue grew rapidly

Network security service revenue

RMB4.69Bil ▲23.5%

Deployment in security area

 Cloud-network

- Cloud Dam (anti-DDoS)
- Cloud WAF
- 5G secure slicing
- Secure dedicated lines

 Data

- Data asset surveying and mapping
- Data source tracing
- Database auditing

 Services

- Graded Protection private assessment
- Secure hosting
- Secure integration
- Emergency and disaster recovery

 Others

- IoT security
- IoVT security
- Blockchain security
- ...

Quality security products

Cloud Dam (anti-DDoS)

- Carrier-grade DDoS protection capability
- Able to contain maximum attack bandwidth, assuring stability and usability of customer's bandwidth and all-time operation
- Serves >8,500 2G/2B customers

Security Butler

- Provides "green Internet browsing" service for household customers, Internet fraud prevention, smart device privacy protection and other security protection services
- 13.31Mil registered users

e-Surfing Security Brain

- Cloud-pipe-terminal coordinated, all-scene security protection service
- Provides boundary isolation, anti-virus, anti-intrusion, etc. for 2G/2B customers
- 114k security dedicated lines

Open and Co-shared Digitalised Service Platform Facilitates Development



Strengthened digitalised capability packaging and supply to enrich the capability of the big platform of digital transformation services

Empower internal and external digital transformation

Promote digital transformation of economy and society

Digitalisation of internal business, operation and management

Digital platform services

R&D & trial platform

Fundamental capability platform (API/components)
Vertical industry platform

APaaS platform (micro-service/service grid)

IoT IoT Blockchain AI Digital twin 5G Messaging
Satellite communication GIS LBS

Security capability platform

Cloud hosting, container, DB, middleware, cloud dedicated line

Aggregates digital technology industry ecologies

Consolidate elements and resources to form a co-build, co-share and win-win digital ecology system

Digital platform expanded rapidly

>250

proprietary, industry-leading digital platform for key industries

2,821

proprietary fundamental capabilities launched

350

ecological fundamental capabilities launched



Urban governance platform
Software revenue RMB200Mil/yr



Rural services covers 1,840 districts/counties



City operation, management and services covers 20 provinces, >180 projects



Campus security platform covers >20k schools

IoT subs >46 Mil

Revenue RMB3.29Bil ▲57.1%

IoT connections exceeded human connections

Revenue RMB4.01Bil

▲40.2%

Subs 407Mil

▲36.6%

Accelerated 5G 2B Development

Accelerated growth in scale

Cumulative 5G 2B industry commercial projects $\approx 15,000$

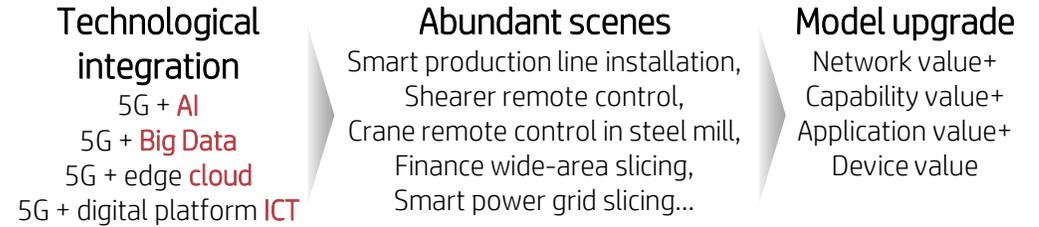
Newly contracted projects

4,000
2021  $> 8,000$
2022

Business model upgrade

5G + ABC + ICT:

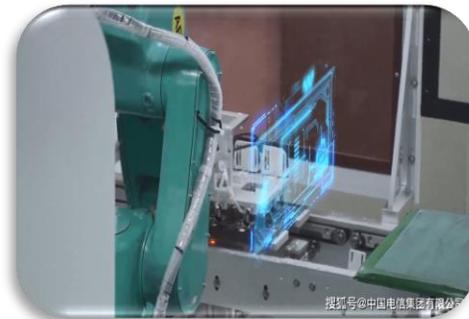
Achieved integration innovation from connection to application



Benchmark cases

Smart factory of a tech enterprise

- **System:** 1 network, 3 platforms, N applications, with 5G + industrial PON as foundation to connect the production facilities of the entire workshop
- **Results:** Yield increased from 90% to 95%, production efficiency \uparrow 200%
- **Replication:** >50 factories of same type



Ultra-high-productivity open-air coal mine + extra-large scale 5G dedicated network

- **Application:** Achieved personnel reduction and efficiency increase by unmanned mining truck operation of $>10,000$ hrs/416 days; expected RMB825Mil worth of cost reduction and efficiency increase for 5 years; working environment improved, labour intensity reduced, safety factor increased
- **Replication:** >40 projects of same type forming a cluster

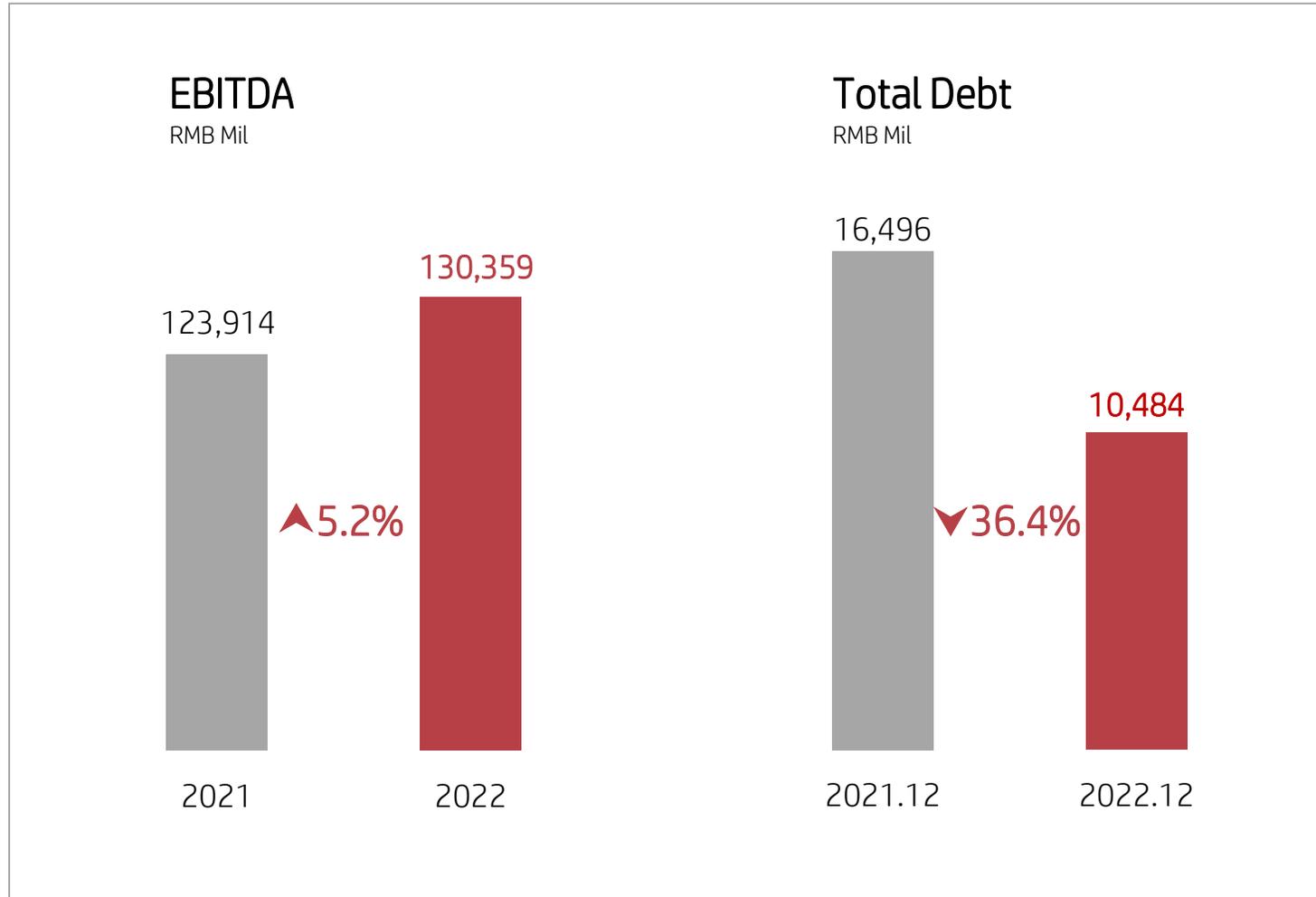


Effective Cost Control



RMB Mil	2022	Change	
Operating Expenses	448,021	9.6%	<ul style="list-style-type: none"> Continued to enhance network quality and capabilities, increased initiatives in sci-tech innovation, Industrial Digitalisation and other key areas, continued to enhance resource efficiency
Incl.: Depreciation & Amortisation	96,932	4.3%	<ul style="list-style-type: none"> Expanded 5G network co-build and co-share and 4G network co-share, D&A continued to grow slower than revenue
Network Operations & Support	147,589	10.7%	<ul style="list-style-type: none"> Seized development opportunity of digital economy and appropriately increased initiatives in high growth areas such as Industrial Digitalisation and Smart Family, and stepped up digitalised operation to reduce cost and increase efficiency
Personnel	84,772	11.5%	<ul style="list-style-type: none"> Strengthened recruitment of sci-tech and innovation talents; appropriately increased incentives to frontline staff and high-performance teams
SG&A	64,277	5.1%	<ul style="list-style-type: none"> Expedited the building of digitalised sales and marketing system for precision sales and marketing; selling expense-to-service revenue ratio reduced yoy Continued to step up sci-tech innovation to enhance core capabilities and empower future development
Interconnection Charges	13,052	1.5%	
Cost of Goods Sold	39,592	30.2%	<ul style="list-style-type: none"> Significantly increased mobile handset sales volume

Financial Strength Enhanced



Sound capital structure supports healthy corporate development

Debt-to-asset ratio

46.0%

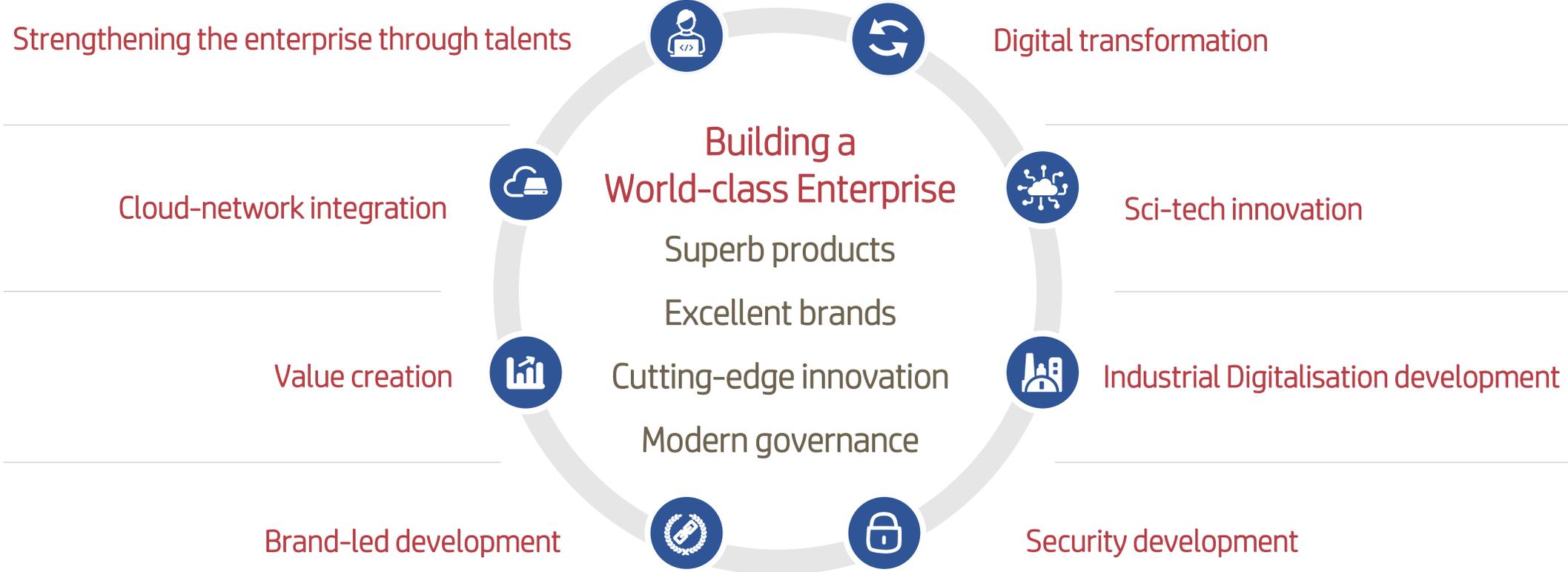
Corporate credit rating maintained highest

AAA

Notes:

- 1. Total Debt represents interest-bearing debts excluding lease liabilities
- 2. Credit rating was provided by China Chengxin International Credit Rating Co., Ltd. on the Company's credit rating of related debt in duration in May 2022

Comprehensively and Deeply Implement the Cloudification and Digital Transformation Strategy and Continue to Propel High-quality Development





Overall Most Outstanding Company
in China



Asia's Most Honored Companies



Asia's Best CSR

Thank You!

For further information & enquiries,
please contact our
Investor Relations Department at

ir@chinatelecom-h.com or visit www.chinatelecom-h.com



微信搜一搜

中国电信投资者关系



Appendix 1 — IFRSs



Appendix 1.1: Extracted from Audited Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022



RMB Mil	2021 (restated)	2022	Change
Operating Revenues	439,553	481,448	9.5%
Service Revenues	402,828	434,928	8.0%
Mobile Communications Service	184,158	191,026	3.7%
Incl.: Handset Internet Access	140,270	144,074	2.7%
Wireline and Smart Family Service	113,522	118,534	4.4%
Incl.: Broadband Access	76,548	80,550	5.2%
Smart Family	13,885	16,802	21.0%
Industrial Digitalisation	98,945	117,756	19.0%
Incl.: IDC	31,600	33,319	5.4%
Other Service Revenues	6,203	7,612	22.7%
Revenue from Sales of Goods and Others	36,725	46,520	26.7%
Operating Expenses	(408,605)	(448,021)	9.6%
Depreciation & Amortisation	(92,966)	(96,932)	4.3%
Network Operations & Support	(133,340)	(147,589)	10.7%
Incl.: Tower Usage Fee	(10,792)	(11,627)	7.7%
Personnel	(76,057)	(84,772)	11.5%

RMB Mil	2021 (restated)	2022	Change
SG&A	(61,154)	(64,277)	5.1%
Incl.: Selling Expense	(48,597)	(50,486)	3.9%
R&D Expense	(3,379)	(4,199)	24.3%
Other Operating Expenses	(45,088)	(54,451)	20.8%
Incl.: Interconnection Charges	(12,858)	(13,052)	1.5%
Cost of Goods Sold	(30,415)	(39,592)	30.2%
Operating Profit	30,948	33,427	8.0%
Net Finance Costs	(1,293)	(7)	(99.4%)
Investment Income and Others, Share of Profits of Associates and Joint Ventures	4,210	2,294	(45.5%)
Profit Before Taxation	33,865	35,714	5.5%
Income Tax	(7,716)	(8,038)	4.2%
Profit for the Year	26,149	27,676	5.8%
Equity Holders of the Company	25,949	27,593	6.3%
Non-controlling Interests	200	83	(58.5%)
	2021 (restated)	2022	Change
Free Cash Flow	15,140	13,249	(12.5%)

Notes:

1. Mobile service revenues in 2022 amounted to RMB206,942Mil, representing an increase of 6.0% year-on-year, wireline service revenues amounted to RMB227,986Mil, representing an increase of 9.8% year-on-year
2. Excluding the impact resulting from the application of IFRS 16, the tower usage fee in 2022 was RMB20,645 million
3. Free Cash Flow = EBITDA – CAPEX – Income Tax Expenses – Depreciation Charge for Right-of-Use Assets Other than Land-Use-Rights (2022: RMB16,544Mil)
4. Certain figures in 2021 are adjusted retrospectively and restated pursuant to the acquisition of Beeya (Shanghai) Technology Co., Ltd. in December 2022

Appendix 1.2: Extracted from Audited Consolidated Statement of Financial Position as at 31 December 2022



RMB Mil	2021.12.31 (restated)	2022.12.31
Current Assets	127,363	141,072
Non-current Assets	634,876	666,626
Total Assets	762,239	807,698
Current Liabilities	265,071	281,737
Non-current Liabilities	65,995	89,534
Total Liabilities	331,066	371,271
Total Equity	431,173	436,427
Equity Attributable to Equity Holders of the Company	428,678	432,089
Non-controlling Interests	2,495	4,338

Appendix 2 — CASs



Appendix 2.1: Extracted from Audited Consolidated Income Statement for the Year Ended 31 December 2022



RMB Mil	2021 (restated)	2022	Change
Operating Revenues	434,160	474,967	9.4%
Operating Costs	307,335	339,940	10.6%
Taxes and Surcharges	1,730	1,643	(5.0%)
Selling Expenses	52,172	53,803	3.1%
General and Administrative Expenses	32,364	33,578	3.8%
Research and Development Expenses	6,933	10,560	52.3%
Finance Expenses	1,293	7	(99.4%)
Asset and Credit Impairment Losses	2,054	2,441	18.8%
Investment Income	4,193	2,265	(46.0%)
Gains on Disposal of Assets, Other Income and Losses from Changes in Fair Value	5,194	6,044	16.4%
Operating Profit	39,666	41,304	4.1%
Net Non-operating Income and Expenses	(5,795)	(5,590)	(3.5%)
Profit before Taxation	33,871	35,714	5.4%
Income Tax Expenses	7,716	8,038	4.2%
Net Profit	26,155	27,676	5.8%
Equity Holders of the Company	25,953	27,593	6.3%
Minority Interests	202	83	(58.9%)
Net Profit Attributable to Equity Holders of the Company excluding Extraordinary Gains and Losses	25,044	27,189	8.6%

Note: Certain figures in 2021 are adjusted retrospectively and restated pursuant to the acquisition of Beeya (Shanghai) Technology Co., Ltd. in December 2022

Appendix 2.2: Extracted from Audited Consolidated Balance Sheet as at 31 December 2022



RMB Mil	2021.12.31 (restated)	2022.12.31
Current Assets	127,363	141,072
Non-current Assets	634,883	666,626
Total Assets	762,246	807,698
Current Liabilities	260,297	277,874
Non-current Liabilities	70,769	93,397
Total Liabilities	331,066	371,271
Total Shareholders' Equity	431,180	436,427
Equity Attributable to Equity Holders of the Company	428,685	432,089
Minority Interests	2,495	4,338

Appendix 3 — Operating Figures and CAPEX Structure



Appendix 3.1: Operating Figures



Selected Operating Metrics for the Year Ended 31 December 2022

Subscriber (Mil)	2021.12	2022.12	Change
Mobile	372.43	391.18	18.75
Incl.: 5G package	187.80	267.96	80.16
Wireline Broadband	169.71	180.90	11.19
Access Lines in Service	106.64	104.95	(1.69)
e-Surfing HD	121.37	125.71	4.34
IoT Connected Devices	297.77	406.64	108.87
	2021	2022	Change
Mobile ARPU (RMB)	45.0	45.2	0.4%
5G ARPU (RMB)	53.3	50.8	(4.7%)
Handset Data Traffic (kTB)	46,966	60,193	28.2%
Wireline Broadband ARPU (RMB)	38.9	38.3	(1.5%)
Wireline Broadband Blended ARPU (RMB)	45.9	46.3	0.9%

Appendix 3.2: CAPEX Structure



RMB Mil	2022	2023E
Industrial Digitalisation	27,138	38,000
Mobile Network	32,017	31,500
Broadband Network	18,562	15,500
Operating Systems and Infrastructure	14,811	14,000
Total	92,528	99,000