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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS

- Operating revenues of the Company amounted to RMB242.3 billion, representing an increase of 10.5% year-on-year. Of which, service revenues amounted to RMB221.4 billion, representing an increase of 8.8% year-on-year, remaining above the industry's average growth rate
- EBITDA amounted to RMB69.8 billion, representing an increase of 5.3% over the same period last year. The net profit was RMB18.3 billion, representing an increase of 3.1% over the same period last year. Excluding the one-off after-tax gain from the disposals of its subsidiaries last year, the year-on-year growth rate was 12.0%. The basic earnings per share were RMB0.20
- Mobile communications service revenues amounted to RMB99.0 billion, representing an increase of 6.0% over the same period last year. The total number of mobile subscribers reached 384 million, with a net addition of 11.79 million, achieving steady growth of subscriber market share. The number of 5G package subscribers reached 232 million
- Value contribution from Smart Family services continued to increase. Wireline and Smart Family service revenues amounted to RMB59.9 billion, representing an increase of 4.4% year-on-year. The total number of wireline broadband subscribers reached 175 million
- Industrial Digitalisation service continued to thrive with its revenue reaching RMB58.9 billion. Revenue from e-Surfing Cloud reached RMB28.1 billion with the year-on-year growth rate reaching 100.8%
- The Board of Directors has resolved to declare an interim dividend for the first time in 2022, and the profit to be distributed in cash shall be 60% of the profit attributable to equity holders of the Company for the first half of 2022, i.e., RMB0.120 per share

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2022, the digital economy has become a stabiliser and an important engine for the national economic development, as the scale commercialisation of the new-generation digital technologies accelerated while the integration and innovation of multiple technologies further drove industrial transformation. Adhering to the new development principles, the Company seized strategic opportunities brought about by the new round of technological revolution and industrial transformation, responded to the challenges brought about by the COVID-19 Epidemic (“Epidemic”) in the country, coordinated Epidemic prevention and control with corporate operation and development, and fully implemented its “Cloudification and Digital Transformation” strategy. The Company intensified sci-tech innovations, deepened the cloud-network integration and continued deepening its system and mechanism reforms. The Company proactively expanded the new open ecosystem of win-win cooperation and accelerated its development as a service-oriented, technology-oriented and secured enterprise. The Company maintained rapid growth in its operating results and continued to share its high-quality development achievements with its shareholders, customers and the society.

1. OVERALL RESULTS

In the first half of 2022, operating revenues of the Company amounted to RMB242.3 billion, representing an increase of 10.5% year-on-year. Of which, service revenues¹ amounted to RMB221.4 billion, representing an increase of 8.8% year-on-year, remaining above the industry’s average growth rate². EBITDA³ amounted to RMB69.8 billion, representing an increase of 5.3% over the same period last year. The net profit⁴ was RMB18.3 billion, representing an increase of 3.1% over the same period last year. Excluding the one-off after-tax gain⁵ from the disposals of its subsidiaries last year, the year-on-year growth rate was 12.0%. The basic earnings per share were RMB0.20. Capital expenditure was RMB41.7 billion and free cash flow⁶ reached RMB14.5 billion.

¹ Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues. Of which, mobile service revenues amounted to RMB104.5 billion, representing an increase of 6.7% year-on-year; wireline service revenues amounted to RMB116.9 billion, representing an increase of 10.7% year-on-year.

² According to the performance of the communications industry economy in the first half of 2022 released by MIIT.

³ EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

⁴ Net profit represents profit attributable to equity holders of the Company.

⁵ The one-off after-tax gain from the disposals of E-surfing Pay Co., Ltd and China Telecom Leasing Corporation Limited was approximately RMB1,416 million.

⁶ Free cash flow is calculated based on EBITDA minus capital expenditure, income tax and depreciation charge for right-of-use assets other than land-use-rights.

The Company attaches great importance to shareholder returns and strives to enhance its profitability and cash flow generation capability while effectively controlling capital expenditure. The Board of Directors has resolved to declare an interim dividend for the first time in 2022, and the profit distributed in cash will be 60% of the profit attributable to equity holders of the Company in the first half of 2022, i.e., RMB0.120 per share. This successfully fulfilled the commitment to introduce interim dividends made by the Company during A-Share offering. The Board of Directors will take into full consideration the Company's profitability, alongside cash flow levels and capital needs for its future development, and will make recommendations at the shareholders' meeting after comprehensively reviewing the annual dividend distribution proposal for 2022, furthering its efforts to create more value for shareholders.

2. FULLY IMPLEMENTING “CLOUDIFICATION AND DIGITAL TRANSFORMATION” STRATEGY AND ELEVATING HIGH-QUALITY DEVELOPMENT TO A NEW LEVEL

In the first half of the year, the Company accelerated the construction of digital information infrastructure, further boosted its cloud-network operating capabilities and continued to strengthen its sci-tech innovation. As a result, the Company made breakthroughs in becoming the source of original technologies and also in problem-tackling efforts in core technologies. The Company further unleashed its corporate vitality through deepened system and mechanism reforms, expanded the industrial and capital ecosystems featuring strong alliances and open cooperation and effectively elevated its high-quality development to a new level.

2.1 Continued strengthening of informatisation services as a courageous pioneer in empowering the digital economy

Adhering to the customer-oriented approach, the Company strengthened the supply of integrated intelligent information products and services, accelerated the innovative expansion of fundamental businesses and Industrial Digitalisation, built a better life and empowered the digital transformation of numerous walks of life. The service quality of the Company maintained at the industry-leading position.

Insisting on 5G's leading role and the innovation of 5G applications, achieving steady enhancement of mobile subscriber scale and value

The Company further enhanced 5G network coverage, promoted network access and usage for 5G subscribers with precision and optimised the experience of applications such as cloud VR/AR, cloud games, ultra HD and etc. The Company created innovative applications such as 5G Messaging, 5G New Calls, Quantum-encrypted Calls and etc., with an aim to further expand products and services under 5G scenes and promote the upgrade of individual's digital consumption demands as well as drive the continuous enhancement of subscriber scale and value. In the first half of the year, the Company's mobile communications service revenues amounted to RMB99.0 billion, representing an increase of 6.0% over the same period last year, maintaining healthy growth. The total number of mobile subscribers reached 384 million, with a net addition of 11.79 million, achieving steady growth of subscriber market share. The number of 5G package subscribers reached 232 million with a penetration rate of 60.3%, remaining at an industry-leading level. Mobile ARPU⁷ amounted to RMB46.0, maintaining its growth momentum.

Accelerating upgrade to Gigabit broadband and enriching applications of digital life, resulting in steady growth of family services

Focusing on customers' demands for digital life upgrades, the Company further promoted the speed upgrade of broadband subscribers and accelerated the expansion of Gigabit products at scale. The Company built a platform for digital life applications with wider connectivity, broader reach and higher level of intelligence, promoted the migration of applications from interconnection between single products to inter-convergency across ecosystems. Leveraging ultra HD, multi-camera, multi-angle and VR/AR to create new experience of contents, the Company further promoted the integration and mutual promotion as well as connected development among Smart Family, Smart Community and Digital Village, while continuously enriching the content of digital life and promoting steady growth in volume and revenue of family services. In the first half of the year, Wireline and Smart Family service revenues of the Company amounted to RMB59.9 billion, representing an increase of 4.4% year-on-year. Of which, broadband access revenue reached RMB40.8 billion, representing an increase of 7.1% year-on-year. The total number of wireline broadband subscribers reached 175 million, of which the number of Gigabit broadband subscribers reached 20.68 million, with its penetration rate increasing to 11.8%, achieving an industry-leading level. The value contribution from Smart Family services continued to increase. Broadband blended ARPU⁸ reached RMB47.2, maintaining healthy growth.

⁷ Mobile ARPU = monthly average revenues from mobile services / the average number of mobile subscribers.

⁸ Broadband blended ARPU = monthly average revenues from broadband access, e-Surfing HD and Smart Family applications and services / the average number of broadband subscribers.

Industrial Digitalisation continued to thrive amidst the undertaking of the vital mission of co-developing National Cloud

The Company proactively seized the current opportunities brought by the demands from various industries in the economy and society for network-based, digitalised, and smart integrated information services. Leveraging resources in whole process and whole network as well as the edges in clientele accumulation, service localisation and etc., while also leveraging its abundant use cases and massive data, the Company focused on the dual driving engines of its projects and products, created edges from differentiation and convergence and proactively empowered the transformation and upgrades of traditional industries to support the “the cloud migration, the use of data and intelligence injection” for numerous walks of life. In the first half of the year, revenue from Industrial Digitalisation reached RMB58.9 billion, representing a year-on-year growth of 19.0% on a comparable basis⁹.

Adhering to the cooperation philosophy of “Broadest Scope, Best Service, Best Value, Farthest Growth”, the Company conducted ecological cooperation to further promote the vigorous development of cloud technologies and industry to form a new digital foundation featuring cloud-network integration for the development of the digital economy. Insisting on the leading role of sci-tech innovation, the Company’s efforts in tackling core cloud computing technologies constantly achieved new results, equipping itself with full stack cloud capabilities that are independent and controllable, secure and reliable, open to cooperation and industry-leading. The Company has become the source of original technologies for cloud computing. Focusing on cloud migration needs of different customer groups, the Company provides public, private and hybrid cloud services that are polymorphic, high-performance, inclusive and convenient for government, enterprises and the general public. The Company achieved remarkable results in market expansion and continued to lead in the government administration public cloud market. In the first half of the year, revenue from e-Surfing Cloud reached RMB28.1 billion with the year-on-year growth rate reaching 100.8%. In line with the demands from the “East-to-West Computing Resource Transfer” project, the Company accelerated the building of new hub capabilities. In the first half of the year, the development of IDC further enhanced with its revenue amounting to RMB17.9 billion, representing an increase of 11.1% year-on-year. As the fifth fundamental network of the Company, e-Surfing Internet of Video Things pushed forward the construction of digital cloud-network ecology of videos. The aggregate number of connected devices reached 30 million, with rapid launch of diversified use cases such as “Kitchen Monitoring” etc.

⁹ Revenue for Industrial Digitalisation in the first half of 2021 has excluded the Internet Finance revenue before the disposal of E-surfing Pay Co., Ltd.

The development of the Company's 5G 2B services maintained good momentum. The three customised network modes, namely "Wide-area", "Adjacent", and "Wingspan", fully exerted the features of 5G including massive connectivity, high speed, low latency and data security. Focusing on the demands such as flexible production, HD video backhaul transmission and remote control of equipment, the Company created 5G industry use cases such as 5G+industrial vision, 5G+remote equipment control, and 5G+smart factory logistics to effectively empower the digital and intelligent transformation and upgrades of industries such as Industrial Internet, Internet of Vehicles (IoV), and smart healthcare. Fully leveraging the industry-leading benchmarking effects, the Company accelerated the expansion and replication of its projects. In the first half of the year, the number of the newly contracted customised network projects exceeded 1,300, with revenue from the newly contracted projects increasing by more than 80% year-on-year. The cumulative number of 5G industry commercial projects reached approximately 9,000.

Further optimised customer experience with user satisfaction rate maintaining the industry-leading position

The Company organised and carried out activities such as upgrading service satisfaction and launched six "Good Service as You Wish" service initiatives. The Company also sped up the innovation of digitalised service mode and enhanced digital and intelligent service capabilities. The Company took the lead to build "Caring Stations", a channel for intelligent and universal services, while also promoted elderly-oriented and barrier-free renovation for various touchpoints to effectively enhance customer experience and the level of service quality. The Company's telecommunications user satisfaction rate ranked No.1 within the industry while its telecommunications user complaint rate ranked the lowest within the industry¹⁰.

¹⁰ Source of telecommunications user satisfaction rate and telecommunications user complaint rate: MIIT.

2.2 Promoting the construction of new digital infrastructure based on the new stage of cloud-network integration 3.0

The Company strengthened the coordinated deployment of multiple digital elements, including cloud, network, data, intelligence, security, DC, computing power and greenness, among others, while stepping up the application of original technologies. The Company also promoted the evolution towards cloud-network integration 3.0, strengthened sci-tech endowment and accelerated the construction of intelligent integrated digital information infrastructure that is high-speed and ubiquitous, aerial-ground in one, cloud-network integrated, intelligent and agile, green and low-carbon, as well as secure and controllable.

In line with the national layout of integrated Big Data centres, the Company continued to optimise the “2+4+31+X+O” computing power layout in accordance with the regional economic development and natural resources conditions. Through the establishment of a layer-based computing power service system coordinating cloud, edge and terminals, the Company created an integrated and innovative computing power infrastructure. The Company carried out network reconstitution around computing power centres and promoted the change of traffic flow from the dominant “north-south” direction to “north-south + east-west” directions. The Company also continued optimising its three-dimensional, wide-coverage, and high-performance network deployment with holistic coverage of land, sea, air and space. The Company pushed forward integrated and intelligent channelling of cloud-network and realised cloud-led network resource allocation and cloud-led network channelling. The Company currently owns more than 700 IDC sites and the number of IDC cabinets amounted to 487,000 with a utilisation rate of 72%. The Company has the greatest number and the most extensive distribution of IDC resources in China. In the first half of the year, the number of newly built e-Surfing Cloud servers reached 81,000, with the scale of computing power reaching 3.1EFLOPS while “One-City-One-Pool of Cloud Resources” cumulatively covered more than 160 cities.

The Company proactively pushed forward a new model for cloud-network construction and operation to reduce duplicated resources input, and achieved further cost reduction and efficiency enhancement, while at the same time striving to build a green cloud-network with high efficiency and lower energy consumption. The Company continued deepening the co-building and co-sharing of networks with China Unicom on all fronts. In the first half of the year, the number of co-built and co-shared 5G base stations increased by 180,000, with the number of 5G base stations in use reaching 870,000. The number of co-shared 4G base stations increased by 210,000, with accelerated promotion of “one single 4G network”. The cumulative investment savings for both parties amounted to RMB240 billion. The Company established a systematic green and low-carbon development model, which incorporates green development into all processes and fields of production and operation, comprehensively transforming from “dual control of energy consumption and intensity” to “dual control of carbon emission and intensity.”

The Company has always placed network security as the cornerstone of the digital information infrastructure. Capitalising on the resource endowment of its cloud-network and data, the Company continued enhancing its network security operating capabilities. The Company also developed a security capabilities pool covering cloud, network, edge and terminals, conducted integrated and coordinated monitoring and control over a series of security risks in the process of data storage, information transmission and cloud computing. The Company also realised the on-demand selection and flexible deployment of its security capabilities through the integration and innovation of multiple technologies such as cloud-network security and data security. Adhering to independent development, the Company offered various mainstream security products and services such as Cloud Dam and Quantum Metropolitan Network, providing customers with end-to-end integrated security protection services.

2.3 Promoting self-reliance and self-improvement of sci-tech innovation, accelerating the development as a sci-tech company

The Company took the promotion of sci-tech innovation as the strategic guide for its high-quality development. The Company constantly scaled up sci-tech innovation, boosted its sci-tech capabilities, and made solid strides towards becoming a sci-tech company. The Company was awarded the title of “Enterprises with Outstanding Contribution to Sci-tech Innovation” by State-owned Assets Supervision and Administration Commission of the State Council (SASAC). The Company promoted the independence and self-control of core technologies, strengthened its leadership in forefront technologies of cloud computing and the innovation of original technologies, as well as completed and released the commercial version of CloudOS4.0. The Company made major breakthroughs in proprietary development of customised servers and databases. The Company’s proprietary Quantum-encrypted Calls product was launched nationwide, alongside the roll-out of its first proprietary smart cloud camera. The Company also accelerated the conversion of its sci-tech achievements, with the number of proprietary achievements reaching 74 and its capabilities in proprietary development significantly strengthening. In the first half of the year, the percentage of proprietary IT systems and service platforms increased by 8.9 percentage points over the same period last year. The number of new patents was 1,128, representing an increase of 145% year-on-year. Cooperation and innovation among industry, academia, research and development (R&D) institutes and customers entered a substantive stage with more than 40 cooperation projects being initiated in the fields of fundamental research and application research with leading universities and scientific research institutes.

2.4 Unleashing innovation and development potential through deepened system and mechanism reforms on all fronts

In line with customer’s demands for digitalisation, the Company promoted corporate reform centred around cloud. The Company accelerated the implementation of reform measures in key areas and core processes such as sales and operation, further optimised the market-oriented operating mechanism, boosted core corporate capabilities and effectively stimulated corporate vitality. The Company continued to deepen government and enterprise reform, constantly strengthened the mechanisms establishment for industrial research institutes, and accelerated the R&D and promotion of digitalised platforms. The Company also deepened direct sales for leading customers, enhanced the delivery level of local integration, while further strengthening its professional information service capabilities for government and enterprise customers. The Company accelerated its substantive operations of the cloud core platform, continued to enrich key talents in ABCI and related specialities, and enhanced its capabilities for Industrial

Digitalisation development with e-Surfing Cloud as the foundation. The Company further deepened professional company reforms, pursued the corporate operation of Big Data and AI centres, continuously enhanced its R&D and operating capabilities in Big Data and AI, with its Cloud company, Security company, IoT company being successfully shortlisted in the latest batch of “Sci-tech Reform Demonstration Enterprises”, creating a new model for sci-tech company reforms and proprietary innovations. Meanwhile, the Company established professional companies in areas such as medical and healthcare and digital villages, introducing market-oriented operating mechanism while enhancing the capabilities of professional operation. The Company intensified its efforts to implement “three system reforms”, fully implemented the tenure system and contractual management of management team at various levels of companies, having employees compete for key positions, reinforcing the standpoint that staff can be hired or let go and compensation can be raised or reduced, so as to fully stimulate its employees’ vitality.

2.5 Expanding open and pragmatic ecological cooperation to build new prospects of win-win cooperation

The Company promoted and attained mutual growth with multiple users, scenes, services and ecosystems, built the open value ecosystem featuring co-creation, co-sharing and win-win. The Company strove to build its capability ecosystem, accelerate its joint innovation in technical capabilities, and promote innovative R&D in the area of 5G technologies through the 5G Innovation Alliance, Joint Innovation Centre and Open Lab. The Company greatly expanded its service ecosystem by promoting in-depth cooperation with application developers, as well as with upstream and downstream participants of the terminal industrial chain. The Company enriched its industry solutions, pushed forward the integration of use cases and jointly built service domains for digital life and smart cities. The Company also accelerated the building of its platform ecosystem, consolidated internal and external capabilities and scenes, optimised its platform management and operating rules and continued to optimise the construction and operation for platforms of cloud ecological cooperation management, fundamental capabilities and etc.

2.6 Accelerating digital transformation and fully promoting corporate enhancement of quality and efficiency

The Company strengthened digital operation by focusing on the front- and back-end resources as well as areas such as investment, R&D and integrated control, and leveraged digital and intelligent tools such as Big Data and AI to drive management, so as to promote the all-round enhancement of quality and efficiency at both front and back end. The Company realised 100% cloud migration of its IT system, created an IT cloud migration case that can accommodate 1 billion users, launched the cloud migration plan for service platforms of the whole network, and promoted the transformation and development of traditional services to be SaaS-based. The Company promoted precision management through digital means and enhanced the efficiency of channel and personnel resources input. The Company introduced AI intelligent customer service, with the percentage of service provided by AI reaching 70%, resulting in significant reduction in manual customer service volume and optimised customer experience. The Company also strengthened the refined management and control of electricity costs, promoted the application of AI energy-saving technologies and effectively controlled the increase in electricity costs. Adhering to the principle of efficient investment, the Company continued to optimise the investment structure, and steered investment allocation towards high-growth, high-value areas and regions. The proportion of Industrial Digitalisation investment increased by 9.3 percentage points compared to the same period last year.

2.7 Proactively implementing environmental and social responsibilities while continuing optimising corporate governance

The Company implemented social responsibilities in building Cyberpower and Digital China. Through the co-building and co-sharing of mobile base stations, as well as measures such as the retirement of obsolete network equipment, AI energy saving for base stations and intelligent management of sites, the overall energy consumption per unit of information traffic flow declined by over 15% in the first half of the year compared to last year, while carbon emissions were reduced by over 3 million tons. The Company successfully completed communications assurance missions for major events such as the Beijing Winter Olympics, as well as major emergencies such as the earthquake in Lushan county, Sichuan province. The Company's targeted assistance effectively supported rural revitalisation while the new momentum of village governance was being activated with the construction of digital village. The Company bolstered its efforts to care for employees, strove to safeguard domestic and overseas employees' safety and well-being, and promoted mutual growth of employees and the Company, further enhancing employees' sense of achievement, happiness and security.

The Company coordinated Epidemic prevention and control with corporate operation and development while also undertook its responsibilities. The Company carried out various measures in areas such as precise speed upgrade, fee reduction or exemption, considerate service as well as digital and intelligent endowment, to effectively support the relief and problem-solving for small- and medium-sized enterprises (SMEs). The Company proactively implemented the further 10% reduction over last year in the average tariff of broadband and dedicated lines for SMEs, provided non-interrupted service in case of insufficient balance to over 100,000 SMEs and exempted rental fee for 24,000 SMEs and individual business owners from the service industry. The Company provided informatised anti-epidemic products such e-Surfing Cloud Broadcasting, Cloud Conference, Cloud Computer, Cloud SaaS applications and Display of Caller Name Card, to help SMEs to reduce operating costs and enhance operating efficiency. The Company provided integrated informatised solutions for mobile cabin hospitals while also provided emergency dedicated lines and etc. for nucleic acid testing sites, effectively supporting the digitalisation process of the whole society.

During the first half of the year, adhering to excellent, prudent, and effective corporate governance principles, the Company continued to strengthen internal control system, enhance the level of governance and insist on compliance operation. The Company's development and compliance performance were highly recognised and acclaimed by the international community. The Company was voted as the "Most Honoured Companies in Asia" for the 12th consecutive year in the "The All-Asia-Executive-Team Poll" organised by *Institutional Investor*. The Company also won the "Gold Award – Excellence in Environmental, Social and Governance" in the "ESG Corporate Awards 2021" poll organised by *The Asset*. The Company is committed to realising its healthy and sustainable development, while preserving the rights and long-term interest of shareholders.

3. OUTLOOK

Looking ahead, the Company will continue to seize on new stages of its development and implement its new development principles completely, accurately and comprehensively, while proactively serving and integrating into the new development pattern. The Company will continue to promote its high-quality development and fully implement its “Cloudification and Digital Transformation” strategy. Through the integration of cloud, AI, security and greenness, the Company will speed up the digitalised, scene-based and convergent upgrade of products and accelerate the nurturing and development of strategic emerging services such as cloud, security, AI and Big Data. The Company will insist on leading its corporate development with sci-tech innovation, enhance its capabilities in corporate value creation and sustainable development and proactively implement social responsibilities. The Company will also fully motivate and stimulate the enthusiasm, initiative and creativity of all employees and expedite the building of a world-class enterprise.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to all our shareholders and customers for their care and support all along. I would also like to express our sincere thanks to all our employees for their hard work and contributions. Furthermore, I would like to express our heartfelt thanks to Mr. Li Zhengmao for the outstanding contributions made during his tenure as a Director, the President and Chief Operating Officer of the Company.

Ke Ruiwen

Chairman and Chief Executive Officer

Beijing, China

16 August 2022

GROUP RESULT

China Telecom Corporation Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six-month period ended 30 June 2022 prepared in accordance with International Financial Reporting Standards (“IFRSs”) extracted from the unaudited condensed consolidated interim financial information of the Group as set out in its 2022 Interim Report prepared in accordance with IFRSs.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the six-month period ended 30 June 2022

(Amounts in million except for per share data)

| | | Six-month period ended | |
|---|-------|------------------------|-----------|
| | | 30 June | |
| | Notes | 2022 | 2021 |
| | | RMB | RMB |
| Operating revenues | 4 | 242,319 | 219,237 |
| Operating expenses | | | |
| Depreciation and amortisation | | (46,735) | (45,097) |
| Network operations and support | | (70,051) | (63,909) |
| Selling, general and administrative | | (32,026) | (28,740) |
| Personnel expenses | | (44,618) | (39,685) |
| Other operating expenses | | (25,776) | (20,555) |
| Total operating expenses | | (219,206) | (197,986) |
| Operating profit | | 23,113 | 21,251 |
| Net finance costs | 5 | (30) | (1,079) |
| Investment income and others | | 9 | 2,224 |
| Share of profits of associates and joint ventures | | 833 | 1,019 |
| Profit before taxation | | 23,925 | 23,415 |
| Income tax | 6 | (5,572) | (5,549) |
| Profit for the period | | 18,353 | 17,866 |

| | | Six-month period ended | |
|--|--|-------------------------------|---------------|
| | | 30 June | |
| | | 2022 | 2021 |
| <i>Note</i> | | RMB | RMB |
| Other comprehensive income for the period | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| | | | |
| | Change in fair value of investments in equity instruments at fair value through other comprehensive income | (205) | (6) |
| | Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income | 48 | 10 |
| | | <u>(157)</u> | <u>4</u> |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| | | | |
| | Exchange difference on translation of financial statements of subsidiaries outside mainland China | 354 | (100) |
| | | <u>354</u> | <u>(100)</u> |
| | Other comprehensive income for the period, net of tax | <u>197</u> | <u>(96)</u> |
| | Total comprehensive income for the period | <u>18,550</u> | <u>17,770</u> |
| | Profit attributable to | | |
| | Equity holders of the Company | 18,291 | 17,743 |
| | Non-controlling interests | 62 | 123 |
| | Profit for the period | <u>18,353</u> | <u>17,866</u> |
| | Total comprehensive income attributable to | | |
| | Equity holders of the Company | 18,488 | 17,647 |
| | Non-controlling interests | 62 | 123 |
| | Total comprehensive income for the period | <u>18,550</u> | <u>17,770</u> |
| | Basic earnings per share (RMB) | <u>0.20</u> | <u>0.22</u> |
| | Diluted earnings per share (RMB) | <u>0.20</u> | <u>0.22</u> |
| | Number of shares (in million) | <u>91,507</u> | <u>80,932</u> |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

at 30 June 2022

(Amounts in million)

| | <i>Note</i> | 30 June 2022 RMB | 31 December 2021 RMB |
|--|-------------|---------------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment, net | | 400,071 | 415,981 |
| Construction in progress | | 70,392 | 51,456 |
| Right-of-use assets | | 57,127 | 61,186 |
| Goodwill | | 29,921 | 29,919 |
| Intangible assets | | 18,215 | 19,753 |
| Interests in associates and joint ventures | | 41,056 | 41,166 |
| Financial assets at fair value through profit or loss | | 300 | 248 |
| Equity instruments at fair value through other comprehensive income | | 1,012 | 1,216 |
| Deferred tax assets | | 4,815 | 6,688 |
| Other assets | | 7,849 | 7,261 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 630,758 | 634,874 |
| Current assets | | | |
| Inventories | | 4,676 | 3,827 |
| Income tax recoverable | | 125 | 437 |
| Accounts receivable, net | 9 | 36,651 | 22,389 |
| Contract assets | | 1,957 | 912 |
| Prepayments and other current assets | | 29,127 | 24,585 |
| Short-term bank deposits and restricted cash | | 3,719 | 1,929 |
| Cash and cash equivalents | | 76,836 | 73,281 |
| | | <hr/> | <hr/> |
| Total current assets | | 153,091 | 127,360 |
| | | <hr/> | <hr/> |
| Total assets | | 783,849 | 762,234 |

| | | 30 June | 31 December |
|---|-------------|------------------|------------------|
| | | 2022 | 2021 |
| | <i>Note</i> | RMB | RMB |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Short-term debts | | 2,841 | 2,821 |
| Current portion of long-term debts | | 3,135 | 6,280 |
| Accounts payable | 10 | 139,107 | 114,895 |
| Accrued expenses and other payables | | 68,223 | 55,765 |
| Contract liabilities | | 60,358 | 70,914 |
| Income tax payable | | 2,840 | 588 |
| Current portion of lease liabilities | | 11,362 | 13,809 |
| | | <u>287,866</u> | <u>265,072</u> |
| Total current liabilities | | 287,866 | 265,072 |
| | | <u>(134,775)</u> | <u>(137,712)</u> |
| Net current liabilities | | (134,775) | (137,712) |
| | | <u>495,983</u> | <u>497,162</u> |
| Total assets less current liabilities | | 495,983 | 497,162 |
| Non-current liabilities | | | |
| Long-term debts | | 4,921 | 7,395 |
| Lease liabilities | | 26,937 | 28,593 |
| Deferred tax liabilities | | 25,520 | 26,677 |
| Other non-current liabilities | | 4,455 | 3,329 |
| | | <u>61,833</u> | <u>65,994</u> |
| Total non-current liabilities | | 61,833 | 65,994 |
| | | <u>349,699</u> | <u>331,066</u> |
| Total liabilities | | 349,699 | 331,066 |
| Equity | | | |
| Share capital | | 91,507 | 91,507 |
| Reserves | | 340,087 | 337,167 |
| | | <u>431,594</u> | <u>428,674</u> |
| Total equity attributable to equity holders of the Company | | 431,594 | 428,674 |
| Non-controlling interests | | 2,556 | 2,494 |
| | | <u>434,150</u> | <u>431,168</u> |
| Total equity | | 434,150 | 431,168 |
| | | <u>783,849</u> | <u>762,234</u> |
| Total liabilities and equity | | 783,849 | 762,234 |

Notes:

1. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (“IAS 34”), *“Interim Financial Reporting”* issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The condensed consolidated interim financial information, which was authorised for issuance by the Board of Directors on 16 August 2022, reflects the unaudited financial position of the Group as at 30 June 2022 and the unaudited results of operations and cash flows of the Group for the six-month period then ended, which are not necessarily indicative of the results of operations and cash flows expected for the year ended 31 December 2022.

The condensed consolidated interim financial information is unaudited, but has been reviewed by the Audit Committee of the Company. The condensed consolidated interim financial information has also been reviewed by the Company’s international independent auditor in accordance with International Standard on Review Engagements 2410, *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*.

As at 30 June 2022, the total current liabilities of the Group had exceeded the total current assets by RMB134,775 million (31 December 2021: RMB137,712 million). Management of the Company has assessed the Group’s available sources of funds as follows: 1) the Group’s continuous net cash inflow to be generated from its operating activities; 2) the unutilised credit facilities amounting to RMB275,209 million (31 December 2021: RMB276,483 million); and 3) the Group’s other available sources of financing from domestic banks in mainland China and other financial institutions in view of the Group’s good credit history. Based on the above considerations, the Board of Directors is of the opinion that the Group has sufficient funds to meet its working capital commitments, expected capital expenditure and debt obligations. As a result, the condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2022 has been prepared on a going concern basis.

1A. SIGNIFICANT EVENT IN THE CURRENT PERIOD

The Company filed a Form 15F with the U.S. Securities and Exchange Commission (the “SEC”) on 25 February 2022 to deregister the American Depositary Shares (the “ADSs”) and terminate its reporting obligation under the U.S. Securities Exchange Act of 1934, as amended (the “U.S. Exchange Act”). The deregistration and termination of reporting obligation therefore became effective 90 days after the filing as the application was neither withdrawn by the Company nor objected to by the SEC.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB that are mandatorily effective for the current period:

Amendments to IAS 16, IFRS 3, IAS 37 and “Annual Improvements to IFRS Standards 2018-2020”.

The application of the above amendments to IFRSs in the current period has had no material effect on the Group’s condensed consolidated interim financial information.

3. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which revenues are earned and expenses are incurred, and is identified on the basis of the internal financial reports that are regularly reviewed by the chief operating decision maker in order to allocate resources and assess performance of the segment. For the periods presented, management has determined that the Group has one operating segment as the Group is only engaged in the integrated communications business. The Group’s assets located outside mainland China and operating revenues derived from activities outside mainland China are less than 10% of the Group’s assets and operating revenues, respectively. No geographical area information has been presented as such amount is immaterial. No single external customer accounts for 10% or more of the Group’s operating revenues.

4. OPERATING REVENUES

Disaggregation of revenues

| | <i>Notes</i> | Six-month period ended | |
|--|--------------|-------------------------------|--------------------|
| | | 30 June | |
| | | 2022 | 2021 |
| | | <i>RMB million</i> | <i>RMB million</i> |
| Type of goods or services | | | |
| Service revenues | | 221,384 | 203,502 |
| Mobile communications service revenues | <i>(i)</i> | 98,956 | 93,342 |
| Wireline and Smart Family service revenues | <i>(ii)</i> | 59,871 | 57,350 |
| Industrial Digitalisation service revenues | <i>(iii)</i> | 58,932 | 50,113 |
| Other service revenues | <i>(iv)</i> | 3,625 | 2,697 |
| Sales of goods and others | <i>(v)</i> | 20,935 | 15,735 |
| Total operating revenues | | <u>242,319</u> | <u>219,237</u> |
| Revenues from customer contracts | | 239,349 | 216,555 |
| Revenues from other sources and others | | 2,970 | 2,682 |
| Total operating revenues | | <u>242,319</u> | <u>219,237</u> |
| Timing of revenue recognition | | | |
| A point in time | | 18,835 | 14,044 |
| Over time | | 223,484 | 205,193 |
| Total operating revenues | | <u>242,319</u> | <u>219,237</u> |

Notes:

- (i) Represent primarily the aggregate amount of mobile communications service fees, mobile Internet access service fees, caller ID service fees and short messaging service fees, etc., charged to customers for the provision of mobile services.
- (ii) Represent primarily the aggregate amount of wireline communications service fees, broadband Internet access service fees, e-Surfing HD service fees and Smart Family applications service fees, etc., charged to customers for the provision of wireline services.
- (iii) Represent primarily the aggregate amount of fees charged to customers for the provision of Internet datacentre services, cloud services, digital platform services, dedicated Internet access services, etc.
- (iv) Represent primarily the aggregate amount of revenues from property rental and other revenues.
- (v) Represent primarily revenues from sales of mobile terminal equipment as well as wireline communications equipment and government grants.

5. NET FINANCE COSTS

| | Six-month period ended | |
|--|-------------------------------|--------------------|
| | 30 June | |
| | 2022 | 2021 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Interest expense on short-term and long-term debts | 278 | 749 |
| Interest expense on lease liabilities | 714 | 701 |
| Less: Interest expense capitalised* | <u>(52)</u> | <u>(53)</u> |
| Net interest expense | 940 | 1,397 |
| Interest income | (805) | (306) |
| Net foreign exchange gain or loss and others | <u>(105)</u> | <u>(12)</u> |
| | <u>30</u> | <u>1,079</u> |
| | | |
| * Interest expense was capitalised in construction in progress at the following rates per annum | <u>3.4%–3.7%</u> | <u>3.3%–4.4%</u> |

6. INCOME TAX

Income tax in the profit or loss comprises:

| | Six-month period ended | |
|---|-------------------------------|--------------------|
| | 30 June | |
| | 2022 | 2021 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Provision for PRC income tax | 4,709 | 3,281 |
| Provision for income tax in other tax jurisdictions | 99 | 119 |
| Deferred taxation | <u>764</u> | <u>2,149</u> |
| | <u>5,572</u> | <u>5,549</u> |

A reconciliation of the expected tax expense with the actual tax expense is as follows:

| | <i>Notes</i> | Six-month period ended | |
|--|--------------|-------------------------------|--------------------|
| | | 30 June | |
| | | 2022 | 2021 |
| | | <i>RMB million</i> | <i>RMB million</i> |
| Profit before taxation | | <u>23,925</u> | <u>23,415</u> |
| Expected income tax expense at statutory tax rate of 25% | (i) | 5,981 | 5,854 |
| Differential tax rate on mainland China subsidiaries' and branches' income | (i) | (316) | (334) |
| Differential tax rate on other subsidiaries' income | (ii) | (27) | (41) |
| Non-deductible expenses | (iii) | 216 | 695 |
| Non-taxable income | (iv) | (219) | (309) |
| Others | (v) | <u>(63)</u> | <u>(316)</u> |
| Income tax expense | | <u>5,572</u> | <u>5,549</u> |

Notes:

- (i) Except for certain subsidiaries and branches which are mainly taxed at the preferential rate of 15%, the provision for mainland China income tax is based on a statutory rate of 25% of the assessable income of the Company, its mainland China subsidiaries and branches as determined in accordance with the relevant income tax rules and regulations of mainland China.
- (ii) Income tax provisions of the Company's subsidiaries in Hong Kong and Macau Special Administrative Regions of the PRC, and in other countries are based on the subsidiaries' assessable income and income tax rates applicable in the respective tax jurisdictions which range from 8% to 35%.
- (iii) Amounts represent miscellaneous expenses in excess of statutory deductible limits for tax purposes.
- (iv) Amounts represent share of profits of associates and joint ventures and miscellaneous income which are not subject to income tax.
- (v) Amounts primarily represent settlement of tax filing differences of prior year annual tax return and other tax benefits such as additional tax deduction from research and development expenses.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six-month period ended 30 June 2022 and 2021 is based on the profit attributable to equity holders of the Company of RMB18,291 million and RMB17,743 million, respectively, divided by 91,507,138,699 shares and 80,932,368,321 shares in issue.

The amount of diluted earnings per share equals basic earnings per share as there were no potential ordinary shares in existence for the periods presented.

8. DIVIDENDS

Pursuant to a resolution passed at the Board of Directors' meeting on 16 August 2022, the Board of Directors has resolved to declare an interim dividend of RMB0.120 (equivalent to HK\$0.139523) per share (pre-tax) totalling approximately RMB10,975 million for the six-month period ended 30 June 2022. The interim profit distribution plan has been authorised to the Board of Directors by the shareholders at the Annual General Meeting for the year 2021. The dividend has not been provided for in the condensed consolidated financial statements for the six-month period ended 30 June 2022.

Pursuant to the shareholders' approval at the Annual General Meeting held on 19 May 2022, a final dividend of RMB0.170 (equivalent to HK\$0.197211) per share (pre-tax) totalling RMB15,556 million in respect of the year ended 31 December 2021 was declared. The dividend of RMB13,197 million for A shares was paid on 8 June 2022, and the dividend of RMB2,359 million for H shares was paid on 18 July 2022.

Pursuant to the shareholders' approval at the Annual General Meeting held on 7 May 2021, a final dividend of RMB0.104269 (equivalent to HK\$0.125) per share (pre-tax) totalling RMB8,439 million in respect of the year ended 31 December 2020 was declared, and paid on 1 June 2021.

9. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

| | | 30 June 2022 | 31 December 2021 |
|---|--------------|---------------------------|---------------------|
| | <i>Notes</i> | <i>RMB million</i> | <i>RMB million</i> |
| Third parties | | 40,740 | 25,067 |
| China Telecom Group | <i>(i)</i> | 2,123 | 1,889 |
| China Tower | <i>(ii)</i> | 25 | 9 |
| Other telecommunications operators in the PRC | | 754 | 475 |
| | | 43,642 | 27,440 |
| Less: Allowance for credit losses | | (6,991) | (5,051) |
| | | 36,651 | 22,389 |

Notes:

- (i) China Telecommunications Corporation together with its subsidiaries other than the Group are referred to as "China Telecom Group".
- (ii) China Tower Corporation Limited, an associate of the Company, is referred to as "China Tower".

Ageing analysis of accounts receivable from telephone and Internet subscribers based on the billing dates is as follows:

| | 30 June 2022 | 31 December 2021 |
|-----------------------------------|-------------------------|---------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| Current, within 1 month | 8,869 | 7,164 |
| 1 to 3 months | 3,172 | 1,683 |
| 4 to 12 months | 2,272 | 1,620 |
| More than 12 months | 1,642 | 1,079 |
| | 15,955 | 11,546 |
| Less: Allowance for credit losses | (3,962) | (2,690) |
| | 11,993 | 8,856 |

Ageing analysis of accounts receivable from other telecommunications operators and enterprise customers based on dates of rendering of services is as follows:

| | 30 June 2022 | 31 December 2021 |
|-----------------------------------|-------------------------|---------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| Current, within 1 month | 9,812 | 6,041 |
| 1 to 3 months | 7,123 | 2,963 |
| 4 to 12 months | 6,856 | 3,486 |
| More than 12 months | 3,896 | 3,404 |
| | 27,687 | 15,894 |
| Less: Allowance for credit losses | (3,029) | (2,361) |
| | 24,658 | 13,533 |

10. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

| | 30 June 2022 | 31 December 2021 |
|---|-------------------------|---------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| Third parties | 106,331 | 89,299 |
| China Telecom Group | 23,783 | 21,015 |
| China Tower | 8,196 | 3,914 |
| Other telecommunications operators in the PRC | 797 | 667 |
| | <u>139,107</u> | <u>114,895</u> |

Amounts due to China Telecom Group and China Tower are payable in accordance with contractual terms which are similar to those terms offered by third parties.

Ageing analysis of accounts payable based on the due dates is as follows:

| | 30 June 2022 | 31 December 2021 |
|--|-------------------------|---------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| Due within 1 month or on demand | 20,821 | 20,293 |
| Due after 1 month but within 3 months | 25,693 | 23,965 |
| Due after 3 months but within 6 months | 45,630 | 36,338 |
| Due after 6 months | 46,963 | 34,299 |
| | <u>139,107</u> | <u>114,895</u> |

11. EVENTS AFTER THE REPORTING PERIOD

The dividend of RMB2,359 million for H shares (Note 8) of the Company was paid on 18 July 2022.

Pursuant to a resolution passed at the Board of Directors' meeting on 16 August 2022, the Board of Directors has resolved to declare an interim dividend of RMB0.120 (equivalent to HK\$0.139523) per share (pre-tax) for the six-month period ended 30 June 2022, totalling approximately RMB10,975 million based on 91,507,138,699 shares in issue. The interim profit distribution plan has been authorised to the Board of Directors by the shareholders at the Annual General Meeting for the year 2021.

DIFFERENCES BETWEEN CHINESE ACCOUNTING STANDARDS (“CASs”) AND IFRSs

**Net Assets
as at 30 June
2022
RMB million**

| | |
|--|-------------------|
| Amount attributable to the shareholders of the parent company stated in the financial statements prepared in accordance with CASs | 431,601 |
| Adjustments as required by IFRSs | <u>(7)</u> |

| | |
|--|------------------------------|
| Amount attributable to equity holders of the Company stated in the financial statements prepared in accordance with IFRSs | <u><u>431,594</u></u> |
|--|------------------------------|

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six-month period ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee has reviewed with management and the Company’s external auditors the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters of the Group including the review of the Interim Report for the six-month period ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company attaches great importance to corporate governance. We continued to make efforts in improving the Company's internal control mechanisms, strengthening information disclosure and enhancing the Company's transparency, continuously developing corporate governance practices and protecting shareholders' interests to the maximum degree.

The roles of Chairman and Chief Executive Officer of the Company were performed by the same individual, for the six-month period ended 30 June 2022. In the Company's opinion, through supervision by the Board of Directors and Independent Non-Executive Directors, with effective control of the Company's internal check and balance mechanism, the same individual performing the roles of Chairman and Chief Executive Officer can enhance the Company's efficiency in decision-making and execution and effectively capture business opportunities. Many leading international corporations around the world also have similar arrangements.

Save as stated above, the Company has been in compliance with all the code provisions under the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six-month period ended 30 June 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules to govern securities transactions by Directors and Supervisors. Based on the written confirmations from the Directors and Supervisors, the Company's Directors and Supervisors have confirmed their compliance with the Model Code regarding the requirements in conducting securities transactions for the period from 1 January 2022 to 30 June 2022.

INTERIM DIVIDEND

Authorisation to the Board of the Company to decide on the interim profit distribution plan of the Company for year 2022 has been approved by the shareholders at the Annual General Meeting for the year 2021 held on 19 May 2022. After fully considering the returns to shareholders, the Company's profitability, cash flow level and capital needs for future development, the Board has resolved to distribute dividends in the aggregate amount of RMB10,975 million to all shareholders based on 60% of the profit attributable to equity holders of the Company in the amount of RMB18,291 million for the six months ended 30 June 2022. Based on the total share capital registered on the record date for the dividend distribution, and based on the Company's total share capital of 91,507,138,699 shares as at 30 June 2022, an interim dividend of RMB0.120 per share (equivalent to HK\$0.139523) (pre-tax) will be declared and paid to all shareholders. In case of any change in the total number of issued share capital of the Company before the record date for the implementation of the dividend distribution, the total distribution amount will remain unchanged and the distribution amount per share will be adjusted accordingly with specific adjustments to be announced separately.

The interim dividend is expected to be paid on or before 14 October 2022 to those shareholders whose names appear on the H Share Register of Members of the Company on Wednesday, 7 September 2022. For the purpose of determining H Share shareholders' entitlement to the interim dividend, the H Share Register of Members will be closed from Friday, 2 September 2022 to Wednesday, 7 September 2022 (both days inclusive). In order to be entitled to the interim dividend, holders of H Shares who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Thursday, 1 September 2022. The Company will announce the specific arrangement for the payment of interim dividend to holders of A Shares separately on the Shanghai Stock Exchange.

Dividends will be denominated and declared in Renminbi. Dividends for holders of A Shares and the investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Southbound Trading Link") (the "Southbound Investors") will be paid in Renminbi, whereas dividends for H Share shareholders other than Southbound Investors will be paid in Hong Kong dollars. The relevant exchange rate will be the average median rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends (i.e., 16 August 2022) (RMB0.860074 equivalent to HK\$1.00).

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, the “Implementation Rules of the Enterprise Income Tax Law of the People’s Republic of China” and the “Circular of the State Taxation Administration on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares” (Guo Shui Han [2008] No. 897), the Company shall be obliged to withhold and pay 10% enterprise income tax when it distributes the 2022 interim dividend to non-resident enterprise shareholders of overseas H Shares (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organisations) whose names appear on the Company’s H Share Register of Members on Wednesday, 7 September 2022.

Pursuant to the “Notice of the State Taxation Administration on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045” (Guo Shui Han [2011] No. 348), if the individual H Share shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the individual H Share shareholders. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of less than 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the individual H Share shareholders. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Share shareholders. If those shareholders need to request a refund of tax overpaid from the PRC tax authorities on his own or through an agent or the Company in accordance with the relevant requirements of the “Announcement of the State Taxation Administration on Promulgating the Administrative Measures for Non-resident Taxpayers for Treatments under Tax Treaties” (Announcement [2019] No. 35 of the State Taxation Administration), they shall submit the “Information Report on Non-resident Taxpayers for Treatments under Tax Treaties” (Announcement [2019] No. 35 of the State Taxation Administration), and collect and file such information.

The Company will determine the country of domicile of the individual H Share shareholders based on the registered address as recorded in the H Share Register of Members of the Company on Wednesday, 7 September 2022 (the “Registered Address”). If the country of domicile of an individual H Share shareholder is not the same as the Registered Address or if the individual H Share shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H Share shareholder shall notify and provide relevant supporting documents to the Company on or before Thursday, 1 September 2022. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Share shareholders may either personally attend or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

For Southbound Investors (including enterprises and individuals), the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the investors of the Southbound Trading Link, will receive all dividends distributed by the Company and will distribute the dividends to the relevant investors under the Southbound Trading Link through its depository and clearing system. According to the relevant provisions under the “Notice on Taxation Policies for Shanghai- Hong Kong Stock Connect Pilot Programme” (Cai Shui [2014] No. 81) and “Notice on Taxation Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme” (Cai Shui [2016] No. 127), the Company shall withhold and pay individual income tax at the rate of 20% with respect to dividends received by the Mainland individual investors for investing in the H Shares of the Company listed on the Stock Exchange through the Southbound Trading Link. In respect of the dividends received by Mainland securities investment funds investing in the H Shares of the Company listed on the Stock Exchange through the Southbound Trading Link, the tax levied shall be ascertained by reference to the rules applicable to individual investors. The Company is not required to withhold and pay income tax on dividends derived by the Mainland enterprise investors under the Southbound Trading Link, and such enterprises shall report the income and make tax payment by themselves. The record date for entitlement to the shareholders’ rights and the relevant arrangements of dividend distribution for the Southbound Investors are the same as those for the Company’s H Share shareholders.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Share shareholders or any disputes relating to the tax withholding and payment mechanism or arrangements.

For H Share shareholders other than the Southbound Investors, the Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the “Receiving Agent”) and will pay to such Receiving Agent the interim dividend declared for payment to H Share shareholders other than the Southbound Investors. The Receiving Agent will pay the interim dividend net of the applicable tax on 14 October 2022. The relevant dividend warrants will be despatched to H Share shareholders by ordinary post and the risk of errors involved in the postage will be borne by the H Share shareholders. For the Southbound Investors, the interim dividend net of the applicable tax will be paid by the Company to the Shanghai branch of China Securities Depository and Clearing Corporation Limited and Shenzhen branch of China Securities Depository and Clearing Corporation Limited on 14 October 2022. The Shanghai branch of China Securities Depository and Clearing Corporation Limited and Shenzhen branch of China Securities Depository and Clearing Corporation Limited will pay the interim dividend net of the applicable tax to the Southbound Investors.

INTERIM REPORT

The Interim Report for the six-month period ended 30 June 2022 prepared in accordance with the IFRSs will be despatched to holders of H shares of the Company and made available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.chinatelecom-h.com) in due course.

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

Beijing, China, 16 August 2022

FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this announcement in relation to development strategies, future operation plans, outlook, etc. do not constitute a commitment to investors by the Company. 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, the Company does not intend to update these forward-looking statements. Investors are advised to pay attention to the investment risks.

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. Shao Guanglu (as the President and Chief Operating Officer); Mr. Liu Guiqing and Mr. Tang Ke (both as the Executive Vice Presidents); Mr. Chen Shengguang (as the Non-Executive Director); Mr. Tse Hau Yin, Aloysius, Mr. Xu Erming, Madam Wang Hsuehming and Mr. Yeung Chi Wai, Jason (all as the Independent Non-Executive Directors).