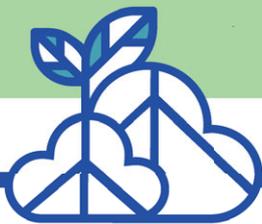




# CHAIRMAN'S STATEMENT



Ke Ruiwen

Chairman and Chief Executive Officer

In 2021, the great changes of the world unseen in a century have accelerated its evolution, while the new round of technological revolution and industrial transformation sped up its development. Meanwhile, the wave of digitalisation has swept the world and the Covid-19 Epidemic has further expedited the process of these changes in trend. The new generation information and communications technologies have been increasingly permeated into all parts and the whole process of the economy and society, ushering the society towards an intelligent and digital age. Seizing the rare development opportunities, China Telecom implemented its “Cloudification and Digital Transformation” strategy, strengthened sci-tech innovation, upgraded its products and services, promoted green development and enhanced corporate governance, with an aim to inject intelligence and energy into the sustainable development of the economy and society.

**Reinforcing innovation to consolidate the base of the digital economy.** We adhered to driving development through sci-tech innovation, and enhanced the layout of the research and development (R&D) system, promoted independent control of core technologies, expedited the transformation of sci-tech achievements. We continued to build 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, secure and controllable” and built the world’s largest 5G SA co-built and co-shared network, with approximately 690,000 5G base stations in use, and the 5G network covering all cities and counties and certain developed towns across the country. We implemented the all-fibre network upgrade plan and built a new metropolitan network, with the gigabit network covering 160 million residential homes. With the cloud as the core, we made every effort to promote “East-to-West Computing Resource Transfer” and formed the “2+4+31+X+O” resource layout, and built the largest telco-operated cloud in the world. We also consolidated the security foundation of information infrastructure, provided intelligent security services, and built a network security ecosystem.

**Optimising services and creating a better life together.** We adhered to the “customer-oriented” principle, expanded our portfolio of scene-based integrated intelligent information services, strived to upgrade digital entertainment and digital family businesses, vigorously promoted the construction of Smart Communities and Digital Villages, and continued to enrich the digital life services. We strengthened the innovative application of digital information technology to empower thousands of industries, creating more than 200 use cases, on 5G + smart city, 5G + smart manufacturing, 5G + smart healthcare, and so on. We supported more than 1,400 support points to consolidate and expand the achievements of poverty alleviation and effective connection with rural revitalisation, and continued to promote universal service, for which we were awarded with “Advanced Group for Poverty Alleviation” and other national-level honors. We continuously strengthened service awareness, carried out in-depth activities to solve difficult problems for customers, narrowed the “digital divide” of the elderly, enhanced intelligent service capabilities, and earnestly built the reputation and image that “China Telecom is trustworthy”. We were keen to contribute to social welfare, and we encouraged employees to carry forward the spirit of volunteerism to participate in various forms of volunteer service activities. We have built over 6,000 “Caring Stations” to provide warm public welfare services.

**Refining actions to promote green development on all fronts.** Adhering to the ideals of green development, we put into action the fulfilling of the national “Dual Carbon” goals and green and low-carbon requirements of the industry, by releasing the “1236” action plan for carbon dioxide peaking and carbon neutrality, integrating the green ideals and green capacities into the “Cloudification and Digital Transformation” strategy, to implement comprehensive policies to promote green development. We actively implemented green operation, carried out energy conservation and emission reduction throughout the whole process of production and operation, continuously promoted the co-building and co-sharing of 4/5G base stations, by which carbon dioxide emissions were reduced by more than 6 million tons per year. We carried out energy conservation and emission reduction through network architecture optimisation, cloud-network integration deployment, construction model innovation, new technology application, AI empowerment and other means, by which the overall energy consumption per unit of information flow decreased by 8.3% as compared with the last year. We continuously empowered the green development of economy and society, developed solutions for smart production and intelligent services, with an aim to reduce energy consumption and carbon emissions. We actively built a green supply chain, incorporated green and low-carbon criteria into the supplier assessment system, carried out cost management throughout the life cycle of the supply chain, and increased the deployment and usage of energy-saving and low-carbon products, promoted green production, green packaging and green warehousing and logistics of suppliers, to support low-carbon production and green life.

**Deepening reform and enhancing corporate governance capability.** We fully implemented the three-year action for the reform of state-owned enterprises, established a market-oriented incentive mechanism, achieved leading cadres can be promoted or demoted, compensation can be raised or reduced as well as employees can be hired or let go, with an aim to stimulate employees' vitality for pursuing innovation and development. We continued to deepen reforms in areas such as cloud and industrial digitalisation, and enhance the modernisation level of corporate governance systems and capabilities. Implementing the people-oriented philosophy, we cared deeply for employees by protecting their rights and interests in accordance with the law, focusing on building harmonious labor relations, encouraging employees to participate in management, and helping them enhance their competence, thus realising the concurrent growth of employees and the Company. We continued to enhance compliance management, cultivate a compliance-based culture, carried out education on integrity, discipline and law, conscientiously developed integrity systems and conducted anti-corruption work, prevented and resolved significant risks, focused on enhancing the ability and quality of corporate governance according to the law, so as to continuously consolidate the foundation for high-quality development of the Company.

In the future, China Telecom will seize the precious opportunity of the development of the digital economy, adhere to its original aspiration and mission, step up our undertaking of responsibilities, fully implement the "Cloudification and Digital Transformation" strategy, accelerate digital transformation, strive to build a service-oriented, technology-oriented and secured enterprise, to continuously meet the people's growing needs for a better life, and to make greater contributions to the sustainable development of economy and society.



**Ke Ruiwen**

*Chairman and Chief Executive Officer*

Beijing, China

March 2022