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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)**

### **THE FIRST QUARTER REPORT OF 2024**

#### **The unaudited financial data of the Group for the first quarter of 2024**

- Operating revenues were RMB135,493 million, representing an increase of 3.8% over the same period of last year; of which service revenues were RMB124,347 million, representing an increase of 5.0% over the same period of last year
- EBITDA was RMB35,100 million, representing an increase of 3.6% over the same period of last year
- Profit attributable to equity holders of the Company was RMB8,597 million, representing an increase of 7.7% over the same period of last year

The board of directors (the “Board”) of China Telecom Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces the results of the Group for the three months ended 31 March 2024. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## KEY FINANCIAL DATA

Financial information set out in this announcement has been prepared in accordance with the IFRS Accounting Standards.

*Amounts expressed in RMB million unless otherwise specified*

<b>Item</b>	<b>For the three months ended 31 March 2024 (the “reporting period”)</b>	<b>The year-on-year increase/ decrease in the reporting period (%)</b>
Operating revenues	<b>135,493</b>	3.8
Profit attributable to equity holders of the Company	<b>8,597</b>	7.7
Basic earnings per share (RMB per share)	<b>0.09</b>	7.7
		<b>Increase/ decrease as at the end of the reporting period as compared to the end of last year (%)</b>
	<b>As at the end of the reporting period</b>	<b>As at the end of last year</b>
Total assets	<b>848,806</b>	835,814 1.6
Equity attributable to equity holders of the Company	<b>451,374</b>	442,926 1.9

## BUSINESS DATA

	<b>As at 31 March 2024/ For the period from 1 January 2024 to 31 March 2024</b>	<b>As at 31 March 2023/ For the period from 1 January 2023 to 31 March 2023</b>
Mobile Subscribers (Million)	<b>411.65</b>	398.70
Net Increase of Mobile Subscribers (Million)	<b>3.88</b>	7.52
5G Package Subscribers (Million)	<b>328.72</b>	283.21
Net Increase of 5G Package Subscribers (Million)	<b>10.06</b>	15.25
Handset Data Traffic (kTB)	<b>20,333.8</b>	15,566.7
Wireline Broadband Subscribers (Million)	<b>192.22</b>	184.00
Net Increase of Wireline Broadband Subscribers (Million)	<b>2.06</b>	3.10
Access Lines in Service (Million)	<b>100.26</b>	104.04
Net Increase/(Decrease) of Access Lines in Service (Million)	<b>(0.76)</b>	(0.91)

*Note:* Mobile subscribers and net increase of mobile subscribers include 5G package subscribers and net increase of 5G package subscribers.

In the first quarter of 2024, the Company resolutely fulfilled its responsibilities in building Cyberpower and Digital China as well as safeguarding network and information security, and fully and deeply implemented its Cloudification and Digital Transformation strategy. Insisting on the leading role of sci-tech innovation, the Company deepened reforms and opening up on all fronts and accelerated the development of new quality productive forces according to its own conditions. The Company promoted the scale expansion of strategic emerging businesses with continuous driving forces from the dual engines of its fundamental businesses and Industrial Digitalisation business, achieving new results in high-quality development.

In the first quarter of 2024, operating revenues were RMB135,493 million, representing an increase of 3.8% over the same period of last year, of which service revenues<sup>1</sup> were RMB124,347 million, representing an increase of 5.0% over the same period of last year. The profit attributable to equity holders of the Company was RMB8,597 million, representing an increase of 7.7% over the same period of last year. Basic earnings per share were RMB0.09; EBITDA<sup>2</sup> was RMB35,100 million, representing an increase of 3.6% over the same period of last year. EBITDA margin<sup>3</sup> was 28.2%.

In terms of mobile communications services, the Company continuously enhanced its 5G network quality and accelerated the intelligent upgrade of 5G applications. Centred around subscribers' demands for digitalisation under different scenes, the Company continued to expand featured applications such as 5G Mobile Phones with Direct Satellites Connection and 5G Quantum-encrypted Calls, resulting in continuous enhancement of the scale and value of mobile subscribers. In the first quarter of 2024, revenues from mobile communications services reached RMB52,226 million, representing an increase of 3.2% over the same period of last year. The total number of mobile subscribers reached 412 million with a net addition of 3.88 million. The number of 5G package subscribers reached 329 million with a net addition of 10.06 million, while the penetration rate reached 79.9%. The mobile ARPU<sup>4</sup> amounted to RMB45.8, representing an increase of 0.9% over last year.

<sup>1</sup> Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment, and other non-service revenues.

<sup>2</sup> EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

<sup>3</sup> EBITDA margin is calculated based on EBITDA divided by service revenues.

<sup>4</sup> Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers.

In terms of wireline and Smart Family services, the Company insisted on the integrated development of “5G + Gigabit Broadband + Gigabit WiFi” and accelerated the deep integration of fundamental connectivity, products such as Smart Family applications and new elements such as cloud, AI and security. The Company strongly promoted the integration and mutual promotion of smart community and digital village platforms and continuously added high-quality digital products and scene-based services. In the first quarter of 2024, revenues from wireline and Smart Family services reached RMB31,824 million, representing an increase of 2.2% over the same period of last year. The number of wireline broadband subscribers reached 192 million. Revenue from Smart Family increased by 10.4% year-on-year, driving the broadband blended ARPU<sup>5</sup> to reach RMB48.6, representing an increase of 2.1% over last year. The value contribution from Smart Family continued to improve.

In terms of Industrial Digitalisation, the Company firmly seized opportunities arising from the digital transformation of the economy and society to continuously develop key industries and constantly expand its ecological cooperation. The Company satisfied the demands for digitalisation from thousands of families and thousands of industries by leveraging “network + cloud + AI + applications” and promoted the rapid development of strategic emerging businesses, facilitating the in-depth integration of digital technologies with the real economy. In the first quarter of 2024, the Company’s Industrial Digitalisation service revenues reached RMB38,679 million, representing a year-on-year increase of 10.6%.

In the first quarter of 2024, operating expenses were RMB124,941 million, representing an increase of 3.6% over the same period of last year. Of which, the network operations and support expenses were RMB41,350 million, representing an increase of 6.6% over the same period of last year. It was mainly attributable to the fact that the Company continued to enhance its cloud-network service quality and capabilities, supporting the rapid development of Industrial Digitalisation and Smart Family services, while appropriately increasing investment in the build-up of capabilities. Personnel expenses were RMB28,788 million, representing an increase of 4.8% over the same period of last year, which was mainly due to the strengthened recruitment of sci-tech and innovative talents and increased incentives for frontline employees and high-performance teams. The net finance costs amounted to RMB144 million, representing a decrease of 51.0% over the same period of last year, mainly due to the decrease in lease liability interest expenses.

<sup>5</sup> Broadband blended ARPU = monthly average revenues from broadband access, e-Surfing HD and Smart Family applications and services/the average number of broadband subscribers.

In the future, the Company will proactively seize the development trends of the new round of sci-tech revolution and industrial transformation and continue to deeply implement its Cloudification and Digital Transformation strategy. While anchoring its mission and vision of building a service-oriented, technology-oriented and secured enterprise, the Company will promote the accelerated formation of new quality productive forces, deepen reforms and opening up on all fronts, comprehensively push forward high-quality development, further enhance its core functions and core competitiveness, accelerate the building of a world-class enterprise and continuously enhance its corporate value. Within three years from 2024, the profit distributed in cash will gradually increase to above 75% of the profit attributable to equity holders of the Company for the year, so as to proactively bring returns to shareholders.

## QUARTERLY FINANCIAL STATEMENTS

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

at 31 March 2024

(Amounts in million)

	31 March 2024 <i>RMB</i>	31 December 2023 <i>RMB</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	399,809	409,943
Construction in progress	82,157	72,238
Right-of-use assets	74,454	76,908
Goodwill	29,924	29,923
Intangible assets	21,660	22,702
Interests in associates and joint ventures	43,795	43,158
Financial assets at fair value through profit or loss	393	397
Equity instruments at fair value through other comprehensive income	1,232	1,426
Deferred tax assets	860	1,347
Other assets	9,655	9,909
	<u>663,939</u>	<u>667,951</u>
<b>Total non-current assets</b>	<b>663,939</b>	<b>667,951</b>
<b>Current assets</b>		
Inventories	4,574	3,417
Income tax recoverable	77	140
Accounts receivable, net	51,481	32,210
Contract assets	5,020	4,665
Prepayments and other current assets	35,790	35,580
Short-term bank deposits and restricted cash	16,372	10,805
Cash and cash equivalents	71,553	81,046
	<u>184,867</u>	<u>167,863</u>
<b>Total current assets</b>	<b>184,867</b>	<b>167,863</b>
<b>Total assets</b>	<b>848,806</b>	<b>835,814</b>

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

at 31 March 2024

(Amounts in million)

	<b>31 March</b>	31 December
	<b>2024</b>	2023
	<b>RMB</b>	<b>RMB</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term debts	2,888	2,867
Current portion of long-term debts	1,130	1,133
Accounts payable	154,975	145,872
Accrued expenses and other payables	75,678	74,260
Contract liabilities	59,915	65,417
Income tax payable	1,572	488
Current portion of lease liabilities	13,244	13,399
	<u>309,402</u>	<u>303,436</u>
<b>Total current liabilities</b>	<b>309,402</b>	<b>303,436</b>
	<u>(124,535)</u>	<u>(135,573)</u>
<b>Net current liabilities</b>	<b>(124,535)</b>	<b>(135,573)</b>
	<u>539,404</u>	<u>532,378</u>
<b>Total assets less current liabilities</b>	<b>539,404</b>	<b>532,378</b>
<b>Non-current liabilities</b>		
Long-term debts	5,184	5,142
Lease liabilities	40,536	42,650
Deferred tax liabilities	30,610	31,025
Other non-current liabilities	7,428	6,394
	<u>83,758</u>	<u>85,211</u>
<b>Total non-current liabilities</b>	<b>83,758</b>	<b>85,211</b>
	<u>393,160</u>	<u>388,647</u>
<b>Total liabilities</b>	<b>393,160</b>	<b>388,647</b>



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

*at 31 March 2024*

*(Amounts in million)*

	<b>31 March</b>	31 December
	<b>2024</b>	2023
	<b>RMB</b>	<b>RMB</b>
<b>Equity</b>		
Share capital	<b>91,507</b>	91,507
Reserves	<b>359,867</b>	351,419
	<u>          </u>	<u>          </u>
<b>Total equity attributable to equity holders of the Company</b>	<b>451,374</b>	442,926
<b>Non-controlling interests</b>	<b>4,272</b>	4,241
	<u>          </u>	<u>          </u>
<b>Total equity</b>	<b>455,646</b>	447,167
	<u>          </u>	<u>          </u>
<b>Total liabilities and equity</b>	<b>848,806</b>	835,814
	<u>          </u>	<u>          </u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)**

*for the three-month period ended 31 March 2024*

*(Amounts in million)*

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2024</b>	2023
	<b>RMB</b>	RMB
<b>Operating revenues</b>	<b>135,493</b>	130,588
<b>Operating expenses</b>		
Depreciation and amortisation	<b>(24,548)</b>	(23,872)
Network operations and support	<b>(41,350)</b>	(38,786)
Selling, general and administrative	<b>(16,673)</b>	(16,160)
Personnel expenses	<b>(28,788)</b>	(27,479)
Other operating expenses	<b>(13,582)</b>	(14,289)
	<u>(124,941)</u>	<u>(120,586)</u>
<b>Operating profit</b>	<b>10,552</b>	10,002
Net finance costs	<b>(144)</b>	(294)
Investment income and others	<b>45</b>	63
Share of profits of associates and joint ventures	<b>637</b>	515
	<u>11,090</u>	<u>10,286</u>
<b>Profit before taxation</b>	<b>11,090</b>	10,286
Income tax	<b>(2,462)</b>	(2,314)
	<u>(2,462)</u>	<u>(2,314)</u>
<b>Profit for the period</b>	<b>8,628</b>	7,972
	<u><u>8,628</u></u>	<u><u>7,972</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED) (Continued)**

*for the three-month period ended 31 March 2024*

*(Amounts in million)*

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2024</b>	2023
	<b>RMB</b>	RMB
<b>Other comprehensive income for the period</b>		
<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	(209)	207
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income	52	(52)
	<u>(157)</u>	<u>155</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	8	(244)
	<u>8</u>	<u>(244)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(149)</u>	<u>(89)</u>
<b>Total comprehensive income for the period</b>	<u><u>8,479</u></u>	<u><u>7,883</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED) (Continued)**

*for the three-month period ended 31 March 2024*

*(Amounts in million except for per share data)*

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2024</b>	2023
	<b>RMB</b>	RMB
<b>Profit attributable to</b>		
Equity holders of the Company	<b>8,597</b>	7,984
Non-controlling interests	<b>31</b>	(12)
	<u>8,628</u>	<u>7,972</u>
<b>Profit for the period</b>	<b>8,628</b>	7,972
	<u>8,628</u>	<u>7,972</u>
<b>Total comprehensive income attributable to</b>		
Equity holders of the Company	<b>8,448</b>	7,895
Non-controlling interests	<b>31</b>	(12)
	<u>8,479</u>	<u>7,883</u>
<b>Total comprehensive income for the period</b>	<b>8,479</b>	7,883
	<u>8,479</u>	<u>7,883</u>
<b>Basic earnings per share (RMB)</b>	<b>0.09</b>	0.09
	<u>0.09</u>	<u>0.09</u>
<b>Diluted earnings per share (RMB)</b>	<b>0.09</b>	0.09
	<u>0.09</u>	<u>0.09</u>
<b>Number of shares (in million)</b>	<b>91,507</b>	91,507
	<u>91,507</u>	<u>91,507</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)**

*for the three-month period ended 31 March 2024  
(Amounts in million)*

	<i>Note</i>	<b>Three-month period ended</b>	
		<b>31 March</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB</b>	<b>RMB</b>
<b>Net cash from operating activities</b>	<i>(a)</i>	<u><b>20,317</b></u>	<u>28,215</u>
<b>Cash flows used in investing activities</b>			
Capital expenditure		<b>(14,711)</b>	(14,504)
Purchase of investments		–	(11)
Payments for right-of-use assets		<b>(1)</b>	(3)
Proceeds from disposal of property, plant and equipment		<b>82</b>	99
Proceeds from disposal of right-of-use assets		<b>4</b>	2
Proceeds from disposal of investments		<b>1</b>	–
Payments for equity instruments at fair value through other comprehensive income		<b>(15)</b>	–
Purchase of short-term bank deposits		<b>(7,162)</b>	(1,838)
Maturity of short-term bank deposits		<b>1,492</b>	347
Short-term loans granted to China Telecom Group by Finance Company		<b>(2,013)</b>	(2,050)
China Telecom Group's repayments of short-term loans granted by Finance Company		<u><b>2,030</b></u>	<u>2,015</u>
<b>Net cash used in investing activities</b>		<u><b>(20,293)</b></u>	<u>(15,943)</u>
<b>Cash flows used in financing activities</b>			
Repayments of principal of lease liabilities		<b>(2,635)</b>	(2,109)
Proceeds from bank and other loans		<b>1,154</b>	771
Repayments of bank and other loans		<b>(1,793)</b>	(3,292)
Distribution to non-controlling interests		–	(1)
Net deposits with Finance Company		<b>(6,216)</b>	(5,502)
(Increase)/Decrease in statutory deposit reserves placed by Finance Company		<u><b>(32)</b></u>	<u>156</u>
<b>Net cash used in financing activities</b>		<u><b>(9,522)</b></u>	<u>(9,977)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,498)</b>	2,295
<b>Cash and cash equivalents as at 1 January</b>		<b>81,046</b>	72,465
<b>Effect of changes in foreign exchange rate</b>		<u><b>5</b></u>	<u>(118)</u>
<b>Cash and cash equivalents as at 31 March</b>		<u><u><b>71,553</b></u></u>	<u><u>74,642</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED) (Continued)**

*for the three-month period ended 31 March 2024  
(Amounts in million)*

**(a) Reconciliation of profit before taxation to net cash from operating activities**

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2024</b>	2023
	<b>RMB</b>	RMB
<b>Profit before taxation</b>	<b>11,090</b>	10,286
Adjustment for:		
Depreciation and amortisation	<b>24,548</b>	23,872
Impairment losses for financial assets and contract assets, net of reversal	<b>2,202</b>	1,115
Write-down of inventories, net of reversal	<b>19</b>	17
Investment income and others	<b>(58)</b>	(63)
Share of profits of associates and joint ventures	<b>(637)</b>	(515)
Interest income	<b>(467)</b>	(408)
Net interest expense	<b>591</b>	696
Net foreign exchange gain and others	<b>20</b>	6
Net loss on retirement and disposal of long-lived assets and others	<b>1,321</b>	543
	<b>38,629</b>	35,549
Increase in accounts receivable	<b>(21,553)</b>	(17,664)
Increase in contract assets	<b>(357)</b>	(967)
Increase in inventories	<b>(1,176)</b>	(1,311)
Increase in prepayments and other current assets	<b>(545)</b>	(428)
Decrease in restricted cash	<b>86</b>	103
Decrease/(Increase) in other assets	<b>424</b>	(77)
Increase in accounts payable	<b>2,538</b>	7,913
Increase in accrued expenses and other payables	<b>9,005</b>	12,066
Decrease in contract liabilities	<b>(5,502)</b>	(5,520)
<b>Cash generated from operations</b>	<b>21,549</b>	29,664
Interest received	<b>503</b>	454
Interest paid	<b>(608)</b>	(770)
Investment income received	<b>64</b>	62
Income tax paid	<b>(1,191)</b>	(1,195)
<b>Net cash from operating activities</b>	<b>20,317</b>	28,215

The Board wishes to remind investors that the above financial and business data are based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such data.

**In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.**

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

Beijing, China, 23 April 2024

### ***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, Mr. Tang Ke and Mr. Li Yinghui (as the Chief Financial Officer) (all as the Executive Vice Presidents); Mr. Li Jun; Mr. Chen Shengguang (as the Non-Executive Director); Mr. Ng Kar Ling Johnny, Mr. Yeung Chi Wai, Jason, Mr. Chen Dongqi and Madam Lyu Wei (all as the Independent Non-Executive Directors).