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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **HIGHLIGHTS**

- Operating revenues of the Company amounted to RMB529.4 billion, representing an increase of 3.1% year-on-year. Service revenues amounted to RMB482.0 billion, representing an increase of 3.7% year-on-year. EBITDA amounted to RMB140.8 billion, representing an increase of 2.9% year-on-year. Net profit amounted to RMB33.0 billion, representing an increase of 8.4% year-on-year. The basic earnings per share were RMB0.36
- The strategic emerging businesses led the dual engines; fundamental businesses maintained stable growth; and Industrial Digitalisation business achieved sound growth
- Mobile communications service revenues reached RMB202.5 billion, representing an increase of 3.5% year-on-year. Of which, revenue from mobile value-added and applications increased by 16.1% year-on-year
- Wireline and Smart Family service revenues reached RMB125.7 billion, representing an increase of 2.1% year-on-year. Of which, revenue from the Smart Family business increased by 16.8% year-on-year
- Revenue from Industrial Digitalisation business reached RMB146.6 billion, representing an increase of 5.5% year-on-year. The revenue from China Telecom Cloud amounted to RMB113.9 billion, representing an increase of 17.1% year-on-year; revenue from IDC reached RMB33 billion, representing an increase of 7.3% year-on-year; revenue from the security business reached RMB16.2 billion, representing an increase of 17.2% year-on-year; intelligent revenue reached RMB8.9 billion, representing an increase of 195.7% year-on-year; Internet of Video Things (IoVT) revenue increased by 40.1% year-on-year;
- The Board of Directors has decided to recommend at the Annual General Meeting that profit to be distributed in cash for the year 2024 shall represent 72% of the profit attributable to equity holders of the Company for the year, and a final dividend of RMB0.0927 per share (pre-tax) shall be declared. Together with the 2024 interim dividend of RMB0.1671 per share (pre-tax) which has been distributed, the full year dividend of 2024 amounts to RMB0.2598 per share (pre-tax), and the aggregate amount of the full year dividend increased by 11.4% year-on-year. 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, continuously creating more value for shareholders

## I. CHAIRMAN'S STATEMENT

At present, a new round of sci-tech revolution and industrial transformation is developing in depth, with new technologies represented by artificial intelligence driving industrial reshaping and structural adjustment. The waves of digitalised, network-based, intelligent, and green development are approaching, bringing valuable opportunities for the industry and the Company to continuously advance high-quality development. In 2024, the Company firmly grasped the direction of artificial intelligence development. Having implemented the new development principles completely, accurately and comprehensively, the Company is also resolutely fulfilling its responsibilities in building Cyberpower and Digital China, as well as safeguarding network and information security. The Company further deepened the implementation of its Cloudification and Digital Transformation strategy and accelerated the transformation towards a service-oriented, technology-oriented, and secured enterprise. Insisting on leading industrial innovation with sci-tech innovation, the Company accelerated the development of new quality productive forces in light of its own conditions and continuously improved the supply level of high-quality products and services. The Company also expanded the scale of strategic emerging businesses, consistently deepened corporate reform, and comprehensively advanced opening up and cooperation. With the enhancement of the quality and upgrade of digital information infrastructure, the Company maintained a continued growth in operating performance, and made solid new strides towards high-quality development.

### 1. OVERALL RESULTS

In 2024, the Company's operating revenues amounted to RMB529.4 billion, representing an increase of 3.1% year-on-year. Of which, service revenues<sup>1</sup> amounted to RMB482.0 billion, representing an increase of 3.7% year-on-year. EBITDA<sup>2</sup> amounted to RMB140.8 billion, representing an increase of 2.9% year-on-year. Net profit<sup>3</sup> amounted to RMB33.0 billion, representing an increase of 8.4% year-on-year, and the basic earnings per share were RMB0.36. Capital expenditure was RMB93.5 billion, representing a decrease of 5.4% year-on-year. Free cash flow<sup>4</sup> reached RMB22.2 billion, representing an increase of 70.7% year-on-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> Net profit represents profit attributable to equity holders of the Company

<sup>4</sup> 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 strategic emerging businesses led the dual engines; fundamental businesses maintained stable growth; and Industrial Digitalisation business achieved sound growth. In 2024, the Company's mobile communications service revenues reached RMB202.5 billion, representing an increase of 3.5% year-on-year. Of which, revenue from mobile value-added and applications increased by 16.1% year-on-year, bringing the total number of mobile subscribers to 425 million, and mobile ARPU<sup>5</sup> reached RMB45.6. Wireline and Smart Family service revenues reached RMB125.7 billion, representing an increase of 2.1% year-on-year. Of which, revenue from the Smart Family business increased by 16.8% year-on-year. The number of broadband subscribers reached 197 million, and the broadband blended ARPU<sup>6</sup> reached RMB47.6. Revenue from Industrial Digitalisation business reached RMB146.6 billion, representing an increase of 5.5% year-on-year and accounting for 30.4% of service revenues, up by 0.5 p.p. over last year. The revenue from China Telecom Cloud amounted to RMB113.9 billion, representing an increase of 17.1% year-on-year; revenue from IDC reached RMB33 billion, representing an increase of 7.3% year-on-year; revenue from the security business reached RMB16.2 billion, representing an increase of 17.2% year-on-year; intelligent revenue<sup>7</sup> reached RMB8.9 billion, representing an increase of 195.7% year-on-year; Internet of Video Things (IoVT) revenue increased by 40.1% year-on-year.

The Company attaches great importance to shareholder returns. It continuously promotes the synchronised growth of market value and corporate value and strives to enhance its profitability and cash flow generation capabilities. Taking the Company's profitability into full consideration, alongside cash flow levels and capital needs for its future development, the Board of Directors has decided to recommend at the Annual General Meeting that the profit to be distributed in cash for the year 2024 shall represent 72% of the profit attributable to equity holders of the Company for the year. A final dividend of RMB0.0927 per share (pre-tax) will be declared for year 2024. Together with the 2024 interim dividend of RMB0.1671 per share (pre-tax), which has been already distributed, the full year dividend of 2024 amounts to RMB0.2598 per share (pre-tax), and the aggregate amount of the full year dividend increased by 11.4% year-on-year. Within three years from 2024, the profit distributed in cash by the Company will gradually increase to above 75% of the profit attributable to equity holders of the Company for the year, continuously creating more value for shareholders.

<sup>5</sup> Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers

<sup>6</sup> Broadband blended ARPU = monthly average revenues from broadband access and Smart Family/the average number of broadband subscribers

<sup>7</sup> Intelligent revenue includes the revenue from artificial intelligence and intelligent computing services provided to customers

## **2. ACHIEVING NEW RESULTS IN BUILDING OF AN ENTERPRISE WITH “THREE ORIENTATIONS”<sup>8</sup>, MAKING SOLID NEW STRIDES TOWARDS HIGH-QUALITY DEVELOPMENT**

### ***2.1 Enriching the supply of high-quality products and services to meet the new demands of subscribers for digital consumption***

The Company adhered to a customer-oriented approach, actively seizing new consumption trends driven by digital technology and deeply empowering product and service innovation and upgrades with AI and other strategic emerging elements to continuously enhance its business value and customer perception. For individual and home customers, the Company continued to strengthen integrated development, constantly advancing the upgrade of integrating elements such as connectivity, terminals, applications and privileges. The Company accelerated the upgrade of mobile networks to 5G-A and household broadband to Gigabit and FTTR<sup>9</sup>. Under the “Beautiful Home” brand, the Company continued to develop Smart Family applications to cater for different scenarios in “One All-fibre Network, One Intelligent Cloud and One Beautiful Home”. The Company stepped up the integration of CHBG<sup>10</sup> scenarios and continued to differentiate by cultivating integration as its leading advantage, marked by a steady growth in integrated customer base in 2024. The Company continued to strengthen value management, deepened and refined the accurate retention and application enrichment of existing customers, and actively explored the use of AI large models and other digitalised tools to enhance insights into customer demands. The Company developed new scenarios and new demands in digital consumption, and continued to satisfy customers’ personalised needs for security, health, entertainment, low-carbon and intelligence, thereby consistently enhancing its value to customers. Mobile and broadband ARPU remained stable in 2024. The Company continued to empower its products and services with AI, quantum and satellite functionalities, launching the first customised AI smartphones with built-in self-developed Xingchen general-purpose large model covering speech and semantics within the industry. The Company introduced smart terminals such as AI cameras, AI cloud computers and AI home monitors, promoting AI upgrades for 5G New Telecommunications, Communications Assistant, Colour Ringback Tone with Video, Cloud Drive and other applications, and accelerated the scale development of strategic emerging businesses such as quantum-encrypted messages and calls and handset direct-to-satellite. In 2024, the penetration rate of AI, quantum-encrypted messages and calls and handset direct-to-satellite applications steadily increased. For government

<sup>8</sup> Enterprise with “three orientations”: service-oriented, technology-oriented and secured enterprise

<sup>9</sup> FTTR: Fibre to The Room

<sup>10</sup> CHBG: Customer, Home, Business, Government

and business customers, the Company was committed to building a new integrated service model of “computing power + platform + data + model + application”. It accelerated the upgrade of industry digital platform capabilities, launching a comprehensive set of industry solutions for key areas such as smart cities, social livelihood, and emergency response and safety and empowering customers in a full range of industries through over 100 digital platforms. The Company advanced the upgrade of the 5G NICES<sup>11</sup> Pro+ integrated product portfolio, developed ten “5G+AI” industrial integrated scenario solutions, and had developed 45,000 industry application projects in fields such as power, chemical and mining. The Company accelerated the formation of a global layout of cloud network resources and the integration of international and domestic business processes. It actively expanded in key overseas markets, with regions such as Southeast Asia, the Middle East and Africa becoming important growth poles for its international business. Its strategic emerging businesses such as cloud, quantum, satellite, Internet of Vehicles and Internet of Video Things made breakthroughs overseas. These all contributed to an international business revenue of RMB16.9 billion for the year, representing a year-on-year growth of 15.4%.

The Company continued to deepen the “All Customers’ Say” service mechanism and launched the brand-new “Good Service, Customised Service” initiatives, consolidating and enhancing its advantages in terms of customer satisfaction and service reputation. To meet subscribers’ demands for efficient, convenient and intelligent subscriber services, the Company accelerated the embedding of customer service models and other AI capabilities for all process and all positions for services such as the 10000 hotline. The proportion of intelligent customer service increased by 13.5p.p. compared to the end of 2023, showcasing our significantly enhanced intelligent service capabilities.

## ***2.2 Strengthening breakthroughs in key core technologies to promote high-level sci-tech self-reliance and self-improvement***

The Company regarded sci-tech innovation as the core essence of its corporate strategy and the pillar for high-quality development, and accelerated its construction of a leading sci-tech enterprise. It focused on the four fundamental technology directions of network, cloud and cloud-network integration, artificial intelligence and quantum/security, and continuously strengthened core technologies. The

<sup>11</sup> NICES: The 5-in-1 integrated solution which covers Network capabilities, Intelligence capabilities, Cloud computing capabilities, Elements capabilities and Service capabilities

Company achieved significant breakthroughs in the foundational software for cloud computing such as cloud server operating systems and databases, established China Telecom’s No.1 technology, the “Xirang” integrated intelligent computing service platform, and made breakthroughs in key technologies such as distributed inference, hybrid training and inference, and hundred-kilometer lossless transmission. It built the first full-size, full-modality, fully homegrown trillion-parameter foundational large model system in China, addressing challenges in controllable video generation from long text, full-duplex interaction and multimodal deepfake detection. The Company pioneered the world’s first distributed cryptographic system integrating QKD<sup>12</sup> and PQC<sup>13</sup>. It released the superconducting quantum computer “Tianyan-504” with the highest number of qubits in a single unit nationwide. It conducted the world’s first demonstration and validation of a hollow-core optical cable transmission system with a single wavelength of 1.2 Tbit/s and a capacity exceeding 100 Tbit/s on an existing network, and completed multiple industry-first field trials in key 6G technology areas such as satellite-ground integration, sensing and communications integration, and wireless AI. The Company stepped up its investment in R&D resources with R&D expenses increasing by 11.3% year-on-year. The echelon pattern of sci-tech talents, composed of 5 leading talents, a thousand chief/senior experts, and ten thousand technical experts, has been basically formed, and the integrated operation and development team has achieved full coverage of prefectural and municipal companies. The Company continued to exert its sci-tech influence and undertook multiple national-level innovation platforms in fields such as cloud computing, quantum communications, optical networks, and security. The two projects of “Fifth Generation Mobile Communications System” and “Next Generation Internet Source Address” were awarded the first prize of the National Science and Technology Progress Award<sup>14</sup>. Internet of Video Things (IoVT) was selected as one of the “Top Ten Super Projects of State-owned Central Enterprises for 2024” and won the “2024 World Internet Conference Award for Pioneering Science and Technology”. The “Tianyan” quantum computing cloud platform was included in the Top Ten National Mega-Projects of State-owned Central Enterprises. The number of new invention patents obtained by the Company increased by 115.9% year-on-year, ranking second among global operators. It held important positions in international standardisation organizations such as ITU-T,

<sup>12</sup> QKD: Quantum Key Distribution, which refers to the remote key distribution leveraging the physical properties of quantum such as indivisibility, non-replication, and uncertainty

<sup>13</sup> PQC: Post Quantum Cryptography, which refers to cryptographic technologies and relevant algorithms capable of resisting quantum computer attacks

<sup>14</sup> The “Key Technology and Engineering Application of the Fifth Generation Mobile Communications System (5G)” and “Key Technology and Large-scale Application of the Next Generation Internet Source Address Verification Architecture SAVA” of China Telecom received the first prize of the 2023 National Science and Technology Progress Award

3GPP and IETF. The Company promoted industrial innovation and business innovation through sci-tech innovation, completing its layout in seven strategic emerging businesses including cloud computing and computing power, new-generation information communications, Big Data, AI, security, quantum and digital platforms. The Company continued to pursue external empowerment and internal applications, accelerated the cultivation of new growth poles, drove improvements in the quality and efficiency of its corporate operations, and continued to develop new momentum and new strengths for high-quality development.

### ***2.3 Accelerating the expansion of security products and services to continuously enhance security assurance capabilities***

The Company continued to build a complete and in-depth security and defense system, covering “cloud, network, edge, terminal, application, data and aerial-ground integration”. It comprehensively enhanced customers’ security assurance capabilities, and constructed systematic capabilities including Secure Connectivity, Secure Services and Secure Integration. A number of the Company’s segmented capabilities were included in the first issue of the “Digital Security Escort Technology Capability Panorama” by the China Academy of Information and Communications Technology, spanning 12 major categories and 85 security domains. The Secure Connectivity capabilities carried by cloud-network resources secured customers’ internet and cloud access. The terminal connections based Yunmai SASE was selected in Gartner’s “Market Guide for Zero Trust Network Access, China”. e-Surfing Security Brain, which was based on internet connections, developed 354,000 new lines, bringing the total to 500,000 lines. The cleaning capacity for whole-network traffic of its Anti-DDoS Cloud Dam, which was based on all-domain networks, reached 16.3 Tbps, maintaining a leading position in terms of its protection capability and market share. The Secure Services capabilities provided customers with over 40 types of security services, covering customers in more than 300 cities across 31 provinces. The Managed Security Service Provider (MSSP) Cloud Dam was classified in the leader’s category among China’s cloud-managed security service providers<sup>15</sup>. The Company added 17 new security capability pools, bringing the national total to 175. Security integration capabilities of the Company empowered externally through the “security + scenario” integration model, focusing on the security needs of scenarios such as intelligent cloud and low-altitude economy. By reinforcing infrastructure, enhancing interactive security protection, and upgrading security assessments, the Company strived to build a multi-level protection system and continuously launch scenario-based security products to provide customers with agile and reliable security services.

<sup>15</sup> Source: IDC MarketScape

### **3. CHINA TELECOM CLOUD ADVANCING INTO A NEW STAGE OF INTELLIGENT CLOUD DEVELOPMENT, WITH “AI+” AND “QUANTUM+” EMPOWERING INDUSTRIAL INNOVATION**

China Telecom Cloud is fully advancing into a new stage of intelligent cloud development. The “Xirang” integrated intelligent computing service platform offered capabilities such as heterogeneous ubiquitous computing power, robust computing network scheduling, efficient training and inference engines, one-stop intelligent computing services, high-quality datasets, secure and fast model services as well as a wealth of industry intelligent applications. It completed deep adaptation and optimisation with various mainstream intelligent computing chips and the DeepSeek-R1/V3 series of large models, becoming the first domestic operator-level cloud platform to achieve the full-stack localization of DeepSeek model inference services, and deployed them over a full suite of products such as cloud hosts, cloud computers, cloud phones, MaaS services, computing power scheduling platforms and edge security acceleration platforms. With advantages such as full-stack independent control, flexible model selection and heterogeneous computing power integration, it supported the efficient training and flexible deployment, and doubled inference performance of mainstream models like DeepSeek. The Company gathered resources from all parties to further its expansion in intelligent computing. In collaboration with 50 computing power partners, its total self-owned and connected intelligent computing power reached 62 EFLOPS<sup>16</sup>, providing rich, diverse, flexible, convenient and cost-effective computing power services to customers in sectors such as including various types of enterprises, AI service providers as well as educational and research institutions. The Company served over 4.9 million customers in the industry, ranking No.1 in China’s computing power interconnection scheduling market and deemed as a leader in China’s intelligent computing cloud service market.

The Company thoroughly implemented “AI+”, completing the “1+1+1+M+N”<sup>17</sup> overall layout for artificial intelligence. Adhering to the philosophy of independent innovation, opening up and cooperation, it developed the Xingchen multimodal general large model foundation. This foundation provided a comprehensive suite of capabilities covering semantics, speech and visual perception, and was open-source in multiple sizes. The Company launched the industry’s first large model supporting free mixing of Chinese, English and 50 dialects, as well as a knowledge-based view of all things control deployment large models. It developed AI-native applications such as intelligent systems and industrial solutions, as well as over 10 standardised AI products including AI smartphones and AI cloud computers. The Company launched over 50 industrial large

<sup>16</sup> FLOPS: Floating-Point Operations Per Second, which is commonly used to estimate computer performance

<sup>17</sup> 1+1+1+M+N: 1 foundation for intelligent cloud, 1 foundation for the general-purpose large models, 1 data foundation, “M” refers to the number of large models for own use, and “N” refers to the number of large vertical models



models, serving more than 10,000 industrial customers. It accelerated the implementation and promotion of industrial large models in areas such as grassroots governance, smart government customer service and tourism guidance, effectively helped customers to improve efficiency and reduce costs, and continued to empower the intelligent transformation of the economy and the society, ranking 6th<sup>18</sup> in China's large model application market share with its AI. The Company thoroughly promoted the embedding and application of 13 internal large models in various processes in its corporate management and operations, such as customer service, network operations and office work, driving cost reduction and enhancement of quality and efficiency. The Company established the Xinghai Big Data brand and ranked first<sup>19</sup> for the year among data element service providers. Its data element platform expanded from Hainan to 7 provinces and 29 cities nationwide, while it also undertook the construction of 3 national-level data annotation bases. In the meantime, its data intelligence core platform served over 150 customers and built a large model training dataset comprising over 9 trillion Tokens.

The Company inspired the new momentum and new model of “Quantum+” for the future development of the industry. Alongside steady progress in the construction of quantum security infrastructure, its exploration of quantum technology transformation and commercialisation also showed initial results. In terms of capability enhancement, the Company relied on a new cryptographic system that integrated QKD, PQC and classical cryptography, constantly enriching the capabilities of its “Quantum+” products. The “Tianyan” quantum computing cloud platform achieved dual upgrades in computing power scale and types, forming the largest quantum computing cluster in China. In terms of infrastructure construction, the Company actively promoted the construction of quantum metropolitan networks in 16 key cities including Beijing and Shanghai. The Hefei quantum metropolitan network was selected as one of the first national “Digital China Classic Case Studies”. The quantum information infrastructure construction project was included in the first batch of central enterprise sci-tech achievement application expansion projects. In terms of empowering industrial development, the Company formed quantum security solutions covering fields such as government affair, finance, energy and transportation, and demonstrated the integration and innovation of quantum technology in the context of various industrial applications. In terms of industrial chain integration, its acquisition of equity in Quantumctek Co., Ltd. enabled the integration and autonomous control of the upstream, midstream and downstream of the industrial chain. The Company took the lead in the formation of national-level innovation platform for quantum communications, encouraging leading enterprises in fields to expand their quantum business footprint, and driving the collaborative development of the quantum industry.

<sup>18</sup> Source: IDC

<sup>19</sup> Source: China Internet Week

#### **4. COMPREHENSIVELY DEEPENING REFORMS, INTENSIFYING EFFORTS IN OPENING UP, AND CONTINUOUSLY STIMULATING VITALITY FOR CORPORATE INNOVATION AND DEVELOPMENT**

The Company comprehensively advanced the deepening and enhancement actions of state-owned enterprise reforms. It insisted on sci-tech innovation as the core, further deepened reforms in key areas, and accelerated the establishment of production relations in alignment with new quality productive forces. The Company improved the innovative allocation level of various resource elements, and was rated A-level in the assessment of key reform tasks of state-owned central enterprises by SASAC for three consecutive years. The Company continuously optimised the RDO<sup>20</sup> R&D organization system, established specialised research institutes for cloud computing, artificial intelligence, quantum, and set up the first overseas research institute in Singapore. It formed a cloud-network operating system R&D centre, implemented sci-tech innovation assessment incentives for each enterprise, and deepened the incentive mechanism for the transformation of sci-tech achievements. The Company also improved a package of innovation supportive policies, strengthened breakthroughs in original and leading technologies, and enhanced the efficiency of sci-tech achievements transformation. The Company constantly deepened the reform of professional companies and industry BGs, established a satellite subsidiary and a cultural and publicity industry company, integrated high-quality internal and external resources through market mechanisms, consolidated and expanded the first-mover advantage in areas such as satellite communications, and enhanced the supply of high-quality strategic emerging products and industry informatization capabilities. The Company comprehensively advanced the optimization of its main processes centered around the cloud core platform and strengthened the talent team development for provincial and municipal company solutions, secondary development, delivery, and operation. It improved the coordination mechanism between provincial companies and professional companies, and among professional companies, accelerated the implementation and promotion of proprietary products and capabilities, and facilitated the scale development of strategic emerging businesses. The Company deepened the reform of talent development systems and mechanisms, firmly implemented the strategy of strengthening the enterprise with talents, advanced the “Everest”, “Kunlun”, and “Five Mountains” programmes, and enhanced the cultivation and introduction of top talents and leading sci-tech talents. Insisting on balancing responsibilities, rights and interests with a dual emphasis on using incentives and constraints, the Company deepened the reform of market-oriented operation mechanisms. It enhanced the ability of managers at all levels to govern and develop the enterprise, promoted the improvement and expansion of tenure system and contractual management, optimised the assessment and incentive mechanisms, and mobilised the vitality and motivation of various business units.

<sup>20</sup> RDO: Fundamental research (R), applied technological research and development (D) and operational development (O)

The Company continued to intensify its efforts in opening up and cooperations, focusing on creating mutually beneficial and win-win ecological patterns. It strengthened deep-level opening up and cooperation in its corporate core capabilities such as technology and cloud-network, building a robust industry-academia-research cooperation system with national laboratories and leading universities to enhance joint cultivation of sci-tech talents, and delivered sci-tech achievements with industry competitiveness. The Company released a cloud-network capability open platform, opening over 100 capabilities in cloud-network connectivity, computing-network scheduling, cloud-network operations, and accelerated the productization and promotion of cloud-network capabilities in collaboration with partners. Focusing on customer market by strengthening opening up and cooperation in applications, channels, and services, the Company established a multi-format channel ecosystem for the individual market, enhanced cooperation in all-category terminals and distinctive privileges, built a high-quality application ecosystem and full-stack service ecosystem for the government and enterprise market, continuously broadening the focus on high-quality development of its fundamental and Industrial Digitalisation business. The Company created a more prosperous national cloud ecosystem, constantly strengthened the “AI+” ecosystem alliance, gradually built a “proprietary + ecosystem” differentiated competitive advantage, and promoted the rapid development of strategic emerging businesses. The Company deepened the construction of international cooperation and innovation platforms, and gave full play to the role of the World Broadband Association (WBBA) as an international exchange platform as well as a hub for industrial innovation, with its number of members reaching 160, covering 47 countries and regions across five continents.

## **5. EXPEDITING THE ENHANCEMENT AND UPGRADE OF NEW DIGITAL INFORMATION INFRASTRUCTURE, CONSOLIDATING THE KEY FOUNDATION FOR HIGH-QUALITY DEVELOPMENT**

The Company fully leveraged the advantages of cloud-network integration, adhered to the principle of network as the foundation, cloud as the core and security as the guarantee, seizing the direction of artificial intelligence development, expediting the enhancement and upgrade of new digital information infrastructure and empowering the development of AI.

Network for AI, the Company appropriately advanced the deployment of cloud-network infrastructure for AI, establishing two all-liquid-cooling pools with ten-thousand GPUs in Beijing-Tianjin-Hebei and Yangtze River Delta, and deploying computing power pools with a thousand GPUs in Guangdong, Jiangsu, Zhejiang, Mongolia and Guizhou, making the intelligent computing power resources reaching 35 EFLOPS. The Company promoted the comprehensive upgrade of data centers to AIDC<sup>21</sup>, relying on large parks

<sup>21</sup> AIDC: Artificial Intelligence Data Center

in key regions, provincial and municipal telecom facility rooms, and edge stations to meet various intelligent computing deployment needs such as training and inference, central and edge, cloud side and terminal side. The Company constructed a high-throughput, low-latency intelligent computing and interconnection network, sizeably deployed G.654E new optical fibre, and constructed a 400Gbps all-optical transmission network. The average latency between the eight major hubs has decreased by 7% and the new metropolitan network covered over 200 edge computing power pools, achieving millisecond-level access to computing. With 9.29 million 10G PON ports in the Gigabit fibre network, the residential coverage rate in cities and towns exceeded 95%, and the 50G PON network was also pilot deployed to support the ten-gigabit access needs of key communities, industrial parks, factories, and other areas.

AI for Network, the Company leveraged AI technology to enhance network value, actively explored network intelligent endogenesis, pilot deployed intelligent network elements in wireless networks, core networks, and metropolitan area networks, built real-time perception of business quality and application-level analysis capabilities, achieved intelligent identification and precise control of users and applications. The IoVT business leveraged its video aggregation advantages to innovate video data governance, create high-quality video datasets, and empower AI services across all scenarios, creating over a hundred “AI + IoVT” scenario applications such as Security Smart Eye and Kitchen Monitoring. The Company promoted the enhancement of cloud network operation capabilities through AI empowerment, embedding self-developed network large models into production processes. The automatic activation rate of key emerging products significantly increased to 99%, and the efficiency of handling network breakdown improved by 30%. Both the number of network fault work orders and processing time achieved a dual reduction, with the overall self-intelligence level of cloud network operations reaching L3.6.

At present, Network for AI and AI for Network have initially formed a positive cycle of mutual promotion between “infrastructure optimisation” and “intelligent computing capability feedback,” which not only accelerates the implementation of AI but also further enhances network value.

The Company continuously strengthened its fundamental network connectivity capabilities, and continued deepening of co-building and co-sharing with China Unicom. The total number of 5G mid-to-high frequency base stations reached 1.375 million, steadily advancing the “one single 4G network”. The 5G network achieved contiguous coverage in areas of townships and above across the country, while the in-depth coverage rate of key areas and key scenes increased to 90%. Coverage and perceived speed of

mobile network steadily increased. The Company continued to strengthen the strategic deployment of 5G-A, sizeably deploying approximately 70,000 stations across 121 cities, with RedCap coverage exceeding 200 cities. The Company consolidated the capabilities of aerial-ground integrated information network, proactively promoted the construction of the satellite mobile communication system with high, medium, and low orbit coordination, and the number of mobile phone direct satellite connection users has exceeded 2.4 million. The e-Surfing Artificial Intelligence of Things (AIoT) platform supports secure and reliable access of ultra-large scale terminals at the hundred-million level, as well as online sensing and control of IoT network connectivity at the billion level, with the number of terminal users reaching 630 million. The Company enhanced the construction of international network capabilities, initiated the establishment of full-service international communication gateway stations in Kunming and Haikou, increased submarine cable bandwidth by 5T, and actively opened strategic transit channels in “the Belt and Road” direction.

The Company proactively implemented the green development principles, continuously advancing the “1248”<sup>22</sup> green development model, with a year-on-year decrease of 19.2% in carbon emissions per unit of the total volume of telecommunications services. The Company promoted the green development of cloud-network infrastructure and the transformation of energy consumption structure. The renewable energy usage rate and green electricity scale are industry-leading, with a cumulative total of 28 national green datacentres accredited. The Company continuously promoted AI energy saving for base stations and facility rooms, with an annualised electricity-saving exceeding 1 billion kWh. The Company continuously enhanced its green product and service capabilities, promoted the expansion of key products such as ecological environment perception, green lighting, and environmental protection cloud, which supported the green transformation of the economy and society.

<sup>22</sup> 1248: “1” represents one strategic focus, i.e., green and low-carbon development as an important element of the “Cloudification and Digital Transformation” strategy; “2” represents two priorities, i.e., accelerating transformation towards green development on internal fronts and developing a green production and lifestyle on external fronts; “4” represents four basic strategies, i.e., high-quality development, coordinated development, sustainable development, and innovative development; and “8” represents eight major green initiatives, i.e., constructing new green cloud-network, creating new green operation, building new green ecology, strengthening new green empowerment, promoting new green technologies, consolidating new green support, developing new green energy, and creating new green value

## **6. PROACTIVELY FULFILLING SOCIAL RESPONSIBILITIES, CONTINUOUSLY STRENGTHENING MARKET CAPITALIZATION MANAGEMENT, AND GAINING WIDESPREAD RECOGNITION FROM THE CAPITAL MARKETS**

The Company successfully completed communications assurance tasks for multiple key events including the 75th Anniversary of the founding of the People’s Republic of China and the launch of the Shenzhou-18 and Shenzhou-19 manned spaceships. The Company utilised Tiantong satellites and drones to efficiently assist flood fighting and disaster relief efforts during times of natural disasters such as the super typhoon “Yagi”. The Company empowered rural revitalization with data and intelligence, and continuously bridging the digital divide between urban and rural areas. The Company remained committed to social welfare initiatives, benefiting the public by integrating services into 90,000 urban and rural business halls, with an annual service scale exceeding 18 million people, and was awarded the “Significant Contribution Units of Dual 15 Project of Labour Union” by All-China Federation of Trade Unions. The Company protected the rights and interests of its employees in accordance with the law, created a comprehensive system for employee care, and continued to enhance its institutional guarantees. The Company also facilitated professional development paths for employees, fostering the mutual growth of employees and the Company.

Insisting on high-standard corporate governance, the Company fulfilled its obligations of information disclosure in compliance with laws and regulations and increased the level of corporate transparency. The Company continued to improve its corporate compliance management system, maintained compliance and efficient operation of its Shareholders Meeting, Board of Directors and Supervisory Committee and continued to optimise the internal control process. The Company maintained steady and compliant operations and effectively safeguarded the best and long-term interests of its shareholders. The Company proactively strengthened investor relations management by actively organising and participating in various investor relations activities such as results announcement briefings and investor communication meetings. The Company widely invited investors, industry analysts, media, and others to visit the Company and gain a deeper understanding, fully showcasing the Company’s investment value and continuously enhancing market recognition.

The Company received high affirmation from domestic and international capital markets for its performance. It was voted as the “Most Honored Companies in Asia” for the 14th consecutive year in the “All-Asia-Executive Team Poll 2024” organised by Institutional Investor. In the 2024 China Securities “Golden Bauhinia Awards” selection, it won two awards, namely the “Outstanding Contribution Enterprise Award for the 75th Anniversary of the Founding of the People’s Republic of China” and the “Best Listed Company in Investment Value”. It was accredited “Golden Bull Most Investment Value Award” and “Golden Bull Award for Hong Kong Stocks” in the Golden Bull Award poll organised by China Securities Journal. Moreover, the Company was awarded the “Top 100 Value of Main Board Listed Companies in China” by the Securities Times and the “Best Practise of the Board of Directors for Listed Companies” in 2024 by the China Association for Public Companies.

## **7. OUTLOOK**

Currently, China’s economy is in a critical period of structural adjustment and transformative upgrade. The new round of sci-tech revolution and industrial transformation is accelerating, with the new-generation of information technology represented by artificial intelligence profoundly changing the production, life, and social governance models. New scenarios and new demands for digital services are continuously emerging, exhibiting new characteristics of diversification and scenario-based development. The country is providing stronger support for the “Two Focuses” projects and intensifying the implementation of the “Two Upgrades” policies, placing the industry and Company at a crucial juncture for accelerating high-quality development.

Achievement is based on ambition, and success is built on diligence. Facing the future, the Company will actively grasp the direction of the industry and artificial intelligence development. It will continue to deeply implement its Cloudification and Digital Transformation strategy, and strive to build a service-oriented, technology-oriented, and secured enterprise. It will place greater emphasis on the theme of high-quality development, while harnessing driving forces from reforms and opening up, with strengthening the enterprise with talents as the key. The Company will continue to promote the deep integration of sci-tech innovation and industrial innovation, facilitating the smooth transition between new and old development momentum. It will further strengthen the supply of high-quality, efficient digitalised and intelligent products and services, thereby boosting consumption and meeting the new demands of thousands of industries and households for a better digital life. Promoting the empowerment of economy and society with artificial intelligence applications, the Company continuously enhancing its core functions and core competitiveness. Accelerating the building of a world-class enterprise, the Company will proactively bring returns to shareholders, and strive to write a new chapter in Chinese-style modernised telecommunications.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to all shareholders and customers for their continued care and support, and our sincere thanks to all our employees for their hard work and contributions. Furthermore, I would also like to extend our heartfelt gratitude towards Mr. Liang Baojun and Mr. Li Jun for their outstanding contributions to the Company's transformation and upgrades as well as continued development made during their tenure.

**Ke Ruiwen**

*Chairman and Chief Executive Officer*

Beijing, China

25 March 2025



## II. FINANCIAL REVIEW

In 2024, seizing the strategic opportunities brought by the new round of sci-tech revolution and industrial transformation, the Company implemented the new development principles completely, accurately and comprehensively, and continued to deeply implement its Cloudification and Digital Transformation strategy. The Company accelerated its construction as a service-oriented, technology-oriented, and secured enterprise, further enhanced its core functions and core competitiveness, maintained a continued growth in operating performance, and attained new results in corporate high-quality development. In 2024, operating revenues were RMB529,417 million, representing an increase of 3.1% from year 2023. Service revenues<sup>23</sup> were RMB482,033 million, representing an increase of 3.7% from year 2023. Operating expenses were RMB489,614 million, representing an increase of 2.8% from year 2023. The profitability of the Company continued to improve. Profit attributable to equity holders of the Company was RMB33,012 million, representing an increase of 8.4% from year 2023. Basic earnings per share were RMB0.36. EBITDA<sup>24</sup> amounted to RMB140,847 million, representing an increase of 2.9% from year 2023. EBITDA margin<sup>25</sup> was 29.2%.

### OPERATING REVENUES

In 2024, the Company adhered to customer-oriented principles, actively seizing new consumption trends driven by digital technology. By deeply empowering product and service innovation and upgrades through strategic emerging elements such as AI, the Company constantly strengthened the supply of high-quality products and services. The value of fundamental businesses steadily increased, Industrial Digitalisation business achieved sound growth, and the revenue structure was continuously optimised. In 2024, operating revenues were RMB529,417 million, representing an increase of 3.1% from year 2023. Service revenues were RMB482,033 million, representing an increase of 3.7% from year 2023.

<sup>23</sup> Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment, and other non-service revenues

<sup>24</sup> EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation. Although EBITDA has been widely applied in the global telecommunications industry as a benchmark to reflect operating performance, debt raising ability and liquidity, it is not regarded as a measure of operating performance and liquidity under the IFRS Accounting Standards. It also does not represent net cash from operating activities. In addition, our EBITDA may not be comparable to similar indicators provided by other companies

<sup>25</sup> EBITDA margin is calculated based on EBITDA divided by service revenues

The following table sets forth a breakdown of the operating revenues for year 2024 and 2023, together with their respective rates of change:

<i>(RMB million, except percentage data)</i>	<b>For the year ended</b>		Rates of change
	<b>31 December</b>		
	<b>2024</b>	2023	
Service revenues	<b>482,033</b>	464,965	3.7%
Of which: Mobile communications service revenues	<b>202,524</b>	195,660	3.5%
Wireline and Smart Family service revenues	<b>125,680</b>	123,063	2.1%
Industrial Digitalisation service revenues	<b>146,588</b>	138,890	5.5%
Other service revenues	<b>7,241</b>	7,352	-1.5%
Revenue from sales of goods and others	<b>47,384</b>	48,586	-2.5%
Total operating revenues	<b><u>529,417</u></b>	<b><u>513,551</u></b>	<b><u>3.1%</u></b>

### **Mobile communications service revenues**

In 2024, the Company continued to advance 5G network upgrades, increased 5G network coverage in key scenarios, and persistently promoted the intelligent upgrade of 5G applications, resulting in a steady enhancement of mobile subscribers scale and value. In 2024, mobile communications service revenues were RMB202,524 million, representing an increase of 3.5% over last year and accounting for 38.3% of operating revenues.

### **Wireline and Smart Family service revenues**

In 2024, the Company promoted the upgrade of household broadband to Gigabit and FTTR, continuously optimising household networking quality through AI empowerment, and persistently advancing the intelligent upgrade of Smart Family applications. The value contribution from Smart Family service continued to increase. In 2024, Wireline and Smart Family service revenues were RMB125,680 million, representing an increase of 2.1% over last year and accounting for 23.7% of operating revenues.

## **Industrial Digitalisation service revenues**

In 2024, the Company proactively seized opportunities arising from network-based, digitalised, and intelligent transformation and development of the economy and society, accelerated the deep integration of sci-tech innovation and industrial innovation, and expedited the creation of a new integrated service model of “computing power + platform + data + model + application”, driving robust growth in Industrial Digitalisation business. In 2024, revenue from Industrial Digitalisation business reached RMB146,588 million, representing an increase of 5.5% over last year and accounting for 27.7% of operating revenues.

## **Other service revenues**

In 2024, revenues from other services amounted to RMB7,241 million, representing a decrease of 1.5% from year 2023.

## **Revenue from sales of goods and others**

In 2024, revenue from sales of goods and others amounted to RMB47,384 million, representing a decrease of 2.5% from year 2023, mainly due to the decline in the sales volume of mobile terminals.

## **OPERATING EXPENSES**

The Company continued to accelerate the scale expansion of its strategic emerging businesses, increasing investment in key fields such as sci-tech innovation, 5G and Industrial Digitalisation. At the same time, deepening AI empowerment in cost reduction and efficiency enhancement, the Company continuously increased efficiency of resources utilisation to support corporate high-quality development and long-term value creation. In 2024, operating expenses were RMB489,614 million, representing an increase of 2.8% from year 2023. Operating expenses accounted for 92.5% of operating revenues.

The following table sets forth a breakdown of the operating expenses in 2024 and 2023 and their respective rates of change:

<i>(RMB million, except percentage data)</i>	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2024</b>	2023	Rates of change
Depreciation and amortisation	<b>101,044</b>	99,702	1.3%
Network operations and support	<b>165,598</b>	160,411	3.2%
Selling, general and administrative	<b>66,663</b>	66,804	-0.2%
Personnel expenses	<b>98,279</b>	92,805	5.9%
Other operating expenses	<b>58,030</b>	56,701	2.3%
Total operating expenses	<b><u>489,614</u></b>	<u>476,423</u>	<u>2.8%</u>

### **Depreciation and amortisation**

In 2024, the Company actively maintained a prudent investment strategy, continuously enhanced investment efficiency and implemented precise measures by category, while further deepened 5G co-building and co-sharing as well as 4G network co-sharing. Depreciation and amortisation amounted to RMB101,044 million, representing an increase of 1.3% from year 2023 and accounting for 19.1% of operating revenues.

### **Network operations and support**

In 2024, the Company further enhanced its network quality and capabilities to accelerate the expansion of strategic emerging businesses. The Company appropriately increased investment in the building of capabilities. Meanwhile, leveraging AI empowerment, the Company strengthened accurate management of costs, optimised cost structure and further increased resource utilisation efficiency. Network operations and support expenses amounted to RMB165,598 million, representing an increase of 3.2% from year 2023 and accounting for 31.3% of operating revenues.

### **Selling, general and administrative**

In 2024, the Company maintained necessary input of marketing resources to expedite the scale development with value. At the same time, the Company leveraged AI and big data technologies to drive marketing digitalisation and enhanced marketing efficiency. Selling, general and administrative expenses amounted to RMB66,663 million, representing a decrease of 0.2% from year 2023 and accounting for 12.6% of operating revenues. Of which, selling expenses were RMB50,161 million, representing a decrease of 2.0% from year 2023.

## **Personnel expenses**

Firmly seizing the period of opportunities arising from the development of digital economy, the Company intensified the efforts to attract sci-tech and innovative talents, built a high-quality R&D team, and increased incentives for high-performance teams, key business units, and frontline employees. Investments in personnel expenses were in line with the direction of building the Company as a sci-tech company. In 2024, personnel expenses amounted to RMB98,279 million, representing an increase of 5.9% from year 2023 and accounting for 18.6% of operating revenues.

## **Other operating expenses**

In 2024, other operating expenses amounted to RMB58,030 million, representing an increase of 2.3% from year 2023 and accounting for 11.0% of operating revenues. The increase was mainly due to further acceleration of international business development by the Company, leading to an increase in interconnection settlement charges.

## **Net finance costs**

In 2024, net finance costs amounted to RMB228 million, representing a decrease of RMB104 million from year 2023. The decrease was mainly because of the decrease in the interest expense on the Company's lease liabilities.

## **PROFITABILITY LEVEL**

### **Income taxes**

The Company's statutory income tax rate is 25.0%. In 2024, income tax expenses were RMB9,197 million while the effective tax rate was 21.8%, representing a decrease of 0.6 percentage point from last year. The reason for the effective tax rate to be lower than the statutory tax rate was because income from investment in the associate company, China Tower Corporation Limited ("China Tower"), was not subject to tax during the period of the investment held, the application of preferential policies such as additional tax deduction from research and development expenses, and some subsidiaries and some branches located in the western region of China enjoyed low tax rates.

## Profit attributable to equity holders of the Company

The Company firmly seized the strategic opportunities arising from the booming digital economy, adhered to leading industrial innovation through sci-tech innovation, accelerated the development of new quality productive forces, and promoted the scale expansion of strategic emerging businesses. The resource utilisation and operating efficiency of the Company continued to increase while its profitability further strengthened. In 2024, the profit attributable to equity holders of the Company was RMB33,012 million, representing an increase of 8.4% from year 2023.

## CAPITAL EXPENDITURE AND CASH FLOWS

### Capital expenditure

In 2024, the Company actively maintained a prudent investment strategy, continuously enhanced investment efficiency, and accelerated the enhancement and upgrade of new digital information infrastructure. The Company continuously optimised the layout of cloud-intelligent integrated computing power infrastructure and consolidated the key foundation for high-quality development. At the same time, the Company further deepened 5G co-building and co-sharing as well as 4G network co-sharing. Capital expenditure for the year was RMB93,513 million, representing a decrease of 5.4% from year 2023.

### Cash flows

In 2024, the net increase in cash and cash equivalents was RMB1,072 million.

The following table sets forth the cash flow position in 2024 and 2023:

<i>(RMB million, except percentage data)</i>	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2024</b>	2023	Rates of change
Net cash flow from operating activities	<b>145,049</b>	137,508	5.5%
Net cash used in investing activities	<b>(103,432)</b>	(95,492)	8.3%
Net cash used in financing activities	<b>(40,545)</b>	(33,477)	21.1%
Net increase in cash and cash equivalents	<b><u>1,072</u></b>	<b><u>8,539</u></b>	<b><u>(87.4%)</u></b>

In 2024, the net cash inflow from operating activities was RMB145,049 million, representing an increase of 5.5% year-on-year, with the overall operating cash flow remaining stable.

In 2024, the net cash outflow in investing activities was RMB103,432 million, representing an increase of 8.3% year-on-year, mainly because the Company optimised the deposit structure, and the large denomination certificates of deposit and time deposits increased.

In 2024, the net cash outflow in financing activities was RMB40,545 million, representing an increase of 21.1% year-on-year, mainly due to the decrease in deposits absorbed by the affiliated finance company over last year.

## WORKING CAPITAL

The Company consistently upheld stable and prudent financial principles and stringent fund management policies. At the end of 2024, the working capital (total current assets minus total current liabilities) deficit was RMB137,252 million, representing an increase in deficit of RMB1,679 million compared to the end of 2023. As at 31 December 2024, the unutilised credit facilities were RMB196,413 million (2023: RMB205,452 million). Given the stable net cash inflow from operating activities and sound credit record, the Company has sufficient working capital to satisfy operational needs. As at the end of 2024, cash and cash equivalents amounted to RMB82,207 million, among which cash and cash equivalents denominated in Renminbi accounted for 92.6% (2023: 93.6%).

## ASSETS AND LIABILITIES

In 2024, the Company continued to maintain a solid financial position. At the end of 2024, the total assets increased by 3.7% from RMB835,814 million as at the end of 2023 to RMB866,625 million. The total liabilities increased from RMB388,647 million at the end of 2023 to RMB410,073 million, representing an increase of 5.5%. The debt-to-asset ratio was 47.3% at the end of 2024.

### Indebtedness

The indebtedness analysis as at the end of 2024 and 2023 is as follows:

<i>(RMB million)</i>	<b>As at 31 December</b>	
	<b>2024</b>	2023
Short-term debts	<b>2,835</b>	2,867
Current portion of long-term debts	<b>1,238</b>	1,133
Long-term debts	<b>7,459</b>	5,142
Total indebtedness	<b><u>11,532</u></b>	<u>9,142</u>

As at the end of 2024, the total indebtedness<sup>26</sup> was RMB11,532 million, representing an increase of RMB2,390 million from the end of 2023, which was mainly due to the increase in preferential rate loans for the technology-based subsidiaries. Of the total indebtedness, loans denominated in Renminbi, US Dollars and Euro accounted for 98.1% (2023: 97.3%), 1.3% (2023: 1.8%) and 0.6% (2023: 0.9%), respectively. 66.0% (2023: 93.2%) of the indebtedness were loans with fixed interest rates while the remaining portion of the indebtedness represented loans with floating interest rates.

As at 31 December 2024, neither the Company nor any of its subsidiaries pledged any assets as collateral for debt (2023: Nil).

Most of the revenues received and expenses paid in the course of the Company's business were denominated in Renminbi, therefore there were no significant risk exposures arising from foreign exchange fluctuations.

<sup>26</sup> Total indebtedness refers to interest-bearing debts excluding lease liabilities



### III. CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS

China Telecom Corporation Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 extracted from the audited consolidated financial statements of the Group as set out in its 2024 Annual Report.

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Amounts in million except for per share data)

	Notes	2024 RMB	2023 RMB
<b>Operating revenues</b>	4	<b>529,417</b>	513,551
<b>Operating expenses</b>			
Depreciation and amortisation		(101,044)	(99,702)
Network operations and support		(165,598)	(160,411)
Selling, general and administrative		(66,663)	(66,804)
Personnel expenses		(98,279)	(92,805)
Other operating expenses		(58,030)	(56,701)
<b>Total operating expenses</b>		<b>(489,614)</b>	(476,423)
<b>Operating profit</b>		<b>39,803</b>	37,128
Net finance costs	5	(228)	(332)
Investment income and others		72	292
Share of profits of associates and joint ventures		2,525	2,116
<b>Profit before taxation</b>		<b>42,172</b>	39,204
Income tax	6	(9,197)	(8,776)
<b>Profit for the year</b>		<b>32,975</b>	30,428
<b>Other comprehensive income for the year</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		(452)	511
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income		115	(135)
		(337)	376

	<i>Notes</i>	<b>2024</b> <b>RMB</b>	2023 <b>RMB</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of subsidiaries outside mainland China		<b>130</b>	63
Share of other comprehensive income of associates and joint ventures		<u>–</u>	<u>2</u>
		<u><b>130</b></u>	<u>65</u>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>(207)</b></u>	<u>441</u>
<b>Total comprehensive income for the year</b>		<u><b>32,768</b></u>	<u>30,869</u>
<b>Profit attributable to</b>			
Equity holders of the Company		<b>33,012</b>	30,446
Non-controlling interests		<u><b>(37)</b></u>	<u>(18)</u>
<b>Profit for the year</b>		<u><b>32,975</b></u>	<u>30,428</u>
<b>Total comprehensive income attributable to</b>			
Equity holders of the Company		<b>32,805</b>	30,887
Non-controlling interests		<u><b>(37)</b></u>	<u>(18)</u>
<b>Total comprehensive income for the year</b>		<u><b>32,768</b></u>	<u>30,869</u>
<b>Basic earnings per share (RMB)</b>	7	<u><b>0.36</b></u>	<u>0.33</u>
<b>Diluted earnings per share (RMB)</b>	7	<u><b>0.36</b></u>	<u>0.33</u>
<b>Number of shares (in million)</b>		<u><b>91,507</b></u>	<u>91,507</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024

(Amounts in million)

	<b>31 December</b>	31 December
	<b>2024</b>	2023
<i>Note</i>	<b>RMB</b>	<b>RMB</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	<b>427,079</b>	409,943
Construction in progress	<b>58,801</b>	72,238
Right-of-use assets	<b>69,068</b>	76,908
Goodwill	<b>29,925</b>	29,923
Intangible assets	<b>25,513</b>	22,702
Interests in associates and joint ventures	<b>44,177</b>	43,158
Financial assets at fair value through profit or loss	<b>363</b>	397
Equity instruments at fair value through other comprehensive income	<b>1,015</b>	1,426
Deferred tax assets	<b>673</b>	1,347
Other assets	<b>21,886</b>	9,909
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>678,500</b>	667,951
<b>Current assets</b>		
Inventories	<b>3,267</b>	3,417
Income tax recoverable	<b>111</b>	140
Accounts receivable, net	<b>42,867</b>	32,210
Contract assets	<b>4,731</b>	4,665
Prepayments and other current assets	<b>35,140</b>	35,580
Short-term bank deposits and restricted cash	<b>19,802</b>	10,805
Cash and cash equivalents	<b>82,207</b>	81,046
	<hr/>	<hr/>
<b>Total current assets</b>	<b>188,125</b>	167,863
	<hr/>	<hr/>
<b>Total assets</b>	<b>866,625</b>	835,814
	<hr/> <hr/>	<hr/> <hr/>

		<b>31 December</b>	31 December
		<b>2024</b>	2023
	<i>Note</i>	<b>RMB</b>	<b>RMB</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term debts		2,835	2,867
Current portion of long-term debts		1,238	1,133
Accounts payable	10	160,550	145,872
Accrued expenses and other payables		78,790	74,260
Contract liabilities		65,185	65,417
Income tax payable		2,410	488
Current portion of lease liabilities		14,369	13,399
		<u>325,377</u>	<u>303,436</u>
<b>Total current liabilities</b>		<b>325,377</b>	<b>303,436</b>
		<u>(137,252)</u>	<u>(135,573)</u>
<b>Net current liabilities</b>		<b>(137,252)</b>	<b>(135,573)</b>
		<u>541,248</u>	<u>532,378</u>
<b>Total assets less current liabilities</b>		<b>541,248</b>	<b>532,378</b>
<b>Non-current liabilities</b>			
Long-term debts		7,459	5,142
Lease liabilities		34,842	42,650
Deferred tax liabilities		34,107	31,025
Other non-current liabilities		8,288	6,394
		<u>84,696</u>	<u>85,211</u>
<b>Total non-current liabilities</b>		<b>84,696</b>	<b>85,211</b>
		<u>410,073</u>	<u>388,647</u>
<b>Total liabilities</b>		<b>410,073</b>	<b>388,647</b>
<b>Equity</b>			
Share capital		91,507	91,507
Reserves		360,883	351,419
		<u>452,390</u>	<u>442,926</u>
<b>Total equity attributable to equity holders of the Company</b>		<b>452,390</b>	<b>442,926</b>
<b>Non-controlling interests</b>		<b>4,162</b>	<b>4,241</b>
		<u>456,552</u>	<u>447,167</u>
<b>Total equity</b>		<b>456,552</b>	<b>447,167</b>
		<u>866,625</u>	<u>835,814</u>
<b>Total liabilities and equity</b>		<b>866,625</b>	<b>835,814</b>

Notes:

## 1. BASIS OF PRESENTATION

The Group's consolidated financial statements included in the Annual Report have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee

The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at 31 December 2024, the total current liabilities of the Group had exceeded the total current assets by RMB137,252 million (31 December 2023: RMB135,573 million). Management of the Company have 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 RMB196,413 million (31 December 2023: RMB205,452 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 consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared on a going concern basis.

## 2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for the current year:

- Amendments to IAS 1 "*Presentation of Financial Statement*" – Classification of Liabilities as Current or Non-current ("2020 amendments") and amendments to IAS 1 "*Presentation of Financial Statement*" – Non-current Liabilities with Covenants ("2022 amendments")
- Amendments to IFRS 16 "*Leases*" – Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 "*Statement of Cash Flows*" and IFRS 7 "*Financial Instruments: Disclosures*" – Supplier finance arrangements

The application of the above amendments to IFRS Accounting Standards in the current year has had no material effect on the Group's consolidated financial statements.

### 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 (“CODM”) in order to allocate resources and assess performance of the segment. The CODM has been identified as the Executive Directors of the Company. For the years presented, management has determined that the Group has one operating segment as the Group is only engaged in the integrated telecommunications 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 revenue

	<i>Notes</i>	<b>2024</b> <i>RMB million</i>	2023 <i>RMB million</i>
<b>Type of goods or services</b>			
Service revenues		<b>482,033</b>	464,965
Mobile communications service revenues	<i>(i)</i>	<b>202,524</b>	195,660
Wireline and Smart Family service revenues	<i>(ii)</i>	<b>125,680</b>	123,063
Industrial Digitalisation service revenues	<i>(iii)</i>	<b>146,588</b>	138,890
Other service revenues	<i>(iv)</i>	<b>7,241</b>	7,352
Sales of goods and others	<i>(v)</i>	<b>47,384</b>	48,586
<b>Total operating revenues</b>		<b><u>529,417</u></b>	<b><u>513,551</u></b>
Revenue from customer contracts		<b>521,522</b>	505,531
Revenue from other sources		<b>7,895</b>	8,020
<b>Total operating revenues</b>		<b><u>529,417</u></b>	<b><u>513,551</u></b>
<b>Timing of revenue recognition</b>			
At a point in time		<b>41,448</b>	42,563
Over time		<b>487,969</b>	470,988
<b>Total operating revenues</b>		<b><u>529,417</u></b>	<b><u>513,551</u></b>

Notes:

- (i) Represent primarily the aggregate amount of mobile communications service fees, mobile Internet access 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.

As at 31 December 2024 and 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts represents revenue expected to be recognised in the future when services are provided over the contract terms over the next 1 to 3 years.

## 5. NET FINANCE COSTS

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Interest expense on lease liabilities	1,792	2,130
Interest expense on short-term and long-term debts	676	504
Less: Interest expense capitalised*	(77)	(89)
	<hr/>	<hr/>
Net interest expense	2,391	2,545
Interest income	(2,242)	(2,368)
Net foreign exchange gain or loss and others	79	155
	<hr/>	<hr/>
	<b>228</b>	<b>332</b>
	<hr/> <hr/>	<hr/> <hr/>
*Interest expense was capitalised in construction in progress at the following rates per annum	<b>2.6%-3.1%</b>	<b>2.9%-3.6%</b>
	<hr/> <hr/>	<hr/> <hr/>

## 6. INCOME TAX

Income tax in the profit or loss comprises:

	<b>2024</b>	2023
	<b>RMB million</b>	RMB million
Provision for PRC income tax	5,134	3,121
Provision for income tax in other tax jurisdictions	192	236
Deferred taxation	<u>3,871</u>	<u>5,419</u>
	<u><b>9,197</b></u>	<u>8,776</u>

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

	<i>Notes</i>	<b>2024</b>	2023
		<b>RMB million</b>	RMB million
Profit before taxation		<u>42,172</u>	<u>39,204</u>
Expected income tax expense at statutory tax rate of 25%	<i>(i)</i>	10,543	9,801
Differential tax rate on mainland China subsidiaries' and branches' income	<i>(i)</i>	(1,068)	(858)
Differential tax rate on other subsidiaries' income	<i>(ii)</i>	(55)	(69)
Non-taxable income	<i>(iii)</i>	(716)	(626)
Non-deductible expenses	<i>(iv)</i>	721	928
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised		1,258	1,028
Impact of tax incentives and reduction including additional deduction for qualified research and development costs, etc.		(1,361)	(1,238)
Others	<i>(v)</i>	<u>(125)</u>	<u>(190)</u>
Income tax expense		<u><b>9,197</b></u>	<u>8,776</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 12% to 38%.



- (iii) Amounts represent share of profits of associates and joint ventures and miscellaneous income which are not subject to income tax.
- (iv) Amounts represent miscellaneous expenses in excess of statutory deductible limits for tax purposes.
- (v) Amounts primarily represent settlement of tax filing differences of prior year annual tax return, etc.

## **7. EARNINGS PER SHARE**

The calculation of basic earnings per share for the years ended 31 December 2024 and 2023 is based on the profit attributable to equity holders of the Company of RMB33,012 million and RMB30,446 million, respectively, divided by 91,507,138,699 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 years presented.

## **8. DIVIDENDS**

Pursuant to a resolution passed at the Board of Directors' meeting on 25 March 2025, a final dividend of RMB0.0927 per share (pre-tax) totalling approximately RMB8,483 million for the year ended 31 December 2024 was proposed for shareholders' approval at the Annual General Meeting. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2024.

The 2023 Annual General Meeting considered and approved the authorisation to the Board of Directors to decide on the interim profit distribution plan of the Company for year 2024. Pursuant to a resolution at the Board of Directors' meeting on 20 August 2024, an interim dividend of RMB0.1671 (equivalent to HK\$0.182289) per share (pre-tax) totalling approximately RMB15,291 million in respect of the six-month period ended 30 June 2024 was declared. The dividend of RMB12,972 million was paid on 11 September 2024, and the dividend of RMB2,319 million was paid on 18 October 2024.

Pursuant to the shareholders' approval at the Annual General Meeting held on 27 May 2024, a final dividend of RMB0.090 (equivalent to HK\$0.098814) per share (pre-tax) totalling approximately RMB8,236 million in respect of the year ended 31 December 2023 was declared. The dividend of RMB7,082 million was paid on 13 June 2024, and the dividend of RMB1,154 million was paid on 26 July 2024.

The 2022 Annual General Meeting considered and approved the authorisation to the Board of Directors to decide on the interim profit distribution plan of the Company for year 2023. Pursuant to a resolution at the Board of Directors' meeting on 8 August 2023, an interim dividend of RMB0.1432 (equivalent to HK\$0.156524) per share (pre-tax) totalling approximately RMB13,104 million in respect of the six-month period ended 30 June 2023 was declared. The dividend of RMB11,117 million was paid on 31 August 2023, and the dividend of RMB1,987 million was paid on 28 September 2023.

Pursuant to the shareholders' approval at the Annual General Meeting held on 23 May 2023, a final dividend of RMB0.076 (equivalent to HK\$0.085065) per share (pre-tax) totalling approximately RMB6,955 million in respect of the year ended 31 December 2022 was declared. The dividend of RMB5,900 million was paid on 9 June 2023, and the dividend of RMB1,055 million was paid on 21 July 2023.

## 9. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

		<b>31 December</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<i>RMB million</i>	<i>RMB million</i>
Third parties		<b>49,726</b>	37,861
China Telecom Group	<i>(i)</i>	<b>2,556</b>	1,670
China Tower	<i>(ii)</i>	<b>46</b>	24
Other telecommunications operators in the PRC		<b>1,259</b>	893
		<b>53,587</b>	40,448
Less: Allowance for credit losses		<b>(10,720)</b>	(8,238)
		<b>42,867</b>	32,210

*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 based on the billing dates or dates of rendering of services is as follows:

	<b>31 December</b>	
	<b>2024</b>	2023
	<i>RMB million</i>	<i>RMB million</i>
Within 1 year	<b>42,715</b>	34,140
1 to 2 years	<b>6,435</b>	3,490
2 to 3 years	<b>2,273</b>	1,238
Over 3 years	<b>2,164</b>	1,580
	<b>53,587</b>	40,448
Less: Allowance for credit losses	<b>(10,720)</b>	(8,238)
	<b>42,867</b>	32,210

## 10. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	31 December	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Third parties	117,720	111,025
China Telecom Group	31,194	26,444
China Tower	10,618	7,505
Other telecommunications operators in the PRC	1,018	898
	<u>160,550</u>	<u>145,872</u>

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

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

	31 December	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Due within 1 month or on demand	39,275	40,068
Due after 1 month but within 3 months	32,642	30,859
Due after 3 months but within 6 months	40,409	35,261
Due after 6 months	48,224	39,684
	<u>160,550</u>	<u>145,872</u>

## 11. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2024, China Telecom Quantum Information Technology Group Co., Ltd., a wholly-owned subsidiary of the Company, entered into the Conditional Non-Public A Share Subscription and Strategic Cooperation Agreement with Quantumctek Co., Ltd. (“Quantumctek”) to subscribe for the non-public A shares of Quantumctek with self-owned funds (“Transaction”). As of the end of 2024, the Transaction was approved by the State-owned Assets Supervision and Administration Commission of the State Council and the General Meeting of Shareholders of Quantumctek, and received the approval for registration from the China Securities Regulatory Commission. In January 2025, the equity transfer and share registration were completed. However, board member appointment has not yet been completed. The prepayment of RMB1,775 million for the Transaction is recorded as other assets.

#### **IV. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

#### **V. AUDIT COMMITTEE**

The audit committee has reviewed the accounting principles and practices adopted by the Group with the management and the Company's external auditors and discussed risk management, internal control and financial reporting matters (including the review of the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2024).

The figures in respect of the Group's consolidated results for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company's external auditors, KPMG, to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2024.

#### **VI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company strives to maintain high level of corporate governance and has always adhered to excellent, prudent and efficient corporate governance principles and continuously improves its corporate governance methodology, regulates its operations, improves its internal control mechanism, implements sound corporate governance and disclosure measures, and ensures that the Company's operations are in line with the long-term interests of the Company and its shareholders as a whole.

The roles of Chairman and Chief Executive Officer of the Company were performed by the same individual for the year 2024. In the Company's opinion, through supervision by the Board of Directors and the 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, in the year 2024, the Company was in compliance with all the code provisions under the *Corporate Governance Code* as set out in Appendix C1 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Listing Rules").

## **VII. 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* as set out in Appendix C3 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 for Securities Transactions by Directors of Listed Issuers* regarding the requirements in conducting securities transactions for the period from 1 January 2024 to 31 December 2024.

## **VIII. DIVIDENDS**

The Board of Directors proposes a final dividend of RMB0.0927 per share (pre-tax) based on total number of issued share capital of the Company at the record date for the implementation of the dividend distribution. Cash dividend to be distributed amounts to an aggregate amount of approximately RMB8,483 million calculated based on 91,507,138,699 shares, being the total number of issued share capital of the Company as at 31 December 2024. Together with the 2024 interim dividend of RMB0.1671 per share (pre-tax) which has been distributed, the full year dividend of 2024 amounts to RMB0.2598 per share (pre-tax) in an aggregate amount of approximately RMB23,774 million which represents 72% of the profit attributable to equity holders of the Company for the year 2024. 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. The dividend proposal will be submitted for consideration at the forthcoming Annual General Meeting for the year 2024 which will be held on Wednesday, 21 May 2025. The proposed final dividends are expected to be paid on or before 18 July 2025 upon consideration and approval at the Annual General Meeting.

The Company will disclose further information regarding the proposed payment of final dividend including, among other things, the expected timetable and arrangements for closure of the H Share Register of Members of the Company in due course.

## **IX. ANNUAL REPORT**

The Annual Report for the year ended 31 December 2024 prepared in accordance with IFRS Accounting Standards will be made available on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.chinatelecom-h.com](http://www.chinatelecom-h.com)) and despatched to holders of H shares who have requested to receive printed copies in due course.

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

Beijing, China, 25 March 2025

## **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. Liu Guiqing, Mr. Tang Ke and Mr. Li Yinghui (as the Chief Financial Officer) (all as the Executive Vice Presidents); 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).