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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 2025

The unaudited financial data of the Group for the first quarter of 2025

- Operating revenues were RMB135.5 billion, of which service revenues were RMB124.7 billion
- EBITDA was RMB36.7 billion, representing an increase of 4.7% year-on-year
- Profit attributable to equity holders of the Company was RMB8.9 billion, representing an increase of 3.1% year-on-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 2025. 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

Item	For the three months ended 31 March 2025 (the “reporting period”)	The year-on-year increase/ decrease in the reporting period(%)
Operating revenues	135,498	0.0
Profit attributable to equity holders of the Company	8,864	3.1
Basic earnings per share (RMB per share)	0.10	3.1
	As at the end of the reporting period	Increase/ decrease as at the end of the reporting period as compared to the end of last year (%)
Total assets	858,457	866,625 (0.9)
Equity attributable to equity holders of the Company	461,309	452,390 2.0

BUSINESS DATA

	As at 31 March 2025/ For the period from 1 January 2025 to 31 March 2025	As at 31 March 2024/ For the period from 1 January 2024 to 31 March 2024
Mobile Subscribers (Million)	429.47	411.65
Net Increase of Mobile Subscribers (Million)	4.95	3.88
5G Network Subscribers (Million)	266.21	–
Net Increase of 5G Network Subscribers (Million)	15.48	–
Handset Data Traffic (kTB)	23,229.3	20,333.8
Wireline Broadband Subscribers (Million)	198.11	192.22
Net Increase of Wireline Broadband Subscribers (Million)	0.67	2.06

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

In the first quarter of 2025, the Company resolutely fulfilled its responsibilities in building Cyberpower and Digital China as well as safeguarding network and information security, and firmly grasped the direction of artificial intelligence development. Having continuously deepened the implementation of its Cloudification and Digital Transformation strategy, the Company deepened reforms and opening up on all fronts and further accelerated the transformation towards a service-oriented, technology-oriented and secured enterprise, continuously promoting the scale expansion of strategic emerging businesses and placing greater emphasis on the theme of high-quality development. The operating performance of the Company remained stable.

In the first quarter of 2025, operating revenues were RMB135.5 billion, of which service revenues¹ were RMB124.7 billion, representing an increase of 0.3% year-on-year and an increase of 4.6% over the fourth quarter of 2024. The profit attributable to equity holders of the Company was RMB8.9 billion, representing an increase of 3.1% year-on-year. Basic earnings per share were RMB0.10; EBITDA² was RMB36.7 billion, representing an increase of 4.7% year-on-year. EBITDA margin³ was 29.5%.

Having adhered to a customer-oriented approach and actively seized new consumption trends driven by digital technology, the Company accelerated the upgrade of mobile networks to 5G-A, constantly advanced the upgrade of integrating elements such as connectivity, terminals, applications and privileges, and empowered products and services for individuals and households through enhancing strategic emerging elements such as AI, satellite and quantum, continuously enhancing its business value and customer perception. In the first quarter of 2025, the Company's mobile communications service achieved stable development. The number of 5G network subscribers reached 0.27 billion, while the penetration rate increased to 62.0%. Handset data traffic increased by 14.2% year-on-year, and handset DOU reached 20.4GB, representing an increase of 9.1% year-on-year. Wireline and Smart Family service maintained sound growth. The penetration rate of Gigabit broadband subscribers amounted to approximately 30%, while revenue from Smart Family increased by 11.5% year-on-year.

The Company fully leveraged the advantages of cloud-network integration and 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 and promoting industrial innovation and business innovation through sci-tech innovation. While constantly promoting the scale expansion of strategic emerging businesses, the Company continued to deepen external empowerment and internal applications and accelerated the cultivation of new growth poles, effectively driving improvements in the quality and efficiency of its corporate operations and focusing on developing new momentum and new strengths for high-quality development. In the first quarter of 2025, revenue from IDC reached RMB9.5 billion, representing an increase of 10.4% year-on-year; intelligent revenue increased by 151.6% year-on-year; Internet of Video Things (IoVT) revenue increased by 58.4% year-on-year; satellite communications revenue increased by 37.2% year-on-year; quantum revenue increased by 81.1% year-on-year.

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

² EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

³ EBITDA margin is calculated based on EBITDA divided by service revenues.

In the first quarter of 2025, operating expenses were RMB124.7 billion, representing a decrease of 0.2% year-on-year, of which depreciation and amortisation were RMB26.0 billion, representing an increase of 5.9% year-on-year. It was mainly attributable to the increase in fixed assets compared to the same period of last year, as the Company accelerated the construction of new digital information infrastructure. Network operations and support expenses were RMB39.9 billion, representing a decrease of 3.5% year-on-year, as the Company strengthened precise cost control and continuously increased resource utilisation efficiency through leveraging AI empowerment, while taking into account its business development. Personnel expenses were RMB28.2 billion, representing a decrease of 2.0% year-on-year.

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 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 and further strengthen the supply of high-quality and efficient digitalised and intelligent products and services, thereby accelerating the empowerment of economy and society with artificial intelligence applications. The Company will continuously enhance its core functions and core competitiveness to speed up the building of a world-class enterprise and proactively bring returns to shareholders.

QUARTERLY FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 31 March 2025

(Amounts in million)

	31 March 2025 RMB	31 December 2024 RMB
ASSETS		
Non-current assets		
Property, plant and equipment, net	412,984	427,079
Construction in progress	60,801	58,801
Right-of-use assets	66,044	69,068
Goodwill	29,924	29,925
Intangible assets	24,352	25,513
Interests in associates and joint ventures	44,875	44,177
Financial assets at fair value through profit or loss	373	363
Equity instruments at fair value through other comprehensive income	1,054	1,015
Deferred tax assets	684	673
Other assets	21,712	21,886
Total non-current assets	662,803	678,500
Current assets		
Inventories	3,801	3,267
Income tax recoverable	87	111
Accounts receivable, net	62,111	42,867
Contract assets	5,130	4,731
Prepayments and other current assets	34,736	35,140
Short-term bank deposits and restricted cash	36,978	19,802
Cash and cash equivalents	52,811	82,207
Total current assets	195,654	188,125
Total assets	858,457	866,625

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

at 31 March 2025

(Amounts in million)

	31 March 2025 RMB	31 December 2024 RMB
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debts	2,688	2,835
Current portion of long-term debts	1,229	1,238
Accounts payable	148,430	160,550
Accrued expenses and other payables	80,869	78,790
Contract liabilities	60,960	65,185
Income tax payable	2,624	2,410
Current portion of lease liabilities	14,025	14,369
	<hr/>	<hr/>
Total current liabilities	310,825	325,377
	<hr/>	<hr/>
Net current liabilities	(115,171)	(137,252)
	<hr/>	<hr/>
Total assets less current liabilities	547,632	541,248
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Non-current liabilities		
Long-term debts	7,260	7,459
Lease liabilities	32,241	34,842
Deferred tax liabilities	34,654	34,107
Other non-current liabilities	8,042	8,288
	<hr/>	<hr/>
Total non-current liabilities	82,197	84,696
	<hr/>	<hr/>
Total liabilities	393,022	410,073
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED) (Continued)**

at 31 March 2025

(Amounts in million)

	31 March 2025 RMB	31 December 2024 RMB
Equity		
Share capital	91,507	91,507
Reserves	369,802	360,883
Total equity attributable to equity holders of the Company	461,309	452,390
Non-controlling interests	4,126	4,162
Total equity	465,435	456,552
Total liabilities and equity	858,457	866,625

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

for the three-month period ended 31 March 2025

(Amounts in million)

	Three-month period ended	
	31 March	
	2025	2024
	RMB	RMB
Operating revenues	135,498	135,493
Operating expenses		
Depreciation and amortisation	(25,987)	(24,548)
Network operations and support	(39,901)	(41,350)
Selling, general and administrative	(16,764)	(16,673)
Personnel expenses	(28,203)	(28,788)
Other operating expenses	(13,895)	(13,582)
	<u>(124,750)</u>	<u>(124,941)</u>
Total operating expenses		
Operating profit	10,748	10,552
Net finance costs	(85)	(144)
Investment income and others	7	45
Share of profits of associates and joint ventures	648	637
	<u>648</u>	<u>637</u>
Profit before taxation	11,318	11,090
Income tax	(2,490)	(2,462)
	<u>(2,490)</u>	<u>(2,462)</u>
Profit for the period	8,828	8,628
	<u>8,828</u>	<u>8,628</u>

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

for the three-month period ended 31 March 2025

(Amounts in million)

	Three-month period ended	
	31 March	
	2025	2024
	RMB	RMB
Other comprehensive income for the period		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in equity instruments at fair value through other comprehensive income	46	(209)
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income	<u>(11)</u>	<u>52</u>
	<u>35</u>	<u>(157)</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	<u>20</u>	<u>8</u>
	<u>20</u>	<u>8</u>
Other comprehensive income for the period, net of tax	<u>55</u>	<u>(149)</u>
Total comprehensive income for the period	<u>8,883</u>	<u>8,479</u>

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

for the three-month period ended 31 March 2025

(Amounts in million except for per share data)

	Three-month period ended	
	31 March	
	2025	2024
	RMB	RMB
Profit attributable to		
Equity holders of the Company	8,864	8,597
Non-controlling interests	(36)	31
	<hr/>	<hr/>
Profit for the period	8,828	8,628
	<hr/>	<hr/>
Total comprehensive income attributable to		
Equity holders of the Company	8,919	8,448
Non-controlling interests	(36)	31
	<hr/>	<hr/>
Total comprehensive income for the period	8,883	8,479
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Basic earnings per share (RMB)	0.10	0.09
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Diluted earnings per share (RMB)	0.10	0.09
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Number of shares (in million)	91,507	91,507
	<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the three-month period ended 31 March 2025

(Amounts in million)

		Three-month period ended 31 March	
	Note	2025 RMB	2024 RMB
Net cash from operating activities	(a)	<u>10,327</u>	<u>20,317</u>
Cash flows used in investing activities			
Capital expenditure		(13,710)	(14,711)
Purchase of investments		(55)	–
Payments for right-of-use assets		(20)	(1)
Proceeds from disposal of property, plant and equipment		275	82
Proceeds from disposal of right-of-use assets		24	4
Proceeds from disposal of investments		6	1
Payments for equity instruments at fair value through other comprehensive income		–	(15)
Purchase of bank deposits		(18,176)	(7,162)
Maturity of bank deposits		831	1,492
Short-term loans granted to China Telecom Group by Finance Company		(8)	(2,013)
China Telecom Group's repayments of short-term loans granted by Finance Company		<u>28</u>	<u>2,030</u>
Net cash used in investing activities		<u>(30,805)</u>	<u>(20,293)</u>
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(2,615)	(2,635)
Proceeds from bank and other loans		616	1,154
Repayments of bank and other loans		(1,712)	(1,793)
Net deposits by China Telecom Group to Finance Company		(5,339)	(6,216)
Decrease/(increase) in statutory deposit reserves placed by Finance Company		<u>129</u>	<u>(32)</u>
Net cash used in financing activities		<u>(8,921)</u>	<u>(9,522)</u>
Net decrease in cash and cash equivalents		(29,399)	(9,498)
Cash and cash equivalents as at 1 January		82,207	81,046
Effect of changes in foreign exchange rate		<u>3</u>	<u>5</u>
Cash and cash equivalents as at 31 March		<u>52,811</u>	<u>71,553</u>

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

for the three-month period ended 31 March 2025

(Amounts in million)

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

	Three-month period ended	
	31 March	
	2025	2024
	RMB	RMB
Profit before taxation	11,318	11,090
Adjustment for:		
Depreciation and amortisation	25,987	24,548
Impairment losses for financial assets and contract assets, net of reversal	2,746	2,202
Write-down of inventories, net of reversal	11	19
Investment income and others	(18)	(58)
Share of profits of associates and joint ventures	(648)	(637)
Interest income	(490)	(467)
Net interest expense	543	591
Net foreign exchange gain or loss and others	32	20
Net loss on retirement and disposal of long-lived assets and others	1,146	1,321
	40,627	38,629
Increase in accounts receivable	(21,787)	(21,553)
Increase in contract assets	(480)	(357)
Increase in inventories	(546)	(1,176)
Decrease/(increase) in prepayments and other current assets	368	(545)
Decrease in restricted cash	99	86
Decrease in other assets	172	424
(Decrease)/increase in accounts payable	(8,790)	2,538
Increase in accrued expenses and other payables	6,743	9,005
Decrease in contract liabilities	(4,229)	(5,502)
Cash generated from operations	12,177	21,549
Interest received	377	503
Interest paid	(516)	(608)
Investment income received	17	64
Income tax paid	(1,728)	(1,191)
Net cash from operating activities	10,327	20,317

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, 25 April 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).