



China Telecom Corporation Limited

HKEx Stock Code: 728

## Interim Report 2025



EMBRACE AI  
Embark on NEW JOURNEY  
with CLOUD

# CONTENTS

02	Important Notice
03	Section I Definitions
05	Section II Company Profile
06	Section III Management's Discussion and Analysis
28	Section IV Corporate Governance, Environment and Society
32	Section V Significant Events
37	Section VI Changes in Shares and Information on Shareholders
41	Section VII Interim Financial Information
	41 Report on Review of Interim Financial Information
	42 Condensed Consolidated Statement of Financial Position (Unaudited)
	44 Condensed Consolidated Statement of Comprehensive Income (Unaudited)
	46 Condensed Consolidated Statement of Changes in Equity (Unaudited)
	47 Condensed Consolidated Statement of Cash Flows (Unaudited)
	50 Notes to the Unaudited Condensed Consolidated Interim Financial Information

## IMPORTANT NOTICE

1. The unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2025 of the Company is prepared in accordance with the International Accounting Standard 34. The condensed consolidated interim financial information in this report is unaudited.

2. Progress on continuous promotion of “enhancing quality and efficiency and emphasising return”

The Company adheres to the principle of “enhancing quality and efficiency and emphasising return”. In the first half of 2025, the Company completely, accurately, and comprehensively implemented the new development principles, resolutely fulfilled its responsibilities in building China’s strength in cyberspace, science and technology, Digital China, as well as safeguarding network and information security. By accurately grasping the trends in sci-tech innovation and industrial development, the Company fully embraced artificial intelligence, promoted the upgrade of its corporate strategy from “Cloudification and Digital Transformation” to “Cloudification, Digital Transformation and AI for Good”, and continuously advanced its high-quality development. For details, please refer to “Management’s Discussion and Analysis” in this report.

3. The profit distribution proposal or proposal for conversion of capital reserve into share capital for the Reporting Period approved by the Board

After fully considering actual conditions such as the Company’s cash flow level and shareholders’ cash return requirements, the twenty-first meeting of the eighth session of the Board of the Company decided to distribute the interim dividend for 2025 to all shareholders in the aggregate amount of RMB16.58 billion, representing 72% of the profit attributable to equity holders of the Company in the amount of RMB23.02 billion. Based on the total share capital registered on the record date for the dividend distribution, and based on the Company’s total share capital of 91,507,138,699 shares as at 30 June 2025, a dividend of RMB0.1812 per share (equivalent to HK\$0.199264) (pre-tax) was declared and will be paid to all shareholders. In case of any change in the total number of issued share capital of the Company before the record date for the implementation of the dividend distribution, the total distribution amount will remain unchanged, and the distribution amount per share will be adjusted accordingly.

The Board has been authorised by shareholders at the annual general meeting for the year 2024 to decide on the profit distribution proposal and the resolution for the proposed interim dividend was considered and approved at the twenty-first meeting of the eighth session of the Board of the Company on 14 August 2025.

4. Risk Statement of Forward-Looking Statements

Forward-looking statements, such as development strategies, future business plans and prospects, contained in the 2025 interim report of the Company do not constitute a commitment of the Company to investors. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may cause the Company’s actual performance, financial condition or results of operations to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, the Company will not update these forward-looking statements. Investors should be aware of the investment risks.

5. Significant Risk Warning

The Company has described in detail risks of adapting to economic and policy environment, risks relating to sci-tech innovation, network and data security risks, risks from strategic emerging businesses and future industries and operational risks of international business in this report. Please refer to “Management’s Discussion and Analysis” in this report.

## SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms and expressions have the following meanings:

4G	4th generation mobile communication technology
5G	5th generation mobile communication technology
AIDC	Artificial Intelligence Datacentre
ARPU	Monthly average revenue per user
Artificial Intelligence/AI	Technology science that researches and develops theories, methodologies, technologies and application systems for simulating, extending and expanding human intelligence
A Share(s)	Shares of the Company issued in mainland China, listed on domestic stock exchanges and subscribed and traded in RMB
Board/Board of Directors	The board of directors of the Company
China Telecom/the Company	China Telecom Corporation Limited (中國電信股份有限公司), a joint stock limited company incorporated in the People's Republic of China with limited liability, or where the context so requires, refers to China Telecom Corporation Limited and its subsidiaries
China Telecom Digital Intelligence Technology	China Telecom Digital Intelligence Technology Co., Ltd. (中電信數智科技有限公司)
China Telecom Finance	China Telecom Group Finance Co., Ltd. (中國電信集團財務有限公司)
China Telecom Global	China Telecom Global Limited (中國電信國際有限公司)
Cloud/Cloud Computing	An Internet technology that provides flexible and on-demand services to external users through the Internet with pooled cluster computing capabilities
Computing Power	The ability of computer equipment or computing/data centres for processing information, i.e., the ability of computer hardware and software to cooperate to perform certain computing needs
EFLOPS	FLOPS, Floating-Point Operations Per Second, which is commonly used to estimate computer performance; "E" stands for "Exa" and means $10^{18}$ ; therefore EFLOPS implies $10^{18}$ times of floating-point operations per second
FTTR	Fiber to The Room
The Group	The Company and its subsidiaries
Guangdong Rising	Guangdong Rising Holdings Group Co., Ltd. (廣東省廣晟控股集團有限公司), formerly known as Guangdong Rising Assets Management Co., Ltd. (廣東省廣晟資產經營有限公司)

**SECTION I DEFINITIONS**

H Share(s)	Shares of the Company that are registered in mainland China, issued outside mainland China, listed on the Stock Exchange and subscribed and traded in Hong Kong dollars
IDC	Internet Datacentre
IFRS Accounting Standards	IFRS Accounting Standards, amendments and interpretations issued from time to time by the International Accounting Standards Board
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MaaS	Model as a Service
PON	Passive Optical Network
PQC	Post Quantum Cryptography, which refers to cryptographic technologies and relevant algorithms capable of resisting quantum computer attacks
QKD	Quantum Key Distribution, which refers to the remote key distribution leveraging the physical properties of quantum such as indivisibility, non-replication, and uncertainty
Quantum-encrypted Calls and Messages	The new generation of secure work applications based on quantum security technology which facilitates the secure transmission and storage of important calls and work messages and provides users with encrypted calls, instant messaging and secure collaborative work services
Quantumctek	Quantumctek Co., Ltd.
RDO	Fundamental research (R), applied technological research and development (D) and operational development (O)
Reporting Period	Period from 1 January 2025 to 30 June 2025
Stock Exchange/Hong Kong Stock Exchange/HKSE	The Stock Exchange of Hong Kong Limited

## SECTION II COMPANY PROFILE

### 1. CORPORATE INFORMATION

Company name in Chinese	中國電信股份有限公司
Short name in Chinese	中國電信
Company name in English	China Telecom Corporation Limited
Short name in English	China Telecom
Legal representative of the Company	Ke Ruiwen

### 2. CONTACT PERSONS AND CONTACT INFORMATION

	Secretary of the Board	Securities Affairs Representative	Company Secretary
Name	Li Yinghui	Xu Fei	Wong Yuk Har
Address	31 Jinrong Street, Xicheng District, Beijing, China	31 Jinrong Street, Xicheng District, Beijing, China	28th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong
Telephone	8610-58501508	8610-58501508	852-28779777
Fax	8610-58501531	8610-58501531	852-28770988
E-mail	ir@chinatelecom-h.com	ir@chinatelecom-h.com	ir@chinatelecom-h.com

### 3. GENERAL INFORMATION

Registered address and office address of the Company	31 Jinrong Street, Xicheng District, Beijing, China
Postal code of the office address of the Company	100033
Principal place of business in Hong Kong	28th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong
Company website	www.chinatelecom-h.com
E-mail	ir@chinatelecom-h.com

### 4. STOCK INFORMATION

Class of shares	Stock exchange for listing	Stock short name	Stock code
A Shares	Shanghai Stock Exchange	China Telecom	601728
H Shares	Hong Kong Stock Exchange	China Telecom	00728

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1. DESCRIPTION OF THE COMPANY'S INDUSTRY AND MAIN BUSINESS DURING THE REPORTING PERIOD

In the first half of 2025, the communications industry operated stably. Volume and revenue of telecommunications businesses continued to grow, with cumulative telecommunications business revenue reaching RMB905.5 billion, representing an increase of 1% year-on-year. The construction of new infrastructure advanced in an orderly manner, with the total number of 5G base stations reaching 4.549 million, the number of internet broadband access ports reaching 1.234 billion, and the total length of optical cable lines reaching 73.77 million kilometres. The user base continued to expand, with the total number of mobile phone subscribers reaching 1.81 billion, 5G subscribers reaching 1.118 billion, and the total number of wireline broadband access subscribers reaching 684 million. Mobile internet access traffic maintained rapid growth, with cumulative mobile internet traffic reaching 186.7 billion GB.

The Company adhered to a customer-centric approach, kept abreast of the new scenarios and trends in digital consumption, continuously enriched the supply of high-quality products and services. Guided by strategic emerging businesses, it solidly promoted the dual-engine and innovative development of its fundamental businesses and Industrial Digitalisation business. **The Company continued to promote the innovative development of its fundamental businesses and accelerated the upgrade of connectivity speed.** The Company expedited the upgrade of mobile networks towards 5G-A and home broadband towards gigabit and FTTR, and continuously expanded direct-to-satellite services and Quantum-encrypted Calls and Messages. **The Company accelerated the integrated intelligent upgrade of terminals,** took the lead in releasing the self-developed XingXiaochen agent to empower the upgrade of terminals, expedited the large-scale development of terminals such as AI phones, AI central monitors and AI cameras, and actively explored frontier areas such as AI glasses and AI robots. **The Company accelerated the integrated intelligent upgrade of applications,** continuously promoted the intelligent renewal of services such as Communications Assistant, Cloud Drive, Cloud Computers, and Colour Ringback Tone with Video through AI upgrades, and launched new intelligent applications like AI cultural and creative products, further upgraded the "Beautiful Home" product system, allowing subscribers to enjoy multi-scenario smart home applications such as safe home, healthy home, entertainment home, low-carbon home, and intelligent home. **The Company accelerated the integrated intelligent upgrade of platforms.** On the basis of continuously promoting the integration of

platforms such as Digital Village, Smart Community, and Smart Family, the Company further leveraged AI IoT and AI IoT to accelerate the intelligent upgrade of platforms, driving the steady increase in the scale and value of fundamental businesses. **The Company continuously promoted the innovative development of Industrial Digitalisation business, accelerating the creation of industry-leading large model scenario applications,** with cumulatively over 80 industry large models and more than 30 industry agents launched. The Xingchen MaaS Platform and Xingchen Industry Agent Platform have been rolled out, providing integrated intelligent cloud services and forming mature business models in areas such as government affairs, emergency response, industry, energy and chemical, housing and construction. **The Company accelerated the upgrade of its industry digital platform capabilities.** Focusing on key areas such as smart cities, social livelihood, and emergency security, it launched a package of industry solutions and continued to empower various industry customers with over 120 digital platforms. **The Company accelerated the establishment of an integrated product system for 5G customised networks, featuring "5G + AI + Cloud + Applications".** With products such as 5G industrial control agents launched and widely applied in fields such as mining, manufacturing, and electric power, it managed to help customers improve production efficiency, reduce safety risks, and enhance production quality. **The Company accelerated the establishment of a "5 Ones"<sup>1</sup> innovative standard ICT capability system,** provided integrated solutions for general scenarios such as office and production for small and medium-sized enterprise customers, pioneered an integrated computing network server that combined all-optical networking, general computing power, and intelligent computing, with nearly 500,000 sets of new integrated gateways developed cumulatively.

In the first half of 2025, the Company's operating revenues amounted to RMB271.5 billion, representing an increase of 1.3% year-on-year. Of which, service revenues amounted to RMB249.1 billion, representing an increase of 1.2% year-on-year. The Company's mobile communications service revenues continued to maintain favourable growth, amounting to RMB106.6 billion, representing an increase of 1.3% year-on-year. The penetration rate of 5G network users increased by 6.1 p.p. compared to the end of last year, and mobile ARPU reached RMB46.0. Wireline and Smart Family service revenues amounted to RMB64.1 billion, representing an increase of 0.2% year-on-year. Broadband blended ARPU reached RMB48.3. Industrial Digitalisation business maintained its favourable development momentum, with its revenue amounting to RMB74.9 billion.

For detailed business analysis of the Company, please refer to "2. Chairman's Statement" under "Section III Management's Discussion and Analysis" of this report.

<sup>1</sup> 5 Ones: 1 set of end-to-end technical framework and standards, 1 new operation platform integrating internal and external capabilities, 1 set of new end-side hardware facilities, 1 cloud-end collaborative exclusive architecture, and 1 set of complete SME scenario applications (including large models)

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 2. CHAIRMAN'S STATEMENT

At present, a new round of sci-tech revolution and industrial transformation is developing rapidly, and artificial intelligence is profoundly changing human production and lifestyles, becoming an important driving force for promoting high-quality economic and social development. As artificial intelligence enters the first year of large-scale application, AI applications such as large models and agents are accelerating their adoption and deep integration across various fields, supporting the transformation and upgrading of traditional industries and opening new tracks for the development of strategic emerging industries and future industries, ushering in

vast opportunities for industry development. In the first half of 2025, the Company completely, accurately, and comprehensively implemented the new development principles, resolutely fulfilled its responsibilities in building China's strength in cyberspace, science and technology, Digital China, as well as safeguarding network and information security. By accurately grasping the trends in sci-tech innovation and industrial development, the Company fully embraced artificial intelligence, promoted the upgrade of its corporate strategy from "Cloudification and Digital Transformation" to "Cloudification, Digital Transformation and AI for Good", and continuously advanced its high-quality development.



**Ke Ruiwen**

*Chairman and Chief Executive Officer*



## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1. Overall results

In the first half of 2025, the Company's operating revenues amounted to RMB271.5 billion, representing an increase of 1.3% year-on-year. Of which, service revenues<sup>2</sup> amounted to RMB249.1 billion, representing an increase of 1.2% year-on-year. EBITDA<sup>3</sup> amounted to RMB80.6 billion, representing an increase of 4.9% year-on-year. Net profit<sup>4</sup> amounted to RMB23.0 billion, representing an increase of 5.5% year-on-year. The basic earnings per share were RMB0.25. Capital expenditure was RMB34.2 billion. Free cash flow<sup>5</sup> reached RMB13.1 billion, representing an increase of 13.9% year-on-year.

The Company continued to promote the integrated development driven by the innovation-led dual engines of its fundamental businesses and Industrial Digitalisation business, with its fundamental businesses growing steadily and strategic emerging businesses developing rapidly. In the first half of 2025, the Company's mobile communications service revenues amounted to RMB106.6 billion, representing an increase of 1.3% year-on-year; Wireline and Smart Family service revenues amounted to RMB64.1 billion, representing an increase of 0.2% year-on-year. The number of mobile subscribers reached 433 million, and the number of broadband subscribers reached 199 million. Mobile ARPU<sup>6</sup> reached RMB46.0, and broadband blended ARPU<sup>7</sup> reached RMB48.3. Revenue from Industrial Digitalisation reached RMB74.9 billion, and AIDC revenues increased by 7.4% year-on-year. Revenue from key strategic emerging products maintained rapid growth, with revenue from China Telecom Cloud reaching RMB57.3 billion. Intelligent revenues<sup>8</sup> reached RMB6.3 billion, representing an increase of 89.4% year-on-year. Revenue from the security business reached RMB9.1 billion, representing an increase of 18.2% year-on-year. Internet of Video Things (IoVT) revenues increased by 46.2% year-on-year, satellite revenues increased by 20.5% year-on-year, and quantum revenues increased by 171.1% year-on-year.

The Company attaches great importance to shareholder returns, continuously strengthens market value management, promotes the growth of market value and enterprise value, and strives to enhance its profitability and cash flow generation capabilities. The Board of Directors has decided to continue distributing an interim dividend in 2025, with the profit to be distributed in cash representing 72% of the profit attributable to equity holders of the Company for the first half of the year, i.e., RMB0.1812 per share (pre-tax), representing an increase of 8.4% year-on-year. It is intended that the proportion of profit to be distributed in cash by the Company to profit attributable to equity holders in 2025 would be further increased compared to 2024, thereby continuously creating greater value for shareholders.

### 2. Seizing opportunities to gain strategic initiative and making solid strides towards the high-quality development of the Company

#### 2.1 Completing the construction of intelligent cloud system and deeply promoting the "AI+" initiative

With the No. 1 technology "Xirang" as the core, the Company completed the construction of intelligent cloud system, leveraging cloud-network integration to provide integrated intelligent cloud services encompassing "computing power + platform + data + model + application". At the IaaS layer, the Company continued to optimise the computing power supply structure, with the total scale of self-owned and accessed computing power reaching 77 EFLOPS, providing heterogeneous computing power services covering general computing, intelligent computing, supercomputing and quantum computing. At the PaaS layer, the Company accelerated the upgrade of its intelligent computing platform, providing one-stop computing power scheduling and AI development services, efficiently meeting customers' needs for training and inference scenarios. At the DaaS layer,

<sup>2</sup> Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues

<sup>3</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>4</sup> Net profit represents profit attributable to equity holders of the Company

<sup>5</sup> Free cash flow = Net cash from operating activities – Capital expenditure

<sup>6</sup> Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers

<sup>7</sup> Broadband blended ARPU = monthly average revenues from broadband access and Smart Family/the average number of broadband subscribers

<sup>8</sup> Intelligent revenues include the revenue from artificial intelligence and intelligent computing services provided to customers

### SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

the Company built the “Xinghai” data intelligent middle platform to promote the deep integration of proprietary datasets, open-source datasets, and third-party datasets, aggregating over 10 trillion tokens of general large model corpus data and datasets from 14 industries, with a total volume exceeding 350TB. At the MaaS layer, the Company built a full-modal, full-size, and fully homegrown Xingchen large model. Third-party foundational large models and various industrial large models were actively introduced to meet the diverse needs for large model selection and application scenario innovation. At the SaaS layer, focusing on the digital needs of production, life, and governance, the Company created standardised AI products and launched industrial large model and agent services for scenario-based demands, serving the smart life of individual household subscribers and empowering the digital transformation of enterprise production and governance. In addition, the Company released Agent as a Service (AaaS) and Terminal as a Service (TaaS) systems, empowered the intelligent transformation and upgrading of industries, and popularised the applications of artificial intelligence.

To continuously meet customers’ diversified, multi-level, and personalised AI needs, the Company accelerated the promotion of business intelligence integration and upgrades. For government and business customers, the Company accelerated the empowerment of the digital and intelligent transformation of industries through intelligent cloud services, continuously facilitating industrial upgrades. The transformation of IDC to AIDC has also been expedited, providing customers with secure, reliable, intelligent, agile, and green low-carbon computing services. Over 80 industrial large models and more than 30 agents have been developed to serve over 20,000 industry customers. The Company continuously advanced

the “State-owned Central Enterprise AI+” special expansion, collaborating with over 30 state-owned central enterprises to build AI+ application benchmarks, and unveiling the “AI+” Action Demonstration Base for State-owned Central Enterprises in Tianjin. Accelerating the integration of intelligence into 5G customised networks, the Company has independently developed applications such as 5G industrial control agents to meet enterprises’ needs for AI energy conservation and AI quality inspection. In parallel, the construction of industry digital platforms has been expedited, with over 120 digital platforms continuously empowering key industry customers in their digital transformation. For individual and home customers, the Company accelerated the intelligent upgrade of terminals, released the self-developed XingXiaochen agent to empower the intelligent upgrade of terminals, and expedited the large-scale development of intelligent terminals such as AI anti-fraud phones and AI central monitors. Focusing on frontier areas, it vigorously developed more varieties of intelligent terminals. The Company accelerated the innovation and upgrade of applications, promoted the intelligent renewal of personal applications such as Colour Ringback Tone with Video through AI iteration, and further upgraded the “Beautiful Home” product system, delivering customers with brand-new smart experience, and allowing subscribers to enjoy multi-scenario smart home applications such as safe home, healthy home, entertainment home, low-carbon home, and intelligent home. The Company accelerated the intelligent upgrade of platforms, and on the basis of continuously promoting the integration of platforms such as Digital Village, Smart Community, and Smart Family, it further leveraged AI IoVT and AI IoT to accelerate the intelligent upgrade and content enrichment of platforms, continuously enriching new scenarios for intelligent living.

### SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company deeply advanced AI technology empowerment, creating over 160 AI applications across 21 key areas, and effectively driving cost reduction while enhancing quality and efficiency. In terms of customer management, the upgrade of whole-chain precision marketing was driven through AI, and the Company built the marketing agent based on the large model for customer management, which covered scenarios including AI-aided opportunity exploration, customer insight, and smart recommendation, serving about 60,000 frontline employees, and recording more than 20 million calls per month. In terms of customer service, the Company promoted the embedding of intelligent service capabilities into the 10000 hotline, continuously iterated and upgraded the application scenarios of the large customer service model. The proportion of intelligent customer service reached 87.5%, effectively enhancing customer perception and maintaining an industry-leading level of overall satisfaction. In terms of channel operations, "AI + full-service digital stores" covered 12,000 self-operated business halls, accelerating the transformation of offline stores from traditional experiential marketing to AI intelligent marketing. The Company upgraded the online sales model with an "AI + live streaming" approach, with AI live streaming digital humans providing 24/7 uninterrupted live streaming services. In terms of network operations, the Company comprehensively enhanced the automation and intelligence level of cloud network operations, launched 29 high-value scenario L4 pioneer actions, and created 23 types of digital employees based on the network large model. The number of faulty work orders reduced by 9.8%, the work order processing time reduced by 13%, and the fault handling time for home broadband installation and maintenance agents reduced by 8.7%.

The Company continued to optimise the supply of "Quantum+" product capabilities, continuously promoted "Quantum+" empowerment across various industries, and reinforced its leadership in the quantum industry market. In quantum communication, quantum-encrypted messages have achieved full coverage of six mainstream systems, taking the lead in passing the network security protection capability completeness assessment of the software platform under the "Foundation Building Program" of China Academy of Information and Communications Technology, while quantum-encrypted calls and quantum intercoms continued to enrich the application ecosystem, fully adapting to mainstream terminals. The user base for quantum communication has surpassed 6 million, serving over 3,000 industry clients in sectors such as government affairs, finance, and energy. In quantum computing, the Company achieved the commercialisation of three major application scenarios being, quantum computing real-machine deployment, cloud platform applications, and quantum information education, and implemented multiple major projects. In quantum measurement, the commercialisation and market application of quantum precision measurement technology products accelerated, with strong demand for applications in typical scenarios such as low-altitude detection and exploration.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 2.2 Striving for innovation and development, accelerating the construction of a leading sci-tech enterprise

The Company continued to promote high-level self-reliance and self-improvement in science and technology, accelerate breakthroughs in key core technologies, and strengthen the supply of high-quality science and technology. It has been included in the list of outstanding enterprises of sci-tech innovation among state-owned central enterprises for two consecutive years. The Company comprehensively promoted AI-oriented technological innovation from underlying infrastructure to upper-layer applications, and its self-developed China Telecom Cloud server operating system has passed the national security and reliability assessment. The Company achieved breakthroughs in key technologies such as computing power integrated scheduling and training/inference acceleration, and put forward the innovative proposal of the Triless architecture, achieving a triple decoupling of resources, frameworks, and tools. Such breakthroughs promoted interconnected and interoperable diverse computing power across service providers, regions, and architectures, helping the Company secure the first place once again in China's computing power interconnection scheduling market and maintain its leadership in China's intelligent computing cloud service market<sup>9</sup>. Through continuously upgrading the Company's Xingchen multimodal large model,

developing human-like natural conversation capabilities, and innovatively proposing full-modal, explainable deepfake detection capabilities, the Company has won the championship in AI deepfake detection at ICCV 2025 and IJCAI 2025. By innovatively building the AI Flow technology system and tackling three key technologies, key breakthroughs were made in generative intelligent transmission, homologous model and intelligent emergence based on connections and interactions, thereby promoting the deep integration of communication, network, and artificial intelligence. A high-performance privacy computing protocol cluster was developed, successfully overcoming the performance bottleneck of joint computing involving tens of billions of massive data. This achievement earned the Company the "Wu Wenjun AI Science and Technology Progress Award". Key technologies for constructing and governing high-quality dataset were successfully tackled, with the Company's "Network Large Model" and "Urban Governance" datasets being selected as "Outstanding Construction Achievements of High-Quality Datasets in the State-owned Central Enterprise AI Industry". The world's first distributed cryptographic system integrating QKD<sup>10</sup> and PQC<sup>11</sup> was released by the Company. Additionally, the Company pioneered the industry's first cloud-network-endpoint collaborative anti-DDoS technology and launched China's first open source large model foundational security guardrail with protection capability reaching an industry-leading level. The Company continued to deepen basic theoretical research, with

<sup>9</sup> Source: CCID Consulting

<sup>10</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>11</sup> PQC: Post Quantum Cryptography, which refers to cryptographic technologies and relevant algorithms capable of resisting quantum computer attacks

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

its research on a new framework for generative coding images based on diffusion models winning the only "Best Paper Award" at ICME 2025. It has also built high-level scientific and technological innovation infrastructures, with its large-scale sci-tech innovation facility for cloud-network integration being included in the pilot test and verification platform for state-owned central enterprises. Furthermore, the Company consistently developed patents of high quality and high standards, with its 5G patents winning the Silver Patent Award in the 25th China Patent Award selection.

### 2.3 Leveraging the advantages of cloud-network integration and expediting the intelligent upgrade of digital information infrastructure

Adhering to the principle of network as the foundation, cloud as the core, the Company fully leveraged the advantages of cloud-network integration, seizing the direction of intelligent development, especially adapting to the network requirements arising from the traffic and flow patterns in the AI era, and accelerating the intelligent upgrade of the digital information infrastructure to provide a solid foundation for the development of artificial intelligence. The Company moderately and preemptively deployed computing power infrastructure, and continuously promoted the construction of reasoning pools based on market demand. Building on the clusters with ten thousand GPUs in the Beijing-Tianjin-Hebei region and the Yangtze River Delta, the Company vigorously introduced new technology and built hyper-node topology clusters in the Guangdong-Hong Kong-Macao Greater Bay Area hub nodes. This has enabled a dual enhancement in both the quality and quantity of intelligent computing supply, with self-owned intelligent

computing power reaching 43 EFLOPS, alongside extensive integration of partner computing power. The Company built a new generation of AIDC with a "centre + edge" hierarchical layout and triple elastic upgrades in space, cooling, and power supply, effectively adapting to the functional partitioning of intelligent computing services and wide power fluctuations. The number of datacentre cabinets exceeded 580,000, with the eight major hub nodes accounting for 85%. The Company built a holistic smart computing network system integrating cloud-edge-device resources, with collaborative Access-Compute, Inter-Compute, and Intra-Compute networks, launched China's first 400G quantum secure OTN encrypted computing-connected dedicated line, accelerated the construction of new metropolitan networks, and advanced the renewal and upgrade of backbone optical cables and the trial commercial use of hollow-core optical cables. These efforts have enabled the Company to efficiently meet diverse intelligent computing demands such as real-time inference and large-scale training. Furthermore, the Company also promoted the upgrade and evolution of networks to achieve ultra-high speed and large capacity. The number of 10G PON ports of Gigabit fibre network exceeded 9.88 million, with a coverage of over 96% of gigabit residential areas in cities and towns. The Company comprehensively deepened co-building and co-sharing, continuously enhancing industry value, and building a high-quality network with high-/mid-/low-band coordination as well as 4G/5G integration. The total number of 5G mid-/high-band base stations reached 1.49 million, and low-band base stations reached 880,000. The Company continued to promote the upgrade of 5G-A network capabilities, having deployed 100,000 5G-A carrier aggregation base stations and 600,000 Redcap base stations in over 300 cities.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 2.4 Empowering green initiatives, safeguarding security, and promoting green and secure economic and social development

The Company actively practised the concept of green development, driving a two-digit decrease in the carbon emissions per unit of total volume of telecommunications services, and ranking among the top central enterprises in the "Central Enterprise Green Development Evaluation". Accelerating the green transformation of digital information infrastructure, the Company implemented green renovation of facility buildings and green upgrades of base stations, while advancing the innovative application of green energy-saving technologies such as liquid cooling and AI. AI energy-saving initiatives covered over 5.96 million base station sectors and 3,400 facility rooms, achieving annualised energy-savings of approximately 1.1 billion kWh. The transformation of the energy consumption structure advanced significantly, with the application of green electricity exceeding 1.4 billion kWh. The Company's innovative efforts promoted the synergistic development of computing power and electricity, resulting in the creation of a green, low-carbon, safe, omni-efficient, and economically applicable energy utilisation model. The Company strengthened empowerment with green products and services, and advanced the development of key products such as environmental protection cloud and green lighting. Green ICT services have expanded coverage across multiple fields, including environmental monitoring and smart manufacturing, providing green solutions such as energy-saving transformation and integration of new energy services.

The Company continued to explore the potential of integrated innovation and two-way empowerment of security and AI. It accelerated "security intelligence integration" to create the security corpus "Qianmo Shuju", and established a risk classification and labelling system. Leveraging multiple general AI technologies, such as content interpretation, and automatic analysis and disposal, the Company drove the iteration of the "Xingchen • Jianwei" security large model, and expedited the coverage of the intelligent upgrade of its security capability across "terminals, edges, networks, clouds, and data". These efforts improved security assurance for critical infrastructure internally and promoted the deployment of more intelligent security products externally. The cleaning capacity of Anti-DDoS Cloud Dam exceeded 18Tbps, maintaining its leading position in protection capability and market share. The Managed Security Service Provider (MSSP) Cloud Dam provided intelligent, multi-category managed security services, with the total number of connected customers exceeding 7,000. The Company strengthened the "Security Protection for Intelligence" and addressed common security issues arising from the development of the AI industry, built large model foundational security guardrail, enhanced AI security governance, and promoted safer, more reliable, and more controllable artificial intelligence. In addition, the Company deeply integrated quantum technology with next-generation networks, cloud computing, and other technologies, utilising QKD technology to ensure the secure transmission of AI training data and cross-cluster data, thereby building a quantum-level security defense for AI.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 3. Further deepening reform and opening up on all fronts, improving the governance system and enhancing governance capabilities

The Company comprehensively advanced its actions to deepen and enhance state-owned enterprise reform, accelerating the establishment of new production relations that are compatible with new quality productive forces, and stimulating the momentum and vitality for the high-quality development of the enterprise. With a deep understanding that "talent is the primary resource", the Company actively fostered a favorable environment conducive to the work and entrepreneurship of a wide range of talents. Making solid strides to advance the "Everest", "Kunlun", and "Five Mountains" programmes, the Company also implemented the "one-person, one-strategy" top talent cultivation and support programme, and strengthened the cultivation and introduction of top talents and leading sci-tech talents. Adhering to an actual results-oriented approach, the Company selected 24 new chief experts. The echelon pattern of sci-tech talents, comprised of 5 leading talents, approximately 1,000 chief/senior experts, and approximately 10,000 technical experts, has continuously improved. The Company continued to optimise the RDO<sup>12</sup> R&D organisational system, improve the innovation evaluation and incentive mechanism, and introduce a series of support policies for original and exploratory sci-tech innovation to enhance the efficiency of sci-tech achievement transformation. Reform at the Company's headquarters was further advanced, with innovative allocation of production elements and improved coordination mechanisms between provincial companies and professional companies, as well as among professional companies, which effectively fostered a synergy for development. It deepened the reform of

professional companies, strengthened their market entity status, established Artificial Intelligence Technology (Shanghai) Co., Ltd., and fully supported the construction of the National Artificial Intelligence Innovation Application Pilot Zone. For three consecutive years, the cloud company and the digital intelligence company have been assessed as benchmark enterprises in the "Sci-tech Reform Action" by the SASAC. Reform of provincial and city-level branches also progressed, with continued enhancement of the construction of the main process centred around the cloud core platform, improving end-to-end integrated delivery and operation service levels.

Systematic open cooperation capabilities were comprehensively enhanced by the Company, with active leadership in deepening collaboration across multiple fields and proactive efforts to build a more prosperous cooperation ecosystem. In science and technology, the Company strengthened open collaboration by accelerating the internal opening and sharing of elements such as computing power and data, driving the enhancement of sci-tech research efficiency. This included collaborations with Shanghai Artificial Intelligence Laboratory and deep involvement in the application and implementation of DeepLink's ultra-large-scale cross-domain mixed training technology. The intelligent computing cluster with ten-thousand GPUs was built, promoting the benefits of artificial intelligence to more fields. Open cooperation in digital information infrastructure was strengthened through active promotion of comprehensive inter-industry sharing and cross-industry, cross-domain collaborative sharing in areas such as satellite networks and low-altitude communications, contributing to the healthy development of the industry. The Company strengthened open cooperation in capital, acquired a controlling stake in Quantumctek and achieved comprehensive layout

<sup>12</sup> RDO: Fundamental research (R), applied technological research and development (D) and operational development (O)



## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

in the three major areas of the quantum information industry. International opening up and cooperation was also strengthened. The handset direct-to-satellite service was officially launched for commercial use in Laos, and services were expanded to Southeast Asian countries. Additionally, the e-Surfing IoT International Platform was officially released, providing open and co-created intelligent video services to the global market with the industry ecosystem.

Through further deepening reform and opening up on all fronts, the Company broke down institutional and mechanism barriers that hinder high-quality development, and promoted the modernisation of its corporate governance system and governance capabilities. By pursuing deep insights into customer demands, the Company continued to enhance the quality of its product and service supply, effectively addressing challenges and creating value for customers. Taking root downward and empowering upward, the Company continuously enhanced sci-tech innovation capabilities. The Company took concrete steps to improve the security protection capabilities and independent controllability level of cloud networks, and continuously enhanced risk prevention capabilities. Relying on data resources, intelligent platforms and applications, the Company boosted operating efficiency and the performance of products and services, further enhancing digital and intelligent capabilities. By fully leveraging the primary role of its talent team in corporate governance, the Company continuously strengthened its strategic execution capabilities.

### 4. Proactively fulfilling social responsibilities and gaining widespread recognition from the capital market

The Company successfully completed communications assurance tasks for multiple key events, including the Harbin Asian Winter Games, the Boao Forum for Asia, and the launch of the Shenzhou-20 manned spacecraft, while also utilising technical means such as Tiantong satellites and drones in emergency rescue and disaster relief efforts to establish an unimpeded "communications lifeline". Through empowerment of rural revitalisation with digital intelligence, the Company stimulated the vitality of the rural digital economy, and continuously fulfilled its universal service obligations, with inclusive services in Caring Stations implemented in 80,000 urban and rural business halls. More than 80,000 caring activities were organised, benefiting over 8.6 million people. The "e-Surfing Security Anti-Fraud" platform was launched to strengthen the technological defense against fraud. The Company effectively protected the legitimate rights and interests of employees, continuously optimised the employee care system, provided diversified growth platforms, and assisted in employees' career development.

The Company has always adhered to a high level of corporate governance, strictly complied with laws and regulations, continuously improved the quality and transparency of information disclosure, and constantly built a scientific and comprehensive compliance management system. The Shareholders' Meeting, the Board of Directors, and the Supervisory Committee operate in a standardised manner, with efficient decision-making and strong oversight, ensuring the Company's long-term stable development. The Company proactively strengthens investor relations management by actively building communication bridges with investors, analysts, and the media through various forms, including results briefings, investor presentations, and road shows. This allows the Company to multidimensionally showcase its strategic layout and operating results, thereby enhancing the market's recognition of its investment value.



## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Receiving high affirmation from domestic and international capital markets for its outstanding performance, the Company was honored with the "Asia's Best CSR" award for the sixth consecutive year in the "Asian Excellence Award 2025" organised by *Corporate Governance Asia*. The Company also received the "Investor Relations Management Shareholder Return Award" in the 16th Listed Company Investor Relations Management "Tianma Award" selection organised by *Securities Times* and was selected for the "Best Practise of Investor Relations Management for Listed Companies" by the China Association for Public Companies, achieving an A-grade in the 2025 Sino-Securities Index ESG comprehensive rating.

### 5. Riding on the momentum, seizing the direction and promoting the enterprise strategy upgrades

In recent years, the Company has comprehensively implemented the Cloudification and Digital Transformation strategy, continuously promoting its transformation from a traditional telecommunications operator to a service-oriented, technology-oriented, and secured enterprise, with steadily improving operating performance and service revenue growth consistently higher than the industry average for many consecutive years. Significant achievements were made in sci-tech innovation, with four technology directions identified and the layout of seven major strategic emerging businesses completed. The Company made a number of landmark achievements in cloud, AI, quantum, satellite, and network fields, creating China Telecom's No. 1 technology "Xirang", and forming an "1+1+1+M+N"<sup>13</sup> AI development layout. The digital information infrastructure, with cloud-network integration as its core features, was continuously consolidated, and China Telecom Cloud fully took the shape as the national cloud framework, entering a new stage of intelligent cloud development. The Company continued to deepen its enterprise reform, and extensively carried out opening up and cooperation, earning Grade A in the assessment of key reform tasks of state-owned central enterprises for four consecutive years. It constantly explored a new path

for operator transformation and development with China Telecom characteristics, made solid new strides towards high-quality development, and gained strategic initiative with enhanced confidence in its development.


At present, global sci-tech innovation has entered an unprecedentedly active period, with a new round of sci-tech revolution and industrial transformation, represented by artificial intelligence and quantum technology, accelerating its development, bringing disruptive and remodeling impacts on economic and social development, and enterprises have entered a critical stage of development. The Company is riding on the momentum to promote the upgrading of its corporate strategy towards "Cloudification, Digital Transformation and AI for Good", adhering to a customer-centric approach, taking the fulfillment of customers' aspirations for a better life as its starting and ending point. The Company insists on reforming and opening up as the driving force, continuously breaking down institutional and mechanism barriers that hinder high-quality development. By adhering to sci-tech innovation as the core, the Company strengthens the supply of high quality technologies and promotes the deep integration of sci-tech innovation and industrial innovation. With cloud-network integration as the foundation, the Company is accelerating the construction and upgrading of digital information infrastructure. The Company persists in green safety as the background, empowering the green and safe development of the economy and society. Adhering to the digital intelligence platform as the hub, the Company has been widely gathering various internal and external resources and capabilities of the enterprise. The Company regards its talent team as the foundation, focusing on cultivating and building an innovative talent team with a reasonable structure, excellent quality, and mastery of key core technologies. This will effectively drive the modernisation of corporate governance systems and governance capabilities and the execution of strategies, as well as accelerate the high-quality development of the Company.

<sup>13</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

### SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Going forward, the Company will comprehensively implement the Cloudification, Digital Transformation and AI for Good Strategy, and strengthen the innovation-driven integrated development of the dual engines of fundamental businesses and Industrial Digitalisation business. It will deeply promote the "AI+" initiative, allowing the dividends of intelligence to better benefit thousands of industries and households. The Company will accelerate the intelligent evolution and upgrade of digital information infrastructure, making intelligent services more easily accessible. Reform and opening up will be deepened across all fronts, with a focus on stimulating the vitality and dynamics for the high-quality development of the Company. Core functions will be continuously enhanced and core competitiveness will be strengthened to accelerate the building of a world-class enterprise. The Company will firmly undertake responsibilities in building China's strength in cyberspace, science and technology, Digital China, as well as safeguarding network and information security, and take the lead, shoulder the responsibility and set an example in driving Chinese modernisation.

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 attention 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. Chen Shengguang for his outstanding contributions to the Company's development made during his tenure. At the same time, I would like to extend a warm welcome to Mr. Lyu Yongzhong on joining our Board of Directors!



**Ke Ruiwen**

*Chairman and Chief Executive Officer*  
Beijing, China

14 August 2025

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 3. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The Company resolutely fulfilled its responsibilities in building China's strength in cyberspace, science and technology, Digital China, as well as safeguarding network and information security. By accurately grasping the trends in the new round of sci-tech revolution and industrial transformation, the Company fully embraced artificial intelligence, promoted the upgrade of its corporate strategy to "Cloudification, Digital Transformation and AI for Good", and strove to build a world-class service-oriented, technology-oriented, and secured enterprise, fully empowering the digital and intelligent transformation and development of the economy and society.

#### **Accelerated construction of digital information infrastructure, with comprehensive enhancements in intelligence, security and environmental sustainability.**

The Company sped up the deployment of intelligent computing power, building up its intelligent computing capabilities that were nation-wide, hot spot-concentrated, technologically advanced, and all-domain dispatchable. The Company built hyper-node topology clusters in the Guangdong-Hong Kong-Macao Greater Bay Area hub nodes, establishing an efficient and collaborative intelligent computing network to promote the upgrade of traditional DCs to AIDCs. The Company built a holistic smart computing network system integrating cloud-edge-device resources, with collaborative Access-Compute, Inter-Compute, and Intra-Compute networks, and a flexible, elastic, and green new-generation AIDC, and constructed new metropolitan networks with fixed-mobile convergence and cloud-network integration. The Company resolutely assumed the responsibility for emergency communication support, responding quickly and making every effort to ensure emergency communications for emergency rescue and disaster relief.

#### **Significantly enhanced the leading role of sci-tech innovation.**

By building China Telecom's No.1 technology "Xirang", the Company comprehensively promoted AI-oriented technological innovation from underlying infrastructure to upper-layer applications. In the field of networking, the Company pioneered a new type of metropolitan network with a Spine-leaf architecture and enhanced the wireless uplink technology that supported TDD/FDD hybrid deployment and multi-frequency sharing. In the field of cloud computing, the "Xirang" integrated intelligent computing service platform pioneered the Triless architecture in the industry, the self-developed China Telecom Cloud server operating system has passed the national security and reliability assessment, and the large-scale sci-tech innovation facility for cloud-network integration was included in the pilot test and verification platform for state-owned central enterprises. In the field of artificial intelligence, by innovatively building the AI Flow technology system and tackling three key technologies, key breakthroughs were made in generative intelligent transmission, homologous model and intelligent emergence based on connections and interactions. The Company continuously upgraded the full-modal, full-size, and fully homegrown Xingchen large model, established the "AI+" Action Demonstration Base for state-owned central enterprises. In the field of quantum/security, the Company released the world's first distributed cryptographic system integrating QKD and PQC and launched China's first open-source large model foundational security guardrail.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

**Application-oriented approach became more prominent, with continuous upgrades in product and service innovation.** This year marked the first year of large-scale application of artificial intelligence, and the Company's primary focus was to empower the intelligent transformation of thousands of industries. With the No. 1 technology "Xirang" as the core, the Company completed the construction of intelligent cloud system, leveraging cloud-network integration to provide integrated intelligent cloud services encompassing "computing power + platform + data + model + application". More than 80 industry large models have been built in fields such as industry, emergency response, and transportation, serving over 20,000 customers. Secondly, the Company met the people's needs for intelligent technology. Deeply implementing the "AI+" Action, it promoted the AI-powered upgrade of products such as Cloud Computers and Cloud Drive, and embedded the Xingchen large model in e-Surfing AI mobile phones. Thirdly, the Company built benchmarks for intelligent industry applications, created over 160 AI applications across 21 key areas, including cloud-network operations, customer service, channel marketing, technology R&D, and enterprise management to drive cost reduction while enhancing quality and efficiency. The Company released network large models and established the world's first network large model alliance. Fourthly, the Company continuously promoted strategic emerging overseas businesses and achieved phased breakthroughs. It accelerated the deployment and construction of global resources, with international transmission backbone bandwidth exceeding 160T. The handset direct-to-satellite capabilities and services were expanded to Southeast Asian countries, and the e-Surfing IoT International Platform was built to provide intelligent services.

**Continuously strengthened security governance, ensuring high-quality development with high-level security.** The Company has consistently strengthened its AI security governance, building a large model protection system to achieve technological safety, reliability, and controllability. Leveraging the comprehensive advantages of a secured enterprise, the Company built a protection system integrating infrastructure, data, content, algorithms, and applications, and provided secure operation services. The Company established a risk classification and labelling system covering over 10 billion tokens, significantly enhancing data security, and built a protection system with preventable input, detectable reasoning process, and controllable output. The Company pioneered the industry's first cloud-network-endpoint collaborative anti-DDoS technology, with the large model foundational security guardrail's protection capability reaching an industry-leading level. The Company actively promoted the inclusion of quantum into its cloud-network infrastructure, advanced the construction of quantum backbone networks and metropolitan networks in key cities, and accelerated the establishment of vertically and horizontally connected, cross-domain interoperable quantum security service capabilities.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 4. MAJOR OPERATION DURING THE REPORTING PERIOD

#### OPERATING REVENUES

In the first half of 2025, the Company accurately grasped the development trend of the new round of sci-tech revolution and industrial transformation, fully embraced artificial intelligence, promoted the upgrade of its corporate strategy to "Cloudification, Digital Transformation and AI for Good", steadily improved its operating performance, and took solid strides towards high-quality development. In the first half of the year, operating revenues amounted to RMB271,469 million, representing an increase of 1.3% over the same period of last year. Service revenues amounted to RMB249,112 million, representing an increase of 1.2% over the same period of last year. Of which, mobile communications service revenues<sup>14</sup> amounted to RMB106,572 million, representing an increase of 1.3% over the same period of last year. Wireline and Smart Family service revenues<sup>15</sup> amounted to RMB64,133 million, representing an increase of 0.2% over the same period of last year. Industrial Digitalisation service revenues<sup>16</sup> amounted to RMB74,853 million, representing an increase of 1.5% over the same period of last year.

#### OPERATING EXPENSES

The Company maintained investment in key areas such as sci-tech innovation, 5G and Industrial Digitalisation, supporting the sound development of strategic emerging businesses, and at the same time deeply advanced the "AI+" initiative, driving cost reduction while enhancing quality and efficiency. In the first half of 2025, the Company's operating expenses were RMB242,920 million, representing an increase of 0.9% over the same period of last year. Operating expenses accounted for 89.5% of operating revenues, representing a decrease of 0.3 percentage point over the same period of last year.

The Company accelerated the upgrading of its digital information infrastructure, appropriately advanced the deployment of computing power infrastructure, and built an efficient and collaborative intelligent computing network. In the first half of the year, depreciation and amortisation amounted to RMB52,039 million, representing an increase of 5.1% over the same period of last year.

The Company continued to enhance network quality and capabilities, deepened the AI-empowered refined cost management, and improved resource utilisation efficiency. In the first half of the year, network operations and support expenses amounted to RMB78,288 million, representing a decrease of 2.3% over the same period of last year.

<sup>14</sup> Mobile communications service revenues represent 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

<sup>15</sup> Wireline and Smart Family service revenues represent the aggregate amount of wireline communications service fees, broadband Internet access service fees, e-Surfing HD service fees and Smart Family applications service fees charged to customers for the provision of wireline services

<sup>16</sup> Industrial Digitalisation service revenues represent 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.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company continued to promote the digitalised construction of its marketing services, accelerated the transformation to AI intelligent marketing, and improved the utilisation efficiency of selling expenses. In the first half of the year, the selling, general and administrative expenses amounted to RMB32,783 million, representing a decrease of 0.9% over the same period of last year.

The Company firmly seized the opportunities arising from the development of the digital economy, strengthened sci-tech innovation, and effectively managed the recruitment of high-tech talents and incentives for frontline employees and high-performance teams. In the first half of the year, personnel expenses amounted to RMB50,438 million, representing a decrease of 0.3% over the same period of last year. Excluding the profit or loss from fair value changes in share appreciation rights, the year-on-year growth would have been 2.8%.

In the first half of the year, other operating expenses amounted to RMB29,372 million, representing an increase of 7.1% over the same period of last year. The increase was mainly because with the growth in interconnection settlement revenue and revenue from sales of goods, the interconnection settlement charges and charges from sales of goods increased accordingly.

### NET FINANCE COSTS

In the first half of 2025, the Company's net finance costs amounted to RMB294 million, representing an increase of 17.3% over the same period of last year. The increase was mainly because the Company optimised its capital structure, converting bank deposits into lower-risk structured deposits with relatively higher returns, which were reflected in investment income, thus leading to a decrease in interest income from bank deposits.

### PROFITABILITY LEVEL

The Company accurately grasped the trends in science and technology and industrial development, leading the integration of dual-driven development through technological innovation. The resource utilisation and operating efficiency of the Company continued to increase with its profitability favourably enhanced. In the first half of the year, profit attributable to equity holders of the Company reached RMB23,017 million, representing an increase of 5.5% over the same period of last year. EBITDA was RMB80,588 million, representing an increase of 4.9% over the same period of last year.

### CAPITAL EXPENDITURE AND CASH FLOWS

The Company sped up the upgrade of its digital information infrastructure, progressively promoted the integration of cloud network and artificial intelligence, consolidated the foundation for AI development, and continued to invest in capital expenditures. In the first half of the year, the capital expenditure amounted to RMB34,235 million, and free cash flow was RMB13,072 million, representing an increase of 13.9% over the same period of last year, maintaining a robust cash flow level.

### ASSETS AND LIABILITIES

The Company continued to maintain a solid financial position. As at 30 June 2025, the total assets increased to RMB887,224 million from RMB866,625 million as at the end of 2024, representing an increase of 2.4%. The total liabilities increased to RMB413,215 million from RMB410,073 million as at the end of 2024, representing an increase of 0.8%. The debt-to-asset ratio was 46.6%, and the capital structure remained robust.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 5. OTHER DISCLOSURE

#### (1) POTENTIAL RISKS

##### **Risks of adapting to economic and policy environment**

At present, the adverse impacts brought by changes in the external environment are deepening, and China's economic operation still faces many difficulties and challenges, but the supporting conditions and fundamental trend of long-term improvement remain unchanged. The Company's internal Cloudification and Digital Transformation and structural adjustments need to be further deepened, and the foundation for promoting the transformation of development mode, promoting the effective enhancement of quality and the reasonable growth of quantity needs to be further consolidated. The Company will proactively adapt to market, technology and business development trends, strengthen sci-tech innovation, deepen reform and opening up, focus on enhancing intrinsic motivation for high-quality development, continuously shape new momentum and new advantages for development, and accelerate corporate transformation to become a service-oriented, technology-oriented and secured enterprise.

##### **Risks relating to sci-tech innovation**

The new round of sci-tech revolution and industrial transformation has developed in depth, spawning a large number of new scenes, new business forms and new models. Large models have shown an explosive growth trend. Artificial intelligence, computing power service and cloud service have become the main development directions, and the value of data elements has been released rapidly. The Company's sci-tech innovation and proprietary R&D and control capabilities of products

need to be continuously improved. The Company will continue to strive for breakthroughs in key core technologies, strengthen original and leading sci-tech breakthroughs, further increase the deployment of high-level sci-tech innovation platforms around strategic emerging businesses and future industries, enhance R&D efficiency, strengthen the transformation and application of innovative achievements, implement the project of strengthening the enterprise with talents, and create a talent centre and innovation highland.

##### **Network and data security risks**

The network and data security problems are showing characteristics of complexity and diversity. While the threshold for the occurrence of cyber-attacks has greatly lowered, the scale of the attacks has increased significantly. The security risks brought by new technologies and new scenes increased, and the dynamic characteristics of hybrid multi-cloud environments make security monitoring more complex. The use of data in compliance with laws and regulations and the prevention of data leakage face new challenges. The Company's network and data security system needs to be further improved, and the capabilities to maintain network and data security needs to be continuously fortified. The Company will further intensify the construction of the network and data security system, enhance the network security protection capabilities, strengthen the risk prevention of extreme scenes, and improve the independent and self-control capability of core network technologies. The Company will further deepen the protection of data security and users' personal information, improve the building of organisation and capability of anti-fraud governance, and effectively safeguard the security of data and personal information.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### Risks from strategic emerging businesses and future industries

There are many uncertainties in the development of strategic emerging businesses and future industries. The competition in the digital service market has become more diversified, and the competition in business areas such as large models and intelligent computing cloud is fierce. The R&D and application capabilities of the Company's emerging businesses need to be further improved. The Company will gain further insight into customer needs, further strengthen ecological cooperation, increase investment in R&D, step up the creation of scene-based solutions, intensify the promotion of standardised and differentiated products and services, and promote the rapid development of strategic emerging and future industry emerging businesses.

### Operational risks of international business

At present, factors such as the intertwined changes in the world, changes in the policy environment of the countries/regions where the Company's business and investments are located have led to increased uncertainties in international business expansion. The Company still has certain deficiencies in terms of overseas product services, government and enterprise product development and operation capabilities, and sales channel expansion. The Company will closely track changes in the international situation, pay attention to changes in policies and rules of relevant countries/regions, and actively use the rule of law and rules to safeguard the legitimate rights and interests of the Company. The Company will strengthen the building of overseas compliance management and risk prevention systems, and conduct risk assessment and regular tracking and monitoring of international business operations to enhance risk response capabilities.

## (2) OTHER DISCLOSURES

### Purchase, Sale or Redemption of Listed Securities of the Company

During the six-month period ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

### Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2025, none of the Directors and Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules.

During the six-month period ended 30 June 2025, the Company has not granted its Directors or Supervisors, or their respective spouses or any of their respective minor child (natural or adopted) or on their behalf any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for the shares or debentures.



## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### Material Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2025, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at the shareholders' class meetings of the Company (excluding the Directors and Supervisors) in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of shareholder	Number of shares*	Class of share	Approximate percentage of the respective class of shares in issue	Approximate percentage of the total number of shares in issue	Capacity
China Telecommunications Corporation	58,240,172,066 (Long Position)	A Share	75.02%	63.65%	Beneficial owner
Guangdong Rising Holdings Group Co., Ltd.	5,614,082,653 <sup>#</sup> (Long Position)	A Share	7.23%	6.14%	Beneficial owner
CHINA CITIC FINANCIAL AMC INTERNATIONAL HOLDINGS LIMITED	1,217,572,000 (Long Position)	H Share	8.77%	1.33%	Beneficial owner
China CITIC Financial Asset Management Co., Ltd.	1,217,572,000 (Long Position)	H Share	8.77%	1.33%	Interest of controlled corporation

<sup>#</sup> As at 30 June 2025, the interest in the shares of the Company has been provided by such shareholder as security to a person other than a qualified lender, and the number of shares involved was 820,000,000.

<sup>\*</sup> The information disclosed above is based on the interests and short position as recorded in the register required to be maintained by the Company under Section 336 of the SFO. Pursuant to the relevant provisions of the SFO, shareholders only have to file a disclosure of interest on the occurrence of certain events – called "relevant events". Accordingly, the exact numbers of shares held by the above-mentioned shareholders as at 30 June 2025 may be different from those as disclosed above.

Save as disclosed above, as at 30 June 2025, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares and underlying shares of the Company.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### Audit Committee

The audit committee has reviewed with management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters of the Group. The audit committee has reviewed the Interim Report for the six-month period ended 30 June 2025.

### Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code 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 regarding the requirements in conducting securities transactions for the period from 1 January 2025 to 30 June 2025.

### Interim Dividend

The interim dividend is expected to be paid on or before 30 September 2025 to those shareholders whose names appear on the H Share Register of Members of the Company on Wednesday, 3 September 2025. For the purpose of determining H Share shareholders' entitlement to the interim dividend, the H Share Register of Members will be closed from Friday, 29 August 2025 to Wednesday, 3 September 2025 (both days inclusive). In order to be entitled to the interim dividend, holders of H Shares who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Thursday, 28 August 2025. The Company will announce the specific arrangement for the payment of interim dividend to holders of A Shares separately on the Shanghai Stock Exchange.

Dividends will be denominated and declared in Renminbi. Dividends for holders of A Shares and the investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on the Stock Exchange (the "Southbound Trading Link") (the "Southbound Investors") will be paid in Renminbi, whereas dividends for H Share shareholders other than Southbound Investors will be paid in Hong Kong dollars. The relevant exchange rate will be the average median rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends (i.e., 14 August 2025) (RMB0.909346 equivalent to HK\$1.00).

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China", the "Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China" and the "Circular of the State Taxation Administration on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares" (Guo Shui Han [2008] No. 897), the Company shall be obliged to withhold and pay 10% enterprise income tax when it distributes the 2025 interim dividend to non-resident enterprise shareholders of overseas H Shares (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organisations) whose names appear on the Company's H Share Register of Members on Wednesday, 3 September 2025.

Pursuant to the "Notice of the State Taxation Administration on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348), if the individual H Share shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the individual H Share shareholders. If the individual H Share shareholders

### SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of less than 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the individual H Share shareholders. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Share shareholders. If those shareholders need to request a refund of tax overpaid from the PRC tax authorities on his own or through an agent or the Company in accordance with the relevant requirements of the "Announcement of the State Taxation Administration on Promulgating the Administrative Measures for Non-resident Taxpayers for Treatments under Tax Treaties" (Announcement [2019] No. 35 of the State Taxation Administration), they shall submit the "Information Report on Non-resident Taxpayers for Treatments under Tax Treaties" (Announcement [2019] No. 35 of the State Taxation Administration), and collect and file such information.

The Company will determine the country of domicile of the individual H Share shareholders based on the registered address as recorded in the H Share Register of Members of the Company on Wednesday, 3 September 2025 (the "Registered Address"). If the country of domicile of an individual H Share shareholder is not the same as the Registered Address or if the individual H Share shareholder would like to apply for a refund of the

additional amount of tax finally withheld and paid, the individual H Share shareholder shall notify and provide relevant supporting documents to the Company on or before Thursday, 28 August 2025. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Share shareholders may either personally attend or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

For Southbound Investors (including enterprises and individuals), the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the investors of the Southbound Trading Link, will receive all dividends distributed by the Company and will distribute the dividends to the relevant investors under the Southbound Trading Link through its depository and clearing system. According to the relevant provisions under the "Notice on Taxation Policies for Shanghai – Hong Kong Stock Connect Pilot Programme" (Cai Shui [2014] No. 81) and "Notice on Taxation Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme" (Cai Shui [2016] No. 127), the Company shall withhold and pay individual income tax at the rate of 20% with respect to dividends received by the Mainland individual investors for investing in the H Shares of the Company listed on the Stock Exchange through the Southbound Trading Link. In respect of the dividends received by Mainland securities investment funds investing in the H Shares of the Company listed on the Stock Exchange through the Southbound Trading Link, the tax levied shall be ascertained by reference to the rules applicable

### SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

to individual investors. The Company is not required to withhold and pay income tax on dividends derived by the Mainland enterprise investors under the Southbound Trading Link, and such enterprises shall report the income and make tax payment by themselves. The record date for entitlement to the shareholders' rights and the relevant arrangements of dividend distribution for the Southbound Investors are the same as those for the Company's H Share shareholders.

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

For H Share shareholders other than the Southbound Investors, the Company has appointed Bank of China (Hong Kong) Limited as the receiving agent in Hong Kong (the "Receiving Agent") and will pay to such Receiving Agent the interim dividend declared for payment to H Share shareholders other than the Southbound Investors. The Receiving Agent will pay the interim dividend net of the applicable tax on 30 September 2025. The relevant dividend warrants will be despatched to H Share shareholders by ordinary post and the risk of errors involved in the postage will be borne by the H Share shareholders. For the Southbound Investors, the interim dividend net of the applicable tax will be paid by the Company to the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited on 30 September 2025. The Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited will pay the interim dividend net of the applicable tax to the Southbound Investors.

#### Other Information

According to paragraph 40 of Appendix D2 of the Listing Rules, save as disclosed in this report, the Company confirms that the current company information in relation to those matters set out in paragraph 32 of Appendix D2 has not changed materially from the information disclosed in the Company's 2024 Annual Report prepared in accordance with IFRS Accounting Standards ("2024 Annual Report").

## SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

### 1. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT SINCE THE DATE OF THE 2024 ANNUAL REPORT

Reference is made to the announcements of the Company dated 16 May 2025. Mr. Liu Guiqing, an Executive Director of the Company, has been appointed as the President and Chief Operating Officer of the Company, and he no longer served as an Executive Vice President of the Company. The relevant appointment took effect from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026. Mr. Huang Zhiyong has been appointed as an Executive Vice President of the Company. The relevant appointment took effect from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.

Reference is made to the announcement of the Company dated 21 May 2025. The appointment of Mr. Lyu Yongzhong as the Non-Executive Director of the Company was approved at the annual general meeting of the Company for the year 2024 held on 21 May 2025, and his term of office commenced from 21 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026. Due to change in work arrangement, Mr. Chen Shengguang no longer served as the Non-Executive Director of the Company with effect from 21 May 2025.

Reference is made to the announcement of the Company dated 14 August 2025. Mr. Chen Dongqi, an Independent Non-Executive Director of the Company, has been appointed as a member of the remuneration committee of the Board of the Company and Madam Lyu Wei, an Independent Non-Executive Director of the Company, has been appointed as a member of the nomination committee of the Board of the Company with effect from 14 August 2025.

The changes in the biographical information relating to the Directors, Supervisors and senior management of the Company since the publication of the 2024 Annual Report and the above-mentioned announcements are set out below:

Mr. Huang Zhiyong, an Executive Vice President of the Company, currently serves as the General Counsel of China Telecommunications Corporation. Madam Huang Xudan, a Shareholder Representative Supervisor and the Chairlady of the Supervisory Committee of the Company, no longer serves as the Chairperson of the Supervisory Committee of China Telecom Cloud Technology Co., Ltd. Mr. Luo Laifeng, an Employee Representative Supervisor of the Company, no longer serves as the Managing Director of the Corporate Strategy Department of both China Telecommunications Corporation and the Company.

Save as stated above, there is no other information of the Directors, Supervisors or senior management of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of the Directors, Supervisors and senior management are available on the website of the Company ([www.chinatelecom-h.com](http://www.chinatelecom-h.com)).

**SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY****2. PROPOSAL FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE**

The half-year proposal for profit distribution or conversion of capital reserve

Whether distributed or capitalised	Yes
Number of bonus shares for every 10 shares (share)	–
Dividend amount per 10 shares (RMB) (pre-tax)	1.812
Number of shares capitalised for every 10 shares (share)	–

Description on the proposal for profit distribution or conversion of capital reserve

After fully considering actual conditions such as the Company's cash flow level and shareholders' cash return requirements, the twenty-first meeting of the eighth session of the Board of the Company decided to distribute the interim dividend for 2025 to all shareholders in the aggregate amount of RMB16.58 billion, representing 72% of the profit attributable to equity holders of the Company in the amount of RMB23.02 billion. Based on the total share capital registered on the record date for the dividend distribution, and based on the Company's total share capital of 91,507,138,699 shares as at 30 June 2025, a dividend of RMB0.1812 per share (equivalent to HK\$0.199264) (pre-tax) was declared and will be paid to all shareholders. In case of any change in the total number of issued share capital of the Company before the record date for the implementation of the dividend distribution, the total distribution amount will remain unchanged, and the distribution amount per share will be adjusted accordingly.

The Board has been authorised by the annual general meeting for the year 2024 to decide the profit distribution proposal and the resolution for the proposed interim dividend was considered and approved at the twenty-first meeting of the eighth session of the Board of the Company on 14 August 2025.

## SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

### 3. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACT

The Company implemented the second phase of share appreciation rights scheme in 2021 to provide mid-to long-term incentives for key personnel (excluding the Executive Directors, Non-Executive Directors, Independent Non-Executive Directors, Supervisors and senior management of the Company).

The proposal in relation to completion of exercise conditions of the first and second vesting periods of the second phase of the Company's share appreciation right incentive plan was considered and approved at the 15th meeting of eighth session of the Board on 30 October 2024. The Board confirmed that the exercise conditions of the first and second vesting periods of the 2021 Share Appreciation Rights have been met, and the Company would handle the matters in relation to the exercise of share appreciation rights and distribute benefits to incentive subjects according to established rules.

Firstly, share appreciation rights are distributed based on contribution, adhering to the value-oriented principle and tilting towards units with remarkable high-quality development. Secondly, share appreciation rights are distributed based on potential, which adheres to the development orientation and tilts to the key areas of "Cloudification and Digital Transformation" and high-end and high-quality talents. Thirdly, share appreciation rights are granted based on performances. The Company adheres to the performance-oriented principle and closely links the number of rights exercised with the Company's performance and employees' individual performance, and imposes penalties for failure to achieve performance targets.

The scheme does not involve the grant of shares or other securities of the Company or any of its principal subsidiaries (including the grant of options for the purchase of any of such shares or securities) and therefore, it does not fall within the scope of, and is not subject to, the requirements under Chapter 17 of the Listing Rules.

### 4. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The roles of Chairman and Chief Executive Officer of the Company were performed by the same individual, for the six-month period ended 30 June 2025. In the Company's opinion, through supervision by the Board of Directors and Independent Non-Executive Directors, with effective control of the Company's internal check and balance mechanism, the same individual performing the roles of Chairman and Chief Executive Officer can enhance the Company's efficiency in decision-making and execution and effectively capture business opportunities. Many leading international corporations around the world also have similar arrangements.

Save as stated above, the Company has been in compliance with all the code provisions under the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the six-month period ended 30 June 2025.

**SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY****5. CONSOLIDATION AND EXPANSION OF ACHIEVEMENTS IN POVERTY ALLEVIATION AND REVITALISATION OF RURAL VILLAGES**

In the first half of 2025, the Company focused on consolidating and expanding the achievements of poverty alleviation and solidly promoted comprehensive rural revitalisation, enhancing the level of rural industrial development, rural construction and rural governance and contributing its telecom power to the realisation of agricultural and rural modernisation.

Steadily advancing various targeted support work, the Company directly purchased and assisted in selling agricultural products of RMB442.77 million and organised various types of talent training activities for 61,081 person-times. Meanwhile, fully leveraging its strengths, the Company promoted the construction of digital villages and empowered rural revitalisation through digitalisation, smartification and intelligentisation, serving more than 100 million villagers.

The Company successfully completed all tasks for the targeted support assessment in 2024, and has achieved the highest rating for 7 consecutive years in the review and assessment of targeted support carried out by central units, consistently ranking in the top ten in state-owned central enterprises.

*Note: This section contains the environmental and social responsibilities work of China Telecommunications Corporation, the Company's controlling shareholder, in the first half of 2025.*



## SECTION V SIGNIFICANT EVENTS

### 1. PERFORMANCE OF UNDERTAKINGS

#### THE ULTIMATE CONTROLLER, SHAREHOLDERS, RELATED PARTIES, ACQUIRERS OF THE COMPANY, THE COMPANY, AND OTHER RELEVANT PARTIES OF THE UNDERTAKINGS DURING OR SUBSISTING TO THE REPORTING PERIOD

Background of undertaking	Type of undertakings	Undertaking party	Content of undertakings	Time of undertaking	Whether there is a term for performance	Term for undertakings	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertakings
Undertakings related to the initial public offering	Restricted tradable shares	Controlling shareholder	Restrictions on the circulation of the shares and the shareholders' commitment to voluntary lock-up their shares	2021-08-20	Yes	36 months from the date of A Share listing of the Company <sup>17</sup>	Yes	N/A	N/A
	Restricted tradable shares	Controlling shareholder, Guangdong Rising	Undertakings on intention to hold shares and intention to sell shares	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Resolving peer competition	Controlling shareholder	Non-competition undertaking	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Resolving related party transactions	Controlling shareholder, Guangdong Rising	Undertakings to regulate and reduce related party transactions	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Resolution of defects in property rights of land	Controlling shareholder	Loss-bearing commitment for defects in property rights of land	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	Controlling shareholder	Commitment to long-term use of trademark license	2021-08-20	Yes	Long-term	Yes	N/A	N/A

<sup>17</sup> 57,377,053,317 lock-up shares of the initial public offering held by China Telecommunications Corporation, the Company's controlling shareholder, were released for trading as the lock-up period expired on 20 February 2025. The relevant lock-up undertaking constituted an undertaking which subsisted during the Reporting Period.

## SECTION V SIGNIFICANT EVENTS

Background of undertaking	Type of undertakings	Undertaking party	Content of undertakings	Time of undertaking	Whether there is a term for performance	Term for undertakings	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertakings
	Others	The Company, controlling shareholder, directors and senior management	Undertaking to adopt remedial measures for dilution of the immediate returns by the issuance of share	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company, controlling shareholder, directors, supervisors and senior management	Undertaking that there is no false record, misleading statement, or material omission in the prospectus	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company, controlling shareholder, directors, supervisors and senior management	Undertaking on binding measures for the failure to perform the commitment	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company	Undertaking on disclosure of shareholders' information	2021-08-20	Yes	Long-term	Yes	N/A	N/A
Others	Dividend	The Company	Undertaking on the profit distribution policy and the arrangement in relation to the accumulated profits	2021-08-20	Yes	Long-term	Yes	N/A	N/A

## SECTION V SIGNIFICANT EVENTS

## 2. MATERIAL CONTRACTS AND PERFORMANCE

## MATERIAL GUARANTEES PERFORMED AND NOT YET FULFILLED DURING THE REPORTING PERIOD

Unit: yuan Currency: Renminbi

<b>External guarantees provided by the Company (excluding guarantees provided to its subsidiaries)</b>	
Total amount of guarantees incurred during the Reporting Period (excluding those provided to subsidiaries)	–
Total balance of guarantees as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	–
<b>Guarantees provided by the Company to its subsidiaries</b>	
Total amount of guarantees provided to subsidiaries incurred during the Reporting Period	13,960,779.20
Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)	71,734,868.09
<b>Aggregate guarantees of the Company (including those guarantees provided to its subsidiaries)</b>	
Aggregate amount of guarantees (A + B)	71,734,868.09
Percentage of total aggregate amount of guarantee to net assets of the Company (%)	0.0151
Representing:	
Amount of guarantees provided for shareholders, ultimate controller and their related parties (C)	–
Amount of debt guarantees directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	–
Amount of total guarantee exceeding 50% of net assets (E)	–
Aggregate amount of the above three guarantees (C + D + E)	–
Explanation on the potential joint and several liability for outstanding guarantees	Nil
Clarification of guarantee	The external guarantees provided by the Company were non-financing guarantees provided by China Telecom Group Finance Co., Ltd. and China Telecom Global Limited, both being subsidiaries of the Company, to wholly-owned subsidiaries of the Company. If the amount of the above-mentioned external guarantees involves foreign currency, it would be converted at the median rate for the exchange rate of RMB announced by the People's Bank of China on 30 June 2025.

## SECTION V SIGNIFICANT EVENTS

### (1) Description of guarantees during the Reporting Period

According to the needs of daily production and operation, China Telecom Finance and China Telecom Global, both being subsidiaries of the Company (hereinafter referred to as the Company's wholly-owned and holding subsidiaries), contemplated to provide guarantees to wholly-owned subsidiaries of the Company in 2024, in an aggregate amount of not exceeding RMB479.20 million (or equivalent foreign currency). The guarantee limit was valid until 31 March 2025. The guaranteed entities were all wholly-owned subsidiaries of the Company with asset-liability ratio not exceeding 70%. In accordance with relevant laws and regulations, China Telecom Finance and China Telecom Global have separately performed relevant internal decision-making procedures for the above guarantees. For details, please refer to the "Announcement on the Plan for External Guarantee for 2024 of China Telecom Corporation Limited" disclosed by the Company on 26 March 2024. Within the scope of the above guarantee limits, China Telecom Finance, a subsidiary of the Company, entered into an agreement of guarantee with China Telecom Digital Intelligence Technology on 3 March 2025, pursuant to which China Telecom Finance agreed to provide guarantee to China Telecom Digital Intelligence Technology with a limit of not more than RMB250 million.

According to the needs of daily production and operation, China Telecom Finance and China Telecom Global, both being subsidiaries of the Company, contemplated to provide guarantees to wholly-owned subsidiaries of the Company in 2025, in an aggregate amount of not exceeding RMB470.50 million (or equivalent foreign currency). The guarantee limit is valid until 31 March 2026. The guaranteed entities are all wholly-owned subsidiaries of the Company with asset-liability ratio not exceeding 70%. In accordance with relevant laws and regulations, the guarantors have separately performed relevant internal decision-making procedures for the above guarantees. For details, please refer to the "Announcement on the Plan for External Guarantee for 2025 of China Telecom Corporation Limited" disclosed by the Company on 25 March 2025.

## SECTION V SIGNIFICANT EVENTS

### (2) The progress of guarantees during the Reporting Period

In the second quarter of 2025 and within the scope of the aggregate guarantee limit described above, China Telecom Finance provided seven guarantees totaling RMB5.0148 million to China Telecom Digital Intelligence Technology and its branches. The details of the guarantees are as follows:

Guarantor	Guaranteed party	Amount of guarantee (RMB)	Guarantee period	Type of guarantee	Method of guarantee
China Telecom Group Finance Co., Ltd.	China Telecom Digital Intelligence Technology Co., Ltd. Anhui Branch	219,330.40	27 April 2025 to 10 January 2026	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	328,000.00	21 May 2025 to 6 November 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Inner Mongolia Branch	349,680.00	21 May 2025 to 24 July 2025	Non-financing guarantee	Advance payment guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Inner Mongolia Branch	338,500.00	21 May 2025 to 14 August 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	1,913,826.35	26 June 2025 to 25 May 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Inner Mongolia Branch	1,809,000.00	27 June 2025 to 20 October 2027	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Shanxi Branch	56,500.00	27 June 2025 to 16 April 2027	Non-financing guarantee	Quality guarantee

*Note: For details of the progress of guarantees during the first quarter of 2025, please refer to the 2025 First Quarter Report of China Telecom Corporation Limited published on 25 April 2025.*

### (3) The cumulative amount of guarantees and the amount of overdue guarantees

As at the end of the Reporting Period, the balance of external guarantees provided by the Company and its subsidiaries was RMB71.7349 million, all of which were guarantees provided by subsidiaries of the Company to other wholly-owned subsidiaries of the Company. The Company did not provide guarantees to its subsidiaries or third parties, and there was no overdue guarantee.

Any amount of the above-mentioned external guarantees involving foreign currency is converted at the median rate of the exchange rate of RMB announced by the People's Bank of China on 30 June 2025.

## SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### 1. CHANGES IN SHARE CAPITAL

#### (1) Table of changes in shares

##### 1. Table of changes in shares

Unit: shares

	Before the change		Changes (+, -)					After the change	
	Quantity	Percentage (%)	Issue of new shares	Bonus issue	Transferred from reserves	Others	Subtotal	Quantity	Percentage (%)
(1) Shares with lock-up restrictions	57,377,053,317	62.70				-57,377,053,317	-57,377,053,317	0	0.00
1. State-owned shares									
2. Shares held by state-owned legal persons	57,377,053,317	62.70				-57,377,053,317	-57,377,053,317	0	0.00
3. Shares held by other domestic shareholders									
Of which: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons									
4. Shares held by foreign shareholders									
Of which: Shares held by overseas legal persons									
Shares held by overseas natural persons									
(2) Shares without lock-up restrictions	34,130,085,382	37.30				+57,377,053,317	+57,377,053,317	91,507,138,699	100.00
1. RMB ordinary shares	20,252,675,382	22.13				+57,377,053,317	+57,377,053,317	77,629,728,699	84.83
2. Domestic-Listed Foreign-Invested Shares									
3. Overseas-Listed Foreign-Invested Shares	13,877,410,000	15.17						13,877,410,000	15.17
4. Others									
(3) Total number of shares	91,507,138,699	100.00				0	0	91,507,138,699	100.00

##### 2. Explanation on changes in shares

57,377,053,317 lock-up shares of the initial public offering held by China Telecommunications Corporation, the Company's controlling shareholder, were released for trading as the lock-up period expired on 20 February 2025. For details, please refer to the "Announcement on the Release for Trading of Lock-up Shares of the Initial Public Offering of China Telecom Corporation Limited" published by the Company on 13 February 2025.

#### (2) CHANGES IN SHARES WITH LOCK-UP RESTRICTIONS

Unit: shares

Name of shareholder	Number of lock-up shares at the beginning of the Reporting Period	Number of lock-up shares released during the Reporting Period	Increase in lock-up shares during the Reporting Period	Number of lock-up shares at the end of the Reporting Period	Reason for lock-up restrictions	Date of unlocking
China Telecommunications Corporation	57,377,053,317	57,377,053,317	-	-	Initial public offering	2025-02-20
Total	57,377,053,317	57,377,053,317	-	-	/	/

## SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

## 2. INFORMATION ON SHAREHOLDERS

## (1) TOTAL NUMBER OF SHAREHOLDERS

Total number of ordinary shareholders as at the end of the Reporting Period	222,841
Total number of holders of preference shares with reinstated voting rights as at the end of the Reporting Period	N/A

## (2) SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS AND THE TOP TEN SHAREHOLDERS OF TRADABLE SHARES (OR SHAREHOLDERS OF UNRESTRICTED SHARES) AS AT THE END OF THE REPORTING PERIOD

Unit: shares

## Shareholdings of the top ten shareholders (excluding shares loaned through refinancing)

Name of shareholder (Full name)	Changes during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held with lock-up restrictions	Pledge, marking or freezing conditions Status of shares	Quantity	Nature of shareholder
China Telecommunications Corporation	-	58,476,519,174	63.90	-	Nil	-	State-owned legal person
HKSCC Nominees Limited	2,161,294	13,848,878,611	15.13	-	Nil	-	Foreign legal person
Guangdong Rising Holdings Group Co., Ltd.	-	4,794,082,653	5.24	-	Nil	-	State-owned legal person
Zhejiang Provincial Financial Development Co., Ltd.	-	2,137,473,626	2.34	-	Nil	-	State-owned legal person
China Life Insurance Company Limited – Traditional – General insurance products – 005L – CT001 Shanghai	116,679,548	1,096,730,505	1.20	-	Nil	-	Unknown
Jiangsu Guoxin Group Limited	-	957,031,543	1.05	-	Nil	-	State-owned legal person
Fujian Investment & Development Group Co., Ltd.	-	920,294,182	1.01	-	Nil	-	State-owned legal person
Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. – Honghu Zhiyuan (Shanghai) Private Investment Fund Co., Ltd.	-	761,742,240	0.83	-	Nil	-	Others
Hong Kong Securities Clearing Company Limited	236,904,430	556,847,169	0.61	-	Nil	-	Unknown
State Grid Yingda International Holdings Group Co., Ltd.	-	441,501,000	0.48	-	Nil	-	State-owned legal person

## SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### Shareholdings of the top ten shareholders without lock-up restriction (excluding shares loaned through refinancing)

Name of shareholder	Number of tradable shares held without lock-up restriction	Class and number of shares	
		Class	Quantity
China Telecommunications Corporation	58,476,519,174	RMB ordinary shares	58,476,519,174
HKSCC Nominees Limited	13,848,878,611	Overseas-listed foreign-invested shares	13,848,878,611
Guangdong Rising Holdings Group Co., Ltd.	4,794,082,653	RMB ordinary shares	4,794,082,653
Zhejiang Provincial Financial Development Co., Ltd.	2,137,473,626	RMB ordinary shares	2,137,473,626
China Life Insurance Company Limited – Traditional – General insurance products – 005L – CT001 Shanghai	1,096,730,505	RMB ordinary shares	1,096,730,505
Jiangsu Guoxin Group Limited	957,031,543	RMB ordinary shares	957,031,543
Fujian Investment & Development Group Co., Ltd.	920,294,182	RMB ordinary shares	920,294,182
Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. – Honghu Zhiyuan (Shanghai) Private Investment Fund Co., Ltd.	761,742,240	RMB ordinary shares	761,742,240
Hong Kong Securities Clearing Company Limited	556,847,169	RMB ordinary shares	556,847,169
State Grid Yingda International Holdings Group Co., Ltd.	441,501,000	RMB ordinary shares	441,501,000
Explanation on the securities account designated for share repurchase of the top ten shareholders	N/A		
Explanation on the voting rights entrusted by or waived by the above shareholders	N/A		
Description of connected relationship or acting in concert among the aforementioned shareholders	The Company is not aware of any connected relationship among the aforementioned shareholders or whether they act in concert.		
Description of the holders of preference shares with restored voting rights and their shareholding	N/A		



**SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS****(3) STRATEGIC INVESTORS OR OTHER LEGAL PERSONS WHO BECAME TOP TEN SHAREHOLDERS DUE TO ALLOTMENT OF NEW SHARES**

<b>Names of strategic investors or other legal persons</b>	<b>Agreed shareholding start date</b>	<b>Agreed shareholding end date</b>
State Grid Yingda International Holdings Group Co., Ltd.	20 August 2021	–
Description of agreed term of shareholding in respect of strategic investors and general legal persons' participation in placing of new shares	Lock-up for 12 months from the date of listing, and the lock-up was released on 22 August 2022.	

## SECTION VII INTERIM FINANCIAL INFORMATION

### REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**To the Board of Directors of China Telecom Corporation Limited**  
*(incorporated in People's Republic of China with limited liability)*

#### INTRODUCTION

We have reviewed the interim financial report set out on pages 42 to 72, which comprise the condensed consolidated statement of financial position of China Telecom Corporation Limited (the "Company") and its subsidiaries (together, the "Group") as of 30 June 2025 and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim financial reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting*.

#### KPMG

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

14 August 2025

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 30 June 2025 (Amounts in million)

	Notes	30 June 2025 RMB	31 December 2024 RMB
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	405,572	427,079
Construction in progress	5	70,936	58,801
Right-of-use assets		62,903	69,068
Goodwill	2	30,915	29,925
Intangible assets		24,579	25,513
Interests in associates and joint ventures	6	44,389	44,177
Financial assets at fair value through profit or loss	22	350	363
Equity instruments at fair value through other comprehensive income	22	1,078	1,015
Deferred tax assets		781	673
Other assets	7	20,727	21,886
<b>Total non-current assets</b>		<b>662,230</b>	<b>678,500</b>
<b>Current assets</b>			
Inventories		3,591	3,267
Income tax recoverable		161	111
Accounts receivable, net	8	70,135	42,867
Contract assets		5,600	4,731
Prepayments and other current assets		34,936	35,140
Financial assets at fair value through profit or loss	22	20,639	–
Short-term bank deposits and restricted cash		36,973	19,802
Cash and cash equivalents	9	52,959	82,207
<b>Total current assets</b>		<b>224,994</b>	<b>188,125</b>
<b>Total assets</b>		<b>887,224</b>	<b>866,625</b>

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

at 30 June 2025 (Amounts in million)

	Notes	30 June 2025 RMB	31 December 2024 RMB
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term debts	10	2,348	2,835
Current portion of long-term debts	10	1,548	1,238
Accounts payable	11	157,417	160,550
Accrued expenses and other payables		91,825	78,790
Contract liabilities		59,471	65,185
Income tax payable		3,548	2,410
Current portion of lease liabilities		13,995	14,369
<b>Total current liabilities</b>		<b>330,152</b>	<b>325,377</b>
<b>Net current liabilities</b>		<b>(105,158)</b>	<b>(137,252)</b>
<b>Total assets less current liabilities</b>		<b>557,072</b>	<b>541,248</b>
<b>Non-current liabilities</b>			
Long-term debts	10	8,800	7,459
Lease liabilities		29,530	34,842
Deferred tax liabilities		36,446	34,107
Other non-current liabilities		8,287	8,288
<b>Total non-current liabilities</b>		<b>83,063</b>	<b>84,696</b>
<b>Total liabilities</b>		<b>413,215</b>	<b>410,073</b>
<b>Equity</b>			
Share capital		91,507	91,507
Reserves		375,364	360,883
<b>Total equity attributable to equity holders of the Company</b>		<b>466,871</b>	<b>452,390</b>
<b>Non-controlling interests</b>		<b>7,138</b>	<b>4,162</b>
<b>Total equity</b>		<b>474,009</b>	<b>456,552</b>
<b>Total liabilities and equity</b>		<b>887,224</b>	<b>866,625</b>

The notes on pages 50 to 72 form part of the condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the six-month period ended 30 June 2025 (Amounts in million except for per share data)

	Notes	Six-month period ended 30 June 2025 RMB	2024 RMB
<b>Operating revenues</b>	12	<b>271,469</b>	268,011
<b>Operating expenses</b>			
Depreciation and amortisation		<b>(52,039)</b>	(49,532)
Network operations and support	13	<b>(78,288)</b>	(80,131)
Selling, general and administrative	14	<b>(32,783)</b>	(33,090)
Personnel expenses	15	<b>(50,438)</b>	(50,566)
Other operating expenses	16	<b>(29,372)</b>	(27,432)
<b>Total operating expenses</b>		<b>(242,920)</b>	(240,751)
<b>Operating profit</b>		<b>28,549</b>	27,260
Net finance costs	17	<b>(294)</b>	(250)
Investment income and others		<b>107</b>	84
Share of profits of associates and joint ventures		<b>1,233</b>	1,145
<b>Profit before taxation</b>		<b>29,595</b>	28,239
Income tax	18	<b>(6,576)</b>	(6,273)
<b>Profit for the period</b>		<b>23,019</b>	21,966
<b>Other comprehensive income for the period</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of investments in equity instruments at fair value through other comprehensive income		<b>60</b>	(519)
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income		<b>(14)</b>	131
		<b>46</b>	(388)
<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>(51)</b>	42
		<b>(51)</b>	42
<b>Other comprehensive income for the period, net of tax</b>		<b>(5)</b>	(346)
<b>Total comprehensive income for the period</b>		<b>23,014</b>	21,620

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

for the six-month period ended 30 June 2025 (Amounts in million except for per share data)

	Notes	Six-month period ended 30 June 2025 RMB	2024 RMB
<b>Profit attributable to</b>			
Equity holders of the Company		<b>23,017</b>	21,812
Non-controlling interests		<b>2</b>	154
<b>Profit for the period</b>		<b>23,019</b>	21,966
<b>Total comprehensive income attributable to</b>			
Equity holders of the Company		<b>23,012</b>	21,466
Non-controlling interests		<b>2</b>	154
<b>Total comprehensive income for the period</b>		<b>23,014</b>	21,620
<b>Basic earnings per share (RMB)</b>	20	<b>0.25</b>	0.24
<b>Diluted earnings per share (RMB)</b>	20	<b>0.25</b>	0.24
<b>Number of shares (in million)</b>	20	<b>91,507</b>	91,507

The notes on pages 50 to 72 form part of the condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six-month period ended 30 June 2025 (Amounts in million)

	Notes	Attributable to equity holders of the Company								Non-controlling interests		Total equity
		Share capital	Capital reserve	Share premium	Surplus reserves	General risk reserve	Other reserves	Exchange reserve	Retained earnings	Total	interests	
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January 2024		91,507	19,722	47,687	87,761	387	504	(395)	195,753	442,926	4,241	447,167
Profit for the period		-	-	-	-	-	-	-	21,812	21,812	154	21,966
Other comprehensive income for the period		-	-	-	-	-	(388)	42	-	(346)	-	(346)
Total comprehensive income for the period		-	-	-	-	-	(388)	42	21,812	21,466	154	21,620
Share of associates and joint ventures' other changes in reserves and others		-	123	-	-	-	-	-	-	123	-	123
Dividends	19	-	-	-	-	-	-	-	(8,236)	(8,236)	-	(8,236)
Balance as at 30 June 2024		91,507	19,845	47,687	87,761	387	116	(353)	209,329	456,279	4,395	460,674
Balance as at 1 January 2025		<b>91,507</b>	<b>19,908</b>	<b>47,687</b>	<b>90,924</b>	<b>661</b>	<b>167</b>	<b>(265)</b>	<b>201,801</b>	<b>452,390</b>	<b>4,162</b>	<b>456,552</b>
Profit for the period		-	-	-	-	-	-	-	23,017	23,017	2	23,019
Other comprehensive income for the period		-	-	-	-	-	46	(51)	-	(5)	-	(5)
Total comprehensive income for the period		-	-	-	-	-	46	(51)	23,017	23,012	2	23,014
Contribution from non-controlling interests		-	-	(64)	-	-	-	-	-	(64)	163	99
Acquisition of subsidiary		-	-	-	-	-	-	-	-	-	2,811	2,811
Share of associates and joint ventures' other changes in reserves and others		-	16	-	-	-	-	-	-	16	-	16
Dividends	19	-	-	-	-	-	-	-	(8,483)	(8,483)	-	(8,483)
Balance as at 30 June 2025		<b>91,507</b>	<b>19,924</b>	<b>47,623</b>	<b>90,924</b>	<b>661</b>	<b>213</b>	<b>(316)</b>	<b>216,335</b>	<b>466,871</b>	<b>7,138</b>	<b>474,009</b>

The notes on pages 50 to 72 form part of the condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 2025 (Amounts in million)

	Notes	Six-month period ended 30 June 2025 RMB	2024 RMB
<b>Net cash from operating activities</b>	(a)	<b>47,307</b>	58,700
<b>Cash flows used in investing activities</b>			
Capital expenditure		(27,227)	(34,985)
Purchase of investments		(55,575)	(109)
Payments for right-of-use assets		(19)	(50)
Proceeds from disposal of property, plant and equipment		936	706
Proceeds from disposal of right-of-use assets		206	58
Proceeds from disposal of investments		35,155	6
Payments for equity instruments at fair value through other comprehensive income		–	(30)
Placement of bank deposits		(34,585)	(27,058)
Maturity of bank deposits		18,511	7,308
Short-term loans granted to China Telecom Group by Finance Company	(b)	(2,051)	(2,029)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	2,045	6,080
Net cash inflow from acquisition of subsidiary		1,455	–
<b>Net cash used in investing activities</b>		<b>(61,149)</b>	(50,103)
<b>Cash flows used in financing activities</b>			
Repayments of principal of lease liabilities		(6,955)	(6,556)
Proceeds from bank and other loans		5,599	2,833
Repayments of bank and other loans		(4,671)	(4,057)
Payments of dividends		(7,270)	(7,082)
Contribution from non-controlling interests		99	–
Net deposits with Finance Company	(b)	(1,856)	638
Increase in statutory deposit reserves placed by Finance Company	(b)	(351)	(359)
Others		19	–
<b>Net cash used in financing activities</b>		<b>(15,386)</b>	(14,583)
<b>Net decrease in cash and cash equivalents</b>		<b>(29,228)</b>	(5,986)
<b>Cash and cash equivalents as at 1 January</b>		<b>82,207</b>	81,046
<b>Effect of changes in foreign exchange rate</b>		<b>(20)</b>	12
<b>Cash and cash equivalents as at 30 June</b>		<b>52,959</b>	75,072



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

for the six-month period ended 30 June 2025 (Amounts in million)

**(a) RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FROM  
OPERATING ACTIVITIES**

	<b>Six-month period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
<b>Profit before taxation</b>	<b>29,595</b>	28,239
Adjustment for:		
Depreciation and amortisation	<b>52,039</b>	49,532
Impairment losses for financial assets and contract assets, net of reversal	<b>5,521</b>	3,863
Write-down of inventories, net of reversal	<b>16</b>	25
Investment income and others	<b>(110)</b>	(106)
Share of profits of associates and joint ventures	<b>(1,233)</b>	(1,145)
Interest income	<b>(941)</b>	(1,042)
Net interest expense	<b>1,063</b>	1,192
Net foreign exchange gain or loss and others	<b>172</b>	100
Net loss on retirement and disposal of long-lived assets and others	<b>847</b>	886
	<b>86,969</b>	81,544
Increase in accounts receivable	<b>(32,571)</b>	(27,522)
Increase in contract assets	<b>(988)</b>	(1,453)
Increase in inventories	<b>(27)</b>	(1,272)
Decrease/(increase) in prepayments and other current assets	<b>457</b>	(985)
Decrease in restricted cash	<b>93</b>	108
(Increase)/decrease in other assets	<b>(841)</b>	603
(Decrease)/increase in accounts payable	<b>(8,592)</b>	6,147
Increase in accrued expenses and other payables	<b>11,004</b>	10,931
Decrease in contract liabilities	<b>(5,771)</b>	(8,661)
<b>Cash generated from operations</b>	<b>49,733</b>	59,440
Interest received	<b>641</b>	992
Interest paid	<b>(1,007)</b>	(1,162)
Investment income received	<b>1,279</b>	1,521
Income tax paid	<b>(3,339)</b>	(2,091)
<b>Net cash from operating activities</b>	<b>47,307</b>	58,700

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

for the six-month period ended 30 June 2025 (Amounts in million)

- (b)** “Finance Company” refers to China Telecom Group Finance Co., Ltd., a subsidiary of the Company established on 8 January 2019, which provides capital and financial management services to the member units of China Telecommunications Corporation, the parent and ultimate holding company of the Company. These transactions are conducted on normal commercial terms or better.

China Telecommunications Corporation together with its subsidiaries other than the Group are referred to as “China Telecom Group”.

**(c) SIGNIFICANT NON-CASH TRANSACTIONS**

For the six-month periods ended 30 June 2025 and 30 June 2024, the Group did not have other significant non-cash investing and financing activities, except for the additions and modifications of right-of-use assets and lease liabilities, and the instalment purchase of equipment.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

## 1. PRINCIPAL ACTIVITIES

China Telecom Corporation Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 10 September 2002. The Company and its subsidiaries (hereinafter, collectively referred to as the “Group”) is a leading and large-scale full-service and integrated intelligent information services provider, providing its individual, household, government and enterprise customers with integrated intelligent information services.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (“IAS 34”), “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The condensed consolidated interim financial information, which was authorised for issuance by the Board of Directors on 14 August 2025, reflects the unaudited financial position of the Group as at 30 June 2025 and the unaudited results of operations and cash flows of the Group for the six-month period then ended, which are not necessarily indicative of the results of operations and cash flows expected for the year ending 31 December 2025.

The preparation of condensed consolidated interim financial information in conformity with IAS 34, “*Interim Financial Reporting*”, requires management to make judgments, estimates and assumptions about the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

On 11 March 2024, China Telecom Quantum Information Technology Group Limited, 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.

Through an acting-in-concert agreement with other shareholders, the Group collectively holds 40.43% of the voting rights in Quantumctek. In the first half of 2025, Quantumctek completed the appointment of the new board members with the Group securing a majority of the board seats. As a result, the Group obtained control of Quantumctek and included it in its consolidated financial statements. The acquisition consideration of RMB1,775 million exceeds the fair value of the proportionate identifiable assets and liabilities of Quantumctek acquired by RMB991 million, which is recognized as goodwill related to the acquisition of Quantumctek.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**2. BASIS OF PREPARATION (Continued)**

The condensed consolidated interim financial information contains condensed consolidated statement of financial position, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards. The condensed consolidated interim financial information should be read in conjunction with the Company's 2024 annual financial statements. The Group's policies on financial risk management were set out in the financial statements included in the Group's 2024 Annual Report and there have been no significant changes in these policies for the six-month period ended 30 June 2025.

As at 30 June 2025, the total current liabilities of the Group had exceeded the total current assets by RMB105,158 million (31 December 2024: RMB137,252 million). Management of the Company has assessed the Group's available sources of funds as follows: 1) the Group's continuous net cash inflow to be generated from its operating activities; 2) the unutilised credit facilities amounting to RMB205,266 million (31 December 2024: RMB196,413 million); and 3) the Group's other available sources of financing from domestic banks in mainland China and other financial institutions in view of the Group's good credit history. Based on the above considerations, the Board of Directors is of the opinion that the Group has sufficient funds to meet its working capital commitments, expected capital expenditure and debt obligations. As a result, the condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2025 has been prepared on a going concern basis.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

The condensed consolidated interim financial information is prepared on the historical cost basis as modified by the revaluation of certain financial instruments measured at fair value.

Other than changes in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated interim financial information are the same as those followed in the preparation of the 2024 annual financial statements of the Group.

**Application of amendments to IFRS Accounting Standards**

In the current interim period, 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 period:

- Amendments to IAS 21 *“The effects of changes in foreign exchange rates”* – Lack of exchangeability

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

**4. 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 Executive Directors of the Company have been identified as the CODM. For the periods 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.

**5. PROPERTY, PLANT AND EQUIPMENT, NET AND CONSTRUCTION IN PROGRESS**

For the six-month period ended 30 June 2025, the Group acquired items of property, plant and equipment and construction in progress with an aggregate cost of RMB33,615 million (for the six-month period ended 30 June 2024: RMB46,593 million) and the depreciation of property, plant and equipment recognised in unaudited condensed consolidated statement of comprehensive income was RMB39,306 million (for the six-month period ended 30 June 2024: RMB37,287 million).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 6. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2025 RMB million	31 December 2024 RMB million
Cost of investment in associates and joint ventures	37,175	37,083
Share of post-acquisition changes in net assets	7,214	7,094
	44,389	44,177

The Group's interests in associates and joint ventures are accounted for under the equity method. Details of the Group's principal associates are as follows:

Name of company	Note	Attributable equity interest	Principal activities
China Tower Corporation Limited	(i)	20.50%	Construction, maintenance and operation of communications towers as well as ancillary facilities

Note:

- (i) China Tower Corporation Limited ("China Tower") is established and operated in the PRC, and listed on the Main Board of The Stock Exchange of Hong Kong Limited on 8 August 2018.

As at 30 June 2025, the fair value of investment in China Tower was RMB36,925 million (as at 31 December 2024: RMB37,428 million) based on its quoted market price, which was below its carrying amount by 9.9% (31 December 2024: 8.4%). After assessment, management concluded that there is no impairment on the equity investment in China Tower.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**7. OTHER ASSETS**

	Notes	30 June 2025 RMB million	31 December 2024 RMB million
Term deposits	(i)	10,467	10,299
Contract costs	(ii)	1,450	974
Prepayment for equity investment		–	1,775
Other long-term prepaid expenses and receivables	(iii)	8,810	8,838
		<b>20,727</b>	21,886

Notes:

- (i) Term deposits comprise primarily bank deposits which will mature over one year.
- (ii) Contract costs capitalised as at 30 June 2025 and 31 December 2024 mainly relate to the direct costs of the provision of wireline terminals to subscribers for the provision of Wireline and Smart Family services of the Group. The amount of capitalised costs recognised in profit or loss for the six-month period ended 30 June 2025 was RMB455 million (for the six-month period ended 30 June 2024: RMB602 million). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during this period.
- (iii) Other long-term prepaid expenses and receivables mainly include prepayments of construction and materials, etc.

**8. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net, are analysed as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Third parties	79,166	49,726
China Telecom Group	5,133	2,556
China Tower	50	46
Other telecommunications operators in the PRC	1,767	1,259
	<b>86,116</b>	53,587
Less: Allowance for credit losses	<b>(15,981)</b>	(10,720)
	<b>70,135</b>	42,867

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 8. ACCOUNTS RECEIVABLE, NET (Continued)

Ageing analysis of accounts receivable based on the billing dates or dates of rendering of services is as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Within 1 year	69,222	42,715
1 to 2 years	10,197	6,435
2 to 3 years	3,820	2,273
Over 3 years	2,877	2,164
	86,116	53,587
Less: Allowance for credit losses	(15,981)	(10,720)
	70,135	42,867

### 9. CASH AND CASH EQUIVALENTS

	30 June 2025 RMB million	31 December 2024 RMB million
Cash at bank and in hand	35,060	45,938
Time deposits with original maturity within three months	17,899	36,269
	52,959	82,207



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 10. SHORT-TERM AND LONG-TERM DEBTS

#### Short-term debts comprise:

	<b>30 June 2025</b>	31 December 2024
	<b>RMB million</b>	RMB million
Loans from banks – unsecured	<b>2,348</b>	2,835

The weighted average interest rate of the Group's total short-term debts as at 30 June 2025 was 2.3% (31 December 2024: 2.6%) per annum, and the loans bear interests at rates ranging from 1.1% to 2.8% (31 December 2024: 1.1% to 2.9%) per annum, which are repayable within one year.

#### Long-term debts comprise:

		<b>30 June 2025</b>	31 December 2024
	Note	<b>RMB million</b>	RMB million
Loans from banks – unsecured	(i)	<b>10,348</b>	8,697
Less: Current portion		<b>(1,548)</b>	(1,238)
Non-current portion		<b>8,800</b>	7,459

Note:

- (i) The loans from banks include long-term RMB denominated government loans with below-market interest rates ranging from 1.08% to 1.20% per annum obtained by the Group through banks (the "Low-interest Loans"). The Group recognised the Low-interest Loans at their fair value on initial recognition, and accreted the discount to profit or loss using the effective interest rate method. The difference between the fair value and face value of the Low-interest Loans was recognised as government grants in other non-current liabilities.

As at 30 June 2025, the loans from banks bear interests at contractual rates ranging from 1.08% to 2.80% (31 December 2024: 1.08% to 2.60%) per annum.

The Group's short-term and long-term debts do not contain any financial covenants. As at 30 June 2025, the Group had unutilised credit facilities amounting to RMB205,266 million (31 December 2024: RMB196,413 million).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 11. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	<b>30 June 2025</b>	31 December 2024
	<b>RMB million</b>	RMB million
Third parties	<b>113,150</b>	117,720
China Telecom Group	<b>30,863</b>	31,194
China Tower	<b>11,730</b>	10,618
Other telecommunications operators in the PRC	<b>1,674</b>	1,018
	<b>157,417</b>	160,550

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:

	<b>30 June 2025</b>	31 December 2024
	<b>RMB million</b>	RMB million
Due within 1 month or on demand	<b>34,195</b>	39,275
Due after 1 month but within 3 months	<b>32,383</b>	32,642
Due after 3 months but within 6 months	<b>36,859</b>	40,409
Due after 6 months	<b>53,980</b>	48,224
	<b>157,417</b>	160,550

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 12. OPERATING REVENUES

#### Disaggregation of revenues

	Notes	Six-month period ended 30 June 2025	2024
		RMB million	RMB million
<b>Type of goods or services</b>			
Service revenues		<b>249,112</b>	246,235
Mobile communications service revenues	(i)	<b>106,572</b>	105,217
Wireline and Smart Family service revenues	(ii)	<b>64,133</b>	63,993
Industrial Digitalisation service revenues	(iii)	<b>74,853</b>	73,750
Other service revenues	(iv)	<b>3,554</b>	3,275
Sales of goods and others	(v)	<b>22,357</b>	21,776
<b>Total operating revenues</b>		<b>271,469</b>	268,011
Revenue from customer contracts		<b>268,482</b>	265,002
Revenue from other sources		<b>2,987</b>	3,009
<b>Total operating revenues</b>		<b>271,469</b>	268,011
<b>Timing of revenue recognition</b>			
At a point in time		<b>20,298</b>	19,689
Over time		<b>251,171</b>	248,322
<b>Total operating revenues</b>		<b>271,469</b>	268,011

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.

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

## 13. NETWORK OPERATIONS AND SUPPORT

	Note	Six-month period ended 30 June	
		2025 RMB million	2024 RMB million
Operating and maintenance		<b>50,061</b>	52,381
Utility		<b>9,570</b>	9,350
Network resources usage and related fees	(i)	<b>15,858</b>	15,304
Others		<b>2,799</b>	3,096
		<b>78,288</b>	80,131

Note:

- (i) Network resources usage and related fees include fees in respect of the short-term leases and leases of low-value assets, variable lease payments not depending on an index or a rate and fees for non-lease components in respect of communications towers and related assets lease and the usage of network resources provided by third parties.

## 14. SELLING, GENERAL AND ADMINISTRATIVE

	Note	Six-month period ended 30 June	
		2025 RMB million	2024 RMB million
Channel commission and customer services expenses		<b>22,258</b>	24,069
Advertising and promotion expenses		<b>668</b>	791
Property and transportation related expenses		<b>1,210</b>	1,262
Research and development expenses	(i)	<b>1,131</b>	1,062
Others		<b>7,516</b>	5,906
		<b>32,783</b>	33,090

Note:

- (i) The item does not include depreciation and amortisation and personnel expenses related to research and development.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**15. PERSONNEL EXPENSES**

Personnel expenses are attributable to the following functions:

	<b>Six-month period ended 30 June</b>	
	<b>2025</b>	2024
	<b>RMB million</b>	RMB million
Network operations and support	<b>31,488</b>	31,008
Selling, general and administrative	<b>18,950</b>	19,558
	<b>50,438</b>	50,566

**16. OTHER OPERATING EXPENSES**

		<b>Six-month period ended 30 June</b>	
	Notes	<b>2025</b>	2024
		<b>RMB million</b>	RMB million
Interconnection charges	(i)	<b>8,499</b>	7,498
Cost of goods sold	(ii)	<b>19,718</b>	18,980
Others	(iii)	<b>1,155</b>	954
		<b>29,372</b>	27,432

Notes:

- (i) Interconnection charges represent amounts incurred for the use of other domestic and foreign telecommunications operators' networks for delivery of voice and data traffic that originate from the Group's telecommunications networks.
- (ii) Cost of goods sold primarily represents cost of communications equipment sold.
- (iii) Others mainly include tax and surcharges other than value-added tax and income tax.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 17. NET FINANCE COSTS

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
Interest expense on lease liabilities	776	912
Interest expense on short-term and long-term debts	322	320
Less: Interest expense capitalised*	(35)	(40)
Net interest expense	1,063	1,192
Interest income	(941)	(1,042)
Net foreign exchange gain or loss and others	172	100
	294	250
*Interest expense was capitalised in construction in progress at the following rates per annum	2.4%-2.9%	2.8%-3.2%

### 18. INCOME TAX

Income tax in the profit or loss comprises:

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
Provision for PRC income tax	4,309	5,761
Provision for income tax in other tax jurisdictions	118	103
Deferred taxation	2,149	409
	6,576	6,273

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

## 18. INCOME TAX (Continued)

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

		Six-month period ended 30 June 2025	2024
	Notes	RMB million	RMB million
Profit before taxation		<b>29,595</b>	28,239
Expected income tax expense at statutory tax rate of 25%	(i)	<b>7,399</b>	7,060
Differential tax rate on mainland China subsidiaries' and branches' income	(i)	<b>(445)</b>	(364)
Differential tax rate on other subsidiaries' income	(ii)	<b>(77)</b>	(32)
Non-taxable income	(iii)	<b>(355)</b>	(333)
Non-deductible expenses	(iv)	<b>346</b>	434
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised		<b>539</b>	177
Impact of tax incentives and reduction including additional deduction for qualified research and development costs, etc.		<b>(600)</b>	(568)
Others	(v)	<b>(231)</b>	(101)
Income tax expense		<b>6,576</b>	6,273

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.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**19. DIVIDENDS**

Pursuant to the shareholders' approval at the Annual General Meeting held on 21 May 2025, a final dividend of RMB0.0927 (equivalent to HK\$0.100637) per share (pre-tax) totalling approximately RMB8,483 million in respect of the year ended 31 December 2024 was declared. The dividend of RMB7,269 million was paid on 11 June 2025, and the dividend of RMB1,214 million was paid on 18 July 2025.

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.

**20. EARNINGS PER SHARE**

The calculation of basic earnings per share for the six-month periods ended 30 June 2025 and 30 June 2024 is based on the profit attributable to equity holders of the Company of RMB23,017 million and RMB21,812 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 periods presented.



**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**21. CAPITAL COMMITMENTS**

As at 30 June 2025 and 31 December 2024, the Group had capital commitments as follows:

	<b>30 June 2025</b>	31 December 2024
	<b>RMB million</b>	RMB million
Contracted for but not provided		
Property	<b>2,664</b>	3,214
Telecommunications network plant and equipment	<b>16,846</b>	17,012
	<b>19,510</b>	20,226

**22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

Financial assets of the Group include cash and cash equivalents, bank deposits and restricted cash, equity instruments at fair value through other comprehensive income, accounts receivable, financial assets at fair value through profit or loss and financial assets included in prepayments, other current assets and other assets. Financial liabilities of the Group include short-term and long-term debts, accounts payable and financial liabilities included in accrued expenses and other payables.

**Fair Value Measurements**

Based on IFRS 13, "*Fair Value Measurement*", the fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data

The fair values of the Group's financial instruments (other than long-term debts and financial instruments measured at fair value) approximate their carrying amounts due to the short-term maturity of these instruments.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

#### Fair Value Measurements (Continued)

The listed equity securities investments included in the Group's equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss are categorised as level 1 financial instruments. As at 30 June 2025, the fair value of the Group's listed equity securities investments is RMB979 million (31 December 2024: RMB922 million), based on quoted market price on PRC stock exchanges.

The Group's investments in wealth management products and unlisted equity securities, included in financial assets at fair value through profit or loss, and investments in unlisted equity securities included in equity instruments at fair value through other comprehensive income, are classified as financial instruments categorised as level 3. As at 30 June 2025, the fair value of the Group's financial instruments categorised as level 3 is RMB21,088 million (31 December 2024: RMB456 million).

The fair value of wealth management products is determined based on their net asset value provided by the counterparty financial institutions as at the end of the reporting period, where the significant unobservable inputs are the net assets. The relationship of unobservable inputs to fair value is positive correlation. For the financial instruments which are not traded in active markets, the Group establishes fair value by using valuation techniques. The valuation methods or models used primarily include net asset value method and market comparable company model, etc. The input values of valuation models mainly include net asset value and expected yield rates, comparable company valuation multiples, etc.

The fair value of long-term debts is estimated by discounting future cash flows using current market interest rates offered to the Group for debts with substantially the same characteristics and maturities. The fair value measurement of long-term debts is categorised as level 2. The interest rates used by the Group in estimating the fair values of long-term debts, having considered the foreign currency denomination of the debts, ranged from 3.5% to 4.9% (31 December 2024: 3.6% to 4.9%). As at 30 June 2025 and 31 December 2024, the carrying amounts and fair values of the Group's long-term debts were as follows:

	30 June 2025		31 December 2024	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Long-term debts	10,348	10,024	8,697	8,514

During both periods, there were no transfers among instruments in level 1, level 2 or level 3.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 23. RELATED PARTY TRANSACTIONS

#### (a) Transactions with China Telecom Group

The Group is a part of companies under China Telecommunications Corporation, a company owned by the PRC government, and has significant transactions and business relationships with members of China Telecom Group.

The principal transactions with China Telecom Group which were carried out in the ordinary course of business are as follows:

	Notes	Six-month period ended 30 June	
		2025 RMB million	2024 RMB million
Construction engineering and design services	(i)	8,069	10,369
Receiving ancillary services	(ii)	10,727	10,603
Interconnection revenues*	(iii)	22	18
Interconnection charges*	(iii)	46	36
Receiving community services	(iv)	1,937	1,942
Centralised services transaction revenues	(v)	2,029	1,762
Centralised services transaction expenses	(v)	34	301
Property and land use right lease income	(vi)	31	13
Property and land use right lease related expenses	(vii)	280	360
Addition to right-of-use assets	(vii)	243	167
Interest expense on lease liabilities	(vii)	9	11
Provision of IT services	(viii)	1,547	1,152
Receiving IT services	(viii)	2,963	3,194
Purchases of telecommunications equipment, materials and procurement services	(ix)	1,777	1,947
Sales of telecommunications equipment, materials and procurement services	(ix)	2,798	2,068
Internet applications channel services revenues	(x)	3	25
Payment and digital finance related services	(xi)	375	484
Communications resources lease expenses	(xii)	179	223
Obtaining entrusted loans	(xiii)	2,011	–
Net (outflow)/inflow of deposit by China Telecom Group with Finance Company*	(xiv)	(1,856)	638
Interest expense on the deposit by China Telecom Group with Finance Company*	(xiv)	195	209
Short-term loans granted by Finance Company to China Telecom Group	(xiv)	2,051	2,029
China Telecom Group's repayments of short-term loans granted by Finance Company	(xiv)	2,045	6,080
Interest income from loans granted by Finance Company to China Telecom Group	(xiv)	28	99
Receiving finance lease services	(xv)	3,019	2,777
License income for intellectual property*	(xvi)	–	1

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 23. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Transactions with China Telecom Group (Continued)

- \* These transactions are conducted on normal commercial terms or better and are fully exempted from compliance with the reporting, announcement, independent shareholders' approval and/or annual review requirements under Rules 14A.76 or 14A.90 of the Listing Rules.

Notes:

- (i) Represent construction and engineering as well as design and supervisory services provided by China Telecom Group.
- (ii) Represent amounts paid and payable to China Telecom Group in respect of ancillary services such as repairs and maintenance of telecommunications equipment and facilities and certain customer services.
- (iii) Represent amounts received and receivable from/paid and payable to China Telecom Group for interconnection of local and domestic long distance calls.
- (iv) Represent amounts paid and payable to China Telecom Group in respect of cultural, educational, health care and other community services.
- (v) Represent related revenues and expenses shared between the Company and China Telecom Group for centralised services.
- (vi) Represent amounts of property lease fees received and receivable from China Telecom Group for leasing of properties and land use rights.
- (vii) Represent amounts in respect of the leasing of properties and land use rights from China Telecom Group, which include the fees for short-term leases, leases of low-value assets, variable lease payments not depending on an index or a rate, fees for non-lease components, and right-of-use assets and related expenses recognised for leases.
- (viii) Represent IT services provided to and received from China Telecom Group.
- (ix) Represent the amount of telecommunications equipment and materials purchased from/sold to China Telecom Group and commission paid and payable for procurement services provided by China Telecom Group.
- (x) Represent amounts received and receivable from China Telecom Group in respect of Internet applications channel services, including the provision of communications channel and applications support platform and billing and deduction services, etc.
- (xi) Represent amounts paid and payable to China Telecom Group in respect of payment and digital finance related services.
- (xii) Represent amounts in respect of the leasing of related communications resources from China Telecom Group, including transmission network communications resources, wireless network communications resources and wireline access network communications resources, etc.
- (xiii) Represent the entrusted loan provided by China Telecom Group.
- (xiv) Represent amounts related to financial services provided by Finance Company to China Telecom Group, including loan service, deposit service and other financial services.
- (xv) Represent amounts related to finance lease services provided by China Telecom Group, including finance lease services such as sale and leaseback, direct lease, etc., and related finance lease consulting services.
- (xvi) Represent amounts related to license income of intellectual property granted by the Group to China Telecom Group.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**23. RELATED PARTY TRANSACTIONS (Continued)****(a) Transactions with China Telecom Group (Continued)**

Amounts due from/to China Telecom Group are summarised as follows:

	<b>30 June 2025 RMB million</b>	<b>31 December 2024 RMB million</b>
Accounts receivable	<b>5,133</b>	2,556
Contract assets	<b>208</b>	181
Prepayments and other current assets	<b>3,296</b>	3,962
Other assets	<b>176</b>	130
Accounts payable	<b>30,863</b>	31,194
Accrued expenses and other payables	<b>32,651</b>	32,364
Contract liabilities	<b>271</b>	178
Lease liabilities	<b>1,499</b>	1,204

Amounts due from/to China Telecom Group, other than short-term loans granted by Finance Company included in prepayments and other current assets and deposit with Finance Company included in accrued expenses and other payables, are unsecured, non-interest bearing and are receivable or repayable in accordance with contractual terms which are similar to those terms offered by third parties.

As at 30 June 2025, short-term loans granted by Finance Company to China Telecom Group amounted to RMB2,069 million, and an impairment allowance recognised at RMB25 million (31 December 2024: RMB2,062 million, and an impairment allowance recognised at RMB45 million). Interest rate was 2.01%-3.70%, both with a maturity period of one year.

The deposit interest rates provided by Finance Company to China Telecom Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the deposit benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of China Telecom Group and are conducted on normal commercial terms or better.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 23. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Transactions with China Tower

The principal transactions with China Tower are as follows:

	Notes	Six-month period ended 30 June	
		2025 RMB million	2024 RMB million
Tower assets lease related expenses	(i)	5,901	5,949
Addition to right-of-use assets	(i)	1,303	1,857
Interest expenses on lease liabilities	(i)	402	496
Provision of IT services	(ii)	15	27

Notes:

- (i) Represent amounts in respect of the lease of tower assets. Tower assets lease related expenses include the variable lease payments not depending on an index or a rate and fees for non-lease components and right-of-use assets and related expenses recognised for leases.
- (ii) Represent IT and other ancillary services provided to China Tower.

Amounts due from/to China Tower are summarised as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Accounts receivable	50	46
Contract assets	–	1
Prepayments and other current assets	73	22
Accounts payable	11,730	10,618
Accrued expenses and other payables	1,756	1,727
Contract liabilities	4	1
Lease liabilities	23,160	26,501

Amounts due from/to China Tower are unsecured, non-interest bearing and are receivable or repayable in accordance with contractual terms which are similar to those terms offered by third parties.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**23. RELATED PARTY TRANSACTIONS (Continued)****(c) Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group.

Key management personnel compensation of the Group is summarised as follows:

	<b>Six-month period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB thousand</b>	<b>RMB thousand</b>
Short-term employee benefits	<b>3,546</b>	3,444
Post-employment benefits	<b>562</b>	710
	<b>4,108</b>	4,154

The above remuneration has been reflected in personnel expenses.

**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**23. RELATED PARTY TRANSACTIONS (Continued)****(d) Transactions with other government-related entities**

The Group is a government-related enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the People's Republic of China through government authorities, agencies, affiliations and other organisations (collectively referred to as "government-related entities").

Apart from transactions with the parent company and its fellow subsidiaries (Note 23(a)) and China Tower (Note 23(b)), the Group has transactions with other government-related entities, which include but not limited to the following:

- rendering and receiving services, including but not limited to telecommunications services
- sales and purchases of goods, properties and other assets
- lease of assets
- deposits and borrowings
- use of public utilities

These transactions are conducted in the ordinary course of the Group's business on terms comparable to the terms of transactions with other entities that are not government-related. The Group prices its telecommunications services and products based on government-regulated tariff rates, where applicable, or based on commercial negotiations. The Group has also established procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The directors of the Company believe the above information provides appropriate disclosure of related party transactions.



**NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2025

**24. POST-EMPLOYMENT BENEFITS PLANS**

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by provincial, autonomous regional and municipal governments for its employees. The Group is required to make contributions to the pension insurance plans at certain percentage of the employees' payroll. Other than the above, the Group also participates in supplementary defined contribution retirement plans managed by independent external parties whereby the Group is required to make contributions to the retirement plans at fixed rates of the employees' salaries, bonuses and certain allowances. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

The Group's contributions to the above plans for the six-month period ended 30 June 2025 were RMB6,553 million (six-month period ended 30 June 2024: RMB5,930 million).

The amount payable for contributions to the above defined contribution retirement plans as at 30 June 2025 was RMB1,295 million (31 December 2024: RMB1,060 million).

**25. EVENTS AFTER THE REPORTING PERIOD**

The dividend of RMB1,214 million (Note 19) of the Company was paid on 18 July 2025.

The Board of Directors has been authorised by 2024 Annual General Meeting to decide on the interim profit distribution plan. Pursuant to a resolution passed at the Board of Directors' meeting on 14 August 2025, the Board of Directors has resolved to declare an interim dividend of RMB0.1812 per share (pre-tax), totalling approximately RMB16,581 million, for the six-month period ended 30 June 2025. The dividend has not been provided for in the condensed consolidated financial information for the six-month period ended 30 June 2025.



China Telecom Corporation Limited  
31 Jinrong Street, Xicheng District, Beijing, PRC, 100033

[www.chinatelecom-h.com](http://www.chinatelecom-h.com)