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China Telecom Corporation Limited

中国电信股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 728)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- The Company's operating revenues amounted to RMB529.6 billion. Of which, service revenues amounted to RMB485.4 billion, representing an increase of 0.7% year-on-year. EBITDA amounted to RMB143.9 billion, representing an increase of 2.1% year-on-year. Net profit amounted to RMB33.2 billion, representing an increase of 0.5% year-on-year. The basic earnings per share were RMB0.36
- The Company continued to promote the integrated development driven by the dual engines of innovation-led fundamental businesses and Industrial Digitalisation business
- Revenue from fundamental businesses amounted to RMB330.5 billion, representing an increase of 0.7% year-on-year
- Revenue from Industrial Digitalisation business reached RMB147.3 billion, representing an increase of 0.5% year-on-year, of which, resource-based revenues reached RMB63 billion, representing an increase of 1.1% year-on-year. Strategic emerging businesses continued to maintain rapid growth, and revenue from China Telecom Cloud amounted to RMB120.7 billion, raising the Company's market share of public cloud IaaS to the second place in China, while the IaaS+PaaS market share ranks among the top three; revenue from AIDC reached RMB34.5 billion, revenue from the security business reached RMB16.6 billion, and intelligent revenues reached RMB12.3 billion; Internet of Video Things (IoVT) revenues increased by 31.2% year-on-year, quantum revenues increased by 65.4% year-on-year, and satellite revenues increased by 30.7% year-on-year
- The Board of Directors has decided to propose at the Annual General Meeting that profit to be distributed in cash for the year 2025 shall represent 75% of the profit attributable to equity holders of the Company for the year, and a final dividend of RMB0.0908 per share (pre-tax) will be declared. Together with the 2025 interim dividend of RMB0.1812 per share (pre-tax) which has been distributed, the full year dividend of 2025 amounts to RMB0.2720 per share (pre-tax)

I. CHAIRMAN’S STATEMENT

In 2025, China Telecom fully, accurately, and comprehensively implemented the new development philosophy, and actively served and integrated into the new development paradigm. It resolutely fulfilled its responsibilities in building China’s strength in cyberspace, science and technology, Digital China, as well as safeguarding network and information security. The Company accurately grasped the trends in technological innovation and industrial development, fully embraced AI, and drove the upgrade of its corporate strategy from “Cloudification and Digital Transformation” to “Cloudification, Digital Transformation and AI for Good”, taking another solid step towards high-quality development.

1. ACHIEVING STEADY PROGRESS IN OPERATION AND DEVELOPMENT

The telecommunications industry has now entered a critical period where old growth drivers are being replaced with new ones. Seizing the historic opportunities arising from the new round of technological revolution and industrial transformation represented by AI, the Company adhered to innovation-driven development, continuously strengthened value creation, constantly optimised its revenue mix, and made solid progress in cost reduction and efficiency improvement, effectively driving innovation-led and high-quality development.

In 2025, the Company’s operating revenues amounted to RMB529.6 billion. Of which, service revenues¹ amounted to RMB485.4 billion, representing an increase of 0.7% year-on-year. EBITDA² amounted to RMB143.9 billion, representing an increase of 2.1% year-on-year. Net profit³ amounted to RMB33.2 billion, representing an increase of 0.5% year-on-year. The basic earnings per share were RMB0.36. Capital expenditure was RMB80.4 billion, and free cash flow⁴ reached RMB44.7 billion.

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

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

³ Net profit represents profit attributable to equity holders of the Company

⁴ Free cash flow = Net cash flow from operating activities – Capital expenditure

The Company continued to promote the integrated development driven by the dual engines of innovation-led fundamental businesses and Industrial Digitalisation business, with revenue from fundamental businesses amounting to RMB330.5 billion in 2025, representing an increase of 0.7% year-on-year. The number of mobile subscribers totalled 439 million, and the 5G network subscriber penetration rate was 68.8%. The number of broadband subscribers reached 201 million, and the gigabit broadband penetration rate was 31.6%. Revenue from Industrial Digitalisation business reached RMB147.3 billion, representing an increase of 0.5% year-on-year, of which, resource-based revenues⁵ reached RMB63 billion, representing an increase of 1.1% year-on-year. Strategic emerging businesses continued to maintain rapid growth, and revenue from China Telecom Cloud amounted to RMB120.7 billion, raising the Company's market share of public cloud IaaS to the second place in China, while the IaaS+PaaS market share ranks among the top three⁶; revenue from AIDC reached RMB34.5 billion, revenue from the security business reached RMB16.6 billion, and intelligent revenues⁷ reached RMB12.3 billion; Internet of Video Things (IoVT) revenues increased by 31.2% year-on-year, quantum revenues increased by 65.4% year-on-year, and satellite revenues increased by 30.7% year-on-year.

Taking the Company's profitability into full consideration, alongside cash flow levels and capital needs for its future development, the Board of Directors has decided to propose at the Annual General Meeting that the profit to be distributed in cash for the year 2025 shall represent 75% of the profit attributable to equity holders of the Company for the year. A final dividend of RMB0.0908 per share (pre-tax) will be declared for the year 2025. Together with the 2025 interim dividend of RMB0.1812 per share (pre-tax), which has been already distributed, the full year dividend of 2025 amounts to RMB0.2720 per share (pre-tax).

⁵ Resource-based revenue includes revenue from AIDC, networking dedicated lines, Internet of Things (IoT), and 5G customized networks

⁶ Data source: China's Public Cloud Services Market Tracking Report (2025Q3) by IDC

⁷ Intelligent revenue includes the revenue from artificial intelligence and intelligent computing services provided to customers

2. PROACTIVELY DRIVING THE UPGRADE OF CORPORATE STRATEGY

As a strategic technology leading the new round of technological and industrial transformation, AI is profoundly reshaping the ways we produce and live. Against this backdrop, the Company deeply understands the disruptive changes brought about by artificial intelligence, seizes the opportunities and rides on the momentum, accelerates the upgrade of its corporate strategy, continues to deepen the Five-Sphere Integrated intelligent cloud system, and further advances the “AI+” initiative, striving to build itself into an enterprise with “Three Orientations”⁸.

2.1 Deepening a Five-Sphere Integrated intelligent cloud system, and comprehensively and deeply advancing the “AI+” initiative

With its No.1 technology “Xirang” as the core, the Company leveraged the advantages of cloud-network integration, accelerated research on core technologies, successfully built and continuously deepened the integrated intelligent cloud system integrating computing power, platform, data, model, and application. **At the IaaS layer**, the Company achieved a comprehensive upgrade from a basic computing power foundation to an AI-native computing power foundation. Relying on the integrated elastic computing of general computing, intelligent computing, supercomputing, and quantum computing, AI unified data storage, and AI high-performance cloud networking, it improved the collaborative efficiency of cloud-intelligence integrated computing, storage, and networking significantly, forming a large-scale production capacity for AI token with high concurrency, high throughput, and high computing efficiency. **At the PaaS layer**, the Company developed the Triless⁹ platform architecture to achieve triple decoupling of resources, frameworks, and tools. As of now, the total scale of its self-owned and accessed intelligent computing power has reached 91 EFLOPS. By making breakthroughs in technologies such as multi-level caching, heterogeneous computing, and model routing optimization, the Company provided tool services for various large models. **At the DaaS layer**, the Company developed high-quality datasets and trusted circulation toolchain, driving the deeper integration of self-owned, open-source, and third-party data sets, aggregating general large model corpus data of over 10 trillion tokens and high-quality datasets covering over 14 industries, with a total volume exceeding 500TB. **At the MaaS layer**, the Company

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

⁹ Triless refers to the “Three Irrelevances”, namely being resource-irrelevant, framework-irrelevant, and tool-irrelevant

continuously strengthened the first full-modal, full-size, and fully homegrown Xingchen large model system for state-owned central enterprises, establishing industry-leading advantages in semantics, speech, visual perception, and multi-modality. **At the SaaS layer**, the Company built a standardised AI product system and launched industry-specific large models and agent services adapted to multiple scenarios, making AI more accessible and easier to use, and continuously empowering the digital and intelligent transformation of the economy and society.

The Company comprehensively and deeply advanced the “AI+” initiative. It continued to embed AI into the core parts of its operations, and developed a map of AI application scenarios spanning five key areas, i.e. intelligent customer services, intelligent marketing, intelligent operations, intelligent R&D, and intelligent management, and has launched more than 250 applications in total, revolutionising workflows with AI and comprehensively improving operating efficiency. In terms of intelligent customer services, the proportion of intelligent customer services increased by 5.2 percentage points compared with the end of 2024. In terms of intelligent marketing, AI capabilities covered 100% of its self-operated business halls. Empowered by “Zhixiaowei”, the ICT services for small and micro-sized businesses recorded an increase of 21% in average monthly revenue. In terms of intelligent operations, the Company created more than 900 cloud-network digital employees, which boosted the fault handling efficiency by 30% and brought the autonomous intelligence level of cloud-network operations to L4. In terms of intelligent R&D, AI-generated code made up 40% of the total, enhancing R&D efficiency by 20%. In terms of intelligent management, the Company promoted the application of AI in scenarios such as legal affairs, procurement and supply, achieving intelligent management across business lifecycles. The Company drove AI into more households and empowered more industries. The Company actively built a unified entry point for personal and home AI applications driven by the “Xingxiaochen”, a self-developed agent, accelerated the AI-integrated upgrade of existing products, created new AI-native products, and innovated AI terminals, with the value contribution from AI applications increasing by 22% year-on-year, and AI adoption rate rising by 5.3 percentage points year-on-year. The Company developed over 110 industry-specific large models and over 350 agents, forming AI application standard paradigms covering 15 industries including industry and government affairs, serving over 37,000 industrial customers. Moreover, it built the “AI+” action demonstration base and led the construction of the trusted data space and computing power pool for state-owned central enterprises, with an AI penetration rate of 85% in state-owned central enterprises. The Company built an intelligent and endogenous cloud-network operation and customer service system. In terms of cloud-network

operation, it accelerated the evolution from a traditional cloud network to an AI-native one, achieving a comprehensive upgrade to “intelligence-driven and dynamically orchestrated”, and accelerating the unified management of underlying resources and the API-fication of capabilities. AI will orchestrate computing power and connectivity in real time based on business intent, transforming resource supply from passive configuration to active adaptation, thereby ensuring service certainty while enhancing efficiency and effectiveness. In terms of customer service, the Company leveraged AI to reshape customer service processes, moving from being “primarily offline” to “online intelligent services”, with the service provider gradually shifting from humans to AI agents. Traditional offline, manual, and standardised interfaces are being switched to online, autonomous, and intelligent ones, in which AI agents proactively understand intentions and solve problems, achieving simultaneous improvements in efficiency and experience.

During the Spring Festival, the Company promoted its Smart Ringback Tone business, which received an enthusiastic market response, with over 4 million users creating content with AI and a 14-fold increase in average daily token consumption. The intelligent cloud system provided secure, stable, and highly elastic resources and operational support for high-concurrency and large-scale business operations, effectively driving the transformation of the business model from traditional traffic-based operations to token value-based operations. Since March, the Company has relied on its intelligent cloud system and leveraged the advantages of its channels and delivery teams to achieve one-click secure and rapid deployment of OpenClaw through cloud computers, cloud hosts, and e-Surfing Smart Boxes, etc., driving more than 60,000 new cloud computer activations and a 10-fold increase in average daily token consumption.

2.2 Building a service-oriented, technology-oriented, and secured enterprise, with the transformation yielding continuous results.

The Company deeply advanced the initiative to build itself into a service-oriented, technology-oriented, and secured enterprise, achieving a series of iconic achievements and breakthroughs, and taking a solid step towards corporate transformation and strategic upgrading.

Taking a customer-centric approach and deepening the efforts to build a service-oriented enterprise

Upholding a demand-centric approach, the Company developed token services as its main business line. Centering on the goal of building itself into a leading AI service provider, the Company integrated system integration capabilities of elements such as technology, talent, and channels to provide integrated, digital-intelligent, and localised AI services, creating new forms of the intelligent economy, promoting the accelerated promotion of new-generation intelligent terminals and agents, driving the commercialised and large-scale application of artificial intelligence in key industries and fields, and cultivating new intelligent-native business formats and models. It improved the “All Customers’ Say” service mechanism, and strove to deliver “Dedicated, Trusted and Satisfying” services to support users’ aspirations for a better life. **For individual and home customers**, the Company made greater efforts to advance customer value management. Taking the customer operation agent as a key enabler, the Company continuously enhanced the digital capabilities in customer demand insight and precise service matching. By building more accurate and multi-dimensional customer profiles, the Company further refined the operation of 5G, FTTR and value-added services to effectively stabilise customer value. The Company made greater efforts to promote AI-driven product upgrade. Precisely seizing the new trend of “AI+ consumption” among customers, the Company leveraged agents to intensify product innovation and restructuring, securing a strategic position at the AI entry point. The Company strengthened the supply of AI call agent capabilities and developed various AI-customized mobile phones; through home agents, it provided all-scenario smart home life services covering security, health, communication, entertainment, and smart control, and launched the e-Surfing Smart Screen, an intelligent interactive terminal; it utilized self-developed multi-modal large models to upgrade music agents and launched the e-Surfing Smart Ringback Tone, a generative color ringback tone service with audio and video, reshaping traditional product forms. The Company made greater

efforts to drive the ubiquitous aerial-ground integrated communication services. It accelerated the scaling of user base for direct satellite connection services in coverable areas, stepped up the promotion of satellite services overseas, with the number of handset direct-to-satellite users exceeding 8.2 million and the number of vehicle direct-to-satellite users totalling more than 100,000. The Company made greater efforts to advance the upgrade of the “Platform + AI” development model. It continuously deepened the AI upgrades of digital platforms including smart communities, digital villages and IoVT. Focusing on production, daily life, and social governance, the Company created AI scenarios linking individuals, families, and communities, actively innovated new development models, and expanded new market spaces. **For government and business customers**, the Company further deepened the integration of AI with digital economy, digital livelihood and digital government affairs. The Xingchen series of platforms has achieved comprehensive AI scenario-based upgrades to empower the digital and intelligent transformation of various industries. In terms of digital economy, “Industrial Intelligence 2.0” has created more than 50 scenario-based intelligent agents. Through an AI implementation paradigm of “small model detection, large model decision-making, integrated collection and control execution, and digital twin prediction”, it assisted enterprises in their transformation and upgrading in scenarios such as production line changeovers, flexible production and intelligent production scheduling. The newly launched “e-Surfing Smart Enterprise 2.0” achieved the upgrades of infrastructure, AI applications and data operations through the innovative application of AI technology and ecosystem aggregation, helping small and medium-sized enterprises achieve transformation and leapfrog development at low cost and with high efficiency. In terms of digital livelihood, the Xingchen Smart Education Platform has strengthened intelligent analysis of learning situations and created an intelligent agent matrix that empowers home-school-community synergy, achieving intelligent teaching, learning, management and research, covering over 160 prefecture-level cities. The Xingchen Smart Healthcare Platform has restructured its dual product lines of regional healthcare and smart hospitals, focusing on providing AI empowerment for scenarios such as intelligent auxiliary diagnosis and medical report interpretation, with implementation in over 120 prefecture-level cities. In terms of digital government affairs, relying on the Xingchen Smart Government Platform and the Xingchen Smart City Platform, the Company has created a new “AI+” paradigm to empower core scenarios such as market regulation, social governance and urban operations. This assisted customers in optimising business processes and achieving scientific decision-making and efficient governance in over 250 prefecture-level cities. The Company deeply

engaged in quantum communication, quantum computing and quantum precision measurement, accelerating the launch of full-stack quantum products. Quantum communication recorded users exceeding 6.8 million, serving more than 5,000 industry customers in sectors such as government administration, finance, and energy. The Company achieved commercialisation of products for three major scenarios, i.e., real quantum computer deployment, cloud platform applications, and quantum information education, providing quantum computing power and academic support for universities. The Company accelerated the progression of quantum precision measurement technology from the engineering stage to the market stage, with deployments in typical scenarios such as geological exploration. The Company has made forward-looking strategic deployments in the new low-altitude economy sector, creating a newly upgraded AI+ “1+1+4+N”¹⁰ low-altitude economy capability system and developing over a thousand application scenarios. It provided one-stop solutions for scenarios such as low-altitude infrastructure, operational supervision, safety protection, and intelligent operations, with its products being implemented in more than 160 cities, comprehensively enhancing the digitalization, intelligence, and safety levels of low-altitude operations, and assisting the low-altitude economy to “fly safely and fly efficiently.”

Upholding innovation-driven development and accelerating efforts to build a leading sci-tech enterprise

The Company accelerated the development of self-reliance and self-strengthening in high-level science and technology fields and concentrated efforts on developing its No.1 technology “Xirang”. With the focus on four core fundamental technologies, it stepped up efforts to drive breakthroughs for key and core technologies, with its R&D expenses¹¹ reaching RMB15.6 billion, representing an increase of 7.3% year-on-year, leading to significant achievements in scientific and technological innovation. **In terms of cloud and cloud-network integration**, the Company’s server operating system CTyunOS passed the national security and reliability assessment, constructed a “multi-element heterogeneous, software-hardware synergy, and computing-network integration” cloud-edge-terminal collaborative inference network, achieved breakthroughs in technologies such as ubiquitous computing power perception, computing-power synergy, heterogeneous inference, and edge acceleration, and realised autonomous, controllable, and proximity-access

¹⁰ 1+1+4+N: 1 integrated service foundation, 1 low-altitude intelligent network, 4 major platforms coordinated safeguard, and N scenarios application drive

¹¹ R&D expenses are based on the China Accounting Standards for Business Enterprises

token production and transmission. **In terms of network**, its 5G core patents have been awarded the China Patent Award Silver Medal for three consecutive years; with regard to 6G, the Company led the initiation of multiple 3GPP standard projects, including low-altitude sensing and IoT NTN, spearheaded breakthroughs and trials in multiple key technologies, including high-orbit video semantic communication, medium-orbit NR-NTN, multimodal integrated communication and sensing fusion, and released the Ubiquitous Intelligent-benefit Network technical system; regarding optical networks, it set a new world record for single-wavelength 800G/1.2T real-time unrepeated single-span transmission. **In terms of AI**, the Company continued to advance the key technologies for the Xingchen large model. With breakthroughs in technical difficulties such as human-like natural dialogue, intelligent interaction between humans and cameras, and processing of tasks with complex semantics, the model was honoured with the “2025 Super AI Leader (SAIL) Award” at the World Artificial Intelligence Conference. The Company innovatively developed a technical system for AI Flow, which was selected for NeurIPS 2025 and other top-tier international conferences in artificial intelligence, and launched generative video compression technology, enabling smooth, lag-free, low-latency video transmission in weak network environments. **In terms of quantum/security technologies**, the Company unveiled the world’s first distributed cryptosystem integrating QKD¹² and PQC¹³, built “Tianyan-287”, a superconducting quantum computer capable of achieving “quantum computational advantage” with performance at a world-leading level. It also released China’s first open-source basic safety guardrail for large models, and developed the industry-leading security dataset “Qianmo Shuju”. The Company’s technological innovation capabilities have been repeatedly recognized, with its technological influence continuing to grow. The “Xingchen” large model system has been successively named as part of the “2025 Top Ten National Mega-Projects of State-owned Central Enterprises”, and the e-Surfing Artificial Intelligence of Things (AIoT) has been included in the “Top Ten Super Projects of State-owned Central Enterprises for 2025”. The Company promoted the deep integration of technological and industrial innovation, creating outstanding products, expanding the scale of strategic emerging businesses, helping improve the quality and efficiency of enterprise operations, and shaping new momentum and advantages for high-quality development.

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

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

Consolidating key capabilities and making all-out efforts to build a secured enterprise

The Company consistently integrated secure development into all aspects of its production and operations, and continuously improved and perfected its institutional system, solidly enhanced governance capabilities, focused on building a robust technological foundation, continuously optimized service guarantees, and firmly consolidated the cyber and information security defenses. The Company placed equal emphasis on security construction and security operation. Security agents have been widely deployed internally, with the automatic detection rate of security incidents exceeding 97%, the full-network protection coverage increasing by 16 percentage points, and the operating efficiency improving by 37 percentage points. The Company attached great importance to AI security governance, and continuously improved the AI security governance framework covering environment, data, model, content, and application. The Company issued the *White Paper on AI Agent Security Governance*, the first of its kind in the industry, and kept upgrading the comprehensive, dynamic AI-driven protection system. The Company strove to develop top-tier security products, first-class security services, and industry-grade security integration capabilities, to provide customers with more diverse and reliable security protection solutions. The Company built a product matrix with Anti-DDoS Cloud Dam, Yunmai Zero Trust, Security Brain, and Cloud Mirror Host Security at the core, and accelerated the integration of AI into security. The “Xingchen • Jianwei” large model fully covered various security operation scenarios; empowering a wide range of sectors including government affairs, energy and finance; the Managed Security Service Provider (MSSP) Cloud Dam accelerated intelligent upgrading and multi-category expansion, serving more than 8,000 customers in total. The Company launched the first operator-grade agent security solution in China — e-Surfing Smart Security, assisting users in building OpenClaw-type agent security solutions with its full-process control, real-time defense, and behavior traceability capabilities. By deeply integrating IoVT, IoT and AI capabilities, the Company worked to develop integrated security governance solutions for urban operation, public security, emergency management and other scenarios, driving the deep integration of security capabilities across cloud, network, edge, terminal and application layers, and forming replicable, scalable and customisable industry-grade security integration paradigms.

2.3 Upgrading the intelligent and comprehensive digital information infrastructure to build a solid foundation for the development of AI

The Company deepened its development philosophy of “network as the foundation, cloud as the core, network moving with the cloud, cloud-network integration, and intelligent-benefit symbiosis”, and accelerated the upgrade of its digital information infrastructure for the AI era.

Based on the integrated computing network nationwide, the Company drove the integrated layout and upgrade of computing power, storage capacity, connectivity, AIDC, and electricity. In terms of computing power, it has built China’s first commercial super-node cluster at a hub node in the GBA, and established provincial-level inference pools in hotspot regions such as Beijing and Jiangsu to promote efficient collaboration of computing resources. Its self-owned intelligent computing power reached 46 EFLOPS. In terms of storage capacity, it has formed a 2+31+X¹⁴ storage capacity layout, and launched pilot programs of tiered storage capacity in Guangdong and Hunan, significantly reducing long-term data storage costs. In terms of connectivity, it has built an intelligent, collaborative, agile and efficient computing interconnection network for Access-to-Compute, Inter-Compute and Intra-Compute. The backbone optical cables were upgraded, and the interconnection latency among eight major hubs was reduced to less than 12 milliseconds. The Company deepened the construction of new metropolitan networks with integrated cloud and network, and fully adopted technologies such as SRv6 and network slicing to build elastic and agile access-to-compute capabilities. In terms of AIDC, centred around the “East-to-West Computing Resource Transfer” strategy, the Company optimised its layout and appropriately advanced its reserves of server rooms, electricity, and energy resources at national hub nodes, built an efficient, green and intelligent computing infrastructure in line with the “Two Highs, Two Flexibles”¹⁵ standards. The Company’s rack power capacity exceeded 3.2GW, with the total power of high-power racks increased by more than 35% year-on-year, actively carrying out global AIDC deployment. In terms of electricity, the Company deepened synergistic development between computing power and electricity, promoted the upgrade of the power supply architecture. It explored new power supply models, pioneering the creation of four national benchmarks. The Company built the world’s first underwater data centre project powered by an offshore wind farm in Shanghai, where more than 95% of the total electricity is supplied directly by the offshore wind farm.

¹⁴ 2+31+X: 2 national storage centres (Inner Mongolia, Guizhou), 31 provincial-level storage nodes, and X edge storage nodes

¹⁵ “Two Highs, Two Flexibles”: high density, high IT productivity, flexible expansion, and flexible construction

The Company continued to advance the evolution and upgrade of its integrated space-aerial-ground and international and domestic information and communication network infrastructure. It constructed 10 million 10G PON ports in the gigabit fibre network, and its gigabit broadband covered over 97% of urban residential areas. The Company actively drove the project approval and construction of the new-generation high-orbit mobile communication satellites and high-orbit high-throughput satellites. The Company opened access to its Tiantong satellite services, and initiated the commercial trial of Beidou Short Message Service. It built an international network system featuring “one axis, two wings, three networks, and four centres”, and advanced the construction of full-service gateway offices in Kunming and Haikou. The Company led the construction of the Asia Direct Cable (ADC)¹⁶, the first international submarine cable connected to Chinese mainland in nearly five years, actively serving business expansion in the direction of the Belt and Road. It built a shared network characterised by high-/mid-/low-band coordination as well as 5G/4G integration, further contributing Chinese wisdom and solutions to the world. The Company operated over 1.54 million 5G mid-/high-band base stations and more than 1 million low-band base stations. Its 5G network achieved continuous coverage across townships and above nationwide, with steady improvements in the deep coverage of key scenarios and user experience. The Company continued to upgrade its 5G-A network capabilities, having deployed over 110,000 5G-A carrier aggregation base stations and over 650,000 RedCap base stations in more than 300 cities.

2.4 Actively practicing the concept of green development and empowering the comprehensive green transition of economic and social development

The Company actively practiced the concept of green development, and implemented a multi-pronged approach to achieve a sustained reduction in carbon emissions. It ranked among the top performers in the “Green Development Assessment of State-Owned Central Enterprises”, and won the largest number of awards across the industry in national competitions such as the “New Green Cup” and the “Qingshan Cup” events. Internally, the Company comprehensively drove the green transformation and upgrade of its cloud-network infrastructure. It operated a total of 43 national green computing facilities, maintaining a leading position in the industry. By launching special initiatives including the green renovation of facility rooms and green upgrade of base stations, the Company completed the green retrofit

¹⁶ ADC: Asia Direct Cable

of over 800 facility rooms and more than 50,000 base stations, resulting in an annual carbon reduction of over 450,000 tonnes. It continued to scale up the application of AI-driven energy-saving technologies, having covered over 6 million 5G/4G base station sectors and more than 9,000 facility rooms, with an annual carbon reduction of over 540,000 tonnes. Furthermore, the Company steadily advanced the transformation of its energy consumption structure, using 4.2 billion kWh of green electricity in 2025, representing a year-on-year increase of 56%. In collaboration with China Unicom, the Company deepened the 5G/4G network co-building and sharing initiative, promoting green and sustainable development. Together, the two companies reduced carbon emissions by over 13 million tonnes in the year. Externally, the Company strengthened green empowerment. Focusing on areas such as ecological protection, pollution control, and efficiency improvement, it offered a diversified portfolio of green products and solutions. The Company accelerated the market expansion of key products including Environmental Protection Cloud, Green Lighting and Green Industry, empowering the green transition of key industries, and supporting the development of zero-carbon park benchmarks. It completed the intelligent upgrade of more than 1.5 million devices in public spaces, saving electricity by over 130 million kWh and reducing carbon emissions by over 70,000 tonnes in total, injecting momentum into the comprehensive green transition of economic and social development.

3. COMPREHENSIVELY DEEPENING REFORM AND OPENING UP, CONTINUOUSLY STRENGTHENING TALENT DEVELOPMENT, ENHANCING CORPORATE GOVERNANCE CAPABILITIES

The Company deepened reform and opening up on all fronts, and upheld the principle that talent is the primary resource. It accelerated institutional and mechanism innovation and market-oriented transformation, efficiently integrated internal and external resources, and continuously unleashed internal impetus and innovative vitality to drive its high-quality development.

Driving deep-level reforms and stimulating the vitality of various factors

In line with the requirements of its strategic upgrade, the Company continuously promoted the transformation of its organisational processes and mechanisms. It used the deepening of reforms as a key lever to persistently drive the capability upgrade of its Five-Sphere Integrated intelligent cloud system and accelerated the formation of new production relations compatible with new quality productive forces. The Company deepened the reform of its scientific and technological innovation systems and mechanisms, established the “Xirang” chief technologist system and a joint research mechanism, and concentrated efforts to accelerate breakthroughs in core technologies. It deepened the reform of the product management mechanism for provincial-professional/professional-professional¹⁷ synergy, improved the internal open-source sharing of self-developed products and the demand response mechanism between its provincial and professional companies, and continuously enhanced the supply of high-quality products and services. It strengthened resource integration, established cross-domain professional teams to efficiently support the rapid implementation of key projects such as “AI+” for central and state-owned enterprises, continuously promoted the penetration of main process optimisation — with the cloud core platform as the hub — to district and county companies, and constantly improved delivery and operation capabilities. It deepened the reform of its assessment, incentive, and resource allocation mechanisms, continuously enhanced the corporate governance capabilities of management at all levels, and fully stimulated the vitality and momentum for innovation and development. By improving efficiency through AI and enhancing efficiency through reform, the Company has boosted overall labour productivity, improved the efficiency of fixed asset investment, and comprehensively enhanced the level of refined management of costs and expenses.

Increasing investment in talents to foster the internal driver for high-quality development

The Company thoroughly implemented the project of strengthening the enterprise with talents. It continuously scaled up the cultivation and recruitment of sci-tech talents in line with its strategic direction and key areas of sci-tech innovation. The echelon pattern of sci-tech talents, composed of 5 leading talents, over a thousand chief/senior experts, and over ten thousand technical experts, has become more robust. The Company introduced a series of groundbreaking policies to support original and exploratory scientific and technological innovation, and worked to forge young, high-level research teams centred on top talents with its cost of labour for R&D personnel increasing by 7.8% year-on-year.

¹⁷ Provincial-professional/professional-professional: provincial companies and professional companies, and among professional companies

As a result, the talent aggregation effect and brand influence continued to improve, and the role of talent as a fundamental and strategic support was significantly strengthened. By continuously improving the incentive and guarantee mechanism and deepening the training and empowerment of all employees, the cohesion of its employees has been increasingly consolidated and the innovation vitality has been fully released, injecting strong endogenous power into the high-quality development of the enterprise.

Expanding high-standard opening up and forging a new pattern for win-win cooperation

The Company further advanced high-standard opening up and cooperation, to create an industrial ecosystem built, governed and shared by all. The Company continuously strengthened collaboration with academia and research institutes. It collaborated to organize and advance the development of the Sci-Tech Innovation Space for Quantum Talents of State-Owned Central Enterprises, continuously strengthened the quantum communication innovation consortium, and successfully applied for a number of national-level scientific and technological projects in partnership with high-level universities. The Company continued to enhance capital operations. The first rounds of capital increase and strategic investor introduction for China Telecom Artificial Intelligence Technology (Beijing) Co., Ltd. (China Telecom AI Company) and Tianyi Shilian Technology Co., Ltd. were completed, with their development potential and valuation scales being recognized by the market. Focusing on the “AI+” segment, the Company invested in multiple AI enterprises including Moore Threads and MetaX. Modelers.cn became the largest domestic open-source AI community driven by homegrown computing power, empowering development of innovative AI applications and promoting the prosperity of the AI ecosystem. The World Broadband Association (WBBA), with more than 220 members in 50 countries and regions, has served as an important bridge for international cooperation and new digital infrastructure construction under the Belt and Road Initiative. The influence of cooperation platforms such as the Digital-Intelligent Technology Ecosystem Conference, the Cloud Ecosystem Conference and AI Ecology Forum continued to improve. Together with partners from various industries, the Company strove to build a prosperous ecosystem featuring joint technological research, resource sharing and value co-creation.

4. PROACTIVELY FULFILLING SOCIAL RESPONSIBILITIES AND GAINING EXTENSIVE RECOGNITION FROM THE CAPITAL MARKET

The Company successfully provided communications support for major events such as the launch of the Shenzhou-21 manned spacecraft and the 15th National Games, and leveraged satellite communications and low-altitude platforms to efficiently support earthquake relief, flood control, and rescue efforts. The Company carried out rural revitalization and universal service initiatives, developing 490,000 digital villages and bridging the digital divide. The Company improved the public welfare service capability of its Caring Stations, covering 80,000 urban and rural business halls and strengthening services for specific groups such as sanitation workers and elderly people. Leveraging technological capabilities, the Company strengthened the “protection network” against fraud, with its e-Surfing intelligent anti-fraud and e-Surfing anti-harassment services benefiting the vast number of users. The Company organized and carried out a university AI competition “e-Surfing Xirang Cup” to provide university students with free computing power, data, and platforms, assisting in the cultivation of AI talent.

The Company consistently adhered to a high level of corporate governance, strictly complied with laws and regulations, continuously improved the quality and transparency of information disclosure, and made ongoing efforts to build a scientific and comprehensive compliance management system. The Shareholders’ Meeting and the Board of Directors operated in a standardised manner with efficient decision-making, providing a strong support for the Company’s stable development in the long run. The Company proactively strengthened investor relations management by actively building platforms of communication with investors, analysts, and the media through various forms such as 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 the Company’s values.

For its remarkable performance, the Company has earned high praise from domestic and international capital markets. It won “Asia’s Best CSR” award for the sixth consecutive year in the Asian Excellence Award 2025 organised by Corporate Governance Asia. It was named “Best Telecommunication Services Company in China” for the third consecutive year in the Asia’s Best Companies Poll 2025 launched by FinanceAsia, and won the Gold Award of The Asset Corporate Sustainability Leadership Awards 2025. In the 2025 China Securities “Golden Bauhinia Awards” selection, the Company was awarded two prizes, including “Best Listed Company in Investment Value” and “Listed Company with Outstanding Investor Relations Management”. It was also included in the China Association for Public Companies’ lists of “Best Practices in Investor Relations Management for Listed Companies” and “2025 Top Listed Companies by Cash Dividend Payouts”.

5. OUTLOOK

2025 marked the conclusion of the 14th Five-Year Plan period and the beginning of the 15th Five-Year Plan period. Over the past five years, the Company has implemented the “Cloudification and Digital Transformation” strategy on all fronts, forging a new path for transitioning from a traditional telecom operator to a service-oriented, technology-oriented, and secured enterprise. This has driven a new leap in the Company’s operating results and comprehensive strengths, fully validated its direction of transformation, and enabled the Company to achieve fruitful results in technological innovation, improve cloud-network capabilities across the board, further deepen reform and opening up, and elevate high-quality development to a new height. During the 14th Five-Year Plan period, the Company realised robust growth in fundamental businesses, continuously scaled up the Industrial Digitalisation business, and completed the construction of China Telecom Cloud, ushering in a new stage of intelligent cloud development in all aspects. Service revenues recorded sound growth, with a CAGR of 5.4%. Net profits grew faster than revenues, with a CAGR of 9.7%. The Company continuously grew new growth momentum and built up new competitive edges, laying a solid foundation for its development in the 15th Five-Year Plan period.

2026 marks the beginning of China’s 15th Five-Year Plan period. China’s economy is underpinned by a stable foundation, numerous advantages, strong resilience and great potential, and the long-term positive trend remains unchanged. A new round of technological revolution and industrial transformation is accelerating, and intelligence, green transition and integration have become the development directions for building China’s modern industrial system. “AI+” is deepening and expanding in all aspects, and new forms of the intelligent economy are rapidly taking shape, giving rise to broad and vigorous market space. The Company will seize the strategic opportunities for development, fully implement its “Cloudification, Digital Transformation and AI for Good” strategy, continue to deepen the Five-Sphere Integrated intelligent cloud system. Aiming to become a leading AI service provider, and taking token services as the main line of business, the Company will strengthen original innovation, tackle key and core technological challenges, create high-quality digital and intelligent products and services, and accelerate the construction and upgrading of intelligent and comprehensive digital information infrastructure. The Company will further deepen reform and opening up on all fronts, comprehensively enhance corporate governance capabilities, ensuring a good start for the 15th Five-Year Plan period, enabling the Company to take the lead, shoulder the responsibilities, and set an example in 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 care and support, and our sincere thanks to all our employees for their hard work and contributions. Furthermore, I would also like to extend our heartfelt gratitude towards Mr. Yeung Chi Wai, Jason for his outstanding contribution to the Company during his tenure. Meanwhile, I would also like to welcome Mr. Lee Sunny Wai Kwong and Madam Guan Lixin to join our Board of Directors!

Ke Ruiwen

Chairman and Chief Executive Officer

Beijing, China

24 March 2026

II. FINANCIAL REVIEW

In 2025, the Company implemented the new development principles completely, accurately and comprehensively, and accurately grasped the trends of sci-tech innovation and industrial development. The Company drove the upgrade of its corporate strategy towards “Cloudification, Digital Transformation and AI for Good”, accelerated its construction as a service-oriented, technology-oriented, and secured enterprise, further enhanced its core functions and core competitiveness, delivered robust overall operating performance, and attained new results in corporate high-quality development. In 2025, operating revenues were RMB529,559 million, remaining in line with 2024. Service revenues were RMB485,424 million, representing an increase of 0.7% from 2024. Operating expenses were RMB489,885 million, representing an increase of 0.1% from 2024. The profitability of the Company continued to improve. Profit attributable to equity holders of the Company was RMB33,185 million, representing an increase of 0.5% from 2024. Basic earnings per share were RMB0.36. EBITDA amounted to RMB143,872 million, representing an increase of 2.1% from 2024. EBITDA margin¹⁸ was 29.6%.

OPERATING REVENUES

In 2025, the Company adhered to customer-oriented principles, and created innovative, high-quality digital and intelligent products and services to stimulate new demand for digital and intelligent consumption. By deeply empowering product and service innovation and upgrades through strategic emerging elements such as AI, the Company constantly strengthened the supply of high-quality products and services. Fundamental businesses remained stable, the Industrial Digitalisation business continued to expand, and the revenue structure was continuously optimised. In 2025, operating revenues were RMB529,559 million, remaining in line with 2024. Service revenues were RMB485,424 million, representing an increase of 0.7% from 2024.

¹⁸ EBITDA margin is calculated based on EBITDA divided by service revenues

The following table sets forth a breakdown of the operating revenues for 2025 and 2024, together with their respective rates of change:

<i>(RMB million, except percentage data)</i>	For the year ended		
	31 December		
	2025	2024	Rates of change
Service revenues	485,424	482,033	0.7%
Of which: Mobile communications service revenues	204,528	202,524	1.0%
Wireline and Smart Family service revenues	125,979	125,680	0.2%
Industrial Digitalisation service revenues	147,307	146,588	0.5%
Other service revenues	7,610	7,241	5.1%
Revenues from sales of goods and others	44,135	47,384	(6.9%)
Total operating revenues	<u>529,559</u>	<u>529,417</u>	<u>0.0%</u>

Mobile communications service revenues

In 2025, the Company continued to advance 5G network upgrades, increased 5G network coverage in key scenarios, and persistently promoted the intelligent upgrade of 5G applications, resulting in a steady enhancement of mobile subscribers scale and value. In 2025, mobile communications service revenues were RMB204,528 million, representing an increase of 1.0% over last year and accounting for 38.6% of operating revenues.

Wireline and Smart Family service revenues

In 2025, the Company promoted gigabit and FTTR quality upgrade as well as service innovation, continuously optimising household networking quality through AI empowerment, and persistently advancing the intelligent upgrade of Smart Family applications. The value contribution from Smart Family service continued to increase. In 2025, Wireline and Smart Family service revenues were RMB125,979 million, representing an increase of 0.2% year-on-year and accounting for 23.8% of operating revenues.

Industrial Digitalisation service revenues

In 2025, the Company proactively seized opportunities arising from network-based, digitalised, and intelligent transformation and development of the economy and society, accelerated the deep integration of sci-tech innovation and industrial innovation, and successfully built a Five-Sphere Integrated intelligent cloud system integrating computing power, platform, data, model, and application, driving the continued expansion of Industrial Digitalisation business. In 2025, revenue from Industrial Digitalisation business reached RMB147,307 million, representing an increase of 0.5% year-on-year and accounting for 27.8% of operating revenues.

Other service revenues

In 2025, revenues from other services amounted to RMB7,610 million, representing an increase of 5.1% from 2024.

Revenues from sales of goods and others

In 2025, revenues from sales of goods and others amounted to RMB44,135 million, representing a decrease of 6.9% from 2024, mainly due to the decline in the sales volume of mobile terminals.

OPERATING EXPENSES

The Company continued to accelerate the scale expansion of its strategic emerging businesses, increasing investment in key fields such as sci-tech innovation, 5G and Industrial Digitalisation. At the same time, deepening AI empowerment in cost reduction and efficiency enhancement, the Company continuously increased efficiency of resources utilisation to support corporate high-quality development and long-term value creation. In 2025, operating expenses were RMB489,885 million, representing an increase of 0.1% from 2024. Operating expenses accounted for 92.5% of operating revenues.

The following table sets forth a breakdown of the operating expenses in 2025 and 2024 and their respective rates of change:

<i>(RMB million, except percentage data)</i>	For the year ended		
	31 December		
	2025	2024	Rates of change
Depreciation and amortisation	104,198	101,044	3.1%
Network operations and support	162,054	165,598	(2.1%)
Selling, general and administrative	66,182	66,663	(0.7%)
Personnel expenses	97,826	98,279	(0.5%)
Other operating expenses	59,625	58,030	2.7%
Total operating expenses	<u>489,885</u>	<u>489,614</u>	<u>0.1%</u>

Depreciation and amortisation

In 2025, the Company maintained a prudent investment strategy, continuously enhanced investment efficiency and implemented precise measures by category, while further deepening 5G co-building and co-sharing as well as 4G network co-sharing. Depreciation and amortisation amounted to RMB104,198 million, representing an increase of 3.1% from 2024 and accounting for 19.7% of operating revenues.

Network operations and support

In 2025, the Company further enhanced its network quality and capabilities to accelerate the expansion of strategic emerging businesses. The Company appropriately increased investment in the building of capabilities. Meanwhile, leveraging AI empowerment, the Company strengthened precise management of costs, optimised cost structure and further increased resource utilisation efficiency. Network operations and support expenses amounted to RMB162,054 million, representing a decrease of 2.1% from 2024 and accounting for 30.6% of operating revenues.

Selling, general and administrative

In 2025, the Company maintained necessary input of marketing resources to expedite the scale development with value. At the same time, the Company leveraged AI and big data technologies to drive marketing digitalisation and enhanced marketing efficiency. Selling, general and administrative expenses amounted to RMB66,182 million, representing a decrease of 0.7% from 2024 and accounting for 12.5% of operating revenues. Of which, selling expenses were RMB48,352 million, representing a decrease of 3.6% from 2024.

Personnel expenses

The Company attached great importance to talent team development and maintained stable investment in personnel expenses. In 2025, personnel expenses amounted to RMB97,826 million, representing a decrease of 0.5% from 2024 and accounting for 18.5% of operating revenues.

Other operating expenses

In 2025, other operating expenses amounted to RMB59,625 million, representing an increase of 2.7% from 2024 and accounting for 11.3% of operating revenues. The increase was mainly due to further acceleration of international business development by the Company, leading to an increase in interconnection settlement charges.

Net finance costs

In 2025, net finance costs amounted to RMB388 million, representing an increase of RMB160 million from year 2024. The increase was mainly because of a decrease in interest income from bank deposits, as a result of the Company's optimisation of its fund structure, where bank deposits were converted into low-risk structured deposits with relatively higher yields recognised as investment income.

PROFITABILITY LEVEL

Income taxes

The Company's statutory income tax rate is 25.0%. In 2025, income tax expenses were RMB9,457 million while the effective tax rate was 22.2%, representing an increase of 0.4 percentage point from last year. The reason for the effective tax rate to be lower than the statutory tax rate was because income from investment in the associate company, China Tower Corporation Limited ("China Tower"), was not subject to tax during the period of the investment held, the application of preferential policies such as additional tax deduction from research and development expenses, and some subsidiaries and some branches located in the western region of China enjoyed low tax rates.

Profit attributable to equity holders of the Company

The Company adhered to leading industrial innovation through sci-tech innovation, accelerated the development of new quality productive forces, and promoted the scale expansion of strategic emerging businesses. The resource utilisation and operating efficiency of the Company continued to increase while its profitability remained stable. In 2025, the profit attributable to equity holders of the Company was RMB33,185 million, representing an increase of 0.5% from 2024.

CAPITAL EXPENDITURE AND CASH FLOWS

Capital expenditure

In 2025, the Company maintained a prudent investment strategy, focused more on investment efficiency, continuously advanced the enhancement and upgrade of new digital information infrastructure, and consolidated the key foundation for high-quality development. At the same time, the Company further deepened 5G co-building and co-sharing as well as 4G network co-sharing. Capital expenditure for the year was RMB80,364 million, representing a decrease of 14.1% from 2024.

Cash flows

In 2025, the net decrease in cash and cash equivalents was RMB20,708 million.

The following table sets forth the cash flow position in 2025 and 2024:

<i>(RMB million, except percentage data)</i>	For the year ended		
	31 December		
	2025	2024	Rates of change
Net cash flow from operating activities	125,069	145,049	(13.8%)
Net cash used in investing activities	(100,288)	(103,432)	(3.0%)
Net cash used in financing activities	(45,489)	(40,545)	12.2%
Net increase in cash and cash equivalents	<u>(20,708)</u>	<u>1,072</u>	<u>(2031.7%)</u>

In 2025, the net cash inflow from operating activities was RMB125,069 million, representing a decrease of 13.8% year-on-year. It was mainly because the payback period of the Industrial Digitalisation business was relatively long, resulting in a relatively large increase in accounts receivable. Meanwhile, the Company has actively fulfilled its social responsibilities, supported the development of the industrial chain, and made timely payments in strict accordance with contractual agreements.

In 2025, the net cash outflow in investing activities was RMB100,288 million, representing a decrease of 3.0% year-on-year, mainly because of the decrease in cash outflows for capital expenditure resulting from the Company's precise investment strategy.

In 2025, the net cash outflow in financing activities was RMB45,489 million, representing an increase of 12.2% year-on-year, mainly due to the increase in cash outflows attributable to the repayment of interest-bearing liabilities such as borrowings.

WORKING CAPITAL

The Company consistently upheld stable and prudent financial principles and stringent fund management policies. At the end of 2025, the working capital (total current assets minus total current liabilities) deficit was RMB117,578 million, representing a decrease in deficit of RMB19,674 million compared to the end of 2024. As at 31 December 2025, the unutilised credit facilities were RMB207,111 million (2024: RMB196,413 million). Given the stable net cash inflow from operating activities and sound credit record, the Company has sufficient working capital to satisfy operational needs. As at the end of 2025, cash and cash equivalents amounted to RMB61,394 million, among which cash and cash equivalents denominated in Renminbi accounted for 89.0% (2024: 92.6%).

ASSETS AND LIABILITIES

In 2025, the Company continued to maintain a solid financial position. At the end of 2025, the total assets increased by 0.5% from RMB866,625 million as at the end of 2024 to RMB870,644 million. The total liabilities decreased from RMB410,073 million at the end of 2024 to RMB402,384 million, representing a decrease of 1.9%. The debt-to-asset ratio was 46.2% at the end of 2025, representing a decline of 1.1 percentage points.

Indebtedness

The indebtedness analysis as at the end of 2025 and 2024 is as follows:

<i>(RMB million)</i>	As at 31 December	
	2025	2024
Short-term debts	2,448	2,835
Current portion of long-term debts	1,466	1,238
Long-term debts	6,109	7,459
Total indebtedness	<u>10,023</u>	<u>11,532</u>

As at the end of 2025, the total indebtedness¹⁹ was RMB10,023 million, representing a decrease of RMB1,509 million from the end of 2024, which was mainly due to the Company's scheduled repayment of long-term borrowings, which led to a decrease in interest-bearing liabilities. Of the total indebtedness, loans denominated in Renminbi, US Dollars and Euro accounted for 98.1% (2024: 98.1%), 1.2% (2024: 1.3%) and 0.7% (2024: 0.6%), respectively. 58.8% (2024: 66.0%) of the indebtedness were loans with fixed interest rates while the remaining portion of the indebtedness represented loans with floating interest rates.

As at 31 December 2025, neither the Company nor any of its subsidiaries pledged any assets as collateral for debt (2024: Nil).

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

¹⁹ Total indebtedness refers to interest-bearing debts excluding lease liabilities

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

China Telecom Corporation Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025 extracted from the audited consolidated financial statements of the Group as set out in its 2025 Annual Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Amounts in million except for per share data)

	Notes	2025 RMB	2024 RMB
Operating revenues	4	529,559	529,417
Operating expenses			
Depreciation and amortisation		(104,198)	(101,044)
Network operations and support		(162,054)	(165,598)
Selling, general and administrative		(66,182)	(66,663)
Personnel expenses		(97,826)	(98,279)
Other operating expenses		(59,625)	(58,030)
Total operating expenses		(489,885)	(489,614)
Operating profit		39,674	39,803
Net finance costs	5	(388)	(228)
Investment income and others		720	72
Share of profits of associates and joint ventures		2,674	2,525
Profit before taxation		42,680	42,172
Income tax	6	(9,457)	(9,197)
Profit for the year		33,223	32,975
Other comprehensive income for the year			
<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		60	(452)
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income		(9)	115
		51	(337)

	<i>Notes</i>	2025 RMB	2024 RMB
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of subsidiaries outside mainland China		(139)	130
Changes in fair value of other debt investments		(1)	–
		<u>(140)</u>	<u>130</u>
Other comprehensive income for the year, net of tax		<u>(89)</u>	<u>(207)</u>
Total comprehensive income for the year		<u>33,134</u>	<u>32,768</u>
Profit attributable to			
Equity holders of the Company		33,185	33,012
Non-controlling interests		38	(37)
		<u>33,223</u>	<u>32,975</u>
Profit for the year		<u>33,223</u>	<u>32,975</u>
Total comprehensive income attributable to			
Equity holders of the Company		33,096	32,805
Non-controlling interests		38	(37)
		<u>33,134</u>	<u>32,768</u>
Total comprehensive income for the year		<u>33,134</u>	<u>32,768</u>
Basic earnings per share (RMB)	7	<u>0.36</u>	<u>0.36</u>
Diluted earnings per share (RMB)	7	<u>0.36</u>	<u>0.36</u>
Number of shares (in million)		<u>91,507</u>	<u>91,507</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Amounts in million)

	<i>Note</i>	31 December 2025 RMB	31 December 2024 RMB
ASSETS			
Non-current assets			
Property, plant and equipment, net		416,183	427,079
Construction in progress		56,481	58,801
Right-of-use assets		58,103	69,068
Goodwill		30,914	29,925
Intangible assets		28,439	25,513
Interests in associates and joint ventures		45,280	44,177
Financial assets at fair value through profit or loss		923	363
Financial assets at fair value through other comprehensive income		1,878	1,015
Deferred tax assets		1,002	673
Other assets		25,306	21,886
		<hr/>	<hr/>
Total non-current assets		664,509	678,500
Current assets			
Inventories		3,431	3,267
Income tax recoverable		74	111
Accounts receivable, net	9	53,146	42,867
Contract assets		4,123	4,731
Prepayments and other current assets		33,845	35,140
Financial assets at fair value through profit or loss		11,709	–
Short-term bank deposits and restricted cash		38,413	19,802
Cash and cash equivalents		61,394	82,207
		<hr/>	<hr/>
Total current assets		206,135	188,125
		<hr/>	<hr/>
Total assets		870,644	866,625

		31 December	31 December
		2025	2024
	<i>Note</i>	RMB	RMB
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debts		2,448	2,835
Current portion of long-term debts		1,466	1,238
Accounts payable	10	149,704	160,550
Accrued expenses and other payables		87,180	78,790
Contract liabilities		67,113	65,185
Income tax payable		1,563	2,410
Current portion of lease liabilities		14,239	14,369
		<u>323,713</u>	<u>325,377</u>
Total current liabilities		323,713	325,377
		<u>(117,578)</u>	<u>(137,252)</u>
Net current liabilities		(117,578)	(137,252)
		<u>546,931</u>	<u>541,248</u>
Total assets less current liabilities		546,931	541,248
Non-current liabilities			
Long-term debts		6,109	7,459
Lease liabilities		25,051	34,842
Deferred tax liabilities		39,294	34,107
Other non-current liabilities		8,217	8,288
		<u>78,671</u>	<u>84,696</u>
Total non-current liabilities		78,671	84,696
		<u>402,384</u>	<u>410,073</u>
Total liabilities		402,384	410,073
Equity			
Share capital		91,507	91,507
Reserves		369,321	360,883
		<u>460,828</u>	<u>452,390</u>
Total equity attributable to equity holders of the Company		460,828	452,390
Non-controlling interests		7,432	4,162
		<u>468,260</u>	<u>456,552</u>
Total equity		468,260	456,552
		<u>870,644</u>	<u>866,625</u>
Total liabilities and equity		870,644	866,625

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). IFRS Accounting Standards comprise the following authoritative literature:

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

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

As at 31 December 2025, the total current liabilities of the Group had exceeded the total current assets by RMB117,578 million (31 December 2024: RMB137,252 million). Management of the Company have assessed the Group’s available sources of funds as follows: 1) the Group’s continuous net cash inflow to be generated from its operating activities; 2) the unutilised credit facilities amounting to RMB207,111 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 consolidated financial statements of the Group for the year ended 31 December 2025 have been prepared on a going concern basis.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

- Amendments to IAS 21 “*The effects of changes in foreign exchange rates*” – Lack of exchangeability (“2023 amendments”)

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

3. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which revenues are earned and expenses are incurred, and is identified on the basis of the internal financial reports that are regularly reviewed by the chief operating decision maker (“CODM”) in order to allocate resources and assess performance of the segment. The CODM has been identified as the Executive Directors of the Company. For the years presented, management has determined that the Group has one operating segment as the Group is only engaged in the integrated telecommunications business. The Group’s assets located outside mainland China and operating revenues derived from activities outside mainland China are less than 10% of the Group’s assets and operating revenues, respectively. No geographical area information has been presented as such amount is immaterial. No single external customer accounts for 10% or more of the Group’s operating revenues.

4. OPERATING REVENUES

Disaggregation of revenue

	<i>Notes</i>	2025 <i>RMB million</i>	2024 <i>RMB million</i>
Type of goods or services			
Service revenues		485,424	482,033
Mobile communications service revenues	<i>(i)</i>	204,528	202,524
Wireline and Smart Family service revenues	<i>(ii)</i>	125,979	125,680
Industrial Digitalisation service revenues	<i>(iii)</i>	147,307	146,588
Other service revenues	<i>(iv)</i>	7,610	7,241
Sales of goods and others	<i>(v)</i>	44,135	47,384
Total operating revenues		529,559	529,417
Revenue from customer contracts		521,869	521,522
Revenue from other sources		7,690	7,895
Total operating revenues		529,559	529,417
Timing of revenue recognition			
At a point in time		38,466	41,448
Over time		491,093	487,969
Total operating revenues		529,559	529,417

Notes:

- (i) Represent primarily the aggregate amount of mobile communications service fees, mobile Internet access service fees, and short messaging service fees, etc., charged to customers for the provision of mobile services.
- (ii) Represent primarily the aggregate amount of wireline communications service fees, broadband Internet access service fees, e-Surfing HD service fees and Smart Family applications service fees, etc., charged to customers for the provision of wireline services.
- (iii) Represent primarily the aggregate amount of fees charged to customers for the provision of Internet datacentre services, cloud services, digital platform services, dedicated Internet access services, etc.
- (iv) Represent primarily the aggregate amount of revenues from property rental and other revenues.
- (v) Represent primarily revenues from sales of mobile terminal equipment as well as wireline communications equipment and government grants.

As at 31 December 2025 and 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts represents revenue expected to be recognised in the future when services are provided over the contract terms over the next 1 to 3 years.

5. NET FINANCE COSTS

	2025 <i>RMB million</i>	2024 <i>RMB million</i>
Interest expense on lease liabilities	1,480	1,792
Interest expense on short-term and long-term debts	637	676
Less: Interest expense capitalised	(63)	(77)
	<hr/>	<hr/>
Net interest expense	2,054	2,391
Interest income	(1,825)	(2,242)
Net foreign exchange gain or loss and others	159	79
	<hr/>	<hr/>
	388	228
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX

Income tax in the profit or loss comprises:

	2025 <i>RMB million</i>	2024 <i>RMB million</i>
Provision for PRC income tax	4,453	5,134
Provision for income tax in other tax jurisdictions	225	192
Deferred taxation	4,779	3,871
	<u>9,457</u>	<u>9,197</u>

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

	<i>Notes</i>	2025 <i>RMB million</i>	2024 <i>RMB million</i>
Profit before taxation		<u>42,680</u>	<u>42,172</u>
Expected income tax expense at statutory tax rate of 25%	<i>(i)</i>	10,670	10,543
Differential tax rate on mainland China subsidiaries' and branches' income	<i>(i)</i>	(971)	(1,068)
Differential tax rate on other subsidiaries' income	<i>(ii)</i>	(48)	(55)
Non-taxable income	<i>(iii)</i>	(737)	(716)
Non-deductible expenses	<i>(iv)</i>	1,013	721
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised		1,144	1,258
Impact of tax incentives and reduction including additional deduction for qualified research and development costs, etc.		(1,375)	(1,361)
Others	<i>(v)</i>	(239)	(125)
Income tax expense		<u>9,457</u>	<u>9,197</u>

Notes:

- (i) Except for certain subsidiaries and branches which are mainly taxed at the preferential rate of 15%, the provision for mainland China income tax is based on a statutory rate of 25% of the assessable income of the Company, its mainland China subsidiaries and branches as determined in accordance with the relevant income tax rules and regulations of mainland China.
- (ii) Income tax provisions of the Company's subsidiaries in Hong Kong and Macau Special Administrative Regions of the PRC, and in other countries are based on the subsidiaries' assessable income and income tax rates applicable in the respective tax jurisdictions which range from 8.25% to 38%.

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

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the years ended 31 December 2025 and 2024 is based on the profit attributable to equity holders of the Company of RMB33,185 million and RMB33,012 million, respectively, divided by 91,507,138,699 shares in issue.

The amount of diluted earnings per share equals basic earnings per share as there were no potential ordinary shares in existence for the years presented.

8. DIVIDENDS

Pursuant to a resolution passed at the Board of Directors' meeting on 24 March 2026, a final dividend of RMB0.0908 per share (pre-tax) totalling approximately RMB8,309 million for the year ended 31 December 2025 was proposed for shareholders' approval at the Annual General Meeting. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2025.

The 2024 Annual General Meeting considered and approved the authorisation to the Board of Directors to decide on the interim profit distribution plan of the Company for year 2025. Pursuant to a resolution at the Board of Directors' meeting on 14 August 2025, an interim dividend of RMB0.1812 (equivalent to HK\$0.199264) per share (pre-tax) totalling approximately RMB16,581 million in respect of the six-month period ended 30 June 2025 was declared. The dividend of RMB14,067 million was paid on 4 September 2025, and the dividend of RMB2,514 million was paid on 30 September 2025.

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.

9. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

		31 December	
		2025	2024
	<i>Notes</i>	<i>RMB million</i>	<i>RMB million</i>
Third parties		62,694	49,726
China Telecom Group	<i>(i)</i>	3,801	2,556
China Tower	<i>(ii)</i>	83	46
Other telecommunications operators in the PRC		1,300	1,259
		67,878	53,587
Less: Allowance for credit losses		(14,732)	(10,720)
		53,146	42,867

Notes:

- (i) China Telecommunications Corporation together with its subsidiaries other than the Group are referred to as “China Telecom Group”.
- (ii) China Tower Corporation Limited, an associate of the Company, is referred to as “China Tower”.

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

	31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
within 1 year	51,198	42,715
1 to 2 years	9,425	6,435
2 to 3 years	4,037	2,273
Over 3 years	3,218	2,164
	67,878	53,587
Less: Allowance for credit losses	(14,732)	(10,720)
	53,146	42,867

10. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Third parties	109,536	117,720
China Telecom Group	28,512	31,194
China Tower	10,157	10,618
Other telecommunications operators in the PRC	1,499	1,018
	<u>149,704</u>	<u>160,550</u>

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

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

	31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Due within 1 month or on demand	35,708	39,275
Due after 1 month but within 3 months	28,290	32,642
Due after 3 months but within 6 months	37,904	40,409
Due after 6 months	47,802	48,224
	<u>149,704</u>	<u>160,550</u>

11. EVENTS AFTER THE REPORTING PERIOD

From 1 January 2026, the applicable tax classification items of business activities conducted within the People's Republic of China that involve the provision of handset data traffic services, SMS and MMS services and Internet broadband access services using wireline, mobile networks, satellites and the Internet shall be adjusted from value-added telecommunications services to basic telecommunications services, and as a result, the corresponding value-added tax rate for such services shall be adjusted from 6% to 9%.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

V. AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Group with the management and the Company's external auditors and discussed risk management, internal control and financial reporting matters (including the review of the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2025).

The figures in respect of the Group's consolidated results for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company's external auditors, KPMG, to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2025.

VI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

Save as stated above, in the year 2025, the Company was in compliance with all the code provisions under the *Corporate Governance Code* as set out in Appendix C1 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Listing Rules").

VII. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 of the Listing Rules to govern securities transactions by Directors and Supervisors. Based on the written confirmations from the Directors and Supervisors, the Company's Directors and Supervisors have complied with the *Model Code for Securities Transactions by Directors of Listed Issuers* regarding the requirements in conducting securities transactions during their respective terms of offices in the year 2025.

VIII. DIVIDENDS

The Board of Directors proposes a final dividend of RMB0.0908 per share (pre-tax) based on total number of issued share capital of the Company at the record date for the implementation of the dividend distribution. Cash dividend to be distributed amounts to an aggregate amount of approximately RMB8,309 million calculated based on 91,507,138,699 shares, being the total number of issued share capital of the Company as at 31 December 2025. Together with the 2025 interim dividend of RMB0.1812 per share (pre-tax) which has been distributed, the full year dividend of 2025 amounts to RMB0.2720 per share (pre-tax) in an aggregate amount of approximately RMB24,890 million which represents 75% of the profit attributable to equity holders of the Company for the year 2025. In case of any change in the total number of issued share capital of the Company before the record date for the implementation of the dividend distribution, the total distribution amount will remain unchanged, and the distribution amount per share will be adjusted accordingly. The dividend proposal will be submitted for consideration at the forthcoming Annual General Meeting for the year 2025 which will be held on Tuesday, 19 May 2026. The proposed final dividends are expected to be paid on or before 8 July 2026 upon consideration and approval at the Annual General Meeting.

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

IX. ANNUAL REPORT

The Annual Report for the year ended 31 December 2025 prepared in accordance with IFRS Accounting Standards will be made available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.chinatelecom-h.com) and despatched to holders of H shares who have requested to receive printed copies in due course.

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

Beijing, China, 24 March 2026

FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this announcement in relation to development strategies, future operation plans, outlook, etc. do not constitute a commitment to investors by the Company. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, the Company does not intend to update these forward-looking statements. Investors are advised to pay attention to the investment risks.

As at the date of this announcement, the Board of Directors of the Company consists of Mr. Ke Ruiwen (as the Chairman and Chief Executive Officer); Mr. Liu Guiqing (as the President and Chief Operating Officer); Mr. Tang Ke and Mr. Li Yinghui (as the Chief Financial Officer) (both as the Executive Vice Presidents); Mr. Lyu Yongzhong (as the Non-Executive Director); Mr. Ng Kar Ling Johnny, Mr. Chen Dongqi, Madam Lyu Wei and Mr. Lee Sunny Wai Kwong (all as the Independent Non-Executive Directors); Madam Guan Lixin (as the Employee Director).